








# SUSTAINABILITY REPORT 2021



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*Dear readers,*

The year 2021 saw many changes at Nölken. In early 2021 Thomas Müller joined the management, with Thomas Schnitter and Alexander Strepp following at the beginning of 2022. A new site for the production of wet wipes was bought in Neustadt/Wied, which is located in the immediate vicinity of our main site in Windhagen and is thus well tied in with the operations and processes there.

As the health of our employees was again one of our priorities in 2021 we successfully carried on with our anti-COVID-19 measures. Despite these precautions we managed to supply our customers with personal hygiene and care products.

Nölken added a new sustainability manager, Christoph Lerbs, to its sustainability department last year. Together with Johanna Jung he works to continually advance and develop the company toward increased sustainability. One of the sustainability goals we have adopted is to become climate neutral by 2045. In order to work toward this goal even now Nölken has joined the Foundation Development and Climate Alliance as a member. This will help us document our climate protection activities, avoid or reduce CO<sub>2</sub>

emissions and compensate for those CO<sub>2</sub> emissions that cannot be prevented. This will advance us toward the goal of climate neutrality.

In order to make our production processes and facilities more climate neutral through renewable energy we installed the planned photovoltaic system on production hall IN6 and put it into service.

This sustainability report—our tenth edition, by the way - presents these and other measures. But we are not content with that. We aim to make our company and our products even more sustainable in the future. We will achieve this goal only in dialogue with you, our business partners 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 at [nachhaltigkeit@noelken.de](mailto:nachhaltigkeit@noelken.de).

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



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

Ernst Markus Nölken  
Managing Director

Ulrich Daniel Nölken  
Managing Director

Thomas Müller  
Managing Director

Thomas Schnitter  
Managing Director

Alexander Strepp  
Managing Director

## 01 COMPANY

## CORPORATE PHILOSOPHY

As a manufacturer of personal care products, we have a special responsibility - for the welfare of humans and the environment. For us, sustainability is the balance between social justice, economic chances, and the conservation of nature. Our business activities aim to ensure respect for all humans and the considerate treatment of the environment in order to conserve it for future generations. Sustainable management has therefore been an integral part of our corporate philosophy since the company was founded - we also consider it as the basis for our future viability.

### OUR VISION

The core principles of our business policy are the 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 who offers 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.

### OUR NOTION OF SUSTAINABILITY

Sustainability is not just about the environment, it is also decisive for the future of our company. We are committed to a sustainable development that reconciles economic goals with socially and ecologically responsible business activities with a view to creating a better world by using resources more intelligently and by fostering a stable society that always puts humans first.

## BASIC FACTS ABOUT NÖLKEN

Nölken stands for the highest quality in hygiene products – ever since 1982. We promote social and ecological progress and the conservation of our natural environment. We know what sustainable consumption can achieve, because our products help numerous people in their everyday lives. We ensure the success of our company through long-term customer relationships and innovations that contribute to sustainable development.

### BUSINESS ACTIVITIES AND COMPANY SITES

For decades Nölken has been a leading manufacturer of hygiene products supplying branded and own-brand products to trade and industry. We develop and produce wet wipes, nursing pads and liquid cosmetics for babies, children, adolescents, adults and seniors. We also offer in-house series that our consumers can purchase in drug stores and supermarkets. As a full-service manufacturer, we take responsibility for the entire value chain - from the design to the shipping of products we offer a comprehensive range of services. The first step is developing, with our customers, the requirements and specifications of new products or changes to existing ones. We then take care of the procurement of raw

materials from suppliers and finally – our core business activity – we take on the production, packaging and shipping of products.

Nölken Hygiene Products runs production sites in Windhagen (DE), Neustadt/Wied (DE), acquired in early 2021, and in Nowogrodziec (PL).

In 2021 Nölken supplied national and multinational trading and industrial companies in 30 countries. The main markets are Germany, Austria, the Czech Republic, the Netherlands and Switzerland.

### MARKETS

### FACTS AND FIGURES



### CORPORATE HISTORY

In 1982 Ernst Nölken laid the foundation stone for the company by setting up a trading company for moist toilet paper. Nine years later, in 1991, - after several relocations – the main site at Windhagen was established where today 361 employees work hard every day to manufacture high-quality products that are purchased by loyal customers from all over the world.

In 1993 the subsidiary company Noelken Sp. z o.o. was founded in Nowogrodziec, Poland, which started out with the manufacture of pre-products and now concentrates exclusively on the production of wet wipes. Starting with just a few items, our 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.

The successful company, founded in 1982 by Ernst Nölken, has been managed in the second generation by Markus and Daniel Nölken since 2010. In 2022 we are celebrating our 40th anniversary.

### MANAGEMENT

Nölken is an owner-managed company with currently three locations in Windhagen, Neustadt/Wied and Nowogrodziec. In 2021 the German Nölken Hygiene Products GmbH was managed by the managing partners Ernst Markus Nölken and Ulrich Daniel Nölken and

by Thomas Müller. Since 1 January 2022 the management has consisted of five members: E. Markus Nölken, U. Daniel Nölken, Thomas Müller, Thomas K. Schnitter and Alexander A. Strepp.

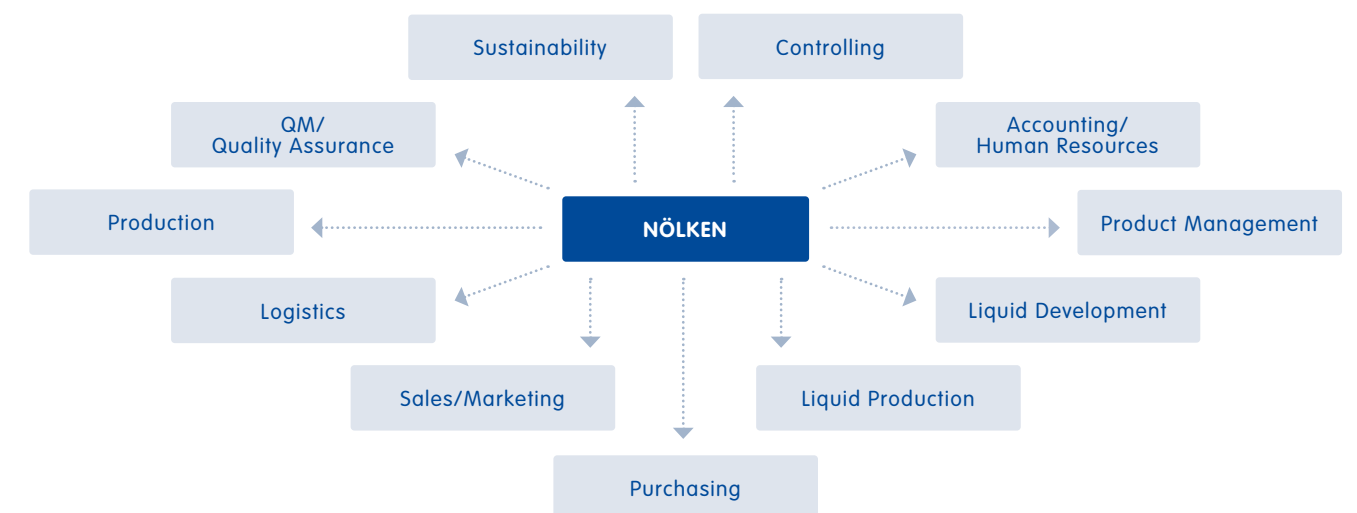
The management of the Polish subsidiary Noelken Sp.z o.o. consists of the managing partner Ernst Markus Nölken and the managing director Mariola Jarzab.

### RESPONSIBILITY FOR SUSTAINABILITY MANAGEMENT

Since 2011, sustainability management has been firmly anchored in the parent company through the direct reporting line to the management of our sustainability manager Johanna Jung. Since March 2021 another sustainability manager, Christoph Lerbs, has been supporting all sustainability activities of the parent and subsidiary companies in Germany and Poland. Overall responsibility for sustainability lies with the managing partner Markus Nölken.

For us, sustainability is the basis of our future viability. In order to control and implement all major sustainability dimensions comprehensively, relevant aspects from various functional areas and spheres of responsibility are coordinated by the company management: quality management, occupational safety, fire protection, data privacy, environmental management, waste management, dangerous goods management and REACH.

### ORGANISATIONAL STRUCTURE OF NÖLKEN





## 02 STRATEGY

## TAKING RESPONSIBILITY

At Nölken we are aware of the importance of sustainability and responsible corporate governance. We make every effort to keep a close eye on the impact we make in all our business activities. We concentrate specifically on the three equally important areas of products, the environment and people.

### OUR SUSTAINABILITY STRATEGY

For Nölken future viability means firstly conducting our business activities in accordance with environmental compatibility and social justice; and secondly developing products that fulfil the changing demands of customers and take into account technological changes as well as political and regulatory developments. By deliberately assuming responsibility for humans and nature we ensure the economic vitality of our company as well the added value for society and the environment.

Our sustainability strategy is based on the Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact (UNGC). In order to manage sustainability and the associated ecological and social issues, our sustainability strategy comprises three focal themes: products, environment, people. This focused approach enables us to systematically record the impact of our business operations, to identify risks and opportunities and to address them directly in the relevant departments.

### Focus Area products

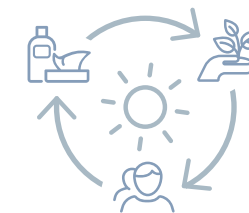
Our paramount goal is the manufacture of high-quality and sustainable personal care products that meet the high demands of our customers. We also want these sustainable products to inspire responsible consumption, today as well as in future. We aim to continuously improve our products, and we rely on the innovation capacities of our team and of our customers to reach this goal.

We work to reduce negative impacts and strengthen positive effects of our products, and in doing so we consider the impacts along the entire value chain from the procurement of the raw materials to the disposal of the products. The basis of our efforts are raw materials that are obtained in ways not harmful to society and the environment and that are safe to produce and use.

### Focus Area environment

We assume responsibility towards our ecological environment and the climate and make every effort to minimize or avoid where possible the negative effects of our business activities. We adopt a precautionary approach to environmental, climate and resource protection and use our certified environmental management system to put it to practice. We actively foster ecological awareness, encourage the development and propagation of environmentally friendly technologies and promote renewable energy sources.

#### FOCUS AREA PRODUCTS



#### FOCUS AREA ENVIRONMENT

#### FOCUS AREA PEOPLE

### Focus Area people

We commit ourselves to being a reliable, trustworthy and transparent partner for all those involved with our company through their work, through projects or products. We are committed to ethical business practices, to the observation of international human rights and labor standards within our sphere of influence and demand compliance from our suppliers as well. Our company offers fair working conditions, we comply with applicable labor standards, implement occupational safety measures for our employees and offer them a variety of health measures.

## RISIK MANAGEMENT

We systematically assess external and internal sustainability risk that might arise from our business activities. Nölken has adopted measures to control, minimize and restrict the risks we have identified. Risk assessments are always conducted by the management, the departments concerned and the sustainability department.

### Focus Area Products

The complexity and the large number of suppliers have led to an increase of risks. To manage the risks of procurement, the procurement department takes the necessary measures to avoid or insure against these risks. The supplier pre-qualification process is the main method to control these risks.

The procurement of raw materials may entail mainly ecological and human rights risks. Human rights risks may arise regarding the working and living conditions of the people involved in the cultivation and manufacture of nature-based fibers and palm-based derivatives. Environmental risks exist in the immediate vicinity of the areas of cultivation. The supply chain certifications FSC, PEFC und RSPO, according to which we are certified, reduce ecological and human rights risks. We also see risks regarding waste disposal directives. Therefore, our development process concentrates, among other things, on optimum recyclability of packaging and environmentally compatible disposal of products in order to make materials available again as raw materials and thus close product cycles.

### Focus Area Environment

Regarding environmental protection, the manufacturing processes of personal hygiene and care products may always have an impacts on air, water, soil and nature. We address these potential risks with an environmental management system certified according to DIN EN ISO 14001:2015. The importance of climate protection is reflected in the key figure CO<sub>2</sub> emissions.

### Focus Area People

Due to the lack of qualified personnel at our rural sites, the recruitment of new staff basically involves the risk of not finding enough suitably qualified employees for our company. There are also risks in our operative business activities concerning occupational safety and health, particularly with regard to pandemic-induced loss of working hours. We address these risks through a comprehensive occupational safety and health management system that encompasses organizational and procedural measures.

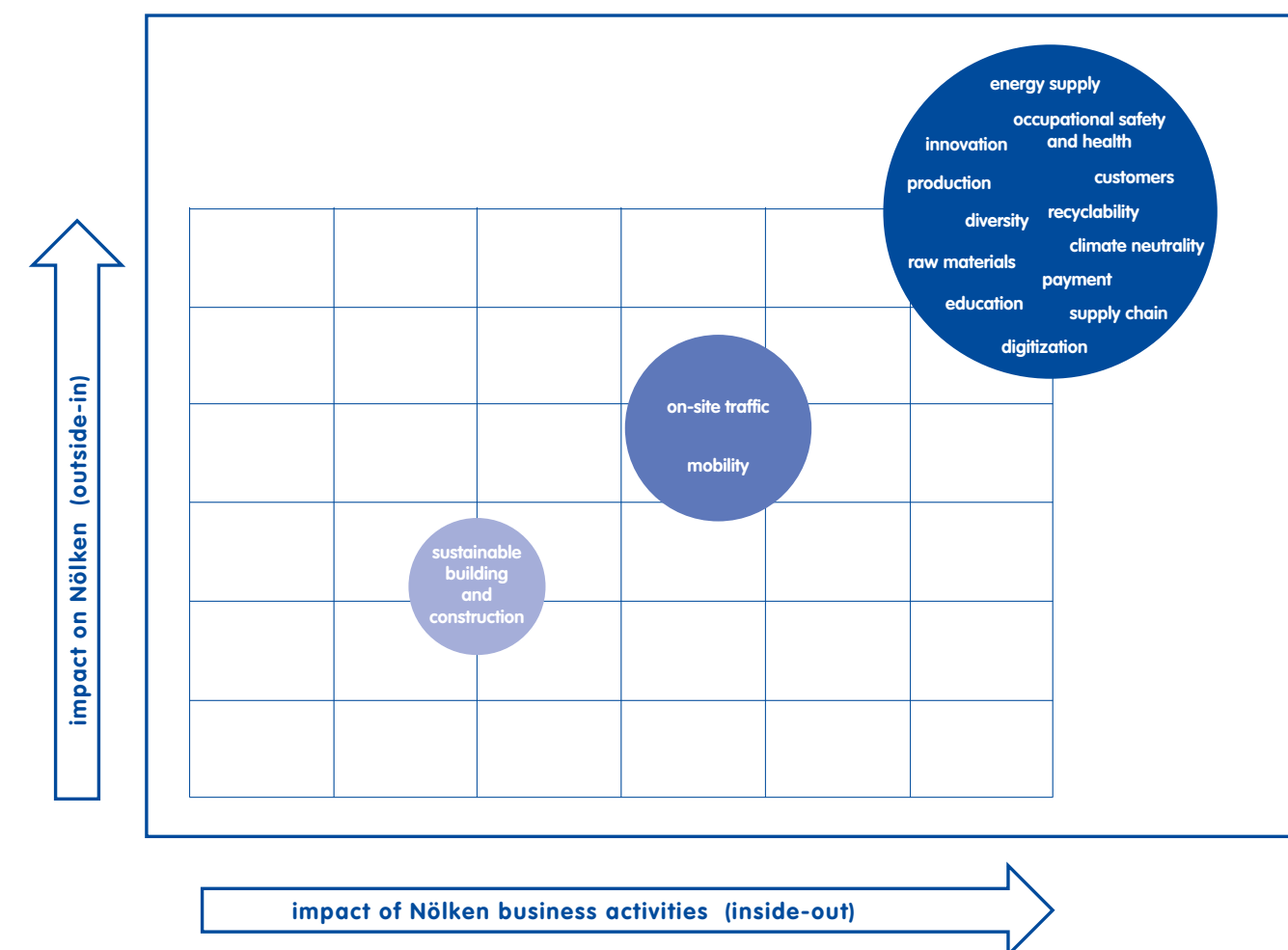


## MATERIAL SUSTAINABILITY TOPICS

The materiality analysis carried out in 2017 was updated in 2021. The updated materiality analysis answers two questions: What sustainability topics are of special significance for our long-term business success and in what areas can we contribute to sustainable development?




The sustainability managers conducted a comprehensive internal materiality analysis with the management and the relevant departments. We assessed, on the one hand, what sustainability topics have an impact on our business at present and in the longer term (outside-in), and, on the other hand, how our business activities impact these sustainability-related topics (inside-out).

We took account of the results of our stakeholder dialogues, the SDGs, the principles of the UNGC as well as industry-specific topics. We involved the departments concerned in the development and implementation of additional relevant sustainability topics to determine suitable measures and goals.



## SUSTAINABILITY TARGETS

Nölken's sustainability strategy comprises short-term yearly goals as well as long-term goals that we aim to achieve by 2030 and determine on a regular basis. The goals are assigned to the three action areas products, environment and people and contribute to the United Nations Sustainable Development Goals (SDGs). The goals mentioned are assigned high priority as they either envisage future legal requirements or take account of important business strategic issues. We annually measure the extent to which we have achieved our goals by suitable KPIs that are collected by the relevant departments, by means of an inventory management system and our integrated management system following preset processes, and are validated by the management to ensure the reliability, comparability and consistency of the data.

Area of action	Strategic goal	KPI	Status as of 2021
<b>Produkt</b> 	Promoting responsible consumption by expanding the range of eco-friendly products; Annual sales of ecolabel products min. 30%	Sales of climate-neutral products; Sales of ecolabel products	Climate-neutral products 12.6 % of total sales; Ecolabel products 34.5 % of total sales
	By 2030 procurement of all nature-based raw materials from sustainable and/or certified sources	Amount of MB-certified palm (kernel) oil derivatives; Amount of certified and sustainable raw materials	100 % MB-certified palm (kernel) oil derivatives; Conduct status quo-analysis in 2022
	Sustainable and transparent procurement of raw materials; Fulfilment of supply chain due diligence obligations; Sensitize stakeholders on sustainability	Number of hot-spot-analyses; Number of supplier dialogues documented; Distribution of supplier locations	One raw materials hot-spot-analysis conducted; Addition of sustainability to criteria catalogue planned in 2022; 30 supplier dialogues documented; As IS-analysis of suppliers with QM and/or EM systems planned in 2022
	Promoting circular economy and circular thinking	Amount of recyclable packaging; Percentage of PCR in packaging	98 % of composite film purchased are recyclable; 16.6 % of packaging made from PCR materials
<b>Environment</b> 	Orientation of production to meet ecological standards; Setting up collection of operational data	Volume of waste generated and number of waste disposal training courses; Fresh and wastewater consumption; Paper consumption	Introduction of waste report at Nowogrodziec site
	Reducing energy consumption; Calculating our CCF, reducing CO <sub>2</sub> emissions and compensation; Replacing all conventionally powered forklifts with electric forklifts by 2023	Energy consumption; CO <sub>2</sub> emissions; Number of conventionally powered and electric vehicles	Energy consulting planned in 2022; CCF of Windhagen and Poland determined; 1 gas-powered forklift replaced with electric forklift; Climate neutrality achieved through climate protection projects
	Conversion to renewable energy	Share of renewable energy / energy produced on-site	Photovoltaic system installed on production hall IN6; photovoltaic system on production hall IN8 planned in 2022; Retrofitting with intelligent lighting and LED; 7 electric vehicle charging stations installed
<b>People</b> 	Reducing the occupational accident rate to 0 percent; Supporting employees in their health issues	Accident rate; Sickness rate, Number of health measures	Safety and health measures increased
	2 sustainability training courses a year; Taking on min. 4 apprentices a year; Introduction of complaint mechanism	Number of additional business related training courses; Development of age structure; Sex ratio; Number of employees with disabilities	2 sustainability training courses offered ; 4 apprentices taken on
	Creating a working atmosphere characterized by mutual trust and esteem; Promoting ideas management	Staff turnover; Kununu assessment; Number of ideas	Person of trust confirmed

## INVOLVING OUR STAKEHOLDERS

We want to take our corporate responsibility for sustainability another step forward through constructive and critical exchange with our stakeholders and thus ensure our company's future viability and sustainability. Systematic and continual exchange with all our stakeholders is a key element in determining future priorities of our sustainability management. We are convinced that involving all stakeholders as well as strong, dependable partnerships are key to achieving our goals.

### STAKEHOLDERS

Our stakeholder management is based on identifying and prioritizing our stakeholders with regard to strategically relevant topics. Our major stakeholders have an interest in and influence on our company and we maintain regular contact with them e.g. with regard to developments in the areas of sustainable products, innovations and corporate responsibility.

We keep contact with our stakeholders via a variety of dialogue platforms. These dialogues show us their interests and their expectations of our company. This feedback helps Nölken to better understand the different needs of our stakeholders and to improve our strategy. We value these dialogues also for the critical opinions regarding e.g. employee-related issues, consumer complaints about products or our sustainability commitment.

Stakeholders	Topics	Dialogue platforms
Customers	<ul style="list-style-type: none"> <li>- Products and services</li> <li>- Product quality, safety and innovation</li> <li>- Sustainability</li> <li>- Delivery performance</li> <li>- Competition and market analyses</li> <li>- Prices and supply</li> <li>- Compliance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>- Personal encounters</li> <li>- Direct dialogue (telephone or email)</li> <li>- Questionnaires</li> <li>- Workshops</li> <li>- Fairs and events</li> <li>- Audits</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Product quality, safety and innovation</li> <li>- Compliance and risk management</li> <li>- Product innovations</li> <li>- Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier visits</li> <li>- Direct dialogue (via telephone or email)</li> <li>- Questionnaires</li> <li>- Audits</li> <li>- Supplier portal</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Careers and additional business related training courses</li> <li>- Diversity and equal opportunities</li> <li>- Occupational safety and health</li> <li>- Company pension scheme</li> <li>- Societal engagement</li> <li>- Corporate responsibility</li> </ul>	<ul style="list-style-type: none"> <li>- Annual and feedback interviews</li> <li>- Confidential interviews</li> <li>- Internal media (intranet, email, company magazine, social media)</li> <li>- Questionnaires</li> <li>- Internal events</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>- state-supported loan schemes and financing</li> <li>- Credit ratings</li> <li>- Leasing and factoring</li> <li>- Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- Personal interviews</li> <li>- Direct dialogue (via telephone or email)</li> <li>- Annual interviews</li> <li>- Dialogue forums</li> </ul>
Associations, initiatives and organisations	<ul style="list-style-type: none"> <li>- Political framework and regulations</li> <li>- Sustainability</li> <li>- Transparency</li> </ul>	<ul style="list-style-type: none"> <li>- Multi-stakeholder initiatives</li> <li>- Competitions</li> <li>- Surveys</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>- Sustainability</li> <li>- Transparency</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability report</li> <li>- Multi-stakeholder initiatives</li> <li>- Surveys</li> </ul>
Politics and authorities	<ul style="list-style-type: none"> <li>- Site development</li> <li>- Environmental protection</li> <li>- Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability report</li> <li>- Monitoring and audits</li> <li>- Direct dialogue (telephone, email, forums)</li> </ul>
Local stakeholders	<ul style="list-style-type: none"> <li>- Economic power</li> <li>- Nölken as employer</li> <li>- Corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>- Information events and factory tours</li> <li>- Direct dialogue (social media)</li> <li>- Regional projects</li> <li>- Sponsoring</li> </ul>
Media / press	<ul style="list-style-type: none"> <li>- Corporate responsibility</li> <li>- Sustainable products and innovations</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability report</li> <li>- Press releases</li> <li>- Direct dialogue (telephone, email, forums)</li> </ul>



## MEMBERSHIPS

Nölken has joined the membership of important associations and initiatives that are directly or indirectly involved with our material sustainability topics and is thus well integrated into a broad network. The associations and initiatives we support are of fundamental importance for our sustainability commitment and work in the fields of nonwovens, personal care and cosmetics, chemistry, palm oil, climate protection und CSR reporting. These associations represent our interests in politics and legislation. Our independence is very important to us. We only pay membership fees to the organizations mentioned and do not make any donations to politicians or parties.

### European Disposables and Nonwovens Association

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

### Industrieverband Körperpflege- und Waschmittel e.V. (German Cosmetic, Toiletry, Perfumery and Detergent Association)

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

### Verband der Chemischen Industrie e.V. (German Chemical Industry Association)

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

### Forum Nachhaltiges Palmöl e.V. (Forum for Sustainable Palm Oil)

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

derivatives, in the working group Project and Human Rights we have been promoting the FONAP project, and in WG Communications we have been supporting the sensitization of consumers on palm oil.

### Stiftung Allianz für Entwicklung und Klima (Foundation Development and Climate Alliance)

The Stiftung Allianz für Entwicklung und Klima has set itself the goal of connecting development aid and international climate protection through voluntary compensation of greenhouse gas emissions with the aim of gaining means of financing development aid and climate protection projects in developing and newly industrialized countries. Nölken has been supporting the alliance since November 2021, we avoid, reduce or compensate for our CO<sub>2</sub> emissions, and in a public self-commitment we have advertised our intention to become climate-neutral by 2045.

### Deutscher Nachhaltigkeitskodex (The Sustainability Code)

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

### Other associations and initiatives

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

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

## GOVERNANCE AND COMPLIANCE

For Nölken, integrity is one of the basic business principles. We manage our company responsibly and aim for value added on a long-term basis. Governance and compliance are therefore integral parts of our company's culture. It is our goal to prevent compliance violations through suitable measures and management systems.

### RULES AND PROCESSES

Our integrated management system (IMS) is the backbone our business activities and sustainability efforts, because it encompasses all business processes and comprises the requirements regarding product safety, quality, environmental protection and occupational safety. In 2011 we introduced our IMS to control our activities and to employ our financial and human resources systematically and purposefully. It also ensures the quality and safety of our products along the entire value chain.

Our IMS and all our processes are designed and certified according to the international standard IFS HPC for auditing the safety and quality of products and processes of manufacturers of household and personal care

products. In addition our IMS is audited and certified annually according to the standard Good Manufacturing Practices for cosmetics (GMP) DIN EN ISO 22716:2008, the quality management standard DIN EN ISO 9001:2015 and the environmental management standard DIN EN ISO 14001:2015.

Specific area and product chain certifications, which are awarded in annual audits (e.g. FSC, PEFC and RSPO), are an additional feature of our IMS. We have implemented our IMS at our main site in Windhagen and at our production sites in Neustadt/Wied and Nowogrodziec.

Financial investments are always carefully evaluated by management and controlling not least with regard to environmental and social factors. The percentage of ecological financial investments has been determined for internal use, but is not published in this report.



Quality control at goods receipt

### COMPANY AND SUPPLY CHAIN CERTIFICATIONS WITHIN OUR IMS:

	WINDHAGEN / NEUSTADT/WIED	NOWOGRODZIEC
ISO 22716	✓	✓
ISO 9001	✓	✓
IFS HPC	✓	✓
ISO 14001	✓	✓
FSC	✓	✓
PEFC	✓	✓
RSPO	✓	✓



## LEGAL REGULATIONS AND ANTI-CORRUPTION MEASURES

Our self-image makes us comply with rules, laws, standards and stakeholder requirements regarding environmental protection, human rights and working conditions. As a matter of course 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.



commitment lies with our management and the heads of the relevant departments. A working group consisting of representatives from quality management, procurement and sustainability management has defined, by means of a risk analysis, suitable goals and measures to address the topics of compliance and the fight against corruption that are so important to our society. 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. At the beginning of their employment new employees receive a copy of our employees' manual which describes our self-image regarding compliance. Our suppliers are requested to comply with our code of conduct for suppliers which is available on our website in digital form. We also check contractors prior to any business deals for risks such as corruption, money laundering, terrorist financing and violation of economic sanctions.

Our business partners may file complaints regarding compliance via a complaint mechanism we have set up. Our employees have the possibility to report suspected cases of non-compliance confidentially to the relevant person of trust, the management or their superiors. In the reporting period, there were no compliance violations or cases of corruption in our company, and no fines were imposed in 2021. Therefore, we consider compliance and corruption as low risk and do not check any company location for them.

As a supporter of the United Nations Global Compact, we are proud to state that we have committed ourselves to aligning our business activities with its universally recognized principles of environmental protection, working conditions, human rights and the fight against corruption. We are opposed to any kind of corruption including extortion, bribery, forced labour, modern slavery and human trafficking. The responsibility for this

## DATA PROTECTION

Data protection is a top priority for Nölken. The protection and safe handling of personal data of employees and customers is important to avoid fines and damage to our company's reputation. With suitable measures we can reduce the risks and maintain the trust of our customers, employees and suppliers.

Complying with the European General Data Protection Regulation (GDPR) at all our sites is fundamental for our success and the trust of our stakeholders. We have set up a number of precautionary measures and work continually and in close cooperation with an external data protection expert to further improve our data protection management system. Our external data protection expert helped us raise the awareness of data security within our company.

Our data protection measures are based on our corporate data protection policy. The overall responsibility for data protection lies with the management. We have also appointed an external data protection officer who is in charge of coordinating and monitoring data protection activities at all our locations. He is tasked with identifying data protection risks and strengthening our employees' awareness of data protection.

In 2021 all employees working with computers received training courses on topics and issues relating to data protection. Data protection is also an integral part of the introductory training course for new employees. Moreover, the online training course on the GDPR has been revised and is conducted annually. We also provide our employees with relevant information on the GDPR.

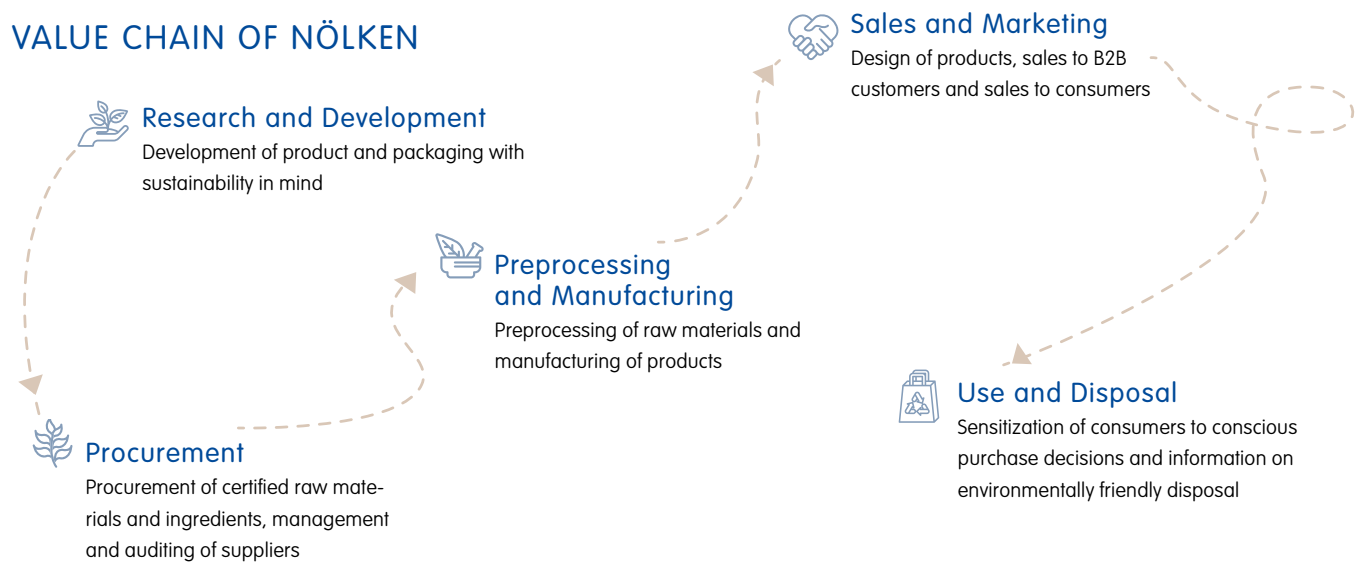


03 PRODUCTS

## OUR VALUE CHAIN

At Nölken we cooperate with our partners and customers to firmly establish ecological and social principles along the life cycle of a product. We consider the entire value chain – from the development of the formulation 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 and strengthen positive effects.

### VALUE CHAIN OF NÖLKEN



### 1. PRODUCT RANGE AND PRODUCT DEVELOPMENT

Our range of carefully selected as well as new, innovative products ensures the future viability of Nölken. The Nölken product range includes nursing pads, wet wipes as well as liquid and semisolid cosmetic products of the highest quality. We produce products directly for industry and trade as well as established house brands for trading companies.

### OUR PRODUCT RANGE

**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:** 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 we offer both tried and tested as well as highly innovative wet wipes for a variety of different areas of application.

**Nursing pads:** Whether consumer packs for retail or bulk packs for clinics and hospitals - we manufacture various high-quality nursing pads with different product properties.



## PRODUCT DEVELOPMENT

Our ecological and social responsibility for our products starts with product development for which we select suitable raw materials and ingredients. We involve our customers right from the start and work out new formulations together with them or continuously develop our product range to take into account the requirements of consumers. Our research and development department is tasked to continuously monitor developments in the raw materials sector. Based on market research and in dialogue with our stakeholders, we inquire into the legal requirements and eco-social effects of all materials. Critical raw materials which cannot be substituted in our recipes or products are subjected to detailed examination. There we focus on sustainable manufacture, optimal recyclability and environmentally friendly disposal. We aim to employ raw materials and ingredients considerably to do little harm to the environment and to contribute to closed loop material cycles.

Due to our position in the value chain and as a full-service manufacturer, we can often only exert indirect and sometimes limited influence. We have developed key requirements for our product development and apply them as comprehensively as possible in cooperation with our trading partners, customers and suppliers. However, if customers order ready-made formulas or supply materials for contract manufacturing, our influence is very limited.

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.

In the reporting year 2021 we also started examining our products as to their biodegradability. By means of internationally applicable requirements such as the OECD guidelines regarding biodegradability or the ECHA register we determine a product's potential for biodegradation. The majority of our products is biodegradable.



Our products meet high demands

## 2. PROCUREMENT OF RAW MATERIALS AND SUPPLIER MANAGEMENT

Our procurement department has the goal to ensure the provision of materials and services with the best quality cost ratio and thus to strengthen Nölken's competitiveness. We attach great importance to sustainable procurement based on transparency and close cooperation with our suppliers.

### RESPONSIBLE SUPPLIER MANAGEMENT

We aim for long-term trusting partnerships underpinned by certifications and regular checks. Tier-1 suppliers are selected carefully– in 2021 we worked with 451 active suppliers who were 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, as some parts of the products they supply may come from outside the EU.

Compliance with human rights and the protection of our environment are central pillars of our notion of sustainability. Together with our suppliers we aim at improving the ecological and social conditions in the entire value chain. In 2021 all our suppliers received our revised sustainability code that obliges us and our business partners to adhere to current national laws and in particular to comply with the principles of the United Nations Global Compact, with the Universal Declaration of Human Rights, with the United Nations conventions, with the core labor standards of the International Labor Organization (ILO) and with the OECD guidelines for multinational companies.

Our pre-qualification process comprises self-assessments and audits to check for compliance with laws and standards regarding quality, environmental and social issues. We use documented supplier dialogues, especially if critical suppliers and / or raw materials are involved, to exchange ideas with our suppliers always with a view to drive improvements. The number of audited suppliers is recorded internally, but not published.

Suppliers or other persons in our value chain who want to file a complaint based on our sustainability code or national/international law may write an email to the

person in charge of complaints in our company. Critical questions, request and complaints will always be attended to at Nölken. We make sure that any requests are looked into and aim to have any problems resolved in a suitable way by the relevant person or department.

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.



## RESPONSIBLE PROCUREMENT OF RAW MATERIALS: NONWOVENS AND CELLULOSE

We use exclusively high-quality and harmless raw materials and ingredients and place high demands on their production regarding safety and quality. Non-wovens made of different fiber compositions for wet and cleaning wipes as well as for nursing pads constitute the main part of the materials we procure. These nonwovens 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.

NONWOVENS & CELLULOSE	2019		2020		2021	
	m <sup>2</sup>	%	m <sup>2</sup>	%	m <sup>2</sup>	%
FSC	22,176,292		40,205,529		39,448,062	
PEFC	48,119,247		60,640,548		100,776,931	
<b>Total amount purchased nonwovens / cellulose certified</b>	<b>70,295,539</b>	<b>27.4</b>	<b>100,846,077</b>	<b>34.0</b>	<b>140,224,993</b>	<b>43.8</b>
<b>Total amount purchased nonwovens / cellulose</b>	<b>256,758,149</b>		<b>296,749,628</b>		<b>319,733,983</b>	

To prevent the destruction of ecosystems and large-scale tropical deforestation for the production of plant-fiber based nonwovens, we advocate deforestation-free supply chains of agricultural raw materials.

Together with our business partners we promote e.g. deforestation and conversion free supply chains by purchasing FSC or PEFC certified raw materials. By means of these certifications we further transparency in supply chains and support the sustainable production of agricultural raw materials. We closely cooperate with our customers to increase the amount of certified and sustainable nonwovens and cellulose fiber. In the reporting year we managed to increase the purchased amount of these raw materials to about 44 %.

## RESPONSIBLE PROCUREMENT OF RAW MATERIALS: PALM OIL AND PALM KERNEL OIL

The production and use of palm oil is the subject of public criticism as for its cultivation natural habitats are often destroyed. However, for the production of washing and cleaning care products derivatives from palm (kernel) oil are important basic substances. That is why we rely on certified, sustainably grown varieties. Complete traceability back to the plantation is important to us. In 2021 we achieved our declared goal: 99.9 percent of our palm raw materials are RSPO mass balance certified sustainable. The two production sites we had at the time 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 0.2 tonnes with small farmer certificates via the Book & Claim system.

We work hard to promote ecological and social improvements within the cultivation 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. Annually we conduct documented supplier dialogues to measure progress and to check whether the FONAP additional criteria are met.

CERTIFIED PALM (KERNEL) OIL-DERIVATIVES	2019		2020		2021	
	kg	%	kg	%	kg	%
MB	813,144	94.4	789,648	99.6	864,169	99.98
B&C	48,000	5.6	3,510	0.4	200	0.02
<b>Total</b>	<b>861,144</b>	<b>100</b>	<b>793,158</b>	<b>100</b>	<b>864,369</b>	<b>100</b>

## RESPONSIBLE PROCUREMENT OF RAW MATERIALS: COSMETIC INGREDIENTS

We use responsibly selected cosmetic ingredients to ensure the quality of our wet wipes and body care products. We continuously work on further developing our own recipes and aligning them more closely with sustainability requirements without making compromises on effectiveness.

**Natural ingredients:** We support sustainable care by making increasing use of natural as well as controlled organic and ecological ingredients. In recent years, we have continuously increased their share - and thus also meet increased customer demand. At the same time we promote sensitization on this issue by labeling our products accordingly.

**Animal ingredients:** For certain products we use substances of animal origin, such as beeswax. But we take care to label these products accordingly. 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 labels: 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".



Cosmetic packaging prepared for filling

**Preservatives:** Preservatives ensure the safety and effectiveness of our products and contribute to maintaining their quality. Preserving agents 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 potentially harmful substances such as polyhexamethylene biguanide (PHMBs) in any of our products.

**Microplastics:** We 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. Already in 2019 we took the decision to no longer use synthetic thickeners or liquid emulsifiers based on synthetic polymers in any of our products.



### 3. PREPROCESSING OF RAW MATERIALS, MANUFACTURING OF PRODUCTS AND LOGISTICS

In Windhagen, Neustadt/Wied and Nowogordziec Nölken operates three 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.

At our Windhagen site we operate four production halls for the manufacture and bottling of liquid cosmetics and for the production of nursing pads and wet wipes. The production hall in Neustadt/Wied we purchased in early 2021 focuses exclusively on wet wipes with production being centrally controlled in Windhagen. Our production site in Nowogrodziec, Poland, also produces exclusively wet wipes. In the manufacture of our products we work persistently to conserve natural resources and to reduce environmental pollution at our production sites.

As an interface between our suppliers, Nölken as manufacturer and our customers, transport and logistics are essential for global procurement and marketing. The topics sustainability and climate protection increasingly come to bear on these areas as well. Our supply chain management has set itself the goal of efficiently controlling the flow of goods and warehousing.



Wet wipes are produced on energy efficient machines

### 4. SALES AND MARKETING

We manufacture products for all potential customers regardless of income, thus accepting our social responsibility for low-income households. We closely cooperate with our customers to meet their specific demands and not to lose sight of the costs as our products are intended for all income groups. Hygiene and personal care are basic needs, and products for daily needs must be affordable.

We want to support consumers of our products to consume responsibly. For us, sustainable consumption includes the use of compatible, resource-saving products and awareness of eco-social issues. In the reporting year 2021 we determined, together with some of our customers, the CO<sub>2</sub> balance for make-up removal wipes and baby wipes in order to reduce product-related emissions on the basis of this data.

Moreover, 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 presentation of information on the product packaging. We refrain from 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.

### PRODUCT LABELS

Our customers and consumers can rest assured that our range is safe and compatible. In the production we mainly use certified raw materials and mild ingredients with a low allergy potential. We rely on various seals and ecolabels in order to provide guidance and to make our efforts clear. A large number of our hygiene products have been awarded recognized eco-labels. We achieve over 34 percent of our sales with eco-label products.

**Nordic 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:** Products must not contain any animal ingredients or by-products and their manufacturing process must be completely cruelty-free for them to be labeled with the vegan trademark.

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

**DAAB label:** The German Allergy and Asthma Association awards its DAAB-Label\* only to products that are suitable for children and adults with allergies and / or neurodermatitis and that 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 is awarded only if economic, ecological and social standards are complied with and if credible chain of custody evidence is provided.

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

**SAS label:** The Swiss Allergy Seal of Approval\* (SAS) distinguishes products that have been tested by independent bodies and take into account the special requirements of people with allergies and intolerances.

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

**Climate neutral label:** The label of ClimatePartner distinguishes products that protect the climate. Products are designated climate-neutral if their CO<sub>2</sub> emissions have been calculated and offset by a recognized, certified climate protection project.

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

Products with ecolabels RSPO, FSC, PEFC, SWAN	2019	2020	2021
Sales with eco-label products in % of annual sales	16.9	33.8	34.5
Climate-neutral products			
Sales with climate-neutral products in % of annual sales	0.0	10.8	12.6

## 5. USE AND DISPOSAL

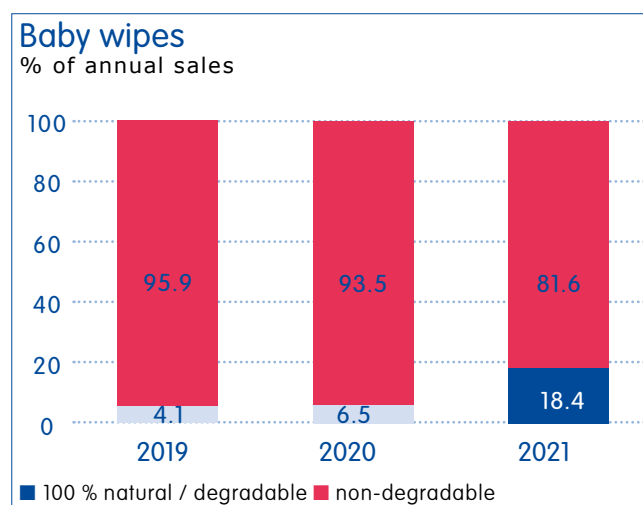
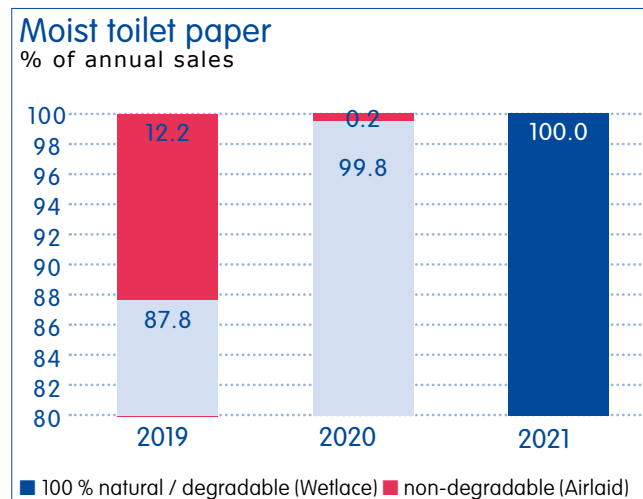
We take responsibility for the use and disposal of our products even though they are beyond our direct control. Our products are designed to be as environmentally friendly as possible, and we inform our consumers about professional usage and disposal options for products and packaging.

### PRODUCTS

The nonwovens used in our wet wipes and nursing pads consist of natural fibers (such as viscose or lyocell), of synthetic fibers or of natural mixed with synthetic fibers depending on properties required and customer wishes.

Since 2020 all moist toilet papers from Nölken have been made from natural, biodegradable nonwovens that are derived from sustainably grown cellulose and thus are free from microplastics. They can be disposed of via the toilet after use and therefore are clearly marked as “flushable” on the packaging.

We aim to increase in baby wipes the share of natural fibers from certified cultivation such as FSC or PEFC. In future we want to use alternative sustainable fibers, e.g. pure natural or recycled synthetic fibers, and we cooperate closely with our customers on this. Products that still contain a certain amount of plastic fibers, such as some nursing pads or wet wipes, must be disposed of with household waste. In the EU, the Single Use Plastics Directive (SUPD), in force since July 2021, requires that single use plastic products be clearly labeled. Baby wipes need to carry the label “do not flush” as well as “Plastic in product”.



## PACKAGING

In cooperation with our customers and suppliers, our development team consistently searches for environmentally friendly and resource-saving optimization potential for product packaging. For example, in the reporting year 2021 we replaced plastic-based carry-handles with paper-based alternatives. Moreover we have relinquished the use of shrink film for nearly all multipacks. In the development process we always try to avoid unnecessary secondary packaging. All the cardboard boxes we use for secondary packaging are made entirely of recycling-material. We convert folding boxes to FSC or PEFC certified alternatives if customers so desire.



Our employee at the labeling machine

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) which comes from waste left over from composite film production. 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. Since 2020 we have been using only recyclable composite film packaging for new developments or re-launches of our own brands and our customer projects.

In the reporting year 2021 98.0 percent of the composite films we used were completely recyclable. Only a small percentage of the composite film we purchase consists of PET/PE, which are not mechanically recyclable in the composite form. We are still working intensively with our business partners to replace the last non-recyclable composite films or to employ recycling material in composite film as well.

We fill liquid cosmetics into recyclable bottles, jars and tubes. Since the packaging is made from single-material plastics, it can be reintegrated into the recycling cycle. In the reporting year 2021 as much as 16.6 % (2020: 6.7 %; 2019: 1.0 %) of the packaging purchased for our liquid cosmetics consisted of post-consumer recycled materials (PCR).



## 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 to protect our environment beyond legal requirements.

### MANAGEMENT APPROACH

For Nölken as an industrial company it is of strategic importance that we are fully aware of the environmental impact of our business activities. We pursue the goal of minimizing the site-related impacts on the environment and the climate as best we can in the interest of humans and natural habitats. We are committed to environmentally and climate-friendly production in order to maintain our environment for future generations and to prepare for climate change.

To put our commitment regarding environmental protection into practice we have established clear management and organizational structures. The basis is our company-wide obligatory environmental management system, which has been certified according to DIN EN ISO 14001: 2015 and also takes into account German and European legislation on environmental protection and occupational safety, device safety and product liability, as well as relevant standards and binding obligations. Annually our German site at Windhagen is audited by independent organizations according to DIN EN ISO 14001: 2015. In the year under review, we again successfully passed the recertification. 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.

We have 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 CO<sub>2</sub> emissions. Our activities in the field of environmental protection are documented in-house in annual environmental reports.

Our company makes consistent efforts to continually improve our environmental performance, energy performance and associated processes. The successive development of our company's environmental efforts and energy management also requires the sensitiza-

tion and active involvement of our colleagues who are encouraged toward environmentally conscious and energy-efficient behaviour. In the reporting year 2021 the staff magazine and employee training courses were employed to this end.

### Ecological standards

We promote the highest ecological standards and the systematic minimization of environmental impacts. To implement this, we intend to build a more efficient key figure system and set our environmental KPIs in relation to the volume produced. In 2021 we started this project and will finish it in 2023.

In 2021 no violation of German or European environmental laws or corresponding guidelines was recorded. Due to our foresighted risk management on the basis of our IMS, we anticipate little risk for our business activities.



Modern filling machines

## ENERGY AND GREENHOUSE GAS EMISSIONS

We have set ourselves the goal to decouple our economic growth and business processes from environmental damage. That is why we reduce our energy consumption and increase the share of on-site renewable energy.

Our energy management focuses on reducing our direct and indirect consumption of fossil fuels and on promoting instead an economical and environmentally friendly energy mix. Since 2018, we have been using only green electricity at our Windhagen location, which we have received since January 2021 from certified regenerative sources with guarantee of origin (wind, solar, biomass). At our Nowogrodziec location as well we have been obtaining green electricity from regenerative wind energy since 2020.

With the aid of our energy management system (EMS) that has been integrated into our IMS, we record all relevant key figures on the energy consumption in the individual production halls. In addition a working group on energy reduction options works out solutions as to how we can save energy and successively increase energy efficiency at our locations. When purchasing new machines we increasingly opt for energy-saving models. 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 buildings with the help of an integrated heat recovery system. Compared to the previous year the share of renewables (+32.96%) and of energy generated on-site has increased. We could reduce our energy consumption by a total amount of 107,090 kWh.

In the next financial years we will go ahead with our plan to gradually retrofit all buildings with intelligent lighting. We will also substitute gas-powered forklift trucks with electric forklifts. All conventionally powered forklifts are planned to be replaced by 2023. Our fleet includes an e-car and four hybrid cars for use by our colleagues. We intend to further increase the share of e-cars. We also support our employees in buying e-bikes.

### ENERGY CONSUMPTION WINDHAGEN

	2019	2020	2021
electricity in kWh	3,523,270	3,487,064	3,552,396
natural gas in kWh	2,253,406	2,129,120	2,473,290
CHP generated in kWh	128,312	134,669	123,344
PV generated in kWh	0	4,554	295,033
<b>total</b>	<b>5,648,364</b>	<b>5,476,961</b>	<b>5,607,309</b>
share of renewable energy in %	62.38	63.75	68.61
share of energy generated on-site in %	2.27	2.54	7.46

### ENERGY CONSUMPTION NOWOGRODZIEC

	2019	2020	2021
electricity in kWh	842,670	780,988	582,546
LP gas in kWh	597,991	552,024	513,078
mineral oil in kWh	20,246	17,969	17,919
<b>total</b>	<b>1,460,907</b>	<b>1,350,981</b>	<b>1,113,543</b>
share of renewable energy in %	0.0	24.20	52.30
share of energy generated on-site in %	0.0	0.0	0.0



PV system on the production hall in Neustadt/Wied



E-charging stations are available to our employees

### CLIMATE PROTECTION

We have committed ourselves to climate protection and make every effort to reduce site-related CO<sub>2</sub> emissions. We aim to be climate-neutral by 2045 and will therefore set up a systematic climate management. At present we annually record and compensate for our CO<sub>2</sub> emissions company-wide with the help of our partner ClimatePartner. But it is our goal to reduce and avoid CO<sub>2</sub> emissions as far as possible and to offset the remaining emissions.

We implemented various measures in 2021. We installed a photovoltaic system, which yields 99.84 kWp (74,000 kWh/a), on production hall IN6 and put it into service. We keep in service a PV system yielding mit 352 kWp (~340,000 kWh/a) on the roof of the production hall we bought in Neustadt/Wied. We built seven EV charging stations (two fast charging stations, five normal ones) for charging company and private cars of our employees.

In 2020 we started recording our CO<sub>2</sub> emissions caused by electricity, heating, water and mobility at our Windhagen location. In 2021 we recorded the CO<sub>2</sub> emissions at our Polish site as well. The CO<sub>2</sub> balance of both sites now forms the basis of our climate management and of all further climate protection activities of our company. In determining this Corporate Carbon Footprint (CCF) we use the services of ClimatePartner, a renowned solution provider for corporate climate protection. The calculation of the CCF is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards (GHG Protocol). In all the business activities of our

company caused emissions amounting to 3,645.2 t CO<sub>2</sub>. Our CO<sub>2</sub> 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. In 2022 we will push ahead with further reductions of our CO<sub>2</sub> emissions and continue to take into account all our locations when calculating our Corporate Carbon Footprint.

In 2021 we offset the emissions that Nölken caused despite all optimization measures through two climate protection projects. The wind power project in Ovalle, Chile, has been certified according to the international gold standard VER, and the 57 wind turbines installed there produce clean wind energy that is fed into the central electric power grid. The other project we support is committed to forest protection; it promotes the rights to land use of forest dwellers in Pacajá, Brasil, and thus prevents deforestation in tropical forests.



CO<sub>2</sub> EMISSIONS

	WINDHAGEN AND NEUSTADT/WIED						NOWOGRODZIEC			
	2019	2020	2021	2019	2020	2021	2020	2021	2020	2021
	↑ CO <sub>2</sub>	%	↑ CO <sub>2</sub>	%	↑ CO <sub>2</sub>	%	↑ CO <sub>2</sub>	%	↑ CO <sub>2</sub>	%
heat	456.3	24.3	385.6	16.0	376.5	12.6	16.9	1.7	118.2	15.3
car fleet	150.3	8.0	121.4	5.0	122.2	4.1	4.8	0.5	5.0	0.6
refrigerants	0.0	0.0	0.0	0.0	0.0	0.0	5.7	0.6	0.0	0.0
<b>Scope 1</b>	<b>606.6</b>	<b>32.3</b>	<b>507.0</b>	<b>21.0</b>	<b>498.7</b>	<b>16.6</b>	<b>27.4</b>	<b>2.7</b>	<b>123.1</b>	<b>15.9</b>
district cooling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
purchased heat	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	1.9	0.2
electricity	0.0	0.0	0.0	0.0	0.0	0.0	714.1	71.0	0.0	0.0
<b>Scope 2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>714.5</b>	<b>71.0</b>	<b>1.9</b>	<b>0.2</b>
employee commuting	648.0	34.5	777.3	32.2	834.9	27.8	118.2	11.8	310.9	40.2
disposal	295.0	15.7	815.4	33.8	1,345.6	44.9	94.7	9.4	292.4	37.8
upstream electricity	157.4	8.4	154.2	6.4	159.7	5.4	36.9	3.7	26.2	3.4
upstream heating / cooling	100.4	5.3	86.0	3.6	64.4	2.1	4.0	0.4	14.0	1.8
upstream fuel	26.7	1.4	21.4	0.9	70.6	2.4	0.7	0.1	2.8	0.4
water	20.7	1.1	38.0	1.6	6.4	0.2	5.2	0.5	1.0	0.1
air travel	15.4	0.8	3.0	0.1	3.3	0.1	0.0	0.0	0.0	0.0
rental and private vehicles	3.7	0.2	2.0	0.1	0.08	0.0	3.5	0.3	0.0	0.0
hotel accommodation	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0
office paper	3.6	0.2	0.6	0.0	3.7	0.1	0.8	0.0	0.9	0.1
train travel	1.2	0.1	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
printed matter	0.4	0.0	2.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0
other office supplies	0.1	0.0	0.2	0.0	0.0	0.0	0.1	0.0	0.0	0.0
homeoffice	0.0	0.0	5.1	0.2	11.8	0.4	0.0	0.0	0.0	0.0
<b>Scope 3</b>	<b>1,272.6</b>	<b>67.7</b>	<b>1,905.4</b>	<b>79.0</b>	<b>2,501.2</b>	<b>83.4</b>	<b>264.1</b>	<b>26.2</b>	<b>648.0</b>	<b>83.8</b>
<b>total</b>	<b>1,879.2</b>	<b>100</b>	<b>2,412.5</b>	<b>100</b>	<b>2,999.9</b>	<b>100</b>	<b>1,006.0</b>	<b>100</b>	<b>773.0</b>	<b>100</b>

1 All information from 2019 plus 10% safety margin.

2 Calculated using the market-based method. If, on the other hand, the location-based method is used, emissions amount to 1,444,369.17kg of CO<sub>2</sub>.

3 When calculating the CCF, all greenhouse gases relevant under the Kyoto Protocol were taken into account: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC/HFC), perfluorocarbons (HFC/PFC), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

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

## WASTE

Various types of waste are generated in our production facilities – in general we aim to steadily increase the share of waste prevention and recycling. We try as best we can to prevent waste in the first place. Where it is technically possible and economically sensible, we reuse materials, recycle them or dispose of them properly. This way we can reduce the amount of waste through our waste management and make an important contribution to environmental protection. We adhere to the following principles: prevent, reduce, reuse and recycle.

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. Due to the increase in production and demand for products in 2021, the amount of waste in Windhagen grew slightly. Nevertheless we could increase the amount of waste recycled. We attribute this positive development to our successful waste management and our waste management officer. We have transferred the task of recycling and disposing of (hazardous) waste with care and according to regulations to qualified service providers. We still have found neither a suitable disposal company who can reuse our cloth waste nor another recycling option, so the cloth waste continues to be treated in an energy from waste plant. In 2021 we also managed to reintegrate the waste backing paper of continuous label rolls as well as the process water into the recycling cycle.

## WASTE GENERATED

	WINDHAGEN AND NEUSTADT/WIED			NOWOGRODZIEC		
	2019	2020	2021	2019	2020	2021
glass waste, mixed scrap in t	5.6	13.9	8.9	N/A	N/A	0.0
electronic scrap, fluorescent lights, aerosols, oil-stained resources in t	0.5	0.2	0.1	0.1	0.0	0.0
nonwovens in t	1,035.3	840.0	919.0	405.9	571.7	612.5
plastic film and sheet, plastic parts, PP multi-wall sheets in t	72.8	102.3	79.6	96.0	114.0	42.5
rinsing water in t	2,957.6	2,867.2	2,926.5	159.0	216.0	312.0
wood in t	5.3	8.5	11.4	0.0	0.0	0.0
cardboard, cardboard cores in t	301.0	292.9	342.7	43.5	35.4	46.9
residual waste in t	326.1	175.4	127.4	40.0	46.3	13.3
unsold finished products in t	69.9	73.5	122.1	N/A	N/A	N/A
metal and plastic packaging in t	1.2	7.8	9.4	0.0	0.0	0.0
<b>total</b>	<b>4,775.2</b>	<b>4,381.6</b>	<b>4,547.0</b>	<b>744.5</b>	<b>983.4</b>	<b>715.2</b>
share of waste recycled	N/A	394.3	3,391.0	N/A	0.0	0.0
share of waste recycled in %	N/A	9.0	74.1	N/A	0.0	0.0
share of waste treated in a WtE plant in %	100	91.0	25.9	N/A	100	100

## EMISSIONS

Nölken obeys all existing laws to prevent unwanted air, water or soil emissions. To reduce environmental risks we have established an environmental management system. Our environmental and hazmat managers are procedurally integrated with our overall management system.

In the reporting period, there were no violations of relevant legal provisions and no reportable contamination or leaks were recorded at any company location. However, in 2021 there were three (2020: five) cases of leakage during manufacture where bulkware had to be pumped from leaky to liquid-tight containers. In the facilities for the manufacture and preparation of bulks, prevention measures have been in place for several years to collect escaping liquid in the case of leakage. All colleagues concerned receive annual training courses on leakages.

## BIODIVERSITY

Our business activities may have direct and indirect impacts on biodiversity, a risk we want to keep as low as possible. Therefore we adhere to all laws and regulations on environmental protection. At our production sites we want to restore or maintain biodiversity and reduce our negative effects on ecosystems in our



vicinity as best we can. To this end, we introduced an environmental management system several years ago.

As a voluntary measure to compensate for built-up area in 2021 we participated in the project "Naturstadt" initiated by the municipality of Asbach and created habitats rich in flowering plants at our main location in Windhagen. Moreover, in February 2022 we started a cooperation with a beekeeper who from March onward will put up five beehives at our production site in Neustadt/Wied.

## PAPER

At all our locations we use copy and business paper for documentation or communication purposes. This is a small but no less relevant topic within our business activities – in order to further reduce this consumption, we constantly digitalize our processes. For example, we have completely digitized our archiving, we also work with digital order documents and invoices from our business partners. The decisive factor here are our employees, and we are constantly raising their awareness and motivating them to reduce paper consumption as much as possible.

Since 2014 we have been using at all locations copy paper made from recycled fibers (Blue Angel) and writing paper that meets internationally recognized sustainability requirements (FSC and PEFC). For quite some time we have been part of the "CEOs pro recycling paper" initiative to promote the use of recycled paper through public relations work. "CEOs pro Recycling-Papier" is directed at CEOs who take personal responsibility for operating resource-efficiently and open up new potentials for the preservation of resources by setting concrete goals for the use of recycling paper.

### PAPER CONSUMPTION WINDHAGEN AND NEUSTADT/WIED

	2019	2020	2021
copy paper (sheets)	525,000	671,500	700,000
share certified (Blue Angel, FSC, PEFC) in %	100	100	100
letter paper (sheets)	0	110,000	20,750
share certified (Blue Angel, FSC, PEFC) in %	100	100	100
per employee (sheets)	1,563	2,319	1,997

### PAPER CONSUMPTION NOWOGRODZIEC

	2019	2020	2021
copy paper (sheets)	135,000	150,000	170,500
share certified (Blue Angel, FSC, PEFC) in %	100	100	100
letter paper (sheets)	0	0	0
share certified (Blue Angel, FSC, PEFC) in %	100	100	100
per employee (sheets)	1,709	1,786	1,916



Our employee in the scullery

## WATER AND WASTE WATER

Water is a vital raw material, but worldwide clean drinking water is becoming scarcer due to climate change and the growing world population. That is why for Nölken water and clean wastewater are 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, Neustadt/Wied and Nowogrodziec 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 our environmental management. Water that was used for wet wipes is processed by reverse osmosis and UV systems to be employed in the production of cosmetic liquids. Water that was used to clean the production facilities is disposed of separately as waste water. In 2021 fresh water consumption was slightly lower at the Windhagen and Neustadt/Wied locations and slightly higher in Nowogrodziec as compared to 2020.

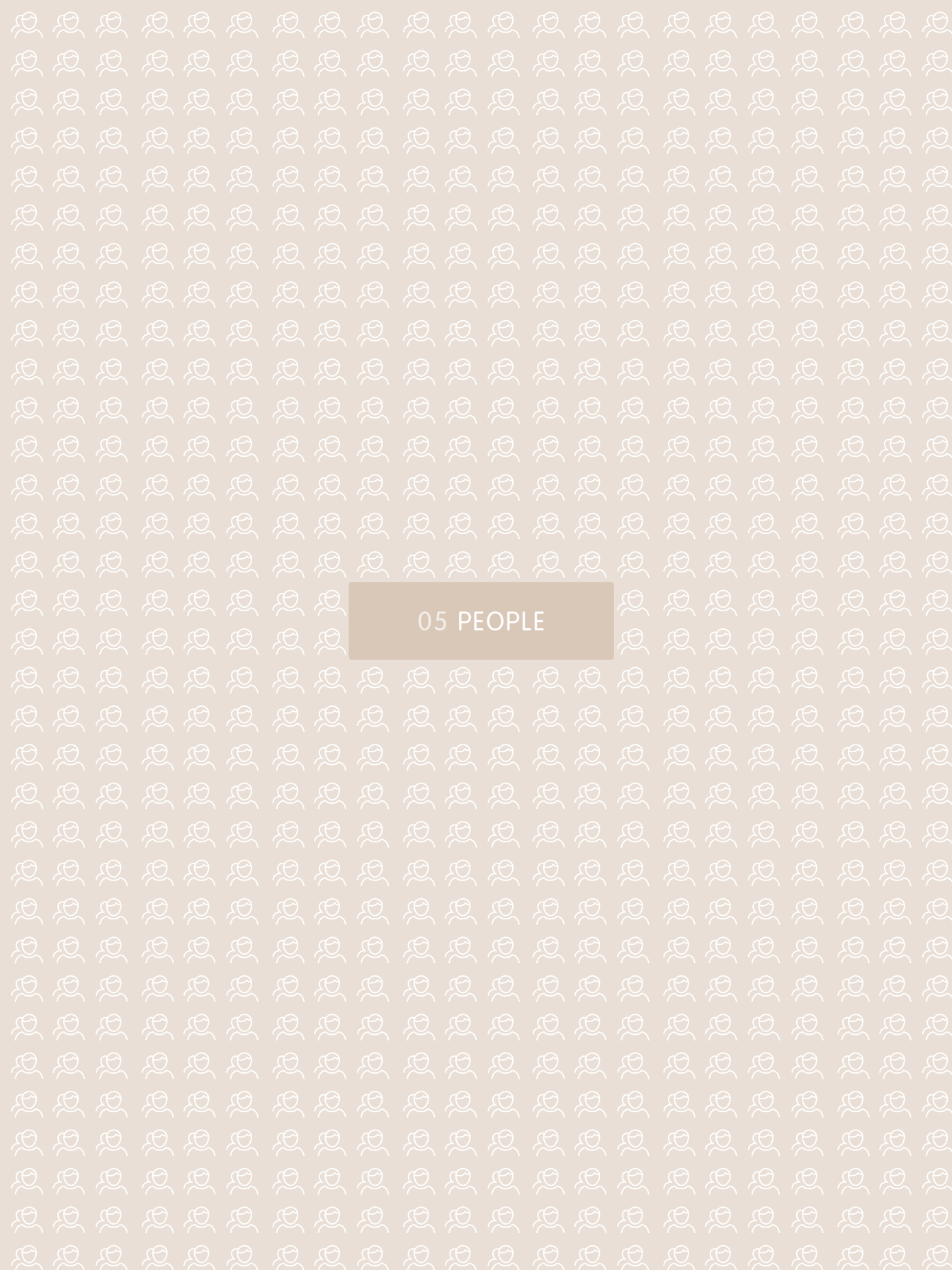
### WATER CONSUMPTION WINDHAGEN AND NEUSTADT/WIED

	2019	2020	2021
fresh water in m³	51,754	55,698	54,382
waste water in m³	28,791	27,196	25,331

### WATER CONSUMPTION NOWOGRODZIEC in m³

	2019	2020	2021
fresh water in m³	5,475	7,549	8,346
waste water in m³	639	885	1,024





05 PEOPLE

## OUR RESPONSIBILITY FOR PEOPLE

At Nölken we have always valued the people who work for us. Their personal as well as job-related well-being is one of our priorities. To this end we create an attractive, fair and cooperative working environment, support our employees and protect their health and safety.

### TRUSTWORTHY EMPLOYER AND GOOD WORKING CONDITIONS

The central tasks of our human resource management are the recruitment of employees, their personal and professional development, their health and well-being, the retention of employees in our company as well as maintaining and promoting their motivation, satisfaction and employability. These procedural tasks are controlled and monitored by our IMS. The care for our employees is our social responsibility and is based on our commitment to social sustainability. We highly value an everyday working atmosphere characterized by respect, appreciation and security. Our executives go about these tasks by setting examples of participation and open-mindedness.

We want to offer our employees modern workplaces and creative freedom - especially to find skilled workers and trainees, because in 2021 the unemployment rate in the region around Windhagen was 5.1 percent and around Nowogrodziec 3.7 percent. We try to fill vacancies with apprentices. With a view to SDG 8 "Decent work and economic growth" it is our goal to protect employees' rights and to ensure a safe, healthy and protected working environment for all our employees and the people involved in our supply chain.

### RECONCILING JOB AND FAMILY

In order to support the work-life balance and of course to respond to the challenges of the COVID-19 pandemic, in 2021 we offered family-compatible working models, such as shift work, flexible working hours, part-time options, and further home office workplaces. Wherever possible we take into account the individual needs and challenges of our employees and offer flexible working conditions independent of time and place. We intend to offer our employees this flexibility even in the time beyond the COVID-19 pandemic. In financial year 2021, 23 employees (3 men, 20 women) at our German locations and one employee at our Polish site were employed part-time.

### EMPLOYEE SATISFACTION

The job satisfaction of our employees is very high. In fiscal year 2021 our personnel controlling started to determine our employee turnover rate in order to understand employee turnover and to identify needs for optimization early on. In 2021 we recorded a total employee turnover rate of 12.93 % at our German locations and of 1.0 % at our Polish site. This rate is obtained by dividing the initial number of staff plus new hires by the number of leavers (Schlüter formula). We measure the job satisfaction of our employees by means of assessments on the online-based employer review platform Kununu ([www.kununu.com/de/noelken-hygiene-products1](http://www.kununu.com/de/noelken-hygiene-products1)). In the reporting year we received the grade 3,5 which, according to Kununu, is above average in our industry.

We work continuously to ensure the well-being and satisfaction of our employees. Should problems nevertheless arise, all employees are free to contact the employee representatives, who will confidentially record complaints and resolve them either directly with the person concerned, the management and the Human Resources department, or anonymously. In fiscal year 2021 we revised the processes of our internal complaint management and now record, analyse and investigate into every complaint submitted. In Nowogrodziec no complaints were submitted; in Windhagen and Neustadt/Wied a total of 30 complaints were filed, 29 of which could be resolved.

## INVOLVING OUR EMPLOYEES

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 appreciative communication play an important role here. This trusting cooperation is promoted by open communication, staff parties, internal events, meetings and our staff magazine.

We aim to offer our employees a secure and encouraging workplace environment. Therefore we want them to enjoy their jobs so they are willing to try out new things and share ideas. 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. In fiscal year 2021 two ideas were submitted through this system, which, however, could not be realized due to lack of feasibility. Nevertheless we rewarded them with a token gift.

## REMUNERATION POLICY

We take a personal interest in offering our staff a permanent and secure income as well as fair and safe working conditions. Regardless of this, we remunerate our employees according to their function. There is no differentiation regarding gender or other properties.

While for non-clerical and non-administrative employees we work with a remuneration system that is based on wage groups, for clerical and administrative employees as well as for management and executives there are salary models with fixed and variable remuneration components which offer incentives for achieving our common as well the individual goals derived from them. Additional pension schemes make us an even more attractive employer. The remuneration systems will be adapted to changing needs so we stay an attractive employer for our employees. In annual reviews a pay rise may be agreed depending on performance. Currently and in the future, we do not take into account the achievement of sustainability goals in the remuneration system. Internally we record the pay gap between the highest and lowest earners.



Employees submit ideas via idea management

## EMPLOYEES RIGHTS AND HUMAN RIGHTS

We always put people first and actively promote fair interaction. Complying with employees and human rights at our company locations and along our value chain is for us a matter of course.

### RESPONSIBILITY FOR OUR EMPLOYEES AT OUR COMPANY LOCATIONS

We make an effort to protect the rights of our employees at our company locations in Windhagen, Neustadt/Wied and Nowogrodziec and to comply with national labor standards. Therefore 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. These are continuously developed and our colleagues are trained accordingly.

Beyond the legal requirements applicable in Germany and Poland we support the principles of the United Nations Global Compact and the core labor standards of the International Labor Organization (ILO). We make an effort to strengthen the rights of our employees. 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 who submits to the management any issues raised by our employees and makes sure they are taken care of and realized.

### RESPONSIBILITY FOR OUR SUPPLY CHAIN

We are committed to protecting and strengthening the rights of workers in our supply chain. Beyond the legal requirements we support the principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the United Nations conventions, and the core labor standards of the International Labor Organization (ILO). In addition we oblige our business partners, suppliers and further upstream suppliers to comply with legal and international requirements and have put this down for business partners in a publicly accessible sustainability code ([https://www.noelken.de/fileadmin/img/PDF/2021-03-12\\_Noelken\\_Lieferantenankodex\\_-\\_Sustainability\\_Code\\_-\\_englisch.doc.pdf](https://www.noelken.de/fileadmin/img/PDF/2021-03-12_Noelken_Lieferantenankodex_-_Sustainability_Code_-_englisch.doc.pdf)). Our temporary workers are also protected by these provisions. In the reporting year we employed on average 15.5 (2020: 15.3; 2019: 18.8) temporary workers per day at our German locations and 8 (2020: 1; 2019:1) at our Polish location.

We have already carried out a risk analysis for critical raw materials that can pose eco-social 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.

In 2021 we set ourselves the goal to apply supply chain due diligence even more consistently. For this purpose we set up a working group with representatives from the purchase, quality and sustainability departments who are in regular exchange with management. The working group has e.g. set up the sustainability code for business partners and in 2022 plans to probe successively into all critical raw materials by means of hot spot analyses and to initiate measures for reducing eco-social risks. Furthermore, in the reporting year all A and B suppliers were sent questionnaires about sustainability in their supply chain which we are currently evaluating. An external complaint management system for people affected in the supply chain is being set up at present. In the ongoing fiscal year the working group will evaluate and, if necessary, revise the measures taken.





## EQUAL OPPORTUNITIES AND DIVERSITY

Nölken is committed to creating a working environment that promotes diversity and offers equal opportunities to all employees. It is an integral part of our ethical business practice to promote diversity and integration, to fight discrimination and to support gender equality at Nölken. At our Polish and German locations we have a total of 450 colleagues from many different countries: Germany, Poland, Afghanistan, Albania, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Costa Rica, France, Italy, Kazakhstan, Kosovo, Croatia, Morocco, Macedonia, Moldova, the Netherlands, Portugal, Romania, Russia, Serbia, Spain, Syria and Turkey. We pay great attention to respectful cooperation, regardless of age, gender, nationality or culture.

To facilitate a personnel structure that is fair and in line with demand we collected various key figures as of December 31, 2021 for our locations in Windhagen, Neustadt/Wied and Nowogrodziec. Promoting diversity and equal opportunities at Nölken entails granting people

with a disability the same opportunities as their colleagues without a disability. In 2021 we employed 15 employees with a disability at our German locations and one at our Polish location. These figures were recorded for the first time in the reporting year.

EMPLOYEE STRUCTURE	WINDHAGEN AND NEUSTADT/WIED						NOWOGRODZIEC					
	2019	%	2020	%	2021	%	2019	%	2020	%	2021	%
women	0	0	0	0	0	0	3	60.0	4	57.1	4	57.1
men	2	100	2	100	3	100	2	40.0	3	42.9	3	42.9
<b>managing directors</b>	<b>2</b>		<b>2</b>		<b>3</b>		<b>5</b>		<b>7</b>		<b>7</b>	
women	3	25.0	2	18.2	8	38.1	4	57.1	3	50.0	3	50.0
men	9	75.0	9	81.8	13	61.9	3	42.9	3	50.0	3	50.0
<b>management / team leaders</b>	<b>12</b>		<b>11</b>		<b>21</b>		<b>7</b>		<b>6</b>		<b>6</b>	
women	114	36.5	114	36.2	112	34.1	28	41.8	26	36.6	32	42.1
men	198	63.5	201	63.8	216	65.9	39	58.2	45	63.4	44	57.9
<b>employees</b>	<b>312</b>		<b>315</b>		<b>328</b>		<b>67</b>		<b>71</b>		<b>76</b>	
women	6	60.0	5	55.6	3	42.9	0		0		0	
men	4	40.0	4	44.4	4	57.1	0		0		0	
<b>apprentices</b>	<b>10</b>		<b>9</b>		<b>7</b>		<b>0</b>		<b>0</b>		<b>0</b>	
women	0	0	0	0	0	0	0		0		0	
men	0	0	0	0	2	100	0		0		0	
<b>interns / working students</b>	<b>0</b>		<b>0</b>		<b>2</b>		<b>0</b>		<b>0</b>		<b>0</b>	
<b>total number of employees</b>	<b>336</b>		<b>337</b>		<b>361</b>		<b>79</b>		<b>84</b>		<b>89</b>	

## ANTI-DISCRIMINATION MEASURES

We regard it as an opportunity to involve our employees without any prejudice and to promote them according to their talents. We are opposed to any kind of discrimination and show no tolerance towards discrimination or harassment. We observe the requirements of the German anti-discrimination law (Allgemeines Gleichbehandlungsgesetz) as well as the corresponding anti-discrimination laws and regulations in Poland. We have put down the basic values for the cooperation of our employees in a binding code of conduct. We have set up a process for dealing quickly and fairly with possible violations. If employees are under the impression they themselves or a colleague is being harassed they are encouraged to contact employee representatives, the HR department or their superiors. In reporting year 2021 no instances of discrimination were recorded. We will take any violation seriously and make every possible effort to remedy the situation including disciplinary measures.



Our employee representative in conversation

AGE STRUCTURE DEVELOPMENT	WINDHAGEN AND NEUSTADT/WIED						NOWOGRODZIEC					
	2019	%	2020	%	2021	%	2019	%	2020	%	2021	%
administration	2	2.3	2	2.2	2	2.0	0	0	0	0	0	0
production	3	1.2	6	2.4	4	1.5	0	0	5	6.6	2	2.6
<b>16 - 20 years</b>	<b>5</b>		<b>8</b>		<b>6</b>		<b>0</b>		<b>5</b>		<b>2</b>	
administration	20	23.3	17	18.9	21	21.2	2	22.2	1	12.5	2	15.4
production	56	22.4	44	17.8	59	22.5	17	24.3	15	19.7	16	21.1
<b>21 - 30 years</b>	<b>76</b>		<b>61</b>		<b>80</b>		<b>19</b>		<b>16</b>		<b>18</b>	
administration	19	22.1	16	17.8	18	18.2	4	44.4	4	50.0	4	30.8
production	44	17.6	51	20.6	52	19.8	22	31.4	24	31.6	27	35.5
<b>31 - 40 years</b>	<b>63</b>		<b>67</b>		<b>70</b>		<b>26</b>		<b>28</b>		<b>31</b>	
administration	23	26.7	28	31.1	31	31.3	2	22.2	3	37.5	6	46.2
production	67	26.8	63	25.5	65	24.8	15	21.4	15	19.7	15	19.7
<b>41 - 50 years</b>	<b>90</b>		<b>91</b>		<b>96</b>		<b>17</b>		<b>18</b>		<b>21</b>	
administration	22	25.6	27	30.0	27	27.3	1	11.1	0	0	1	7.7
production	80	32.0	83	33.6	82	31.3	16	22.9	17	22.4	16	21.1
<b>51 - older</b>	<b>102</b>		<b>110</b>		<b>109</b>		<b>17</b>		<b>17</b>		<b>17</b>	
administration	86	100	90	100	99	100	9	100	8	100	13	100
production	250	100	247	100	262	100	70	100	76	100	76	100
<b>total</b>	<b>336</b>		<b>337</b>		<b>361</b>		<b>79</b>		<b>84</b>		<b>89</b>	

<sup>1</sup> The percentages refer to the total amount per place of work (administration or production).

## QUALIFICATION AND TRAINING

The success of Nölken is owed to our employees—above all their work commitment and professional qualifications. We are convinced that promoting the qualification of our employees will benefit the future viability of our company. Different views and skills strengthen our innovation capacities and competitiveness. 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.



We promote young talents

### Retaining young talents

It is one of our priorities to identify and promote young talents - since 1985 Nölken has been a training company certified 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 the opportunity of part-time study (while still working with us) or cooperative study programs (combining university education with on-the-job training in our company). During the study period, we also provide them with financial and structural support. Time and again brief work experience placements as well as long-term internships offer insights into our company to secondary and university students. In reporting year 2021 we again managed to fill five apprenticeship vacancies. We offer apprenticeships for industry clerks, chemical engineering technicians, warehouse operators, digital/print media designers and IT specialist for system integration.

### Promoting careers individually

Technical progress and digitalization shape our working world and entail far-reaching changes, which, on the part of our employees, 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. All voluntary and obligatory training programs at the Nölken Academy are continually evaluated and regular assessments by participants result in constant optimization of the trainings offered. We finance 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 1.3 hours (2020 1.4 h and 2019 1.9 h) of additional training courses and about 1.0 hour in Nowogrodziec. 37 employees participated in voluntary training courses in Windhagen and Neustadt/Wied.

## OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

The health and well-being of our employees are more important today than ever before. The COVID -19 pandemic has made occupational safety and health even more urgent. So every day we make an effort to apply high standards of occupational safety and health to all work processes and to reduce the risk of occupational accidents and diseases. It is our primary goal to completely avoid accidents.

### Effective protective measures

At our company locations we have introduced an occupational safety management system which is integrated into our company-wide overall management system. The occupational safety officers at our locations in Windhagen, Neustadt/Wied and Nowogrodziec are tasked with setting up preventive measures. In our production sites occupational safety committees consisting of the commissioned occupational safety specialist, the company doctor, the employee representative, the production manager, the quality manager and the management meet on a quarterly basis. In reporting year 2021 the occupational safety committees again set up appropriate programs and goals to improve occupational safety that they put into practice successively and develop further. Improvement measures are worked out by cross-departmental collaboration— with the focus on risk analysis and prevention to ensure an even higher degree of occupational safety and health and the well-being of our employees.

All technical facilities and workplaces are analysed and evaluated on a regular basis as to their safety and the mental as well as physical strain and / or risks involved. The occupational safety committees analyse the results and initiate the removal of potential risks. All employees are instructed annually in occupational safety and fire protection and all employees in production are equipped with personal protective equipment, including safety shoes, hearing protection, and gloves. 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 conducted.

With every investment in buildings and machines we also try to further increase the safety of our employees. It is our goal to completely avoid accidents, but in fiscal year 2021 some injuries did occur, which ,however, could not be attributed to a specific place or work step. In the reporting period, the accident rate in Windhagen decreased still further and in Nowogrodziec it remained low. At both company locations there were no work-related

deaths and no employee contracted an occupational disease. In order to better assess the efficiency of our occupational safety and health management system and to put it in perspective, from now on we will also publish the total number of reportable accidents.

### WORK ACCIDENTS WINDHAGEN AND NEUSTADT/WIED

	2019	2020	2021
men	62	46	44
women	20	14	12
<b>total accidents</b>	<b>82</b>	<b>60</b>	<b>56</b>
<b>share reportable</b>	<b>18</b>	<b>13</b>	<b>19</b>
<b>accident rate in %</b>	<b>24.4</b>	<b>17.8</b>	<b>15.5</b>
<b>days lost</b>	<b>416</b>	<b>143</b>	<b>193</b>

### WORK ACCIDENTS NOWOGRODZIEC

	2019	2020	2021
men	1	2	3
women	0	0	0
<b>total accidents</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>share reportable</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>accident rate in %</b>	<b>1.1</b>	<b>2.2</b>	<b>3.0</b>
<b>days lost</b>	<b>12</b>	<b>6</b>	<b>51</b>





Our occupational safety officer provides regular training

### 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's health management and medical service are a central element for these efforts. We offer free check-ups, such as hearing and eye tests or flu vaccinations. Basically in our company there is the risk of occupational diseases typical of our industry that are due to e.g. chemical or physical causes. Through the preventive measures mentioned above we save our employees from these health damages. In the reporting year as in the years before, none of our employees contracted occupational diseases.

In fiscal year 2021 as in the previous year, we took preventive measures against the spread of COVID-19. For example, we conducted obligatory instructions online, provided free face masks and disinfectants, and regularly sensitized employees on hygiene measures through e.g. our intranet, the staff magazine, email or personal contact.

In Windhagen and Neustadt/Wied we offer a wide range of health-promoting services and recreational activities: Our employees can have a weekly massage, attend runners' meetings, receive discounts for membership in the neighbouring fitness club or participate in city runs and marathons for free. In Windhagen three health measures with 43 participants were carried out (2020: 45 participants in three measures; 2019: 48 participants in four measures). In Nowogrodziec one health measure was offered and 63 employees took part (2020: 65 participants; 2019: 60 participants).

### SICKNESS RATE WINDHAGEN AND NEUSTADT/WIED

	2019	2020	2021
rate	8.5	8.4	8.1

### SICKNESS RATE NOWOGRODZIEC

	2019	2020	2021
rate	5.16	4.67	6.79



## 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 Nölken's major concerns, regardless of our business activities, to actively contribute to the sustainable development of the communities in the regions around our three locations and to a sustainability-oriented design of society. We achieve this 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. All our employees are free to suggest any non-profit organizations and charities for donations to be approved by management. As it is our basic intention to promote the common good we carefully examine the purpose of donations and institutions to exclude financial support for political parties, political foundations, employers' associations or trade unions. In the reporting period no such payments were made.

### 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 summer camp of the **Katholische junge Gemeinde** in Windhagen.

### Charitable commitment

In the reporting year we made a donation to the "**Nähstube**" of the **Arbeiterwohlfahrt** in our neighbour town Bad Honnef to help the needy in our region. Last year's christmas donation went towards the people affected by the flood disaster in the **Ahr valley**, because it is in our vicinity and some of our staff were themselves affected.

### 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 the **SV Eintracht Windhagen** and the **Reiterverein Kurtscheid**.



Our product donation goes to the Ahr Valley

## 06 APPENDIX

## ABOUT THIS REPORT

Since 2011, sustainability has been an integral part of the Nölken 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.

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

This report covers the period between January and December 2021 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 and information are valid as of the time of going to press on February 28, 2022.

The 2021 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 2023.

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