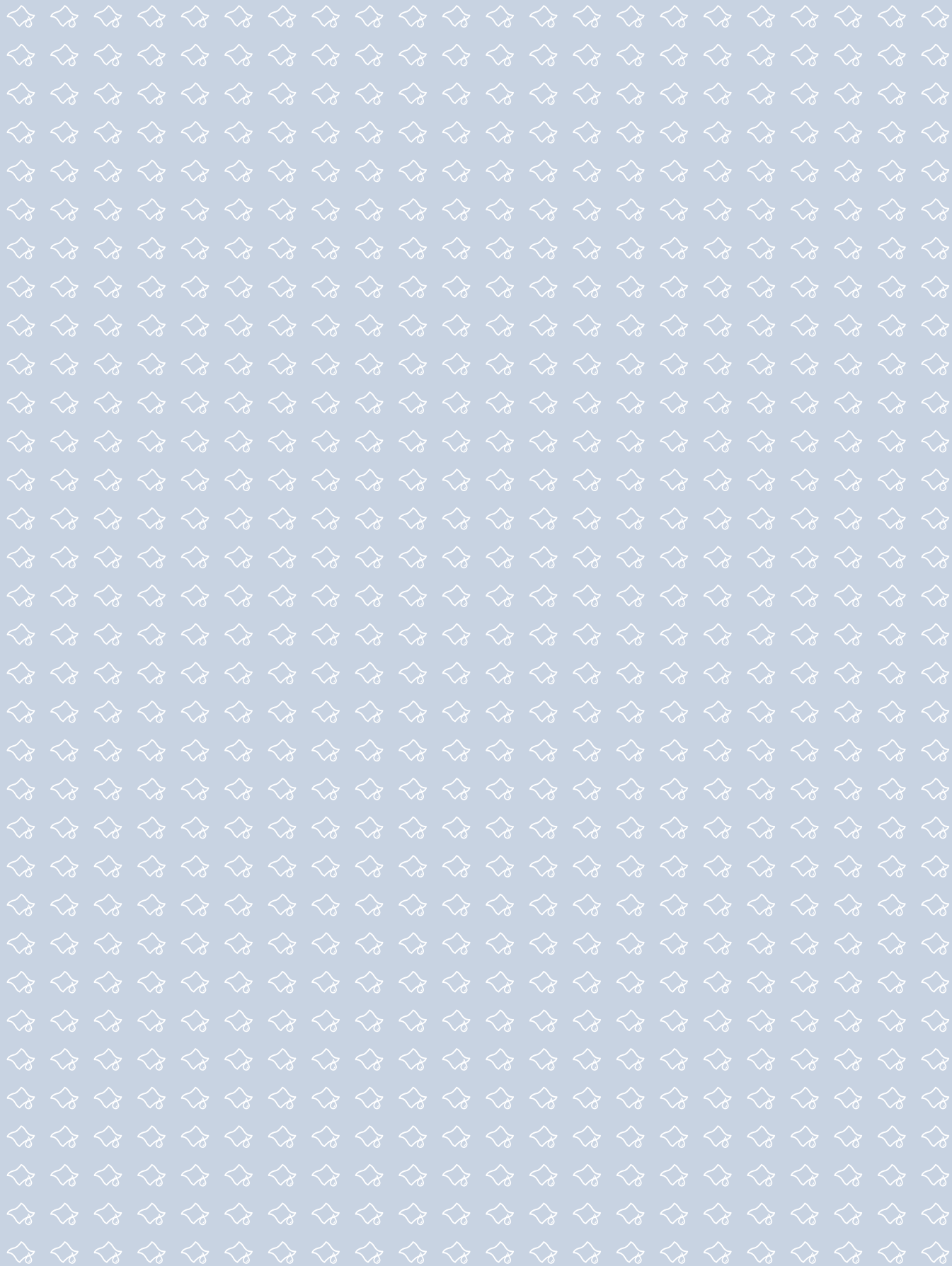




SUSTAINABILITY REPORT 2020





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Dear readers,

A special reporting year lies behind us, which brought about major changes for Nölken and our society. Ensuring the health of our employees at our two locations was our top priority. That is why we intensified our security regulations in a very short time, digitalized our processes even further and created more workplaces in home offices. Since the beginning of the pandemic, it was clear to us: We will face these challenges together - as a company, but also together with our partners and suppliers. Because it has also become very clear that we are extensively integrated into systems and are dependent on global supply chains. For us this entails the necessity to further intensify our systemic thinking, to broaden our view even more to encompass the entire value chain and to connect everyone involved.

The pandemic also shows that the issues of sustainability, health and safety have become even more important - and we want to make an even greater contribution to this: with high-quality and, above all, sustainably manufactured products that simplify everyday life for consumers and support them in their hygiene.

During the challenges posed by the pandemic, we used the time to sharpen our focus. For our company as a whole, we calculated the corporate carbon footprint and offset our CO₂ emissions by supporting two forest protection projects. Nölken has been a climate-neutral company since 2020! We have also computed a Product Carbon Footprint for each of two products and offset

their CO₂ emissions together with our customers. It is also very important to us to continue to reduce our energy consumption. Thus we are taking various measures, for example we are installing seven EV charging stations for our fleet and are currently planning a photovoltaic system for our production building IN6.

We present these and other measures to you in this sustainability report—our tenth edition, by the way. But we are not content with that. We would like to make our company and our products more sustainable in the future. And we can only do this in dialogue with you, our partners, suppliers and employees. Therefore our request: Tell us your opinion, criticism or suggestions. You will find our online questionnaire at <https://t1p.de/3vvn>. Or write to us directly: sustainability@noelken.de

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

Ernst Markus Nölken
Managing Director

Ulrich Daniel Nölken
Managing Director

01 COMPANY

CORPORATE PHILOSOPHY

As a manufacturer of care products, we have a special responsibility - for the well-being of our consumers, employees and partners as well as for our environment. For us, sustainability is the balance between these three dimensions: social, ecological and economic. Sustainable management has therefore been inextricably linked to our corporate philosophy since the company was founded - we are also convinced that it is the basis for our future viability.

OUR VISION

Nölken follows central ethical principles: We promote long-term orientation of all business decisions, careful use of natural resources, and social interaction. We want to keep the future livable for future generations. Our motto "The best for our skin" motivates us in our daily actions.

Our vision is to propagate sustainable consumption to meet the needs of today's generations while respecting the earth's ecological limits. Every small step counts with which we pursue our major goal: We want to be the best and most sustainable manufacturer in the private label sector for wet wipes, nursing pads and cosmetic care products. However, we can only do this hand in hand with our consumers, customers, business partners and employees.



OUR MISSION

Our mission is derived from our corporate vision: Our consumers and customers value us as a trustworthy partner - for this we offer hygiene products of the highest quality for a wide variety of applications. In order to be able to guarantee this, we place very high demands on all products that are developed and manufactured at Nölken. Thus we ensure excellent results.

OUR PRINCIPLES

Our actions and our decisions are based on long-term, valuable goals, and we are guided by our mission statement, which is based on the values of responsibility, partnership, trust, fairness and openness. For us, this means acting courageously and innovatively, communicating openly and appreciatively, promoting potential, and creating fair relationships with one another as well as transparent structures.

PORTRAIT OF NÖLKEN

The name Nölken stands for the highest quality hygiene products - and has been for almost 40 years. As a family company, we strive to promote social and ecological progress. We know what sustainable consumption can achieve, because our products are used by numerous people every day. We ensure the success of our company through economic foresight, long-term customer relationships and innovation, so that our range contributes to sustainable development.

PROFILE AND BUSINESS ACTIVITIES

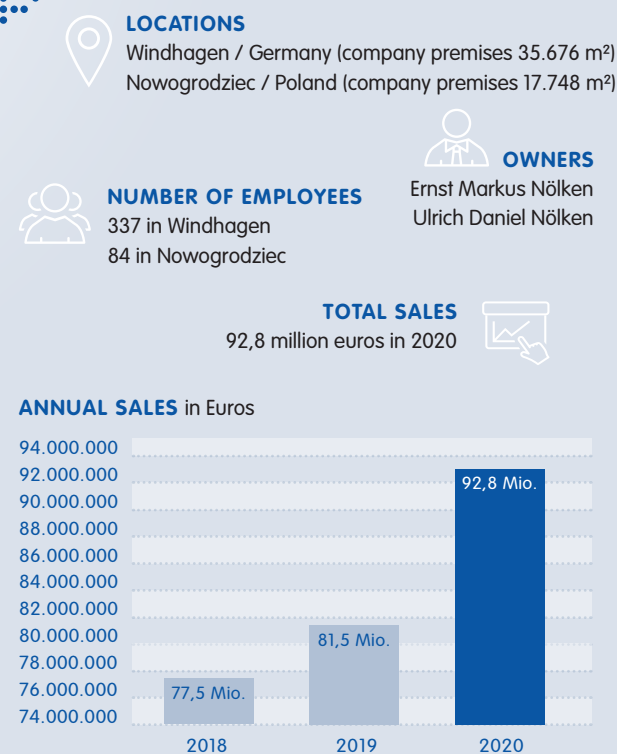
Nölken is a specialist in nursing pads, wet wipes and liquid cosmetics for babies, children, adolescents, adults and seniors. The entire range is distinguished by the highest quality and skin compatibility. A large number of our hygiene products have been awarded recognized eco-labels.

Nölken develops and produces high quality hygiene products. In addition to branded and own-brand products for trade and industry, we also offer in-house series that our consumers can purchase in drug stores and supermarkets. As a full-service manufacturer, we cover the entire value chain - from the development of products together with our customers, the procurement of raw materials, production and packaging to logistics. Nölken currently supplies multinational trading and industrial companies in 33 countries. The main markets are Germany, Austria, the Czech Republic, the Netherlands and Switzerland.

MARKETS



FACTS AND FIGURES



CORPORATE STRUCTURE

Nölken is an owner-managed company with currently two locations in Windhagen and Nowogrodziec. The German Nölken Hygiene Products GmbH is managed by the managing partners Ernst Markus Nölken and Ulrich Daniel Nölken. The management of the Polish subsidiary Noelken Sp.z o.o. consists of the managing partner Ernst Markus Nölken and the managing director Mariola Jarzab.

CORPORATE HISTORY

In 1982 Ernst Nölken laid the foundation stone for the company and founded a trading company for moist toilet paper. Six years later, the company's own production started. In 1991 - after several relocations - the Windhagen site was set up. In 1993 the second location, Noelken Sp.z o.o. opened in Nowogrodziec, Poland. Starting with just a few items, the range has been steadily expanded: In 1997, the production of wet wipes was expanded to include nursing pads, liquid filling began in 2005 and a formulation and mixing department was set up in 2008. Ernst Markus Nölken and Ulrich Daniel Nölken have been running the family business in the second generation since 2010.

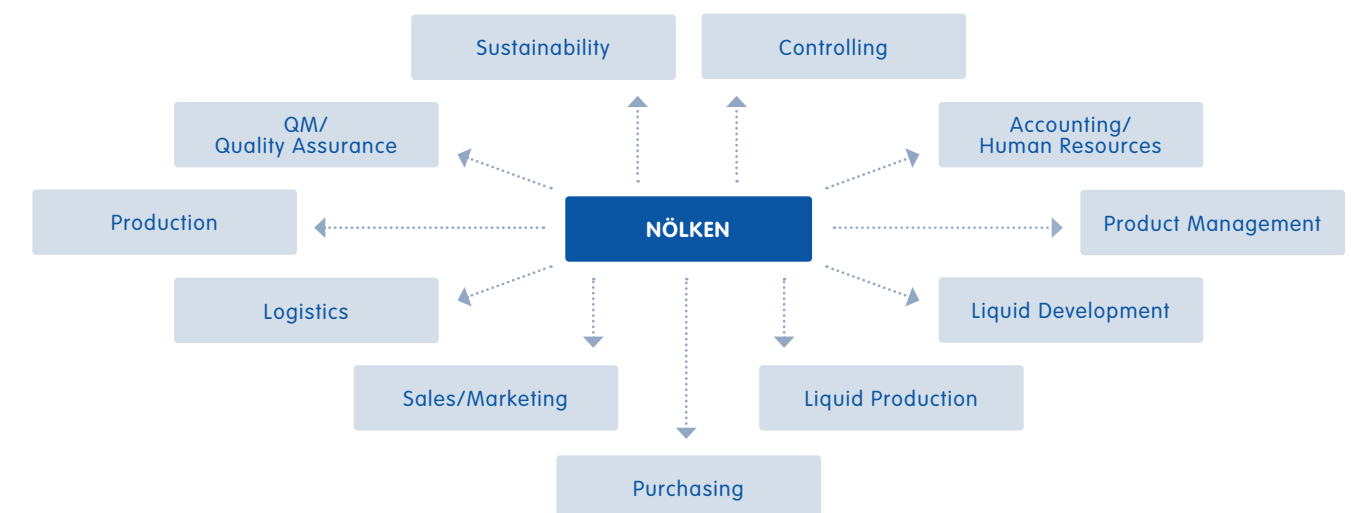
MANAGEMENT

As a family company, we follow the principles of sustainable development, which for us means combining economic goals with ecologically and socially responsible action. Because our economic future is based on an intact environment and a stable society.

Since 2011, sustainability management has been firmly anchored in the parent company through a staff unit with a direct reporting line to the management. Our officer leads all sustainability activities in Germany and across the board in Poland. Overall responsibility for sustainability lies with the management.

For us, sustainability is not a trend, but the basis of our future viability. In order to control and implement this major task holistically, managers responsible for various functional areas - both at the Windhagen site and in Nowogrodziec - are involved: quality management, occupational safety, environmental management, dangerous goods, REACH, FSC / PEFC, RSPO, fire protection and waste.

ORGANISATIONAL STRUCTURE OF NÖLKEN



02 STRATEGY

TAKING RESPONSIBILITY

In accordance with responsible corporate governance, we keep an eye on the impact we make in all our business activities. With our sustainability strategy, we concentrate on the three equally important focus areas of products, the environment and people.

COMPREHENSIVE STRATEGY AS A COMPASS

Awareness of pressing sustainability issues is growing around the world. Accordingly, companies like Nölken also have an obligation to address ecological and social issues. Sustainable action is a matter of course for us, which also ensures the long-term success of our company. For us, future viability means identifying market trends, technological changes as well as social, political and regulatory developments at an early stage and aligning our business activities accordingly. We want to reduce negative effects and increase positive effects - and in doing so we consider the entire value chain from the origin of the raw materials to the disposal of our products.

Our corporate strategy is based on the Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact (UNGC). In order to better manage sustainability and the associated ecological and social issues, we have developed an integrated concept based on three focus areas. This strategic approach enables us to understand the impact of our

business operations and identify opportunities to differentiate ourselves from the competition. In this way, we can offer customers and consumers innovative and sustainable products, minimize our risk through transparent and responsible supply chains - and create an attractive and efficient working environment together with our employees.

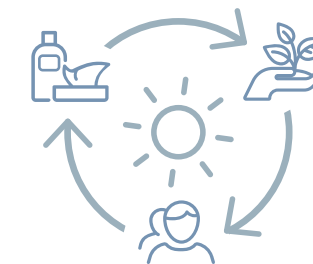
MATERIAL SUSTAINABILITY TOPICS

In 2017, we carried out a structured materiality analysis with the management and the sustainability department in order to verify the relevance of our sustainability issues. We analyzed which sustainability topics are currently and in the future will be influencing our business (outside-in) and which sustainability-related topics our business activities have an impact on. The SDGs and the principles of the UNGC as well as the results of our stakeholder dialogues were also taken into account. In recent years, we have involved the specialist departments in the development and implementation of other relevant sustainability issues and jointly defined appropriate measures and goals.

MATERIAL SUSTAINABILITY TOPICS

FOCUS AREA PRODUCTS

- Sustainable and high-quality products
- Sustainable ingredients
- Transparency within the supply chain



FOCUS AREA ENVIRONMENT

- Increased environmental requirements / environmental legislation
- Scarcity of natural resources
- Energy use
- Resource management

FOCUS AREA PEOPLE

- Employee development and retention
- Fair and safe working conditions
- Human rights and diversity

OUR OBJECTIVES

Nölken's sustainability strategy includes short-term annual goals as well as long-term goals that we aim to achieve by 2030. At regular intervals we determine these goals, which are assigned to the focus areas of products, the environment and people and which are set to support the Sustainable Development Goals of the United Nations (SDGs). Due to their high relevance, we give priority to eight sustainability goals in particular, as they either target upcoming legal requirements or take into account important corporate strategy perspectives.

FOCUS AREA PRODUCTS

We have the greatest leverage effect with our products: We want to achieve positive benefits for our customers and consumers and minimize negative effects along the entire value chain in production and raw material selection. That is why an innovative, high-quality and safe product range has the highest priority, with which we also accommodate the increasing consumer awareness for a more sustainable lifestyle. With our products we contribute to the Sustainable Development Goals 9 "Industry, Innovation and Infrastructure" and 12 "Responsible Consumption and Production".



Our Goal:

Expand the range of sustainable products and promote responsible consumption:

We want to expand our range of high quality and sustainable care products and promote responsible consumption through transparent communication. To this end, we strive for annual sales of ecolabel products of at least 30 percent of our total annual sales. We would also like to promote our idea management and increase the number of ideas submitted each year.

Our Goal:

Increase the use of certified and sustainable raw materials:

We would like to expand the proportion of raw materials that are produced in a resource-saving and ecologically and socially compatible manner. We aim to procure all nature-based raw materials from sustainable sources by 2030. For this purpose we will carry out a hot-spot analysis of a raw material category every quarter in 2021 and create a catalog of criteria for the sustainable purchase of raw materials. From 2021 onward, we will

buy almost 100 percent mass balance-certified palm (kernel) oil derivatives and purchase smallholder certificates via the Book & Claim system for the remaining quantities that we could not convert.

Our Goal:

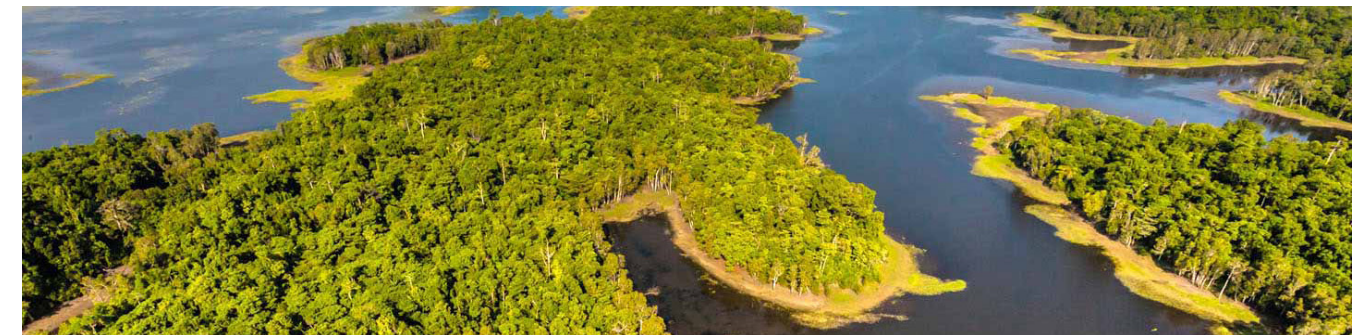
Increase transparency and sustainability in the value chain:

In order to increase the use of certified and sustainable raw materials and expand the range of sustainable products, a transparent and sustainable supply chain is essential. That is why, from 2021 onwards, we will be increasingly dealing with corporate due diligence in the supply chain and taking seriously our responsibility in purchasing with the help of a 5-step plan. In order to involve our stakeholders and raise their awareness of individual sustainability issues, we will focus on targeted public relations from 2021 onwards.

Our Goal:

Promote circular economy and circular thinking:

We adhere to these principles: avoid, reduce, reuse and recycle. Nölken has been offering its customers recyclable composite films since 2007. In 2010, the composite film was further optimized through the use of post-industrial recycling material (PIR). Over 94 percent of the composite films used now consist of recyclable films. The recyclable composite film developed from pure material has the highest recycling quality to date. Starting this year, we will be using only recyclable composite film packaging for new developments or re-launches.



FOCUS AREA ENVIRONMENT

As an industrial company, Nölken consumes natural resources and causes greenhouse gas emissions through production - therefore environmental and climate protection play a very important role for us. On the one hand, we want to secure our world for future generations and, on the other hand, we want to prepare our company for environmental and climate changes. In order to meet our responsibility, we are committed to environmentally and climate-friendly production and business operations. We are thus making a contribution to SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action".



Our Goal:

Orientation of production to meet ecological standards:

Within our production processes, we keep to our claim to comply with the highest ecological standards and systematically minimize environmental impacts. To implement this, we will build a more efficient key figure system in 2021 and collect our environmental KPIs in relation to the volume produced.



Our Goal:

Reduction of energy consumption and CO₂ emissions as well as conversion to renewable energy:

We have set ourselves the goal of reducing our energy consumption and increasing the share of renewable energy. That is why we will be implementing various measures in 2021: For example, we will replace a gas-powered forklift truck with an electric forklift and in future order new purchases exclusively as electric vehicles. All conventionally powered forklifts are to be replaced by 2030. It is also planned to equip our production hall IN6 with a photovoltaic system and to gradually retrofit all production halls with intelligent lighting. In 2021, seven EV charging stations (two fast charging stations, five normal ones) are to be built for our employees on our premises in Windhagen. We would also like to better record the CO₂ footprint in Windhagen and throw light on the subject of mobility.

We would also like to again determine a CO₂ balance (Corporate Carbon Footprint) for Windhagen as well as take our Polish subsidiary into account for the first time and make it climate-neutral. We will also start calculating our product carbon footprint in 2021.

FOCUS AREA PEOPLE

Our employees at our two locations as well as everyone involved within our entire value chain are the basis of our success. It is a personal concern of ours to offer them a permanent and secure income as well as fair and safe working conditions. We take this responsibility very seriously - and commit ourselves and our partners in the upstream production stages to complying with social standards and also to striving for improvements. We are thus making a contribution to SDG 8 "Decent work and economic growth".



Our Goal:

Increase in occupational safety and health:

Responsibility towards our employees is an essential part of our sustainability efforts. Our aim is to continue to prevent accidents in our production facilities and to support our employees in their health and well-being. For 2021, we have set ourselves the goal of reducing the occupational accident rate to 0 percent and intensifying our safety measures.

Our Goal:

Compliance with human rights, development of potential and equal opportunities:

We would like to offer our own employees the same opportunities for development within our value chain. That is why we rely on a challenging and fair work culture and an integrative personnel structure in our company. In 2021 we will offer at least two sustainability training courses for existing and new employees and fill at least two apprenticeship vacancies.

In order to protect human rights in our supply chain, we would like to lay the foundations for this at the beginning of 2021 with an initial strategy, a plan of action and a public policy statement. Building up on this, next year we will implement the measures developed and introduce a complaint mechanism.

OUR HOLISTIC APPROACH

Corporate responsibility is a central component of Nölken's entrepreneurial thinking and acting - we always make our decisions in consideration of the three dimensions of economy, ecology and social issues. We have implemented an integrated sustainability approach in order to better manage the complexity, grasp key sustainability issues and develop a targeted impact.

RULES AND PROCESSES

We organize and implement our targeted sustainability efforts with the aid of our integrated management system (IMS). We established this management system, which also includes the areas of quality assurance, environmental protection and occupational safety, in 2011 in order to control our activities and to use financial and human resources systematically and in a targeted manner. In addition, it is the means to ensure the quality and safety of our products along the entire value chain. Our IMS meets the requirements of

DIN EN ISO 22716: 2008 for the manufacture of cosmetic products, the quality management standard DIN EN ISO 9001: 2015 and the environmental management standard DIN EN ISO 14001: 2015. In addition, our processes are also certified according to the IFS HPC standard. A fundamental component of the IMS are specific area and product chain certifications, which are awarded in annual audits. We have introduced our IMS at our Windhagen and Nowogrodziec locations.

CERTIFICATIONS WITHIN OUR MANAGEMENT SYSTEM:

	WINDHAGEN	NOWOGRODZIEC
ISO 22716	✓	✓
ISO 9001	✓	✓
IFS HPC	✓	✓
ISO 14001	✓	

MONITORING

We measure the extent to which we have achieved our objectives with specific sustainability indicators that we collect using our merchandise management and quality management system. Since 2013, these key figures have been collected annually by the specialist departments on the basis of specified processes and structures and checked by the management. In this way we can guarantee the reliability, comparability and consistency of the data and control our goals. We have implemented a control and management system to collect and monitor the following sustainability-related KPIs:

Products:

- Sales volume of our eco-label products
- the number of ideas submitted via our idea management system
- Consumed quantities of certified and sustainable raw materials
- Number of documented supplier discussions, especially with critical suppliers and / or raw materials

Environment:

- Generation of waste
- Fresh and wastewater consumption
- Paper consumption
- Power consumption
- Share of renewable energy

People:

- Accident numbers
- Sickness rate
- Number of health measures offered
- Number of training courses
- Age structure development
- Gender distribution

IN ACCORDANCE WITH LEGAL REGULATIONS

For Nölken, integrity is one of the basic business principles. It goes without saying that we comply with regulations, laws, standards and stakeholder requirements with regard to environmental protection, human rights and working conditions. We also observe applicable regulations that affect our corporate practice or the production and market launch of our products, for example the detergents regulation, the cosmetics regulation, the packaging law or the General Data Protection Regulation. Our management and the department heads are in charge of their proper application. As a supporter of the United Nations Global Compact, we are committed to aligning our business activities with its universally recognized principles of environmental protection, working conditions, human rights and the fight against corruption. We expect integrity from our employees and also from our business partners, whom we inform about our ethical understanding of work right at the beginning of our cooperation and ask them to comply. We neither engage in lobbying nor donate for political purposes. In the reporting period, there were no compliance violations or cases of corruption in our company, and no fines were imposed in 2020. Therefore, we consider compliance and corruption as low risk and do not check any company location for them.



03 PRODUCTS

OUR COMPATIBLE AND SUSTAINABLE PRODUCT RANGE

Nölken specializes in nursing pads, wet wipes and liquid cosmetic care products of the highest quality. We produce our range for industry and trade as well as established house brands for trading companies. A large number of our hygiene products have been awarded recognized eco-labels. We achieve almost 34 percent of our sales with eco-label products.

Cosmetic care products

Our range of body care products includes creams, lotions, shower gels, shampoos and exfoliating scrubs, which we manufacture and package at our Windhagen site.

Wet wipes

We offer both tried and tested and highly innovative wet wipes for different areas of application - for gentle baby care, gentle cleaning of the face, body and intimate area as well as for effective cleaning in the household and for disinfection.



Nursing pads

We manufacture various high-quality nursing pads with different product properties - both consumer packs for retail and bulk packs for clinics and hospitals.

Private label brands

We carry our established brands "babyline", "Private Comfort", "babyline GREEN", "pikobelo", "feucht & frisch", "Barbara N", "Putzfee" and "petline" for trading companies.

Product brochure under:
<https://t1p.de/1qpi>

AWARDS

We want to help improve the quality of life of our consumers and offer them only high-quality care products. It is a matter of course and standard for us to manufacture our products under strict quality and hygiene requirements and to test them for their dermatological compatibility - some of our products have already received awards for this in the past.

Responsible Care

In 2016, Nölken won the Responsible Care competition in the product responsibility category. Since then we have been carrying our product "babyline GREEN" within our own brand range.



The VERBRAUCHER INITIATIVE

In 2015 Nölken received the silver award from the VERBRAUCHER INITIATIVE for its commitment to sustainability.

ÖKO-TEST

In the 07/2018 issue, the ÖKO-TEST magazine published the test results of washing lotions and gels for babies. Nölken was rated "very good" for the products that we manufacture on behalf of our customers.

PRODUCT LABELS

Our customers and consumers can rest assured that our range is safe and compatible when used properly. In the production we mainly use certified raw materials and mild ingredients with a low allergy potential. In order to make our efforts clear and to provide guidance, we rely on various seals and ecolabels.



Nordic Swan Ecolabel

The Nordic Swan Ecolabel* follows a life cycle approach, takes into account the environmental and health characteristics of a product and compares its environmental compatibility with that of competing products.

Vegan Trademark

To be labeled with the vegan trademark*, products must not contain any animal ingredients or by-products and their manufacturing process must be completely cruelty-free.

BDIH-Standard

The standard of the Federal Association of Industrial and Trading Companies* distinguishes controlled natural cosmetics without animal testing. Synthetic materials are not allowed. The criteria go beyond what is legally prescribed and take into account the raw materials used, the manufacturing process and the end products.

DAAB label

The DAAB label* of the German Allergy and Asthma Association identifies products that are suitable for children and adults with allergies and / or neurodermatitis. Certified products are free from fragrances, preservatives and colorants.

FSC label

The seal of the Forest Stewardship Council* (FSC®) stands for sustainable forest management and identifies products made from certified wood. The framework for certification is set by 10 principles and 70 criteria - from cultivation and working conditions to the finished product.

PEFC-label

The label of the Programme for the Endorsement of Forest Certification Schemes* (PEFC) certifies sustainable forest management worldwide and takes economic,

ecological and social standards into account. In addition, credible chain of custody evidence must be provided.

RSPO-label

The certification for the supply chain standard of the Roundtable on Sustainable Palmoil* (RSPO) initiated by WWF stands for sustainable cultivation, extraction and processing of palm oil and its traceability.

SAS-label

Products that have been awarded the Swiss Allergy Seal of Approval* (SAS) have been tested by independent bodies and take into account the special requirements of people with allergies and intolerances.

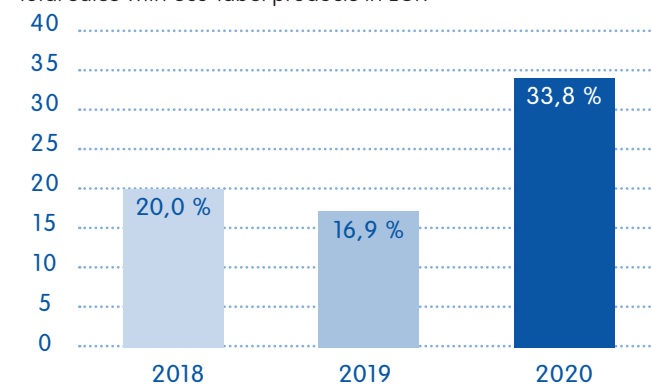
ECARF-label

The seal of the European Foundation for Allergy Research (ECARF *) distinguishes products and services that are harmless to allergy sufferers. Cosmetics with this seal possess excellent dermatological compatibility.

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

PRODUCTS WITH ECO-LABELS

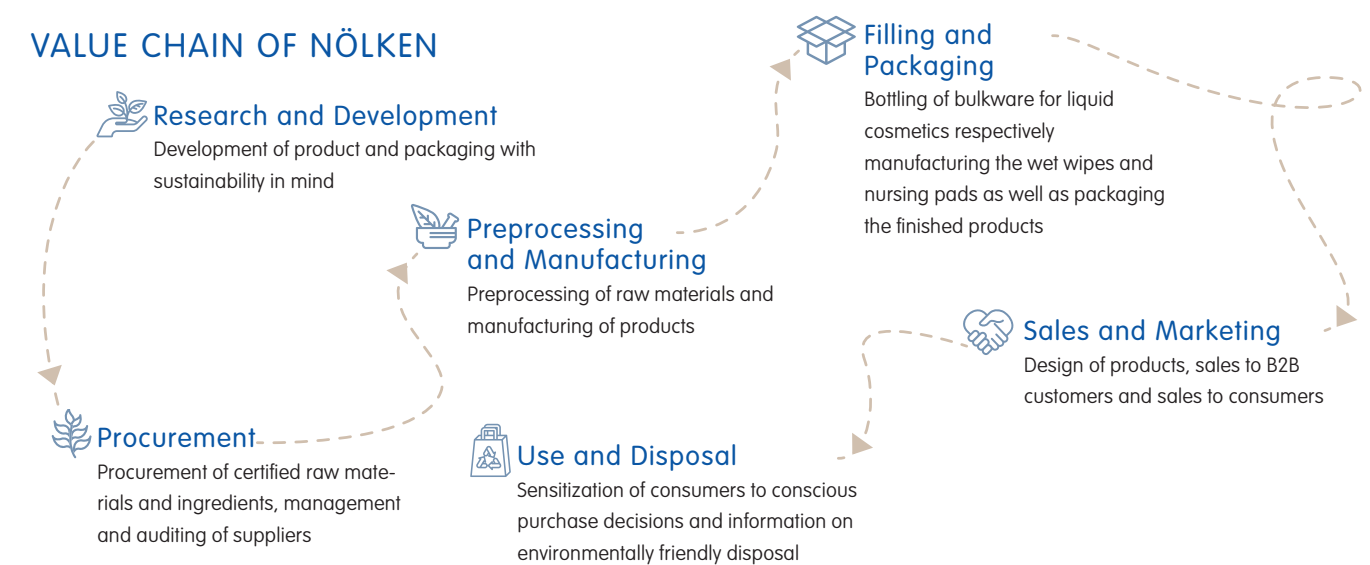
Total sales with eco-label products in EUR



WITH THE ENTIRE LIFE CYCLE IN MIND

At Nölken, we work together with our partners and customers to firmly anchor ecological and social principles throughout the life cycle of our products. In doing so, we consider the entire value chain - from the development of the recipe and packaging, through the procurement of compatible and sustainable raw materials and the management of our suppliers, the manufacture of our products, through distribution to use and disposal by consumers. At every level we want to minimize negative effects and strengthen positive effects.

VALUE CHAIN OF NÖLKEN



1. RESEARCH AND DEVELOPMENT

We are faced with numerous challenges within our value chain. Due to the size of our company and as a full-service manufacturer, we can often only exert indirect and sometimes limited influence. We have developed key requirements for our sustainable product development and production through to disposal - and apply

them as comprehensively as possible in cooperation with our trading partners, customers and suppliers. However, if customers order ready-made formulas and packaging developments, our influence is very limited. Since ecological and social changes are increasingly endangering our ecosystems and thus are having direct or



indirect effects on the manufacture of our products, we are working hard to demand the implementation of our sustainability goals from our suppliers as well.

With our current high-quality range and new, innovative products we ensure the future viability of the company. We involve our customers right from the start and develop new formulations together with them and for our consumers - or continuously modify our product range. We continuously monitor developments in the raw materials sector. With the help of market research and in dialogue with our stakeholders, we examine the ecological and social effects of raw materials and ingredients as well as packaging materials. Critical raw materials such as palm oil or cellulose-based nonwovens, which cannot



be substituted in our recipes or products, are checked very carefully in the upstream process. In the development process, we focus on optimal recyclability of the packaging and environmentally friendly disposal of the products in order to make materials available again as raw materials and thus close product cycles - and to protect

our environment from waste. We also see significant risks for our business activities here, such as stricter disposal and waste guidelines.

In the reporting period, we determined the CO₂ balance for make-up removal wipes and baby wipes in order to reduce product-related emissions on the basis of this data in the future.

2. PROCUREMENT AND SUPPLIER MANAGEMENT

Today's ecological and social challenges cannot be solved by a single company on its own. As part of an economic community and as a link between globally active trading companies and international raw material suppliers, we assume responsibility beyond our business activities. Transparency and cooperation are the prerequisites and key to creating shared values and driving change. As part of our responsible procurement, we check our suppliers as well as the quality, compatibility and extraction of raw materials.



We only use high-quality and risk-free raw materials and have high safety and quality requirements for the manufacture of our products. In order to be able to guarantee this, we rely on long-term, trusting partnerships as well as certifications and regular checks. We carefully select tier 1 suppliers - in 2020 we worked with 467 active suppliers who are based in the EU, which is why we do not anticipate any negative effects for Nölken. Our main suppliers are located in Germany, Italy, Finland and Spain. Nevertheless, we evaluate them within our supplier management in terms of quality, reliability and

various sustainability aspects. On the basis of self-assessments, documented supplier discussions and audits we make sure that laws and standards concerning quality as well as environmental and social issues are observed. We communicate closely with our suppliers,

always with a view to drive improvements. To this end, we conduct dialogues, especially if critical suppliers and / or raw materials are involved, document these and work out solutions together. The number of audited suppliers is recorded internally, but not published.

3. PREPROCESSING AND MANUFACTURING

Nölken operates two modern production plants in accordance with the latest environmental, safety and hygiene standards. We guarantee our customers and consumers that our wet wipes, nursing pads and liquid and semi-solid cosmetic products are responsibly produced, of high-quality and harmless to health.

Our entire range meets the requirements of the EU Cosmetics Directive, and we often even exceed legal requirements. We subject all raw materials and finished products to systematic safety assessments and extensive tests before they are launched, and we obey the labeling regulations. When developing our products, we

ensure skin compatibility and test them in cooperation with dermatological institutes on humans or on skin models. We take into account new scientific findings immediately. We do not carry out tests on animals, nor do we commission third parties to do so. Our products also meet all requirements concerning their shelf life within the application phase. For this purpose, we carry out various stability tests at different temperatures. We continue to work persistently to conserve resources in the manufacture of our products and to counteract environmental pollution that may arise from their use.

4. FILLING AND PACKAGING

Bottles, jars, tubes and plastic film not only protect our products and ensure their quality, they also play an

important role in product display and consumer information. We respect the legal requirements and consistently develop more sustainable and environmentally friendly packaging. Since 2019, an internal working group has been dealing exclusively with packaging, disposal and recycling. The focus is on the recyclability, ecological and social aspects of the materials. All composite films for

wet wipes, cardboard boxes for secondary packaging, folding boxes for nursing pads as well as bottles, jars

and tubes for liquid cosmetics are considered. The recyclability of materials is becoming increasingly important, as is the general question of the need for packaging that public discussion about a more sustainable lifestyle has increasingly identified as a point of criticism.



5. SALES AND MARKETING

We want to support consumers to consume responsibly. For us, sustainable consumption includes the use of compatible, resource-saving products and awareness of environmental issues. That is why we communicate positive sustainability aspects in an easily comprehensible way - when we advise our customers as an intermediate link to the consumers and also in the design of the presentation and of information on the product packaging. We avoid making misleading statements about the effects or environmental compatibility of the products, but instead adhere to the environmental claims guidelines of the edana industry association as well as the trademark requirements for product certifications and eco-labels.



We guarantee our customers the greatest possible transparency and therefore have been a Sedex member since 2012. Sedex stands for Supplier Ethical Data Exchange and is a private member organization that was established in 2002. Its goal is to make the sustainability of supply chains transparent. On the Sedex online platform we voluntarily publish self-assessments, test reports from our audits as well as certificates and corrective measures for our customers to view. The platform also offers information on the working and environmental conditions of suppliers. Our customers benefit from greater transparency and efficiency within their supply chain.

6. USE AND DISPOSAL

Even if the use and disposal of our products are beyond our direct control, we would like to take responsibility for this. On the one hand, our products are designed to be as environmentally friendly as possible, and on the other hand, we inform our consumers about professional usage and disposal options. Product packaging at Nölken consists mainly of recyclable composite film, and we avoid unnecessary secondary packaging as much as possible.



Products that contain a certain amount of plastic fibers, such as some nursing pads or wet wipes, must be disposed of with household waste. Baby wipes are also clearly marked as "do not flush". Only moist toilet paper, which is clearly marked as "flushable" on the packaging, can be disposed of via the toilet after use, because it consists of biodegradable and sustainable nonwovens that are free of microplastics and do not clog sewer pipes.

SUSTAINABLE AND SAFE RAW MATERIALS

Nölken places very high demands and quality requirements on the products. The prerequisites are high-quality, harmless, renewable and, above all, environmentally and socially compatible raw materials and ingredients, which we mainly purchase directly in Germany and other EU countries. However, components that our suppliers use may sometimes come from other countries.

NONWOVENS AND CELLULOSE

We use high-quality nonwovens made of different fiber compositions for wet wipes and cleaning wipes, and in some cases for nursing pads. These are made either from natural or chemical fibers: Viscose fiber made from cellulose is a renewable, natural raw material with particularly high absorbency, while chemical fibers made from synthetic polymers have a particularly flexible, tear-resistant structure.

Since this reporting year, all moist toilet papers from Nölken have been made from degradable, natural nonwovens derived from sustainably grown cellulose. We have thus achieved our goal of converting our entire range of moist toilet papers to natural fibers by the end of 2020. For baby wipes, we mainly use viscose fibers mixed with plastic fibers, with the natural-based fibers coming from certified cultivation such as FSC

or PEFC. In the future, we strive, in close cooperation with our customers and suppliers, to switch to pure natural fibers in baby wipes as well.

CERTIFIED NONWOVENS & CELLULOSE

	2019		2020	
	m ²	%	m ²	%
FSC	22.176.292	31,5	40.205.529	39,9
PEFC	48.119.247	68,5	60.640.548	60,1
Total	70.295.539	100	100.846.077	100

COSMETIC INGREDIENTS

We use carefully selected cosmetic ingredients for the soaking liquids in the wet wipes and for our liquid body care products. We continuously work on further developing our own and customized recipes and aligning them more closely with our sustainability requirements.

Natural ingredients

For our products, we rely increasingly on the use of natural as well as controlled organic and ecological ingredients. For example, we use ground apricot kernels in our exfoliating scrubs. In recent years, we have continuously increased their share - and thus also serve the increased demand for eco-label products. Our aim is to promote sustainable care and cleaning products and to further sensitize our customers and consumers to them.

Animal ingredients

For some recipes we use substances of animal origin, such as beeswax in our exfoliating scrubs. Products labeled as animal-free are absolutely free of animal substances or substances produced by animals, including honey, wool fat or beeswax. We mark our products with the appropriate seals: BDIH natural cosmetics, vegan flower and Nordic Ecolabel certify animal-free and cruelty-free cosmetics. Animal-free products can also be identified by the label "vegan".

Preservatives

Preservatives in liquid personal care products and especially in wet wipes maintain their effective properties. Otherwise, they could spoil within a very short time through contact with skin, air or water. Preserving agents can guarantee the microbiological stability of the care products, as they prevent germs from multiplying after the packaging has been opened. With regard to their use, we strictly fulfill the requirements of the EU Cosmetics Regulation and monitor legal changes and scientific developments. We do not use polyamino-propyl biguanides (PHMBs) in any of our products.

Microplastics

We completely refuse the use of microplastics, as due to their small size they can pass through filter and cleaning systems and affect the environment and the natural (food) cycle. Microplastics, based on petroleum or gas, are mainly used as abrasives or as liquid additives in the cosmetics and personal care industries. As an alternative we use organic exfoliants such as beeswax or ground apricot kernels. Apart from that, since 2019 we have not used synthetic thickeners or liquid emulsifiers based on synthetic polymers, which are used, for example, as thickeners in cosmetic products.

Palm oil and palm kernel oil

Palm oil has come under fire because tropical rainforests are often cut down for plantations and natural habitats are destroyed.

However, derivatives from palm oil and palm kernel oil are important basic substances for the production of washing and cleaning care products. That is why we rely on certified, sustainably grown varieties. Complete traceability back to the plantation is important to us. In 2020 we just achieved our goal as declared in FONAP: 99.6 percent of our palm raw materials are certified sustainable. We rely on the RSPO Mass Balance (MB) trading form. Our two production sites were certified in December 2017 according to the supply chain standard of the Roundtable on Sustainable Palmoil (RSPO) and successfully re-audited every year. We cover

the remaining 3.51 tonnes (0.4 percent) with small farmer certificates via the Book & Claim system.



It is important to us to promote ecological and social improvements within the cultivation and production of palm oil. That is why we are actively involved in the non-profit association Forum Sustainable Palm Oil (FONAP) and work closely with our suppliers. Every year we hold and document discussions with our supplier partners in order to accelerate progress, to check whether the FONAP additional criteria are met and to create transparency and traceability.

CERTIFIED PALM KERNEL OIL DERIVATIVES

	2019		2020	
	kg	%	kg	%
MB	813.144	94,4	789.648	99,6
B & C	48.000	5,6	3.510	0,4
total	861.144	100	793.158	100

Trade forms of sustainable and certified palm oil

Identity Preserved (IP)

Strict physical separation of palm oil from sustainable cultivation and unsustainably cultivated palm oil along the entire supply chain with 100 percent traceability.

Segregation (S)

Similar to IP, sustainable products are strictly separated from non-sustainable products. However, products from several mills certified as sustainable can be mixed.

Mass-Balance (MB)

Certified and conventional products are mixed in a controlled manner, therefore no direct traceability.

Book & Claim (B & C)

Online trading in certificates for sustainably grown palm oil. Processing companies can use it to upgrade palm oil that is not sustainably grown.

PACKAGING

In cooperation with our suppliers, our development team consistently searches for environmentally friendly and resource-saving optimization potential. We have been offering our customers a recyclable composite film as a packaging variant since 2007. In 2010, the composite film was further optimized through the use of post-industrial recycling material (PIR). In 2013, a recyclable composite film made of pure material was developed, which was further refined in 2019 and which has the highest recycling quality to date. The first products were converted accordingly in 2019 and since 2020 we have been using only recyclable composite film packaging for new developments or relaunches of our own brands and our customer projects. As a result, 94.2 percent of the composite films we put on the market are completely recyclable. Only 5.8 percent of the composite films we use consist of polyethylene terephthalate (PET) and polyethylene (PE), which are not mechanically recyclable in the composite form and therefore have to be treated in an energy to waste plant. We were unable to achieve our goal of completely avoiding these plastics by the end of 2020 at the latest, but we are still working intensively with our customers to replace the last non-recyclable composite films.

We fill liquid cosmetics into bottles, jars and tubes made from recyclable and, if requested by the customer, from recycled plastic. Since the packaging is made from single-material plastics, it can be reintegrated into the recycling cycle.

For secondary packaging, we use cardboard boxes made of 100 percent recycled material or - at the request of our customers - of certified cellulose-based variants. Next year, we will deal with the extent to which we can switch company-wide completely to recycled or certified sustainable materials for our cardboard and folding boxes.

COMPOSITE FILM

	2019		2020	
	m	%	m	%
recyclable composite film	24.937.511	88,7	32.644.943	94,2
not recyclable composite film	3.182.173	11,3	2.027.705	5,8
total	28.119.684	100	34.672.648	100

04 ENVIRONMENT

RESPONSIBILITY FOR NATURE AND CLIMATE

In a time of diverse ecological challenges, it is our duty to counteract climate change and develop suitable measures, such as the economical use of resources, reducing our energy consumption or greenhouse gas emissions. As an international company, we work purposefully to meet our responsibility.

MANAGEMENT APPROACH

Protecting our environment is one of our greatest concerns, especially against the background of the continual warming of our earth, the increasing loss of biological diversity and increasingly scarce resources. We are consistently working on further optimizing our ecological commitment – both on a large and small scale. We set ourselves clear goals to use raw materials and energy efficiently, to switch to renewable energies, to actively protect our environment and to minimize our CO₂ emissions.

The basis for advancing our activities systematically and holistically is our company-wide obligatory environmental management system, which we have introduced at the main location in Windhagen. This corresponds to the requirements of DIN EN ISO 14001: 2015 and also includes our own experience. It also takes into account German and European legislation on

environmental and occupational safety, device safety and product liability, as well as relevant standards and binding obligations. Our environmental management system is used to record and control environmentally relevant performance indicators as well as to recognize possible negative effects of our activities on the environment and to monitor cycles within the production and process planning. Systematization of these processes is intended to constantly improve our services.

Annually Nölken is audited by independent organizations according to DIN EN ISO 14001: 2015. In the year under review, we again successfully passed the recertification. No violation of German or European environmental law or corresponding guidelines was

recorded. Due to our foresighted and socially beneficial management, we anticipate little risk for our business activities. The global risks of climate change affect not only Nölken, but also our customers and suppliers - that is why we accept responsibility for the effects associated with our business activities and work together on solutions.



PAPER

For documentation or communication purposes, we use copy and business paper at both of our locations. This is a small but no less relevant topic within our business activities - in order to reduce this consumption, we are trying to digitalize our processes ever more. For example, we have completely digitized our archiving, we also work with digital order documents and invoices from our business partners. Our employees are very important here, and we are constantly raising their awareness and motivating them to save paper as much as possible.

We have been satisfying our paper needs at both locations since 2014 with copy paper made from recycled fibers (Blue Angel) and writing paper that meets internationally recognized sustainability requirements (FSC and PEFC). We have long been part of the "CEOs pro recycling paper" initiative to promote the use of recycled paper through public relations work.



PAPER CONSUMPTION WINDHAGEN

	2018	2019	2020
copy paper	300.000	525.000	671.500
letter paper	115.300	0	110.000
per employee	1.375	1.563	2.319

PAPER CONSUMPTION NOWOGRODZIEC

	2018	2019	2020
copy paper	185.000	135.000	150.000
letter paper	0	0	0
per employee	2.151	1.709	1.786

ENERGY

As a manufacturing company, Nölken needs energy, whose consumption largely varies with the amount of products manufactured. Our energy management focuses on reducing our direct and indirect consumption of fossil fuels and instead rely on an economical and environmentally friendly energy mix.

With the aid of our energy management system (EMS), we record all relevant key figures on the exact production volume and energy consumption within the individual production lines and define savings potential for both locations as well as measures to gradually increase energy efficiency. In the reporting period, we carried out an energy audit in accordance with



DIN EN 16247-1 at the Windhagen site in order to be able to control energy consumption even more transparently. In addition, we rely on energy-saving models for new machines to be purchased and on economical and smart lighting and LED lights in our production facilities, which we would like to expand consistently. On our site in Windhagen, we operate two natural gas-powered combined heat and power units (CHP) to efficiently heat drinking and heating water. We use the waste heat from two compressors to heat the building with the help of an integrated heat recovery system.

In addition, we set up a working group for energy issues in 2020 and try to find potential savings in our processes. For example, we convinced our customers to substitute carry handle tape for the shrink film used to bundle multipacks together. Only one customer still insists on the use of shrink film. Our goal is to continuously reduce our energy consumption. In order to be able to make a reliable statement about the actual savings, we want to determine our energy consumption in relation to our production volume in 2021.

ENERGY CONSUMPTION WINDHAGEN in kWh

	2018	2019	2020
electricity	3.384.509	3.523.270	3.487.064
natural gas	2.014.253	2.253.406	1.947.383
CHP generated	119.081	128.312	134.669
total	5.517.843	5.904.988	5.569.116
share of renewable energy	61,3 %	59,7 %	62,6 %
share of energy generated on-site	2,2 %	2,2 %	2,4 %

ENERGY CONSUMPTION NOWOGRODZIEC in kWh

	2018	2019	2020
electricity	1.019.023	842.670	780.988
natural gas	611.974	597.991	552.024
mineral oil	18.620	20.246	17.969
total	1.649.617	1.460.907	1.350.981
share of renewable energy	N/A	N/A	24,2 %
share of energy generated on-site	N/A	N/A	0 %

GREENHOUSE GAS EMISSIONS

At the beginning of 2020, Nölken recorded the relevant CO₂ emissions from the Windhagen site due to e.g. electricity, heating, water and mobility in relation to the business activities in the previous year. With the Corporate Carbon Footprint (CCF) we have taken a first necessary step towards our goal of climate neutrality. To this end, we work with ClimatePartner, a recognized solution provider in climate protection for companies. The CCF is calculated on the basis of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards (GHG Protocol) and serves as the basis for all further activities of a company in climate protection. Overall, the company's business activities caused emissions of 2,067.4 t CO₂ (including security surcharge). Our CO₂ emissions are primarily due to the work-related commuting of our employees, to heat generation and waste disposal. To a small extent, emissions arise from machine operation and our vehicle fleet.

Due to an adjustment of the emission factors by ClimatePartner, the emissions in the disposal category have increased exorbitantly, but the actual amount of waste not (p. 33).

Since 2018, we have been using only green electricity at our Windhagen location, which we will receive, starting January 2021, from certified regenerative sources with guarantee of origin (wind, solar, biomass). Our fleet also includes an e-car for business trips and several hybrid cars for our department heads and sales staff. In our logistics department, we have the goal of electrifying all industrial trucks by 2023, which we have already achieved with the exception of two gas-powered forklifts. We support our employees in financing e-bikes and bicycles. We also replaced our laser printers with inkjet printers in the reporting period and further reduced the overall number of printers.



We offset the emissions that Nölken caused despite all optimization measures through two forest protection projects in Germany and Papua New Guinea. We offset our unavoidable emissions with the following projects:

Rainforest as the basis of life

We support a conservation project in the April Salumei rainforest in Papua New Guinea, where indigenous peoples have joined forces to protect their area from government-approved industrial use and deforestation. Currently the project protects an area of 600,000 hectares of untouched rainforest including countless species of birds, exotic animals and plants.

Planting trees in Germany

In cooperation with ClimatePartner, we support the reforestation and conversion of German forests. In Germany, climate change is already making itself felt through forest fires, drought and heat, storms and pests. For example, Nölken supports the reforestation of mixed forests, as these are more resilient, can better withstand heat and drought, thus reducing the risk of forest fires.



GREENHOUSE GAS EMISSIONS WINDHAGEN

	2019		2020	
	↑ CO ₂	%	↑ CO ₂	%
heat	456,3	24,3	385,6	16,0
fleet	150,3	8,0	121,4	5,0
refrigerants	0,00	0,0	0,0	0,0
scope 1	606,6	32,3	507,0	21,0
district cooling	0,0	0,0	0,0	0,0
purchased heat	0,0	0,0	0,0	0,0
electricity	0,0	0,0	0,0	0,0
scope 2	0,0	0,0	0,0	0,0
employee commuting	648,0	34,5	777,3	32,2
disposal	295,0	15,7	815,4	33,8
upstream electricity	157,4	8,4	154,2	6,4
upstream heating / cooling	100,4	5,3	86,0	3,6
upstream fuel	26,7	1,4	21,4	0,9
water	20,7	1,1	38,0	1,6
air travel	15,4	0,8	3,0	0,1
rental and private vehicles	3,7	0,2	2,0	0,1
office paper	3,6	0,2	0,6	0,0
train travel	1,2	0,1	0,1	0,0
printed matter	0,4	0,0	2,0	0,1
other office supplies	0,1	0,0	0,2	0,0
homeoffice	0,0	0,0	5,1	0,2
scope 3	1.272,6	67,7	1.905,4	79,0
total	1.879,4	100	2.412,5	100

WATER AND WASTE WATER

We consider water to be a vital raw material. Worldwide, however, clean drinking water is becoming scarcer due to climate change and the growing world population. That is why for Nölken water and clean wastewater is a major concern not only because of legal requirements. In our company, we mainly use water that goes into production, as well as process water that is needed to clean the production facilities. We obtain fresh water at our Windhagen and Nowogrodzic locations from the public drinking water networks.

With the help of our environmental management system and water meters at consumption points in the production facilities, we have established a systematic

monitoring in order to record product-specific water consumption and wastewater volume. Responsible use of the resource water is an essential part of environmental management. Water that we use for wet wipes is processed by reverse osmosis and UV systems to be employed in the production of cosmetic liquids. Water used to clean the production facilities is disposed of separately as waste water. Due to production increases resulting from the favourable economic situation the consumption of fresh water at both locations has risen in recent years.

WATER CONSUMPTION AND SEWAGE WINDHAGEN in m³

	2018	2019	2020
fresh water	44.698	51.754	55.698
waste water	23.702	28.791	27.196

WATER CONSUMPTION AND SEWAGE NOWOGRODZIEC in m³

	2018	2019	2020
fresh water	6.000	5.475	7.549
waste water	626	639	885



WASTE

Various types of waste are generated in our production facilities – in general we actively promote their avoidance and recycling: We try as best we can to avoid waste in the first place. Where it is technically possible and economically sensible, we reuse materials, recycle them or dispose of them properly. This is the only way we can reduce the amount of waste through our waste management and make an important contribution to environmental protection.

Through our waste management, we systematically separate the various waste fractions at great expense. This enables us to identify and classify our waste using a waste classification code (EWC (European Waste Catalogue) code), sort it according to type and dispose of it in accordance with the regulations. Although the production and demand for products increased in 2020, the amount of waste in Windhagen did not. We attribute this positive development to our successful waste management and our waste management officer. We recycle and dispose of (hazardous) waste with the necessary care through qualified service providers. We still have not found a suitable disposal company who can reuse our cloth waste or any other recycling



option. Therefore, the cloth waste continues to be treated in an energy to waste plant. Leftover nonwovens are sold as a by-product for the manufacture of new products and are listed in the overview as recycled. In the reporting period, there were no violations of relevant legal provisions and no contamination or leaks were recorded at either location.

WASTE GENERATED IN

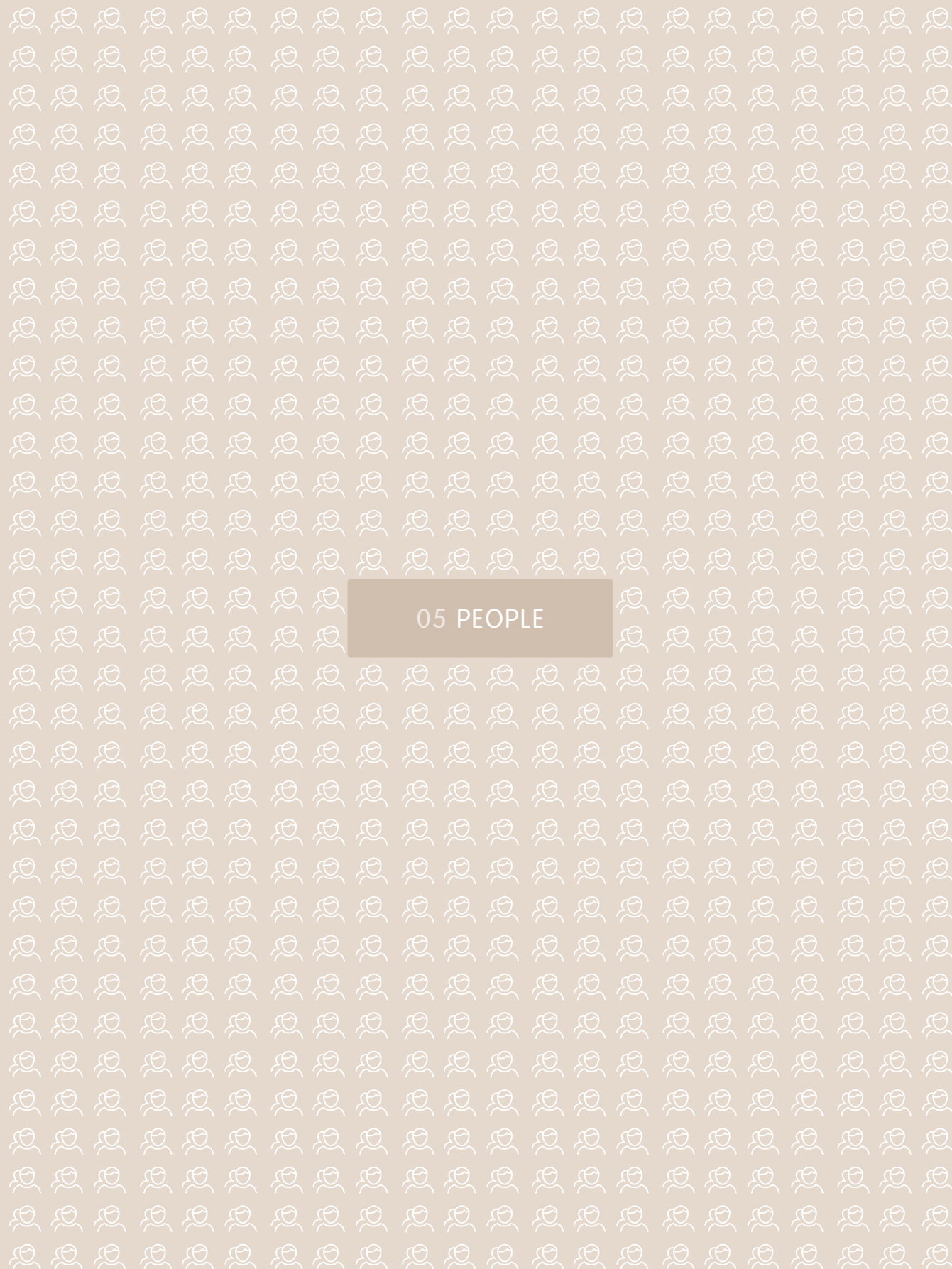
	2018	2019	2020
glass waste, mixed scrap	0,1	5,6	13,9
electronic scrap, fluorescent lights, aerosols, oil-stained resources	38,5	0,5	0,2
nonwovens	784,9	1.035,3	840,0
plastic film and sheet, plastic parts, PP multi-wall sheets	68,0	72,8	102,3
rinsing water	2.684,3	2.957,6	2.867,2
wood	0,0	5,3	8,5
cardboard	258,6	301,0	292,9
residual waste	352,0	326,0	175,4
unsold finished products	72,9	69,9	73,5
metal and plastic packaging	0,0	1,2	7,8
total	4.259,7	4.775,2	4.381,6
share of waste recycled	N/A	N/A	9 %
share of waste treated in a WtE plant	N/A	N/A	91 %

WINDHAGEN in t

	2018	2019	2020
glass waste, mixed scrap	0,1	5,6	13,9
electronic scrap, fluorescent lights, aerosols, oil-stained resources	38,5	0,5	0,2
nonwovens	784,9	1.035,3	840,0
plastic film and sheet, plastic parts, PP multi-wall sheets	68,0	72,8	102,3
rinsing water	2.684,3	2.957,6	2.867,2
wood	0,0	5,3	8,5
cardboard	258,6	301,0	292,9
residual waste	352,0	326,0	175,4
unsold finished products	72,9	69,9	73,5
metal and plastic packaging	0,0	1,2	7,8
total	4.259,7	4.775,2	4.381,6
share of waste recycled	N/A	N/A	9 %
share of waste treated in a WtE plant	N/A	N/A	91 %

NOWOGRODZIEC in t

	2018	2019	2020
glass waste, mixed scrap	N/A	N/A	N/A
electronic scrap, fluorescent lights, aerosols, oil-stained resources	0,1	0,1	0,0
nonwovens	400,9	405,9	571,7
plastic film and sheet, plastic parts, PP multi-wall sheets	110,7	96,0	114,0
rinsing water	122,2	159,0	216,0
wood	0,0	0,0	0,0
cardboard	83,7	43,5	35,4
residual waste	38,0	40,0	46,3
unsold finished products	N/A	N/A	N/A
metal and plastic packaging	0,0	0,0	0,0
total	755,5	744,5	983,4
share of waste recycled	N/A	N/A	0 %
share of waste treated in a WtE plant	N/A	N/A	100 %



05 PEOPLE

SUSTAINABILITY IS A JOINT TASK

At Nölken we are convinced that the involvement of all interest groups as well as strong and lasting partnerships are the key to achieving our social and ecological goals. Only together can we promote sustainability along our value chain - that's why we are committed to fairness, equal opportunities and sustainable cooperation.

STAKEHOLDER DIALOGUE

We want to further develop our sustainable actions through constructive and critical exchange and to create value together - because we are convinced that responsible corporate management can only come about through cooperation. Nölken uses the feedback received to better understand the various interests and to improve the strategy and measures.

We are in regular dialogue with our stakeholders, whom we have identified with the help of an analysis and evaluation and grouped according to their influence: our customers, employees, business partners, universities, politics and authorities as well as organizations, communities and our society.

In order to align our reporting to the needs of our stakeholders and to actively involve them, we also carried out a survey on our sustainability report 2019 and our sustainability magazine, which appeared in print for the first time last year, as well as on our commitment. Unfortunately, there was no feedback from our stakeholders. We suspect that the current events surrounding the corona pandemic and more pressing concerns are the cause. We have therefore decided to ask our stakeholders insistently for feedback in the coming reporting period.

BUNDLING STRENGTHS

The well-being of our consumers, customers, employees and people who are involved in the manufacture of our products has a special priority within Nölken's sustainability strategy. As an employer, we also see ourselves as part of society. We maintain a wide range of relationships with our stakeholders: We exchange ideas with customers, business partners and NGOs at workshops and meetings or drive industry-wide changes through joint projects and collaborations. We are also involved in associations, organizations and clubs.

We support the German Sustainability Code and are members of the European Disposables and Nonwovens Association (edana), the Forum Sustainable Palm Oil e.V. (FONAP), the Roundtable on Sustainable Palm Oil (RSPO), the German Chemical Industry Association (VCI), Industrieverband Personalpflege- und Waschmittel e.V. (IKW), the Federal Association of Industrial and Trading Companies (BDIH) and the trade association SEPAWA. These associations represent our interests in politics and legislation. For example, we are involved in

edana to avert an EU-wide restriction on the sale of wet wipes for hygiene or the classification of viscose as plastic and thus to prevent an impairment of our business basis. Our independence is very important to us. We only pay membership fees to the organizations mentioned and do not make any donations to politicians or parties.



OUR COMMITMENT AS PART OF SOCIETY

Nölken is a family company in which the people who work for and with us are just as important as the quality of the products. We want to offer an attractive, fair and cooperative working environment, promote our employees, protect their health and safety and at the same time uphold human rights in our supply chain.

TRUSTING COOPERATION

Nölken is characterized by a value-based and trusting corporate culture that encourages dialogue on an equal footing. We involve our employees in key decision-making processes. In addition, we allow our workforce to actively shape the future way we work together in a variety of ways. Our flat hierarchy, short decision-making paths and our open communication play an important role here. Our management exemplifies this participation and openness, which we support through regular newsletters, meetings, internal events and the parties and celebrations we have together. We highly value a considerate and friendly working atmosphere that encourages respect, appreciation and security. A conducive working atmosphere forms the foundation of the management's and supervisors' leadership competencies.



our employees are trained accordingly. Beyond the legal requirements we support the principles of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO). We are committed to protecting the rights of workers in our supply chain and require our suppliers to comply with labor standards in their own companies and in their supply chain.

We have already carried out a risk analysis for critical raw materials that can pose human rights risks, such as natural fibers or palm-based derivatives. Certifications such as FSC, PEFC and RSPO, which we have received in recent years, take into account not only environmental risks but

also compliance with human rights. Our involvement in FONAP also contributes to the further development of Palm certification systems with regard to human rights. Apart from that, we are resolved to exercise our duty of care in the supply chain even more in 2021, and we have set up a working group for this purpose. We would like to successively examine all raw materials and also analyze their social risks.

PROTECTION OF HUMAN RIGHTS

We see it as our responsibility to actively campaign for compliance with human rights along our entire value chain. We realize such risks in the upstream supply chain in particular. We consider transparency to be a prerequisite for driving change. In addition, we have formulated binding internal and external codes of conduct adopted by the management in order to promote and demand fair working conditions for our employees and suppliers. These are continuously developed and

STRUCTURE

A total of 421 employees work at Nölken. We pay great attention to respectful cooperation, regardless of age, gender, nationality or culture - and employ people from Germany, Poland, Romania, Turkey, Italy, Croatia, Macedonia, Bulgaria, Russia, Portugal, Bosnia and Herzegovina, Syria and Albania, Afghanistan, Belgium, Belarus, Spain, France, Cameroon, Kosovo, Kazakhstan, Morocco, Moldova and Costa Rica. The average length of service is 8 years for our female employees and 7 years for our male employees. The satisfaction of our employees is very high. Should problems nevertheless arise, all employees can contact the employee representative, who will record complaints and resolve them directly with the person concerned.

EMPLOYEE STRUCTURE WINDHAGEN

	2018	%	2019	%	2020	%
management						
women	3	1,0	3	0,9	2	0,6
men	9	3,0	11	3,3	11	3,3
employees						
women	116	38,4	114	33,9	114	33,9
men	167	55,3	198	58,9	201	59,8
apprentices						
women	3	1,0	6	1,8	5	1,5
men	4	1,3	4	1,2	4	1,2
total number of employees	302	100	336	100	337	1,2

AVERAGE NUMBER OF TEMPORARY WORKERS PER DAY WINDHAGEN

	2018	2019	2020
total number of employees	13	19	15

EMPLOYEE STRUCTURE NOWOGRODZIEC

	2018	%	2019	%	2020	%
management						
women	3	3,5	3	3,8	4	5,0
men	2	2,3	2	2,5	3	4,0
employees						
women	37	43,0	32	40,5	29	35,0
men	44	51,2	42	53,2	48	57,0
apprentices						
women	0	0,0	0	0,0	0	0,0
men	0	0,0	0	0,0	0	0,0
total number of employees	86	100	79	100	84	100

AVERAGE NUMBER OF TEMPORARY WORKERS PER DAY NOWOGRODZIEC

	2018	2019	2020
total number of employees	5	1	1

PROMOTING DIVERSITY AND EQUAL OPPORTUNITIES

As an international company, we see the diversity of our employees as a benefit that we want to promote in a targeted manner. We are convinced that diverse knowledge and different perspectives strengthen Nölken's innovative capability and competitiveness. That is why it is very important to us to create a working environment that facilitates equal opportunities for everyone. Since our personnel policy is based on this concern for integration and equal opportunities, we do not see any deficits in this area and have therefore not defined any further goals.

Trustworthy employer

As an employer, Nölken is also responsible for socially relevant aspects in the regions of our locations. We want to offer our employees modern workplaces and creative freedom - especially to find skilled workers and trainees, because in the region around Windhagen the unemployment rate is 5.1 percent and around Nowogrodziec 3.7 percent. We are committed to protecting the rights of our employees and to complying with labor standards. Beyond the legal requirements we support the principles

of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO). It goes without saying that we grant freedom of association and recognize the right to collective bargaining. An employee representative acts as the contact person for all relevant issues.

AGE STRUCTURE DEVELOPMENT WINDHAGEN

	2018	%	2019	%	2020	%
Administration	2	0,8	2	0,6	2	0,6
Production	8	2,5	3	0,9	6	1,8
16-20 years	10	3,2	5	1,5	8	2,4
Administration	15	5,1	20	6,0	17	5,0
Production	43	14,2	56	16,7	44	13,1
21-30 years	58	19,3	76	22,6	61	18,1
Administration	19	6,2	19	5,7	16	4,7
Production	35	11,7	44	13,1	51	15,1
31-40 years	54	17,9	63	18,8	67	19,9
Administration	21	7,0	23	6,8	28	8,3
Production	65	21,6	67	19,9	63	18,7
41-50 years	86	28,6	90	26,8	91	27,0
Administration	16	5,4	22	6,5	27	8,0
Production	78	25,6	80	23,8	83	24,6
51 - older	94	31,0	102	30,4	110	32,6
	302	100	336	100	337	100

AGE STRUCTURE DEVELOPMENT NOWOGRODZIEC

	2018	%	2019	%	2020	%
Administration	0	0,0	0	0,0	0	0,0
Production	0	0,0	0	0,0	5	6,0
16-20 years	0	0,0	0	0,0	5	6,0
Administration	2	2,3	2	2,5	1	1,2
Production	21	24,4	17	21,5	15	17,9
21-30 years	23	26,7	19	24,1	16	19,0
Administration	3	3,5	4	5,1	4	4,8
Production	21	24,4	22	27,8	24	28,6
31-40 years	24	27,9	26	32,9	28	33,3
Administration	2	2,3	2	2,5	3	3,6
Production	20	23,3	15	19,0	15	17,9
41-50 years	22	25,6	17	21,5	18	21,4
Administration	1	1,2	1	1,3	0	0,0
Production	16	18,6	16	20,3	17	20,2
51 - older	17	19,8	17	21,5	17	20,2
	86	100	79	100	84	100

Promotion of all talents

We involve our employees without prejudice and promote them according to their talents. We have put down the basic values for the cooperation of our employees in a binding code of conduct.

Discrimination is not tolerated and there were no incidents of discrimination in the reporting year. Nevertheless, we have appointed a person of trust with whose help employees who feel discriminated against can contact the top management directly.

Equal opportunities for women and men - regardless of their family situation - in their professional development is a major concern for us. In order to support the work-life balance and of course to respond to the challenges of the COVID-19 pandemic, in 2020 we offered family-compatible working models, such as shift work, flexible working hours, part-time options, and further home office workplaces. Regardless of this, we remunerate our employees according to their function. While for non-clerical and non-administrative employees we work with a remuneration system that is based on wage groups, there are salary models with fixed and variable remuneration components for clerical and administrative employees as well as for management and executives. In annual reviews a pay rise may be agreed depending on performance.



In addition, we encourage our staff to contribute ideas and impulses of all kinds through our idea management. We reward successful suggestions with 10 percent of the financial savings. Financial investments are always carefully examined by management and controlling, with environmental or social factors naturally taken into account. The percentage of financial assets is collected internally, but not published in this report. Currently and in the future, we do not take into account the achievement of sustainability goals in the remuneration system.



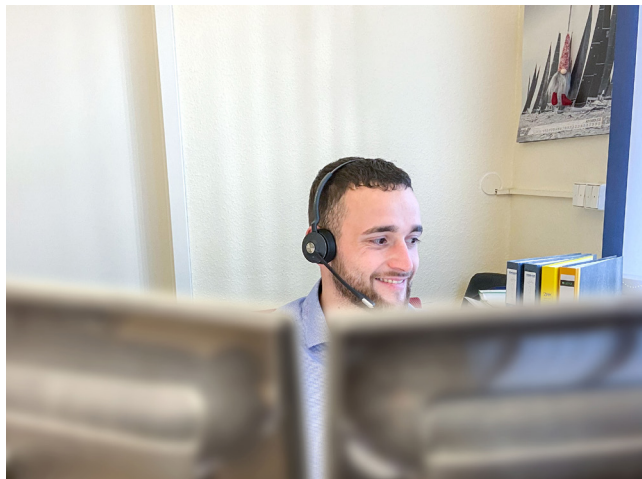
QUALIFICATION AND TRAINING

Our employees are the basis of the success of our company. Their work commitment and professional qualifications are their main contributions. That is why we specifically train junior staff, promote lifelong learning and create a working atmosphere conducive to their professional and personal development. Since we do not see any deficits in the area of qualification, we have not set any goals or time plans.

Retaining young talents

It is very important to us to identify and promote young talents - and since 1985 Nölken has been a training company audited by the Chamber of Commerce. In addition to professional development, we actively involve our trainees in our day-to-day business from the start. It is important to us to show them the principles of sustainable and ethical business practices and to include them in our sustainability projects.

We offer employees and trainees who have proven themselves the opportunity of part-time study (while still working with us) or "dual study" schemes (combining university education with on-the-job training in our company). During the study period, we also provide them with financial and structural support. In addition, we offer insights into our company to secondary and university students, for example through brief work experience placements or industrial placements required as part of a degree course.



Promoting careers individually

Our working world is shaped by far-reaching changes such as technical progress or digitalization. This requires a certain amount of flexibility and a positive attitude to life-long learning. That is why we support our employees individually and offer them opportunities to shape their careers according to their own interests and potentials - and according to their respective phase of life. This allows our employees - regardless of their age - to continue their education, acquire special knowledge or train their soft skills. We sponsor all or part of the training offers and, depending on the type of training, also allow time off work. Our programs were very actively accepted in Windhagen during the reporting period. Despite the pandemic, our employees in Windhagen received an average of around 1.39 hours of further training. Further training measures took place in Nowogrodziec, but these were not documented.

FURTHER EDUCATION WINDHAGEN

	2018	2019	2020
hours	1.098	634	469
Number of employees	302	336	337
qualification rate	3,6	1,9	1,4

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

In view of the ever faster world and increasing professional demands, it is one of our major concerns to offer our employees security and to promote their health. To this end, we have established a holistic health policy in order to minimize the risk of occupational accidents and diseases.

Effective protective measures

In everything we do, the safety of our employees is our top priority. We develop improvement measures across departments - the main focus is on risk analysis and prevention in order to ensure even more protection and health in the workplace and the well-being of our employees.

As part of our comprehensive risk management, we have established an occupational safety committee in Windhagen, consisting of the commissioned occupational safety specialist, the company doctor, the employee representative, the production manager, the quality manager and the management. In Nowogrodziec, the management and the assigned occupational safety specialist work closely together. The teams at both locations meet regularly and together we have set up a corresponding program with goals and improvement measures, which is continuously being developed. In this context, all technical systems and workplaces are checked regularly, and all employees are instructed annually in occupational safety and fire protection. All employees in production are equipped with protective equipment, including safety shoes, hearing protection, gloves, and the workplaces are also assessed with regard to particular psychological or physical stress. With every investment in buildings or machines, we also try to further increase the safety of our employees. It is our primary goal to completely avoid accidents - nevertheless, injuries occasionally happen, but cannot be attributed to

a specific place or work step. If an accident occurs, an extensive accident analysis with a safety discussion is carried out with the person involved in the accident so that the accident does not recur. When long-term sick employees return to work from sickness absence, BEM talks or return talks are held. In the reporting period, the accident rate in Windhagen decreased still further and in Nowogrodziec it remained low, with no work-related deaths on the record.



WORK ACCIDENTS WINDHAGEN

	2018	2019	2020
accidents	102	82	60
men	71	62	46
women	31	20	14
accident rate	33,8 %	24,4 %	17,8 %
days lost	484	416	143

WORK ACCIDENTS NOWOGRODZIEC

	2018	2019	2020
accidents	3	1	2
men	2	1	2
women	1	0	0
accident rate	3,5 %	1,3 %	2,0 %
days lost	79	12	6



Promoting health

With our wide range of services, we want to specifically promote the well-being and health of our employees, invigorate them in the long term and actively contribute to a full recovery in the event of sickness. Our company health management is a central element at both of our locations. We offer free check-ups, such as hearing and eye tests or flu vaccinations. In Windhagen, we also offer a wide range of health-promoting services and recreational activities: For example, we organize 8 slots per week for back massages that our employees can easily book, or runners' meetings, offer discounts for membership in a fitness studio or sponsor participation in city and marathon races. Three health measures with 45 participants were carried out in Windhagen. A health measure was offered in Nowogrodziec and 65 employees took part.

SICKNESS RATE WINDHAGEN

	2018	2019	2020
rate	7,0	8,5	8,4

SICKNESS RATE NOWOGRODZIEC

	2018	2019	2020
rate	6,0	5,2	4,7

OUR SOCIAL COMMITMENT

Our company is regionally rooted and sees itself as a part of society. That is why many of our staff take pleasure in getting involved in social and charitable activities. We encourage our employees in their commitment - which promotes motivation and identification with the local community and makes our company and our values a tangible reality.

OUR COMMITMENT

It is one of our major concerns, regardless of the business activities of Nölken, to actively contribute to the sustainable development of the communities in the regions around our two locations and to a sustainability-oriented design of society: through donations, support and sponsorship of cultural, social, educational and sporting events or institutions. Many of our employees also volunteer in regional or neighborhood projects, which we as a company are happy to support - because we are convinced that their commitment also has a positive effect on our mutual cooperation. Our basic intention is to promote the common good. That is why we carefully examine the purpose of donations and institutions and exclude financial support for political parties, political foundations, employers' associations or trade unions. No such payments were made in the reporting period.

Education

Providing the young generation with educational opportunities is very important to us. That is why we support regional educational institutions. During the reporting period, we supported the **Förderverein für die Kultur-, Bildungs- und Erziehungsarbeit an der Realschule plus Rheinbrohl e.V.**

Creative commitment

In Bad Honnef we regularly support the **"Tafel" of the Arbeiterwohlfahrt** with donations of personal care products to help needy people from our region.

Environmental protection

As an active member of **FONAP**, we support the switch to 100 percent sustainable and certified palm (kernel) oil and its derivatives. In addition to the membership fee, we made a voluntary donation to the FONAP small-holder project in the reporting period.

Safety

At our Windhagen and Nowogrodziec locations, we regularly support the local **voluntary fire brigade**.

Sports

We regularly support sports clubs to ensure their existence and to promote our employees who are active in these clubs. In the reporting period, Nölken supported **Rolltennis e.V. Windhagen** and the **Windhagen football club**.



06 APPENDIX

ABOUT THIS REPORT

Since 2011, Nölken has integrated sustainability as a component into the corporate strategy in order to position, systematically record and further develop topics such as future viability, resource-saving production, ecological and social commitment and responsibility throughout the company.

With this tenth sustainability report, we present our sustainability performance and throw light on our impact in terms of economic, ecological and social aspects. This report is addressed to our stakeholders - customers, service providers, suppliers, non-governmental organizations, politics and authorities, science, the media, as well as our neighborhood, the public and our employees.

This report covers the period between January and December 2020 and provides an overview of our sustainability strategy, our goals and progress. We provide information about concepts and measures that we have taken to make our products, services and our value chain even more sustainable. This report includes the business activities and the effects of Nölken Hygiene Products GmbH and Noelken Sp.z o.o. The reporting boundaries run essentially along our production boundaries. All data are as of February 28th, 2021.

The 2020 Sustainability Report follows the guidelines of the German Sustainability Code on the one hand, and the ten principles of the United Nations Global Compact on the other, and is based on the standards of the Global Reporting Initiative in the "Core" compliance option. This report has not been verified by an independent third party.

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

The publication of the next comprehensive sustainability report is planned for the first half of 2022.



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