nolte® KÜCHEN

NOLTE by nature

Sustainability Report 2021

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Management
Marc Hogrebe
Melanie Thomann-Bopp

”We don't see sustainability as a trend. For us, sustainability means treating people, the environment and nature with respect.“

Dear Reader,

Even though the United Nations committed itself to ambitious goals – the Sustainable Development Goals – back in 2015, there are numerous examples from the recent past, such as the flood disaster in the Ahr valley, numerous forest fires or complete droughts, which show that climate change and poverty have not yet been stopped, but are on the advance.

The coronavirus pandemic, which has been going on for more than two years, and the months-long war between Russia and Ukraine will continue to pose further challenges for many organisations, politicians, businesses and for us all. Nonetheless, it is high time to make significant progress in the field of sustainability.

We at Nolte Küchen, as a fourth-generation family business, have always firmly enshrined the subject of sustainability and social responsibility in our values.

Although we tend to be restrained in our communication policy, we want to practice this on the sustainability front as well, entirely in keeping with the motto "Do good and talk about it". It is for this reason that we have decided to publish our first sustainability report this year. In this report you will find numerous examples of the measures we have implemented in the past and the topics we will also continue to work on in the future.

For instance, we have been a climate-neutral company since 2020 and have been getting all of our electricity from renewable energy sources since 2021.

Our members of staff as well as their commitment and dedication are the pillars of our family business. Consequently, we signed the Diversity Charter in 2011 and are continuously working on actively practising diversity in the company. Providing our staff with further training and taking forward our apprenticeship system are matters that are close to Nolte Küchen's heart. This was also confirmed by an official source – so that this year too, we once again received the "BEST PLACE TO LEARN®" award.

Compliance with laws and directives goes without saying. But as this also needs to be animated from time to time, we have implemented a compliance management system in 2022.

This, of course, still doesn't mark the end of our sustainability measures though. The subject of sustainability is an integral part of our "Better # Together # Stronger" corporate strategy. In the next few months, we will be defining further measures and goals on how we intend to move forward in the fields of environmental protection, social affairs and governance.

For example, in addition to being a "climate-neutral company", we are working on obtaining "climate-neutral product" certification. Above and beyond this, structuring processes for greater efficiency through digitisation and introducing the SAP S/4HANA ERP software solution will be a further building block alongside implementing cultural-change management. In our view, active change management and practising a positive corporate culture are the keys to success in an increasingly agile and volatile world.

Our objective is to report in compliance with the set of rules laid down in the German Sustainability Code (Deutscher Nachhaltigkeitskodex DNK). This report for the 2021 reporting year has been compiled in line with the criteria of the German Sustainability Code.

At Nolte Küchen, we have practised a policy of diversity, equal rights and equal opportunities since the company was founded.

Nolte Küchen location in Löhne, North Rhine-Westphalia

Nolte Küchen location in Melle, Lower Saxony

1958

Konrad Nolte establishes Nolte Küchen in Löhne. The company starts up on a production site of 5,000 m^2 with around 70 employees

1974

A second site in Melle increases the production facilities.

1997

Construction of the new Information and Training Centre in Löhne.

2008

Matrix150 is introduced to mark the company's 50th anniversary. It is the first measurement grid in the industry that can be applied to height, width and depth.

2010

Nolte Küchen is the first German kitchen manufacturer to hold not only the FSC® but also the PEFC™ quality label.

2013

In MatrixArt, Nolte Küchen presents a handleless kitchen that is perfectly designed down to the very last detail.

General information

Company name
Nolte Küchen GmbH & Co. KG
(referred to below as "Nolte Küchen")

Website
www.nolte-kuechen.com

Number of staff
1,411 members of staff
(As at June 2022)

Reporting Year
2021

Set of indicators used
This report for the 2021 reporting year has been compiled in line with the criteria of the German Sustainability Code.

Third-party verification
This report requires no formal verification by any third party.

Reporting obligation
Nolte Küchen GmbH & Co. KG is not subject to any statutory CSR reporting obligation.

National action plan
Business and human rights
No

Business model (business purpose, products/services)
We are part of the Nolte Group. The Nolte Group employs a total of some 1,700 members of staff. Ingenuity, sustainability and foresight are key cornerstones of our guiding philosophy. All group companies produce only in Germany. Besides Nolte Küchen, these are: Express Küchen and Nolte SPA.

Nolte Küchen has been family-owned since it was founded in 1958. Nolte Küchen has always developed, produced and sold high-quality kitchen cabinetry. These kitchens are manufactured on a production site covering around 101,000 m^2 at the two plants in Löhne and Melle. Here, our "Made in Germany" quality promise is part and parcel of our worldwide success. This is also demonstrated by the fact that we export 36 % of our products. Every day we ship 880 Nolte kitchens to over 60 countries, equating to 1.8 million units a year. In terms of sourcing, we place our confidence in suppliers from the region and Europe.

Nolte Küchen is a family-run business that's deeply rooted in the region and, also today, still in family ownership.

2014

Launch of the nolte**neo** product line with the three themed worlds of **neo**Chalet, **neo**Loft and **neo**Salon.

2014

Nolte Küchen introduces Matrix 900, an ergonomic base unit height that provides another 20 % storage space.

2020

Nolte SPA is founded. Establishing this company, Nolte broadens its portfolio and now also excites consumers with an attractive range of bathroom furniture and mirrors.

2021

The information and training centre is now called NOLTE FORUM and is expanded to cover an area of 7,000 m^2.

2022

The nolte**neo** product line is being relaunched. From a wide range of planning options to exclusive fronts and design elements, it will open up entirely new dimensions in individualisation.

Today

Nolte Küchen's 1,400 members of staff produce some 880 kitchens a day on over 100,000 m^2 at Löhne and Melle.

Pavilion in the NOLTE FORUM garden

01 Company and strategy

Strategy, materiality and objectives

Depth of the value chain

Company and strategy

Strategy, materiality and objectives

Nolte is synonymous with exceedingly high quality, with sustainability and aesthetic appeal, reliability and continuity as well as a partnership-like working relationship based on trust.

Practising sustainability is deeply enshrined in everything we do and produce, and also firmly embedded in our overarching corporate strategy. The company's relevant divisions are closely involved in implementing the core fields of action on ensuring sustainability.

We consider sustainability as a key element in our entire value chain. This is why we continuously and systematically review sustainability criteria for every stage in our value chain.

Today, we take responsibility in four central fields of sustainability action:

1. Our commitment to responsible corporate governance:

Our corporate values form the basis for managing our business, for the added value we create and for the positive contribution we make to society. These provide the framework for our business activities and cooperation with business partners, as well as for our working relationship within the Nolte Group. From the aspect of our products, our values are high quality, attractive value for money, modern aesthetic appeal, sustainability and, from the aspect of our working relations, trust, reliability and continuity. Our value chain strategy focuses on long-term partnerships based on trust.

As a matter of good corporate governance, and to ensure that our values are practised, we have established resilient structures and processes over a period of many years. These enable us to ensure that we meet the widely ranging statutory requirements that are placed on us as a company. Our principles are defined in our Compliance Policy and our Nolte Supplier Code. As from 2024, we will fall within the scope of the German Act on Corporate Due Diligence Obligations in Supply Chains(Lieferkettensorgfaltspflichtgesetz – LkSG). Even today, we are creating appropriate internal structures for the necessary collection of data, for risk analysis and risk management. This report provides the basis for future reporting obligations.

2. Our commitment to the environment:

We are very aware of the global challenges, such as global warming, energy (price) dependency and the shortage of natural resources. In our business strategy, we address these challenges and tackle them proactively. As a company, we have set ourselves the goal of making the greatest possible contribution to dealing with these challenges in a responsible and sustainable manner as part of the value chain.

Effective climate management is already letting us manufacture our products in a climate-neutral manner at our two operating bases in Löhne and Melle. The greenhouse gas emissions we were unable to avoid were offset by purchasing CO_2 certificates for 2021. (Further details in the section on "Our carbon footprint"). The main energy sources at our two locations are certified green electricity as well as our two boilers which are operated from September to May with offcut wood from production. The heat produced by the boilers themselves enables us to cover over 99 % of our total heating needs.

We have set ourselves the goal of reducing electricity consumption for lighting by at least 50 % by continuing to switch to LED lighting since 2014. By 2021, this means we have saved 6,206,338 kWh of electricity. In selected areas of production, we want to keep average energy consumption levels at least constant or reduce them. Beyond this, we are raising awareness among staff as well as suppliers to act in an energy-conscious manner through training measures.

Our products are predominantly made of renewable raw materials. In sourcing them, we attach the greatest importance to complying with social and ecological standards and have these externally validated through certification.

3. Our commitment at human level:

Our members of staff are particularly close to our heart. Their dedication, knowledge, experience and inquisitiveness are what define us as Nolte Küchen. For this reason, we are pleased to assist our staff in furthering their development – both on the work side through basic and further training as well as at a private level by respecting and enhancing their work-life balance. This includes the option of flexible working-time models and hybrid forms of working. Internally, we have driven forward digitisation processes so as to permit mobile working on a long-term basis for a large proportion of staff and to make working relationships sustainable and efficient.

The safeguarding of human and employment rights as well as a respectful approach towards one another across all levels of the company are of tremendous importance to us. We have committed ourselves to the "Diversity Charter" and, in doing so, to ensuring equal opportunities, diversity and inclusion in the company. Equal opportunities are a key element in our remuneration policy too.

4. Our commitment to society:

Since Nolte Küchen was founded in 1958 in Löhne, North Rhine-Westphalia, we have cultivated close ties with the community and the region. Our aim is to play an active part in fostering the region's well-being and growth. This is why we are involved in society on various fronts and support people and regions in emergency situations, such as in the Ahr valley flood disaster in the summer of 2021. A further focus is on child protection and emergency relief for children: we help children across the globe through our support for the Plan International Foundation, the Kinder in Not e.V. children in need action group as well as children in the region through the company-affiliated Karin Nolte Foundation. In our commitment to society, we pay particular attention to making donations in cash and also in kind in a targeted and needs-oriented manner.

In the following sections we explain how we actually implement sustainability in our four central fields of action. These sections provide key performance indicators on the respective economic, ecological and social aspects of sustainability for all fields of action. We show what we stand for and how we enshrine this in our everyday activities.

"Nolte is synonymous with exceedingly high quality, attractive value for money, sustainability, aesthetic appeal, reliability and continuity and a partnership-like working relationship based on trust. For us, good is not good enough. We want to be better than average, and it is our goal to enshrine this maxim in our everyday activities."

So far, we have received the following awards:

In implementing our sustainability activities, we attach particular importance to acknowledged external certifications, awards and certification marks. These confirm our commitment and send out a signal.

Germany's favourite kitchen furniture provider for 2022

The main focus of the open, representative online consumer survey was on customer satisfaction, likelihood of being recommended to others and regaining the title, for which we received high scores. A success story because Nolte Küchen was already voted "Germany's favourite kitchen brand" in 2015, 2017 and 2019.

Germany's favourite kitchen brand

For the third time in succession: Germany's favourite kitchen brand. This was the result of a customer survey by the German Institute for Service Quality (DISQ). The consumers interviewed rated 14 kitchen manufacturers, and gave us the best results for product quality, design, value for money, range and brand image.

BEST PLACE TO LEARN®

We have been awarded Germany's quality hallmark for in-company training. This title is only carried by companies that verifiably provide young people with excellent qualifications and prepare them in the best possible way for working life.

Certification to PEFC™

PEFC™ certification is the world's largest independent certification standard that enables forest owners to commit to ecological, economical and social wood production. Its main aim is the promotion of sustainable, careful and cost-efficient forestry management.

Certification to FSC®

Products with this seal are made from wood from forests that are certified to internationally and nationally agreed standards of responsible forest management. FSC® stands for responsible forestry based on ecological criteria such as biodiversity and landscape conservation as well as social aspects.

Furniture made in Germany

"Furniture Made in Germany" – under RAL registration 0191, this means that construction, assembly and quality testing all take place in Germany. Most of the manufacturing process relevant to quality must also be done in Germany.

Best quality – "Golden M"

Holder of the "Golden M", a RAL quality label that is issued by the Deutsche Gütegemeinschaft Möbel e.V. Manufacturers and furniture are tested by independent experts. The subject of assessment is the quality of furniture – durability and stability – as well as safety, health and environmental aspects, which guarantee a healthy home.

Climate-neutral furniture manufacturing

Nolte Küchen was named a "Climate-friendly furniture manufacturer" by the Deutsche Gütegemeinschaft Möbel e.V. (DGM). The aim of the climate pact is to account for, reduce and neutralise CO_2 emissions. Compensation for CO_2 emissions is made by the acquisition of climate protection certificates with which we support a reforesting project in Uruguay.

Climate pact for the furniture industry

In the context of rapidly advancing global climate change and the associated colossal impact on man and nature, the Deutsche Gütegemeinschaft Möbel e.V. supports the UN's 1.5 degree target.

Emission class A

The RAL emission label provides consumers with information on pollutant emissions and is intended to protect them from adverse effects on health. The Deutsche Gütegemeinschaft Möbel e.V. has awarded Nolte Küchen's entire collection (cabinet furniture) with the best emission class (A).

RenewablePLUS

This certificate confirms that the electricity used for producing Nolte Küchen comes from renewable energy sources. With RenewablePLUS, we are making an additional contribution to expanding the use of renewable energy sources.

Development and Climate Alliance

Working as a company towards achieving the goal of the Paris Climate Agreement, Nolte Küchen supports the Development and Climate Alliance Foundation. The certificate confirms that Nolte Küchen is reducing its greenhouse gas emissions and offsetting any remaining emissions effectively and verifiably by supporting climate protection projects in developing and emerging countries.

GS seal for tested safety

Our kitchens undergo an internal quality assessment as well as being tested by independent experts. Every five years, the quality and safety of specific ranges and products are tested to the standards of German product safety law by TÜV Rheinland.

Management system to DIN EN ISO 9001

This TÜV Rheinland certificate confirms our efficient quality management and assures our product and service quality. The label stands for well-designed work sequences, which we have optimised specifically to the development and manufacture of kitchens and the marketing of the same.

Management system to DIN EN 50001

Based on the energy management system to DIN EN ISO 50001, we are able to prove the increase in our company's energy efficiency and so reduce our energy consumption and CO_2 emissions.

Entrance at the NOLTE FORUM, Headquarters in Löhne.
Open to retail partners, suppliers and consumers.

Depth of the value chain

It is our conviction that a partnership-like, long-term and trust-based working relationship is essential across the value chain. We are particularly proud of the fact that we have had a close business relationship with 75 % of our top suppliers for at least 10 years with only a few changes.

Over 99 % of the wood we use is based on the principles of sustainable wood criteria. This is where we rely on FSC® certification, PESC certification as well as TSCA criteria.

We at Nolte Küchen work with a large number of national and international business partners and suppliers, and have established a comprehensive marketing and sales system. As a company, we operate on the world stage and benefit from many years of experience in international trade. We have full confidence in our partners across our value chain and open up perspectives for their own furtherment.

We consistently review sustainability criteria at virtually all stages of the value we add because we see sustainability as an essential element across the entire value chain.

Purchasing

Our direct suppliers are based exclusively in Europe. Our many years of cooperation and intensive mutual communication facilitate dialogue and reporting on which a focus is placed in the course of complying with the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz). Measures in this regard are, for example, setting up a risk management system, defining operational responsibility as well as implementing regular risk analyses and installing a complaints procedure.

Our purchasing operations

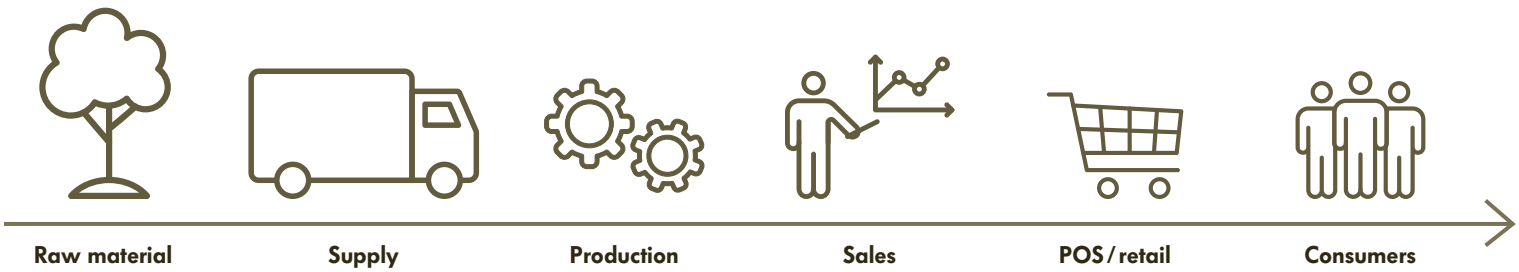
Our purchasing operations reached a total volume in excess of € 200 million in 2021. The largest field of purchasing at Nolte Küchen includes the procurement of our basic raw material (wood), accounting for the largest share of the total purchasing volume at 55% (volume ratio to purchasing volume 2021 in €). Alongside chipboard, we procure MDF panels as well as prefabricated fronts that serve as the basic material for our kitchens. 45% of the purchasing volume in 2021 went to kitchen components that are not made of wood, i.e. semi-finished or finished parts, such as screws, drawer systems, as well as a small share accounted for by electronic appliances and kitchen accessories.

Purchasing in the region

With the aim of keeping transporting distances short, 50% of our total purchasing volume was from suppliers within a 100 km radius of our operating bases. We are proud of sourcing 80% of our chipboard from Germany as well as small quantities from Austria, Switzerland and Italy.

We can also keep transporting distances short thanks to our production sites in Löhne and Melle, which are conveniently located directly on the motorway. We purchase 40% of our chipboard from suppliers within a radius of 100 km and make sure that large quantities of chipboard are not transported over distances exceeding 400 km. This measure leads to a reduction in greenhouse gas emissions in logistics and makes economic sense from the aspect of keeping transport costs in a reasonable proportion to procurement costs.

The supply chain in the kitchen industry



Our wood and forest products chain (Chain of Custody) has been certified by SGS, a global leader in testing, verification and certification. This enables us to prove that the wood and forest products we use come from sustainably managed forests. Our FSC® certification is valid until 30 August 2023, our PEFC™ certification until 1 September 2023. We have held both certifications since 2010, making us the first kitchen manufacturer to hold both seals of approval. The wood materials we purchase also meet the TSCA criteria (US law regulating formaldehyde emissions from wood-based materials). Over 99 % of the wood we use complies with the principles of sustainable wood criteria. Nearly all of our suppliers hold relevant certifications. Two of our smaller suppliers already meet the certification requirements and are currently still in the process of obtaining relevant certification.

„As complying with sustainably managed forests is something that is dear to our heart, we will even be helping smaller suppliers to complete their certification process by the end of 2022."

Although the number of staff we employ means we are not obliged to submit any risk analysis based on due diligence obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) until 2024, we are doing it now with a view to preparing for this in the best possible way. We ensure compliance with sustainability criteria in the supply chain under the German Act on Corporate Due Diligence Obligations in Supply Chains through our contracts, our Supplier Code, our General Terms and Conditions of Business and regular dialogue with our suppliers.

Shipping and production

We only produce in Germany. Covering a total of three plants, our production sites are located in Löhne, North Rhine-Westphalia and Melle, Lower Saxony, the latter being 20 kilometres away. At all three plants, the respective plant management acts as a point of contact for reporting between the departmental managers within the plant.

We manufacture carcase components and fronts from wood-based panels in Löhne (plant 2). The wood-based panels used to make the fronts, sides and cross members come from panel manufacturers on a daily basis. Component variants not manufactured in house are purchased from sub-suppliers as stock goods or on a sale-or-return basis. Cutting to size, edgebanding, side grooving as well as dowelling for the cross members, for example, take place in plant 2. These are temporarily stored in a high-bay warehouse and automatically requested from the consignment warehouses as and when needed, and then transported to plant 3 in Melle. This is where the fronts and carcase components are drilled. It is here that the individual components are used to produce and assemble the various cabinet types (e.g. base, wall or appliance unit). Following production, the kitchens are packed in appropriate shipping and protective packaging and dispatched to our retail partners. On request, these can also be supplied with electronic appliances.

Marketing and sales

Eighty per cent of our kitchen trade in Germany takes place through a kitchen studio or furniture store. Together with our direct retail partners, we have noticed that sustainability has become an increasingly important issue for consumers in recent years. For instance, our consumers show a clear interest in sustainability aspects, such as the durability of kitchens or the use of sustainable materials. With the significance of sustainability increasing, we have also done much to drive forward the digitisation of sales. Meetings with our retail partners now also take place online, making it possible to significantly reduce business travel and travelling times.

We also pay attention to conserving resources in marketing. For example, we regularly review print runs for our printed material and reduce them as necessary. All print documents are available for our retail partners and consumers for downloading from our website, reducing the amount of advertising material we send out as well as the amount of paper we use. Above and beyond this, for instance, we openly communicate our sustainability aspects to our retail partners and users through our website and all printed documentation.

Our distinctive yellow boilers – the heat produced here enables us to cover over 99 % of our total heating needs.

Our product quality, customer service and guarantees ensure that our products provide long-lasting satisfaction

Our high product quality guarantees that our products provide long-lasting satisfaction. We also ensure this through our customer service, the availability of replacement parts and the reparability of our kitchen systems over a period of many years.

Disposal

All waste is properly disposed of by specialised and certified disposal companies which issue verification of disposal, indicating the type and quantity of waste. Table 1 shows an overview of waste volumes in 2021.

Table 1: Waste volumes from Nolte Küchen in 2021

Waste type	Quantity
Mixed household waste	300 t
Card / waste paper	420 t
Foil/film	**1,120 m³**

We use our wood waste (offcuts and sawdust) to generate our own heat energy in wood-fired boilers at our Löhne and Melle bases. This enables us to minimise the natural gas we purchase to less than 1 % of the total energy input for generating heat in a business year. This allows us to supply our facilities with heat almost entirely self-sufficiently while minimising gas-supply risks.

Meetings regularly take place in the NOLTE FORUM's modern meeting areas.

02 | *Our commitment to responsible corporate governance*

Responsibility

Rules, processes and control

Stakeholder engagement

Political influence

Compliance

Our commitment to responsible corporate governance

Responsibility

Our industry is defined by complexity and depth of detail. In terms of content and organisation, this is why our subject-specific sustainability expertise is rooted in the respective specialist areas and departments at Nolte Küchen. It is here that strategy goals and measures are defined and launched in close consultation with those responsible in management. Acting as a catalyst and point of contact within Nolte Küchen, our Corporate Communications operation collates the respective topics for communication both internally and externally.

> With the matter of sustainability being close to our heart as a family business, we will continue to work on the overarching strategy with our executives and elaborate the various measures in interdisciplinary teams.

Rules, processes and control

All business units contribute in their own specific way to taking our company forward on a sustainable basis.

In our company, focal aspects of sustainability are placed within the respective divisions and departments. Those responsible contribute their personal expertise and, in close consultation with senior management, define the specific rules and processes for the specialist areas of purchasing, product, quality, HR and energy management as well as for marketing. They also report to senior management on their divisions' economic, ecological and social performance.

In the divisions responsible for selling, developing and producing kitchens at our two operating bases, our DIN EN ISO 9001 certified quality management regime serves the purpose of continuously enhancing our economic, ecological and social performance.

From the production of kitchen cabinetry at our plants to purchasing and supplier management as well as HR management, we set store by globally and nationally acknowledged management systems, external certifications and collective bargaining agreement provisions. Top priority always goes to complying with statutory provisions. Selected systems for managing and controlling our sustainability goals are, for example:

- Regular audits in the domains of quality management (DIN EN ISO 9001), energy management (DIN EN ISO 50001), forestry products, wood products and sustainable forest management (FSC® and PEFC™).
- We use the energy performance indicators we collect as part of energy management to determine our corporate greenhouse gas emissions footprint every two years and to compensate for greenhouse gas emissions caused.
- In the company divisions producing our kitchen furniture, we carry out offcut analyses for our monthly reporting at our three cutting lines where the MDF and chipboard panels are processed. The results of this analysis enable us to define goals, workshops and lists of measures with a view to continuously reducing the amount of offcut waste. Our purchasing division conducts supplier evaluations on an automated basis through the IT system. Among other aspects, the evaluation criteria relevant to sustainability include reliability and quality (missing parts, delivery delays, contract management, error messages, return delivery rate, data connection, creditworthiness/risk as well as consumer complaints) of the raw materials and products supplied. The existence and validity of (environmental) certificates, such as FSC® and PEFC™, are permanently checked.
- Our health and safety management is audited as part of annual certifications. In this context, we also have a health and safety specialist, organisational units and competences required for this.
- We are currently working on initiating and implementing certification for an information security management system (ISMS) in compliance with ISO 27001.

We document all of our management systems, directives, process guidelines and codes on our intranet which, ultimately, we also use for taking care of knowledge management and providing the documentation for our audits. For our employees, the intranet serves as the first point of contact in connection with searching for internal information. We use regular workshops, theme-specific working groups, new processes and procedures in optimising production or internal communication measures to develop and implement rules and processes at all levels.

To measure our economic, ecological and corporate social performance, we collect performance indicators from within the company's various divisions. These are necessary for management accounting and for monitoring and controlling our management systems. Intrinsically motivated, we at Nolte Küchen attach great importance to transparency and openness which is why we disclose our performance indicators and associated targets for the company's relevant divisions.

The regular apprentice events are met with great enthusiasm by all those involved.

Stakeholder engagement

As an employer, we hold a strong position in our industry and region which is why high expectations are placed on us as a company in terms of promoting and assuming responsibility for our stakeholders. Our intrinsically motivated objective is to be part of shaping matters and to support people in what they do.

Our stakeholder groups are:

- our shareholders as well as the advisory board
- our members of staff, graduates and job applicants
- suppliers
- our customers and consumers
- the works council
- the state and society, such as authorities, trade unions, associations, initiatives, the general public, the media or local residents in the region
- schools and universities

Communication between our employees and the management is based on close relationships of trust and face-to-face dialogue, also at out-of-business activities, such as barbecues, works meetings or employee work anniversary celebrations.

Table 2: Our stakeholders and aspects of our dialogue with them

Stakeholder group	Dialogue and interaction
Management	■ Weekly management meetings ■ Monthly consultations between senior management and executives ■ Quarterly consultations in steering groups on strategic projects ■ Regular consultations in product-range development meetings
Shareholders, advisory board	■ Advisory board meetings 4 – 5 times a year as well as bilateral dialogue on specific topics
Members of staff	■ "Infomanager" intranet, quarterly newsletter from the management as well as specific theme-based information ■ Ongoing dialogue at departmental as well as cross-departmental level; monthly team meetings; daily meetings in production ■ Complaints management ■ Health management ■ ICE ideas management ("Ideas Cleverly Embraced") ■ NOLTE FORUM, as a place for engaging in dialogue in the form of meeting areas and rooms for events ■ Training opportunities, further training courses, seminars ■ Apprentice programme with regular apprentice events ■ Works meetings twice a year ■ Staff events, such as barbecue evenings, family days, work anniversary celebrations
Works council	■ Works council meetings, monthly ■ Business committee quarterly ■ Weekly dialogue between management and works council
Applicants	■ Information events, onboarding days
Suppliers	■ Proactive contact as well as annual supplier talks and dialogue on sustainability in respect of reducing and optimising packaging, sustainable product management, observance of human rights ■ Audits ■ Supplier code and contracts ■ Risk analysis
Customers / retailers	■ Customers visited by sales representatives every 4 – 6 weeks ■ Annual talks with larger customers – also with sales management ■ Information on delivery times at weekly intervals ■ Newsletter with subject-specific content
Consumers	■ Direct contact through internal sales staff usually only in the event of queries or requests for support; in rare cases, visits are made in connection with complaints ■ Increasing dialogue on sustainability issues with a focus on corporate climate neutrality and long product life
Authorities / offices / legislator	■ Dialogue within the scope of the mandatory auditing as well as ongoing subject-specific dialogue throughout the year
State and society	■ Inviting mayors to events ■ Specific dialogue within the scope of our involvement in initiatives, clubs, associations etc. several times throughout the year
Schools and universities	■ Apprenticeship and training ambassadors provide information at schools, colleges and universities on careers and job applications ■ Inviting students to our plants ■ Joint partnerships and project work with schools and technical colleges/universities of applied sciences from the region, e.g. with the Berufsakademie Melle (Melle University of Cooperative Education)

Political influence

We neither engage in any lobbying nor do we support any political parties or organisations.

The German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) and, in future, the reporting obligation under the Corporate Sustainability Reporting Directive (CSRD) are legislative processes that have direct relevance for us. In an indirect way, the European Green Deal and EU taxonomy have an impact on us to the extent that they will set the course for Europe's economy of tomorrow.

Nolte Küchen is a member of the German Association of the Kitchen Furniture Industry (Verband der Deutschen Küchenmöbelindustrie – VdDK) as well as the German Wood and Plastics Industry Association (Verband der Holz- und Kunststoffindustrie (HKI). Given our two operating bases, we are active in two industry associations that work on topics, such as the transition to an economy based on closed-loop recycling management. We are also involved in regional associations, such as the Meller Netzwerk (Melle Network) or the Initiative Wirtschaftsstandort Kreis Herford (initiative on the Herford district as a host to business and industry – IWKH).

The garden at the NOLTE FORUM invites employees and external visitors to spend time there and enjoy their stay.

Compliance

One of the key premises to business success is acting responsibly and lawfully. Nolte Küchen's good reputation is based on the fact that we do everything we can to behave responsibly and in compliance with the law. All of us at Nolte Küchen undertake what is necessary to do so. This is where we are assisted in particular by our compliance officer as well as our company data protection officer who communicate with senior management at regular weekly meetings and present the Compliance Domain at onboarding events and welcoming days for new employees.

For us, acting responsibly means preventing risks occurring from the very outset. To this end, we systematically analyse risk in all walks of the company.

In sales, the greatest risk we see is in price agreements. Agreements or concerted practices between companies that have the purpose or effect of restricting competition either up, down or across the market must not take place. In contrast, discussion on general market expectations or the kitchen industry in general is not anti-competitive or problematical.

We do everything we can to avoid any influence on the part of suppliers in our purchasing activities. We also keep an eye on product risks and potential deficiencies. Given our production location in Germany and local procurement through our sourcing partners exclusively based in Europe, we assess the risk of violating human rights to be very low. Based on partnership and intensive dialogue, the long-standing relationships with our suppliers have to date revealed no evidence of any human rights violations to report of.

In December 2021, we installed and attracted attention to a whistleblower system on our website. In the event of any non-compliance, we maintain an anonymised and open approach, and systematically follow up reported cases. There were no cases of non-compliance during the period under review.

We do, of course, also comply with the rules of the General Data Protection Regulation (GDPR). This is checked and tracked by our internal data protection officer. Every employee is provided with contact details on joining the company. Our long-standing members of staff also receive updates on new regulations under GDPR.

Nolte Group's compliance policy, which also applies to Nolte Küchen, has the purpose of avoiding legal risks and violations and serves as a guideline for all employees for taking responsibility and practising compliance. Key compliance aspects include discrimination, legal and statutory principles, data protection, environmental protection and corruption and are handed out to all new members of staff when they start their employment.

You can find out more about our training activities in the Qualifications section on page 65.

We inform and train all members of staff on relevant compliance matters so as to ensure they act in accordance with the law and directives throughout the company as well as in the supply chain.

In the event of violations of statutory, company-specific rules, we may face far-reaching consequences, such as damages, fines, penalties, damage to our image or even the termination of business relationships. If compliance policy is violated, employees must therefore expect consequences under employment law or sanctions under criminal law.

There were no compliance violations in the 2021 reporting period.

03 | *Our commitment to the environment*

Climate-relevant emissions

Use of natural resources and resource management as part of our product innovation activities

Our commitment to the environment

Climate-relevant emissions

Global climate change and the associated negative ecological, social and economic impacts are currently the greatest challenge facing mankind. We regard dealing with this challenge responsibly as one of our key missions and structure our business activities in such a way that we can make our best possible contribution to reducing greenhouse gas emissions.

Succeeding in reducing emissions to a large extent depends on voluntary and consistent action by business in the industrialised countries. In this way, we at Nolte Küchen are prepared to take responsibility for the world we leave to our children and grandchildren.

Our carbon footprint

We have had the greenhouse gas emissions recorded that are caused by our company's activities. The greenhouse gas emissions we were unable to avoid were offset by purchasing a total of 2,779 CO_2 certificates for 2021. This makes Nolte Küchen a climate-neutral company, as confirmed by the Deutsche Gütegemeinschaft Möbel e.V. (DGM). We use these certificates to support a forest project in Uruguay that has been certified under the sovereignty of the Verified Carbon Standard. The project involves no fewer than 21,298 hectares of land that was previously grazed by beef cattle and is now managed with forest plantations to produce high quality, long-lasting wood products and store large amounts of carbon dioxide from the atmosphere. Practices are compatible with the FSC® Sustainable Forest Management Standard, validated by Rainforest Alliance, Inc and certified by Verified Carbon Standard (VCS).

„This makes our company one of the first in our industry to offset its emissions voluntarily under the "Clean Development Mechanism".“

Fokus Zukunft GmbH & Co. KG calculated our company's impact on the climate for us: taking into account the change-over to green electricity as of 01.01.2021, our CO_2 footprint amounted to approximately 2,779 t of CO_2 equivalent pollutants a year in 2020. To put this into perspective: on average, a person in Germany causes about 11.6 tonnes of CO_2 per year from the way they live.

Also including the key performance indicators from our energy management system under ISO 50001, it is planned for 2022 to record our greenhouse gas emissions in a two-year cycle.

Our electricity consumption was the most significant source of emissions in 2020, accounting for a share of 62 % of total emissions. Switching to electricity from renewable energy sources on 01.01.2021 (certified by TÜV Rheinland) has enabled us to reduce our greenhouse gas footprint by 6,937 tonnes of CO_2.

Table 3: Overview of greenhouse gas emissions in the 2020 reporting year

Stakeholder group	Emissions by category	[t CO_2e]	Share in %
Scope 1	Heat comsumption	48.30	0
	Fuel consumed in the company	422.42	4
	Amount	**470.72**	**4**
Scope 2[1]	Electrical power consumption	6,466.02	62
	Amount	**6,466.02**	**62**
Scope 3	Upstream energy-related emissions	1,743.32	17
	Business trips and hotel accommodation	35.14	0
	Staff journeys to work	1,261.97	12
	Water / waste volume in the company	443.56	4
	Paper consumption	58.95	1
	Amount	**3,542.94**	**34**
	Total	**10,542.94**	**100**

[1] The CO_2 figures calculated do not yet include the purchase of green electricity as the greenhouse gas emissions report is from 2020. The purchase of green electricity, and hence the climate neutrality of Scope 2 emissions, will be taken into account in the 2022 greenhouse gas emissions report.

We take 2019 as the base year for calculating the levels of reduction. Calculation of our total greenhouse gas emissions includes our two operating bases in Löhne and Melle.

Our emissions report was commissioned by Fokus Zukunft GmbH & Co. KG in accordance with the requirements of the Greenhouse Gas Protocol Corporate Standard (GHG Protocol). The emission factors used fall in line with the GHG Protocol's recognised sources for emission factors and are documented in Nolte Küchen's 2020 Greenhouse Gas Footprint Report.

Our goals and measures

Our measures to reduce greenhouse gas emissions are based on the findings and recommendations from our energy-management system which has held certification under ISO 50001 for 10 years. Electricity consumption levels are recorded through an energy-recording system. Our energy-management system enables us to identify significant energy consumption levels and potential savings and to define measures to improve energy efficiency. At the same time, it allows us to measure and document our progress. Continuous improvement of energy efficiency in all business units is helping to save energy costs and, at the same time, reduce GHG emissions.

> Nolte Küchen's long-term goals are to achieve a significant reduction in greenhouse gas emissions and to offer climate-neutral products.

Use of energy and fuel

The main energy sources at our two locations are certified green electricity as well as our two boilers which are operated from September to May with offcut wood from production. Waste gas from our boilers is subject to permanent monitoring.

In summer, we need very small amounts of gas in our paint shop for drying surface coatings. The amount of natural gas we consume is minimal – natural-gas costs only account for less than 1 % of our total annual heating costs (less than € 1,000 a month) as in winter heat is generated exclusively by boilers.

Energy efficiency in production and assembly reduces GHG emissions while also saving energy costs. A set of standards specifications helps us to use our production facilities in the most energy-efficient way possible. Despite an increase in production, our ISO 50001-based energy-management system confirms that we have achieved a higher level of energy efficiency. Furthermore, energy efficiency is one of the most important decision-making criteria when procuring new operating resources, such as plant and machinery. As part of our energy-management system, we have set ourselves the following goals for 2022:

We will be maintaining and expanding our MESSDAS®[2] energy-recording system. We also aim to provide greater transparency on energy use and consumption. This is where we have advocated measures, such as reporting (internal reporting) and information for staff. It is also our goal to foster energy awareness among our staff as a way of assessing energy awareness on the part of our suppliers in the best way possible.

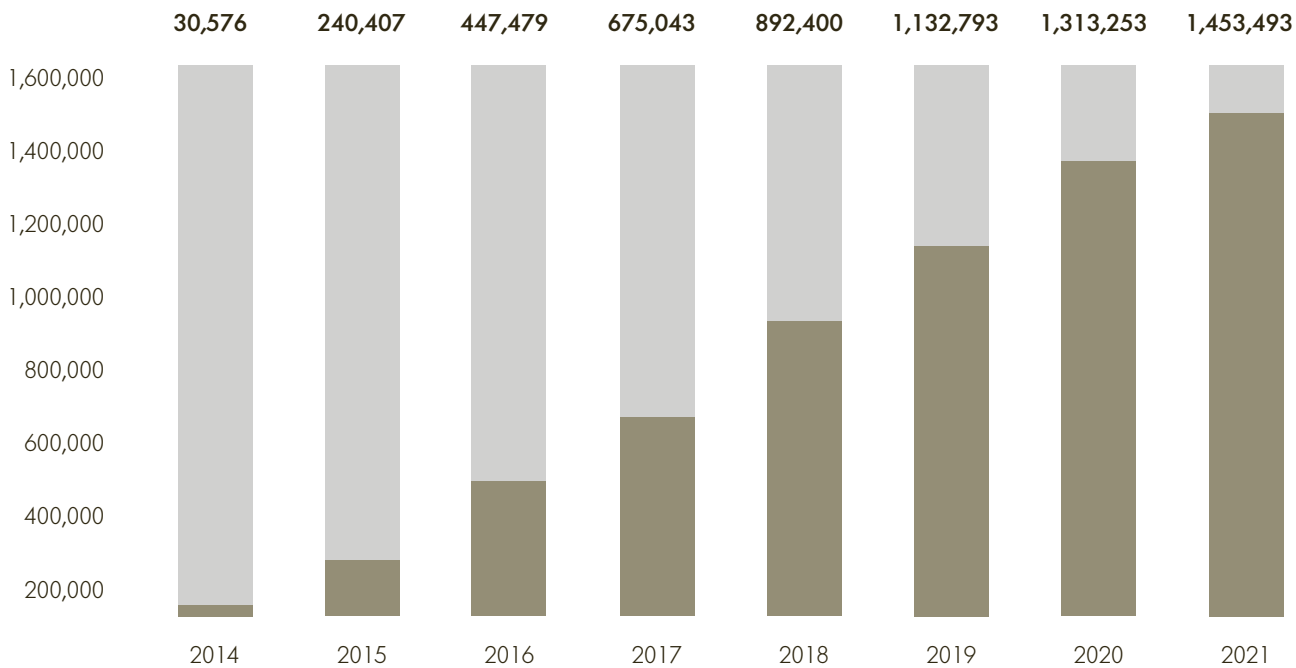
Given the growth in demand and, with this, also increasing production volumes, we forecast that our electricity consumption cannot be reduced by any significant level. We will continue to purchase green electricity. At the moment, it is contractually guaranteed until the end of 2023.

In 2021, our mean electricity consumption at Nolte Küchen (per item of furniture produced) averaged out at 11.82 kWh/produced item of furniture.

Changing over all lighting to energy-saving LED technology has largely been completed at our two operating bases in Löhne and Melle, and the electricity saved as part of the ISO 50001-compliant energy-management system is recorded on a quarterly basis. Figure 1 below shows our annual energy savings in kWh after lighting modernisation measures.

[2] MESSDAS® is an IT energy-management system solution.

Figure 1: Annual energy savings in kWh after lighting modernisation measures (energy baseline (ENB) is 2014; cumulative data)



Our goal for 2022 is to continue changing over our operating-base lighting to LED. We want to use this measure to reduce electricity consumption by at least 80,000 kWh a year by changing our lighting over to LED. One measure is to replace lighting with LED in three buildings at our production plant 3 in Melle and in part of one building at plant 1 in Löhne.

Diagram 1 below shows the share of the energy sources we use, measured on the level of energy consumed at our two operations in Löhne and Melle in 2021. The diagram illustrates that the consumption of gas in 2021 accounted for less than 0.5% of total energy consumption.

Diagram 1: Energy used by Nolte Küchen in 2021

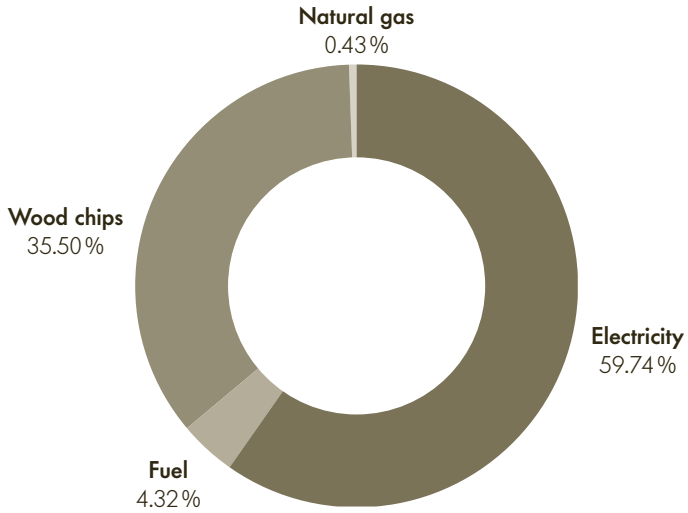


Table 4 below shows the share of our own thermal energy consumed as well as the respective share of energy consumed by the heat generators at our two operating bases in Löhne and Melle in 2021. The table illustrates that the share of energy consumed by the gas boiler was below 1% in 2021.

Table 4: Energy evaluation for heat generated in 2021

Energy source	Location	Plant/ machine	Thermal energy consumed internally [kWh]	Share of heat in consumption [%]
Chip material	Löhne	Boilers 1 & 2	12,656,594	58.98
Chip material	Melle	Boilers 1 & 2	8,647,716	40.30
Natural gas	Löhne	Gas boilers	154,089	0.72
Total			**21,458,399**	**100.00**

Vehicle fleet and business trips

Our company vehicles' fuel consumption accounted for less than 5% of our total GHG emissions in 2019. In terms of expanding or renewing our vehicle fleet, we will consider procuring vehicles that provide greater fuel savings.

We encourage our employees to share cars for business trips wherever possible. We operate an official internal guideline on the rules for using modes of transport on business trips.

Stock-keeping, logistics and shipping

Our biggest suppliers and prefabricators are located in our immediate vicinity, enabling us to keep transport distances short. Given our strategically well-positioned operating bases, just-in-time deliveries as well as production synchronised with demand, there is no need for us to keep any large amounts of stock.

Unlike most of our competitors, we do not have our own fleet of vehicles. We work with a forwarding agent to take care of downstream shipping. Reber, our forwarding service provider, helps us to optimise delivery rounds and minimise empty runs. Reber Forwarders only uses Euro6 diesel vehicles.

> We work together with our forwarding partner to identify potential for increasing efficiency in downstream shipping, jointly develop measures and initiate sustainability activities.

Our kitchen outfit

In fitting out our kitchens, we only use efficient lighting that is both energy-saving and provides the type of illumination consumers have come to expect. For example, we use LED strips with a wattage of some 30% less for the same level of brightness.

Use of natural resources and resource management as part of our product innovation activities

Our responsibility for ecological, economic and social management is the driving force behind our process and product innovations. Starting with the choice of raw materials in purchasing, on to our suppliers and production methods and culimating in our end products, we constantly look for innovative solutions. In addition to this, we also record aspects, such as the trend in complaints, missing parts or the increase in productivity on the basis of concrete key performance indicators, and develop agreed targets for our production or departmental managers.

Listed below are those fields in which we perform our key sustainability activities.

Usage of materials

We advocate the use of chipboard with recycled content. The chipboards we purchased in 2021 contained an average of 50 % recycled wood. We source our chipboard from suppliers who use recycled wood on a scale of 20 % and up to 100 %.

Environmentally harmful, the production of chrome produces chrome VI, a toxic heavy metal, which is declared as hazardous waste and has been proven to pollute water. We ask our suppliers to refrain from using harmful manufacturing processes. This has enabled us to reduce the use of chrome.

Higher raw-material productivity

In our production, we attach great importance to increasing resource efficiency by optimising the amount of offcut waste from our basic raw materials of MDF and chipboard in the production process and by enhancing our machinery. For us, resource efficiency begins as early as the purchasing stage by sourcing made-to-measure chipboard from our suppliers in dimensions optimised for our machines. Regular offcut waste analyses, such as those at our main facility where we process 70 % of our material, permanently enable us to check the targets we set. Using a constant product mix, we were able to reduce our offcut waste at the main facility from 9.3 % in 2020 to 9.0 % in 2021. In taking our product range forward, our product management team constantly scrutinises ways of using material components more sparingly in designer-style items.

Product management

As a key element of our sustainability, we set store by making products that last.

High-quality, durable and reparable products are key to using resources for as long as possible.

With long product life being one of the most important levers for sustainability, we demand verification of material quality through quality-management agreements. A comprehensive replacement-parts list, tool-free assembly and easily replaceable components extend the long life of our kitchens. As early as the product-development stage, we ensure the availability of replacement spare parts and reparability for several years as well as the provision of warranty cover.

Our staff can submit ideas and suggestions for improvement at any time through our ICE ideas management system ("Ideas Cleverly Embraced"). We also have an information manager who can provide comprehensive documentation and information for staff.

Using kitchen components made from recycled materials helps to ensure closed-loop recycling management and conserves natural resources.

However, we regularly need to weigh up the use of secondary raw materials as well as component durability and quality. In specific parts of our kitchens, the use of recycled materials would not meet our quality standards (e.g. poor surface quality from inclusions).

”Developing innovative and, at the same time, sustainable products – that's our goal.“

It is in cases like this that product quality comes first so as to ensure long-term satisfaction for our customers.

Hand in hand with our business partners, we are always in search of innovations within the market as a way of constantly increasing the percentage of recycled material in our long-lasting products. In all major projects in the plastics sector, recyclability is tested at least once. Wherever possible, this is how we continuously increase recycled content, particularly in less visible products where surface appearance is of no importance.

However, with today's state of the art, this is not yet possible for specific products. Now and then, the use of recycled material makes sense, above all for particularly long-lasting products, such as a plinth foot.

Our ultimate goal is to combine sustainability and aesthetic appeal, in this way remaining true to the style of our Nolte kitchens.

Potential risks in respect of resources

The risks involved in supplying wood as a raw material are in our opinion very low since sufficient quantities of recycled wood is available which lets us further reduce the percentage of freshly felled wood. Nonetheless, we constantly assess potential risks as part of our regular risk analyses.

Also in relation to our chipboard suppliers, we put the risk of social and ecological problems on a low level as 80 % of our chipboard is sourced in Germany. Our suppliers, with their chipboard factories in Germany and not located on a national border (e.g. to Poland, Czech Republic) procure some 95 % of their wood from Germany. We gear our risk assessment at national level towards acknowledged indexes (World Justice Project, Environmental Performance Index, Global Salary Index).

Less packaging materials and waste

Conserving resources is a goal we constantly pursue under ecological and economic sustainability aspects.

To reduce waste or prevent it from occurring in the first place, we continuously work with our packaging suppliers to optimise packaging.

"Our goal is to use as little packaging material as possible while providing optimum product protection in transit and delivery."

We are constantly working on reducing the amount of packaging materials. One way of doing this is to reduce the thickness of film used. For instance, we have reduced our use of shrink film by 27.3 %. We have also reduced all of our total cabinet packaging, which involves the use of corner protective caps and stretch packaging film, by 28.6 %.

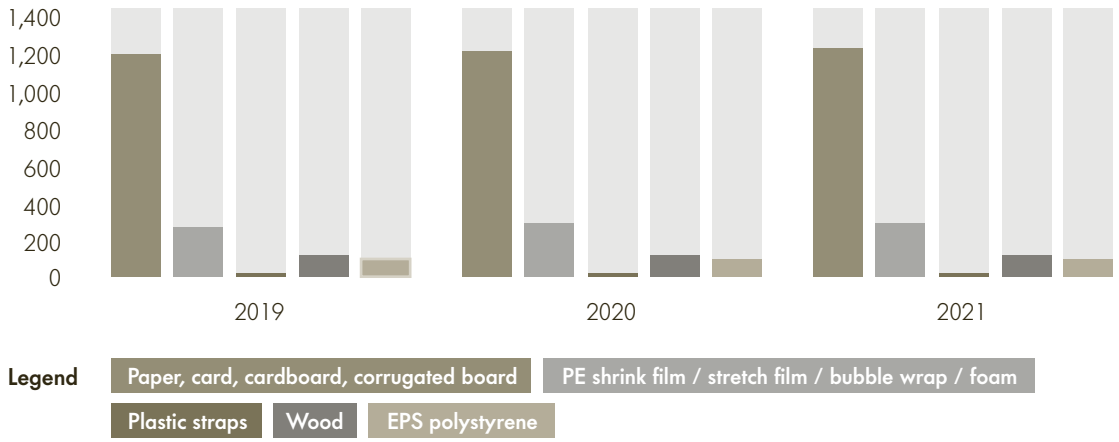
We are purchasing plastic packaging materials with an increased content of recyclate. Above and beyond this, we source many of our raw materials as well as semi-finished and finished products, such as fittings systems, in reusable packaging which we then return to our suppliers. Our suppliers use these for packaging new products, all in the spirit of closed-loop recycling management.

We maintain proactive contact with suppliers in terms of minimising packaging and keeping it plastic-free.

To help minimise packaging and keep it plastic-free for our consumers too, we also are planning to develop more and more sustainable everyday products in tomorrow's kitchen environment.

Standard cabinet packaging includes corrugated cardboard protectors for the cabinet corners as well as film wrapping. Depending on front range (e.g. real wood and lacquered fronts), we use options, such as polystyrene and bubble wrap, for further product protection. We ensure that the packaging we use to protect and ship our kitchen cabinetry and parts is disposed of in the proper manner. Waste packaging, such as cardboard, films, wood and polystyrene, are given to a certified waste management company that collects and recycles transport packaging and issues us with proof of disposal. Figure 2 below provides an overview of the total volume of packaging waste disposed of:

Figure 2: Total volume of packaging waste in tonnes
(disposed of through RKT Recycling Kontor Transportverpackungen GmbH & Co. KG)



In marketing, we are increasingly using uncoated and FSC®-certified paper for printed documents. Alternatively, our printed material is available for downloading from our website. This lets us reduce the consumption of paper.

The modern training workshop gives our industrial apprentices practical training.

LEITUNG

04 | *Our commitment at human level*

Health and safety and employee rights

Equal opportunities and incentive systems

Qualifications

Human rights

Our commitment at human level

Based on trust and partnership, our long-standing employment relationships, which often extend over more than 10 years, fill us with immense pride. Our members of staff are our most valuable asset, which is why good working conditions, work-life balance and openings for career development are so very important to us. Beside the company, this is why we also want our staff to benefit from our success by offering them attractive working conditions and incentive systems at both monetary and non-monetary level.

Needless to say, we take care of our employees' well-being in crisis situations too. For example, in times of the COVID 19 pandemic, we made it possible for them to be vaccinated against the virus by our company medical officer.

We also involve our staff in our sustainability management regime in the form of noticeboard postings and information events that provide a platform for sharing dialogue.

To give our members of staff even greater flexibility in shaping and structuring their workplace, we will have digitised processes across the board in 2022. In particular, this will apply to our communication channels. Alongside this, we want to expand hybrid working models by constructing a new building with attractive office spaces and recreation rooms.

Health and safety and employee rights

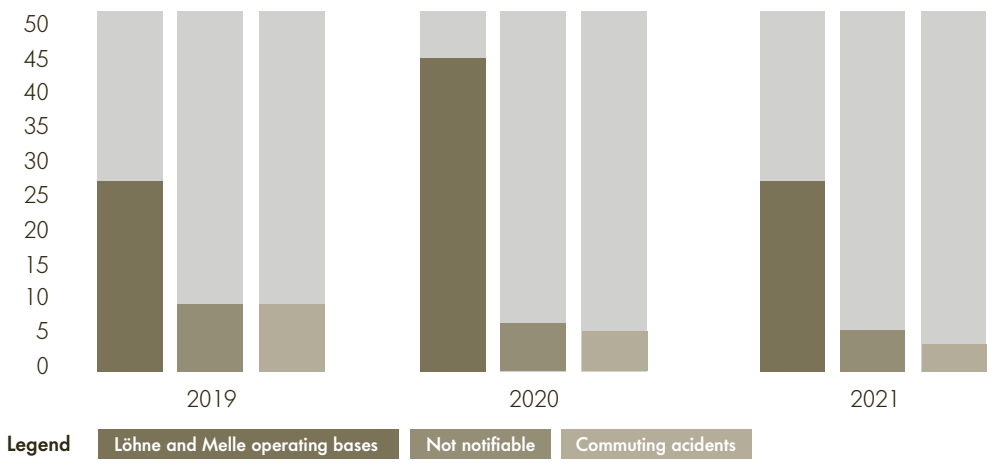
For us, health and safety is extremely important. It goes without saying that we comply in full with all employee rights.

As part of our health and safety management regime, we systematically record the number of work-related accidents by operating base, by non-notifiable work-related accidents as well as by commuting accidents (i.e. accidents suffered by employees on their way to or from work).

Figure 3 below provides an overview of the number of work-related accidents from 2019 to 2021.

"Our members of staff are our most important asset, and for Nolte Küchen their safety has top priority."

Figure 3: Number of work-related accidents at Nolte Küchen from 2019 to 2021



We operate an occupational integration management system (OIM) with which we pursue the goal of maintaining, improving and restoring our employees' ability to work, increasing job satisfaction and reducing absenteeism and illness costs that can be influenced by the company. OIM focuses on screening measures as well as aftercare measures to aid medical rehabilitation. Our OIM system covers all members of staff who are unfit for work for more than six weeks, either continuously or repeatedly, within a period of twelve months. Using the company's personnel information system, we regularly evaluate data on sickness-related absenteeism. We have a 97% participation rate.

For an overview of our wide ranging training activities, please refer to the Qualifications section on page 65.

Our structures are designed to ensure compliance with workers' rights through regular and varied training measures. We also hold quarterly health and safety committee meetings to discuss the status quo and potential for improvement.

Through our production base in Germany and being part of a collective-bargaining agreement, we can guarantee full compliance with workers' rights. Besides this, compliance is regulated by existing statutory regulations, employment contracts and our compliance guideline, and is also monitored by our works council. This also covers aspects, such as working hours and work-break regulations. Among other instruments, we also have a works agreement in place on handling discrimination and bullying which contains information on procedure and contact persons.

All of this is enshrined in our compliance policy ("Take responsibility – practise compliance!") as well as our Nolte Supplier Code, which address both the conduct of our staff as well as that of our direct and indirect suppliers. The rules of conduct are handed out to all members of staff and suppliers when contracts are signed. Nolte Küchen expects full acceptance of these principles as well as their observance and implementation.

Equal opportunities and incentive systems

We are committed to providing equal opportunities to every person, regardless of their gender, age, ethnic background, faith or physical constitution.

In 2011 we signed the Diversity Charter.

Filling us with pride, our company is marked by great diversity in terms of origin, nationality and language skills. Thirty-five countries of origin and nationalities are represented in our company.

Given the 750 members of staff working in production, our gender distribution is predominantly male at approx. 95%. In all other parts of the company, women on average account for a share of 42% . Company-wide, this means that women account for 20% of the workforce. However, we are also observing an increasing number of women among our skilled crafts apprentices. At management level, i.e. among senior management as well as at departmental management level, 14% of positions are held by women. Just as in the field of team management, this is where we still see significant potential.

Given our commitment to a collective bargaining agreement, 90 to 95% of our staff are employed on IG Metall metalworkers' union collective bargaining terms. This means regulations, such as holiday pay, are regulated under collective bargaining agreement terms. At the higher echelons of management, performance-based agreements are made instead. Our company pension scheme is available in cooperation with an external partner who assists us and our members of staff in an advisory capacity.

Since 2017, when the IG Metall collective bargaining agreement started, we have been offering those staff having reached the age of 60 and who have been with Nolte Küchen for at least ten years at the time of application, the opportunity to apply for semi-retirement. This is where staff work on the basis of the "block model", i.e. reaching full weekly working hours for the first half (work phase) and then taking time off for the second half of the semi-retirement employment relationship (work exemption phase).

In our production operations, workplace evaluation is carried out in line with the standard defined by the Association for Work System Optimisation, Operations Organisation and Business Development (Verband für Arbeitsgestaltung, Betriebsorganisation und Unternehmensentwicklung e.V.) (REFA standard), whereby the workplace is allocated to a wage group that provides appropriate remuneration. This pre-defined workplace evaluation lets us make a neutral assessment and ultimately ensure equal opportunity in terms of pay. This system also provides a transparent way for employees to set down their demands for moving up the wage group and offers a basis for developing appropriate further and advanced training measures. Pay is grouped on the basis of collective bargaining agreement regulations. We are aware that the work-life balance is essential to ensuring staff satisfaction and productivity, and hence to paving the way to our company's long-term success. For this reason, we offer various options for flexibilising work, such as part-time models and options for mobile working in a one-to-three-day model, and even extending to all-teleworking jobs with full work mobility. With the significance of digitisation increasing and in the wake of the COVID 19 pandemic, we have very quickly realigned all of our working structures across the board to create mobile and flexible workplaces in our work structures, and given our staff the basis on which to do so. During the COVID 19 pandemic, we also at times used hybrid working models to connect employees in the best possible way and to stay in close contact with each other.

A positive side effect of this digitisation measure is particularly evident in the sales back office, which will permit a considerable saving in our use of paper. We are also noticing a change in the use of video conferencing. Many staff are now also using video telephony for brief discussions and meetings.

Next year, therefore, we want to restructure our digital meetings so as to take the spirit of our face-to-face meetings to digital formats wherever possible as well. But not only this, we are continuously expanding our computing centres in a move to embrace the rapidly shifting use of bandwidths, provide virtual systems to enhance work effectiveness and further increase our energy efficiency. To do this, we use cloud infrastructures in addition to our own data centre capacities.

We also provide incentives for our present and future employees at non-monetary level. We offer an array of exercising and sports opportunities, such as e-bike leasing or discount at gyms. Alongside apprentice, team and welcoming events, it is also important to us to maintain personal contact with former employees in the form of work-anniversary celebrations.

nolte
Venture 114M

Qualifications

Maintaining and fostering the employability of our staff across all age groups is another focus for Nolte Küchen.

Nolte Küchen is one of Germany's 100 top apprenticeship training companies. This is why we have been given the "BEST PLACE TO LEARN®" award – having received it for the second time in succession. The apprenticeship-training label is a promise of above-average in-company training, and only awarded to companies that can prove they provide young people with excellent qualifications. We offer young people the best opportunities for a secure career future and furtherment geared towards the individual.

Our training workshop provides industrial apprentices with practical vocational skills and abilities under the guidance of our qualified instructors. The apprenticeship training workshop was extensively renovated and modernised in 2017 as a move to provide, rather than just offering, our apprentices the best conditions for starting their careers and for their further advancement. The training workshop is located in the heart of Plant 1 and provides the centre for Bielefeld Chamber of Industry and Commerce to conduct intermediate and finals exams. The workshop has furthermore been certified by the Wood and Metalworking Employers' Liability Insurance Association (Berufsgenossenschaft Holz und Metall – BGHM) to conduct the Cabinet-Maker/Carpenter Machinery training course. Express Küchen, our subsidiary, also benefits from the modern training facility. This is where Express Küchen's industrial apprentices have also been trained at Nolte Küchen since 2014.

Various training events, further training measures, training series and regular staff talks are central elements in taking our staff forward, whereby we also place immense importance on efficiently handling employee time management. This is why we provide training by occupational group to suit particular demand, and differentiate between training with standard applications and with specialised applications in the respective business units. Our SAM training tool holds training courses on topics, such as work and safety or data protection, and documents staff participation as well as pass rates. Each employee has an individually tailored profile of about 10 to 15 training events. From a total pool of 250 training events, those that need carrying out are placed by departmental management in line with defined development goals and agreed targets. Table 5 below contains an overview of the number and distribution of planned and conducted training events.

Table 5: Number of training events planned and held between 2019 and 2021

Status details	Explanation	2019	2020	2021
Training target	Total number of instruction units allocated	12,659	12,966	16,008
Conducted	Number of instruction units conducted	12,206	12,314	14,881
Overdue	Number of instruction units not conducted	453	547	1,126

Type of training	Explanation	2019	2020	2021
Electronic, individual[3]	Number of instruction units individually conducted by each member of staff	11,852	11,761	14,212
Electronic, group[4]	Number of instruction units that were conducted as a group training event	354	553	669
Not conducted		453	547	1,126

[3] Example: A member of staff conducts 10 training events, resulting in the documentation of 10 electronic, individual training events.
[4] A head of department conducts 10 training events with 10 employees in the conference room. Afterwards, the employees concerned must then confirm these training events and 100 electronic group training events are documented

New employees are given our Employee Handbook and are also provided with a company presentation to make it easier for them to start work. Our data protection officers, together with the IT security officer, make employees aware of relevant data-protection aspects and security risks about which information is additionally provided through our "Infomanager" news channel in critical situations. All employees can access guidelines and training plans on the intranet.

You can find out more about safety and risk avoidance in the section Compliance on page 34.

In the future, all training events and online tutorials will be available through our SAM training tool.

Human rights

Given the size of our company and our 300 or so direct suppliers, who procure materials for us from 10 countries in Europe, we carry a huge responsibility. Hence, we pay strict attention to socially responsible sourcing.

We have been pursuing a value-focused corporate policy for many years. Above all, this concerns compliance with nationally and internationally applicable laws and directives in respect of working conditions, environmental and health protection. This is something we also expect from our direct suppliers and their subcontractors.

Our objectives on observing human rights are defined in contractual form in our supplier code which contains agreements on working conditions, materials used, anti-competitive agreements, ethical and confidential aspects.

Our supplier contracts already cover large parts of the German Act on Supplier Due Diligence (Lieferantensorgfaltspflichtengesetzes).

Our annual FSC® audit also covers respect for human rights. Every year, external FSC® consulting provides us with instruction on new aspects and helps us in optimising our audit reports.

As already outlined in the Depth of the value chain section, we only obtain our resources from suppliers who are based in Europe. To minimise risks as far as possible in the context of corporate due diligence obligations in supply chains and to define measures in the event of internal company and supply chain related risks, we nevertheless proactively conduct an overarching risk analysis for all purchasing operations using acknowledged indices and standard works.

The risk analysis of top suppliers (purchasing volume over € 50,000) with regard to risks, such as labour protection and rights as well as safety standards, is to be completed in the second quarter of 2022. This will be followed by the successive analysis of further suppliers.

At the turn of the year from 2022 to 2023, our existing whistleblower portal will be expanded to include the option of human rights related complaints through a complaints-management system. We provide easy access to our whistleblower portal on our homepage.

The "roundabout sponsorship" in Löhne has enabled us to improve the local road infrastructure.

05 | *Our commitment to society*

Corporate citizenship

Nolte can look back on a long tradition of social commitment and has placed great emphasis on this from the very first day. This is where our support ranges from the commitment to our employees, to the region as well as to promoting education, to protecting children in need and extends through to providing relief for people in crisis situations. It takes the form of both direct and indirect donations in cash and in kind. Below, we present our activities in the community that go beyond our core business.

[5] We consciously let our suppliers and business partners know that we do not wish to receive Christmas gifts and draw attention to ways of making donations, for example to the Löwenherz children's hospice.

Our supraregional donation projects

Supporting people in or after crisis situations is very close to our heart. Situations like this, and the resultant drastic changes in living conditions, are usually unforeseeable and so demand all the more attention and relief. Our credo: support is given where support is needed.

"Together we can achieve more."

Crisis situations

In 2021, our supra-regional commitment was expressed in particular in the form of money donations and donations in kind for victims of the flood disaster in the summer when 180 people died and thousands lost their homes in Germany. In addition to money donations from our employees and the management, we granted flood victims a discount of € 500 on the purchase of a new Nolte kitchen.

Our attention also goes to the dramatic situation in the Russia-Ukraine conflict as it is leaving deep psychological wounds in those affected. So, for the Plan International Germany children's rights organisation, emergency relief for children is a top priority, one we support in the form of money donations to promote psychosocial support, child protection, uncomplicated help on arrival in countries of refuge, the protection of girls and women as well as relief measures in Germany.

In addition to this, we also provide refugees accommodated in Löhne with show kitchens as well as kitchens customers have complained about.

Child protection

Nolte is committed to providing sustainable aid to the "Kinder in Not" e.V. (Children in Need) action group which helps needy, disadvantaged children in India, Brazil and the Philippines.

The company-affiliated Karin Nolte Foundation has been committed to helping children in the region for many years. In 2021, for example, € 35,000 were donated to the German Hänsel + Gretel child protection foundation for the "NO means NO" action plan which aims to support children in their self-efficacy and protect them from sexual abuse. Nolte Küchen supports the work of the Karin Nolte Foundation by making regular donations.

Our staff are also involved in a variety of ways. For example, they regularly generate large sums of money by providing coffee for all employees in return for a donation, this money then being given to various associations – mostly to the Löwenherz children's hospice.

Training

We are committed to training young people, especially in the trades. For example, we support the Möbelfachschule (Möfa) furniture college in Cologne with regular donations. In the summer of 2022, cooperation with Möfa was agreed until the end of 2024, with subject-matter content realigned and broadened with attractive added value.

In addition, we regularly support a variety of associations, institutions and foundations, such as the Löhne Lions Club, which assists families in need and children and young people in the region.

Holding cooking events at the NOLTE FORUM,
we give guests moments to enjoy.

Our commitment to the region

We cultivate a socially responsible understanding of values throughout the company and beyond. As a significant employer in the Herford district, we feel committed to being involved in the region. This year, for example, we agreed to "sponsor a roundabout" in consultation with the town of Löhne, taking responsibility for the repair of a roundabout, thereby underpinning the local traffic infrastructure.

We also maintain contact with the town, local press and mayor as well as associated events. For example, we make our premises and kitchens available for an annual cooking event with the "Neue Westfälische" daily newspaper and its readers. In 2021, the local Löhne fire brigade was invited to hold its Christmas party at the Nolte Forum. Nolte occasionally sponsors smaller-type associations and companies in the Löhne-Herford-Melle area, such as the Spatzenberglauf run, the Widufix run, which, for example, creates additional training opportunities in the region, or professional rider Markus Ehning. Covering the costs, we enable our employees to take part in foreign-language courses. Employees involved in the voluntary fire brigade are, of course, released from work when they are called out.

Outlook

> We don't have all the answers yet – but we are ready to turn challenges into opportunities.
>
> The direction is clear: let us join hands and create a more sustainable future!

We recently asked our staff what the "N" in Nolte stands for. Straight off the cuff, the majority answered "nachhaltig", German for sustainable. This shows that sustainability is a matter that's already deeply rooted in the company's DNA. But it's also clear that we will need to maintain a continuous focus on this topic if we want to move forward and make our contribution towards climate neutrality. We have already decided that the next step will be to become climate-neutral on the product front too. "Socially", the focus next year will be on further development, health management and reinforcing the WE@Nolte culture. Beyond this, we will be launching a change programme in a move to better enable us to embrace the much discussed process of transformation. In the governance domain, the focus will be on implementing the Act on Corporate Due Diligence Obligations in Supply Chains, on advancing our compliance management system as well as the ongoing work on cyber security.

List of abbreviations

GTC	General terms and conditions of trade
B2B	Business-to-Business
B2C	Business-to-Consumer
OIM	Occupational Integration Management
BGHM	Employers' Liability Insurance Association Wood and Metal
CAD	Computer aided design
CO_2	Carbon dioxide
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DGM	Deutsche Gütegemeinschaft Möbel e.V.
DIN	German Institute for Standardisation (Deutsches Institut für Normung e.V.)
DNK	German Sustainability Code
GDPR	General Data Protection Regulation
EN	European standards
ENB	Energy baseline
EU	European Union
FSC®	Forest Stewardship Council®
GHG	Greenhouse Gas
ICE	"Ideas Cleverly Embraced"
ISMS	Information security management system
ISO	International Organization for Standardization
IT	Information technology
kWh	Kilowatt hour(s)
LED	Light-emitting diode
LkSG	German Act on Corporate Due Diligence Obligations in Supply Chains
MDF	Medium-density (wood) fibreboard
PEFC™	Programme for the Endorsement of Forest Certification Schemes
PV	Photovoltaics
RAL	German Institute for Quality Assurance and Labelling (Deutsches Institut für Gütesicherung und Kennzeichnung e. V.)
REFA	Association for Work System Optimisation, Operations Organisation and Business Development (Verband für Arbeitsgestaltung, Betriebsorganisation und Unternehmensentwicklung e. V.)
t CO_2e	Tonnes of CO_2 equivalents
THG	Tonnes of CO_2 equivalents
TSCA	Toxic Substances Control Act 1976
VCS	Verified Carbon Standard

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