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# Environmental, Social, and Governance Report 2021 UPDATE



## MESSAGE FROM OUR CEO

# Neenah's long-standing commitment to environmental, social, and governance (ESG) performance gained momentum in 2021.

Dear valued stakeholders,

Our commitment to ESG is embedded in our business and our culture. It is embodied in our actions to prioritize the safety and well-being of employees, protect the environment, advance diversity, equity, and inclusion (DE&I), and engage our global workforce. Since the March 2021 release of our most recent Corporate Sustainability Report, we have accelerated progress in these areas and want to ensure we communicate these updates in a timely manner.

This ESG Report 2021 Update showcases the progress made in the last three quarters of 2021, as well as our plans for continuous improvement. Examples of progress include:

- Achieving a full-year 30% improvement in recordable incident rates in our facilities, as we aspire to reach zero injuries.
- Establishing long-term goals for reducing greenhouse gas emissions, as part of our broader strategy to reduce our environmental impact.
- Expanding our portfolio of environmentally preferred products and receiving several new certifications from the U.S. Department of Agriculture.

- Participating in national and regional initiatives that leverage the resources and influence of business to advance diversity, equity, and inclusion.
- Updating the charters of our three Board of Director committees to further define the Board's role in ESG oversight.
- Executing our first global employee engagement survey and creating a plan to put employee insights into action.

We're doing all this — and more — because it's right for our business, stakeholders, our world, and the long-term success of our company. Taken together with our 2021 Corporate Sustainability Report, this ESG Report 2021 Update provides a snapshot of where we are now and where we are headed in the future.

I look forward to continued communication with you about our progress.

Sincerely,



Julie A. Schertell, *President & CEO*  
**NEENAH, INC.**

## IN THIS REPORT

<b>ABOUT NEENAH .....</b>	<b>04</b>
Our Core Values .....	05
 <b>OUR WORKPLACE.....</b>	 <b>06</b>
Health, Safety, and Well-being.....	06
Diversity, Equity, and Inclusion.....	07
Employee Development and Engagement.....	09
 <b>OUR PLANET .....</b>	 <b>10</b>
Climate and Energy Footprints .....	11
Water Management .....	13
Fiber Sourcing and Supply Chain Management .....	15
 <b>CORPORATE AND ESG GOVERNANCE .....</b>	 <b>16</b>



## ABOUT THIS REPORT

This update report contains new and updated information and data regarding our environmental, social, and governance (ESG) performance since the March 2021 release of the [Neenah Corporate Sustainability Report](#). The two publications should be considered companion pieces that, when taken together, present a full picture of our ESG commitments and achievements.

We plan to release a full 2022 ESG report, based on the Global Reporting Standards (GRI), later this year.



## ABOUT NEENAH

At Neenah, our vision is to manufacture growth for our people, customers, end users, and shareholders.

Neenah (NYSE: NP), headquartered in Alpharetta, Georgia, is a leading global manufacturer of specialty materials serving customers across six continents. Our businesses are organized into two segments: performance-based Technical Products and premium image Fine Paper and Packaging.

### Technical Products

We are an international producer of filter media, release liners, and other durable, saturated, and coated substrates for a variety of end markets. We focus on categories where we believe we are, or can be, a market leader. These categories include release liners, filtration media, backings for specialty tapes and abrasives, digital transfer papers, performance labels, and other custom-engineered materials.

Our products are used in high-performance applications where our customers require specification standards and vendor and product qualifications.

### Fine Paper and Packaging

We are a leading supplier of premium printing, packaging, and other high-end specialty papers predominantly distributed in North America. Our products are used by some of the most recognized and preferred brands in the world. Often these papers are characterized by distinctive finishing, colors, textures, and coating. We sell our products primarily to authorized paper distributors, as well as through converters, major retailers, and specialty businesses.

## NEENAH AT A GLANCE

**\$1.03B**

### In 2021 revenues

(For more financial information, please see our [2021 Annual Report on Form 10-K](#))

**Alpharetta, GA United States**  
Corporate headquarters

Products sold in  
**80+**  
countries

**16** Manufacturing  
sites in six  
countries

## ABOUT NEENAH || OUR CORE VALUES

Neenah brings possibilities to life, and we recognize that it's our valued employees who make this happen. Our diverse global workforce shares a culture of innovation and action, unified by a common set of values that are integrated into everything we do.

### Neenah Core Values

#### **SAFETY ABOVE ALL**

We place the health and well-being of each other above everything else.

#### **MAKE IT HAPPEN**

We roll up our sleeves and get it done.

#### **SPEED WITH PURPOSE**

We err on the side of action.

#### **CONFIDENT HUMILITY**

We always remain humble, teachable, and hungry to learn.

#### **CHALLENGE AND ALIGN**

We believe in respectful debate and unified support.

#### **HIGH ACHIEVEMENT HIGH SUPPORT**

We assume positive intent and encourage, empower, and enable each other.

#### **ACTIVELY EXPERIMENT**

We are unafraid to fail, and we recognize and reward thoughtful risk-taking.

## OUR WORKPLACE

### Neenah places the health, safety, and well-being of our employees above everything we do.

Every day, through our policies, practices, and systems, we strive to achieve an injury-free workplace and ensure that our employees return home safely to their families.

In fact, we take safety so seriously that we have temporarily linked the successful execution of our proactive hazard identification processes to annual compensation of many leaders, including executives. Our strategy to proactively identify and remove

risks is paying off. In 2021, we achieved a global OSHA Recordable Injury Rate (RIR) of 1.77, a 30% improvement from our previous three-year baseline, and five of our mills had zero recordable injuries. We aspire to achieve zero injuries at all of our sites.

All of our manufacturing facilities have put into place occupational health and safety management systems, and several have received ISO 45001 certification.

In the 2022 fiscal year,

10%

of our leadership's short-term incentive plan compensation is linked to the achievement of facility-targeted hazard identification targets.

In 2021, we experienced a

30%

**decline** in the number of OSHA Recordable Injuries, companywide.

#### Health and Safety Data

WORK-RELATED INJURIES	2019	2020	2021
Total Recordable Injury Rate (TRIR)	2.46	2.58	1.73
Lost Time Injury Rate (LTIR)	1.41	1.54	0.70
Fatalities	0	0	0

Total Recordable Injury Rate (TRIR) and Lost Time Injury Rate (LTIR) = Number of employee Recordable Injuries x 200,000 / Number of YTD Employee Hours. These rates include work-related illness, excluding OSHA reportable COVID-19 cases. Neenah evaluates every employee COVID-19 case our Human Resources function is aware of, evaluates and tracks whether a worker is infected as a result of performing their work-related duties, and reports applicable cases to OSHA in accordance with OSHA guidelines.



At Neenah, we place the physical health and psychological and emotional well-being of each other above everything.

Over the past two years, we have built our diversity, equity, and inclusion (DE&I) platform and established goals to ensure we are creating a workplace that fosters a diverse, equitable, and inclusive environment for all by respecting everyone's unique needs, perspectives, and potential.

Understanding that, like many companies, Neenah has much to do in this area, we made significant strides in advancing DE&I in 2021. This progress started at the top with our CEO, who became a signatory to two important initiatives and, as such, committed Neenah to meaningful change within our walls and beyond:

**CEO Action for Diversity & Inclusion –**

The largest CEO-driven business commitment to drive measurable action and meaningful change in advancing DE&I in the workplace.

**ATL Action for Racial Equity –** An initiative of the Metro Atlanta Chamber aimed at accelerating racial equity by leveraging the size and scale of the regional business community and the power of collective impact.

### DE&I Goals

In 2021, Neenah established two important targets to advance DE&I among our management ranks. Through a combination of recruiting and employee development, we have set the following goals:

- Increase the number of females across the organization
- Increase the number of U.S.-based underrepresented racial and ethnic minorities in Director-level roles and above

## OUR WORKPLACE || DIVERSITY, EQUITY, AND INCLUSION

### **Embedding DE&I into Our Culture**

In 2021 and continuing into 2022, Neenah established initiatives aimed at promulgating DE&I awareness, opportunities, and appreciation throughout the company.

**Global Day of Listening** – This companywide virtual event brought together employees across the world to share their unique perspectives and experiences, with the goal of increasing our understanding and appreciation of each other.

**Neenah Connection Groups** – We created the opportunity for employees to form Employee Resource Groups to drive recognition and development opportunities and celebrate our many dimensions of diversity. By the end of 2021, two groups had already formed: Connecting Women@Neenah and Young Professionals@Neenah.

**Connections Council** – In 2022, we plan to launch the Connections Council, which will include representatives from each Neenah Connection Group and our Executive Leadership team. The Council will meet semiannually to discuss progress and advance the cause of DE&I at Neenah.

**Unconscious Bias Training** – In 2022, all employees are scheduled to participate in Unconscious Bias training, with three unique offerings based on each employee's role in the organization.

**Diverse Candidate Slates** – We are currently trending to include 30% diverse candidates for all positions at the Manager level and above by year-end 2022.





Neenah is committed to building and fostering the organization, talent, and capabilities required to accelerate our growth ambition — cultivating a culture of possibility and attracting, engaging, growing, and rewarding the right talent with the right capabilities in the right roles at the right time.

### Development and Training

Grow@Neenah, our global talent and performance management platform, provides a framework for how we manage objectives, foster employee development, have meaningful performance discussions, and differentially reward high-performing individuals.

Ongoing targeted educational and experiential opportunities are also offered through Grow@Neenah. In 2021, we refreshed these opportunities to focus on three key areas:

- **Functional/Technical Learning** to support employees excellence in their functions and roles.
- **Professional Learning** to enrich employees to be more effective team members.
- **Leadership Learning** to develop employees to be more effective leaders.

### Engagement

In 2021, Neenah executed its first Global Employee Engagement Survey to inform leadership on what we do well as a company and what we can do better to foster career satisfaction and a culture of belonging. Offered in multiple languages, the survey yielded over 1,000 responses and a multitude of valuable insights. In response, we've developed a three-phase action plan: Preparing, Equipping, and Guiding People — designed to effectively communicate Neenah's plans for the future, provide necessary tools and resources, and guide each individual along the way.

### Flexible Work Environment

To support employees with balancing personal and professional demands, in 2021, we introduced Neenah*Flex*, which allows employees to explore flexible work approaches with their managers. Options include flexible scheduling, compressed work weeks, and remote work.



## OUR PLANET

As a company that relies on Earth's natural resources, environmental sustainability is central to Neenah's long-term ESG strategy.

We strive to continually reduce our environmental impact while meeting or surpassing all applicable laws and regulations. Our approach focuses on the following key areas:

- **Climate and Energy Footprints**
- **Water Management**
- **Fiber Sourcing and Supply Chain Management**

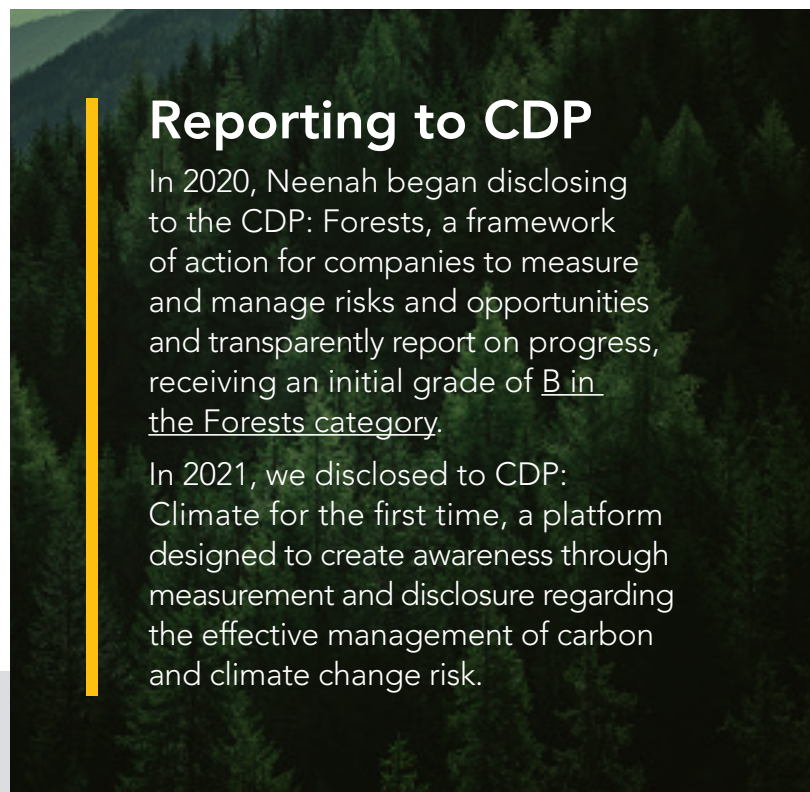
### **Environmental Policy and Management Systems**

All of our manufacturing plants are required to comply with the [Neenah Environmental Policy](#), and all have implemented environmental management systems with six of our locations receiving ISO 14001 certification, a uniform standard of environmental management systems.

### **Neenah Position on Climate Change**

At Neenah, we recognize that climate change is among the defining issues of our time and for future generations. Climate change poses significant risks to our planet, society, and our company.

Legislative and regulatory initiatives directed at limiting greenhouse gas (GHG) emissions may increase our energy costs and raw material prices, require operational or equipment modifications, and create costs to comply with regulations or to mitigate the financial consequences of such compliance. Other risks may include the limited availability of raw materials and freshwater used in the manufacturing of our products. Furthermore, if any of our facilities were to experience a catastrophic loss due to fire,



## Reporting to CDP

In 2020, Neenah began disclosing to the CDP: Forests, a framework of action for companies to measure and manage risks and opportunities and transparently report on progress, receiving an initial grade of B in the Forests category.

In 2021, we disclosed to CDP: Climate for the first time, a platform designed to create awareness through measurement and disclosure regarding the effective management of carbon and climate change risk.

flood, or other weather-related events, it could disrupt our operations, delay production, delay or reduce shipments, reduce revenue, and result in significant expenses to repair or replace the facility.

Neenah has set climate-related goals and supports policies that strive to mitigate climate change and its impacts. We align our business practices with policies based on sound science and support the goals set forth by the United Nations Framework Convention on Climate Change to keep the average global temperature as close as possible to 1.5°C above pre-industrial levels.

Neenah regularly looks for ways to improve energy efficiency in our facilities, increase our use of renewable energy sources, and advance energy savings in our supply chain.

Neenah's mill in Bruckmühl, Germany, generates almost a third of its electrical needs from on-site, renewable hydropower.

Our mill in Weidach, Germany, operates a regenerative thermal oxidizer (RTO), which keeps hazardous air pollutants, volatile organic compounds (VOC), and odorous emissions from entering the atmosphere. This RTO also generates steam, which is in turn used to power key industrial processes, reducing our natural gas consumption.

### Working Across Our Value Chain

Neenah is the largest purchaser in Wisconsin of Green-e certified clean energy, purchasing over 30,000 megawatt hours annually. Through our partnership with Green-e, we are able to match certified renewable energy to many of our products, supporting customers in their efforts to address their own carbon footprints.

### ISO Certifications

The energy management systems at our two mills in Germany and our mill in Spain have received ISO 50001 certification to guide our efforts to conserve resources and save costs through efficient energy management.

Contracting with freight and logistics vendors that are part of the U.S. EPA SmartWay Transport Partnership helps us reduce Scope 3 emissions and advance supply chain sustainability by measuring, benchmarking, and improving transportation efficiency.

Neenah has set a goal to **reduce its Scope 1 and Scope 2 GHG emissions intensity by**

**15%**

**by 2030**, based on a 2018 baseline. Beyond these goals, we plan to set mid- and long-term GHG emissions reduction goals in 2022 that are aligned with consensus climate science.



## OUR PLANET || CLIMATE AND ENERGY FOOTPRINTS

### Energy and Emissions Data

(Neenah will report 2021 energy and emissions data when it is available later in 2022.)

<b>ENERGY CONSUMPTION</b> (1000 Gigajoules [GJ])	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total Energy Consumption from Nonrenewable Sources</b>			
Natural Gas	3,386.36	3,177.02	2,702.93
Coal	1,350.10	730.50	715.86
Fuel Oil	0.01	3.86	0.01
Electricity	753.82	823.22	737.06
<b>Total Energy Consumption from Renewable Sources</b>			
Electricity	45.99	42.12	45.60
<b>Total Energy Consumption from Nonrenewable and Renewable Sources</b>	5,536.29	4,776.72	4,201.48
<b>Energy Intensity — Scopes 1 and 2</b> (GJ/metric tons [MT] of product)	15.57	14.80	16.25

<b>EMISSIONS</b> (1000 MT)	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Scope 1 Emissions</b>	291.26	231.18	201.51
<b>Scope 2 Emissions</b> (Location-Based)	149.43	134.85	113.81
<b>Emissions Intensity: Scopes 1 and 2</b> (MT CO <sub>2</sub> e/MT Product)	1.24	1.13	1.22
<b>Nitric Oxide (NOx)</b> (MT)	368.70	244.73	228.20
<b>Sulfur Oxide (SOx)</b> (MT)	431.52	247.32	231.96
<b>Emissions Intensity: NOx</b> (MT/MT Product)	0.0014	0.0008	0.0006
<b>Emissions Intensity: SOx</b> (MT/MT Product)	0.0017	0.0008	0.0007

Energy and emissions data include manufacturing plants only. Our Appleton, Wisconsin, mill, decommissioned in fall 2021, is included in the data above. Our Queretaro, Mexico, facility, which was brought on line in late 2021, is not included in the above data.

All metrics reported using the Sustainability Accounting Standards Board (SASB) Pulp & Paper Industry definitions FSC C011397. In addition, data collection and reporting guidance derived in part from Global Reporting Initiative (GRI) Standards 305-1, 305-2, 305-4, and 305-7. Reported emissions do not include PFCs, HFCs, SF<sub>6</sub>, NF<sub>3</sub>, PM, VOCs or HAPs.

Water is an essential resource in our manufacturing processes, with the majority of our mills utilizing fresh water from nearby lakes and streams.

While none of our manufacturing facilities are located in what would be considered water-stressed areas, we are acutely aware of global, regional, and local water concerns. We understand that water shortages can occur due to increasing demands, contamination, and changing climatic and precipitation patterns.

We're responding to the critical value of global water supplies from two perspectives: water conservation

and state-of-the-art water treatment processing.

Our practice is to minimize water consumption and return it to the source. We thoroughly treat the water before returning so that it does not negatively impact the original water source. Additionally, our mills recycle water used in our manufacturing process to minimize freshwater withdrawal.



# 13%

Decrease in **water withdrawn** per unit of production since 2014

## OUR PLANET || WATER MANAGEMENT

### Water Management Data

	2018	2019	2020
<b>Water Withdrawal by Site</b> (millions of gallons [MGal])			
Andoain, Spain	5.78	4.75	6.19
Appleton, WI	251.33	174.61	68.59
Brownville, NY	23.84	22.72	22.90
Bruckmühl, Germany	220.55	210.53	230.40
Eerbeek, Netherlands	152.32	145.61	132.30
Great Barrington, MA	0.51	1.63	4.82
Lowville, NY	5.04	3.79	2.70
Munising, MI	1583.41	1332.89	963.00
Neenah, WI	451.56	504.79	459.50
Pittsfield, MA	135.00	141.00	106.00
Quakertown, PA	15.20	15.69	13.00
Red Bridge, United Kingdom	1.93	2.03	1.20
Weidach, Feldkirchen-Westerham, Germany	460.45	414.00	397.80
Whiting, WI	841.71	815.54	724.40
<b>Total Water Withdrawal</b> (MGal)	<b>4148.59</b>	<b>3789.52</b>	<b>3132.79</b>
<b>Total Water Discharge</b> (MGal)	<b>3844.66</b>	<b>3508.90</b>	<b>2878.59</b>

Neenah strives to comply with all regulations regarding water discharges and often surpass standards required by law. However, like many manufacturing companies, we occasionally experience noncompliances, which are rapidly addressed. Following is an overview of these incidents since 2018, all of which have been addressed and successfully resolved: Appleton: pH below limit on Feb. 18, 2020; two exceedances in August and November 2019; low pH exceedances reports October-December 2018; Brownville: TSS 10 mg/L over limit on April 14, 2020; in September 2019 failed to collect a required TSS sample; on July 24, 2018 BOD concentration above limits; Quakertown: December 2020 NOV for failure to keep maintenance records of Tank 007A; Neenah: two copper exceedances in January 2018.



As our largest raw material, how and where we source our fiber is crucial to our business and represents one of the most meaningful ways we can reach beyond our own operations to reduce our environmental footprint.

We only purchase fiber from sources that demonstrate sustainable practices and have third-party forest management certification programs, including the Sustainable Forestry Initiative (SFI), Forest Stewardship Council® (FSC), and the Programme for the Endorsement of Forest Certification (PEFC) schemes.

Similarly, we do not procure any materials from areas where traditional or civil rights are violated, or from uncertified forests.

Neenah supports recycling of forest products through inclusion of post-consumer content in several of our products. In 2020, 10% of Neenah's purchases of fiber were from recycled sources.

Our high standards for our supply chain extend well beyond fiber vendors. Our vendor evaluation and selection standards are outlined in detail in our [Ethical Purchasing Policy](#).



# 100%

Of Neenah's wood fiber purchases meet the FSC® Controlled Wood standard

# CORPORATE AND ESG GOVERNANCE

## The Neenah Board of Directors

Our commitment to ESG principles begins at the top with diverse representation. Fifty percent of the members of our Board of Directors identify as female or underrepresented minority. Additionally, women are strongly represented with females currently serving as CEO and chairing two of the three standing committees: the Nominating and Corporate Governance Committee and Audit Committee.

In addition to the more traditional responsibilities of such committees, all of our Board committees have oversight of ESG topics written into their charters:

- The Nominating and Corporate Governance Committee provides oversight of environmental and sustainability risks, ethical conduct practices, corporate culture, and employee health and safety. When selecting potential director nominees, the committee is committed to enhancing diversity in the boardroom, inclusive of gender, race, and national origin.
- The Audit Committee provides oversight of Neenah's risk assessment and risk management efforts, including cybersecurity, data privacy, data security, and risks related to climate change. The Audit Committee receives periodic reports from management on enterprise risk assessments, the risk management process, and issues related to the risks of managing the corporation's business.
- The Compensation Committee provides oversight of Neenah's human capital and reviews incentive compensation plans to ensure targets are aligned with company objectives and shareholder interests.

For more information on corporate governance at Neenah, please visit our [website](#) and review our most recent [Proxy Statement](#).

## Management-Level ESG Committee

To ensure that sustainability is prioritized throughout our company, we have established a cross-functional ESG Committee. Chaired by our General Counsel, the committee reports to the Board of Directors and is charged with assisting executive leadership in setting ESG strategy, developing and implementing policies and initiatives, overseeing stakeholder communications, and completing periodic reporting and disclosures on ESG matters in compliance with applicable securities laws.

## Key ESG Governance Policies

[Corporate Governance Policies](#)  
[Code of Business Conduct and Ethics](#)  
[Environmental Policy](#)  
[Human Rights Policy](#)  
[Ethical Purchasing Policy](#)

## ESG Committee Composition

### ENVIRONMENT

Executive Sponsor  
**EVP, Operations**

Functional Lead  
**Senior Director,  
Environmental, Health  
& Safety**

### SOCIAL

Executive Sponsor  
**EVP, Chief Human  
Resources Officer**

Functional Lead  
**Director, Engagement  
and Communications**

### GOVERNANCE

Executive Sponsor  
**EVP, General Counsel**

Functional Lead  
**Deputy General Counsel**

TO LEARN MORE, VISIT [NEENAH.COM/SUSTAINABILITY](https://www.neenah.com/sustainability)