

WEPA Sustainability Report

2021





Martin Krengel
WEPA Group CEO

Andreas Krengel
CEO of the Business Unit Professional,
Member of the WEPA Group Management Board

I. Editorial

Dear readers,

I am proud to be able to present our second Sustainability Report to you. In the eventful year 2021, we refined our sustainability goals and implemented important measures. We remain responsible and forward-looking. As a result, we were able to develop further in our five strategic fields of action – Our Foundation, Future Fibres, Operational Efficiency, Sustainable Hygiene Paper Portfolio and Portfolio Extension through Innovation.

We would like to report transparently on this in the report at hand and are doing so, for the first time, on the basis of the standards of the internationally recognised Global Reporting Initiative.

I am looking forward to you continuing to accompany us on our path towards greater sustainability and I wish you a good time reading.

A handwritten signature in blue ink, appearing to read 'Martin Krengel', with a stylized flourish at the end.

Yours,
Martin Krengel
CEO of the WEPA Group

Interview with the second and third generation of the family business

Like the preceding year, the 2021 reporting year was marked by the Corona pandemic. How did you perceive the past year at WEPA?

Martin Krengel: In my opinion, the pandemic has significantly increased awareness of hygiene, but also of resources becoming increasingly scarce. One of our most important tasks at WEPA is to maintain and demonstrate this sensitivity: Hygiene is essential for every human being and should be ensured at all times, in every place in the world, in a sustainable and resource-saving manner.

Andreas Krengel: The appreciation of hygiene products also increased during this period of time, and at the same time, questions concerning the security of supply arose. We would like to thank our employees for their active dedication in this special situation. Their dedication has ensured that we have been able to meet our delivery obligations at all times – we have achieved this through our joint efforts. This cooperation is fully in line with our purpose “Together for a better life”.

What role does sustainability play in overcoming the challenges of crises?

Martin Krengel: Supply bottlenecks, volatile markets and a strained raw material and energy situation – the Corona pandemic as a global crisis has exposed economic problems as if under a magnifying glass. However, it also made it clear that we are on the right track with our strategy: It is only with a permanent focus on sustainability that we will be able to also overcome future crises and remain competitive.

Why is sustainability so important especially for WEPA as a family business and how has this understanding changed over the generations?

Martin Krengel: For us, as an entrepreneurial family, sustainability is part of the DNA of the WEPA Group. We think, plan and work in generational timescales. That is why the company, its business model, and its products must also be positioned sustainably.

Andreas Krengel: This basic notion permeates all generations – and yet each generation of the entrepreneurial family has brought its own impetus to the table. As early as the post-war period, my grandfather focused on resource-saving products made from recovered paper. My father established WEPA as a private label specialist and defined sustainable targets. I myself have resolved to continue on our chosen path with a focus on purpose and partnership, and to further advance the diversification of our portfolio with an emphasis on innovation and sustainability.

Table of Contents

I. Editorial and interview with Management Board	02
II. Facts & figures	06
III. Our business units and brands	08
IV. WEPA hygiene paper value chain	09
V. Sustainability as part of our corporate strategy	10
Our targets & progress	14



1 Foundation

• Corporate responsibility through conduct with integrity	22
• Occupational health and safety	24
• “Best place to work”: WEPA as an attractive employer	26
• Our responsibility within the supply chain	30
• Ensuring safe products through high quality standards	32
• Our social engagement	33



2 Future fibres

• Fair Fibre: Our fibre concept	38
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For reasons of better readability, the language forms male, female and diverse (m/f/d) are not used simultaneously. Any and all descriptions of persons shall apply equally to all genders.

3 Operational efficiency

- Actively combating climate change 46
- Future-oriented waste management 50
- Sustainable use of water: Along the value chain and beyond 51



4 Sustainable hygiene paper portfolio

- Our sustainable hygiene paper portfolio 58
- WEPA Consumer: Sustainability in the retail customer segment 60
- Sustainability at WEPA Professional 61
- Packaging as part of our products 63



5 Portfolio extension through innovation

- Portfolio extension: Long-term profitability through sustainability 66



GRI Index of Content 70
About this report 74
Imprint 75

II. Facts & figures

The WEPA Group specialises in the production and distribution of hygiene papers that meet a high standard in terms of sustainability criteria. With the business units WEPA Consumer, WEPA Professional and New Business Areas, the future-oriented European family business offers a wide range of hygiene solutions for the home, public spaces and semi-public areas. WEPA is among the three largest European manufacturers and leading the market in the production of hygiene paper from recycled fibre. The WEPA Group has its registered office in Arnsberg, North Rhine-Westphalia, Germany.

Governance:

Management Board

Martin Krenzel (CEO)
Harm Bergmann-Kramer
Ralph Dihlmann
Andreas Krenzel
Menno Oosterhoff
Dr. Hendrik Otto

The Management Board of the WEPA Group is responsible for managing the company in accordance with our strategy programme "Perform & Transform - WEPA 2023" and based on our corporate values of respect, commitment and sustainability.

Supervisory Board

Dr. Hans-Joachim Körber (Chairman)
Wilken von Hodenberg
Dr. Hartmut Wurster

The Supervisory Board of the WEPA Group advises and monitors the Management Board and appoints the members of the Management Board.

around
€ 1.3 billion
turnover

1948 Foundation of
WEPA (Westfälische Papierfabrik)
by Paul Krenzel

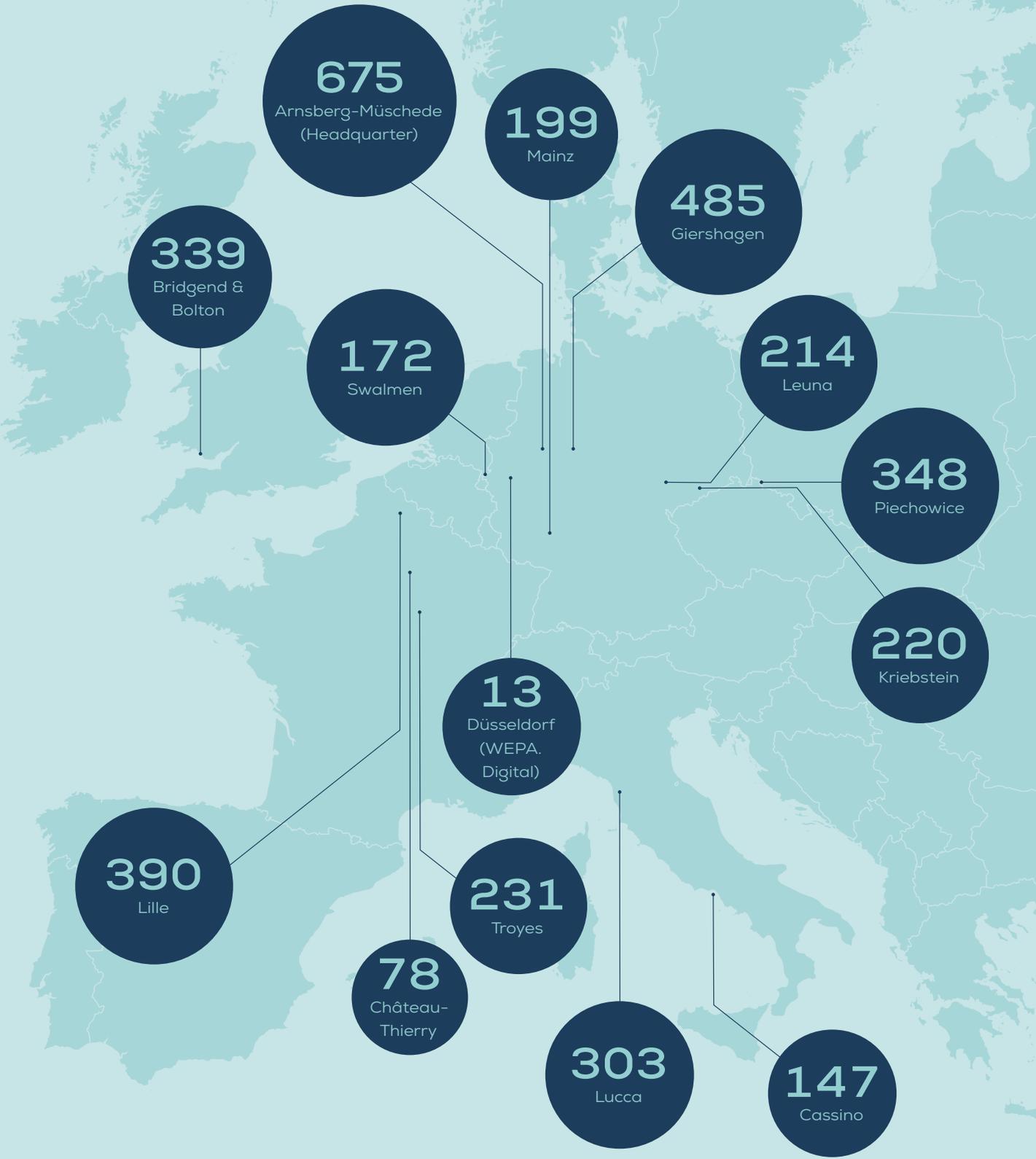
approx. **4.000**
employees

13 production sites throughout Europe

Products

Toilet paper, kitchen towels, issues, facial tissues, paper towels, napkins, centrefeed rolls, cleaning rolls, medical rolls, dispensers and washroom accessories, air refreshers, toilet seat cleaners, sanitisers and de-inked pulp (recovered paper pulp from which printing inks have been removed)

Number of employees at our sites



III. Our business units and brands

WEPA Consumer

The WEPA Consumer unit is the European market leader in the production of private-label hygiene paper products. The products go to retailers all over Europe: Germany, Poland, Italy, Belgium, France, Scandinavia, Austria, Switzerland, the Netherlands and the United Kingdom. The focus is on sustainable and high-quality products that enable our customers to differentiate themselves in the market. They provide a safe sense of hygiene and contribute to the well-being of millions of people – from tissues via napkins all the way to toilet paper. In addition to private label products, WEPA also produces its own brand products “mach m!t”, “Perla”, “Comprami”, “Scala” and “Feel Good”. Responsibility for the “WEPA Consumer” business unit lies with Management Board member Menno Oosterhoff.



WEPA Professional

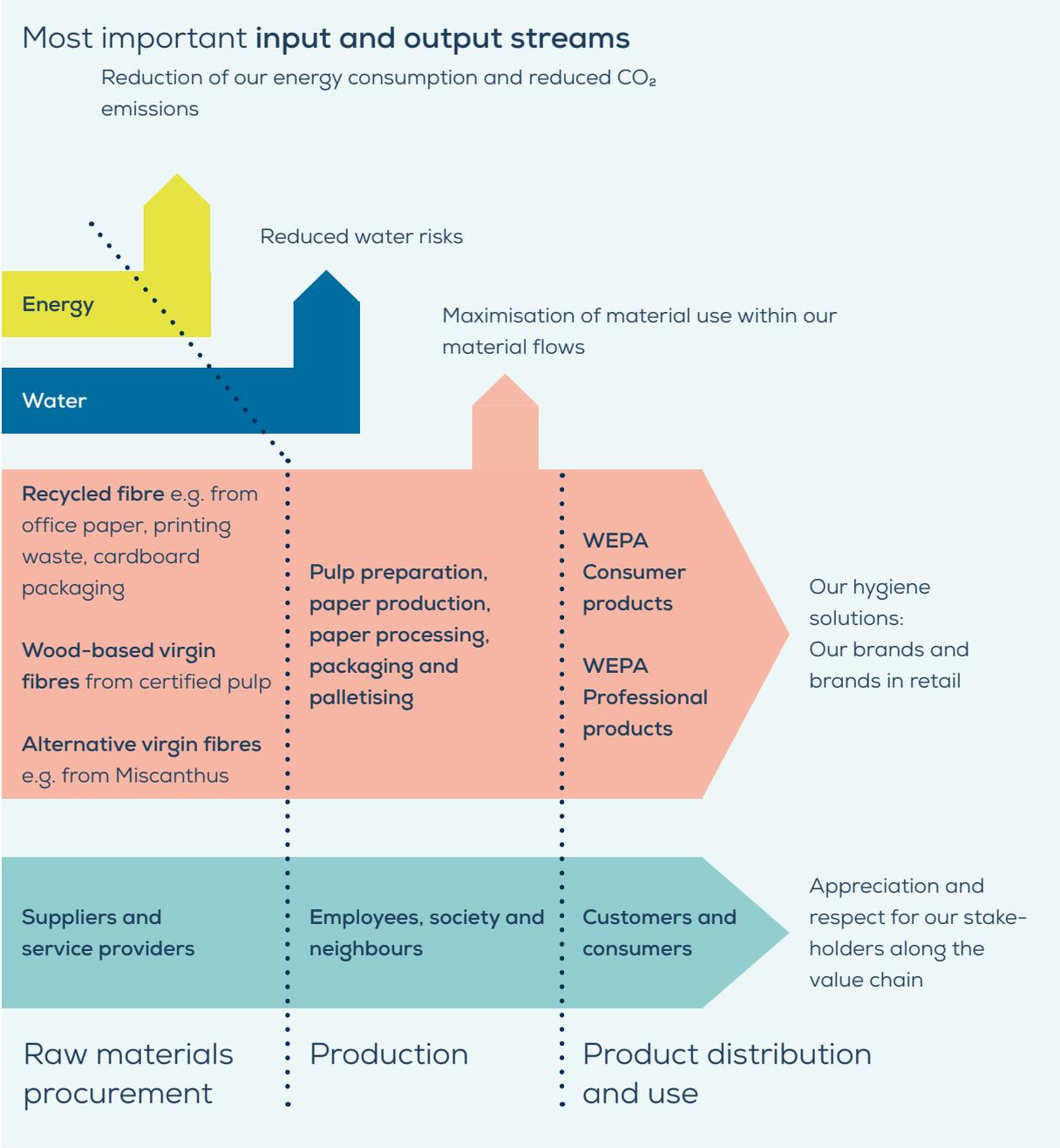
As a 100% subsidiary of the WEPA Group, WEPA Professional is active throughout Europe: It supplies Germany, France, Austria, the United Kingdom, Benelux, Switzerland, Scandinavia and Eastern Europe. The assortment of WEPA Professional comprises sustainable, innovative washroom hygiene solutions. With the “BlackSatino” and “Satino by WEPA” brands, WEPA Professional specifically addresses the needs of companies and institutions. The assortment of the leading hygiene specialist includes hygiene papers, intelligent dispenser systems, air fresheners and hand sanitiser solutions. WEPA Professional’s wide product range comes into play wherever users are not at home, e.g. in public washrooms, hotels and restaurants, in industry settings, offices and health care. Responsibility for the “WEPA Professional” business unit lies with Management Board member Andreas Kregel.



New Business Areas

In order to meet ecological and societal challenges such as climate change, we have created the “New Business Areas” business unit. Here, we focus on innovations and portfolio extensions that contribute to the corporate objectives of WEPA. The responsibility for the “New Business Areas” business unit lies with Management Board member Andreas Kregel.

IV. WEPA hygiene paper value chain



V. Sustainability as part of our corporate strategy

Our goal is to be the number 1 in sustainability in our industry. To achieve this, sustainability is a WEPA core value and an essential component of our “Perform & Transform – WEPA 2023” strategy programme.

Our work in the area of sustainability is divided into five strategic fields of action. Our foundation is the bedrock for all this: It is derived from our perception of ourselves as a responsible family business and focuses on our most important stakeholders. Our four industry-specific areas “Future fibres”, “Operational efficiency”, “Sustainable hygiene paper portfolio” and “Portfolio extension through innovation” build on the stable basis of our foundation. Focusing on these five areas is the basis for our 4+1 Sustainability Strategy. It provides the framework for ambitious goals to be achieved by initiating and implementing specific measures.

The principle of the **Circular Economy** is guiding all our activities in the strategic fields of action: Because no matter whether it is climate protection or the preservation of biodiversity – all this is only possible if raw materials are used as long and as efficiently as possible after they have been produced. Conserving valuable resources and using them as sustainably as possible is crucial to the activities of the WEPA Group. In this, we concentrate on the following three focal areas: 1. Recycled fibres for our tissue paper products (see p. 40), 2. Resource preservation through innovative packaging solutions (see p. 63) and 3. Sustainable waste management (see p. 50).

Future fibres

We aim for a fibre portfolio with leading environmental performance based on circular economy.

Operational efficiency

We aim for a carbon-neutral, zero-waste production and a sustainable water footprint.

4 Sustainable hygiene paper portfolio

+ We aspire to offer the most sustainable hygiene paper portfolio to make our customers successful.

Portfolio extension through innovation

We are expanding our existing product portfolio to be the leader in sustainable hygiene solutions in Europe.

1 Foundation

We follow our values, care about our stakeholders and the environment beyond legal requirements and proactively prevent risks.

Organisation of the sustainability management

In order to systematically implement the 4+1 Sustainability Strategy, the internal sustainability management of the WEPA Group has been consolidated in the Sustainability Team. Decisions are made in close consultation with the Management Board, and the head of the Sustainability Unit reports directly to the CEO of the WEPA Group. Here is where responsibility lies for the development and implementation of the Sustainability Strategy, various sustainability initiatives as well as the inclusion of internal and external stakeholders. Our Sustainability Cross Team, established

in 2021, ensures a regular cross-divisional and cross-regional exchange between management on important projects, topics and initiatives.

The fields of action of the 4+1 Sustainability Strategy have also been assigned to the employees in the Sustainability Team. Responsibility for overarching topics has also been defined. This includes communication and involvement, data collection and tracking of targets, as well as evaluation of ESG risks and opportunities of a wide range of projects and life cycle analyses.

Our stakeholder groups

The exchange with the stakeholder groups of the WEPA Group is an integral part of sustainability management. Stakeholder groups that we involve in the context of sustainability management include, among others, employees, customers, investors, energy and fibre suppliers, associations, shareholders and a broader public consisting of public agencies, policymakers and NGOs. These groups of stakeholders were defined in 2020 as part of the finalisation of our materiality matrix on the basis of internal analyses and discussions with the specialist departments. Relations with these groups are char-

acterised by an active dialogue in a spirit of partnership, which is firmly anchored in the company's day-to-day activities. For example, a joint project in the area of water management is strengthening our long-standing relationship with WWF Germany (p. 54). We identify the needs of our employees through regular surveys (p. 28), and we are in dialogue with customers and suppliers through annual meetings and workshops (p. 61). The connection to politics and associations is accompanied by the company's Public Affairs unit.



Memberships of WEPA in industry associations in Europe:

- Dutch association VNP
- French association COPACEL
- Italian association Assocarta
- European Tissue Symposium (ETS)
- Confederation of European Paper Industries (CEPI)

Memberships in Germany:

- Die Papierindustrie e.V.
- Wirtschaftsverband der rheinisch-westfälischen papiererzeugenden Industrie e.V.
- Verband Nord- und Ostdeutscher Papierfabriken e.V.
- Verband Papierindustrie Rheinland-Pfalz e.V.

Key topics of the WEPA Group

The analysis of the relevant stakeholders for the WEPA Group constitutes the starting point for identifying our key issues. This process was started in 2019 and finalised in 2020. The framework for our materiality analysis is formed by the Sustainable Business Standard of the Center for Sustainable Leadership (ZNU - Zentrum für nachhaltige Unternehmensführung). It covers the economic, social and ecological dimensions of sustainability. A hot-spot analysis was used to assess the risks and impacts

along the value chain for each dimension and topic. We identified the stakeholder perspective in workshops and used the results of the hot spot analysis and stakeholder analysis to situate the key issues in the matrix. The sustainability team of the WEPA Group has already made small adjustments for 2021 compared to the preceding year in the designation of the key issues. A comprehensive update of the materiality analysis is planned for 2022.



Our commitment to the UN Sustainable Development Goals

On a global scale, the WEPA Group is committed to the Sustainable Development Goals (SDGs) of the United Nations. The measures taken by our company pay towards the SDGs in a variety of ways. In order to focus ourselves, we have, as part of our materiality analysis, prioritised the goals internally. With this assessment, we are focusing on those SDGs that our business activities can contribute to fulfilling.

The focus is on seven SDGs, in which we consider the partner-based concept of SDG No. 17 to be the overarching approach to achieving all the other goals: It is only together with our stakeholders that we can implement the transformation towards a more sustainable future.

Prioritisation of the SDGs



17 Partnerships for the goals



3 Good health and well-being

The health and safety of our employees is a top priority at WEPA. We expect the same from our suppliers and work closely with them in this area. In addition, we contribute to a greater feeling of well-being and safe sense of hygiene with our hygiene products.



6 Clean water and sanitation

Water is a valuable resource that is becoming increasingly scarce. As part of a water-intensive industry, we place a special focus on our water management and have set ourselves an ambitious target together with WWF Germany. In addition, we fundamentally support hygiene care with our products in order to keep people healthy.



8 Decent work and economic growth

As a multi-generational family business, we focus on sustainable, long-term and profitable economic growth. Decent work and other social and ecological aspects of sustainability play a central role. In our Code of Conduct, we define high ethical standards for our entrepreneurial actions and cooperation. Along the supply chain, we are in close dialogue with our partners and customers.



12 Responsible consumption and production

The raw materials, consumables and supplies used, as well as the energy used, are largely responsible for the ecological footprint of our production and our products. When using resources, our motto is "less is more". Wherever possible, we apply the principles of the circular economy.



13 Climate action

We are convinced that every company must contribute towards meeting the global climate target of limiting global warming to 1.5 °C. As a company in the energy-intensive paper industry, we, too, face up to this responsibility. Therefore, we have had our climate target validated by the Science Based Targets Initiative and have assigned ourselves specific measures to achieve the emission reduction targets accordingly.



15 Life on land

The principle of the circular economy has a high priority with regard to our use of raw materials. With the highest possible use of recycled fibres, sustainable pulp and alternative fibres, we want to relieve land ecosystems.

Our targets & progress in the 4+1 fields of action at a glance

Foundation

Occupational health and safety

↑ Our targets & ambitions

- Certification of all sites according to ISO 45001 in 2023
- We aim for zero occupational accidents and a 10% annual LTIR¹ reduction.

→ Our progress

- ISO 45001 certification of 6 sites
- Adoption of a new occupational safety strategy with safety management system
- Increase of LTIR² by 8.6% (in comparison to base year)



Best place to work

↑ Our targets & ambitions

By 2023:

- Engagement: employee engagement based on a survey with index > 4 (maximum value 5)²
- Training and continuing education for 100% of the employees and evaluation of the training units with a score > 4 (maximum score 5)³
- Diversity: introduction of structured diversity management according to the guiding principles of the "Diversity Charter" and implementation of more than 50% of its measures⁴
- Increase of the external employer rating in the Kununu rating to > 4 and positive rating by another external body

→ Our progress

- Engagement: employee engagement based on a survey with index: 3.55
- Training and continuing education for 100% of our employees
- To date, the focus has been on building up the WEPA Academy with the modules of leadership, project/process management, and skills training.
- Comprehensive programme to strengthen leadership skills
- Diversity: definition of important topics and development of a roadmap based on the "Diversity Charter"
- Kununu rating: 3.9

The targets generally refer to the base year of 2019 (applies to p. 14-19).

1 Lost-time injury rate (accident frequency)

2 Based on an evaluation by an internationally recognised institute

3 Internal evaluation process

4 Mapping in our management system and governance structures

Responsibility in the supply chain

↑ Our targets & ambitions

- 100% suppliers comply with the values, WEPA's Code of Conduct and the European Directive on Supply Chain Due Diligence
- By 2024: risk analysis of 100% of our direct suppliers for due diligence obligations regarding human rights and the environment
- Our commitment to a deforestation-free supply chain: commitment of our pulp suppliers until 2024

→ Our progress

- Carrying out on-site audits at our fibre suppliers' premises
- Establishing a roadmap for compliance with the Supply Chain Sourcing Obligations Act

Quality standards for safe products

↑ Our targets & ambitions

- Continuously avoiding, reducing and replacing harmful ingredients way beyond mere legal limits
- Transparency about all ingredients used

→ Our progress

- Highest production standards of our products ensure contribution to the protection of the environment and consumer health

Social engagement

↑ Our targets & ambitions

- Increased cooperation with the WEPA Foundation: focus on hygiene and environmental projects
- Also in the future: fulfilling our responsibility for society and neighbourhood in the fields of action Ecology, Sport, Culture and Social Affairs

→ Our progress

- Development of a strategic sponsoring concept for WEPA Group and sites
- Successful activities in the areas Ecology, Sport, Culture and Social Affairs

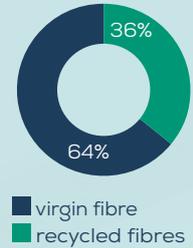
Future fibres

Our targets & ambitions

- By 2030: sales products made from at least 60% recycled fibres and alternative virgin fibres¹
- By 2030: reducing the environmental footprint by 25%¹
- By 2025: sourcing 100% of our virgin fibres from at least FSC or PEFC-certified sources

Our progress

- Use of 36% recycled fibres ¹
- Footprint of our fibre portfolio remaining consistent (in comparison to base year)
- Certifications of the fresh fibre portfolio:
75.5% FSC, 23.0% PEFC,
1.5% FSC Controlled Wood



Operational efficiency

Actively combating climate change

Our targets & ambitions

- SBTi 1.5 °C target
- Reduction of CO₂ emissions by 2030:
 - 52.5% CO₂eq emissions/t in Scopes 1 & 2¹
 - 52.5% CO₂eq emissions/t in Scope 3²
 - Target achievement is supported by: +10% energy efficiency
 - Our ambition: achieving climate neutrality by 2040

Our progress

- Reduction of relative Scope 1 & 2 emissions by 22.5%¹ in comparison to the base year (for example, through a change in the electricity mix)
- Reducing relative Scope 3 emissions by 11.7%¹ in comparison to the base year (for example, through a change in the electricity mix)
- Maintaining the level of our specific energy consumption² in comparison to the base year

- **Scope 1 & 2:**
453,303 t CO₂eq
0.59 t CO₂eq/t¹
- **Scope 3:**
697,720 t CO₂eq
0.91 t CO₂eq/t¹



¹ Reference: finished goods + semi-finished goods sold + DIP sold

² Total energy consumption in MWh/t of semi-finished goods produced + DIP produced

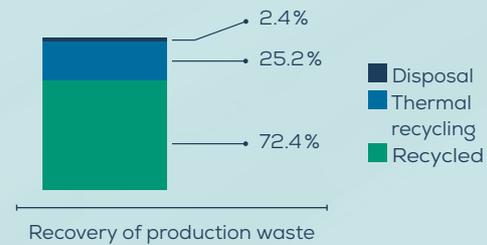
Future-oriented waste management

↑ Our targets & ambitions

- 100% material or energy recovery of production waste by 2025
- Maximisation of material recycling and minimisation of energy recycling

→ Our progress

- 72.5% of the production waste is being recycled
- No significant change in comparison to the preceding year



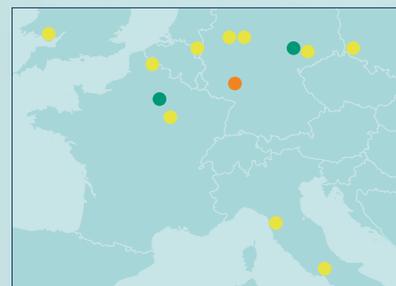
Sustainable use of water

↑ Our targets & ambitions

- Contextualised corporate water risk objectives:
 - Reduction of corporate water risks to an average low water risk < 2.6 by 2030
 - No site of the WEPA Group may have a risk category > 3.6
- Water risks in the supply chain and in the river basin:
 - Addressing of water risks along our value chain and advocacy for the establishment of water stewardship
- Commitment beyond the supply chain:
 - Raising awareness of biodiversity protection jointly with partners and engaging in the preservation and restoration of natural habitats in river basins

→ Our progress

- Water withdrawal¹: 8.5 l/kg (reduction of 7.6% in comparison to the preceding year)
- Suspended solids: 11.2 mg/l (prior year: 17.2 mg/l²)
- Chemical oxygen demand (COD): 70.9 mg/l (prior year: 76.5 mg/l²)
- Determination of water risks for all sites (see p. 53)



Water risks at our sites

Corporate water risk

- very high risk (> 4.21)
- high risk (3.41-4.20)
- increased risk (3.01-3.40)
- medium risk (2.61-3.0)
- low risk (1.81-2.60)
- very low risk (1-1.80)

¹ Weighted average, reference value: semi-finished goods produced + DIP produced

² Data acquisition after processing. Only WEPA production sites with their own purification plants are included in this data.

Sustainable hygiene paper portfolio

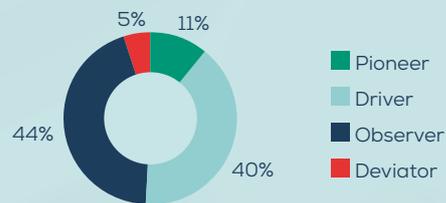
WEPA's Sustainable Portfolio Compass

↑ Our targets & ambitions

- By 2025: 60% of revenue generation with products in the two leading segments "Driver" and "Pioneer"
- Assessment of product innovations prior to their market launch on the basis of the Sustainable Portfolio Compass
- More sustainable further development or discontinuation of products in the "Deviator" assessment segment
- External validation of WEPA's Sustainable Portfolio Compass in the coming months

→ Our progress

- Development of the Sustainable Portfolio Compass to assess the sustainability performance of our hygiene paper portfolio
- Assessment of the entire hygiene paper portfolio
- 51% of turnover is generated by products in the leading categories "Driver" and "Pioneer".



Current assessment of the portfolio with WEPA's Sustainable Portfolio Compass

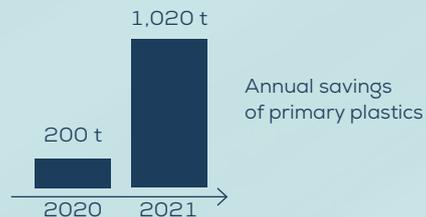
Sustainable packaging

↑ Our targets & ambitions

- By 2025:
- 60% of our packaging material consists of recycled material
 - Increasing the annual amount of primary plastics saved in packaging to 8,000 t¹

→ Our progress

- Further development of paper packaging to reduce the ecological footprint and increase recyclability
- Saving more than 1,000 t primary plastics in packaging¹



¹ Packaging: sales packaging, outer film and stretch film

Portfolio extension through innovation

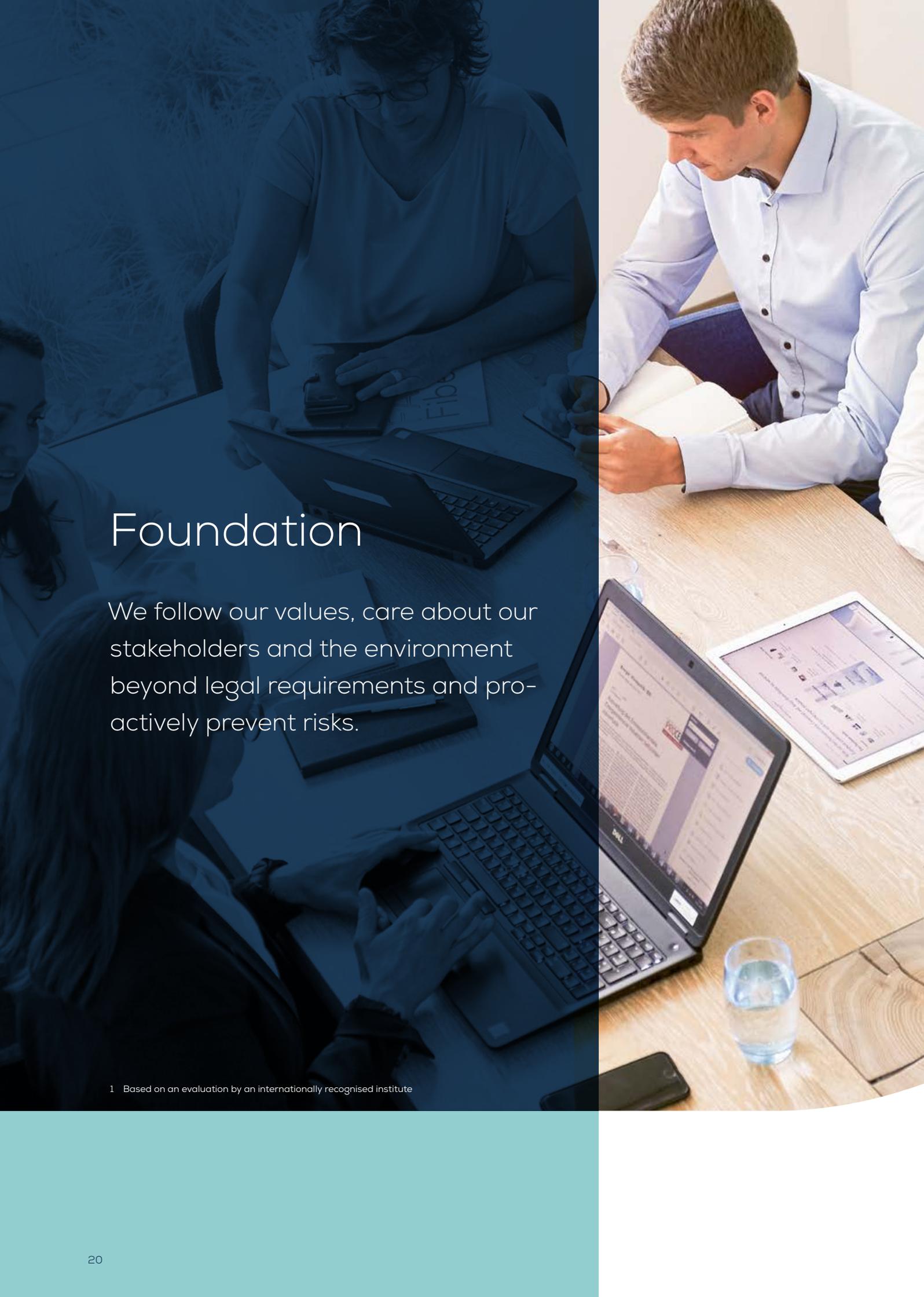
↑ Our targets & ambitions

- 100% of investment decisions are evaluated through a binding sustainability assessment
- 100% of the investments² create positive value for society and have either no significant or exclusively managed ESG risks.

→ Our progress

- Development of the sustainability assessment and piloting with the specialist departments
- Integration of the assessment into the processes of the specialist departments and compulsory assessment of all investment decisions as of Q3 2022

² For M&A, joint ventures and venture activities, the capital invested for target achievement is being reviewed. In the case of in-house developments for portfolio extension, the development budgets for target achievement are being assessed.

The image is a vertical collage. The left side features a dark blue overlay on a photograph of several people sitting around a table, working on laptops. The right side shows a man in a light blue shirt sitting at a wooden table, looking at a tablet. On the table, there is a laptop displaying a website, a glass of water, and a smartphone.

Foundation

We follow our values, care about our stakeholders and the environment beyond legal requirements and proactively prevent risks.

1 Based on an evaluation by an internationally recognised institute



Facts & figures

0 violations

of environmental laws
and regulations

→ more on page 23

6 sites

have been certified
to ISO 45001 to date

→ more on page 24

Increase of the Engagement Index¹ to

3.55

→ more on page 26

More than 90%

of pulp suppliers in South America were
audited over the past 5 years

→ more on page 30

“mach mlt” cosmetic wipes
are rated

“very good”

by ÖKO-TEST (ECO TEST) magazine

→ more on page 32

Corporate responsibility through conduct with integrity

Our foundation focuses on value-based interaction with our stakeholders. Based on our values, we reflect on social and legal requirements in order to define the joint interaction with employees, customers, suppliers and people at the WEPA sites.

We act in accordance with our values

Interaction with the stakeholders of the WEPA Group is characterised by the corporate values of respect, commitment and sustainability. We regard each and every person as an important individual whom we treat with respect. We express this through appreciation and recognition. Together with our internal and external stakeholders, we work on the long-term success of the WEPA Group. We are jointly responsible for this and are putting in the

corresponding effort. Unlocking our growth potential in line with our sustainability goals us with a great opportunity. To this end, we strategically harmonise economic necessities with basic ecological and social principles. To us, it is clear: We will only be able to successfully face future challenges such as societal transformation, climate change and the economic upheavals if we focus on these values.

Compliance at WEPA

For the WEPA Group, compliance means more than just adhering to legal requirements. Rather, we aim to align all of our corporate actions with our values and ethical standards. These guidelines are specified in our Code of Conduct for Employees, which was revised in 2021. It comprises rules of conduct and scenarios that are oriented towards day-to-day work. In 2022, all employees will have access to the document in their respective country's language and will receive regular training on its contents. This also includes the targeted prevention of corruption, which is an integral component of the compliance system at WEPA.

In addition to the already established compliance reporting channels, a whistle-blower system was set up in 2022 through which wrongdoing in relation to laws and compliance regulations can be reported. In the reporting year, WEPA did not have to pay any fines or non-monetary sanctions due to non-compliance with laws and regulations in the social or economic sphere. Likewise, there were no cases of corruption.

The area of **Environmental Compliance**

Environmental topics are focal points in sustainability management both for the WEPA Group and from the perspective of its stakeholders. Defined as essential were, for example, the topics of Climate, Biodiversity, Waste, Water, and Packaging (see p. 12). By means of our environmental management system in accordance with DIN EN ISO 14001, which was introduced in the year 2000 already, we take a targeted approach to the planning, implementation, control and improvement of measures

in these areas. We check and document that the requirements for this are met and continuously developed on the basis of regular internal plant inspections, internal and external audits, as well as management reviews. In the area of environmental law, the responsible employees regularly undergo internal and external training. In 2021, there were no violations of environmental protection laws and regulations.

Handling data with integrity

In the area of data protection, the WEPA Group also takes its responsibility very seriously. We treat personal data in accordance with the provisions of the European General Data Protection Regulation (GDPR) and any customer data that goes beyond this as strictly confidential. The responsibility for this lies with our appointed data protection officer. Each

year, all employees renew their knowledge on the subject of data protection using our instructional software. In the reporting period, there were neither substantiated complaints about data protection violations nor cases of data theft or data loss in connection with customer data.

Diligent risk management

The WEPA Group is aware of the impacts of its business processes. In keeping with the precautionary principle, any opportunities and risks of the WEPA processes were determined and assessed for the first time in 2015 using a matrix and have been updated annually since then. The impact of climate change and its possible financial consequences for the organisation are also analysed annually. Risks such as costs for CO₂ emissions arising from one's own energy consumption play just as much of a role as the occurrence of extreme weather events. These include drought, floods, and storms, which can have an impact on the company's own production as well as on the supply chain. Depending on the prioritisation, preventive and corrective measures are initiated for each risk identified.



Occupational health and safety

Safety of employees at our sites is a top priority for WEPA. That is why we are continuously developing ourselves further by means of comprehensive measures, including the newly launched “Safety is you” programme, which places an even stronger focus on behaviour-related occupational safety.

The WEPA Group is committed to consistently ensuring the health and safety of the employees. In this, we go beyond statutory and industry-specific requirements with our management of occupational health and safety. Already today, six of our WEPA sites are certified in accordance with the occupa-

tional health and safety management system ISO 45001. The remaining sites will also be certified in 2023. The requirements of the occupational health and safety management system apply to all employees at the certified sites.

Safety at all sites

Occupational safety is ensured at all of our sites. The starting point for this is a close-knit network of points of contact regarding our safety concept throughout the Group. It ranges from the Group Safety Manager who reports to the company management to the integration of executives and employees. The experienced occupational health and safety teams responsible for labour law requirements at each plant are assigned a special role. Within the context of the

local site committees, they coordinate the quarterly safety committee meetings with managers, occupational physicians and workers’ representatives. These formal committees exist at all sites.

Occupational health services in the form of trained first aiders and company paramedics are on duty at each site. External company physicians take on an advisory role.

Our “Safety is you” programme

In order to ensure a safe working environment, risk assessments of the various fields of activity, e.g. in the handling of certain hazardous substances, are prepared at each site as part of the risk identification process. This is not the only area where employees are involved and are also asked to record accidents, near misses and occupational safety issues in our reporting forms. The lost-time injury rate (accident frequency) increased to 3.16 in comparison to the preceding year. As such, there is an increased focus on continuous safety improvement through the reduction of unsafe activities. In 2021, the “Safety is you” programme was launched in which managers,

occupational safety teams and WEPA employees work closely together. In order to reduce behaviour-related occupational accidents, near-accidents are, among other things, recorded, safety rounds are being carried out in the management circle, and affected persons are intensively brought into the clarification of the incidents after accidents. In this, the focus is on making safety a personal matter for each and every employee. We are reinforcing this approach with comprehensive communications. The reporting of unsafe activities, injuries and accidents allows for the identification of risks and timely countermeasures.

Safety Leadership Training

Occupational safety and health is based on culture, but also on rules. At WEPA, all managers receive training to lead their employees safely, to sensitise them to the topic of safety and to win them for this cause. The Group-wide WEPA training is carried out in coordination with the WEPA Academy, as well as the WEPA Leadership Principles and the health promotion programme "Health & Well-being".

Promotion of health with our "Health & Well-being" programme

The "Health & Well-being" programme supports the promotion of health for all employees at our sites. With the holistic concept consisting of offers for physical and mental health, all employees are to be inspired to lead a good and healthy life and thereby improve their well-being. Measures to ensure this include, for example, regular health days and health weeks with sports and relaxation offers, as well as health checks. In the area of mental health, all employees and their relatives living in the household are offered an anonymous and free counselling option with an external service provider.

Examples of local projects

In 2021, plans were started for an internal hand injury campaign at the Swalmen (Netherlands) site. The initiative is aimed at employees who work with their hands at this site. The associated risks, such as injuries due to cuts, entrapment and the use of chemicals, can easily be underestimated. The campaign raises awareness for a safe work environment.

In 2022, the pilot project "Behaviour-based Safety", which was developed in 2021, will be launched at our Italian site in Salanetti. This approach encompasses the changing of habits towards safe procedures.



Our targets & ambitions

We are committed to ensuring the health and safety of our employees without compromise.

- We will have all WEPA sites certified according to ISO 45001 in 2023.
- We aim for zero occupational accidents and a 10% annual LTIR¹ reduction.

¹ Lost-time injury rate (accident frequency)

“Best place to work”: WEPA as an attractive employer

Our employees are the most important success factor in our future-oriented family business. That is why a long-term, value-driven human resources policy is very important to us and why we are continually investing in the topic of human resources development.

We rely on engagement: The “Better-Together-Journey”

It is only when employees are passionate and enthusiastic about their work that a company can improve continuously. Since we value constructive feedback, we conducted another survey of all employees of the WEPA Group in late 2021. The participation rate managed to increase to 55%. The Engagement Index increased from 3.50 in the same period of the preceding year to 3.551 (of a maximum score of 5), with “praise and recognition” in particular showing a strong improvement in feedback from leaders. The employee satisfaction index is at 3.83.

External ratings confirm this trend: On the employer rating platform kununu, 122 employees and applicants rated their satisfaction at WEPA with an average of 3.9 points (max. score 5.0).

The low fluctuation also illustrates the engagement and satisfaction of our employees: Across the entire WEPA Group, it amounted to 9.4%² in the reporting year. At the same time, 304 new colleagues have started work at WEPA.

Flexible and tailor-made: Modern work environment

In close cooperation between the Strategy & Transformation Office and the Human Resources department, various flex models were developed in 2021 to create a good balance between mobile working and office work.

The offer of part-time work is another measure to further strengthen the work-life balance. Overall, 4% of our employees work according to flexible part-time models, of which 103 are women and 37 men. Currently, our management positions are held by 52 female and 344 male employees.



1 Based on an evaluation by an internationally recognised institute
2 Fluctuation rate = leavers (incl. retirements) / (headcount at beginning of the period + additions) * 100

Diversity: A win-win for all

Diverse teams are an asset for WEPA. For example, they develop ideas that are more creative and can better adapt to different target groups. In order to increase our diversity and equal opportunities, we have been guided since 2021 by the "Diversity Charter", a voluntary commitment published in 2006 under the auspices of the German Federal Government, that advocates a prejudice-free working environment. A project group founded in the same year with employees from the Human Resources, Group Communications, Corporate Culture & Relationships departments as well as from the works council derives measures from the Charter for the WEPA Group and advances their implementation in the company.

We are already living diversity today, for example in our recruiting process: Heterogeneously staffed selection teams and defined guidelines ensure that every applicant has equal opportunities. For people with disabilities, we are expanding our barrier-free work opportunities and consult experts, in Germany e.g. the Disabled Persons' Representative Council, in selection processes and conversion measures.

Discrimination is not tolerated at WEPA, incidents are considered a compliance violation and can lead all the way to termination as well as disciplinary and civil consequences. This is also made clear in our Code of Conduct. Complaints can be submitted via the compliance reporting channels, e.g. via our anonymous whistle-blower system. No cases of discrimination have been reported in the preceding year.



Human resources development at WEPA: Individual and strength-based human resources development – The focus is on the individual employee

Interview with Julia Hartzsch, Head of human resources development



The “Qualification” pillar in particular was further developed in 2021. What does your training and continuing education portfolio look like?

Our centrepiece is the WEPA Academy which offers qualification measures in the areas of leadership, project and process management and skills training. Our goal is to create an individual and continuous path of training and continuing education for each employee – the exact opposite of the watering-can principle. In 2021, we expanded the area of project and process management, in particular, with a mix of agile and classic methods. For our managers, we devised a comprehensive development process which more than 100 managers have undergone. Due to the modular structure, a wide variety of competences were strengthened, such as leadership communication, strategy development, sustainability and digitalisation.

What makes WEPA stand out as an employer?

For us, the focus is on people – that is the core of our human resources policy. We concentrate on individual strengths and place employees in the teams that are the best fit for them. Not only does this make WEPA attractive to potential new employees, it also creates a win-win situation when it comes to internal development: All employees are assigned according to their strengths where they can develop best and are therefore motivated and engaged.

Why is WEPA a “Best place to work”?

For us, the “Best place to work” is where people work with “Head, Heart and Hand”: The head stands for our shared beliefs and way of thinking. The heart represents our personal relationships and our well-being. The third part, the hand, represents the basic needs of our teams: to have the right tools and the right attitude to be able to work productively. We have divided our “Best place to work” strategy into three areas of activity: Qualification, Engagement and Modern Work Environment.





↑ Our targets & ambitions

Our employees are the most important success factor in our future-oriented family business. By 2023, we want to have made progress in the areas of Engagement, Qualification, Diversity, and Modern Work Environment.

- Engagement: engagement Index > 4 (maximum value 5)¹
- Qualification: offering our training measures to 100% of employees and rating of training measure quality > 4 (maximum value 5)²
- Diversity: introduction of structured diversity management according to the guiding principles of the "Diversity Charter" and implementation of more than 50% of its measures³
- Modern Work Environment: improvement of the external employer rating in the Kununu rating to > 4 (maximum value 5) and receiving an award by another relevant employer rating site

1 Based on an evaluation by an external institute in accordance with an internationally recognised method

2 Internal evaluation process after each training or education measure

3 Mapping in our management system and governance structures

Our responsibility within the supply chain

A responsible management of the supply chain is an essential part of compliance for the WEPA Group. The selection and assessment of as well as the cooperation with suppliers, service providers and carriers play a major role.



The purchasing department of the WEPA Group follows a central purchasing strategy based on the principles of quality, social and ecological sustainability, reliability of supply and cost efficiency. In this, negative social and ecological impacts are to be minimised and, where possible, avoided as early as in the purchasing stage.

Shared values as the basis for working together

The basis for ethical behaviour in our supply chain is our Supplier Code of Conduct. It must be adhered to by our suppliers and partners. In their contracts with us, they agree, among other things, to adhere to human rights and fair working conditions (ILO

Convention). In addition, all of the pulp of the WEPA Group is purchased exclusively from FSC and/or PEFC-certified suppliers.

Supplier partnership and auditing

The WEPA Group maintains partnership relationships with more than 6,000 suppliers worldwide, the majority of whom are domiciled in Europe (e.g. Germany, France and Italy). We design the material flows of our fibres, in particular, to be as regional as possible: 36% of our fibres are recovered paper fibres for which we use local sources around our sites. Our virgin fibres also come from European sources wherever possible, e.g. from Scandinavia and Southern Europe. The technically required short fibres from Eucalyptus mainly come from South America. Mutual trust, transparency and appreciation are pillars for a lasting cooperation in which we assume responsibility for our supply chain. At present, the supplier assessment of the WEPA Group is based on self-reporting questionnaires. We regularly assess our suppliers with them. In addition, we also carry out extensive on-site audits at our fibre suppliers. We have, for example, audited more than 90% of our pulp suppliers in South America on-site at least once in the last five years. Due to the corona pandemic, no audits could be carried out in the reporting year, but they are scheduled once again for 2022.

Risk assessment of suppliers

In order to manage social and ecological risks, WEPA strives, as a matter of principle, to expand long-term supplier relationships. While doing so, we avoid single-source supplier constellations wherever possible. In view of the legal requirement to comply with the Supply Chain Sourcing Obligations Act 2024 and the future European Directive, risk management of our supply chains will continue to become more and more of a focus. In the re-

porting year, we started to redesign the process for assessing the risks of our suppliers. In future, the risk of all suppliers will be determined by means of a software tool and, if necessary, preventive and remedial measures will be taken. We can ensure already now that neither our WEPA sites nor the sites of our direct suppliers are located in risk areas for child labour, nor forced or compulsory labour.

↑ Our targets & ambitions

A responsible management of the supply chain is an essential part of compliance for the WEPA Group.

- All suppliers comply with the values, WEPA Group's Supplier Code of Conduct and the European Directive on Supply Chain Due Diligence.
- By 2024, 100% of our direct suppliers will be screened for human rights and environmental due diligence using a systematic web-based risk analysis.
- We are committed to a deforestation-free supply chain. By 2024, we will require a commitment to this from all our pulp suppliers.



Ensuring safe products through high quality standards

Product safety and quality are essential topics for the WEPA Group and its stakeholders. Our products and services meet the highest standards. Thereby, we contribute to the well-being and health of consumers and to the protection of the environment along the entire value chain and beyond.

Many of our hygiene papers, such as toilet paper, cosmetic tissues or kitchen paper, come into daily contact with consumers' skin or with foodstuffs. The quality standards that the WEPA Group follows as part of its comprehensive quality management are correspondingly high. We do, of course, comply with all

country-specific legal requirements. The standard for our production is Regulation (EC) No. 1935/2004 on materials and articles intended to come into contact with food, and Regulation (EC) No. 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food.

Certified quality: **Our certifications**

With our quality and hygiene management system, which is embedded in the Group-wide integrated management system, we are going above and

beyond the legal requirements. Our comprehensive and systematic approach is certified in accordance with the DIN EN ISO 9001 standard.

Quality and safety along **the value chain**

We check the safety of all our products along the entire value chain. We follow, already in the selection of our suppliers and raw materials, all current national specifications, e.g. of the German Federal Institute for Risk Assessment. In the context of our production, the product safety and quality is checked by means of chemical and physical measurements. This also includes random dermatological assessments for our products that come into contact with

the skin. The systematic collection and evaluation of information that may be relevant to product safety, including complaints and feedback from consumers and customers, are also part of our product safety concept. The safety of our products is regularly confirmed by assessments by consumer magazines, for example in 2021 with the result "very good" for our "mach ml!" cosmetic wipes by ÖKO-TEST (ECO TEST).

Our targets & ambitions

Product safety and quality are of high priority for the WEPA Group. Our products and services meet the highest standards here.

- We are committed to continuously avoid, reduce or replace potentially harmful ingredients beyond legal limits.
- We create transparency about all ingredients used.

Our social engagement

We are closely connected to the respective regions of our sites and actively involve ourselves as a good neighbour. Locally and supra-regionally, we support numerous social, cultural, ecological and sports-oriented initiatives and projects. We also support charitable institutions with donations in kind and provide aid in acute crises. Beyond the activities of the WEPA Group, the company-related WEPA Foundation also makes an important contribution to society.

Select engagements in the WEPA regions

- United Kingdom**
Support of a local community centre for the development of a meeting place for citizens.
- Netherlands**
Support for a point of contact for people with cancer and their relatives, with a focus on improvement of the quality of life.
- Germany**
Support for a sports club to build a new practice room in the context of the development of children and young people.
- Poland**
Support for volunteer fire brigades in further education and training.
- France**
Donation in the context of a telethon to support researchers and research projects on rare diseases.
- Italy**
Support for a cross-community organisation that coordinates social services to improve the quality of life of their citizens.

Select engagements of the WEPA Group

WWF Germany & WEPA:

A dynamic and growing partnership

The cooperation with WWF Germany has been an integral part of our sustainability activities since 2017 already. Together, we work on various projects, from renaturation measures on the Middle Elbe River to determining the water risks of our sites. The most recent example of our partnership:

WEPA is a pilot partner for the One Planet Business Framework (OPBF) of the WWF. The OPBF reflects the ecological and social sustainability issues of WEPA and provides support in the development of options for action for continuous improvement.

” With WEPA, we have a partner at our side that WWF Germany supports in joint projects, e.g. in the subject areas of water and biodiversity. Our cooperation is characterised by mutual trust and provides for a valuable contribution to the nature conservation work of WWF.

Sebastian Tripp, Managing Director of PANDA Fördergesellschaft für Umwelt and responsible for corporate cooperations at WWF Germany



Renaturalisation project: “The Diemel Unleashed”

As a riparian of the Diemel River at our site in Giershagen (Germany), WEPA has joined the renaturalisation project “The Diemel Unleashed” and pledged its support for 2022 as well. As part of the joint project with the Marsberg Water Association, the planning network for sustainable regional development Planar e.V. and the University of Kassel, the renaturalisation of the river has been successfully started in recent years.

WEPA supports people in flood areas

The flood disaster in North Rhine-Westphalia, Rhineland-Palatinate and the Netherlands destroyed many communities and the supply of hygiene products also collapsed in some places. The WEPA Group, in cooperation with local fire brigades and logistics partners, delivered relief supplies including hygiene paper to the affected regions.



The WEPA Foundation: Corporate citizenship with responsibility

In early 2021, the Kregel entrepreneurial family established the WEPA Foundation, a non-profit corporate foundation promoting initiatives regarding the topics of hygiene, ecological and social sustaina-

bility, life-long learning and family entrepreneurship in line with the goals and values of the WEPA Group. The goal: to make a long-term contribution to society beyond the work of the family business.

Joint projects of the WEPA Group and the WEPA Foundation 2021

Clean-up: WEPA employees clean environment of litter and rubbish

In the summer of 2021, about 300 WEPA employees took part in a cross-site clean-up campaign in which they removed litter and rubbish from forests and riverbanks in the vicinity of the WEPA plants. A total of 13 sites participated in the joint initiative of the WEPA Group and the WEPA Foundation on occasion of the World Conservation Day on July 28. A successful campaign that will also be continued in the future.



Our WEPA bees: We're abuzz for environmental protection

Bees provide an important contribution to the ecosystem. That is why we, at WEPA, are setting a clear example for environmental protection and nature conservation with our own beehives. We started with two bee colonies at the Müschede and Leuna sites (both Germany), followed by four more in 2021. The goal of the WEPA Foundation is to implement this initiative, jointly with the WEPA Group, at all sites.

↑ Our targets & ambitions

We, as the WEPA Group, will also continue to assume and further expand our responsibility for society and neighbourhood also in the future.

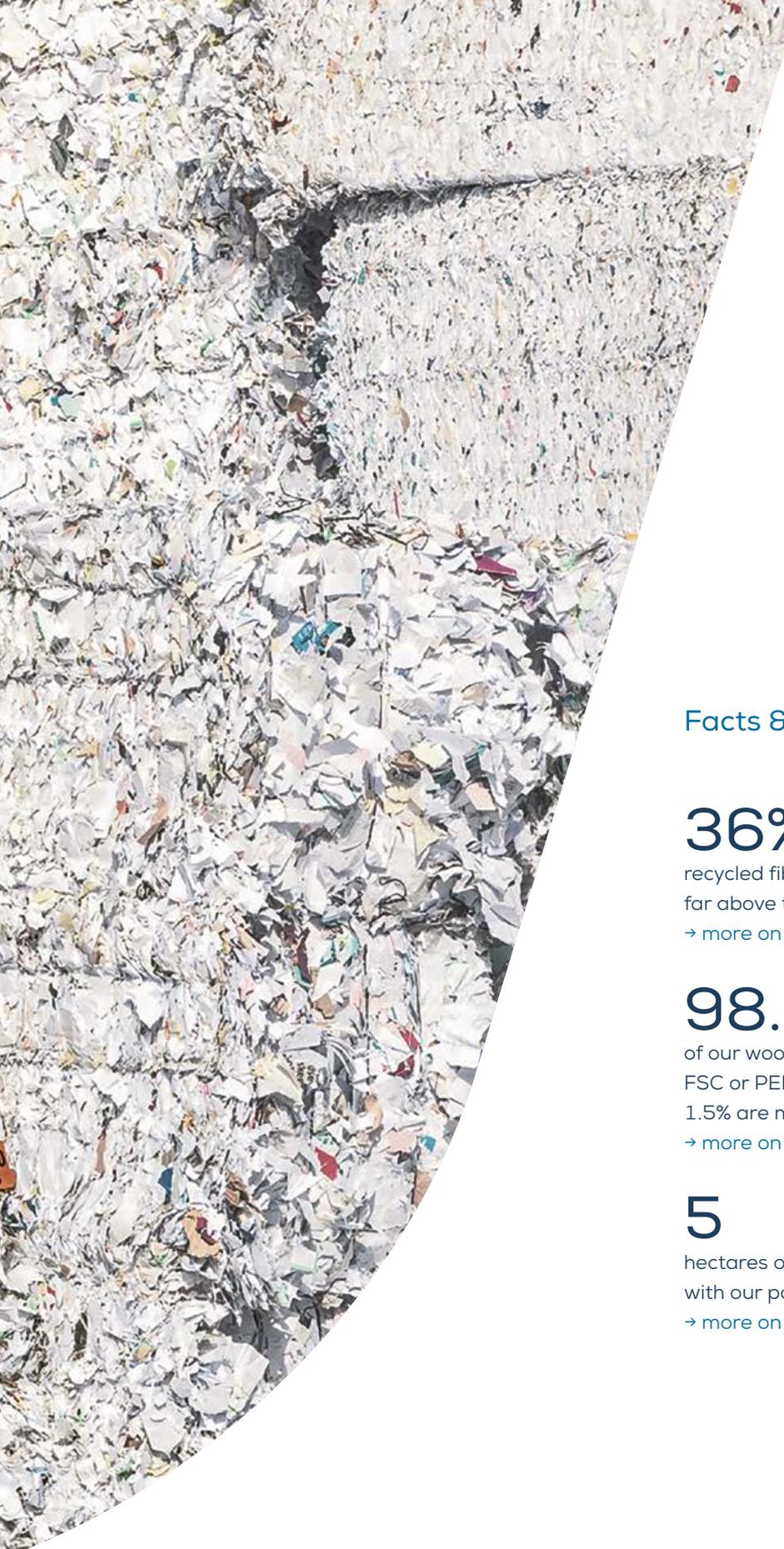
- Also in the future: fulfilling this responsibility in the fields of action Ecology, Sports, Culture, and Social Affairs. These have an equally high importance at the sites. Supporting them contributes towards improving the quality of life in the region.
- In cooperation with the WEPA Foundation, we will also advance our social engagement and jointly raise awareness regarding hygiene and environmental issues.

Future fibres

We aim for a fibre portfolio with leading environmental performance based on circular economy.

1 Reference: finished goods + semi-finished goods sold + DIP sold





Facts & figures

36%

recycled fibre content in our products¹ -
far above the industry average
→ [more on page 40](#)

98.5%

of our wood-based virgin fibres are
FSC or PEFC-certified.
1.5% are made from FSC controlled wood
→ [more on page 42](#)

5

hectares of Finnish peatland were renaturalised
with our partner UPM
→ [more on page 43](#)

Fair Fibre: Our fibre concept

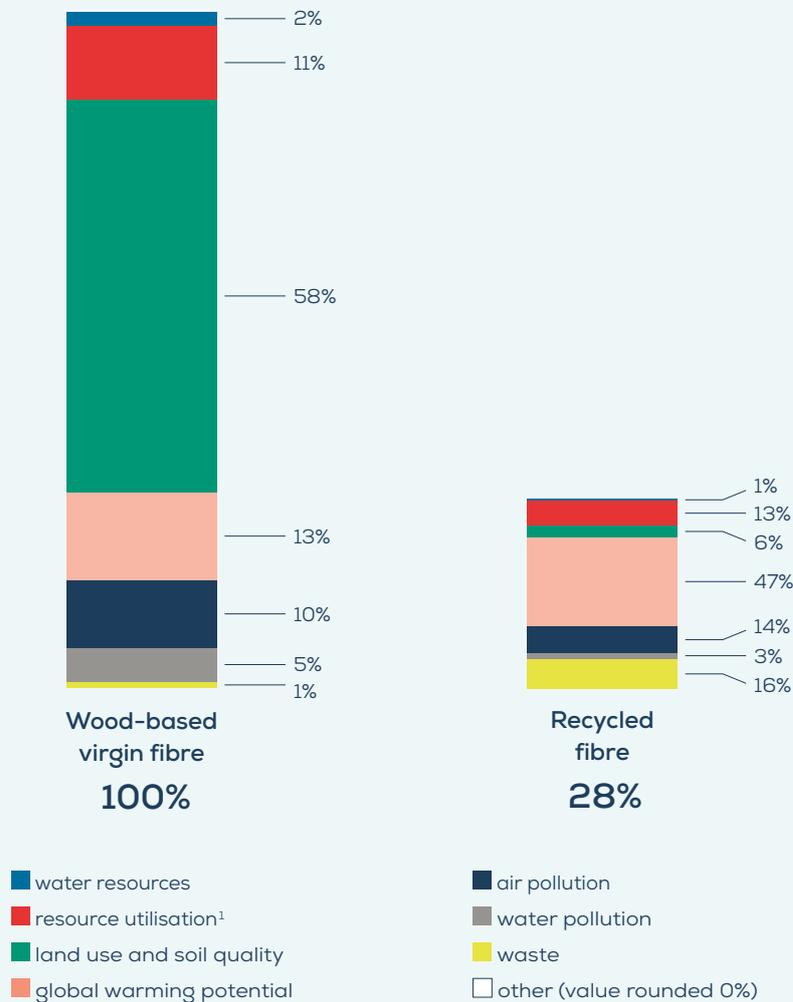
The fibre raw material for our hygiene papers has a significant impact on the ecological footprint of our products. Pioneering for our sustainability activities is, in this context, the Fair Fibre Strategy with the principle of the cascaded use of raw materials. In addition to research into new raw materials for paper production, we focus on the strengthening of the circular economy, the certification of our fibres and projects to promote biodiversity.

The most important raw material for the manufacturing of tissue paper is cellulose fibres. Not only do they determine the characteristics of our products, but they also have a decisive influence on their ecological footprint: In our finished goods, the fibres account for about 50% of the footprint.

In order to reduce the consumption of resources, the WEPA Group is following the Fair Fibre Strategy in the use of its fibre materials. With said Strategy, we ensure that our supply of fibre raw materials is positioned in a robust and sustainable manner in order to make the use of fibres in our products as ecological as possible. In this, we distinguish between recycled fibres, alternative virgin fibres, such as fibres from the grass *Miscanthus*, and wood-based virgin fibres. We have conducted a life cycle analysis which shows that the ecological footprint of recycled fibres is about 70% lower than that of wood-based virgin fibres. Our fibre strategy goal is therefore clear: By 2030, we want to increase the share of recycled fibres and virgin fibre alternatives in our products to 60%, thereby reducing the ecological footprint by 25%, among other things.



Comparison of the ecological footprints of different fibre materials based on life cycle analyses



Our life cycle analysis makes it clear that recycled fibres have a lower environmental footprint than wood-based virgin fibres. Wood-based virgin fibres have a considerably larger footprint due to land use in raw material extraction. The data is based on the ecological scarcity method.

The “ecological scarcity method”, developed in Switzerland, is used to calculate the environmental footprint. This method takes into account a wide range of environmental impacts and aggregates them into a single indicator. The procedure for the ecological impact assessment is modelled after the ISO 14040 standard, but

goes beyond the standard in that the final step of aggregation into an indicator is carried out. Its result assesses pollutant emissions, resource consumption and biodiversity loss associated with land use. The life cycle analyses for the fibres used by the WEPA Group were calculated by the independent consultancy Carbotech.

¹ Includes primary energy sources, metallic and mineral resources

Next step as a recycling pioneer: Fibres made from recycled cardboard

The WEPA Group is a pioneer in the use of recycled raw materials. We have been using fibres made from recycled raw materials since the 1950s already and follow a targeted strategy in this: the further development of the circular economy and cascaded use of fibres. We are convinced that virgin fibres are particularly valuable and for this reason should remain in the material cycle for as long as possible. This is an argument in favour of the use of virgin fibres in products that are easy to recycle. Since hygiene papers can only be recycled very rarely, recycled fibres are a better choice for its production – because they already have a longer life cycle behind them.

Increasing the share of recycled fibres in the materials we use is therefore one of the most important levers to support the circular economy. Our share of fibres from recovered paper is currently 36%¹, which puts us above the industry average of 33%².

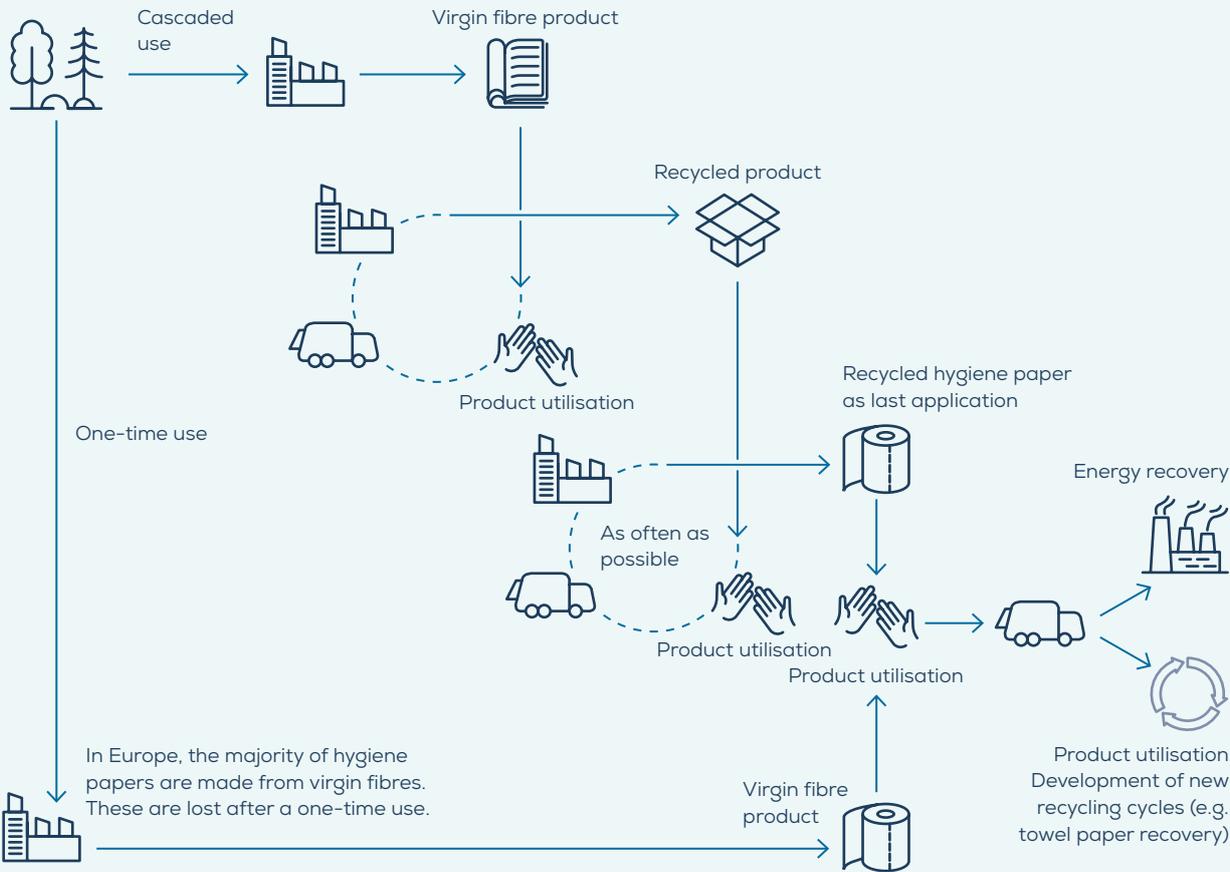
Due to digitalisation, high-quality recovered paper grades, such as office paper, are becoming increasingly scarce on the market. From an economic and ecological point of view, it is therefore important to process so-called lower grades of recovered paper in such a way that they can be used for the demanding application in high-quality hygiene papers. An alternative that is particularly valuable from an ecological point of view is recycled fibre from cardboard and corrugated cardboard, the availability of which, on the other hand, is increasing. This raw material is ideal for the production of sustainable hygiene papers. We have been conducting pilot tests to make these materials usable since the beginning of 2021. Through innovative processes, we can obtain fibres for the production of hygiene papers also from these raw materials at certain WEPA sites. This strategic alignment means that we will also be in a position to create closed loops in the future by using new sustainable sources of raw materials. In future, we will use this new raw material cardboard and corrugated cardboard for the new “RECYCLED NATURE PURE” product line of our “mach m!” brand. Likewise, it will be used in the WEPA Professional segment under the “Satino by WEPA” brand in the new “PureSoft” product line.

1 Reference: finished goods + semi-finished goods sold + DIP sold

2 CEPI Annual Statistics 2021



Cascaded use of fibres



Miscanthus as alternative fresh fibre

Another important pillar of our Fair Fibre Strategy are alternative virgin fibres. Our goal is to use them to diversify our raw materials portfolio consisting of wood-based virgin fibres and recovered papers of different qualities. For many years, we have been investigating different materials for this purpose and have been developing new technologies.

One particularly ecological alternative is the Miscanthus grass from European cultivation. We have been conducting research and development on this special raw material since 2013. Due to the high cellulose content and rapid growth of the grass, the area yield of fibre is particularly high and extraction from the plant is extremely efficient.

At the same time, it can be cultivated well under ecological conditions: The roots of the perennial plant remain in the soil after harvesting. It does not get fertilised nor treated with pesticides.

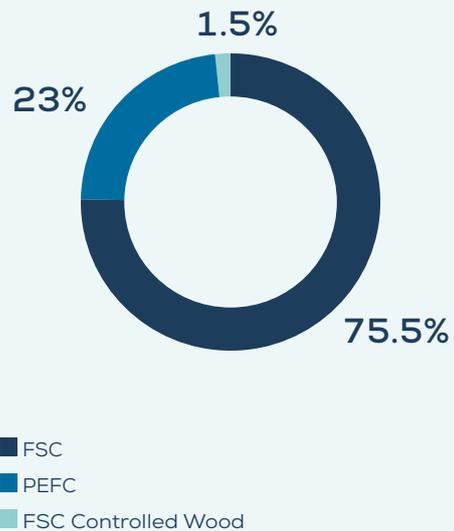
For this reason, and in order to be able to manage the challenging situation on the raw material markets in the long term, we have chosen Miscanthus as raw material for the new quality line "BlackSatino GreenGrow" (see p. 62). To produce the toilet paper and towel paper, we combine the unbleached cellulose fibres of Miscanthus with recovered paper from paper cups, office paper and used towel paper.

The use of wood-based virgin fibres: Focus on biodiversity and certification

Important developments in our portfolio aim to use less and less wood-based virgin fibre for our products: We have, for example, developed hybrid products in which we replace a portion of the virgin fibres with recycled fibres. Nevertheless, wood-based virgin fibres still play an important role for us today, accounting for 64% of the fibres we use.

Our Fair Fibre Strategy ensures that we place a high value on responsible sources when sourcing virgin fibre. Already now, 98.5% of the wood-based virgin fibres we use are certified by the internationally recognised certification systems FSC®- (FSC-C016151) or PEFC. They are used to label raw materials from sustainable forest management, which, for example, excludes illegal logging and preserves forests worthy of protection in the long term. A very small portion of the fibres comply with the FSC Controlled Wood Standard.

Certifications of the virgin fibre portfolio



↑ Our targets & ambitions

We aim for a fibre portfolio with leading environmental performance based on circular economy.

- Improving the environmental footprint per ton of fibre¹ by at least 25% until 2030, compared to 2019.
- Increasing the share of recycled fibres and alternative fibres in our raw material mix to at least 60% by 2030.
- Sourcing 100% of our virgin fibres from at least FSC or PEFC-certified sources by 2025. We also want to work even more closely with suppliers and set new standards together with them to promote sustainable forestry and biodiversity.

¹ Market share finished goods + semi-finished goods sold + DIP sold

For more biodiversity: Our partner project for the restoration of Finnish peatlands

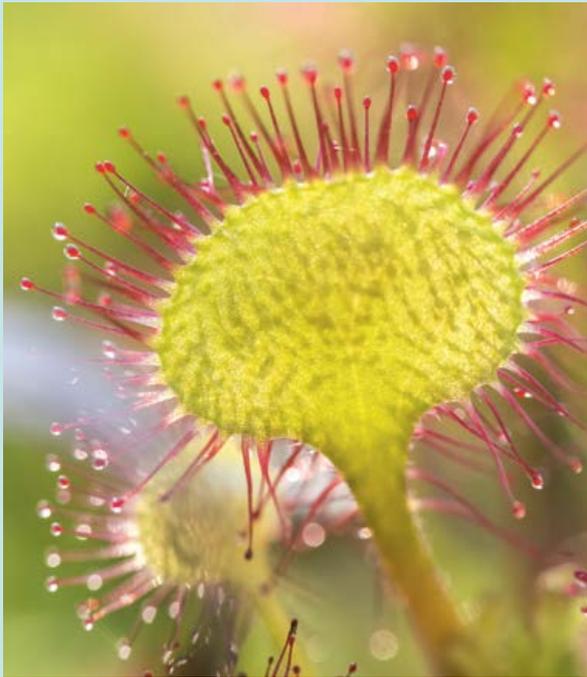
In addition to the certification of virgin fibres, it is important to us to actively contribute to the preservation and restoration of biodiversity and to promote climate protection among our suppliers. Peatlands are a unique form of wetland landscape that makes an enormous contribution to climate protection. Although wetlands make up only about three percent of the world's land area, they store twice as much carbon dioxide as all the world's forests combined. At the same time, they support groundwater formation by filtering water and are important habitats for animal and plant species.

The use of peatlands for agriculture and forestry, for example for timber extraction, has in the past led to peatland landscapes being drained. This leads to biodiversity loss and the release of climate gases. We want to counteract this effect together with our wood-based fibre supplier UPM. As part of our biodiversity partnership project, we will raise the water level on an area of about five hectares in UPM's Harviala forest estate in southern Finland, returning the area to its original boggy state.

Over the next three years, we will create habitats for native plants and animals. Typical peatland vegetation such as cloudberry and sundew will benefit



from this, for example. The habitat of the willow grouse, a game bird that has been in decline due to loss of peatlands, will also be restored. In the long term, we hope for the return of more demanding and rarer species, such as various moss and sedge species from the sour grass family. The increased biodiversity in this way also has a positive impact on the climate, water and air quality and healthy soil formation.





Operational efficiency

We aim for a carbon-neutral, zero-waste production and a sustainable water footprint.

- 1 Since 2019, reference: finished goods + semi-finished goods sold + DIP sold
- 2 Weighted average, reference: semi-finished goods produced + DIP produced
- 3 River basin-related and corporate water risks for WEPA were systematically considered in the analysis



Facts & figures

-22.5% CO₂eq

emissions¹ in Scope 1 & 2

→ more on page 47

-11.7% CO₂eq

emissions¹ in Scope 3

→ more on page 47

72% recycling

of our production waste

→ more on page 50

On average, we need

8.5 litres

of water

per kg of paper²

in production

→ more on page 51

Analysis of all our sites regarding their

water risk³

- on average, WEPA has a medium risk

→ more on page 52

Actively combating climate change

Emissions reduction through energy efficiency and renewable energies – among other things, the WEPA Group is pursuing its ambitious climate targets with the implementation of these measures, which have now also been validated by the Science Based Targets Initiative (SBTi).

As a future-oriented family business, the WEPA Group takes responsibility and wants to contribute towards limiting global warming to 1.5 degrees Celsius with its Sustainability Strategy.

The climate crisis also creates economic risks that further reinforce the need for decisive and swift action. The paper industry's dependence on the volatilities of the energy markets can only be countered by investing in renewable energies and by diversifying the sources of energy.

Under the SBTi, we have committed to reducing our emissions by 52.5% for Scope 1, 2 and Scope 3 by 2030. We developed and submitted this ambitious target in 2021. It was validated by the SBTi in early 2022. In this way, WEPA is making an important contribution towards combating climate change and is actively supporting the achievement of the Paris Agreement.

Emissions reduction along the value chain

For our climate targets, we take emissions along the entire value chain into account: In this, Scope 1 includes all emissions from our own production facilities (e.g. production processes) including purchased steam, Scope 2 includes emissions from the use of purchased electricity. As a manufacturing company in the paper sector, WEPA belongs to the energy-intensive industry. Our Scope 1 & 2 emissions account

for 39% of our total emissions. Scope 3 comprises the indirect emissions along the upstream and downstream supply chain. At WEPA, the factors with the most significant impact in this Scope are purchased raw materials, fuel- and energy-related activities, as well as upstream and downstream transport and distribution.

Systematic Energy Management

WEPA has developed a comprehensive energy strategy in order to be able to achieve the climate targets validated by the SBTi and a long-term neutrality. This includes short-, medium- and long-term measures as well as the development of new technologies with partners. In addition, we rely on the use of bridging technologies in order to also master the economic challenges quickly and to

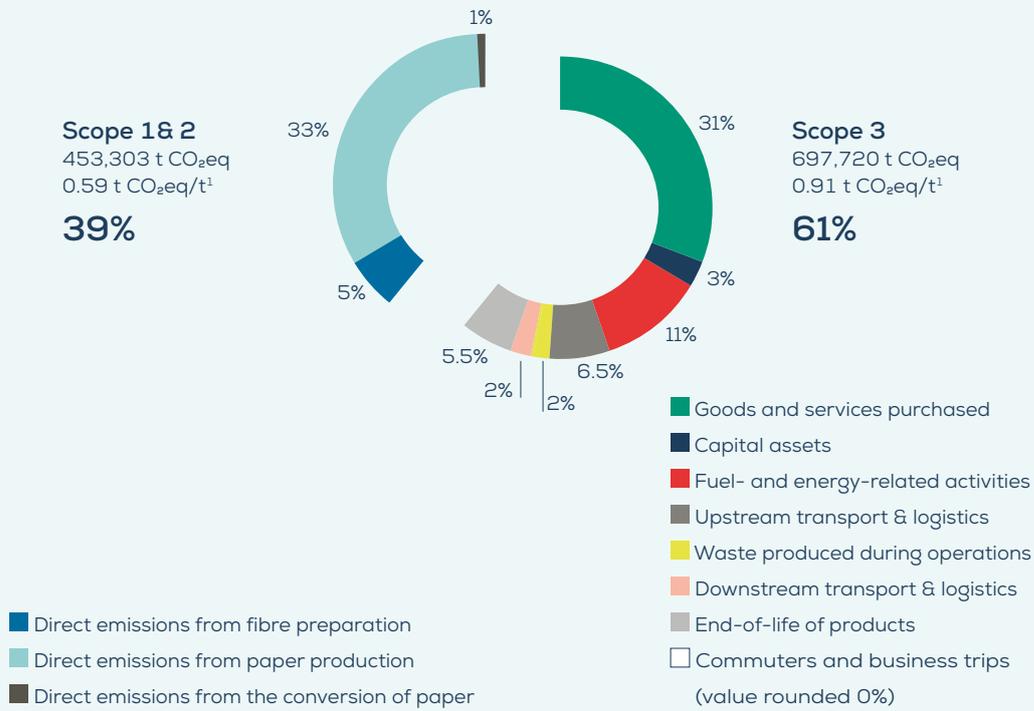
gradually achieve independence from fossil energy sources. Large sums of investment are needed to implement this energy transformation.

WEPA relies on a structured energy management system in accordance with ISO 50001, to which all sites, with the exception of the plant in Bridgend¹, are certified.

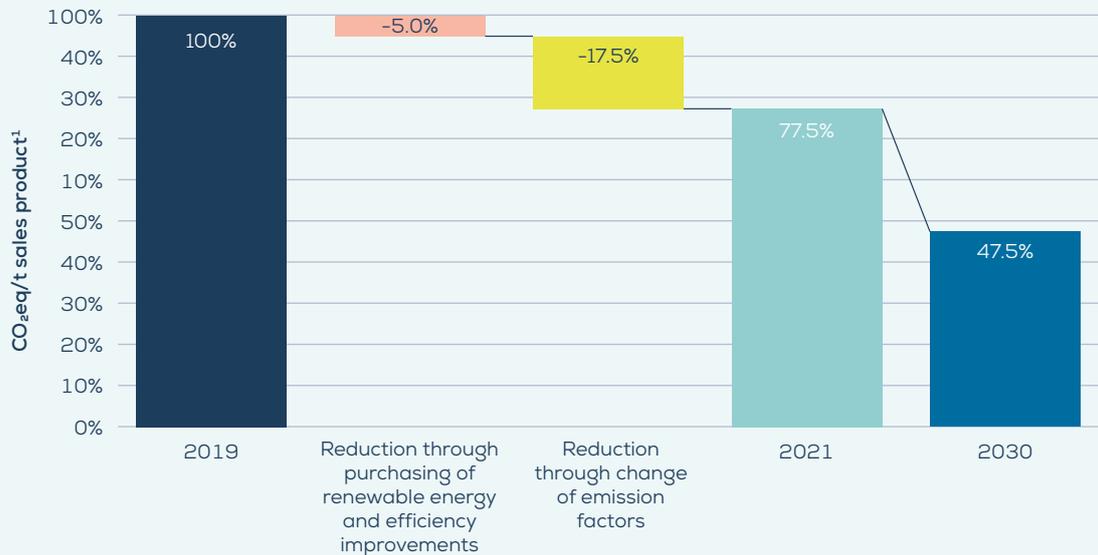
¹ Certification is planned for the future.

Direct and indirect greenhouse gas emissions:

CO₂ emissions in 2021



Reduction of our CO₂ emissions (Scope 1 & 2)



Since 2019, the Scope 3 emissions have decreased by 11.7% per t of sales product.

In comparison to 2019, we were able to reduce our CO₂ emissions (Scope 1 & 2) by 22.5% in 2021. This was due, on the one hand, to savings measures such as an increase in efficiency and the conscious purchase of renewable energy at our Piechowice site (approx. 30,000 t CO₂eq.) as well as, on the other hand, also to a change in emission factors. The reduction by 12.5% is based on the emission factor of our purchased electricity, which has improved significantly at several sites due to general changes in the conventional electricity mix (higher share of renewable energies). 5% are due to a change of methodology in connection with natural gas as an energy source.

¹ Reference: finished goods + semi-finished goods sold + DIP sold

Energy consumption within the organisation



Electricity: **806,580** MWh
of which 41% are renewable,
59% are non-renewable



Steam: **292,150** MWh
of which 2% are renewable,
98% are non-renewable



Gas: **1,450,545** MWh



Coal: **60,006** MWh

total: **2,609,282** MWh

In comparison to 2019, the specific energy consumption has remained at roughly the same level in 2021, as major energy efficiency measures are only just starting up. In addition, fluctuations occurred due to the corona-related production circumstances.

Sites in focus:

Measures for more energy efficiency and CO₂ reduction

In order to get closer to our energy efficiency and CO₂ reduction targets, measures at our sites are of particular importance. One example of this is the eSave project: Through close cooperation between our plants, we want to increase the energy efficiency of our energy-intensive paper machines and thereby save at least 300 t CO₂eq next year. At our Leuna plant, for example, energy losses due to convection were prevented in the operation of the hood-type dryer on the paper machine and energy efficiency was increased by 2%.

Another potential for improvement is, for example, located in the replacement of water ring pumps on the paper machines, which are swapped out for more efficient vacuum pumps.

At the same time, we are focusing on renewable energies: At our sites in Swalmen and Piechowice, we already cover our electricity needs with 100% green electricity. In 2022, a photovoltaic system was also installed at our Salanetti site, which saves 880 tonnes of CO₂eq emissions annually. Further photovoltaic systems are in planning.



Energy supply and recycling cycle

At the WEPA site in Giershagen, our ambitions in the areas of energy efficiency and circular economy are particularly evident. The WEPA-owned power plant thermally utilises all of the fibre residues and groundwood rejects produced in the recovered paper treatment process in Giershagen and, in addition, the fibre residues and groundwood rejects from Müschede and from other paper mills in the vicinity. The energy generated from this in the form of steam and electricity supplies the four paper machines with 85% of the steam needed to dry the paper. The ash produced during the incineration process is used in the cement industry or in mining backfill.

The path to sustainable logistic

In addition to reducing our Scope 1 & 2 emissions, we will also reduce our Scope 3 emissions. One lever is the holistic further development of our logistics. First measures were already implemented in 2021:

- Together with Collaborative Transportation Solutions, a logistics optimisation programme run by our partner CHEP, we are reducing empty kilometres and thereby transport-related emissions.
- We have shifted individual truck transports to transport by rail and ship. These means of transport cause fewer emissions per tonne of freight in comparison to truck transport, which has enabled us to save 2,700 t CO₂eq.

Since the status quo does not meet our requirements for a modern supply chain, the transformation of logistics at WEPA is now being handled strategically. To this end, we have created a Group-wide initiative with a comprehensive package of measures that will be implemented successively by 2024.

↑ Our targets & ambitions

We want to become climate-neutral by 2040 and are, in the context of the SBTi, making our contribution towards limiting global warming to 1.5 °C.

- Reduction of Scope 1 & 2 emissions by -52.5% CO₂eq/t¹ (by 2030)
- Reduction of Scope 3 emissions by -52.5% CO₂eq/t¹ (by 2030)
- Target achievement is supported by increasing the energy efficiency by 10%.

¹ Reference: finished goods + semi-finished goods sold + DIP sold



Future-oriented waste management

In the further development of our raw material cycles, we follow the motto: Use resources & avoid waste. We are in line with the European approach to a modern circular economy.

Along our production process, various material streams accumulate that cannot be used further for paper production. For example, during the stock preparation of recovered paper, non-paper materials such as metals and plastics are separated. During the deinking process, ink particles and fillers are washed out, which remain as paper sludge after dewatering. These material streams must be used as efficiently as possible, both materially and ecologically.

We are continuously working on improving our recycling cycles. In this, we are guided by the EU Waste Framework Directive which sets out a clear waste hierarchy. The first priority is therefore waste prevention. So our paper waste in production is fed directly back into the production process and thus kept in the material cycle. In addition, we reduce our waste – the second level in the hierarchy – by, for example, increasing the yield of fibres in recovered paper processing and thereby reducing waste. Finally, we are expanding material use through

sorting in the area of recycling. This applies, for example, to packaging rejects in paper processing, which is used in plastics production. We use residues that cannot be recycled for the generation of energy and steam. Currently, a small portion of our production waste is still landfilled (2.4%). We will reduce this share to zero by 2025.

In the reporting year 2021, the total amount of production waste produced by the WEPA Group was 342,084 tonnes. The share of hazardous waste was 0.16%. We are disposing of it via reputable specialist companies with which we have long-standing business relationships. There were no incidents in this area in 2021.

Of our waste, 72.4% was recycled, 25.2% was thermally utilised, and 2.4% was landfilled. Waste-related data is monitored via a central waste management system. The recycling of waste is controlled regionally in Germany, and site-specific in our other plants.

↑ Our targets & ambitions

We pursue the principle of a circular economy in the spirit of preserving resources.

- 100% of our production waste, including hazardous waste, will be recycled or used to generate energy by 2025.
- This is aimed at maximising material recycling and minimising energy use.



Sustainable use of water: **Along the value chain and beyond**

Water is a valuable good that is essential to our production processes. We work systematically on the preservation of water as a resource and have set ourselves holistic goals for our water management as part of our partnership with WWF Germany through the Water Stewardship Project.

We are aware of our responsibility as a water-intensive company and do not want to have a negative impact in terms of quality and quantity on the water bodies from which we draw fresh water or into which we discharge treated wastewater. Therefore, the continuous, site-specific optimisation of our water management has been an important part of our environmental management system for many years already. In addition, our involvement with various

stakeholders in the field of water conservation is also an important pillar (see p. 35). Through the complementary work of the Water Stewardship Project, we are intensifying our risk assessment for people, nature and businesses and are setting contextualised targets that are relevant to both ourselves as well as to other water users in the basin. We integrate these into the company within the context of the Sustainability Strategy.

Key indicators of our water management

Water is one of the most important resources for the manufacturing of our products. We use it along our value chain in a wide variety of processes, for example in the pulping of recovered paper and pulp. At our sites, we use, in total, 73% surface water, 25% groundwater, and 2% drinking water. For the complete production process of the WEPA Group, on average 8.5 litres of water are currently extracted per kilogram of product produced¹. A large portion of it is returned to surface water after it has been used and then treated and is, as such, not lost to the ecosystem. Small quantities are evaporated by the drying process and a minute amount of water remains in the product itself. The remaining water is often discharged back into the local surface water after it has been treated.

Our production wastewater is, in part, treated in our own wastewater treatment plants, but also in municipal and industrial wastewater treatment plants, in accordance with the highest standards. After this treatment, the cleaned wastewater in those of our plants that have a wastewater treatment system of their own contains an average of 11.2 mg/l of suspended solids as well as 70.9 mg/l of chemical oxygen demand (GER CSB / EN COD). Pure cooling water can be discharged directly back into the surface water after use as it has not been exposed to the process.

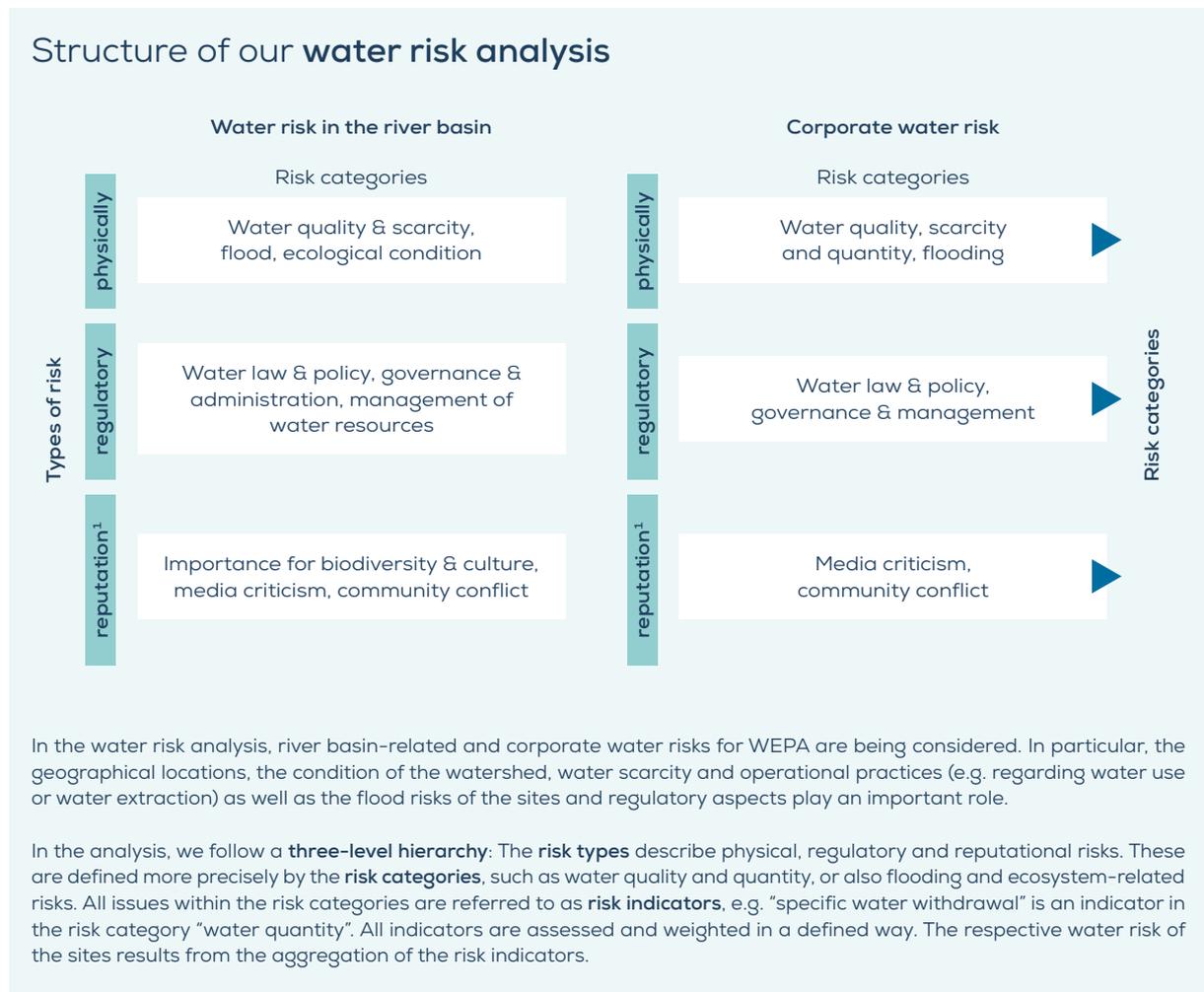
¹ Semi-finished goods produced + DIP produced

Cooperation with WWF Germany: Our new water targets

WEPA is aware of the wide range of water risks: Overexploitation, poor water quality, and also flooding can damage the entire ecosystem and directly affect production at our company. As part of a water-intensive industry, WEPA is both affected by water risks as well as a potential contributor to risks through its own use. In cooperation with our long-standing partner WWF Germany, WEPA takes responsibility for these issues and follows the Water Stewardship approach. It illustrates possible initiatives to companies to deal responsibly with the

resource water – on an ecological, economic and social level. In order to determine the site-specific water risks for WEPA and initiate appropriate measures to reduce them, we have developed our own methodology which is based on the WWF Water Risk Filter.

With our water targets, we are embarking on an important new path in the area of water stewardship that extends along the value chain and beyond.



¹ Is not being taken into account in the objective

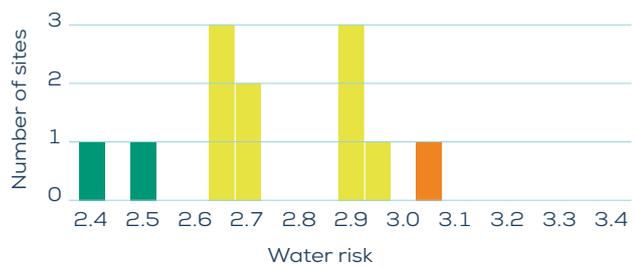
Water risks of our sites



Corporate water risk

- very high risk (> 4.21)
- high risk (3.41-4.20)
- increased risk (3.01-3.40)
- medium risk (2.61-3.0)
- low risk (1.81-2.60)
- very low risk (1-1.80)

Distribution of risk levels across the sites



All sites were assessed within the context of the water risk analysis. This constitutes the basis for our objective to reduce corporate water risk. The latter is comprised of indicators from WWF and WEPA. This graphic illustrates the water risks at our sites. Only the Leuna and Château-Thierry sites have a low water risk, while all other sites are rated at more than 2.61 and therefore have a medium risk. Eight sites have a risk between 2.7 and 2.9.



With the site analysis, WEPA has reached an important milestone. Now one of the next steps is to implement the necessary measures to achieve the goals. Here the inclusion of local stakeholders in the river basins will play an important role.

Gunnar Heller, Project Manager Water & Biodiversity Stewardship at WWF Germany

Our measures for responsible water management

We have already addressed specific measures here:

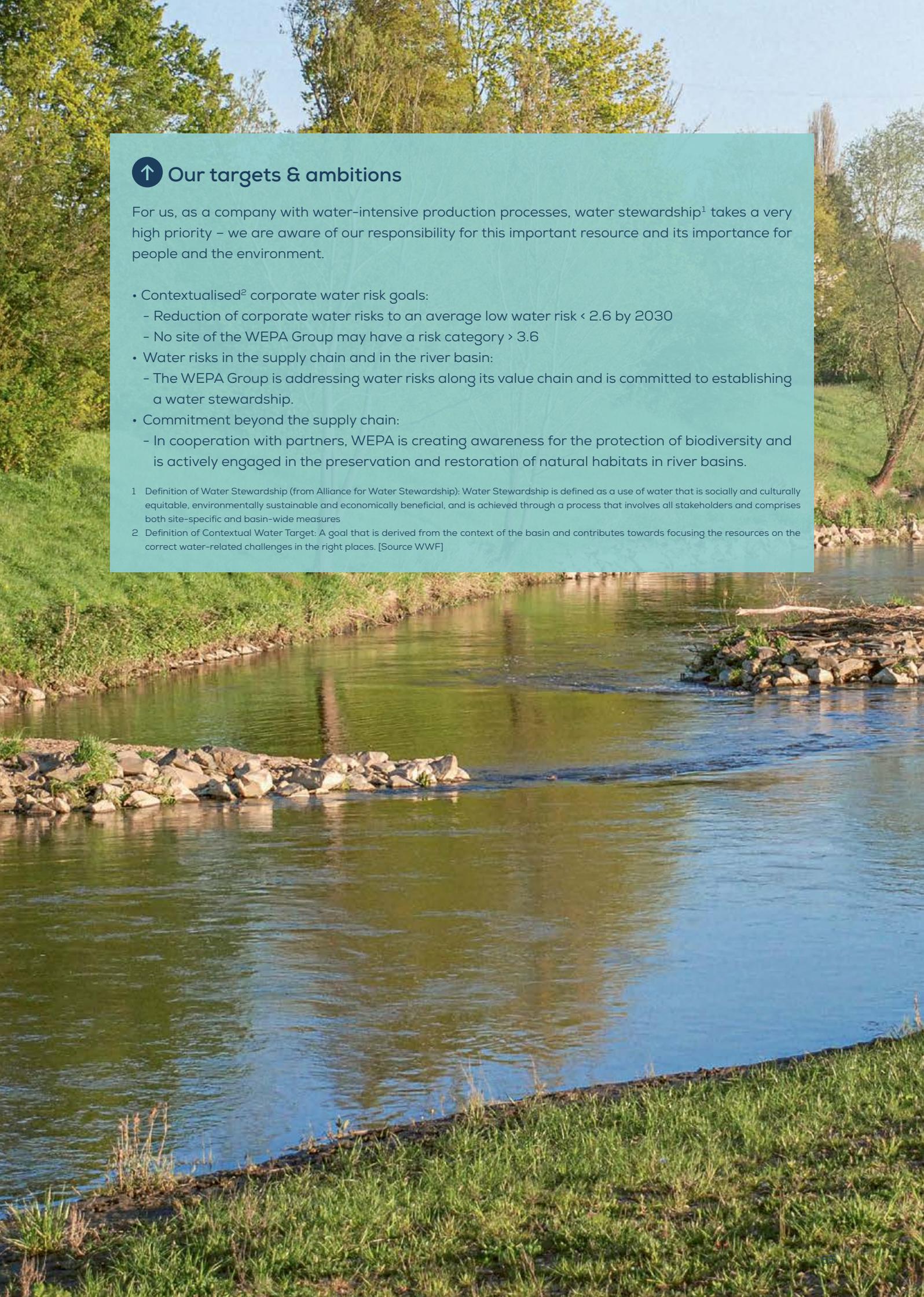
- We counter the risk of water scarcity by reducing water consumption¹, especially at locations with increased water scarcity. Not only does this protect us, as a company, but also other water users.
- We protect both the environment and ourselves from the risk of flooding by further securing our plants and investing in renaturalisation projects, such as at the Müschede and Giershagen sites (see p. 35 and p. 43).

- With state-of-the-art treatment and purification of our process water, we ensure good water quality.

In addition, we are, in cooperation with partners, creating awareness for the protection of biodiversity and are committed to the preservation and restoration of natural habitats in river basins (see p. 35 and p. 43).

¹ Calculated from the difference between water withdrawal and water recirculation





↑ Our targets & ambitions

For us, as a company with water-intensive production processes, water stewardship¹ takes a very high priority – we are aware of our responsibility for this important resource and its importance for people and the environment.

- Contextualised² corporate water risk goals:
 - Reduction of corporate water risks to an average low water risk < 2.6 by 2030
 - No site of the WEPA Group may have a risk category > 3.6
- Water risks in the supply chain and in the river basin:
 - The WEPA Group is addressing water risks along its value chain and is committed to establishing a water stewardship.
- Commitment beyond the supply chain:
 - In cooperation with partners, WEPA is creating awareness for the protection of biodiversity and is actively engaged in the preservation and restoration of natural habitats in river basins.

¹ Definition of Water Stewardship (from Alliance for Water Stewardship): Water Stewardship is defined as a use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial, and is achieved through a process that involves all stakeholders and comprises both site-specific and basin-wide measures

² Definition of Contextual Water Target: A goal that is derived from the context of the basin and contributes towards focusing the resources on the correct water-related challenges in the right places. [Source WWF]



Sustainable hygiene paper portfolio

We aspire to offer the most sustainable hygiene paper portfolio to make our customers successful.



Facts & figures

51% of our turnover

comes from the sustainable "Driver"
and "Pioneer" products
→ [more on page 59](#)

Cardboard and Miscanthus

as a new raw material for fibres for
sustainable products
→ [more on page 60](#)

> 1,000 t primary plastic saved

due to the use of post-consumer recyclate
→ [more on page 63](#)

Our sustainable hygiene paper portfolio

The WEPA Consumer and WEPA Professional business units are continuously developing their product and service offerings further. We support our customers with our sustainable hygiene paper portfolio, innovative product developments and our expertise in all matters relating to sustainability. This contributes to their market success and helps consumers to integrate sustainability into their day-to-day lives. With the WEPA brands, we test innovative new products and set new sustainability standards.

Making the sustainability of products transparent and measurable: **WEPA's Sustainable Portfolio Compass**

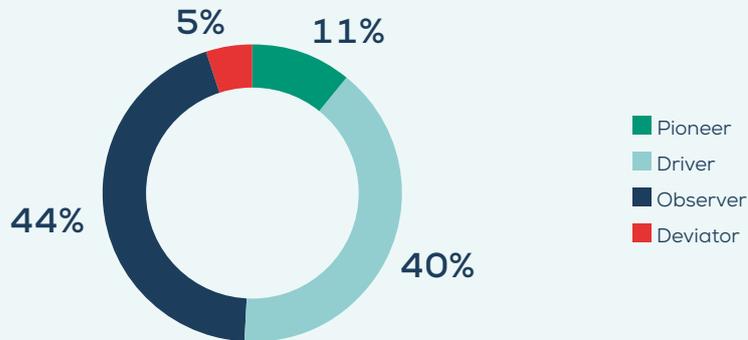
In order to be able to support our customers in an even more targeted way to achieve their sustainability goals, we have developed a rating system that is now being implemented. With this approach, we have evaluated our entire hygiene paper portfolio with regard to sustainability aspects. Based on the results, we can identify opportunities for the sustainable further development of our portfolio and transparently communicate with our customers to make their product range more environmentally friendly.

WEPA's Sustainable Portfolio Compass takes into consideration aspects along the entire value chain: raw materials, environmental impacts in production, packaging, logistics, product use as well as certificates and labels associated with the product. Depending on the result, the products are placed in one of four assessment categories: Products with a low sustainability performance fall into the "Deviant" segment; "Observer" products are characterised by a solid sustainability standard and products in the "Driver" segment have an above-average sustainability performance and are advancing our ambitions in the market. New standards are set by products in the top category "Pioneer". In the future, all new developments are also to be assessed using the Sustainable Portfolio Compass: That way, weaknesses in sustainability performance can be identified at an early stage and remedied

through improvements. New developments that do not meet our high sustainability standards are not pursued further.

The Sustainable Portfolio Compass was developed in cooperation with an external partner and on the basis of scientific analyses as well as many years of market and product expertise. This enables us to ensure that the result of the assessment is fact-based and objective. An external audit of the assessment system is planned. The transparency created in this way illustrates in dialogue with our customers how product adjustments, for example in the number of paper layers or the type of paper fibres used, can positively influence the sustainability rating. Potentials become more visible. In the reporting year 2021, the Sustainable Portfolio Compass entered the pilot phase and will be used Group-wide from the second half of 2022 onwards.

Current assessment of the portfolio with WEPA's Sustainable Portfolio Compass



The first assessment of our hygiene paper portfolio shows: At present, around 51% of our turnover is generated by products in the two leading segments. We intend to increase this share to 60% by 2025.

↑ Our targets & ambitions

WEPA is the number one partner for the most sustainable hygiene paper. We support our customers in achieving their sustainability goals and make the lives of our consumers a little more sustainable.

- By 2025, 60% of our turnover will be generated with products in the two leading segments "Driver" and "Pioneer".
- We assess product innovations prior to their market launch on the basis of the Sustainable Portfolio Compass.
- Products in the "Deviator" segment are developed further in such a way that they feature an improved sustainability performance or are discontinued.
- In the coming months, we will undergo an external validation of the Sustainable Portfolio Compass.

WEPA Consumer: Sustainability in the retail customer segment

Interview with Jessica Arzt, Head of Marketing Consumer International



How exactly does WEPA's sustainability work function with retail customers in the Consumer business segment?

Due to our many years of experience in the development of more sustainable products, we always bring environmentally friendly alternatives to the forefront in personal conversations with our customers. Our focus is on educating people about the topic of recycled paper – many of our points of contact in the retail sector perceive us as experts in the field and therefore come to us when they have questions.

WEPA is positioned as a private label specialist. What role does your own brand "mach ml!" play?

"mach ml!" is our flagship in terms of sustainability: With the WEPA brand, we want to show what is possible: from the conception as a recycled product via packaging made from post-consumer recycle all the way to consumer communication. With the uncompromising environmental friendliness of "mach ml!", we want to inspire our retail customers when they configure their private labels.

How was "mach ml!" developed further in 2021?

Last year, we increasingly addressed consumers directly with the brand communication of "mach ml!". In 2021, we increasingly engaged in dialogue with young people about recycled paper via social media and learned a lot about their needs that way. With this knowledge, we can now support our retail partners even better in terms of communication.

To what extent does WEPA incorporate sustainability aspects into the development of new products?

A good example of this is our new product "RECYCLED NATURE PURE". It arose from our conviction that recovered paper is the most ecological fibre for hygiene paper. Here we rely – especially in the sense of circular economy – on the use of fibres from recycled cardboard from which particularly soft and sustainable tissue paper products can be produced in an innovative production process. In addition, we do not use bleaching agents in this new product. In order to be able to use cardboard in recycling, technological innovations were necessary and our stock preparation plants had to be retooled: We are doing real pioneering work here.



Goldeimer:

The social toilet paper for equitable hygiene

One product that has a leading sustainability performance is Goldeimer toilet paper. We have been already producing it in our factory in Mainz since 2016. It is made of 100% recycled fibres, bears the "Blauer Engel" ecolabel and is packaged in a film containing 60% recycled plastic and 15% chalk. But it is not only from an environmental perspective that Goldeimer toilet paper is impressive in terms of sustainability: With the sale of its products, the Goldeimer social business is supporting global

WASH projects (water, sanitation and hygiene) of Viva con Agua and Welthungerhilfe, the World Hunger Aid organisation. The common goal is to ensure access to clean water and safe sanitation and hygiene for people worldwide. With each pack of Goldeimer toilet paper sold, sanitation projects and the work of Welthungerhilfe and Viva con Agua are supported. WEPA provides support in the form of a contribution of 35 cents per package sold.



Sustainability at WEPA Professional

Sustainability is also a central issue in the WEPA Professional business unit. Many of our business customers have set themselves ambitious sustainability targets in which they are focusing on issues such as waste reduction, CO₂ savings and circular economy. WEPA supports them in achieving

their sustainability goals through the provision of consulting services and a comprehensive product portfolio. At the same time, we are developing innovative concepts, such as our take-back concept for hand towel paper (see p. 68), to strengthen the circular economy.

Discovering shared potentials: Customer workshops

In the 2021 reporting year, WEPA Professional focused on the exchange and consultation with customers regarding the topic of sustainability. In the context of pilot workshops with long-standing customers and partners, the respective sustain-

ability strategies were presented, and synergy effects were worked out. WEPA was able to share its expertise in the area of sustainability and illustrate which products and concepts support the individual achievement of our customers' goals.



“ Our customers are driven by their own sustainability goals. At service companies, for example, the washroom plays a particularly important role in the ecological footprint. We want to be a reliable and trustworthy partner for all our business customers, a partner with whom they can achieve their goals.

Patrick Schumacher, Managing Director Business Development and Marketing at WEPA Professional

Environmentally friendly new products

With “BlackSatino” as the lighthouse brand of our WEPA Professional business unit, sustainable product developments play a special role. One example is the launch of the “GreenGrow” product line. The plant used here is Miscanthus, a grass that is grown and harvested in Europe in a resource-saving manner (see p. 41). In an innovative manufacturing process that was developed by WEPA over the course of many years, we are producing a premium hygiene paper: without harmful chemicals and from responsibly sourced raw materials. Just like the other “BlackSatino” products, “GreenGrow” is also produced with 100% green electricity. Unavoidable production-related emissions are offset in accordance with the Cradle to Cradle Gold Standard. The product line is Cradle to Cradle Certified® at the Silver level and carries the FSC-Mix label.

With another new product in the business customer segment, WEPA is focusing entirely on recycling – even away from hygiene paper. The recyclable towel dispensers of the “Satino by WEPA” brand, launched in 2021, are made from cardboard, are therefore 100% recyclable and can be easily fed into the recycling loop after their disposal in recovered paper.

In contrast to dispensers made of plastic, they are primarily intended for short-term applications, for example at events.



Packaging as part of our products – here we place considerable importance on sustainability too

In 2021, we made great progress in the use of post-consumer recycle in our sales packaging. More and more customers are following us down this path and are purchasing products from us in packaging with a share of 60% recycled, recyclable plastic. In 2021 as a whole, we saved more than 1,000 tonnes of primary plastic in this way and were thereby able to convert almost 9% of the total volume of our primary packaging to recycle.

By using post-consumer recycle – also for secondary and tertiary packaging, such as outer packaging or stretch film for pallets – we promote the circular economy and contribute to the extension of recycling streams for used plastic packaging through our demand for this valuable material.

At the same time, we focus on reducing material thicknesses while maintaining machine efficiency and product safety. Combined with the natural quality variations in recycled plastic, this is an ambitious goal that we are gradually approaching together with our packaging film suppliers.

But WEPA also further developed the paper fibre-based packaging in 2021. Here, our focus is on reducing the ecological footprint of the paper, the recyclability of the packaging, as well as its processing characteristics.

The ecological performance of our packaging alternatives is regularly assessed by means of life cycle analyses using the ecological scarcity method (see p. 39). In all development steps, we take into account the current and anticipated national and European legal requirements and offer solutions that are reasonable from a holistic perspective.

With these measures, we are contributing to the further development of our sustainable tissue paper portfolio, enabling customers to meet their own sustainability targets for packaging.

↑ Our targets & ambitions

A sustainable product includes resource-saving packaging.

By 2025:

- 60% of our packaging material consists of recycled material.
- Increasing the annual amount of primary plastics saved in packaging to 8,000 t.

1 Packaging: sales packaging, outer film and stretch film





Portfolio extension through innovation

We are expanding our existing product portfolio to be the leader in sustainable hygiene solutions in Europe.

- 1 M&A, joint ventures and venture activities: consideration of invested capital; in-house developments for portfolio extension: consideration of the development budget (in each case for the achievement of objectives)
- 2 Includes consideration of the environmental and social added value for both society and the company, as well as analysis of potential ESG risks



Facts & figures

For 100% of our investments¹

in portfolio extensions² compulsory sustainability assessment starting in 2023

[→ more on page 69](#)

SNYCE is

“Red Dot Winner Packaging Design 2021”

[→ more on page 66](#)

Establishment of the business unit

New Business Areas

[→ more on page 66](#)

Portfolio extension: Long-term profitability through sustainability

Only ecologically and socially sustainable innovations and business models allow for robust economic profitability in the long term. That is what we are convinced of. WEPA is fully committed to sustainability in the extension of its portfolio and in the area of research and development.

New Business Areas: Sustainability comes first

Clear sustainability criteria as well as customer- and consumer-centric thinking are central to all portfolio extensions and innovation activities of the WEPA Group and contribute towards positioning WEPA as a leader for sustainable hygiene solutions. Differentiation and further development through sustainable innovation are established components of our orientation. Innovations contribute significantly to WEPA's ability to hold its own in a dynamic market environment. After all, innova-

tions and sustainability are geared towards finding answers to the pressing challenges that society and the environment are facing. Among others, the "New Business Areas" business unit is responsible for the extension of WEPA's product and service portfolio. Areas set up in a targeted manner, such as WEPA Ventures, the FutureLab innovation platform, as well as cooperations and sustainable investment activities create the prerequisites for an innovative and sustainability-oriented extension of our portfolio.

WEPA Ventures: Start-up investments support the sustainable transformation process

WEPA Ventures is the family venture capital arm of the WEPA Group with the goal of generating financial returns while at the same time creating synergies between the family business and the teams of founders. For this purpose, WEPA Ventures invests venture capital in early-stage start-ups. Focal points for the investments are Transformative Commerce Models that enable both circular economy processes and innovative business ideas along the value chain, especially in the areas of Green & Cleantech. In addition, Novel Paper & Packaging Solutions are relevant for WEPA Ventures.

In 2021, investments were made in MYLILY which produces sustainable, high-quality products for women's health and was among the finalists of the 2020 German Sustainability Award. In addition the WEPA Ventures start-up SNYCE has the right to call itself "Red Dot Winner 2021 Packaging Design".



FutureLab by WEPA: Sustainably innovative

The central innovation team of WEPA is the FutureLab which is responsible for product and service innovation. The work of the FutureLab is based on three pillars: developing innovations, supporting innovations, spreading innovations. Here, product, service and business model ideas

+ Future Lab by wepa

are developed that expand the existing portfolio and challenge the status quo of the hygiene paper market. In addition, the FutureLab provides guidance and support to decentralised innovation teams and spreads innovation throughout the WEPA Group to create visibility for new topics.



WEPA Professional is setting innovative impulses for sustainable hygiene concepts

WEPA's expertise in all things hygiene is not only used to further develop its own products. WEPA Professional is helping customers to design washrooms efficiently and hygienically and to improve hygiene performance. As the requirements posed to hygiene are constantly increasing, especially in public spaces, hotels and restaurants as well as in the healthcare industry, we are supplementing our

product portfolio with flexible service and information offers. The services all around the washroom ensure that current and individual hygiene requirements can be met. Innovative platforms, such as the virtual showroom (see below), provide our customers with accessible information about products as well as our expertise in all aspects of hygiene and sustainability at any time.

Circular economy for WEPA towel papers

In order to make the use of paper towels more sustainable, WEPA has introduced the towel paper recycling concept. After successfully piloting this in the Netherlands already, we also introduced it in Germany in 2021. The idea: Used towel paper is being collected and then recycled at WEPA. With this service, we are setting an example for the circular economy. Since 2018, we were able to recover and reuse 23,463 kg of paper towels with

this concept. The resource-saving concept meets with great interest among our customers.

And, incidentally: Paper towels are the most hygienic solution for drying your hands in public washrooms. A study by scientists of the University of Leeds examined various fan dryers and towel paper: More bacteria remain in rooms where fan dryers are used instead of paper towels.

Virtual showroom: Experiencing hygiene solutions digitally

The virtual showroom allows commercial customers to experience the product portfolio of the two WEPA Professional brands "Satino by WEPA" and "Black-Satino" in the virtual space. This innovative concept was developed in 2021 in cooperation with the

Sustainability Team. A digital, interactive showroom was created that provides a wealth of product information and informative videos. Individual exhibition areas can be accessed via a map: industry solutions, a learning area and information on topics such as "touchless washroom" or "sustainability". WEPA is the first supplier in the hygiene paper industry to offer its customers this convenient way of getting to know the portfolio via their own screen.



Click here for the WEPA Professional Virtual Showroom:
www.satino-by-wepa.com/apps/virtualshowroom/

Long-term success through consistent focus on sustainability

In the course of 2022, WEPA will introduce a mandatory sustainability assessment for all investments. Said assessment takes into account the environmental and social added value for society and for the company, and includes an analysis of potential ESG (environmental, social, governance) risks. The sustainability assessment is firmly integrated into the processes of the various business units: Before any investment decision – e.g. participation in start-ups, potential acquisitions of companies, or an internal innovation – the sustainability assessment is run through. The result of the assessment constitutes a decision-making basis for our investments. It also provides guidance on measures to be taken to avoid risks and to make the best use of investment opportunities. Our target for portfolio extension is also tied to the sustainability rating.

With the assessment of risks, opportunities and impacts of investment decisions in terms of sustainability, and an ambitious new target for the field of action “innovative portfolio extension”, we are positioning ourselves as a pioneer. The approach is also a clear commitment to our conviction that long-term business success and a robust business model are only possible with sustainable solutions.

The goal-setting and assessment support the different units in targeting their activities even more towards a positive impact.

↑ Our targets & ambitions

With our portfolio extension, we are committed to creating added value for society.

- 100% of the investment decisions are evaluated through a binding sustainability assessment.
- 100% of the investments¹ create positive value for society and have either no significant or exclusively managed ESG risks.

¹ For M&A, joint ventures and venture activities, the capital invested for target achievement is being reviewed. In the case of in-house developments for portfolio extension, the development budgets for target achievement are being assessed.



GRI Index of Content

GRI standard	Reference	Page reference	Comments
1. Organizational profile			
102-1	Name of the organization	6	
102-2	Activities, brands, products, and services	6, 8	
102-3	Location of headquarters	6	
102-4	Location of operations	7	
102-5	Ownership and legal form	6, 75	
102-6	Markets served	8	
102-7	Scale of the organisation	6	Shown are the turnover and the number of employees.
102-8	Information on employees and other workers	6, 7, 73	Employees by sites, full- and part-time by central sites
102-9	Supply chain	9	
102-10	Significant changes to the organisation and its supply chain	-	This is the first report in accordance with GRI.
102-11	Precautionary principle or approach	23	
102-12	External initiatives	13, 30, 34, 52	Examples of central initiatives
102-13	Membership in associations and interest groups	11	
2. Strategy			
102-14	Statement from the most senior decision-maker	2, 3	
3. Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	22, 23, 30	
4. Corporate governance			
102-18	Governance structure	6, 11	
5. Stakeholder engagement			
102-40	List of stakeholder groups	11	
102-41	Collective bargaining agreements	-	83.5% of all employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	11	
102-43	Approach to stakeholder engagement	11	
102-44	Key topics and concerns raised	14	
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	-	WEPA does not publish an annual report. The report scope is explained on page 76.
102-46	Approach for the definition of the content of the report and the delimitation of the topics	12	
102-47	List of material topics	12	Minor adjustments in comparison to the preceding year
102-48	Restatements of information	-	This is the first report in accordance with GRI.
102-49	Changes in reporting	-	This is the first report in accordance with GRI.
102-50	Reporting period	74	
102-51	Date of most recent report	74	
102-52	Reporting cycle	74	
102-53	Point of contact for questions regarding the report	74	
102-54	Statement regarding reporting in accordance with the GRI standards	74	
102-55	GRI Index of Content	70-73	
102-56	External assurance	74	
Topic-specific standards – Economy			
GRI 201	Economic Performance 2016		
GRI 103	Management Approach 2016	6, 8, 10	

GRI standard	Reference	Page reference	Comments
201-1	Direct economic value generated and distributed	6	The turnover is shown.
201-2	Financial implications and other risks and opportunities due to climate change	23	
GRI 205	Anti-corruption 2016		
GRI 103	Management Approach 2016	22	
205-3	Confirmed incidents of corruption and actions taken	22	
Topic-specific standards – Ecology			
GRI 301	Materials 2016		
GRI 103	Management Approach 2016	16, 18, 38, 40-42, 63	Due to the different approaches, shown separately for the material strategy and for packaging
301-2	Recycled input materials used	16, 18, 40, 63	The share of virgin fibres from recovered paper used and the share of recycled packaging used are listed.
GRI 302	Energy 2016		
GRI 103	Management Approach 2016	16, 46-48	
302-1	Energy consumption within the organization	48	
302-3	Energy intensity	47	The contribution of energy to the reduction of CO ₂ intensity per sales product is listed.
302-4	Reduction of energy consumption	48-49	The change since 2019 and exemplary approaches to reducing energy consumption are shown.
GRI 303	Water and Effluents 2018		
GRI 103	Management Approach 2018	17, 34, 51, 52-55	Due to its impacts, the area of water is elaborated on more; the current water risk analysis is presented in detail.
303-1	Water as a shared resource	17, 34, 51, 52-55	
303-2	Management of water discharge-related impacts	51	
303-3	Water withdrawal	17, 45, 51	The share of water withdrawn per kg of production volume is shown.
GRI 304	Biodiversity 2016		
GRI 103	Management Approach 2016	34, 42, 43, 55	
304-3	Habitats protected or restored	34, 43	Select, central projects are shown.
GRI 305	Emissions 2016		
GRI 103	Management Approach 2016	16, 39, 46-48	Due to the different approaches, shown separately for the materials strategy and the production process
305-1	Direct (Scope 1) GHG emissions	16, 47	Aggregated presentation of the Scope 1+2 emissions
305-2	Indirect energy-related (Scope 2) GHG emissions	16, 47	Aggregated presentation of the Scope 1+2 emissions
305-3	Other indirect (Scope 3) GHG emissions	16, 47	
305-4	GHG emissions intensity	16, 47	
305-5	Reduction of GHG emissions	47, 48-49	The change since 2019 and exemplary approaches to reducing energy emissions are shown.
GRI 306	Waste 2020		
GRI 103	Management Approach 2020	17, 50	
306-1	Waste generation and significant waste-related impacts	50	
306-2	Management of significant waste-related impacts	50	
306-3	Waste generated	50	The total amount of production waste generated, and the share of hazardous wastes are shown.
306-4	Waste diverted from disposal	50	The shares of recycled, thermally utilised and landfilled waste in the Group's total waste are shown.
306-5	Waste directed to disposal	50	
GRI 307	Environmental Compliance 2016		

GRI standard	Reference	Page reference	Comments
GRI 103	Management Approach 2016	23	
307-1	Non-compliance with environmental laws and regulations	23	
GRI 308	Supplier Environmental Assessment 2016		
GRI 103	Management Approach 2016	15, 30-31	
308-1	New suppliers that were screened using environmental criteria	30-31	Processes for verification are currently being developed.
Topic-specific standards – social			
GRI 401	Employment 2016		
GRI 103	Management Approach 2016	14, 26	
401-1	New employee hires and employee turnover	26	The total number of new hires and the fluctuation rate are shown.
GRI 403	Occupational health and safety 2018		
GRI 103	Management Approach 2018	14, 24-25	
403-1	Occupational health and safety management system	14, 24	
403-2	Hazard identification, risk assessment and incident investigation	24	The general approach is described, in addition exemplary projects from two sites are being presented.
403-3	Occupational health services	24	
403-4	Worker participation, consultation and communication on occupational health and safety	24-25	
403-5	Worker training on occupational health and safety	24-25	
403-6	Promotion of worker health	25	
403-8	Workers covered by an occupational health and safety management system	24	The number of sites and the roadmap to full coverage are shown. The number or percentage of employees is not disclosed.
403-9	Work-related injuries	14, 25	The LTIR over time as well as the number of deaths are shown.
GRI 404	Training and Education 2016		
GRI 103	Management Approach 2016	14, 28-29	
404-2	Programmes for upgrading employee skills and transition assistance programs	28, 29	The type of programmes to improve employees' competences is presented.
GRI 405	Diversity and Equal Opportunity 2016		
GRI 103	Management Approach 2016	14, 27	
405-1	Diversity of governance bodies and employees	26, 73	The age and gender of employees at central sites as well as the number of managers by gender are shown.
GRI 406	Non-discrimination 2016		
GRI 103	Management Approach 2016	27	Non-discrimination is part of Compliance and of the Code of Conducts, see page 22.
406-1	Incidents of discrimination and corrective actions taken	27	
GRI 408	Child Labour 2016		
GRI 103	Management Approach 2016	30, 31	
408-1	Operations and suppliers at significant risk for incidents of child labour	31	
GRI 409	Forced or Compulsory Labour 2016		
GRI 103	Management Approach 2016	30, 31	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	31	
GRI 414	Supplier Social Assessment 2016		
GRI 103	Management Approach 2016	15, 30-31	
414-1	New suppliers that were screened using social criteria	30-31	Processes for verification are currently being developed.
GRI 416	Customer Health and Safety 2016		
GRI 103	Management Approach 2016	15, 32	

GRI standard	Reference	Page reference	Comments
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There were no violations in the reporting year.
GRI 419	Socioeconomic Compliance 2016		
GRI 103	Management Approach 2016	22, 30	
419-1	Non-compliance with laws and regulations in the social and economic area	22	

Diversity and type of employment among employees

	Age	Germany	France	Italy	Netherlands	Poland	UK
female	< 30	52	25	6	1	3	3
	30-50	128	48	15	8	45	17
	> 50	73	15	12	12	20	18
male	< 30	217	64	18	10	28	37
	30-50	748	397	167	49	182	118
	> 50	588	150	232	92	70	146
full time		1,720	676	446	153	348	331
part time		86	23	4	19	0	8
total		1806	699	450	172	348	339

About this report

As a future-oriented, European family business with the core values of sustainability, commitment and respect, the WEPA Group has long stood for sustainable corporate management. This report provides an overview of measures, processes and the organisation that have already been implemented successfully, as well as our strategy and objectives regarding sustainability. With this publication, the company underlines its express desire and willingness to communicate transparently with all relevant stakeholders and to facilitate open dialogue based on partnership. Accordingly, this report – in combination with the Group website (www.wepa.eu), social media activities, other publications and other external and internal communication measures – is an essential component of the integrated communication concept of the WEPA Group.

Points of contact for questions and suggestions regarding this report are Stefan Gräter, Head of the Sustainability Unit, and Sarah Dohmen, responsible for sustainability communication and sustainability engagement, at sustainability@wepa.eu.

This is the second sustainability report of the WEPA Group, it is published annually. For the first time, the report is based on the standards of the Global Reporting Initiative (GRI). It has been prepared in accordance with the GRI Standards option "Core". The information corresponds to the latest available files of the German translation of the GRI standards, available at: <https://www.global-reporting.org/how-to-use-the-gri-standards/gri-standards-german-translations/>

The report has not been externally audited.

The information and data provided in the report primarily relate to the reporting period of the calendar year 2021, unless otherwise stated. In addition, relevant information from previous years and also the year 2022 was taken into account. The editorial deadline was 5 September 2022.

The report for the preceding calendar year, 2020, was published in early November 2021.

Reporting framework and approach

The information in the report, unless otherwise stated, encompasses the WEPA Group and all affiliated companies, with the exception of WEPA Category Solutions.

In 2017, the WEPA Group had its sustainability activities assessed for the first time with the ZNU Sustainability Check by the Centre for Sustainable Corporate Management (ZNU) of the University of Witten / Herdecke. The materiality matrix developed in 2019 is regularly reviewed by sustainability management. For 2022, an updated materiality analysis is planned.

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