









# SUSTAINABILITY REPORT

# 2018





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*Dear readers,*

As a family business we have always been aware of our responsibility for our employees, our society and for nature, as well as of the limited availability of natural resources. Our daily activities are therefore guided by the goal of doing business in such a way that the quality of life of present and future generations is assured. For us, sustainability is not a short-term trend but firmly integrated into our corporate strategy. Our continuing efforts are documented in this eighth Sustainability Report.

Sustainable business is the basis of our decisions and the key driver of our success. Our ultimate goal is always the well-being of those who use our products—especially the youngest, because the skin of babies is five times thinner and thus much more sensitive than that of adults.

With our innovative products, we make a valuable contribution, and equally so through our services for our customers and in the partnership with our suppliers. In the manufacture of our products, we are committed to the conscientious use of energy and raw materials, the protection of our environment and fair working conditions within our value chain. We also want to make a contribution as a reliable employer in Windhagen and in Nowogrodzic, both rural regions in Germany and Poland, as well as to society at large.

In this report, we examine the economic, environmental and social impacts of our business activities and describe the concepts and measures we are pursuing to implement our sustainability concept. This look back will help us to reflect on our achievements and recognize new potentials.

At Nölken, we want to further develop the concept of sustainability. Above all, we will succeed in this effort by exchanging ideas with our business partners, suppliers and employees. So we would like to direct your attention once again to our online questionnaire, which you will find at <https://www.noelken.de/nachhaltigkeit/nachhaltigkeitsberichte/>. Or contact us directly at our email address: [nachhaltigkeit@noelken.de](mailto:nachhaltigkeit@noelken.de)

Your suggestions are welcome. But for now please enjoy reading our report.



Ernst Markus Nölken  
Managing Director



Ulrich Daniel Nölken  
Managing Director



01 COMPANY

## CORPORATE PHILOSOPHY

Our guiding principle to combine economic success with ecological and social responsibility is firmly established in the philosophy of Nölken and is based on a strong set of values. This is reflected in our vision, in our mission and in our mission statement—in our view, sustainable action is the basis for our future viability.

### OUR VISION

The motto “The best for our skin” motivates our actions. Our goal is to be the best manufacturer in the private label area for wet wipes, nursing pads and cosmetic care products.

#### To achieve this goal we focus on people:

- Our consumers whose everyday life and hygiene we facilitate with high-quality and innocuous products.

- Our customers, who we inspire with our products and services.
- Our employees, who enjoy secure jobs in which to develop their potential.
- And our suppliers, with whom we cultivate long-term and trusting partnerships.



### OUR MISSION

Our mission is derived from our corporate vision: We offer the highest quality of hygiene products. Consequently, we have very high demands on all products developed and manufactured at Nölken. This is how we ensure excellent results.



### OUR PRINCIPLES

In our decisions and actions we are guided by our understanding of work: discovering and promoting potential, acting powerfully and courageously. We make our mark in international markets, develop innovative products and pay attention to sustainability. For us this entails creating an open communication culture, a constructive working environment, fair cooperation and transparent structures.

# A SHORT PORTRAIT OF NÖLKEN

For over 30 years, the name Nölken has been standing for the highest quality in hygiene products. For us as a family run business in the second generation, corporate responsibility is existing practice and a well-established maxim of corporate governance. Economic foresight, sustainable products and long-term customer relationships ensure the success of our company in the future.

## COMPANY PROFILE AND BUSINESS ACTIVITIES

Nölken develops and produces high-quality hygiene products. In addition to brand and private label products for customers from trade and industry, we also offer white-label products. As a full-service manufacturer we cover the entire value chain from the development of products together with our customers, the procurement of raw materials, production and packaging to logistics.

Our wet wipes and liquid cosmetics for babies, children, adolescents, adults and senior citizens as well as our nursing pads are characterized by the highest quality and compatibility. Many of our products are certified by recognized eco-labels.

Currently Nölken is supplier to multinational trade and industrial companies in 33 countries. Primary sales markets are Germany, Austria, the Czech Republic, the Netherlands and Switzerland.

## MARKETS



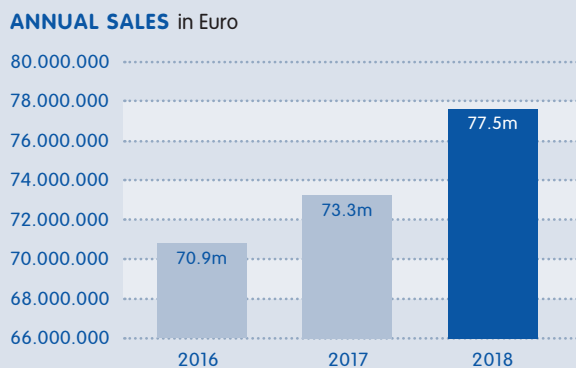
## FACTS AND FIGURES

**LOCATIONS**  
 Windhagen / Germany (company premises 35.676 m<sup>2</sup>)  
 Nowogrodziec / Poland (company premises 17.748 m<sup>2</sup>)

**OWNERS**  
 Ernst Markus Nölken  
 Ulrich Daniel Nölken

**NUMBER OF EMPLOYEES**  
 302 in Windhagen and 86 in Nowogrodziec

**TOTAL SALES**  
 77.5 million euros in 2018





## CORPORATE STRUCTURE

Nölken is an owner-managed company with currently two locations in Windhagen and in Nowogrodziec. The German Nölken Hygiene Products GmbH is managed by the managing partners Ernst Markus Nölken and Ulrich Daniel Nölken. Until January 2018 Rudolf Marnet acted as additional managing director. The management of the Polish subsidiary Noelken Sp. Z o.o. consists of the managing partner Ernst Markus Nölken as well as the managing directors Mariola Jarzab and Anna Linke.



## MANAGEMENT

As a family business, Nölken is committed to the principles of sustainable development. For us this means combining economic goals with ecologically and socially responsible action.

That is why sustainability is integrated into our corporate strategy. Sustainability management is divided into the three focus areas of products, environment and people, which determine our commitment, reporting and communication.

Since 2011, sustainability management has been firmly rooted in the parent company with a staff unit reporting directly to the management. The sustainability manager is responsible for all sustainability activities at the German and Polish sites.

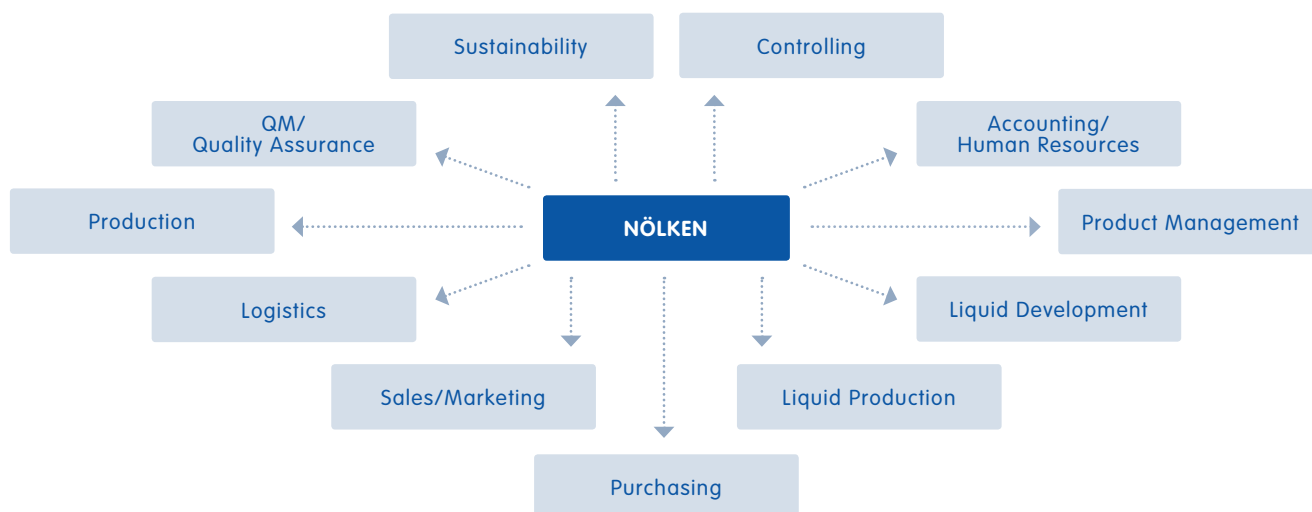
In order to manage and implement sustainability holistically, managers from different functional areas both at the Windhagen site and in Nowogrodziec are involved. Both teams consist mainly of the officers in charge of sustainability management, quality management, occupational safety, environmental management, dangerous goods, REACH, FSC / PEFC, RSPO, fire protection and waste management.

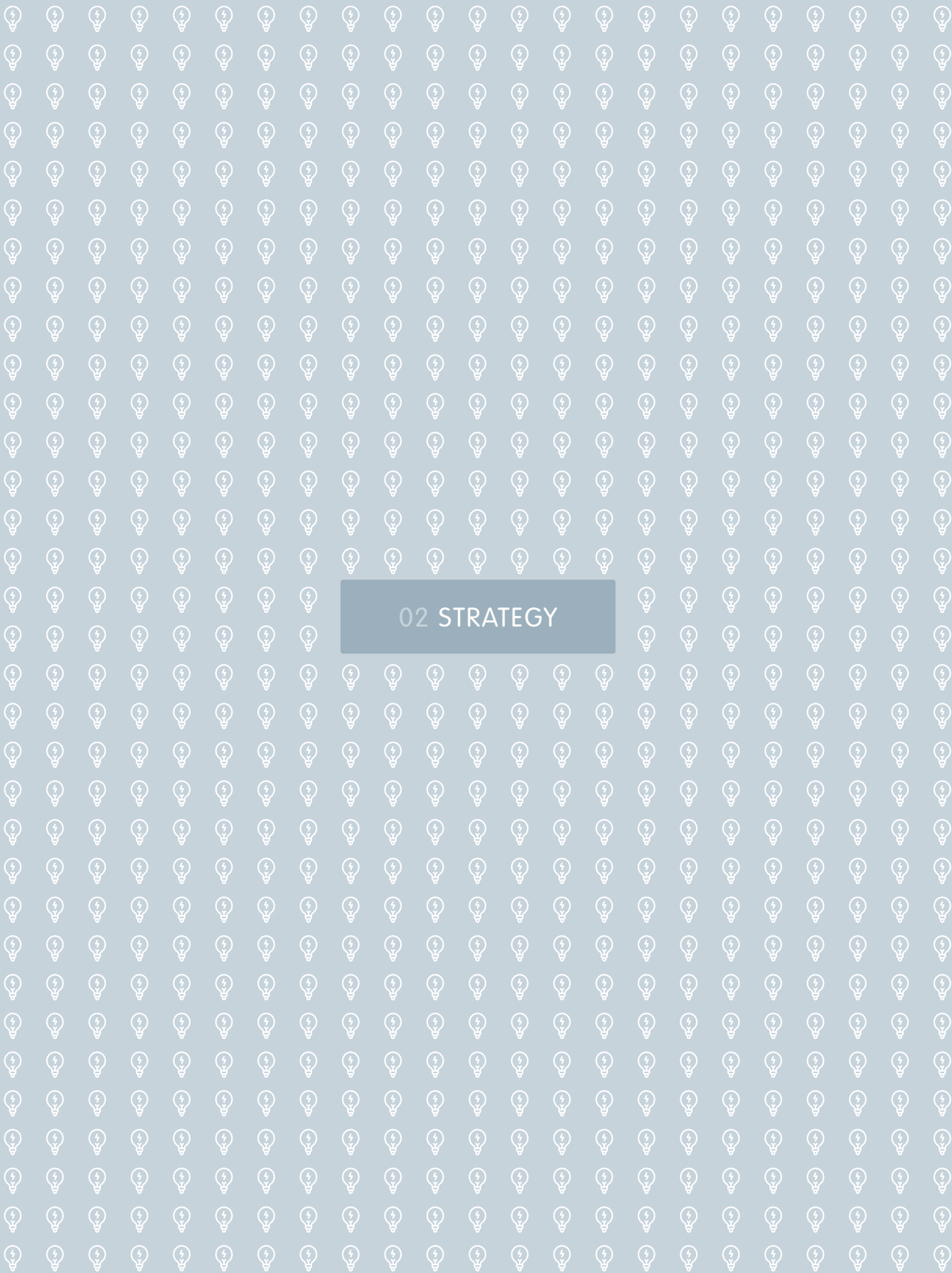
Overall responsibility for sustainability lies with the management.

## CORPORATE HISTORY

Nölken was founded in 1982 by Ernst Nölken as a trading company for moist toilet paper, which started its own production six years later. In 1991, after several relocations, the Windhagen site was set up, two years later Noelken Sp. Z o.o. was founded in Poland. Beginning with just a few articles, the range has been increasing steadily: in 1997, for example, the production of wet wipes was expanded to include nursing pads. In 2005, liquid filling was started and in 2008 a formulation and mixing department was set up. Since 2010, Ernst Markus Nölken and Ulrich Daniel Nölken have been managing the family business in the second generation.

## ORGANISATIONAL STRUCTURE AT NÖLKEN:





02 STRATEGY

# RESPONSIBLE ACTION AS A STRATEGIC BASIS

The sustainability strategy of Nölken is part of the corporate strategy and covers the three focus areas of products, environment and people. Our commitment to sustainability is guided by an integrated management system that provides a holistic framework for our decisions.

## FOCUSING OUR ACTIVITIES

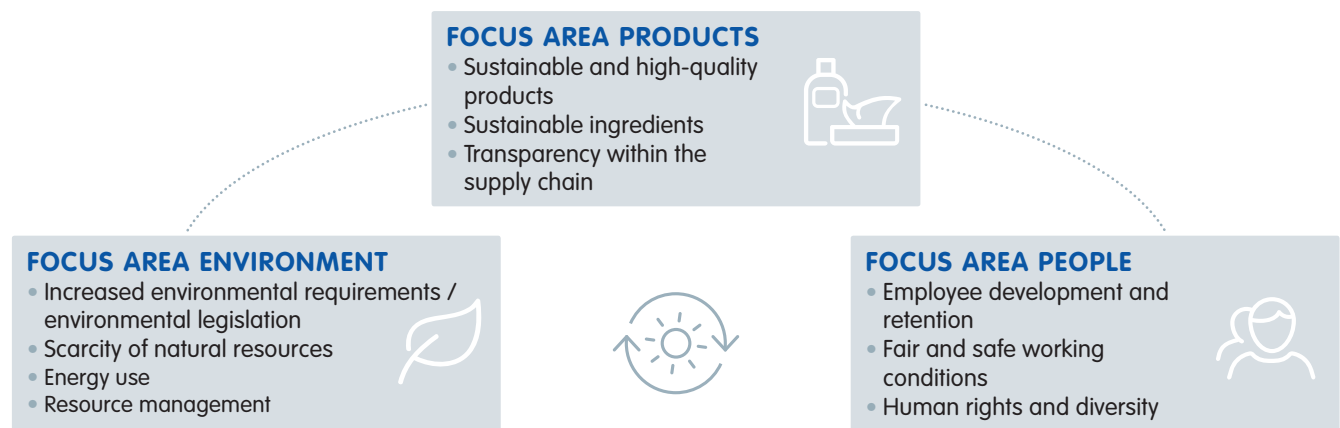
For Nölken safeguarding the company's long-term existence is the top priority. For us, sustainability means identifying market trends, technological changes, social, political and regulatory developments at an early stage and aligning our business activities accordingly. As a nationally and internationally active company, we keep an eye on the entire value chain and are aware of the responsibility for people and environment from the source of raw materials to the use of our products.

Our sustainability management is based on an integrated concept that encompasses the three focus areas of products, the environment and people, and that enables us to efficiently align our business processes with sustainability. It also opens up opportunities for us to stand out in the face of increasing competition. In this way we can reduce our costs by using resources

sparingly, minimize our risk through transparent supply chains, inspire our customers even more with innovative and sustainable products, and increase our attractiveness as an employer.

In 2017, we conducted a materiality analysis to verify the relevance of our sustainability issues. This analysis takes into account the Sustainable Development Goals (SDGs) and the principles of the United Nations Global Compact (UNGC) as well as the results of our stakeholder dialogues. In addition, a materiality matrix was prepared in cooperation with the management in a structured process. In the 2018 reporting period, the specialist departments were involved in the development and implementation of other relevant sustainability topics, and appropriate measures and targets were defined.

## MATERIAL SUSTAINABILITY TOPICS



## OUR OBJECTIVES

At regular intervals, the sustainability goals, which are also assigned to the three focus areas of products, environment and people, are determined in accordance with the corporate strategy. With our goals and actions, we want to help achieve the United Nations Sustainable Development Goals. Our sustainability goals and the measures developed are planned to be implemented by 2030. Based on specific key figures, the implementation is measured annually.



### FOCUS FIELD PRODUCTS

With our products, we want to achieve positive results for our consumers and to minimize our negative impacts in the manufacturing process, from raw materials to ready-to-use products. This will enable us, on the one hand, to meet the increasing awareness of sustainability among our customers and, on the other hand, to supply the growing global demand for care and cleaning products with sustainable products.

Within our value chain, we are confronted with a multitude of challenges. Within the complex supply chain, we as a medium-sized company can often exercise only indirect, and then only limited, influence. However, as environmental and social changes are increasingly threatening our ecosystems and thus having a direct or indirect impact on the production of our products, we still strive to demand the implementation of our environmental and social sustainability goals from our suppliers as well.

### GOALS CONSISTENT WITH SDGs 9 AND 12

#### Expanding the range of sustainable products and promoting responsible consumption:

We want to expand our range of high-quality and sustainable personal care products and promote responsible consumption through transparent communication. To achieve this goal, the sales volume of our eco-label products and the number of ideas submitted via our ideas management system are decisive.

#### Increasing the use of certified and sustainable raw materials:

We would like to increase the proportion of raw materials that are produced in a resource-conserving and ecologically and socially acceptable manner. In the long run we would like to use predominantly sustainable raw materials. The implementation of this objective is measured by the amount of certified and sustainable raw materials consumed.

#### Increasing supply chain transparency:

We want to promote a transparent and sustainable supply chain and foster future-oriented partnerships with our suppliers. The benchmark of these goals is the documented supplier dialogue, especially in the case of critical suppliers and / or raw materials.



## FOCUS FIELD ENVIRONMENT

Protecting our environment and our climate plays an important role for Nölken—on the one hand to secure the future of the company and on the other to preserve our world for future generations. We are called upon to consider and prepare for ecological risks, such as increasing environmental disasters and global warming. We are also faced with the challenge of increasingly limited resources.

Within the framework of our sustainability management, we take into account even today and more so in the future, regulatory developments such as new environmental regulations, possible restrictions or voluntary commitments. In addition, we also include our stakeholders and their demands on our environmental protection measures.

## GOALS CONSISTENT WITH SDGs 7 AND 13

**Aligning production with ecological and social standards:** Within our production we want to comply with the highest ecological standards and to systematically and specifically minimize our environmental impacts. In order to assess the implementation of this objective, we record and evaluate relevant performance indicators such as waste generation, water and paper consumption via our environmental management system.

**Reducing energy consumption and switching to renewable energy:** We want to reduce our energy consumption and increase the share of renewable energy.



## FOCUS FIELD PEOPLE

As a family business, it is important to us to offer fair and secure conditions to people who work for and with Nölken—in this respect we demand and promote compliance with social standards within our value chain.

As an employer we are also responsible for socially relevant aspects in the regions around our two loca-

tions. In particular, we face the challenge of finding and retaining skilled workers and apprentices due to the low unemployment rate (4.7 percent in the region around Windhagen and 4.5 percent in the region around Nowogrodziec). In order to offer our employees an attractive workplace, we rely, for example, on modern technology in our production, on further training opportunities or a variety of benefits.

## GOALS CONSISTENT WITH SDG 8

**Increasing occupational safety and health:** We want to continue to reduce the number of accidents in our production facilities and to support our employees to stay healthy and to be fit for their daily work. We measure the achievement of these objectives on the basis of the number of accidents, the sickness rate and the number of health measures offered.

### Development of potential and equal opportunity:

We want to offer our employees a fair and challenging work culture and create a balanced and integrative personnel structure. We measure the implementation of these goals by means of our range of further education measures, as well as the age structure development and gender distribution.





## OUR HOLISTIC APPROACH

Nölken relies on an integrated approach to sustainability in order to systematically record the many topics relevant to sustainability and to make progress with targeted improvements. In doing so, we follow the guiding principles of sustainable development and make all decisions regarding the three pillars of economy, ecology and social issues.

### SYSTEMATIC SUSTAINABILITY MANAGEMENT

Back in 2011 we established a sustainability management system to manage our activities and to systematically and purposefully use financial and human resources.

Our Integrated Management System (IMS) covers the areas of quality assurance, environmental protection and occupational safety. An essential element of the IMS are specific area and product chain certifications, which are awarded in annual audits. Our management system meets the requirements of ISO 22716 for the manufacture of cosmetic products, the quality management standard ISO 9001 and the environmental management standard ISO 14001. In addition, our processes are certified according to the IFS HPC standard. Our IMS is established both at our Windhagen site and at our Nowogrodziec site.

### IN ACCORDANCE WITH LEGAL REGULATIONS

Integrity is one of the basic principles for Nölken. As a supporter of the United Nations Global Compact, we are committed to aligning our business with its universally recognized principles of environmental protection, working conditions, human rights and the fight against corruption.

We act in accordance with national and international regulations and do not engage in lobbying or donate for political purposes. Within our privacy policy, the confidential handling of customer, supplier and employee data is monitored. During the reporting period, there were no compliance violations or corruption cases in our company.

It is part of our corporate governance to comply with regulations, laws and standards regarding environmen-

tal protection, human rights and working conditions. The responsibility for compliance lies with the managing directors as well as the heads of the controlling, the production, the personnel, the quality, the sales and the purchasing departments.

### CERTIFICATIONS WITHIN OUR MANAGEMENT SYSTEM:

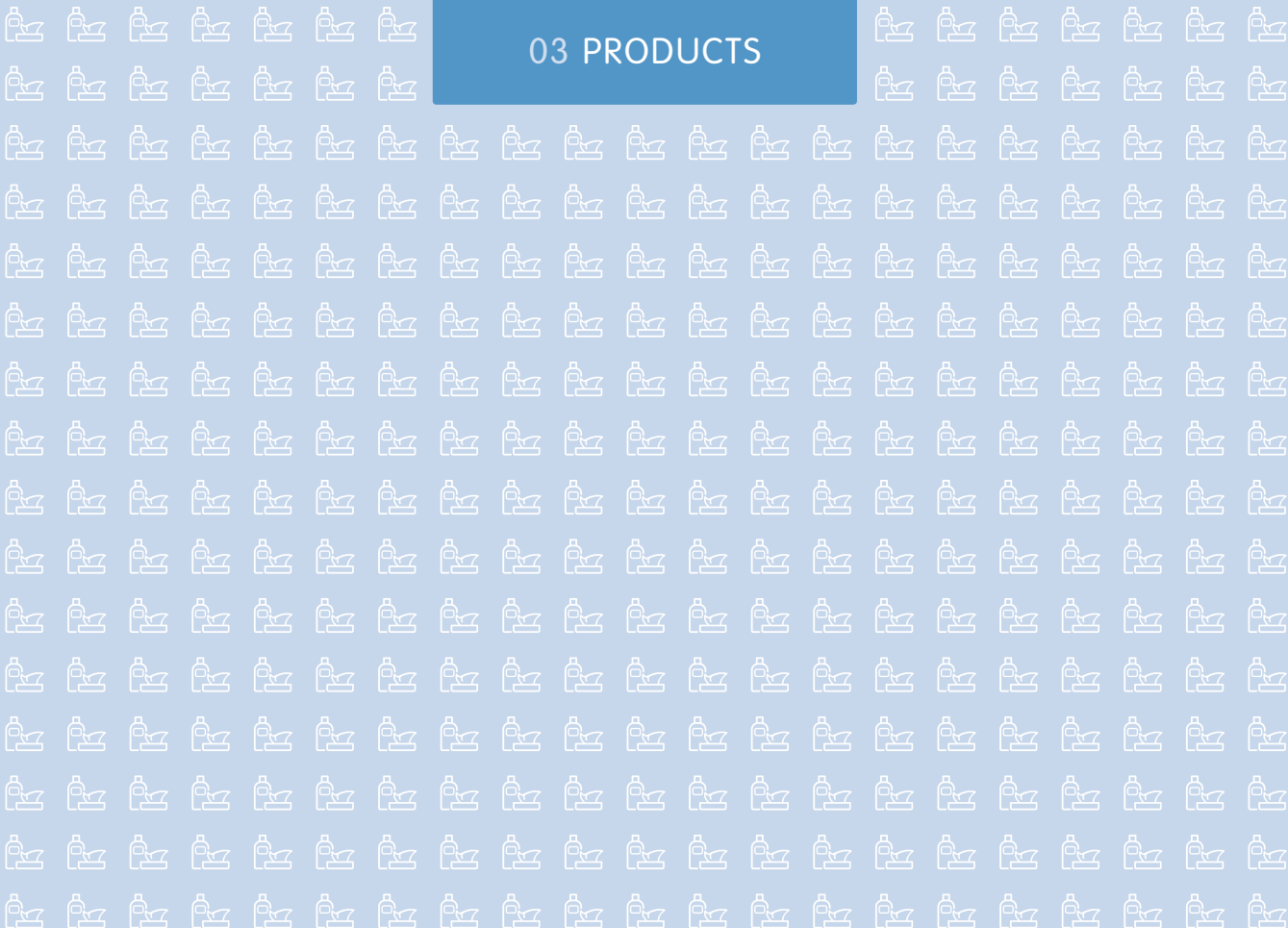
	WINDHAGEN	NOWOGRODZIEC
ISO 22716	✓	✓
ISO 9001	✓	✓
IFS HPC	✓	✓
ISO 14001	✓	

We expect integrity also from our employees, who are made aware of the issues of corporate ethics, fairness, teamwork, integrity and the fight against corruption through our Code of Business Conduct.

Furthermore, our responsibility extends to the cooperation with service providers and suppliers. The basis of our cooperation is compliance with our requirements regarding quality, environmental protection and social compatibility as well as integrity within all business relationships.



03 PRODUCTS





## KEEPING THE ENTIRE LIFE CYCLE IN MIND

Nölken takes the responsibility for all products very seriously. In addition to quality and safety, the focus is on the continuous further development of our portfolio from a sustainability perspective. In doing so, we look at the complete value chain and thus the entire life cycle—from the development of our hygiene products to their disposal.



### PRODUCT RANGE

For customers from industry and commerce, Nölken develops and produces wet wipes, nursing pads and liquid cosmetic care products of the highest quality. In addition, we provide well-established private label brands for trading companies.

#### Cosmetic care products

The range of personal care products includes creams, lotions, shower gels, shampoos and scrubs, which we produce and fill at our Windhagen site.

### AWARDS

All products are manufactured to exacting standards of quality and hygiene and are tested for their dermatological compatibility. These high standards are highly appreciated by our customers and consumers—and have received awards in the past.

#### Responsible Care

In 2016 Nölken won the Responsible Care competition in the Product Responsibility category. Since then our product “babyline GREEN” has been included in our private label range.

#### Wet wipes

We offer both proven and highly innovative wet wipes for a variety of applications—for gentle baby care, gentle cleansing of the face, body and intimate area as well as for effective cleaning in the home and for disinfection.

#### Nursing pads

For our customers, we manufacture various high-quality nursing pads with different product features—both consumer packs for retail and large packs for clinics and hospitals.

#### Private label brands

For trading companies we carry our established brands “babyline”, “Private Comfort”, “babyline GREEN”, “pikobelo”, “wet & fresh”, “Barbara N”, “Putzfee” and “pet-line”.

*Product brochure under:*

[www.noelken.de/fileadmin/img/PDF/Produktblaetter\\_deutsch\\_2015.pdf](http://www.noelken.de/fileadmin/img/PDF/Produktblaetter_deutsch_2015.pdf)

#### The Consumer Initiative

In 2015, Nölken received the Silver Award from the Consumer Initiative for its commitment to sustainability.

#### ÖKO TEST

In its issue 07/2018 the magazine ÖKO-TEST published the test results of baby washing lotions and gels. Nölken was rated “very good” for the products we produce on behalf of our customers.

# PRODUCT LABELS

Nölken uses mainly certified raw materials and mild ingredients with low allergy potential in the manufacture of cosmetic products. Our efforts to develop an ever more sustainable product range are highlighted by various certifications and eco-labels that we use to mark the respective products.



## Nordic Ecolabel

The Nordic Ecolabel (Swan)\* takes a life-cycle approach, taking into account the environmental and health characteristics of a product and comparing its environmental performance with competing products.

## Vegan flower

The vegan flower\* certifies that both the selected products and the production process are free of animal ingredients and not tested on animals.

## BDIH-Standard

The standard of the Federal Association of Industrial and Trading Companies\* distinguishes controlled natural cosmetics without animal experiments. Synthetic fabrics are not allowed. In addition, attention is paid to the environmental compatibility of the final product.

## DAAB label

The DAAB label\* denotes products that are suitable for children and adults with allergies and / or atopic dermatitis. Certified products are free of fragrances, preservatives and colorants.

## FSC label

As an independent organization the Forest Stewardship Council (FSC)<sup>®</sup> is committed to sustainable forestry. This guarantees the verification of certified wood—from the forest to the finished product.

## PEFC-Label

The certification according to the Programme for the Endorsement of Forest Certification Schemes (PEFC) signals the conscientious handling of the raw material wood. It guarantees comprehensive protection of the forests and makes every processing step of the raw material visible.

## RSPO label

The aim of this certification according to the supply chain standard of the Roundtable on Sustainable Palm Oil (RSPO) is to support the sustainable cultivation of oil palms and to ensure traceability.

## SAS label

The Swiss Allergy Label, SAS\* label, is applicable to many consumer products. Products bearing the SAS seal of approval are audited by independent bodies and provide tangible added value to consumers suffering from allergies or intolerances.

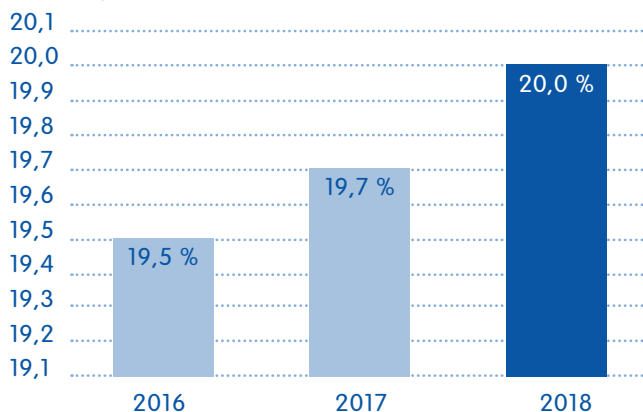
## ECARF label

The ECARF\* seal distinguishes products and services that fully meet the needs of allergy sufferers. Cosmetics with this seal are particularly gentle to the skin.

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

## PRODUCTS WITH ECO-LABELS

Percentage of annual turnover



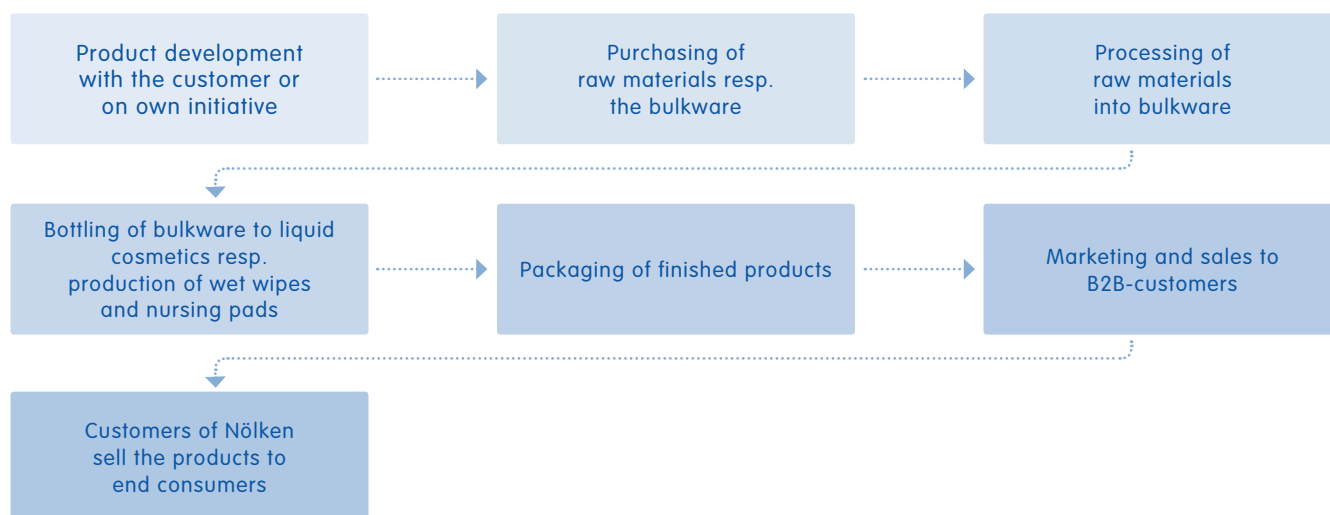
# VALUE ADDED FROM DEVELOPMENT TO DISPOSAL

Nölken considers all positive as well as negative product characteristics within all stages of the value chain. A particular challenge are disposable products the demand for which we want to cover in the most sustainable way possible. Our goal is to minimize the negative impact of our products and to promote sustainable consumption.



In product development Nölken considers the entire product life cycle and, consequently, the complete value chain—from product development and idea management, procurement and supplier management, processing and bottling, packaging, product design and sales to consumer use and disposal.

## VALUE CHAIN OF NÖLKEN:



## PRODUCT DEVELOPMENT AND IDEA MANAGEMENT

Nölken wants to use the high-quality of the existing range and of new or improved products in order to secure the future viability of the company. Therefore, together with our customers, we develop new formulations or modify the existing product range. As a full-service manufacturer we provide expert advice to our customers and from the beginning we integrate them in the process to achieve the best result.

Within the value chain we can fulfil our requirements regarding sustainable products—from development,

production up to disposal—by selling our own products through trading partners or by working with our customers for the most sustainable product possible. However, if customers provide ready-made recipes, our influence is very limited.

We actively involve our employees in the existing ideas management system. Ideas for more efficient processes, for resource or environmental protection, for new products as well as for further education can be submitted via the program. We reward successful proposals with bonuses amounting to 10 percent of the financial savings.

## PROCUREMENT AND SUPPLIER MANAGEMENT

As a link between global trading companies and international raw material suppliers, we take full account of our part of the value chain as a whole—from the development of our products to their disposal. Transparency is a prerequisite, because only if we know what happens in each individual stage can we promote change.

In the upstream process, we check the compatibility of the raw materials, the extraction in the country of origin and further processing in the individual production steps. In the downstream process, we focus on the recyclability of the packaging and the disposal options of the products.



We rely on long-term and trusting partnerships. We select our suppliers carefully and evaluate them within our supplier management with regard to quality, reliability and various sustainability aspects. We use their self-assessments to check compliance with applicable laws and standards on quality, environmental and social issues.

In order to accelerate improvements, we constantly exchange information with our suppliers. To this end, we conduct talks with and audits of our suppliers, in particular in the case of critical suppliers and / or raw materials, and have them documented. The number of audited suppliers is not monitored.



## PRE-PROCESSING, BOTTLING AND PRODUCTION

Cosmetic products that Nölken launches meet the requirements of the EU Cosmetics Directive. We therefore perform systematic safety assessments and tests and meet the labeling obligation. We also develop measures to prevent or minimize the environmental impact of the manufacture and use of our products.

All products from Nölken are harmless to health. We use only approved and safe ingredients. In addition, we ensure skin compatibility in the development of any product and examine its effect in cooperation with

dermatological institutes on humans or on skin models. We do not carry out experiments on animals, nor do we commission third parties to do so. In addition, our products meet all requirements for their durability during the application phase. To ensure this, we perform various stability tests at different temperatures. Only products that meet all legal and our own high requirements will be released for sale.

## PRODUCT PACKAGING

For the presentation of the products in shop display and the assurance of their quality the packaging plays a central role. Again, we comply with legal requirements and attach great importance to a sustainable, environmentally friendly packaging. By 2020, we only want to use recyclable composite film packaging—for our own brands as well as for our customer products.

Even today, 90 percent of the composite films we use for the safe and hygienic packaging of our wet wipes are completely recyclable. Half of these films are post-industrial recycled (PIR) material, i.e. recycled waste. For quality and legal reasons, packaging made from post-consumer recycled (PCP) materials is currently not possible. Only 10 percent of our composite films are made of polyethylene terephthalate (PET) and polyethylene (PE), which are not recyclable in composite form and therefore need to be treated in an energy-from-waste plant. By 2020, we want to avoid these films altogether.

Liquid cosmetics are filled into bottles, jars and tubes made from recycled plastic. Since these are made of

single-material plastics, they can be reintegrated into the recycling cycle. For secondary packaging we rely on environmentally friendly cardboard boxes made from 100 percent recycled material or—at the request of our customers—certified cellulose-based variants.

## SALES AND MARKETING

We want to promote sustainable consumption and raise awareness among consumers who use our products. To achieve this, we rely on the effective use of the positive aspects of sustainability—in advising our customers as intermediary links to consumers and in the direct communication displayed on the products.

To ensure transparency in Nölken's commitment to sustainability we are a member of Sedex. Via this platform we provide our clients with non-financial information on working conditions, health and safety, the environment and business practices.

## USE AND DISPOSAL

Even though the use and disposal of our products are not in our hands, we can communicate with our consumers and sensitize them to the disposal options available.

While packaging is largely recyclable, some of our products, such as wet wipes, need to be disposed of as residual waste. These products are clearly labeled as “do not flush” and must be disposed of with household waste due to the proportion of plastic fiber they contain. Only moist toilet paper, which is clearly labeled as “flushable” on the packaging, can be disposed of via the toilet. Over 60 percent of our wet toilet paper consists entirely of biodegradable and natural nonwovens made from sustainable pulp. By 2020 we want to convert the production of the remaining wet toilet paper to natural fibers.



flushable



do not flush

## SUSTAINABLE AND SAFE RAW MATERIALS

Nölken’s high-quality cosmetic products are based on high-quality, harmless and sustainable raw materials and ingredients from suppliers that meet our quality requirements. Most of our raw materials are sourced directly from Germany and other EU countries. However, raw materials or components used by our suppliers may sometimes come from other countries.

In order to save valuable resources, we make every effort to use raw materials in an ecologically sensible way and to close material cycles.

### NONWOVENS AND CELLULOSE

For our wet wipes and cleaning wipes and partly for our nursing pads, we use nonwovens made of different fiber compositions. Synthetic and natural fibers are suitable for the production of high-quality nonwovens: Viscose fibers made of cellulose are particularly distinguished by their absorbency and are also a natural, re-growing, raw material. For the most part we use viscose fibers mixed with plastic fibers. Natural fibers come from sustainable and certified sources—from FSC- or PEFC-certified suppliers, who ensure ecologically and socially responsible production.

We develop our nonwovens in cooperation with our suppliers and in close contact with our customers in order to achieve the best possible result and end product for our consumers.

#### CERTIFIED NONWOVENS AND CELLULOSE in m<sup>2</sup>

	2016	2017	2018
FSC	12.483.905	13.711.399	19.186.462
PEFC	33.611.078	32.357.986	34.501.012
<b>Total</b>	<b>46.094.983</b>	<b>46.069.385</b>	<b>53.687.474</b>



### COSMETIC INGREDIENTS

We only use carefully selected cosmetic ingredients for the wet wipes and for our liquid body care products. We are constantly working to develop our own and customer-specific formulations and to align them more closely with our sustainability requirements.

#### Natural ingredients

For our products, we increasingly rely on the use of natural ingredients from controlled organic cultivation. For example, we use ground apricot kernels in our scrubs. Over the last few years, we have steadily increased their share—and thus also meet the increased demand for eco-label products. Our aim is to promote sustainable care and cleaning products and to further sensitize our customers and consumers.

#### Animal ingredients

For selected recipes we use animal substances, such as beeswax in our scrub. Non-animal products are absolutely free of animal substances or substances produced by animals, including honey, wool fat or beeswax. Our products are marked with corresponding labels: BDIH natural cosmetics, vegan flower and Nordic Ecolabel certify that cosmetics are free of animal ingredients and not tested on animals. Animal-free products can also be identified by the label “vegan”.

### Preservatives

In order to prevent microbial spoilage, preservatives are indispensable—especially with wet wipes. Preservatives ensure the microbiological stability of the care products as they prevent the multiplying of germs after the packaging has been opened. The use of preservatives, for example concentration, field of application and user group, is regulated in the EU Cosmetics Regulation. In order to comply with legal requirements and to react early, we constantly monitor possible changes in legislation. Thus, we are able to guarantee the safety and compatibility of our products. That is why we do not use any Polyaminopropyl Biguanide (PHMB) in any of our products.

### Microplastics

Microplastics, based on petroleum or gas, are mainly used as abrasives or as a liquid additive in the cosmetics and personal care industry. Due to their small size microplastics pass through filtration and cleaning systems unhindered, pollute water and consequently affect the natural (food) cycle.

The cosmetic products of Nölken are free from artificial microparticles. In peeling products we use only natural exfoliating particles, such as ground apricot kernels or beeswax. Moreover, we intend to substitute synthetic polymers, which are used, for example, as thickeners in cosmetic products. As early as 2016 we identified all synthetic polymers processed as a liquid additive in our

products and determined their quantities in the following year. Since the beginning of 2018 we have been researching and testing formulations without synthetic polymers. Our goal is to adapt all affected products by 2019.

### Palm oil and palm kernel oil

Palm kernel oil is an important raw material for the production of cleansing substances. Nölken also uses palm-based raw materials such as surfactants or emulsifiers (derivatives) for a large number of products.



Since 2013 we have been determining the quantities of palm (kernel) oil derivatives we use and monitor our suppliers. In the reporting period, there was once again an increase in the use of palm (kernel) oil derivatives due to higher production figures.

### IN DIALOGUE FOR SUSTAINABLE PALM (KERNEL) OIL DERIVATIVES

In order to raise public awareness of sustainable palm (kernel) oil, Nölken made this controversial topic the motto of the exhibition stand at the PLMA 2018, the largest European trade fair for private labels. The focus was on informing visitors about palm oil and the negative effects on humans and the environment entailed by conventional extraction. Nölken also presented solutions: derivatives for cosmetic

products from certified palm (kernel) oil from sustainable production.

At the interactive booth, visitors were invited to make their own personal shampoos. They were given the opportunity to use a palm-oil-free recipe as well as an RSPO-certified recipe with sustainable derivatives. At the end of the fair, the visitors had a clear favorite: Shampoo made with sus-

tainable derivatives, characterized by the good processability of the ingredients and its neutral odor.



## Trade forms for sustainable and certified palm oil

### Identity Preserved (IP)

Strict physical separation of palm oil from sustainable production and non-sustainably grown palm oil along the entire supply chain with 100% traceability.

### Segregation (S)

Similar to IP, sustainable goods are strictly separated from unsustainable goods. However, goods from several certified sustainable mills can be mixed.

### Mass balance (MB)

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

### Book & Claim (B & C)

Online trading in certificates for sustainably grown palm oil. Manufacturing companies can use this scheme to make up for unsustainable palm oil.

By 2020, we would like to use only sustainable and certified palm raw materials for our products, thus promoting the sustainable cultivation of oil palms. To this end, we employ the trade form Mass Balance (MB). Both our production sites were certified in December 2017 according to the supply chain standard of the Roundtable on Sustainable Palm Oil (RSPO). For our derivatives, we already use more than 80 percent MB quality, which allows us to label all products with the

## CERTIFIED PALM (KERNEL) OIL DERIVATIVES in t

	2016	2017	2018
B & C	278	160	42
MB	99	247	236
<b>Total</b>	<b>377</b>	<b>407</b>	<b>278</b>

## DIRECT ENVIRONMENTAL PROTECTION IN THE PLANTATION AREA

Nölken is actively involved in associations and industry initiatives, as well as in the non-profit association Forum Sustainable Palm oil (FONAP). In this context, we support the small farmer project "Impact of the FONAP Add-on Criteria on Small Producers in Malaysia", within which FONAP is committed to direct environmental protection in plantation areas in Perak, Malaysia.

The project is being implemented in cooperation with WWF Germany by the non-governmental organization Wild Asia in the period from July 2018 to July 2019.



On the spot, Wild Asia is already working with 261 small farmers to train them in more sustainable cultivation and management of palm oil plantations. The aim of the project is, in cooperation with the small farmers, to fulfil four specific requirements of FONAP on the use of cultivation areas, the employment of pesticides and the cultivation of oil palm fruits and to gain experience.

### Add-on criteria of FONAP:

- Stop cultivation on peat soils and other high carbon sites
- Stop the use of highly dangerous pesticides
- Compliance with strict reduction targets for greenhouse gases
- Exclusive use of fresh fruit bunches from legally grown crops







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MB certificate. The remaining amount is covered by the Book & Claim certificate system.

In addition, we are actively involved as a member of the non-profit association Forum Sustainable Palm Oil (FONAP) to promote the dissemination of sustainable derivatives. We also work closely with our suppliers to achieve improvements in the cultivation and production conditions for palm (kernel) oil. For this end, we engage in purposeful and documented dialogues with our partners in order to jointly implement our goals.

## GOALS

TOPIC	GOAL	YEAR	MEASURES / EXPLANATION	ACHIEVEMENT OF OBJECTIVES
<b>Change-over</b>	<ul style="list-style-type: none"> <li>In 2020, buy 100% palm (kernel) oil derivatives in MB</li> </ul>	2020	<ul style="list-style-type: none"> <li>In 2018, 80% palm (kernel) oil derivatives were purchased in MB</li> </ul>	80 %
<b>Certificate trading</b>	<ul style="list-style-type: none"> <li>Cover remaining quantities with RSPO credits via Book &amp; Claim</li> </ul>	2020	<ul style="list-style-type: none"> <li>All remaining quantities were covered by certificates.</li> </ul>	100 %
<b>Communication</b>	<ul style="list-style-type: none"> <li>Annual reporting on quantity, traceability and add-on criteria</li> <li>Inform stakeholders annually about goals and measures achieved</li> </ul>	2018 and ongoing	<ul style="list-style-type: none"> <li>Since 2013, annual reporting on quantities, objectives and measures used</li> <li>Traceability and add-on criteria have not been communicated so far</li> </ul>	75 %
<b>Supplier management</b>	<ul style="list-style-type: none"> <li>Development of schedules with the suppliers</li> <li>Evaluation of the schedules</li> <li>Annual documented dialogue with at least 10 suppliers about traceability and add-on criteria</li> </ul>	2018 and ongoing	<ul style="list-style-type: none"> <li>in 2013 Information event for all suppliers</li> <li>in 2016 first in-house palm oil conference</li> <li>in 2018 talks with all suppliers</li> </ul>	100 %
<b>Traceability and add-on criteria</b>	<ul style="list-style-type: none"> <li>Traceability at least down to the level of the mills, but ideally down to the level of individual plantations</li> <li>Compliance with the FONAP add-on criteria</li> </ul>	2018 and ongoing	<ul style="list-style-type: none"> <li>Complexity of value chains prevents traceability and compliance with add-on criteria. Supplier dialog about it will be continued.</li> </ul>	0 %



04 ENVIRONMENT

## PRESERVING THE ENVIRONMENT

As a manufacturing company, Nölken requires adequate amounts of resources, such as energy and water, and generates greenhouse gas emissions or waste as a result of its business activities. We are aware of the responsibility for our nature and our climate. Efficient management helps us to protect our environment and minimize negative impacts.

### MANAGEMENT APPROACH

Against the background of an increasing scarcity of resources and the consequences of their consumption for biodiversity or our climate, we want to use raw materials efficiently, reduce our energy consumption, use more renewable energies and thereby reduce CO<sub>2</sub> emissions. We also want to actively protect our environment.

Nölken systematically and holistically applies a precautionary approach to corporate environmental protection and therefore we have implemented an environmental management system at our main site in Windhagen. It builds on our own experience and takes into account the requirements of DIN EN ISO 14001: 2009 as well as the German and European legislation on environmental protection and occupational safety, equipment safety and product liability. With this management system, we can record, monitor and evaluate all environmentally relevant KPIs and develop improvement measures based on these evaluations. It also allows us to monitor cycles within production and process planning and avoid hazards to the environment.

Nölken has ISO 14001 audits carried out annually by independent organizations. In the reporting year, we successfully passed the recertification again. Furthermore, no infringement of German or European environmental law or corresponding directives was recorded. Due to our foresighted and socially beneficial management, we foresee little risk for our business activities. Nevertheless, we are constantly working to reduce our impact on the environment.



### PAPER

Nölken consumes a certain amount of copy and business paper, mainly for documentation or communication purposes. By further digitizing our processes, we try to reduce our paper consumption. For example, we have digitized our archiving system, and we accept only digital order documents and invoices from our business partners. We instruct our employees accordingly in order to sensitize them and motivate them to save on paper.

Since 2014 we have been covering our paper needs at both locations with copy paper made of recycled fibers (Blue Angel) and stationery that meets internationally recognized sustainability requirements (FSC and PEFC). For some time, we have been participating in the initiative "CEOs pro Recycled Paper" in order to promote the use of recycled paper through public relations.

#### PAPER CONSUMPTION IN SHEETS IN WINDHAGEN

	2016	2017	2018
copy paper	600.000	600.000	300.000
letter paper	100.000	217.500	115.300
<b>per employee</b>	<b>3.005</b>	<b>4.565</b>	<b>1.375</b>

#### PAPER CONSUMPTION IN SHEETS IN NOWOGRODZIEC

	2016	2017	2018
copy paper	157.500	135.000	185.000
letter paper	0	0	0
<b>per employee</b>	<b>1.790</b>	<b>1.753</b>	<b>2.151</b>

## ENERGY

For the operation of our production plants, we need energy whose consumption essentially depends on the quantity of products produced. We rely on an economical and environmentally friendly energy mix and our energy management system.

Using the Energy Management System (EMS), we record all relevant key figures about the exact production volume and the energy consumption within the individual production lines. At the Windhagen site, we also underwent an energy audit in accordance with DIN EN 16247-1 in order to control energy consumption even more transparently. On the basis of the insights gained we are determining potential savings and planning improvement measures.



## DIN EN 16247-1

### ENERGIEAUDIT

In order to reduce energy consumption throughout the organization and use it as efficiently as possible, we rely on energy-saving machines, economical and smart lighting systems and LED lights. In addition, we are constantly optimizing our processes in order to better align them with our sustainability requirements.

At the Windhagen site we operate two cogeneration units (CHPs) powered by natural gas to efficiently heat drinking and heating water. In addition, we use the waste heat from two compressors for the heating of the building by means of integrated heat recovery.

Our goal is to continuously reduce our energy consumption. Nevertheless, we cannot make any statements about actual savings, because we evaluate the energy consumption in relation to our production volume.

#### ENERGY CONSUMPTION in kWh in WINDHAGEN

	2016	2017	2018
Electricity	3.916.688	3.199.908	3.384.509
Natural gas	2.056.525	1.947.384	2.014.253
Mineral oil	-	-	-
<b>total</b>	<b>5.973.213</b>	<b>5.147.292</b>	<b>5.398.762</b>

#### ENERGY CONSUMPTION in kWh in NOWOGRODZIEC

	2016	2017	2018
Electricity	1.429.530	945.775	1.019.023
Natural gas	650.601	762.869	611.974
Mineral oil	14.602	17.640	18.620
<b>total</b>	<b>2.094.733</b>	<b>1.726.284</b>	<b>1.649.617</b>

## GREENHOUSE GAS EMISSIONS

CO<sub>2</sub> emissions are primarily generated during production and, to a lesser extent, through the operation of buildings and machinery as well as our fleet. Currently, we do not measure the company's carbon footprint and cannot provide metrics on that.

Nevertheless, we strive to minimize greenhouse gas emissions generated by the operation of our plants. In the reporting period, we therefore converted our Windhagen site to green electricity. Also, our fleet includes an electric car for business trips and we support our employees in financing e-bikes.

## WATER AND SEWAGE

Water consumption at Nölken is mainly due to the water used in manufacturing and the process water needed to clean the production facilities. At both locations we source fresh water from public drinking water networks.

consumption with suitable measures. In this way we contribute to the protection of our environment.

By means of our environmental management system and water meters at the points of consumption in our production facilities, we have established a systematic monitoring system to record the product-specific water consumption and the wastewater volume. Responsible use of water as a resource is an essential part of environmental management and—if possible—we reduce

The water we use for our wet wipes is prepared by means of reverse osmosis and a UV system for the production of cosmetic liquids. The water used for cleaning the production facilities is disposed of separately as waste water.

Due to production increases resulting from the favourable economic situation the consumption of fresh water and the amount of waste water at both locations has risen in recent years.

### WATER CONSUMPTION in m<sup>3</sup> IN WINDHAGEN

	2016	2017	2018
fresh water	62.619	50.147	44.698
waste water	26.996	27.917	23.702

### WATER CONSUMPTION in m<sup>3</sup> IN NOWOGRODZIEC

	2016	2017	2018
fresh water	4.110	5.013	6.000
waste water	628	632	626



## WASTE

There are different types of waste in the production plants of Nölken. We endeavor to prevent waste in the first place. Wherever it is technically possible and economically sensible, we reuse materials, recycle them or dispose of them properly. We want to keep our waste volume as low as possible.

We have established waste management and separate the various waste fractions with great effort. This enables us to record all waste with the utmost care, sort it according to type and dispose of it in accordance with the regulations.

The recycling and disposal of (hazardous) waste is duly taken care of by qualified service providers. We still have not found a suitable disposal company to reuse our nonwoven waste or another recycling option. Therefore, the nonwoven waste continues to be treated in an energy from waste plant.

In line with increased production and demand, waste volumes have gone up. Due to additional orders in liquid production, we have expanded the capacity in the liquid and mixing sector. There were no violations of relevant legislation during the reporting period and no pollution or leakage at both sites.



### EFFICIENT DISPOSAL OF PROCESS WATER

Due to the history of the production facilities in Windhagen, the process water of the hall "Im Nassen 8" (IN8) was kept in a large storage tank until collection. Process waters of the nearby hall "Im Nassen 4" (IN4) were also stored there, but first had to be transported to the storage tank by means of IBC tanks. In the course

of the renovation of the outdoor facilities surrounding the production hall IN4 an underground process water tank was finally built, from which the process water can be collected directly (without prior IBC transport to IN8). The new tank eliminates various work processes, such as the filling and transport of

the IBC tanks, or downtime of the plants due to IBC change. This also ensures a higher level of occupational safety and hygiene within the process water disposal.



## WASTE GENERATED in t IN WINDHAGEN

	2016	2017	2018
Glass waste, mixed scrap	0,24	0,24	0,12
Electronic scrap, fluorescent lights, aerosols, oil-stained resources	35,53	40,13	38,48
Nonwovens	602,39	582,28	784,94
Film	83,60	55,00	68,00
Rinsing water	2.520,30	2.847,90	2.684,30
Wood	0,00	0,00	0,00
Cardboard	291,28	273,79	258,95
Residual waste	251,50	308,93	352,04
Unsold finished products	83,82	60,48	72,86
<b>Total</b>	<b>3.868,66</b>	<b>4.168,75</b>	<b>4.259,69</b>

## WASTE GENERATED in t IN NOWOGRODZIEC

	2016	2017	2018
Glass waste, mixed scrap	not recorded	not recorded	not recorded
Electronic scrap, fluorescent lights, aerosols, oil-stained resources	0,07	0,05	0,06
Nonwovens	307,25	354,79	400,92
Film	78,45	104,55	110,67
Rinsing water	166,00	164,00	122,22
Wood	0,00	0,00	0,00
Cardboard	65,25	74,45	83,67
Residual waste	77,80	42,50	38,00
Unsold finished products	not recorded	not recorded	not recorded
<b>Total</b>	<b>694,82</b>	<b>740,34</b>	<b>755,53</b>





## PROMOTING SUSTAINABILITY THROUGH DIALOGUE

We take very seriously the responsibility for our customers, employees and people who use our products or are involved in the production chain. We see ourselves as part of society, and so this responsibility extends beyond the limits of the company: for a sustainable design of our living space.

### EXCHANGE WITH STAKEHOLDERS

Good governance can only be achieved through dialogue with stakeholders. We are convinced that trust can develop through transparent communication and sustainability be better and further developed in cooperation with others. Therefore, Nölken promotes the constructive and critical exchange of ideas to better understand the expectations, needs and wishes of the various interested parties and to include them in our entrepreneurial activity.

Our stakeholders, identified and grouped according to their influence through analysis and evaluation, include: our customers, employees, business partners, academia, politicians and government agencies, as well as organizations, communities and our society.

To prepare this report and present the information more appropriately, we conducted a survey on our Sustainability Report 2017 and our commitment among our stakeholder groups, and have included the results below.



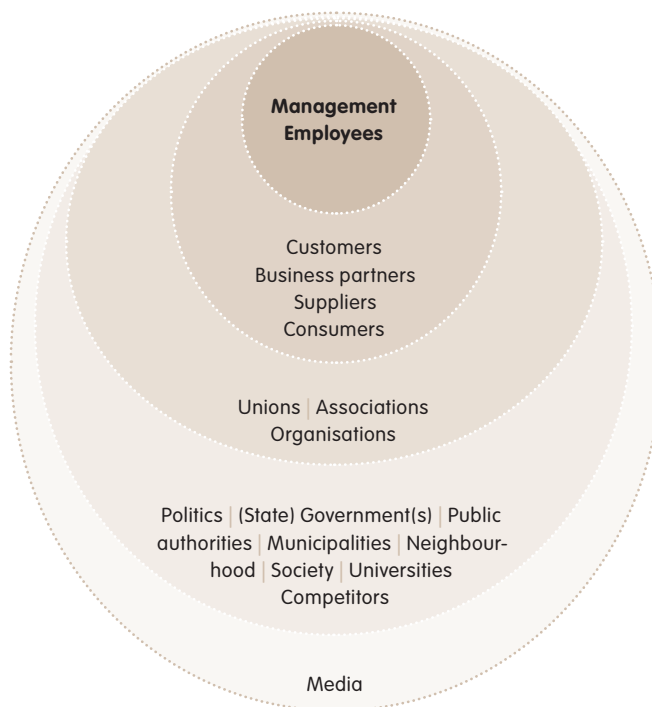
## CREATING VALUES TOGETHER

We cultivate diverse relations with our stakeholders and try to get them actively involved. For example, we exchange views with customers, business partners and NGOs at workshops and meetings, or drive industry-wide changes through joint projects (see Best Practice) and cooperation. We are also involved in many organizations and associations.

We are supporters of the **German Sustainability Code** and are members of the **European Disposables and Nonwovens Association (edana)**, the **Sustainable Palm Oil Forum (FONAP)**, the **Round Table on Sustainable Palm Oil (RSPO)**, the **German Chemical Industry Association (VCI)**, in the **Industry Association Body Care and Detergent (IKW)**, in the **Federation of Industrial and Trade enterprises (BDIH)** as well as in the **trade association SEPAWA**.

In this context, independence of party politics is important to us. We do not make donations to any parties or politicians, we only pay membership fees to the organizations mentioned above.

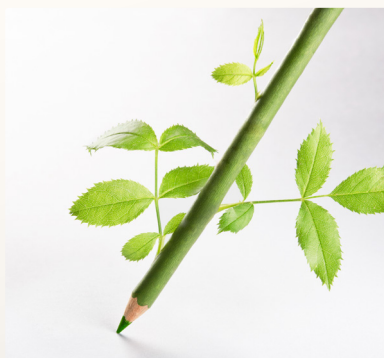
## STAKEHOLDERS OF NÖLKEN



### MENTORING WITHIN THE FRAMEWORK OF THE GERMAN SUSTAINABILITY CODE

Nölken has been a supporter of the German Sustainability Code (DNK) since 2013 and uses its principles for sustainability reporting. The support of the DNK represents a milestone in the economic and political discourse on sustainability. In our role as a mentor, we provide companies

that comply with the DNK and wish to introduce sustainability management with assistance in the implementation and share



our experiences on sustainability reporting.

The guideline initiated by the German Council for Sustainable Development is an important standard for sustainability reporting in Germany as well as a recognized standard for the implementation of the CSR reporting obligation.



Deutscher  
NACHHALTIGKEITS  
Kodex

## OUR COMMITMENT AS EMPLOYER

Nölken is a family business in which the employees and their future security are as important as the quality of the products. We want to provide an attractive, fair and collaborative work environment, further our employees' career and talents, protect their health and safety.

### OUR CORPORATE CULTURE

Nölken relies on the employees for the success of the company, because together we shape our value-based corporate culture, which is characterized by respect, appreciation, trust and security. Supported by senior management and executives, it forms the foundation of supervisors' leadership competencies. We promote an open atmosphere, innovative thinking and working as well as responsible action and personal initiative.

An important role is played by our flat hierarchy, short decision-making processes and our open communication on equal terms—even with the management. We support this through meetings, regular newsletter of the management, in-house events and parties and celebrations for employees.

### STRUCTURE

Nölken employs a total of 388 employees, many of whom have been with the company for many years. We lay great store by an attitude of respect and appreciation—



regardless of age, gender or nationality. At Nölken, we have employees from different countries and cultures, mainly from Germany and Poland, as well as from Belgium, France, Cameroon, Morocco, Macedonia, Moldova, the Philippines, Portugal, Romania, Russia, Spain, Syria and

Turkey. An average of 12 temporary workers worked in Windhagen in 2018 and 5 in Nowogrodzic.

Our socially responsible, employee-oriented personnel policy has met with success: the average length of service for women is 8.5 years and for men 7.5 years and satisfaction among our employees is very high.

#### EMPLOYEE STRUCTURE WINDHAGEN

	2016	2017	2018
<b>Management</b>			
women	5	3	3
men	10	8	9
<b>Employees</b>			
women	110	114	116
men	144	164	167
<b>Apprentices</b>			
women	3	2	3
men	5	4	4
<b>Total number of employees</b>	<b>277</b>	<b>295</b>	<b>302</b>

#### EMPLOYEE STRUCTURE NOWOGRODZIEC

	2016	2017	2018
<b>Management</b>			
women	3	3	3
men	4	3	2
<b>Employees</b>			
women	37	31	37
men	44	40	44
<b>Apprentices</b>			
women	0	0	0
men	0	0	0
<b>Total number of employees</b>	<b>88</b>	<b>77</b>	<b>86</b>

## PROMOTING DIVERSITY AND EQUITY

Diversity is the basis of our company's stability. That is why it is important to Nölken to promote a working environment that creates equal opportunities for all, without any prejudices.

### Comprehensive protection of employee rights

At both locations, we work to protect our employees' rights and to comply with labor standards. Beyond the legal requirements, we are committed to the principles of the United Nations Global Compact and to the core labor standards of the International Labor Organization (ILO). Even if none of our employees is covered by a collective agreement, we grant freedom of association and recognize the right to collective bargaining. An employee representative acts as a contact person to address all matters of employee rights and to pass on issues of our employees directly to the management.

### Fair conditions for all employees

We promote talent regardless of gender, nationality, ethnic origin, religion or belief, state of health, age, sexual orientation or identity. In a code of conduct that applies to all employees we have put down the basic values for the cooperation of our employees. Discrimination will not be tolerated. In the event that one of our employees is treated unfairly, there is the option to contact the management directly with the help of a person of trust and find a solution.

All employees of Nölken are remunerated fairly according to their function. While in the commercial sector we work with a pay system based on wage groups, there are salary models in the administration sector with fixed and variable remuneration components. Within the annual talks, the performance of our employees is assessed and it is possible to reward them with a salary increase. At present and in the foreseeable future, the achievement of sustainability goals is not taken into account in the remuneration system.

To help to reconcile work and family life, we offer family-friendly working models, such as shift work, flexible working hours, part-time and home-office jobs.

## AGE STRUCTURE WINDHAGEN

	2016	2017	2018
<b>16-20 years</b>	<b>6</b>	<b>12</b>	<b>10</b>
Administration	1	3	2
Production	5	9	8
<b>21-30 years</b>	<b>48</b>	<b>53</b>	<b>58</b>
Administration	14	13	15
Production	34	40	43
<b>31-40 years</b>	<b>50</b>	<b>57</b>	<b>54</b>
Administration	15	17	19
Production	35	40	35
<b>41-50 years</b>	<b>76</b>	<b>82</b>	<b>86</b>
Administration	16	17	21
Production	60	65	65
<b>51 - older</b>	<b>97</b>	<b>91</b>	<b>94</b>
Administration	17	15	16
Production	80	76	78
<b>Total number of employees</b>	<b>277</b>	<b>295</b>	<b>302</b>

## AGE STRUCTURE NOWOGRODZIEC

	2016	2017	2018
<b>16-20 years</b>	<b>0</b>	<b>0</b>	<b>0</b>
Administration	0	0	0
Production	0	0	0
<b>21-30 years</b>	<b>26</b>	<b>26</b>	<b>23</b>
Administration	5	4	2
Production	21	22	21
<b>31-40 years</b>	<b>25</b>	<b>18</b>	<b>24</b>
Administration	6	3	3
Production	19	15	21
<b>41-50 years</b>	<b>20</b>	<b>16</b>	<b>22</b>
Administration	2	3	2
Production	18	13	20
<b>51 - older</b>	<b>17</b>	<b>17</b>	<b>17</b>
Administration	1	1	1
Production	16	16	16
<b>Total number of employees</b>	<b>88</b>	<b>77</b>	<b>86</b>

## TARGETED QUALIFICATION AND FURTHER EDUCATION

The training and further education of all employees plays a central role in our personnel strategy. We specifically train junior staff to counteract the shortage of skilled workers due to demographic change. We also promote lifelong learning to give our employees the opportunity to further their personal and professional education.

### Employee retention

Nölken has been offering apprenticeship programmes certified by the Chamber of Commerce and Industry (German IHK) since 1985. In addition to imparting the technical knowledge in their fields, it is important to us to actively involve our trainees in our day-to-day business from the start, to offer them a lively training period and to support their personal development. We also teach them the principles of a sustainable and ethical way of doing business and involve them in sustainability projects through trainee projects.

Employees and apprentices who have proven themselves are offered the option of part-time study (while still working with us) or "dual study" schemes (combining university education with on-the-job training in our company). During the study period, we also provide them with financial and structural support.

In addition, we offer insights into our company to secondary school and university students, for example through brief work experience placements or industrial placements required as part of a degree course.

### SUSTAINABILITY MADE EASY FOR EMPLOYEES

Sustainability is practiced at Nölken at all levels. Our employees—especially new colleagues at the beginning of their employment relationship—receive basic training on how everyone in the company can act sustainably and implement sustainability in everyday life. Within this training, we explain terminology and the company's sustainability strategy and motivate our employees to contribute to resource and environmental protection and to create a future worth living, in their area of work as well as in their private lives.



## Learning new things and creating future perspectives

One of the key areas of the personnel department is the company-wide Nölken Akademie. Here we attach great importance to furthering our employees' development according to their specific talents, skills and personal circumstances. This allows our employees—regardless of their age—to continue their education, acquire special knowledge, train their soft skills and thus enhance their future prospects. We sponsor all or part of the training offers and, depending on the training, also allow time off work. In the reporting period, our programs were very actively accepted in Windhagen.

### FURTHER EDUCATION WINDHAGEN

	2016	2017	2018
Hours	1.115	854	1.098
Number of employees	277	295	302

### FURTHER EDUCATION NOWOGRODZIEC

	2016	2017	2018
Hours	40	0	0
Number of employees	6	0	0



## OUR APPRENTICESHIPS AT A GLANCE

### INDUSTRY CLERKS ...

... at Nölken deal with business administration tasks such as Purchasing, logistics, sales and marketing, personnel and accounting.

### MACHINE AND PLANT OPERATORS ...

... in our production plant set up production machines and systems, put them into operation and operate them. They also retool and maintain the machines.

### CHEMICAL ENGINEERING TECHNICIANS ...

... control and monitor machines and systems for manufacturing, filling and packaging chemical products such as our shampoos, creams and lotions, and impregnating liquids.

### WAREHOUSE OPERATORS ...

... accept a wide variety of goods, inspect and store them properly. They compile deliveries and tour plans, load and ship goods. They also participate in the optimization of logistics processes.

## OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Providing all employees with a safe and healthy work environment is an essential element of personnel policy for Nölken. This includes minimizing the risk of accidents at work and occupational diseases.

### Health and safety at work

Improving health and safety at work is a continuous process that we develop together with our employees across departments. For this purpose, we have established a comprehensive risk management.

In Windhagen, a health and safety at work committee was set up, consisting of the occupational safety specialist, the company doctor, the employee representative, the production manager, the quality manager and the management. In Nowogrodzic, the management and the assigned occupational safety specialist work closely together. Both teams meet regularly and develop goals and improvement measures and are responsible for their implementation.

As part of the occupational safety program, all technical equipment and workplaces are regularly inspected, all employees are instructed annually in occupational safety and fire protection, and all field staff and department heads receive pertinent training. All employees in production are equipped with protective equipment.

Nevertheless, accidents cannot be completely avoided. Over the past few years, the accident rate has worsened. The most common accidents include cuts in our cloth

production. To help reduce these injuries, we have introduced the "Safety Knives" initiative (see Best Practices).

### WORK-RELATED ACCIDENTS WINDHAGEN

	2016	2017	2018
Accidents	72	73	102
Accident rate	26 %	25 %	35 %
Days lost	244	424	484
Gender	♂55   ♀17	♂41   ♀14	♂71   ♀31

### WORK-RELATED ACCIDENTS NOWOGRODZIEC

	2016	2017	2018
Accidents	0	0	3
Accident rate	0 %	0 %	3,48 %
Days lost	0	0	79
Gender	not recorded	not recorded	♂2   ♀1

### Comprehensive health protection

With our workplace health management we want to help our employees maintain their health and performance, and to promote their motivation and job satisfaction.

#### SICK RATE WINDHAGEN

	2016	2017	2018
Rate	8,1	8,7	7,0

#### SICK RATE NOWOGRODZIEC

	2016	2017	2018
Rate	3,62	5,57	6,03

At both our locations, we offer comprehensive preventive medical check-ups. In addition, we support a variety of health-promoting activities.

In Windhagen we sponsor health-promoting services and recreational activities, such as flu shots, weekly back massages, running clubs. We also offer discounts for gym memberships or sponsor the participation of our staff in city and marathon races. Due to a low participation we canceled our health days 2018 in Windhagen. In the long run, we also want to expand our health management at our Nowogrodziec site.



#### HEALTH MEASURES WINDHAGEN

	2016	2017	2018
Number	4	4	4
Participants	61	75	55

#### HEALTH MEASURES NOWOGRODZIEC

	2016	2017	2018
Number	0	0	0
Participants	0	0	0



#### “SAFETY KNIFE” INITIATIVE

Despite extensive safety training accidents have repeatedly occurred in cloth production in recent years. To prevent this risk and further accidents, the management launched the “Safety Knives” initiative. During several weeks of research and trial a team consisting of the production manager and various employees tested various safety knives for their

suitability, actual safety, ease of operation in everyday work (for example, easy change of blades) and ergonomics. On the basis of a written evaluation of the practical

experience two safety knives were put on the shortlist. The results were presented and implemented within the occupational safety committee meeting.



## OUR CORPORATE CITIZENSHIP

Nölken's support of the community, associations and educational institutions is a vivid expression of our social responsibility as a part of society as well as a regionally rooted enterprise. Many of our employees also volunteer their time in various projects.



Beyond our business activities, we want to make a positive impact—especially at our Windhagen and Nowogrodziec locations—and an active contribution to the respective region. We have committed ourselves in a variety of ways: through donations, support and sponsorship of cultural, social, educational and sporting events or institutions as well as projects in our neighborhood.

Many of our employees do volunteer work, which we promote and support as a company, for example by—if possible—granting our employees time off work. We are convinced that those who work for other people or our environment will gain valuable experience—for themselves and for their professional life.

The focus of our social commitment is on the common good. Therefore, we stipulate in our competence regulation that donations can only be checked and released by the managing directors of the locations. On principle, donations to political parties, political foundations, employers' associations or trade unions are ruled out. No such payments were made during the reporting period.



### Sports

We regularly support sports clubs to ensure their existence and to promote our employees who are active in these clubs. During the reporting period, Nölken supported the sports club **Bad Honnef e.V.**, the **Roll-tennis e.V. Windhagen**, the riding club **Rheinische Höhen e.V.** and the charity bike tour in Rhineland-

Palatinate via the **VOR-TOUR der Hoffnung e.V.** We also sponsor employees participating in charity races in and in the region around Windhagen. We gave the donations thus generated to the associations **CARE Deutschland-Luxemburg e.V.** and **Mukoviszidose e.V.**

### Culture

To preserve traditions and culture in our region, we support the carnival society **Spitz pass op Oberhau e.V.**

### Security

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

### Education

It is very important to us to provide educational opportunities for the younger generation. That is why we support regional educational institutions. During the reporting period we sponsored the parents' initiative **"Sandkasten" e.V.**, the **"Bunte Kreis Rheinland" e.V.** and the **Förderverein Städtisches Sieben-gebirgsgymnasium Bad Honnef e.V.**

### Charitable commitment

In Bad Honnef, we regularly support the **"Tafel" of Arbeiterwohlfahrt (Worker's Welfare)** by donating personal care products to help needy people from our region.







## ABOUT THIS REPORT

Since 2011 sustainability has been integrated as an integral part into the Nölken corporate strategy in order to systematically record and further develop topics such as future viability, resource-efficient production, ecological and social commitment and responsibility throughout the company.

With this eighth Sustainability Report, we present our sustainability achievements and examine our impact in terms of economic, environmental and social aspects. This report is addressed to our stakeholders—customers, service providers, suppliers, non-governmental organizations, politics and public authorities, science, the media, as well as our neighbors, the public and our employees.

This report covers the period between January and December 2018 and provides an overview of our sustainability strategy, our goals and progress. We provide information on concepts and measures we have taken to make our products, services and our value chain even more sustainable. Included in this report are the business activities and the effects of Nölken Hygiene Products GmbH and Noelken Sp. z o.o. The reporting boundaries are well aligned to our production boundaries. Basically, both genders are always meant. All data are as of February 28, 2019.

The Sustainability Report 2018 follows the guidelines of the German Sustainability Code and the ten principles of the United Nations Global Compact and is based



on the standards of the Global Reporting Initiative in the “Core” compliance option. This report has not been reviewed by an independent third party.

The text passages relevant for 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 2020.

### CONTACT

#### Nölken Hygiene Products GmbH

Sustainability Management

Johanna Jung

Klarenplatz 2

53578 Windhagen

nachhaltigkeit@noelken.de

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## Editor

Nölken Hygiene Products GmbH  
Klarenplatz 2  
53578 Windhagen  
www.noelken.de

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## Editor-in-chief

Johanna Jung

## Editorial team

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