



Sustainability Report 2016/2017

Imprint

Publisher:
Nölken Hygiene Products GmbH
Klarenplatz 2
53578 Windhagen
www.noelken.de/en

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Print:
Görres Druckerei



All data and statements correspond to the current status at the close of editing.

Windhagen, 30/08/2017

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● Our vision

Our main focus is on discovering and fostering potential. To reach our goal of being the "best manufacturer in the private-label sector for wet wipes, nursing pads and cosmetic care products", we need the best employees, reliable suppliers and customers who are open to innovation.

People with vision who achieve perceptible results for the company and customers.

● Our mission

Setting oneself new challenges, seeking and finding new solutions and the will to succeed – we promote these qualities among our staff and our suppliers. To us, passion means impressing our customers with our products and services. We thus ensure excellent results.

● Our guiding principles

We profile ourselves in the international markets, develop innovative products and at the same time we keep an eye on sustainability. Trust and partnership are among our values. We aim for an open communication culture that allows fast and effective implementation of objectives and transparent structures.



Facts & figures

- **Locations:** Windhagen, Germany and Nowogrodziec, Poland
- **Proprietor:** E. Markus Nölken and U. Daniel Nölken
- **Number of employees:** 277 in Windhagen and 88 in Nowogrodziec
- **Total turnover:** EUR 70.8 million in 2016



Foreword

Dear readers,

You are currently holding the sixth sustainability report in your hands, which covers the period between August 2016 and July 2017. This report follows the guidelines of the German Sustainability Code and the ten principles of the United Nations Global Compact. Additionally, this report is guided by the GRI standards in the accordance option "Core".

Sustainability has been a fixed part of our philosophy since 2011. To achieve an even greater effect and to put our commitment into a global context, we would like to align our sustainable business activity with the global sustainable development objectives.

In September 2015, the community of states approved a global agenda for sustainable development. The agenda is a roadmap for the future and has the leading objective of creating decent living standards worldwide. The Agenda 2030 consists of the 17 Sustainable Development Goals (SDGs), which take the interests and opportunities for development of people who will live in the future into account in current actions.

Thus, focus on the global objectives is important to Nölken, as we are part of a global network. Our business activity does not stop at Germany's borders, but also influences people, the economy and nature in other countries. In our social, economic and ecological environment, we can contribute to fostering sustainable development constructively by means of concrete projects and minimising our ecological footprint.

Therefore, this report is to highlight how we implement the Agenda 2030 with its objectives for sustainable development at our company.

It is crucial to reflect on one's own performances – especially with a view to knowledge transfer – in order to awaken further sustainability potential. We want to communicate in a transparent manner with all relevant interest groups and engage in open dialogue with them.

As with the last sustainability report, we want to hear your opinion of this report. We would be delighted if you would answer the online questionnaire. In addition, we would again like to invite you to have a discussion with us. Feel free to contact us at nachhaltigkeit@noelken.de. We look forward to active and constructive dialogue with you!

Yours sincerely


E. Markus Nölken
Managing Director

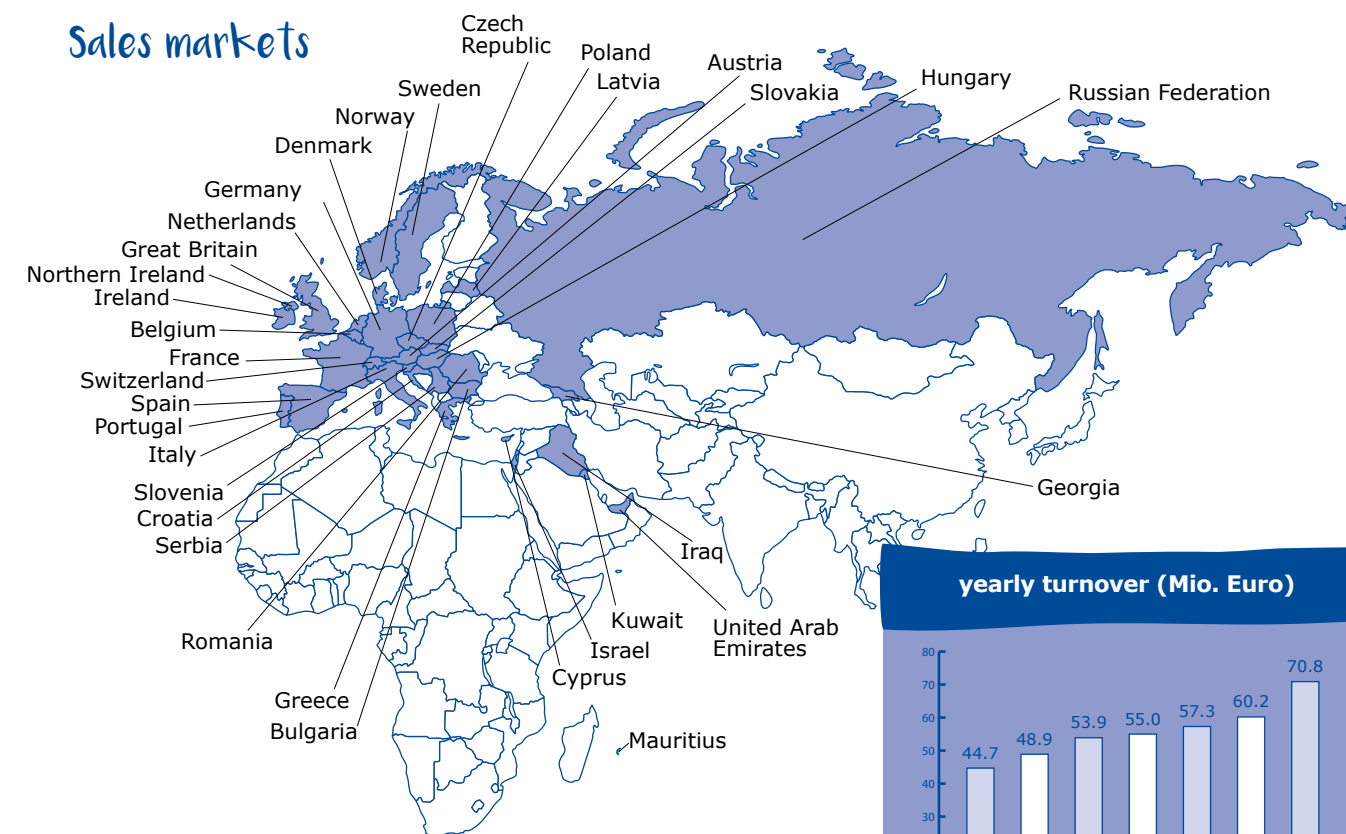

U. Daniel Nölken
Managing Director


Rudolf Marnet
Managing Director

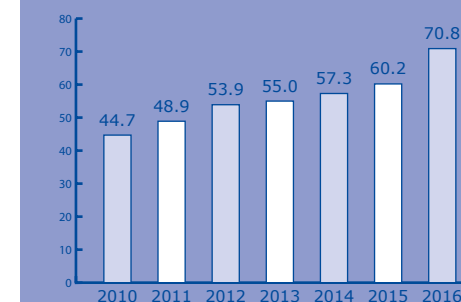
No. **2** NAME NOM **STRATEGY**



Sales markets



yearly turnover (Mio. Euro)



Company profile

The owner-managed company Nölken Hygiene Products GmbH supplies multinational commercial and industrial companies in over 31 countries. Our main sales market is Germany, closely followed by neighbouring countries Austria, the Netherlands, Belgium and the Czech Republic.

Our wet wipes and liquid cosmetics for babies, children, adolescents, adults and the elderly as well as our nursing pads are of the highest quality. A long-term economic perspective, sustainable products and long-term relationships with our customers secure jobs in the region and the financial success of our company in the future.

History

The history of the family enterprise Nölken Hygiene Products GmbH began more than 30 years ago. In 1982, Ernst Nölken founded the company as a trading company for moist toilet tissue. Six years later, the first in-house manufacture of moist toilet tissue began on a contract manufacturing basis.

The company grew steadily, leading to the formation of subsidiary Noelken Sp. z o.o in Poland in 1993. From then on, the Nowogrodziec-based subsidiary specialised in the production of moist toilet tissue and in 1997 it also adopted the production of nursing pads into its portfolio. Today, the company site in Nowogrodziec is 17,748 m² in size.

Following several moves in North Rhine-Westphalia, the parent company settled in Windhagen, Rhineland-Palatinate, in 1991. In addition to the production of wet wipes, now an established division, liquid cosmetics were bottled here starting in 2005 and from 2008 they were also formulated and produced there.

In 2010, company founder Ernst Nölken handed over the company - which had now become a stately medium-sized enterprise with a 35,676 m² company site - to his two sons E. Markus and U. Daniel. Today, nursing pads are also manufactured at the company site in Windhagen, where a new 1,360 m² production hall was opened at the start of 2015.



Locations

The community of Windhagen is in northern Rhine-land-Palatinate, in the district of Neuwied, directly on the border with North Rhine-Westphalia and approximately 3 km away from federal motorway 3. The small town with approximately 4,300 inhabitants is connected to the nearest train station in the town of Bad Honnef (13 km) via bus services. The good transport links make the location of Windhagen attractive for numerous companies.

Nowogrodziec, located in the Polish voivodeship of Lower Silesia, is 40 km from the border with Germany. The site of the subsidiary is located approximately 2.5 km outside the small town with 4,000 inhabitants. The company site is 10 km away from the A4 motorway. This is an excellent location thanks to its proximity to the border crossings to Germany and the Czech Republic as well as a well developed transport network.

Management

Nölken Hygiene Products GmbH in Windhagen is managed by the two executive partners E. Markus Nölken and U. Daniel Nölken. Rudolf Marnet acts as an additional managing director.

The Polish subsidiary Noelken Sp. z o.o in Nowogrodziec is managed by executive partner E. Markus Nölken and managing directors Mariola Jarzab and Anna Linke.

Sustainable business activity is part of the corporate strategy of Nölken Hygiene Products GmbH. Overall responsibility for sustainability lies with the management. It is supported through the appointment of officers for sustainability management, occupational health and safety, environmental management, quality management, hazardous materials, REACH, FSC®/PEFC, fire protection and waste.

Sustainability management has been permanently institutionalised in the parent company by means of an executive department since 2011. The sustainability officer is responsible for all sustainability activities and also has overall responsibility for the subsidiary in Nowogrodziec. There she is supported by the officers for fire protection, safety, environmental protection, quality management and FSC/PEFC. We have broken down the fields of action of our sustainability management system into the following areas: products, environment and people. These three focus fields define the dedication, reporting and communication.

Sustainability

To us, being sustainable means recognising changes and trends that will affect the environment, society and business in future and preparing for them.

By carrying out our business activities in a conscientious and responsible way, and protecting the interests of our stakeholders, we gain trust and therefore the basis for our long term business success.

Thus, sustainability is a success factor for us. Only if we take responsibility for people and nature we can be financially successful. However, only if we are financially successful we can create added value for society and the environment.

Key topics

Our future-orientated business activity is based on three pillars: the products, the environment and people.

To identify the sustainability topics with a key influence on our business activity, this year we performed a new materiality analysis based on the SDGs and the UNGC that contains the results of the stakeholder dialogues. In a two-day workshop, the corporate management and sustainability management developed a materiality matrix in a structured process.

The following key topics that Nölken Hygiene Products must devote itself to emerged from the workshop and the regular discussion with our stakeholders (including in working groups and dialogues).

Products

In addition to globally rising hygiene and living standards, which entail an increased demand for care and cleaning products, sustainability is also increasing in

importance in this industry from year to year. More and more customers are expressing their interest in products that take sustainability into account in their production and composition. In future, critical consumers will demand more transparency in the value chains so as to assess care and cleaning products with respect to their ecological and social effects as well. Sensible innovations, compatible materials, environmentally friendly packaging and sustainable production are core elements of sustainable products. Therefore, they are also the requirement for our corporate success and an integral part of our sustainability strategy.

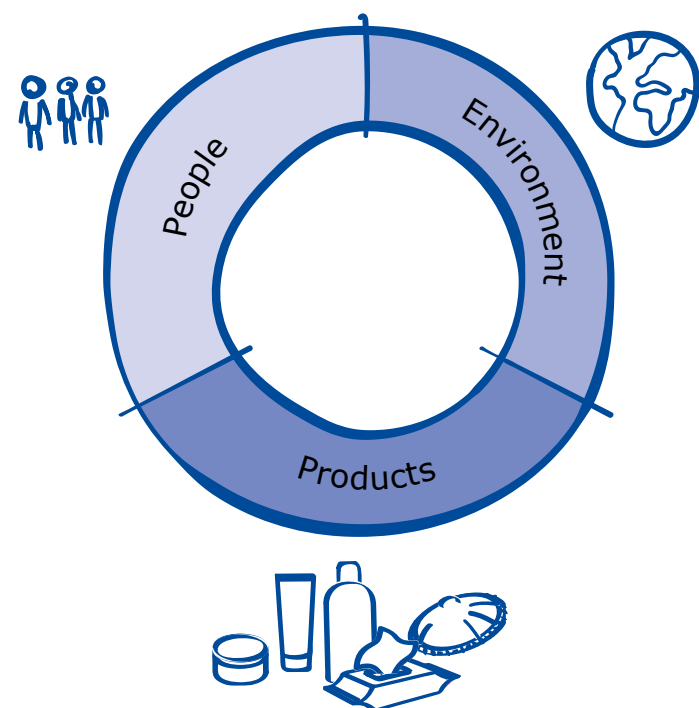
Due to growing ecological and social challenges, many eco-system provisions upon which we are either directly or indirectly dependent are endangered. Natural cosmetic agents and raw materials for product manufacturing are examples where we are dependent on intact nature. Increasing environmental disasters and global warming are risks for which we must prepare in future.

However, synthetic agents and raw materials as well as packaging and disposal of products also play a considerable role in the consideration of the key sustainability topics.

Environment

As a company that manufactures wet wipes and nursing pads and that formulates, mixes and produces impregnating liquids and liquid cosmetics, our focus is on environmental production at our two production sites. Since our products are manufactured in Germany and Poland, the internal processes with respect to safety and environmental protection are in line with the highest guidelines and standards.

We must take into account the strict environmental specifications as well as possible restrictions in energy consumption and changes in energy supply towards more renewable energies. The conversion to renewable energies and the reduction of energy consumption are parameters with which we can reduce our ecological footprint and combat climate change. Through the careful use of water both in manufacturing the products and in cleaning the machines, we can contribute to environmental protection. Our environmental impacts are already measured, monitored and optimised by means of an environmental management system. Therefore, we see no major risks for our business activity in this area. Nevertheless, we are continuously working on reducing our environmental influences.



People

The production, packaging and delivery of our products has changed significantly since our company was formed. At the beginning, our products were largely produced and packed by hand: piles of wet wipes were placed on conveyor belts, nursing pads packed by hand in folding boxes and cardboard boxes piled by hand onto pallets. Today, these steps are different due to the increased use of machines, computers and robots. Thanks to digitalisation in production and shipping, today we are more efficient and can supply our customers just in time.

The poor availability of specialist workers in rural areas gives us new challenges. We are constantly looking for suitable employees, especially for production, liquid production and warehousing. Therefore, for us, employment and development, the preservation of the health of our employees and the compatibility of work and private life are key aspects of our sustainability commitment. Because it is the employees who help to shape our success.

Objectives

We are convinced, that responsible company management is crucial for the sustainability of our company. We promote and pursue our sustainability engagement systematically by means of our sustainability management system, established in 2011.

Our objectives are set at regular intervals with the aid of the corporate strategy, to which the global sustain-

ability objectives of Agenda 2030 contribute. They are recorded in an objective and measure plan and are to be implemented by 2030. Target achievement is measured annually based on the plan and specific key figures. Like the key topics, the sustainability objectives are bundled into three core topics.

Products

We want to develop and produce sensible and sustainable products so that future generations can satisfy their needs as well. Raw materials that are safe and sustainable for society and the environment as well as the gentle extraction and manufacture thereof are to be the basis of our product developments and our innovations. It is our aim to build up future-orientated partnerships with new as well as tried-and-tested suppliers, to make the added value chain transparent and sustainable. Regular dialogue with suppliers and the obligation of each individual supplier to meet environmental, social and quality standards form the basis for this. Further, for critical raw materials we want to carry out regular supplier audits in order to ensure the transparency in the value chains and to review sustainability aspects there in particular.

Our most important objective is to manufacture need-orientated care products that fulfil our customers' requirements for a high-quality and sustainable product. To promote responsible consumption, we want to continue to present ecological raw materials to our customers and the commercial companies. Responsible consumption, sensible and safe products and innovations as well as

sustainable production are the focuses of SDG 12 "Responsible Consumption and Production" and SDG 9 "Industry, Innovation and Infrastructure". Target achievement is measured by key figures such as sales with eco-label products and quantity of certified sustainable raw materials.

Environment

Our objective is to stop the wastage of natural resources, to protect the environment and to reduce our energy consumption (as well as to convert to renewable energies). To continue to support this plan, we seek constant improvement by developing new and optimised processes and services and by replacing the old machines with more efficient and energy-saving ones. In this way, energy and resources are to be used efficiently and burdens on the environment minimised. With an environmental management system, we would like to continue to record harmful impacts on the environment systematically and reduce them in a targeted manner, in order to conserve financial and natural resources.

This includes integrating sustainability topics into the processes, the measures implemented in all three areas of our sustainability strategy, and entering partnerships along the added value chain. In this way, we are trying to establish a sustainable added value chain.

Consequently, we are announcing our support and pursuit of SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action". Target achievement is measured

by key figures such as energy consumption, waste accumulation and water consumption.

People

We would like to be a reliable employer for the people in our company. To achieve this, we want to continue to grow and generate turnover. We would like to create greater occupational health and safety and a good working climate. For current and future employees, the company is not to be just a workplace; rather, work and private life are to be compatible. To this end, we have established an occupational health and safety programme and health services that provide for more safety and health at the workplace.

For the customers who come into contact with us and our products, we want to be a reliable and trustworthy partner that takes the requirements with regard to safe products and a sustainable company seriously. For this purpose, we offer products of maximum quality and have these tested regularly by independent third parties.

The topic which focuses on the area of "people" are anchored in SDG 8 "Decent Work and Economic Growth", which we consider as one of the key objectives of our actions. Target achievement is measured by key figures such as age structure development, training measures and workplace accidents.

Compliance

Integrity and responsibility are among our fundamental principles. Working closely with our customers, suppliers, employees, society and the NGOs is a central part of our strategy. Such partnerships can produce fruitful synergic effects.

We are an active member of the Global Compact of the United Nations, and publicly commit to adhering to the ten principles of ethical conduct. For instance, the UNGC stipulates that companies should act against all types of corruption, including extortion and bribery.

Compliance with law and regulations as well as the company's values are a matter of course for the staff, the managers and the corporate management. The management, as well as controlling, the sales management and purchasing management, are responsible for legally and guideline-compliant conduct.

At the beginning of their employment relationship, our staff receive the Company Code, which presents our clear stance on ethics, fairness, teamwork, integrity and anti-corruption. Nölken rejects all extortion and bribery and takes disciplinary action against such practices in the company. For example, gifts from external service providers and suppliers at a value of EUR 10 or more are to be reported to the supervisor.

At the start of the business relationship all service providers and suppliers receive our Supplier Requirements, which describe our expectations with regard to quality, social compatibility and environmental protection and sets out integrity on the part of the business partners as a requirement.

Again in 2016, no cases of corruption were reported at Nölken.

Sustainability policy

We are aware of our responsibility to society, the natural environment and the economy. We make all decisions taking into consideration the triple bottom line (economy, ecology and social matters). We are responsible for our ecological environment and strive to minimise our direct and indirect ecological footprint and to make a positive impact.

As part of society, we are jointly responsible for social relevant aspects. We commit to adhering to human rights and work standards, and supporting an ethical way of doing business. Because our employees are our greatest potential.

We intend to promote economic growth and to make a sustainable contribution to Europe's capacity for innovation through innovative product developments and effective processes.

The adherence to all relevant regulations, laws and standards regarding environmental protection and human rights is a given for us. Furthermore, we want to improve our company, the products manufactured by us and internal processes continually regarding environmental and social aspects.

It is our claim, to maintain an open company culture with our employees, customers, suppliers and society. We practice open communication and create sustainable business relationships in this way.

Integrated Management System

Our products are safe and free of hazardous substances; assuming responsibility for future generations and complying with all the requirements of cosmetics law are core elements of our actions. Quality and hygiene are the foundations for this.

Therefore, for us, quality work begins at source. We acquire an accurate impression of the quality of the raw

materials supplied to us by our suppliers. Then, regular checks and certifications confirm the necessary safety of the raw materials, manufacture and the products. Our Integrated Management System (IMS) covers the areas of quality assurance, environmental protection and occupational health and safety. The IMS is fed by specific area and product chain certifications, which are audited annually.



No. **3** NAME NOM **PRODUCTS**



Range

Nölken Hygiene Products GmbH develops and produces wet wipes, nursing pads and cosmetic care products for national and international customers from trade and industry. We provide all services in one place - from competent advice on the development of recipes, to packaging, production and logistics. This means that we guarantee our customers security and full transparency.

Cosmetic care products

We produce liquid cosmetics under strict hygiene conditions. Our bodycare range includes creams, lotions, shower gels, shampoos and exfoliants. At our location in Windhagen, we manufacture the cosmetic care products in modern mixing systems and fill them into bottles, tubes and jars. All the products are manufactured under strict quality requirements and are dermatologically tested. The use of mild ingredients with low allergy potential is therefore the top priority.

Wet wipes

Nölken develops and produces wet wipes at the very highest level. We offer the customers both tried-and-tested and highly innovative products for a wide variety of applications - for mild baby care, gentle cleaning

of the face, the body and the genital area, effective cleaning in the household and disinfection.

Nursing pads

At our production sites in Windhagen and Nowogrodziec, we manufacture nursing pads with a variety of product features - both consumer packs for retail and large packs for clinics and hospitals.

Own brands

It is often recommended for commercial companies to resort to a tried-and-tested brand. In such cases, we offer our own brands "babyline", "Private Comfort", "babyline GREEN", "pikobelo", "feucht&frisch", "Barbara N", "Putzfee" and "petline". You will find our product brochure at the following internet link

www.noelken.de/en/products/own-brands

Product labels

Sustainable consumption is possible. Various seals indicate a special property or quality of a product. Such product labels are ever-present and can influence consumers' buying behaviour. If desired, we manufacture products with the following seals for our customers.

Nordic Ecolabel

The Nordic Ecolabel (Swan)* is the official environmental label of the Nordic countries. It follows a life cycle approach, considers the environmental and health features of a product, and compares its environmental compatibility with that of competitor products. The following criteria are relevant: energy consumption, climate aspects, water consumption, raw materials, use of chemicals, harmful waste water, packaging and waste.

Vegan flower

The vegan flower* certifies that both the selected products and the production process are free from animal products, and are not tested on animals. The sunflower logo of the Vegan Society makes clear that our products do not contain any animal raw materials or secondary products, e.g. honey or bees wax. In addition, none of our products are tested on animals.

BDIH-Standard

The standard of the Federal Association of Industrial and Trade Companies distinguishes controlled natural cosmetics without animal testing. It confirms that the raw materials used are plant-based and mainly from controlled organic cultivation. No synthetic dye, fragrance or preservatives are used. Only raw materials of natural origin are permitted. Beyond the raw materials used, the environmental compatibility of the end product is also considered.



DAAB-Label

The DAAB-Label* distinguishes products that are suitable for children and adults with allergies and/or neurodermatitis. Certified products are free of perfumes, preservatives and colourants. The German allergy and asthma association tests and checks products for their compatibility, is committed to the development of new products, and tries to make society aware of the topic.

FSC-Label

With the certification of the Forest Stewardship Council (FSC), we signal responsible handling of the raw material wood, which is used as fleece or cellulose in many wet wipes and nursing pads. As an independent organisation, the FSC is committed to sustainable forestry. This guarantees verification management of certified wood - from forest to the finished product.

PEFC-Label

The Programme for the Endorsement of Forest Certification Schemes (PEFC) certification signals the conscientious use of the raw material wood. The aim of this certification is to guarantee comprehensive protection of the forests. With this certificate, every processing step of the raw material becomes visible: from forestry operation to manufacture of the end product. As an independent organisation, PEFC is committed to the continuation of biodiversity.

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



Awards

We particularly welcome commendation from our customers, the commercial companies, chemist and super-market chains and the brand manufacturers. However, we are also flattered when recognition comes in the form of awards. We look back at our achievements with pride; however, we also strive day by day to continue to satisfy our customers. We know that we have a high level of responsibility, particularly when it comes to baby products. The awards show that our customers, the consumers and independent panels are satisfied with us.



ÖKO-TEST

In the third issue of 2016, the magazine ÖKO-TEST published the test results for baby wet wipes. Nölken Hygiene Products GmbH once again received the best marks with its own brand "babyline. However, the products we manufacture on behalf of our customers also received the marks "very good" or "good". The "babyline sensitive wet wipes" were awarded the

overall mark "very good"; the perfumed variant "babyline caring wet wipes" was rated as "good".

Overall, 43 products were tested, whereby, more than a third of all baby wet wipes were rated as not recommended. The main criticism of ÖKO-TEST was, that the ingredient Polyaminopropyl Biguanide (PHMB) is still contained in some products, although it was rated as a hazardous substance (CMR2) in 2013 and has been banned in cosmetics since January 2015.



25 Jahre
Responsible Care
in Deutschland

Responsible Care

In 2016, Nölken Hygiene Products GmbH won the Responsible Care competition in the category of product responsibility. The project "sustainable wet wipe for the baby sector" impressed the jury in many regards.

The process started in 2012 and was meant to introduce the apprentices to the topic of sustainability. The aim was

to develop a sustainable baby wet wipe for the European market.

The concept particularly made an impact, due to the fact that the apprentices were introduced to the idea of sustainability, and in doing so, an interesting, sensible product emerged. The product protects and cares for sensitive baby skin with ecological and natural raw materials. Regenerating raw materials from controlled organic growing, less packaging and recycled foil are good for the environment. Through the integrated communication strategy, the product also helps to raise the consumer's awareness of the topic of sustainability. "babyline GREEN" was manufactured from an ecological perspective, and focuses on regionalism, naturalness and sustainability when selecting raw materials.



Die Verbraucher Initiative

Verbraucher Initiative e.V. is the federal association of critical consumers, founded in 1985. The association regularly surveys producing companies in Germany regarding their social commitment. The areas of business activity, product group and promotion of sustainable consumption, in particular, are examined. The aim of the survey is to make the current status of corporate responsibility visible and thus to make it easier for consumers and encourage them to opt to buy environmentally friendly and socially compatible products.

In 2015, we received a good appraisal and we received the silver award for our corporate engagement. This sought-after title is not just a testimony to our success in the last few years, but it also confirms that we are on the right path with our strategy and our commitment. In times of stagnating markets, we can thus secure important competitive advantages for ourselves and remain fit for the future.

Value creation

Raw material growing, working conditions, delivery paths – we strive to take the critical points of our global value chain here and elsewhere into account. We pursue the approach of common value creation. This means for us

that long-term success is possible only if the activity of our company creates added value for society. As a link between global trading companies and international raw material suppliers, we also bear responsibility for sustainability in the value chain.

To meet this responsibility, we take on both the complete development of formulations and products, and the modification of existing formulations and products. In this way, in the upstream process, we can focus on the compatibility of the raw materials, the extraction thereof in the country of origin and further processing of the raw materials in the production stages. In the downstream process, we can focus on the transportation routes to the customer, the environmental compatibility of the packaging and the product disposal options.

By seeing the bigger picture, we can detect risks in the value chain more quickly and thus respond to them in a targeted manner.

At the beginning of our value chain is the responsible production and processing of the starting raw materials. In most cases, we obtain our raw materials directly from Germany and other EU countries. However, the raw materials can sometimes have their origin in other countries of the world. For example, the palm kernel oil for the derivatives comes from South-East Asia. Availability, quality and harmlessness of the raw materials are the basis for sustainable products at the end of the value chain.

Supplier management

Transparency with regard to the raw materials and a trusting relationship with our business partners are the most important requirements for our supplier management.

We select our suppliers and service providers carefully and we assess the companies with respect to product quality and responsibility towards society and the environment. Here, social and environmental topics impact on the grading, as does the quality of the raw materials. The assessment takes adherence to the prescribed laws as well as the ILO (International Labour Organisation) conventions and the principles of the UNGC into account. Furthermore, we do not obtain any raw materials from suppliers from the countries defined by the Business Social Compliance Initiative (BSCI) as risk countries.

The results of self-disclosure, the quality of raw materials and delivery reliability are the basis for the supplier as-

assessment. They are regularly discussed with the suppliers so as to achieve further progress. In addition, annual discussions with suppliers regarding the transparency of the supply chain and the origin of the raw materials aid the qualitative assessment.

We see this close collaboration as a continual improvement process. With this approach, we hope to encourage our suppliers to act responsibly and to make the value chain of our products more transparent.

Through regular checks, but also through the dialogue with customers, suppliers and NGOs, we find out about critical points in our value chain that we can then address in cooperation with our customers and suppliers. We conduct intensive dialogue with our suppliers on critical topics or raw materials in our value chain.

In order to be able to provide our customers with information about the whole supply chain at any time, we are a member of Sedex, which is the largest community association in trade and industry, with over 23,000 members. By means of this platform, we provide interest groups with non-financial information on topics such as working conditions, health and safety, the environment and business practices.

Raw materials

Safe and sustainable raw materials and other materials are the basis for our products. We want to use these in an ecologically sensible manner and shape material cycles intelligently in order to stop resource wastage. Transparency across the value chains is essential to this.

We inform our customers about responsible procurement and show the potential effects of critical raw materials. Our holistic service includes providing the customers with comprehensive consulting from the start. In this way, we actively involve our customers in the develop-

ment process and develop responsible products together with them.

Nonwoven materials and nursing pads

Nonwoven materials for the wet wipes are produced from different fibre compositions. The need-orientated Nonwoven materials, which are developed specifically for the customers, are produced by our Nonwoven material suppliers. They are delivered in large parent rolls and at Nölken they are processed into wet wipes or nursing pads. Nursing pads consist of two layers of Nonwoven material, between which there is an absorbent material made of cellulose. Synthetic and nature-based fibres are suitable for manufacturing the Nonwoven materials.

Cellulose

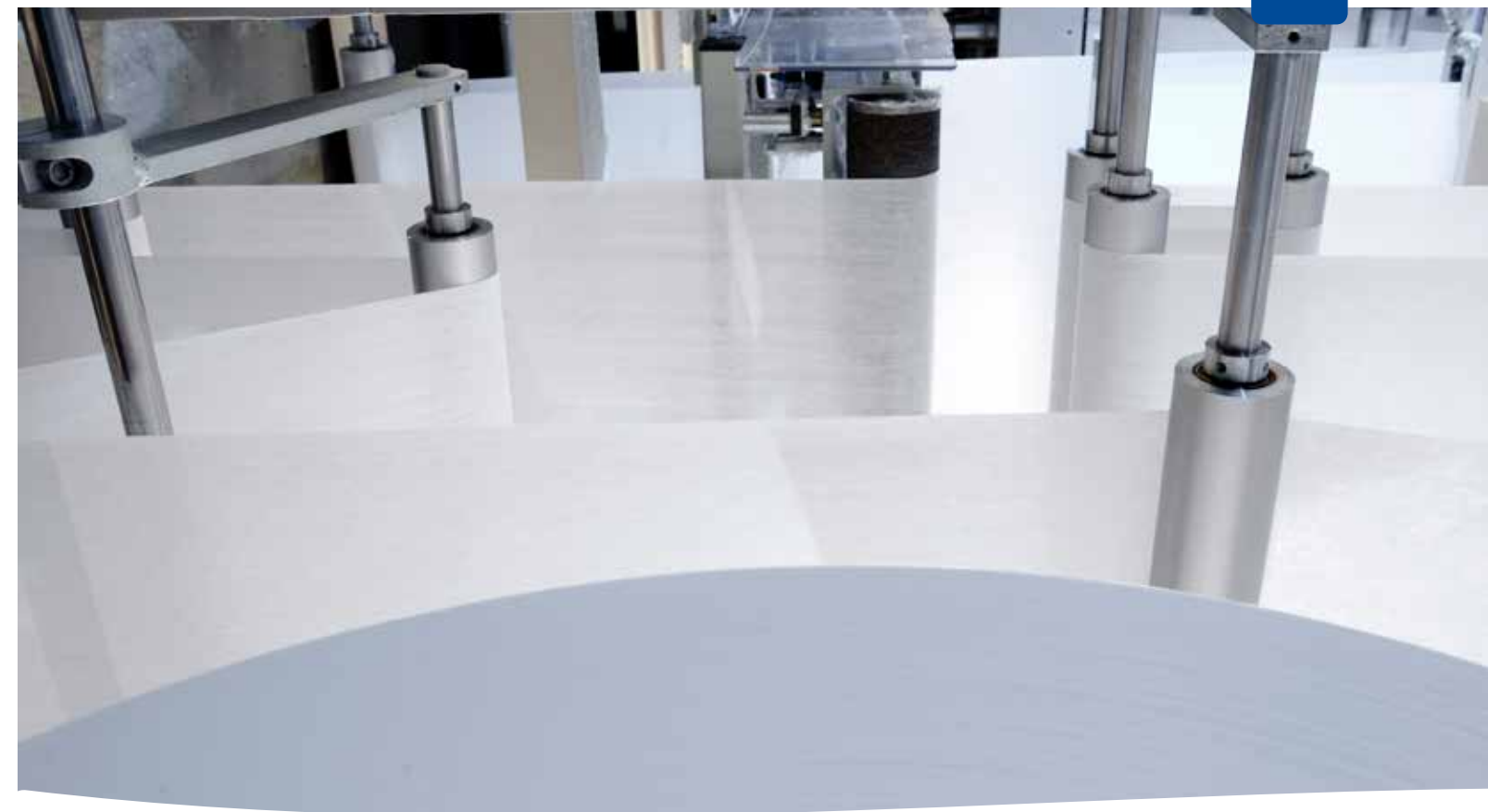
Nature-based cellulose is an outstanding raw material for our wet wipes and nursing pads. Cellulose is a natural and regenerative raw material and a main component of plants.

Cellulose is found as viscose fibres in Nonwoven materials and as an absorbent core in nursing pads. In some cases, viscose fibres are also combined with plastic fibres to produce special properties.

Additionally, during the development phase of a product our customer always has the opportunity to select nature-based fibres from sustainable and certified sources.

The FSC and PEFC certifications highlight the responsible handling of the raw material of wood with their seals and ensure comprehensive protection of the forests.

Certified Nonwoven materials and cellulose in m² (input)			
	2014	2015	2016
FSC	3,203,951	7,420,839	12,483,905
PEFC	20,791,889	31,311,656	33,611,078
total	23,995,840	38,732,495	46,094,983



Regular audits by independent bodies enable traceability of the processed cellulose. Thus, each processing step of the value chain becomes visible. In this way, the audits guarantee verification management of certified wood - from forest to the finished product.

By means of the two seals, we provide assurance that

- no wood was illegally cut down or traded,
- no traditional rights or human rights were infringed upon,
- no forests worthy of protection were destroyed,
- no significant conversion from forests to plantations took place,
- no genetically modified organisms were introduced into the forest management,
- the ILO core labour standards were adhered to.

Liquids

Cosmetic liquids are used both in impregnating liquids for the wet wipes and in liquid bodycare products. We are constantly working on innovative and highly effective recipes that meet our high standards of quality and sustainability.

Only selected materials are used to develop the customised recipes. When selecting the materials, we always pay attention to sustainability aspects.

Natural materials

We committed to the end of the niche existence of care and cleaning products with natural and ecological materials. The natural products can be distinguished from conventional products by well-known product labels or through targeted communication with the end consumer. In the last few years, the proportion of products with controlled organic contents and with eco-seals has risen steadily. Our aim is to continue to inform our customers about the advantages of controlled organic contents and thus to increase the proportion of sustainable products on the market.


Animal contents

The majority of our products have no animal contents. We process animal materials, such as beeswax, only in a very small number of products. However, only a few products bear the seal indicating animal-free products.

Animal-free products are products manufactured without any raw materials from animals. Raw materials created by animals – such as honey, wool fat or beeswax – are also ruled out. The labels BDIH-Natural cosmetic, Vegan-flower and Nordic-Ecolabel certify cosmetics not tested on animals and free from animal products. Many animal-free products can also be recognised from the designation “vegan”. However, vegan products are not generally manufactured using controlled organic raw materials.



PRODUCTS WITH ECO-LABELS (FSC, PEFC, BDIH, Veganflower, Swan)

	2014	2015	2016
	8,237,700	11,056,650	13,794,359
% of yearly turnover	14	17	19

Preservatives

Preservatives in baby care products have always been a hot topic among consumers. However, the prevention of microbial deterioration is unavoidable, particularly with wet wipes. Preservatives keep care products hygienic, as they prevent the multiplication of germs after the packaging has been opened.

In the last few years, the parabens used for preservation purposes have been the subject of heavier public debate, as they have structures similar to hormones and can trigger allergies. Although this effect has not yet been confirmed in scientific tests, we have taken the concerns of consumers very seriously and have removed all parabens from our products.

Palm oil and palm kernel oil

Palm oil is one of the most important plant oils worldwide, and included in numerous consumer goods. When extracting palm oil from the fruit of the oil palm (*Elaeis guineensis*) palm kernel oil also occurs. This oil from the palm kernels is an important raw material for the manufacture of washing and cleaning active substances, e.g. for cosmetics and washing agents.

A large number of care and cosmetics products from us are manufactured on the basis of regenerative raw materials, whose starting material can be palm kernel oil. These raw materials are called palm kernel oil derivatives. Due to their yield, palm kernel oil derivatives are best suited for manufacturing cosmetic products. In our products, they are used in the form of tensides, emulsifiers,


Trading forms for sustainable and certified palm oil products

Identity Preserved (IP): Strict separation of palm oil from sustainable and non-sustainable cultivation along the entire supply chain with 100% traceability. However, the disadvantage is that IP is very complex and cost-intensive, since an additional infrastructure must be built up. It is thus also possible that smaller producers will be disadvantaged.

Segregation (S): In a similar way to IP, sustainable goods are strictly separated from non-sustainable goods. However, goods from several sustainably certified mills may be mixed with each other.

Mass Balance (MB): Certified and conventional goods are not physically separated, but are mixed and are traded via a supply chain. Certificates are issued for the actual proportion of sustainable palm oil only. This option allows the labelling of sustainable goods at each stage of the goods chain, but no direct traceability.

Book & Claim (B & C): Palm oil producers that are RSPO-certified can have sustainable production quantities registered by means of RSPO eTrace and receive one certificate per tonne of palm (kernel) oil. These palm (kernel) oil certificates are traded via an online platform. Through the purchase of these certificates, sustainable palm oil production is supported.


Certified palm (kernel) oil in t (input)

	2014	2015	2016
B & C	150	207	278
MB	–	–	99
not covered	–	86	–
total	150	293	377

antioxidants, oil components, re-fattening agents, pearl shine concentrates, emollients or solvents.

These quantities correspond to the actual proportions of palm oil and palm kernel oil in the derivatives used by us. Due to updates of the raw material list, the quantities have changed compared to the data already published in the previous sustainability reports. The rise in our production figures has also led to us using more palm (kernel) oil derivatives.

We want to support the sustainable cultivation of oil palm trees and the production of palm (kernel) oil and by 2020 we want to obtain our complete palm (kernel) oil derivative requirements from certified and sustainable sources.

To this end, we will successively convert the quantities used to Mass Balance-certified goods. We will cover the remaining proportion in each case with RSPO credits using a book & claim system. We thus support not only the

sustainable cultivation of oil palm trees, but also enable our customers to advertise their products with the RSPO label. We took the first step for this last year with the RSPO membership. The next logical step this year will be the RSPO certification of our production sites.

With our decision to convert the palm (kernel) oil derivatives successively to certified goods on a cross-company basis, we have a larger and thus more sustainable influence on the effects of palm oil cultivation. This commitment also includes communication into the supply chain and creating awareness among the stakeholders. Only through extensive understanding and the same objective can we improve the production of palm (kernel) oil and cultivation conditions. For this objective, we will continue the dialogue with our suppliers. However, we also want to continue to inform customers, employees and the public about our activities in order to establish an understanding for sustainable palm (kernel) oil.



Palm(kernel)oil

Topic	Objectives	Year	Measures taken/ explanation	Target achievement
Quantities	<ul style="list-style-type: none"> Identification of raw materials containing palm (kernel) oil Supplier survey Quantity ascertainment 	2013	<ul style="list-style-type: none"> Raw materials were identified. All the suppliers were surveyed regarding the proportions and their objectives. Palm (kernel) oil quantities used were calculated. 	100%
Conversion	<ul style="list-style-type: none"> Purchase at least 25% palm (kernel) oil derivatives in MB in 2016 Purchase at least 50% palm (kernel) oil derivatives in MB in 2017 Purchase 100% palm (kernel) oil derivatives in MB in 2020MB 	2020	<ul style="list-style-type: none"> In 2016, 30% palm (kernel) oil derivatives are MB-certified. 	30%
Certificate trading	<ul style="list-style-type: none"> Cover remaining quantities with RSPO credits via book & claim 	From 2017	<ul style="list-style-type: none"> In 2013, 30 GreenPalm certificates were purchased. In 2014, 100 GreenPalm certificates were purchased. In 2015, 207 GreenPalm certificates were purchased. In 2016, 278 GreenPalm certificates were purchased. 	100%
Communication	<ul style="list-style-type: none"> Annual reporting on quantity, traceability and additional criteria Inform stakeholders annually regarding objectives and achieved measures 	From 2017	<ul style="list-style-type: none"> Since 2013, we have reported annually on quantities used, objectives and implemented measures. So far, traceability and additional criteria have not been reported on. 	75%
Supplier management	<ul style="list-style-type: none"> Development of timetables with the suppliers Evaluation of the timetables Conduct annual documented dialogue with at least 10 suppliers on traceability and additional criteria 	From 2017	<ul style="list-style-type: none"> In 2013, all suppliers were informed about our objectives and measures. In 2016, a palm oil conference was held, reaching over 60% of our suppliers. 	100%

Topic	Objectives	Year	Measures taken/ explanation	Target achievement
Traceability and additional criteria	<ul style="list-style-type: none"> Traceability at least as far as mill level, but ideally as far as individual plantation level Adherence to the FONAP additional criteria 	From 2017	<ul style="list-style-type: none"> Due to the complexity of the value chains, we have not yet been able to ensure traceability and adherence to the additional criteria. We have discussed both topics with our suppliers and we will continue to pursue the objectives rigorously. 	0%
Certification	<ul style="list-style-type: none"> Integration of the RSPO standard into the existing management system Implementation of the initial certification in 2017 	From 2017	<ul style="list-style-type: none"> Integration of the RSPO standard into the existing management system Date for initial certification set with the auditor 	50%
Public engagement	<ul style="list-style-type: none"> Active collaboration in FONAP 	From 2017	<ul style="list-style-type: none"> Participation and collaboration in the "Derivatives" working group 	100%



With respect to the use of palm (kernel) oil, we are transparent and participate in pioneering decisions. In this connection, we have joined the Forum for Sustainable Palm Oil (FONAP), to commit to sustainable palm oil, together with other agents in the added value chain. With our suppliers, we develop concrete goals and measures. Through close cooperation and documented dialogue with them, we do all we can to ensure that extraction of

palm kernel oil is carried out in a sustainable fashion. A conference carried out last autumn was to place all palm (kernel) oil derivative suppliers on a common knowledge base. Large and small companies accepted our invitation and found out during the event about the topics of palm (kernel) oil derivatives, the commitment of the FONAP and the implementation of the palm oil strategy at Nölken.

Microplastic

Topic	Objectives	Year	Measures taken/ explanation	Target achievement
Analysis	· Identification of the affected contents	2016	The affected contents were identified.	100%
Quantities	· Analyse the used quantities of the plastic-based liquid contents and find substitutes	2018		0%
Conversion	· If possible, replace the liquid synthetic polymers with alternatives	2020		0%
Communication	· Entrench understanding about microplastic in the value chain and raise awareness among participants. · Initiate a discussion of this topic in the industry association edana	From 2017	We gather scientific information in various industry initiatives and organisations.	50%

Microplastic

Plastic is a synthetic organic polymer based on crude oil or natural gas and is not biodegradable. Such synthetic polymers soil our oceans and are a danger to living beings. The reason for this problem is not only deficient waste disposal, but also the use of microplastic in numerous cosmetics and bodycare products.

Microplastic is smaller than 5 mm and is found in large number in waterbodies. It is used mainly as an abrasive or as additional material in liquid form in the cosmetics and bodycare industry. Due to their small size, these synthetic polymers pass mostly unimpeded through sewage treatment plants, and so end up in rivers, lakes and seas. There, they are often seen as food by animals, and so end up in the food chain.

Therefore, in our exfoliation products we use only exfoliation particles of natural origin to remove dead skin cells: ground apricot kernels or beeswax. In future, too, we will use only natural exfoliation particles in our products.

Product lifecycle

From development to disposal, Nölken considers the positive and negative product properties. We work on being and remaining innovative. In the process, we also minimise the negative effects of our products. With disposable products in particular, on the one hand we constantly encounter new product requirements and consumer wishes, while on the other hand we pursue the exclusive objective of driving forward sustainable consumption. Therefore, when developing products, we always take the complete lifecycle into account: innovation and development, processing, logistics, use and disposal.

Innovation and development

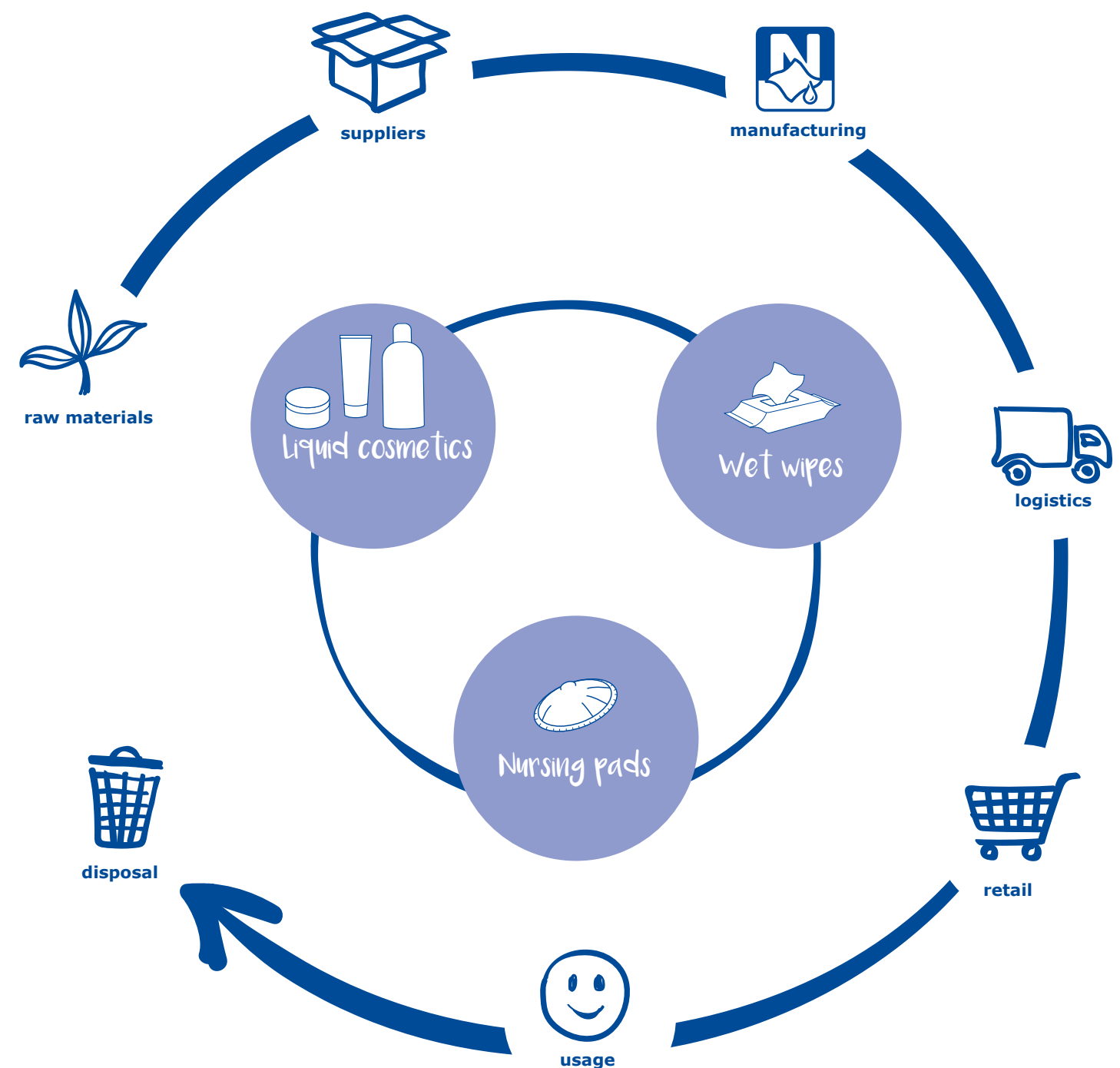
We must be and remain innovative to hold our own on the market. We assume the complete development or modify already existing formulations in collaboration with our customers. However, we also actively involve our employees in shaping the company and designing the products, for which reason we launched an internal idea management system.

Product responsibility

Product responsibility is an important part of our integrated management system. To this end, systematic methods for environmentally friendly design, environmental compatibility tests, disposal, recycling and procurement guidelines were developed.

By means of preventative measures, detrimental impacts on the environment and biodiversity that can arise through the use of our products are to be avoided or reduced to a large extent:

- Methods for environmentally friendly design are integrated into the development of new products. Recycling capability and avoidance of environmental hazards due to the product are part of the specifications sheet.
- In the product planning (design, packaging, transport, use and disposal/recycling), environmentally relevant factors are included.
- The sales department is responsible for the promotionally effective use of positive environmental characteristics and for external details and advice on the products as well as corresponding ecological issues.





Ideas management

With innovative ideas, our employees provide new impetus for more efficient processes, resource and environmental protection, training and new products. All ideas submitted must offer added value for the customers, the employees or the company and must be ecologically and socially sensible.

All small and large suggestions for improving the company or the products can be submitted via the internal ideas management system. Employees whose suggestions are successfully implementable always receive a bonus in the amount of 10% of the financial saving as recognition.

Last year, we received eleven valuable suggestions from employees and implemented three of them. The suggestions implemented last year improve the workflows and counteract the consumption of resources.

Sustainable product alternatives

An apprenticeship project became a marketable sustainable baby wet wipe: "babyline GREEN" is considered the flagship product when it comes to combining sustainability aspects and won the Responsible Care competition at federal and state level last year.

"babyline GREEN" is made completely of natural, regional and thus sustainable raw materials. The product protects the environment through the use of regenerative raw materials from controlled organic cultivation, the reduced use of packaging materials as well as the use of recycled



film. Through the integrated communication strategy, the product helps to raise the consumer's awareness of the topic of sustainability and thus contributes to sustainable consumption. Of course, we offer our customers all the raw materials and properties of this outstanding product for their own brands.

Harmlessness to health

Skin friendliness is tested for every product. Each promise, such as "provides moisture" or "strengthens the skin barriers", is confirmed by corresponding tests in external dermatological institutes, on people or on skin models. All data and results are recorded in the product information file. Only products that fulfil all criteria, find their way into trade.

All products that we bring to market, fulfil the legal requirements. This means they undergo a long stability test at various temperatures and are microbiologically stressed, so that their integrity can be guaranteed during the usage phase.

For finished products, we neither carry out animal testing nor do we mandate third parties to do so. We use only materials that are safe according to EU legislation and are thus approved.

Disposal

After use, disposal ends the product lifecycle. As a manufacturer of disposable products, we work continuously on

making both our products and their packaging more recyclable. By using recyclable or compostable raw materials, we can reduce the negative impacts on the environment.

Packaging

Packaging plays an important role in the presentation of the products at the point of sale and in ensuring product quality. It is not only our raw materials and products that are subject to strict regulations, we also have the highest standards for the packaging.

We see ourselves as having the responsibility to promote the development of environmentally friendly packaging and to use environmentally friendly packaging options. A special team in our Research and Development department deals exclusively with the topic of packaging materials. Innovative packaging solutions frequently also emerge from the close cooperation between the purchasing department and the supplier.

Our wet wipes are sealed airtightly in composite foils, so that the products remain hygienic and no liquid can leak out. These composite foils frequently consist of a layer of polyethylene terephthalate (PET) and a layer of polyethylene (PE). In the recycling cycle, these foils can not be separated, and are therefore incinerated.

In a few projects, we have taken the step of using unmixed composite foils. In this way, the packaging can be added to the recycling cycle and the material can be recycled. Moreover, our suppliers frequently already use post-industrial recycling film in manufacturing the composite films.

In liquid cosmetic packaging, too, environmentally friendly solutions from recycled plastic can already be offered. In addition, it is possible to return all packaging to the recycling cycle, as the bottles, jars and tubes are made of unmixed plastics such as polyethylene (PE) or polyethylene terephthalate (PET).

For outer packaging, the industry already uses environmental friendly cardboard packaging made of 100% recyclable material. We have implemented this standard and we will continue to do so in future. Folding boxes for nursing pads, individual sachets or outer packaging of tubes, jars and bottles are, when possible, made from cellulose that comes from responsible and certified sources.

Wet wipes

Baby wet wipes, damp facecloths and wipes for removing make-up or for other applications must be disposed of in the residual waste. Only moist toilet tissue, which is labelled as such on the packaging, may be disposed of via the toilet. Over 60% of the moist toilet tissue manufactured by us consists completely of biodegradable cellulose. In addition, many products are equipped with the seals for sustainable forestry. On the packaging, we always inform the consumers about the options for disposing of the products.

Together with our customers, we see ourselves as having the responsibility to inform consumers about the disposal of our products. Communicating this is necessary in order to put less pressure on sewage systems. Due to their fibre composition, many moist wipes do not dissolve in the sewage systems, thus causing major damage in pipes and filter systems. To prevent such damage, we always work with globally understandable symbols and claims.

By the end of 2020, we want to replace the remaining plastic fibres in the moist toilet tissue manufactured by us with cellulose, so that the tissue can be completely degraded in the sewage system. In the area of baby wet wipes, we are trying - with innovations such as "babyline GREEN" - to pave the way for wet wipes to be compostable as well.



Not Flushable



Flushable



No. 4

NAME
NOM

ENVIRONMENT



Environmental protection

Environmental protection is a quality feature of our products and services. It shows how appreciatively we handle the natural resources when it comes to manufacturing our products. As a responsible family enterprise, we are responsible for protecting the environment at our production sites. Ecological targets are therefore the foundation of our company policy, and integrated into our management system as a management task.

We operate in the processing industry and the key environment-related aspects of our business activity are energy consumption, climate-related emissions, waste water, freshwater use, waste accumulation and paper consumption.

Management approach

In addition to our own aspiration to be an environmentally conscious company, direct stakeholders such as customers, neighbours, NGOs and the public also trust that our negative environmental impacts are kept as low as possible or that our environmental impacts are neutral.

The organisation of the management system is determined according to our own experience, on the basis of DIN EN ISO 9001:2008, and integrates requirements of environmental protection management in accordance with DIN EN ISO 14001:2009, and European and German legislation, particularly regarding environmental protection, safety at work, equipment safety and product liability, with the goal of "comprehensive environmental management".

- In the manufacturing and process planning, cycle planning is aspired to, as is the avoidance of environmental hazards through processes. Environmentally relevant process parameters are observed and improved, cycles are monitored.
- Avoidance, recycling, separation and reuse of waste, assigning qualified companies with transport and disposal of waste.
- Prevention of environmentally harmful accidents through preventative occupational environmental protection.
- Evaluation, control and reduction of noise pollution inside and outside the production sites.
- Procurement guidelines and selection of suppliers according to the aspects of technical environmental protection.
- Furthermore, we would like to implement innovative concepts for sustainable development orientated

towards safety and the environment. Therefore, we also call upon employees, customers and the public to communicate their opinions and wishes.

We are audited by independent organisations according to the ISO standard 14001:2009 at annual intervals and successfully passed the recertification again last year. Last year, too, we did not establish any non-conformity with German or European environmental law or with guidelines.

Energy

As a production company, we have high energy consumption compared to service companies. Our energy depends largely on the quantity of products manufactured in the year and is a key factor for our sustainability management. Energy efficiency and the associated reduction of CO₂ emissions are a fixed part of our corporate policy. With our long-term objective of further strengthening and expanding the company in mind, we must implement additional energy-saving measures. These are accounted for in the structure of our energy management system (EMS).

Our energy management system makes it possible to record digitally all relevant data about the exact quantity produced and the energy consumption at the individual production lines. Transparency when it comes to energy consumption in our production is a first step towards planning and carrying out energy-reduction measures.

We already achieve energy savings through new and more effective machines that consume less energy compared to old models. However, efficient lighting systems and the conversion to LED are also objectives achieved by our EMS.

In the production halls at our location in Windhagen, we operate two block heating power stations operated with natural gas. Through the combination of power and heat, we can use heat and electricity in optimal fashion.

Emissions

Saving direct CO₂ emissions is part of our ecological engagement. We cannot present key figures in connection with our CO₂ emissions, as we currently do not measure our carbon footprint. Apart from our vehicle fleet, heating and the machines, we do not produce any CO₂ emissions.

Nevertheless, we are trying to reduce our CO₂ emissions and thus to optimise our fleet. Therefore, our vehicle fleet

Energy consumption Windhagen in kwh			
	2014	2015	2016
Electricity	2,128,920	2,660,355	3,116,751
Natural gas	1,494,906	2,211,447	2,056,525
Energy consumption Nowogrodziec in kwh			
	2014	2015	2016
Electricity	1,687,000	1,775,808	1,429,530
Liquefied gas	317,410	583,712	650,601
Crude oil	45,296	51,097	14,602

Water consumption Windhagen in m³			
	2014	2015	2016
Fresh-water	21,190	35,993	54,123
Waste water	11,781	20,992	26,996
Water consumption Nowogrodziec in m³			
	2014	2015	2016
Fresh-water	4,264	5,367	4,110
Waste water	580	580	628

includes an electric car for business trips. Thus we not only save natural resources but also reduce our direct CO₂ emissions as well as fine dust. In future, the conversion to renewable energy sources is to reduce our ecological footprint further.

Freshwater

The implemented environmental management system and the water meters installed at the relevant consumption points in the production site enable us to ascertain the level of water consumption in a transparent and secure manner. Water consumption is measured using the water meters. For the production of high-quality wet wipes, we obtain outstanding water from the public drinking water networks at both production sites. Part of the water is prepared for the manufacture of cosmetic liquids by means of reverse osmosis and the UV system. The major part of the fresh water is used in treated quality to produce our products. The total quantity of freshwater consumed in Windhagen rose due to the increase in production as a result of the economic situation. At the Polish production site, consumption decreased.

Waste water

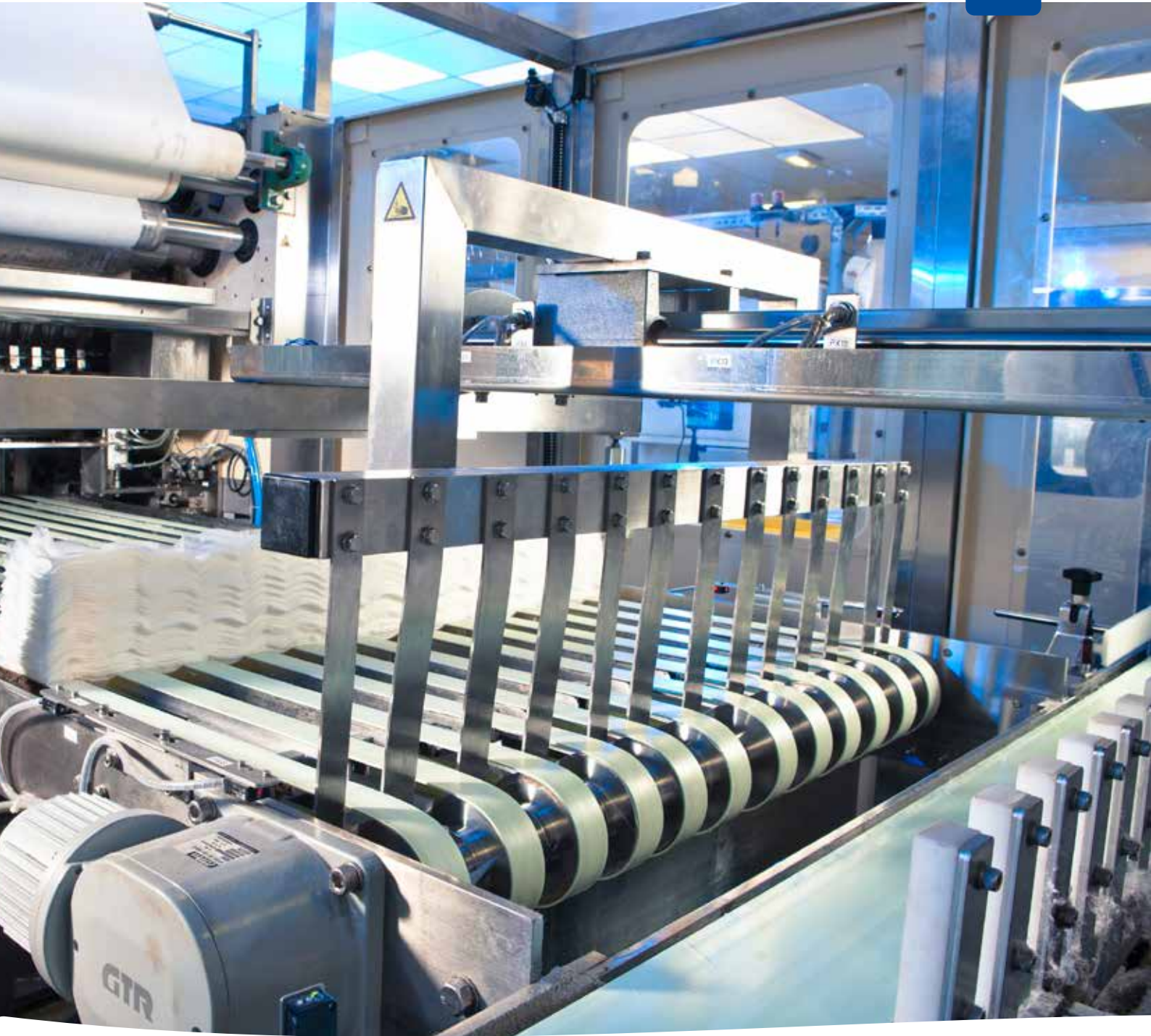
Waste water figures and precipitation quantities are collected at both locations and measures for continuous improvement are introduced.

In manufacturing, the water used for cleaning purposes is disposed of separately as waste water. Last year we found a further disposal company for this, enabling us to save costs. The main reason for the increase is primarily the increase in production, due to the economic situation.

Waste

With the aim of keeping our waste quantities as low as possible, we try to reuse materials or return them to the raw material cycle, wherever technically possible and economically sensible. This not only benefits the environment, but also cost efficiency.

Efficiency of resources is not just reflected in the environmental balance, but also has a financial impact. Our waste management officer works on ensuring that all



waste produced is collected and that it is disposed of correctly sorted according to the regulations. Our aim is to return materials to the raw material cycle so that precious resources are not wasted. Even after several tests and enquiries, we were unable to find a suitable disposal company to take care of the recycling of the waste. Moreover, we made enquiries to plant manufacturers for the recycling sector. Unfortunately, no solution was found for our waste here either. Therefore, the waste continues to be thermally recycled.

It is a further goal of the waste management system, to push forward the reduction of the production materials used at both locations, and to develop measures for this.

All of our employees have committed to this goal, and work on keeping material consumption low on a day to day basis. Regular staff training, which was completed by 21% of the staff in Windhagen last year, are an example of such measures.

In 2016, a total of 3,870 t of waste was produced at our production site in Windhagen. That is 420 t or 12% more than in the previous year. This increase in waste is a consequence of the company's expansion. Thanks to the additional orders in liquid production, capacity in the liquid and mixed sector was also expanded. In Nowogrodziec, the quantity of waste produced rose discreetly. No soiling or leakages were recorded at either locations.



Waste accumulation

Windhagen

2016

Active ingredients	35.53 t
Finished products	83.82 t
Residual waste	251.50 t
Cardboard	291.28 t
Wood	0.00 t
Rinsing water	2,520.30 t
Film	83.60 t
Nonwovens	602.39 t
Hazardous*	0.00 t
Non-hazardous**	0.24 t
Total	3,868,66 t

2015

Active ingredients	0.00 t
Finished products	23.77 t
Residual waste	157.38 t
Cardboard	265.39 t
Wood	0.00 t
Rinsing water	2,479.00 t
Film	98.82 t
Nonwovens	415.69 t
Hazardous*	0.42 t
Non-hazardous**	7.6 t
Total	3,448.07 t

2014

Active ingredients	0.00 t
Finished products	60.90 t
Residual waste	80.60 t
Cardboard	191.60 t
Wood	0.00 t
Rinsing water	1,793.00 t
Film	67.20 t
Nonwovens	349.40 t
Hazardous*	2.60 t
Non-hazardous**	3.20 t
Total	2,548.50 t

Waste accumulation

Nowogrodzic

2016

Active ingredients	0.00 t
Finished products	undocumented
Residual waste	77.80 t
Cardboard	65.25 t
Wood	0.00 t
Rinsing water	166.00 t
Film	78.45 t
Nonwovens	307.25 t
Hazardous*	0.07 t
Non-hazardous**	undocumented
Total	694,82 t

2015

Active ingredients	0.00 t
Finished products	undocumented
Residual waste	35.34 t
Cardboard	62.47 t
Wood	0.00 t
Rinsing water	165.00 t
Film	68.72 t
Nonwovens	339.94 t
Hazardous*	0.008 t
Non-hazardous**	undocumented
Total	671.48 t

2014

Active ingredients	0.00 t
Finished products	undocumented
Residual waste	28.71 t
Cardboard	41.12 t
Wood	0.00 t
Rinsing water	172.00 t
Film	54.68 t
Nonwovens	499.92 t
Hazardous*	2.58 t
Non-hazardous**	undocumented
Total	799.01 t

Paper

Recycled paper is environmentally friendly, uses less resources and is cheaper than normal paper. Since 2014, we have used copy paper made of recycling fibres with the "Blauer Engel" (Blue Angel) label and letter paper from responsible forestry at both locations. Recycled paper with the environmental label not only protects the forests, but its manufacture is water and energy saving, and no toxic chemicals are used. In addition, the "Blauer Engel" is the oldest and best known environmental label in Germany.

To protect natural resources further, we want to reduce paper consumption annually. A digital archiving programme, staff training as well as information in the staff newsletter and the intranet are just a few measures

aimed at reaching this objective. We thus reduce our ecological footprint.

As part of this clear commitment to the reduction and avoidance of paper, we have joined the initiative "CEOs Pro Recycled Paper". The campaign "CEOs Pro Recycled Paper" is aimed specifically at company managers who personally assume responsibility for resource-efficient actions and who develop important resource-protection potential with concrete objectives for the use of recycled paper. The campaign is being conducted by the "Initiative Pro Recyclingpapier" (IPR) in cooperation with the Federal Ministry for the Environment, the Nature and Biodiversity Conservation Union Germany (NABU) and the Club of Rome.

Paper consumption Windhagen

	2014	2015	2016
Copy paper, sheet	600.000	400,000	600,000
Letter paper, sheet	60,000	100,000	100,000
sheets/employee	3,606	1,945	2,527

Paper consumption Nowogrodzic

	2014	2015	2016
Copy paper, sheet	150,000	152,500	157,500
Letter paper, sheet	0	0	0
sheets/employee	1,500	1,713	1,713

* electronic scrap, fluorescent lights, aerosols, oil-stained resources ** glass waste, mixed scrap

No. **5** NAME NOM **PEOPLE**



Stakeholders

Our stakeholders include customers, staff, business partners, universities, politicians and members of society as well as authorities, unions, associations and non-governmental organisations (NGOs). We maintain diverse relationships with them.

We identified our stakeholders in a joint process between sustainability management and the corporate management. Afterwards, using a detailed analysis, the risks and the influence of each stakeholder group on the company was assessed and the stakeholders classified.

Dialogue

The trust of our stakeholders is the basis for our sustainability. We ensure trust as well as assurance in relation to sustainable actions through transparent communication and regular dialogue. Only an open exchange of opinions can lead to gaining the agreement of stakeholders for our business sustainability engagement. In preparing this report, we asked our stakeholder groups for their opinion on our sustainability engagement and our sustainability

report. This resulted in the decision to report in alignment with the GRI standards in future.

Customers

We place a great deal of importance on dialogue with our customers. Only if we have exact knowledge of their standards and the needs of the consumers are we able to offer suitable products. Regular workshops, daily contact as well as meetings on specific topics with our customers allow our customer service providers to generate a clear idea of the growing demands.

In annual customer workshops, the individual components of a product are looked at together and ideas for optimisation are discussed. We thus become even better acquainted with what the customers and the consumers want.

Additionally, at trade fairs we find out much about the changed customer requirements and social trends.



Staff

An open culture of communication, short decision-making channels and a flat hierarchy lay the foundation for personal collaboration. This allows the management to respond directly to the mood in the company and individual aims. Additionally, numerous internal events, annual barbecues and Christmas parties strengthen the togetherness of the colleagues.

Employee rights are strengthened by the appointed employee representative. None of our employees is included in a collective agreement. Despite this, fair remuneration is ensured.

In meetings and by means of our staff newsletter, all employees are informed about and involved in changes directly by the management. We grant all employees freedom of association and the effective recognition of the right to collective negotiations. In addition, the employee representative represents the interests of the employees.

Business partners

We have resolved to motivate everyone involved in the added value chain to use a more sustainable way of working and to promote harmonious coexistence. Our goal is to sharpen awareness of an ethically harmless supply chain and thus to strengthen responsible business activity in the value chain.

We use the annual negotiations with our suppliers not just to reinforce relationships but also to promote raw material developments and innovations. Through cooperation's and joint projects, we try to perform pioneering work in our industry. New and more sustainable materials are jointly developed and tested.

As part of our business partner dialogue, we invited our suppliers to a first palm oil conference in collaboration with the FONAP. The objective of the event was dialogue between various stakeholders of the value chain, in order to make palm oil traceable back to the mill. Moreover, a joint understanding of sustainable palm (kernel) oil derivatives was to be entrenched especially among the smaller suppliers.

Community and society

Initiative zur Stärkung der Region e.V. (ISR) is an association that aims to strengthen the economy in the region around Windhagen. In addition to economic aspects, regular collaboration with the network is also aimed at

dealing with social issues. For instance, the members do a variety of work aimed at keeping specialists and young people in the region. The compatibility of family and work and public infrastructure are also much-discussed topics.

Universities

The collaboration with students is an example of our dialogue with the universities and science. Dealing critically with a wide variety of topics by means of dialogue with academia is an enrichment for us and allows us to make further tweaks to our work.

In the board of trustees of **sneep – Student network for economics and company ethics**, our sustainability management provides the Executive Board with advice on the implementation and alignment of the association once a year. sneep offers students and young scientists a platform for dialogue and for developing new impetus for economic practice and teaching. Important objectives of sneep include the university-policy implementation of ethics in economic programmes of study as well as development of awareness of responsibility and sustainability in everyday life and at work.

Unions, organisations, associations and politicians

Nölken Hygiene Products GmbH is involved in many organisations and associations that are relevant to its business activity. We also collaborate in initiatives committed to sustainable business activity. No donations are made to parties or politicians; rather, only the member fees are paid to the associations, organisations and unions listed below.

As a participant in the **Circle of CSR Experts** in the association **Unternehmen für die Region e.V.**, we engage in dialogue with other SMEs in a trusting atmosphere about trends and core issues in CSR practice. In this circle, we explain our viewpoint on a wide variety of sustainability topics and describe the measures implemented from specific topic areas.

Our support of the **German Sustainability Code (DNK)** constitutes a further milestone in our participation in the economic and political dialogue on sustainability. In our role as a mentor, we give companies, that comply with the DNK and would like to introduce sustainability management, help in implementing it. The guideline initiated by the council for sustainable development, is an important standard for sustainability reporting in Germany, and a recognised standard for the implementation of the new CSR reporting obligation.



The **European Disposables and Nonwovens Association (edana)** is an international union of manufacturers of nonwoven materials and related products. The union's objectives are to impart information actively and to engage in open dialogue with the member companies. Nölken collaborates in the development of industry standards, especially in the working groups for wet wipes, communication and sustainability. Topics such as the implementation of environment-related claims and the flushability of moist toilet tissue are dealt with so as to raise awareness in society as well.

The **Forum for Sustainable Palm Oil (FONAP)** has set itself the goal of making 100% certified palm oil available in Germany, Austria and Switzerland. In collaboration with representatives from industry and trade, politics and NGOs, the FONAP develops solutions to sustainable palm (kernel) oil. In the working group for

derivatives, we are working actively on convincing further derivative manufacturers to become members of FONAP.

The **Roundtable on Sustainable Palm Oil (RSPO)** was established in 2004 at the initiative of the WWF and Unilever. In addition to NGOs, members of the RSPO include above all companies and institutions involved in the production and processing of palm oil. The RSPO is committed to sustainable cultivation methods and has drawn up guidelines for this.

Association of the Chemical Industry (VCI) represents the interests of the chemical industry in the fields of politics, business, science and the media. The joint sustainability initiative "Chemie3" of the VCI, the Industrial Trade Association for Mining, Chemicals and Energy (IG BCE) and the Federal Chemical Association (BAVC)

sees itself as a motor for sustainable development in the chemical industry.

As a manufacturer of care and cleaning products, we are part of the **Industrieverband Körperpflege- und Waschmittel e.V.** (IKW) [Industrial Association of body care and washing agents]. The IKW supports its members by providing advice on and assistance in business activities, thus promoting the economic development of its members. We use this platform as an information pool for developments in the liquid sector.

As a non-profit organisation, **the Federal Union of Industrial and Trading Companies** (BDIH) represents the interests of various manufacturers and distributors, including cosmetics manufacturers. We also produce natural cosmetics, among other products, and follow the guidelines developed by the working group for natural cosmetics for controlled natural cosmetics with great interest.

SEPAWA, one of Europe's largest professional associations for the detergent and cleaning agent industry as

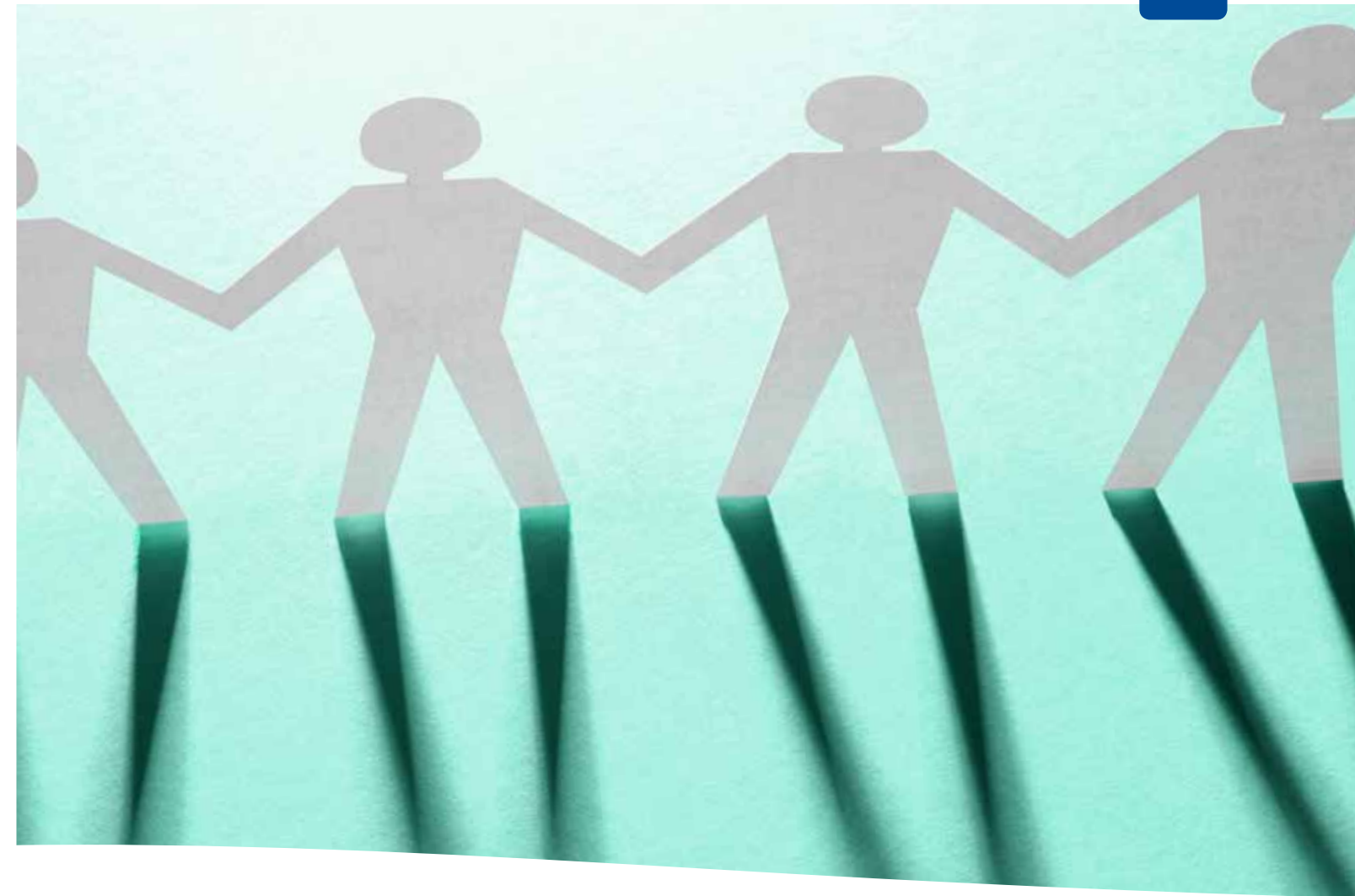
well as the cosmetics and perfume industries, operates as a communication platform for experts from industry, universities and authorities.





Staff

We are a family run company in the second generation. Our culture and our values are the foundation on which we base relationships with our employees and society. We deal with the individuals at the company openly and appreciatively and we give them the freedom to develop. After all, it is the people who shape our future. Only with motivated and satisfied employees can we continue to be successful. Therefore, we are committed to the promotion of employment, employee rights, development, the preservation of people's health and the compatibility of work and private life.

Structure

Our staff are as varied as our customers. First-class products and productive collaboration with our customers are based on the different perspectives and experience of our staff. Thanks to them, we are in a position to understand customer requirements better.



Employee structure		2014		2015		2016	
Windhagen 	Management Board/Management	3	Women	5	Women	5	Women
		8	Men	10	Men	10	Men
	Employees	90	Women	98	Women	110	Women
		124	Men	137	Men	144	Men
Nowogrodzic 	Trainees	2	Women	2	Women	3	Women
		5	Men	5	Men	5	Men
	Number of employees	232		257		277	
Nowogrodzic 	Management Board/Management	3	Women	3	Women	3	Women
		2	Men	4	Men	4	Men
	Employees	42	Women	39	Women	37	Women
		51	Men	42	Men	44	Men
Nowogrodzic 	Trainees	1	Women	1	Women	0	Women
		0	Men	0	Men	0	Men
	Number of employees	99		89		88	

Our team includes people from the most diverse countries and cultures of the world: primarily from Germany, Poland, France, Romania, Russia, Syria, Spain, Portugal, Turkey, Belgium, Morocco, Cameroon, the Philippines, Macedonia and Moldova.

Numerous employees in our staff have worked for our company for many years and have grown together with us. We employ people of all ages and we cater to the needs of the individual age groups. Our colleagues in production have to do different work to our colleagues in management; therefore, we have tailored our health services accordingly. We put together our teams according to the individual abilities of the employees.

Equality of opportunity

Discrimination is not tolerated at Nölken Hygiene Products. We focus on discovering and promoting talent – irrespective of gender, nationality, ethnic background, religion or philosophy, disability, age, sexual orientation and identity. Diversity is the basis for our corporate stability. The close and family-like cooperation between our staff means that such cases are discussed with the representative directly and measures can be carried out quickly with the management level.

We have a firm stance on the work-life balance, which is reflected, for example, in flexible working hours. By means of family-compatible working conditions such as shift work and flexible working hours as well as part-time and home-office positions, we cater to the personal wishes of our staff whenever possible.

As a responsibly acting company, we are committed to the protection of employee rights and compliance with the labour standards at both locations. Of course, we are committed to adhering to legal standards (constitutional law and employment law). Moreover, we are committed to following the principles of the UNGC and the ILO core labour standards, which are firmly entrenched in our business process. In a code of conduct that applies to all members of staff we have formulated basic values for the collaboration between our employees. Mutual respect, equality and appreciation of all colleagues are a fixed part of our organisational culture. All employees are paid fairly. As part of the implementation of various wage levels, we have standardised all wages and made them transparent. Annual appraisal interviews with each individual employee allow us to assess the performances of the employees and to adapt the wage.



Our remuneration system does not provide for any direct measurement by the achievement of sustainability objectives.

Qualification

The qualification of all our employees is important to us, as we rely on good and healthy employees. As of this year, demographic change and the associated challenges related to the lack of specialist workers are felt very strongly in our production. This phenomenon will intensify if we do not invest in training.

Apprenticeships

Nölken has been an IHK-certified training company since 1985. Owing to the demographic change, we offer young people an apprenticeship as a chemical technician, in machine and system operation or in warehouse logistics, in addition to the apprenticeship as an industrial management assistant.

We offer an extra-occupational course of study to our employees and trainees who have proved themselves. Nölken supports its employees financially and structurally during the extra-occupational course of study. Dual education is also an option at our company. In addition,

Our apprenticeships at a glance:

At Nölken, **industrial management assistants** deal with commercial and business management-related areas of responsibility such as purchasing, logistics, sales and marketing, HR and accounting.

Machine and system operators

in our production facility set up production machines and systems, put them into operation and operate them. They also retrofit the machines and keep them in good repair.

Chemical technicians

control and supervise machines and systems for manufacturing, bottling and packing chemical products such as our shampoos, creams and lotions as well as impregnating liquids.

Warehouse logistics experts

receive a wide variety of goods, check them and store them professionally. They put together deliveries and plan trips and they load and dispatch goods. They also collaborate in the optimisation of logistical processes.

we regularly offer interested school pupils internships and we help students to give practical relevance to their course of study.

Nölken places high priority on training. It is important to us to make our apprenticeships lively. An exciting run through production and management awaits the trainees in the first few weeks. They thus have the opportunity to get to know the Colleagues and to gain initial insight into the company before the actual traineeship plan begins. In addition to technical knowledge, we also teach all the trainees at the company the principles of a sustainable and ethical business method. Part of each apprenticeship at our company is a learning phase in the Sustainability department.

Training

The success of our company is directly dependent on the qualification of our employees. In order to meet the challenges of demographic change, and remain competitive, the continual further training of our employees forms a central area of our sustainability.

A key aspect of our HR management is the company-wide academy. We have thus created a modern platform for training staff and involving them in finding subjects for our range of apprenticeships. All members of staff at our company are supported by the services of our academy. In this way, we would like to enable each employee to bring his potential and ability to bear. We finance training courses fully or partially and/or we allow leave of absence. Continuous training measures enable all employees to perform optimally for the company and keep the performance level high, including of older members of staff. Thanks to the formation of interdisciplinary teams, expertise is passed on from the more experienced colleagues to the younger colleagues.

Our academy services include work-specific training as well as training for our apprentices and in the areas of sustainability and languages. For example, we offer a free German course for foreign employees.

Last year, we were once again able to inspire all the employees in Windhagen with the training programmes of our academy, although we were unable to increase the hours of further training. We trained fewer employees at our production site in Nowogrodziec last year. We will try to increase this in the coming years.

Further education Windhagen

2014	2015	2016
1,350 Hours 232 Employees	1,981 Hours 257 Employees	1,115 Hours 277 Employees

Further education Nowogrodziec

2014	2015	2016
220 Hours 14 Employees	126 Hours 7 Employees	40 Hours 6 Employees

Occupational health and safety

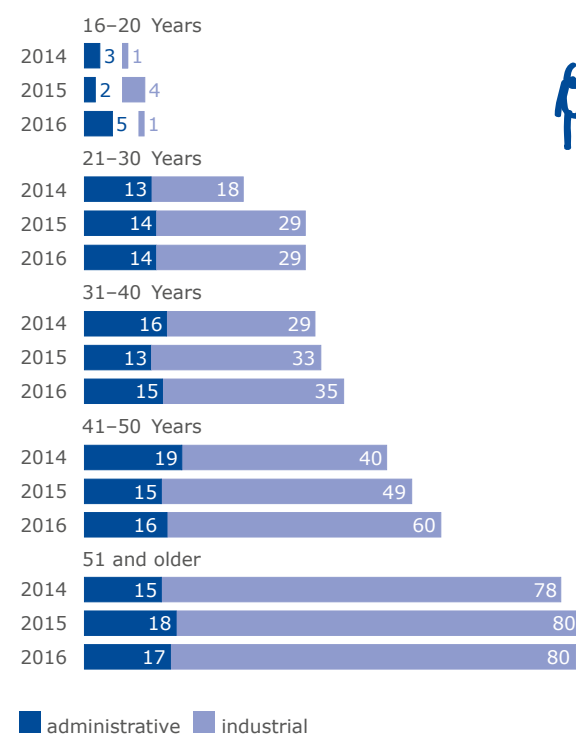
A safe working environment is an essential element of responsibility for our employees. With comprehensive risk management to recognise and assess potential hazards, we work preventively for more safety at work.

To ensure safety at work for all employees, we have set up an occupational health and safety committee in Windhagen. It consists of the appointed occupational health and safety expert together with the company doctor, the employee representative, the head of production, the quality manager and the management. In Nowogrodziec, the management and the appointed occupational health and safety expert work closely together in a committee. They meet at regular intervals and consult on objectives and measures in the area of occupational health and safety.

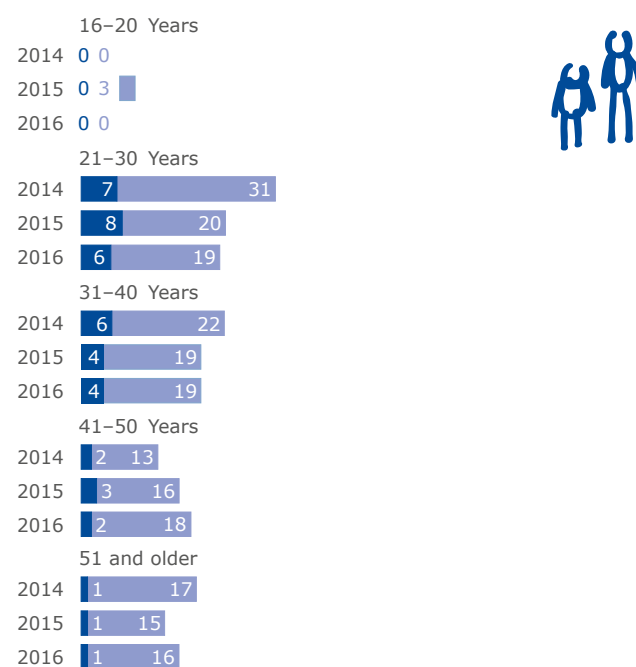
With our occupational health and safety programme, we ensure that all technical systems and workstations are reviewed regularly and that our employees are appropriately trained. Personal protective equipment is available to the employees for free; additionally, they are instructed annually in workplace safety and fire protection. All field service workers and department heads receive safe driving training. We offer a comprehensive check-up at both locations. Our aim is to reduce the accident figures further, which is to be achieved primarily through training and technical measures.

The accident ratio (accidents in relation to the number of employees) has deteriorated over the last few years. All minor and major accidents as well as accidents that occur on the way to or from work are included in the statistics. The most frequent accidents were established in wipes production and were cut wounds and bruises. It is such minor accidents that have caused the reduction in days of absence. To avoid cut wounds, we recently launched a "knife-free" initiative and are replacing cardboard cutters with safety cutters.

Age Distribution Windhagen



Age Distribution Nowogrodziec



Work accidents Windhagen		
2014	2015	2016
32 Accidents 145 Lost days	56 Accidents 268 Lost days	66 Accidents 244 Lost days
Work accidents Nowogrodziec		
2014	2015	2016
0 Accidents 0 Lost days	0 Accidents 0 Lost days	0 Accidents 0 Lost days

Sickness rate Windhagen		
2014	2015	2016
9,4%	9,5%	8,1%
Sickness rate Nowogrodziec		
2014	2015	2016
4,4%	3,21%	3,62%

Health management

Protecting the health of our employees is a further essential point of our HR management. To protect the health of our staff and to reduce the number of absences due to illness further, we have introduced an operational health management system (OHM) with a variety of health-promoting measures. Our company health day takes place on an annual basis. It gives the employees the chance to try out relaxation and fitness exercises for free and has the aim of increasing the participants'

awareness of the importance of looking after their own health and physical balance. Thanks to the cooperation with regional organisations and companies, we can lend great variety to the health day.

The health measures were newly unfurled in 2016 and "small" health days now take place on a regular basis. As of this year, we offer our employees weekly back massages. However, a range of other health and recreation services are also well received at the company.

Health measures Windhagen		
2014	2015	2016
Quantity 5 Subscriber 40	Quantity 4 Subscriber 22	Quantity 4 Subscriber 61
Health measures Nowogrodziec		
2014	2015	2016
Quantity 0 Subscriber 0	Quantity 0 Subscriber 0	Quantity 0 Subscriber 0

For instance, the discount offer for membership of the fitness studio, the running meetups, the flu protection vaccinations and the sponsorship for city runs and marathons have received a very positive response from our staff.

We will expand this comprehensive health management in 2017, including at our location in Nowogrodziec.

Community

At both company locations, we contribute to the community in a variety of ways thanks to our close integration into each community. We promote and support non-profit organisations and projects based in our direct region.

Many of our employees also engage in various projects and when possible they are given leave of absence for their volunteer work.

Neighbourhood assistance

The **workers' welfare association** in Bad Honnef engages in volunteer work for a socially just society. These services also include the "Tafel" [Food bank]. This establishment offers people in need food and products for everyday life. Nölken supports the workers' welfare association on a monthly basis with material donations in the form of bodycare products.

Since 2011, we have donated the amount that we previously spent on Christmas gifts for customers and employees to people in need. Last year's donation went to the **Stiftung schwerkrankes Kind** [Foundation for seriously ill children], which takes care of affected children and their families.

Sporting support

We sponsor our staff for participation in charity runs. Last year, our staff participated in numerous charity runs in Windhagen, Bonn and the region. We thus supported the associations **Kinder in Not e.V.** (a child aid initiative) and **Bonn läuft! e.V.** in their social engagement.

Since 2009, Nölken Hygiene Products has supported the **Sportverein Eintracht Windhagen 1921 e.V.** with donations. This tradition also benefits our employees, who for the most part come from Windhagen and the region, and are active members of the sports club.

Cultural heritage

In order to preserve culture and tradition in our region and to celebrate the carnival season, we support the Windhagen-based carnival association on an annual basis. The **carnival association Wenter Klaavbröder e.V.** has been in existence since 1953 and has major significance for Windhagen and the surrounding area.

Safety first

The **voluntary fire brigade** in Nowogrodziec relies, on the one hand, on the commitment of the firemen and women and, on the other hand, on the funds supplied to it by companies. At both locations, we regularly support the voluntary fire brigade.

Care products up-close

We are always pleased to open our doors and to grant interested parties an insight into our production processes. Last year, for example, we invited the **Initiative zur Stärkung der Region um Windhagen e.V.** to show them the production of care and cosmetic items.

About this report

With this sustainability report, we present our sixth report of this type. We write our sustainability reports - which are published annually - for all interested persons: customers, employees, service providers and suppliers, neighbours, the public, representatives of associations, politicians, the media, members of society and scientists.

Report parameters

This report provides an overview of our sustainability strategy, measures and processes that have already been implemented successfully, as well as short, medium and long-term objectives at our two locations in Germany and Poland. Hence, the business activity and the effects of the business activity of Nölken Hygiene Products GmbH and Noelken Sp. z o.o are included within the boundaries of the report.

The design and manufacture of our products are focused on in detail in the report and backed up with numerous data. Moreover, the report boundaries largely run along our production boundaries.

We see this sustainability report as a progress report, in the scope of the annual reporting. As in the previous years, the reporting parameters are the ten principles of the UNGC and the 20 criteria of the DNK. What is new for us this year is the need to report according to the specifications of the GRI standards in the accordance option "Core", a requirement that resulted from the stakeholder dialogue on the topic "sustainability report". Thus, the current report is significantly more extensive and more detailed compared to the 2015/16 sustainability report. In addition, for much of the data there are no comparable values in the previous reports. This report was not reviewed by an independent, external body.

The parts of the text relevant to the UNGC, the DNK and the GRI are marked in the following overviews.

Reporting period

The content in this report refers to the period from August 2016 to July 2017. Publication of the next comprehensive sustainability report is planned for 2018.

For ease of reading, the feminine form is not expressly named in the report. However, in all cases both male and female persons are meant.

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Glossary

Occupational health and safety management system (OMS)

The occupational health and safety management system regulates the occupational safety of the employees and the protection of their health. An OMS should support a company, to avoid accidents at work and illnesses in its operations, and maintain the health of the staff.

Occupational health management (OHM)

The aim of the OHM is to promote the health and motivation of the employees on a sustainable basis by means of good working conditions and quality of life at the workplace. To this end, the OHM is the design, control and development of operational structures.

Corporate Social Responsibility (CSR)

CSR is the voluntary corporate responsibility for society and the environment, and describes the contribution of the economy to sustainable development. CSR is about how profit is generated in companies.

German sustainability code (DNK)

The DNK describes the minimum requirements for reporting from a sustainability point of view. It therefore provides a framework for reporting on non-financial services, which can be used by companies and organisations of any size and legal form.

DIN EN ISO 14001:2009

The international environmental management standard sets requirements of an environmental management system. This standard focuses on continual improvement in relation to environmental services of an organisation.

DIN EN ISO 22716:2007

The standard DIN EN ISO 22716 on cosmetics GMP (good manufacturing practice) is a guideline for the manufacture of cosmetic products. It illustrates the requirements for production, regarding quality and hygiene.

DIN EN ISO 9001:2008

This standard sets requirements of a quality management system and quality assurance, to fulfil the customer requirements. In addition, the quality management system must be subject to a continual improvement process.

European Disposables and Nonwovens Association (edana)

edana is the umbrella organisation of the fleece material industry and the pertinent sectors. edana represents the interests of 240 organisations along the added value chain of the non-woven fabric industry.

Energy management system (EMS)

The energy management system regulates energy consumption at a company. An EMS makes the energy situation in organisations systematically and continually transparent, and contributes to reducing energy costs.

Forum on sustainable palm oil (FONAP)

FONAP is a merger of companies, associations and non-governmental organisations in Germany, Austria and Switzerland. It wants to develop viable solutions for the improvement of practices in the palm oil sector,

International Featured Standards Household and Personal Care (IFS HPC)

IFS HPC is a standard to guarantee the safety, quality and transparency in the manufacture of household and body-care products. The standard ensures that the products do not present any danger to the safety of the consumers.

Roundtable on Sustainable Palmoil (RSPO)

The RSPO is an initiative founded by the World Wide Fund For Nature (WWF) in 2004, which - as a central organisation - wants to promote sustainable palm oil cultivation. Members of the RSPO, alongside non-governmental organisation, are also companies and institutions along the added value chain.

Environmental management system (EMS)

The environmental management system regulates the environmental aspects of a company. An EMS makes the environmental impact of an organisation systematically and continually transparent, and contributes to minimising the negative environmental impact.

United Nations Global Compact (UNGC)

The UNGC was founded by the United Nations in 1999. The members of the UNGC ensure compliance with the ten principles in the areas of human rights, labour, the environment and anti-corruption.

The German Sustainability Code



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United Nations Global Compact



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