

## Supervisory Board Report

### Collaboration between the Supervisory Board and the Management Board

The Supervisory Board of NORMA Group SE monitored and advised on the activities of the Management Board in fiscal year 2019 in accordance with the legal regulations, the German Corporate Governance Code and NORMA Group SE's Articles of Association.

The Management Board reports on a regular monthly basis to the Supervisory Board on how business is developing at NORMA Group SE and the Group and issues a forecast for the current fiscal year. The development of sales and earnings, incoming orders and the order backlog are described in detail compared to the previous year and as compared to planning. Besides monthly reporting and Supervisory Board meetings, the Chairman of the Management Board and the Chairman of the Supervisory Board engaged in regular exchanges on matters of importance in fiscal year 2019.

The Management Board begins each Supervisory Board meeting by reporting on the overall economic situation and sector-specific economic expectations. It reports on business performance of NORMA Group and explains the earnings situation based on key indicators and their development compared to the previous year, the budget and guidance. The Management Board presents sales and orders by region and by the two distribution channels EJT and DS. Accidents at work and countermeasures that have been introduced to improve work safety as well as quality and delivery reliability and the status of the introduction of the Microsoft AX software are also discussed regularly. The Supervisory Board and Management Board also discussed NORMA Group's long-term strategy.

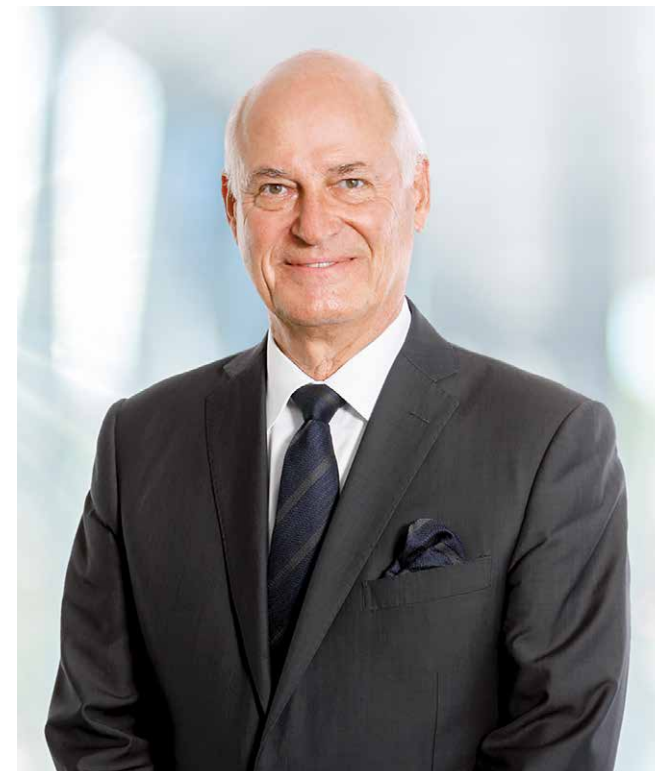
At each regular meeting of the Supervisory Board and the Audit Committee, the Management Board presents a detailed risk report in which the probability of occurrence and potential effects of all relevant risks, including any countermeasures, are assessed. This regular risk reporting provides the Supervisory Board and the Audit Committee with a clear picture of which possible risks could have a negative impact on the Company's asset, financial and earnings positions. Moreover, compliance topics are also discussed regularly. The respective Chairmen report to the Supervisory Board at the committee meetings.

In fiscal year 2019, the Supervisory Board dealt in detail with the personnel changes in the Management Board and the remuneration of the Management Board. Other key topics included the weakening economy and the decline in NORMA Group's sales and profit margins that this has caused, as well as the measures introduced to counteract this as part of the "Rightsizing" and "Get on Track" programs.

In addition, the Supervisory Board dealt with the following issues in particular at its four regular meetings in fiscal year 2019:

#### Supervisory Board meeting held in Maintal on March 18, 2019

The main topics at this meeting were the 2018 Annual Financial Statements and the 2018 Group Non-financial Report, the guidance for 2019, the invitation to the 2019 Annual General Meeting and the proposal for the appropriation of profits. Furthermore, the Management Board presented its plans on an organizational adjustment, which is intended to improve collaboration at the functional level and across regions, as well as the R&D organization and foresight management.



**Lars Magnus Berg**  
Chairman of the Supervisory Board

### Supervisory Board meeting held in Frankfurt /Main on May 21, 2019

At the meeting that took place after the 2019 Annual General Meeting, the Supervisory Board resolved to establish a Strategy Committee and to restructure the memberships in the committees.

At the meeting with the Management Board, the participants discussed the course of the Annual General Meeting and criticism of the remuneration system, which had been rejected by the Annual General Meeting. The Management Board also informed the Supervisory Board about the negative development of a pension fund in the US. Furthermore, the President of the EMEA region introduced himself to the Supervisory Board and talked about how the region is developing. In addition, the Management Board and Supervisory Board discussed personnel issues at the level below the Management Board.

### Supervisory Board meeting held in Maintal on September 13, 2019

In addition to the usual agenda items and detailed information on the status of the "Rightsizing" program and the introduction of a new ERP system at another plant, the Management Board explained to the Supervisory Board how inventories were developing and presented the new financing concept, among other topics.

### Supervisory Board meeting held in Maintal on November 29, 2019

The Supervisory Board and Management Board discussed the budget for fiscal year 2020 and the medium-term planning. Among other matters, the Management Board explained how inventories were developing. The Executive Vice President of Human Resources also presented her area of responsibility, with the Supervisory Board showing interest in the status of organizational and executive development as well as diversity

topics in particular. Afterwards, the Supervisory Board and Management Board discussed the new Declaration of Compliance with the German Corporate Governance Code.

Besides the four meetings, six conference calls and one closed meeting of the Supervisory Board took place in 2019. The changes in the Management Board and the "Get on Track" change program, which, in addition to the aforementioned "Rightsizing" program, are intended to improve the future viability of NORMA Group, were discussed mainly during the conference calls, while fundamental strategic issues were addressed during the closed meeting. Furthermore, the Chairman of the Supervisory Board spoke with investors and, together with Dr. Knut Michelberger and CFO Dr. Michael Schneider, with a voting rights advisor.

### Change on the Management Board

Bernd Kleinhens stepped down from the Management Board by mutual agreement with the Supervisory Board with effect from the end of July 31, 2019, and resigned from his offices at NORMA Group. Dr. Michael Schneider initially assumed the rights and responsibilities of the CEO on an interim basis. In order to ensure an objective selection procedure for deciding on the permanent chairmanship of the Management Board, the Supervisory Board commissioned an external personnel consulting firm to search for other qualified candidates for the chairmanship of the Management Board and spoke with several individuals who were subsequently introduced. The Supervisory Board then decided to appoint Dr. Michael Schneider the permanent Chairman of the Management Board. The Supervisory Board is currently looking for a qualified candidate to serve as CFO, again with the help of external personnel consultants. In doing so, the Board is placing particular importance on presenting just as many qualified female as male candidates.

### Changes in the Supervisory Board, establishment of the Strategy Committee and realignment of committee memberships

At its meeting on May 21, 2019, the Supervisory Board resolved to establish a Strategy Committee and change the membership of the Audit Committee. The Strategy Committee advises the Management Board on NORMA Group's strategy, restructuring, organic growth, mergers and divestitures, and new technologies. The focus is on the water segment, on which NORMA Group is particularly focused, NORMA Group's applications in alternative drives in the context of the transformation of the automotive industry, and the sustainability of its products. The members of this committee are Günter Hauptmann (Chairman), Rita Forst and Erika Schulte. At the same time, Rita Forst resigned from the Audit Committee; while Mark Wilhelms was named a new member of this committee, so that the members of the Audit Committee since then have been Dr. Knut Michelberger (still the Chairman), Erika Schulte (still a member) and Mark Wilhelms (a new member). The changes took effect on May 22, 2019.

There were no other changes in memberships and offices. Lars Berg continues to serve as Chairman of the Supervisory Board, while Erika Schulte remains Deputy Chairwoman of the Supervisory Board. Memberships of the General and Nomination Committee also remained unchanged. Therefore, Lars Berg (Chairman), Günter Hauptmann and Dr. Knut Michelberger continue to be its members.

Mark Wilhelms, who was appointed a member of the Supervisory Board by court order on August 29, 2018, was elected to serve a five-year term by the 2019 Annual General Meeting.

### Main topics of the Audit Committee in 2019

The Audit Committee of NORMA Group convened three times in 2019. It also held four additional telephone conferences. Dr. Michael Schneider took part in every meeting and telephone

conference. Other participants included departmental managers of the second management level to advise on technical issues in their respective areas of responsibility, particularly Accounting & Reporting, Treasury, Compliance and Internal Auditing. The Audit Committee also discussed the quarterly reporting with the CFO.

The Audit Committee discussed the main topics, procedure and results of the audit of the individual and Consolidated Financial Statements of NORMA Group SE with the auditors and prepared recommendations for the Supervisory Board's resolutions.

At the beginning of each meeting, the Audit Committee was informed in detail about the current business situation and financial position of NORMA Group. The Audit Committee monitored the effectiveness of the internal control system, the risk management system, the internal auditing system and the compliance management system. The Audit Committee approved the audit plan for internal auditing in 2019. Other topics discussed by the Audit Committee included budget planning for 2020 and medium-term planning. Furthermore, in 2019, the Audit Committee dealt with the first-time adoption of the IFRS 16 standard, the development and assessment of inventories, personnel costs and the profit margin, prevention of money laundering and the status and implications of introducing the new ERP system Microsoft AX 2012, among other matters. The adjustment of the financing agreements was another important topic. The Audit Committee also prepared the invitation to tender for the audit of the financial statements.

Furthermore, the Audit Committee approved certain individual allowable non-audit services that may be provided by the statutory auditors (at PwC).

In addition to the Audit Committee meetings, the Chairman of the Audit Committee was in regular personal and telephone contact with the CFO and the auditors to discuss possible areas of emphasis for the audit of the 2019 Annual Financial Statements

as well as the focus of the work of the Audit Committee in fiscal year 2020.

### Activities of the General and Nomination Committee

The General and Nomination Committee held four meetings and seven telephone conferences in 2019. It initially focused on the remuneration system for the Management Board, which had been criticized by voting rights advisors and was rejected by the 2019 Annual General Meeting, and the Remuneration Report. The General and Nomination Committee developed a new remuneration system together with external consultants. The General and Nomination Committee prepared the Supervisory Board's resolution on Bernd Kleinhens' departure and its terms as well as the interim assumption of the rights and responsibilities of the Chairman of the Management Board by Dr. Michael Schneider, and subsequently led the search for an alternative candidate for the position of Chairman of the Management Board and the preparations for the search for a new CFO.

### Activities of the Strategy Committee

The newly established Strategy Committee met twice in 2019. At its first meeting, it initially defined the topics and structures of the committee. In terms of its content, the committee dealt, among other matters, with the structure of the industry segments, the markets of relevance to NORMA Group and the long-term strategic planning based on an analysis of changing environmental conditions, NORMA Group's foresight management and the effects of climate change on NORMA Group's business

### Attendance of meetings, no conflicts of interest

All members of the Supervisory Board attended the four Supervisory Board meetings and one closed meeting in 2019. Due to the urgency of decisions, many conference calls had to be arranged at very short notice, so that not all members of the Supervisory Board were able to participate. Of the six conference

calls, Dr. Knut Michelberger and Mark Wilhelms were both excused from two calls each and Lars Berg, Rita Forst and Erika Schulte from one call each. Günter Hauptmann participated in all six conference calls. Members of the Supervisory Board who were unable to participate directly in a telephone conference subsequently approved the resolutions adopted or were represented in the resolution. All members of the Audit Committee, Dr. Knut Michelberger (Chairman) and Erika Schulte as well as Rita Forst (until May 21, 2019) and Mark Wilhelms (since May 22, 2019) participated in the three meetings and four conference calls held by the Audit Committee in 2019.

The four meetings and seven telephone conferences of the General and Nomination Committee in 2019 were each attended by all members, Lars Berg (Chairman), Günter Hauptmann and Dr. Knut Michelberger.

All members of the Strategy Committee, Günter Hauptmann (Chairman), Rita Forst and Erika Schulte, also attended the two meetings of the Strategy Committee in 2019.

There were no conflicts of interest between members of the Supervisory Board and the Company in fiscal year 2019. Dr. Knut Michelberger and Günter Hauptmann are members of an advisory board of a company that competed insignificantly with NORMA Group. The Chairman of the Supervisory Board, the two members of the Supervisory Board and the Management Board had already discussed whether conflicts of interest could arise from this activity and how they should be dealt with in such a case. No conflicts of interest arose from these positions; from today's perspective, no competitive situation currently exists.

### Information on the auditor

The 2019 Annual Financial Statements for NORMA Group SE presented by the Management Board along with the Management Report and the corresponding Consolidated Financial Statements and Consolidated Management Report were audited by the

auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The audit mandate for the 2019 financial statements was issued on November 29, 2019.

The auditors Thomas Tilgner and Benjamin Hessel attended the Supervisory Board meeting on the approval of the 2019 Financial Statements on March 19, 2019, and the preparatory meeting of the Audit Committee. They were succeeded by Stefan Hartwig and Richard Gudd (from March 2019), who attended two Audit Committee meetings on the respective agenda items relating to the audit.

### Approval of the 2019 Annual Financial Statements and the Separate Non-Financial Statement for the Group

The Consolidated Financial Statements of NORMA Group SE were prepared in accordance with Section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS) as adopted in the EU. The auditor issued an unqualified opinion for the 2019 Annual Financial Statements and Management Report of NORMA Group SE as well as for the Consolidated Financial Statements and Consolidated Management Report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Audit Committee and the Supervisory Board in its entirety thoroughly examined the reports and discussed and scrutinized them in detail together with the auditor. The Supervisory Board accepted the auditor's findings and had no objections.

The Supervisory Board then approved the 2019 Annual Financial Statements of NORMA Group SE and the 2019 Consolidated Financial Statements together with their respective Management

Reports at its meeting on March 24, 2020. The Supervisory Board approved the proposal on the appropriation of profits by the Management Board. NORMA Group SE's Annual Financial Statements are thereby adopted in accordance with Section 172 of the German Law on Stock Corporations (Aktiengesetz, AktG).

The Audit Committee and Supervisory Board also dealt with the separate Group Non-Financial Report for NORMA Group prepared by the Management Board as of December 31, 2019. The auditing firm PricewaterhouseCoopers GmbH has conducted a limited assurance test and issued an unqualified audit opinion. The Management Board explained the documents in detail during the meetings, while the representatives of the auditor reported on the main findings of their audit and answered further questions from the members of the Supervisory Board. The Supervisory Board had no objections after reviewing these results.

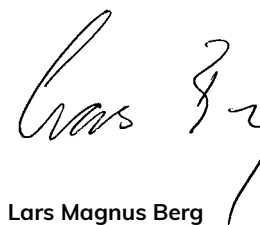
### Declaration of Conformity with the German Corporate Governance Code

The Supervisory Board and Management Board dealt with the requirements of the German Corporate Governance Code and ratified the following Declaration on December 20, 2019: "NORMA Group SE has complied with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 (published on April 24, 2017), by the German Federal Ministry of Justice in the official section of the German Federal Gazette ('Bundesanzeiger') since its last Declaration was submitted and will continue to comply with the recommendations." The Corporate Governance Declarations made by NORMA Group SE are available on the Company's website at [WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/](http://WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/).

The Supervisory Board would like to thank all employees of NORMA Group all over the world along with the Management Board for their personal efforts and successful work once again

in fiscal year 2019. The Supervisory Board is confident that NORMA Group will continue to develop positively in fiscal year 2020 and wishes the Management Board and its employees all the best.

Maintal, March 24, 2020



Lars Magnus Berg

Chairman of the Supervisory Board