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# CORPORATE GOVERNANCE REPORT

The following is the Management Board's Declaration of Conformity in accordance with article 289f of the German Commercial Code (Handelsgesetzbuch, HGB) and Section 3.10 of the German Corporate Governance Code (GCGC).

The management of NORMA Group is dedicated to achieving sustained economic success while complying with the Company's social responsibility. Transparency, responsibility and sustainability are the principles that determine its actions.

## DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board and Management Board of NORMA Group SE have thoroughly examined which of the German Corporate Governance Code's recommendations and suggestions NORMA Group SE should follow and explains deviations from the recommendations and the reasons for deviating from the Code. The current Declaration dated January 31, 2019, as well as all the other Declarations are published on NORMA Group's website.  [INVESTORS. NORMAGROUP.COM](http://www.investors.normagroup.com)

The Declaration dated January 31, 2019, is presented below:

With the following exceptions, NORMA Group SE has complied since its last declaration was submitted, and will continue to comply, with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 (published on April 24, 2017 by the Federal Ministry of Justice in the official section of the Federal Gazette) ('Bundesanzeiger'):

**1. With respect to the compensation of the members of the Management Board, the Supervisory Board does not take into account the compensation of the upper management or the workforce as a whole (Section 4.2.2 para. 2 GCGC).**

When determining the compensation of the Management Board, the Supervisory Board, advised by an external remuneration expert, also took into account the compensation structure of the Company as well as the entire NORMA Group. Due to NORMA Group's dynamic development, the Supervisory Board has so far not explicitly defined the upper management or the workforce as a whole and, therefore, does not take these groups or their development over time into account.

**2. Under service agreements with members of the Management Board, the remuneration of the Management Board is not capped, either in total or in terms of its variable compensation elements (Section 4.2.3 para. 2 sentence 7 GCGC).**

The Supervisory Board may grant in its sole discretion a special bonus for extraordinary achievements which is not limited by a maximum amount. The Supervisory Board does not believe such a maximum amount to be required because the Supervisory Board can ensure by specifically exercising its discretion that the requirement of adequacy under Section 87 para. 1 of the German law on stock corporations is complied with. Until today, the Supervisory Board has never granted such a special bonus.

Apart from that, the agreements with all current members of the Management Board that were entered into since 2015 comply with the recommendations pursuant to Section 4.2.3 para. 2 sentence 7 of the German Corporate Governance Code. In addition, the management service agreements that were entered into prior to 2015 depart from the recommendations pursuant to Section 4.2.3 para. 2 of the GCGC as follows:

The maximum gross option profit from the Matching Stock Program (MSP) for the Management Board is limited in total to a percentage of the average annual (adjusted) EBITA during the vesting period; therefore, a relative maximum limit that is dependent on the Company's success is applied rather than a maximum monetary amount.

The maximum amount of the long-term variable remuneration under the Long-Term Incentive Plan is limited to 250% of the amount that results based on the three-year average value of the (adjusted) annual EBITA or the free cash flow that the Company has budgeted multiplied by the respective bonus percentages set in the employment contract.

Under these programs, payments are still made to former members of the Management Board and Mr. Kleinhens.

**3. Two members of the Supervisory Board have already reached, or will before the end of their tenure reach, the regular age limit (Section 5.4.1 para. 2 sentence 2 half sentence 4 GCGC).**

The tenure of a Supervisory Board member shall not be extended beyond his or her 70th birthday. Mr. Berg and Dr. Michelberger are already older than 70. The Supervisory Board is of the opinion that there is currently no reason to prematurely end these mandates prior to the end of the tenure.



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Membership in the Supervisory Board should mainly depend on abilities and actual capacities.

## STATEMENT ON CORPORATE GOVERNANCE

### ALLOCATION OF COMPETENCES BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

NORMA Group SE uses a similar type of dual management system that German stock corporations use. Here, the Supervisory and Management Boards are separate bodies that have different functions and powers. The Management Board manages the Company under its own responsibility. The Supervisory Board appoints, advises, monitors and dismisses members of the Management Board.

The Management Board provides the Supervisory Board with regular updates about its business policies, how the business is developing, the position of the Company and any transactions that could have a significant impact on profitability or liquidity. The Management Board reports the key figures of the Group and the current course of business to the Supervisory Board on a monthly basis, in particular with regard to the published guidance on the expected development of the Company. Based on the written documents that were submitted to the Supervisory Board in advance, the members of the Management Board report in great detail on business developments and provide an outlook on the expected future development of NORMA Group at the Supervisory Board meetings. Other recurring topics at all meetings include the monthly and quarterly figures, risk analysis and measures aimed at minimizing any risks that had been detected, reports by the respective Committee Chairmen on the previous meetings held and strategic projects. All Management Board members participate in the Supervisory Board meetings. The Supervisory Board convenes separately before or after meeting with the Management Board.

The Chairman of the Supervisory Board and the Chairman of the Management Board coordinate the collaboration of the two Boards. They also stay in regular contact between Supervisory Board meetings and discuss current corporate governance issues.

In accordance with the legal requirements, the by-laws of the Management Board and NORMA Group's Articles of Association, the Supervisory Board must approve certain important transactions before they can be executed by the Management Board and the Company's employees. This applies not only for measures at NORMA Group SE, but also for measures at its subsidiaries. In order to ensure that the Management Board is promptly informed of corresponding matters involving subsidiaries so that it can request the approval of the Supervisory

Board, a hierarchical system of approval requirements organized by functional areas, levels of responsibility and countries applies worldwide at NORMA Group.

### MANAGEMENT BOARD AND REGIONAL MANAGEMENT

The Management Board of NORMA Group SE is composed of three members: Bernd Kleinhens (Chairman), Dr. Michael Schneider (CFO) and Dr. Friedrich Klein (Chief Operating Officer).

#### T 006 RESPONSIBILITIES OF THE MANAGEMENT BOARD

Bernd Kleinhens, Chairman of the Management Board (CEO)	<ul style="list-style-type: none"> <li>▶ Personnel</li> <li>▶ Group Development</li> <li>▶ Group Communications</li> <li>▶ Business Development including Sales, Marketing, Research &amp; Development, Product Development, Price Development and Product Management</li> </ul>
Dr. Michael Schneider, Chief Financial Officer (CFO)	<ul style="list-style-type: none"> <li>▶ Finance &amp; Reporting</li> <li>▶ Controlling</li> <li>▶ Insurances</li> <li>▶ Treasury</li> <li>▶ Investor Relations</li> <li>▶ Legal and M&amp;A</li> <li>▶ Risk Management</li> <li>▶ Compliance &amp; Internal Auditing</li> <li>▶ Corporate Responsibility</li> </ul>
Dr. Friedrich Klein, Member of the Management Board (COO)	<ul style="list-style-type: none"> <li>▶ Production</li> <li>▶ Purchasing</li> <li>▶ Supply Chain Management</li> <li>▶ Operational Global Excellence</li> <li>▶ Information &amp; Communication Technology (ICT)</li> <li>▶ Quality Assurance</li> <li>▶ ESG (Environment, Social, Governance)</li> </ul>

John Stephenson was the Management Board member for the Supply Chain and Operations responsible for Production, Purchasing, Supply Chain Management, Operational Global Excellence and Quality Assurance until he stepped down from the Management Board on January 31, 2018. Bernd Kleinhens, Chairman of the Management Board, was temporarily responsible for these areas. Since October 1, 2018, Dr. Friedrich Klein has taken over these areas and is also responsible for ICT.

In general, Management Board resolutions are passed by simple majority. The Chairman has the deciding vote if the vote is tied. However, the members of the Management Board are obliged to make an effort to reach unanimous decisions. If a member of the Management Board cannot participate in a vote, his vote will be obtained at a later date. The entire Management Board is responsible with

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matters of particular importance. In accordance with the Management Board by-laws, these include the following matters: producing the Management Board reports for the purpose of informing the Supervisory Board and the quarterly and half-yearly reports, fundamental organizational measures, including the acquisition or disposal of significant parts of companies and strategic and business planning issues, measures related to the implementation and supervision of a monitoring system pursuant to Section 91 (2) of the German law on stock corporations, issuing the Declaration of Conformity pursuant to Section 161 (1) of the German law on stock corporations, preparing the Consolidated and Annual Financial Statements and similar reports, convening the Annual General Meeting and inquiries and recommendations by the Management Board that are to be handled and resolved by the Annual General Meeting. In addition, every Management Board member may request that a specific issue be dealt with by the entire Management Board. The Management Board did not form any committees. Board meetings are usually held at least once a month.

Every Board member is obliged to inform the Supervisory Board immediately, but also the other members of the Management Board, of any conflicts of interest. No such conflicts of interest arose for a Board member in 2018.

The Supervisory Board must approve any transactions between NORMA Group companies on the one hand and a member of the Management Board, related parties or businesses on the other hand. No such transactions took place in 2018.

The Supervisory Board must also approve any secondary activities by a member of the Management Board. It had already agreed that CFO Dr. Schneider may continue to be a member of the Supervisory Boards of two German companies. It also agreed to Mr. Stephenson, who left the Management Board at the end of January 2018, holding shares in a family-owned English company. Mr. Kleinhens and Dr. Klein do not perform any secondary activities that are subject to approval.

The rules of procedure of the Supervisory Board provide that the term of office of a member of the Management Board should not be extended beyond his or her 65th birthday. Former CEO Werner Deggim left the Management Board on December 31, 2017. This date was before his 65th birthday.

Local Presidents in the three regions EMEA, Americas and APAC are responsible for carrying out business on a daily basis. These three Presidents report directly to the Chairman of the Management Board. The entire Management Board of NORMA Group SE meets at least once a year with the Presidents and their managers at the local headquarters – Singapore for the Asia-Pacific region, Auburn Hills, Michigan, for the Americas, and Maintal for the EMEA region. In addition,

individual members of the Management Board meet regularly with the local teams. The managers at NORMA Group work in a matrix structure in which they have both a disciplinary as well as a technical supervisor.

**SUPERVISORY BOARD: MEMBERS, ELECTION AND INDEPENDENCE**

The Supervisory Board of NORMA Group SE is comprised of the following six members:

- ▶ Lars M. Berg (Chairman of the Supervisory Board)
- ▶ Erika Schulte (Vice Chairwoman of the Supervisory Board)
- ▶ Günter Hauptmann
- ▶ Rita Forst
- ▶ Dr. Knut J. Michelberger
- ▶ Mark Wilhelms

They are all representatives of the shareholders. NORMA Group SE is not a code-terminated Company; therefore, worker representatives are not represented on its Supervisory Board. Proceedings pursued by Dr. Konrad Erzberger concerning the composition of the Supervisory Board of NORMA Group SE ('Status Procedure') came to an end in 2018. Dr. Erzberger withdrew his appeal in July 2018 after the Regional Court of Frankfurt/Main had rejected the request as unfounded and decided not to remedy the appeal filed against it, but rather submitted it to the Higher Regional Court.

The members of the Supervisory Board are elected by the Annual General Meeting. Since fewer than six members had been elected at the 2018 Annual General Meeting and the Supervisory Board therefore temporarily had only five members, Mark Wilhelms was appointed by the court as the sixth member. The Local Court of Hanau appointed Mark Wilhelms on August 29, 2018, until his election by the Annual General Meeting or the election of another Supervisory Board member by the Annual General Meeting; this is expected to be until May 21, 2019. The appointment of the other current Supervisory Board members took place upon their election at the Annual General Meeting on May 17, 2018, and ends with the conclusion of the Annual General Meeting which resolves on the discharge of the Supervisory Board for fiscal year 2022, but for no longer than six years.

All members of the Supervisory Board are independent as defined in Section 5.4.2 of the German Corporate Governance Code. Furthermore, no Supervisory Board member has ever served as a member of the Management Board of NORMA Group SE or been a member of management of any of its predecessor companies.

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Three of the six members of the Supervisory Board of NORMA Group SE, Mr. Berg, Mr. Hauptmann, Dr. Michelberger, have been members of the Supervisory Board since 2011. Mrs. Schulte has been a member of the Supervisory Board since 2012. Mrs. Forst and Mr. Wilhelms have been members since 2018.

The rules of procedure of the Supervisory Board provide that the term of office of a member of the Supervisory Board should not be extended beyond his or her 70th birthday. Mr. Berg and Dr. Michelberger have already reached this age limit.

There are no consultancy, other service or work contracts between NORMA Group companies and a member of the Supervisory Board.

All members of the Supervisory Board are obligated to report any conflicts of interest. Significant and not merely temporary conflicts of interest for members of the Supervisory Board should lead to the termination of the mandate. No such conflicts of interest arose in 2018.

Four ordinary meetings of the Supervisory Board were held in fiscal year 2018. These meetings were attended by all members of the Supervisory Board and the Management Board. In July 2018, the Supervisory Board met for a closed-door meeting in which Mr. Kleinhens and Dr. Schneider temporarily participated and which otherwise took place without the Management Board. The Supervisory Board as a whole met on May 28, 2018, June 29, 2018, July 17, 2018 and August 14, 2018, to discuss personnel issues, or coordinated its meetings in telephone conferences and by e-mail. All members of the Supervisory Board took part in these meetings, with the exception of one telephone conference at which Mrs. Forst was excused. The General and Nominations Committee met on June 5, 2018 and July 30, 2018, and discussed on telephone conferences and on June 28, 2018 by e-mail and on July 5, 2018 in separate telephone calls.

The Chairman of the Supervisory Board represents the Supervisory Board externally. He organizes the work of the Supervisory Board and chairs its meetings. The Supervisory Board can pass resolutions by simple majority, whereby the Chairman has the deciding vote if a vote is tied.

The Supervisory Board has two committees: the Audit Committee and the General and Nomination Committee.

The Audit Committee deals in particular with monitoring the accounting process and the effectiveness of the internal control and risk management systems as well as the audit of the Annual Financial Statements, in particular through the independence of the auditor, the additional services rendered by the auditor, engaging the auditor, determining areas of audit emphasis and agreeing to the

auditor's fees. The Audit Committee accompanies the collaboration between NORMA Group SE and the auditors and ensures that opportunities for improvement identified during the audit are promptly implemented. It is responsible for preparing the accounting documents and adopting the Supervisory Board's resolution on the consolidated and separate financial statements. Moreover, it is responsible for compliance and reviews the compliance with statutory provisions and the internal guidelines.

Dr. Michelberger is Chairman of the Audit Committee. The other members were Lars Berg and Erika Schulte until the 2018 Annual General Meeting, Erika Schulte and Rita Forst since the Annual General Meeting. Dr. Michelberger is an independent financial expert within the meaning of Section 100 (5) AktG. Due in large part to his many years as CFO and Managing Director, he has particular knowledge and experience in the application of accounting principles and internal guidelines.

Three meetings of the Audit Committee and four telephone conferences were held in fiscal year 2018. All Audit Committee members took part in the meetings. Mrs. Forst did not take part in one of the telephone conferences while the other members took part in all of the telephone conferences.

The General and Nomination Committee prepares personnel-related decisions for the Supervisory Board. This committee has the following specific responsibilities: preparing Supervisory Board resolutions regarding the formation, amendment and termination of employment contracts with members of the Management Board in accordance with the remuneration system approved by the Supervisory Board, preparing Supervisory Board resolutions regarding legal applications to reduce the remuneration of a Management Board member pursuant to Section 87 (2) AktG, preparing Supervisory Board resolutions regarding the structure of the remuneration system for the Management Board, acting as representatives of the Company to Management Board members who have left the Company pursuant to Section 112 AktG, approving secondary employment and external activities for Management Board members pursuant to Section 88 AktG, granting loans to the persons specified in Section 89 AktG (loans to members of the Management Board) and Section 115 AktG (loans to members of the Supervisory Board), approving contracts with members of the Supervisory Board pursuant to Section 114 AktG and proposing suitable candidates to the Annual General Meeting when there is a vote on Supervisory Board members.

Until the 2018 Annual General Meeting, the members of the General and Nomination Committee were Dr. Stefan Wolf, Chairman of the Supervisory Board, as Chairman, and Dr. Christoph Schug and Lars Berg as additional members, followed by the new Chairman of the Supervisory Board, Lars Berg, Günter

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Hauptmann and Dr. Knut Michelberger. The General and Nomination Committee did not meet until the 2018 Annual General Meeting. Before then, all personnel matters had been prepared by the Chairman of the Supervisory Board and discussed directly with the entire Supervisory Board. Afterwards, all members of the committee attended all meetings.

#### OTHER MANDATES OF THE SUPERVISORY BOARD MEMBERS

Exercised professions and other mandates on Supervisory Boards or comparable Supervisory Bodies of the members of NORMA Group's Supervisory Board in fiscal year 2018 are shown in ► **TABLE 007**.

#### T 007 OTHER MANDATES OF THE SUPERVISORY BOARD MEMBERS

Supervisory Board member, exercised office	Other mandates on Supervisory Boards and comparable committees
Lars M. Berg (Chairman), Consultant	<ul style="list-style-type: none"> <li>▶ Chairman of the Supervisory Board of Greater Than AB, Stockholm, Sweden (listed on the stock exchange)</li> <li>▶ Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden (until May 8, 2018, listed on the stock exchange)</li> </ul>
Erika Schulte, (Vice-Chairwoman), Managing Director of Hanau Wirtschaftsförderung GmbH	<ul style="list-style-type: none"> <li>▶ No seats on other boards or comparable committees</li> </ul>
Rita Forst, Consultant	<ul style="list-style-type: none"> <li>▶ Member of the Supervisory Board of ElringKlinger AG, Dettingen, Germany (listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Joh. Winkhofer Beteiligungs GmbH &amp; Co. KG (iwis), Munich, Germany (not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Metalsa, S.A. de C.V., Monterrey, Mexico (not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Westport Fuel Systems Inc., Vancouver, Canada (listed on the stock exchange)</li> </ul>
Günter Hauptmann, Consultant	<ul style="list-style-type: none"> <li>▶ Chairman of the Advisory Board of Atesteo GmbH (formerly GIF GmbH), Alsdorf, Germany (until February 14, 2018, not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Moon TopCo GmbH (Schlemmer Group), Poing, Germany (not listed on the stock exchange)</li> </ul>
Dr. Knut J. Michelberger, Consultant	<ul style="list-style-type: none"> <li>▶ Member of the Supervisory Board of Weener Plastics Group, Ede, The Netherlands (not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Kaffee Partner Holding GmbH, Osnabrück, Germany (not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Rena Technologies GmbH, Gütenbach, Germany (not listed on the stock exchange)</li> <li>▶ Vice Chairman of the Advisory Board of Racing TopCo GmbH, Troisdorf, Germany (since May 2018, not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Moon TopCo GmbH (Schlemmer Group), Poing, Germany (since July 2018, not listed on the stock exchange)</li> <li>▶ Member of the Advisory Board of Tegimus Holding GmbH, Mannheim, Germany (since July 2018, not listed on the stock exchange)</li> </ul>
Mark Wilhelms, Chief Financial Officer at Stabilus S.A.	<ul style="list-style-type: none"> <li>▶ No seats on other boards or comparable committees</li> </ul>

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## TARGETS FOR THE SHARE OF WOMEN

As early as 2015, the Supervisory Board of NORMA Group SE had set targets for the Supervisory Board and Management Board of NORMA Group SE and the Management Board for the management level of NORMA Group SE below the Management Board as well as a time limit for implementing them. These targets were adjusted as follows in 2017:

The target figure for the share of women on the Supervisory Board is two female members (out of a total of six). For the Management Board, the target is zero. For the top management level of NORMA Group SE, the target figure is a 25% share of women. The aforementioned new targets are expected to apply until June 30, 2022. They were all achieved or exceeded in the fiscal year under review. Two female members have been members of the Supervisory Board since its re-election on May 17, 2018.

The Management Board currently consists exclusively of men. In accordance with the rules of procedure of the Supervisory Board, the Supervisory Board should pay attention to diversity in the composition of the Management Board. Furthermore, the Supervisory Board does not consider it in the interest of the Company to set higher targets for the proportion of women in the Management Board. For this reason, the target figure for the proportion of women on the Management Board remains zero. This target was achieved unchanged in 2018.

At NORMA Group SE, the first management level comprises all persons who are Executive Vice Presidents or Vice Presidents, report directly to the Management Board, assume management responsibilities and bear personnel responsibility. Although the proportion of women in the first management level was 50% when the resolution was passed in 2017 (as in 2015), the Management Board had set the target figure for the proportion of women in the first management level at least 25%. This neither meant a reduction in the proportion of women nor ruled out the possibility that the proportion of women would rise to over 50%. In fact, the proportion of women rose from 50% to 60% in 2018. Among the total of five persons (previously four) who now form the first management level below the Management Board, there are now three women, since the Executive Vice President Human Resources has been employed at NORMA Group SE and not, like her predecessor, at NORMA Group Holding GmbH, a subsidiary of NORMA Group SE. The target figure of 25% was thus exceeded. NORMA Group SE does not have a second management level for which the Management Board would also have had to set targets.

At NORMA Group, targets for the management, the Supervisory Board and the top two levels of management were also set for another company, NORMA Germany GmbH. This company is not listed, but codetermined.

## COMPETENCE PROFILE, NO SEPARATE DIVERSITY CONCEPT

The objectives for the composition of the Supervisory Board include that all members be independent, no member works for a competitor of NORMA Group, no member who is on the Management Board of a listed company has more than two Supervisory Board mandates in listed companies, no member of the Supervisory Board has significant conflicts of interest and each member complies with the 15-year limit. These goals have all been met. In addition, the Supervisory Board should pay attention to international activities and diversity in proposals for the election of new members. The Supervisory Board has one Swedish member while the other members are German citizens. The current members satisfy the competence profile for the Supervisory Board as a whole. Some members have special knowledge of the industry and NORMA Group's markets, in particular the automotive industry, and NORMA Group's business model. Several members have experience as executives or members of Supervisory Boards as well as international experience. At least one member has expertise in accounting, auditing and controlling. Other areas in which members of the Supervisory Board have special knowledge include risk management, internal control systems and compliance, capital market experience and knowledge of IT systems, including ERP systems. The members of the Supervisory Board also have sufficient time to perform their duties.

No separate diversity concept within the meaning of Section 289f (2) No. 6 HGB has been prepared for the Supervisory and Management Boards of NORMA Group SE. The rules of procedure of the Supervisory Board already stipulate that certain aspects, which the law cites as an example of a concept of diversity, should be taken into consideration in the case of nominations for the elections to the Supervisory Board and the appointment of Management Board members. Diversity should be taken into account in the composition of the Management Board as well as in election proposals for the election of Supervisory Board members. Further requirements for the Supervisory Board already arise from the goals and rules of the procedure described above. The Management Board also has an age limit of 65, which is met by all members. The Supervisory Board focuses on the selection of candidates primarily according to their qualifications. In view of the small number of positions to be filled, six on the Supervisory Board and three on the Management Board, a diversity concept that goes beyond the current requirements hardly seems to offer any advantages.

## COMPLIANCE

NORMA Group's compliance organization seeks to prevent violations of laws and other rules, in particular through preventive measures. Nevertheless, if there is evidence of violations, these matters are investigated promptly and thoroughly and the necessary consequences are taken. Findings will be used to take steps to reduce the risk of future violations.

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Group-wide compliance activities are managed by the Chief Compliance Officer of NORMA Group, who reports to the Chief Financial Officer. In addition to the Compliance Department in place at Group level, there are compliance officers at the regional and company levels. The three regional Compliance Officers for the EMEA, Americas and Asia-Pacific regions report to the Chief Compliance Officer. In addition, each operating Group company has its own local Compliance Officer, who reports to the respective Regional Compliance Officer. The Supervisory Board monitors compliance with the compliance rules vis-à-vis the Management Board.

The compliance organization conducts risk analyses together with the relevant units, functions and departments in order to determine and monitor the risk profile of countries, Group companies and functions. On this basis, it identifies the need for action and initiates corresponding measures. Specific employee training courses are held regularly on selected risk areas and important current topics or developments. In 2018, for example, the Compliance Department coordinated a global data protection training course and conducted on-site training sessions at select locations focusing on corruption prevention. Besides training on specific focus topics, all employees worldwide are trained on the basic compliance rules and important contents of the compliance guidelines (in personal or online training sessions). NORMA Group's system-based training administration was also expanded and improved in fiscal year 2018. In addition, employees regularly receive relevant, up-to-date compliance information on a case-by-case basis via various information channels such as the intranet site, brochures, e-mails or notices.

The compliance guidelines of NORMA Group are an important means of communicating to employees the compliance understanding of NORMA Group and of demonstrating their ethical and legal obligations. All compliance documents are reviewed regularly and, if necessary, adapted to new legal or social requirements and thus always kept up to date. Suppliers have their own 'Supplier Code of Conduct.' It is intended to help ensure that laws and ethical rules are observed within the NORMA Group supply chain. A compliance manual also defines in detail the specific areas of responsibility and regulatory areas, describes basic compliance processes, and provides a summary of key compliance issues related to the corresponding compliance guidelines. The compliance manual, as well as the compliance guidelines, are reviewed regularly for changes and updated, if necessary.

NORMA Group encourages its employees to report breaches of regulations and internal policies for all hierarchies. Besides directly approaching superiors, the personnel department or Compliance Officers, an Internet-based 'whistleblower system' is available for this purpose. With this whistleblower system, compa-

ny-internal and external parties can report suspicious cases to the compliance organization of NORMA Group and, if necessary, preserve their anonymity.

The members of the compliance organization always follow up on references to compliance violations. If violations of compliance rules are discovered or weaknesses in the organization are identified, management takes the necessary action promptly in cooperation with the compliance organization. Depending on the individual case, these measures range from targeted additional training and changes in organizational processes to disciplinary means, including termination of employment.

### SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of a Societas Europaea decide on the Company's important and fundamental matters. The shareholders exercise their voting rights at the Annual General Meeting, which takes place at least once every year. The Annual General Meeting resolves among other topics on how earnings are to be distributed, the formal approval of the Management Board and the Supervisory Board, the election of the auditor, but also on amendments to the Articles of Association.

Shareholders are entitled to vote if they are registered in the shareholders' register of NORMA Group SE and provide NORMA Group SE or another location specified in the invitation with written notice, in German or English, at least six days before the Annual General Meeting that they will be attending. Each share entitles the bearer to one vote.

NORMA Group SE publishes the invitation and all documents that are to be made available at the Annual General Meeting promptly on its website. Information regarding the number of attendees and the voting results are published there following the Annual General Meeting.  [INVESTORS.NORMAGROUP.COM/AGM](https://www.investors.normagroup.com/agm)

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## SHAREHOLDINGS OF THE MANAGEMENT AND SUPERVISORY BOARD

Of the total of 31,862,400 shares in NORMA Group SE, the current members of the Management Board held a total of 200,820 shares in NORMA Group SE (0.63 %) on December 31, 2018. The current members of the Supervisory Board held no shares.

## DIRECTORS' DEALINGS

Members of the Management Board and the Supervisory Board and related parties are obliged to disclose Directors' Dealings in NORMA Group SE shares if the value of these transactions reaches or exceeds EUR 5,000 within a calendar year.

In 2018, the following transactions were reported as Directors' Dealings:

### T008 DIRECTORS' DEALINGS

Buyer / Seller	Dr. Michael Schneider, Chief Financial Officer
Type of financial instrument	NORMA Group SE Share, ISIN: DE000A1H8BV3
Type of transaction	Purchase
Date of transaction	November 27, 2018
Place of transaction	Xetra
Average price per share	EUR 48.818
Volume	2,050 shares
Total value	EUR 100,077.48

## STOCK OPTION PLANS AND EQUITY-BASED INCENTIVE PROGRAMS

The principles of management remuneration are described in the remuneration report which is part of the management report. ► [REMUNERATION REPORT, P. 91](#)

A Long-Term Incentive Program (LTI) was introduced in fiscal year 2013 for the second management level that allows employees to participate in NORMA Group's success over the medium term.

## INFORMATION ON THE AUDITOR AND INTERNAL ROTATION

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt/Main, audited the financial statements of NORMA Group SE and its predecessor companies as well as the Consolidated Financial Statements for the fiscal years 2010 to 2017. Furthermore, PwC retroactively audited the years 2009 and 2010 for the prospectus as part of the IPO in 2011.

After internal rotation within PwC, Mr. Thomas Tilgner already acted as the auditor signing on the left as part of the audit of the financial statements for the 2016 and 2017 fiscal years. Mr. Benjamin Hessel exercised the office of the undersigning auditor signing on the right for the first time for fiscal year 2018.

