Innovation for Customers

Sustainability Report[1]

Period April 1st, 2024 – March 31st, 2025

Nitto Advanced Nonwoven Ascania GmbH

[1] Written by Managing Director and managerial staff Nitto Advanced Nonwoven Ascania GmbH

Content

Abbreviations

AFR	Accident Frequency Rate
ANA	Nitto Advanced Nonwoven Ascania GmbH
B2B	Business to Business
CAC	Carded-Airlaid-Carded (Production line)
cbm	Cubic meter
CSR	Corporate Social Responsibility
EEG	Law for the expansion of renewable energies
EMEA	Europe, Middle East and Africa (Region)
EMS	Energy Management System
EPA	Environmental Protection Agency
ESG	Environment, Social, and Governance
FY2024	Period April 1st, 2024 – March 31st, 2025
GHG	Greenhouse Gas
Scope 1	All direct emissions in the company, e.g. natural gas, diesel, heating, oil etc.
Scope 2	Indirect emissions through purchased energy, especially electricity
Scope 3	Indirect emissions through activities in the value-chain, e.g. bought raw materials or use of the produced products.
HKN	Guarantees of origin for electricity from renewable energy sources
KPI	Key Performance Indicator
MWh	Mega-Watt-hour
SAC	Spunlace-Airlaid-Carded (Production line)
SHE	Safety, Health and Environment
TCFD	Task Force on Climate-related Financial Disclosures

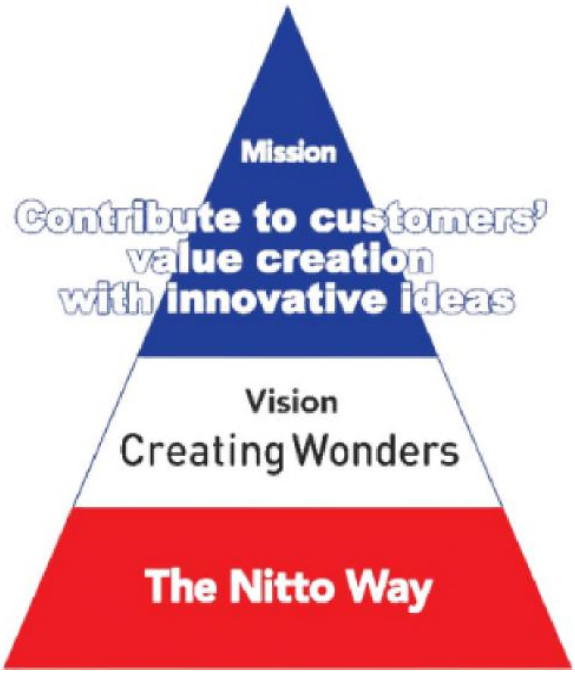
1. Introduction

1.1. Company

1.1.1. Vision, Mission

The Nitto Group Corporate Philosophy is comprised of three elements:

- our corporate Mission,
- the Vision which aligns our way of thinking in attaining our Mission, and
- the Nitto Way, which includes our Values, Attitudes and Mindset, and Code of Conduct that every Nitto Group employee should follow.



Our Mission is to deliver safety, prosperity, comfort, and affluence not only to customers whom we come in contact with directly but also to every stakeholder. In order to achieve as one team, all Nitto Group employees around the world must share the same vision, or outlook.

This shared vision has been dubbed „Creating Wonders". Each and every employee will challenge themselves to cause feelings of wonder and inspiration around the world; in other words, we will endeavor to create wonders in our everyday work.

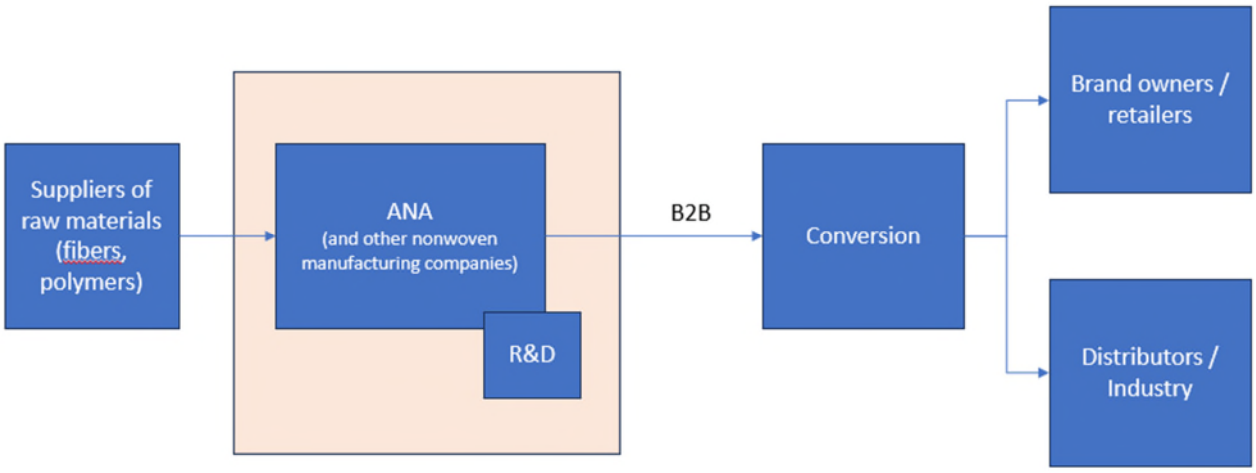
The passion, wisdom, and values of the various senior employees who have shaped the Nitto Group for a long time since its foundation have now taken the form of „DNA" that can be found in each and every member of the Group. These principles and ideologies are stipulated as „The Nitto Way", which serves as our standard for judgment and is something that we all turn to in situations of uncertainty.

1.1.2. Business model / value chain / business relationship

Nitto Advanced Nonwoven Ascania GmbH (ANA), based in Aschersleben in the German federal state of Saxony-Anhalt, is producing and distributing nonwovens and nonwoven composites by converting and processing staple fibers and resins of all kinds, as well as similar products, and exports and imports such products. For that, ANA uses three different production technologies, which are two "Single-Layer-Carded" lines, a "Multilayer Spunlaid-Airlaid-Carded" line (SAC), and a Multilayer Carded-Airlaid-Carded" line (CAC).

Our product portfolio mainly comprises nonwovens for diaper components, for feminine hygiene and adult hygiene products, for disinfecting surface disinfecting wipes, for baby care wipes, for cosmetic wipes, for household wipes, for all-purpose wipes and nonwoven substrates for floor cleaning. Our clients are major manufactures, primarily in Western Europe and North America. The final application of our range of nonwovens are at private households, hospitals, care facilities, fitness studios, hotels, restaurants and many more – where cleaning and disinfecting is needed.

ANA works exclusively in B2B. Our main clients are major manufacturers who customize and finish our nonwovens for consumers and the industry. Our most important customers are market leaders in the EMEA region, North America and Asia. Our position in the value chain is shown in the following box:



1.1.3. Strategy

Our main strategy is to produce high quality nonwovens, that are demanded by our clients, measured through increasing turn over. In addition, ANA wants to generate profits for its shareholder. To achieve this, we aim for 100% utilizing our conventional carding lines as well as our Multilayer nonwoven lines (SAC and CAC).

We constantly focus on the development of innovative products for our clients. As a leading CAC manufacturer, we are able to present solutions in terms of base materials that meet the demand for sustainable nonwovens for wet and dry wipes production in every respect. The CAC technology allows us to offer 100% biodegradable substrates for the wipes industry. As of March 2025, 40.7% (FY2023: 22.9%) of our products (by volume) belonged to this technology and we aim to increase this share to 50.3% in the next year. However, despite e.g. the EU regulation on plastics, the demand for such biodegradable products is still behind our expectations. Through diversification and constant research and development, we aim to reduce our current dependence on the cosmetics and hygiene industries, as our portfolio enables us to offer high-quality materials to new markets.

We are aware of the impact of our business on environment and society, especially human rights. The Nitto Group Integrated Report FY2024 has confirmed the earlier identified ten material issues for sustainability, amongst others realizing a decarbonized and circular society, conserving biodiversity, creating PlanetFlags and HumanFlags, empowering diverse employees, upholding and respecting human rights, as well as building resilient supply chains. These issues and how to deal with it were included in our strategy.

Since we are a major consumer of energy, both electricity and gas, investments in energy efficiency measures are initiated to reduce our energy consumption and therefore our global CO_2 footprint. Global crises, e.g. in Ukraine or the Middle East continuously bear, besides the suffering for the people, also risks for our business, since energy prices react sensitive to such crises. Thus, through energy savings, we improve our competitiveness and decrease costs. Sourcing green energy since January 2025 decreases our CO_2 emissions significantly in the next financial year, contributing to a cleaner environment.

However, there are also economic risks that come from sustainability activities. In line with the Nitto Group vision, the cost to implement sustainability is seen by the management as an investment into the future.

1.2. Our Approach to Sustainability

Sustainability in the areas of environment, social responsibility and governance is at the core of the Nitto Group's management and its business prospects. The prospects set for 2030 include Nitto's goal to be an "essential top ESG company". To achieve this goal, Nitto's business activities are guided by its Basic Policy on Sustainability, simultaneously solving social issues and creating economic value.

Building on the Basic Policy on Sustainability, the Nitto Group keeps challenging itself to realize a sustainable future and support well-being for everyone by serving the global environment, humankind, and society as our customers. Nitto has outlined policies and a mid-term management plan to guide activities in particular business areas, including the environment, waste as well as health and safety. The policies outline how Nitto's key sustainability issues can be tackled, to work towards our goal of simultaneously improving environmental and societal impacts and creating economic value. The Nitto Group management has provided two main targets, to which we as ANA are committed:

- Safety above everything, which is measured by zero work accidents, and
- Becoming Carbon neutral by 2045.

To implement this approach to sustainability and achieve the set targets, our internal organization and responsibilities are clearly defined, both on local and global level, e.g. through Energy Management or Safety, Health, and Environment Managers, in combination with daily morning meetings, quarterly local management meetings, or quarterly Quality, Environment, Health, and Safety meetings (QEHS), which is mandatory to all staff, and regular trainings to relevant staff, e.g. related to human rights or energy management.

1.3. Purpose of the Report

This voluntary report provides an in-depth look at our sustainability efforts and the progress we have made in addressing the environmental and social challenges inherent in our industry. In this report, you will find:

- Our key sustainability achievements over the past year
- Updates on our carbon footprint and emissions reduction strategies
- Efforts to enhance resource efficiency and reduce waste
- Employee engagement and health and safety initiatives
- Community involvement and stakeholder engagement
- Challenges faced and the areas where we aim to improve further

This Sustainability Report serves as a benchmark for accountability, providing stakeholders with transparent insights into our journey. As we look to the future, we remain committed to scaling up our sustainability efforts and innovating for a more sustainable, equitable, and resilient world.

The consolidated financial statements of Nitto Denko Corporation represent the consolidated financial statements for the smallest and largest group of affiliated companies.

1.4. Double Materiality Analysis

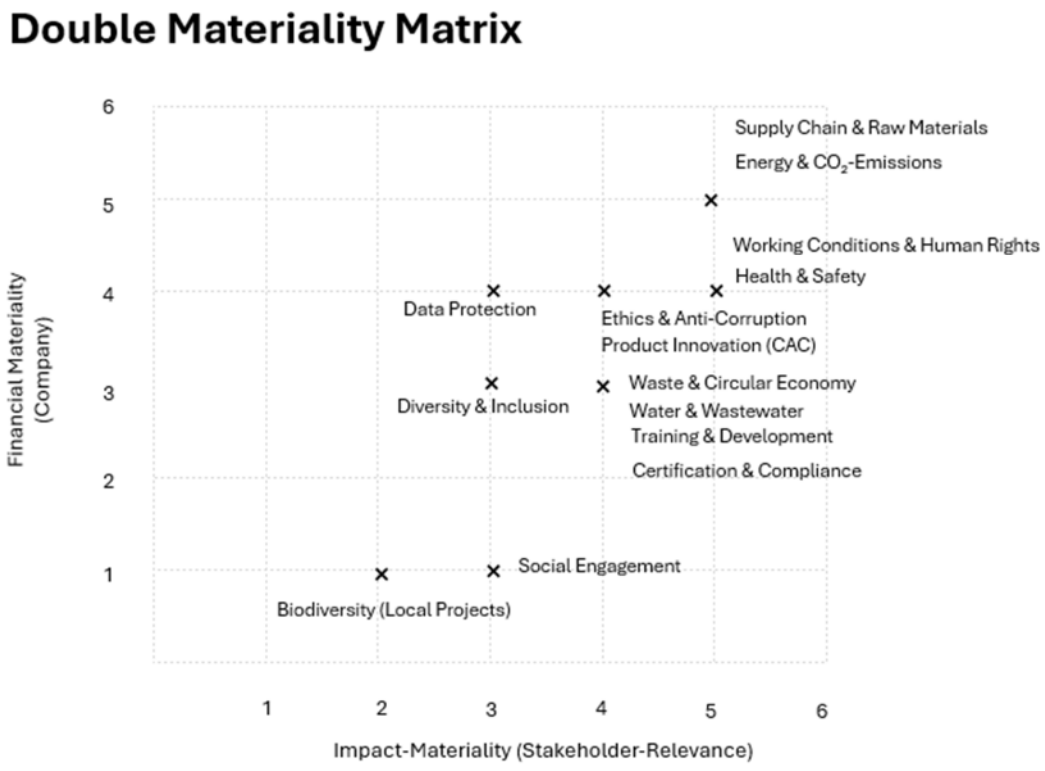
To identify the material topics for this Sustainability Report, an assessment of the above-described value chain was undertaken and covers own operations at the plant in Aschersleben, upstream key materials such as pulp/viscose, polymers, chemicals; logistics; and downstream use for hygiene applications. The reporting boundary follows financial consolidation; environmental and social topics considered irrespective of control where impacts are linked to the value chain.

A longlist of indicators was compiled from ESRS topical standards (E1–E5, S1–S4, G1), GRI standards, sector guidance (hygiene/nonwovens), prior stakeholder feedback, incident logs, compliance registers, and peer benchmarks. The indicators were analysed and either included or rejected.

Meetings with internal functions (Managing Director, Heads of Operations, Administration, Finance, SHE, Procurement, HR, and Sales) were conducted. External stakeholders (customers, selected suppliers, local community representatives) have not been consulted for the current version of the report.

A scoring model (1–5 scales) was used to identify the most important topics. The topics will be reviewed annually or upon material change.

According to our evaluation the result of the Double Materiality Analysis is shown in the figure below:



Outcome: The following topics were determined material for ANA in FY2024:

- Environment (Climate Change, Energy, Greenhouse gas emissions, waste, water and wastewater, biodiversity, other emissions and pollutants)
- Social (Employment and diversity of own workforce, working conditions, staff health and safety, training and further education, social dialogue)
- Governance (Ethics and Anticorruption, complaints and whistleblowing, data security, certifications)
- Product Life Cycle and Consumer Safety (Ecological and social issues in the value chain, sustainable sourcing, product innovation)

2. Environment

2.1. Climate Change

Climate change is reshaping markets, supply chains, and stakeholder expectations. While our production site faces limited direct physical exposure (e.g., to flooding or heat), we are indirectly affected through the availability, price, and sustainability profile of raw materials, as well as through evolving customer and regulatory requirements across our value chain.

Downstream, customers increasingly request lower-carbon, recyclable or biodegradable material options and transparent emissions data. Climate policies and eco-design rules may accelerate this shift.

Upstream, the carbon intensity and sustainability of pulp-based and polymer-based inputs, chemicals, and packaging drive a significant share of our life-cycle footprint. Climate policies, certification demands like the upcoming EUDR, and climate-related disruptions can influence cost and availability.

Scope 1 and 2 energy use for production and drying processes links our footprint to fuel mix and electricity sourcing. Energy-market volatility remains a financial risk even if physical climate impacts on our site are currently limited.

Climate topics are overseen by management through our existing quality, environment, health, and safety structures. We assess climate-related risks and opportunities within our enterprise risk management, focusing on: (1) supply security and price volatility of key inputs, (2) energy cost and availability, and (3) market shifts toward low-carbon and circular products. Supplier standards and codes of conduct embed climate and sustainability expectations into procurement.

Actions and transition pathway:

- Decarbonising operations: Continuous energy-efficiency upgrades (process optimisation, drying efficiency, lighting, and controls), maintenance of an ISO-based energy management approach, and progressive sourcing of lower-carbon electricity.
- Low-carbon materials: Increasing the share of bio-based, recycled, or otherwise lower-carbon inputs where technically and economically feasible; engaging priority suppliers on data quality (primary emission factors) and reduction plans.
- Data and disclosure: Annual accounting of Scope 1 and 2 emissions and progressive expansion of Scope 3 coverage—prioritising Purchased Goods & Services, Fuel- and Energy-Related Activities, and Upstream/Downstream Transport.

Outlook:

We see limited direct physical risk today, but meaningful transition-related exposure upstream and evolving customer expectations downstream. Our focus is to secure sustainable raw materials, lower the carbon intensity of our operations and products, and provide transparent, useful climate information to stakeholders. This approach supports resilience, competitiveness, and compliance with emerging climate-related reporting requirements.

2.2. Environmental policy

The Nitto Group has identified four material issues in the area of environment and protecting the future earth. These are the realization of both a decarbonized and circular society, conserving biodiversity and creating PlanetFlags.[2]

ANA is committed through its Environmental Policy to

- Continuously reduce the environmental impact of business activities by understanding and managing impacts throughout the supply chain.
- Contribute to building a recycling-oriented society through efficient use of resources.
- As a member of the local community, we strive to preserve the environment for future generations and harmonize with nature.
- Fulfil our corporate responsibility, we proactively report on environment-related technologies and information to promote communication about the environment.
- Fulfil corporate social responsibility by complying with the laws of each country and region, as well as relevant international standards and self-imposed management regulations.

To achieve this there are several internal and external measures implemented, such as ISO-certifications or membership in roundtables / networks, as well as internal targets on energy efficiency, as described in chapter 2.3.4.

2.3. Energy

2.3.1. Energy Policy

As a production company, ANA uses significant amounts of energy (FY2024: 57,778 MWh), which are directly linked to the utilization of the production lines. The two most important energy sources are electricity, which is used for the production lines (machines) and lighting, and gas, which is mostly used for drying the produced nonwovens (ca. 90% of gas consumption) and heating the production facilities. Because of that, energy prices have a direct and significant impact at the cost structure of the production and the company is constantly taking measures to reduce the use of energy per produced unit, while the sourced energy mix has a direct impact on our CO_2 footprint.

[2] PlanetFlags are a Nitto Group internal certification system for products that contribute to the environment, similar to the HumanFlags, that contribute to humanity.

To achieve the overall target of becoming carbon neutral by 2045 (see chapter 2.4), Nitto Advanced Nonwoven Ascania GmbH has formulated an internal Energy Policy, which outlines its targets and how to achieve it. The energy policy of Nitto Advanced Nonwoven Ascania GmbH is based on sustainable and systematically coordinated procurement, conversion, distribution, and use of energy to cover requirements while taking ecological and economic objectives into account. It illustrates the different activities of the company's internal energy value chain and focus both on increasing energy efficiency in the narrower sense, and the areas of energy procurement and energy provision in the wider sense.

The overarching instruments of energy management in the wider sense are diverse. This includes instruments such as:

- Energy consulting and energy audits
- Use of key figures and key figures systems
- Use of calculation and investment aids
- Regular employee trainings
- Improving energy-related performance
- Commitment to comply with all applicable legal requirements.
- Commitment to continuous improvement of energy performance.
- Continuous improvement of the energy management system
- Support for design-related activities
- Setting energy goals

Since November 2012, our energy management system at the plant in Aschersleben has been certified by the ISO 50.001. Compliance with these standards was last confirmed in November 2024.

Investment planning and decision making takes the potential to increase energy efficiency into account. Energy assessments and energy efficiency calculations are always carried out in advance. However, despite all the opportunities regarding energy savings, as a company we are restricted by economic considerations, which do not always allow for positive investment decisions. Investments are discussed between the management, production and line managers, energy manager and experienced Nitto colleagues/engineers.

The company qualifies for partial reimbursements to the electricity tax (currently 20.50 Euro / MWh) and gas tax (currently 5.50 Euro / MWh) under the condition to use these reimbursements for further energy saving measures. Furthermore, 100% concession fee refund, 60% CO_2 levy refund (BEHG certificates), 85% offshore grid surcharge refund, and a 0.25 EUR/MWh refund of the German Electricity Network Charge Ordinance. (Please see also chapter 2.3.4.) This reimbursement is claimed.

2.3.2. Energy goals

The internal Energy Policy sets a goal of reducing the overall energy consumption by 0.3% compared to each previous year. This includes both measures related to electricity and gas consumption. The achievement of these goals, however, depends on various factors, such as the overall production or the production pattern (many/few starts or stops, ability to run on campaigns, etc.).

To achieve the energy consumption target, there are a number of actions implemented and planned. This includes:

- Energy consulting and internal and external energy audits
- Regular meetings of the Energy Competence Team, consisting of eight members, discussing regularly the development and implementation of energy efficiency measures.
- Optimizing the current production facilities, e.g. through more efficient drying processes (which results in a significant lower gas consumption) or converting the lighting in all company facilities.
- Increasing the output of the production lines through improved sales, which reduces the energy consumption per produced unit. However, there is obviously a trade-off between higher utilization of the production lines and using more energy in absolute terms, which is important for the economic sustainability of the company.
- Optimizing the production schedule
- Regular training of all company employees on energy saving topics and new legal developments.
- Evaluating the impact of potential new investments on the energy consumption during the investment decision making process.
- Use of an internal employee suggestion program, through which feasible suggestions are expected.

ANA has been a member of the Northern Saxony – Anhalt Energy Roundtable since 2012 and a member of the Magdeburg Efficiency Network since November 2015. These memberships are to be actively continued in the following years. In addition, the following external stakeholders related to energy topics are consulted regularly:

- IHK Magdeburg Energy Department
- External training courses about energy

A list of implemented measures on energy savings and results are provided in chapter 2.3.4.

To measure the success of the activities the company is:

- Setting and monitoring energy goals
- Using key energy performance indicators
- Certification and continuous improvement of the energy management system (ISO 50.001)

The energy related key performance indicators include the energy consumption for each production line. They are measured monthly and communicated internally, e.g. during management meetings. Another KPI is the number of energy-related trainings, which is measured yearly through the used inhouse training software. An energy assessment before investments is part of the approval process. In case of negative assessments, different solutions (including more expensive ones) are considered and decided upon. The KPI management and measurement is part of the aforementioned certification of the energy management system.

Our energy management system allows for steering and monitoring our energy use. Since we consider this a very valuable tool, the company is sharing its approach and progress with other Nitto Group companies on a regular basis.

2.3.3. Energy consumption

Due to the large volumes, ANA is purchasing its needed electricity at spot prices through a service provider at the electricity exchange EEX or fixes prices on a quarterly base. Natural gas, LPG, diesel and heating oil are purchased from the respective suppliers. The allocation during the reporting periods is as follow:

Period *)	Plan FY2025	FY2024	Plan FY2024	FY2023
Energy Consumption (in MWh) - Scope 2				
Electricity	32,500	30,694	30,000	27,802
of which: Renewable Energy	32,500	12,102	12,008	1,029
Natural gas	29,490	26,968	24,000	21,459
LPG forklift transport	100	99	96	88
Diesel tractor	8	8	6	6
Heating oil	9	9	10	10
Total	61,117	57,778	54,112	49,366

*) as of 31 March of each year

The share of renewable electricity is 39.4% (FY23: 3.7%). Since January 2025 the new energy contract has been in place; the company purchases 100% “green” electricity. Though, replacing the required quantity of gas through “green gas” would be economically irrational.

Due to the increased production volume (+23.1% compared to previous year), the absolute energy use increased by 17.0%. The lower increase shows the success of the energy saving measures implemented. For FY2025, another production increase is planned for the next year. The energy use per unit produced decreased, as shown in the below table.

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
Electricity Consumption (kWh / kg)				
Carde	0.725	0.728	0.686	0.688
SAC	1.999	2.002	2.099	2.102
CAC	1.296	1.299	1.519	1.522
Gas Consumption (kWh / kg)				
Carde	0.111	0.114	0.119	0.122
SAC	1.326	1.329	1.385	1.389
CAC	1.754	1.757	1.869	1.873

The electricity consumption per unit produced decreased by -4.7% (SAC) and -14.6% (CAC). Outlier is the increase at the Carde line (+5.7%). Energy KPI are affected by various factors, which make their comparison to previous years challenging. While energy savings on the one hand have always a positive effect, on the other hand scrap ratios (on which further improvement activities are constantly ongoing) or the high costs of restarting certain

production lines after a stillstand can have positive or negative effects from one year to the other. In the case of Carde, the lower production plays the key role, why the consumption per unit increased. In the CAC line, the gas consumption was reduced significantly (-6.0%), which is an effect of higher utilization and energy saving measures implemented. For the SAC line we achieved a gas reduction of -4.0% per kg produced.

2.3.4. Energy saving measures

In FY2024 several Energy Saving measures were finalized, as shown in the table below.

Realized Energy Saving Measure	Date finalized	Energy savings in MWh/year
Lighting service SAC	07/24	69
Lighting service CAC	11/24	81
New compressor SAC	11/24	50
SAC optimisation of spunbond suction	11/24	368

Through all energy saving measures implemented, we estimate that 33 tons of GHG emissions were avoided (FY2023: 311 t), which will short-term reduce to zero, as green energy is purchased.

The following energy saving measures are currently being implemented. The total investment volume is 459 kEUR:

Projects currently in implementation	Planned finalization Date	Planned Energy savings in MWh/year
Optimization of air-treatment Airlaid SAC	08/25	1,000 (700 MWh electricity and 300 MWh gas)
Installation of LED lights in service area SAC/CAC	06/25	70
Audit of Compressed Air System	04/25	n.a.
Purchasing more energy-efficient components for the production line (e.g. energy-saving drives)	Continuously	n.a.

The following measures are planned during the next two years:

Planned measures during the next two years	Planned starting Date	Planned Energy savings in MWh/year
Electrical Forklifts	01/26	n/a
Optimizing drying profile on the CAC line	08/25	n/a

Through our internal suggestion system, we expect further suggestions about energy savings in the future, also motivated by a reward system attached to realized efficiency gains.

2.4. Greenhouse Gas emissions

In line with the Green deal target and outlined in Nitto's Integrated Report, our shareholder, Nitto Denko Corporation, announced to reduce GHG emissions by 55% until 2030 (compared to 2020) and reach Carbon neutrality by 2050. This target applies to all subsidiaries including ANA. The German climate protection law, however, requires carbon neutrality till 2045.

To achieve the GHG emissions target, there are a few actions already implemented, have been in the implementation phase or are planned. This includes:

- Purchasing 100% green electricity as of January 2025
- Regular training of all company employees on GHG emissions related topics
- Evaluating the impact of new investment on GHG emissions

However, technologic innovation might be necessary to achieve carbon neutrality by 2045. Since the company uses gas to dry the produced nonwovens and there is currently only little green gas available in the markets, new and efficient ways must be found to replace the current technology in the long term. Since there are 20 years to go and the current machines need to be replaced at the time, future investments in production facilities will have to take this into account.

To measure the success of the activities the company is:

- Setting and monitoring GHG emission goals in line with the Nitto Group targets
- Use of KPI´s

To calculate the emissions, energy consumption is categorized into Scopes (see box at the right), of which ANA reports on Scope 1 and Scope 2. Scope 3 reporting would require transparent data throughout the value-chain, which hasn't been available yet.

GHG emissions are categorized in scopes, of which:

Scope 1:

All direct emissions in the company, e.g. natural gas, diesel, heating oil, etc.

Scope 2:

Indirect emissions through purchased energy, especially electricity.

Scope 3:
Indirect emissions through activities in the value-chain, e.g. bought raw materials or use of the produced products

Source: https://ghgprotocol.org/standards

The below table shows the GHG emissions (in tons CO_2-equivalent) by scope. They are measured based on the installed certified meters and purchased quantities, and calculated by multiplying the consumption of each energy source by a defined factor published by the German Environmental Agency (Umweltbundesamt). While there are targets for the combined Scope 1 + Scope 2 emissions, these are not planned in further detail. The most important sources are electricity and gas, whereas the former is planned to be reduced to zero due to purchasing 100% green energy since the beginning of 2025. This will result in FY2025 in approx. 75% lower GHG emissions from ANA's energy consumption compared to 2023 levels and 81.7% reduction compared to baseline. However, the absolute consumption and therefore the CO_2-emissions depend on the utilization of the production lines and can vary significantly.

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
CO_2-Emissions Electricity (in g/kWh)	04/2025-03/2026:0	04/2024-09/2024: 682 10/2024-12/2024: 469 01/2025-03/2025: 0	04/2024-09/2024: 682 10/2024-12/2024: 469 01/2025-03/2025: 0	04/2023-09/2023: 604 10/2023-03/2024: 682
Total GHG Emissions (in t CO_2 equivalent) Scope 1 + Scope 2	5,362	18,891*)	17,767	21,779
Scope 2				
Electricity	0	13,955*)	not planned in detail	17,848
Scope 1				
Natural gas	5,336	4,910	not planned in detail	3,906
Others	26	26	not planned in detail	25

*) During FY2024, in total 3,410 t of CO_2 certificates were purchased, which are not reflected in these numbers. Including the CO2 certificates, the numbers would change to 15,481 t resp. 10,545 t CO_2 equivalent.

In absolute terms, the Scope 1 energy consumption has increased by 25.6% (FY2023: +26.0%); Scope 2 energy decreased by -21.8% (FY2023: +37.9%). The overall change was -13.3% (FY2023: +35.6%). Compared to the baseline (2018), ANA reduced its CO_2-equivalent emissions as of FY2024 by 39.3% (FY2023: 26.4%).

The CO_2 emissions in g/kWh for electricity depends on our purchased energy mix, thus any increase or reduction of that factor (in the reporting period 682 g/kWh from April to September, 469 g/kWh from October to December and zero from January to March) out of the hand of ANA, before switching to 100% green energy.

Location based emissions: The CO_2 emissions for scope 1 and 2 occurred 100% at our only plant in Aschersleben, Germany. The scope 1 emissions in FY2024 were 13,955 t CO_2e, and scope 2 emissions 4,936 t CO_2e. As of FY 2025 the scope 1 emissions will be reduced to zero, as green electricity is purchased.

Market based emissions: 39.4% of our electricity (in MWh) and 20.9% of our overall energy consumption is purchased as green energy. This is planned to increase in FY2025 to 100% and 53.2% respective.

2.5. Water and Wastewater

2.5.1. Water and Wastewater Policy

ANA uses water in two out of three lines for its manufacturing processes, especially for connecting different layers of nonwovens (Hydroentanglement also called Spunlacing in the nonwovens language), as well as for humidification in all parts of the plant, because e.g. viscose fibers need a high humidity to be processable. There are various reasons that hydroentanglement was chosen, mainly for bonding non-thermoplastic fibers like Viscose, Lyocell, Cotton (naturally derived) because, such fibers cannot be bonded to nonwovens substrate by thermic processes. For offering sustainable products, which are biodegradable under consumers conditions (not only under industrial conditions), but non-plastic fibers are also needed and therefore a mechanical bonding technology (hydro) is used.

In its Waste and Wastewater Policy, ANA has defined the purpose and activities related to the use and protection of water during its production processes. These are:

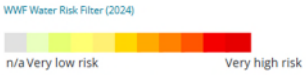
- Protect drinking water, including reducing use of drinking water, efficiently using and treating wastewater generated, and preventing soil and groundwater degradation and protecting organisms living in the soil and water.
- Adhere to water-related risk assessment tools, standards, regulations and disclosures, including the ISO 14001 Environmental Management Standard.
- Measure and monitor water risks and impacts, apply internationally recognized methods and mitigate risks through efficient water management, conservation and protection of water resources.
- Optimize our wastewater quantity and quality. Our wastewater treatment follows legal requirements as well as the requirements of the local wastewater service provider. We promote recycling in water-relevant industrial processes.
- Raise awareness and provide all employees with access to clean drinking water and functioning sanitary facilities.

Independent process water treatment systems are used in the SAC and CAC production lines, because the third production line (Carde) doesn't use water. We use H_2O_2, biocides and UV filtration to combat biofilm and microorganisms. The Hydrogen peroxide and biocides decompose without leaving any residue, tested as part of a corresponding certification. Solids (e.g. cellulose) are removed mechanically with the help of flocculants in the form of net-like polymer structures and filtration.

Though most of the treated water is re-used, there is a constant need for potable water, which is provided by the municipal water supplier and may have an environmental impact. Within the water treatment process, we take various measures including mechanical and chemical processes to ensure that no pollutants are released into the environment. We do not use active bleaching during our manufacturing processes.

A site-based water risk assessment using the WWF Water Risk Filter (SCM Tier 2: Manufacturing) has shown on macro-level low to medium risks for the region, while the micro-level risks are based on an own assessment. Those show lower risks for point 2 (drought) and 3 (flooding), since the plant is located on a hill.

Risk	Cat.	Risk	Cat.	Risk	Cat.
Basin Physical Risk		**Basin Regulatory Risk**		**Basin Reputational Risk**	
1. Water Availability		6. Enabling Environment		10. Environmental Factors	
2. Drought		7. Institutions & Governance		11. Socioeconomic Factors	
3. Flooding		8. Management Instruments		12. Additional Reputational Factors	
4. Water Quality		9. WASH Infrastructure			
5. Ecosystem Services Status					



2.5.2. Water and Wastewater goals

General goals are set in the waste and wastewater policy, such as:

- Technology and processes are constantly to be optimized to use as little as possible potable water
- The use of chemicals for water treatment has to be minimized
- Conditions have to be created to keep the water in the respective water cycle
- Comply with the Wastewater policy of the wastewater service provider

To achieve the water consumption target, there are a number of actions already implemented, have been in the implementation phase, or are planned. This includes:

- Continuous improvement of the integrated water resource management
- Commitment to comply with all applicable legal and municipal requirements.
- Commitment to continuous improvement of water and wastewater performance.
- Commitment to ensuring the availability of information and the resources necessary to achieve water and wastewater goals.
- Reduce water content in the process between hydroentanglement and drying.

In case more suitable actions are identified, they will be evaluated by the Safety, Health, and Environment Manager and the management of the company, and if suitable, also implemented.

To measure the success of the activities the company is:

- Setting and monitoring water use and wastewater goals
- Use of KPIs

The following table shows the total water consumption from municipal sources and the total volume of wastewater discharged to municipal sewer, based on the calibrated water meter installed by the supplier (annually inspected by the municipality), as well as the invoices received. 100% of our water used is sourced from the municipal utility company. The difference between the two figures results from the drying process of the nonwovens following hydroentanglement:

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
Water Consumption [cbm]	120,000	102,329	100,000	91,370
Wastewater [cbm]	65,000	61,906	40,000	37,193
Water Consumption (liter / kg)	5.0	5.4	5.7	5.9

Like the energy consumption, the water consumption depends highly on the utilization of the production lines, which can cause highly variable water consumption in the different years. The water consumption per kg decreased by 9% to 5.4 liters (FY23: 5.9). Due to increasing the number of measuring points, the previous years resulted in an incomplete reporting of the wastewater.

100% of our industrial wastewater is treated through a water treatment system. An external evaluation confirmed compliance of the wastewater with the requirements of the local wastewater service provider.

All employees were trained on the topic of waste, water and wastewater. Long-term sick colleagues will have to attend the training upon their return.

There is no specific process certificate related to water obtained. However, we have received the OEKO-TEX® Standard 100 certificate, a product certification, which confirms amongst others compliance with water related issues.

Water efficiency over time hasn't been evaluated separately. However, small improvements in this area are made/planned as well. We are working intensely with our machine suppliers to permanently reduce water jet pressures by making the jets more efficient.

2.6. Waste

2.6.1. Waste policy

Nitto Advanced Nonwoven Ascania GmbH strives to do the following:

- To contribute to the circular economy by utilizing as many high-quality and sustainable resources as possible to reduce and prevent waste of all types.

- To promote growth through the transition to a modern, resource-efficient and competitive economy.
- To protect the environment and human health and to support the company's transition to a circular economy. It sets goals and targets to:
    - Sort and reduce waste
    - To feed thermally recovered waste into the recycling process
    - To fulfil the company's social responsibility by complying with the laws of the individual countries and regions, as well as with the relevant international standards and self-imposed management regulations

2.6.2. Generation of Waste

The EU's Waste Framework Directive is our legal framework and applies to the disposal of waste. It introduces a hierarchy for waste management. ANA has mapped the origin and quantities of waste before, during, and after the production process, as well as its disposal.

The following table shows the documented quantities of generated waste broken down by waste code numbers according to annual reports to the public statistical bureau:

Classification of waste	Plan FY2025	FY2024	Plan FY2024	FY2023
Non-Hazardous Waste [t]	not planned in detail	2,046.6	not planned in detail	1,283.48
Municipal Waste [t]	not planned in detail	34.33	not planned in detail	34.75
Hazardous Waste [t]	not planned in detail	3.2	not planned in detail	0.00
Total Waste	2,000	2,084.1	950.00	1,318.23

Most of ANA’s waste is non-hazardous and contains fibers, which are part of the production process and originates from hydroentanglement, when the fibres are partially rinsed and remain after the wastewater treatment. Plastic waste originates mainly from packaging and polymers. Wherever possible, waste is re-used, e.g. redirection of fibres in the production process or peripheral suction. The annual target for FY2024 is set at 950 t, but not further detailed, considering the low quantities of municipal and hazardous waste. The overall waste produced was higher than in the previous year, resulting mainly from non-hazardous waste, where b-grade products could not be sold and therefore needed to be disposed. The increase of hazardous waste results from irregular disposal through a waste service provider.

In line with internal waste policies, there are different approaches to waste, e.g. selling to clients, recycling, or composting. The waste is disposed of by a specialized local company.

2.6.3. Waste goals

The defined general goal is to “optimize all processes to minimize the generation of waste as much as possible. All waste must be disposed of separately. Mixing of waste must be avoided.” This leads to reduction and prevention of all types of waste and the need to sort waste accordingly.

Specific goals for waste reduction haven’t been defined yet. However, since waste has a direct economic impact, e.g. unnecessary raw materials used or waste disposal costs, ANA takes measures to reduce waste.

The Nitto group recycling goal by 2025 is that 50% of the plastic needs to be recycled by the certified waste management company. ANA hasn’t achieved this ratio yet.

2.6.4. Waste saving measures

In order to reduce the amount of waste generated, we work on more efficient processes and technical improvements, such as:

- Pulp drying to reduce the water content in the pulp sludge and therefore the absolute weight of waste
- Edge trim (SAC) to re-feed material left-overs after the cutting process back in the production process

Planned waste reduction measures are e.g. refeeding edge trim into the production process for our CAC line (similar to the realized efforts in our SAC line). This would be an immediate cost saving, since otherwise new raw materials would be needed to produce the nonwoven. It is planned to introduce an appropriate measurement system during the next financial year.

2.7. Further Emissions and Pollutants

Besides Greenhouse Gas Emissions, wastewater, and waste, there are additional emissions and pollutants emitted and monitored by Nitto Advanced Nonwoven Ascania GmbH. These are especially noise and chemicals. Internal procedures regulate safe chemical management, including classification, handling, use, and disposal to minimize impacts on health and environment.

3. Social

3.1. Employment and diversity

3.1.1. Working Conditions and Human Rights

The Nitto Group has identified in its Integrated Report FY2024 five material issues in the area of society and enriching people and society. These are safe manufacturing, empowering diverse employees, upholding and respecting human rights, building resilient supply chains and creating HumanFlags.

ANA is strongly committed to these material issues. One of the most important working principles is “We place safety before everything else”, which reflects the safety ambitions.

The number of working accidents [measured as Accident Frequency Rate (AFR)] is a key performance indicator. Through our Business Code of Conduct and through the FSC standard we are committed to the ILO conventions, the UN child right convention and others. To enforce this, ANA's activities focus on both internal and external stakeholders. Many of the regulations regarding human rights and working conditions are obligated by international and German laws.

We are obliged by law and committed not to use child labor and/or slavery and comply with all legal requirements. In line with German child and youth protection laws, the company has employed one apprentice below 18 years of age for a vocational training that lasts three years.

Internal human rights and working conditions:

- 100% of our employees are health insured, as this is required by German law.
- A collective agreement was closed between ANA and the IG Metall Lower Saxony and Saxony-Anhalt, ensuring that transparent and reasonable salaries and wages are paid, as well as additional agreements regarding regular salary increases, number of holidays above the German minimum standard, maximum working hours, or bonus payments, e.g. for holidays or the festive season. 100% of our employees are covered through this agreement and this ensures that all staff can have a decent living standard. However, this agreement has been terminated by the labor union. Till a new agreement will be in place, the previous agreement remains valid. A new proposal hasn't been submitted by the labor union yet.
- Zero human right violations were identified during internal and/or external audits.
- Employees can freely join a labor union at any time.
- A works council was elected and consists of seven members. The works council represents 100% of ANA's employees. It can meet at any convenient time and members must be exempted from their duties during these meetings. In case rest periods between shifts are affected, work duties stop earlier or start later. The management is required to report regularly to the works council.
- Quarterly staff meetings are conducted, where most important topics are communicated in person to our colleagues.
- The median income of the province Sachsen-Anhalt in FY2024 was for full-time staff 3,353 Euro (FY2023: 3,152 Euro) gross/month. No full-time staff of ANA is living below 50 per cent of the median income (< 1,677 Euro gross/month), as this is below the legal minimum salary. The median income in the company divided by lowest income is 1.11, measured based on the hourly wage of full-time employees.
- A voluntary occupational pension scheme is financially supported by the company.

External human rights and working conditions:

- Through the Nitto internal Business Conduct Guidelines and the supplier/customer Code of Conducts we are directly, and through the upcoming German Supply Chain Act (Lieferkettenschutzgesetz) we are indirectly obliged to monitor for human right violations (including child labor and slavery) at suppliers and buyers' side and take actions against identified risks.
- The nature of the company's business does not include sourcing any conflict materials. In addition, there is a Nitto Group regulation on conflict materials to which we must comply.
- The working conditions for suppliers of certain raw materials (e.g. for cotton) are monitored regularly through either the revision of certificates (e.g. if certified by

EcoVadis) or through ANA's CSR self-evaluation and proof through certificates (e.g. ISO or others).

The company is mandatory supervised by governmental authorities (e.g. tax authority and custom[3]) and non-governmental authorities (e.g. social insurance) that control and enforce compliance with all applicable regulation. In addition, the company is supervised voluntarily through various certification bodies (see chapter 4.4).

Company audits	Final Date	Findings
Auditor of the financial statements as of March 31, 2025	06/2025	No objection
Tax Authority, audit fiscal years 2016-2019	11/2023	No objection
Social Insurance, audit calendar years 2019-2021	06/2023	No objection
Custom regarding period April 2021-March 2022	09/2022	No objection

3.1.2. HR - Key performance indicators

The following tables summarizes the company's key HR performance indicators:

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
Total Number of Employees	145	144	145	148
- Number of employees below 25 years	7	6	6	6
- % of employees below 25 years in management positions	Not planned in detail	0.0%	0.0%	0.0%
- Number of employees above 55 years	20	22	25	22
- % of employees above 55 years in management positions	Not planned in detail	0.0%	0.0%	0.0%
Total Number of Women	17	17	18	16
- % of women in management positions	20%	20%	20.0%	20.0%
% of Employees from minority groups	1.4%	4.2%	5.5%	4.8%
- % of disabled employees	0.7%	2.8%	4.1%	4.1%
- % of national minorities4	0.0%	0.0%	0.0%	0.0%
- % of foreign born residents	0.7%	1.4%	1.4%	0.7%
Average age of workforce/Years	45	45	45	45
Fluctuation %	10.0%	11.0%	11.0%	9.4%

The number of employees with disability (50%+) decreased from 4.1% to 2.8%. Reason for that was early voluntary leaving of two colleagues.

Out of the total number of employees, 79% work in production. 11.8% of all employees were female. This relatively low number of women can be explained with the type of production work performed and the limited number women who chose this career path.

[3] In Germany, the custom is responsible for workforce audits, especially that no illegal persons are employed.
[4] National protect minorities such as Sorbs and Frisians

The Nitto Group defined internal non-financial targets, in which the female leader ratio should be 24% by 2025, and 30% by 2030. During the reporting period this ratio was 20.0%.

Our remuneration is governed by a sectoral collective agreement: every role is assigned to a pay grade based on qualification and experience, with clear, gender-neutral criteria. Internal reviews confirm there is **0% gender pay gap** (gross hourly) for comparable roles and grades, and equal pay for equal work is embedded in our pay structure. The target for the gender pay gap remains 0%. The worker council monitors the overall salary development including the gender pay gap. The median salary is 26.3% higher than the legal minimum salary.

We also monitor work-life balance indicators, including

- average weekly hours, which is ensured through an electronic time and attendance system monitored by supervisors and HR. The average weekly time worked is 39:42 hours (including part time colleagues). The weekly median time worked is 40:00 hours. This is in line with German labour law.
- overtime, which is compensated through time given off and in rare cases through compensation payments. The average yearly overtime in the reporting period was 38.2 hours per employee and was compensated 100% by time off.
- flexible work is permitted in the administration department. The production lines run on a shift system with specific staffing requirements, which doesn't permit for flexible working hours.
- Three colleagues work part-time.
- parental-leave, which is based on German Laws. There was one colleague in parental leave within the reporting period.
- vacation days used, which is monitored through the electronic time and attendance system. There are 28 days for colleagues < 4 years in the company, and 30 days for colleagues with 4 and more years. Additional days off are provided for special occasions, such as weddings, but also for funerals of close relatives, as well as for colleagues with disabilities.
- sick-leave rates, which are monitored regularly. In the reporting period, the sick leave rate was 6.0%.

Together, these indicators help us to ensure fair pay, equitable opportunity, and a healthy balance between work and private life.

The employees of ANA are highly qualified. According to the European Qualification Framework, 97.2% of our employees have as minimum standard a successfully completed vocational training (EQF 4 or higher), while two other colleagues are currently doing such vocational training (currently EQF3; after completion EQF4).

Classification	Plan FY2025	FY2024
EQF1	1	1
EQF2	1	1
EQF3	2	2
EQF4	125	125
EQF5	0	0
EQF6	8	7
EQF7	7	7
EQF8	1	1

Major overachievement of the yearly target was made for performance and career reviews, where the company was able to perform this for 100% of the employees. In previous years, only white-collar staff received such reviews.

Internal Nitto Group indicators also aim for increasing the Engagement score[5] to 78 by 2025, which ANA has already achieved and 85 by 2030, up from 74 for the financial year 2021. This score is based on a survey that is conducted every two years. The Challenge ratio[6] on group level, is aimed to increase from 42% in 2022 to 70% by 2025 and 85% by 2030. Here ANA has achieved the target ahead of time and set a more ambitious target for the next financial year. This indicator is measured yearly.

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
Number of employees receiving regular performance and career development reviews	145	144	64	32
% of employees receiving regular performance and career development reviews	100%	100%	44.1%	21.6%
Number of Engagement Score[7]	81	n.a.	n.a.	81
% of Challenge Ratio	80%	74%	72.4%	62.2%

3.1.3. Diversity and Inclusion

The Nitto Way Principles promote an open, fair, discrimination-free and cooperative working environment, where diversity is seen as a strength and every single employee has the opportunity to participate and thrive. These are mandatory principles for ANA.

During the reporting period, there were four colleagues with disabilities included in the workforce, a share of approx. 2.8% (FY23: 4.1%) of the total staff. Due to internal safety requirements, it is challenging to include people, especially with physical handicaps, who are equally qualified and experienced as other colleagues. Our target will be a share of 5%. In addition, we employed in the reporting period two colleagues born outside Germany.

National minorities are currently not employed. Due the to the geographical distance to their traditional regions, this may not change significantly in the future.

We practice an active in-company integration. Within this frame and the diverse situations of our employees, we individually adjust working conditions according to physical conditions. However, especially at our production lines, the number of suitable workplaces is limited, as there are barriers and workplace safety requirements, which are of paramount importance for the company.

For outsourced contracts we have engaged with and provided opportunities to people with physical or mental disabilities. When awarding the property maintenance contract, e.g.

[5] An indicator showing how rewarding employees find their work. The score is calculated based on a survey on several topics, e.g. communication and collaboration in the company, ESG, diversity and respect, integrity and ethics, amongst others. Best score would be 100.
[6] Percentage of personnel taking on the challenge of creating value. This could be voluntary challenges or challenges designed by the company, e.g. transfers across business units. Best score would be 100%.
[7] A staff engagement survey is conducted every two years.

green spaces in the outdoor areas of the production facility, the chosen service provider was a sheltered workshop. Similarly, we awarded contracts to a laundry run by people with disabilities and purchase brooms and hand brushes made by people with disabilities.

To achieve the female leader ratio, the Nitto Group has established the FLOWER program, which aims for an increased percentage of women in leadership position. All open positions are advertised in-house first.

Job advertisements are, according to German law, anti-discriminating and open to all genders. However, especially in the production lines, where staff with very specific vocational qualifications is sought, it is challenging to recruit more female staff or foreign-born residents.

During the reporting period, 100% of the colleagues were trained on the topics of diversity and inclusion.

3.2. Staff Health and Safety

To maintain its workforce, there are a number of measures to reduce accidents and increase knowledge through regular practical and theoretical training. Especially workforce safety is of paramount importance to ANA and the Accident Frequency Rate (AFR) is the key performance indicator in the area of occupational health and safety (SHE) throughout the entire Nitto Group. It measures the rate of accidents with one day or more absence from the working place due to work related accidents, measured from the first full day after an accident. The target rate is 0.0 during each reporting period, as this is a paramount KPI. It is measured as number of accidents per 200,000 working hours.

ANA uses an incident reporting system to report unsafe conditions and near-accidents, which can be accessed by every employee. These incidents are discussed on a regular base between the Safety Manager and the respective line managers, as well as during the daily production meeting.

Accident Frequency Rate	Plan FY2025	FY2024	Plan FY2024	FY2023
No. of accidents	0	1	0	2
No. of hours worked	250,000	246,285	250,000	238,813
AFR	0.00	0,81	0.00	1.67

In the FY2024 the AFR was 0,81 (FY23: 1.67). This translates to one “no serious or critical” accident in FY2024, which result in one or more lost working days. In each of such cases a detailed analysis is performed, and measures implemented, to reduce the probability that similar accidents occur. The results of the analysis and solutions implemented are part of quarterly staff meetings, which are mandatory to attend.

To improve workplace safety, especially in the production areas, the following activities have been implemented:

- Installation of a collision prevention system on forklifts (Elokon Shield), where staff carries a transponder that alerts the forklift driver when staff is close to the forklift
- Regular measuring noise and dust emissions
- Optimization of tracks in all production areas

- Further improve the workwear for blue collar staff and personal protection equipment for all employees

100% of the staff is trained on workplace safety, safe behavior in- and outside the company's facilities, or carry heavy loads. The respective production staff is amongst others also trained in handling hazardous materials or safely use and maintain the production machines. A Safety Day is held annually (see respective sub-chapter). The total hours of safety related trainings in the FY2024 were 1,006 (FY2023: 2,267 hours) to all staff, in addition to the trainings participated in all previous years. The effectiveness of the training is assessed through a test at the end of training. If not passed, the training needs to be repeated.

All staff undergoes initial and regular (usually yearly) occupational medical examinations as prevention and verification measures to ensure suitable health for the tasks to be performed. The kind of examination depends on the tasks to be performed during daily work and ranges from G examinations (e.g. noise or screen work), discussion of current complaints or pre-existing conditions, or function tests.

For all staff, an occupational health management program started in autumn 2023. This is a joint project with a health insurance company. The initial focus was on the analysis of workplaces, evaluating the staff´s physical and psychological strains from the perspective of health impairment. From April 2024 to March 2025, various health-promoting measures were offered as part of corporate health management in cooperation with a health insurance provider. These included a 4D back analysis, foot analysis, muscle function test, and gait analysis. In addition, training with electro muscular stimulation (EMS) was offered.

To ensure the safety of employees from suppliers or customers, especially the truck drivers delivering raw materials and transporting final goods, they are instructed to adhere to the safety measures, e.g. one-way direction for driving or wearing protective equipment. This is provided in different languages, as drivers belong to various nationalities. In addition, ANA provides the truck drivers with an opportunity to take a shower and a place to rest, which is highly valued considering feedback by the drivers.

Where feasible, working from home models are offered within the frame of internal guidelines, especially data safety and security.

3.3. Training and further education

Besides the vocational training that is mandatory for most positions, training and further education are major topics to develop the capacities of our staff. According to Nitto Group standards, we operate a talent management system and utilize a HR platform to ensure continuous staff development. Through this we allocate new or repeat trainings to all or a group of staff to make sure the qualifications, e.g. on IT security or fire awareness, are always up to date. Trainings can be both online (through a specific training platform) and in-person, both voluntary and mandatory, and both in-house and elsewhere.

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
% of employees who have access to training related to increase competences	100%	100%	100%	100%
Total training hours	8,000	8,280	15,200	15,176
- Training hours for blue collar staff	7,000	7,257	13,000	12,981
- Training hours for white collar staff	700	730	1,700	1,673
- Training hours for management staff	300	293	500	522
Safety related training				
- Total hours	1,000	1,006	2,300	2.267
- Hours per production staff	7.5	20.5	20.5	19.5
Percentage of employees trained in ethics and anti-corruption	100%	100%	100.0%	100.0%

Instead of the originally planned training time 15,200 hours, only 8,280 hours were achieved. Reasons for that was an elimination of time inefficiencies through restructuring and consolidation of training content.

German law promotes additional paid educational leave. This opportunity was used by one employee.

3.4. Social Dialogue and society-activities

3.4.1. Community Impact

ANA has one plant, located in an industrial area. Noise, pollutant, and light emissions through production is low. Noise emissions were in coordination with neighbours reduced further after the initial line installation. There is regular truck traffic for both raw materials and finished goods. The respective streets go through an industrial zone with little effect to the surrounding community. Other companies, which are located close by, have similar truck traffic.

Impacts on communities for sourcing of supplies can only be partially influenced by ANA, though mandatory legal requirements and voluntary certification schemes (e.g. EcoVadis, FSC, PEFC) are indications that these topics are addressed properly. Impacts on communities for off-taking clients can also only be partially influenced. Here we have a social responsibility towards our own staff, providing jobs and social security.

3.4.2. Strenghtening Biodiversity

Our overall impact on biodiversity is low: the site is in an already modified landscape (agricultural fields, and other industrial facilities) and no river or stream is nearby, reducing aquatic sensitivity. Because hygiene production requires strict control of foreign matter (e.g., flies), we apply non-chemical, nature-based controls: we have installed 48 nesting aids for swallows and three nesting boxes for kestrels to encourage natural predation. In line with current German regulations, we do not use chemical rodenticides and rely on preventive housekeeping and monitored traps as part of an integrated pest-management approach. Routine facility and grounds maintenance aims to avoid habitat disturbance while

keeping hygiene barriers effective. We periodically check nesting sites and record observations to ensure the measures function as intended and to identify any additional low-impact enhancements.

The "Swallow-friendly house" certification has been awarded. Ringing of young kestrels in collaboration with an ornithologist the Nature and Biodiversity Conservation Union (NABU) is planned for next year.

3.4.3. Safety Day

Our annual special day to promote topics such as safety, health, and environment
Was conducted. Besides team building purposes, the following activities were performed to increase practical skills and awareness of tasks from other colleagues:

- Practical exercises in using hand fire extinguisher and securing people at height
- Car driving simulator for travel safety and alcohol intoxication
- Forklift exercises
- Donation related announcement „Miles for children“ to promote the use of bicyles
- „Hazard Hunt“ (to support the awareness regarding provisional arrangements in connection with working devices, tools and organization on workplace)
- Planting trees in our premises

3.4.4. Other engagement

During the Girls and Boys Day in April 2024, there were two interested pupils in our administrative department and discovered a potential field of future profession. ANA participates also annually at the local professional orientation fair for young people, where it promotes the possibility for vocational training in various professions, including production and administration, or internships for pupils and students. University students have the possibility to write their final thesis at ANA, though this opportunity isn’t known yet widely.

Financial contributions were made, e.g. for a children hospice and school events.

4. Governance

4.1. Ethics and Anti-Corruption

Internal and external regulation requires strict compliance with topics related to ethics and anti-corruption. An internal code of conduct / business ethics exists, and 100% of our employees are trained regularly on that topic. This regulation contains rules on sensitive transactions like travel or gifts and sanctions in case of non-compliance. Particular risk groups like the procurement department or management are trained in more detail.

As ANA has only one plant, 100% of the plants are subjected to internal audits. The focus in the audit 2024 (which covered partially also FY2025) was on advance payments, quality management, and J-SOX company level controls (CLC).

Every two years we distribute a self-assessment questionnaire to all raw material suppliers to check their CSR status. The questionnaire addresses the following topics in particular General, Environment, Ethics, Labour & Human Rights, and Sustainable Procurement. In the future it is planned to include major equipment supplier from both capex and opex projects. In FY2024 90% of the suppliers were assessed.

The required information is queried using a simple checklist and can be linked to the respective information via hyperlinks, if published on the customer website.

The IQPLUS tool provided by EcoVadis has been used starting with the FY2024 to commission and monitor risk assessments on ethical/social issues as well as corrective measures. This way we carry out a risk assessment in accordance with the Supply Chain Due Diligence Act.

ANA is member of the industry associations EDANA.

There are no donations to any political party. The only donation provided during the current fiscal year had a social purpose. Lobbying is not allowed as of internal regulation.

Compliance with anti-trust regulation is ensured, especially since ANA is a comparable smaller player in the market. There were no agreements of any kind with competitors. Compliance with internal and external rules and laws is ensured through internal and (mandatory) external auditors. The last external audit was executed from April to June 2025 by KPMG, covering the entire period of FY2024.

There were zero convictions or fines in the financial year.

4.2. Complaints Handling & Whistleblowing

ANA has committed itself to the basic principles of the ILO - International Labor Organization in 2022 based on the update of the FSC standard FSC-STD-40-004 V3-1, paragraph 1.5 / Annex D published 05th of December 2022 via Announcement. Since October 2021 there has been a central contact point for whistleblowing for the Nitto companies structured in the geographical area of Europe, Middle East and Africa (EMEA). With the beginning of FY2023, the system was implemented to ANA. Its existence was made public throughout the company, e.g. through posters on whiteboards throughout the production area, and the administration department. This hotline can be used anonymously by employees in case of suspicious transactions (not only corruption, but e.g. also unfair competition practices).

The whistleblowing incidents reported there are summarized in the Compliance Department's annual report. Zero complaints regarding corruption, conflict of interest, money laundering, fraud, or anti-competitive practices (such as bid rigging, price fixing, or territorial allocation) was reported in FY2024.

An internal complaints office and a complaints process regarding discrimination and violations of Section 13 of the General Equal Treatment Act are in place. Any complaint can be submitted to the HR department or the workers council and will be handled accordingly by these instances.

4.3. Data Security

Based in the European Union, the company is obliged to follow the General Data Protection Regulation (GDPR). This applies to all relevant data such as from employees, customers, suppliers, and others.

There are zero known security breaches in the reporting period. Although there is no certified management system regarding IT security in place on plant level, a TISAX certificate is achieved on EMEA level, and many IT related tasks, including IT security, are performed centrally through the Nitto Head Quarter in Japan.

There are mandatory trainings for every staff regarding IT security, e.g. suspicious emails or the use of mobile data storage devices.

4.4. Certifications

Nitto Advanced Nonwoven Ascania GmbH is currently certified by a number of management and product certification bodies, as shown in the below table. During the reporting period we were again awarded with the gold status by EcoVadis, which is awarded to the Top 5% of the companies in their respective sectors. The goal for the next financial year is to receive the platin status, which is awarded to the Top 1% of sustainable companies.

Management Certifications	Product Certifications
• ISO 50.001:2018 - Development and Production of Nonwoven and kinds of Nonwoven (29th November 2027) • ISO 14001:2015 - Environmental Management System (10th December 2027) • ISO 45001:2018 - Occupational Health and Safety Management Systems (10th December 2027) • ISO 9001:2015 Quality Management System (10th December 2027) • EcoVadis SCORECARD valid 25th April 2026 (Sustainability-Management-Assessment)	• FSC® Chain of Custody in acc. with FSC®-STD-40-004; FSC® STD-50-001 V2-0 (4th June 2026) • PEFC Chain of Custody PEFC ST 2002:2020 and PEFC ST 2001:2020 (4th June 2026) • OEKO-TEX® Standard 100 (31st August 2025) • OK Compost HOME Conformity Mark (CAC-material; 19th July 2026) • OK Compost INDUSTRIAL Conformity Mark (CAC-material; 19th July 2026) • OK Biodegradable SOIL Conformity mark- (CAC-material; 19th July 2026) • OK Biodegradable WATER Conformity Mark-(CAC-material; 19th July 2026) • OK Biodegradable MARINE Conformity Mark (CAC-material; 19th July 2026)

5. Product Life Cycle & Consumer Safety

5.1. Approach

We apply life-cycle thinking to our nonwovens for diapers and disinfectant applications—from responsible raw-material selection and qualified suppliers, through controlled manufacturing, to safe use and end-of-life considerations. Product responsibility is anchored in clear specifications, traceable batches, and change-control procedures with our customers. Consumer safety is paramount in the hygiene sector. We operate multiple layers of contamination control, including in-line optical and metal detection, foreign-body prevention, and routine laboratory testing at plant level as part of internal quality control (e.g., chemical parameters and physical properties). On the client side, similar incoming-goods and process checks are performed, creating a double safety net before products are further processed and reach consumers. Together, these measures support compliance with applicable regulations and customer requirements, minimize chemical and physical risks, and help ensure our nonwovens are safe and fit for purpose.

Regarding end-of-life, single-use diapers contain polymeric components that are highly persistent in landfills. Industry and academic sources commonly report that conventional disposable diapers can persist for several centuries, often cited as up to 500 years, depending on disposal conditions. We work to mitigate this impact through responsible material selection, strict process controls to minimize waste, and collaboration with customers and partners on improved product design and waste-management approaches.

Therefore, through constant innovation, we have developed a CAC product, which is fully bio-degradable within a few weeks and has no lasting impact on soil or water and their flora and fauna (all TÜV certified). In the reporting period, 40.7% (FY23: 22.9%) of our delivered products belonged to this category and we expect a further increasing demand for this product, as clients may also want to comply with their own ESG targets.

Especially the products for the US market are approved by the Environmental Protection Agency (EPA). Products to other markets are produced to the same standards, although not specifically certified on end-use-level. FSC, PEFC, and OEKO-TEX certification provide adequate third-party verification of consumer safety.

5.2. Consumer Safety

ANA is active in B2B, where business clients off-take the produced nonwovens for further processing. Products intended for hygiene applications (e.g., nonwovens for diapers and disinfectant products) are not eligible for return once dispatched and/or unsealed. This policy prevents any risk of contamination within our supply chain and for end users. Non-conforming goods are handled via our quality-complaint process, with documented root-cause analysis and corrective actions. The average CCR (Claimed Material Cost + Compensation Costs / sold volume) were in FY 195 ppm (FY2023: 634). There were zero product recalls in FY2024 (FY2023: 0).

5.3. Ecological and social issues in the value chain

Our supply-chain risk analysis highlights wood-based fibers (pulp/viscose) as the most material exposure due to the EU Deforestation Regulation (EUDR). The residual risk here stems from plot-level traceability, legality and deforestation-free evidence for upstream forests; we have prioritized supplier declarations, and FSC/PEFC certification where applicable. Polymers (PP/PE) show medium risk driven by price/energy volatility and single-source dependencies; mitigation focuses on dual sourcing, and index-linked contracts. Biopolymers carry availability/scale-up risk as demand grows, addressed via framework agreements and alternative specifications. For chemicals/binders, the main exposures are regulatory and hazardous-substance controls, managed through supplier qualification, Certificate of Analysis verification and targeted testing. Transport and logistics present disruption risks (e.g. port congestion), for which we qualify additional suppliers. Finally, supplier production constraints (including energy curtailment and cyber incidents) are monitored. Together, these measures reduce high and medium risks to acceptable levels and create a clearer path to EUDR-compliant, resilient sourcing.

As an EcoVadis awarded company, ANA has committed itself to procuring and using cellulose based raw materials only from certified sources wherever possible. We are FSC® and PEFC-COC certified, each pulp and viscose delivery can be assigned to one of the two certification systems. The proportion of certified cellulose based products is therefore 100%.

5.4. Sustainable Sourcing

As a member of the Nitto Group, the Sustainable Sourcing Strategy is part of our broader commitment to sustainability and environmental responsibility.

We source globally both natural fibers and polymers. Our Green Procurement Standards include sourcing from reputable, sustainable suppliers, who are certified for complying with ESG criteria.

By integrating the below practices, the Nitto Group and ANA aim to not only reduce our own environmental footprints but also contribute positively to the broader ecosystem and society. Key elements of our strategy are:

- Carbon Neutrality: The Nitto Group aims to achieve carbon neutrality by 2050. They have set interim goals to reduce CO_2 emissions by 55% to 470,000 tons by 2030.
- Product Innovation: The Nitto Group focuses on developing products and solutions that help reduce CO_2 emissions for their customers. This includes creating materials and technologies that are more environmentally friendly. At ANA, we have invested in a 100% sustainable CAC production line, using only sustainable materials such as Viscose, Lyocell and Cellulose.
- Support for TCFD: The Nitto Group supports the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which guide companies in disclosing climate-related risks and opportunities. ANA is working closely with EcoVadis and our suppliers on supply risk management globally.
- Sustainable Supply Chain: The Nitto Group emphasizes the importance of sustainable supply chains, ensuring that their suppliers adhere to environmental and social standards. This includes fair labor practices and minimizing environmental impact. In ANA, we manage our risk analysis via EcoVadis IQ, work with EcoVadis in general and perform a CSR questionnaire with raw material suppliers biannually.

Wood-based raw materials are sourced from the following countries: Pulp: USA (100%); Viscose: Austria (85%) and Thailand (15%).

The ratio of sustainable and non-sustainable raw materials in the reporting period is as follows:

Period	Plan FY2025	FY2024	Plan FY2024	FY2023
Sustainable items (tons)	18,925	15,241	10,000	9,655
Total weight raw material (tons)	26,375	23,976	19,000	18,947
Ratio	71.8%	63.6%	52.6%	51.0%

The target set for FY25 reflects the increased share of the CAC products and contributes strongly to the targets of the Nitto Business Unit. However, there is a limit, as for some products in the SAC and Carde lines non-sustainable raw materials are used and can hardly be replaced in a short-term.