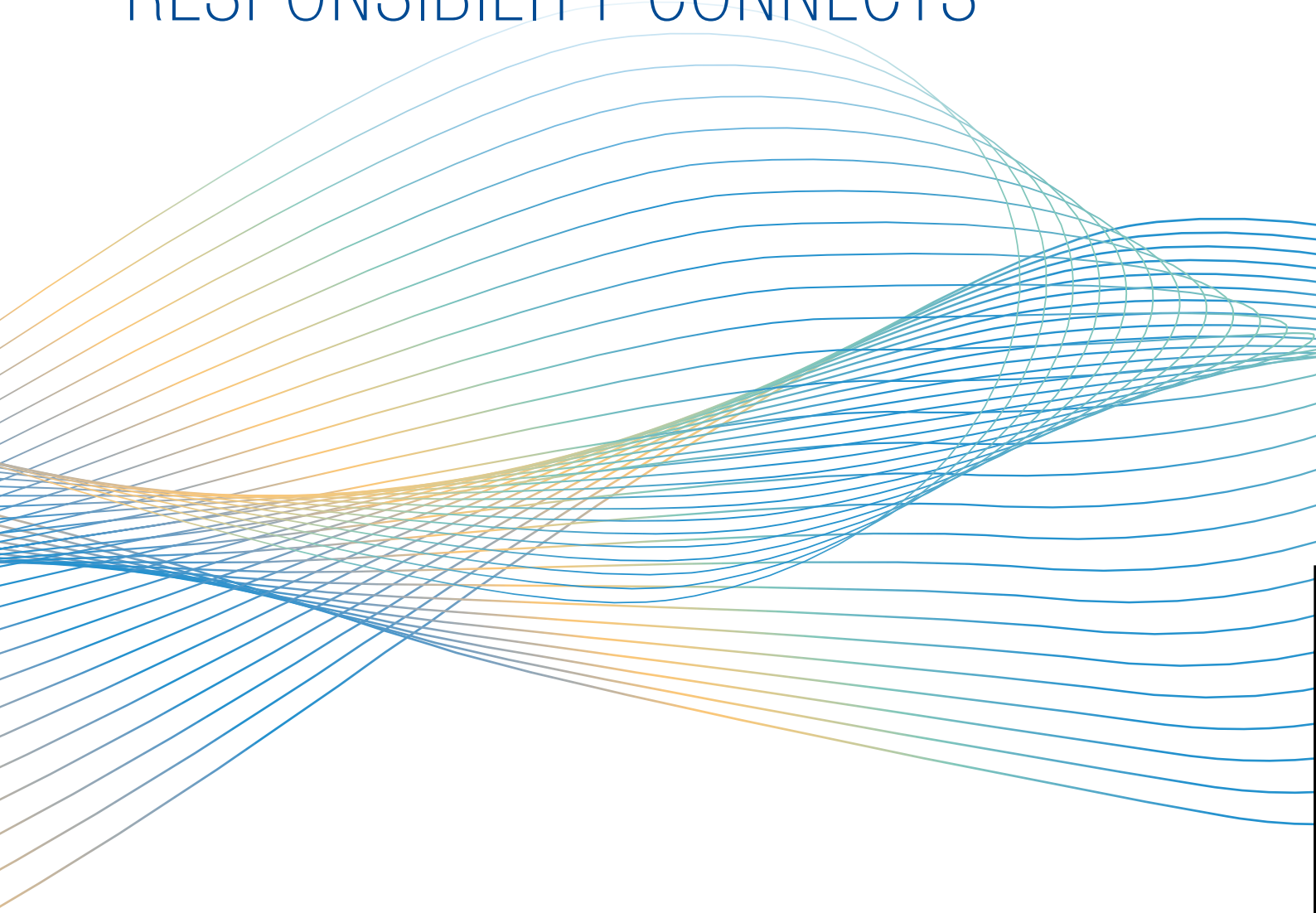


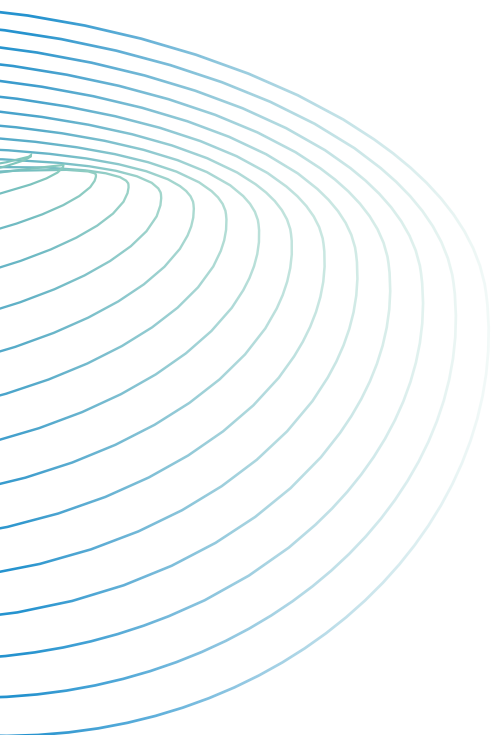


SUSTAINABILITY REPORT 2013

# RESPONSIBILITY CONNECTS



NORMA Group considers bringing the effects of its business activity into balance with the needs and expectations of its stakeholders to be its main responsibility. When making company decisions, we are guided by the principles of responsible management and acting sustainably.



As an innovative international market leader in innovative joining technology, we supply more than 10,000 customers all over the world with more than 30,000 products. This means we have been assuming a great deal of responsibility for our employees, customers and suppliers every day for over 60 years.

# NORMA Group

# Corporate Responsibility Policy

## Our Challenges

As a global manufacturer and distributor of engineered joining technology for customers across diverse industries it is important to have a particular focus on balancing the impacts of the business with the various needs of the general public. It is our responsibility to meet today's needs without compromising those of future generations. Therefore, we take social and environmental impacts into consideration when making our business decisions. Additionally, we view the challenge of climate change as an obligation to deliver sustainable solutions in our and our business partners' range of influence.

## Our Business

Our aim is to help create an ecologically and socially sustainable society by the way we do business and within our business environment. As a matter of course, we respect the principles of the International Labour Organization at NORMA Group worldwide. With the best employees we will further improve the quality and safety of systems and processes and act responsibly in every decision that has to be made.

## Our Corporate Responsibility Strategy

Our Corporate Responsibility Strategy will support us to cement our position as a global market and technology leader in engineered joining technology. In this way we can provide our business partners with cost-efficient, innovative solutions that boost their business success. Together we can make cleaner, safer, and more efficient use of precious resources. By lowering emissions and reducing energy consumption we contribute, together with our business partners, towards the challenge of climate change.

## Our Stakeholders

Our commitment to Corporate Responsibility means having an on-going dialogue with stakeholder groups who affect, or who are affected by, our business. These include employees and shareholders, customers and suppliers, as well as local communities and society itself. Therefore, we will deliver transparent information on our Corporate Responsibility performance. Additionally, we will include the expectations of our stakeholders into our business decisions. By providing environmental, social, and governance information we will increase trust in, and the reputation of, the NORMA Group.



## Responsible Management

Corporate Responsibility has to be developed and realized by every member of NORMA Group. The management has implemented a long-term Corporate Responsibility Strategy involving all sites and every employee.

→ [page 22](#)

## Employees

Our employees enable and drive our business success. We will continue to invest in a safe and efficient workplace and protect our employees' health and strengthen our position as an employer of choice.

→ [page 50](#)

## Business Solutions

We operate with our business partners in a socially and environmentally responsible way to guarantee highest quality products and services that help to lower emissions and reduce energy consumption. NORMA Group encourages business partners to introduce environmental and health and safety systems.

→ [page 38](#)

## Environment

Being responsible means taking our dependency on the environment into account. Therefore, we will improve the efficiency of our use of energy and natural resources. With our joining technology, we support customers to meet future environmental standards. In the next years, we will, in particular, focus on our impact on climate change.

→ [page 64](#)

## Community

NORMA Group is highly interested in livable and prosperous neighborhoods. Via our Corporate Citizenship Programs, we aim to strengthen, and contribute positively to, the communities in which we operate.

→ [page 74](#)

# Contents

Foreword	06
----------	----

---

NORMA Group	08
-------------	----

---

- 08 Principles of the Group
  - Two Complementary Distribution Channels Generate Economies of Scale
- 09 Legal Form and Shareholder Structure
- 10 First Independent Sustainability Report
  - Unique Selling Points and Competitive Environment
- 11 High Degree of Economic Efficiency Thanks to Diversification and Synergies
  - Factors of Success: Presence, Size and Brand
  - Organic Growth and Selective Acquisitions
- 12 Priority for Local Purchasing
- 13 Diversified Sales Structure
- 14 Membership in Associations
  - Key Areas of Corporate Responsibility Activities
- 19 Intensive Dialogue with Stakeholders

Responsible Management	22
------------------------	----

---

- 26 Balanced Management Structure
- 27 Corporate Responsibility Steering Committee
  - Guiding Principles and Codes
- 32 Non-Discrimination and Freedom of Association
  - Monitoring Human Rights Issues
  - Effective Risk Management
- 34 High-Performing and Sustainable Value-Added Chain
- 37 Policy of Short and Direct Delivery Routes
  - Lawful Behaviour

## EXPLANATION OF SYMBOLS

---

@ Internet reference    → Cross reference    → Reference to the 2013 Annual Report

## Business Solutions 38

---

- 42 Sustainable Materials for Excellent Products
- 43 Investments in Research and Development for Long-Term Success
- 44 Innovations for More Energy Efficiency
- 46 Product Solutions with Decisive Effects  
Comprehensive Quality Assurance
- 48 Customer Safety Has the Highest Priority
- 49 Survey Sheds Light on Customer Satisfaction

## Environment 64

---

- 68 Environmental Protection is Part of Corporate Strategy
- 69 Decreasing Energy Consumption
- 70 Decreasing Water Use  
Emissions of Greenhouse Gases
- 72 Less Waste Material and Waste-water
- 73 Environmentally-friendly Products and Services  
Environmentally-friendly Transports  
Ongoing Investments in Environmental Protection

## Employees 51

---

- 54 Decentralised Human Resources Policies  
Human Resource Development
- 56 Low Fluctuation Signalises Employee Satisfaction  
Regular One-On-One Meetings with Employees  
Continual Investments in Training and Further Education
- 57 Talent Promotion Has Priority
- 58 Cultural Exchange among NORMA Group Sites  
Work-Life Balance
- 60 Responsibility for Leased Labourers  
Regular Employee Surveys  
Timely Information for Employees  
Particular Attention Paid to Occupational Health and Safety
- 63 Reward Performance

## Community 74

---

- 78 Social Commitment and Extensive Sponsorship  
Social Projects and Extensive Support
- 80 Responsible Growth in Two Senses of the Word

## Further Information 82

---

- 82 Global Reporting Initiative
- 82 Contacts
- 83 GRI Index
- 86 Glossary

# Foreword of the CEO

Dear Readers,

**GRI [G4-1]** Until now, we have kept you up to date about our initiatives for sustainable economic activity and responsible management in the context of the annual reports and on our website. Now we would like to present you with NORMA Group's first independent sustainability report. It is a new format to share information with you on our Corporate Responsibility Strategy and our progress in implementing concrete measures in a way that is more transparent and clear. At the end of this report, you will find a range of facts and figures on various sustainability topics. In addition, we will describe examples of how we contribute to an increase in efficiency and better environmental compatibility of the customers' end products by using renewable resources and lighter materials with our solutions.

Our focus lies not only on technical innovations and sophisticated developments – we place the same priority on the sustainability of our products. On the one hand, we want to keep the use of resources in production as low as possible, but with the use and special properties of our products, we on the other hand want to help our customer to save resources as well. We can achieve the former – efficient use of materials and energy –, by continually optimising our internal processes. The latter – the tailored and high-performance solutions – create an added value for our customers and users. This combination strengthens our future economic viability.

The global megatrends, in part arising from the climate change, represent a particular challenge for us as a manufacturer of innovative joining technology: We are aware of our responsibility to the environment and society and know that we ourselves must make our processes and activities even more sustainable to protect future generations. And we are continuously working on doing just that. Moreover, our customers' demands on the functionality and sustainability of our products in the sense of resource and energy efficiency are constantly increasing. In order to fulfil these demands in the long-term, technological innovations play a decisive role for NORMA Group. That is why around 200 engineers are perpetually working on the development of new, more efficient solutions and the optimisation of existing systems.

With our products, we contribute to the protection of the climate and to the solution of global challenges such as energy and water scarcity. We thereby create a higher quality of life for an ever-growing world population.





**Werner Deggim**

The topic of Corporate Responsibility is solidly anchored in NORMA Group's corporate strategy. Economic activity which aims at sustainability increases our innovative performance-based and international competitiveness. We see opportunities in the increasing demand for products which are manufactured in resource-conserving ways and which contribute to decreased energy consumption and emissions. To do justice to our sustainability goals, we invest in more complex production techniques, more expensive materials, cleaner and more efficient plants, and programmes for employees and other interest groups. In order for these investments, which are desirable and sensible from social and economic perspectives, to be profitable for us, our goals must be to have lower operating costs, for example for energy, and to obtain additional sales based on a higher demand for sustainable products.

We see our corporate responsibility as a spectrum of five key areas: responsible management, business solutions, employees, environment, and community. Our long-term Corporate Responsibility Strategy and this Sustainability Report are oriented on these key areas.

The guiding theme is NORMA Group's responsibility to all stakeholders. We maintain an intensive dialogue with them in order to be able to react quickly to demands, expectations and trends.

NORMA Group has always been aware of its responsibility to society, its employees, and the environment. In order to make this more systematic and transparent, in 2012 and 2013, we developed a detailed roadmap and initiated numerous measures. → [@normagroup.com/cr](https://normagroup.com/cr) In the future we will focus on successful implementation and communicative preparation and will report in a transparent manner about the topic of Corporate Responsibility in various formats.

We have already achieved a great deal, but we will continue to make improvements. In the current fiscal year 2014 and beyond, we will continue to work on this with dedication and resolve.

A handwritten signature in blue ink, appearing to read 'W. Deggim', with a horizontal line extending to the right.

**Werner Deggim**

Chief Executive Officer of NORMA Group SE

# NORMA Group

- III Broad diversification enhances stable business development
- III Sustainable innovations secure future success of NORMA Group
- III Continuous dialogue with stakeholders plays central role in Corporate Responsibility Strategy

## PRINCIPLES OF THE GROUP

NORMA Group specialises in the area of highly developed joining technology and manufactures a multitude of assembly elements, which are mounted on critical places in automobiles, ships or airplanes and are crucial to their operation. For more than 60 years, innovative joining technologies and the highest demands on quality have secured NORMA Group's exceptional market position. With its products, NORMA Group offers solutions for numerous industrial applications.

Around 5,000 employees and a protective rights holding of over 850 patents make NORMA Group the worldwide market and technology leader in its area. NORMA Group places its focus on attractive niche markets and manufactures more than 30,000 high-quality, often mission-critical joining products and solutions in the three product categories of clamps (CLAMP), joining elements (CONNECT) and fluid systems (FLUID). Worldwide, more than 10,000 customers in over 100 countries make use of these products.

## TWO COMPLEMENTARY DISTRIBUTION CHANNELS GENERATE ECONOMIES OF SCALE

**GRI [G4-4]** NORMA Group supplies its customers using two different distribution channels: Engineered Joining Technology (EJT) and Distribution Services (DS).

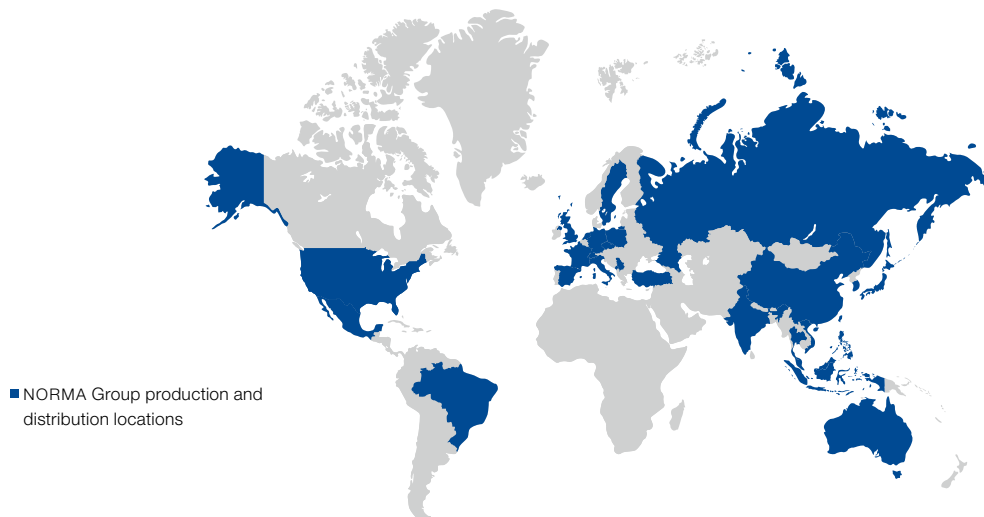
In the area of EJT, NORMA Group produces tailored products and solutions for large industrial clients, so-called Original Equipment Manufacturers (OEM). NORMA Group's joining solutions, which are adapted to the customer's specific requirements, in general remain part of the OEM's end product and often take on a mission-critical role.

Besides the automobile and commercial vehicle industries, the end markets of NORMA Group include the aviation, construction, pharmaceutical and biotechnology, agricultural, and drinking and processing water industries. Here, NORMA Group's solutions are used in emissions control, cooling and air intake, induction or backup and infrastructure systems.

The EJT area is characterised by long-term development partnerships with its customers. Products are thereby tailored, developed and tested in close cooperation with the ultimate customers and precisely adapted to their specifications. OEM customer support is therefore

## NORMA GROUP WORLDWIDE

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done by numerous resident engineers. In total, the EJT area generates around 70 % of NORMA Group's sales.

In the area of DS, NORMA Group markets a broad portfolio of high-quality, standardised branded products using a global network of sales representatives, dealers and importers. NORMA Group's customers in the DS area include distributors, specialist wholesalers, OEM clients in so-called after market segments, building centres and small application industries. Well-known brands of NORMA Group include ABA<sup>®</sup>, Breeze<sup>®</sup>, Connectors<sup>®</sup>, FISH<sup>®</sup>, Gemi<sup>®</sup>, NORMA<sup>®</sup>, R.G.RAY<sup>®</sup>, Serflex<sup>®</sup>, Serratub<sup>®</sup>, TERRY<sup>®</sup> and Torca<sup>®</sup>. The DS area contributes around 30 % of the group's total sales.

NORMA Group has a total of 21 production locations and additional distribution and sales centres in Europe; North, Central and South America; and in the Asian-Pacific area, and therefore maintains a worldwide presence. A list of NORMA Group's operations is found in the 2013 Annual Report. → 2013 Annual Report, p. 137.

GRI [G4-6]

### LEGAL FORM AND SHAREHOLDER STRUCTURE

NORMA Group SE is the parent company of NORMA Group. With its headquarters in Edisonstrasse 4 in 63477 Maintal, Germany, close to Frankfurt/Main, the Company is registered under the number HRB 94473 in the Hanau commercial registry. → NORMA Group SE and the Group's subsidiary companies act on the market as NORMA Group. In May 2013, the general meeting approved the transformation of NORMA Group AG into a Societas Europaea (SE). The new structure of NORMA Group SE has been in effect since July 2013.

GRI [G4-3] [G4-5]

→ GRI [G4-7]

As of 8 April 2011, NORMA Group SE has been listed on the Frankfurt Stock Exchange (Prime Standard of the regulated market). On 31 December 2013, 100% of NORMA Group's shares were free float shares. Detailed information on the ownership structure and the shares can be found in the 2013 Annual Report. → 2013 Annual Report, p. 23 f. A detailed overview of interests in NORMA Group SE can be seen in the appendix to the notes 'voting rights notification' → 2013 Annual report, p. 176 or on the Company's website. → @ <http://investors.normagroup.com>

### FIRST INDEPENDENT SUSTAINABILITY REPORT

- GRI [G4-29] A report on the individual aspects of NORMA Group's corporate responsibility activities was published for the first time in the 2012 Annual Report. In the following years, the reporting was continually expanded. Since February 2014, a separate Corporate Responsibility (CR) website provides information about the CR Strategy and the focused key areas. → With the publication of an independent Sustainability Report, detailed information on NORMA Group's strategic CR approach and on exemplary measures is to be provided to the interested public. NORMA Group's goal is to create trust and understanding through transparency and an open dialogue.
- GRI [G4-23]
- GRI [G4-28] The reporting period of this Sustainability Report is the calendar year 2013. → The NORMA Group Sustainability Report is to be published every other year in the future. Important figures will be updated annually and published on NORMA Group's CR website. → In its description and data, the report includes all NORMA Group operations as of 31 December 2013. A detailed overview of this can be found in the 2013 Annual Report. → [2013 Annual Report, p. 137.](#)
- GRI [G4-30]
- GRI [G4-17]
- GRI [G4-20] The statements made and figures given in this report apply for all NORMA Group companies. Exceptions will be explicitly noted. → Interests and operations outside of NORMA Group's consolidated companies are not included in this report.
- GRI [G4-21]
- GRI [G4-13] In the reporting year, there were no important changes regarding business activities, size, structure, supply chain or other ownership and financial structures either in NORMA Group SE or within NORMA Group. → Due to the M&A activities, in fiscal year 2013 the composition of the Group changed with the founding of NORMA Group Distribution Polska Sp. z.o.o., Slawniów and the NORMA EJT (Changzhou) Co. in the Chinese province Jiangsu. In Australia, NORMA Group acquired the company Guyco Pty. Ltd. In addition, NORMA Beteiligungs-GmbH merged with NORMA Group Holding GmbH.
- GRI [G4-22]

### UNIQUE SELLING POINTS AND COMPETITIVE ENVIRONMENT

In the area of Engineered Joining Technology (EJT), NORMA Group's unique selling point is primarily the combination of know-how from the metal industry, which can be seen in the product categories CLAMP and CONNECT, and know-how regarding thermoplastic material – which is used in the product category FLUID. In the area of Distribution Services (DS), NORMA Group differentiates itself from the mass markets in particular through its strong brands and high-quality service.

In addition, due to its global orientation NORMA Group clearly sets itself apart from its competitors. The market areas CLAMP and CONNECT are dominated by small to mid-sized manufacturers who only produce certain types of products and applications or operate mainly on a regional basis. The area of FLUID, on the other hand, primarily includes global companies that focus on rubber and elastomer products, which NORMA Group does not provide.

### **HIGH DEGREE OF ECONOMIC EFFICIENCY THANKS TO DIVERSIFICATION AND SYNERGIES**

NORMA Group's strategic goal is the sustainable expansion of business in every region. With innovative products and high-quality service in the business area DS, sales growth above the market average is to be achieved. Another target is the continuation of high profitability and stable cash flows.

In the reporting year 2013, NORMA Group achieved sales of EUR 636 million, around a 5% increase compared to the previous year. The resulting adjusted earnings after taxes are around EUR 62 million and thereby maintain the high level of the previous year.

NORMA Group's successful corporate strategy remains based on a broad diversification regarding products, regions and end markets. This strengthens the stability of business development and creates opportunities to make use of attractive growth potentials in the multitude of relevant customer trends.

NORMA Group's distribution channels are especially tailored to the customers' needs. Due to its expertise in the development of individual solutions (EJT) and the high-quality standard brand products and solutions in the area of Distribution Services (DS), NORMA Group benefits from various synergies: the economies of scale in production and the particular proximity to international EJT customers as well as the transfer of knowledge and experience from the area of EJT to high-quality standardised products in the DS area.

### **FACTORS OF SUCCESS: PRESENCE, SIZE AND BRAND**

NORMA Group's goal is the expansion of its presence in existing markets and opening new emerging markets with attractive potential for growth. Thus NORMA Group would also like to offer its current customers solutions for products in which its joining technology is not yet used. Product innovations thereby lead to even higher product performance and quality. In addition, particularly in the emerging countries, NORMA Group sees growth opportunities resulting from the pickup of industrial production and the increasing need for sophisticated joining technology. The already existing production and sales facilities in the important growth markets of China and Brazil are thus valuable. That is why the locations in Asia and South America are currently being expanded.

### **ORGANIC GROWTH AND SELECTIVE ACQUISITIONS**

NORMA Group follows a combined strategy of organic growth and targeted acquisitions. Organic growth is achieved by expanding applications for existing EJT customers, but new EJT customers are also to be identified and acquired. The expansion and deepening of the client base in Distribution Services and the entrance into new markets for highly developed joining technologies also support organic growth. With complementary acquisitions, NORMA Group keeps its eye strictly on the relation of the purchasing price in relation to the growth potential as well as the value added and profitability of the company being acquired.

## GRI [G4-EC1] REALISATION OF PROFITS AND PROFIT DISTRIBUTION

in EUR million	2013	2012
Sales	635.5	604.6
Gross profit	371.4	344.4
Employee benefits expenses	169.7	156.5
Other operating income	7.0	9.5
Other operating expenses	79.4	76.6
Income tax	28.3	24.6
Profit for the period	55.6	56.6
Adjusted profit for the period	62.1	61.8
Dividends	20.7	19.1
Cash flow from investing activities	43.4	58.1

## PRIORITY FOR LOCAL PURCHASING

GRI [G4-EC9] NORMA Group follows the philosophy of purchasing all goods and services locally to the extent possible. The only exceptions to this are purchasing opportunities with much more favourable conditions or local unavailability. In the reporting year, NORMA Group's purchasing volume reached EUR 270 million worldwide, 75 % of which went to production materials such as iron, steel and plastic granulate, and 25 % of which went to consumables such as office materials, auxiliary and operating materials, and services. While consumables were able to be bought mostly locally, only two-thirds of production materials could be purchased from regional providers due to the particular (quality) demands, and one-third of the production materials was purchased from the few providers who deliver to all NORMA Group sites.

GRI [G4-EC8] The economic effects of NORMA Group sites on the local community vary greatly. NORMA Group's greatest effect is as an employer. Its economic influence is low in those places where there are many offers for well-paid positions and the demand for work at the company is low. As a result, the employment with the company at these sites is shorter.

However, NORMA Group also has production sites in towns with only a few thousand people. Here, a stronger economic effect can be seen, whereby NORMA Group does not take advantage of this situation, but pays fair and performance-based wages. → In doing so, it respects all national regulations and always pays at least the statutory minimum wage, but usually wages are higher. → GRI [G4-EC5]

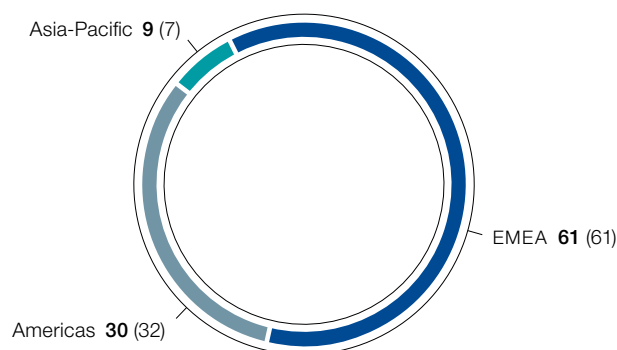
According to the regulations of the International Labour Organisation (ILO), NORMA Group is a 'Fair Company.' → NORMA Group places particular emphasis on employing local staff in foreign locations – even in management positions –, thereby profiting from the employees' specific country knowledge. At the locations with strongly internationally-oriented business, if necessary employees from other countries, so-called expatriates, are hired. The proportion of expatriates is relatively small. → GRI [G4-EC6]

GRI [G4-EC7] In the reporting year, NORMA Group did not make any significant payments for infrastructure or public services. → GRI [G4-EC4] During the reporting year, the Company received government grants of EUR 0.3 million and grants related to employee benefits expense of EUR 0.35 million which are related to partial-retirement agreements. In 2011 and 2012, NORMA Group received public grants totalling EUR 1.25 million for the same reasons.

## SALES DISTRIBUTION ACCORDING TO REGIONS

in %

Previous year's numbers in brackets



## KEY FIGURES

GRI [G4-9]

	2013	2012 <sup>2</sup>
Sales in EUR million	635.5	604.6
EBITA <sup>1</sup> (adjusted) in EUR million	112.1	105.2
Financial result in EUR million	-15.6	-13.2
Profit for the period in EUR million	55.6	56.6
Earnings per share in EUR	1.74	1.78
Expenses for research & development in EUR million	21.9	22.1
Cash flow from operating activities in EUR million	115.4	96.1
Cash flow from investing activities in EUR million	-43.4	-58.1
Cash flow from financing activities in EUR million	51.7	-34.1
Balance sheet total in EUR million	823.7	691.8
Equity ratio in %	38.8	41.8
<b>Employees</b>		
Core workforce	4,134	3,759
Leased labourers	813	726
Total	4,947	4,485

<sup>1</sup>Earnings Before Interest, Taxes and Amortisation.

<sup>2</sup>The accounting rules changed in financial year 2013 due to the first-time use of IAS 19R. In order to better compare the earnings, assets and financial position, the figures that pertain to 2012 have been adjusted and may therefore deviate from the figures published in the 2012 Annual Report.

## DIVERSIFIED SALES STRUCTURE

NORMA Group increased the portion of foreign business as a part of total sales compared to the previous period from 67.4% to 70.4% by opening new markets and acquiring new customers in the reporting year, thereby successfully maintaining its internationalisation strategy.

GRI [G4-8]

## MEMBERSHIP IN ASSOCIATIONS

GRI [G4-16]

In order to represent its own interests and to take part in discussions on topics of importance to NORMA Group, the Company belongs to many associations worldwide. NORMA Group does not conduct dialogues with political institutions and parties on a systematic basis; instead they are done on an ad hoc basis at the various sites. This also includes working with the association of employers in the metal and electrical industry in Hesse and the Future Think Tank in Frankfurt, Germany.

### IMPORTANT MEMBERSHIPS OF NORMA GROUP IN ASSOCIATIONS

USA	Specialty Equipment Market Association (SEMA) Society of Automotive Engineers (SAE) Automotive Industry Action Group (AIAG)
United Kingdom	Society of Motor Manufacturers & Traders (SMMT)
Germany	German Association of the Automotive Industry (VDA) Trade association steel and metall processing Gesamtverband Auto-Teile-Handel (GVA) Professional association connecting and fastening technique (VBT) Industrial association construction and roofing (IVBB) Stifterverband der Deutschen Wirtschaft Deutsches Aktieninstitut Accounting Standard Committee of Germany (DRSC) Deutscher Investor Relations Verband (DIRK)
Australia	Australian Industrial Group (AIG) Water Industry Operators Australia (WIAO) Australian Pump Industry (API)
India	Automotive Components Manufacturer's Association (ACMA) Indo German Chamber of Commerce (IGCC)
Malaysia	Malaysia Economic Association Federation of Malaysian Manufacturers Malaysian International Chamber of Commerce & Industry Malaysian Plastics Manufacturers Association
Thailand	Board of Investment of Thailand
Vietnam	Business Network International

### KEY AREAS OF CORPORATE RESPONSIBILITY ACTIVITIES

GRI [G4-18]

In laying down the contents of this report, NORMA Group focused firstly on its own key areas and its stakeholders' interests, and secondly on the requirements of the Global Reporting Initiative (GRI).

In order to determine the stakeholders' interests, NORMA Group regularly enters into dialogues with them. This occurs through direct contact with customers, employees and suppliers as well as through personal discussions with financial market participants and open communication with public agencies and other stakeholders. In addition, insights into employee and customer wishes are gained using surveys conducted at regular intervals. → see page 49, page 60.





**Sustainable Supply Chain:** In order to increase its efficiency and profitability, NORMA Group continually works on improving processes and production methods. The goal of sustainability is not only to reduce the relative amounts of resources, waste, waste-water and emissions, but also to respect human rights, safety provisions for workers and the interests of employees at every point of the supply chain.

**Innovation with Sustainability:** NORMA Group focuses intensely on research and development in order to cater to the customers' high standards with innovative and sustainable products. Due to constant customer contact, NORMA Group has an in-depth understanding of customer standards in regards to quality, functionality, economic efficiency and sustainability and can fulfil these to the greatest extent possible.

**Product Responsibility:** Comprehensive product responsibility is a precondition for successful business. The highest quality and continual optimisation of products are essential elements of the corporate strategy. Customer benefits and safety when using NORMA Group products therefore have the highest priority during development, production and distribution.

**Working Conditions:** NORMA Group offers its employees not only working conditions which are in compliance with statutory regulations, but in addition it is active in implementing numerous measures to benefit employees which go above and beyond the legal minimum requirements. In the areas of occupational safety, health, work-life balance, working lifetime and further education, NORMA Group has initiated programmes, which go beyond the standard set by comparable companies.

**Logistics:** Key criteria in the development and implementation of successful logistics concepts are energy needs, transport safety and environmental protection. In this, important aspects are the selection of purchasing, production, operating and customer sites, the bundling of transportation flows and the selection of the mode of transport. Another essential component of the logistics concept is a complaint management with short reaction and processing times.

**Process and Occupational Safety:** The safety and health of its employees has the highest priority for NORMA Group. The high-performance organisation and effective control of the respective (work) processes serve this end. Constant optimisation of internal processes in all functional areas and regions increases not only safety, it also increases the Company's profitability.

**Energy and Raw Material Efficiency:** To protect the environment, minimal and efficient use of raw materials is becoming increasingly important. NORMA Group offers its customers innovative and sustainable solutions for this purpose in a variety of areas. In research and development, it sets its focus on the continual improvement of energy efficiency, minimal use of resources, high-performance technology and low weight, among other areas – and thus also on lower energy consumption.

**Emission and Waste Management:** In all areas in which it is active, NORMA Group is strongly committed to environmental protection. This can be seen in the relative decrease in materials, energy and water consumption, reduced pollution and lower amounts of wastewater and other waste. Environmental Management includes the goal to achieve the lowest possible pollution of the atmosphere by (greenhouse) emissions and the lowest possible amount of disposed waste and wastewater discharged into the canalisation.



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**1** The logistics strategies at NORMA Group always take criteria such as energy demands, transport safety and environmental protection into consideration.

**2** NORMA Group constantly works on improving its processes and profitability. For example, the Company uses LEGO blocks to plan its plant halls more effectively.

**Diversity and Equal Opportunity:** NORMA Group's success is based largely on the cultural diversity of its employees. With this background, NORMA Group looks for the best candidates for open positions. The Company offers talents many opportunities for continuing education. NORMA Group hires, employs, and promotes staff solely on the basis of their qualifications and abilities in regards to the work which must be done.

**Employment Opportunities:** With its global employment policy, NORMA Group strives for a very heterogeneous workforce. Besides individual qualifications, this also includes a wealth of ideas based on differing interests and cultures. The Company's continual growth process increases the need for employees, which is why the Company places emphasis on the importance of its attractiveness as an employer.

**Environmental Protection:** Permanent process optimisation and priority setting even during the design and development of products are the guiding principles of NORMA Group's raw materials and process management. This leads to the lowest possible and most efficient use of resources and less stress on the environment. NORMA Group products make it possible for its customers to reduce their emissions, allowing them to fulfil stricter environmental regulations.

**Community Involvement:** In its community involvement, NORMA Group does not restrict itself to certain showcase projects. It is active in all communities where the Company has a business presence. NORMA Group participates in projects and activities close to the respective sites. A systematic report of all of NORMA Group's worldwide community assistance activities will be published starting with the reporting year 2015.

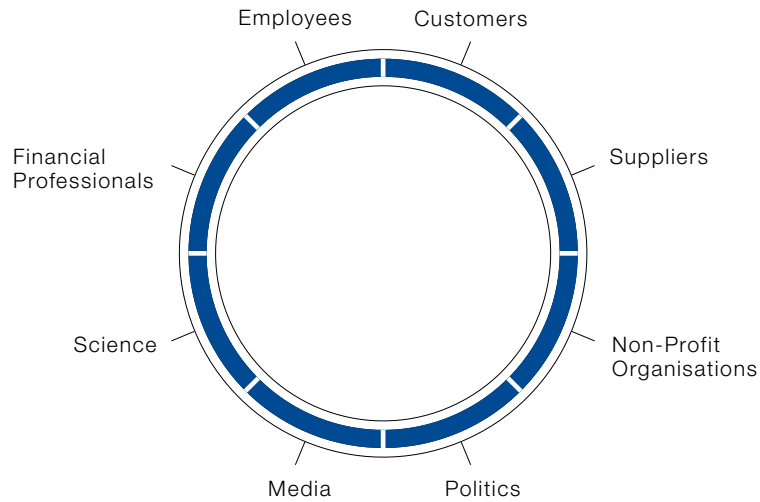
**Training and Continual Education of Employees:** NORMA Group trains people in many technical and business professions and thereby aims to be an attractive employer for young adults. In continual education, NORMA Group supports its employees in expanding and deepening their existing professional training with the Company's special requirements.

**Lifelong Learning:** With training sessions aimed at competency management and lifelong learning, NORMA Group works to ensure its staff's continual employability. The goal of lifelong learning is the development of knowledge and abilities which enable the employees to keep up with the fast pace of changing demands on the job market and to participate actively in all areas of economic life.

**Demographic Change:** NORMA Group would like its employees to stay with the company as long as possible. Demographic developments, especially in the industrialised countries, present companies with the task of seeking sufficiently qualified employees at an early point in time. This can be achieved with a high degree of attractiveness as an employer and by supporting, developing and encouraging employees.

## NORMA GROUP STAKEHOLDERS

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### **NORMA GROUP STAKEHOLDERS**

*The stakeholders of NORMA Group include employees, suppliers, customers, financial professionals, residents around the sites, non-profit organisations, media, science and politics. Regardless of the site, topic and target audience, NORMA Group engages in dialogue either regularly or ad hoc as topics arise. NORMA Group is also involved in intensive dialogues with financial market participants, investors and analysts.*

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### **INTENSIVE DIALOGUE WITH STAKEHOLDERS**

A part of NORMA Group's success is due to its intensive dialogue with its customers. Only companies who understand their customers' desires and requirements can offer them optimal products. In regular surveys ('Customer Satisfaction Surveys'), NORMA Group systematically gathers data on customers' expectations and requirements and their evaluation of products and services. NORMA Group is also in close contact with its suppliers. Their challenges, solutions and experiences offer additional important information on the origin and workmanship of the materials used as well as other sustainability aspects.

GRI [G4-24] [G4-26]

NORMA Group also communicates regularly with its employees. Employee surveys are conducted every other year and offer important information. There is also a structured and continual exchange of information among the individual sites as well as between management and employees. Besides direct conversations in the form of one-on-one discussions with employees or employee meetings, the employee newspaper and the intranet are additional channels for communication. In addition, the Company management has a good working relationship with the employees' representatives.

With continual, open and reliable communication with institutional and private investors and analysts, NORMA Group aims to increase the international profile of NORMA Group worldwide and to secure and expand the perception of NORMA Group shares as an attractive growth stock. At the same time, the interests of the financial market are to be discerned and ideas gathered. Communication with the financial market is done on a daily basis with numerous roadshows, financial market conferences, site visits and individual on-site meetings or telephone conferences.

As a technology leader, cooperation with scientific institutions is essential for NORMA Group. In researching and designing new products, the Company therefore works together with research and academic institutions.

→ GRI [G4-SO6] On specific occasions, NORMA Group communicates with the public administration or political institutions at the site locations. → In doing so, the Company follows only fair, legal interests. Neither in the reporting year nor the previous year were payments made to officials, politicians, parties or other connected institutions.

#### **Selection of Relevant Stakeholders**

GRI [G4-25] Determining the respective interest groups is done by looking at the relevance for NORMA Group's business. This includes in particular corporate responsibility aspects. For example, suppliers of environmentally-friendly materials, employees who desire flexible working hours or customers who desire lighter and at the same time higher-performing products.

GRI [G4-27] When communicating, NORMA Group speaks directly to the desires and needs of the interest groups. Customers' needs, for example, lead to tailored joining solutions in a specific, joint development project. The additional need for information noted by financial market participants is met directly while following all legal requirements pertaining to the financial market. Fulfilling employees' need for information is done with internal notifications, for example about the results of the employee surveys. In the future, NORMA Group's Sustainability Report will serve to significantly expand these communication platforms.





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**1** Ensuring that NORMA Group's products are of the highest quality is our top priority. Process-oriented quality management eliminates nearly all production defects.

**2** NORMA Group provides its customers with joining products and solutions that help them to master future challenges with respect to the use of resources.



2





A woman with long brown hair, wearing a dark brown blazer over a white collared shirt, is looking down at a document she is holding. She is standing in a warehouse or industrial setting, with blue pallets and other equipment visible in the background. The lighting is bright and even.

# Responsible Management

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**Responsibility for the company** has to be assumed by each and every employee of NORMA Group. For this reason, the company's management has established a long-term Corporate Responsibility Strategy for all sites and employees.

## RESPONSIBLE MANAGEMENT

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Our compliance and risk management system, but also our Code of Conduct, provide the basis for responsible management. Establishing trusting relationships with all of our stakeholders plays an important role in this.

## COST OF MATERIALS

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in EUR million



Purchasing materials plays an important role for us as a manufacturing company. To ensure that we act responsibly throughout the entire value creation chain, we choose our suppliers based on strict criteria. These include economic as well as sustainable aspects. Our 'Supplier Code of Conduct' expresses what we expect of our suppliers.

“Responsibility must be lived by the entire company: we expect a high degree of integrity from our employees. For this reason, every employee is familiarised with our compliance rules by participating in online and face-to-face training and obligated to uphold them.”

**Stephan König** Chief Compliance Officer NORMA Group

# Responsible Management

- III Code of Conduct an important pillar of corporate culture
- III Supplier Code of Conduct for sustainable purchasing
- III Continuous optimisation of logistic processes

Responsibility for the Company and the stakeholders must be assumed by each NORMA Group employee. In order to implement this resolution, NORMA Group has developed a long-term Corporate Responsibility Strategy for all sites and employees. This includes foremost a high-performance Compliance and Risk Management System, but also the support of trusting relationships with employees' representatives, suppliers and customers.

## **BALANCED MANAGEMENT STRUCTURE**

GRI [G4-34] [G4-39]

Good Corporate Governance ensures sustainable development and long-term growth. In this sense, NORMA Group is aware of its economic and social responsibility vis-à-vis shareholders, employees, business partners and the people in the international social environment. The Company's management is oriented on sustainability and transparency.

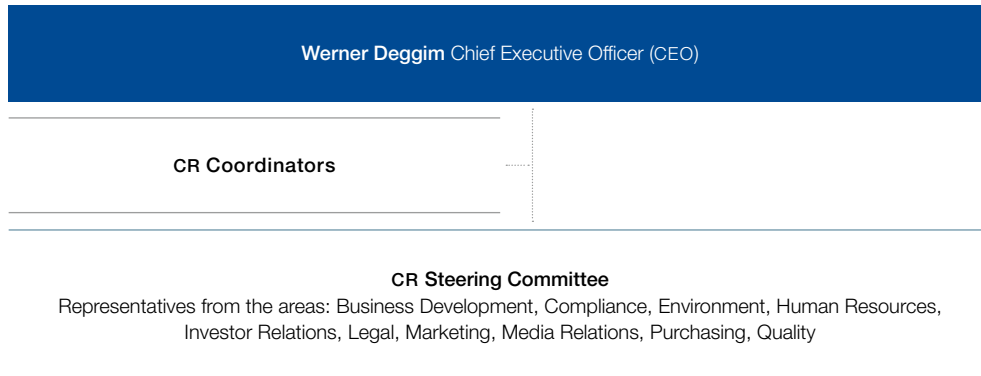
NORMA Group SE has a dual leadership system in which the management, that is, the Management Board, is overseen by a separate Supervisory Board. The Management Board guides the Company responsibly and determines the strategy while the Supervisory Board appoints, advises and supervises the Management Board. The Management Board regularly informs the Supervisory Board of its business policies and development, the company situation and matters which could have significant impacts on profitability or liquidity.

The Chairman of the Supervisory Board and the Chairman of the Management Board coordinate the cooperation between the two Boards. Between sessions of the Supervisory Board, they keep in contact and discuss current management questions. If the Supervisory Board does not meet entirely without the Management Board, all members of the Management Board participate in its meetings. The members of the Management Board thereby report on the business developments based on the written documents given to the members of the Supervisory Board in advance and give an outlook of NORMA Group's expected future development.

Besides the monthly and quarterly figures, risk analysis and measures to minimise known risks are discussed at all Supervisory Board meetings. The respective committee chairs of the Auditing Committee as well as the General Committee and Nomination Committee report in the Supervisory Board meetings on the previous committee sessions. According to the bylaws of the Management Board and the Articles of Association of NORMA Group SE, the Supervisory Board must approve

## CORPORATE RESPONSIBILITY STEERING COMMITTEE

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important business matters before they are implemented by the Management Board and the Group's employees. This pertains not only to measures in NORMA Group SE itself, but also for those of its subsidiary companies. A detailed Corporate Governance Report can be found in NORMA Group's 2013 Annual Report. → [2013 Annual Report, p. 40 f.](#)

### CORPORATE RESPONSIBILITY STEERING COMMITTEE

Corporate Responsibility (CR), the responsibility of a legal entity vis-à-vis humans and the environment, is an essential element of NORMA Group's corporate strategy. For this reason, in August 2012 a 'CR Steering Committee' under the leadership of the Chairman of the Management Board Werner Deggim was created. Its task is the formulation of long-term CR goals for NORMA Group and the development of appropriate measures spanning across the various areas → @ [http://www.normagroup.com/norma.nsf/id/CR-program\\_CR\\_EN](http://www.normagroup.com/norma.nsf/id/CR-program_CR_EN). The committee is comprised of twelve members representing all relevant business departments. This heterogeneity is to ensure that stakeholder interests are represented in a balanced manner. The steering committee meets twice per year. Two CR coordinators, who report directly to the Chairman of the Management Board, take on preparatory work. The CR Steering Committee has managerial authority for the entire NORMA Group.

GRI [G4-35] [G4-36]

### GUIDING PRINCIPLES AND CODES

Responsibility, integrity and mutual respect both from management as well as employees are to be the hallmarks of NORMA Group's corporate culture as well as that of its business partners. In addition to adhering to laws and regulations, NORMA Group expects its employees to also respect important ethical norms. The group's compliance documents give more detailed information on this.

GRI [G4-56]

The centre point of the formal NORMA Group corporate culture is the Code of Conduct and the two documents outlining the basic principles of 'Conflict of Interest' and 'Anti-Corruption.' These regulations are binding for all group members. The documents are adapted as needed to changed legal or social regulations and kept up to date. Employees are trained in compliance-relevant topics in meetings or online training sessions. At the same time, the Company analyses possible compliance risks in the framework of internal compliance risk assessments.

The Supervisory Board monitors the Management Board's adherence to the compliance regulations. NORMA Group's Chief Compliance Officer assumes this function vis-à-vis the employees and is responsible for the adherence to the Code of Conduct by all NORMA Group managers and employees as well as affiliated companies.

The three regional Compliance Officers for the regions EMEA (Europe, Middle East, Africa), Americas and Asia-Pacific report to the Group's Chief Compliance Officer. Finally, each operating subsidiary company has its own Compliance Officer. The local Compliance Officer organises appropriate on-site training measures for employees. In addition, they are responsible for reporting, investigating and sanctioning possible violations of compliance regulations as well as ensuring that these actions stop and are prevented in the future.

NORMA Group encourages its employees to report violations of regulations and internal guidelines to the local Compliance Officer regardless of hierarchy levels and to suggest measures for improvement.

#### **Code of Conduct**

**Adherence to the Law:** NORMA Group requires its employees to follow all national, regional, local and international laws as well as all corresponding company principles. Employees are not allowed to give favours of any kind to officials or employees of other companies in order to obtain business advantages (Anti-Corruption). The same prohibition applies for accepting favours. Details are regulated in a separate Anti-Corruption regulation. When obtaining licences, permits or other permissions, the officials involved may not be given any direct or indirect monetary payments or payments in kind.

NORMA Group adheres to all applicable laws, ordinances and regulations to prevent money laundering. Its values require that it ensures that business is conducted only with respectable distributors, suppliers, contractors and customers who operate legal businesses with money drawn from legal sources. In general, money laundering is broadly defined as engaging in a transaction with criminally derived property, structuring a transaction in order to avoid detection of criminal conduct or engaging in a transaction in furtherance of criminal conduct. In export business, NORMA Group strictly ensures that all regulations and prohibitions regarding transborder deliveries or receipt of products and services are respected and followed (embargo laws, trade sanctions, export controls).

**Competition and Anti-Trust:** NORMA Group ensures fair dealings with competitors and other market participants and prohibits its employees from participating in embezzlement, fraud, concealment of important facts, wilful misrepresentation of facts and the use of other illegal methods in their business dealings (unfair competition).

In order to strictly adhere to anti-trust and competition laws, NORMA Group prohibits its employees from making any arrangements with competitors regarding prices, boycotting certain customers or suppliers, limiting services, dividing customers according to region, exchanging sensitive corporate or customer data and agreements on dumping prices.

**Protection of Company Property:** NORMA Group's property and assets may only be used by the employees for legal, legitimate and defined business purposes. This includes all office and operating materials made available to employees as well as all other assets of the group. Employees are not permitted to use the authority or information they have in their position as a NORMA Group employee to obtain any prohibited advantage (unjust enrichment). In particular, this also includes the prohibition of setting up a business which competes with NORMA Group or to take a share in such a business.

**Protection of Data and Rights:** NORMA Group treats its own data as well as information about customers, suppliers or other business partners strictly confidentially. Data and information are only saved if they are necessary for successful business operations. In this respect, all relevant laws and regulations are followed.

NORMA Group employees may not pass along or publish any confidential or protected information without first obtaining explicit permission. This also applies to the data and information on customers, suppliers and other business partners. NORMA Group employees may not permit any other person to access this information.

All data, information and documents both in electronic and paper form must be stored carefully in adherence to statutory regulations (obligations regarding data retention). This applies in particular to documents relevant to court proceedings, official investigations or audits. Such documents may not be modified, hidden or destroyed.

**Patents, Copyright and Brands:** All NORMA Group employees are required to protect the intellectual property of the Company and to respect the intellectual property of third parties.

**Avoidance of Conflicts of Interest:** NORMA Group expects its employees to always give Company interests preference over their own private interests in business matters. All business dealings must be carried out to the best possible benefit for NORMA Group and its customers. This also applies to NORMA Group employees' (business) activities outside of the Company, when taking shares in customer or supplier companies or when selecting business partners due to personal relationships. Details are set down in separate Conflict of Interest regulations.

NORMA Group SE is a listed company with freely tradable shares. All NORMA Group employees are therefore prohibited from using confidential information which is not publicly known to obtain gains from share transactions (prohibition of insider trading).

**Supplier and Customer Relationships:** NORMA Group's business success depends in particular on trusting relationships with suppliers and customers. NORMA Group employees are therefore required to behave without fault, fairly, competently, politely and punctually in external dealings. Professional behaviour with business partners means not giving any misleading or false information. Careful handling of confidential customer and supplier data is mandatory.

NORMA Group's business activities include regular purchasing of third-party services. In doing so, it must be ensured that the Code of Conduct is also followed by the contracted service provider (control of contractor).

**Health and Safety:** NORMA Group carefully ensures that all occupational safety and environmental laws are followed as well as laws and regulations pertaining to health and safety issues. All employees are required to contribute towards adherence to these laws and regulations.

**Fair Employment Practice:** NORMA Group supports all efforts to retain freedom of association and opposes child and forced labour as well as discrimination. NORMA Group strives for a motivating workplace atmosphere free from harassment, threats and bullying.

**Environmental Protection:** NORMA Group adheres to all laws, regulations and standards in the area of environmental protection. In addition, it strives to continually reduce energy consumption and the emission of pollutants. In terms of innovation, resource use is to be lowered as a whole, and the proportion of renewable resources is to be increased.

**Due Diligence in Publications:** All NORMA Group employees involved in publications as well as all employees who contribute to the contents of the publications must ensure that these publications are correct, clear, free of contradictions, comprehensible and understandable. They must also be published in accordance with legal requirements.

**Employees' Acceptance:** Although the Code of Conduct is not an explicit part of the individual employment agreements, employees should be familiar with this code and accept it insofar as it is not in opposition with national legal regulations.

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#### **MANDATORY COMPLIANCE TRAINING**

*Every new employee of NORMA Group undergoes a web-based training program dealing with compliance and the Code of Conduct. Employees who are in close contact with customers also complete an online training course in product liability. These training courses are available around the world in multiple languages.*

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#### **Preventing Cases of Corruption**

GRI [G4-SO5] To date, no cases of corruption have become known within NORMA Group. In order to detect any threat of this kind as early as possible, NORMA Group uses a compliance system together with internal audits. These two instruments are used above all in corporate units where the risk of corruption seems the highest. This process is monitored by local management as well as the management of NORMA Group. Any deficiencies that are discovered in the review methodologies are immediately rectified. → In the compliance audits, all business units are examined for possible cases of active or passive corruption. These audits have so far failed to turn up any suspect business transactions.

→ GRI [G4-SO3]

GRI [G4-SO4] For purposes of preventing corruption, employees undergo an online training program devoted to compliance. Every new employee must also complete a training course on the Code of Conduct. In addition, all managerial staff throughout the group must take part in an anti-trust training course 'Disclosure Statement' once every year. The 'UK Bribery Training' an anti-corruption course, is completed every two years by a designated group of persons.

#### **Implementation of the "Rio Principle"**

GRI [G4-14] Principle 15 of the "Rio Declaration" obligates states to take a precautionary approach toward protecting the environment, according to their capabilities. Remedial measures are not to be postponed if there are threats of serious or irreversible damage to the environment. The financial burden of these measures must not be too great, however. Consequently, Principle 15 links environmental protection with a cost-benefit analysis. NORMA Group has extended this principle to all of its operations.





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1 NORMA Group headquarters in Maintal

2 NORMA Group's compliance documents are the most important instruments for teaching its employees about their ethical and legal responsibilities.

### NON-DISCRIMINATION AND FREEDOM OF ASSOCIATION

[G4-HR3] To date, no incidents of discrimination have come to light within the group. This is a reflection of the fundamental outlook of NORMA Group: we should respect and value diversity in thought. NORMA Group respects the ideas and experiences as well as the individuality of employees and business partners. It believes it has a duty to create a pleasant work environment for employees by appreciating the capabilities of the individual, developing them further, and combining them with those of others. In this connection, NORMA Group organises an annual, group-wide “Diversity Day” that aims to raise awareness among employees of the importance of diversity at the company. This applies not only to attributes like sex, age, sexual orientation, or religion; it also includes diversity of thought and the respect for it.

GRI [G4-HR4] NORMA Group respects the rights of employees to exercise freedom of association, including the right of employees to join trade unions and to be represented internally and externally by representatives of these unions, consistent with the prevailing national or local laws and practices. NORMA Group is not aware of any cases in which freedom of association or the right to engage in collective bargaining were significantly jeopardized or violated.

### MONITORING HUMAN RIGHTS ISSUES

- GRI [G4-HR2]  
[G4-HR7]  
→ GRI [G4-HR8] Training on human rights aspects does not take place within NORMA Group because there have so far been no suspected violations, and this does not represent an identifiable problem. There have been no known cases of legal actions or complaints, externally or internally, resulting from violations of the human rights of employees. → This applies as well to the rights of local populations.
- GRI [G4-HR5]  
[G4-HR6] NORMA Group respects human rights and rejects any and all forms of forced, compulsory, or child labour. In this context, International Labour Organization (ILO) Convention Nos. 138 and 182 are expressly recognized as a minimum standard. NORMA Group is not aware of any cases of child labour at group companies or suppliers, nor has it been able to find any evidence of child labour.
- GRI [G4-HR1] When investment decisions are made, human rights naturally play a role also. In the countries in which NORMA Groups currently operates, however, this aspect is not critical.
- GRI [G4-HR9]  
→ GRI [G4-HR11]  
→ GRI [G4-15] In the reporting year, NORMA Group has not identified any business transactions that could be linked to violations of human rights. → The same is true for suppliers, at which no suspected violations have been uncovered during employee visits and the usual inspections. → In this connection, NORMA Group also supports the German business association ‘Charter of Diversity’, which seeks to promote a workplace free of prejudice and includes among its participants and supporters the German Federal Government.

### EFFECTIVE RISK MANAGEMENT

As an enterprise that operates around the world, NORMA Group encounters a variety of opportunities and risks that can have short- or long-term effects on the condition of its assets, finances, and earnings. NORMA Group defines opportunities and risks as the occurrence of favourable or unfavourable future developments, changes, or events, which can have a positive or negative effect on the implementation of group planning and the attainment of business objectives.

The Management Board of NORMA Group SE bears the responsibility for an effective risk management system for the group. The Supervisory Board in turn monitors the effectiveness of this system. Compliance with the internal group guidelines concerning risk management is integrated into the normal inspection activities of the internal audit. The risk management system represents a task that is carried on throughout the entire NORMA Group. It involves detecting and measuring risk at the level of individual companies and regions as well as at the group level.

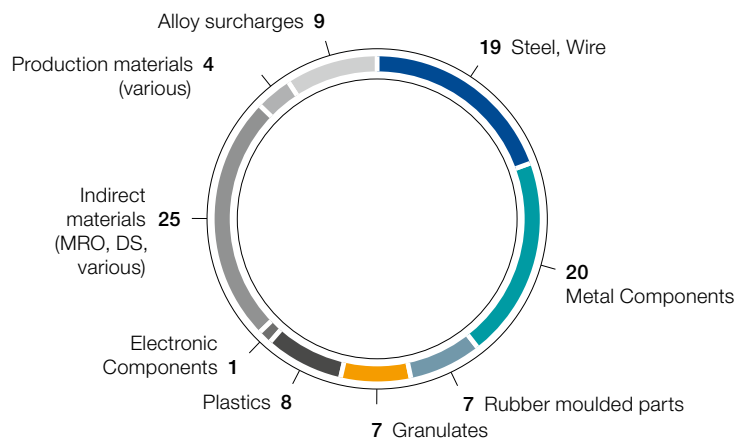
Risks are identified early through monitoring and analysis of the overall economic environment of markets relevant to NORMA Group, and through timely evaluation of developments that can lead to risks. NORMA Group evaluates risks with regard to their financial impacts and their probability of occurrence. The financial impacts are graded on a scale of “low,” “moderate,” and “high.” The probability of occurrence for individual risks and opportunities is expressed as a percentage from 0 to 100 and assigned to one of three groups: “unlikely,” “possible,” and “very probable.” In addition to taking general risk factors into account, the risk assessment follows a quantitative approach.

In order to analyse the overall risk situation of NORMA Group, and to be able to initiate appropriate countermeasures, the individual risks of the local business units and the group-wide risks are combined into a risk portfolio. Those who are responsible for risk management routinely examine whether all material risks are being identified and adjust the calculations as necessary. In addition, they analyse the risk portfolio, develop appropriate risk-mitigating countermeasures, and implement those measures.

The risk management system adheres strictly to the corresponding group guidelines, and the internal monitoring system ensures the effectiveness of the system. Regular reporting guarantees that new risks can be identified every quarter and that changes in existing risks are reported to the Group risk management team. Each quarter, the latter in turn informs the Management Board and the Supervisory Board of the current, updated risk portfolio. Any especially urgent matters are conveyed to the Management Board in the framework of ad-hoc reports. As a result, the Group continuously keeps track of the development of risks and the measures initiated to mitigate them. A detailed discussion of the assessments of opportunities and risks as well as the impacts of risk can be found in the 2013 Annual Report. [2013 Annual Report, p. 97 ff.](#)

**MATERIAL PURCHASES IN 2013 ACCORDING TO MATERIAL GROUPS**

in %



## HIGH-PERFORMING AND SUSTAINABLE VALUE-ADDED CHAIN

NORMA Group needs reliable suppliers who provide high-quality materials and, at the same time, fulfil high standards for environmental protection and compliance. For the production of its joining solutions, numerous raw materials and semi-finished products are required, in particular steel and stainless steel, granulates, plastics, rubber and components which have been processed from these materials. In 2013, NORMA Group purchased materials totalling around EUR 270 million. That is 42.4% of the group's revenue. In order to purchase the necessary products at the most competitive prices, a worldwide group purchasing structure was established in 2012.

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### STRICTER SELECTION OF SUPPLIERS

GRI [G4-LA14] *Up to the present, NORMA Group selected (new) suppliers primarily based on the classic (eco-*  
 [G4-LA15] *nomic) criteria such as quality, price, delivery dates and reliability. An evaluation regarding eco-*  
*logical and social aspects was not explicitly done or only sporadically done before conclusion of*  
*the contract. Although NORMA Group pays attention to these aspects when visiting (potential)*  
*suppliers, up to now there were no explicit, standardised evaluation procedures which were relevant*  
*for the formal decision.*

*Existing suppliers were only evaluated on the basis of a comprehensive supplier evaluation.*  
 → GRI [G4-EN33] *→ In regards to sustainability aspects, the important indicator in the area of the environment*  
 [G4-LA14] *was in particular the presence of the ISO 14001 Certificate and in the area of occupational*  
 → GRI [G4-EN32] *safety the presence of the OHSAS 18001 Certificate. → In the process of the implementation*  
 [G4-HR10] *of NORMA Group's Corporate Responsibility Strategy, sustainability aspects as criteria in the*  
 [G4-SO9] *purchasing process now play a bigger role. In the reporting year 2013, the initiative 'sustain-*  
 [G4-SO10] *ability in purchasing' was therefore started with which the evaluation and selection procedures*  
*of (new) suppliers were expanded and made stricter to include key sustainability criteria.*

*In doing so, NORMA Group wishes to limit itself to those suppliers who share its views on the*  
*prohibition of child and forced labour, fair wage and salary policies, preventative safety and health*  
*policies and the greatest environmental protection measures possible.*

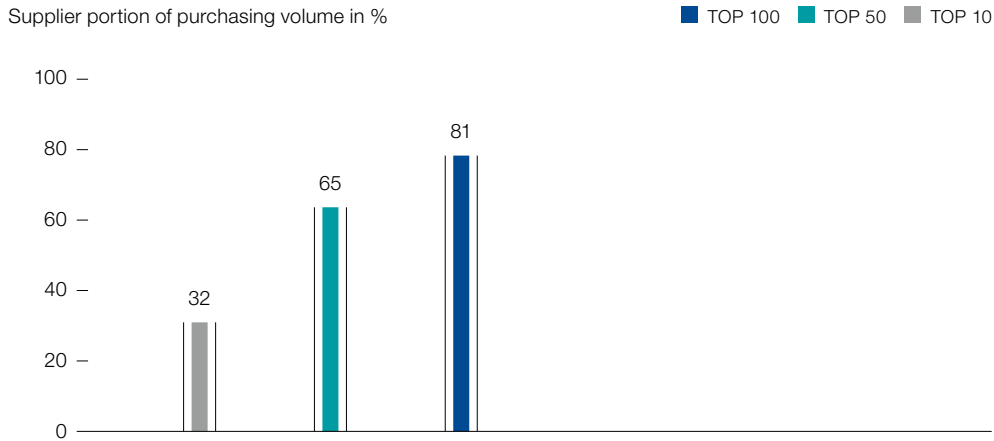
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GRI [G4-12] Within NORMA Group as a manufacturing company, the greatest costs – other than personnel – are expended on purchasing materials, which is why purchasing and supplier management play such an essential role for the group's success. This primarily affects the materials steel (steel strips for various goods); stainless steel; wire; technical thermoplastics; polyamides; granulates; plastic, rubber and metal components; and electronic components.

Besides ensuring the qualitative, technical and logistical requirements, the goal of purchasing is to limit price risks using systematic material and supplier risk management. In order to limit the volatility of raw materials prices, purchasing contracts with a running time of up to twelve months or longer are concluded. In general, materials are purchased directly from the manufacturers. Purchasing is only done through distributors if the amount of a certain component needed is not great enough to be purchased directly from the manufacturer.

NORMA Group thereby completely refrains from purchasing so-called 'conflict materials.' These include cassiterite, columbite-tantalite, gold and wolframite as well as their derivatives tin, tantalum or wolfram from the Democratic Republic of the Congo and the surrounding countries. Avoiding purchases from these regions contributes to preventing the armed groups located there from being able to finance their activities through the extraction and sale of raw materials.

### SUPPLIER STRUCTURE 2013



Raw material and material purchases by NORMA Group are guided by a global structure for all domestic and foreign subsidiary companies. Regional teams contribute their specific knowledge of local market conditions and region-typical drivers of cost. As a result, in the respective raw materials classes, groups of 'strategic suppliers' are created who are continually evaluated for their optimisation potential in terms of criteria such as quality, price and delivery times.

NORMA Group has a balanced supplier structure without any specific dependencies. In the reporting year, the total production material costs were around EUR 180 million. The percentage of the total volume which went to the ten largest suppliers was around 32 %, that of the 50 largest suppliers was around 65 %. A detailed analysis of the goods purchased and their countries of origin would be very time-consuming due to the heterogeneity of the product purchasing systems and the number of sites worldwide and has therefore not yet been done.

NORMA Group requires production materials of the highest quality in order to be able to guarantee the high standard of its own products. The global purchasing team uses numerous criteria – which were defined together with the relevant departments such as quality control, logistics, production and product development – to evaluate current and potential suppliers. With the help of special key numbers and data analyses, NORMA Group ensures that contracts are only concluded with suppliers who have the necessary technical expertise, work professionally and offer competitive prices.

In 2013, NORMA Group further optimised its value-added chain management and expanded the system for evaluating suppliers with sustainability criteria. In addition to previous criteria from the areas of quality, logistics, purchasing and risk management, suppliers are now also evaluated on the basis of their occupational safety and their environmental management. In particular the strategically important suppliers are required in writing to set up respective management systems or to adhere to and further develop existing systems. Suppliers who do not fulfil these requirements may be downgraded. For example, they could lose their status as a preferred A-supplier or be deleted entirely from NORMA Group's supplier list.

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### **THE NEW SUPPLIER CODE OF CONDUCT**

The new NORMA Group guidelines for suppliers were published in August 2014 and since then have been available for download on the Company's website. → @ [http://normagroup.com/norma.nsf/id/CR-Compliance-Policies\\_EN](http://normagroup.com/norma.nsf/id/CR-Compliance-Policies_EN). The Supplier Code of Conduct formulates NORMA Group's expectations as to the sustainable economic activity of its suppliers and serves as a basis for additional sustainability criteria when selecting suppliers. At first, the Code is to be binding for strategically important suppliers. They must confirm in writing their agreement with the Supplier Code of Conduct. If the requirements stated there are not fulfilled by the supplier, they will be required to submit a binding plan of action. This plan of action is to make it clear which measures will be implemented and at which point in time the supplier will then be in line with the Code of Conduct. A sophisticated system of review is currently being developed.

In the Code, the suppliers are required to fulfil particularly important criteria, marked with 'Red Flags' ♦. If these basic requirements are not fulfilled, the company cannot become a supplier for NORMA Group. In contrast, suppliers who can confirm their complete adherence to the Supplier Code of Conduct become 'candidates for preferred supplier status.' This special status for a sustainable supplier means that in the case of new contracts, the suppliers are automatically brought into the selection procedure.

### **THE NEW SUPPLIER CODE OF CONDUCT INCLUDES THE FOLLOWING AREAS:**

#### **Human Rights and Employee Rights**

- III Adherence to and respect of human rights ♦
- III Prohibition of forced and compulsory labour ♦
- III Prohibition of child labour ♦
- III Freedom of association and freedom of collective bargaining
- III Prohibition of discrimination
- III Fair wages and working hours
- III Fair treatment of employees and appropriate disciplinary measures
- III Contractual agreement of working conditions

#### **Health and Safety**

- III Workplace safety ♦
- III Accident prevention
- III Accident management
- III Physically strenuous work processes
- III Handling of dangerous materials at the workplace

#### **Environment**

- III Basic requirements
- III Chemical and hazardous substances
- III Waste and wastewater
- III Air emissions
- III Waste reduction and recycling maximisation

#### **Ethics**

- III Business integrity (corruption) ♦
  - III Release of relevant information
  - III Respect of intellectual property
  - III Source protection for whistle-blowers
  - III Fair business practices, fair competition, fair advertising
  - III Prohibition of conflict minerals
-

NORMA Group works with around 40 to 50 suppliers who have strategic importance for the Company in individual raw materials. Among these key suppliers are suppliers who have been classified as A-suppliers in the context of NORMA Group's evaluation system or who have agreed upon a precise plan to work towards becoming an A-supplier. → The goal is the certification of half of the key suppliers according to the international environmental management standard ISO 14001 by the end of 2014. In the reporting year 2013, around one-third of the relevant suppliers met these conditions. The suppliers' understanding of and conscious decision for sustainable business processes build the basis for a long-standing and successful cooperation with NORMA Group.

→ GRI [G4-EN33]

In accordance with the OECD's recommendations for 'responsible supply chains' (OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas) and the US Dodd Frank Act, NORMA Group wants to ensure that the components and materials in its products – regardless of where they are built or sold – do not contain any so-called conflict materials.

#### **POLICY OF SHORT AND DIRECT DELIVERY ROUTES**

In order to optimise production and logistic costs, NORMA Group takes the approach of keeping the geographical routes of the value-added chain as short as possible. That is why many production sites are established close to the customers' plants. For example, a US customer with production sites in Europe was supplied by NORMA Group production sites in close proximity. Products are only supplied by NORMA Group sites farther away if less than the "business critical" delivery amounts are needed.

NORMA Group aims to deliver products directly from its production sites to the industrial clients, avoiding non-value-adding interim steps via other NORMA Group sites if possible. By changing to direct delivery to the customers, each year additional products can be delivered totalling up to EUR 10 million without detours, re-packaging or intermediary trade. NORMA Group continually optimises this internal process step in the value-added chain.

#### **LAWFUL BEHAVIOUR**

In the reporting year, NORMA Group knew of no lawsuits or complaints regarding:

III Environmental violations	GRI [G4-EN34]
III Violations of labour protection and labour law	GRI [G4-LA 16]
III Violations of human rights or related grievances	GRI [G4-HR 12]
III Interference in societal interests	GRI [G4-SO 11]
III Violations of competition law or of failure to comply with regulations or voluntary behavioural codes in relation to advertising including advertisements, sales promotion and sponsoring	GRI [G4-PR 7]
III Violations of protection of customers' privacy or violations of data protection	GRI [G4-PR 8]

As a result, in the reporting year NORMA Group had to pay neither fines nor damages due to offences, violations or failure to comply with laws, regulations or obligations in the areas of human rights, labour protection, competition, environment, compliance or products.

GRI [G4-EN29]  
[G4-SO 7] [G4-SO 8]  
[G4-PR 2] [G4-PR 9]





# Business Solutions

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**Our products and solutions** help reduce emissions and energy consumption. We work together with our customers to make sure that natural resources are used in a sustainable, efficient way that protects the environment.





To meet the growing challenges the industry is facing and remain competitive over the long term, we place special emphasis on research and development.

4.0%

of EJT is invested in Research & Development

Our goal is to invest 4% of our EJT sales in Research & Development each year. The main focus of our R&D activities is on further developing innovative solutions that meet our customers' demands, particularly with respect to weight reduction, increasing engine efficiency and modularisation of production processes.

## 30,000 clamps

Our clamps are used as joining elements in the fuselages and engines of airplanes. 30,000 clamps in total are installed in a single airplane.



# 100

KILOGRAMS



The heavier an airplane is, the more energy it consumes. Clamps from NORMA Group allow for 100 kg of weight to be saved per airplane. This translates into savings of around 50,000 litres of kerosene or 158,000 kilograms of CO<sub>2</sub> per year, the same volume that 80 trees can neutralise.

# 158,000

KILOGRAMS LESS CO<sub>2</sub>

# Business Solutions

- III Innovative products offer solutions for global challenges
- III High quality standards for maximum client satisfaction
- III Continuous investments in R&D ensure technological leadership

**GRI [G4-EN7]** NORMA Group's high-quality product solutions and services contribute to the reduction of energy use and emissions. Due to NORMA Group engineers' expertise and the cooperation with the customers, natural resources can be used in a more environmentally-friendly, sustainable and efficient manner. NORMA Group invests in researching and developing new products and, with high-performance quality management, ensures the recognised and certified quality of its product solutions.

NORMA Group offers joining products and solutions for various application areas. These include, for example, equipment and components for agriculture, engines, commercial and passenger vehicles, the aerospace industry and construction equipment as well as household appliances. Products are also used in irrigation systems, drinking water supply systems and the pharmaceutical and biotechnology industries.

Environmental protection plays an essential role in the development and production of NORMA Group joining technology. At the same time, the products support the clients in achieving their climate, environmental protection and economic goals. NORMA Group solutions therefore help to reduce the consumption and emissions of engines, among other things. This in turn contributes to a more environmentally-friendly, sustainable and efficient use of natural resources.

## **SUSTAINABLE MATERIALS FOR EXCELLENT PRODUCTS**

In selecting materials for its products, NORMA Group uses materials which are as environmentally friendly as possible while still meeting the customers' high standards. NORMA Group thereby relies not only on traditional plastics manufactured from petroleum. Plastics from sustainable materials such as castor oil are also used. In addition, chlorine-free oils and only metal alloys without health-damaging elements such as chromium VI are used. NORMA Group is also looking into possibilities for using plastics in the future which are made up of 50% carbon generated from carbon dioxide (CO<sub>2</sub>). This means that, firstly, fewer greenhouse gases are released into the atmosphere, and secondly, the use of the ever more scarce and expensive petroleum is reduced.

In recent years, the search for more environmentally-friendly materials has become more complex because, at the same time, the demands in terms of products and materials have increased. 20 years ago, the coolant temperature in passenger vehicles only reached around 125 degrees Celsius, but today the materials must withstand up to 170 degrees in order to continue to remain functional. The requirements for components of turbochargers for engines have also changed. Now, these must withstand temperatures of up to 300 degrees Celsius. As a comparison, at the beginning of the 1990s, the highest temperatures reached a maximum of 220 degrees Celsius.

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**INTELLECTUAL PROPERTY PROTECTED BY PATENTS**

*NORMA Group possesses holdings of 867 patents and utility models in 161 patent families. This gives proof of the high degree of innovation and ensures a leading international technology position.*

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Only with these high motor temperatures can the ever stricter emission limits be met. So that the functionality is also guaranteed with high temperatures and pressure without loss of performance, the products and materials used must continually be developed further. At the same time, the systems are becoming ever more complex. 20 years ago, a few (large) lines were enough, but today line systems are made which are much more sophisticated with many more branches and with lower flow cross-sections and lower wall thickness.

NORMA Group products reliably prevent the escape of liquids and gases, make lower fuel usage possible in vehicles and allow for increasingly lightweight products due to their low weight. Appropriate material labelling also makes it easier to later separate materials and recycle them.

**INVESTMENTS IN RESEARCH AND DEVELOPMENT FOR LONG-TERM SUCCESS**

As the international market and technological leader for highly developed joining technology, NORMA Group invests heavily in research and development of new products and solutions, thereby strengthening the Company's innovative drive. After all, innovative joining technology ensures NORMA Group's market position. In order to promote these strengths in the long-term, in recent years the

Company has established comprehensive fundamental research and product development with a highly qualified team of more than 200 specialists who conceptualise customer-specific as well as standardised solutions.

This includes experts in application, product and process development. In a modern testing laboratory, life-span tests for all relevant application areas are conducted. In this way, NORMA Group not only supports the development of new products but also has the ability to set and verify specifications.

#### **STRICTER EMISSION LIMITS AS A GROWTH DRIVER**

*An important driver for NORMA Group's organic growth are the ever stricter statutory emission limits. They are raising the requirements for automobile and commercial vehicle manufacturers and strengthening the demand for innovative products which are lightweight and increase the engine's efficiency.*

*Innovations will remain the deciding factors for the Company's success in the future, as well. For this reason, NORMA Group invests around 4% of the annual EJT revenue in Research and Development. In 2013, the R&D investment rate was 4.9%.*

#### **KEY R&D FIGURES**

	<b>2013</b>	2012
Employees in Research & Development	<b>205</b>	190
Costs for Research and Development (EJT) in EUR million	<b>21.9</b>	22.1
R&D rate (related to EJT revenue) in %	<b>4.9</b>	5.1
External R&D costs (without personnel costs) in EUR million	<b>2.5</b>	3.2

#### **INNOVATIONS FOR MORE ENERGY EFFICIENCY**

Around half of NORMA Group's product portfolio is used in the area of emission control. For example, the SCR (Selective Catalytic Reduction) fluid tubing system is used to reduce nitrogen oxides in emissions from combustion engines. So-called V-band clamps and Euro Couplers of the newest generation contribute to a lighter weight and, at the same time, ensure a more reliable seal of the connections in the exhaust tracts and turbochargers. This makes it possible for the customer to build lighter automobiles, avoid leaks and thus lower CO<sub>2</sub> emissions.

The further development of NORMAFLEX® Low Emission Tubes – a new generation of tubing – fulfils the Low Emission III standards for fuel with a high amount of aggressive alcohol components. Around one million vehicles worldwide are fitted with the newly developed NORMA Group cooling tube system. In comparison to traditional cooling tube systems, these are up to 30% lighter and thereby contribute to the weight and emission reduction of the vehicles.

Ever more restrictive emission regulations for combustion motors are presenting serious challenges for automobile manufacturers. For example, the EURO-6 Standard has been in effect for all newly registered trucks in Europe since January 2014. Since September 2014, the emission ordinance is also binding for all new diesel and petrol passenger vehicles.

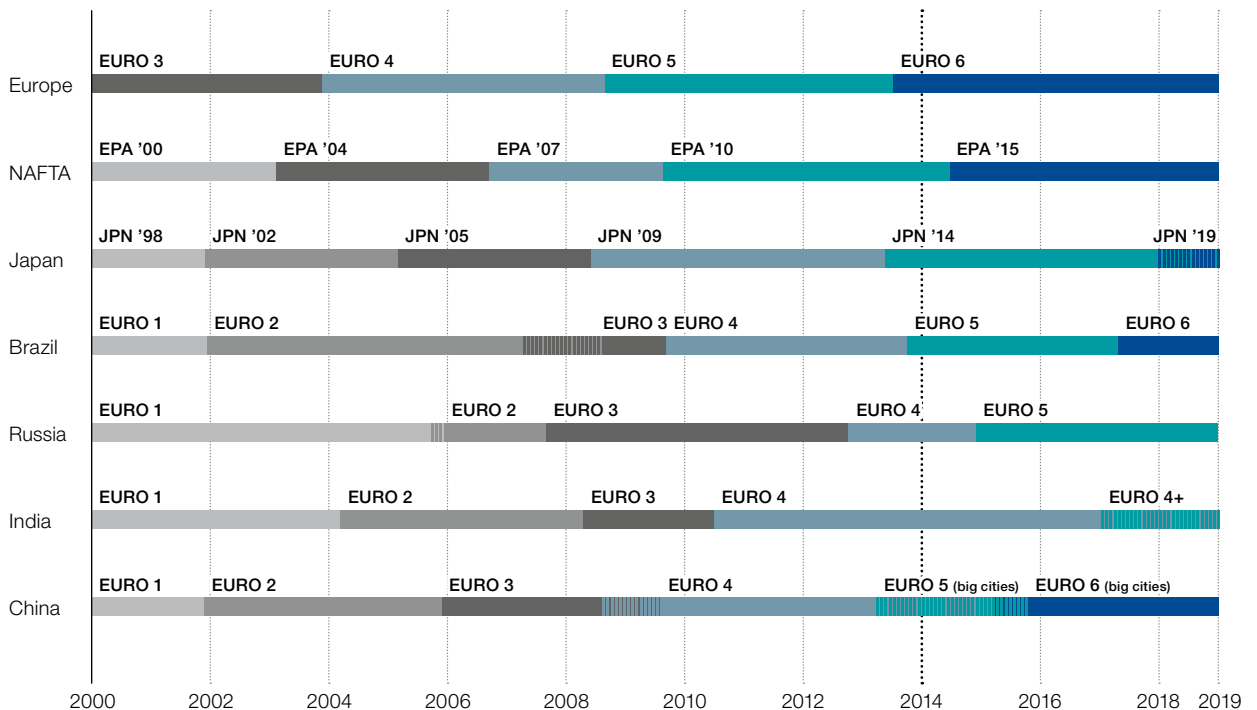


Breeze V-Band couplings allow for fast and secure joining of flange connections. They are known for their high strength and reliable seals.

Since 2007, NORMA Group has participated in the development of products for EURO-6 conforming motors. The know-how gained in this process can be used not only in Europe, but be exported to other countries as well. In Japan, China, India and Russia, emission regulations have become stricter so that the demand for new joining solutions is increasing together with the significance of the elements.

**INTRODUCTION OF EMISSION STANDARDS**

Source: Integer Research, DieselNet, ACEA, NORMA Group





Through the use of NORMA Group components, the customer's products use less energy. Passenger planes, for example, need more than 30,000 clamps for connections on the fuselage and engines. With NORMA Group products, an airplane's weight – for example the larger models from Airbus and Boeing – can be reduced by around 100 kg. With an average flight performance of 2.4 million kilometres annually, an airplane with these clamps uses around 50,000 fewer litres of kerosene. This amount of fuel means 158,000 kg of CO<sub>2</sub> – as much as 80 trees can neutralise in one year.

#### **PRODUCT SOLUTIONS WITH DECISIVE EFFECTS**

NORMA Group's products make up only a small part of the customers' total costs for the end products. Still, they are often decisive for the quality, performance ability and reliability of the end products. With NORMA Group products, resources can be used in a more environmentally friendly, sustainable and efficient way, as many of the joining solutions can help reduce emissions and weight as well as volume and prevent leaks.

High-quality joining elements ensure that liquids or gases cannot leak out of the tubing systems and thereby make it possible to create functioning drinking water, wastewater and drainage systems. In Choutrana, for example, with the expansion of the largest wastewater treatment plant in Tunisia, more than 600 NORMA CONNECT FGR pipe couplings ensure that compressed air can be pumped into the sludge basins efficiently and without hindrance, and that the people in the capital city Tunis have access to clean, fresh water.

The V-band clamps of the newest generation create an even more reliable seal of the connection flange in the exhaust system before the catalytic converter, whereby fewer harmful substances are released. In addition, the highly stressable plug connection for charged air and coolant systems NORMAQUICK TWIST III helps automobile manufacturers to fulfil the strict emission regulations. This new development is simple and safe to mount and leaks can be prevented. It is also made up of four almost completely recyclable components.

NORMAFLEX fluid systems, which are used when combining additives to fuel before combustion, lower the total weight of the end product by up to 30% in comparison to traditional rubber-metal systems. Their use means a reduction in nitrogen oxide in the emissions from combustion motors. NORMA Group's quick connections for fluid systems guarantee good throughput of fluids or gases, require only short mounting times and partially replace traditional products such as elastomer tubes.

#### **GRI [G4-PR 1]**

#### **COMPREHENSIVE QUALITY ASSURANCE**

NORMA Group continually optimises its products, technical facilities and production processes. Without qualifications, this is proven by the worldwide recognised and certified quality of the product solutions and services. The quality of NORMA Group products is highly prioritised. Each site has its own quality assurance department which – depending on the size of the site – employs between two and 40 experts. Modern process-oriented quality management can almost completely prevent manufacturing defects. At the same time, it reduces the effort involved since typically only random samples must be inspected.





1



3



2



4

**1** The plastic clamp Red Grip can be used to fasten pipes, cables and lines in aircraft, motor vehicles, commercial vehicles and trains.

**2** The NORMACONNECT® GRIP pipe coupling is ideal for use in irrigation and drainage systems, for example.

**3** The NORMAQUICK® Twist III is a quick connector for charged air systems.

**4** NORMAFLEX® UREA lines significantly reduce nitrogen oxide in the waste gases of combustion engines.

Depending on the site and individual case, NORMA Group uses both conventional as well as new methods of quality assurance. The kaizen method, for example, is an employee suggestion scheme in the form of a competition among the various departments of the production or administrative unit. By including all employees, with the help of this concept they can constantly identify small potentials for improvement along the entire value-added chain. The 5S method for optimising workstations is applied at all group sites.

Statistical process regulation and the use of so-called poka-yokes prevent the manufacturing of defective products. The six Sigma method also serves to solve difficult problems. At the Maintal site, since June 2013 a management team has daily accompanied the entire production process in one unit with the help of the so-called gemba walks. The goods flow in the company and the performance of the production department can thereby be evaluated directly at the machine and any problems can be solved immediately.

In addition, NORMA Group has introduced "Value Analysis and Value Engineering" (VAE). Small, interdisciplinary employee teams made up of engineers, sales representatives and analysts examine selected products looking for possibilities for improvement. Afterwards, the experts compare the potentials they found – for example the weight, density or heat resistance – with the customer demands. This process results in improved products and lower manufacturing costs. In a project for an automobile manufacturer, the responsible VAE team was able to realise savings of almost EUR 1 million for the year 2013.

Customers' experiences with NORMA Group product solutions flow directly into quality management. The results of the regular customer surveys are catalysts for further improvements.

#### **CUSTOMER SAFETY HAS THE HIGHEST PRIORITY**

In terms of product quality, NORMA Group wants to guarantee its customers the highest possible safety. That is why all sites fulfil the relevant international quality standards ISO 9001 and ISO/TS 16949 for automobile parts. The newly built and acquired production sites which in some cases do not yet fulfil these standards will show proof of certification by 2015. The sites in Marsberg and Pennsylvania additionally fulfil the Standard EN 9100 for the aviation and aerospace industry.

- GRI [G4-PR3] Usually, customers participate in the development and testing of NORMA Group joining technologies and are therefore very well informed about the application. Otherwise, NORMA Group comprehensively instructs the buyers of its technologies regarding possibilities and conditions for use.
- GRI [G4-PR2] → As a result, there have been no incidents in which NORMA Group has been accused of a failure to comply with regulations about product labelling; false, incomplete or incomprehensible product labelling; or the violation of product-related regulations or voluntary behavioural rules.
- [G4-PR4]
- GRI [G4-PR6] → The Company does not sell any products or services which are socially unacceptable or prohibited in any country.

## **SURVEY SHEDS LIGHT ON CUSTOMER SATISFACTION**

NORMA Group is extremely interested in the opinions and evaluations of its products and services. For this reason, the Global Marketing department conducts an annual customer satisfaction survey to further increase customer satisfaction. In particular, NORMA Group would like to understand what customers expect from the Company and its products. The 'Customer Satisfaction Survey' (CSS) is a detailed survey used to gain an understanding of customers' expectations and their evaluation of NORMA Group services.

GRI [G4-PR5]

As a result, insights into the various expectations of different customer groups and into customer satisfaction over a longer period of time are gained. The potentials for improvement discovered in this process are used to create a plan of action in order to systematically implement and review the respective optimisation processes. This plan contains concrete goals which are to be implemented by the persons designated as responsible within a certain period of time, and progress is supervised by management.

In the reporting year, more than 600 customers participated in the survey. The categories Sales, Products, Product Training, Packaging and Labelling, Logistics, Technology and Engineering, Quality, Customer Service and the company's website were evaluated. On the basis of the improvement potentials revealed by the survey, a catalogue of measures with a total of 81 points was created.

By the end of 2013, 26 measures had already been completed. The implementation of the other measures was continued in 2014. For example, in the region EMEA, the intensification of customer contact with on-site innovation days is planned. In the region Asia-Pacific, increased marketing activities and measures such as product training are the focus. Here, NORMA Group wants to provide its customers with offers more quickly. In addition, in the region Americas, technical drawings and prototypes for customers are to be produced more quickly.

The results of these efforts are measured using the customer satisfaction index, the so-called Net Promoter Score (NPS) – a figure which directly reflects customer satisfaction and indirectly shows the willingness to recommend the Company.

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### ***SMALL PARTS, BIG EFFECT***

*A high degree of customer satisfaction builds a foundation for sustainable business success. NORMA Group offers its customers years of expertise, customer-specific system solutions and global availability of products combined with reliable quality and delivery. Important criteria such as the reduction of emissions, leaks, weight and size as well as the increased modularisation of production processes are continually challenging OEM companies as they develop new products. NORMA Group's innovative, tailored joining products and solutions as well as a broad spectrum of established branded products support customers in facing these challenges. NORMA Group products make up only a small part of the costs of the end product, but they are often functionally critical in regards to their quality, performance ability and operational reliability.*

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# Employees

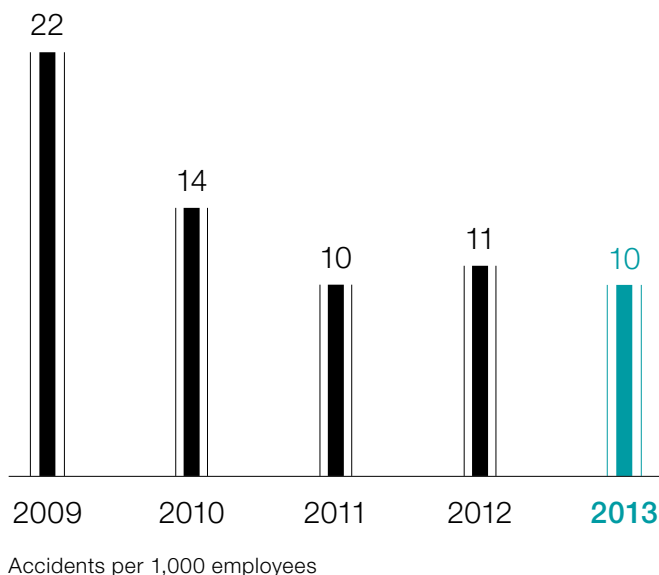
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**Our employees enable** and drive our business success. This is why we invest in a safe and motivating working environment and take good care of their health.

## EMPLOYEES

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Our company's strong growth in recent years has resulted in an increase in the number of employees. Our responsibility as an employer also grows with each new employee we hire. We take this responsibility very seriously. Occupational safety and protection of their health are therefore our top priorities.



Continual decline  
in the number of  
accidents

With our Value-Based Safety Programme, we have succeeded in improving safety at work and lowered the accident rate in recent years.

**NUMBER OF EMPLOYEES**

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including temporary workers

Continual increase in the number of employees

In addition to thorough education and training opportunities and performance-based remuneration, we offer our employees many supportive activities, for example on improving their work-life balance. By doing so, we seek to become an even more attractive employer.



# Employees

- III Decentralised Human Resources Policies for highest flexibility
- III Training and further education on a broad basis
- III Numerous measures for a good work-life balance

The performance of NORMA Group employees is the foundation for sustainable business success. In order to further strengthen its position as a responsible and attractive employer, NORMA Group invests extensively in a working atmosphere which is safe and motivating as well as in preventative health measures. In addition, sound opportunities for vocational training and continuing education, performance-based pay and promotion of diversity as well as work-life balance are the focus of human resource development.

## DECENTRALISED HUMAN RESOURCES POLICIES

One of NORMA Group's strengths is the cultural diversity of the Company. The group has a worldwide network with 21 production sites and numerous distribution and sales sites in Europe; North, Central and South America; and the Asia-Pacific. Over 80 % of the Company's employees are found outside of Germany, the headquarters' country. In order to do justice to the various needs in the different regions, NORMA Group relies on a decentralised organisation of human resource management. To a large extent, the individual sites decide on the selection, qualification and payment of the employees autonomously. In doing so, they take into consideration the strategic and operative guidelines as well as the company-wide regulations on personnel policies and compliance.

## HUMAN RESOURCE DEVELOPMENT

GRI [G4-10]

On 31 December 2013, NORMA Group employed 4,947 employees of which 813 were leased labourers. In the reporting period, the number of employees increased in comparison to the previous year (4,485 employees) by 462 employees or around 10 %. At the end of 2013, the proportion of female managers was around 25 %. The proportion of flexible working agreements, for example leased labourers, was 16.4 %. → In the reporting year, for the first time a woman was appointed to NORMA Group's six-member Supervisory Board. → In NORMA Group's companies, pay does not depend on gender. The payment of men and women is based solely on their position and personal performance.

→ GRI [G4-LA 12]

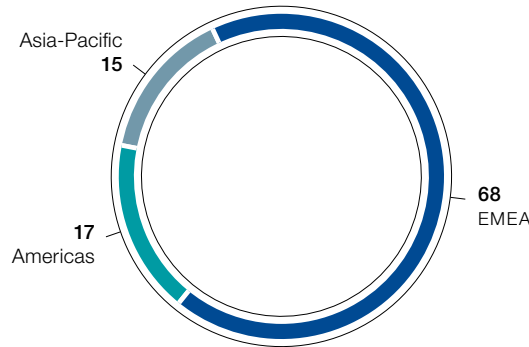
→ GRI [G4-LA 13]

In the region EMEA (Europe, Middle East, Africa) at the end of 2013, there were a total of 2,820 employees, 68 % of NORMA Group's regular workforce (2012: 2,644). The increase in employees by 6.6 % was primarily based on hirings due to more incoming orders in Great Britain and the expansion of a site in Serbia.



**EMPLOYEES BY REGIONS 2013 (CORE WORKFORCE)**

in %



In the region Americas, at the end of the year 711 staff members were employed which accounts to 17% of the workforce. This was an increase in the regular workforce by around 14.8% compared to 2012. The new hirings were done in particular at the US sites in St. Clair and Auburn Hills.

In the Asian-Pacific region, the number of employees was influenced by acquisitions in Australia and the good workload at the Malaysia site. On 31 December 2013, NORMA Group employed 603 staff members there (2012: 496 employees). This is an increase of 21.6% in the reporting year and a proportion of NORMA Group's regular workforce of around 15%.

**DEVELOPMENT OF THE REGULAR WORKFORCE**

	2013	2012	Change in %
Total	4,134	3,759	10
EMEA	2,820	2,644	6.7
Americas	711	619	14.9
Asia-Pacific	603	496	21.6

**AGE STRUCTURE<sup>1)</sup>**

< 30 years	30–50 years	> 50 years	Average age
18 %	61 %	21 %	35.75 years

<sup>1)</sup> Only 88% of the regular workforce is included in this calculation (3,650 employees). Collecting data on employees' ages is not possible for all subsidiary companies due to national legal circumstances.

Collective bargaining agreements with the employees exist in Germany, France, Italy, Sweden, and Serbia as well as sites in Mexico and the USA. Due to the decentralised human resource policies and the proportion of non-tariff employees, an exact quantification is not given here.

GRI [G4-11]

#### **LOW FLUCTUATION SIGNALISES EMPLOYEE SATISFACTION**

GRI [G4-LA 1] NORMA Group is an attractive employer. This is seen in the low number of voluntary resignations from the Company. In 2013, the number of voluntary resignations by the regular workforce was 6%. The high degree of loyalty to NORMA Group can also be seen in the low degree of absenteeism – only 4% throughout the entire group. In addition, 27% of the employees have seniority of more than 10 years, a surprisingly high number taking into consideration the acquisitions and establishment of new sites in recent years. In total, the average length an employee has been at the Company is around eight years.


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#### **COMMUNICATIVE ACCOMPANIMENT OF COMPANY DEVELOPMENT**

*With the introduction of systematic project management, NORMA Group also began a so-called change agent training in which selected employees can participate. In the context of this programme, changes in the company are explained to the (affected) employees in order to convince them of the (individual) advantages of the change. Annually, 12 to 15 'Change Agents' are trained in Germany who support the programme worldwide.*

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#### **REGULAR ONE-ON-ONE MEETINGS WITH EMPLOYEES**

GRI [G4-LA 11] In order to better evaluate performance, knowledge and development potentials of the employees, all NORMA Group supervisors are obliged to have an evaluation and qualification meeting with each employee at least once a year. In this meeting, the tasks and personal goals of the employee for the coming year are documented and additional training needs are determined.  NORMA Group 2013 Annual Report, p. 86 ff.

#### **CONTINUAL INVESTMENTS IN TRAINING AND FURTHER EDUCATION**

NORMA Group employees can take advantage of a broad spectrum of further education opportunities. The offers range from training sessions in project management to the so-called six Sigma techniques. With the training and further education of qualified skilled workers, NORMA Group invests in the future of the Company and of society. The goal is to recruit as many experts as possible from within the company. The qualification of young people is thereby a key element of human resource work. With this approach, NORMA Group reduces its dependency on the external job market and, at the same time, ensures a high level of training.

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#### **COOPERATION WITH UNIVERSITIES**

*NORMA Group cooperates with various research and university institutions. An example of this is the successful cooperation with the Materialprüfungsanstalt (Material Testing Facility) of the Technische Universität (TU) Darmstadt, which checked NORMA Group's testing facility for faster and more effective measurement of screw pre-tension force. As a result, the device was released for operational use at the beginning of 2013. On the basis of this cooperation, which was of benefit for both partners, NORMA Group decided to establish a programme to support up-and-coming scientists together with the TU Darmstadt. Starting in 2015, in the context of a competition students are to take a closer look at the topic of energy efficiency. The winner will receive a scholarship financed by NORMA Group.*

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### Technical Areas are the Focus in Vocational Training

For NORMA Group in Germany, the focus of vocational training is on technical professions such as electronics technicians for industrial engineering, industrial mechanics, machine and systems operators (metal technology), mechatronics engineers, process mechanics for plastic and rubber technology, and tool mechanics. In addition, industrial managers and logistics experts are trained. In accordance with NORMA Group's international orientation, vocational training is also characterised by international aspects. For career entrants, NORMA Group offers field excursions, English courses and internships in companies in other countries in order to get them used to working in international teams at an early stage.

NORMA Group promotes the compatibility of education and career. Since 2006, NORMA Group has offered young men and women the possibility to combine practical training with a university education. At the University of Cooperative Education in Frankfurt/Offenbach and the Technische Universität Darmstadt, students can obtain a Bachelor of Engineering in the areas of economics engineering, mechanical engineering and mechatronic engineering or a Bachelor of Arts in Business Administration while simultaneously being employed with NORMA Group. In the reporting year, at NORMA Germany GmbH there were 39 apprentices employed including three dual students. In the same time period, 13 career entrants successfully completed their vocational training or studies, and all of them received a permanent employment contract.

NORMA Group also places particular emphasis on further education in order to continue to expand its position as the industry's leader in technology and innovation. Each NORMA Group employee profited from an average of 27 hours of professional further education in the reporting year. 97% of the employees took part in at least one further education measure during 2013.

→ GRI [G4-LA9]

### FURTHER EDUCATION OF NORMA GROUP'S CORE WORKFORCE

	2013	2012
Expenses in EUR millions	1.51	2.25
Number of further education hours attended	113,456	103,635
Further education hours per employee	27.4	27.6

### TALENT PROMOTION HAS PRIORITY

The further development of the workforce, in particular the experts and managers, has a high priority with NORMA Group. Talent reviews help to identify employees with potential at all management levels. In addition, in the reporting year, NORMA Group started a worldwide talent programme: 15 promising up-and-coming managers who have shown high levels of performance over a long period of time are being prepared for higher management tasks. In four modules over the course of three years, participants will obtain management and conflict-solving competencies or business administration skills. At the same time, they will train their strategic and entrepreneurial thinking. For employees with development potential who wants to stay in their region, NORMA Group has started a complementary programme.

GRI [G4-LA 10]

### CULTURAL EXCHANGE AMONG NORMA GROUP SITES

In the future, NORMA Group will continue to grow internationally – both organically and through acquisitions. The integration of new parts of the Company and efficient cooperation among the sites require functioning communication at all levels. In order to develop this, NORMA Group offers various exchange programmes for employees: 1 to 3 month ‘bubble assignments,’ 3 to 12 month ‘short-term assignments’ and ‘long-term assignments’ of over one year.

Experts and managers who participate in these initiatives bring specialised knowledge and experiences to the new sites and, at the same time, profit from the knowledge of their new colleagues. With the help of these projects, NORMA Group supports the internal transfer of knowledge, intercultural skills, the establishment of networks and the participants’ individual development. The exchange is not limited to experts and managers. Career entrants can also complete internships in other countries in the course of their training, thereby expanding their subject-area and intercultural competencies.

### WORK-LIFE BALANCE

NORMA Group helps its employees to balance family and career as well as possible. Especially today’s well-educated up-and-coming generation places high importance on a family-friendly workplace. The decision for an employer is often made in favour of companies who make it possible for their employees to have a healthy work-life balance. NORMA Group offers various measures to enable employees with families to have a great deal of flexibility.

For example, together with the German company’s employee representatives, a lifetime working hours account was set up in the reporting year. With this, employees can build up salary credit on a voluntary basis by collecting elements of their monthly pay, bonuses and also with remaining vacation days. The resulting credit can be used during their working lifetime to care for their children or other relatives. In addition, since 2013 employees have the possibility to complete their tasks either entirely or partially from home in consultation with their supervisors.

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### FLEXIBLE WORK

*NORMA Group Holding GmbH’s management and employee representatives have developed the concept ‘Mobile Work’ for more working flexibility. As of November 2013, employees can agree with their supervisors to complete all or part of their tasks outside of the office. Clearly defined work with describable goals – for example the creation of planning concepts, carrying out research of all types or work on (sub)projects – can therefore be done at home. As long as the position allows, NORMA Group offers the possibility of working entirely from home under certain conditions.*

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**GRI [G4-LA3]** In the course of 2013, 75 NORMA Group employees took part in offers in the context of maternity leave and parental leave. 46 employees returned to their positions during the reporting year, and the rest were still on leave. Since participation in family programmes began to be recorded in 2012, there have been no cases in which the employees did not return to their position at the end of their leave.

**GRI [G4-LA2]** The outlined offers from NORMA Group are aimed at all regular workforce members. At NORMA Group, there is no conscious differentiation between monetary and nonmonetary benefits depending on the type of employment agreement. Full-time and part-time employees are treated equally.



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**1** An employee setting up the machine: qualified and committed employees form the basis for NORMA Group's success.

**2** By continuing to train its qualified skilled workers, NORMA Group is investing in the future of the Company and society.

**3** Wearing protective glasses is mandatory with many jobs. The Value-Based Safety Programme helps train employees to look out for risks.

### RESPONSIBILITY FOR LEASED LABOURERS

There are regional differences in benefits for leased labourers, for whom the respective statutory national minimum standards apply. In some cases, NORMA Group also exceeds these. Temporary employment of leased labourers allows NORMA Group to flexibly manage output peaks, compensate for economic fluctuations, provide additional support for special projects and efficiently organise fill-ins for employees. Leased labour therefore contributes to the Company's results.

### REGULAR EMPLOYEE SURVEYS

NORMA Group greatly values a high degree of employee satisfaction and a corresponding corporate culture. In order to continually improve this, in 2008 an employee survey was introduced which is now conducted every two years. This survey serves as an indicator for NORMA Group's strengths and weaknesses from the perspective of its employees. Previous results showed that employees are largely satisfied with their working situation. The high rate of participation of almost 90% leads to the conclusion that the employees support NORMA Group's further development.

### TIMELY INFORMATION FOR EMPLOYEES

GRI [G4-LA4] The statutory or typical notification deadlines in the countries in which NORMA Group has sites are always met. With the step-by-step introduction of the Company's intranet since the start of the reporting year, employees are immediately informed of news about NORMA Group and other operational changes. Particularly important pieces of information are still sent out via e-mail or post.

### PARTICULAR ATTENTION PAID TO OCCUPATIONAL HEALTH AND SAFETY

GRI [G4-LA5]  
→ GRI [G4-LA6] At NORMA Group, around 1% of employees are active in occupational safety committees, but there is no centralised collection of the exact number of these employees. → In the reporting year, NORMA Group had a total of 46 occupationally related accidents, none of which resulted in death.

GRI [G4-LA7]  
→ GRI [G4-LA8] Within NORMA Group, there are no workplaces which have a particularly high health risk. In addition, no employees with serious (occupational) illnesses or a high risk of injury or illness are employed. As a result, no incidents of occupational long-term illnesses are known. → In order to make the employees' return after accidents or illnesses easier, at some sites the Company worked with unions to agree on a special 'reintegration management' system.

Employee safety and health is particularly important for NORMA Group. To avoid any danger, the company invests comprehensively and systematically in occupational and health safety. All applicable laws and regulations on environmental hygiene and occupational safety are fulfilled. In addition, NORMA Group provides additional measures and programmes to ensure that all workstations offer the highest degree of safety and that accidents are prevented wherever possible. NORMA Group's highest level of management constantly monitors the development of occupational accidents and initiates their analysis and prevention.

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### CERTIFIED STANDARDS

*Since 2010, the sites' occupational safety management systems have been certified according to OHSAS 18001 (Occupational Health and Safety Assessment Series) in order to guarantee high safety standards throughout the Company. In 2012, 14 of the worldwide 21 sites had already been certified, and as of the end of 2013, 16 sites had been certified according to OHSAS 18001. The remaining sites are to receive certification in 2014. The certification audits are carried out by external auditors and reviewed annually.*

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NORMA Group carefully gathers all data on accidents, risks and medical treatments. The presentation of the number of occupational accidents is given for the entire Company on an accumulated monthly basis, and the trend is shown with the help of various standard performance figures, so-called Key Performance Indicators (KPI). This KPI system measures not only the total number of accidents requiring notification and the accident rate resulting from this, as of this reporting year it also includes the number of medical treatments and the relation to the number of employees. With the help of these four performance indicators, occupational accidents are monitored monthly on a global basis. Quarterly reporting guarantees company-wide transparency and helps in reacting quickly to dangers and changes in trends.

**OCCUPATIONAL SAFETY**

	2013	2012
Total number of accidents requiring notification	46	46
Accident rate (accidents per 1000 employees)	10	11
Number of medical treatments	229	340
Treatment rate (treatments per 1000 employees)	4.48	6.58

Since 2009 the absolute number of Company accidents has increased, but this is primarily due to the increasing number of employees as a result of acquisitions. The accident rate (accidents per 1000 employees) at NORMA Group sites, in contrast, shows a decreasing trend. While the rate was 22 in 2009, in 2013 it was only 10 accidents per 1000 employees. An analysis of the accidents showed that they were in part due to technical issues and in part due to the employees' inattentiveness or mistakes.

With this background, NORMA Group developed a strategy to decrease the number of behaviour-based mistakes. Possible technical risks can be more easily recognised and minimised. The strategy was introduced with the safety initiative 'Value Based Safety' started in 2012. By the end of 2014, the programme will have been expanded to all sites. In addition, in this year, NORMA Group will introduce occupational safety management according to the OHSAS 18001 standard at all sites. Articles on the topic of occupational safety and accident avoidance were also published in NORMA Group's employee newspaper.

**OHSAS 18001: HIGHER STANDARD FOR OCCUPATIONAL SAFETY MANAGEMENT**

*NORMA Group has decided on clearly defined occupational safety management according to the internationally recognised standard OHSAS 18001. OHSAS stands for 'Occupational Health and Safety Assessment Series.' The goal of OHSAS 18001 is to implement self-made standards in occupational safety. In part, this is done by informing employees, for example with training sessions, bulletins or information sheets. Additionally, work processes and the machines are evaluated for possible risks according to the OHS standards.*

In May 2011, NORMA Germany GmbH started a campaign to improve occupational safety in which the employees developed suggestions for optimising processes in the context of an internal competition. With this, the number of accidents in the participating production sites decreased significantly. NORMA Germany was given an award for this occupational safety offensive in 2012 by the professional association wood and metal (Berufsgenossenschaft Holz und Metall).



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#### **SUCCESSFUL SAFETY INITIATIVE 'VALUE-BASED SAFETY' (VBS)**

*With the Value-Based Safety programme, NORMA Group analyses the employees' actions at the workstation and in the context of weekly safety checks identifies potentially dangerous behaviour. The goal of the programme, which was started in 2012 at the US and Mexican NORMA Group sites and has now been introduced worldwide, is to sensitise employees for risk perception and thus promote more careful behaviour. Deficits which are discovered are solved in the long-term with standardised and team-oriented problem-solving procedures including detailed feedback. An example of this is the so-called 8D method, a systematic method in which 8D stands for eight disciplines, that is process steps, which serve to identify causes of dangers and to find solutions. Employees are thereby included more in occupational safety procedures and sensitised for these. At the same time, safety increases for everyone involved. The programme is flanked by a risk analysis of the technologies and machines used at the workstations, for which external auditors are also brought in.*

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The results of the employee survey from 2012 showed that in the area of health and satisfaction, professional and private stress are a great burden for many employees. That is why NORMA Group Holding GmbH and NORMA Group SE agreed on a cooperation with external health and social service providers in October 2013. This means that doctors, psychologists, social consultants and lawyers are available to the employees and their immediate family members around the clock year-round in order to support them with their health, emotional, social and family problems. Employees at the Pune (India) site also have access to similar services.

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#### **PREVENTATIVE INSTEAD OF FOLLOW-UP CARE**

*A productive company such as NORMA Group depends on healthy and high-performing employees. That is why the Company supports employees' preventative healthcare with various offers, for example skin screenings, intraocular pressure tests, blood lipid tests, lung function tests, circulatory system preventative care and flu shots. Company doctors also assist in professionally-oriented rehabilitation and reintegration measures for employees. In the context of regular site inspections, each workstation is analysed in terms of possible occupationally-related health hazards. NORMA Group's goal is continual improvement of preventive healthcare at all sites. In the reporting year, in Ciudad Juárez and Monterrey (both in Mexico) and Briey (France), company doctors were hired. In Russia, France, Poland, England and Turkey, voluntary health insurance policies were concluded for all employees.*

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## REWARD PERFORMANCE

NORMA Group wants to hire and keep qualified, engaged employees. That is why it places particular importance on fair wages and profit-sharing as well as fair treatment of leased labour. With variable systems of remuneration, NORMA Group promotes the interests of its employees in the success and further development of the Company. With regularly updated reference figures, it is ensured that employees receive fair, performance- and responsibility-based, and gender independent wages and salaries. In addition, NORMA Group ensures that all paid wages and social contributions are at least at the level of the local statutory norms and standards at all sites.

A key element of the remuneration system is profit-sharing since business results are primarily dependent on the commitment and motivation of the employees. For this reason, employees share in the Company's profits. This profit-sharing recognises and honours the workforce's performance and, at the same time, is an incentive for further improvement of business results.

The profit-sharing system was standardised across the Group in 2012. Since fiscal year 2013, earnings before interest, taxes and amortisation (EBITA) and the operating net cash flow have been used to calculate profit-sharing. In addition, in the various regions, further bonus and premium systems to reward performance have been introduced.

Details on the remuneration system of the organ members can be found in the 2013 Annual Report.  2013 Annual Report, p. 107 f.

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## SUCCESS FACTOR EMPLOYEE SATISFACTION

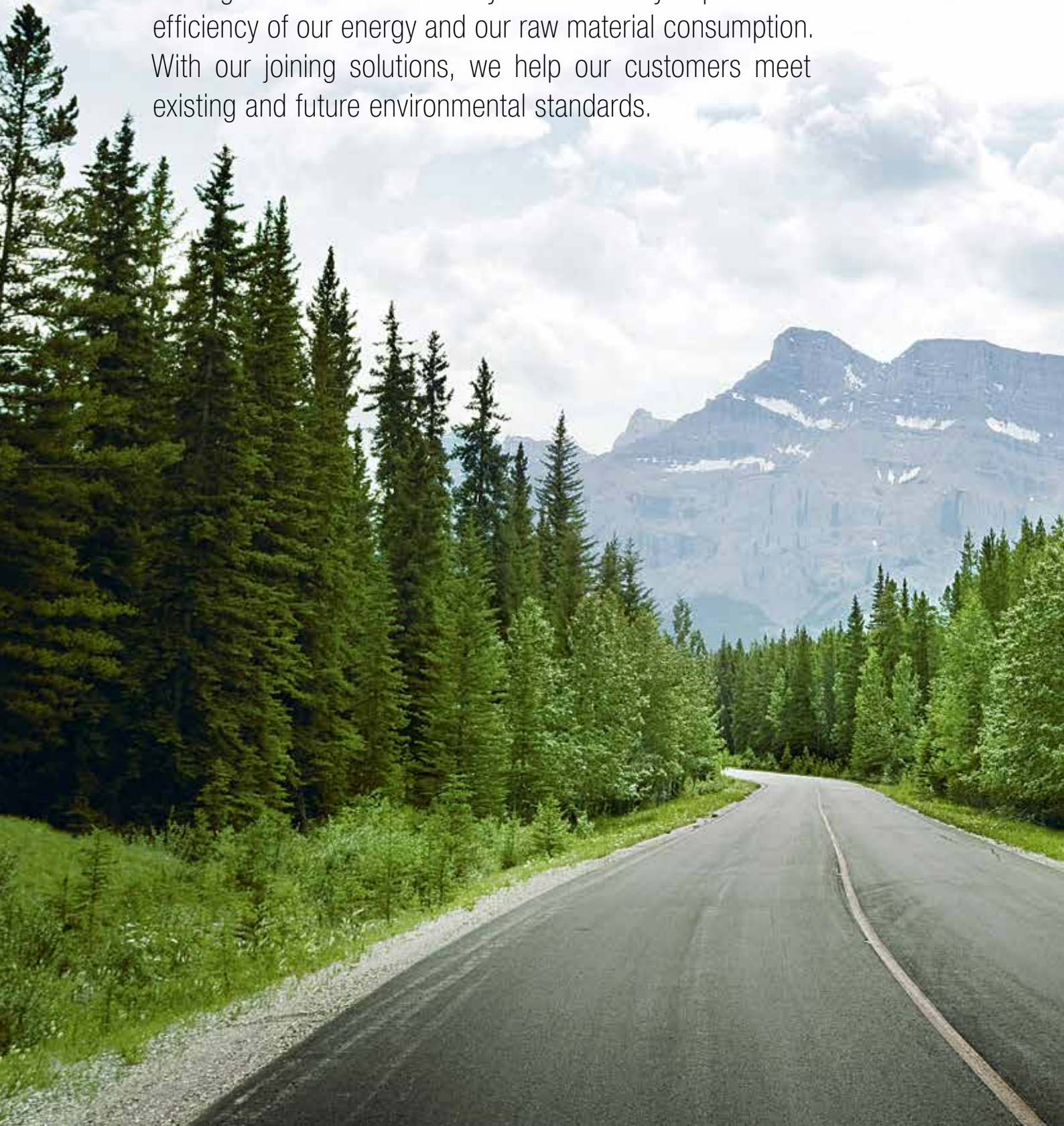
*Employee satisfaction is a key success factor for companies. One important part of this is a structured and continual exchange among the individual sites, but also between management and employees. A sound training and continual education system, performance-based pay, promotion of diversity and a safe working environment as well as work-life balance are relevant topics which are addressed by NORMA Group. Besides direct meetings – from one-on-one meetings up to assemblies for all employees –, the quarterly published employee newspaper 'Let's Connect' and NORMA Group's intranet are the most important platforms for communication. It is also seen as understood that the Company's management will work together reliably with the employee representatives.*

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# Environment

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**Responsibility means** taking the effects of our economic activities on the environment into consideration and conserving resources. This is why we constantly improve the efficiency of our energy and our raw material consumption. With our joining solutions, we help our customers meet existing and future environmental standards.





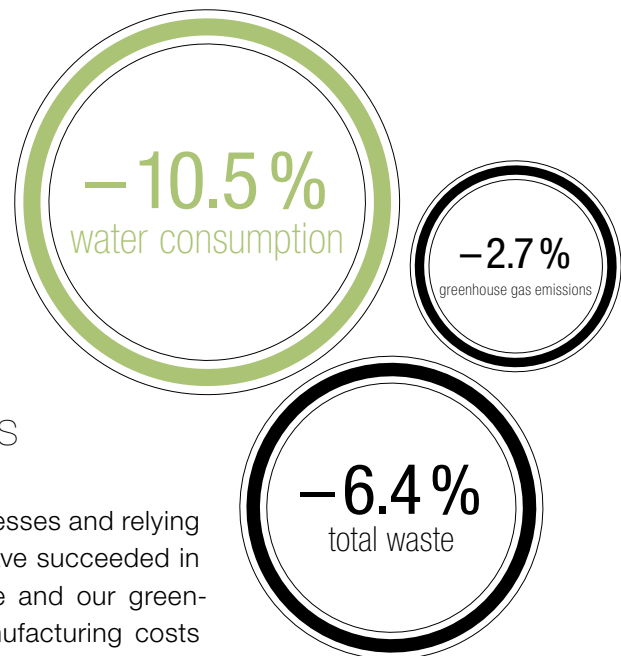




## ENVIRONMENT

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We employ standardised environmental management systems at all levels of the company to ensure the environmental compatibility of our products and processes. Furthermore, we comply with all applicable environmental laws and all of the respective standards and requirements.



### Prudent use of raw materials

By constantly improving our production processes and relying on innovative methods and strategies, we have succeeded in reducing our water consumption, our waste and our greenhouse gas emissions in relation to our manufacturing costs compared to last year.

“As a manufacturing company, we want to make a tangible contribution to a more ecologically sustainable society. For this reason, we will be developing a climate protection strategy for the entire NORMA Group by the end of 2014.”

**Benno Klier** Vice President Quality NORMA Group



– 14.3 tons of CO<sub>2</sub>

were compensated for by sending packages in a climate-neutral way in Germany.

# Environment

- III Group-wide Environmental Management System leads to more efficiency in production
- III Decreasing consumptions and emissions in fiscal year 2013
- III Continuous investments in environmental protection measures

For NORMA Group, corporate responsibility also means working in harmony with the environment. For this reason, NORMA Group continually improves the efficiency of its energy and raw material needs. In addition, the innovative joining technologies help customers to fulfil existing and future environmental standards. The environmental compatibility of the products and processes is a success of the comprehensive environmental management system.

## **ENVIRONMENTAL PROTECTION IS PART OF CORPORATE STRATEGY**

As a prominent and well-known company, NORMA Group is aware of its environmental, economic, and social responsibility. Environmentally sound and sustainable economic activity is therefore a central element of its corporate strategy. To achieve this, the Company considers it important to systematically include environmental aspects in business decisions and continually optimise processes. To contribute to environmental protection and the sustainable use of resources, NORMA Group specifically invests in measures that serve to optimise the efficiency of all processes and reduce resource consumption.

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### **SIGNIFICANT ENVIRONMENTAL TARGETS**

*For the years 2013 and 2014, NORMA Group set itself the goal of reducing the consumption of energy and water as well as the amount of waste generated by 5% each compared with the previous year. With the exception of plastic waste, this goal was achieved in 2013, in part by a considerable margin. For 2014, resource consumption so far appears to confirm this trend.*

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In 2013, NORMA Group continued with the introduction of the comprehensive, group-wide Environmental Management System. By the end of 2013, as many as 18 of 21 production sites had already been certified according to ISO 14001. This leads to more efficient production processes, lower energy consumption over the long term, and less waste material. The long-term cost savings associated with this are contributing to the economic efficiency of NORMA Group. By the end of 2014, all the production sites will be integrated into the system, with the exception of the newly acquired companies.



## ENERGY CONSUMPTION

	2013	2012
Electricity in millions of kilowatt-hours (kWh)	57.1	56.6
Electricity in kilowatt-hours/TEUR of manufacturing costs	118.3	120.8
Natural gas in kilowatt-hours (kWh)	17.8	18.5
Natural gas in kilowatt-hours/TEUR of manufacturing costs	36.8	39.5
Total energy consumption in total kilowatt-hours (kWh)	74.8	75.1
Total energy consumption in kilowatt-hours/TEUR of manufacturing costs	155.1	160.3

### IDENTIFICATION OF PRODUCTION VALUES

*Because of its large number of products (made up of many small elements), NORMA Group is recording materials usage and output, for the most part metals, alloys, and plastics, not according to weight but according to their value. For the year covered by the report, the manufacturing costs at NORMA Group thus amounted to approximately EUR 482 million.*

GRI [G4-EN1]

### DECREASING ENERGY CONSUMPTION

With the implementation of its environmental protection strategy, NORMA Group has succeeded in reducing its energy consumption relative to its manufacturing costs. This success was the result of a combination of a large number of measures, including the use of more efficient lighting systems, the systematic shutdown of machines during breaks, and the use of efficient compressors. The consumption of electricity per thousand euros (TEUR) of manufacturing costs decreased to 118.3 kilowatt-hours (kWh) – a reduction by 2.1 %, while gas consumption fell by about 6.7 % to 36.8 kilowatt-hours per TEUR of manufacturing costs. → For the year covered by the report, the total energy consumption of NORMA Group thus declined by about 3.3 % relative to manufacturing costs. → Indirect energy consumption – as a result of transporting products to the customer, for example, or business trips taken by employees – is not recorded.

GRI [G4-EN3]

→ GRI [G4-EN5]

→ GRI [G4-EN4]

### EFFICIENCY MEASURES INTRODUCED ARE REFLECTED IN LOWER CONSUMPTION VALUES AND EMISSIONS

*With the use of more energy-efficient assembly machines and lamps in the plants Tambon Phan Thong (Chonburi, Thailand), Ciudad Juárez (Mexico), Saltsburg (Pennsylvania, U.S.), Auburn Hills and St. Clair (Michigan, U.S.), NORMA Group has furthered lowered its energy consumption in the year covered by this report. The same effect was achieved through the implementation of extensive energy-efficiency initiatives in the French and Thai plants and the use of modern compressors with extremely high efficiency ratings at the plant in Ciudad Juárez (Mexico). In a heating system at the plant in Subotica (Serbia), cooled water vapour from the thermosetting systems is fed to the boiler again in a heat recovery process. Cooling water, which is also used in the thermosetting process and is thereby heated up, later releases its energy to the heating system, which results in lower gas consumption for space heating at the plant.*

GRI [G4-EN6]

### DECREASING WATER USE

→ GRI [G4-EN 8]

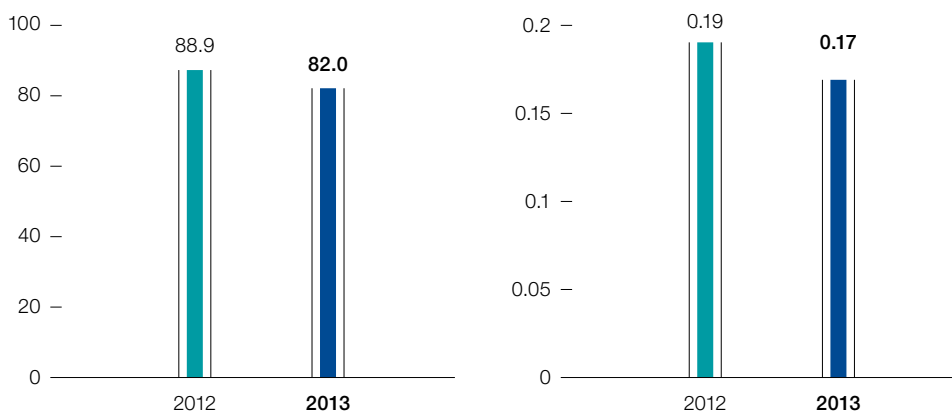
GRI [G4-EN 9]

The water needs of NORMA Group have fallen in the year covered. → As a result of more efficient utilisation and more careful use of water, consumption has again declined in both absolute and relative terms. → NORMA Group draws its water solely from the public water mains network and uses it for sanitary purposes, irrigating lawn areas at Company sites, and, to a small extent, for cooling machines. The exception to this is one location where small quantities of water are taken from a well on the premises. Water is used in only small quantities in the production process. It is used, for example, in steam thermosetting, a process for refining plastics that is used in the manufacture of FLUID products.

### WATER UTILISATION

in millions of litres

in tons/TEUR of manufacturing costs



GRI [G4-EN 10]

NORMA Group does not operate its own recovery plants or reprocessing and purification plants. Instead, it pipes used and only moderately dirty water into the sewage system. An exception to this is water in closed cooling circuits.

### NO IMPACTS ON NATURE RESERVES

GRI [G4-EN 11]

[G4-EN 12]

*NORMA Group operates its sites mainly in designated industrial or commercial districts. There are no production sites in or near nature reserves. The activities of NORMA Group thus have no discernible impacts on biodiversity.*

### EMISSIONS OF GREENHOUSE GASES

GRI [G4-EN 15]

[G4-EN 16]

[G4-EN 17]

→ GRI [G4-EN 19]

→ GRI [G4-EN 20]

→ GRI [G4-EN 21]

The greenhouse gases released in the course of the business activities of NORMA Group consist almost entirely of CO<sub>2</sub> and result from the use of natural gas and electricity. No distinction is made here between direct (Scope I) and indirect (Scope II) emissions. On the plant grounds of NORMA Group, primary energy is only used for heating. The quantity of greenhouse gases emitted by third parties (such as suppliers or carriers, Scope III) is not known to NORMA Group. → Relative, per-output CO<sub>2</sub> emissions were reduced in the year covered by the report as a result of numerous individual measures. → NORMA Group emits ozone-depleting substances or → particulate emissions in quantities that are usually below the limits of detection, therefore no effort is made to record them systematically.



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**1** NORMA Group works hard to reduce its waste down to a minimum. Metal wastes are collected and prepared for recycling.

**2** Depending on the product, NORMA Group tries to feed back plastic wastes into the production process and thus conserve resources.

**3** NORMA Group tries to turn off its machines during breaks to save energy to the extent that production processes allow this.

GRI [G4-EN18] **GREENHOUSE GAS EMISSIONS**

	2013	2012
CO <sub>2</sub> emissions from electricity and gas consumption in millions of metric tons	38.8	38.6
in kg/TEUR of manufacturing costs	80.3	82.5

**LESS WASTE MATERIAL AND WASTE-WATER**

GRI [G4-EN22] As a result of continual improvements in production processes, the use of innovative technologies, and the use of smaller quantities of mains water, the amount of solid waste and waste-water generated in relation to output volumes has generally been on the decline in recent years. The waste-water values are not available as consolidated figures, but they follow from the reduced level of water utilisation overall.

At the site in Saltsburg, Pennsylvania (U.S.), the recycling of detergent solutions used for cleaning production parts has greatly reduced both the amount of waste generated as well as the consumption of new solutions. In Monterrey (Mexico), water consumption at steam thermosetting systems was lowered by reducing the numbers of leaks. Savings were also achieved outside of production processes. In Auburn Hills, for example, the water consumption of an irrigation system was significantly reduced through the installation of an intelligent control system.

GRI [G4-EN23] The quantity of waste material generated was also reduced further in the year covered by the report. The consumption of coolants and machine oils was lowered. As a result, there was improvement in the amount of waste material generated in the years 2012 and 2013 (with the exception of non-metallic waste, which is mostly plastics). In relation to manufacturing costs, the incidence of metallic waste fell by 6.9% in the year of the report. Similarly, there was almost 12% less refuse and more than 8% less waste paper in relation to manufacturing costs compared with the prior period. On the other hand, because of the production of new products and changes in the product range, the quantity of non-metallic waste materials increased by 30.2%. → Only a very small fraction, less than one percent, of the residual waste at NORMA Group is hazardous waste material.

→ GRI [G4-EN25]

**WASTE**

	2013	2012
Remaining/household waste in tons	704	777
in kg/TEUR of manufacturing costs	1.5	1.7
Metallic waste in tons	5.871	6.273
in kg/TEUR of manufacturing costs	12.2	13.0
Non-metallic waste in tons	810	603
in kg/TEUR of manufacturing costs	1.7	1.3
Paper waste in tons	535	566
in kg/TEUR of manufacturing costs	1.1	1.2
Total volume of waste	7.921	8.220
in kg/TEUR of manufacturing costs	16.4	17.6

The waste-water that NORMA Group companies discharge into the public sewage system has no effect whatsoever on biodiversity. → No complaints were received either about unintentional or uncontrolled releases that would have posed a threat to human beings or the environment during the reporting year.

GRI [G4-EN26]  
→ GRI [G4-EN24]

#### **ENVIRONMENTALLY-FRIENDLY PRODUCTS AND SERVICES**

NORMA Group manufactures and markets a broad range of innovative joining solutions in the product categories CLAMPS, CONNECT and FLUID. The materials used to manufacture these are made of metal (unalloyed steels or stainless steel) and plastics (single or multilayer thermoplastic quick connectors). With respect to plastics, the Company uses not only materials that are made of crude oil, but also of a large share of renewable raw materials. Besides the materials mentioned, NORMA Group only uses energy in the form of electricity and to a lesser extent gas during the hardening process with metal parts during the manufacturing process.

GRI [G4-EN27]

The products that NORMA Group offers have no negative effects on either humans or the environment with respect to their contents or usage. Due to their high performance and low weight compared to alternative products, NORMA Group's products allow for significant savings of non-renewable energy sources. Recycling and disposal do not pose a problem either due to how exactly the materials are labelled.

#### **ENVIRONMENTALLY-FRIENDLY TRANSPORTS**

NORMA Group strives to keep transport routes as short as possible by having its production sites close to its customers. With sea transports, products are usually delivered to the port by train. In Germany, NORMA Group has been using carbon dioxide-neutral package delivery since 2011. The emissions that harm the climate during processing of shipments are compensated for by financing climate protection projects. The Company thus compensated for 14.3 tons of CO<sub>2</sub> in total from April 2012 through March 2013.

GRI [G4-EN30]

#### **ONGOING INVESTMENTS IN ENVIRONMENTAL PROTECTION**

Expenditures and investments for activities and purchases that also contribute to environmental protection are not recorded separately at NORMA Group. The production processes do not require any actions to be taken solely for environmental reasons, using special filters for exhaust air systems, for instance. Modern, energy-efficient compressors are purchased mainly due to the higher performance they offer. In light of this, related expenditures are recorded under total investments.

GRI [G4-EN31]









# Community

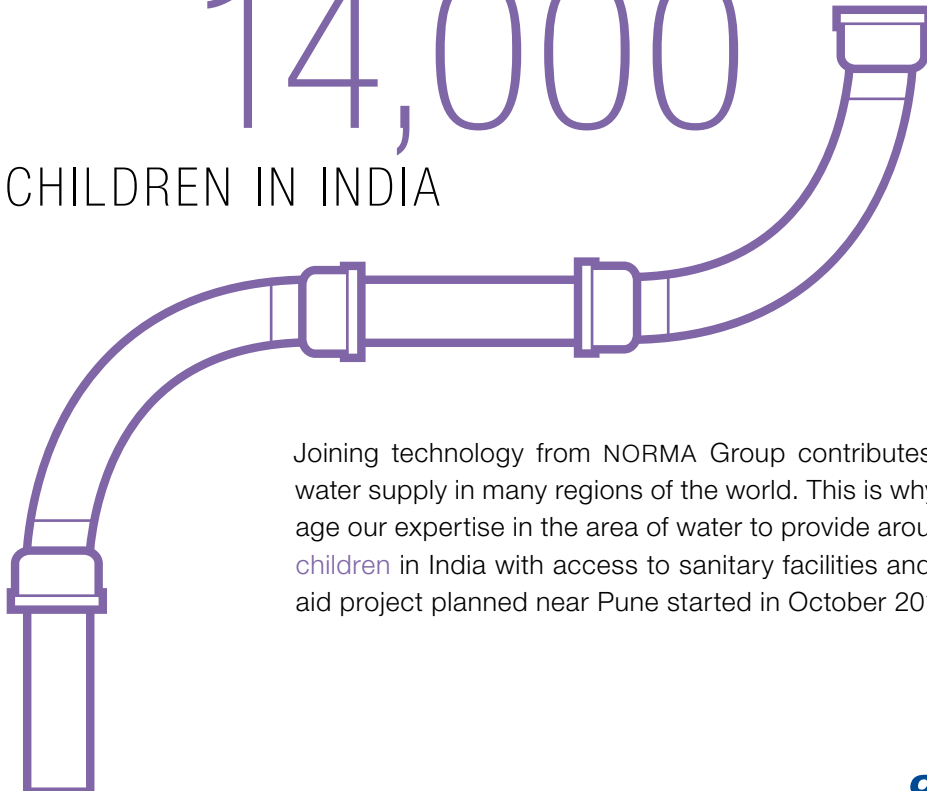
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It is extremely important to us that the environments at our sites are both lively and worth living in. Through our active commitment to society, we hope to strengthen and have a positive influence on the sites that we are active at.



We foster diversity: our employees come from more than 40 countries and have different ethnic and cultural backgrounds.

WATER FOR  
14,000  
CHILDREN IN INDIA



Joining technology from NORMA Group contributes to a functioning water supply in many regions of the world. This is why we want to leverage our expertise in the area of water to provide around 14,000 school children in India with access to sanitary facilities and clean water. The aid project planned near Pune started in October 2014.



“Based on the motto ‘Diversity of Thoughts,’ we seek to bring together different opinions, ideas and experiences through our Diversity Strategy. We support cooperation across all borders and appreciate our employees regardless of (in)visible traits such as age, gender, race, nationality, etc. This is the only way we can be innovative and improve our performance.”

**Johanna Schneider** Global Diversity Officer NORMA Group

# Community

- III Corporate Citizenship Guideline published in 2013
- III First successful NORMA Help Day
- III Clean water for Indian school children: Pilot project in Pune started

Managing the business responsibly also means taking the effects of one's actions on society into consideration with corporate decisions. For NORMA Group, lively surrounding environments near its sites that are worth living in are of immense importance. Social commitment or so-called corporate citizenship at NORMA Group sites seeks to strengthen and influence the local society and sites that these companies are active at in a positive manner. For this reason, NORMA Group has set itself the goal of not only pursuing its normal business activities at all of its sites, but also contributing indirectly through donations and sponsoring and systematically supporting its employees' volunteer work.

## **SOCIAL COMMITMENT AND EXTENSIVE SPONSORSHIP**

GRI [G4-SO1] NORMA Group benefits from a lively environment that is worth living in at its sites. In order to further sharpen its consistent profile as a responsible partner, the Management Board ratified a 'Corporate Citizenship Guideline' (CCG) during the reporting year. The CCG forms the basis for local and regional activities and describes the main topics, target audiences and ways in which NORMA Group sites contribute to the community.

→ GRI [G4-SO2] NORMA Group is currently planning to start up an internationally focussed project that highlights the efficient use of water as a resource for those who live in emerging and developing countries, for example. → "Clean Water for Indian School Children," p. 81. NORMA Group works hard to ensure that the impacts of its local presence are as positive as possible. → Therefore, the Company knows of no activities that have harmful effects on the environment at its operating and production facilities. Information on its corporate citizenship activities at its sites and examples of the Company's commitment to society are published every two years in the Sustainability Report and on NORMA Group's CR website → @ <http://normagroup.com/cr>

## **SOCIAL PROJECTS AND EXTENSIVE SUPPORT**

NORMA Group sets priorities when it comes to its commitment to society. For example, the social concerns of the communities surrounding the sites in particular are supported. In order to contribute to improving the general quality of life, NORMA Group is strongly committed to



supporting children and families, public institutions and aid programmes for the needy, voluntary fire departments and protecting against accidents and catastrophes.

NORMA Group supports the education of children and young people because education is the key to their personal and social success. The Company supports initiatives aimed at strengthening students' ability to learn, women's careers in the natural sciences and activity days for school children and groups of students for the purpose of job education and orientation. Last, but not least, NORMA Group supports sports because it forms social competence and represents a prerequisite to a healthy and active life style. Local and regional sports clubs are the benefactors.

As part of its commitment, NORMA Group also contributes by making donations and acting as a sponsor by providing either monetary support or materials and allowing its employees to do volunteer work. The people responsible at the respective site decide on how the Company supports activities based on the legal requirements and what is financially feasible. With longer term projects that take three years or longer, partnerships are established with local sponsors at the site. The CCG at NORMA Group attends to the details.

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#### **FIRST SUCCESSFUL NORMA HELP DAY**

*In June 2014, NORMA Group organised NORMA Help Day, a volunteers' day for employees to participate in charitable causes, for the first time ever at its headquarters in Maintal. This event is intended to serve as a template for a similar project at group level. The Company is planning to expand 'corporate volunteering' to include the entire NORMA Group and hold it on a global basis starting in 2015.*

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NORMA Group records corporate citizenship activities by contacting the employees who are locally responsible twice a year. In each case, information on corporate citizenship activities during the reporting period (amount of donations, sponsoring volume, volunteering hours, etc.) and detailed information on the site programmes (cooperation partners/ recipients, duration and content, objectives, successes, etc.) are collected. This systematic approach makes it easier to document and manage the entire programme.

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#### **CHARTER OF DIVERSITY**

*NORMA Group employees come from more than 40 countries and have a wide variety of ethnic and cultural backgrounds. NORMA Group considers the diversity of its employees to be an important competitive advantage and is convinced that the Company can be particularly economically successful when it recognizes and leverages this diversity. The Company confirmed this position by signing the 'Charter of Diversity' in March 2013. Three regional Diversity Officers see to it that all employees receive the same respect and equality of opportunity. NORMA Group participated in the first German Diversity Day that the 'Charter of Diversity association' organised on a nationwide basis on 11 June 2013. The second Diversity Day was held on 3 June 2014.*

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#### **RESPONSIBLE GROWTH IN TWO SENSES OF THE WORD**

NORMA Group not only wants to grow, but also to live up to its responsibility for society at the same pace that the Company grows at. To this end NORMA Group has developed a Corporate Responsibility Strategy that allows for its entrepreneurial actions to be taken responsibly. If nothing else, this should help the Company to secure its position as a market and technology leader in the field of advanced joining technology.

By offering increasingly higher performance products that allow users to manage their own business more sustainably, NORMA Group is working to secure its position as one of the global market leaders in the area of innovative joining technology and to continue its business success. After all, only products that require fewer and fewer raw materials to manufacture will be able to succeed in the marketplace in the long term. At the same time, NORMA Group wants to live up to its obligations to all interest groups and take even greater action on their behalf. This will contribute to growth on the one hand and on the other hand benefit all groups that have relationships with the Company.

In light of this situation, NORMA Group will devote its attention to two main sustainability topics in particular in the years to come: climate protection and the water supply. Globally rising temperatures and the more recent global changes in the weather clearly show that there is an urgent need to take action, especially with respect to emissions of greenhouse gases and the unequal distribution of drinking water reserves that often incurs high costs to transport.

For this reason, the world's population needs to conserve its resources, especially water. Reliable and clean transport routes that NORMA Group can help with by using its reliable joining technology can contribute toward this. They help to ensure that the water cycle is intact and that not a single drop of this vital resource is wasted. With its group companies Davydick and Guyco in Australia and its Malaysian group company Chien Jin Plastic, NORMA Group has the expertise to design the fresh water supply and wastewater disposal more efficiently. NORMA Group thus makes not only an important contribution to using water efficiently, but is also present in growing markets.



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**1** NORMA Help Day: NORMA Group employees accompany the outing of the DRK Senior Centre Maintal-Bischofsheim

**2** NORMA Group has been supporting a project for students called "Einsteinchen" since 2009 that allows for high school students from the Main-Kinzig district of Germany to pass on their fascination with the natural sciences to grade school children.

**3** By installing sanitary facilities, NORMA Group provides school children in India with clean drinking water.



2



3

**CLEAN WATER FOR INDIAN SCHOOL CHILDREN**

*As part of its aid programme, NORMA Group is working on improving the water supply and hygiene at 50 schools in the southern Indian state of Maharashtra. This project will be conducted in cooperation with the children's aid organisation Plan International Deutschland e.V. and started in October 2014. The schools selected are located in the Pune district where a NORMA Group plant is also located. The employees there will be able to provide assistance and donate joining products from NORMA Group, among other items.*

*In total, 14,000 girls, boys and teachers at the schools in the rural regions around Pune will receive access to clean water. Here, NORMA Group will not only take care of setting up and expanding the facilities, but also wants to ensure separate sanitary facilities for boys and girls and provide training on hygienic practices such as washing hands. By doing so, NORMA Group wants to help the children to remain healthy and create a better learning atmosphere, especially for girls.*

# Further Information

## GLOBAL REPORTING INITIATIVE

**GRI [G4-33]** This report meets the information and reporting requirements in accordance with the 'G4 Core' of the Global Reporting Initiative. No audit that included external certification was performed. GRI conducted a so-called materiality check instead.

## Contacts

**GRI [G4-31] Contacts on questions concerning the Sustainability Report**

Andreas Trösch  
Vice President Investor Relations  
Andreas.Troesch@normagroup.com  
Phone +49 6181 6102 741

Vanessa Wiese  
Senior Manager Investor Relations  
Vanessa.Wiese@normagroup.com  
Phone +49 6181 6102 742

Dana Feuerberg  
Manager Investor Relations  
Dana.Feuerberg@normagroup.com  
Phone +49 6181 6102 748

**Contacts for Corporate Responsibility**

Daphne Recker  
Vice President Media Relations  
Daphne.Recker@normagroup.com  
Phone +49 6181 6102 743

Marion Mitchell  
Assistant to CEO and CFO  
Marion.Mitchell@normagroup.com  
Phone +49 6181 6102 751

## EDITOR

NORMA Group SE  
Edisonstraße 4  
D-63477 Maintal

## CONCEPT & LAYOUT

3st kommunikation, Mainz





# GRI Index

GRI [G4-33]

GENERAL STANDARD DISCLOSURES		PAGE
<b>STRATEGY AND ANALYSIS</b>		
G4-1	<sup>1</sup> Foreword	• 6
<b>ORGANISATIONAL PROFILE</b>		
G4-3	<sup>1</sup> Name of the organisation	• 9
G4-4	<sup>1</sup> Brands, products, services	• 8
G4-5	<sup>1</sup> Location of the organisation's headquarters	• 9
G4-6	<sup>1</sup> International presence	• 9
G4-7	<sup>1</sup> Nature of ownership and legal form	• 9
G4-8	<sup>1</sup> Markets served	• 13
G4-9	<sup>1</sup> Scale of the organisation	• 13
G4-10	<sup>1</sup> Total number of employees (Employee structure)	• 54
G4-11	<sup>1</sup> Employees covered by collective bargaining agreements	• 55 <small>OECD UNGC</small>
G4-12	<sup>1</sup> Description of the organisation's supply chain	• 34
G4-13	<sup>1</sup> Significant changes regarding the organisation's size, structure, ownership	• 10
G4-14	<sup>1</sup> Execution of the precautionary approach	• 30
G4-15	<sup>1</sup> Endorsement of external initiatives	• 32
G4-16	<sup>1</sup> Memberships in associations/advocacy organisations	• 14
<b>Material Aspects and Boundaries</b>		
G4-17	<sup>1</sup> Entities in consolidation group	• 10
G4-18	<sup>1</sup> Process for defining reporting content	• 14
G4-19	<sup>1</sup> Systematic approach to reporting: list of all the material aspects	• 15
G4-20	<sup>1</sup> Selection of the material aspects	• 10
G4-21	<sup>1</sup> Relevance of the material aspects outside the organisation	• 10
G4-22	<sup>1</sup> (Company) restatements compared to previous reports	• 10
G4-23	<sup>1</sup> Changes in the information structure from previous reporting periods	• 10
<b>Stakeholder Engagement</b>		
G4-24	<sup>1</sup> List of stakeholder groups	• 19
G4-25	<sup>1</sup> Basis for identification and selection of stakeholders	• 20
G4-26	<sup>1</sup> Approach to stakeholder engagement	• 19
G4-27	<sup>1</sup> Report on key topics and concerns of stakeholders	• 20

## KEY:

- Mandatory standard information on options of the "In accordance with" criterion
- OECD Common ground with the OECD Guidelines for Multinational Enterprises
- UNGC Common ground with the "10 Principles" of the United Nations' Global Compact
- <sup>1</sup> No external assurance

REPORT PROFILE		PAGE
G4-28	<sup>1</sup> Reporting period	• 10
G4-29	<sup>1</sup> Date of most recent previous report	• 10
G4-30	<sup>1</sup> Reporting cycle	• 10
G4-31	<sup>1</sup> Contact point	• 82
G4-32	<sup>1</sup> GRI Content Index	• 83
G4-33	<sup>1</sup> External confirmation: Audit	• 82

## GOVERNANCE

G4-34	<sup>1</sup> Governance structure	• 26
G4-35	<sup>1</sup> Steering of corporate sustainability activities	27
G4-36	<sup>1</sup> Responsibility for sustainability topics	27
G4-39	<sup>1</sup> Independence of governance body	26

## ETHICS AND INTEGRITY

G4-56	<sup>1</sup> The organisation's values and code of conduct	27
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## SPECIFIC STANDARD DISCLOSURES

### ECONOMIC

#### Economic Performance

G4-EC1	<sup>1</sup> Direct economic value generated and distributed	OECD	12
G4-EC4	<sup>1</sup> Financial assistance received from the government, investment grants, research and development grants and other relevant types of grants	OECD	12

#### Market Presence

G4-EC5	<sup>1</sup> Salaries and entry level wages	12
G4-EC6	<sup>1</sup> Hiring of personnel from the local community	12

#### Indirect Economic Impacts

G4-EC7	<sup>1</sup> Infrastructure investments and services supported	12
G4-EC8	<sup>1</sup> Indirect economic impacts at the sites	12

#### Procurement Practices

G4-EC9	<sup>1</sup> Business policies on spending on local suppliers	12
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## ENVIRONMENTAL

### Materials

G4-EN1	<sup>1</sup> Materials used by weight or volume	OECD UNGC	69
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<b>Energy</b>			PAGE
G4-EN3	<sup>1</sup>	Energy consumption within the organisation	OECD UNGC 69
G4-EN4	<sup>1</sup>	Energy consumption outside the organisation	OECD UNGC 69
G4-EN5	<sup>1</sup>	Energy intensity: Energy consumption in relation to the production volume	OECD UNGC 69
G4-EN6	<sup>1</sup>	Reduction of energy consumption: Initiatives on lowering indirect energy consumption	OECD UNGC 69
G4-EN7	<sup>1</sup>	Reduction in energy requirements of products and services: Initiatives on products that conserve energy	OECD UNGC 42
<b>Water</b>			
G4-EN8	<sup>1</sup>	Total water withdrawal by source	70
G4-EN9	<sup>1</sup>	Water sources significantly affected by withdrawal of water	OECD UNGC 70
G4-EN10	<sup>1</sup>	Percentage and total volume of water recycled and used	OECD UNGC 70
<b>Biodiversity</b>			
G4-EN11	<sup>1</sup>	Operational sites in or near protected areas	OECD UNGC 70
G4-EN12	<sup>1</sup>	Significant impacts of activities on biodiversity in protected areas	OECD UNGC 70
<b>Emissions</b>			
G4-EN15	<sup>1</sup>	Direct greenhouse gas (GHG) emissions (Scope 1)	OECD UNGC 70
G4-EN16	<sup>1</sup>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	OECD UNGC 70
G4-EN17	<sup>1</sup>	Other indirect greenhouse gas (GHG) emissions (Scope 3)	OECD UNGC 70
G4-EN18	<sup>1</sup>	Greenhouse gas (GHG) emissions intensity	OECD UNGC 72
G4-EN19	<sup>1</sup>	Reduction of greenhouse gas (GHG) emissions	OECD UNGC 70
G4-EN20	<sup>1</sup>	Emissions of ozone-depleting substances (ODS) by weight	OECD UNGC 70
G4-EN21	<sup>1</sup>	Significant air emissions	OECD UNGC 70
<b>Effluents and Waste</b>			
G4-EN22	<sup>1</sup>	Total water discharge	OECD UNGC 72
G4-EN23	<sup>1</sup>	Total weight of waste by type and disposal method	OECD UNGC 72
G4-EN24	<sup>1</sup>	Total number and volume of significant spills	OECD UNGC 73
G4-EN25	<sup>1</sup>	Waste deemed hazardous	OECD UNGC 72
G4-EN26	<sup>1</sup>	Waste-water and biodiversity	OECD UNGC 73
<b>Products and Services</b>			
G4-EN27	<sup>1</sup>	Environmental impacts of products and services	OECD UNGC 73
<b>Compliance</b>			
G4-EN29	<sup>1</sup>	Compliance	OECD UNGC 37
<b>Transport</b>			
G4-EN30	<sup>1</sup>	Environmental impacts of transporting products and other goods and materials	OECD UNGC 73

<b>Overall</b>			PAGE
G4-EN31	<sup>1</sup>	Total environmental protection expenditures and investments	OECD UNGC 73
<b>Supplier Environmental Assessment</b>			
G4-EN32	<sup>1</sup>	Environmentally conscious suppliers	OECD UNGC 34
G4-EN33	<sup>1</sup>	Significant actual and potential negative environmental impacts in the supply chain	OECD UNGC 34, 37
<b>Environmental Grievance Mechanisms</b>			
G4-EN34	<sup>1</sup>	Number of grievances about environmental impacts filed, addresses and resolved	OECD UNGC 37
<b>LABOUR PRACTICES AND DECENT WORK</b>			
<b>Employment</b>			
G4-LA1	<sup>1</sup>	New employee hires and employee turnover	OECD UNGC 56
G4-LA2	<sup>1</sup>	Benefits provided to full-time employees	OECD UNGC 58
G4-LA3	<sup>1</sup>	Return to work and retention rates after parental leave	OECD UNGC 58
<b>Labour/Management Relations</b>			
G4-LA4	<sup>1</sup>	Minimal notice periods regarding operational changes	UNGC 60
<b>Occupational Health and Safety</b>			
G4-LA5	<sup>1</sup>	Percentage of total workforce represented in formal joint management-worker health and safety committees	OECD 60
G4-LA6	<sup>1</sup>	Injuries, occupational diseases, lost days, work-related fatalities	OECD 60
G4-LA7	<sup>1</sup>	Workers in high risk positions	OECD 60
G4-LA8	<sup>1</sup>	Health and safety topics covered in formal agreements with trade unions	OECD 60
<b>Training and Education</b>			
G4-LA9	<sup>1</sup>	Average hours of training per year per employee by gender, and by employee category	OECD 57
G4-LA10	<sup>1</sup>	Programs for skills management	OECD 57
G4-LA11	<sup>1</sup>	Percentage of employees receiving regular performance and career development reviews	OECD 56
<b>Diversity and Equal Opportunity</b>			
G4-LA12	<sup>1</sup>	Composition of governance bodies and break-down of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	54
<b>Equal Remuneration for Women and Men</b>			
G4-LA13	<sup>1</sup>	Ratio of basic salary and remuneration of women to men	54
<b>Supplier Assessment for Labour Practices</b>			
G4-LA14	<sup>1</sup>	Percentage of new suppliers that were screened using labour practices criteria	OECD UNGC 34
G4-LA15	<sup>1</sup>	Actual and potential negative impacts for labour practices in the supply chain	OECD UNGC 34

<b>Labour Practices Grievance Mechanisms</b>				PAGE
G4-LA16	<sup>1</sup>	Number of grievances about labour practices filed, addressed and resolved	OECD	37
<b>HUMAN RIGHTS</b>				
<b>Investments</b>				
G4-HR1	<sup>1</sup>	Investment agreements and contracts that include human rights clauses or that underwent human rights screening	OECD UNGC	32
G4-HR2	<sup>1</sup>	Employee training on human rights aspects	OECD UNGC	32
G4-HR3	<sup>1</sup>	Total number of incidents of discrimination and corrective actions taken	OECD UNGC	32
<b>Freedom of Association and Collective Bargaining</b>				
G4-HR4	<sup>1</sup>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	OECD UNGC	32
<b>Child Labour</b>				
G4-HR5	<sup>1</sup>	Risk for incidents of child labour	OECD UNGC	32
<b>Forced or Compulsory Labour</b>				
G4-HR6	<sup>1</sup>	Risk for incidents of forced or compulsory labour	OECD UNGC	32
<b>Security Practices</b>				
G4-HR7	<sup>1</sup>	Percentage of security personnel trained in the organisation's human rights policies or procedures		32
<b>Indigenous Rights</b>				
G4-HR8	<sup>1</sup>	Total number of incidents of violation involving rights of indigenous peoples and actions taken		32
<b>Assessment</b>				
G4-HR9	<sup>1</sup>	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		32
<b>Supplier Human Rights Assessment</b>				
G4-HR10	<sup>1</sup>	New suppliers that were screened using human rights criteria		34
G4-HR11	<sup>1</sup>	Actual and potential negative human rights impacts in the supply chain and actions taken		32
<b>Human Rights Grievance Mechanisms</b>				
G4-HR12	<sup>1</sup>	Number of grievances about human rights impacts filed, addressed and resolved		37
<b>COMMUNITY</b>				
<b>Local Communities</b>				
G4-SO1	<sup>1</sup>	Operations with implemented local community engagement, impact assessments, and development programmes	OECD UNGC	78
G4-SO2	<sup>1</sup>	Operations with significant actual or potential negative impacts on local communities	OECD UNGC	78
<b>Anti-corruption</b>				
G4-SO3	<sup>1</sup>	Assessment of operations for risks related to corruption	OECD UNGC	30
G4-SO4	<sup>1</sup>	Communication and training on anti-corruption policies and procedures		30
<b>Public Policy</b>				
G4-SO5	<sup>1</sup>	Confirmed incidents of corruption and actions taken	OECD UNGC	30
<b>Anti-Competitive Behaviour</b>				
G4-SO7	<sup>1</sup>	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	OECD	37
<b>Compliance</b>				
G4-SO8	<sup>1</sup>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	OECD	37
<b>Supplier Assessment for Impacts on Society</b>				
G4-SO9	<sup>1</sup>	Percentage of new suppliers that were screened using criteria for impacts on society	OECD	34
G4-SO10	<sup>1</sup>	Significant actual and potential negative impacts on society in the supply chain	OECD	34
<b>Grievance Mechanisms for Impacts on Society</b>				
G4-SO11	<sup>1</sup>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	OECD	37
<b>PRODUCT RESPONSIBILITY</b>				
<b>Customer Health and Safety</b>				
G4-PR1	<sup>1</sup>	Significant product and service categories for which health and safety impacts are assessed for improvement	OECD	46
G4-PR2	<sup>1</sup>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	OECD	37, 48
<b>Product and Service Labeling</b>				
G4-PR3	<sup>1</sup>	Product and service information required by the organisation's procedures for product and service information		48
G4-PR4	<sup>1</sup>	Total number of incidents of non-compliance with regulations concerning product and service information		48
G4-PR5	<sup>1</sup>	Results of survey measuring customer satisfaction		49
<b>Marketing Communications</b>				
G4-PR6	<sup>1</sup>	Sale of banned or disputed products		48
G4-PR7	<sup>1</sup>	Total number of incidents of non-compliance with regulations concerning marketing communications		37
<b>Customer Privacy</b>				
G4-PR8	<sup>1</sup>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		37
<b>Compliance</b>				
G4-PR9	<sup>1</sup>	Non-compliance with laws and regulations concerning the provision and use of products and services		37

# Glossary

## **CO<sub>2</sub>**

Carbon dioxide, a chemical compound of carbon and oxygen.

## **CORPORATE CITIZENSHIP (CC)**

Social engagement in and by companies that pursue a medium and long-term business strategy based on acting responsibly and actively participating beyond the scope of their actual business activities as a 'good citizen' for local civil society or ecological or cultural concerns, for example.

## **CUSTOMER SATISFACTION SURVEY (CSS)**

A detailed survey that provides information about customers' expectations and their assessment of NORMA Group's performance.

## **DISTRIBUTION SERVICES (DS)**

One of NORMA Group's two ways to market, which provides a wide range of high-quality, standardised joining products for a broad range of applications and customers.

## **DODD-FRANK ACT**

An American federal law with the objective of promoting the stability of the financial market in the United States of America.

## **EMEA (EUROPE, MIDDLE EAST, AFRICA)**

An Anglo-American abbreviation for the economic area of Europe (made up of Western and Eastern Europe), the Middle East and Africa.

## **ENGINEERED JOINING TECHNOLOGY (EJT)**

One of NORMA Group's two ways to market. It provides customised, highly engineered joining technology products primarily, but not exclusively, for industrial OEM customers.

## **GEMBA WALK**

The Gemba Walk is a method for process optimisation in which a management team analyses errors and malfunctions during a tour through all departments and then immediately defines measures for dealing with these problems.

## **GLOBAL REPORTING INITIATIVE (GRI)**

An institution that develops guidelines for the preparation of sustainability reports of large enterprises, small and medium-sized enterprises (SMEs), governments and NGOs using a participatory process. According to GRI, the basis of a report is transparency; its goal is standardisation and comparability.

## **INTERNATIONAL LABOUR ORGANIZATION (ILO)**

A special institution of the United Nations mandated to promote social justice and human and labour rights.

## **ISO 9001**

An international quality management standard, which describes the minimum requirements for quality management systems. The proof is provided by a certification process followed by the issuance of a temporary certificate by independent certification bodies.

## **ISO 14001**

An international environmental management standard that specifies the internationally accepted requirements for an environmental management system.

## **ISO / TS 16949**

An international standard that combines the existing general demands on quality management systems of the (mostly North American and European) automotive industry.

**KEY PERFORMANCE INDICATORS (KPI)**

Performance measures with which the progress or the degree of satisfaction can be measured and/or determined in terms of important objectives or critical success factors within an organisation.

**OHSAS 18001**

Occupational Health and Safety Assessment Series: certification of occupational health and safety management systems.

**ORIGINAL EQUIPMENT MANUFACTURER (OEM)**

A company that retails products under its own name.

**POKA YOKE**

The use of the Poka Yoke method uses mainly simple and effective systems to ensure that human errors in the production process do not result in errors in the end product. The Poka Yoke method uses mainly technical aids. These solutions are usually inexpensive and can be implemented immediately.

**RIO DECLARATION**

Result of the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992 that is not binding by international law. The Rio Declaration contains 27 principles that the states should observe relating to policy, legislation, economics and science to ensure the protection of the environment and a sustainable development.

**SELECTIVE CATALYTIC REDUCTION (SCR)**

Selective catalytic reduction of nitrogen oxides to reduce particle and nitrogen oxide emissions.

**SIX SIGMA TECHNIQUES**

A management system for process improvement that uses analytical and statistical methods.

**SOCIETAS EUROPAEA (SE)**

A legal form for stock companies in the European Union and the European Economic Area. With the SE, the EU started allowing for companies to be founded in accordance with a largely uniform legal framework at the end of 2004.

**5S METHODOLOGY**

A methodology that originally comes from Japan that is mainly used in the production industry to design workplaces and their environments to be safer, cleaner and easier to understand. The aim of the 5S methodology is to permanently reduce the risk of accidents at work.

**8D METHODOLOGY**

A methodology applied in the context of quality management to a claim between a supplier and a customer. 8D stands for the eight compulsory disciplines (process steps) that are required during the processing of a complaint to solve the underlying problem.

#### **Forward-looking statements**

This sustainability report contains certain future-oriented statements. Future-oriented statements include all statements which 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 priority.

#### **Note on rounding**

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

On our website we provide comprehensive information about our CR Strategy.  
<http://normagroup.com/cr>



#### **Information on the Global Reporting Initiative**

The Global Reporting Initiative (GRI) assists all organisations with their sustainability reporting. For this reason, it has developed a comprehensive framework for reporting on sustainability that is used all over the world. This framework report, including the reporting guide, discusses the principles and indicators that organisations can use to measure their economic, ecological and social performance.

GRI is a non-profit foundation that has a number of partners and was founded by CERES and the environmental program of the United Nations (UNEP) in the USA in 1997. GRI moved its headquarters to Amsterdam in 2002. Its secretariat is currently based there. Furthermore, GRI has regional offices in Australia, Brazil, China, India and the USA and a global network of 30,000 people and members.

In addition, GRI maintains strategic partnerships with the United Nations' Environment Program, the UN Global Compact, the Organisation for Economic Cooperation and Development, the International Organisation for Standardization and other organisations.



For this report a 'Materiality Matters' check was conducted by the Global Reporting Initiative (GRI). This check confirms, that the most critical disclosures in the report based on the GRI G4 Sustainability Reporting Guidelines have been correctly located at both the GRI Content Index as well as in the final report.





**NORMA Group SE**

Edisonstrasse 4

63477 Maintal

Phone: +49 6181 6102 740

E-Mail: [info@normagroup.com](mailto:info@normagroup.com)

[www.normagroup.com](http://www.normagroup.com)