

In the product group of surface-refined non-stainless steel, lower purchase prices were agreed in the price negotiations for European needs in both the first and second half of the year.

### Technical granulates, plastic and rubber products

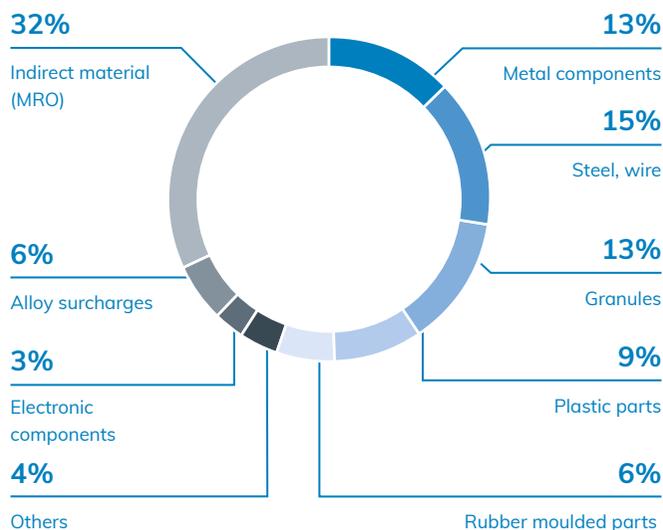
NORMA Group also recorded further price increases of up to more than 10 percent in the technical plastics product group in fiscal year 2019. The reason for this was the initially sustained high global demand for technical plastics, which led to further allocations by producers at the beginning of the year. However, thanks to many years of trustful cooperation with important suppliers and internal countermeasures, impending bottlenecks were successfully averted.

The market situation eased somewhat in the course of the year as the economy weakened, driven by the global automotive industry and other factors, so that the purchase prices of important technical plastics could be renegotiated in the fourth quarter. However, the annual average price level for this product group was significantly higher than in the previous year.

### Standard plastics, components and commodities

The prices for granulates were stable in 2019 compared to the previous year, benefiting from the macro-political situation and a weaker economy. Prices for granulates used in water management were even at a historically low level in 2019 due to the ban on imports of recycled plastics to China and the resulting increased supply in the Americas region. NORMA Group was able to take advantage of this situation and recorded price reductions.

### Purchasing turnover in 2019 by material groups G019



### Supplier management

The purchasing organization continuously monitors the performance of suppliers. A key instrument in this respect is the annual implementation of detailed supplier evaluations. This involves the use of globally uniform criteria from the areas of quality, logistics, sustainability and commercial aspects. The relevant departments are involved in the assessments at local level. The evaluation process is mapped using e-procurement software. → 2019 CR REPORT

### Supplier structure

The focus of NORMA Group's supplier selection is a balance of supplier consolidation to reduce complexity and avoid strong dependencies. This balance is continuously optimized by the pur-

chasing department. The current supplier base is structured as follows: The share of the top 10 suppliers accounted for approximately 28% in fiscal year 2019. The top 50 suppliers accounted for around 53% of the total purchasing volume of production material, amounting to EUR 335 million.

### Employees

#### Decentralized organization, common corporate culture that is lived

The employees of NORMA Group make an important contribution to its success. Human resource management and personnel development therefore play a major role.

HR management at NORMA Group is organized in a decentralized manner to take the international nature of the business and the rapid growth of NORMA Group into account. The decentralized organization allows the individual sites to adapt flexibly to the local conditions and to contribute their specifications, particularly with regard to regional expertise in personnel development and recruiting.

In order to promote a uniform corporate culture, NORMA Group has formulated key guiding principles that reflect the fundamental convictions of the Company. These guiding principles are taught and lived at all sites. → 2019 CR REPORT

#### Development of personnel figures

As of December 31, 2019, NORMA Group employed 8,521 employees (core workforce including temporary staff) and thus around 4% fewer than in the previous year (December 31, 2018: 8,865). The number of temporary employees at the end of December was 1,998 (December 31, 2018: 1,964). This corresponds to around 23% of the total workforce.

**Development of personnel figures at NORMA Group G020**



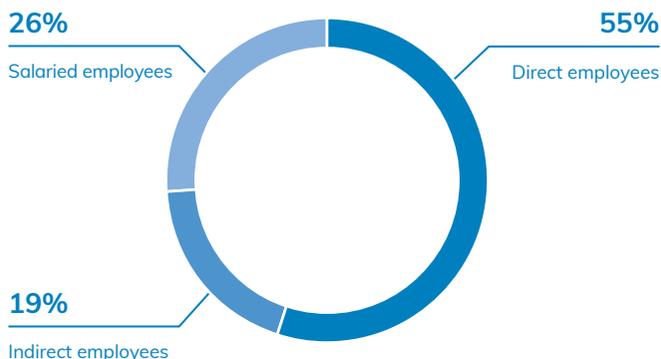
In the Americas region in particular, the number of employees was significantly lower than in the previous year. The core workforce in this region decreased by around 13% to 1,601 employees. This corresponds, in particular, to an adjustment of personnel structures in the context of sales losses in the EJT business.

In the EMEA region, the number of employees also declined by around 5% compared to the previous year, whereas the number of employees in the Asia-Pacific region rose by 4%.

**Stable share of employee groups**

The total number of employees (permanent and temporary) in the current reporting period was 4,672 direct employees (2018: 4,951), 1,630 indirect employees (2018: 1,626) and 2,219 salaried employees (2018: 2,289). While direct employees are individuals who are involved in the manufacturing process, indirect employees are persons who work in production-related areas such as the quality department, for example. The group of salaried employees is mainly assigned to administrative functions.

**Breakdown of employees by group G021**



**Core workforce by segments T026**

	2019	In %	2018	In %
EMEA	3,549	54	3,744	54
Americas	1,601	25	1,842	27
Asia-Pacific	1,373	21	1,315	19
Total	6,523		6,901	

**Well-trained and qualified workforce**

The employees of NORMA Group are well trained and obtain their qualifications by earning school and university degrees and by participating in professional and supplementary training courses. In order to maintain the high degree of employee qualification and ensure the successful development of the Group in the future, NORMA Group believes it is important to invest in the training and further education of its employees. The goal is to recruit as many specialized employees as possible from one's own junior staff, thereby becoming more independent of the external labor market. NORMA Group also cooperates closely with renowned universities.

**Focus on uniform global talent promotion**

In order to identify, retain and develop talents within the Group, NORMA Group set up the 'Learning & Development' competence center a couple of years ago. The competence center acts as an internal consultant to the local HR departments, executives and employees. The focus of the initiative is on the conception and supply of development processes and programs that can be used worldwide, which are aligned with NORMA Group's Company values and growth targets. In order to promote learning at the workplace and the individual development of its employees in a targeted manner, direct supervisors as well as internal mentors and coaches are made available. As part of the project, various local and regional human resource development methods have been integrated into a global portfolio. This ensures uniform global talent promotion for all NORMA Group employees.

### Numerous training opportunities for career entrants

Besides accompanying courses of studies in the areas of business engineering, mechanical engineering, mechatronics and business administration, NORMA Group also offers internships for students in all departments and regions. Furthermore, quite a few young people are trained in various technical and commercial areas at NORMA Group each year.

### Exchanges of personnel: more communication, better understanding

NORMA Group will seek to continue to grow internationally in the future both organically as well as through targeted acquisitions. In order to be able to integrate new parts of the Group, the individual sites need to work together efficiently. Thus, communication that functions well is essential. To encourage this, NORMA Group offers several exchange programs for its employees, from one- to three-month 'Bubble Assignments' 'Long-Term-Assignments'. Expert personnel and managers who participate in this initiative bring special skills and experience to the new sites and, at the same time, benefit from the know-how of their local colleagues. Through these projects, NORMA Group promotes the internal transfer of knowledge, inter-cultural awareness, the establishment of networks and the individual development of the participants.

### Good performance is rewarded

NORMA Group strives to attract and retain qualified and committed employees. In order to encourage employee interest in a positive development of the Company's value and permit them to participate in its economic success, the remuneration system at NORMA Group includes a fixed salary as well as a performance-related variable remuneration component. For tariff and non-tariff employees in Germany, this is based on important financial performance indicators or other factors. Moreover, the personal achievements of employees also play a role in remuneration.

### Feedback culture – employee opinions are always welcome

In the interest of a continuous analysis and improvement process, NORMA Group conducts regular employee surveys. The focus of this central feedback tool is on the Company's strengths and weaknesses from an employee perspective, employee satisfaction, as well as the quality of leadership and cooperation. Further information can be found in the → [2019 CR REPORT](#).

### Healthy team – healthy company

A productive company like NORMA Group depends on having healthy and satisfied employees. For this reason, NORMA Group supports its employees' health by conducting various activities. Activities are offered at the site in Maintal, for example. In 2019, these included cardio scans, functional movement analyses, spinal column screenings, vein checks and nutritional advice.



## Internal "Train the Trainer" program launched

Whether it's on change management, communication strategies or conflict management – knowledge at the NORMA Group is quite comprehensive and already available at the Group's various sites. In order to share its current expertise even better throughout the Company, NORMA Group has launched a "Train the Trainer" program in the EMEA region that focuses on leadership skills. Representatives from various European sites attended a training course where they learned more about the expectations of the management culture at NORMA Group and the strategies and tools for implementing it. The trained trainers then held their own workshops at their respective sites where they passed on this knowledge to the local managers.

The program supports the global initiative "LeadershipCulture@NORMA" and will be expanded in the years to come.

The information in the above box is not part of the Consolidated Management Report and therefore is not subject to the audit.

### Occupational health and safety is of the highest priority

NORMA Group places great importance and emphasis on the topics of health, safety and the wellbeing of its employees. The Company complies with the existing legislative and regulatory requirements relating to health and safety, but also goes further with a number of activities and initiatives to proactively manage and minimize potential risks. NORMA Group fully endorses the industry-recognized occupational health and safety management system OHSAS 18001 and is currently in transition to the new integrated standard ISO 45001.

As part of its value-based safety program, NORMA Group analyzes the actions of its employees in the workplace and identifies potentially dangerous behaviors as part of regular safety reviews and instructions. Furthermore, NORMA Group carries out regular inspections of its plants and facilities and develops action plans based on the results, the implementation of which is monitored locally and at the Group level.

### Incident rate improved significantly

NORMA Group constantly monitors and analyzes its accident statistics. The number of work-related accidents, ranging from near miss incidents to reportable accidents, are recorded and on a Group-wide basis each month and monitored at the local, regional and Group levels. All reportable accidents are communicated to Management Board level and any findings are systematically shared throughout the Group with the goal of preventing accidents in the future. NORMA Group's top priority is to ensure an accident-free, safe working environment in the long term.

The accident rate, which is the number of reportable accidents per 1,000 employees, represents one of the most important employee indicators. This figure was four for the 2019 reporting year, a significant improvement compared to the previous year (2018: eight). → [G 22: INCIDENT RATE](#)

**Incident rate** G022  
Reportable incidents per 1,000 employees



### Environmental protection and ecological management

As a manufacturing Company, NORMA Group is well aware of its environmental, economic, and social responsibility. Environmentally compatible and sustainable economic activity is therefore a central element of its corporate strategy. For this reason, the Company considers it important to systematically include environmental aspects in its business decisions. Therefore, NORMA Group has implemented a Group-wide environmental management system and certifies its production sites in accordance with ISO 14001.

NORMA Group's goal is to increase the efficiency of its production processes, lower its energy consumption over the long term, and reduce waste. The long-term cost savings associated with this contribute to the economic efficiency of the Group.

Since 2018, NORMA Group has set quantitative targets for the reduction of greenhouse gases, water consumption and waste generated at its production sites. Moreover, NORMA Group includes environmental impacts resulting from the supply chain as well as from the application of its products in its environmental strategy. These targets are published in the CR roadmap. Progress towards climate, water and waste targets is reviewed at the local level through regular management assessments and at the global level through the reporting of aggregated data to the Management Board. Further information on the environmental strategy can be found in the → [2019 CR REPORT](#).

### Marketing

In order to further increase awareness of NORMA Group's products all over the world, boost product sales, strengthen its customer relationships and thus contribute to the Group's growth, NORMA Group's long-term marketing strategy is based on the following objectives:

- Building a strong NORMA Group brand image
- Focusing on marketing activities
- Optimizing of the brand portfolio
- Optimizing of the marketing tools
- Gaining a better understanding of market needs

In order to be able to focus on its end markets and customers as much as possible, NORMA Group aligns all of its marketing activities to address local market conditions and consumer habits in its respective regions and markets. The regional marketing units are responsible for executing the various activities and synchronizing them with NORMA Group's operative objectives.