



SUSTAINABILITY REPORT

2022



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Dear Readers,

Last year, in 2022, we had the pleasure of celebrating our 40th company anniversary with a party. The second generation of our successful family business continues to expand. Despite many global challenges, we were able to keep our staff stable as well as gain two more managing directors to ensure succession of the company. In this way we ensure that our products, which are important for people in their everyday lives, can continue to be manufactured reliably and that our sustainability goals can be pursued at the same time.

At the beginning of 2022, we all hoped to slowly recover from the Corona crisis, both personally and economically. But since 24 February last year, we have had to cope with another shock: The Russian war of aggression on Ukraine attacks our personal, political and economic freedom and poses huge new challenges.

The lack of gas supplies from Russia shows that we must continue to make ourselves less dependent on fossil fuels or externally purchased energy. Rising energy and raw material costs also make it clear to us how important it is, on the one hand, to reduce electricity and gas consumption and increase the share of self-produced electricity via our PV systems and, on the other hand, to increase the efficiency of the raw materials we use. Only if we consistently continue along this path can we remain competitive.

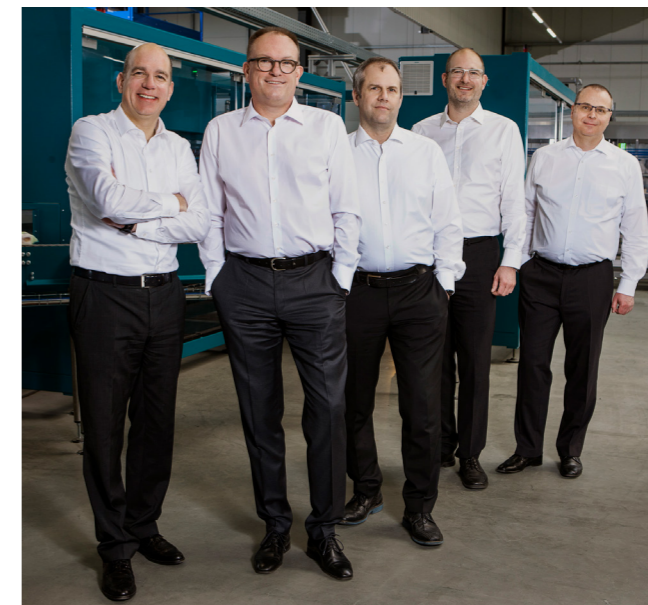
This is precisely why we will do everything in our power to achieve our sustainability goals and further reduce the CO₂ emissions. Only in this way will we succeed in ensuring that people do not have to compete for resources, but can work and live in harmony with our environment and in political security. We want to take responsibility for all areas of our business activities and commit ourselves to human and future-oriented values. Specifically, we tested thin-walled shampoo bottles with our customers in 2022.

We also developed a soap that can be mixed from concentrate and tap water by the consumers themselves, thus conserving raw materials and reducing transport weight.

With this Sustainability Report 2022, our twelfth edition, we want to show you that we are on the right track with the measures we have implemented, and we hope that you will share our conviction after reading it.

In order to continue a constructive dialogue with you, with our business partners and employees, we ask you: Tell us what you think, we are open to criticism, praise or suggestions. You can find our online questionnaire at <https://www.noelken.de/sustainability/sustainability-reports>. You are also welcome to write us your feedback directly to nachhaltigkeit@noelken.de.

We wish you an exciting read and many interesting insights into our company.



Thomas Schnitter, Markus Nölken, Alexander Strepp, Daniel Nölken, Thomas Müller (f. l. t. r.)







Ernst Markus Nölken Managing Director
 Ulrich Daniel Nölken Managing Director
 Thomas Müller Managing Director
 Thomas Schnitter Managing Director
 Alexander Strepp Managing Director

01 COMPANY

OUR CORPORATE PHILOSOPHY

Founded as a family business, Nölken manufactures human care products that are intended to live up to our motto „Only the best for our skin“ in every respect. Our hygiene products are meant to be beneficial to and care for our skin. It is constantly in contact with the environment and shows us very clearly what is good for it.

We produce wet wipes, liquid cosmetics and nursing pads for people in the most diverse life situations and phases. People are also involved in the processing of raw materials and the production of our goods. This

position of our company in the economic cycle already shows that we have no choice but to take responsibility and act as sustainably as possible.

Only if we act mindfully in all areas of our social, economic and ecological environment can we also count on a long-term future as a company and preserve it for future generations.

That is why sustainable management has been a central part of our corporate philosophy since the company was founded 40 years ago.

OUR VISION OF OUR FUTURE

The central principles of our corporate policy are a long-term orientation of all entrepreneurial decisions, careful use of natural resources and social cooperation. The motivation for our daily actions is the goal of keeping the future worth living for future generations.

Our vision is to meet the needs of today's generations with the help of sustainable consumption while respecting the ecological limits of the earth.

In doing so, every small step counts as we pursue a big goal: We want to be the best and most sustainable manufacturer in the private label sector for wet wipes, nursing pads and cosmetic care products. However, we can only achieve this hand in hand with our consumers, customers, business partners and employees.

OUR GUIDING PRINCIPLES

Our actions and decisions are based on long-term, value-driven goals, and we are guided by a mission statement that is based on the values of responsibility, partnership, trust, fairness, and openness.

For us, this means acting courageously and innovatively, communicating openly and appreciatively, promoting potential and creating fair dealings with others and transparent structures.

Our customers value Nölken as a trustworthy partner that offers hygiene products of the highest quality for a wide range of applications. To be able to guarantee this, we have very high standards for all products that are developed and manufactured at Nölken.



We develop products that facilitate the lives of families

BUSINESS ACTIVITIES

Nölken has been a leading manufacturer of hygiene products for decades, offering branded and private label products for trade and industry.

We develop and produce wet wipes, nursing pads and liquid cosmetics for babies, children, teenagers, adults, and seniors on behalf of corporate customers. As a full-service manufacturer, we take responsibility for the entire value chain. From product design to delivery, we offer a comprehensive range of services. In close cooperation with our customers and considering all specific requirements, we develop new products or modify and improve those already on the market. We source the raw materials for the production of wet wipes, liquid cosmetics and nursing pads from suppliers with whom we work, if possible, on a long-term basis, in line with our guiding principles. In addition, we also offer in-house care product lines that consumers can purchase in drugstores and supermarkets.

The production, packaging and delivery of these products are part of our core business. In all these areas, we act in accordance with our ethical and sustainable principles.

OUR LOCATIONS

Nölken Hygiene Products operates production sites in Windhagen (D), Neustadt/Wied (D) and Nowogrodzic (PL).

In 2022, Nölken supplied national and multinational trade and industrial companies in 29 countries. The main sales markets are Germany, Austria, the Czech Republic, the Netherlands, and Switzerland.



SALES MARKETS

- | | |
|------------------------|-------------|
| Austria | Lithuania |
| Belgium | Latvia |
| Bosnia and Herzegovina | Luxembourg |
| Bulgaria | Netherlands |
| Croatia | Norway |
| Czech Republic | Poland |
| Denmark | Romania |
| France | Serbia |
| Germany | Slovakia |
| Greece | Slovenia |
| Hungary | Spain |
| Iraq | Sweden |
| Ireland | Switzerland |
| Italy | UK |
| Kuwait | |



FIGURES AND FACTS

NUMBER OF EMPLOYEES:
361 in Windhagen and Neustadt/Wied
90 in Nowogrodzic

ANNUAL TURNOVER:
105 million euros

40 YEARS OF MANUFACTURING QUALITY PRODUCTS



1982: Ernst Nölken lays the foundation stone of his company and opens a trading company for moist toilet paper.



1988: The first own production for make-up removal wipes starts in Bad Honnef-Rottbitze. In addition, moist toilet paper and wet wipes are produced from prefabricated wipe stacks and nursing pads are packaged.



1991: After several relocations, the main location in Windhagen is founded.



1993: The Polish subsidiary is founded and is mainly engaged in manual labour-intensive activities such as folding and cutting stacks of wipes.



1997: The range is expanded to include nursing pads and their production is started in Nowogrodzic.



2005: The start of filling liquid products significantly expands the product portfolio and makes it possible to supply customers with a complete baby care range from a single source.



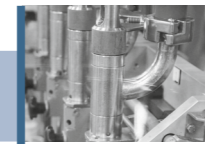
2008: With the establishment of a formulation and mixing department, creams, lotions, shampoos and wet wipe liquids can be developed and produced in-house.



2010: The company is taken over by the second generation, E. Markus and U. Daniel Nölken.



2014: Through the purchase of new machines, the production of nursing pads is expanded at the Windhagen site in a new production hall.



2015: Liquid filling is expanded, made possible by the acquisition of a building in the direct vicinity.



2018: The mixing department is expanded so that the increased demand, especially for wet wipe liquids, can be met.



2021: The acquisition of a new hall in Neustadt/Wied together with office space allows production capacities to be expanded.

OUR STAKEHOLDER APPROACH

Through critical and constructive dialogue with our various stakeholders we aim to fulfil our responsibility for a sustainable future. Systematic and ongoing exchange with all our stakeholders is an important element in determining future priorities for our sustainability management. We believe that engaging all stakeholders and building strong and consistent partnerships is key to achieving our goals.

As part of our annual survey on the sustainability report, comments were made which we will take into account in the further development of our sustainability management.

Our most important stakeholders are our customers, employees, suppliers and creditors, because they set corporate strategy issues and influence our business development. Therefore, we are in daily contact with our key stakeholders. We also take into account all interests and expectations of our company held by other stakeholder groups and use them to further develop our corporate strategy. It is particularly important for us to deal with critical opinions, e.g. on the working environment or product complaints, because these can always trigger an optimisation process.

02 STRATEGY

Stakeholders	Topics	Dialogue platforms
Customers	<ul style="list-style-type: none"> - Products & services - Product quality, safety and innovation - Sustainability - Delivery performance - Competition and market analyses - Prices and offers - Compliance and risk management 	<ul style="list-style-type: none"> - Personal conversations - Direct dialogue (telephone, e-mail) - Surveys - Workshops - Trade fairs and events - Audits
Employees	<ul style="list-style-type: none"> - Career & further education - Diversity & equal opportunities - Occupational safety and health - Company pension scheme - Societal commitment - Corporate responsibility 	<ul style="list-style-type: none"> - Annual and feedback interviews - Confidential talks - Internal media (intranet, e-mail, magazine, social media) - Surveys - Internal events
Suppliers	<ul style="list-style-type: none"> - Product quality, safety and innovation - Compliance and risk management - Sustainability 	<ul style="list-style-type: none"> - Supplier visits - Direct dialogue (telephone, e-mail, forums) - Surveys - Audits - Supplier portal
Creditors	<ul style="list-style-type: none"> - Promotional loans and financing - Rating classifications - Leasing & Factoring - Sustainability 	<ul style="list-style-type: none"> - Personal conversations - Direct dialogue (telephone, e-mail) - Annual interviews - Dialogue forums
Associations, initiatives and organisations	<ul style="list-style-type: none"> - Political framework conditions and regulations - Sustainability - Transparency 	<ul style="list-style-type: none"> - Multi-stakeholder initiatives - Competitions - Surveys
NGOs	<ul style="list-style-type: none"> - Sustainability - Transparency 	<ul style="list-style-type: none"> - Sustainability report - Multi-stakeholder initiatives - Surveys
Politics and authorities	<ul style="list-style-type: none"> - Site development - Environmental protection - Product quality and safety 	<ul style="list-style-type: none"> - Sustainability report - Monitoring and audits - Direct dialogue (telephone, e-mail, forums)
Local stakeholders	<ul style="list-style-type: none"> - Economic strength - Nölken as an employer - Corporate citizenship 	<ul style="list-style-type: none"> - Information events and factory tours - Direct dialogue (social media) - Regional projects - Sponsoring
Media and Press	<ul style="list-style-type: none"> - Corporate responsibility - Sustainable products and innovations 	<ul style="list-style-type: none"> - Sustainability report - Press releases - Direct dialogue (e-mail, telephone, forums)

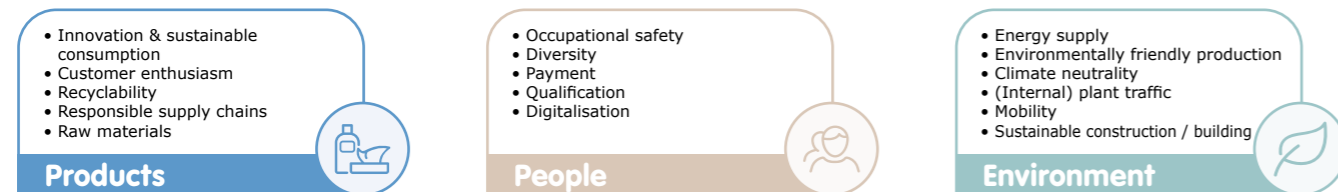
MATERIAL SUSTAINABILITY TOPICS

We updated our materiality analysis in the 2021 financial year. Sustainability management conducted a comprehensive internal materiality analysis with the Executive Board and the specialist departments. In addition, the results of our stakeholder dialogues as well as requirements from international and national sustainability programs (SDGs, FONAP), standards (UNGC), legislative projects (LkSG, CSRD) and industry-specific requirements were included.

On the one hand, we look at which sustainability issues are currently influencing our business (outside-in), and

on the other hand, how our business activities affect sustainability issues and in which fields we contribute to sustainable development (inside-out). The material topics serve as input for strategy, risk management and reporting.

The key topics, which we have divided into three fields of action, are successively implemented by the specialist departments and specific working groups, thus further developing our sustainability program.



OPPORTUNITIES AND RISKS OF THE FIELDS OF ACTION

The management systematically assesses the external and internal risks that can arise from the main sustainability issues and takes measures to control, minimize and limit them.

Due to complex supply chains and global crises (e.g. Corona, Ukraine war), the uncertainties in the product field of action are increasing. There are potential human rights and ecological risks in the global procurement of raw materials, especially in the production of natural-based raw materials (e.g. chamomile extract, palm (kernel) oil, coconut oil, sunflower oil, viscose fibers). Purchasing is therefore taking comprehensive measures, increasingly dealing with the Supply Chain Act (LkSG) and implementing a due diligence process, although we are only indirectly affected. With the pre-qualification process of suppliers and with our existing supply chain certifications (RSPO, FSC, PEFC), we reduce some of the risks mentioned.

We also see opportunities in the increasing product requirements, especially stricter disposal guidelines for end products, because our development department focuses on innovative materials that have a recycled

content, are optimally recyclable or can be disposed of in an environmentally friendly way. Closing loops is our primary goal here.

The shortage of skilled workers and professionals in rural areas fundamentally entails the risk of not being able to recruit sufficient personnel with the necessary qualifications for our company. In addition, there are risks in the area of occupational safety and health protection, partly due to the pandemic, in our operative business activities. We counter these risks through a modern human resources system and a comprehensive occupational safety and health management system, in which we pursue our „Vision Zero“ for occupational accidents.

Our production involves risks for air, water, soil and nature, which we counter with a certified environmental management system. The importance of climate protection is also taken into account, among other things, through our climate protection measures and our roadmap for climate target setting according to the Science Based Targets initiative (SBTi).

OUR UNDERSTANDING OF SUSTAINABILITY

For us, sustainability means achieving a balance between economic opportunities, social justice and the preservation of nature.

Sustainable action is not just about managing people and the environment. We want to use resources more wisely and strengthen the stability of a society that always puts people and their needs first.

We are therefore committed to sustainable development that combines economic goals with socially and ecologically responsible action. In this way, we can work together with our business partners to live in harmony with our earth.

OUR SUSTAINABILITY STRATEGY

Numerous global challenges - such as climate change, resource scarcity and unequal opportunities for prosperity in different countries - are also crucial for our company, because we are all interconnected and interdependent. To address them, we are continuously developing sustainable solutions. At the same time, we are working to make our contribution to compatible growth.

For Nölken, sustainability means conducting our business within our planetary boundaries and developing products that adapt to the changing demands of consumers. In addition, we have to take technological innovations as well as political and regulatory conditions into account. By consciously taking responsibility for people and nature, we also ensure the economic vitality of our company.

Our overarching goal is to produce high-quality and sustainable care products that meet the high demands of our customers and inspire responsible consumption.

We strive to continuously improve our products, relying on the innovation capacities of our team and our customers. We are working to reduce the negative impacts of wet wipes, liquid cosmetics and nursing pads and to enhance the positive effects. This includes looking at impacts throughout the value chain - from the production of raw materials to the disposal of products. The basis for this is raw materials that are extracted in a way that is kind to society and the environment and are safe to process and use.

We are committed to being a reliable, trustworthy and transparent partner for those who come into contact with our company through work, projects or products.

We commit to ethical business practices, respect for international human rights and labor standards in our sphere of influence and require the same from our suppliers. In our business, we provide fair working conditions for people, comply with applicable labor standards and support our employees with occupational health and safety measures.

We take responsibility towards our ecological environment and the climate and strive to minimize and, where possible, avoid negative impacts of our business activities.

In doing so, we pursue a precautionary approach to environmental, climate and resource protection and implement this with our certified environmental management system. We take the initiative to generate greater environmental awareness, promote the development and dissemination of environmentally friendly technologies and rely on renewable energy sources.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) 2030 Agenda is a global plan to promote sustainable peace and prosperity and protect our future. Countries and organizations have been working since 2016 to implement this agenda with its 17 Sustainable Development Goals (SDGs). With our business activities, we want to provide a measurable

added value and make a clearly recognizable contribution to the SDGs. Therefore, they form the foundation of our sustainability strategy. The focus is on the thirteen SDGs on which we can have the greatest impact through our business activities.



SDG 2 – Zero Hunger: Our involvement in FONAP’s smallholder project has a positive impact on food security and sustainable agriculture in oil palm growing countries.

SDG 3 – Good Health and Well-Being: Our products have a positive impact on the well-being of individuals and families around the world and improve their quality of life. In addition, we are implementing our “Vision Zero” of workplace accidents in occupational health and safety.

SDG 4 – Quality Education: With our in-house academy, we promote an inclusive and equal-rights environment and we ensure quality education and support lifelong learning. Sustainability is also firmly anchored in education and training.

SDG 5 – Gender Equality: In our company, we are committed to a culture of inclusion, respect in the workplace and equal opportunities. This is also reflected in our active support of various diversity initiatives.

SDG 7 – Affordable and Clean Energy: We purchase green electricity, operate our own photovoltaic systems and e-charging stations on our properties. In this way, we support the energy transition and provide clean energy for our production and the mobility of our employees.

SDG 8 – Decent Work and Economic Growth: We are responsible to respect human rights both in our company and in our supply chain. Therefore, we are committed to appropriate and fair labor and social standards and contribute to sustainable economic growth through our sustainability strategy.

SDG 9 – Industry, Innovation und Infrastructure: We want to develop the future more sustainably and use our expertise in innovation to make our products and our processes more sustainable.

SDG 10 – Reduced Inequalities: With our forward-looking human resources strategy, we want to reduce inequalities in our company. We want to achieve that all people get the chance to fulfil themselves - regardless of their gender, their origin or any physical or mental impairment.

SDG 12 – Responsible Consumption and Production: Our product range enables sustainable consumption because we use resources efficiently and many of our articles are certified with ecological product labels.

SDG 13 – Climate Action: Climate protection is at the top of our agenda. We are committed to aligning our climate action roadmap with the SBTi to strengthen our resilience to climate-related threats.

SDG 14 – Life below Water: With our commitment not to use synthetic ingredients in our products, we protect the waters. In addition, we inform end consumers about proper product disposal so that marine pollution is reduced.

SDG 15 – Life on Land: With our wet wipes and nursing pads made from cellulose-based fibers certified according to FSC and PEFC, we want to support the sustainable management of forests and thus contribute to putting an end to the loss of biodiversity.

SDG 17 – Partnerships for the Goals: To drive sustainable development in and outside our company, we need strong partners. We therefore work together with various organizations, companies, associations and networks.

SUSTAINABILITY GOALS

We have both short- and long-term goals that are carefully reviewed annually. We treat the described targets with high priority, as they either target upcoming legal requirements or take into account important corporate strategic perspec-

tives. Our KPIs, which are recorded by the relevant departments using our ERP system and IMS processes, enable us to accurately measure target achievement each year to ensure reliability, comparability and consistency of results.

Products - Producing high quality and sustainable care products that meet the high standards of our customers and inspire responsible consumption.		
Goal	KPI	Measures 2023
Promote responsible consumption through conscious product range development Products with eco-labels should account for at least 30% of annual turnover	14% of annual turnover is accounted for by climate-neutral products ~ 35% of annual turnover is accounted for by eco-labelled products	Communicate the advantages of sustainability labels
Promote sustainable and certified raw materials in new projects Procurement of all natural-based raw materials from sustainable and / or certified production by 2030	100% MB-certified palm (kernel) oil derivatives 54% of nonwovens are FSC or PEFC certified ~ 53% of the purchasing volume is sustainably certified	Further natural-based raw materials are to be checked for sustainability criteria or purchased certified
Promote cooperation and partnerships along the supply chain Sensitize partners to sustainability and implement requirements of the LkSG	30 documented supplier discussions 0 complaints submitted via the whistleblower/complaints system	Conduct risk analysis of suppliers Publish a human rights policy
Promote the circular economy and circular products Use 100% recyclable composite films by 2025 and increase plastic bottles with PCR content	~ 99% of the purchased composite films are recyclable 13% of plastic bottles consist of PCR materials (post-consumer recycling)	Increase the share of plastic bottles made from PCR materials Increase the share of refill bags

People - Reliable, trustworthy and transparent partner for all people who come into contact with us through work, projects or products		
Goal	KPI	Measures 2023
Reduce occupational accident rate to 0	Accident rate of 19.4% in Windhagen and Neustadt/Wied and 2.0% in Nowogrodziec	Expand occupational safety measures Implement accident severity indicator
Continuous support for employees in their health	Sickness rate of 8.8% in Windhagen and Neustadt/Wied and 5.9% in Nowogrodziec Reached 69 participants with 4 health measures	Expand health interventions
Create a trusting and appreciative working atmosphere	Staff turnover of 14.6% in Windhagen and Neustadt/Wied and 7.8% in Nowogrodziec Length of service of 7.5 years in Windhagen and Neustadt/Wied and 6.5 years in Nowogrodziec	Continue our working group on work atmosphere and staff retention
Strengthen diversity, inclusion and equality	~ 45% share of women on management level 1 and 2 below executive management Number of employees with disabilities	Continue sustainable human resources management
Raise awareness of sustainability among 50% of the workforce annually	9 sustainability training courses carried out Continuing education rate of 2.9 Age structure development	Offer biannual sustainability training and reach more parts of the workforce Expand the academy to include sustainability topics
Fill at least 4 apprenticeship positions annually and raise awareness of sustainability among apprentices.	3 apprenticeship places filled	Fill 4 apprenticeship places Train apprentices as energy scouts and continue sustainability project
At least one idea submitted annually via the ideas management	1 idea received	Optimization and expansion of idea management

Environment - Responsibility towards our ecological environment and the climate and avoidance of negative impacts of our business activities		
Goal	KPI	Measures 2023
Alignment of production according to ecological standards	Waste generation Fresh water and waste water consumption Paper consumption	Introduce waste report every six months at Nowogrodziec site Establish production data acquisition system
Reduction of energy consumption Calculation of CCF, reduction of CO ₂ emissions and compensation Replace all conventionally powered forklifts with e-forklifts by 2023	Energy consumption CO ₂ emissions Number of conventionally and electrically powered vehicles	Implement recommendations proposed in the energy consultation Develop climate protection strategy Survey CCF company-wide Continue climate protection projects Create mobility guideline
Switch energy sources to renewable ones and generate electricity on-site	64.6% renewable energy purchased 9.6% produced by own PV systems	Get PV system on production hall IN8 connected to the grid Retrofit intelligent lighting and LED Check further roof areas for PV

CORPORATE GOVERNANCE

The owner-managed company Nölken has currently three locations in Windhagen (D), Neustadt/Wied (D) and in Nowogrodziec (PL). Since 1 January 2022, the management of the German locations has consisted of five members: Markus Nölken, Daniel Nölken, Thomas Müller, Thomas Schnitter and Alexander Strepp. The management of the Polish subsidiary Noelken Sp.

z o.o. consists of the managing partner Markus Nölken, since 2010, and the managing director Mariola Jarzab since 2014.

RESPONSIBILITY FOR SUSTAINABILITY

In order to comprehensively manage and implement all essential sustainability dimensions, different functional and responsibility areas are brought together in the top management: Quality Management, Occupational Safety, Fire Protection, Data Protection, Environmental Management, Waste Management, Hazardous Goods and Hazardous Substances Management, REACH and Sustainability Management.

of the parent company and subsidiaries in Germany and Poland. Overall responsibility for sustainability lay with the managing partner E. Markus Nölken until the end of 2022 and since January 2023 has been with the managing partner U. Daniel Nölken, with whom a weekly exchange of expertise takes place.

At Nölken, sustainability management has already been firmly anchored in the parent company as an important corporate division since 2011. Our sustainability manager Johanna Jung reports directly to the management. Since March 2021, Sustainability Manager Christoph Lerbs has supported all sustainability-related activities

MANAGEMENT OF OUR COMPANY

All processes throughout our company have been controlled by our integrated management system (IMS) since 2011. The IMS covers all locations and business processes of our company and regulates requirements for product safety, quality assurance, environmental protection, compliance as well as occupational health and safety. We use it to control and regulate all entrepreneurial activities and plan financial and human resources. We thus ensure the high quality and safety of our product range along the entire value chain.

In addition, our IMS is audited and certified annually according to the requirements of the Good Manufacturing Practice (GMP) standard for cosmetic products DIN EN ISO 22716:2008, the quality management standard DIN EN ISO 9001:2015 and the environmental management standard DIN EN ISO 14001:2015. At our production site in Poland, we are striving for certification according to the environmental management standard.

Our IMS is structured and certified in accordance with the international IFS HPC standard for assessing the safety and quality of products and processes of manufacturers of household and personal care products.

Specific area and product chain certifications (FSC, PEFC and RSPO) awarded in annual audits are part of our integrated management system.

03 GOVERNANCE

DEALING WITH COMPLIANCE AND ANTI-CORRUPTION

As Nölken strives for long-term and sustainable value creation, **compliance with applicable laws, regulations and guidelines** is a matter of course for our economic activities. Responsible management of our company means that we not only comply with the prescribed legal regulations, but also pay particular attention to **ethical standards and norms** with regard to the social and ecological context.

In concrete terms, this means that the **basic principles of honesty, transparency, fairness and mutual respect** are the benchmarks for our dealings with each other, our business partners, our customers and the public. We are committed to combating all forms of corruption as well as extortion, bribery, forced labour, modern slavery and human trafficking.

Our compliance attitude shapes all our business processes. Our tasks include **dealing appropriately with risks** in a way that safeguards the interests of all stakeholders involved in the business process. This is done regarding human rights, working conditions, anti-corruption and environmental protection in accordance with the **UN Global Compact**.

Our compliance rules bind us to laws, standards and requirements regarding environmental protection, human rights and working conditions. We also require all our contractual partners to adhere to all regulations in their business activities that affect our corporate practices, the production or marketing of our products. These include, for example, the Detergents Regulation, the Cosmetics Regulation, the Packaging Act and the General Data Protection Regulation.

We act towards our employees, suppliers and other business partners in accordance with the basic ethical principles that are binding for us and also oblige them to comply with our [corporate values described on p. 5](#) (↗). These guidelines were developed in accordance with our compliance culture with the aim of preventing rule violations through appropriate measures and management systems.

This is the responsibility of our management and department heads in particular. A working group from the areas of quality management, purchasing and sustainability management has defined suitable objectives and measures through a risk analysis in order to take appropriate account of the socially important topics of compliance and anti-corruption.

We expect the same correct behaviour from our employees at all levels - from the management to the specialist department management to the trainee/skilled worker - as we do from our business partners.

Right at the beginning of their employment, we inform new colleagues about our compass of values in dealing with each other and support them in complying with it in the form of an employee handbook. In order to comply with the applicable laws and regulations, we monitor internal company processes and provide regular training in this context.



Quality assurance in sampling

We also require our suppliers to comply with and implement our Supplier Code, which is available electronically on the company website. This also includes working conditions in the supply chain. In addition, we check our contractual partners before the start of the cooperation with regard to risks in terms of corruption, money laundering, financing of terrorism or the violation of economic sanctions. In order to exclude the possibility of initiating business with a sanctioned organisation or person, it is necessary to check all contacts against the sanctions list. For this purpose, we have implemented an automatic check function in our ERP system that checks all business contacts created there against the sanctions list in the background. All employees have been instructed to perform such a comparison with new business contacts.

Internal compliance audits have been conducted annually since 2013, most recently in autumn 2022, auditing the technical, energy and environmental aspects of operational activities in accordance with the relevant requirements of environmental and energy laws, official regulations and requirements of the certification standards. So far, only minor deviations have been identified, all of which have been remedied.

Our business partners can report compliance-related complaints via a complaints mechanism we have set up.

Any person wishing to raise a complaint based on applicable national/international law may do so by email (beschwerde@noelken.de) to an internal Quality Management Complaints Office or through our external [Whistle-Blower-System](#) (↗). All concerns are acknowledged according to internal guidelines within seven working days and addressed within three months, and we thus ensure that all reported concerns are followed up. To date, we have not received any complaints regarding compliance and/or anti-corruption.

In case of suspicion, our employees have the possibility to directly contact the designated person of trust, the management or the supervisor. There were no compliance violations or cases of corruption in our company during the reporting period, nor were any fines imposed in the financial year 2022. Therefore, we assess the risk regarding compliance and corruption as low.

Financial investments are always carefully reviewed by management and controlling, and environmental or social factors naturally play a role. The percentage of ecological financial investments is collected internally, but not published here.

OUR MEMBERSHIPS

Nölken is a member of important associations and initiatives that are directly or indirectly involved in our key sustainability topics and is thus broadly positioned. The supported associations and initiatives are fundamental to our sustainability commitment and deal with the areas of nonwovens, personal care and cosmetics,

EUROPEAN DISPOSABLES AND NONWOVENS ASSOCIATION

The European Disposables and Nonwovens Association (edana) is an international association of manufacturers of nonwovens and related products. The goals of the association are the active dissemination of information and the open dialogue with its members. We participate in the preparation of industry standards, particularly in the working groups for wet wipes, absorbent hygiene products, circular economy for personal & healthcare as well as for sustainability for personal & healthcare. We also cooperate in the preparation of industry standards for e.g. invitations to tender regarding environmental issues and for EU legislation on wet wipes made of viscose.

GERMAN COSMETIC, TOILETRY, PERFUMERY AND DETERGENT ASSOCIATION

As a manufacturer of personal care and cleaning products we are a member of the Industrieverband Körperpflege- und Waschmittel e. V. (IKW). IKW supports its members with advice and assistance in their business activities and thus promotes their economic development. We use this platform as a source of early information regarding national and European legislative changes in the field of cosmetics.

GERMAN CHEMICAL INDUSTRY ASSOCIATION

The Verband der Chemischen Industrie e. V. (VCI) represents the interests of the chemical industry in politics, economy, science and media. Nölken uses its membership in VCI to gather information regarding REACH, energy and climate politics, research, innovation and sustainability in the chemical industry at an early stage.

FORUM FOR SUSTAINABLE PALM OIL

The Forum Nachhaltiges Palmöl e. V. (FONAP) has set itself the goal of making 100% certified palm oil available in the ASG region. With representatives from industry and trade, politics and NGOs, FONAP works out solutions for sustainable palm (kernel) oil. Since 2013 we have been actively working in the working group Derivatives for a better understanding of derivatives, in the working group Project and Human Rights we have been promoting the FONAP project, and in WG Communications we have been supporting the sensitization of consumers on palm oil.

chemicals, palm oil, climate protection and CSR reporting. These associations represent our interests in politics and legislation. Our independence is very important to us. We only pay membership fees to the organisations mentioned and do not make donations to politicians or political parties.

FOUNDATION DEVELOPMENT AND CLIMATE ALLIANCE

The Stiftung Allianz für Entwicklung und Klima has set itself the goal of connecting development aid and international climate protection through voluntary compensation of greenhouse gas emissions with the aim of gaining means of financing development aid and climate protection projects in developing and newly industrialized countries. Nölken has been supporting the alliance since November 2021, we avoid, reduce or compensate for our CO₂ emissions, and in a public self-commitment we have advertised our intention to become climate-neutral by 2045.

THE SUSTAINABILITY CODE

The support of Deutscher Nachhaltigkeitskodex (DNK) is another milestone in our participation in the economical and political debate about sustainability. As a DNK user Nölken has been active since 2014 as a mentor and has lent its support to other companies. We share the experiences we made when implementing our sustainability management and DNK reporting with organisations in our region.

OTHER ASSOCIATIONS AND INITIATIVES

In addition, Nölken is active in the following associations and initiatives:

- SEPAWA (Vereinigung der Seifen-, Parfüm- und Waschmittelfachleute e.V. - association for the detergent/cleaner, cosmetic and perfume industry)
- RSPO (Roundtable on Sustainable Palm Oil)
- BDIH (Bundesverband der Industrie- und Handelsunternehmen für Arzneimittel, Reformwaren, Nahrungsergänzungsmittel und kosmetische Mittel e.V. - Federal Association of Industrial and Trading Companies for (OTC) pharmaceuticals, dietetic food, food supplements and cosmetics)
- Unternehmensnetzwerk "Erfolgsfaktor Familie" (Company network "Success factor family")
- Initiative CEOs pro Recyclingpapier (Initiative promoting the use of recycling paper)

HOW WE PROTECT DATA

The protection of and secure handling of personal employee, applicant and customer data as well as proprietary knowledge is very important to us. Data protection is therefore a high priority for Nölken because we comply with legal requirements, want to avoid fines and do not want to damage the good reputation of our company. With our data protection management, we can reduce the risks of data theft and/or misuse, it is therefore a basic prerequisite for the trust of our customers, employees, applicants and suppliers.

At our operating sites, we comply with the European General Data Protection Regulation (GDPR). Therefore, we have taken numerous precautions and are continuously working to further improve our data protection management system. The overall responsibility for data protection lies with the management. In addition, we have appointed an external company data protection officer who is responsible for coordinating and monitoring data protection activities at our locations. His task is to identify data protection risks and raise awareness of data protection among employees.

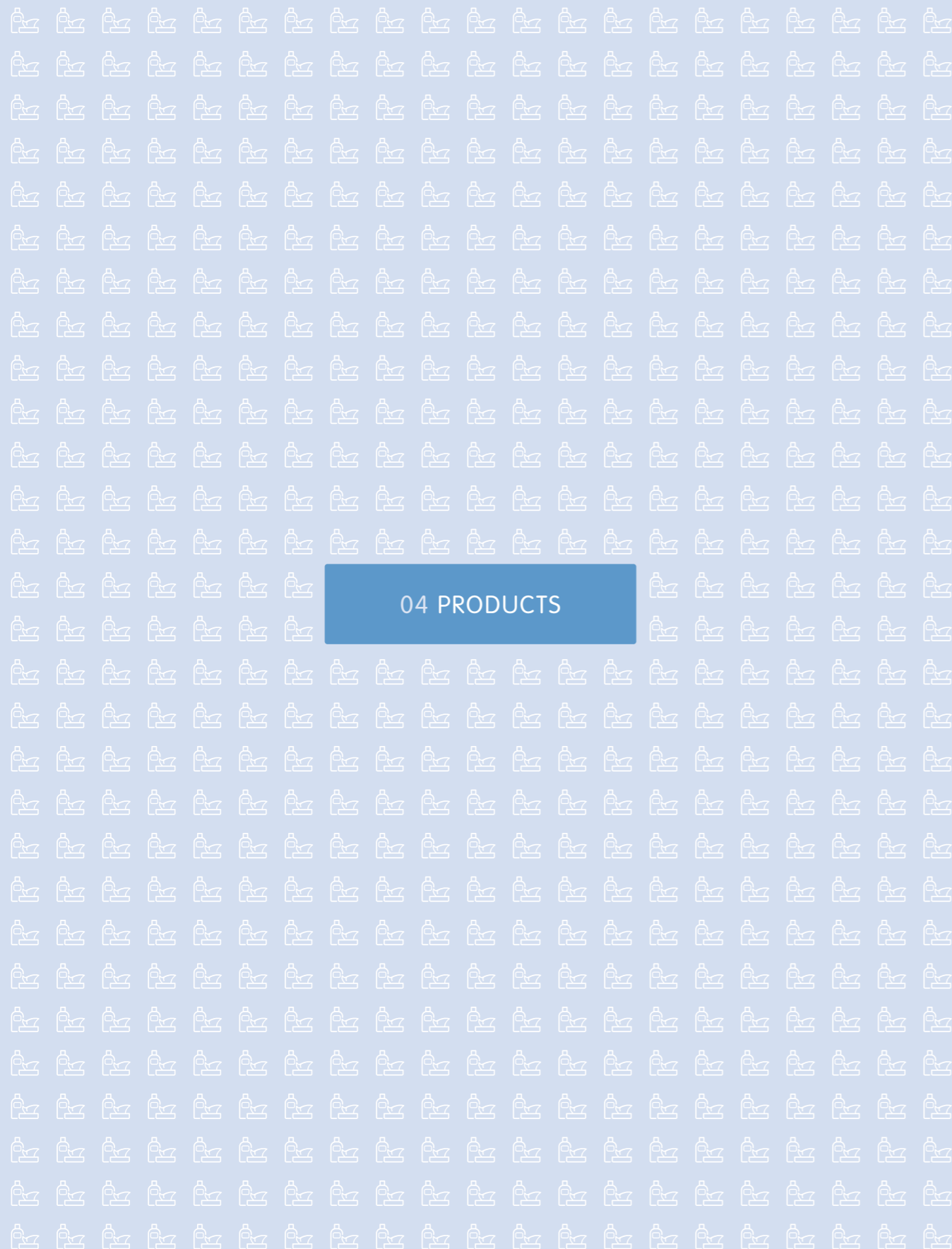
In close exchange with our external data protection officer, we have been able to raise awareness of data security within our company. Our [corporate policy on data protection](#) and our [data protection policy on job applications](#) are available on our website. Also, all our employees receive our data confidentiality commitment at the beginning of their employment with the employee handbook, which they have to sign and submit to the HR department.

All employees with PC workstations received training on data protection-related topics and issues in 2022. Data protection is also an integral part of the induction training for new employees. In addition, we have revised the online training on the GDPR and conduct it annually. We also provide our employees with relevant and regular information on the GDPR.

We consider ourselves to be well positioned in the area of data protection, as we have not received any complaints or been fined so far. We will continue our data protection management within this framework.



All our employees receive training in data protection



RESPONSIBILITY FOR OUR PRODUCTS

Our range includes nursing pads, wet wipes and liquid and (semi)solid cosmetic care products of the highest quality. These practical and readily available everyday helpers make family life easier in the challenges brought on by work and private life. They save parents time so they can concentrate on what is important - their children. Most of our products are indispensable for people in a wide range of life phases and situations.

Cosmetic care products: We make personal care items such as creams, lotions, shower gels, shampoos and scrubs and bottle them for our customers.

Wet wipes: We produce both tried-and-tested and highly innovative wet wipes for a wide range of applications, whether for gentle baby care, gentle cleaning of the face, body and intimate areas or for effective cleaning and disinfection in the home.

Nursing pads: Whether as consumer packs for the retail trade or also as bulk packs for clinics and hospitals - Nölken produces high-quality nursing pads with various properties that make it easier for mothers to handle their babies and help to facilitate a relaxed atmosphere when breastfeeding.

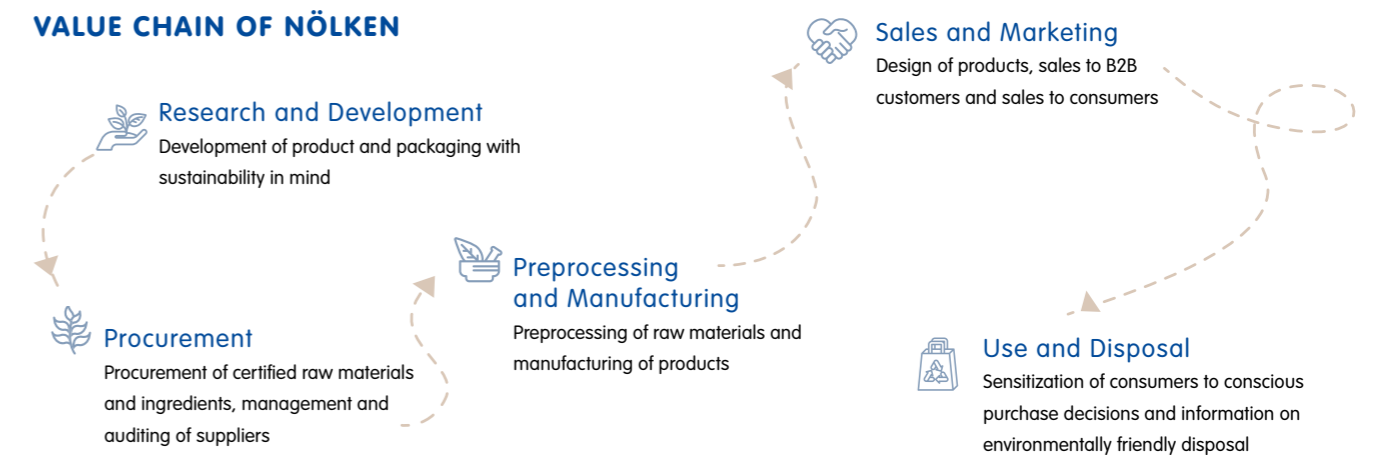
We produce products that are directly available to industry and trade, as well as established house brands for retail distribution. Since hygiene and body care are basic needs in everyday life, our products should be accessible to every customer group, especially in the

current economically strained times. That is why they can be found in drugstores, at medium-price-range retailers but also on the shelves of discounters. In this way, we fulfil our social responsibility also for low-income households.

Already in the development phase, we lay the foundation for acting ecologically and socially. For each article, the appropriate raw materials and ingredients are selected according to the specific customer requirements. In a constant mutual exchange, we pay attention to the product requirements regarding people and the environment. With our sustainably produced products, we support people in consuming responsibly.

We manufacture our products in a resource-saving way by taking sustainability criteria for composition, marketing and disposal into account as early as the development stage. In doing so, we keep an eye on the entire product life cycle - from the development of the recipe and the packaging to the procurement of compatible and sustainable raw materials as well as the management of our suppliers to the manufacturing and distribution process of our products. With our product information, we assume responsibility with regard to proper use and disposal. Since 2019, we have been drawing up the carbon footprint for selected make-up removal wipes and baby wipes of our customers and offsetting the associated emissions with selected CO₂ certificates.

VALUE CHAIN OF NÖLKEN



RECOGNIZED LABELS CONFIRM OUR PRODUCT RESPONSIBILITY

We strive to reassure our customers and consumers that all the products we make are safe and wholesome. We also support them in consuming sustainably. Recognized seals and labels are particularly suitable

means of highlighting sustainability-oriented product features and enabling informed purchasing decisions: 48.8% (2021: 47.1%; 2020: 44.5%) of our sales now come from products with sustainability labels.



Nordic Ecolabel: The Nordic Ecolabel (Swan)* takes a life cycle approach, considers the environmental and health characteristics of a product and compares its environmental performance with that of competing products.

Vegan Flower: Items must not contain any animal ingredients or by-products and must be completely animal-free throughout their manufacturing process in order to receive a Vegan Flower* label.

BDIH-Standard: The Federal Association of Industrial and Commercial Enterprises* awards its BDIH test mark to controlled natural cosmetics without animal testing. The criteria go beyond what is required by law and take into account the raw materials used, the manufacturing process and the end products. Synthetic ingredients are not permitted.

DAAB-Label: The German Allergy and Asthma Association only labels products with its DAAB label* if they are suitable for children and adults with allergies and/or neurodermatitis and are also free of fragrances, preservatives and colourants.

FSC-Label: With its label, the Forest Stewardship Council (FSC®) stands for sustainable forestry and identifies products that have been manufactured with certified wood. 10 principles and 70 criteria are decisive for certification - from cultivation and working conditions to the finished product.

PEFC-Label: Only those who take into account economic, ecological and social standards and ensure a credible chain of custody can be certified with the Programme for the Endorsement of Forest Certification Schemes (PEFC) seal, which stands for sustainable forest management worldwide.

RSPO-Label: The certification of the Roundtable on Sustainable Palm oil (RSPO) supply chain standard stands for sustainable cultivation, extraction and processing of palm oil and its traceability and was initiated by the WWF at the time.

SAS-Label: The Swiss Allergy Seal of Quality (SAS*) recognizes products that have been tested by independent bodies and take into account the special requirements of people with allergies and intolerances.

ECARF-Label: The seal of the European Centre for Allergy Research Foundation (ECARF*) distinguishes products and services that are safe for allergy sufferers. Cosmetics with this seal are particularly skin-friendly.

* Only for certain products. The seals are to be used exclusively in connection with the certified products.

SUSTAINABILITY IN PRODUCT DEVELOPMENT

All raw materials and cosmetic ingredients are carefully selected by us so that they are good for the environment and for people. **To close material cycles, we pay attention to optimal recyclability.** We have this requirement for both branded and white label products.

Our R&D has an ongoing responsibility to monitor potential critical developments in raw material sourcing. This is done through market research, information sessions with associations and dialogue with our stakeholders. If ingredients become banned or socially unacceptable, we substitute them in advance and switch to sustainable alternatives.

Legal requirements such as the **EU Cosmetics Directive are adhered to throughout the entire product range - often our standards go far beyond this.** We subject all raw materials and finished products to extensive systematic testing and safety assessments before launch.

During product development, we ensure skin compatibility by testing them directly on skin models or on test persons in cooperation with dermatological institutes. We do not conduct any tests on animals, nor do we commission third parties to do so. We take new scientific findings into account immediately, e.g. by carrying out various stability tests at different temperatures, thereby ensuring that all durability requirements are met within the application phase.

We also started checking the biodegradability of our products in the 2021 financial year. In doing so, we determine the biodegradability based on internationally applicable specifications such as the OECD guidelines or the ECHA register. A large proportion of our range already meets this requirement.

When it comes to product communication, we are increasingly making sure that the people who use our wet wipes, cosmetic care products and nursing pads can find easily understandable information about the sustainable product properties on the packaging. We comply with product certification labeling and trademark requirements, as well as industry association guidelines for environmental claims and eco-labels. We assure that our statements about **the products comply with all required legal regulations and**



For our smallest customers only the best products will do.

are sincere and truthful. We want to promote fair competition and prevent claims that may be unclear or misleading. Consumers should be able to make informed purchasing decisions.

Due to our position in the value chain and as a full-service manufacturer, we can often only exert indirect and sometimes limited influence. For the development of our range, we have developed trend-setting requirements and apply them as comprehensively as possible in cooperation with our trading partners, customers and suppliers (e.g. in workshops).

COSMETIC INGREDIENTS

Our customers are increasingly attaching importance to sustainably manufactured and environmentally friendly care products. In order to do justice to this sensitization, we have continuously increased the proportion of natural and controlled ecologically obtained components in recent years. **We do not use questionable or controversial cosmetic ingredients**, such as methyl salicylate found in plant essential oils.

We provide products that are vegan with the appropriate seals and information. Items marked as animal-free are absolutely free of animal substances or substances produced by animals - this also includes honey, wool fat or beeswax. If animal ingredients are necessary for certain articles, we ensure that they are labeled accordingly.

Preservatives ensure the effectiveness of our products and help assure their quality. They ensure the microbiological stability of care products, as they prevent germs from multiplying after the packaging has been opened. In their targeted use we pay close attention to the requirements of the EU Cosmetics Regulation and incorporate scientific developments and legal requirements into our product composition. We refrain from using questionable substances such as polyaminopropyl biguanide (PHMB) in all of our products.

We made the decision in 2019 to no longer use synthetic thickeners or liquid emulsifiers based on synthetic polymers in our products. **We reject the use of microplastics** because they can pass through filter and cleaning systems, damage the environment and accumulate in the food chain of all living beings. Microplastics based on petroleum or gas are mainly used in the cosmetics and personal care industry as abrasives or as liquid additives. Our alternatives are e.g. organic exfoliants such as beeswax, cornmeal or ground apricot kernels.

CERTIFIED PALM (KERNEL) OIL-DERIVATIVES	2020		2021		2022	
	kg	%	kg	%	kg	%
MB	789,648	99.6	864,169	99.98	872,538	100
B&C	3,510	0.4	200	0.02	0	0
Total	793,158	100	864,369	100	872,538	100

100%
RSPO-certified
palm oil derivatives!

The production and use of palm oil is subject to public criticism, as natural habitats are often destroyed for its cultivation. However, derivatives of palm (kernel) oil are important raw materials for washing and cleaning care products, which is why **we rely on certified and sustainable palm (kernel) oil derivatives**. Full traceability back to the plantation is important to us. In 2022 we reached our declared goal: We use 100% certified sustainable palm raw materials of the Mass Balance (MB) trading form. All production sites have been certified according to the RSPO supply chain standard since January 2018 and have been successfully re-audited annually since then. In addition, we are committed to FONAP for ecological and social improvements in the cultivation of palm oil and hold annual supplier discussions on the FONAP additional criteria. More on this on p. 18.

NONWOVENS AND DISPOSAL

The main part of our procurement volume consists of nonwovens, which we need for the production of wet and cleaning wipes as well as nursing pads. Depending on the properties and customer requirements, the nonwovens can consist of fibers of natural origin, such as viscose or lyocell, pure synthetic fibers such as polyethylene terephthalate (PET), polypropylene (PP), or fiber blends. The choice of non-woven fabric fibers or non-woven fabric mixture determines the nature and properties of the wet wipe.

To ensure that no ecosystems are destroyed in the production of nature-based nonwovens, we advocate supply chains that are free of deforestation and conversion. Together with our customers, we promote sustainable supply chains by using FSC or PEFC-certified nonwovens and constantly increasing their quantities.

In the 2022 reporting year, 54.3% of the purchased nonwovens were sustainably certified (2021: 43.9% ; 2020: 34.0%). In the future, R&D, together with suppliers and customers, will test and optimize alternative sustainable compositions, such as pure natural fibers or recycled plastic fibers, for a wide variety of application areas.

We take responsibility for the use and disposal of our products, although this is beyond our direct control. Our products are designed to be as environmentally friendly as possible, and we inform consumers about the correct use and disposal options for the products and packaging. Therefore, since 2020, all moist toilet paper from our company has been made from natural, biodegradable nonwovens and cellulose, which were made from sustainably grown pulp. They are therefore free of synthetic fibers and can be easily disposed of in the toilet after use. These products are clearly marked as „flushable“ on the packaging.

When it comes to baby wipes, we strive to increase the proportion of natural and biodegradable fibers from certified cultivation. In fiscal year 2022, 80,644,293 m² consisted of natural polymers and are therefore biodegradable - a share of 26.4% of our total purchase volume of non-

woven fabrics for baby wipes (2021: 18.4% ; 2020: 6.5%). We conscientiously indicate on the packaging how our items can be optimally disposed of. Breast pads and baby wipes must be disposed of with household waste. They carry the label "Do not flush". Wet toilet paper may be disposed of in the toilet and is clearly marked as „flushable“.

According to the Implementing Regulation (EU) 2020/2151, single-use plastic products („single-use

CERTIFIED NONWOVENS AND CELLULOSE	2020		2021		2022	
	m ²	%	m ²	%	m ²	%
FSC	40,205,529		39,448,062		42,533,901	
PEFC	60,640,548		100,776,931		142,489,968	
Total purchase quantity nonwovens / cellulose certified	100,846,077	34.0	140,224,993	43.9	185,023,869	54.3
Total purchase quantity nonwovens / cellulose	296,749,628		319,733,983		341,010,041	

plastics“; SUP directive) have had to be labeled since mid-2021. The directive also covers wet wipes with fibers made from non-natural polymers or natural polymers that have been chemically modified, such as polyester. Wet wipes made entirely from natural polymers that have not been chemically modified, such as viscose and lyocell, are outside the scope of the directive.

54.3% of
our nonwovens
are sustainably
certified!

PACKAGING

R & D engages in constant research in the field of environmentally friendly and resource-saving packaging. We use bags, boxes, bottles, tubes, jars, composite film and closures (made of different materials) that are adapted to the respective product.

We fill all of our liquid cosmetics into recyclable bottles, jars and tubes. This packaging consists of single-variety plastics and can therefore be returned to the recycling cycle. In the 2022 financial year, 13.3% (2021: 16.5%; 2020: 6.6%) of the purchased liquid cosmetics pack-



Our liquid cosmetics are filled into recyclable tubes, jars, and bottles.

For all new developments or relaunches of our own brand items or our customer products, we only use recyclable composite film packaging. In the 2022 reporting year, 98.7% (2021: 98.1% ; 2020: 94.1%) of the composite films used were already fully recyclable. For technical reasons, a small proportion still consists of PET/PE, which cannot be mechanically recycled in the composite form. We work intensively with our clients to make the last composite films completely recyclable. When developing new items, we make sure to generally avoid unnecessary outer packaging.

98.7% of our composite films recyclable!

aging

consisted of post-consumer recycling material (PCR). Due to the remaining stock from the previous year, less PCR packaging was purchased in the past financial year.

We are working to ensure that multi-packs of wet wipes only use mono-materials for carry-handles in order to increase recyclability. We are increasingly dispensing with the use of shrink film for multiple packs. All of our cardboard boxes that are used as secondary packaging are made entirely of recycled material. Wherever possible, we convert folding boxes to FSC or PEFC certified alternatives.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Our purchasing aims to ensure the supply of materials and services with the best possible quality-cost ratio and thus remain economical. Our ambition is clear: with our business partners and suppliers, we want to comply with human rights and ecological due diligence along the supply chain. That is why we want to create the greatest possible transparency in our supply chains.

Above and beyond the legal requirements, we are committed to complying with the principles of the United Nations Global Compact (UNGC), the Universal Declaration of Human Rights, the convention of the United Nations Organization and the core labor standards of the International Labor Organization (ILO).

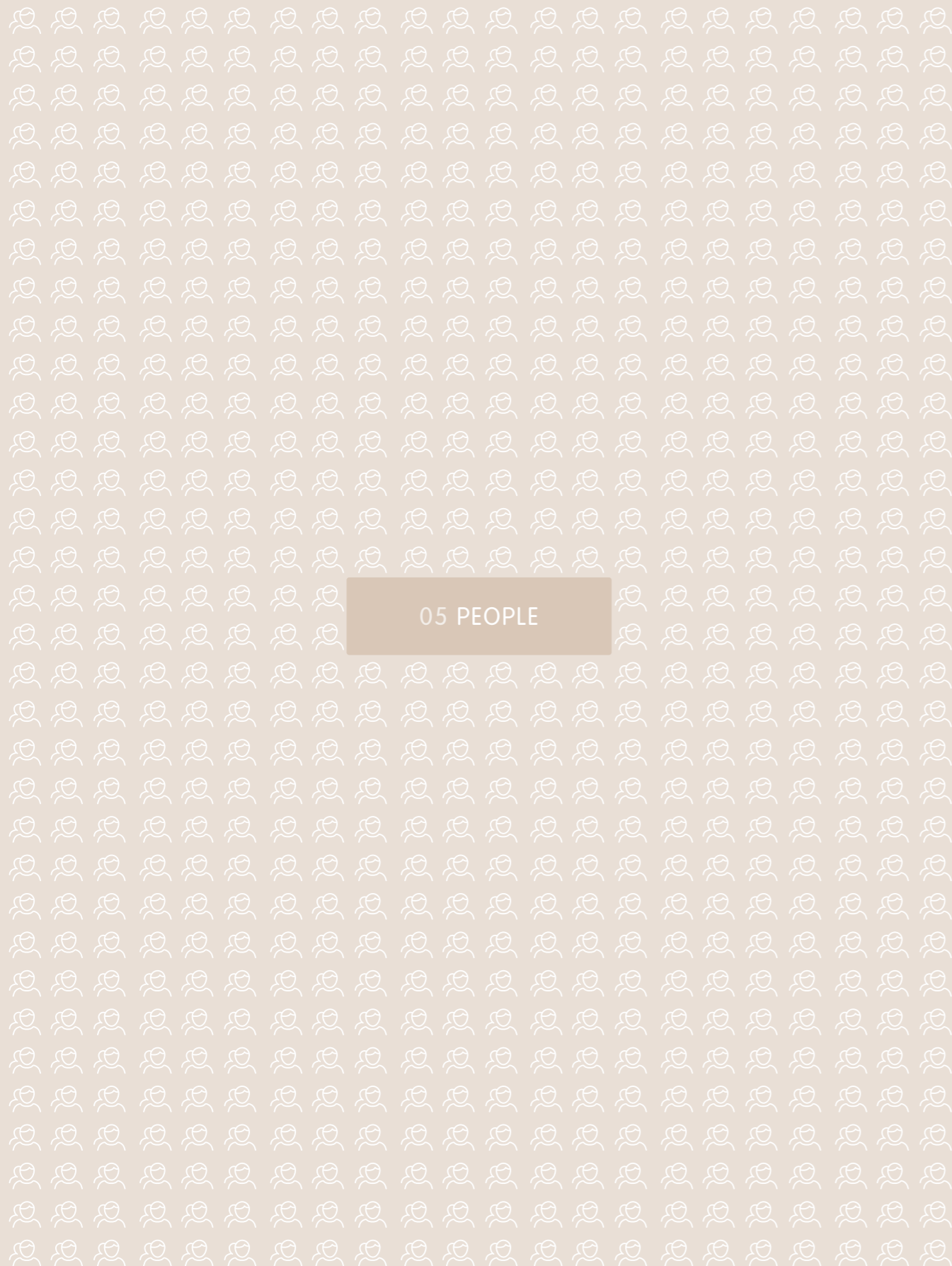
We have also obligated our business partners, suppliers and their sub-suppliers to comply with these and statutory provisions via our [Sustainability Code for Business Partners](#) (↗). 24.2% of our suppliers have signed our sustainability code (2021: 21.5% ; 2020: 0.0%). We guarantee our customers the greatest possible transparency and have been a member of the SEDEX rating platform since 2012, which makes the supply chain transparent for our customers.

Since 2022 we have been gradually implementing the requirements of the LkSG voluntarily, although we do not fall within the direct scope of application. The working group set up for this purpose is therefore implementing our supply chain strategy and has created our sustainability code for business partners, carried out a survey of all A and B suppliers on sustainability and introduced our complaints system (whistleblower system). In January 2023, we also started the systematic risk identification and monitoring of all our direct and indirect suppliers in cooperation with an established external partner. For two important raw materials, nature-based nonwovens and palm-based derivatives, we have already carried out a risk analysis in recent years and found that ecological or human rights risks can occur in the supply chain. We reduce these risks by purchasing FSC, PEFC and RSPO-certified raw materials, which in 2022 already accounted for 52.6% (new key figure, therefore previous years cannot be shown) of our total purchasing volume.

We carefully select Tier 1 suppliers - in 2022 we worked with over 400 active suppliers who are based in the EU, which is why we see no direct risks for Nölken. Our main suppliers for nonwovens are based in the EU. However, raw materials can also have their origin outside the EU, which is why we optimize our risk management with an external partner. We check our suppliers in terms of quality, delivery reliability and sustainability criteria, such as certified environmental management systems. In addition, our pre-qualification process includes self-assessment and on-site audits to verify compliance with laws and standards. In addition, we hold talks with suppliers of critical raw materials in order to initiate a development process if necessary. The number of audited suppliers is collected internally but not published. No violations were found during the check.

Stakeholders from our value chain who raise a complaint based on our sustainability code and/or applicable national/international law can send their request by [email](#) (↗) to an internal complaints office in quality management or via our external [Whistle-Blower-System](#) (↗). All concerns are processed within three months according to internal guidelines and we thus ensure that all reported concerns are followed up. So far, no complaints have been received.

For 2023, we have set ourselves the goal of carrying out hot-spot analyses of other raw materials in order to fulfill our due diligence obligations. We will also train our purchasing department on due diligence.



05 PEOPLE

WE TAKE RESPONSIBILITY FOR OUR EMPLOYEES

At Nölken we know that our employees are the heart of our family business. From excellent professional development opportunities to health protection: satisfied employees in all areas make a significant contribution to our long-term success. This also means that our human resources team places the highest priority on creating a modern and respectful work environment.

This is particularly important because our locations are in rural areas and finding qualified staff and trainees can sometimes be a challenge. With a moderate unemployment rate (in the region around Windhagen and Neustadt/Wied the unemployment rate in the year under review was 4.6% and around Nowogrodziec 5.2%) we have to offer our future employees something so they can get interested in regions outside large urban centres.

Our HR team strives to create a conducive work environment for our employees. From recruiting and onboarding new employees, to providing opportunities for personal and professional development, to promoting health and well-being.

We strive every day to increase the motivation and satisfaction of our employees and to enable their optimal use in the respective area of employment. This applies to everything from needs-based recruitment to the induction of new colleagues and the provision of opportunities for personal and professional development. Corresponding processes are controlled and monitored via our IMS.

We measure the satisfaction of our employees using classic factors such as the fluctuation rate and length of service. These key figures give us information about personnel fluctuations and allow us to identify any need for improvement at an early stage.

At the German locations, the fluctuation rate was 14.5% in the 2022 financial year (2021: 13.0%). In Nowogrodziec it was 7.8% (2021: 6.6%). This is calculated from the departures divided by the initial headcount plus additions (Schlueter formula). **Our fluctuation rate has increased slightly compared to the previous year, but is still very positive compared to the industry in general and indicates good employee loyalty.** The average length of service at the German locations is 7.5 years

(2021: 8.5 years; 2020: 8 years), at the Polish location 6.5 years (2021: 7 years; 2020: 6.5 years) and is still on a solid level. In order to further improve the working atmosphere and increase employee loyalty, a working group was set up, which worked out a catalog of measures in cooperation with the management and the human resources department. Successive actions are being implemented to positively change the working environment. For example, the communication guide will be revised and optimized, and a fruit basket will be introduced as a healthy treat for all employees.

In order to find out which topics move and drive our teams, we conduct the odd employee survey and respond to complaints that have been raised in this context. If problems arise concerning employment that cannot be solved in direct discussions, all employees can contact the employee representatives who will take on the cause of the person concerned anonymously and ensure a solution involving the HR department and management.

We accept, analyze and follow up on all complaints submitted. No complaints were submitted at the Nowogrodziec site, in Windhagen and Neustadt/Wied a total of 11 complaints were made to the appropriate person of trust (2021: 30; 2020: 25). All matters could be resolved.

STRENGTHENING EMPLOYEES' RIGHTS

Since we support fair cooperation, people are at the focus of our economic activities. Compliance with employees' and human rights is a matter of course at our locations as well as along the entire value chain. Our goal is to ensure a safe, healthy and secure environment for all of our employees throughout the production, manufacturing and distribution processes.

We are committed to strengthening the rights of all employees at our Windhagen, Neustadt/Wied and Nowogrodziec sites and also to complying with national labor standards. In order to promote fair working conditions, we have set up binding internal and external codes of conduct together with the management and put them down in our employee handbook. Our colleagues are trained accordingly and made aware of their obligation to comply.

Of course, we grant freedom of association and recognize the right to collective bargaining. An employee

representative acts as the central contact person, who confidently takes the concerns raised by the employees to the management and ensures that these are taken into account and implemented.

In addition to the labor laws applicable in Germany and Poland, we are committed to the principles of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO).

Our employees hired from temporary work agencies are also protected by these rights and regulations. In the year under review, we employed an average of 15.0 (2021: 15.5; 2020: 15.3) temporary workers at our German locations, in Poland an average of 12 (2021: 8; 2020: 1).

GOOD WORKING CONDITIONS

Nölken is characterized by a value-based and trusting corporate culture. We involve our employees in decision-making processes and set store by an appreciative communication style in meetings. We encourage our staff to take an active part in shaping tomorrow's world of work in a variety of ways. Flat hierarchies and

short decision-making paths play an important role in this context. We strengthen our trustful cooperation by regular staff meetings, internal events and staff parties. Our staff magazine addresses these issues as well.

Our company promotes our employees' commitment beyond their daily work. Taking part in the Nölken ideas management offers the opportunity to participate in the company's further development. We encourage our staff to submit suggestions and initiatives of any kind via our ideas management. Successful projects will be rewarded with 10 percent of the financial savings. In the year under review one idea was submitted through this system, which, however, could not be realized due to lack of feasibility. Nevertheless, the suggestion was positively appreciated by all concerned and rewarded with a voucher.



We promote cooperation on an equal footing

EMPLOYMENT TYPE	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2020	2021	2022	2020	2021	2022
part-time total	n/a	23	23	2	1	0
men	n/a	3	1	2	1	0
women	n/a	20	22	0	0	0
full time total	n/a	338	338	82	88	90
men	n/a	235	229	n/a	47	53
women	n/a	103	109	n/a	41	37

It is a personal concern of ours to offer all employees fair and safe working conditions as well as a performance-related and solid income. We compensate our employees according to their function and do not make any distinctions based on their gender or other personal characteristics. In addition, we offer all permanent employees a company pension scheme and capital-forming benefits.

While for non-clerical and non-administrative employees we use a transparent remuneration system that is based on wage groups, in the white-collar sector there are salary models with fixed and variable components for executives and managers (department and team leaders). In addition to the common corporate goals we achieved together individual goals that are based on them have a positive effect on income if commitment is above average.

In order to remain an attractive employer for our employees in the future, the remuneration systems are being further developed according to needs. During the annual interviews there is the possibility of agreeing on a salary increase corresponding to work commitment and success.

Nölken supports its employees in balancing work and private life. We give them the opportunity to shape their professional career according to their own potential and to suit their respective life situation. During the COVID-19 pandemic, we developed flexible workplace models together with our teams, which we have retained whenever possible. In addition to family-friendly solutions such as variable working hours, part-time options or shift work, mobile workplaces were also offered. Wherever possible, we respond to the individual needs and challenges of our employees and enable them to work independently of time and place. In the year under review, 23 employees (1 man, 22 women) were employed part-time at the German locations. This option was not taken at the Polish site.

EQUAL OPPORTUNITIES AND DIVERSITY

Nölken is committed to creating a working environment in which equal opportunities are a matter of course for all employees. It is a key part of our ethical corporate principles that we promote diversity and inclusion, combat discrimination and support gender equality. 451 colleagues from 27 different nations work together at our Polish and German locations. **We pay great attention to respectful cooperation regardless of age, gender, nationality, religion or culture.** We enable our employees to take German courses to overcome language barriers, or support them in finding accommodation.

In order to enable a needs-based and fair personnel structure, we collected various key figures for our locations in Windhagen and Neustadt/Wied as well as Nowogrodzic as of December 31, 2022. Promoting integration, diversity and equal opportunities at Nölken also means giving people with health impairments the same opportunities as employees without impairments. In 2022, we employed 15 people with health

impairments at the German locations (2021: 15) and one employee at the Polish location (2021: 1).

In recent years, we have specifically sponsored, promoted and motivated women at our German locations to apply for level 1 and 2 management vacancies below executive level (department heads and team leads). On this level we were already able to increase the proportion of women to almost 45% in 2022. Since

GENDER PER JOB	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2020	2021	2022	2020	2021	2022
Administration	90	99	102	8	13	12
women	n/a	n/a	56	n/a	n/a	7
men	n/a	n/a	46	n/a	n/a	5
Production	247	262	259	76	76	78
women	n/a	n/a	75	n/a	n/a	30
men	n/a	n/a	184	n/a	n/a	48

EMPLOYEE STRUCTURE	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC								
	2020	%	2021	%	2022	%	2020	%	2021	%	2022	%
Company Management	2		3		5		2		2		2	
women	0	0.0	0	0.0	0	0.0	1	1.2	1	1.1	1	1.1
men	2	0.6	3	0.8	5	1.4	1	1.2	1	1.1	1	1.1
Heads of department / team leaders	11		21		18		11		11		8	
women	2	0.6	8	2.2	8	2.2	6	7.1	6	6.7	4	4.4
men	9	2.7	13	3.6	10	2.8	5	6.0	5	5.6	4	4.4
Employees	315		328		331		71		76		80	
women	114	33.8	112	31.0	120	33.2	26	31.0	32	36.0	33	36.7
men	201	59.6	216	59.8	211	58.4	45	53.6	44	49.4	47	52.2
Apprentices	9		7		7		0		0		0	
women	5	1.5	3	0.8	3	0.8	0	0.0	0	0.0	0	0.0
men	4	1.2	4	1.1	4	1.1	0	0.0	0	0.0	0	0.0
Interns / Working students	0		2		0		0		0		0	
women	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
men	0	0.0	2	0.6	0	0.0	0	0.0	0	0.0	0	0.0
Total number of employees	337	100	361	100	361	100	84	100	89	100	90	100

the 2022 financial year, we have also been collecting the gender distribution for each area of work (administration or production) so that we can make offers to employees in a more targeted manner.

The analysis of the age distribution shows no change in the structure at the German locations: the share of older colleagues (>51 years) has been above average, the share of employees aged 21 – 40 has been below average over the past three reporting years.

AGE STRUCTURE DEVELOPMENT	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC								
	2020	%	2021	%	2022	%	2020	%	2021	%	2022	%
16 - 20 years	8		6		6		5		2		1	
Administration	2	0.6	2	0.6	2	0.6	0	0.0	0	0.0	0	0.0
Production	6	1.8	4	1.1	4	1.1	5	6.0	2	2.2	1	1.1
21 - 30 years	61		80		69		16		18		22	
Administration	17	5.0	21	5.0	18	5.0	1	1.2	2	2.2	2	2.2
Production	44	13.1	59	14.1	51	14.1	15	17.9	16	18.0	20	22.2
31 - 40 years	67		70		79		28		31		27	
Administration	16	4.7	18	6.6	24	6.6	4	4.8	4	4.5	4	4.4
Production	51	15.1	52	15.2	55	15.2	24	28.6	27	30.3	23	25.6
41 - 50 years	91		96		96		18		21		25	
Administration	28	8.3	31	8.3	30	8.3	3	3.6	6	6.7	6	6.7
Production	63	18.7	65	18.3	66	18.3	15	17.9	15	16.9	19	21.1
51 - older	110		109		111		17		17		15	
Administration	27	8.0	27	7.8	28	7.8	0	0.0	1	1.1	1	1.1
Production	83	24.6	82	23.0	83	23.0	17	20.2	16	18.0	14	15.6

The percentages refer to the total number of employees.

ANTI-DISCRIMINATION

We see it as an opportunity to involve all colleagues without prejudice and to promote them according to their talents. **We are anti-discrimination and show no tolerance for injustice or harassment.** Nölken adheres to the requirements of the German General Equal Treatment Act as well as corresponding anti-discrimination laws and regulations in Poland.

In a generally binding employee code of conduct, we have formulated the basic values for our cooperation and developed a process for dealing with possible violations quickly and clearly. If employees feel that they or a colleague are being harassed or treated unfairly, we encourage them to contact their manager, their trusted representative or Human Resources. We take every violation very seriously and will do everything

in our power to remedy the situation. This may also include disciplinary measures. In the 2022 reporting year, we did not identify any incidents of discrimination, which suggests a very good working atmosphere.



We create an age-appropriate work environment

OCCUPATIONAL SAFETY

The physical and mental well-being of our employees is very important to us. With the COVID-19 pandemic, the areas of health protection and occupational safety have gained in importance. That's why we work day after day to avoid or reduce the risk of accidents or illness in all work processes. **Our goal: 0 accidents at work.**

We have introduced an occupational safety management system at our production sites, which is integrated into our company-wide management system. The occupational safety officers at the Windhagen, Neustadt/Wied and Nowogrodziec locations have the task of implementing preventive protective measures in the company. Our occupational health and safety committees meet four times a year in the factories. They are made up of the commissioned occupational safety officer, the company doctor, the employee representative, the HR department, the production manager, the TQM officer and the management. In the year under review, the members of the committees again drew up appropriate programs and targets to improve occupational safety, which they are successively implementing and developing. We develop improvement measures across departments - this is primarily about risk analysis and prevention to ensure the well-being of our employees.

All technical systems and workplaces are regularly analysed with regard to psychological or physical stress risks. The results are evaluated in the occupational safety committees and the elimination of any risks is initiated. In addition, all employees are instructed annually in occupational safety and fire protection. Production employees are additionally equipped with personal protective equipment, including safety shoes, gloves and hearing protection, depending on the workplace. If

an accident occurs, an extensive interview is conducted with the person concerned - as soon as possible - to analyse the accident so it does not recur. When long-term sick people return to work, BEM talks or return talks are held.

With every investment in buildings or machines we also try to further increase the safety of our employees. In the reporting period, the accident rate in Windhagen and Neustadt/Wied increased, in Nowogrodziec it re-



We take care of a safe work environment

mained at a low level. The few reported incidents could not be attributed to a specific location or work step. There were no work-related fatalities at either site, and no employees suffered from occupational diseases. In order to be able to assess the effectiveness of our occupational safety and health management system more precisely and put it in perspective, we now also publish the total number of reportable accidents.

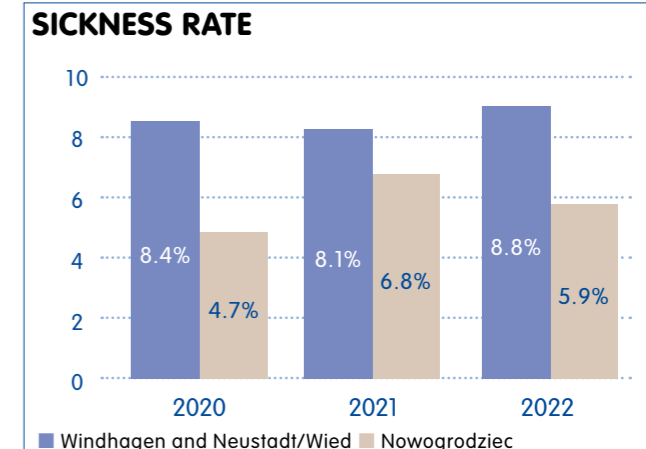
ACCIDENTS AT WORK	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2020	2021	2022	2020	2021	2022
men	46	44	59	2	3	1
women	14	12	11	0	0	1
total accidents	60	56	70	2	3	2
Of which notifiable	13	19	21	2	3	2
accident rate in %	17.8	15.5	19.4	2.2	3.0	2.0
lost days	143	193	621	6	51	38

HEALTH PROTECTION

With our wide range of services, we want to promote and strengthen the well-being and health of our employees in a targeted manner and on a long-term basis and actively contribute to their full recovery in the event of illness. Our company health management and the company medical service are central elements of our health programs which offer free preventive measures, such as hearing and vision tests or flu vaccinations.

In principle, there is a risk at Nölken of industry-specific occupational diseases that are caused, for example, by chemical or physical effects. With the preventive measures already mentioned we protect our employees from such hazards. As in previous years there were no employees with occupational diseases in the year under review. Nevertheless, the average sickness rate at the German sites was around 8.8%, which is quite high compared to the national average of 5.6%.

In order to reduce the sickness rate, we implemented preventive measures against the spread of COVID-19 in 2022, as in the previous year. For example, employees were regularly made aware of the necessary hygiene measures, mandatory online instructions were given and free mouth and nose covers and disinfectants were made available. If additional information is required, we approach the employees personally, depending on the content and target group, or contact them via email and our intranet. In addition, we have the option to address general topics via the employee magazine.



In Windhagen and Neustadt/Wied we offer a wide range of health-promoting services and recreational activities: Our employees can have a massage, receive discounts for membership in the neighbouring fitness club, attend runners' meetings, play badminton together or participate in city runs and marathons free of charge. In addition, we took part in this year's city cycling competition with 15 participants and cycled 1,470 km together.

A total of four health measures were carried out in Windhagen and Neustadt/Wied with 54 participants (2021: 43 participants; 2020: 45 participants). One health measure with 50 participants was offered in Nowogrodziec in 2022 (2021: 63 participants; 2020: 65 participants).



Our winners of the city cycling competition

QUALIFICATION

Nölken's success is the direct result of the tireless efforts of our highly qualified teams. Investments in the optimal training of employees make us a progressive company in the long term that is prepared for the challenges of the market. The different, complementary knowledge and skills of our employees strengthen our innovation capacities and thus our competitiveness. That is why we specifically train junior staff, promote permanent learning and create a working atmosphere in which all employees can develop their potentials. Since we do not see any deficits in the area of qualification, we will continue with our proven plans and goals.

Technical progress and digitalization shape our working world and entail far-reaching changes, which, on the part of our employees, require a high degree of flexibility and a willingness to learn. **Therefore, our employees are individually supported through further training.**



We promote life-long learning at our academy

Regardless of the phase in life they are in, every employee can continue their education in the company on a regular basis, train soft skills or acquire special knowledge. **All voluntary and mandatory further training measures at the Nölken Academy are continuously evaluated.** Evaluations made by the participants in this context lead to the optimization of the training courses. Nölken finances all or part of the training offers, and may also grant time off work for more comprehensive advanced training measures. The programs in Windhagen were very actively accepted during the reporting period.

Despite the ongoing pandemic our employees in Windhagen and Neustadt/Wied undertook around 2.9 hours of further training on average (2021: 1.3 hours; 2020: 1.4 hours), around 1.0 hours in Nowogrodziec. In addition to mandatory further training measures this also includes our voluntary program with training courses on sustainability, which our clerical and administrative employees in Germany are offered at the beginning of their employment (2022: 9 participants; 2021: 8 participants; 2020: 0 participants).

Identifying and promoting young talents is very important to us - **Nölken has been a training company certified by the IHK since 1985.** Workplace experience placements or internships lasting several months give pupils or students a good insight into our company and can lead to a permanent position in the long term. In addition to their professional development our trainees are actively involved in our day-to-day business. It is very important to us to familiarize all employees with the principles of resource-saving and ethically correct procedures right from the start and to involve them in our sustainability projects.

We offer apprenticeships in the following professions (m/f/d): chemical technician, warehouse logistics specialist (two or three years' training), industrial clerk, digital and print media designer and IT specialist for system integration. In the year under review, we were able to fill three apprenticeship positions. We also offer employees the opportunity to complete part-time studies or a dual study programme (higher level academic education joined with in-firm training phases). During this career entry phase, we support them financially and organizationally as needed.

OUR SOCIAL COMMITMENT

For our second-generation family business, it is important to take care of society at the locations in addition to our core business. We attach particular importance to regionality, solidarity with our employees and relatedness with our business area. The selection of the supported clubs, initiatives and organizations is very broad with the focus on families, sport, education, culture, religion, nature and animal protection as well as security.



Employees packing relief supplies to be sent to people in need in the Ukrainian war zones

Our concept for promoting charitable purposes is based on two pillars: on the one hand, the classic financial and material support of charitable initiatives, associations and organizations and, on the other hand, the voluntary commitment of our employees. We are planning to develop and publish a guideline for donations, sponsorship and other social commitments in 2023.

We are happy to encourage our employees in their commitment, because their participation has a positive effect on the solidarity of our society. For example, some of our employees at the Windhagen and Nowogrodziec sites are active in the voluntary fire brigade or support the local sports club as trainers. All of our employees can also propose charitable causes of their choice for donation payments, which are approved by management after review. Promoting the common good is a mandatory requirement, so we carefully examine the purpose of donations and institutions to rule out financial support for political parties, political foundations, employers' associations or trade unions. Therefore, no payments were made to such organizations in the reporting period.

In 2022, like every year, we sponsored the summer camp of the **Catholic Young Community** in Windhagen and the **Catholic day-care center St. Bartholomäus** in Windhagen. In addition, we regularly support sports clubs in the region to ensure their existence and to promote our employees who are active in them. During the reporting period, Nölken supported **SV Eintracht Windhagen**, the **Kurtscheid riding club** and **Rolitennis e.V.** The carnival season also influences the rhythm of life at Nölken, which is why we regularly donate to various carnival clubs in the region around Windhagen and Neustadt/Wied. In 2022, we sponsored the **Möhenclub Rubbeldi-dupp** carnival association. We also made a one-time donation to the **Raya sanctuary for animals in need.** We also once again supported the **volunteer fire brigades** in Windhagen and Nowogrodziec in the year under review. At the beginning of the year, we supported the affected people in the **war zones in Ukraine** with our hygiene and care products. Our charitable commitment is rounded off by the annual financial donation to the **FONAP member project**, in which we support smallholders in the Jambi province in Sumatra in converting to sustainable and certified oil palm cultivation.



We support smallholder farmers through the FONAP member project

06 ENVIRONMENT

ENVIRONMENTAL RESPONSIBILITY AT OUR LOCATIONS

In a time of diverse ecological challenges, it is our task to develop suitable measures to protect our environment beyond the legal requirements. We take proactive steps to understand and reduce the impact of our operations on the environment on a global scale. Striving for innovative solutions that benefit both the environment and overall business success is paramount. In doing so, we aim to keep the impact of site-related environmental impacts as low as possible. We want to counteract climate change and keep our earth livable for future generations.

At our locations in Windhagen, Neustadt/Wied and Nowogrodziec we operate six modern production plants according to the latest environmental, safety and hygiene standards. We guarantee our customers responsibly manufactured, high-quality and non-hazardous wet wipes, nursing pads and liquid and semi-solid cosmetic products. In all our operations we work continuously to conserve natural resources and to use environmentally friendly and low-emission manufacturing processes.

We have set ourselves the goal of actively protecting the environment and minimizing CO₂ emissions by using raw materials and energy efficiently, switching to renewable energies as far as possible or even generating them ourselves.

The use of intelligent transport logistics is essential for Nölken as the interface between suppliers and customers - this applies to global procurement through to sales. Here, too, the topic of sustainability and climate protection is becoming increasingly important. Our supply chain management has set itself the task of efficiently controlling the flow of goods and warehouse operations. This enables us to identify possible negative effects of our activities on the environment and to monitor critical points or procedures within process planning and production. With this monitoring we want to further improve our services.

For the traceability of our commitment in the area of environmental protection, clear management and organizational structures have been established at all levels. They are based on our company-wide environmental management system, certified according to DIN EN ISO 14001:2015, which complies with relevant norms, standards

and binding obligations. German and European legislation on environmental protection and occupational safety, device safety and product liability is taken into account as a matter of course.

The ongoing project of collecting operational data (number of units, energy consumption, raw material consumption, etc.) continues to be implemented and is expected to be completed in the course of 2023. We intend to use this to put environmental key figures in relation to the volume produced.

In order to let our employees participate in our corporate environmental protection and energy management, we again offered topic-specific training courses in the reporting year and focused on environmental topics (e.g. energy consumption) in our employee magazine.

The Windhagen and Neustadt/Wied locations are audited annually by independent certifiers in accordance with DIN EN ISO 14001:2015. In the 2022 reporting year, we again successfully passed the recertification. The company's internal environmental protection activities are documented in our usual environmental report.

In the 2022 financial year, no violations of German or European environmental law or corresponding guidelines were recorded. Due to our forward-looking risk management as part of our IMS, we assume a low risk for our business activities.

ENERGY EFFICIENCY

Especially in economically unstable times we make sure to reduce energy consumption and increase the proportion of self-produced renewable energies. Our goal is to achieve an increase in production without increasing energy consumption. With our energy management system (EMS) integrated in the IMS we focus on precisely recording consumption values and reducing energy consumption through targeted measures.

An internal working group is working on solutions for energy efficiency and consumption reduction. When buying new machines we increasingly rely on models with low fuel consumption. In order to reduce electricity and gas consumption, we e.g. gradually retrofit all buildings with intelligent lighting or smart heating control. The already ongoing project for machine and operational data acquisition (production quantities/times, material/energy consumption) will be implemented for the first production lines in 2023 and then gradually rolled out in the entire company. Thanks to increased transparency we will then be able to analyze and optimize our use of resources in a more targeted manner.

We use the waste heat from two compressors to heat the buildings with the help of integrated heat recovery. The proportion of renewable energies used has increased by 4.92% compared to the previous year, as has the energy we produce ourselves. We were able to reduce our total consumption by 9.9%.

ENERGY CONSUMPTION

WINDHAGEN AND NEUSTADT/WIED

	2020	2021	2022
Purchased electricity in kWh	3,487,064	3,552,396	3,299,387
Purchased natural gas in kWh	2,129,120	2,473,290	1,889,416
Energy generated by CHP in kWh	134,669	123,344	75,821
Energy generated by PV systems in kWh	4,554	295,033	488,877
Total	5,755,407	6,444,063	5,861,916
Share of renewable energy sources in %	60.7	59.7	64.6
Share of energy produced on-site in %	2.4	6.5	9.6

ENERGY CONSUMPTION NOWOGRODZIEC

	2020	2021	2022
Purchased electricity in kWh	780,988	582,546	570,763
Purchased LPG in kWh	552,024	513,078	417,359
Purchased crude oil in kWh	17,969	17,919	19,118
Total	1,350,981	1,113,543	1,007,240
Share of renewable energy sources in %	24.20	52.30	56.7
Share of energy produced on-site in %	0.0	0.0	0.0

CLIMATE PROTECTION

We are committed to protecting the climate and do everything we can to reduce the CO₂ emissions of our business operations. We currently collect, reduce and offset our CO₂ emissions across the entire company every year. But we strive to become climate-neutral by 2045 and will set up a systematic climate management for this. Our climate protection goals are to comply with the Science Based Targets initiative (SBTi) by 2024.

Our primary aim is to reduce or avoid as far as possible the CO₂ emissions that arise, for example, from electricity, heating, water and mobility.

We have been recording our CO₂ emissions (Scope 1

and 2, and in some cases Scope 3) at the Windhagen site since 2019, and since 2020 also for the Neustadt/Wied and Nowogrodziec production sites. The CO₂ balance of our company forms the basis of all further activities in our climate protection management. We work with an external partner to determine the corporate carbon footprint (CCF for short). The CCF is calculated on the basis of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards (GHG Protocol). So far, we have focused on emissions in Scope 1 and 2, as these are easier for us to collect. Overall, the business activities of our company caused emissions of 3,190.52 t CO₂. In Scope 1, CO₂ emissions arise primarily from heat generation and in Scope 3 from employee

commuting and waste disposal. To a small extent emissions are caused by machine operation, our vehicle fleet and the upstream chain in the power supply. We intend to comprehensively record the Scope 3 emissions in order to then reduce them successively with the help of our suppliers. For this reason, we will try to source our own accounting software in the 2023 financial year, which will enable us to quickly trace changes.

For the energy supply, we have been relying on certified green electricity from wind power, solar energy and biomass at the Windhagen and Neustadt/Wied locations since 2018 and on wind energy, hydropower and solar energy at the Nowogrodziec location since 2021. This already reduces emissions in the upstream electricity chain. In the past, we operated two efficient natural gas combined heat and power plants (CHP) at the Windhagen site. For economic reasons, one was decommissioned at the end of 2022 and the other will be shut down in 2024.

In order to make us less dependent on electricity market prices, we operate several PV systems at our locations in Germany, which have a yield of 451,84 kWp (488.877 kWh/a) We are gradually continuing this commitment to more self-sufficiency in energy supply and have received approval for a PV system at the Nowogrodziec site, which will be installed at the beginning of 2023.

Another lever for reducing CO₂ emissions is the area of mobility, with the aspects of the vehicle fleet, travel and employee commuting. In the year under review, we replaced gas-powered forklifts with electric forklifts. Our fleet includes electric/hybrid cars as well as pet-



Twelve EV charging stations are at the disposal of our employees

rol/diesel cars, which are available to our colleagues according to their preferences. In addition, we have set up twelve charging stations for our employees' business and private vehicles. Our mobility measures are rounded off by supporting our employees in purchasing e-bikes (2022: 33; 2021: 29; 2020: 22). The fuel consumption of our fleet in 2022 was 50,256 l of petrol and diesel (2021: 48,387 l; 2020: 50,421 l). We aim to reduce this consumption in the future and will create an internal mobility guideline in the current financial year.

CO ₂ -EMISSIONS	WINDHAGEN AND NEUSTADT/WIED						NOWOGRODZIEC					
	2020		2021		2022		2020		2021		2022	
	† CO ₂	%	† CO ₂	%	† CO ₂	%	† CO ₂	%	† CO ₂	%	† CO ₂	%
Scope 1	507.0	21.0	498.6	19.6	513.1	20.2	27.4	2.7	123.1	15.9	106.5	16.4
Scope 2	0.0	0.0	0.0	0.0	0.0	0.0	714.5	71.0	1.9	0.2	0.0	0.0
Scope 3	1,908.10	79.0	2,042.18	80.4	2,027.29	79.8	264.1	26.3	648.0	83.8	543.6	83.6
Total	2,415.10	100	2,540.81	100	2,540.43	100	1,006.0	100	773.05	100	650.09	100

1 All information from 2019 plus 10% safety margin.

2 Calculated using the market-based method.

3 When calculating the CCF, all greenhouse gases relevant under the Kyoto Protocol were taken into account: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC/HFC), perfluorocarbons (HFC/PFC), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

4 calculation methods were adjusted by ClimatePartner last year and do not reflect the current reduction in the individual areas.

5 Adjustments were made of the calculations by ClimatePartner after the editorial deadline.

CLIMATE PROTECTION PROJECTS

With our two climate protection projects we have compensated for the CO₂ emissions that occurred in the 2022 reporting year and which we were unable to avoid despite all optimization measures. Both climate protection projects are certified according to the high international Gold Standard VER (GS VER) and make a significant contribution to individual SDGs.

Clean drinking water, Zoba Maekel, Eritrea (↗)
Eritrea is one of the most malnourished regions in Africa because it suffers severely from drought, floods, soil erosion and desertification. Climate change is exacerbating this situation more and more. In many rural communities, the struggle for clean drinking water takes up a large part of family resources and places a particularly heavy burden on women and children. They have to travel great distances to the nearest water source every day. In addition, the water from ponds or rivers is often contaminated with pathogens and deadly germs.

Our project team identifies and repairs unusable drinking water wells in the Zoba Maekel district (central Eritrea), which has a high poverty rate. Many water wells are owned by community-based organizations (CBOs) and have failed because maintenance programs are poorly managed or prove too expensive. Together with ClimatePartner, we support the communities in repairing the wells and thus ensure a long-term supply of clean drinking water.



Clean drinking water for Zoba Maekel

Due to the ongoing corona pandemic the verification of the originally selected climate protection projects was delayed. Because it was not yet foreseeable when the final implementation of the original projects would be possible, we made a project change as a precaution.

Wind energy, Kurnol and Anantapur, India (↗)
As part of this climate protection project, a wind farm was built in the state of Andhra Pradesh in central India.



Wind power in Kurnol und Anantapur

The districts of Kurnol and Anantapur can now generate renewable energy with the help of 63 wind turbines with a total capacity of 50.4 megawatts. Thanks to the project, around 98,367 MWh of wind power can be fed into India's regional power grid every year. By replacing part of the energy in the Indian power grid, which is still predominantly generated with fossil fuels, with renewable energy, CO₂ emissions are also reduced.

We also contribute to sustainable development in India by creating jobs for the local population. This includes a humane environment and the necessary safety precautions and training.

WASTE

Different types of waste are generated in our production facilities. Through professional and prudent management, we manage to significantly reduce the amount to be disposed of and thus make an important contribution to environmental protection. Of course, we try to prevent the generation of waste in the first place. In the next step, we exhaust all our possibilities to continuously increase the proportion of waste utilization. Wherever it is technically possible and also makes economic sense, we reuse materials, recycle them or dispose of them properly.

We follow the principles: avoid, reduce, reuse and recycle.

Our waste management separates the different waste fractions systematically and with great precision. This allows us to record every material according to waste code and dispose of it in accordance with the regulations. **Despite the increase in production and customer inquiries in the 2022 reporting year, the amounts of waste have not increased in Windhagen, Neustadt/Wied or Nowogrodziec.**

Another goal of our waste management is to find suitable recycling options for the individual types of waste. We have been recycling the backing paper from label tapes since 2021 and thus save costs and CO₂ emissions. The process water discharged into the municipal sewage treatment plant has also been considered recycled since 2021. We have still not found a suitable disposal company to recycle our cloth waste nor come up with another recycling option, so it still has to be thermally recycled.

We are optimistic that we will be able to find additional suitable recycling companies in the next fiscal year and so further increase the components that are considered recyclable. The amount of waste sent for recycling at the Windhagen and Neustadt/Wied sites is still at a very high level of 72.0%. We attribute this positive development to the successful waste management in cooperation with our waste officer. We have entrusted the careful recycling and proper disposal of hazardous waste to professional and trustworthy service providers.

WASTE GENERATION	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC			
	In t	2020	2021	2022	2020	2021	2022
Glass waste, mixed scrap		13.9	8.9	3.7	0.0	0.0	0.0
Electronic scrap, fluorescent tubes, spray cans, oil-stained items		0.2	0.1	0.2	0	0.0	0.0
Nonwovens		840.0	919.0	883.9	571.7	612.5	452.2
Plastic film, plastic parts, PP multi-wall sheets		102.3	79.6	104.6	114.0	42.5	19.0
Rinse water		2,867.2	2,926.5	2,531.3	216.0	312.0	216.0
Wood		8.5	11.4	5.4	0.0	0.0	0.0
Cardboard boxes, cardboard cores		292.9	342.7	318.4	35.4	46.9	48.6
Mixture of recyclable materials		175.4	127.4	87.6	46.3	13.3	20.7
Non-sellers		73.5	122.1	1.9	0.0	0.0	0.0
Metal and plastic packaging		7.8	9.4	6.7	0.0	0.0	0.0
Waste chemicals hazardous		0.0	0.0	81.2	0.0	0.0	0.0
Waste chemicals non-hazardous		0.0	0.0	41.7	0.0	0.0	0.0
Straps		0.0	0.0	63.7	0.0	0.0	0.0
Total		4,381.6	4,547.0	4,130.4	983.4	1,027.2	756.5
Share of waste recycled in %		9.0	74.1	73.2	0.0	0.0	0.0
Share of waste thermally recycled in %		91.0	25.9	26.8	100	100	100

BIODIVERSITY

Although we try to keep the risk as low as possible, our business activities can have a direct and indirect impact on biodiversity. That is why we are committed to various measures for the **preservation and restoration of ecosystems**.

The size of all our properties in Germany and Poland is around 126,500 m², none of which are in or bordering on protected areas and/or key biodiversity areas (KBA). As a voluntary compensation measure for the built-up area we took part in the **Naturstadt project of the Asbach municipality** in the 2022 reporting year and created flowering habitats for insects and other animals at our headquarters in Windhagen. In addition, we have entered into a cooperation with a beekeeper who set up five bee colonies at the Neustadt/Wied production site starting last March. At the end of 2022, however, unknown persons stole three beehives. Nevertheless, we will continue our commitment to biodiversity and set up beehives again in spring 2023.



Our bee colonies

In addition, we support the [FONAP smallholder project](#) (↗), which supports smallholders in Malaysia in the more sustainable cultivation of oil palms and thus makes a positive contribution to biodiversity. The farmers are trained on site in dealing with more sustainable cultivation methods such as the use of organic fertilizers. As a result, fewer pesticides are used to control pests. **As a FONAP member, we support projects like this in cooperation with WWF Germany and Wild Asia.**

PAPER

For our correspondence at our three locations we have been using **copy paper made from recycled fibers (Blue Angel) and stationery that is FSC or PEFC-certified since 2014**. We have been participating in the „CEOs pro-recycled paper“ initiative for a long time in order to promote the use of recycled paper through public relations work. In this way, we make an active contribution to saving resources.

We want to motivate our employees to reduce paper consumption by addressing the topic in our employee magazine. In order to support this process, we collect

the amount of copy paper and stationery used via the newly installed **printer monitoring**.

Even if business papers only make up a small proportion of the raw materials we use, we want to **further reduce this consumption and rely on digitization**. We now only receive and send digital order documents and invoices, we have already converted to completely paperless archiving, and we have switched to digital vacation requests from our clerical and administrative staff.

PAPER CONSUMPTION	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2020	2021	2022	2020	2021	2022
copy paper (sheets)	671,500	700,000	649,381	150,000	170,500	200,000
share certified (Blue Angel, FSC, PEFC) in %	100	100	100	100	100	100
letter paper (sheets)	110,000	20,750	77,000	0	0	0
share certified (Blue Angel, FSC, PEFC) in %	100	100	100	100	100	100
per employee (sheets)	2,319	1,997	2,012	1,786	1,916	2,222

WATER

Water is a vital resource. Clean drinking water is becoming increasingly scarce due to climate change and the growing world population. That is why Nölken takes the issue of clean wastewater very seriously and we make our contribution to the careful use of water that goes beyond the legal requirements.

Responsible use of water as a resource is an essential part of our environmental management.

In our company we mainly use water that goes into production and process water that is needed to clean the production facilities. At our Windhagen, Neustadt/Wied and Nowogrodziec sites we obtain fresh water from the public drinking water networks. Using our environmental management system in production we have established systematic monitoring with water meters at the points of consumption in order to record and control product-specific consumption together with the amount of waste water.

We treat the water used for our wet wipes using reverse osmosis and a UV system for the production of cosmetic liquids. We dispose of water used to clean the production facilities separately as waste water.



Sewage tank in production

The consumption of fresh water increased slightly in the 2022 reporting year compared to the previous year at the Windhagen and Neustadt/Wied sites due to the increase in production, but fell slightly in Nowogrodziec. In relation to the sales units produced, however, fresh water consumption has fallen. In the coming reporting year, we will be able to publish more precise data based on the production data collection.

WATER CONSUMPTION in m ³	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2020	2021	2022	2020	2021	2022
Fresh water	55,698	54,382	57,970	7,549	8,346	7,759
Waste water	27,196	25,331	26,403	885	1,024	868

EMISSIONS

Nölken complies with all applicable laws so that unwanted air, water or soil emissions are prevented. In order to keep an eye on environmental risks, we have established an environmental management system.

Our environmental management, hazardous goods management and materials management officers are integrated into all processes.

There were no violations of legal regulations, reportable pollution or leaks at any of the sites during the reporting period. In the 2022 reporting year, two leaks

(2021: 3; 2020: 5) occurred in the production in Windhagen, in which containers with bulk goods were defective and had to be pumped over. There were no consequential damages.

We were able to do this because we have been taking safety precautions in the relevant facilities for the production and provision of the bulks for several years in order to catch the escaping liquid in the event of a leak. All colleagues working in this area are trained annually in how to deal with leaks.

ABOUT THIS REPORT

Sustainability has been an integral part of the corporate strategy at Nölken since 2011 in order to position topics such as future viability, resource-saving production, ecological and social commitment and responsibility throughout the company and to systematically record and develop them further.

In this twelfth sustainability report, we are pleased to once again present our sustainability performance and to throw light on our impact in terms of economic, ecological and social aspects. This report is aimed at all our stakeholders - customers, service providers, suppliers, non-governmental organizations, politics and authorities, science, the media, as well as our neighborhood, the public and our employees.

This report and all the data it contains cover the period from January to December 2022 and provide an overview of our sustainability strategy, our goals and progress. We provide information about concepts and measures that we have taken to make our product range, our services and our value chain even more sustainable. This report covers the business activities and the impact of Nölken Hygiene Products GmbH and Noelken Sp. z o.o. with its sites in Windhagen, Neustadt/Wied and Nowogrodziec. The reporting boundaries essentially run along our production boundaries. All data and information are valid as of the time of going to press on March 3rd, 2023.

The Sustainability Report 2022 follows the guidelines of the German Sustainability Code on the one hand and the ten principles of the United Nations Global Compact on the other. This report has not been verified by an independent external body.

The text passages relevant to the UNGC and the DNK are noted in the following overviews.

The publication of the next comprehensive sustainability report is planned for the first half of 2024.

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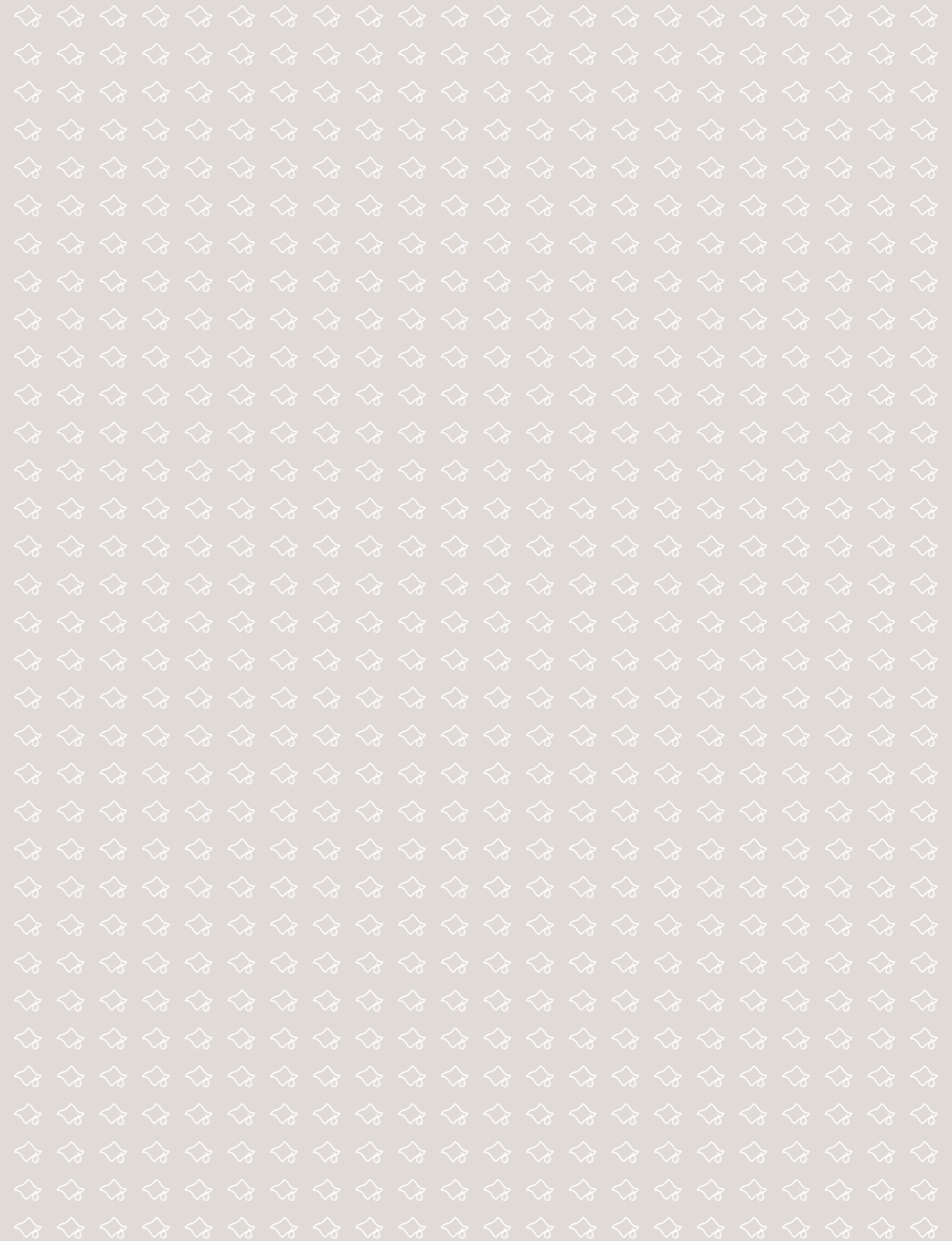
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