

# OUR ACTIONS, OUR IMPACT



CR REPORT  
2017



# NORMA GROUP



NORMA Group is an international market and technology leader in engineered joining technology (joining, mounting and fluid-handling technology). The Company manufactures a wide range of innovative joining technology solutions in three product categories – CLAMP, CONNECT and FLUID – and offers more than 40,000 high-quality products and solutions to around 10,000 customers in more than 100 countries. NORMA Group’s joining products are used in various industries and can be found in vehicles, ships, trains, aircraft, domestic appliances, engines and plumbing systems as well as in applications for the pharmaceutical and biotechnology industry. From its headquarters in Maintal near Frankfurt/Main, Germany, the Company coordinates a global network consisting of 27 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific.

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# FOREWORD [GRI 102-12, 102-14]

## DEAR READERS,

Why is Corporate Responsibility important? The contribution companies like NORMA Group make is crucial to ensuring economic, social and environmental progress. In times of global challenges such as climate change and natural resource scarcity, it is imperative that everyone participates in the search for solutions – and that also goes of course for NORMA Group.

As in previous years, NORMA Group is systematically addressing this task. In a comprehensive analysis last year, we clarified what sustainability issues are important to us. Alongside this, we have also developed a new Corporate Responsibility Roadmap, which substantiates our requirements with measurable targets by 2020.

The basis for this is formed by the consistent involvement of all of NORMA Group's stakeholder groups, whose perspectives we incorporate into our Company's decisions. This was once again made clear at last year's Stakeholder Roundtable on the subject of electromobility: feedback from participants from society, science and industry is helping us to position NORMA Group for the future and to take account of the expectations that are placed on us.

It is important to us to implement our Corporate Responsibility measures along the entire value chain, be it through more sustainable supplier management, more environmentally friendly production processes, the contribution of our products to reducing emissions or the more efficient use of water.

Last year, we once again supported social projects in the neighborhoods surrounding our plants, such as with the voluntary commitment of hundreds of our employees on NORMA Help Day. At Group level, we completed our flagship project NORMA Clean Water in India and launched a follow-up project in Brazil. Its focus is once again on access to and responsible use of clean drinking water.

Since the beginning of this year, we have also expressed our commitment by signing the ten principles of the UN Global Compact. We want this not only to clarify our commitment to human rights, employees, the environment and anti-corruption – at the same time, the principles are an incentive for us to further improve NORMA Group's sustainability performance.

This report presents the results of our Corporate Responsibility activities over the past year. The successes we have enjoyed as a company are built on the commitment of our employees. They therefore have our heartfelt thanks!

Please consider this report as an opportunity to enter into dialogue with us – we look forward to your suggestions!

The Management Board



**Bernd Kleinhens**  
Chairman (CEO)

**Dr. Michael Schneider**  
Chief Financial Officer (CFO)

# NORMA GROUP AT A GLANCE

## Business Model

[GRI 102-07, 103]

NORMA Group is an international market and technology leader in the area of advanced and standardized connecting technology (joining, mounting and fluid-handling technology). With its 27 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in more than 100 countries. NORMA Group's product portfolio includes more than 40,000 high-quality joining products and solutions in the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems/connectors (FLUID). The products NORMA Group offers are used across industries in a wide range of applications, whereby the product specifications differ depending on the application and customer requirements.

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

By opening new plants and competence centers and making strategic acquisitions, NORMA Group has succeeded in expanding its international presence quite significantly in recent years while optimizing its distribution channels and intensifying its cooperation with local customers.

## Product portfolio and applications

[GRI 102-02, 102-06]

The products that NORMA Group offers can for the most part be divided into the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems/connectors (FLUID).

The clamp products (CLAMP) are manufactured from unalloyed steels or stainless steel and are generally used to join or seal elastomer hoses.

The connection products (CONNECT) include connectors made of unalloyed steels or stainless steel that are partly equipped with elastomer or metal seals and are used as the joining and sealing elements of metal and thermoplastic pipes.

FLUID products are single or multiple layer thermoplastic plug-in connectors and liquid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses. In addition, the FLUID division's product range includes solutions for applications in the sectors of storm water management and landscape irrigation, but also joining components for infrastructure solutions in the area of water.

NORMA Group's advanced engineered joining technology is used in all applications in which pipelines, tubes and other systems need to be connected together. Besides the automotive, commercial vehicle, and aviation industry,

## PRODUCTION AND DISTRIBUTION SITES OF NORMA GROUP

[GRI 102-04]

EMEA	M	S		M	S	Americas	M	S	Asia-Pacific	M	S		M	S
Germany	•	•	Switzerland	•	•	Brasil	•	•	Australia	•		Malaysia	•	•
France	•	•	Serbia	•		Mexico	•	•	China	•	•	Singapore	•	•
Italy	•		Spain	•		USA	•	•	India	•	•	South Korea	•	•
Netherlands	•		Czech Republic	•					Indonesia	•		Thailand	•	
Poland	•	•	Turkey	•					Japan	•				
Portugal	•	•	United Kingdom	•	•									
Russia	•	•												
Sweden	•	•												

**M** = Manufacturing locations  
**S** = Sales and distribution sites



NORMA Group is also active in the construction and mechanical engineering industry, the pharmaceutical and biotechnology fields, agriculture and the drinking water supply and irrigation industry as well as in other sectors.

→ [ANNUAL REPORT, P. 49](#)

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



**Two complementary distribution channels**

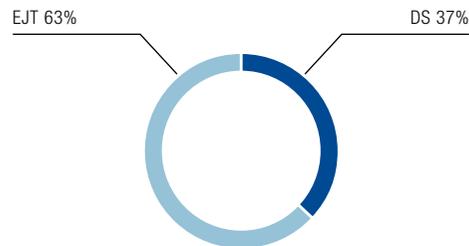
NORMA Group supplies its customers via two different sales channels:

- › Engineered Joining Technology – EJT and
- › Distribution Services – DS.

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

The area of EJT includes sophisticated, individually customized joining technology and is particularly characterized by close development partnerships with OEMs (original equipment manufacturers). Via its Distribution Services (DS), NORMA Group markets a broad range of high-quality, standardized brand products. In addition to its own global distribution network, the Company also relies on multipliers such as sales representatives, retailers

**SALES BY DISTRIBUTION CHANNELS 2017**



and importers. You may find further information on our distributions channels in the annual report. → [ANNUAL REPORT, P. 50](#)

**Organisational and legal structure**

[GRI 102-01, 102-03, 102-05, 102-07, 102-08, 102-45]

7,667 employees (2016: 6,664) worked for NORMA Group at the end of 2017 of whom 1,552 were temporary staff. NORMA Group SE is the parent company of NORMA Group. It has its headquarters in Maintal near Frankfurt/Main, Germany. NORMA Group SE serves as the formal legal holding of the Group. It is responsible for the strategic management of business activities. As of December 31, 2017, NORMA Group SE holds shares in 47 companies that belong to NORMA Group either directly or indirectly and are fully consolidated. Further information, e.g. regarding the structure of our Group-wide central management responsibilities can be found in the annual report. → [ANNUAL REPORT, P. 47](#)

**Group management**

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

NORMA Group SE has a dual management system that consists of a Management Board and a Supervisory Board. The Management Board manages the Company under its own responsibility, while the Supervisory Board advises and monitors the Management Board. Detailed information on the composition of the Management Board and Supervisory Board as well as the allocation of responsibilities can be found in the Corporate Governance Report. → [ANNUAL REPORT, P. 38](#) Information on compensation structures can be found in the Remuneration Report for the Management and Supervisory Board. → [ANNUAL REPORT, P. 97](#)

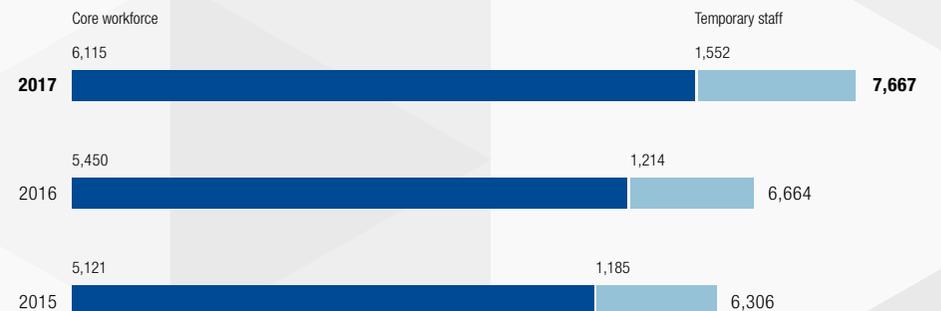
**Operative segmentation by regions**

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

**Market and competitive environment**

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

**PERSONNEL DEVELOPMENT AT NORMA GROUP**





its competitors who mainly specialize in individual product segments.

**Significant changes**

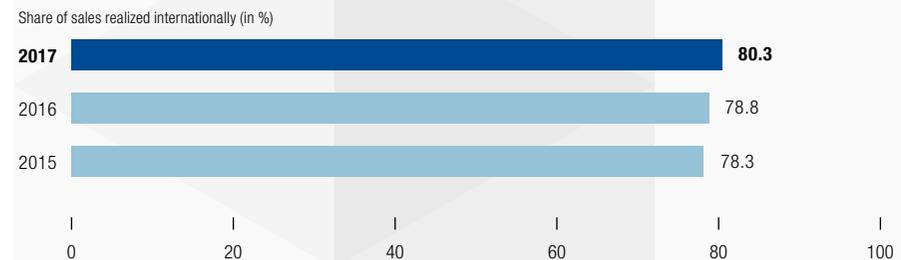
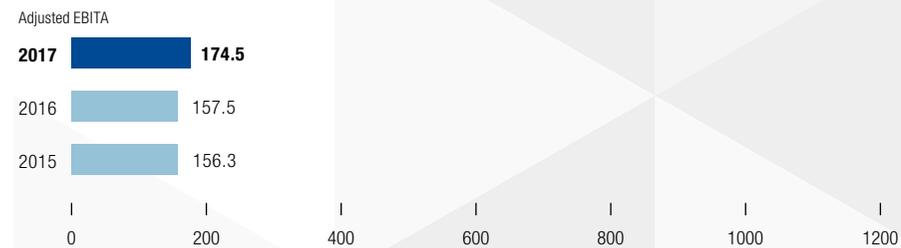
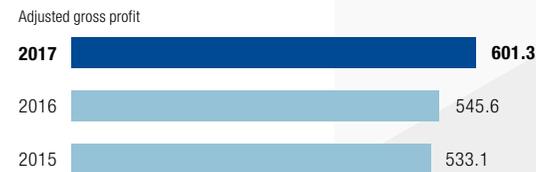
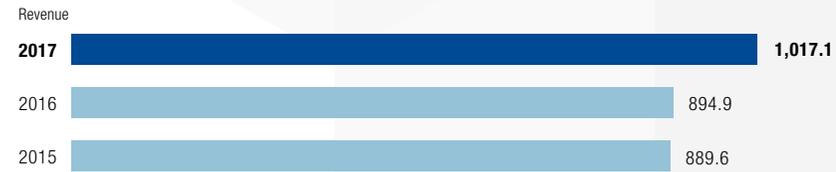
[GRI 102-10]

In January 2017, NORMA Group acquired the clamp manufacturer Lifial – Indústria Metalúrgica de Águeda, Lda. ('Lifial'). NORMA Group Holding GmbH holds a majority share, while NORMA Verwaltungs GmbH holds a minority. Lifial, based in Águeda, Portugal, produces metal clamps for use in industry and agriculture. The company employs around 100 people and markets its trademarked products to customers in Europe and North Africa. Lifial was included in the scope of consolidation effective January 1, 2017.

In the second quarter of 2017, NORMA Group acquired 80% of the shares of the newly founded company Fengfan Fastener (Shaoxing) Co., Ltd. ('Fengfan') based in Shaoxing City, China, via its holding company in Asia-Pacific (NORMA Group Asia Pacific Holding Pte.). Fengfan manufactures joining products made of stainless steel, nylon and special material. Its portfolio includes cable ties, fasteners and specially coated fireproof textiles. Fengfan was included into the scope of consolidation from May 18, 2017, on. KPIs on environment, health and safety were reported from October 1, 2017, on.

**KEY FINANCIAL FIGURES**

in EUR millions





## CR STRATEGY

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

## CR STRATEGY

Five Key Areas of Action	9
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# CR STRATEGY

## FIVE KEY AREAS OF ACTION

NORMA Group has systematically implemented Corporate Responsibility (CR) since 2012. The CR mission statement and key areas of action have formed the basis for managing sustainability issues in our Company ever since. We are therefore again structuring the present report on the basis of these areas of action.

Our CR mission statement applies to the entire NORMA Group. It covers five key areas of action and defines our basic understanding of Corporate Responsibility. It describes our strategic approach with the aim of coordinating the responsibility of our Company in a structured manner and further developing it towards its targets.

## MANAGEMENT OF CR

### CR strategy creates the basis for responsible action

For us, Corporate Responsibility means reconciling the impact of our business with the needs of society. Our products already make a valuable contribution to a more sustainable society by helping to reduce the negative effects of global megatrends. Our CR strategy forms the basis of our responsible actions and transparent business practices.

In order to strategically align and further develop our CR measures, we have set up a CR Roadmap with specific objectives for each area of action. → [CR ROADMAP 2020](#) The respective departments are responsible for filing and implementing these CR objectives with measures. Guidelines and management approaches are

## THE FIVE KEY AREAS OF CORPORATE RESPONSIBILITY AT NORMA GROUP





developed for the material CR topics. These can be implemented reliably and standardized internationally. We use existing management systems, expand them if necessary, or rebuild them. The Group-wide approaches are complemented by nationally adapted, decentralized measures. Whether CR topics are managed and implemented Group-wide or decentralized depends on how the respective CR objectives can be achieved as effectively as possible.

**Anchoring CR at the highest management level**

[GRI 102-18, 102-20]

Cross-departmental and multi-site governance is important and necessary for institutionalizing CR throughout NORMA Group. Therefore, a Corporate Responsibility Steering Committee was established in 2012. Anchoring directly with the Management Board, it underpins the high relevance of this topic for our Company. The CR Steering Committee represents all relevant areas at Group level. It includes the managers responsible for purchasing, production, human resources, investor relations, legal and compliance.

The CR Steering Committee meets twice a year. Its most important task is to further develop NORMA Group's overall CR positioning and strategic CR orientation. The Committee also assesses cross-departmental coordination and the status of the achievement of objectives progress achieving goals. Our CR Officers manage departmental coordination, reporting directly to NORMA Group's responsible member of the Management Board.

→ ANNUAL REPORT, P. 39

**STAKEHOLDERS AND MATERIALITY**

**Close exchange with stakeholders**

[GRI 102-21, 102-40, 102-43, 102-44]

NORMA Group sees itself as a transparent and open Company. We specifically and proactively seek exchange with our internal and external stakeholders. This enables us to effectively implement the continuous improvement process that applies to the entire NORMA Group in the area of Corporate Responsibility. We consider it part of our responsible corporate governance that stakeholders' interests and the impact of our own business activities on stakeholders are reflected in our key decisions. Particularly in the strategic direction, we

value an open and appreciative approach to stakeholder expectations.

The annual stakeholder roundtable is an important event for NORMA Group to actively exchange with its stakeholders on CR issues. NORMA Group already invited participants to exchange views in 2015 and 2016; the focus was then on the "CR Roadmap 2018" and "Supply Chain Sustainability." The third stakeholder roundtable on Corporate Responsibility took place on September 7, 2017, and focused on "Electromobility at NORMA Group" (see illustration to the right). The stakeholder roundtable will be continued in the coming years with at least one dialogue event per year.



**STAKEHOLDER ROUNDTABLE: E-MOBILITY AT NORMA GROUP**

The emissions scandal, potential driving bans for diesel vehicles, the emergence of alternative engines and autonomous driving – the automotive industry is on the move. This also affects companies such as NORMA Group that sell various products to manufacturers of motor vehicles. In September 2017, NORMA Group invited experts from science, NGOs, politics and the industry to Frankfurt to discuss the potential consequences of these changes. The focus of the discussion was on electric mobility.

NORMA Group shared its view of electromobility with participants, presenting its internal e-mobility strategy for discussion. Participants appreciated NORMA Group's future-oriented path and encouraged the company to continue down it. The experts also expressed their expectations and made recommendations for further measures, such as increased cooperation with research and automotive service providers.

**KEY STAKEHOLDERS OF NORMA GROUP**





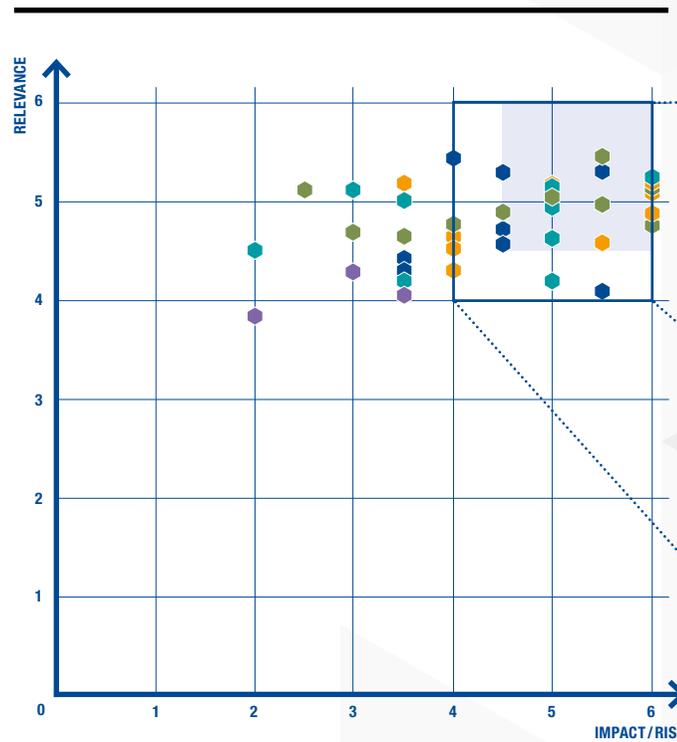
### New materiality analysis developed

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

In the past year, NORMA Group once again carried out a comprehensive analysis to define the social, environmental and economic sustainability issues of importance to us. The so-called materiality analysis was based on the recommendations of the Global Reporting Initiative (GRI). We first gathered a comprehensive list of CR issues based on topics that were considered to be material in the analysis in 2015 as well as relevant standards and guidelines such as the Global Reporting Initiative (GRI), the Sustainable Development Goals (SDGs) and the CSR Directive Implementation Act (CSR-RUG). Issues were then aggregated and a total of 40 topics were identified which were assigned to the five key areas of action. For these 40 topics, impact and relevance assessments were then conducted.

The impact assessment specifically focused on evaluating the impact that NORMA Group has on the respective topics. Both positive and negative effects were given equal consideration. This assessment was supplemented by a risk assessment of what arises for NORMA Group in connection with these issues. This was based on so-called gross risks, which are risks NORMA Group faces in the event that no suitable countermeasures were implemented. Both assessments were conducted in internal workshops with experts from their respective departments.

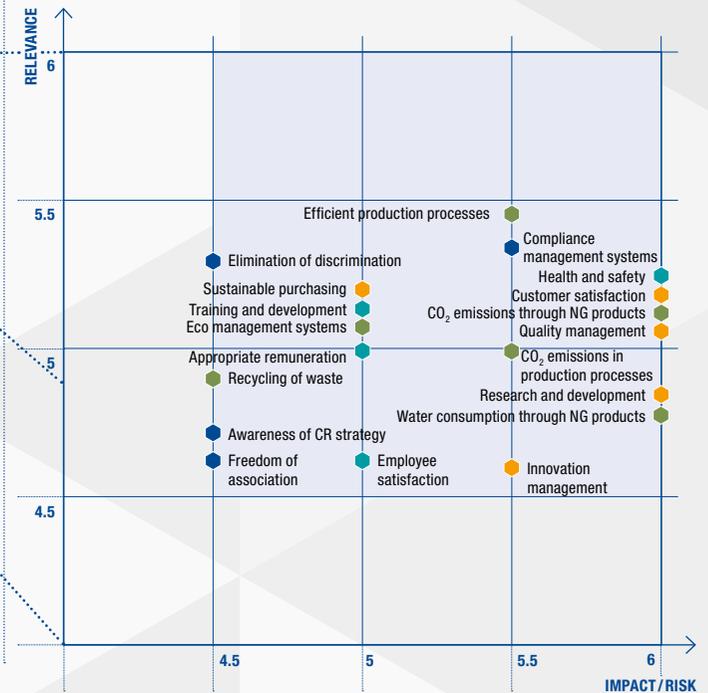
### RESULTS OF THE MATERIALITY ANALYSIS



To assess relevance, a questionnaire was completed by more than 30 internal and external stakeholders. Respondents indicated to what extent an issue influenced their assessment of NORMA Group (from “irrelevant” to “very relevant”). Participant selection was based on departmental suggestions and included all key stakeholder groups.

### MATERIAL CR TOPICS

[GRI 102-47]



The results of the materiality analysis were merged into a materiality matrix and then prioritized. The result of this process is shown in an overview in the illustrated materiality matrix. The beginning of each chapter presents in detail the topics for that area of action along with their materiality.

The significant issues we have identified will shape CR management at NORMA Group in the coming years. NORMA Group's CR Roadmap 2020 was defined last year in the wake of the materiality analysis. → [CR ROADMAP 2020](#) The results of the materiality analysis also frame the content of this report as well as our internal reporting.



### CR ROADMAP 2020

#### CR Roadmap 2020 defined

[GRI 102-44]

The CR Roadmap has already proven itself in recent years as a strategic steering instrument at NORMA Group. On the one hand, it reflects the high ambitions for Corporate Responsibility that NORMA Group pursues, but at the same time sets objectively measurable targets. The Roadmap is therefore also a performance indicator for us in Corporate Responsibility: our progress in the areas covered by the Roadmap is regularly reviewed internally and reported externally. The targets we set ourselves for the year 2017 were largely achieved and even surpassed. We consider this a great success, but we do not want to rest on our laurels.

NORMA Group has now launched a new CR Roadmap for the period until 2020. The structure of the Roadmap is based on our five key areas of action, as in previous years. The concrete frame of reference are the topics that the materiality analysis identified as particularly relevant. We are thus ensuring that our targets are based on the expectations of our stakeholders. → [STAKEHOLDERS AND MATERIALITY](#)  
The targets were set in the CR Steering Committee with the participation of responsible management and confirmed by the Management Board.



RESPONSIBLE MANAGEMENT



BUSINESS SOLUTIONS



EMPLOYEES



ENVIRONMENT



COMMUNITY

### OUR CORE OBJECTIVES 2020

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

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

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

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

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

### OUR TARGET VALUES 2020

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

To be the market leader in all business fields of relevance to NORMA Group by the end of 2018.

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

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

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



### AWARENESS OF CR WITHIN THE COMPANY

#### Continuous exchange with external stakeholders ensures transparency

We want to communicate transparently and openly with our various stakeholder groups at all times. Continuous communication through various channels is of central importance to improving our ability to strategically align our actions. For instance, we host background discussions, as well as our annual stakeholder roundtable. In addition, we participate in conferences, workshops and industry meetings, engaging in personal exchanges with our stakeholders.

We also achieve transparency towards the financial and CR community by publishing the annual report, the CR report and press releases, among other activities. On our website and NORMA Group social media channels, we also provide continuous information on our Company activities. We want to increase understanding of our actions as well as confidence in NORMA Group through the high level of transparency regarding our activities in the fields of corporate governance, the environment and social issues.

#### Internal CR communication via various channels

Successfully implemented measures in Corporate Responsibility – whether in the areas of quality, environment, compliance or any other – depend on the contribution and commitment of each individual employee. Only when everyone makes a contribution can we as a Company operate successfully and sustainably.

It is our goal to inspire our employees to act sustainably in their daily work. The targets of the CR Roadmap are communicated to all sites by the departments responsible for CR issues. CR at NORMA Group does not take place in an ivory tower, but is integrated into daily work right from the start. Our internal communication on our corporate goals and our wide range of CR measures is transparent, as well. In particular, we use internal channels such as the employee newspaper “LET’S CONNECT” and the Intranet. We also inform our employees at the production sites of notices who do not have access to the Intranet.

Both internal and external communication is rounded off with social media and blog posts. At the local level, communication activities are implemented, for example, by environmental protection, occupational safety and local compliance officers. Measures such as Diversity Day, NORMA Help Day and the NORMA Clean Water project are intended to shed light on current societal challenges and encourage employees to engage in their own activities. → [DIVERSITY AND EQUAL OPPORTUNITY](#) → [CORPORATE VOLUNTEERING](#)

#### Success of measures is reviewed regularly

Awareness and knowledge of Corporate Responsibility in the company was first addressed in last year’s employee survey. Nearly 80% of our employees agreed that they are familiar with the Corporate Responsibility Policy and NORMA Group’s CR objectives. It is our ambition to ensure that all employees are familiar with our CR policy and its overarching goals. Our goal is to increase CR awareness to at least 85% in the upcoming employee survey to be held in 2020.



### “BRINGING DIVERSITY TO THE COMPANY” – NORMA GROUP’S EMPLOYEE MAGAZINE

The employee magazine LET’S CONNECT is published three times a year in nine languages and distributed across all NORMA Group sites. LET’S CONNECT brings sustainability topics to the workforce in many ways.

Among other topics, the employee magazine sheds light on NORMA Group’s latest activities and news in Corporate Responsibility. The “Helping Hands” column focuses on the volunteer efforts of individuals: particularly committed employees are highlighted and their projects presented.

Diversity is a core element of the magazine’s concept: “We take our colleagues on a journey to other sites, countries and cultures,” says Alexandra Lipkowski, Interim Vice President of Group Communications. “It shows how diverse NORMA Group’s world is and builds global bridges between our employees.”



## RESPONSIBLE MANAGEMENT

As a global manufacturer 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.

**RESPONSIBLE MANAGEMENT**

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- Compliance and Human Rights \_\_\_\_\_ 16
- Responsible Marketing Policy \_\_\_\_\_ 18
- Results of Sustainability Ratings \_\_\_\_\_ 18
- Outlook \_\_\_\_\_ 19



# RESPONSIBLE MANAGEMENT

**STRATEGIC APPROACH**

**Acting responsibly is our basic principle**

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

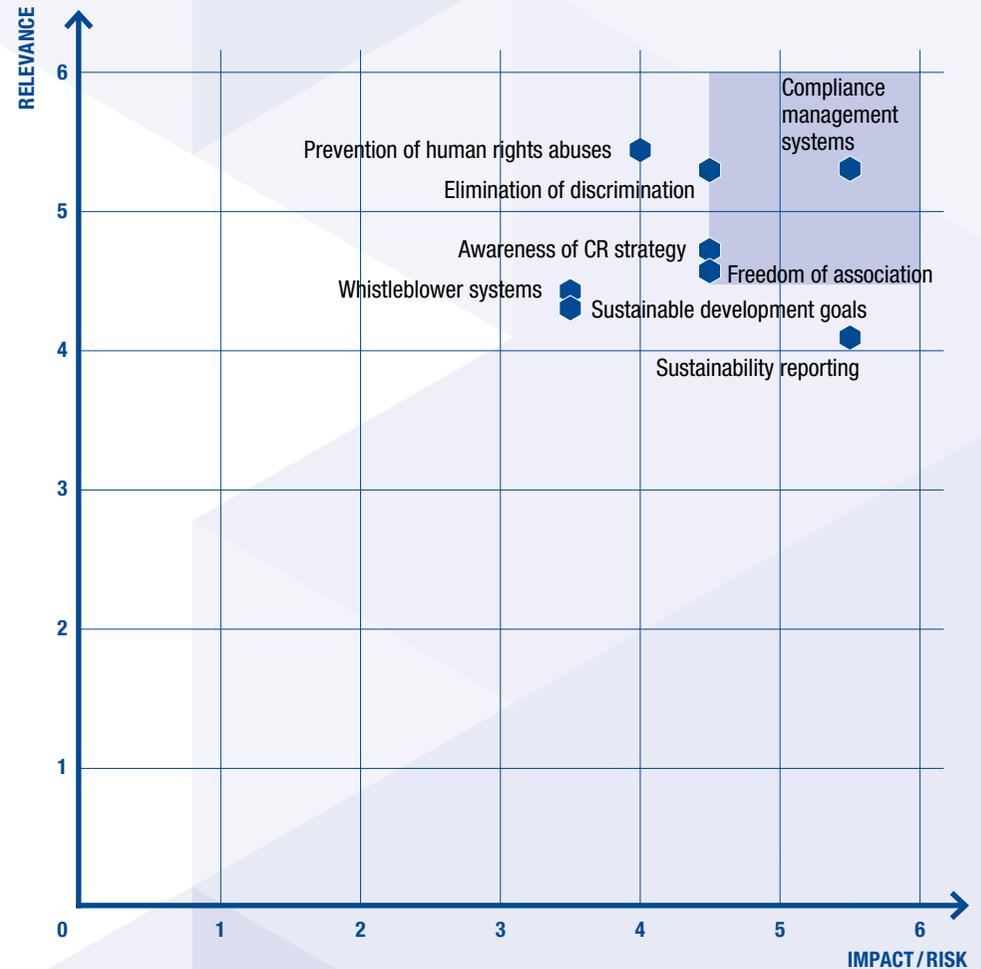
NORMA Group expects its managers and employees to not only comply with existing laws and regulations but also to respect important ethical standards. In particular, the compliance guidelines of NORMA Group have groundbreaking character. In order to meet these requirements, we have set up and continuously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

**NORMA Group is committed to international human rights and diversity**

[GRI 102-41, 406-01, 407-01, 408-01; 409-01, 412-01, 419-01]

As part of our activities, we do not tolerate compliance violations, such as human rights violations, violations of freedom of association or any form of discrimination.

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



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

In 2017, there were no cases of discrimination determined by courts nor violations of freedom of association determined by courts as being committed by NORMA Group. Overall, NORMA Group was under no obligation to pay significant fines for non-compliance with laws and regulations.

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



We also assume our responsibility along the value chain. This is why we commit our suppliers to comply with and respect human rights in their value chains. However, due to the size and complexity of the value chain, human rights violations cannot be ruled out entirely because NORMA Group has only limited influence on compliance with the minimum standards that extends beyond its direct business partners. If we learn that our business partners are committing or tolerating human rights violations, we end the relationship. In the event of violations by employees, we take measures that can ultimately lead to the termination of the employment relationship. Compliance violations can potentially occur at every stage of the value chain. They relate to employees, suppliers and other stakeholders who are in contact with NORMA Group's business activities.

→ [SUSTAINABILITY IN PURCHASING](#)

## COMPLIANCE AND HUMAN RIGHTS

### Global guidelines determine the framework

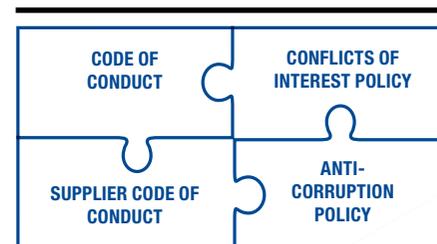
[GRI 102-16; 103]

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

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

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

## COMPLIANCE GUIDELINES



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

### Group-wide anchoring of compliance

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

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

The effectiveness of the compliance organization set up by the Management Board is monitored by the Supervisory Board of NORMA Group SE, which is regularly informed about compliance-relevant matters and receives the Company's annual Compliance Action Plan.



### Close risk monitoring and control

[GRI 102-11; 205-01]

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

Together with the companies that have a higher risk value, specific compliance risk assessments are carried out on-site, performing a detailed analysis of the specific compliance risks of the company. In addition to the local Compliance Officer, representatives of all relevant departments (e.g. Finance, Purchasing, Human Resources, Production, Research & Development) are included.

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

### Measures focus on training and the whistleblower system

[GRI 205-02]

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

The compliance training that NORMA Group offers serves as the basis for this. It takes place in the form of face-to-face and online training sessions. Depending on the job and responsibility profile of an employee, the training courses to be completed are assigned as needed. Training of fundamental relevance must be completed as basic training by every employee of NORMA Group. This includes the online training courses "Code of Conduct & Compliance Basics," "Information Security" and "Compliance in Purchasing." Depending on the employee's job profile, specific focus trainings (including "anti-corruption," "anti-trust," "product liability") must also be completed. In addition, we have developed a concept to refresh the learning content so that the essential and basic contents of the online training are repeated in compressed form once a year in order to keep the knowledge of the employees up to date.

In the past fiscal year, a total of 598 employees were registered in the online training system for the basic training and 418 employees for the relevant focus trainings. In addition, 1,335 employees were enrolled in the mandatory annual compliance refresher training. All in all,

1,318 employees were trained online on compliance topics.

NORMA Group's training courses were fully and punctually completed by the registered employees as of the balance sheet date, taking into account the applicable processing time. 2,939 hours of online compliance training were carried out in fiscal year 2017 in line with previously mentioned criteria.

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

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

Compliance-related topics are also communicated via additional channels such as posters, brochures, Compliance Safety Cards, which summarize key compliance topics in a condensed form, and emails and Intranet articles.

### Different ways of reporting violations

We encourage our employees to report violations of rules and internal policies, even across hierarchical levels. Besides personally approaching supervisors, the human resources department or Compliance Officers, our Internet-based whistleblower system is yet another example. It enables the anonymous reporting of matters by internal or external whistleblow-

1,318

employees trained in online compliance training courses in 2017.

100%

of the online compliance training courses were held during the required time period.

2,939

hours of online compliance training in total were attended by NORMA Group employees in 2017.



ers. The employees of the compliance organization always follow up on indications of possible compliance violations.

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

## RESPONSIBLE MARKETING POLICY

### Responsible Marketing Policy introduced

[GRI 417-01]

Trusting and long-term relationships with our customers are the foundation of NORMA Group's success. We use our two distribution channels EJT and DS to address many different target audiences. In fact, our company maintains contact with over 10,000 customers in more than 100 countries and promotes more than 40,000 products and solutions. Despite this complexity, we want to ensure that communication with our customers follows consistent standards that correspond to our principles for responsible management. That's why we developed a Responsible Marketing Policy last year that applies to all employees who engage in marketing activities in our Company.

In terms of content, our Responsible Marketing Policy is based on the recommendations of the International Chamber of Commerce. It calls for all marketing measures to always be legal, decent, honest and truthful. When advertising for our products and solutions, we apply the highest possible transparency. Specifically, this means assuming responsibility for the quality of our

products, informing our customers about potential risks of use, helping them to obtain all desired information about our products and always making our marketing communication distinguishable as such.

Further measures on assessing and improving customer satisfaction can be found at [→ CUSTOMER SATISFACTION](#).

## RESULTS OF SUSTAINABILITY RATINGS

### Ratings are both confirmation and motivation

NORMA Group also received feedback on its Corporate Responsibility services from external rating agencies in 2017. The questions posed to NORMA Group in this context are based on the most important sustainability indicators from the areas of environment, social affairs and corporate governance that affect all areas of the Company. As a rule, surveyed companies are asked to substantiate their answers with documents and certificates. The results of the ratings are mainly used by two stakeholder groups: customers and financial market players.

The feedback that NORMA Group received last year turned out to be very positive: our measures consistently received good to very good ratings from the rating agencies. As a result, we were once again able to fully achieve the corresponding core target of our CR Roadmap.

In the area of sustainability ratings, which are conducted directly by our customers, NORMA Group was able to confirm its strong performance of previous years. In the sustainability rating conducted by the EcoVadis Platform, NORMA

Group once again ranks among the top five percent of rated companies. As a result, we continue to hold Gold Status, the best possible status in the EcoVadis rating. [PRESS RELEASE ECOVADIS](#)

NORMA Group also records above-average performance in the sustainability ratings issued by the financial market: In the ranking by the rating agency Sustainalytics, NORMA Group achieved the status "Outperformer." We were also able to improve our performance in the rating of the agency Oekom Research. We achieved good results in both ratings, especially in the areas of water management, environmental protection and occupational safety.

These successes are on the one hand confirmation of our continuous and intensive work in the area of Corporate Responsibility. On the other hand, the feedback is also motivation for the future: we are using the detailed analyses to identify potentials for improvement and to implement appropriate measures, further improving our sustainability performance.

*"The successes in the sustainability ratings are on the one hand confirmation of our work in the area of Corporate Responsibility. On the other hand, we also use the detailed analyses to further improve our sustainability performance."*



## OUTLOOK

Acting responsibly has long been an essential basic principle of NORMA Group. That principle must be reexamined, refined, and adjusted to social and economic conditions again and again for concrete implementation. EcoVadis Gold Status also confirms the holistic nature of our CR Strategy and its successful implementation.

Our decision-making processes are based on the active involvement of our stakeholders. We therefore continue to plan to hold an annual dialogue with our stakeholders on current sustainability issues at NORMA Group.

We will continue to secure our internal commitment to acting responsibly through effective compliance management systems. We have set ourselves the goal of carrying out an externally conducted concept and effectiveness test of these systems. At the same time, we want to ensure that 100% of our employees complete required compliance training over a defined period of time. In order for these measures to bear fruit, we regularly record awareness of compliance reporting and review whether and to what extent violations of freedom of association and anti-discrimination were determined by courts.

## AT A GLANCE: OUR CR ROADMAP 2020

### CORE OBJECTIVE "RESPONSIBLE MANAGEMENT"

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

### TARGET VALUE FOR 2020

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

OUR GOAL	MILESTONE	DATE	STATUS
All employees will know the CR policy and its overarching objectives.	At least 85% awareness of the CR policy in the 3-year Employee Satisfaction Survey (ESS).	2020	2017: 79.6%
We will receive advice on the orientation of our CR strategy and on the main focuses in the individual fields of action from representatives of external stakeholder groups.	Once a year a dialogue format with various stakeholder representatives on a CR topic.	Annually	Dialogues in 2015, 2016, 2017
We will make sure that we employ effective compliance management systems.	Externally conducted concept review of the compliance management system. Externally conducted effectiveness check.	2019 2020	To be conducted in 2019 To be conducted in 2020
All employees are to be trained on compliance topics in a timely manner in accordance with their needs.	100% of the employees have completed the required compliance training courses within the defined time frames.	Annually	2017: 100%
The contact persons and reporting channels for compliance issues defined within NORMA Group will be known to all employees.	100% agreement in the 3-year Employee Satisfaction Survey (ESS).	2020	2017: 86.9%
NORMA Group will comply with all international and local laws that protect employees against discrimination.	0 violations determined by courts.	Annually	2017: 0
NORMA Group will adhere to all international and local laws protecting the freedom of association of workers.	0 violations determined by courts.	Annually	2017: 0



## **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.



# BUSINESS SOLUTIONS

# 21

## BUSINESS SOLUTIONS

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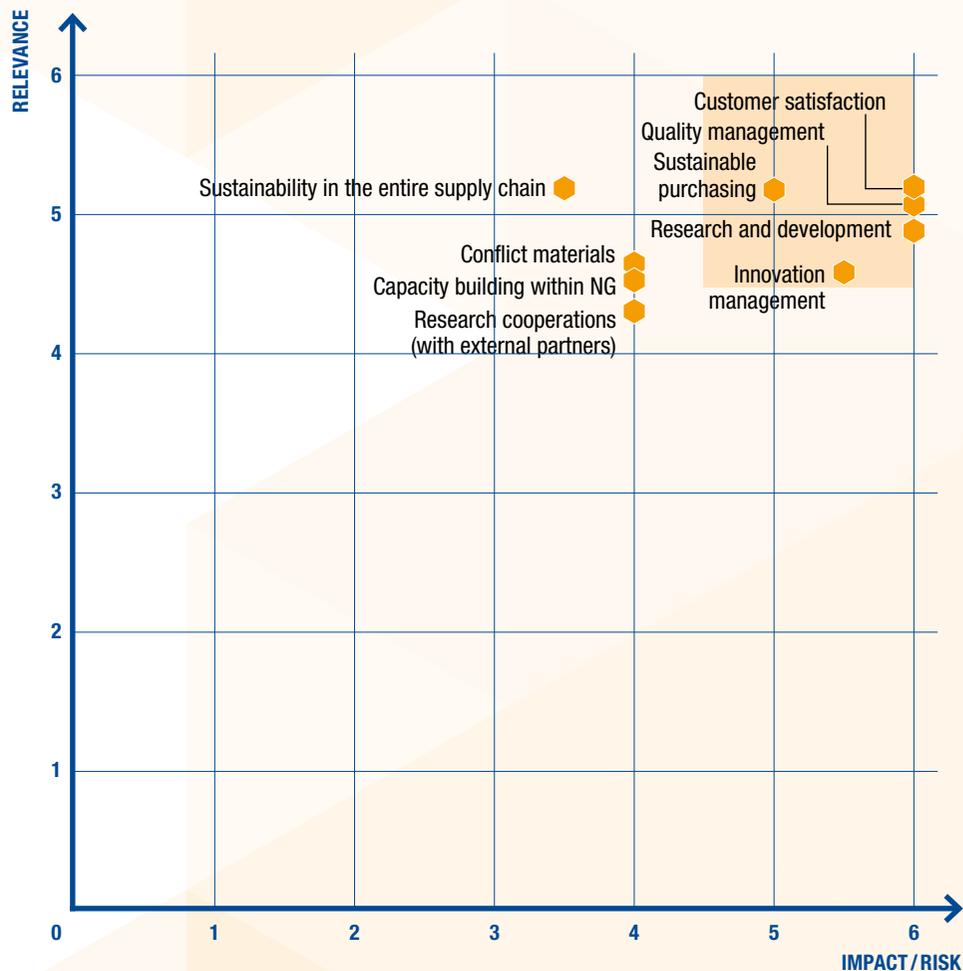
### STRATEGIC APPROACH

#### Sustainable solutions for our customers

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

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

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



### QUALITY

#### Product quality is business critical

The quality of our products is of great importance in all industries relevant to NORMA Group. As joining elements for various individual parts, NORMA Group's products are often critical to proper functioning for our direct customers. For

example, in order to prevent accidents, end customers depend on automobiles that are reliable down to the last part, even under extreme conditions. The same applies in the area of water management and other industries. That is why we want to guarantee our customers the highest level of reliability with our brands. Quality, cus-

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



customer requirements and added value for society are thus directly linked.

Our product quality is based to some extent on high-quality raw materials. This requires that the highest quality standards already be adhered to during the first stages of our supply chain. → [SUSTAINABILITY IN PURCHASING](#) However, sub-suppliers can only be indirectly checked for the quality of their products. This level of added value is usually outside NORMA group's direct control. Risks lie in the fact that a lack of quality would directly lead to worsened customer relationships. → [ANNUAL REPORT, P. 92](#)

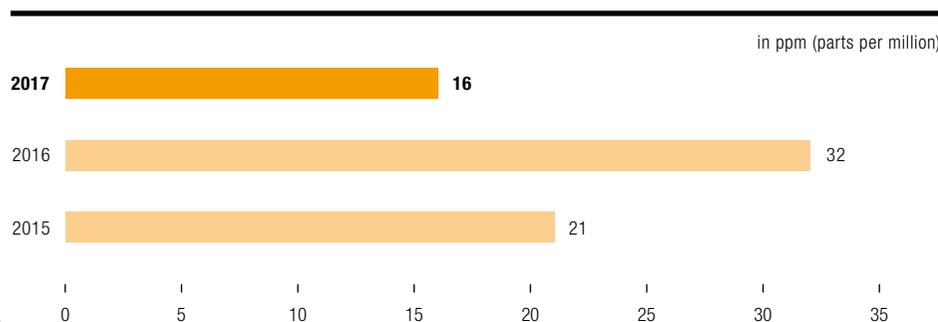
### Certifications confirm the highest quality standards

The aim of our management approach in the area of quality is to permanently meet the quality requirements of our customers. For this purpose, all sites are tested and certified internally and externally in accordance with recognized quality

standards. All sites with the exception of the US subsidiary NDS are currently certified according to ISO 9001 or TS 16949 standards. Another two sites that supply the aerospace industry are EN9100 certified. At each of NORMA Group's production sites, local managers are responsible for quality management. They report to the regional Quality Managers and Global Quality Management.

In addition, we are currently working to achieve certification of NORMA Group Holding under the ISO 9001 standard. This will help us to ensure that NORMA Group as a whole, including all administrative functions, complies with the highest quality standards. Beginning 2018, all sites previously certified according to TS 16949 will be upgraded to IATF 16949 certification. We can thus guarantee our customers in the automotive industry that we are continuing to meet what are currently the highest quality standards.

### DEFECTIVE PARTS PER MILLION (PPM)

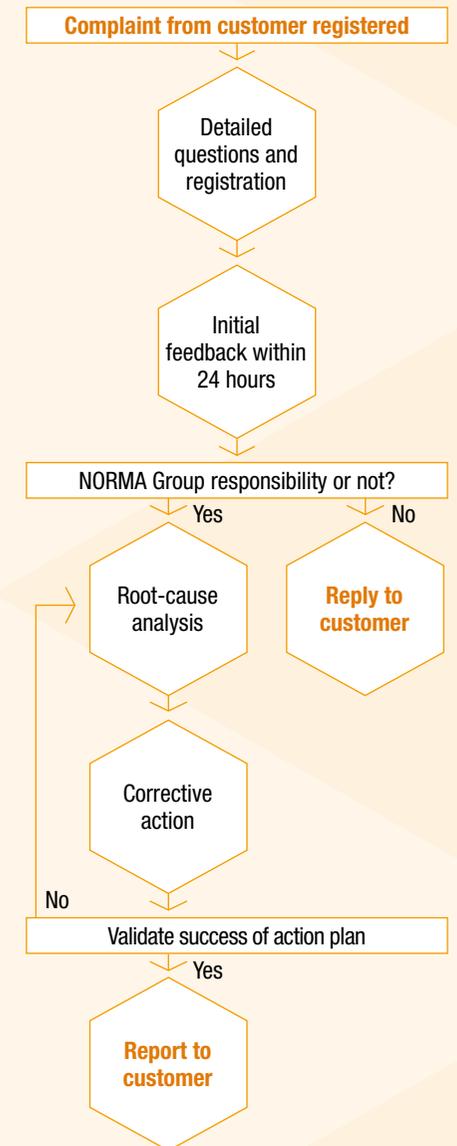


### Key non-financial control parameters defined

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

The number of defective parts was 16 in 2017 (2016: 32), while the number of quality-related customer complaints per month was 9 (2016: 8). The defect rate is reported each month to the Management Board by the Group Quality Manager. Root cause analyses are derived from this at site level and countermeasures are defined. Progress on the measures is also reported to the Management Board. We have set ourselves ambitious goals for the years to come: by 2020, we want the average number of defective parts in all regions to stay below 20 ppm. The number of monthly quality-related complaints is to be reduced to low single digit figures in the same period.

### CUSTOMER COMPLAINT PROCEDURE





## SUSTAINABILITY IN PURCHASING

### Upholding Corporate Responsibility, also in purchasing

[GRI 102-09, 103]

In 2017, NORMA Group purchased goods and services worth EUR 433.1 million. We ensure that Corporate Responsibility aspects are taken into consideration: We work hard to make contractual relationships with our suppliers socially and environmentally compatible, and see to it that human rights, labor and environmental standards are adhered to.

The main purpose of the purchasing process is to reduce costs for NORMA Group and to achieve the maximum value for the company. The purchasing process is subject to risks with regard to the quality of deliveries and services, as well as the neglect of environmental and social standards in the supply chain. For this reason, we do not only take purely price factors into consideration, but also evaluate quality, logistics and supplier sustainability as part of our purchasing processes. → [ANNUAL REPORT, P. 92](#)

The management of sustainability in purchasing is the responsibility of our Global Purchasing department. The Stakeholder Roundtable in 2016 on “Supply Chain Sustainability” was an important step in the development of our sustainability concept for purchasing. → [MANAGEMENT OF CR](#) NORMA Group presented its approach to external stakeholders and adjusted its concept in accordance with the feedback it received.

### Supplier Code of Conduct forms the framework

[GRI 102-16]

All our suppliers must conduct their business in compliance with laws, ethics, respect for human rights, occupational safety and environmental standards.

For these reasons we have integrated sustainability aspects into our purchasing processes as well as into our organization, in our purchasing manual for example, which describes all essential processes and procedures used as a framework for the global organization. The basis for our sustainable supplier relations is our Supplier Code of Conduct. This globally valid code of conduct outlines our expectations for the sustainable management of our suppliers. Among other topics, it obliges suppliers to comply with the following principles:

- › Respect for and attention to human rights
- › Exclusion of forced and compulsory labor
- › Prohibition of child labor
- › Ensuring occupational health and safety
- › Business integrity (anti-corruption)

With regard to human rights, the Supplier Code of Conduct is based on regulations issued by ILO, UDHR, UN Global Compact and SA8000.

### Sustainability in supplier scoring and commodity management

Our commitment to our Supplier Code of Conduct plays an important role in our regular purchasing processes. Only a supplier who signs

the Code of Conduct can be classified as “preferred” within the commodity group. 100% of suppliers who are given the status of “preferred” have therefore signed the Code of Conduct or can prove that they have made commitments that extend beyond it. These are 25 suppliers, which make up around 33% of our production material turnover.

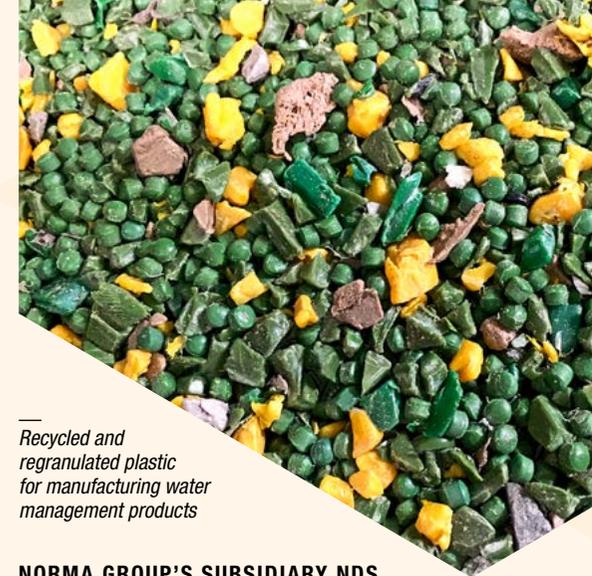
In order to be able to better assess, compare and manage our suppliers, we introduced Group-wide supplier scoring in 2013. In addition to the price, numerous other factors are also taken into account, such as quality, cost transparency and logistics services. One of the four pillars of scoring is “sustainability,” in which we query environmental and occupational safety certifications.

### New Sustainability Self-Assessment

[GRI 308-01, 308-02, 414-01]

For the first time in 2017, a voluntary sustainability self-assessment formed part of our supplier scoring. We asked our suppliers for detailed information on social issues (freedom of association, grievance mechanisms and accidents), environmental issues (including CO<sub>2</sub> emissions, water consumption and waste management) and compliance issues.

The evaluation of the self-assessment showed that it was completed by 18% of the suppliers included in the scoring. We consider this value to be a solid foundation for us to build on. In the upcoming years, our goal is to increase participation in the sustainability self-assessment by 5% per year.



Recycled and regranulated plastic for manufacturing water management products

## NORMA GROUP'S SUBSIDIARY NDS FOCUSES ON RECYCLING

More than 50% of plastic purchased at NDS, NORMA Group's US subsidiary, is recycled. For certain products, that share is even higher.

The proportion of recycled plastic at NDS has steadily grown in recent years. At the same time, for NORMA Group the utmost importance is still placed on delivering the highest quality products. “That’s why we need to work with our suppliers,” explains Jim Messmer, Senior Procurement Manager at NDS. “In the last year especially, our suppliers yet again raised the bar in terms of the quality and availability of recycled materials. This fits in perfectly with our local procurement strategy.”

NDS intends to further increase its recycling rate of purchased plastic resins in 2018.



In addition, NORMA Group intends to embed sustainability aspects in its commodity strategies. Sustainability fact sheets are to be created for various commodities, making it possible to identify sustainability risks more effectively and minimize them in a targeted manner.

**Excluding conflict minerals from the supply chain whenever possible**

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

We have therefore launched the “Conflict Minerals Roadmap,” which aims to create maximum transparency within the supplier base. It is based on the Conflict Minerals Reporting Template (CMRT) of the Conflict Free Sourcing Initiative, which all relevant suppliers had to fill out. In 2016, we integrated the management of CMRT

into our eSourcing platform. This allows us to better evaluate and follow up on feedback from our suppliers. We also trained purchasers at all sites on the importance of the issues of conflict minerals and the potential risk related to the materials coming from suppliers who might be involved. In addition, we ensure that 100% of affected suppliers have signed our Supplier Code of Conduct that requires them to confirm that they cooperate with conducting due diligence on conflict minerals issues.

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

**INNOVATION**

**Innovations secure sustainable growth**

Besides aspects of social and environmental sustainability, it is essential for NORMA Group to secure its long-term economic success. The basis for this is sustainable growth, which we measure above all through the key figures of Group revenue and adjusted EBITA margin. → ANNUAL REPORT, P. 52 Only if we can continue setting ourselves apart from our competitors will we be able to maintain customer satisfaction and our market position.

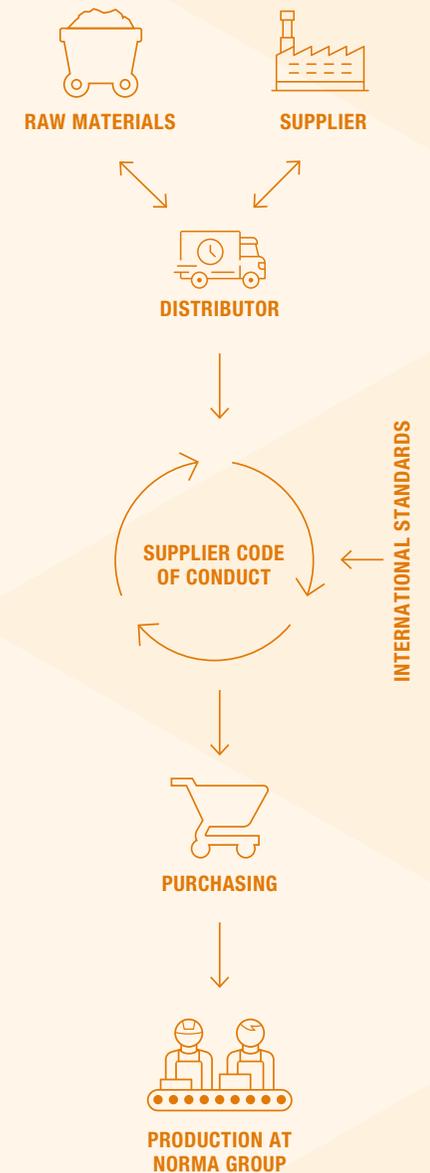
Innovations also form the basis for more environmentally friendly products, in electromobility for example. However, they can only arise if NORMA Group creates an innovation-friendly climate in which its employees can develop new ideas and foster a culture of innovation. With its organizational structure at all levels and at all sites, NORMA Group has a significant influence on whether this can be achieved.

**Innovation Roadmap forms the basis for R&D**

Our research and development department is tasked with identifying and evaluating innovative technologies worldwide. The basis for the content orientation of our research activities is our “Innovation Roadmap.” It focuses on global megatrends such as resource scarcity and climate change, but also on specific market requirements for specific products.

The basis for this is our continuously high financial and personnel investment in research and development. Engineered Joining Technology (EJT) R&D spending in 2017 amounted to EUR 29.4 million (2016: EUR 28.8 million). This corresponds to 4.6% of the R&D ratio in terms of EJT sales. 344 people worked in product development and R&D at NORMA Group last year (2016: 305).

**SUSTAINABLE SUPPLY CHAIN MANAGEMENT**





### Measuring our performance on internal key figures

Since last year, the key indicator according to which we manage and internally evaluate our research activities is not the number of patents, but rather the number of invention applications in the Company. An invention application takes place as part of an internal, formalized process upstream of the external process of a new patent application. Since inventions are specifically promoted by internal incentive systems and their number does not depend on registration strategy, this key figure is even better suited for measuring our innovative strength. We have set ourselves the goal of achieving at least 20 new invention applications every year. This figure was 33 in 2017. Information on patents and patent families can be found in the → [ANNUAL REPORT, P. 56](#).

We consistently pursue ideas reported to us. They are collected, evaluated and prioritized in a ranking. Environmental aspects also play a role in idea management: in evaluating our ideas, we focus, among other things, on their significance for reducing emissions, combating water scarcity and increasing energy efficiency. It is particularly important to us that not only many ideas are generated, but above all that they are high-quality: we evaluate quarterly the average rating of the top 10 ideas in our Company. As with the number of invention applications, the number of ideas submitted is regularly reported to the Management Board. As soon as we discover that this value is dropping, we take countermeasures such as creative trainings or cross-departmental workshops.

### Creating cross-departmental connections

Close collaboration between different departments such as R&D, product development and application engineering is essential for developing new products and technologies. We have institutionalized regular exchange meetings at local, regional and global levels to optimize this. In addition, the various teams continue to train each other in new technologies and projects.

### Innovation Scouts deployed at all sites

The basis for innovations are our employees' ideas. Many new ideas and suggestions for improvement were submitted in 2017 through our employee suggestion scheme. We encourage our Innovation Scouts to build on this. Daily work does not often provide enough space to pursue creative and new ideas. Our Innovation Scouts therefore provide all employees with a platform for gathering ideas, pursuing them and appreciating the creativity of our employees.

In general, Innovation Scouts distinguish themselves by their many good ideas. In addition, they serve as multipliers for employees who have ideas and create connections with our research department. Innovation Scouts are not tied to a particular department. Everyone can be innovative, whether in production or development, in purchasing or in the HR department. At Innovation Summits, the scouts have the opportunity to exchange at the regional level. We organized two such conferences last year, one each for the APAC and EMEA regions.

### Innovation Councils bring expertise together

In order to further boost certain issues of particular relevance, NORMA Group has also set up Innovation Councils. These are made up of managers from different departments and regions and aim to gather knowledge about radical and disruptive trends in the company environment and to develop strategies for them. Innovation Councils are created on a temporary basis: after the strategy development phase, these are transferred to the operative work processes. Electromobility was the focus of an Innovation Council in 2017. The resulting e-mobility strategy was validated, among others, at the stakeholder roundtable with external experts.

→ [STAKEHOLDERS AND MATERIALITY](#)

### Innovation partnerships with customers and research institutions

NORMA Group works closely with universities, research and development institutes as well as customers, suppliers and other partners worldwide. This allows us to gain additional resources and expertise in the development of our products and to be able to immediately pick up on global trends, seamlessly translating them into new technologies and product ideas. This in turn allows for rapid marketing of product innovations.

33

**inventions were formally reported within NORMA Group in 2017**

344

**employees worked in research and development at NORMA Group, at the end of 2017**

4.6%

**of Engineered Joining Technology (EJT) sales was invested in research and development**



### CEO Award recognizes outstanding innovative achievements

In recognition of achievements by individuals or groups within NORMA Group, we launched the CEO Award in 2013. It recognizes, for instance, process optimizations, higher earnings contributions, better product quality, competitive advantages and higher environmental friendliness. The Management Board decides annually on the best ideas submitted by employees.

Over 50 proposals from project teams from around the world were received in 2017. Out of the seven finalists, the project “Heavy Duty Drip Line” emerged as the winner. The team from the US developed a particularly durable irrigation system that has a durability of 20 to 30 years and saves water. → [ENVIRONMENTAL IMPACT OF PRODUCTS](#)

### CUSTOMER SATISFACTION

#### Focus on customer needs

Our customers' satisfaction is the basis of our business success. Only if we ensure this can we sustain our business and ensure the longevity of our organization. Orientation toward customer needs should therefore be a top priority in each of our specialized areas. Through innovative high-quality products and the continuous optimization of our processes, we increase added value for our customers – and thus lay the foundation for long-term and successful cooperation.

### Close cooperation with important partners creates proximity

To improve customer satisfaction, we are in constant dialogue and regularly ask customers to rate our performance. This feedback will be incorporated into the organization to promote best practices and identify and eliminate vulnerabilities.

Organizational integration is particularly important for successful cooperation with our customers: For example, NORMA Group has local developers (resident engineers) who, as part of multi-year projects, work directly with customers, even at their sites, to develop solutions for specific industrial challenges. This results in great customer proximity and an even better understanding of customer needs.

### Customer satisfaction is measured regularly

Besides continuously reviewing key figures from the areas of → [QUALITY](#) and → [RESEARCH AND DEVELOPMENT](#), regular Customer Satisfaction Surveys (CSS) are an important part of our successful customer management. Responsibility for implementation lies with our Marketing department, whereby Business Development and Operations are closely involved in the subsequent improvement processes.

The last CSS produced numerous projects of various kinds. All involved business units were asked to initiate 25 improvement measures each within the past three years. The many suggested topics included targeted customer visits, the optimization of our product presentation, on the homepage for instance, and internal training for our employees.

In the past, CSS relied on a quantitative methodology in which a large number of customers were interviewed using a questionnaire. Last year, however, NORMA Group carried out a comprehensive analysis of this process together with all key internal stakeholders. The goal was to improve the survey method and thus obtain even deeper insights into the reasons for the purchase or non-purchase of NORMA Group products. We will fundamentally adapt the structure of our customer survey based on the findings.

We will conduct structured interviews with our customers in the future. Through personal contact, we can better identify individual needs as well as market-relevant trends and proactively address them. As before, the results will continue to be reported directly to the Management Board.

### AWARDS CONFIRM THE SUCCESS OF OUR MEASURES

Our customers' satisfaction is also reflected in the many awards that NORMA Group received for its performance as supplier last year. These included the “A Class Award” from Volkswagen China, the “Volvo Cars Quality Excellence (VQE) Award” for our plants in Poland and Czech Republic and the “Platinum Supplier Status” from General Motors for our plant in St. Clair in the United States.

The awards especially recognized our product quality, production processes and the reliability and continuous improvement of our Company. The positive feedback we received from various partners related to both Engineered Joining Technology (EJT) and Distribution Services (DS) products and included plants in all regions.



OUTLOOK

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

We want our product solutions to systematically align with the needs of our customers. We will therefore further optimize our customer survey process and continue improving its results. Quality and innovation play a crucial role for our customers. We have set ourselves specific targets accordingly: the number of defective parts should be below 20 parts per million (ppm) in the medium term, and in the single-digit range in the long term. In addition, we aim to reduce the number of monthly customer complaints to an average of under eight. In R&D, we have set ourselves the goal of generating more than 20 invention applications each year.

In purchasing, we want to improve our sustainability performance by increasing the participation of our suppliers in our Sustainability Self-Assessment and by integrating sustainability fact sheets into newly developed commodity strategies.

AT A GLANCE: OUR CR ROADMAP 2020

CORE OBJECTIVE "BUSINESS SOLUTIONS"

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

TARGET VALUE FOR 2020

To be the market leader in all business fields of relevance to NORMA Group by the end of 2018.

OUR GOAL	MILESTONE	DATE	STATUS
New control systems and structures on innovative management will increase the number of innovative products and processes on the market.	The number of invention disclosures exceeds 20 per year <sup>1</sup> .	Annually	2017: 33
Our authenticity together with trustworthy customer relations will contribute to continuous organic and sustainable growth supported by innovations when possible.	Implementation of an updated process to measure customer satisfaction.	2018	
	Development of a baseline and improve in the following years.	2020	
We will improve the quality of our products to satisfy our customers. The share of defective parts in our production (in ppm per month) will remain in the single-digit range in the long term. In the medium term, this value is to be reduced to under 20 ppm.	We will reduce the share of defective parts to 20 ppm or fewer.	2020	2017: 16
	The number of reported customer complaints will be under 8 per month on an annual average.	2020	2017: 9
We want to procure raw materials, products and services at optimal costs, also taking sustainability aspects into account in selecting our suppliers.	The number of suppliers participating in the "Sustainability Self-Assessment" will increase by 5% every year through the year 2020.	Annually	2017: 18%
We also systematically integrate sustainability aspects when we develop our procurement strategies for our various groups of products.	100% of the newly developed commodity strategies will also include a sustainability fact sheet.	2018	

<sup>1</sup> Up until 2016, this figure was measured based on the number of new patent applications. As part of the conversion of the patent strategy, a change was made to invention disclosures per year starting in 2017.



## EMPLOYEES

Our employees enable and drive our business success. NORMA Group invests in a safe and supportive working environment, as well as in health. We thus want to strengthen our position as an attractive employer even further. Sound training, performance-based pay, the promotion of diversity and reconciliation of work life and family will contribute to this for our employees.

**EMPLOYEES**

- Strategic Approach \_\_\_\_\_ 29
- Occupational Health and Safety \_\_\_\_\_ 30
- Training and Development \_\_\_\_\_ 31
- Appropriate Remuneration and Employee Satisfaction \_\_\_\_\_ 33
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# EMPLOYEES

**STRATEGIC APPROACH**

**Employees do valuable work every day**

[GRI 103]

At the end of December 2017, NORMA Group had 7,667 employees throughout the Group (core workforce including temporary workers), which is 15.1% more than in the previous year (2016: 6,664). The number of temporary workers as of the reporting date was 1,552 (2016: 1,214). This corresponds to a share of the total workforce of around 20.2%.

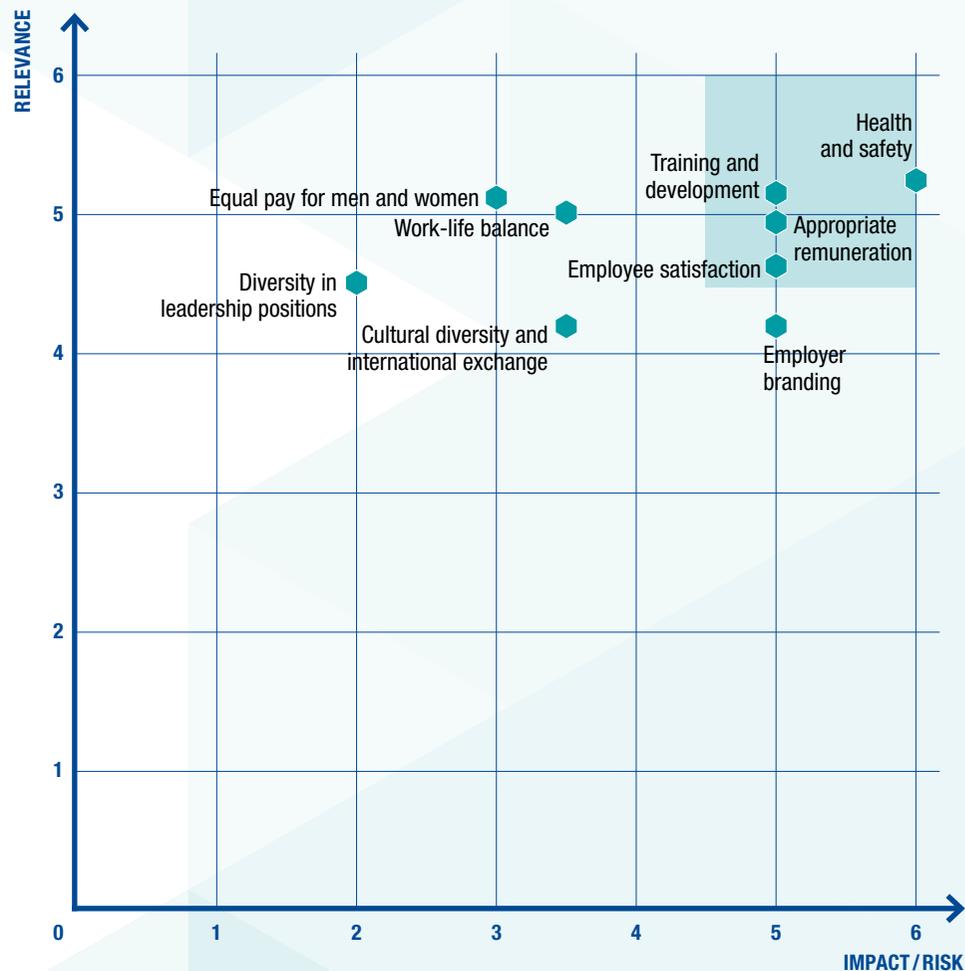
Due to its internationality, HR management at NORMA Group is organized locally. This allows sites to take varying local conditions into better account in their daily HR work, which better implements our principles of the Charter of Diversity. → [DIVERSITY AND EQUAL OPPORTUNITY](#)

On the basis of a firmly rooted employee culture, we implement various measures in occupational health and safety, education and training, pay structure as well as diversity and equal opportunities. The average high level of employee satisfaction confirms our approach. → [APPROPRIATE REMUNERATION AND EMPLOYEE SATISFACTION](#)

→ [APPROPRIATE REMUNERATION AND EMPLOYEE SATISFACTION](#)

**Company culture is the basis for employee satisfaction**

NORMA Group has defined core values that reflect the fundamental convictions of our Company. They are the compass for our actions and the guiding principles of how we behave and work with our business partners. The goal of our employees is to live out these values



every day. This includes change readiness, team spirit, open-mindedness and strong ties or relationships. To bring Company values closer to our new colleagues, we conduct “Living Our Values” training courses in small groups from different divisions. These make

our Company values practically tangible through various interactive methods. Measures for → [OCCUPATIONAL HEALTH AND SAFETY](#), → [EMPLOYEE DEVELOPMENT](#) and → [INNOVATION MANAGEMENT](#) would not be as effective without the appropriate Company culture.

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



## OCCUPATIONAL HEALTH AND SAFETY

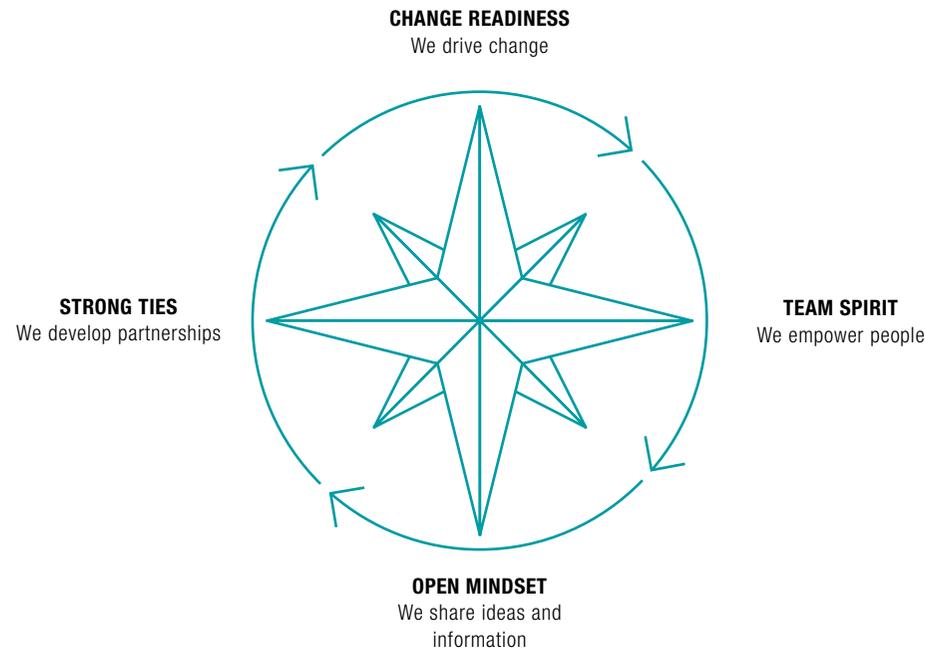
### The health and safety of employees are priorities

[GRI 103, 401-02, 403-03]

According to the International Labor Organization (ILO), about 317 million work-related accidents occur worldwide each year. [ILO](#) For this reason, companies have a particular responsibility with regard to the health and safety of their employees. Accordingly, NORMA Group places top priority on the health and safety of its 7,667 worldwide employees. Regular risk assessments at our production sites identify machinery and vehicle traffic to be the most important factors to control. However, we assess these risks to be minor due to our systematic and Group-wide approach to Health and Safety management.

Laws and regulatory frameworks are clearly defined standards for occupational health and safety in our Company, but in many cases we go significantly beyond their compliance. In light of the subject's importance, it is addressed in our Management Manual valid throughout the Group. "At NORMA Group we live out a "safety first" culture, which is reflected and strengthened throughout our company." With supplementary programs, we ensure that all workplaces offer the highest level of security to avoid accidents. In particular, we make technical arrangements and conduct training courses to prevent accidents at work. Our high standards apply to temporary workers as well as to our regular staff.

## THE CORE VALUES OF NORMA GROUP



### Certification of all manufacturing sites

[GRI 403-01]

At the end of 2017, 80% of the production sites (20 of 25) that had been part of NORMA Group for more than 12 months were externally audited and certified according to the international standard OHSAS 18001. Certification ensures, on the one hand, that there are employees who are responsible for safety at every site who form safety committees, and, on the other hand, that progress is checked regularly. In addition, regular internal audits are carried out on this basis in order to identify

potential for improvements and to define appropriate measures.

### Accident rate as the key performance indicator

[GRI 403-02]

Introducing management systems for work safety is not an end in itself. To control their effectiveness, we monitor the accident rate, which counts the number of accidents per 1,000 employees that result in a loss of work of more than three working days. We have already been able to significantly reduce the

## VALUE-BASED SAFETY

*"We were able to reduce the number of occupational accidents by half."*

— Sean Gillespie

responsible for occupational health and safety at NORMA Pennsylvania

### What is the values-based safety approach?

Occupational accidents don't just happen because of dangerous machines or inadequate protective clothing. The chief cause in many cases is negligent or dangerous behavior from employees themselves. Values-based safety takes on this idea and tries to change employee values and behavior when it comes to occupational safety.

### How do you put this to work on the shop floor?

Whenever an employee observes dangerous behavior, whether his own or by a colleague, he is to take note of this in an observation form. The forms are anonymized. The goal is not to denounce others, but to become aware of our dangerous behavior. In our weekly team meetings, we then develop recommendations for improvement together.

### And have these measures been successful?

Very clearly! Compared to the years before its introduction, we have been able to cut the number of occupational accidents by half. In addition, we are observing that the number of accidents rises again as soon as participation in our program drops. We are therefore trying to keep the participation rate constantly high.



## EMPLOYEES

accident rate in recent years. In 2017, the accident rate per 1,000 employees was 6.3. Compared to figures from 2016 (7.6), this means an improvement by 17%.

We also monitor the number of medical treatments or accidents that result in a work loss of less than three days (treatment rate). In 2017, this was 36.0 treatments per 1,000 employees. This value, too, has been reduced compared to 2016 (38.6). In order to focus on preventative rather than reactive measures, we also monitor the number of “near miss” incidents, which are occasions where an accident nearly happened but was just avoided. In these cases, a root cause analysis is carried out at the local level using established procedures and appropriate countermeasures are taken.

Our declared goal is to further reduce the accident rate in the coming years. By 2020, we want to improve to a maximum of four accidents per 1,000 employees per year. → [CR ROADMAP 2020](#) The “Value-based safety” initiative is a key instrument for achieving this goal (see column at the margin on previous page). It is intended to encourage our employees to identify safety risks at an early stage and change processes accordingly.

### Effectiveness is measured regularly

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

### Improving occupational health and safety in the supply chain

For NORMA Group, it is also important to ensure safe and healthy working conditions along the supply chain. For this reason, we have included the issue of occupational health and safety in our → [SUPPLIER CODE OF CONDUCT](#). This clearly defines our requirements and standards for suppliers. You can learn more about the relevant obligations that our suppliers have to conform to under → [SUSTAINABILITY IN PURCHASING](#).

### TRAINING AND DEVELOPMENT

#### Central success factor of our business activity

[GRI 103]

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

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



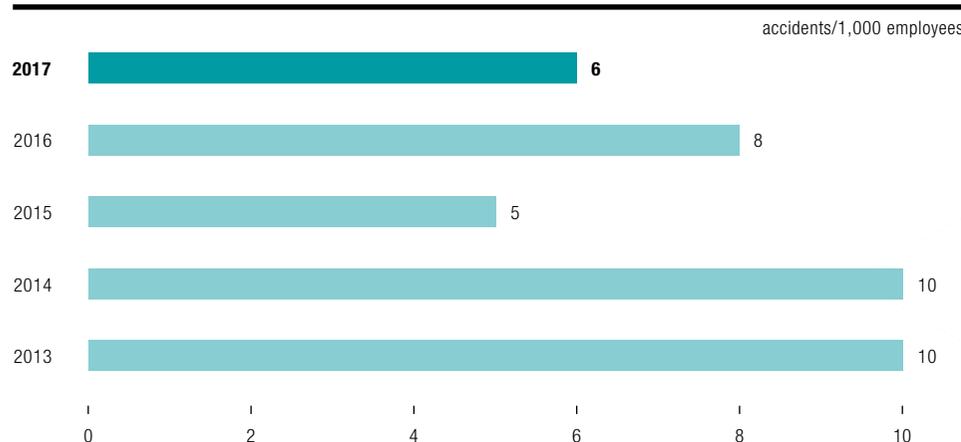
### PRACTICAL INSIGHT: LEADERSHIP ON THE SHOP FLOOR

Assuming responsible leadership. That is the goal of the Supervisory Excellence Program launched at our subsidiary NDS. It targets employees assuming leadership positions for the first time, for example as shift supervisors or cell group leaders.

Over a period of six weeks, participants developed the basics of legal aspects, occupational safety and compliance and effective communication to promote the Company culture. On the final day, participants were asked to complete two case studies and present their findings to the management team.

“The training was a thorough immersion into our corporate culture as well as expanded knowledge of management skills,” says Judy Millies, participant and graduate of the Supervision Excellence Program. “Especially the training we received on how to communicate with our people was very valuable. I recognized several techniques that I can use right away to motivate and inspire my employees.”

### DEVELOPMENT OF ACCIDENT RATE





### All sides benefit from continuing education and training

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

### Employee development as a central Company objective

[GRI 404-01]

In order to meet our requirements for training and further educating our employees, we have firmly rooted the subject in our HR strategy. Among other measures, we founded the global

Competence Center Learning and Development in 2016. The goal of this Competence Center is to provide processes and tools to identify, develop and retain the right talent at the right place, at the right time and at an acceptable cost. This comes from NORMA Group values as well as our Company and HR vision.

Our goal is to ensure that every NORMA Group employee receives an average of at least 30 hours of training per year. In 2017, that average was at 30.1 and thus slightly exceeded our target. We also ensure the effectiveness of our training through regular internal reporting on participation rates and feedback as well as through specific questions in our Employee Satisfaction Survey (ESS). → [APPROPRIATE REMUNERATION AND EMPLOYEE SATISFACTION](#)

### Targeted acquisition of competencies

[GRI 404-02]

Employee training is most effective when it aligns with the demands of the work environment. To ensure this, our approach is principally demand-oriented, based on bottom-up departmental reporting. NORMA Group also developed a competence model last year (see graphic to the right). The skills that are important to us have been defined in numerous workshops and with the participation of employees in all regions. The competences we defined form the basis for the development and selection of our employees.

### Goals are agreed in employee appraisals

[GRI 404-03]

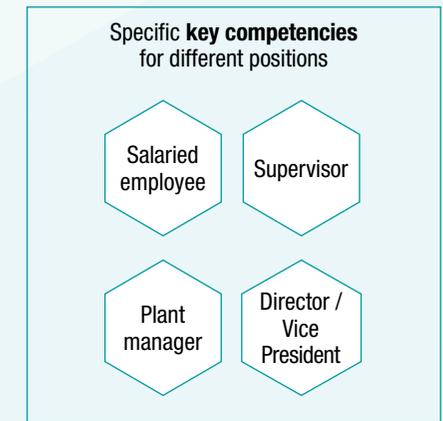
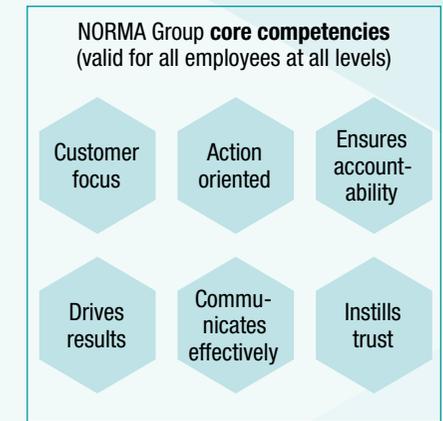
The acquisition of proper competences is also integrated in our Performance Management Process (PMP). The obligatory annual employee appraisals based on this not only include defining a target agreement with management, but also supporting employees in acquiring the necessary skills.

### International exchange

[GRI 401-02, 404-02]

For an international Company such as NORMA Group in a globalized world, cross-border exchanges and intercultural skills are crucial for success on both a personal and Company level. → [DIVERSITY AND EQUAL OPPORTUNITY](#) Our assignment programs offer our employees the opportunity to expand their experiences and skills abroad. Programs generally distinguish between short-term "bubble" assignments (up to three months) and long-term assignments (more than three months). Skilled employees and managers who participate in these initia-

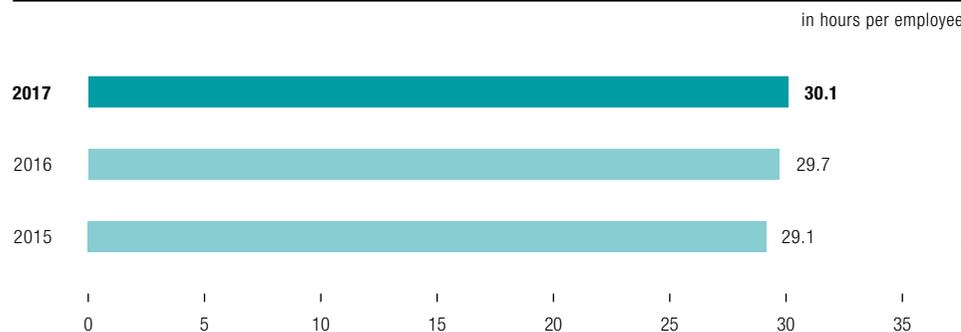
### NORMA COMPETENCY FRAMEWORK



used for

- › Talent **Identification**
- › Talent **Assessment**
- › Talent **Development**

### DEVELOPMENT OF TRAINING HOURS





## EMPLOYEES

tives bring with them specialist knowledge and experience from other places, while at the same time benefiting from the expertise of their local colleagues. Exchanges can take place within a country or internationally between countries and regions.

### APPROPRIATE REMUNERATION AND EMPLOYEE SATISFACTION

#### Fair pay for all employees

[GRI 103, 401-02]

Our HR policy is based on ensuring that all employees receive competitive and fair pay for their work. This usually goes beyond the pay of local statutory or collective minimum wages – these are at best a minimum standard for us. In

addition, we intend to introduce performance- or success-based incentive systems at all sites worldwide which have not yet done so. One example of this is profit sharing for all tariff employees in Germany.

#### Employee satisfaction as a key parameter

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

#### NORMA Group employees are satisfied

Every three years, NORMA Group carries out a large-scale employee survey. All permanent employees working for NORMA Group at the end of 2016 were able to take part in the 2017 survey. The survey, conducted on a voluntary basis, had a participation rate of 82%. 76% of respondents said that they were satisfied or very satisfied with their work situation in our Company. Average satisfaction was at 2.74 on a range from 1 (very satisfied) to 7 (very dissatisfied).

The results are an incentive for us to continue improving our working environment at NORMA Group. As a follow-up to each employee survey, three to five concrete measures are initiated in each plant.

# 4,660

employees participated in NORMA Group's Employee Satisfaction Survey (ESS)

# 76%

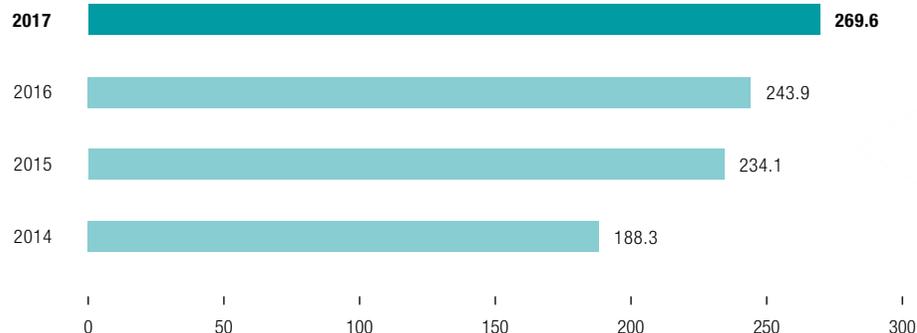
responded that they were “satisfied” or “very satisfied” with their work at NORMA Group

# 3 - 5

concrete measures will be initiated at every site to further increase our employees' satisfaction

### DEVELOPMENT PERSONELL EXPENSES

in EUR millions





## DIVERSITY AND EQUAL OPPORTUNITY

### Diversity pays off

[GRI 102-12, 103]

Studies show that companies that value diversity are more successful than those with largely homogeneous structures. As an international Company with sites and representative offices in 26 countries, NORMA Group is already structurally characterized by a high degree of diversity. The [CHARTER OF DIVERSITY](#) commits us to ensuring that all our employees are valued – regardless of gender, nationality, ethnicity, religion or belief, disability, age, sexual orientation or identity.

Our Diversity Mission Statement reads: “NORMA Group embraces diversity of thoughts by respecting our employees’ unique characteristics, experiences and ideas. We are committed to creating an environment of communication, networking, exchange and dialogue where talent is recognized, developed and united. We – all together – are the pacesetter in our industry.”

*“The implementation of the Charter of Diversity in our organization aims at creating a work environment free of prejudice. We deeply respect all colleagues irrespective of gender, nationality, ethnic background, religion or worldview, disability, age, and sexual preference and identity. Appreciation and promotion of these diverse potentials produce economic benefits for our organisation.”*

—  
Excerpt from the “Charter of Diversity”

### Concrete measures to implement diversity

We have appointed a Diversity Officer in every region to achieve this goal. Through extensive measures, NORMA Group has committed itself to diversity and an open working atmosphere in which our employees can network and exchange ideas. → [TRAINING AND DEVELOPMENT](#)

We celebrate our commitment to diversity at NORMA Group every year on Diversity Day. Campaigns were again carried out last year at all sites worldwide, with the exception of the newly acquired Fengfan plant, to sensitize our employees to the issue of diversity and to further promote it. Diversity Day 2017 was held at all NORMA Group sites under the motto “Open Mindset.”

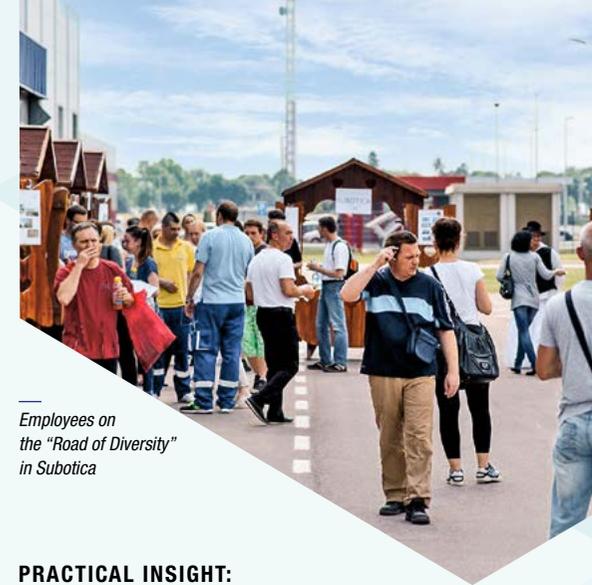
Our work-life balance approach aims for a balance of work and private life for our employees. At this point, all our sites have developed appropriate work-life balance strategies.

### Equal treatment for men and women

[GRI 405-01]

Men and women have the same opportunities at NORMA Group, also with respect to assignment of management positions. We actively oppose discrimination and take for granted that women and men should be paid the same amount for the same jobs and qualifications. The proportion of women depends on the proportion of women who are available through the job market and who have the necessary qualifications. Accordingly, it varies worldwide between sites. At the end of 2017, the proportion of women in the total core workforce was 36.4%.

The target for the share of women on the Supervisory Board was increased last year by one female member to two (of a total of six members). → [ANNUAL REPORT, S. 42](#)



Employees on the “Road of Diversity” in Subotica

### PRACTICAL INSIGHT: DIVERSITY DAY IN SERBIA

NORMA Group’s Serbian manufacturing site is located in Subotica, a city known for its diversity thanks to its location on the Hungarian border, with three official languages and numerous cultures and religions. Taking up cultural diversity as the key focus for Diversity Day 2017 therefore came naturally to employees in Subotica.

At the center of the event was the “Road of Diversity,” where various villages and communities of Subotica had their own booths. Around 250 employees took the opportunity to exchange on Hungarian, Croatian, Serbian, Slovak, Bunjevci and many other cultures. The event was also attended by guests from a local cultural association that provided information on the region’s various nationalities and their traditions.



**OUTLOOK**

We want to remain an attractive employer for our employees in the future. Our primary goal is therefore to improve the satisfaction of our employees. This will be reviewed again in 2020 as part of a large-scale employee survey.

We will continue to invest in occupational safety and health at work. To ensure the effectiveness of occupational safety measures, all production sites that are integrated into NORMA Group for more than 12 months are to be certified in accordance with the OHSAS 18001 standard by the end of 2020. We have also set ourselves the goal of reducing the accident rate per 1,000 employees to less than four per year.

In continuing education and training, we aim to have our employees attend at least 30 hours of training per year. In addition, we want to ensure that performance-based incentive systems are implemented at all sites.

**AT A GLANCE: OUR CR ROADMAP 2020**

**CORE OBJECTIVE “EMPLOYEES”**

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

**TARGET VALUE FOR 2020**

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

OUR GOAL	MILESTONE	DATE	STATUS
As a responsible Company, we will invest in a safe and efficient working environment and working conditions that protect the health of our employees and maintain their well-being. None of our employees shall have a work-related accident.	100% of the production sites <sup>1</sup> are to be certified according to OHSAS 18001.	2020	2017: 80%
As a “learning organization,” we will ensure our continuous development.	Our accident rate (per 1,000 employees) will be under 4 per year.	2020	2017: 6.3
We will see to it that systems for ensuring appropriate remuneration are used at all of our sites.	An average of at least 30 training hours per year and employee.	Annually	2017: 30.1 hours
	Performance-oriented incentive systems to be in place at all sites <sup>1</sup> .	2020	Initial assessment in 2018

<sup>1</sup>With a transition period of 12 months for newly integrated sites.



## 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.

**ENVIRONMENT**

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 CO<sub>2</sub> Management at NORMA Group \_\_\_\_\_ 38  
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# ENVIRONMENT

**STRATEGIC APPROACH**

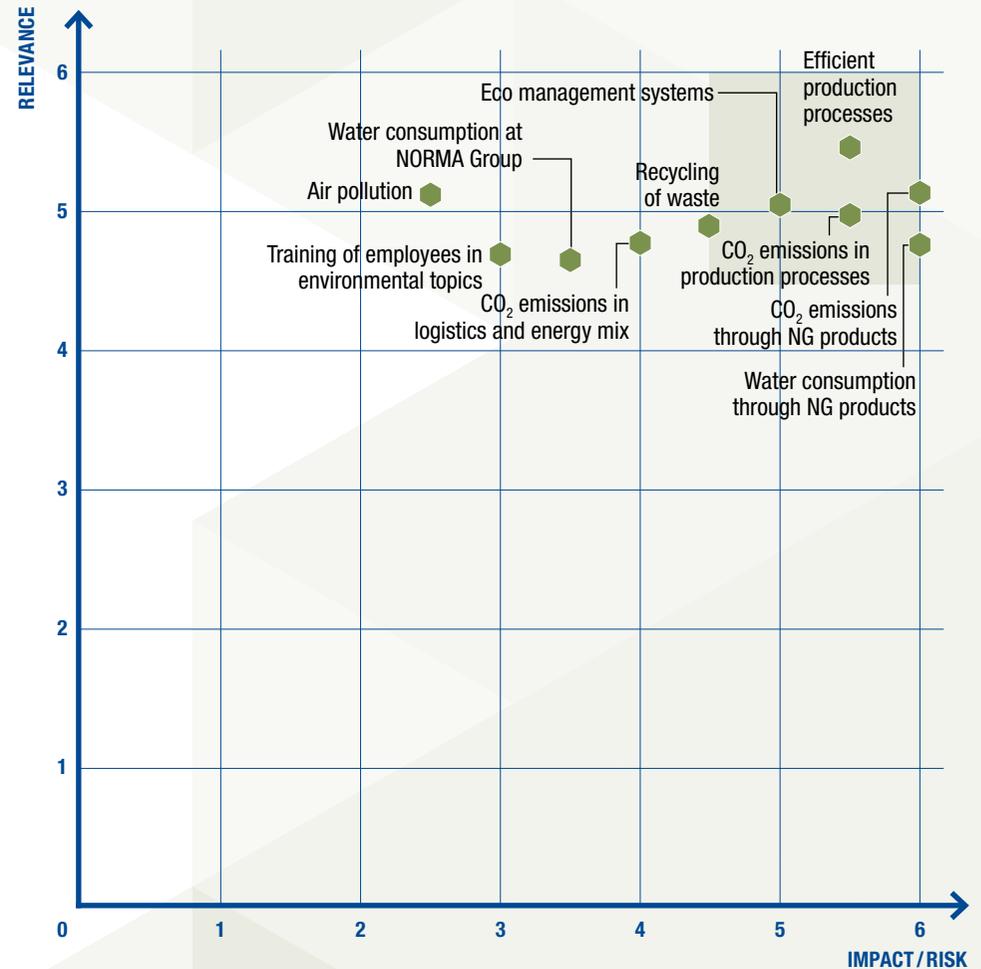
**Focus on energy, water and waste generation**

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

We see the greatest potential for further improving our own sustainability performance in the responsible use of energy, water and raw materials. This assessment is also confirmed by the materiality analysis, which we conducted with internal and external stakeholders and experts. The results of the analysis contributed directly to the CR Roadmap 2020.

→ [STAKEHOLDERS AND MATERIALITY](#)

Other environmental topics such as biodiversity and handling hazardous substances were viewed to be less relevant for NORMA Group. As a result, they are not the focus of our CR activities. The lower materiality of biodiversity is mainly due to the fact that NORMA Group mainly operates its production sites in designated industrial and commercial areas. Handling hazardous substances affects only a few production sites, and the legal requirements are being met.



**ENVIRONMENTAL MANAGEMENT SYSTEMS**

**Creating environmentally friendly products and production**

[GRI 103, 308-01, 308-02]

We can only contribute to a more efficient and environmentally friendly economy if environ-

mental protection is integrated into the processes and workflows of all NORMA Group sites. At the same time, the → [ENVIRONMENTAL IMPACT OF OUR PRODUCTS](#) is an important selling point for our customers. In addition, we help them save costs through energy- and resource-efficient processes.



However, our business is also subject to risks. For example, the environmental impact cannot be measured or effectively managed across the enterprise without an effective environmental management system. At the same time, there is the risk of rising production costs due to using resources inefficiently, which would lead to competitive disadvantages. In addition, NORMA Group must meet increasing legal and social requirements when it comes to environmental topics. Our customers and investors increasingly attach importance in their ratings to a transparent presentation of CO<sub>2</sub> figures and efficient use of water and resources by NORMA Group.

Along the supply chain, similar environmental risks as for NORMA Group itself exist because the majority of our suppliers also come from the manufacturing industry. Assessment and verification of these potential sustainability and financial risks are the responsibilities of our purchasing department. → [SUSTAINABILITY IN PURCHASING](#) → [ANNUAL REPORT, P. 91](#)

**Group-wide environmental management system implemented**

In its CR Roadmap, NORMA Group has set itself the goal of continuously and systematically reducing the environmental impact of its production processes. → [CR ROADMAP 2020](#) To achieve its goal, NORMA Group relies on a Group-wide uniform environmental management system, with the target of 100% integrated manufacturing sites certified according

to the internationally valid ISO 14001 standard. As of December 31, 2017, 88% (22 of 25) of production sites that at this point in time had been integrated into NORMA Group for more than a year were certified according to ISO 14001.

Responsibility for the introduction and implementation of the environmental management systems lies with our environmental department, which is staffed with qualified personnel at all production sites. This structure enables us to develop and implement specific measures in accordance with local environmental challenges on the one hand and site-specific production processes on the other, taking international requirements into account. To ensure compliance with standards, our sites are audited regularly by external specialists.

**Collection of key figures restructured**

[GRI 102-48, 102-49]

We carried out an evaluation of our management approach in 2017 and, as a result, have restructured the collection methods and processes for individual key figures. Correspondingly, the definition of quantitative targets for CO<sub>2</sub>, water and waste was set for 2018, as the results of the restructuring process need to be assessed first and then fed into this definition process. The new targets will then be integrated into our CR Roadmap.

More information on specific environmental topics can be found in the following subchapters.

**CO<sub>2</sub> MANAGEMENT AT NORMA GROUP**

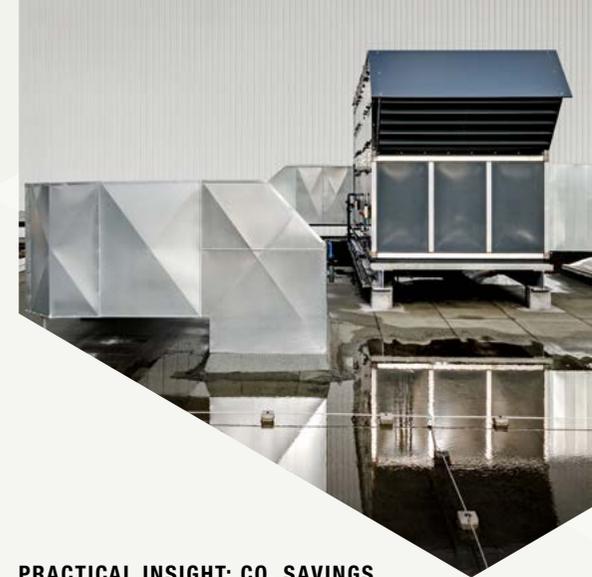
**Reducing greenhouse gas emissions**

[GRI 103]

The global manufacturing industry contributes significantly to the emission of greenhouse gases through its own production processes and energy consumption. Reducing CO<sub>2</sub> emissions provides a significant lever to reach the world community's goal to keep global warming well below two degrees: only if we succeed in meeting our ambitious growth targets while minimizing our greenhouse gases can NORMA Group make a sustainable contribution to climate protection.

Greenhouse gas emissions are generated by various production steps for NORMA Group products as well as by logistics. We have identified our biggest lever as the electricity and gas consumption for the operation of machinery and heating of buildings. For this reason, we only partially consider Scope 3 emissions, which are indirect emissions occurring both upstream and downstream in our value chain, in the management of CO<sub>2</sub> emissions. In addition, the burden of collecting quantitative data in relation to potential effects is currently disproportionate.

However, we also include our supply chain in our approaches since in many cases large volumes of energy are needed to manufacture the materials and components we purchase. Only if our suppliers also effectively reduce their



**PRACTICAL INSIGHT: CO<sub>2</sub> SAVINGS WITH A NEW VENTILATION SYSTEM**

The new ventilation system in half-production at our plant in Maintal exemplifies our effort to safeguard the health of our employees while also reducing greenhouse gas emissions: it filters oil vapors produced from the thread rolling process on screws from the air so that no residues remain when the air is released.

It also returns any heat it generates back to the production hall to serve as a heater whenever needed. This heat recovery saves 400,000 kWh of electricity and 400,000 kWh of heating energy every year depending on use, which equates to CO<sub>2</sub> savings of more than 200 metric tons.



greenhouse gas emissions can a contribution to climate protection be made. We therefore encourage our suppliers with the processes for sustainability in purchasing. → [SUSTAINABILITY IN PURCHASING](#)

**Restructuring of collection methods and processes**

[GRI 302-01, 302-03, 305-02, 305-04]

Overall control of greenhouse gas emissions is provided by our environmental management systems. → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#) NORMA Group is currently concentrating on the collection and management of its greenhouse gas emissions from emissions resulting from the electricity and gas consumption of its production sites. In our view, these account for the largest share of total emissions.

In the past year, we fundamentally restructured these processes and methods for collecting greenhouse gases. In fact, from 2017 onwards, these values are being normalized on the basis of NORMA Group's revenues. Although this adjustment prevents direct comparison with the previous year's figures, it simplifies the comparison with other companies that largely use sales for normalization purposes.

It is our goal to significantly reduce electricity and gas consumption with efficient production processes. The specific target for reducing CO<sub>2</sub> emissions will be set in 2018, based on the assessment of results emerging from our management restructuring process, and subsequently added to our CR Roadmap.

A policy for the purchase of green electricity or renewable energies is currently not in place at

NORMA Group. Instead, we control emission reduction by reducing our energy requirements. For NORMA Group, the individual plant management is responsible for the concrete measures taken to reduce energy consumption and thus CO<sub>2</sub> emissions.

The evaluation of the management approach to CO<sub>2</sub> emissions corresponds to the procedure of the process described in the subchapter environmental management systems. → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#) Last year, NORMA Group emitted a total of 51,243 metric tons of CO<sub>2</sub>. This means an output of 50.38 kg per EUR thousand of revenues. The corresponding energy consumption from electricity and gas was 92.00 kilowatt hours or 22.39 kilowatt hours per EUR thousand of revenues.

**WATER IN PRODUCTION**

**Actively address water scarcity**

[GRI 103]

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

→ [ENVIRONMENTAL IMPACT OF PRODUCTS](#)

A total of 19% of the world's water consumption is attributable to the production processes of industry alone.  [FAO](#) With its worldwide presence, NORMA Group is also represented in

regions with a medium to high risk of water scarcity. Against this backdrop, NORMA Group also has a special responsibility to handle this resource carefully in its own production. Our production sites are to serve as a model for the more sustainable and resource-efficient use of water. Water consumption at NORMA Group is largely generated by cooling systems within our production processes. By reducing water consumption in this context, production costs can be reduced accordingly.

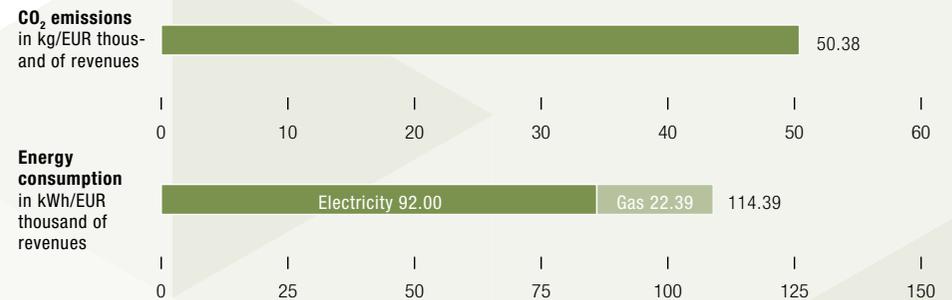
**Reduction of our own water consumption**

[GRI 303-01, 308-02]

For years, NORMA Group has been working to continuously reduce the use of water in its own production processes. Last year, the water consumption of NORMA Group's production sites totaled 152,413 metric tons. Accordingly, the consumption of water per EUR thousand of revenues amounted to 0.15 metric tons.

We focus on our production sites as a framework for data collection and targets, as water

**CO<sub>2</sub> EMISSIONS AND ENERGY CONSUMPTION IN 2017**





consumption at our administrative and distribution sites plays only a minor role due to significantly lower consumption levels. As in the case of CO<sub>2</sub> emissions, we adjusted the collection methodology in production last year. In the future, water consumption will also be normalized on the basis of sales revenues and not, as in the past, on the basis of production costs. This will allow us to ensure better comparability with other companies in the manufacturing sector.

The control of water consumption follows our environmental management systems. → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#) It is implemented globally and locally by the environmental department and at plant level in accordance with ISO 14001 standards. The implementation of ISO 14001 at NORMA Group also covers the handling of wastewater.

Water consumption also plays an important role in the supply chain: for example, NORMA Group purchases granulates, molded rubber parts and plastic parts, some of which are produced using water-intensive processes in the chemical industry. For this reason, NORMA Group has included both the reduction of water consumption and the safe handling of wastewater in its Supplier Code of Conduct. → [SUSTAINABILITY IN PURCHASING](#)

### RESOURCE EFFICIENCY

#### Secured against rising commodity prices

[GRI 103, 301-01]

Among other reasons, rising commodity prices reflect the growing shortage of the natural foundations of our economy. Efficient handling of the materials required for our production is therefore not only economically necessary to reduce production costs, but also from an environmental point of view.

As a manufacturing Company, we depend on various raw materials and primary products as important precursors of our products. NORMA Group's total production materials turnover amounted to EUR 296.0 million in 2017. The largest share was accounted for by steel and metal components, granules and plastic and rubber products. → [ANNUAL REPORT, P. 75](#)

NORMA Group considers the risk of rising raw material prices to be likely. This affects both our own Company and the entire supply chain. However, the financial impact of rising commodity prices would be low for NORMA Group as we have taken countermeasures. → [ANNUAL REPORT, P. 91](#)

#### Consistently reducing waste volumes

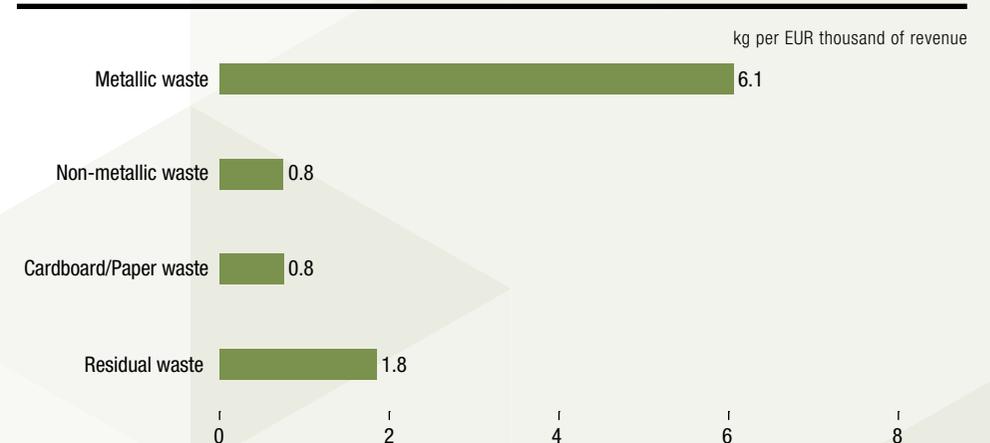
The reduction of waste and the recycling of valuable materials also play important roles in

NORMA Group's environmental and climate protection strategy besides reducing CO<sub>2</sub> emissions and using water efficiently. In recent years, we have succeeded in gradually reducing the amount of waste in relation to production costs through continuous process optimization and the use of innovative techniques, and have since kept it at a consistently low level. Quantitative targets for waste reduction are to be defined in 2018. → [CR ROADMAP 2020](#)

As in other environmental categories, NORMA Group has adjusted the normalization of its waste generation to sales as a benchmark. Last year, NORMA Group produced 6,166 metric tons of metallic waste. That means 6.06 kg of metallic waste per EUR thousand of sales revenues. In addition, we measure the amount of waste along the categories of non-metallic waste, residual waste and paper waste.

### VOLUMES OF DIFFERENT FORMS OF WASTE

[GRI 306-02]





**Efficient production processes**

The reduction of waste generation is also controlled in accordance with our environmental management systems. That means it is implemented globally and locally by the environmental department and implemented at the plant level in accordance with ISO 14001 standards. → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#) At the same time, we optimize the efficiency of our production through the implementation and continual updating of the NORMA Production System (NPS). → [ANNUAL REPORT, P. 16](#)

Every week, the parties responsible meet at plant level to report key figures and, in cases of deviation, to define and track countermeasures. In addition, so-called scrap-marketplaces are currently being set up in the production halls, where waste is collected in a clearly visible manner. This is intended to create an incentive for achieving a reduction. In order to further motivate our sites in their efficiency efforts, we also conduct internal rankings. This is where particularly efficient locations can excel with their services. In the area of resource efficiency, we will also introduce new key figures in the coming year to help further reduce our scrap rate.

**Closing recycling cycles**

[GRI 301-03]

Depending on the type of waste, we employ different recycling methods. For example, metal waste resulting from production processes is collected and recycled. Nearly 100% of the metallic waste generated is externally recycled by NORMA Group. Plastic waste is reintroduced into the manufacturing process as far as possible, depending on the type of plastic and reasonable costs. A certain portion of the resulting plastic waste is granulated.

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

**ENVIRONMENTAL IMPACT OF PRODUCTS: WATER AND CO<sub>2</sub>**

**NORMA Group offers sustainable product solutions**

[GRI 103]

Increasing environmental awareness, resource scarcity and growing cost pressures are now playing a key role in almost every industry. In addition, there are mandatory legislative provisions leading to stricter emission regulations and specific requirements for materials used, especially in the automotive and commercial vehicle industry. NORMA Group therefore builds value-adding and sustainable solutions in its product portfolio.

**NORMA Group components in end products**

The product solutions of NORMA Group in the clamps, fasteners and fluid systems categories are processed within end products. Above all, our products have the task of ensuring the efficient transport and use of liquid or gaseous substances. The main advantages of our joining solutions lie in their optimization in the areas of emissions, leakage and weight, as well as in volume and assembly time. In addition, we are expanding our product portfolio in the area of electromobility to support future mobility concepts. More information on our Stakeholder Roundtable on e-mobility can be found under → [STAKEHOLDERS AND MATERIALITY](#).

60%

**less water is consumed by the Heavy Duty Drip Line compared to its predecessor**

**NEW IRRIGATION SYSTEMS ENSURE EFFICIENT WATER USAGE**

With worldwide water shortages on the rise, there is an increasing need for efficient water supply and infrastructure solutions. NORMA Group is taking this trend into account by continuously improving its water management products. Last year, NORMA Group developed a new irrigation solution: the "Heavy Duty Drip Line."

The new drip irrigation product offers several advantages: through precise control of water through emitters, it saves about 60% more water than prior water-intensive products and solutions currently on the market. At the same time, plants are better cared for by targeted and tailor-made irrigation, as well as better rooted, which resists erosion and reduces liability for the end user. And perhaps most importantly, NORMA Group has extended the life of the system to up to 30 years by using new innovative materials.



### Risks from business activities

With respect to various environmental aspects, certain risks may arise from business relationships, products and services. In the field of water management, for example, our products offer the advantage of lower water consumption, among their other benefits. However, if we fail to live up to this promise, there is a possibility that water will be wasted, especially in regions where water scarcity is a major issue.

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

### Product development according to customer requirements

When developing new products, we focus on our customers' specifications and requirements. Satisfying their wishes and offering solutions to their problems is a top priority for NORMA Group. At the same time, we also develop ideas for our customers in respective projects that improve the environmental friendliness of their and our products. Nevertheless, although our products are often critical to the proper functioning of our customers' end prod-

ucts, it is rarely possible to quantify the specific environmental impact of our products.

The basic requirement that all our products must always meet is the effective prevention of leaks and pollutant spills. We meet this basic requirement for our customers and ensure the highest reliability and quality. → [QUALITY](#) We also continuously further develop our products to help conserve natural resources.

### Weight reduction helps lower CO<sub>2</sub> emissions

Besides the actual tasks of our product solutions – connecting and sealing – the weight of our products today plays an increasingly important role in environmental compatibility. Our newly developed products are therefore often lighter than the weight requirements of our customers, thus reducing the weight of end products such as vehicles and airplanes. This also means significantly less CO<sub>2</sub> is released. Our development of a new cooling system for a French customer from the automotive industry exemplifies this. Our engineering performance allowed us to ensure that the weight of the cooling system was 34% below our customer's weight requirements. A running life of 240,000 km per car and 47,000 cars equipped with our cooling system translates into a reduction of CO<sub>2</sub> emissions by a total of more than 2,000 metric tons (the estimate is based on the first vehicle type of the project).

### NORMA Group offers solutions to improve exhaust gas treatment

The test procedures for the reduction of nitrogen oxides will be further exacted in the coming years. NORMA Group is helping its customers find solutions that will further reduce nitrogen oxides in exhaust gases. We focus on SCR technology (Selective Catalytic Reduction), in which nitrogen oxides react with a urea solution and are split into nitrogen and water. [NORMA GROUP BLOG](#) NORMA Group's contribution lies above all in efficiently and effectively transporting the urea solution from the tank to the injection system in exhaust systems and soot particle filters. In order to ensure nitrogen treatment even at low external temperatures, the injection devices are increasingly shifted to the immediate vicinity of the engine. However, this means extremely high temperatures will develop after a certain driving time in normal operation.

We have therefore further developed our products so that they function reliably even at very high temperatures. This was achieved by using more resistant materials along with special insulation provisions. This ensures a reliable infrastructure for even better pollutant treatment.

### PRACTICAL INSIGHT: LIGHT PRODUCTS REDUCE CO<sub>2</sub> EMISSIONS

47,000

**cars equipped with NORMA Group's cooling system**

240,000 km

**running life per car**

34%

**less weight of NORMA Group's cooling system**

more than 2,000t

**savings in CO<sub>2</sub> emissions**



**OUTLOOK**

We will continue to pursue our efforts and actions on environmental and climate protection in the coming years. The main focus of NORMA Group is therefore on continuously and systematically reducing the environmental impact of our manufacturing processes. We have therefore set ourselves the target of having 100% of our production sites worldwide certified in accordance with ISO 14001 by 2018 at the latest and then continuously recertified.

In the past year, the environmental division was dominated by the restructuring of survey processes for NORMA Group. The goal was and remains aligning with international standards and comparability with other companies. We want to continue on this path in 2018. Based on the results from 2017 in particular, we plan to define quantitative targets for our most important key figures: CO<sub>2</sub> emissions, water consumption and volume of metallic waste. We will also introduce further key figures that should help us make our production processes even more efficient and thereby conserve resources.

**AT A GLANCE: OUR CR ROADMAP 2020**

**CORE OBJECTIVE “ENVIRONMENT”**

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

**TARGET VALUE FOR 2020**

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

OUR GOAL	MILESTONE	DATE	STATUS
We will handle natural resources carefully. Here, we will focus on energy, water and metallic waste.	Determination and publication of quantitative objectives for CO <sub>2</sub> , water and waste.	2018	
We will reduce waste and increase the efficiency of material use in our production processes.	Introduction of “scrap rate” and “internal ppm” as new KPIs in the area of production.	2018	

<sup>1</sup>With a transition period of 12 months for newly integrated sites.



## 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.

**COMMUNITY**

Strategic Approach \_\_\_\_\_ 45  
 NORMA Clean Water \_\_\_\_\_ 46  
 Corporate Volunteering \_\_\_\_\_ 47  
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# COMMUNITY

## STRATEGIC APPROACH

### NORMA Group is committed to society

[GRI 103]

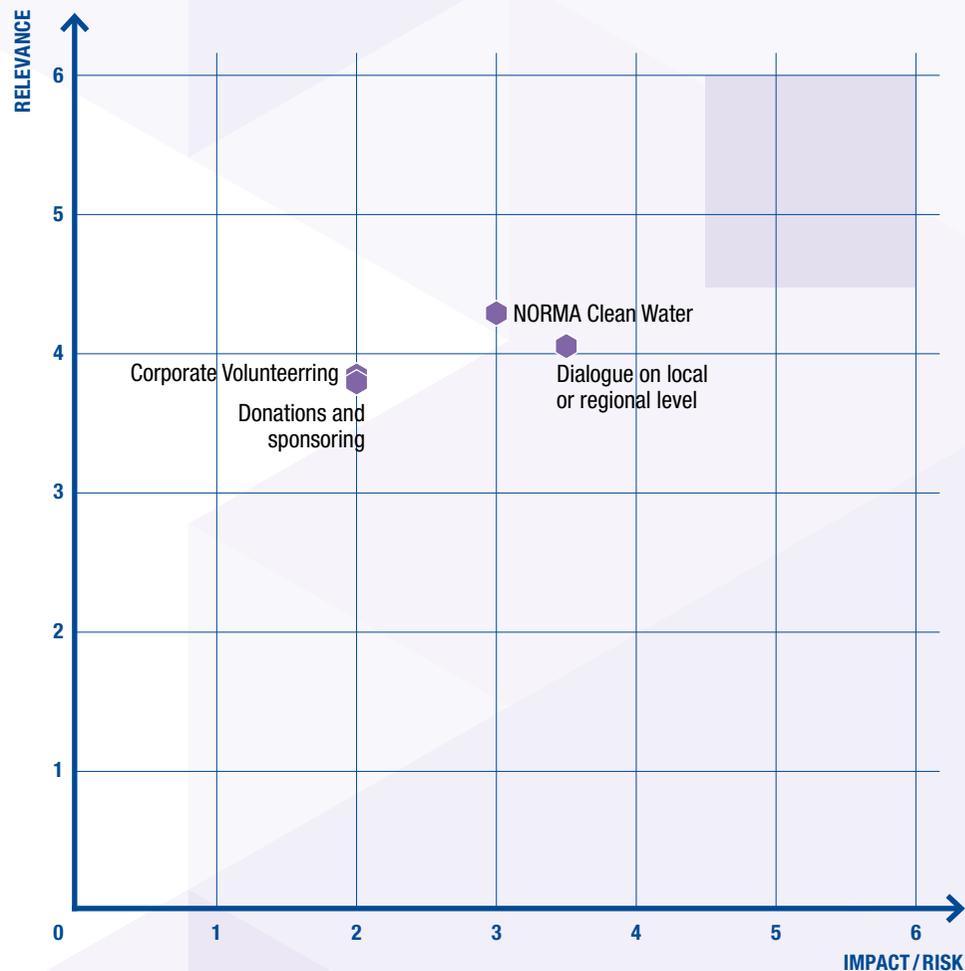
NORMA Group considers it self-evident to act as a socially committed company and an active member of society. We want to have a positive impact on the regions and local communities in which we operate. Even through our core business, we make an important contribution in many ways:

- › Low-emission and resource-saving products
- › Fair treatment of our employees
- › Promotion of environmental management in production and sales
- › Ensuring compliance and anti-corruption
- › Strengthening human rights

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

### All goals achieved

Our social commitment activities are based on our Corporate Citizenship Guideline (CCG) and are managed at Group level by the CR Officers. They receive support from employees with decentralized responsibilities at our production sites. They support our goal of having a positive impact on local communities and strengthening civil society at our sites. This is achieved best through active dialogue with regional and local communities. We are also developing model measures to show how global challenges – especially the scarcity of water as a resource –



can be addressed. NORMA Clean Water and NORMA Help Day are two such projects.

has shown that NORMA Group has fully achieved its self-imposed goals in recent years in terms of its social commitment.

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

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



## NORMA CLEAN WATER

### Water as a vital resource

Water is a scarce resource and valuable commodity, and one of the most valuable raw materials of our time. People in many regions often lack access to clean drinking water. This has grave consequences, especially for women and children, who are most often responsible for procuring water. But the rural population as well, especially small farmers, are affected by drinking water shortages. Another problem is the lack of sanitary facilities, which has a negative impact on health. Children and girls in particular suffer from the often precarious situation of sanitary facilities, often staying away from school as a result.

For NORMA Group, water is a strategic focus area with a direct connection to our core business as we provide innovative and resource-saving joining technology. → [ENVIRONMENTAL IMPACT OF PRODUCTS](#) Our flagship social commitment project therefore naturally focuses on water.

### NORMA Clean Water successfully concluded in India

NORMA Clean Water was launched as a charitable project in India in 2014, aiming to provide a

functioning water supply to schools in the rural surroundings of our Pune production site. Here, too, lack of access to clean water and sanitary facilities means many girls do not go to school. Together with the children’s aid organization PLAN International, we set the goal of providing access to clean drinking water and functioning sanitary facilities at a total of 50 schools for 15,000 students and teachers by 2017. The complex program included construction measures as well as initiating changes in hygienic behavior of children, teachers and parents. On-site implementation was carried out in cooperation with the Indian organization “Community Aid & Sponsorship Program” (CASP), which is based in Pune.

Last year, we achieved and in part even exceeded our project goals. Besides almost 16,000 students, around 650 teachers at 50 schools were trained on hygiene and to handle clean drinking water. Thanks to our partners’ efficient project management, we were also able to use resources that were freed up to extend construction and training activities to five communities in the vicinity of the schools.

The goal of NORMA Clean Water was for the project to continue independently at a certain point.

In order to ensure the project’s sustainability, around 30 meetings with more than 400 teachers were organized in 2017 to assess its activities and to identify further challenges and solution strategies. The success of the project encourages us to pursue this approach. We have therefore now initiated NORMA Clean Water in Brazil.

### NORMA Clean Water started in Brazil

Similar to India, clean water in certain rural areas of Brazil is scarce, hard to reach and often polluted. Children are especially at risk as they are more susceptible to dangerous diseases. For this reason, NORMA Group launched the social project NORMA Clean Water in Brazil in August 2017 with a term of three years. Our project partner is again the children’s aid organization PLAN International. It is our common goal to improve living conditions in the rural areas of Codó and Peritoró in the country’s Northeast.

By 2020, a total of 400 families in the state of Maranhao should have access to clean water through the new construction and repair of drinking water facilities. In addition, 170 families will benefit from vegetable gardens that diversify and expand their food supply. Training is planned for these families on the topics of water, health, nutrition and hygiene. In addition, committees are being set up in which community members can exchange experiences and take care of the long-term maintenance and servicing of the facilities. The strong involvement of community members in the project activities ensures that they are taking responsibility for themselves. A regular exchange of committees of different communities should also lead to an exchange of experience and best practices.



**Dr. Anjil Paranjape**  
Executive Director  
at the child aid  
organization CASP in India

### “GOING TO SCHOOL WITHOUT FEAR”

#### Please provide us with an insight into how NORMA Clean Water improved sanitary conditions?

First, we helped to build basic functional sanitary facilities. On this basis, we carried out drawing and writing competitions and child club meetings to help students understand the importance of clean drinking water and hygiene. We also included teachers and local authorities in our awareness-raising activities.

#### What change did the project bring about?

One example: One of the girls told us about how scared she used to be to use the washroom as the door didn’t have a latch and the window was broken. She always took a friend along to stand guard outside the door. She said that she was so happy that the students would now be safe and secure.

#### What effects will the project have in the future?

In the future, students, parents, teachers and the local authorities will be more aware of the importance of hygiene and adequate sanitary facilities. In the end, students and parents will increasingly demand for these facilities for everybody.

## NORMA CLEAN WATER

	2017	2016
Number of pupils benefiting from NORMA Clean Water	16,000	13,750
Number of teachers benefiting from NORMA Clean Water	650	650
Number of schools where NORMA Clean Water has been implemented	50	25
Number of child clubs founded	48	48



## COMMUNITY

As in India, NORMA Group is working together with its project partners to ensure that the project can be continued successfully for local communities long after the project has ended. The model function and the ability to multiply the measures play key roles in this.

### CORPORATE VOLUNTEERING

#### NORMA Group promotes the civic involvement of employees

**[GRI 103]**

Civil society is crucial for the functioning of society as a whole. Against the backdrop of the current social challenges arising from megatrends such as migration and global disparities, NORMA Group aspires to get involved and play an active role. To this end, we specifically promote social projects at the NORMA Group sites. → [COMMITMENT AT THE SITES](#). We also encourage our employees to make a contribution, for example, by showing exemplary commitment in the employee magazine LET'S CONNECT. → [AWARENESS OF CR IN THE COMPANY](#)

#### NORMA Help Day is continuing

**[GRI 413-01]**

A foundation for the civic involvement of our employees was created with NORMA Help Day, which was first held in 2014 in Maintal with 35 employees. The program has spread internationally since 2015 to all NORMA Group sites, where participation is generally voluntary. More than 900 employees at 32 sites participated in Help Day activities in 2017. 33 Non-governmental organizations (NGOs) benefited from the contributions our employees made worldwide. Since contributions and projects vary greatly depend-

ing on the region, they are organized and implemented in a decentralized manner.

Activities carried out at the individual sites included work on a public park in Mexico, support for a soup kitchen in Singapore and the installation of NORMA Group sanitary facilities in a school in Malaysia. In Poland, our staff renovated the dining hall of an orphanage near our plant in Pillica.

In Auburn Hills in the US, various programs took place: among them, a common room and vegetable gardens were built on empty properties in

### HELP DAY 2017

32



locations participated in NORMA Help Day 2017

900



employees lent a hand

33



non-profit organizations benefited from the activities

the Pontiac Community Backyard. In turn, food was sorted for Gleaners Foodbank and packages were assembled for families in need. Staff also helped organize a festival with proceeds going to Veterans Hospital in Detroit.

The commitment in Maintal, Germany, was also widespread. Employees repainted the rooms and corridors of a local school, helped build a terrace in front of a community center and supported rebuilding works in two kindergartens.

#### Positive feedback from participants

In 2017, we again conducted a comprehensive evaluation of our worldwide Help Day. More than 300 NORMA Group employees took part in the survey with the following results:

- > 98% of the employees who participated agree that NORMA Help Day was a very successful event.
- > 76% would recommend participating in the next NORMA Help Day to their colleagues.
- > 45% are now thinking about getting more involved locally.

We also received a lot of positive feedback from external project partners. This makes Help Day a complete success for our Company and all participants. For this reason, the day of action will be continued in the coming years.

Poland



United States



Mexico



Malaysia



Germany





### COMMITMENT AT THE SITES

#### In dialogue with local stakeholders

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

The Corporate Citizenship Guideline (CCG) adopted in October 2013 acts as the controlling instrument. The guideline, which applies to all NORMA Group sites, describes the main issues, target audiences and forms of our commitment. It thus serves as an important orientation aid for those responsible in our plants with regard to the design of their site-based donation and sponsoring activities. Approval processes and reporting are also linked to NORMA Group's international Compliance Management. → [COMPLIANCE AND HUMAN RIGHTS](#) Since 2013, spending on donations and sponsoring has also been uniformly recorded internationally in accordance with the CCG. As in all other areas, NORMA Group attaches great importance to transparency in terms of its local involvement. Sponsorship expenditures in the past year were at EUR 11 thousand, while spending on donations totaled EUR 246 thousand.

#### Numerous individual projects at sites

Numerous projects for sustainably strengthening local communities were also implemented at NORMA Group sites in 2016 and 2017. These included donations for the victims of Hurricane Harvey and the earthquake in Mexico. In Serbia, in May 2017, we sponsored a high school competition for 2D and 3D modeling and awarded the top three places. The aim was to support and promote young talent in this field.

#### Continuing education and career beginnings in Mexico

The training program for employees and their families that we started at our Mexican production site in Juarez in early 2015 has now become a permanent fixture. Participants, who didn't have a regular completion of their education, receive basic and intermediate training three times per week. The number of participants has continued to increase in recent years, and it is our goal to welcome and support even more participants in the coming year. The program has also received official recognition: the National Institute for Adult Education expressed its appreciation to NORMA Group for its success.

Also in Mexico, the first year of the "Universidad 2016" university program was completed in March 2017, helping young people gain experience in a professional environment. Over the course of a year, all twelve participants had the opportunity to get a feel for the quality, engineering, maintenance and production departments as

well as work on a specific project. Some participants were offered employment contracts with NORMA Group afterwards. One goal is to gain talent for our Company, but another is to give young people insights into production and valuable work experience as they start their careers. Interest in the program has significantly increased since its launch in 2016 – the number of applicants almost doubled in 2017. We therefore want to continue our commitment in the future while checking whether the program can also be introduced for other departments, such as human resources, finance or administration.



### HELPING MEXICO'S EARTHQUAKE VICTIMS

On September 19, 2017, Mexico was hit by several earthquakes. The impacts were disastrous, claiming more than 300 lives and leaving more than 5,000 homeless.

"How can we help while living so far away?" some NORMA Group employees in Lake Orion (US) asked themselves. Together they called for donations – and received help immediately. "The response was overwhelming," Diana Perez, Purchasing Manager at NORMA Group in Lake Orion, says. "Our colleagues bought goods that were urgently needed like gloves, batteries and diapers. They helped label them and prepared them for transport." Other locations in the US and Mexico joined in and started their own calls.

The employees' initiative inspired NORMA Group as a Company to donate an additional EUR 5,000 to buy more goods that could be sent to Mexico.

All donations were shipped to NORMA Group plants in Mexico, where they were distributed by the Red Cross.



### OUTLOOK

#### Consolidating and expanding commitment

NORMA Group intends to continue operating and acting as a responsible partner to society. The successes of recent years are therefore to be consolidated and expanded. Our goal is to consistently achieve good to very good assessments of our social commitment in stakeholder surveys.

We would also like to actively involve our employees in our activities for the common good in the future, continuing to seek dialogue with local communities. For the Clean Water project in Brazil, we have set ourselves the goal of building on the successes of India together with civil society by implementing a model project for efficient water supply in Brazil.

NORMA Help Day has established itself as a hallmark of corporate volunteering within the Company and will continue to be held at all production sites in the future. Our sponsorship and donation activities continue to be in line with our Corporate Citizenship Guideline.

### AT A GLANCE: OUR CR ROADMAP 2020

#### CORE OBJECTIVE "COMMUNITY"

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

#### TARGET VALUE FOR 2020

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

OUR GOAL	MILESTONE	DATE	STATUS
We will show that water is a scarce and valuable resource at many of our sites and demonstrate how important an efficient water supply is. Together with partners, we will conduct model projects to improve the current situation.	400 families in six rural communities in the Codó and Peritoró regions of Brazil receive a secure water supply and deepen their knowledge of domestic and agricultural water use and hygiene.	2020	Project start (0 out of 400)
The employees of NORMA Group engage voluntarily in charitable causes at their sites.	All production sites participate in the annual Help Day.	Annually	2017: 32 sites (production and distribution)
By making donations and engaging in sponsoring in the areas of environment, sports and social affairs, we will strengthen the local structures at all of our sites.	NORMA Group's investments in the community will be based on the Corporate Citizenship Guideline.	Ongoing	2017: donations: EUR 234 thousand sponsoring: EUR 11 thousand



## DATA

Facts and figures on various aspects of how we assume responsibility are listed on the following pages that show how well we perform in the CR areas of action in a transparent manner.

## DATA

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

# ABOUT THIS REPORT

## SCOPE AND PURPOSE

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

This CR Report covers fiscal year 2017, following the 2015 CR Report, which was published in 2016, and the 2016 Data Update. This report presents extensive information on our CR-relevant goals, approaches and actions, as well as on our strategic direction. The statements and information given in this report apply to all subsidiaries of NORMA Group. Exceptions are expressly indicated. Stakeholders and companies outside the scope of consolidation of NORMA Group are not the subject of this report.

This report is published in concurrence with the the annual report on March 21, 2018. By publishing a separate CR Report and the CR content on our website, we seek to provide detailed information on NORMA Group's strategic CR approach and exemplary action. This allows NORMA Group to create the basis for open and trusting dialogue with its stakeholders.

## Structure

[GRI 102-46]

The structure of this report is based on our CR-specific areas of action: Responsible Management, Business Solutions, Employees, Environment and Community. The focus of the individual chapters, on the other hand, is on the "material topics" which were defined in a mate-

riality analysis. → [STAKEHOLDERS AND MATERIALITY](#) In the margin of the report pages, examples from the Company's practice are presented, which should illustrate individual topics.

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

## Non-Financial Statement (CSR-RUG), GRI and UN Global Compact

[GRI 102-54]

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

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

The non-financial report has undergone an assurance engagement according to ISAE 3000 (Revised) with limited assurance. The opinion of the independent audit firm PricewaterhouseCoopers (PwC) is shown on page 64.

After the implementation of the net method in the determination of reportable risks according to CSR-RUG, NORMA Group is not aware of any reportable net risks that are very likely to have a materially adverse effect on reportable aspects. For a description of NORMA Group's risk management system, please refer to pages 85–87 of the annual report. The gross risks identified in the materiality analysis are briefly described in the subchapters of the CR Report.

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

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



<b>Mandatory information according to CSR-RUG</b>	<b>Reconciliation in report content</b>	<b>Pages</b>
Business Model	NORMA Group at a Glance	5
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	Elimination of Discrimination	15
	Freedom of Association	15
	Occupational Health and Safety	30
	Training and Development	31
Social Issues	This aspect was found to be non-material in the materiality analysis.	see 11, 45
Respect for Human Rights	Compliance Management Systems	15
	Elimination of Discrimination	15
	Freedom of Association	15
	Sustainable Purchasing	23
Combating Corruption and Bribery	Compliance Management Systems	15
Presentation of Risks	See respective subchapters	
Correlations to the Consolidated Financial Statements	About this Report	51

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

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

It also offers an orientation to GRI Standards within the non-financial report. Above all, the materiality analysis, the presentation of management approaches, and the key figures are oriented on the specifications of the GRI Standards.

An external audit by GRI was not carried out. The report successfully passed GRI's Materiality Disclosure Service. The GRI content index can be found on pages 59–63.

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

# **KEY PERFORMANCE INDICATORS**

## GENERAL DATA / DESCRIPTION OF BUSINESS MODEL

KPI	Unit	Data 2017	Data 2016	GRI Standard
Number of manufacturing locations		27	27	102-07
Number of products		> 40,000	> 35,000	102-07
Revenue	EUR millions	1,017.1	894.9	102-07
Adjusted gross profit	EUR millions	601.3	545.6	
Adjusted EBITA	EUR millions	174.5	157.5	
Share of sales realized internationally	%	80.3	78.8	102-07
Total number of employees including temporary workers		7,667	6,664	102-08
Permanent staff		6,115	5,450	
EMEA employees (permanent staff)		3,545	3,202	
Americas employees (permanent staff)		1,575	1,418	
Asia-Pacific employees (permanent staff)		995	830	
Temporary employees		1,552	1,214	

**RESPONSIBLE MANAGEMENT**

<b>KPI</b>	<b>Unit</b>	<b>Data 2017</b>	<b>Data 2016</b>	<b>GRI Standard</b>
<b>Compliance management systems &amp; compliance trainings</b>				
Number of registrations for online trainings ("Basics")		598	n/a	205-02
Number of registrations for online trainings ("Focus")		418	n/a	205-02
Number of registrations for online trainings ("Refresher")		1,335	n/a	205-02
Share of completed online trainings (all)	%	100	n/a	205-02
Number of employees who were trained on compliance topics online in 2016		1,318	2,066	205-02
Completed hours in Compliance online trainings (all)		2,939	n/a	205-02
Completed hours in Compliance online trainings per participant		2.23	n/a	
Substantial fines for non-compliance with laws and regulations	EUR thousands	0	0	419-01
<b>Elimination of discrimination</b>				
Number of discriminations determined by courts		0	n/a	406-01
<b>Freedom of association</b>				
Number of violations of freedom of association determined by courts		0	n/a	407-01
<b>Awareness of CR strategy</b>				
Share of ESS participants who know the CR Policy	%	79.6	n/a	

**BUSINESS SOLUTIONS**

KPI	Unit	Data 2017	Data 2016	GRI Standard
<b>Customer satisfaction</b>				
<i>Due to the changes in the methodology of the Customer Satisfaction Survey, more specific data will only be presented next year.</i>				
<b>Quality management</b>				
Number of manufacturing locations certified according to ISO 9001 or TS 16949		25	25	
Number of manufacturing locations certified according to EN 9100		2	2	
Defective parts	ppm (parts per million)	16	32	
Number of customer complaints per month	average per month	9	8	
<b>Sustainable purchasing</b>				
Purchasing turnover	EUR millions	433.1	352.6	
Total production materials turnover	EUR millions	296.0	233.0	301-01
Share of preferred suppliers who have signed the Supplier Code of Conduct (SCoC)	%	100	100	308-01, 414-1
Number of preferred suppliers		25	n/a	
Share of preferred suppliers in direct material purchasing spend	%	33	n/a	
Share of suppliers in supplier scoring that participated in sustainability self-assessment	%	18	n/a	308-01, 414-01
<b>Research &amp; Development</b>				
Employees in R&D		344	305	
Share of R&D employees in relation to the consolidated core workforce	%	5.6	5.6	
R&D expenditure in the EJT area	EUR millions	29.4	28.8	
R&D ratio in terms of EJT sales	%	4.6	5.4	
<b>Innovation management</b>				
Number of invention applications		33	n/a	

**EMPLOYEES**

KPI	Unit	Data 2017	Data 2016	GRI Standard
<b>Health and safety</b>				
Number of manufacturing locations <sup>1</sup> certified according to OHSAS 18001		20	23	
Share of manufacturing locations <sup>1</sup> certified according to OHSAS 18001	%	80	n/a	
Accident rate	accidents / 1,000 employees	6.3	7.6	403-02
Medical treatment rate (monthly ytd average)	treatments / 1,000 employees	36.0	38.6	403-02
Number of lost time incidents		42	44	403-02
Number of medical treatments (non-notifiable accidents)		271	250	403-02
<b>Training and development</b>				
Average training hours per employee	h	30.1	29.7	404-01
<b>Appropriate remuneration/payment</b>				
Share of locations with performance-oriented incentive systems		starting 2018	n/a	
Adjusted personnel expenses	EUR millions	269.6	243.9	
<b>Employee satisfaction</b>				
Participation rate in Employee Satisfaction Survey (ESS)	%	82	n/a	
Overall satisfaction of employees	on a range of 1 (very good) to 7 (very poor)	2.76	n/a	
<b>Diversity and equality of opportunity</b>				
Share of female employees in core workforce	%	36.4	35.2	405-01
Number of women on the six-person Supervisory Board		1	1	

<sup>1</sup> The calculation considers only those locations that had been integrated for more than 12 months into NORMA Group as of December 31, 2017.

**ENVIRONMENT**

<b>KPI</b>	<b>Unit</b>	<b>Data 2017</b>	<b>Data 2016</b>	<b>GRI Standard</b>
<b>Group-wide eco-management systems</b>				
Number of manufacturing locations <sup>1</sup> certified according to ISO 14001		22	22	
Share of manufacturing locations <sup>1</sup> certified according to ISO 14001	%	88	n/a	
<b>Recycling of waste and efficient production processes</b>				
Metallic waste	kg/EUR thousand of revenue	6.06	n/a	306-02
Non-metallic waste	kg/EUR thousand of revenue	0.75	n/a	306-02
Cardboard/paper waste	kg/EUR thousand of revenue	0.76	n/a	306-02
Residual waste	kg/EUR thousand of revenue	1.85	n/a	306-02
<b>Reduction of CO<sub>2</sub> emissions in production processes</b>				
CO <sub>2</sub> emissions from electricity and gas consumption	kg/EUR thousands of revenue	50.38	n/a	305-02, 305-04
Electricity consumption	kwh/EUR thousand of revenue	92.00	n/a	302-01, 302-03
Gas consumption	kwh/EUR thousand of revenue	22.39	n/a	302-01, 302-03
<b>Reduction of water consumption at NORMA Group</b>				
Water consumption	m <sup>3</sup> /EUR thousand of revenue	0.15	n/a	303-01

<sup>1</sup> The calculation considers only those locations that had been integrated for more than 12 months into NORMA Group as of December 31, 2017.



**COMMUNITY**

<b>KPI</b>	<b>Unit</b>	<b>Data 2017</b>	<b>Data 2016</b>	<b>GRI Standard</b>
<b>NORMA Clean Water</b>				
Number of schools where NORMA Clean Water has been implemented		50	25	
Number of pupils benefiting from NORMA Clean Water		16,000	13,750	
Number of teachers benefiting from NORMA Clean Water		650	650	
<b>NORMA Help Day</b>				
Number of production and distribution sites that participate in NORMA Help Day		32	26	413-01
Number of participants in NORMA Help Day		> 900	> 800	
<b>Participation at the sites</b>				
Donations (according to Corporate Citizenship Guideline)	EUR thousands	246	234	
Sponsoring (according to Corporate Citizenship Guideline)	EUR thousands	11	29	

## UNIVERSAL STANDARDS

GRI Standards	Page	UNGC
<b>GRI 102: General Disclosures 2016</b>		
<b>Organizational profile</b>		
102-01	Name of the organization	6
102-02	Activities, brands, products, and services	5
102-03	Location of headquarters	6
102-04	Location of operations	5
102-05	Ownership and legal form	6
102-06	Markets served	5
102-07	Scale of the organization	5, 6
	Information on total assets, equity and liabilities can be found in the annual report.	AR p. 109
102-08	Information on employees and other workers	6
102-09	Supply chain	23
102-10	Significant changes to the organization and its supply chain	7
102-11	Precautionary Principle or approach	17
102-12	External initiatives	4, 33
	United Nations Global Compact Diversity Charter (Germany) Charta zur Vereinbarkeit von Pflege und Beruf in Hessen (Charter on reconciling care and work – Hesse, Germany)	
102-13	Membership of associations	
	NORMA Group SE is member of the following associations (memberships of local or regional subsidiaries not included): Bundesverband deutscher Pressesprecher e.V. (Federal Association of German Press Spokespersons) Deutsches Aktieninstitut e.V. (German Equity Institute) Deutsches Institut für Interne Revision e.V. (German Institute of Internal Auditing) (DIRK - Deutscher Investor Relations Verband e.V. (German Investor Relations Association) Gesellschaft für Finanzwirtschaft in der Unternehmensführung e.V. (Society of Corporate Finance in Management) RKW Hessen Rationalisierungs- und Innovationszentrum der Wirtschaft e.V. (Business centre for streamlining and innovation, Hesse)	

GRI Standards	Page	UNGC
<b>Strategy</b>		
102-14	Statement from senior decision-maker	4
102-15	Key impacts, risks, and opportunities	11
	Besides the general presentation of the risk identification in the chapter "Stakeholders and Materiality," descriptions of impacts and risks in the individual subject areas are described in the individual subchapters.	
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	16, 23 10
<b>Governance</b>		
		6, 10; AR pp. 38
102-18	Governance structure	6
102-19	Delegating authority	6
	Executive-level responsibility for economic, environmental, and social topics	10
102-20	Consulting stakeholders on economic, environmental, and social topics	10
102-21	Composition of the highest governance body and its committees	AR pp 38
		6; AR p. 40
102-23	Chair of the highest governance body	AR pp. 40
102-24	Nominating and selecting the highest governance body	AR pp. 40
102-25	Conflicts of interest	AR pp. 40
102-27	Collective knowledge of highest governance body	AR pp. 34
	In accordance with section 171 (1.4) AktG (new version), the Supervisory Board is obliged to review the content of the non-financial report.	
102-30	Effectiveness of risk management processes	AR p. 43
102-32	Highest governance body's role in sustainability reporting	AR pp. 34
	In accordance with section 171 (1.4) AktG (new version), the Supervisory Board is obliged to review the content of the non-financial report.	
102-35	Remuneration policies	AR pp. 97
102-36	Process for determining remuneration	AR pp. 97
102-37	Stakeholders' involvement in remuneration	AR pp. 97





GRI Standards	Page	UNGC
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	10
102-41	Collective bargaining agreements	15
	NORMA Group does not inquire as to how many employees are covered by collective agreements.	
102-42	Identifying and selecting stakeholders	11
102-43	Approach to stakeholder engagement	10
102-44	Key topics and concerns raised	10, 12
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	6, 51; AR pp. 131
	Further information on the divisions included in the annual report can be found in the annual report.	
102-46	Defining report content and topic boundaries	11, 51
102-47	List of material topics	11
102-48	Restatements of information	38
102-49	Changes in reporting	11, 38
102-50	Reporting period	51
102-51	Date of most recent report	51
102-52	Reporting cycle	51
102-53	Contact point for questions regarding the report	66
102-54	Claims of reporting in accordance with the GRI Standards	51
102-55	GRI content index	59
102-56	External assurance	64

**SPECIFIC STANDARDS**

GRI Standards	Page	UNGC
<b>ECONOMIC TOPICS</b>		
<b>GRI 201: Economic Performance 2016</b>		
103 <sup>1</sup>	Management Approach	5
201-01	Direct economic value generated and distributed	
	The required information can be found in the annual report.	
201-04	Financial assistance received from government	AR p. 177
<b>GRI 204: Procurement Practices 2016</b>		
103 <sup>1</sup>	Management Approach	23
204-01	Proportion of spending on local suppliers	
	NORMA Group's purchasing philosophy is to purchase all goods and services locally if possible. The only exceptions are procurement opportunities at significantly lower rates or if the goods are not available locally. Since materials for use are purchased largely locally, only two-thirds of production materials can be obtained from regional suppliers due to the special (quality) requirements. One-third comes from a few (global) suppliers who supply to all NORMA Group sites.	
<b>GRI 205: Anti-corruption 2016</b>		
103 <sup>1</sup>	Management Approach	16
205-01	Operations assessed for risks related to corruption	17
	Communication and training about anti-corruption policies and procedures	17
205-02	Confirmed incidents of corruption and actions taken	10
205-03	Confirmed incidents of corruption and actions taken	10
	During the reporting period, NORMA Group was not made aware of any cases of corruption.	

<sup>1</sup> The Management Approaches presented in this report under GRI 103: Management Approach 2016 always include the GRI standards 103-1 (Explanation of the main topics and their demarcation), 103-2 (The Management Approach and its components) and 103-3 (Examination of the Management Approach)



GRI Standards		Page	UNGC
<b>GRI 206: Anti-competitive Behavior 2016</b>			
103 <sup>1</sup>	Management Approach	16	
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
	In the reporting period, neither penalties nor fines were imposed on NORMA Group for infringements, violations or non-compliance with laws, regulations or obligations.		
<b>ENVIRONMENTAL TOPICS</b>			
<b>GRI 301: Materials 2016</b>			
103 <sup>1</sup>	Management Approach	40	7, 8
301-01	Materials used by weight or volume	40	7, 8
	Reducing the volume of materials used is an important goal of NORMA Group. The purchase value (in euros) of materials is NORMA Group's most important measure for simplifying control worldwide.		
301-03	Reclaimed products and their packaging materials	41	
<b>GRI 302: Energy 2016</b>			
103 <sup>1</sup>	Management Approach	37, 38	7, 8
302-01	Energy consumption within the organization	39	7, 8
302-03	Energy intensity	39	7, 8
302-04	Reduction of energy consumption		
	Due to the changes made in the measurement methods of CO <sub>2</sub> emissions, comparisons with the previous year's figures are not possible.		
<b>GRI 303: Water 2016</b>			
103 <sup>1</sup>	Management Approach	37, 39	7, 8
303-01	Water withdrawal by source	39	7, 8

GRI Standards		Page	UNGC
<b>GRI 305: Emissions 2016</b>			
103 <sup>1</sup>	Management Approach	37, 38	7, 8
305-01	Direct (Scope 1) GHG emissions		7, 8
	Scope 1 emissions are currently not separately measured by NORMA Group.		
305-02	Energy indirect (Scope 2) GHG emissions	39	7, 8
305-03	Other indirect (Scope 3) GHG emissions		7, 8
	The amount of greenhouse gases emitted by third parties (such as suppliers or transporters, Scope 3) is currently not systematically tracked by NORMA Group.		
305-04	GHG emissions intensity	39	7, 8
305-05	Reduction of GHG emissions		9
	Due to the changes made in the measurement methods of CO <sub>2</sub> emissions, comparisons with the previous year's figures are not possible.		
<b>GRI 306: Effluents and Waste 2016</b>			
103 <sup>1</sup>	Management Approach	37, 40	7, 8
306-02	Waste by type and disposal method	40	7, 8
<b>GRI 307: Environmental Compliance 2016</b>			
103 <sup>1</sup>	Management Approach	37	7, 8
307-01	Non-compliance with environmental laws and regulations		7, 8
	In the period under review, NORMA Group has not paid any penalties or fines in the environmental area for significant offenses, violations or non-compliance with environmental laws, regulations or obligations.		

<sup>1</sup> The Management Approaches presented in this report under GRI 103: Management Approach 2016 always include the GRI standards 103-1 (Explanation of the main topics and their demarcation), 103-2 (The Management Approach and its components) and 103-3 (Examination of the Management Approach)



GRI Standards		Page	UNGC
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
103 <sup>1</sup>	Management Approach	23	7, 8
308-01	New suppliers that were screened using environmental criteria	23, 37	7, 8
308-02	Negative environmental impacts in the supply chain and actions taken	23, 37, 40	7, 8
<b>SOCIAL TOPICS</b>			
<b>GRI 401: Employment 2016</b>			
103 <sup>1</sup>	Management Approach	29	
401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	30, 32, 33	
	The outlined offers from NORMA Group are addressed to all members of the core workforce (generally proportionate for part-time employees). Full-time and part-time employees are considered equal.		
<b>GRI 403: Occupational Health and Safety 2016</b>			
103 <sup>1</sup>	Management Approach	30	
403-01	Workers representation in formal joint management-worker health and safety committees	30	
	The proportion of employees represented by safety committees is currently not inquired by NORMA Group.		
403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	30	
403-03	Workers with high incidence or high risk of diseases related to their occupation	30	
403-04	Health and safety topics covered in formal agreements with trade unions		
	In order to make it easier for employees to reintegrate after prolonged accidents or illnesses, "reintegration management" for employees was agreed with works councils at the German sites.		

GRI Standards		Page	UNGC
<b>GRI 404: Training and Education 2016</b>			
103 <sup>1</sup>	Management Approach	31	6
404-01	Average hours of training per year per employee	32	6
404-02	Programs for upgrading employee skills and transition assistance programs	32	
404-03	Percentage of employees receiving regular performance and career development reviews	32	6
	The proportion of employees regularly participating in a performance assessment is currently not recorded by NORMA Group.		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
103 <sup>1</sup>	Management Approach	34; AR pp. 42	6
405-01	Diversity of governance bodies and employees	34; AR p. 42	6
<b>GRI 406: Non-discrimination 2016</b>			
103 <sup>1</sup>	Management Approach	16, 34	6
406-01	Incidents of discrimination and corrective actions taken	15	6
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>			
103 <sup>1</sup>	Management Approach	16	3
407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	15	3
<b>GRI 408: Child Labor 2016</b>			
103 <sup>1</sup>	Management Approach	16	5
408-01	Operations and suppliers at significant risk for incidents of child labor	15	5
	In the 2017 reporting year, no significant risk of child labor was identified for any NORMA Group site.		
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
103 <sup>1</sup>	Management Approach	16	4
409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	15	4
	In the 2017 reporting year, no significant risk of child labor was identified for any NORMA Group site.		

<sup>1</sup> The Management Approaches presented in this report under GRI 103: Management Approach 2016 always include the GRI standards 103-1 (Explanation of the main topics and their demarcation), 103-2 (The Management Approach and its components) and 103-3 (Examination of the Management Approach)



GRI Standards		Page	UNGC
<b>GRI 412: Human Rights Assessment 2016</b>			
103 <sup>1</sup>	Management Approach	16	1
412-01	Operations that have been subject to human rights reviews or impact assessments	15	1
	The Group-wide risk assessment includes particular sections on labor law issues, e.g. in terms of working time.		
<b>GRI 413: Local Communities 2016</b>			
103 <sup>1</sup>	Management Approach	45, 47	1
413-01	Operations with local community engagement, impact assessments, and development programs	47	1
<b>GRI 414: Supplier Social Assessment 2016</b>			
103 <sup>1</sup>	Management Approach	23	2
414-01	New suppliers that were screened using social criteria	23	2
<b>GRI 415: Public Policy 2016</b>			
103 <sup>1</sup>	Management Approach	16	
415-01	Political contributions		
	Donations directly or indirectly to political parties, politicians and their families or entities they hold interests in, or organizations affiliated with political parties are not permitted by NORMA Group. During the period under review, NORMA Group's donation accounts did not indicate any such benefits.		
<b>GRI 417: Marketing and Labeling 2016</b>			
103 <sup>1</sup>	Management Approach	18	
417-01	Requirements for product and service information and labeling	18	
	Online product data sheets are available for certain products.		

GRI Standards		Page	UNGC
<b>GRI 418: Customer Privacy 2016</b>			
103 <sup>1</sup>	Management Approach	16	
418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
	During the reporting period, NORMA Group was not notified of any claim or allegation of breach of customer privacy or data protection.		
<b>GRI 419: Socioeconomic Compliance 2016</b>			
103 <sup>1</sup>	Management Approach	16	
419-01	Non-compliance with laws and regulations in the social and economic area	15	
	During the reporting period, NORMA Group paid no significant penalties or fines for infringements, violations or non-compliance with laws, regulations or obligations in the area of compliance and products.		

<sup>1</sup> The Management Approaches presented in this report under GRI 103: Management Approach 2016 always include the GRI standards 103-1 (Explanation of the main topics and their demarcation), 103-2 (The Management Approach and its components) and 103-3 (Examination of the Management Approach)



# ASSURANCE REPORT

[GRI 102-56]

## INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON NON-FINANCIAL REPORTING<sup>1</sup>

### To NORMA Group SE, Maintal

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of NORMA Group SE, Maintal, (hereinafter the "Company") for the period from January 1, 2017 to December 31, 2017 (hereinafter the "Non-financial Report"). The Non-financial Report comprises the sections marked with a blue vertical line in the Corporate Responsibility Report of the Company for fiscal year 2017.

### Responsibilities of the Executive Directors

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

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

### Independence and Quality Control of the Audit Firm

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

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

### Practitioner's Responsibility

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

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

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1, 2017 to December 31, 2017, has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

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

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

- › Obtaining an understanding of the execution of the materiality analysis
- › Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- › Identification of likely risks of material misstatement in the Non-financial Report
- › Analytical evaluation of selected disclosures in the Non-financial Report
- › Conducting review procedures in Maintal, Germany, and Subotica, Serbia
- › Comparison of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- › Evaluation of the presentation of the non-financial information

### Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1, 2017, to December 31, 2017, has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report 2017 of NORMA Group SE, Maintal and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.



### **Intended Use of the Assurance Report**

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt/Main, March 9, 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

ppa. Nicolette Behncke  
Wirtschaftsprüfer  
(German public auditor)

ppa. Dieter W. Horst

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### CONCEPT AND EDITING

Scholz & Friends Reputation,  
Berlin

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### 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 precedence.

### Note on rounding

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

### Information on the Global Reporting Initiative

The Global Reporting Initiative (GRI) assists all organizations 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 organizations 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 organizations.

For this report the "Materiality Disclosure Service" was conducted by the Global Reporting Initiative (GRI). This confirms, that disclosures on the GRI Standards 102-40 to 102-49 have been correctly implemented as of the date of publication, both in the GRI Content Index as well as in the entire CR Report.



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