HOW IS ONTEX CONTRIBUTING TO THE FIGHT AGAINST GLOBAL WARMING?

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DARE TO MAKE A DIFFERENCE.

We recognize that climate change is an urgent and potentially irreversible threat to businesses, human societies and the planet. We also acknowledge that we are part of a broad, global picture. Our actions and plans are specifically aimed at addressing the concerns of the IPCC[1] as stated in their 2018 report.

As a first step, our aim is to be carbon neutral by 2030 and we have set ourselves ambitious targets along the way. The majority of our emissions come from electricity consumption in our plants (91% versus 9% of other fuels such as natural gas and oil) so our main focus is on reducing this aspect of consumption. Over the past two years we have invested in switching to 'green' electricity and all our European sites have now been converted. In 2018, we conducted feasibility studies to see whether we can take this one step further by installing solar panels on the roofs of our production plants and generate our own electricity on-site. We will be running a pilot at one of our European plants in 2019 to evaluate the possibilities. We will also continue to engage with our partners along the supply chain to ensure a multi-actor approach in our quest for carbon neutrality.

In 2018, we decreased our absolute greenhouse gas emissions (scope 1 & 2) with 3% compared with the previous year, despite of the larger scope. When looking at the emissions intensity ratio we see a decrease of 8% versus 2017, and even a further decrease in the carbon intensity ratio of 35% compared with 2014.

We are happy to see that our actions have a positive impact on reducing our carbon footprint.

1. The Intergovernmental Panel on Climate Change (IPCC) is the leading world body for assessing the science related to climate change, its impacts and potential future risks, and possible response options.

MAKING PRODUCTS IN A RESPONSIBLE MANNER IS CENTRAL TO OUR SUCCESS. IT IS THE ASSURANCE OUR CUSTOMERS AND CONSUMERS SEEK. IT IS THE PATH TO REDUCING OUR ENVIRONMENTAL IMPACT. AS A GROUP, WE ADOPT A HOLISTIC APPROACH TO RESPONSIBLE PRODUCTION AND CONSUMPTION BECAUSE SUSTAINABILITY IS ONE OF ONTEX'S STRATEGIC PILLARS.

The following section looks at how we control our business in terms of sustainability, the governance as well as the performance in 2018 against our main targets.

SUSTAINABILITY GOVERNANCE

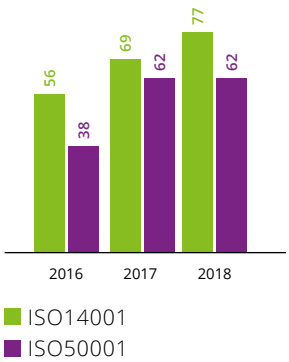
Our executive management team has overall responsibility for Ontex's sustainability matters, which encompass responsible production and consumption. We have a specific team in charge of sustainability, headed by the Director of Quality, R&D and Sustainability who is a member of the executive leadership team and reports to the CEO. The Board is also provided with regular status updates at its meetings.

The Sustainability Steering Committee operates across the Group's different businesses. Chaired by the Director of Quality, R&D and Sustainability, it meets four times a year and comprises of four members of the leadership team. The committee coordinates the initiatives and objectives. It monitors progress against targets and makes the decisions that are needed as we continue to implement our sustainability strategy more broadly across our organization.

The sustainability team is in charge of the day-to-day activities. It implements the sustainability strategy, sets goals and monitors progress. It also supports the manufacturing plants and other functions in their sustainability work. Roles and responsibilities for embedding our sustainability strategy are shared across various departments. We believe this integrated approach is key to managing our sustainability challenges successfully, rather than appointing dedicated sustainability officers at plant level.

To ensure sustainability is embedded as a system in our daily operations we aim to have all our main plants certified according to ISO 14001 and ISO50001 by the end of 2020.

CERTIFICATIONS IN PLANTS (%)



WORKING IN PARTNERSHIP

We recognize that we cannot achieve all of our goals alone. Across our value chain, we partner with NGOs, governments, industry associations and other businesses to drive and support our sustainability efforts. The table below shows where we are active and our key 2018 memberships and partnerships.

Overview partnerships

TOPIC	PARTNERSHIP	PAGE
Responsible forestry	FSC® (Forest Stewardship Council) – a global, not-for-profit organization dedicated to promoting responsible forest management worldwide. PEFC™ (Program for the Endorsement of Forest Certification) – an international non-profit, non-governmental organization dedicated to promoting sustainable forest management.	p. 36
Sustainable consumption	SWAN – a voluntary eco-labeling scheme that evaluates a product's impact on the environment throughout its whole lifecycle. GOTS – recognized as the world-leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and also requires compliance with social criteria. EU Ecolabel – shows which products or services are environmentally friendly, taking into account the environmental impact from manufacturing to waste disposal.	p. 35
Human rights in our supply chain	Business Social Compliance Initiative (BSCI) is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories and farms in their global supply chains.	p. 21
End-of-life waste	Flemish government	p. 35
Sustainability	The Shift – a Belgian sustainability network	
Consumer health & safety	EDANA – the international association serving the nonwoven and related industries	p. 35

OUR HYGIENE PRODUCTS USE WOOD FIBER MATERIALS, AND CONSUMERS EXPECT US TO TAKE RESPONSIBILITY FOR THEIR PROVENANCE. ALL WOOD FIBER WE USE COMES FROM SUPPLIERS THAT ARE CERTIFIED ACCORDING FSC® OR PEFC™ STANDARDS

ENERGY

As stated earlier, electrical energy is the main source of power for our production plants around the world. We introduced targets for reducing greenhouse gas (GHG) emissions in 2015 and the current ones expire in 2020. We are in the process of revising our sustainability strategy and, along with this, will be setting new targets for 2030 aligning ourselves, where feasible, with current mainstream climate science. The new strategy will reinforce corporate governance and provide momentum to drive long-term cost reductions through innovation. Once the targets have been agreed, we will make them public.

During 2018, we continued to implement ways to actively reduce our electricity consumption. Examples of the work done include investing in frequency converters, installing LED light sources and fine-tuning air pressure on production machines to optimize performance.

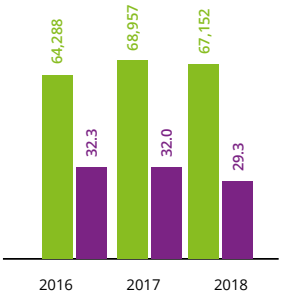
Overview energy consumption

	UNIT	2016	2017	2018
Electricity consumption	MWh	331,377	354,107	432,309
Share renewable electricity	%	54	60	64
Electricity intensity ratio				
Baby diapers	kWh/1000 FG	12.12	12.13	14.02
Baby pants	kWh/1000 FG	19.93	19.54	24.46
Internal feminine care	kWh/1000 FG	6.03	6.16	6.40
External feminine care	kWh/1000 FG	5.75	5.82	9.96
Heavy adult care	kWh/1000 FG	42.14	43.41	45.07
Light adult care	kWh/1000 FG	24.01	25.39	25.62
Car fuels (diesel/gasoline)	MWh	9,651	10,831	11,101
Fuel oil	MWh	2,693	3,537	6,086
LPG	MWh	1,125	1,416	2,685
Natural gas	MWh	23,443	27,610	28,233
Wood pellets	MWh	576	925	3,542

100%

RENEWABLE ELECTRICITY FOR OUR EUROPEAN PLANTS

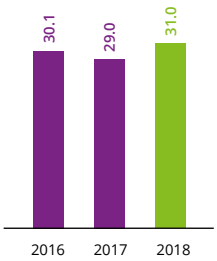
EMISSIONS



Direct scope 1-2 GHG emissions (ton)

GHG emissions intensity ratio (gCO_2/€)

PRODUCTS WITH ONE OR MORE ECO- OR HEALTH LABELS (%)



THE QUESTION OF PRODUCT SAFETY

We want our consumers to feel confident that our products are safe and healthy to use. Concerns have been raised in multiple publications across many markets about the presence of chemicals in the types of products that we make. This rise in 'chemophobia', which also affects other industries, has attracted the attention of European and national authorities. In 2019, the EU commission will write a proposal for absorbent hygiene products. They may decide that no action is needed as the level of chemicals is minimal or may choose to launch the REACH fast-track procedure as previously done for textiles.

There have also been studies at national level in a number of countries in both Europe and the Far East. Most of the results were positive but there seems to be a general call for more clarification on the presence of chemicals, their source and whether they, in fact, can be eliminated. Ontex together with EDANA (the international association serving the nonwoven and related industries) is drafting a charter on 'Substances of Interest' to move the debate from a largely emotional one to a strict, scientific one covering a list of chemicals, tolerances and detection methods.

SUSTAINABLE CONSUMPTION

The interest in demonstrably healthy products continues to grow. We are committed to supporting eco and health labels. We continued to expand certification of our raw materials and our own brand products providing consumers with visible evidence of the product's environmental performance. In some countries, especially the Nordics, eco and health labels, such as SWAN and Asthma & Allergy, are often a prerequisite. Our share of labeled products in this region has grown steadily over the past three years. In 2018, 70% (60% in 2017) of our turnover from the Nordic countries came from products with one or more eco- or health labels.

THE CHALLENGE OF USED HYGIENE PRODUCTS

Used personal hygiene products form a substantial fraction of household waste. In Europe, the majority of this waste is incinerated and the energy is recuperated. But this is just one model. In cooperation with the Flemish government, we are currently conducting a feasibility study involving the whole supply chain to assess other ways to recycle and gain value from used hygiene products. Questions such as can we design better for recycling, can we use recycled materials in production, can we partner with others to apply new recycling techniques, are all under consideration.

RESPONSIBLE MATERIAL SOURCING

The availability of raw materials for the manufacture of our products is critical, and raw materials and packaging costs account for up to 80% of our cost of sales. Two of the main materials used in our products are fluff pulp and SAP (see graph), and with the health and safety of consumers always in mind, acquiring from sustainable sources is key to our operations.

In 2018, in our efforts to manage risk, our dedicated supplier auditing team continued to review raw material suppliers covering all aspects of performance.

Forest products

Our hygiene products use wood fiber materials, and consumers expect us to take responsibility for their provenance. All the wood fiber we use in our products comes from suppliers that are certified according to FSC® or PEFC™ standards. As a minimum, we specify that all fiber meets the FSC Controlled Wood standard, which means that the origin of the fiber has been verified by an independent third party. We continue to set ourselves ambitious targets and actively support the sustainable production of forest risk commodities through supplier engagement.

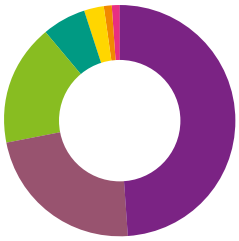
Cotton

Cotton only accounts for a minor fraction of the materials used in our products, but we recognize the labor and environmental concerns regarding cotton. All our cotton used in tampons is certified organic, i.e. grown without the use of toxic and persistent pesticides or fertilizers using methods compatible with the environment such as replenishment and biologically diverse agriculture.

GETTING MORE FROM LESS

Our close cooperation with suppliers enables us to make granular, data-driven choices as we seek to develop ways of reducing our need for raw materials and finding sustainable options. One area that has a big impact on resource use is product weight. We continually focus on using less material without sacrificing performance or customer value. For example, the redesign of our adult pants in 2018 resulted in 389 tons of material savings, while modifications to our baby diapers yielded another 222 tons of material savings, both without any loss of performance.

MAIN RAW MATERIALS



- Pulp **49%**
- SAP (superabsorbent polymer) **23%**
- Plastic non-woven **17%**
- Plastic film **6%**
- Glue & wetness indicators **3%**
- Tapes **1%**
- Viscose **1%**

100%
ORGANIC COTTON IN OUR TAMPONS

100%
FLUFF FROM CERTIFIED OR CONTROLLED SOURCES

611
TONS OF MATERIALS SAVED BY MODIFYING OUR BABY DIAPERS AND ADULT PANTS

Overview material use

	UNIT	2016	2017	2018
Reduction in materials used compared with 2014				
Baby diapers	%	-4	-5	-10
Baby pants	%	0	0	-8
External feminine care	%	3	6	N.A.[1]
Light adult care	%	-1	-3	-6
Heavy adult care	%	-4	-7	-11
Renewable raw materials				
Share renewable product raw materials	%	50	48	50
Share renewable packaging raw materials	%	80	80	82
Recycled input materials	ton	0	0	0
Organic cotton	%	99	100	100
Wood sourcing				
Certified sources (FSC®/PEFC™)	%	43	35	55
Controlled sources	%	57	65	45

1. Trend data is not available due to an update in reporting methodology.

PRODUCTION WASTE

Our aim is to eliminate waste wherever we can in the life cycle of our products. In manufacturing, for example, we design our products to minimize waste. Where there is waste, we view it as a valuable resource for new products and materials.

We are continually working to improve our recycling processes, among other things, partnering with waste management experts to find new recycling solutions for material that was previously incinerated or sent to landfill.

In 2018, 86% of our production waste was sent to recycling or incineration with energy recovery. Our waste to landfill figure increased slightly to 14% because we increased the share of production in countries with less developed recycling infrastructure. Our goal for zero waste to landfill by the end of 2020 still stands and we believe that the various programs launched in 2018 will keep us on track to reach that target.

Overview production waste[2]

	UNIT	2016	2017	2018
Non-hazardous				
Sent to recycling	ton	23,759	24,136	35,230
Sent to incineration for energy generation/recovery	ton	2,308	1,769	2,148
Sent to incineration without energy generation/recovery	ton	206	465	304
Sent to landfill/storage	ton	3,506	5,022	5,924
Hazardous				
Sent to recycling	ton	2,470	501	27
Sent to incineration for energy generation/recovery	ton	227	26	167
Sent to incineration without energy generation/recovery	ton	12	24	36
Sent to landfill/storage	ton	8	398	29

2. Excluding waste data from our Ethiopian plant.

86%

OF OUR PRODUCTION WASTE SENT TO RECYCLING OR INCINERATION WITH ENERGY GENERATION/RECOVERY

WATER

Water has not been flagged as a material issue for Ontex as it is mainly used for sanitary purposes only. We recognize that the availability of fresh water is one of the biggest problems facing our global community and we started to monitor and measure consumption in our sites in 2017.

We are long-term partners with the UNICEF WaSH (Water, Sanitation and Hygiene) program. With this partnership we help to take care of people who need water most and to improve hygiene practices around the world.

Overview water consumption (plants)

	UNIT	2017	2018
Ground water	m^3	38,361	51,125
Surface water	m^3	24,161	10,891
Urban water	m^3	115,176	114,457
Rain water	m^3	247	205
Deep well	m^3	20,242	23,613