

HARTMANN



Sustainability Report 2021

HARTMANN GROUP



Foreword



Ladies and Gentlemen,

Every day, healthcare professionals and patients rely on the quality of HARTMANN products for Wound Care, Incontinence Management, and Infection Management. Our brand promise "Helps. Cares. Protects." clearly expresses that we are keenly aware of our responsibility and do everything we can to fulfil it.

Our sustainability ambition forms an integral part of our objectives and activities: This attitude shapes our actions as a business and is the basis for our success. We achieve our corporate goals – and at the same time add value for society – by acting responsibly and ensuring we use resources carefully.

In 2020 the HARTMANN Management Board created the Sustainability Task Force in order to centrally coordinate and further develop the diverse range of activities that already exist within the Group. We identified our material sustainability topics by means of a thorough materiality analysis and systematically recorded and analyzed the status quo at HARTMANN.

We have pursued fundamental sustainability initiatives for years, such as the continuous reduction of material used in production, the promotion of social projects, and our comprehensive occupational safety and environmental management. Further, the CO₂ footprint for the entire HARTMANN Group has now been calculated. In the next step we will set emissions reduction targets and define further specific measures for the years to come, in order to achieve CO₂ neutrality throughout the HARTMANN Group.

Cover picture: The new office building opened at Company headquarters in 2021 and the new Company canteen were both planned and constructed to the LEED standard. The LEED seal stands for Leadership in Energy and Environmental Design and was developed by the U.S. Green Building Council in 1998.

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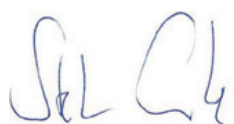
Throughout the implementation of these measures we are leveraging the innovation potential of our employees, giving their ideas space and promoting their self-initiative. This way we want to ensure that sustainability is not only desired but actively lived out – right across the Company. We can already see what this approach can achieve at Kneipp, for example, where sustainability aspects are being implemented very successfully in product development. Kneipp has already won various awards, most recently in 2021 the German Sustainability Award promoted by the German Federal Government, as well as the Red Dot Design Award.

With this Sustainability Report we aim to provide an overview of what has been achieved so far in the HARTMANN Group, and of the milestones ahead.

We are convinced that with our commitment to sustainability we have taken the right path to secure the continued successful development of the Company.

Thank you for your interest and continued trust!

Sincerely yours,



Stefan Grote

Member of the Management Board
Head of the Sustainability Task Force

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CHAPTER 1

Company Profile of the HARTMANN GROUP

HARTMANN is a leading European provider of system solutions for medical and patient healthcare. Through its current strategic Transformation Program the HARTMANN GROUP is also securing its position as a reliable partner to the healthcare sector for the future.

1.1 Our Company

Market leader with a 200-year history

HARTMANN has a business history dating back to 1818. Since then the Company has developed from its origins as a German cotton mill to become a global medical and healthcare partner. Today HARTMANN is one of the leading European providers of professional medical and healthcare products and supporting services. Consumer-oriented medical product assortments as well as healthcare and cosmetic products complement the core portfolio.

Business segments and subsidiaries

The HARTMANN GROUP is divided into the business segments Wound Care, Incontinence Management, Infection Management, and Complementary Group divisions:

- In the Wound Care segment, HARTMANN provides a wide range of traditional and modern wound dressings.
- In the Incontinence Management segment, the focus is on absorbent products worn next to the skin for varying degrees of incontinence. This also includes products for patient hygiene and medical skin care.
- The Infection Management segment comprises the Risk Prevention and Disinfection divisions. Risk Prevention includes, among other things, customer-specific sterile component sets and disposable instruments, as well as clothing and patient covers for the operating theater. The Disinfection assortment includes products for hand disinfection as well as surface disinfection.
- The Group companies Kneipp, KOB and CMC are assigned to the Complementary Group Divisions segment.

Customer-centric, global organization

The HARTMANN GROUP is headquartered in Heidenheim an der Brenz, Germany. It is present in more than 130 countries and has its own companies in 36 countries worldwide. Since 2021 the Sales Regions have been divided into the home market of Germany, EMEA (Europe minus Germany, Middle East, and Africa), the Americas, and APAC (Asia and the Pacific Region). The Group's most significant production bases are in Germany, France, Spain, the Czech Republic and Switzerland, as well as in Russia, India and Turkey. Since October 2021, HARTMANN has been building a new plant for wound therapy products in Poland. Further information on the Group's organizational structure can be found in the basic facts on the Company provided in the current Annual Report.

Customer segments and sales channels

The focus of the medical product ranges is the provision of systems for professional users in clinics, doctors' practices, dispensing and non-dispensing pharmacies, care and retirement homes, specialist medical retailers, and products for home care. The portfolio is based on in-depth knowledge, many years of experience and a deep understanding of different customers' needs. In supplying medical and healthcare products, HARTMANN works with health authorities and other entities responsible for funding the healthcare system, as well as with dispensing and non-dispensing pharmacies.

HARTMANN markets its medical and end-consumer healthcare assortments primarily through pharmacies, specialist medical retailers, and online channels.

Principles of responsible action

HARTMANN's corporate culture is based on integrity, respect, and honesty. In addition to legal requirements, ethical principles and responsibility towards society are also decisive here. The guiderails for daily action are laid down in the Group-wide Code of Conduct. As a key behavioral compass, the Code expresses HARTMANN's expectations of its employees, customers, suppliers and business partners.

HARTMANN as a company is committed to acting responsibly. It has defined three core values as its compass in this:

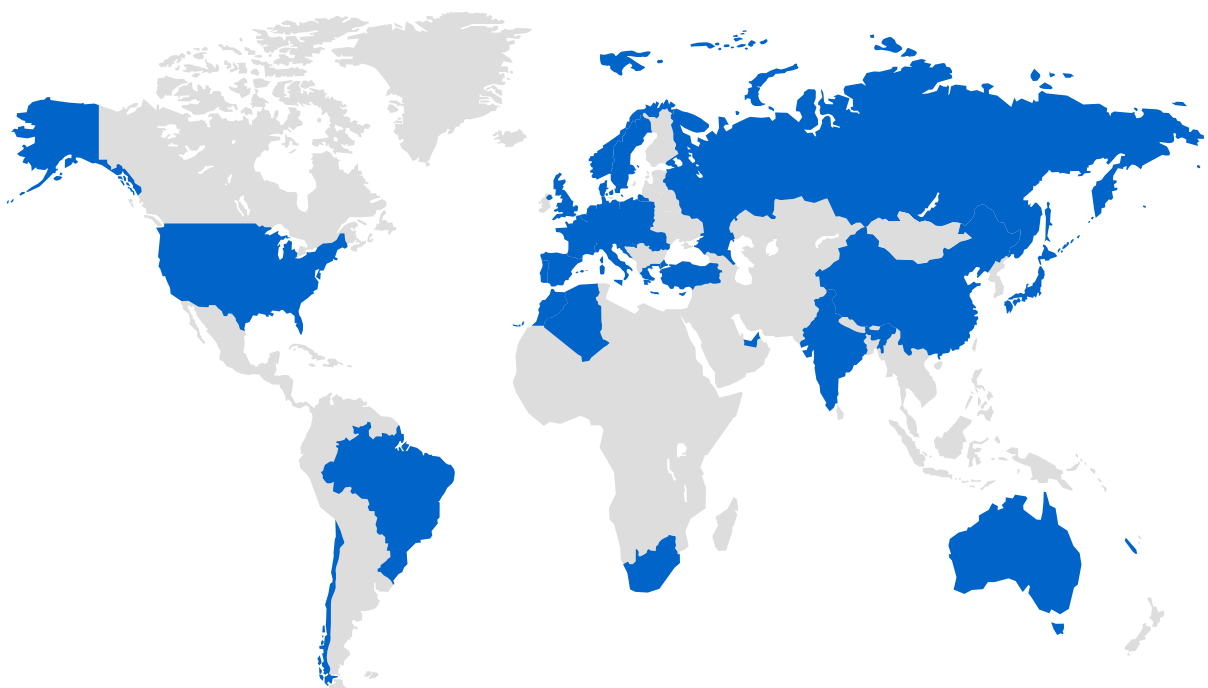
- > **High-performance:** HARTMANN strives to outperform the competition and accelerate profitable growth through a fact-based LEAN mindset.
- > **Customer-oriented:** HARTMANN places the customer at the center of all its actions and strives continually to meet and exceed customer expectations, in order to become their partner of choice.
- > **Passionate team:** HARTMANN forms a strong team in which the members trust, support and encourage each other by working passionately towards the common goal.

Business development 2021

The global corona pandemic once again had a significant impact on the business development of the HARTMANN GROUP in the 2021 reporting year. As a leading European provider of system solutions for medicine and care, with its Transformation Program HARTMANN is meeting the challenges and opportunities of the healthcare market. The corona-related economic slowdown in disinfectants and protective clothing also impacted earnings. The net impact of the pandemic was a reduced market, with bed occupancy in medical facilities remaining low and only a gradual increase in the number of operations, visits to doctors and retail purchases from pharmacies. A significant increase in material and transport costs compounded the situation. The strategic Transformation Program, on the other hand, had a very positive impact on consolidated earnings.

Including all business segments, the HARTMANN GROUP reported Group sales of EUR 2,301.8 million in 2021. Compared with the previous year, this equates to a moderate decline of -5.4%. Here, acquisitions/divestments, as well as the exchange rate effect, in each case at -0.1%, had a slightly negative impact on the HARTMANN GROUP's overall growth.

01 | HARTMANN GROUP SUBSIDIARIES IN 36 COUNTRIES



1.2 Corporate Governance and Compliance

As a globally active group of companies in the healthcare sector, HARTMANN is subject to numerous regulations, some of which differ greatly depending on location. Compliance with ethical and legal principles of conduct is a fundamental part of the Group's self-image and corporate culture. In its Code of Conduct HARTMANN sets out these principles and makes them binding for all employees.

The Compliance Management System ensures compliance with standards, laws and internal requirements through processes, guidelines, training, controls, and audits. As part of the global Compliance Program, local Compliance Officers are specifically responsible for managing country-specific risks and the local implementation of the Compliance Program. The Corporate Compliance Department holds central responsibility for managing the implementation and further development of the global Compliance Management system. The globally responsible Chief Compliance Officer oversees the implementation, adherence to and further development of the Program in all business areas. A unified system for reporting compliance violations is readily accessible to employees and external parties, and also provides the option of submitting reports anonymously.

Information on Opportunity and Risk Management can be found in the Opportunity and Risk Report within the current Annual Report.

Data Protection

For HARTMANN, the digitization of healthcare systems creates significant new opportunities in supporting customers and developing additional services. However, this entails managing an increasing volume of sensitive personal data that is strongly protected by legislation. HARTMANN approaches this through prevention measures implemented by its Data Protection Department. The data protection organization is managed globally. The Group Data Protection Officer monitors the further development and implementation of the Data Protection Management System as well as its integration in the divisions. In the respective national companies and subsidiaries, Data Protection Coordinators are appointed who serve as contact persons for the specialist departments, bundle topics, and direct these accordingly to the designated Data Protection Officers responsible or to the Group Data Protection Officer. There were no known violations of applicable national data protection laws during the reporting period.



CHAPTER 2

Sustainable Corporate Governance

HARTMANN consistently and carefully considers the economic, environmental and societal impacts of its business activities when taking decisions.

2.1 Our Sustainability Management

Sustainable Corporate Governance

Sustainability Management at HARTMANN has a firm foundation. As early as 2002 the Company introduced an integrated Health, Safety and Environmental Management System (HSE) based on internationally recognized standards for management systems including ISO 14001, ISO 50001, ISO 45001 (formerly OHSAS 18001) and ISO 9001. In addition, HARTMANN has implemented specific management systems at selected locations. These include the Eco-Management and Audit Scheme (EMAS) at Kneipp and at PAUL HARTMANN S.A. in Mataró, Spain.

Structure and organization of Sustainability Management

In order to centrally consolidate, manage and further develop all sustainability-relevant topics and projects, HARTMANN set up a cross-departmental Sustainability Task Force in 2020. This is headed by a Member of the Management Board and is staffed by sustainability experts and project managers responsible for central sustainability initiatives.

The Task Force also further develops the Company's approach to sustainability and ensures its implementation. The exchange and coordination between Group companies and locations is secured by various expert networks, which are also responsible for the overall coordination of targets and measures.

Materiality analysis

In 2020 the Sustainability Task Force carried out a materiality analysis and identified the material sustainability topics for HARTMANN: These include CO₂ management, product safety and quality, resource efficiency, sustainable packaging, and sustainable supply-chain management.

Based on the results of the materiality analysis, in 2021 HARTMANN systematically recorded and evaluated the status quo of its material sustainability topics throughout the Group. In doing so, the Company completed its database and compared existing processes with current and future requirements. For example, the location-specific CO₂ footprint (Scope 1 and 2) was calculated for the entire HARTMANN Group. In the next step HARTMANN will define further measures for CO₂ reduction on this basis.



CHAPTER 3

Product Responsibility

To ensure healthcare professionals and patients can rely 100% on HARTMANN solutions every single day, the Company is absolutely committed to the quality, safety and environmental compatibility of its products.

3.1 Our approach

Product portfolio

Professional system offers for Wound Care, Incontinence Management and Infection Management form the core of the portfolio. This is supplemented by consumer-oriented medical assortments, medical care and cosmetic products, as well as other products relating to health and well-being.

In the Wound Care segment, HARTMANN focuses on wound healing solutions and dressing materials. The broad spectrum of traditional and modern wound dressings includes a new range of silicone-coated, skin-friendly wound dressings, the established treatment concept HydroTherapy with the two products HydroClean® and HydroTac®, and the super-absorbent compresses of the Zetuvit® Plus product family.



In the Incontinence Management segment, the focus is on absorbent products worn next to the skin for varying degrees of incontinence. These include the product categories MoliCare® Premium Mobile, and MoliCare® Premium Elastic. Products for patient hygiene and skin care specially tailored to incontinence are also part of the assortment.



The Infection Management segment comprises the Risk Prevention and Disinfection divisions. In addition to customer-specific sterile component sets and examination gloves, Risk Prevention requires a broad product portfolio for surgical operation requirements. The latter includes, but is not limited to, sterilized peha® instruments, Foliodress® apparel and coverings, and Foliodrape® products used as disposable covers in hospital wards and surgical environments.



In the Disinfection division, HARTMANN develops and produces products for hand and surface disinfection to protect against infectious diseases: These include the disinfectant Sterillium®, which has received the Brand of the Century award several times in Germany. Sterillium® Protect & Care is available for end-users. Particularly during the corona pandemic, the systemically relevant importance of this product and solution portfolio in the Infection Management segment became especially clear.



The Group companies Kneipp, KOB and CMC are assigned to the Complementary Group Divisions segment. Products marketed by Kneipp include care products, food supplements, and herbal medicines, under the brand claim "Joyful by nature". KOB specializes in medical textiles and sanitary pads. CMC mainly focuses on retail brands in the Cotton/Cosmetic, Medical, Baby, and Home Consumer Medical Care sectors.



¹ "Pflichttext" for Sterillium® according to the German „Heilmittelwerbeengesetz“ (HWG), see page 43.

Market and regulatory requirements

The HARTMANN Group product portfolio is generally subject to highly complex regulatory requirements. Both the general and regulatory requirements are constantly increasing. One example is the new provisions of the European Medical Device Regulation (MDR).

Global standards and regulatory management

Through the e-NORM software, HARTMANN makes information available worldwide on the relevant standards and regulations to which all Group companies are subject. In addition, this software reliably keeps regulatory requirements for medical devices fully up to date, as well as further relevant product categories, product and process development activities. Furthermore, the system makes it easy for users to participate in managing standards and regulations. The software solution is in use at 17 locations in Germany, the Czech Republic, France, Italy, Switzerland, Spain, and the USA.



The production facility in Herbrechtingen manufactures incontinence products.



Research and development work

Through continual research and development work, HARTMANN ensures it provides products and services that meet the highest requirements in terms of functionality, practical usability, value for money, and safety. To this end, the Company closely involves its global subsidiaries in the product development process. Examples include Group-wide Product Lifecycle Management (PLM) and Change Control Management. In the year under review, the Company invested EUR 94.9 million (2020: EUR 89.3 million) in research and development.

Product innovation

Product development at HARTMANN incorporates user experience and expectations, functional analyses and medical findings, as well as the latest findings from materials science and technological research, experience from our own production, current market data, key aspects of ergonomics and the latest advances in functional design.

Great attention is also paid to sustainability aspects. Through targeted material selection and functional product design, HARTMANN maximizes the value added by its products and at the same time minimizes any possible negative environmental impacts. For example, this is achieved by reducing the specific quantity of materials employed, reducing or even completely eliminating production waste – e. g. in case of textile scraps – and selecting more environmentally friendly materials. The Company also continually optimizes the sustainability of its products through well thought-out product concepts that allow customers to use fewer products or lower product quantities to achieve the same performance and function.

In packaging development, simplification, eliminating certain packaging stages, and the consistent use of recycled and recyclable materials all offer major sustainability optimization potential. HARTMANN has systematically organized its product development work, and processes and supports this with systems such as Product Lifecycle Management (PLM).



Cosmopor® Silicone, the first sterile post-operative wound dressing with silicone technology.

3.2 Safe, high-quality products

Certifications

The majority of HARTMANN products are certified according to the new EU Medical Device Regulation 2017/745. In addition, the majority of the Group's locations hold ISO 9001 or ISO 13485 certifications for their Quality Management Systems – and many locations are certified to both standards.

Regulatory Affairs

The Regulatory Affairs Department has given high priority to implementing the regulatory requirements of the MDR. In general, this Department monitors the standards and guidelines particularly relevant to HARTMANN.

In 2021 a focus of the Department was on implementing conformity assessment procedures and the associated management of technical documentation. Furthermore, the Department additionally focused on the challenges facing HARTMANN arising from the UK's withdrawal from the EU ("Brexit").

Product safety

The HARTMANN Group's medical product portfolio includes Class 1 products (no or very low risk to patients), 2a (medium risk) and 2b (medium to high risk). For all Class 1 products, the implementation of the Medical Device Regulation (MDR) has already been completed.

Complaints

HARTMANN has set out in binding guidelines the core procedure for product complaints and the measures to be taken in the event of any incident. The Company always regards complaints as an opportunity for quality improvements and to strengthen its customer relationships through competent and timely processing. Measured by sales figures, HARTMANN recorded a very low number of complaints in the reporting period.



3.3 Environmentally friendly products

Life Cycle Assessments

To provide its Product Developers with sound data for product optimization, in recent years HARTMANN has also carried out Life Cycle Assessments (LCA) and analyzed all environmental impacts in accordance with ISO 14040 and ISO 14044. The LCA results within the Incontinence Management and Risk Prevention divisions provide a basis for the further development of products aligned with sustainability goals. HARTMANN is currently further expanding the scope of the LCAs it carries out.

All LCAs at HARTMANN so far have identified raw material consumption as a key driver of environmental impacts. The Company plans to achieve further significant improvements in the sustainability of its products through intelligent product design. In Incontinence Management, for example, the Company is optimizing its products to reduce packaging volume, storage space, and road freight requirements.

Sustainable materials

Modifications of medical device product compositions, the materials they use and their packaging cannot be carried out quickly due to regulatory requirements. Nevertheless, HARTMANN consistently takes all possible opportunities to investigate more sustainable product solutions. The Company has implemented appropriate supply-chain certifications at its locations that work with a high volume of wood-based materials, in particular cellulose. Various locations in Germany, France, Italy, Switzerland, and Spain hold FSC® Chain of Custody certification (FSC® C131245). Appropriate product certifications are implemented wherever the market requires this.

At HARTMANN, cellulose and other pulp fibers make up the largest share of the raw material requirement. The Company sources cellulose for incontinence

products mainly from North America and Scandinavia; this originates mainly from certified sustainable forestry. All cellulose is bleached free of chlorine gas. This reduces the amount of absorbable organic halogens (AOX) in pulp mill wastewater. The subsidiaries also implement sustainability measures with regard to raw materials and ingredients. For example, the shower products and soaps produced by Kneipp consist of 98% biodegradable ingredients. KOB provides latex-free dressing retention bandages as well as compression and support bandages that contain high proportions of natural fibers. CMC manufactures cotton swabs as a biodegradable product with environmentally friendly paper shafts and packaging (ISEGA Certificate ISO 13432). The cardboard boxes used by all HARTMANN Divisions consist mainly of recycled fibers. Besides the above, HARTMANN has implemented various systemic measures to save material and avoid waste. For example, in the Risk Prevention area the use of materials and packaging concepts



All the cellulose used in incontinence products is bleached without chlorine gas.

are continuously reviewed and optimized. Within a design-to-cost project HARTMANN has optimized the use of materials for surgical operation covers by making design changes, thus improving transport, storage and sterilization conditions.

Recycling and disposal at the end of the product life cycle

HARTMANN distinguishes between the disposal and recycling of used products, as well as between the reduction and recycling of production-related waste (see page 27, Raw material and waste management). For the majority of products, industrial recycling after use is not possible or only partly possible, as these come into contact with body fluids during use. However, the used products can be routed for thermal recovery and thus serve to recover energy. Within EDANA (European Disposables And Nonwovens Association) – the world's leading nonwoven textiles association – HARTMANN is working on projects that will in future also enable the material recovery of raw materials from used hygiene products.

For example, CMC provides cotton pads in PE bags containing recycle and packs a large proportion of its retail medical products in paper packaging. The Incontinence Management division already implemented packaging optimizations for its MoliCare® Bed Mats in 2020 and successfully marketed these. As a result, through packaging optimizations over 20,000 pallets were saved in the year under review, with storage and transport capacity requirements also reduced in this area. In the years to come, the Company will expand this optimization program to further Incontinence assortments.

KOB mainly uses folding cartons and shipping boxes made of 100% recycled material. In isolated cases it also uses packaging made of certified, renewable raw materials.

Sustainable packaging and transport optimization

In developing more sustainable packaging, the specific regulations for sterile medical devices need to be taken into account very carefully. HARTMANN has already launched a large number of projects and measures with the aim of continually optimizing the sustainability of its packaging.



KNEIPP: Lip balm award

Natural Red colored lip balm by Kneipp, launched in March 2021, won the international Red Dot Design Award 2021. It complements the Kneipp color-free lip balm series introduced in 2019, which has itself already received several awards for its sustainable packaging concept, including the German Sustainability Award Design 2020 in the "Pioneer" category.

The cap of the colored lip balm is made of the innovative material Paper Blend and thus of 99% organic-based raw materials. Kneipp uses a mixture of Paper Blend and cork for the lower cylinder: The cork used consists of residual cork from the production of wine-bottle corks, among other sources. The folding carton has a grass content of 25% – a particularly fast self-renewing raw material. Furthermore, the production of grass-based paper requires around 3,000 liters less water per metric ton than commercial paper. The raw materials used for the lip balms bear the OK Compost EN13432 Certificate and can be composted under industrial conditions. In 2021 Kneipp was already awarded the independent GREEN BRAND seal for its sustainability strategy for the fifth time.

In the Disinfection division, HARTMANN successfully reduced the empty volume of the 750 ml bottle of its disinfectant Bacillo® 30 Sensitive Foam by 30 cm³, thus reducing the volume of material required. In 2017 HARTMANN switched to using a concentrate for the production of Mikrobac® Tissues disinfection wipes, which led to savings of over 80% in transportation and other costs.

Kneipp continuously optimizes its packaging concepts and has developed a strategy for sustainable packaging. For example, this company has set itself the goal of using natural paper alternatives that do not contain virgin wood fiber. 50% of paper packaging

at Kneipp has already been converted and in the current year the plan is to achieve close to 100% through further steps; from 2023, all packaging should be fully recyclable. At the same time, Kneipp is working on the independent external certification of the recyclates used in its packaging. Kneipp's overall declared objective is to replace all plastics, including recycled plastics, with more sustainable alternatives by 2025. The strategy is already showing initial success: In 2021 Kneipp successfully reduced plastics in its packaging by approximately 26% compared to 2018.



CMC:

Sustainable cotton pads

CMC is a member of Sedex, an organization of and for companies committed to continuously improving ethical behavior throughout their supply chain. CMC developed its Bel nature cotton pads based on sustainable criteria, from production, through the product itself, to packaging. The company manufactures the cotton pads at an ISO 14001 and 50001-certified production facility, and procures 100% of its electricity from renewable energy sources. The pads consist entirely of cotton, a renewable and biodegradable raw material. Additionally, this cotton is GOTS-certified: The Global Organic Textile Standard is recognized as a globally leading standard for the processing of organically produced natural fibers. The packaging is 80% recyclate and 100% recyclable, as it consists of only one material.

3.4 Customer focus and e-health

Market analysis

HARTMANN relies on a wide-ranging, international competence network to meet current market demands optimally. The Company works closely with its medical and healthcare partners to best understand their product-feature and application requirements. Furthermore, HARTMANN maintains close contact with leading research and healthcare institutions in developing and testing innovative solutions.

HARTMANN regularly utilizes satisfaction analyses and customer surveys to identify its business partners' and customers' requirements. The Company also conducts market research and analyzes the reasons for complaints and grievances. In the field of e-health, market acceptance tests for product launches or changes are also carried out. Combining the results of these with feedback from its sales team consistently enables HARTMANN to adapt quickly and in a targeted way to customer requests.

Digital business models and e-business channels

The ongoing digitization of healthcare systems promises significant improvements with regard to upcoming cost and performance challenges; it is also changing and strengthening the role of patients, who are actively influencing the market through their demand for online health information offers and the private financing of health services. HARTMANN recognized these trends early on and focused on new digital business models and strengthening its e-business channels. For instance, HARTMANN is developing digital business models for the Infection Prevention area (e.g. M: IP® – Mission: Infection Prevention, see page 18) as well as for hospitals' and care homes' procurement management.

At the end of 2019 the HARTMANN GROUP launched the department Global Digital Business. This evaluates digitization initiatives arising at the local level against market and customer demands, and examines the possibilities for standardization or a global rollout. The Area manages four digital hubs: The hub in Hamburg, Germany focuses on hygiene; in Schaffhausen, Switzerland, the focus is on business models for care homes; the hub in Barcelona, Spain, primarily addresses hospitals and pharmacies with its solutions; and the Stuttgart, Germany hub develops digital solutions for the care sector.



HARTMANN simplifies healthcare – digitally too.

From product to solution provider

Every year up to 3.5 million people across Europe contract an infection as a result of a stay in a hospital or nursing facility. Approximately one in every three infections in hospital are considered preventable. In this regard HARTMANN sees itself as having a special responsibility with its expertise and product range, so the Company has launched the Mission: Infection Prevention (M: IP®) initiative to improve infection prevention in the medical and healthcare sector.

Under the responsibility of the Risk Prevention and Disinfection divisions, M: IP® takes an integrated view of infection prevention. Within this initiative HARTMANN has brought together all prevention options for customers. These include products that the divisions already offer, as well as extensive experience and expertise in the field of Infection Prevention based on many years of collaboration with experts and partner organizations in the healthcare sector.

Furthermore, as part of the initiative HARTMANN is also developing innovative digital products to improve hygiene compliance, the digital documentation of standardized hygiene procedures, and process improvements. In addition, M: IP® actively encourages the development of new products, including pre-assembled, sterile, and customer-specific sets (MediSets) to simplify nursing processes such as inserting peripheral venous catheters (PVK).

The decisive factor in all activities is the opportunity to give customers more latitude for other important activities and more time for patient care in their daily work.

Digital hygiene apps

With its digital hygiene apps Observe and My Hygiene SOP, HARTMANN provides apps to simplify the monitoring and evaluation of hygiene compliance via a smartphone or tablet. In hospitals and care homes, hygiene professionals can use Observe to monitor hand disinfection and document in the app whether this is carried out at the correct moment. Both apps record data anonymously, evaluate them automatically, and display them graphically.

The My Hygiene SOP app helps healthcare providers achieve higher hygiene compliance by enabling them to define standard operating procedures (SOPs) as well as observe and analyze their implementation. With its apps HARTMANN is increasingly positioning itself as an innovative provider of digital solutions.



WOUND CARE:

Wound analysis with artificial intelligence

As a leading company in the field of wound care, HARTMANN is now providing doctors and nursing professionals with even better support in wound analysis. The number of chronic wounds is increasing rapidly worldwide, and wound analysis is time-consuming. This is where the innovative, digital wound care system Vintens® comes in. It consists of a wound scanner and a database of wound images that enables wound analysis using artificial intelligence. The analysis results can be incorporated into the overall care plan to increase the quality of care, saving doctors and nurses valuable time while also reducing treatment costs. Market launch for Vintens® is planned for multiple countries in 2022, including Germany.

3.5 Responsibility in the supply chain

Global supply chain

As a global company, HARTMANN has also structured its supply chain globally. It allows the Company to respond flexibly and rapidly to short-term developments, supply-chain instabilities, and changing customer needs, thus enabling HARTMANN to increase its resilience and competitiveness. Close contact and trusting relationships with suppliers, in conjunction with clear regulations, ensure the necessary transparency and stability in the supply chain.

HARTMANN purchases raw materials worth hundreds of millions of Euros annually from the USA, Europe, and Asia (primarily Malaysia and China) regions. Cellulose fluff accounts for the bulk of the procurement volume; superabsorbent polymers and nonwoven fabrics as well as nitrile, cardboard, film, and cotton are further relevant materials.

Procurement strategy

Corporate Procurement is organized into the Direct and Indirect Procurement categories; it is also organized in the countries according to product groups

and divisions. Within this, the topic of sustainability is anchored at various levels: Universally in the product group and supplier strategy; in terms of implementation through processes such as supplier selection, rating, and audits; and in additional agreements such as the Compliance Declaration and the Master Supplier Agreement.

HARTMANN has identified seven value drivers for Procurement (see Figure 02), which are operationalized through various measures. One of these value drivers focuses on requiring suppliers to uphold sustainability standards.

Collaboration with suppliers

All suppliers must accept the principles of ethical business set out in the HARTMANN Code of Conduct or apply their own comparable principles, which they must verifiably implement along the value chain and supply chain. Once the contract is agreed, suppliers sign a Compliance Declaration and the HARTMANN Code of Conduct (COC). In the COC, HARTMANN requires full compliance with health and safety standards as well as with fundamental employee rights

02 | PROCUREMENT VALUE DRIVERS



regarding working hours, remuneration, freedom of assembly, collective bargaining, the ban on child labor, and compliance with environmental protection regulations.

These requirements are based on international standards such as the United Nations Universal Declaration of Human Rights, the conventions of the International Labour Organization (ILO) and its Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Rights of the Child. In compliance with these principles, HARTMANN applies the guidelines of the United Nations Global Compact and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. The contract also contains specific arrangements that enable HARTMANN to terminate the business relationship if a supplier violates certain agreements. Further, it governs HARTMANN's right to audit suppliers.

Supplier assessment and monitoring

HARTMANN has introduced a standardized supplier-selection process that sets out the planning, selection, initial assessment, and approval of suppliers. When complete it enables the necessary documents to be drawn up so the supplier can begin to provide

goods and services. During the selection process, HARTMANN checks the risks specified in the Code of Conduct and in the supplier assessment. Supplier qualification includes both quality and sustainability criteria. Audits, supplier visits, and material tests based on these specifications are utilized to monitor and verify existing suppliers regularly. Supplier training and the approach to dealing with violations are also standardized throughout the process and follow established rules.

Working in partnership

HARTMANN sees a partnership-based, trusting collaboration with its suppliers as the cornerstone of the Company's sustained economic development and as vital in ensuring the high quality and cost-effectiveness of its products. The HARTMANN GROUP therefore includes its suppliers as partners in its innovation goal-setting and process optimization activities; suppliers also provide stimuli for customer-focused product improvements. HARTMANN is convinced that only a trusting relationship with supply partners can lead to a sustainable increase in value creation.





CHAPTER 4

Responsibility for the Environment and Climate

As a global manufacturing company, HARTMANN embraces its corporate responsibility for helping to protect natural resources. In parallel it continually minimizes the negative impacts of its own business activities with a forward-looking Environmental and Climate Protection Management System. Within the value chain, innovative product design and the efficient use of resources are the greatest levers in cutting emissions.

4.1 Our approach to environmental and climate protection

Structure and organization of the Environmental and Climate Protection Management System

Responsibilities are anchored across the Group as well as locally in the country organizations and subsidiaries.

- > **Global responsibility:** Overall responsibility for efficient environmental management in compliance with regulations lies with the Management Board of Paul Hartmann AG, with the Health, Safety & Environment (HSE) department driving it operationally.
- > **Local management:** At the local level, the Managing Directors as well as Plant, Sales, and Administrative Managers of the country organizations and subsidiaries ensure that all legal and Company-wide requirements are implemented.

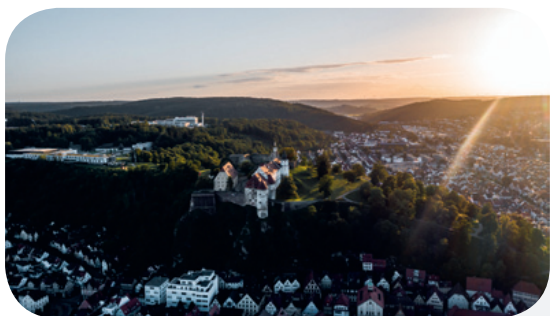
Local environmental experts and the HARTMANN GROUP HSE Management department support local management with professional advice. Through global and regional events, HARTMANN ensures that experts regularly exchange ideas for continuous improvement.

Comprehensive Environmental Management System

The constant aim at HARTMANN is to minimize the potential negative environmental impacts of its own business activities. To this end, the Company has established internal principles for efficient environmental management and its legally compliant implementation. HARTMANN consistently complies with environmentally relevant regulations and laws at the local, regional, and global levels. Although the pandemic placed particularly high demands on the global environmental organization in the reporting year, HARTMANN was able to maintain all its existing certifications. This applies to the Environmental, Energy, and Occupational Safety Management Systems as well as to the supply-chain certifications for sustainable forestry. In accordance with the guidelines, HARTMANN trains all employees on HSE issues and raises their awareness of these topics when they join. This is followed by repeated, focused training cycles. In the reporting year, HARTMANN expanded its internal communication on HSE topics to strengthen employees' understanding of how important these are.

Documentation of environmental performance

HARTMANN regularly collects data on energy consumption and water use, as well as on wastewater emissions and waste volumes in the country organizations and subsidiaries. Based on the data gathered, the Company identifies site-specific potentials for improvement and establishes action plans for implementation.



Certified Sites

The Group operates Environmental Management Systems at most of its production and logistics sites. Accordingly, 20 sites are ISO 14001-certified and two are EMAS-certified. In addition, ten sites have an ISO 45001-certified Health and Safety Management System as well as an ISO 50001-certified Energy Management System. External certification bodies regularly check all certified sites for conformity with respective standards.

4.2 Energy and climate protection

Energy efficiency

HARTMANN sees increasing its energy efficiency as part of its corporate responsibility and as a valuable contribution to climate protection. As a corporate group, HARTMANN uses primary and secondary energy, with electricity the dominant energy source. In terms of energy consumption, the production and logistics sites are especially relevant in this respect. Textile processes in particular, such as the yarn production and bleaching or drying goods, are energy-intensive. This also applies to the operation of clean rooms, with their associated ventilation and air-conditioning processes. Environmentally friendly and energy-efficient site operation is one of the core levers for reducing environmental impacts and the associated costs.

Energy management

Regarding energy management at its sites, HARTMANN particularly emphasizes reducing direct and indirect fossil fuel consumption. Depending on the site, the country organizations and subsidiaries manage their energy consumption with Environmen-

tal or dedicated Energy Management Systems. In the reporting period, HARTMANN implemented the EnergieManagerPRO energy-data collection system at selected sites.

To operate its production and logistics sites, HARTMANN uses an energy mix that is both economical and environmentally friendly. At its headquarters, HARTMANN sourced electricity from the municipal utility grid during the reporting period; here, renewable energy accounted for approximately 60% of the energy mix. To promote the generation of its own electricity, HARTMANN has equipped selected pilot sites in Switzerland and India with photovoltaic systems. Going forward, the Company will examine the use of solar energy generated by photovoltaic or solar thermal systems in all new buildings. HARTMANN also strives for continuous improvement at its sites through energy efficiency measures that include switching over textile production to a more energy-saving weaving method and the efficient ground-water-based cooling of its new headquarters building in Heidenheim, Germany.

HARTMANN SPAIN:

HARTMANN for Future

In 2020 HARTMANN Spain launched the HARTMANN for Future project, building on previous sustainability efforts. The project aims to reduce the negative impact of business activities on the environment. To achieve this, the country organization is developing measures in the areas of energy consumption, waste, Product Lifecycle Management, transportation, and emissions. Similarly, it plans to strengthen activities to increase products' environmental sustainability, operate buildings more efficiently, and intensify communication on its sustainability performance. HARTMANN Spain published its first Sustainability Report back in 2012, with annual editions published since 2020.



Greenhouse gas emissions

Direct and indirect emissions caused by energy consumption contribute to climate change. Greenhouse gas emissions are also generated in the upstream and downstream value chain. To counter this, HARTMANN is developing a roadmap to achieve carbon neutrality (Scope 1 and Scope 2).

To produce this, HARTMANN converted the consumption data collected across the Group using emission factors and carried out an emissions footprint analysis (Scope 1 and Scope 2) for the 2018 to 2021 financial years. With a large number of administration, manufacturing, and warehousing facilities, the Group has a highly fragmented consumer structure. HARTMANN collected relevant data from the country organizations and subsidiaries, verified their plausibility, and consolidated them at Group level.

Total greenhouse gas emissions are calculated in accordance with the internationally recognized Greenhouse Gas (GHG) Protocol Standard, with HARTMANN taking both direct and indirect emissions into account. Direct emissions are generated by sources that the Company either owns or controls; these include combustion processes at stationary plants as well as in distribution, transportation, and logistics processes using the Company's own and leased vehicles (Scope 1). Indirect emissions are produced through using secondary energy sources such as purchased electricity and district heating (Scope 2).

If available, HARTMANN calculates greenhouse gas emissions from the purchase of electricity using either supplier-specific emission factors or the emission factors of the respective national electricity mix.

Carbon neutrality

In the reporting period the Company began to develop a CO₂ Roadmap to achieve the Group-wide objective of climate neutrality and address site-related targets. HARTMANN sees energy efficiency and the switch to renewable energies as the major levers in reducing its own CO₂ emissions, with the Company's own energy production also having a limited impact. HARTMANN considers offsetting emissions to be a secondary solution.

Beyond its own business activities (Scope 3), the use of raw materials in the upstream and downstream value chain has a particular influence on overall emissions. In the years to come, HARTMANN therefore plans to develop a roadmap to reduce corresponding Scope 3 emissions.

KOB:

Eco-friendly coating

KOB evaluates the environmental impact of products, technologies, and processes before introducing them. The goal is to save resources such as energy and water through environmentally friendly processes and technologies. In 2020 the company put a new cooling system for the coating process into operation at the main production plant in Wolfstein, Germany. This ensures that medical textiles are produced in a more sustainable way and helps reduce climate-damaging greenhouse gas emissions. Thanks to this system, energy consumption was reduced by 8% and solvent use by 40%. In addition, the company has replaced conventional refrigerant with a natural, significantly lower-emissions product and also cut the amount used



03 | **ENERGY USE AND GENERATION** in MWh¹

	2018	2019	2020	2021
Total energy use	287,961	304,203	282,643	290,696
Direct energy use	112,237	119,546	109,168	111,159
Of which natural gas	96,360	103,567	99,074	102,358
Of which diesel ²	15,877	15,979	10,094	8,801
Indirect energy use	175,558	184,499	173,338	179,391
Of which electricity	165,881	174,432	162,075	165,424
Of which district heating	9,677	10,067	11,263	13,967
Own energy generation	166.2	158.2	136.5	145.3

¹ Deviations between individual positions and the total sum are due to rounding.

² Only includes consumption at Paul Hartmann AG.

04 | **GHG EMISSIONS** in t CO₂e^{1, 5}

	2018	2019	2020	2021 ²
Total GHG emissions	71,581	73,148	61,392	62,023
Total Scope 1 emissions	24,077	25,760	23,253	23,859
Of which direct energy consumption in production	19,901	21,557	20,524	21,479
Of which direct energy consumption by the HARTMANN vehicle fleet ³	4,176	4,203	2,729 ⁴	2,380
Total Scope 2 emissions	47,504	47,389	38,138	38,164
Of which electricity	45,203	44,654	35,236	34,568
Of which district heating	2,301	2,735	2,902	3,596

¹ Deviations between individual positions and the total sum are due to rounding.

² Where no current (2021) emissions factors were presented, 2020 emissions factors were used. This applies particularly to smaller locations.

³ Only includes consumption at Paul Hartmann AG.

⁴ Extrapolated data were used in some cases (2020: August to October).

⁵ The coverage of the CO₂ analysis for Scope 1 and Scope 2 is 99% for the energy types gas, electricity and district heating. The analysis does not include the CO₂ emissions of smaller locations or vehicle fleets at international companies.

KNEIPP:

Climate neutrality and sustainable products

Kneipp has implemented numerous measures contributing to sustainable production in recent years. Since 2010 the company has used hydroelectric power and feeds a large amount of heat from production into the heating system. Further, Kneipp harnesses waste heat from compressors to preheat process water. The focus is also on sustainability when it comes to products – from the purchase of raw materials, through production and packaging, to logistics. By 2025 the company plans to phase out plastics in packaging and to use a bio-based material instead. Kneipp calculates both the company's and its products' emissions footprint, and works continually to reduce emissions. This HARTMANN subsidiary offsets unavoidable Scope 1 and Scope 2 emissions with certified climate protection projects. Kneipp has been climate-neutral since the end of 2020. In the current year, the company is taking the next step to make its entire product portfolio CO₂ neutral.



HARTMANN GB:

Emissions and energy consumption reduced

To cut CO₂ emissions, HARTMANN GB in the United Kingdom is successively converting its company fleet to low-emissions vehicles, with 93% of all vehicles newly leased in 2021 either hybrid or electric. Although only 3% of the entire fleet had environmentally friendly fuel systems in 2018, 43% of the fleet is now equipped with them.

In addition, HARTMANN GB is intensifying its work on more energy-efficient site operation. Towards this goal, in 2019 the company installed energy-saving smart lighting and thereby reduced energy consumption by 15%.

4.3 Resource efficiency

Efficient use of raw materials and resources

To manufacture its products, the HARTMANN GROUP uses a wide range of materials that includes renewable raw materials such as pine cellulose and cotton as well as petroleum-based raw materials such as polyethylene and polypropylene. HARTMANN works continually to reduce its consumption of raw materials and resources right from the product-development stage as well as in its production processes.

Raw material and waste management system

Waste cannot be entirely eliminated from HARTMANN's production processes. Nevertheless, through its Raw Material and Waste Management System the HARTMANN GROUP aims to use raw materials as efficiently as possible and to reuse materials. Approximately 21,300 metric tons of waste were recorded in the reporting period (2020: 22,504 metric tons).

The Company works continuously to minimize material losses and waste in production. HARTMANN separates production-process waste according to different waste types and ensures it is disposed of correctly. Care is also taken to increase the overall proportion of materials returned to the material cycle and to increase their purity.

In the manufacture of incontinence products, some production waste is reused internally. Through an in-house recycling process, the absorbent material is separated from the outer material in such a way that it can be returned directly to the production process. This significantly reduces the overall amount of waste and reduces the required volume of primary raw materials.

Since waste prevention measures are an integral component of corporate environmental protection, HARTMANN also regularly raises its employees' awareness of the importance of waste prevention and separation.

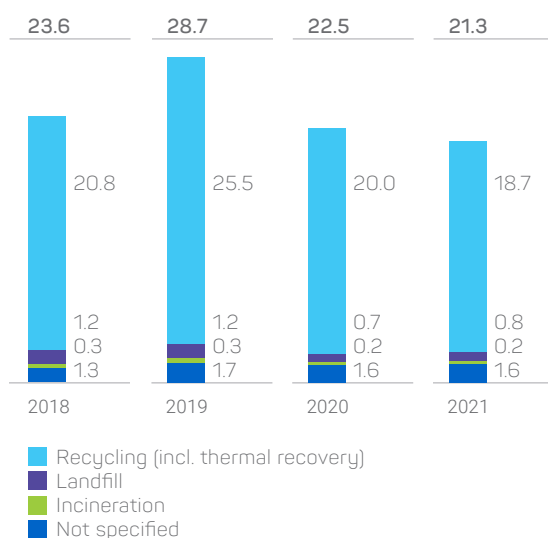
Water management

Clean drinking water is becoming increasingly scarce worldwide due to climate change, industrial pollution, and global population growth. In view of this, sustainable water management is one of the core elements of environmental protection measures at HARTMANN. The Company records its water consumption and wastewater globally, and is committed to the responsible use of resources along the entire value chain.

For HARTMANN, water is an essential resource for the manufacture of textile products and other items in the assortment, as well as for air conditioning its buildings. HARTMANN therefore strives consistently to minimize water consumption and wastewater in all areas of the Company and processes.

05 | WASTE

HARTMANN GROUP in million metric tons¹



¹ Extrapolated data were used in some cases.
This applies particularly to smaller locations.

The Company also protects sensitive springs, wells and reservoirs near its production sites. Water scarcity is a major issue, particularly at the Company's site in India. There, HARTMANN is using water-saving systems and working to replace drinking water with alternative water sources such as rainwater or well water wherever this is possible and practically feasible.

HARTMANN discharges most of its wastewater into the municipal sewage system as industrial or sanitary wastewater. It uses its own water treatment systems at critical sites, and regularly checks wastewater at its sites for quality and possible contamination. The Company is pleased to report that there were no breaches of official thresholds in the reporting period.

06 | **WATER WITHDRAWAL AND WASTEWATER** in m³,¹

	2018	2019	2020	2021
Total water withdrawal	748,841	712,161	705,698	692,402
Of which groundwater (wells)	306,447	265,764	288,224	309,140
Of which municipal water grid	442,394	446,397	417,474	383,262
Total wastewater	485,286	424,703	392,880	424,101

¹ Extrapolated data were used in some cases. This applies particularly to smaller locations.

WASTE 2.0:

Project launched by the Incontinence Management segment

In 2020 HARTMANN's Incontinence Management segment launched Waste 2.0. This project targets a 50% reduction in excess material in the manufacture of incontinence products by 2026. The leverage potential is huge: Material waste occurs within production processes for instance when production lines are ramped up following extended downtime, or when feed rolls are swapped out. Just one year since the project launch, the "Inco Waste team" reached a milestone: Actual material excess fell by 13% between 2020 and 2021. In its first year, the project focused on more efficient use of production materials such as spiral-shaped cellulose fibers, cellulose, superabsorbent polymers and nonwoven fabrics. The measures to prevent material excess were developed by a cross-disciplinary project team.





CHAPTER 5

Responsibility for our Employees

HARTMANN has a workforce of more than 10,600 employees worldwide. They are a key pillar of the Company's success, contributing every day to ensuring the HARTMANN GROUP is able to fulfil its business mandate. The basis for this is a performance-oriented working atmosphere characterized by mutual respect, in which everyone is encouraged to develop their skills continuously and to get actively involved.

5.1 Our Human Resources management

As at 31 December 2021, the HARTMANN GROUP comprised more than 10,628 employees worldwide. This figure corresponds to that of the previous year. In Germany, the number of employees rose by 25; in the key European markets outside Germany, the number of employees fell by 43, a drop of 0.8%. Growth in production-capacity utilization in India meant that outside Europe, the number of employees rose by 21 and thus by 2.2%.

Challenges

Human Resources is currently tackling three major challenges: The COVID-19 pandemic, the shortage of skilled employees, and the Company's Transformation Program. With the consistent implementation of hygiene measures, adjustments to shift models, and a rapid transition to mobile working, HARTMANN has taken the necessary steps to protect its workforce during the pandemic. The Company is in a position to react quickly and appropriately to future developments of the pandemic.

The general shortage of skilled employees, which is particularly acute in many regions, is a key challenge for Human Resources. This will worsen even further

due to the foreseeable growth in demand for professionals with special skills such as digitization. In light of this, HARTMANN's approach relies on the strategic development of its workforce and a corresponding intensification and orientation of its recruitment effort.

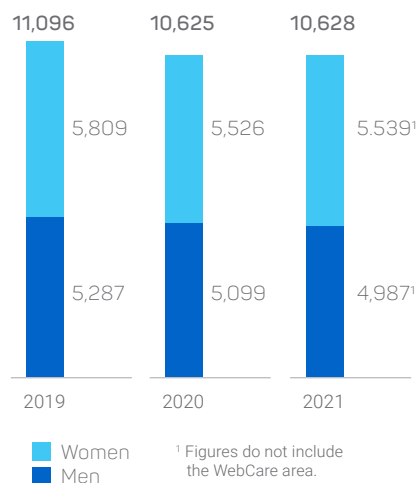
In addition, as HARTMANN undergoes transformation the Company is also supporting it through proactive change management and further developing the Company culture. HARTMANN has taken comprehensive measures in Human Resources management and implemented the PEOPLE Strategy. (For details of the PEOPLE Strategy please see Chapter 5.2).

Human Resources organization

The Company's HR structure reflects HARTMANN's global presence and the local responsibilities in the country organizations and subsidiaries. Internal HR Business Partners (Human Resources managers) carry out implementation on location. This enables HARTMANN to harness synergies Group-wide and at the same time deploy local expertise in a targeted and effective way.

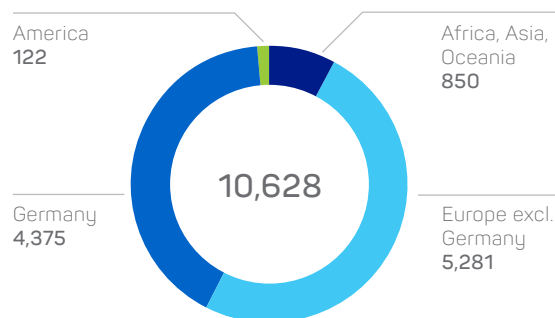
07 | EMPLOYEES BY GENDER

HARTMANN GROUP, number of employees



08 | EMPLOYEES BY REGION

HARTMANN GROUP 2021, number of employees



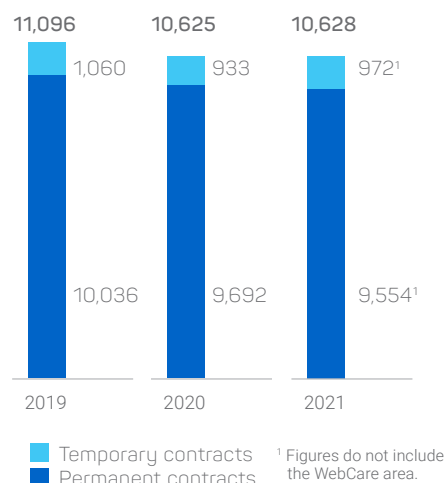
HARTMANN strives to achieve uniform global standards in HR. The Company aims to establish binding regulations for managers and employees regarding the recruitment process, talent acquisition, employee development, remuneration, diversity, and HR services. Via the HR Business Partners in the local country organizations and subsidiaries, global Human Resources management assumes a key function in strategic consultation and operational organizational development.

Harmonization of HR measures

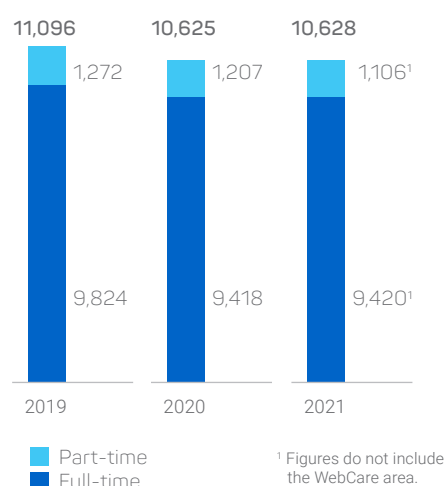
The global network of HR Business Partners in the local country organizations and subsidiaries is a key pillar of HR management worldwide. A range of communication and information-exchange formats support internal coordination. HARTMANN sets up internationally relevant projects Group-wide and then implements these regionally. Furthermore, since 2015 the Company has been working to harmonize location-specific measures across countries. Variable remuneration models have been standardized across countries and the HR management software SAP SuccessFactors has been established as the technological basis for international HR management.

The Group devised its Performance Development Practices (PDP) in 2020. These were largely implemented by the end of 2021, providing a global uniform standard for target-setting, feedback, performance evaluations, development reviews, and cyclical development meetings. Additional programs and practices to supplement the PDP are being phased in progressively. One example is the Recognition and Reward Platform, which promotes a culture of recognition of outstanding performance and conduct.

09 | EMPLOYEES BY EMPLOYMENT CONTRACT HARTMANN GROUP, number of employees



10 | EMPLOYEES BY EMPLOYMENT TYPE HARTMANN GROUP, number of employees



5.2 The PEOPLE Strategy

Based on core Company values

Committed, successful, and healthy employees are fundamental to the long-term success of the Company. Based on this belief, HARTMANN has implemented the PEOPLE Strategy, which builds on the core values of high-performance, customer-oriented, and passionate team.

With five clearly defined fields of action, the PEOPLE Strategy lays the foundation for establishing the Company's culture. HARTMANN wants to empower employees to contribute to the Company's success and have a positive impact on the lives of customers and patients.

The five fields of action of the HARTMANN PEOPLE Strategy are:

- > **Lean Company**
- > **People Culture** (employee oriented)
- > **Curious Learner** (employees hungry for knowledge)
- > **Talent Magnet** (attractive to talented people)
- > **Employer of Choice**

Benefits for employees

Only employees who feel comfortable, respected, and recognized in their workplace can develop to their full potential. In addition to performance-based remuneration, HARTMANN therefore offers various additional material and non-material benefits. In the local country organizations and subsidiaries, benefits are currently managed separately and comply with local standards in each country. Country-specific benefits include, amongst others, company car arrangements, occupational pension provision, subsidies or preferential rates for sports centers, and participation in sporting events or sports team offers.

Work-life balance

A healthy work-life balance is increasingly regarded as key to job satisfaction. It has a significant impact on employees' commitment and length of service to the Company. HARTMANN supports employees in finding a balance between their work and private life.

This includes offering flexible working arrangements such as the option of mobile working for location-independent occupations. HARTMANN had already

The HARTMANN Value Model

The HARTMANN Value Model is intended to consolidate the Company's culture. The Company has defined specific behavioral anchors for the three core values. In "Values in Action" workshops, managers take part in intensive discussions about the core values, both among themselves and together with their teams, to develop a common understanding of the HARTMANN culture. To continue the process of anchoring the core values, the Company has also produced video contributions by the Members of the Management Board as well as digital training materials and a practical manual.

Customer-oriented

Passionate team

High-performance

expanded this option even before the coronavirus pandemic. Provided that their work activities enable it, employees can designate their own working location and working hours flexibly and in accordance with statutory regulations. HARTMANN promotes a family-friendly work environment. The Company offers, independently of the employee's location, various working-time models that include partial retirement and part-time working, provides support with child-care and caring for family members, and offers special counseling services for different life situations.

Diversity and equal opportunity

As a Group of companies that operates worldwide, HARTMANN sees diversity as a natural part of the Company's culture. In the reporting year there were employees of more than 80 nationalities working at HARTMANN. The Company views its intercultural workforce and diversity as assets that make a major contribution to the Group's competitiveness. Equality for all employees is established as a fundamental

principle in the Code of Conduct. HARTMANN provides a safe working environment and promotes diversity as well as equal opportunities through specific measures in the Recruiting and Human Resources Development Areas.

The advancement of women is particularly important to HARTMANN. The Company wants to achieve a balanced gender ratio and applies a variety of measures to do this in the Talent Identification and Employee Development Areas. In future, the Company plans to expand internal development opportunities for female managers even further. In the reporting period, 12% (2020: 11%) of staff on the first management level below the Management Board at HARTMANN were women – below the Company's target of 21%. At middle-management level, HARTMANN exceeded its 21% target with a 25% proportion of women (2020: 26%).

Module 1:

- Our understanding of leadership
- Leadership tools
- Team leadership
- Transfer and planning

Module 2:

- Efficient communication
- HR processes and labor law

Module 3:

- Conflict and change management
- Introduction to LAP¹
- Fireside conversation with supervisors

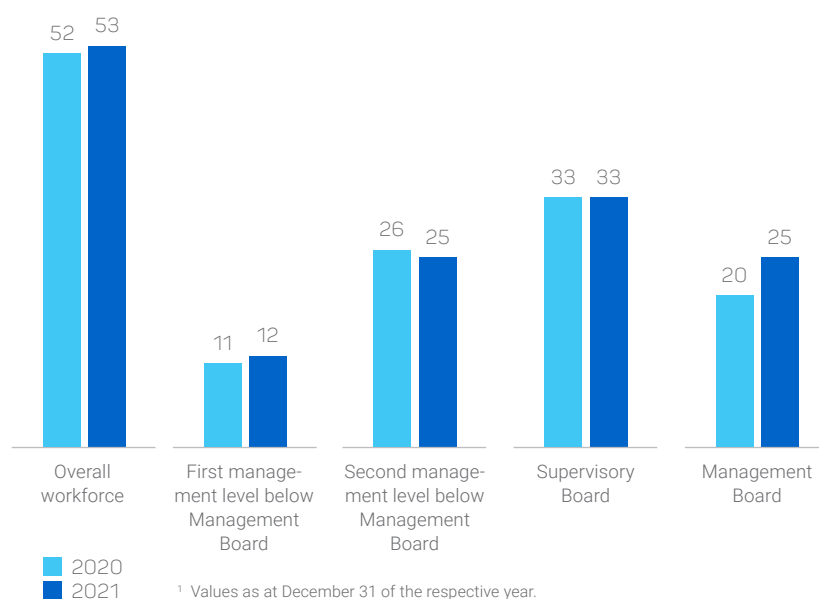
FIT TO LEAD

With FIT TO LEAD, HARTMANN has established a development program for young managers who are taking up leadership roles with disciplinary responsibility in the Company for the first time. The program provides participants with a basic understanding of their new responsibilities. As well as the fundamentals of leadership, the program also focuses on developing their knowledge of country-specific labor law and Company-specific HR processes.

With FIT TO LEAD, HARTMANN aims to give young managers the opportunity to reflect on their leadership role and to increase their self-confidence. At the same time, they are encouraged to network and collaborate with each other, strengthening cross-functional cooperation at HARTMANN. The program lasts for around seven months and has so far been successfully rolled out in the Czech Republic, France, Spain, and Germany.

¹ Leadership Action Plan

11 | **PROPORTION OF WOMEN IN THE WORKFORCE¹**
HARTMANN GROUP in %



12 | **TRAINING OFFERS TAKEN UP** HARTMANN GROUP, number

	2018	2019	2020	2021
Total	284	282	237	226
Of which apprentices	226	227	198	189
Of which Dual Students (Duale Hochschule Baden-Württemberg)	46	39	33	28
Of which trainees (International Graduate Program)	12	16	6	9

Performance Development Practices (PDP)

Performance Development Practices (PDP) are the starting point of systematic HR development at HARTMANN. They cover all five fields of action of the PEOPLE Strategy and provide support in setting objectives and evaluating whether these have been achieved. PDP enables HARTMANN to identify the need for future-oriented skills at an early stage, to grow competence areas, and to prioritize fields of learning. In annual development reviews, managers and employees exchange perspectives on selected topics, strengths, performance, and targets. In addition to these, cyclical development meetings drive the systematic development of talents' potential and combine this with structured succession planning. Building on this, they define development plans with specific objectives. This approach systematizes international HR development, encourages talent development, and facilitates succession planning. Through PDP, HARTMANN also aims to strengthen employees' loyalty to the Company.

VOICES of HARTMANN

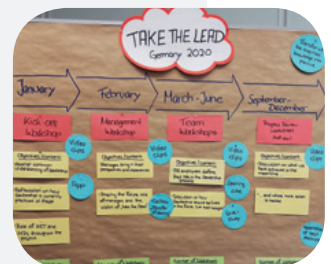
HARTMANN's culture and its attractiveness as an employer are reflected in high levels of employee satisfaction and loyalty. In November 2019 HARTMANN conducted the global employee survey "VOICES of HARTMANN" for the first time. This survey is based on the methodology of the independent research-based consultancy Gallup. In November 2021 the Company repeated the survey; more than 10,600 employees from 36 countries had the opportunity to give feedback on the Company, on working conditions, and on the Company culture. In 2019 the participation rate was 74%; in 2021, 81% of employees took part in the survey. While the engagement level stood at 3.58 out of 5.00 in 2019, in 2021 the figure grew to 3.88 out of 5.00. The significant increase in all categories represents a very good result in comparison with other companies going through a transformation process.



KNEIPP:

Take the Lead

In 2020 Kneipp launched the "Take the Lead" initiative. Its objective is to unleash the potential of all employees and strengthen team spirit. "Take the Lead" means acting responsibly and driving change proactively. The Company wants to empower employees at all levels of hierarchy to work in an agile and cross-departmental way, to take decisions, and to implement these rigorously. A total of 25 team workshops with almost 400 participants were held in 2020 to train employees in these competency areas. Workshops for all employees served to secure and embed the results. Kneipp plans to anchor the idea underpinning "Take the Lead" progressively and even more firmly within its company, and to give it more visibility and weight in job requirements and selection interviews, as well as in the post-hiring orientation and training process.



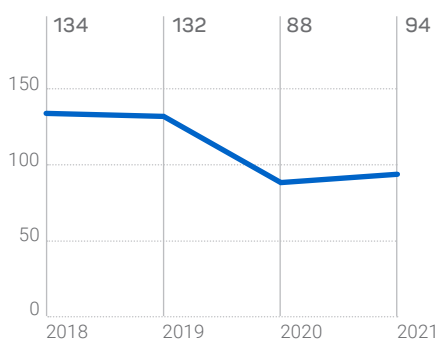
5.3 Health and safety

Preventing accidents, promoting health

Safety at work and occupational health protection are core components of corporate responsibility at HARTMANN. The coronavirus pandemic has once again convincingly demonstrated how important the health of employees is for a company that operates internationally. HARTMANN complies with all current occupational health and safety laws worldwide. In addition, the Company implements its own disease-prevention measures, building on the foundation of its comprehensive Occupational Health and Safety Management.

To secure occupational health and safety across the Group, HARTMANN has established global and local responsibilities. Overall responsibility lies with the Management Board. The Health, Safety and Environment (HSE) Department and the HARTMANN Medical Service provide operational support to the Management Board. Working closely with those responsible in the local country organizations and subsidiaries, the HSE Department drives forward both Group-wide and location-specific measures. Local HSE managers and their teams ensure compliance with laws and guidelines in the country organizations and subsidiaries, and support local programs, actions, and measures.

13 | **WORK-RELATED ACCIDENTS¹**
HARTMANN GROUP, number



¹ Work-related accidents causing at least one day of work lost (Lost Time Accidents)

Occupational safety and accident prevention

HARTMANN consistently pursues the goal of providing optimal protection for its employees against accidents during their work. The Company constantly works to strengthen its safety culture and to further reduce the already low working accident statistics. To ensure standards are met systematically, at its larger sites HARTMANN relies on an Occupational Health and Safety Management System certified in accordance with the international ISO 45001 standard.

At all locations, HARTMANN continuously evaluates hazards with the potential to cause accidents and derives prevention measures. With an occupational accident rate of 4.6 (accident rate per million working hours) in 2021, the accident statistics were substantially lower than the comparable figures provided by trade associations in the sector. At the HARTMANN GROUP, in 2021 there were 94 occupational accidents resulting in downtime of at least one day (2020: 88). As expected, higher accident rates are recorded in operational areas of the Company than in administration. Despite the lack of prevention options, HARTMANN also monitors accidents which happen during employees' commuting journeys to and from their workplace.

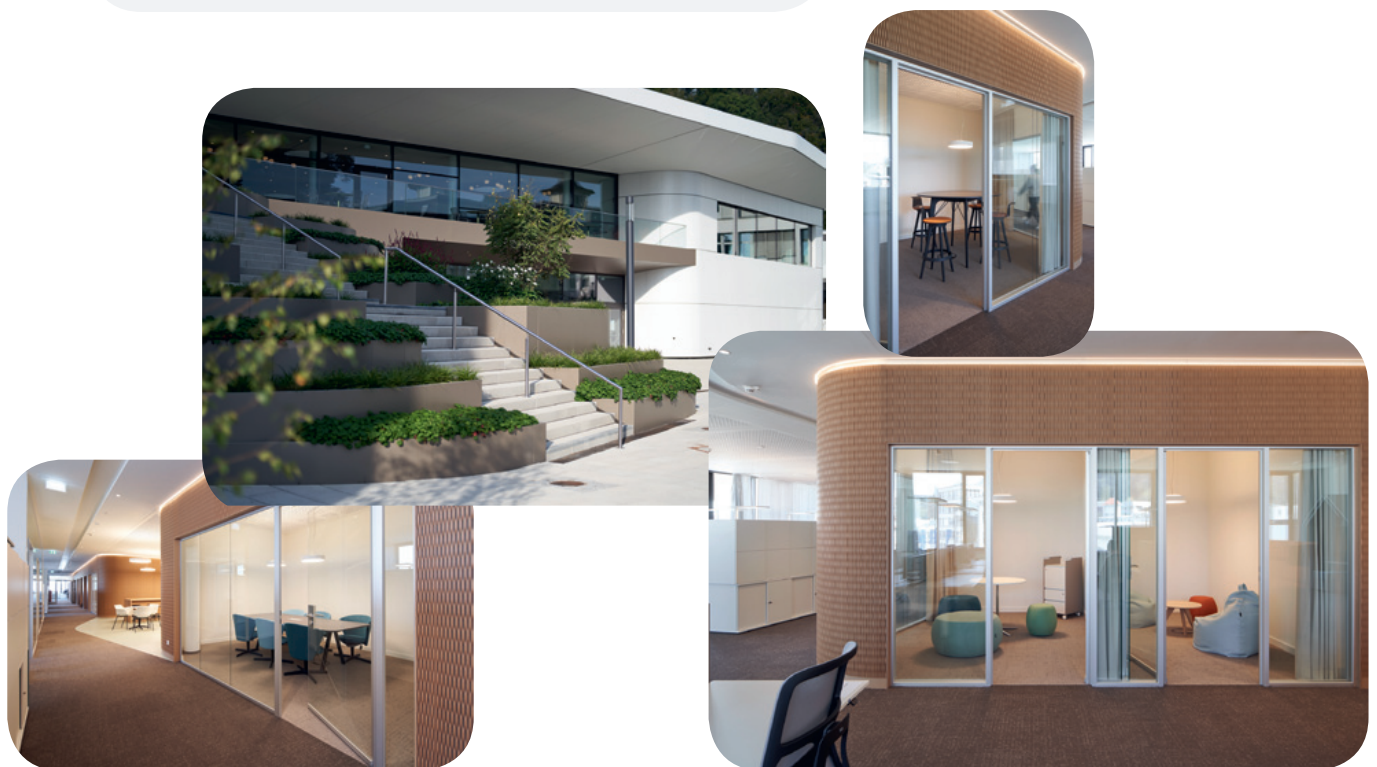
When deriving measures, HARTMANN proceeds according to international conventions and first works to eliminate the threat before specifying technical, organizational, or personal preventive measures. At the plant in Montornès, Spain, for example, the Company has modified some machines so that no or fewer steps have to be negotiated in order to feed in materials. This has substantially reduced the risk of falls.

Physical and mental health

Supporting the physical and mental health of all employees is a core concern for HARTMANN. In this context, the HARTMANN Medical Service supports corporate health management. Above all, the Occupa-

Heidenheim City Run and the Ulm Einstein Marathon

As far as the pandemic situation allows, among other things Paul Hartmann AG supports the Heidenheim City Run as well as the Einstein Marathon in Ulm, Baden-Württemberg. All interested employees are able to participate. HARTMANN pays the entry fees for each of the available distances and provides employees taking part in the Heidenheim City Run with running vests.



WorkTogether@HARTMANN

During the expansion of the Group's headquarters at our main site in Heidenheim, three criteria were essential: The building had to enable excellent spatial orientation for employees, as well as constructive teamwork and flexible working. The HARTMANN Forum and Office 2020 were completed in 2020: They combine state-of-the-art, extremely flexible workspaces based on the agile workplace concept "WorkTogether@HARTMANN". The concept brings together the various divisions with the relevant functions, breaks down barriers, and facilitates short communication paths. Moreover, with this expansion HARTMANN has created an environment that enables optimal collaboration and at the same time maintains privacy. In addition, both the new office building and the new canteen were planned and constructed in accordance with LEED standards. The LEED quality seal of quality stands for "Leadership in Energy and Environmental Design". It was developed in 1998 by the US Green Building Council.

tional Medicine Area ensures that legal requirements, as well as requirements set out in Works Agreements, are complied with and implemented.

Through its occupational health management, HARTMANN provides employees with a broad spectrum of different and in some cases location-specific services. Examples include the health measures at the Company headquarters in Heidenheim. These are continuously developed by HARTMANN on the basis of the annual Health Report from the SBK company health insurance mutual. The measures specified in the Report are constantly adjusted to meet evolving requirements. In addition, HARTMANN provides well-established services for all employees: These include compulsory occupational health medical examinations and fitness tests, medical consultation open hours, emergency medical care and crisis interventions, as well as skin cancer screening and annual influenza vaccinations.

Modern working environment and fitness

As part of promoting employees' health, HARTMANN ensures its workforce has a modern working environment. This includes ergonomically-designed workplaces with height-adjustable desks, for example.

Furthermore, the Company supports employees' physical and mental fitness, and promotes good nutrition. As well as offering a balanced menu in the canteen at the Group's headquarters in Heidenheim, the Company provides location-specific programs

of sporting activities, ranging from lunchtime yoga through to partnerships with fitness studios and subsidies for sports programs and massages. The subsidiary company Kneipp has trained employees to become fitness instructors, for instance: They regularly offer exercise classes for other employees in the departments.

Measures in the coronavirus pandemic

During the Coronavirus pandemic, HARTMANN has implemented numerous measures to protect employees and their families. These include further improvements to the hygiene concept, the introduction of social distancing, and site-specific ventilation concepts. The Company has also modified shift patterns at its production plants, created opportunities for home-based working, and made it compulsory for masks to be worn on Company sites.

HARTMANN regularly updates employees on the latest developments and corresponding hygiene regulations. In addition, the workforce receives training on preventive measures such as correct hand hygiene and maintaining safe distances. The Company has also introduced limitations to business travel in areas designated as high risk by health authorities. Furthermore, more stringent visitor policies and visitor restrictions at all sites help to minimize the risk of infection to employees. HARTMANN has also added COVID-19 vaccination and upcoming booster shots to the Company's existing vaccination program.

Vision Zero

With "Vision Zero" HARTMANN is pursuing the goal of completely eliminating accidents wherever possible. Consequently, the Company holds regular training programs to raise employee awareness of potential hazards and works to prevent accidents – particularly those associated with the operation of machines and vehicles. Further preventive measures include site-specific activities such as practical exercises on how to handle fire extinguishers, and how to behave and evacuate in an emergency situation. In addition, HARTMANN works continuously to reduce the risk of injury and implement safety measures with greater detail. In 2021, among other initiatives, the Company focused on safety knives and their proper handling to avoid cuts to the user. A further occupational accident-avoidance measure is the development of step structures that make it safer to feed machines producing incontinence products with nonwoven fabric rolls.



CHAPTER 6

Responsibility for Society

HARTMANN is part of society and supports millions of people worldwide with medical solutions and services. The Company is active in the communities that neighbor its sites and also supports humanitarian projects and people in emergency situations. During the coronavirus pandemic, it is particularly important for HARTMANN to share its experience and knowledge, and give help without unnecessary bureaucracy.

6.1 Committed to the common good

Supporting charitable goals

Engaging for the benefit of society comes naturally to HARTMANN, both on a global level and more particularly in the regions where our country organizations and subsidiaries are located. Here, the Company focuses on the areas of health, education, culture, and sport. The drive behind this is also expressed in our brand promise: “Helps. Cares. Protects.”

Sponsorship and donations

HARTMANN's societal commitment is managed locally and takes various forms, depending on location. The country organizations and subsidiaries implement local initiatives independently. The sponsoring and donation process, which is uniformly defined across the Group, ensures that projects and initiatives supported by HARTMANN are aligned with the core values and Compliance regulations. It is important to build strong partnerships and to create added value for HARTMANN employees, for society, and for the respective regions.

Employee engagement

HARTMANN supports the active local involvement of employees who pass on their knowledge and experience for charitable causes and support people needing help without unnecessary bureaucracy. On the occasion of HARTMANN's 200th Anniversary in 2018, the Company instigated the “200 good deeds” campaign. As part of the campaign, employees committed their free time to regional institutions and projects such as retirement homes or associations.

During the coronavirus pandemic, HARTMANN brought together the engagement of its employees under the banner *#togetherstronger*. The main focus here was to help with health advice, intensive care, and in retirement homes for the elderly.

Between 2015 and 2018 HARTMANN already set up an international corporate volunteering program in cooperation with the organization CARE. Furthermore, in 2021, the apprentices at our subsidiary in Switzerland took part in several volunteer assignments: Among other things, these served to protect the environment.



#togetherstrong – HARTMANN thanks its employees.

6.2 Societal engagement worldwide

Solidarity during the COVID-19 pandemic

The outbreak of the COVID-19 pandemic presented considerable challenges to people, health organizations, and policymakers around the world. In order to provide assistance quickly, for the most part HARTMANN contributed donations-in-kind. For example, working together with the local aid organization Support Ulm e. V., in August 2021 the Company organized a shipment of emergency supplies to Namibia, providing patients and nursing staff with urgently needed medical supplies during the third wave of the coronavirus pandemic.

Increased hygiene in sports arenas

To curb the spread of COVID-19, numerous major sporting events took place in empty stadiums in 2021. Here, HARTMANN is able to contribute to greater safety: Since the 2021/2022 soccer season in Germany, the Company has been an Official Partner of the Allianz Arena, Munich. HARTMANN's holistic hygiene concept contributes to enhanced health and safety standards as well as infection prevention for

visitors to large events. This includes equipping all Allianz Arena visitor areas with Sterillium® disinfectant dispensers. HARTMANN also supports its sponsorship partner 1. FC Heidenheim 1846 by equipping the Voith Arena, the club's home stadium, with its hygiene solutions.

Scholarship program for students in Germany

Since 2019 Paul Hartmann AG has awarded scholarships for medical students as part of the German Federal Government's scholarship-grant program, in cooperation with the University of Ulm. Every year, the Company provides three students with the opportunity to concentrate better on their studies by easing their financial burden. HARTMANN now also works with the Neu-Ulm University of Applied Sciences, supporting four scholarship holders there every year majoring in the field of commercial medicine. In addition to receiving financial support, the students are able to gain insights into the Company. At the same time, the Company learns more about what drives the next generation of professionals.



Bernhard Graf, Vice President Marketing Germany (left) and Jürgen Muth, Managing Director of the Allianz Arena, Munich, Germany. Photo: Allianz Arena



Photo: Johannes Müller

Slovakia: Endowment Fund to train nursing staff

At the present time, social services in Slovakia are experiencing a 25% staff shortage. Many nursing professionals migrate to neighboring countries for better remuneration – and the situation is worsening due to the steadily growing needs of an aging population. In 2021 the Group's country organization for the Czech Republic and Slovakia created the HARTMANN Endowment Fund to support the training of nursing staff in Slovakia. In addition, the country organization supports vocational retraining as a medical nurse.

Spain: Emergency medical supplies after volcanic eruption

After the Cumbre Vieja volcano on the island of La Palma in the Canaries erupted in September 2021, our Spanish subsidiary donated to those affected on location. To do so, HARTMANN Spain joined the

solidarity campaign of the Tenerife Pharmaceutical Cooperative (COFARTE) and the Red Cross, donating more than 60,000 medical products.

Mobility Pact in Baden-Württemberg

In addition to donation and sponsorship activities, HARTMANN also supports regional economic and political initiatives. To promote future-oriented mobility in the Aalen-Heidenheim area, at the end of 2020 Paul Hartmann AG ratified one of the five Mobility Pacts in Baden-Württemberg, Germany. As a large commercial enterprise in the region, HARTMANN represents a starting point for commuter flows. The Company therefore actively promotes the range of public transport available, walking and cycling, and improving road safety. The Mobility Pact is initially designed to run for five years and should provide tangible improvements to sustainable mobility in the region.



About this Report

Contents of the Report

In this Sustainability Report the HARTMANN GROUP describes its current situation with regard to sustainable business practices and describes the progress made in recent years. The materiality analysis carried out in 2020 serves as the basis for the contents of this Report. Further information on this is provided in the chapter "Sustainability Management". In compiling this Report, HARTMANN has generally followed the internationally recognized guidelines of the Global Reporting Initiative (GRI). The Sustainability Report was prepared on behalf of the Management Board of the HARTMANN GROUP.

Scope and reporting period

The report relates to the 2021 financial year and covers the period from 1 January 2021 to 31 December 2021. As far as possible, the performance indicators describe development since 2018. Particularly relevant events from years prior to 2018 are also selectively reported. Unless otherwise stated, the information relates to the HARTMANN GROUP as a whole and includes all country organizations as well as the Group member companies BODE Chemie GmbH, Kneipp GmbH, KOB GmbH, and CMC Consumer Medical Care GmbH. For further information on the scope of consolidation, please see the HARTMANN GROUP Annual Report.

Forward-looking statements

This report contains forward-looking statements that are based on the current plans, targets, and assumptions of the HARTMANN GROUP. Such statements are associated with risks and uncertainties which are beyond the direct influence of the Company. As a result, a precise assessment of future developments is not possible. Therefore, the HARTMANN GROUP is not in a position to guarantee that forward-looking statements offered in this Report will prove to be correct.

Other

To improve readability, HARTMANN refrains from the simultaneous use of masculine, feminine, and diverse (m/f/d) language forms. All personal designations apply equally to all genders. The HARTMANN GROUP Sustainability Report may be accessed as a PDF document on the corporate website at <http://hartmann.de/sustainability>. Further information is provided in the Annual Report. The next Sustainability Report for the 2022 financial year is currently planned for publication in spring 2023.

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"Pflichttext" for Sterillium® according to the German „Heilmittelwerbegesetz“ (HWG):
Active substances: Propan-2-ol, Propan-1-ol, Mectronium ethylsulfate. **Indications:** Hygienic and surgical hand disinfection. Skin disinfection prior to injections and punctures. Microbiological efficacy: Bactericidal, yeasticidal, virucidal and limited virucidal activity PLUS (incl. Adeno-, Noro- and Rotavirus). **Warnings and precautions:** Sterillium should not be used on newborn and premature infants. Do not use electrical equipment until dry. Do not bring into contact with open flames. Also do not use near sources of ignition. Flash point 23 °C, flammable. Fire and explosion hazards are not to be expected if the preparation is used as intended. After spilling the disinfectant, take the following measures: immediately absorb the liquid, dilute with plenty of water, ventilate the room and eliminate sources of ignition. Do not smoke. In case of fire, extinguish with water, extinguishing powder, foam or CO₂. Any decanting may only be carried out under aseptic conditions (laminar airflow cabinet). **Marketing authorisation holder and manufacturer:** BODE Chemie GmbH, Melanchthonstraße 27, 22525 Hamburg. **Date of preparation:** December 2020
For information on risks and side effects, read the package leaflet and ask your doctor or pharmacist.

Legal note for biocidal products according to Art. 72, Verordnung (EU) Nr. 528/2012 (BPR):
Use hand disinfectants safely. Always read the label and product information before use.



Helps. Cares. Protects.

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