

Northwood Hygiene Products

Environmental Impact & Social Responsibility Report

NORTHWOOD

Our sustainable future

Northwood has created this report to communicate and demonstrate the key focus we place on sustainability in the constantly changing Cleaning and Hygiene Industry.

We are proud to report on a successful 2022 and 2023, with significant progress in driving towards a more sustainable future for Northwood and our customers.

At a time when it is increasingly important to move towards a more sustainable way of working, our business has embraced sustainability from top to bottom, and is making important steps to build towards a more sustainable future. Whilst we are still in the early days of our journey, we have made great strides and continue to evolve.

In this report, you'll see that we have established an easy-to-understand framework to report and measure our improvement. This enables us to remain focused in an ever-changing marketplace, whilst giving us the flexibility to support the needs of our customers. I'm delighted to share some of the initiatives that our team has delivered, along with a snapshot of our plan moving forward.

We are committed to a more sustainable future and know that our continued growth brings added responsibility to the directors of Northwood, a responsibility that we take incredibly seriously. Our focus for the future remains clear as we strive to inspire our colleagues and local communities, whilst also delivering on the needs of the customer. Our ambition is to achieve continued growth and make positive and significant changes to reduce our environmental impact.

We must all recognise that it is imperative to go that extra step to deliver socially, culturally and environmentally and to ensure that we are working in harmony to protect our communities and ecosystems.

I hope you find this report of interest and would welcome your feedback on any of our observations and progress so far.

Paul King
CEO
Northwood Hygiene Products

◀ E N V I R O N M E N T A L ▶

◀ S O C I A L ▶

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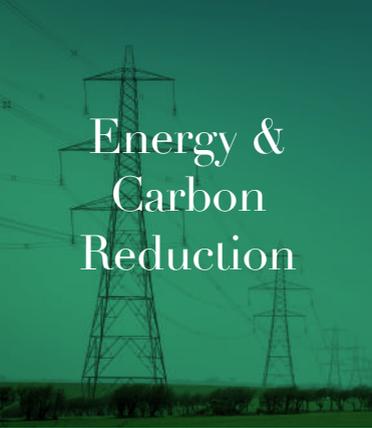
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Energy &
Carbon
Reduction

Focusing on
renewable energy,
carbon reduction and
logistical optimisation



Leading
Sustainable
Products

Drive change
towards improved
sustainability of
consumables and
optimising the
effectiveness of
consumption control



Reduce
Operational
Waste & Offer
End of Life
Solutions

Minimising
operational and end
user impact on the
environment



Nurture Talent

Encouraging a diverse
workforce with
opportunity in an
inclusive environment



Improve
Well-being &
Offer Support

Providing a safe
and rewarding
environment with
a healthy outlook



Improve &
Benefit Local
Communities

Leading on
improvement and
education in local
communities

N^oORTHWOOD

N^oORTHWOOD
TISSUE

N^oORTHWOOD
HYGIENE

N^oORTHWOOD
LOGISTICS

N^oORTHWOOD
RECYCLING

N^oORTHWOOD
PAPER SALES

N^oORTHWOOD 
DICEPA

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UN Sustainable Development Goals

Northwood continues to support the UN's Sustainable Development Goals, and has prioritised 4 key Goals as part of our continued strategy:

**Good Health
& Well-being**



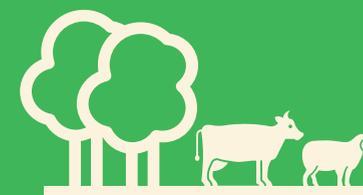
**Responsible
Consumption
& Production**



Climate Action



Life on Land



Environmental Impact

At Northwood we are conscious of the ways that our business impacts the environment.

As a pre-eminent manufacturer producing recycled tissue and towel for the Away-from-Home market, we are leading the way in contributing towards the circular economy. As a privately owned business, we understand the need to operate sustainably and make a positive impact for the benefit of our customers, colleagues and the communities in which we operate. The integrated nature of our operations affords a rare circularity in the market across our businesses.

As a manufacturer, we understand our environmental impact falls into three key brackets:



ENERGY

Gas, electricity & fuel.



RAW MATERIAL USE

Recycled & pure pulp, as well as packaging materials.



WASTE DISPOSAL

Paper, chemicals plastics & equipment.

Energy & Carbon

As part of our commitment to reducing our carbon footprint, we have established a number of immediate targets:

Reducing emissions from our own operations by increasing efficiency:

- 10% per case scope 1 & 2 reduction by 2028

Working with our suppliers and partners to reduce impact in our value chain

- 7% per case scope 3 reduction by 2028

80% of our supply chain covering purchased goods by spend have reduction targets by 2028

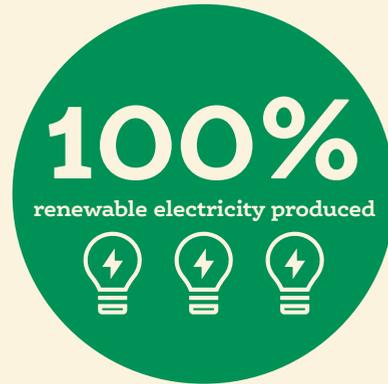
As a clear commitment to measuring progress and putting carbon reduction at the forefront of our sustainability agenda, our first carbon report of 2022 has been completed.

		2022 (tCO ₂ e)
Scope 1		618
Scope 2	Market Based	0
	Location Based	1,282
Scope 3		77,574
Scope 1, 2 & 3 Combined (Market Based)		78,192
Scope 1, 2 & 3 Combined (Location Based)		79,474

*methodology of data collection has changed and so differs slightly from SECR report

This has been a critical step in establishing our commitment to Net Zero by 2050, formalising a carbon reduction plan and measuring progress towards our immediate reduction goals.





Renewables

We have proudly procured 100% renewable electricity since 2019. This forms a key part of our carbon reduction strategy, and reduced CO₂e by nearly 2,500 tonnes in 2022 when compared with non renewable electricity emissions.

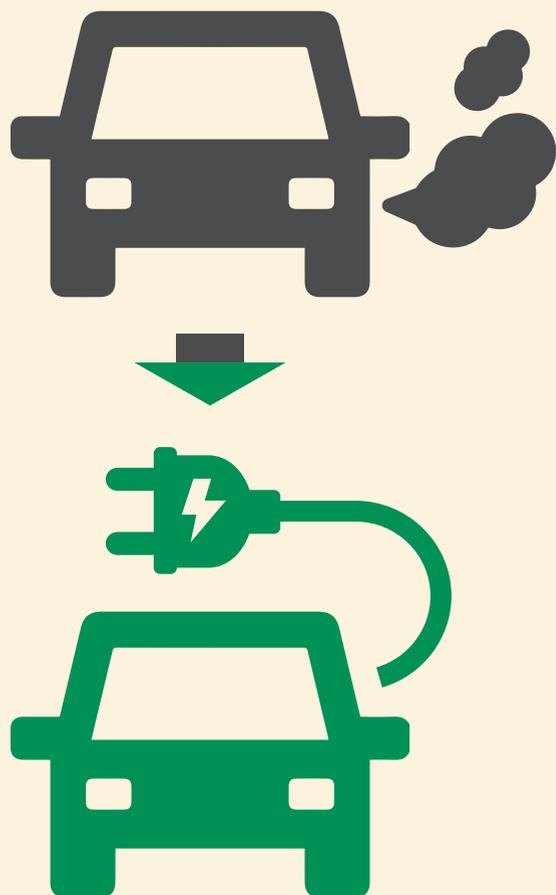
Within our supply chain, the Northwood Dicepa mill in Spain is a great exponent of utilising renewable energy. Across the site, this is generated in a variety of ways:

- **Solar Production: 70MWh per year**
- **Hydro Power: 1000MWh per year**
- **CHP Production: 43 GWh per year**

Further expansion of the 204-panel solar initiative is planned for 2024.

Moving forwards, our goals are to explore off-grid projects across UK sites, which will be instrumental in reducing our dependence on the grid.

We are actively engaged with the Industrial Energy Transformation Fund to secure funding to work towards minimising our emissions moving forwards. We have hydrogen-ready capability, and subject to national and local infrastructure improvements, this will form a key part of our reduction plans in the future.



Reduction



Northwood is committed to achieving our ambitious Net Zero target by 2050.

In collaboration with government, commercial organisations and academics, we continue to work with proven technologies and infrastructure development to deliver against this target.

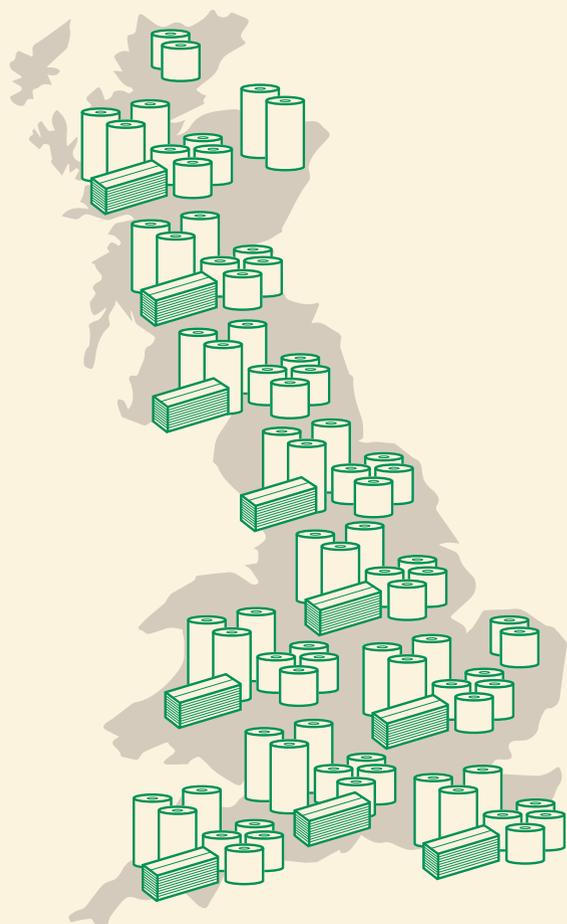
We have focused investment in energy reduction schemes across our production and operating sites, including:

- Installation of motion sensor LED lighting in our manufacturing and warehousing facilities, most recently completing the upgrade of our Oldham warehousing lighting in 2023.
- Investment in new converting assets, which allows our Chesterfield paper mill to operate at optimum levels.

- Investment to increase the converting capability to allow a wider breadth of products to be manufactured in the UK, including hand towels.
- The modernisation of our company car fleet from Diesel to Plug-In Hybrid vehicles almost complete and projected to save approximately 85 tonnes of CO₂e per annum, based on our total 2022 mileage. Charging points have also been installed across all sites.

Further investment is planned in 2024 to complete the installation of a new heat recovery boiler at Disley, which will have a significant impact on the efficiency of the site through utilizing waste heat from the manufacturing process.

Distribution & Logistics



As part of our commitment to reducing GHG emissions from transportation and distribution, we continue to make improvements in key areas, including:

- Investment in a new state of the art logistics and Fork Lift Truck fleet.
- Increasing UK manufacturing capability to reduce transportation of finished goods also continues to improve our performance, with 97% of our case sales 2023 now made in the UK.
- Continued review of pallet fill, for example achieving improvement on our 2 ply V Fold product, increasing pallet quantity by 33%. This is expected to reduce shipping by approximately 820 pallets per year, based on 2022 sales volume.

We also continue to operate at an efficient level of load fill, with 90.4% of deliveries made with full loads.

“ Being vertically integrated allows the Northwood Logistics' fleet to minimise 'empty miles' when planning delivery routes. In 2023 we refreshed 50% of our fleet and intend to refresh the remainder in 2024 whilst also expanding by a further 15% with state of the art trucks.

With the technological advances in fuel efficiency, this is already showing an 8% reduction in CO2 emissions for these vehicles. Our new Transport Management System launched in 2023 has allowed us to make better planning decisions, improving our efficiency as well as improving our ability to react better to the needs of our customers ”

Chris Collier
Northwood Logistics Operations Director

Leading Sustainable Products

Raw Materials & Sourcing

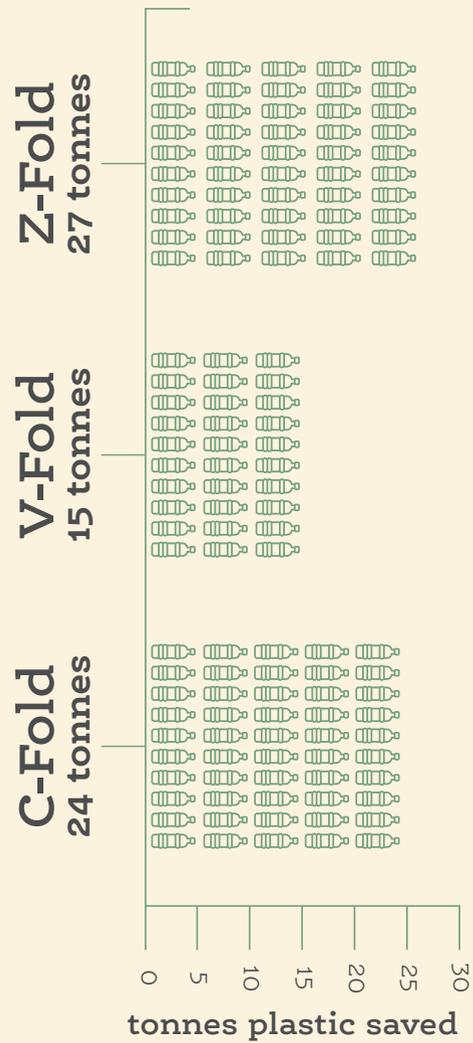
Whilst we offer both recycled and pure pulp products, the environmental and sustainability objectives of ourselves, our customers and their end users are better achieved through the use of recycled fibres. With 4 recycled paper making machines within the group, we continue to see an increase in market demand for recycled fibre, now accounting for 75% of our sales in 2023.

Key to our strategy is our promise that all of our paper products contain base-sheet purchased from certified sustainable sources, and fully aligned to international regulation.

This also forms a key part of our environmental policy. 100% of the recycled fibres manufactured by Northwood Tissue is also FSC® certified.



Packaging



For many years we have placed high priority on plastic reduction. Having worked with our supply chain and conducted numerous trials, we continue to invest and innovate to ensure our packaging utilises the most sustainable materials in the marketplace. Recent key achievements include:

- Switching from plastic wraps to recycled paper across all UK made hand towels, a change which removes a minimum 67 tonnes of plastic from the supply chain every year, based on a 2021 baseline. Further investment across other product types is under review.
- Where plastics remain part of the packaging makeup, we continue to use a minimum 30% PCR on LDPE wraps and films, and 100% recycled ABS for our Raphael and North Shore inserts.

- Successful trial of kraft tape across all box packaging for hand towel, bulk pack tissue and hygiene roll products. This move is expected to replace nearly 5 tonnes, or equivalent of 2,600km of plastic tape, with a more renewable and sustainably sourced material, based on 2022 volumes. Rollout of this change is expected from January 2024.





Packaging

We continue to work with our suppliers to innovate in all other packaging elements, with key achievements including:

- All Essentials and North Shore boxed items have switched to a brown, single print carton. This strategy was adopted for the Raphael brand from launch.
- Aligning all packing suppliers of paper and board materials to our core values of responsible sourcing. All relevant purchased packaging is now FSC certified.

2023 also saw the launch of our first conventional toilet roll with a plastic-free-wrap. Whisper Eco is a luxury 2 ply recycled tissue, in a paper wrapped 4 pack and shipped in a recycled cardboard box, and provides a solution for customers with a plastic reduction policy or wider target to improve circularity. A full truck load of similar plastic wrapped conventional toilet roll contains approximately 225kgs of plastic.

Reduce Operational Waste

As part of our commitment to reducing environmental impact, we have established a number of long-term goals:

- Ensuring less than 1% of operational waste is sent to incineration by 2030.
- Ensuring less than 0.2% is sent to landfill by 2030.

A key benefit of being fully vertically integrated is, we have total control of our operational waste. All offcuts or rejects from the converting process are returned to our paper mills, becoming our next batch of parent reels. A true closed loop recycling solution.

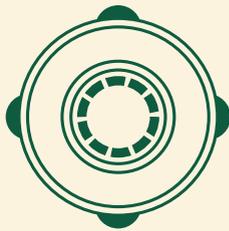
In 2022 this accounted for nearly 5,000 tonnes of waste, approximately 94% of our total operational waste. Of the remaining waste, 4% was recycled, just over 1% sent to incineration and 0.3% to landfill.

The formation of a Waste Steering Committee has helped drive the agenda, as well as delivering improvement levels in the quantity of waste recycled, and ultimately minimising the amount sent to landfill and incineration.



End of Life Solutions

**GREEN
LOOP**



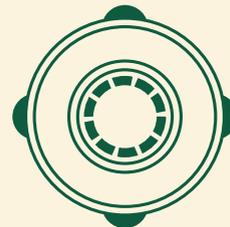
**End user collects
plastic inserts**



**inserts are returned
to NHP**



**Plastic is processed back
into raw material**



**Raw material used
in future inserts**

Given the limitations of localised recycling routes and to support our end user waste reduction strategies and targets, we launched the GreenLoop project at the end of 2022. This service allows end users to return the plastic inserts found in specific product lines, and recycle them into the next generation of plastic inserts.

In 2023 we extended the GreenLoop initiative to include dispenser recycling. For the first time we piloted an installation of 255 tissue and towel dispensers, recycling the old dispensers that were removed, which resulted in over 550kgs of plastic waste from potentially reaching landfill.

Social Impact

Here at Northwood we are conscious of the ways that our business impacts the lives of our colleagues and local communities.

“Since joining Northwood in late 2022, my objectives have been clear. We need to strive to create a culture of servant leadership and enhance the employee experience by providing an inclusive, affordable range of benefits that support, attract, develop and retain colleagues, whilst also improving their financial wellbeing. We are also acutely aware of our responsibility to be proactive in helping to make positive steps to aide our local communities.”

Dawn Roberts
HR Director



Social Impact

People & Careers

People are our most valued asset. Key to implementing an improvement plan has been the adoption of the Thriving at Work Framework.

This has helped with employee engagement throughout the business and by creating a better working environment this has reduced attrition alongside the broader business benefits that

teamwork and experience brings.

Wendy Clay joined the Northwood business in 1995, in what was then Kruger Tissue. Joining as a Credit Control Clerk, she has seen significant progress and development, moving from Customer Service, Operations and Commercial roles. She is currently in the role of Supply Chain Director.

“Northwood has guided me through my career, exposing me to a wide variety of functions which has given me vital experience, and contributed to our continued Supply Chain improvement. Exposure, investing in personal development and encouraging growth is key to the culture that we look to instil throughout the business.”

Wendy Clay
Supply Chain Director



People & Careers



Our workforce consists of significantly more males than females, consistent with the wider manufacturing sector. As of April 2022, our overall workforce consisted of 76% male to 24% female. In management roles, 26% were female whilst in director roles 12.5% were female. Whilst we acknowledge' to ' We are clear as to why this gap exists and are focused on making steps to close the gap in the future. We are committed to the principle of gender pay equality and have developed an action plan to tackle this.

Part of this strategy includes a change in our talent acquisition strategy which aims to increase the quality of applicants as well supporting diversity & inclusion across the board.

In 2024 and beyond we will continue to focus on career development for production operators. In our drive to further automate, upskilling our workforce is a key focus, reducing reliance on low-skilled, low-paid roles.

People & Careers



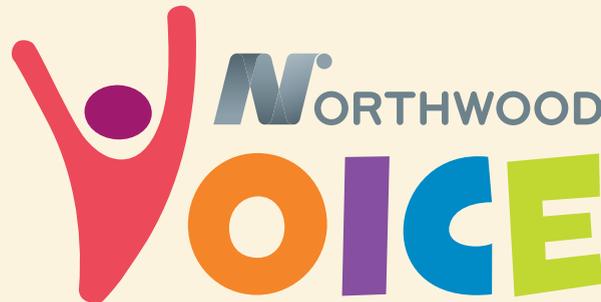
With ambitions to be at the forefront of attracting talent to our workforce, we also introduced a new apprenticeship policy across the group. We are committed to recruiting, developing and retaining apprentices across our business, ensuring they are employed on the real living wage from their first day with the company, with increments during their training achieving a competitive salary once complete. Apprentices will all be employed on permanent contracts at the start of their training, providing assurance that Northwood is fully invested in supporting the future development of our workforce. Our fundamental goal is to improve attrition, apprenticeship take-up and the overall quality of candidates.

In 2023 we also celebrated becoming an accredited Living Wage employer, reflecting our pledge to ensure that employees receive a wage reflective of the real cost of living. It symbolises our ongoing commitment to creating a workplace where valued colleagues thrive, knowing that their hard work is not only recognised but also rewarded fairly.



People & Careers

We also re-launched the Northwood Voice group, a cross functional group of elected representatives that works collaboratively to meet with business challenges, promote a positive workplace and culture, ultimately supporting the company in achieving its goals and objectives.



A new culture programme focusing on a common and aligned mission and values to bring together all elements of the business launched in 2023.

The intention is to define a new brand of leadership and colleague engagement to deliver the best employee experience possible.

A new bi-monthly management update, which along with establishing regular Town Hall meetings with the wider teams, has helped to enhance colleague focus and engagement on business objectives. 92% of respondents acknowledged the benefit that this call has given them in their role.

This coincides with a new communications strategy, including the launch of the My Northwood app, which aims to promote awareness, inclusivity, knowledge and empower colleagues, as well as streamline services for all colleagues.

Well-Being & Support

Health

The Northwood Voice wellbeing program was launched in 2023, a dedicated communication and signposting service for useful resources regarding social, physical, mental and financial well-being. This has coincided with a group HR Intranet that provides access to information and support.

A new menopause affinity group, connecting all employees on a monthly basis, offers guidance and support, and acts as a forum to share experiences. The formation of this group has also led to further 1-2-1 clinical advice and support for those in need.

The group had an instant impact on the workforce, with 100% of attendees claiming the group had a positive impact on them, whilst 75% commented that the group had broadened their knowledge on the subject and made discussing their experience easier, whilst helping to reduce the associated stigma.

This has led to our HR Director and CEO signing the Menopause Workforce Pledge, a further commitment from the business to continue to support our colleagues.

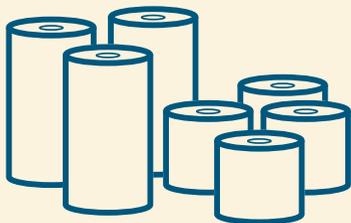


EMPLOYEES ASSISTANCE PROGRAMME

Colleagues saved more than
£3,400
through benefit schemes



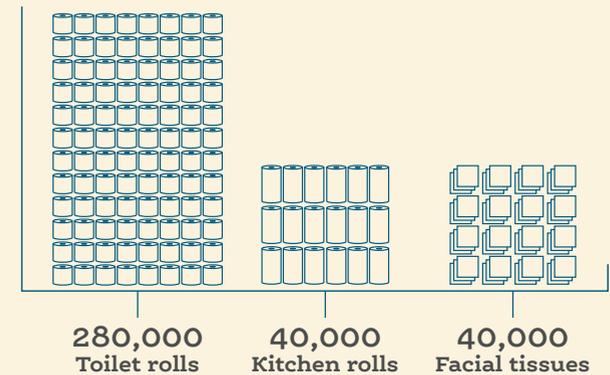
Free paper hygiene products
for all staff members



With the cost-of-living biting hard, we introduced two key initiatives during 2022. By understanding colleagues' needs, we developed a strategy that would help to make an impact on our colleagues' lives and, in turn, enhance the employee experience, including:

- A new SAGE flexible benefits scheme, offering colleagues discounted retail and leisure activities. This, along with its Employees Assistance Programme provides health advice and on-demand GP services. Through this portal, colleagues have saved more than £3,400 combined and booked over 400 appointments with GPs.
- Subsidised staff sales, a monthly contribution of paper products to colleagues across the Northwood Group, which is expected to total in excess of 280,000 toilet rolls and 40,000 kitchen rolls and facial tissues over the course of a year.

Financial



- A £450 cash cost of living payment in 2022, along with £150 vouchers, which are accessible through the SAGE Platform, for use at specific Supermarkets.
- An Early Access to Pay Scheme, which will provide a pay advance of up to £500 mid-month, to help mitigate any financial shocks to our workforce.

Safety



2023 saw the introduction of the Northwood Golden Rules, a Health & Safety strategy designed to reduce injury, promote safe behaviour and support the journey towards a leading safety performance culture.

The Health & Safety of our colleagues, contractors and wider business plays an integral role in the culture of our organisation. Key achievements in this field since 2022 include:

- Updated Health and Safety Policy Statement, and also introduced a standard group wide health and safety scorecard with both leading and lagging key performance indicators.
- Cultural change and promoting positive reports to emphasise that health and safety isn't just reporting the 'negative' but also celebrating the positive and thanking colleagues for following the processes and controls we have established.
- A new quick and simple reporting tool which has enabled the implementation of over 1,000 improvement actions across the business.
- ISO 45001 Health & Safety Management System Certificate awarded in 2023.
- Improvement in audit performance by an average of 14% in 2022, which laid the foundation for the ISO award.
- 4 new annual awards of Continuous Improvement, Integrity & Respect, Entrepreneurialism and Teamwork and Commitment, have been key to the cultural development of Health & Safety within the Northwood Group.

Community Support

We introduced a number of key partnerships in 2022, with the aim of achieving a meaningful impact on our local communities.

At the start of 2023 we announced our partnership with Trees for Cities – the only UK based charity to plant trees in towns and cities in the UK. With a pledge to plant a tree for every new North Shore or Raphael contract received, hoping to contribute 500 trees in 2023. We exceeded the target by July and continued to perform well, eventually doubling the target by the end of the year. Support to improve urban communities will continue in 2024.

Since it was established in 1993, Trees for Cities has planted over 1.5 million trees, and engaged with 24,000+ school children in 2022 alone.

"Trees for Cities is proud to partner with Northwood. Trees are important for our mental and physical health as well as for the health of our planet; a partnership between the two organisations creates a great synergy."

Rory Field, Corporate Partnership Director at Trees for Cities



Community Support



We also continue to support the Severn Hospice, based near the Telford headquarters with involvement in the Annual Dragon Boat Race and other fundraising events throughout the year.

In a time when 4 million children live in households affected by food insecurity, we are a proud corporate sponsor of Meals & More, a charity supporting children with food and activity provision during school holidays. In 2023, they announced the delivery of its 2 millionth meal since founding in 2015.

And in support of hygiene essentials, Northwood also twinned washroom facilities at Oldham and both Telford sites via ToiletTwinning.org, raising money to fund the building of toilet facilities in Nepal, Zambia and Uganda, improving the lives of communities and improving sanitation as well as hygiene education.





Northwood Hygiene Products | Northwood House
Stafford Park 10 | Telford | Shropshire | TF3 3AB
01952 236930 | customer.service@northwood.co.uk
northwood.co.uk