

We care

Sustainability Report 2014



## Who we are

Ontex is an international consumer goods company, offering smart hygiene solutions for all generations.

We are a reliable partner, creating long-term joint value for our consumers, customers, suppliers, shareholders and our people. We build brands, both retailer brands as well as our own, in channels ranging from mass retail to healthcare professionals.

We are socially responsible; caring for people and the environment is an integral part of our business. Our people are passionate, with a strong culture of empowerment and ownership.

## What we do

We deliver sustainable, profitable growth thanks to high-quality, innovative products and services, and our relentless focus on efficiency and agility. We provide consumers and customers in more than 100 countries worldwide with solutions they trust and can afford.

### **About this report** (G4.17 and G4.18)

This is our first Sustainability Report. It covers the social, environmental and economic aspects of sustainability that are important to Ontex and our stakeholders. As a first report, it covers the fiscal years 2012 to 2014. This report covers the activities of Ontex Group NV, Ontex bvba and Ontex International bvba and includes sales offices worldwide and 15 production sites in 12 countries. From this year onwards, we plan to publish a sustainability report every year.

This Sustainability Report is drawn up in accordance with the Global Reporting Initiative (GRI) G4 guidelines, Core option. See pages 31 to 34 for GRI content or visit [www.ontexglobal.com](http://www.ontexglobal.com).

## A message from our responsibility lead

Dear stakeholders/readers,

It is with pride that we introduce to you our first Sustainability Report – a milestone within our sustainability journey that we are eager to share with you. As a global player in the hygiene industry, we understand the responsibility we have towards society. With this report we want to demonstrate our commitment to making sustainability an integral part of our business.

The development of this report has started with a self-reflection on where we stand as a socially responsible company and to contemplate what we have already achieved and where we want to stand in the short and long term in respect of sustainability.

We understand that sustainability, though a fascinating topic, is still an abstract concept that cannot be merely described in a few words. Ontex is an exciting company and that is why this report came into being – to introduce the aspects that define us as a socially responsible company to all the interested parties in a tangible and visually attractive way.

If we look back on 2014, a significant chapter of our sustainability story, we can be proud of what we have achieved. Communication has become a significant pillar of our sustainability strategy, and the foundations of the people aspect have been developed. But this is only the beginning of our adventure. We aim to attain sustainability maturity in the areas where we can take action and at the pace of the Company's rapid growth. One of our main



focus points will be developing the core of our organization, our employees, and guiding them so that they can implement sustainability practices in their everyday activities and spread the sustainability message to the outside world.

This report is a starting point, with the clear intention of developing a communication tool that reflects our story and clarifies our ambitions.

We hope this report will be a new chapter in Ontex's sustainability journey. Enjoy the read.

**Annick De Poorter**  
Group Quality, R&D and Sustainability Director



For more information, visit  
[www.ontexglobal.com/sustainability](http://www.ontexglobal.com/sustainability)

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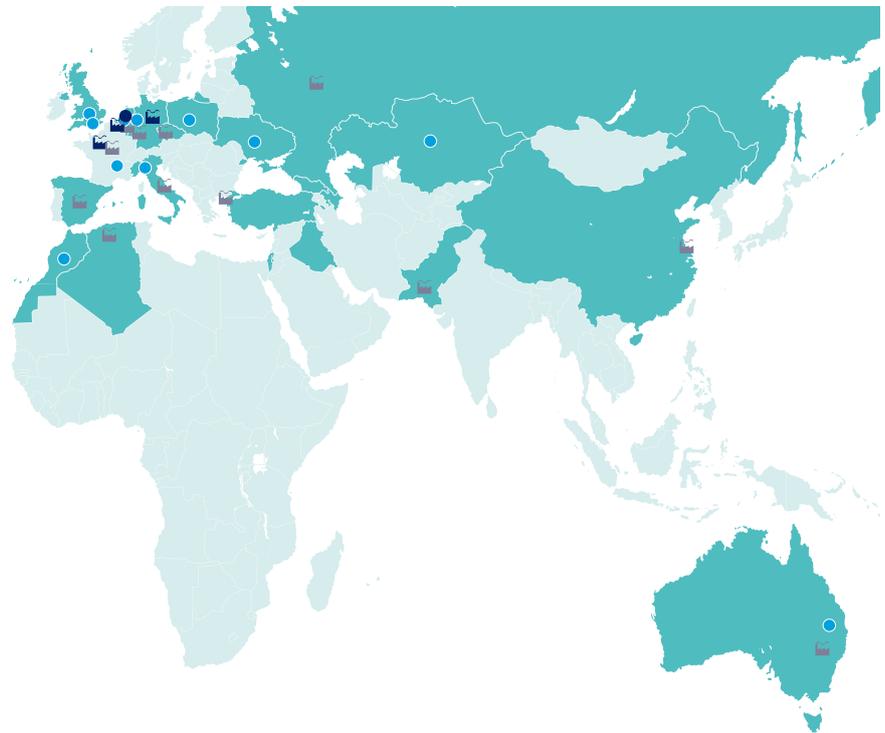
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# Ontex at a glance

## A growing international business

We make, sell and distribute our products in more than 100 countries through leading retailer brands, as well as under our own brands. Our 15 manufacturing sites are strategically placed across Europe, North Africa and Asia Pacific, with four specialized R&D centers offering continuous innovation to our consumers and customers.

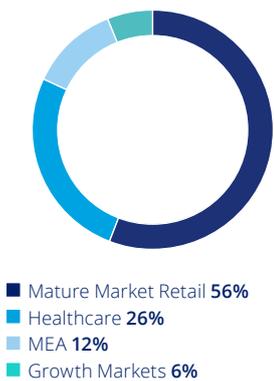
-  **One** international business with sales in more than 100 countries
-  **15** production facilities
-  **23** sales and marketing teams
-  **5,500** employees
-  **€1.6 billion** in sales in over **100** countries



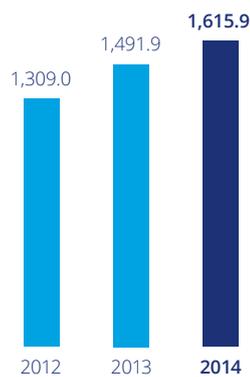
- Key
-  Ontex locations
  -  Sales office (11)
  -  Production facility (3)
  -  Sales office/Production facility (12)
  -  Headquarters (Aaist, Belgium)

### Key highlights

Revenue by Division  
€m



Revenue growth  
€m



Net debt  
€m



Leverage  
(x)



## Our products – performance at the right price

### Baby Care



We provide Baby Care products, such as diapers, baby pants and wet wipes. Panel tests, lab tests and independent reviews regularly confirm the focus on quality, innovation and performance of our products.

### Adult Care



Our Adult Care products, mainly distributed through healthcare providers but increasingly through retail, are disposable devices designed to manage light, moderate and heavy incontinence. We constantly combine new technology, and consumer and customer feedback to ensure our products provide high protection, are comfortable and easy to use.

### Feminine Care



We develop Feminine Care products such as sanitary pads, panty liners and tampons. We introduce new products in response to market insights, ensuring comfort and confidence for women.

## A strong and diversified business

Focused on three attractive categories...

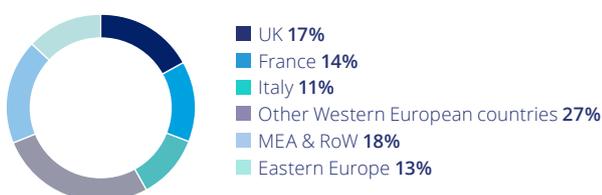


Category split excludes 1% of "Other".

...offering quality retailer and Ontex brands...



...in diverse markets...



...for a diversified blue-chip customer base



Charts based on 2014 revenue.

## Word from our CEO

# Introducing our sustainability strategy



What drives Ontex towards sustainability?

“Sustainability is not about what you do, but why you do it.”

I am pleased to share our first Sustainability Report, which follows a successful year for Ontex in which we reshaped the business to support our plans for sustainable growth into the future.

When thinking about sustainability, I believe there are two compelling reasons for companies to operate sustainably. One is economical – because it can help you reduce costs. The other is ethical – because you want to do business in a positive way. At Ontex, our mission is an ethical one; to improve people's lives. And we want to achieve this while operating as efficiently as possible to reduce impacts, reduce costs and create value for our consumers, customers and shareholders.

There are three aspects that concern the sustainability of our business and our goal to improve lives. First, we have a commitment to take better care of our planet. The industry we operate in has a significant impact on our environment: we need trees to produce the pulp for our diapers, an important energy demand for production; our disposable products make up a considerable share of municipal waste; and our international distribution has a significant carbon footprint. If we want to improve people's lives we need to preserve the world they are living in. For this reason, we strive to improve the eco-efficiency of our products, production processes and logistics.



**Environmental Product Declaration**

Environmental Product Declarations (EPD) allow producers to demonstrate their focus on environmental issues by analyzing and describing the life-cycle environmental impacts of their products. EPDs give consumers the opportunity to assess the environmental characteristics of individual products. They also enable comparisons between similar products, which promotes competition for continual improvement of environmental performance. An EPD is based on life-cycle, or “cradle-to-grave”, analysis, which assesses impacts from the production of raw materials to a product’s end of life as waste.

In 2013, we certified our entire “Serenity” product range. As part of this process we established an EPD management system and released all EPDs.



[www.serenity-care.com](http://www.serenity-care.com)



**Eco-achievements for our MOLTEX brand**

In 2013, our MOLTEX brand won the “Green Brand” seal of quality for MOLTEX nature no.1 diapers. Throughout its history, MOLTEX has developed and produced eco-conscious products; it developed its first eco-diaper in 1991. The MOLTEX Nature no.1 diaper was launched in 2013 and given a new name to represent its status as the world’s first recognized eco-diaper. MOLTEX Nature no.1 contains 40% to 50% renewable materials, uses cellulose from certified sustainable forestry and is 100% chlorine, latex and fragrance free.

Also in 2014, MOLTEX Nature no.1 came second place in the “product” category of the annual ECOCARE Awards, an international prize for sustainability awarded by German trade journal Lebensmittel Praxis.



[www.moltex.de](http://www.moltex.de)

Second, we want to bring quality products to everyone at an affordable price. Recent studies show that one out of three mothers worldwide cannot provide their babies with diapers. We also want to make sure that women also have access to feminine care products. Accessing our products is about making sure that they are adapted to local needs, ensuring local end-users get the quality they require at an affordable price. Through our production facilities in Australia, Pakistan, Algeria and other parts of the world, we are bringing our products closer to consumers who need them.

Third, people development is key at Ontex. We are a growth company, and our people directly contribute to the health of our business. We are investing in our teams and processes to help us attract, develop and retain the right people as we grow. Offering our employees training and development and looking after their well-being will help us grow the managers of the future from within. This will be vital in protecting the future of our Company.

Of course, operating sustainably is not without its challenges and it affects every area of our business. We are rising to the challenge by including sustainability into our corporate strategies. For example, reducing our environmental footprint is now incorporated into our performance management systems, as well as our annual savings programs. Furthermore, we are striving to use less material for more diapers, to load more products onto a single truck, and reduce energy consumption during production... all of these actions have a positive impact on the planet and on our costs.

One of the biggest challenges we face is to build and maintain awareness of sustainability throughout our organization and beyond. We need to make sure that our people understand and support our commitment to sustainability and we need to be better at communicating our achievements and progress to internal and external stakeholders. Our decision to publish this Sustainability Report serves two purposes; it emphasizes our commitment to sustainability, and it builds awareness internally. It is also a valuable tool to communicate our progress, to share our stories and to help us to continuously improve.

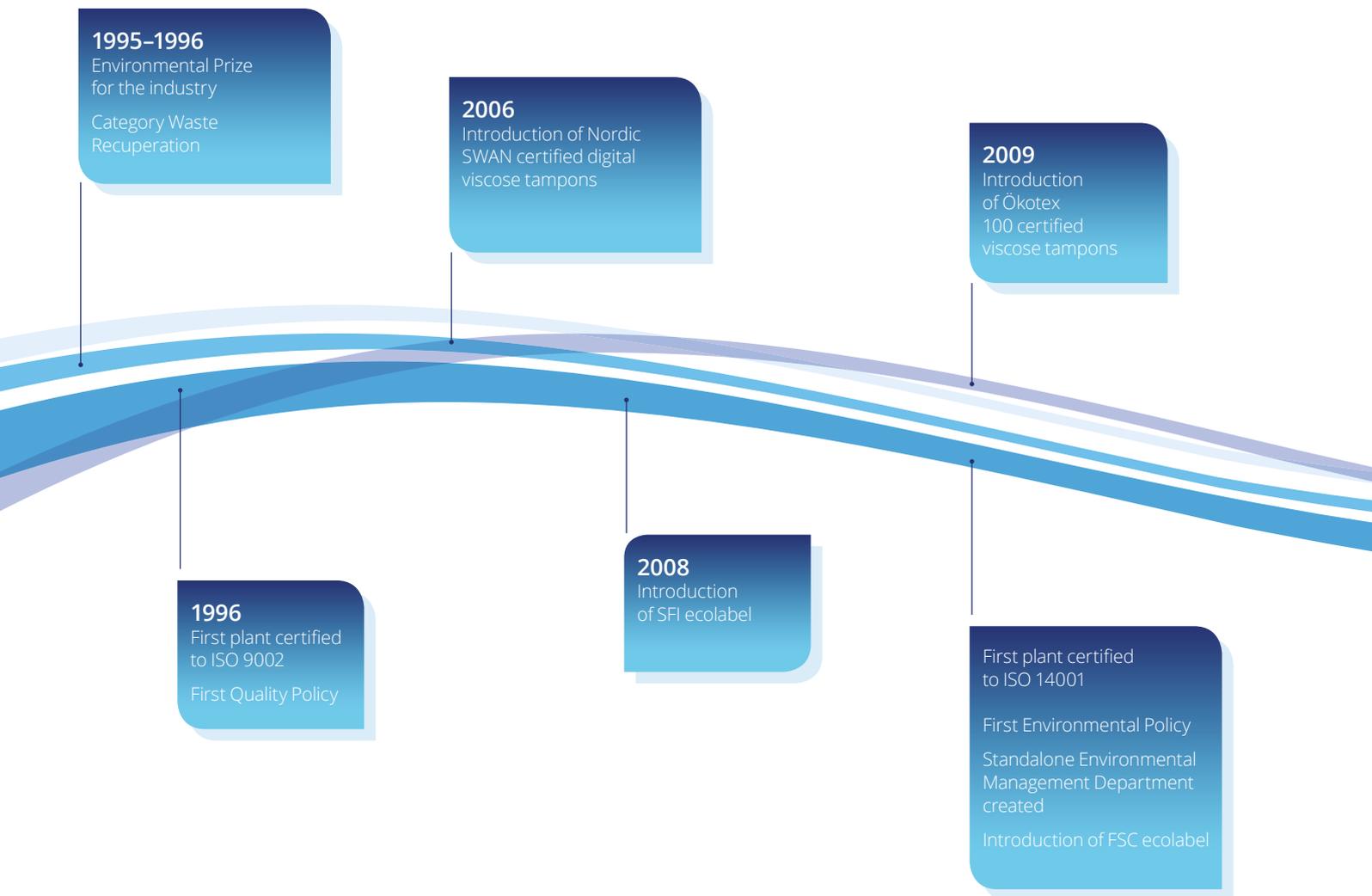
As I often say, we are all in a movie. This Sustainability Report sets the scene at the beginning of the film, and as the movie proceeds we'll look back and see what we have achieved. In five years' time we'll look back at this report and hopefully realize that it was the start of a great journey.

**Charles Bouaziz**  
CEO, Ontex

## Our sustainability journey

Ontex began as a family company in Belgium. Since then, we have grown into a global business, with 15 manufacturing facilities in 12 countries. We have more than 5,500 employees across the globe, sell our products in more than 100 countries and achieved more than €1.6 billion in sales in 2014.

Our sustainability journey started in 1996 with the introduction of an ISO quality system and product ecolabels. Today, care for people and the environment is established within our Company mission and sustainability is deeply rooted in our organization, in our products and in our know-how. Reducing production and product impacts, enhancing energy efficiency, looking after employees' safety and well-being, and reducing impacts in our supply chain are some of the areas we know are important in our global operations.



**2010**

Introduction of Nordic SWAN certified cotton tampons

**2012**

First Sustainability Charter, January 2012

First Occupational Health & Safety Policy, October 2012

Introduction of PEFC ecolabel

**2014**

Second place ECO CARE Awards

ISO 14001 certification Istanbul and Ortona

First plant certified to ISO 50001

Environmental Department renamed Sustainability Department (with broader focus)

Introduction of Nordic SWAN certified eco-diaper

**2013**

Green Brand Award – MOLTEX

EPD certificate for Serenity

# Our approach to sustainability

Our growth from a family company into an international business is based on our goal to be a competitive force in delivering high-performance, best-value personal hygiene solutions to our partners and consumers.

But as we grow our responsibilities also grow – to our employees, to our consumers and customers, and to the environment. To meet these growing responsibilities we have integrated care for people and the environment into our Company mission. And because we are inspired by our vision and driven by our mission, we aim for sustainability to be an integral part of our future success.

## Our vision

To be a leading international personal hygiene partner, providing smart personal hygiene solutions for all generations.

## Our mission

To constantly deliver high-quality, innovative, smart personal hygiene solutions to improve people's lives across the world. We care for our employees and the environment, while creating value for our customers and for our shareholders.

## Sustainability strategy

As a leading producer of absorbent hygiene products, our business impacts on a range of stakeholders – our shareholders, customers, consumers, employees, and suppliers – as well as on the environment. To respond and manage these impacts we formalized our commitment to sustainability by developing a sustainability vision and strategy in 2013.

### Our sustainability vision is to:

- 1 Be a top performer in sustainability in the hygiene sector
- 2 Be a reliable partner for our consumers and customers
- 3 Increase access to high-quality hygiene products for as many people as possible

Our sustainability strategy has been developed with reference to the UN Global Compact, the principles of the Global Reporting Initiative (GRI), ISO 26000 guidance on social responsibility, and the OECD guidelines for multinational enterprises. Based on these frameworks, we are guided by the following fundamental sustainability principles:

- Ethical behavior
- Embed social and environmental considerations in decision-making
- Accountability and transparency
- Respect for stakeholders' interests
- Legal compliance
- Long-term thinking

Our sustainability strategy will deliver our vision and is implemented through three pillars of sustainability:



### In our know-how...

We value the exchange of knowledge regarding sustainability, externally with suppliers and customers, and internally across our production facilities and departments. We aim to share knowledge through our corporate and brand websites, Sustainability Report, quarterly newsletters and annual sustainability meeting. To help deliver our sustainability ambitions, we invest in close partnerships with stakeholders along our value chain and we work hard to communicate efficiently and effectively. We are also members of key associations and trade bodies that support and enable our sustainability strategy. These memberships are mainly specific to the non-woven and disposable hygiene products industry.



 See page 14 for more details



### In our products...

Ontex products are disposable, single-use products. For this reason it is important that we take into account the environmental impact of our products. Our two main ambitions within this pillar are sustainable sourcing and product responsibility.

We aim to achieve the lowest possible impact by:

- Ensuring all products are safe
- By aiming to use only third-party certified and sustainably sourced cellulose – the fluff pulp and forest products we use as raw materials
- Reducing product and packaging weight
- Developing new eco-conscious products



 See page 18 for more details



### In our organization...

Sustainability in our organization covers our ambitions to be a good employer and to minimize our impact on the environment. Transport of raw materials and finished products, energy consumption and waste from manufacturing are some of the impacts that we manage. Our Environmental and Energy Policy commits us to minimize the environmental impact of our activities and we are implementing ISO 14001 and ISO 50001 environmental and energy management systems to achieve these aims. We have a similar commitment to being a good employer. We deliver this goal by providing safe working conditions, a positive work/life balance, and by making the most of our employees' diverse talents, skills and personalities. We recognize and reward their contribution to our success. Our global Health and Safety Policy and people management processes support our approach.

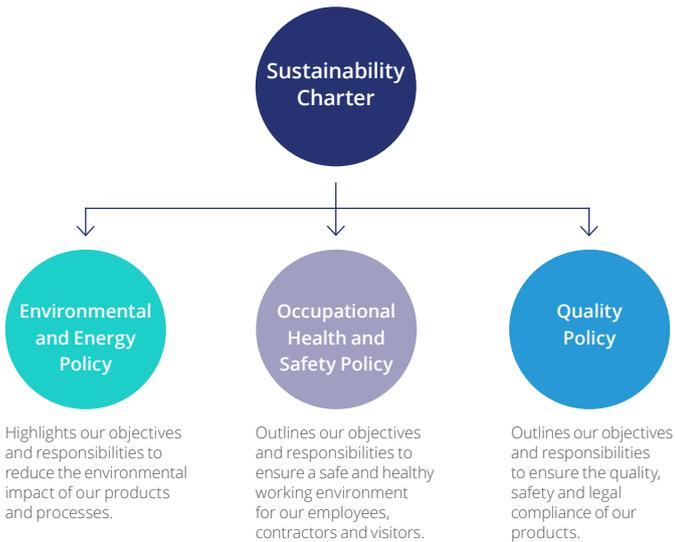


 See page 24 for more details

# Our approach to sustainability continued

## Our way of doing business

We firmly believe that sustainable business practices lead to genuine business success. We aim to integrate our vision for sustainability into all aspects of our business. Our Sustainability Charter is a formal commitment to sustainability within Ontex and outlines our aims within each of our three sustainability pillars. Three issue-specific policies support our overall approach to sustainability:



## Business integrity

We expect high standards of business integrity in our organizational culture and our employees are expected to comply with any legal requirements as well as the Ontex Business Code of Conduct. This Code serves as a guide for doing business the "Ontex way". It includes our corporate compliance requirements and a range of business integrity policies, as outlined below.

**Business Code of Conduct**

- [Anti-Trust Policy](#)
- [Anti-Bribery Policy](#)
- [Political and Charitable Contribution Policy](#)
- [Exchange of Gifts, Entertainment, Items of Value Policy](#)
- [Economic Sanction and Anti-Boycott Policy](#)
- [Anti-Money Laundering Policy](#)

These policies reflect our way of doing business to maintain and further strengthen our company reputation. They demonstrate that we aim to operate responsibly and with the highest standards of ethics, integrity and compliance with applicable laws and regulations.

## Embedding corporate compliance

In 2013, our Executive Team supported the implementation of a Group-wide Compliance Program covering policies and procedures, training and education, risk prioritization, monitoring, investigation and reporting. With a focus during the first year on corporate compliance, Group Compliance implemented across the Group our Business Code of Conduct and business integrity policies that were translated in nine languages. In collaboration with our Local Compliance Coordinators, these were rolled out locally and were followed by training sessions for all employees.

Following the roll-out, in 2014 we issued a questionnaire about the content of these policies across the Group. The results were satisfying with scores ranging from 85% to 98% from 1,231 participants worldwide.

The program has achieved other significant milestones:

- **Leadership** – Starting from zero, a worldwide compliance team has been established. Our Compliance structure promotes leadership oversight through the Compliance Steering Committee, Local Compliance Coordinators & Representatives and Divisional Compliance Managers. Additional compliance support is provided by groups and individuals throughout the organization such as Legal, Finance, Sustainability, Internal Audit, Human Resources and ICT.
- **Risk assessments** – Through our compliance program we have identified 117 standards required to achieve full compliance. Local compliance coordinators have conducted risk assessments and developed action plans to achieve all standards locally. Throughout 2014, these plans were put into action. We have also established monitoring guidelines and compliance will be closely followed in the next few years. We have also established monitoring guidelines and awareness creation guidelines. Additional risk assessments within other high risk areas will be closely followed and monitored in the next few years.

Having established systems to ensure our corporate compliance, we need to maintain the profile of compliance activities around Ontex on an ongoing basis. To achieve this, we will work on our monitoring approach, risk prioritization, and the appointment of local "persons of trust" who will respond to concerns on social integrity. In addition, we will establish an internal platform for reporting violations on both social and business integrity.

**Our material issues (G4.18)**

In 2014, we defined our material, or most important, sustainability aspects. This process was based on:

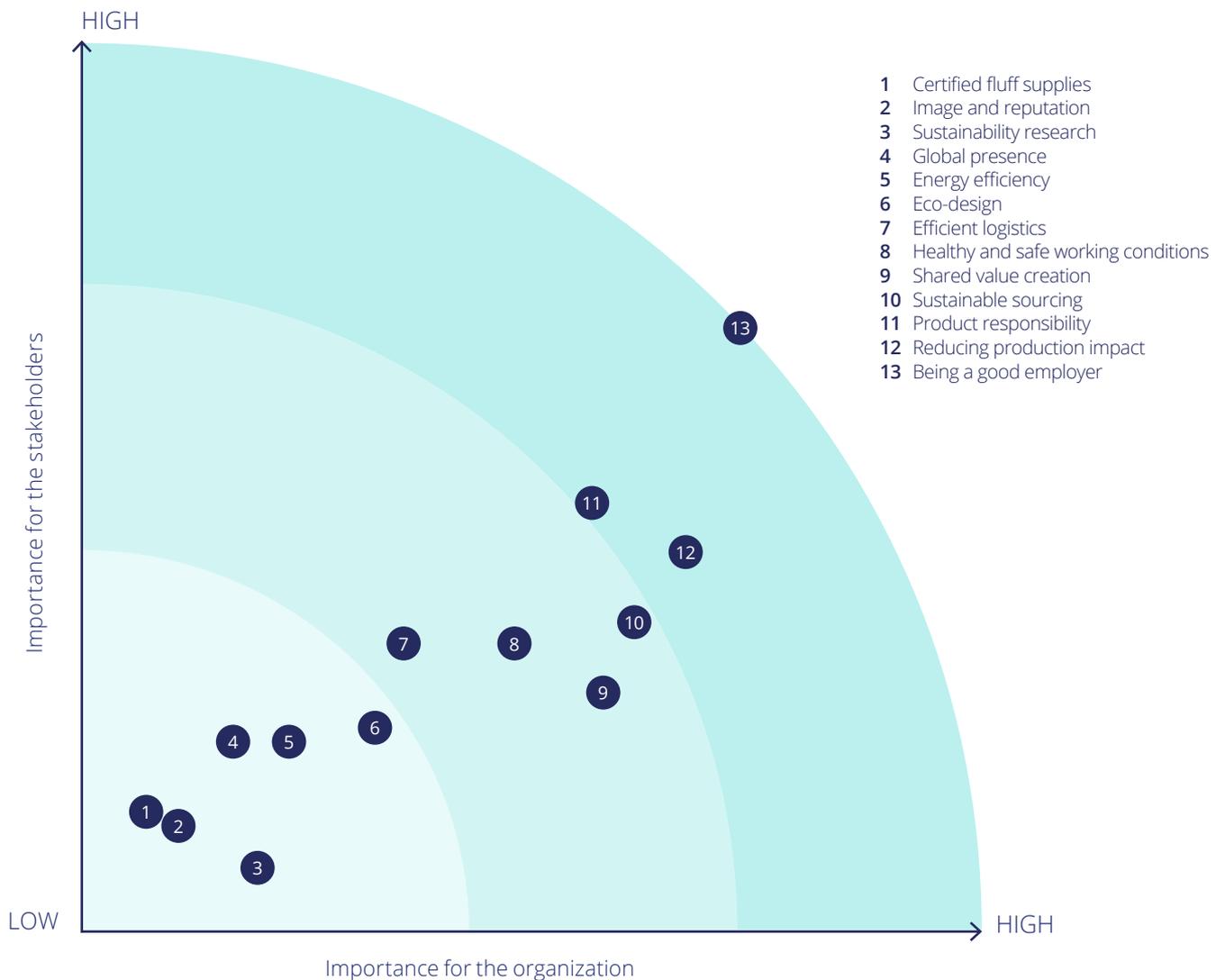
- Our sustainability vision and strategy developed in 2013
- Global Reporting Initiative guidelines (www.globalreporting.org)
- A ranking of sustainability aspects by our Sustainability Taskforce based on importance for Ontex and importance for our priority stakeholders: suppliers, customers, consumers, shareholders and employees
- Validation of the results by the Executive Team

The results of this exercise are shown in the materiality matrix below. In 2015, we plan to complete another materiality assessment and include more stakeholder input within the process.

**Mapping material issues to our sustainability pillars**

Integrate sustainability	Sustainability ambitions
<b>In our know-how</b> 	Sustainability governance Shared value creation
<b>In our products</b> 	Sustainable sourcing Product responsibility
<b>In our organization</b> 	Being a good employer Reducing production impact

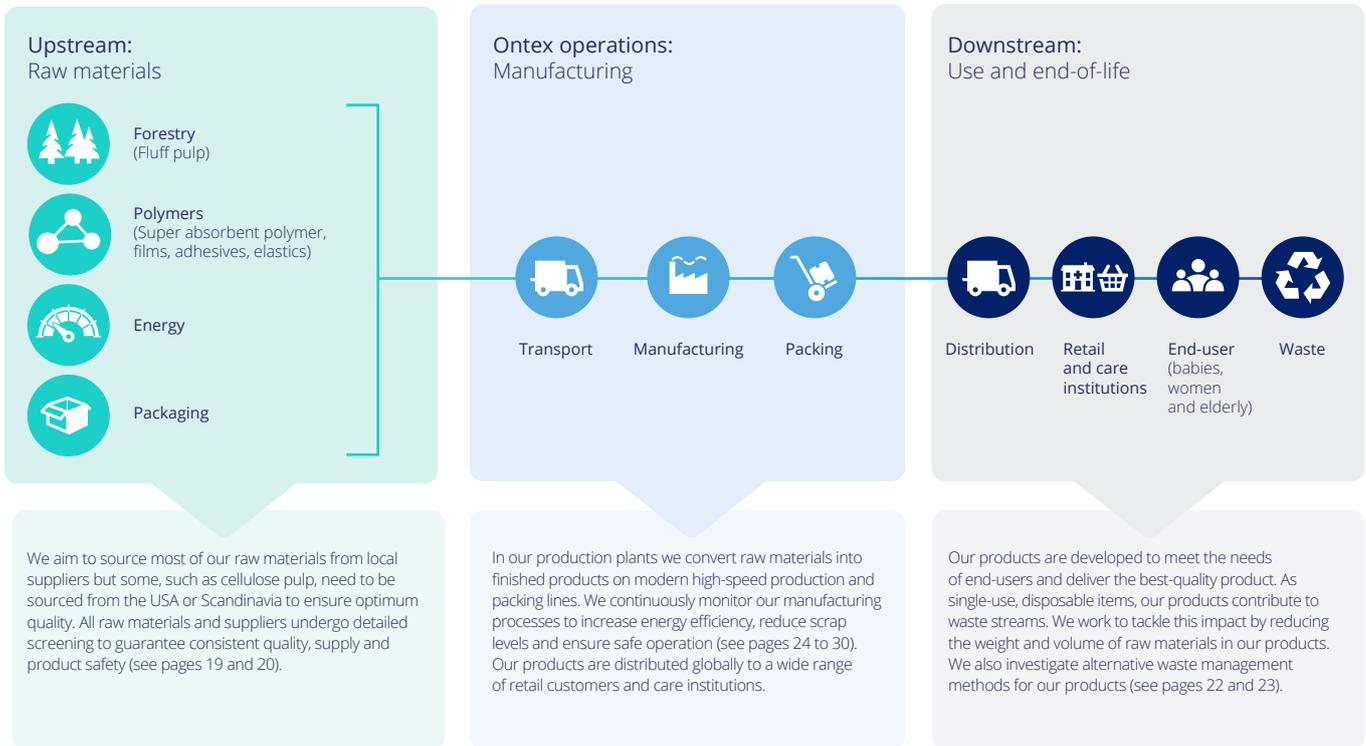
**Materiality matrix (G4.19)**



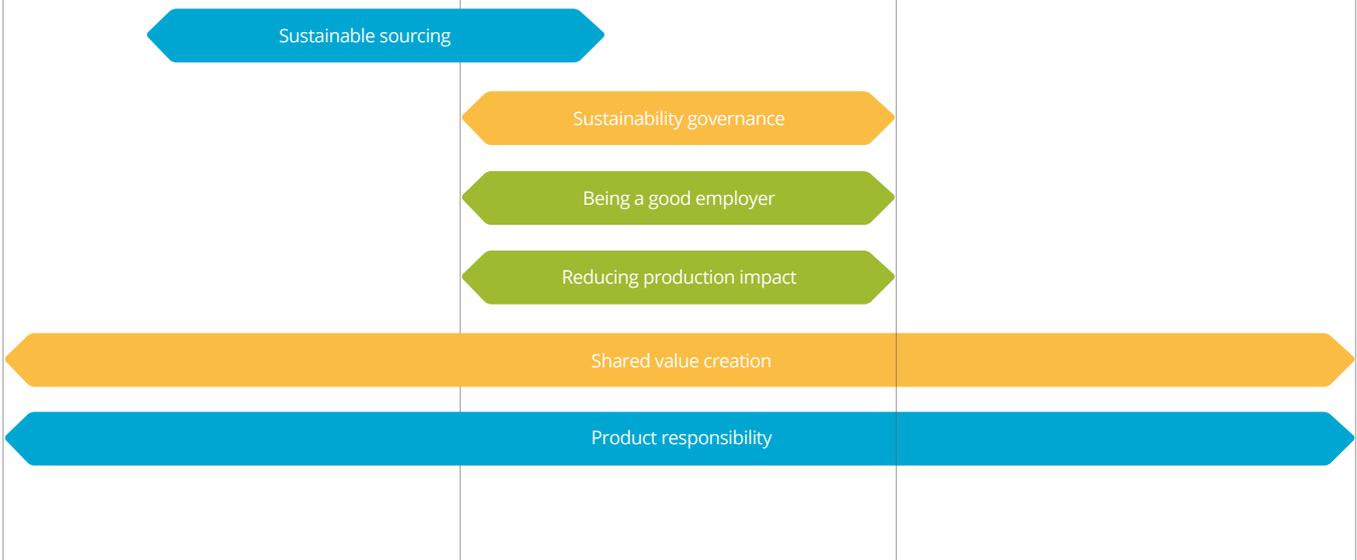
# Our approach to sustainability continued

## Sustainability in the value chain

Modern absorbent hygiene products consist of several different layers and liners in a chassis that ensures a secure and comfortable fit. We consider sustainability along our whole value chain from raw materials sourcing to product manufacturing, use and end-of-life. The value chain graphic shows where our material issues are most relevant along the value chain of our products.



## Material issues along our value chain (G4.20 and G4.21)



### Our stakeholders (G4.24 and G4.25)

We maintain close contact with a wide range of stakeholders. Our most important stakeholders are our customers, end-users, shareholders, employees and suppliers. They have the highest interest in our activities and the highest impact. We intend to increase our engagement with stakeholders on sustainability issues in the coming years.



The table below shows how we interact with our stakeholders and the expectations we have identified.

Stakeholders	Key topics and concerns (for stakeholders and Ontex) (G4.27)	Type of engagement (G4.26)	Our response (G4.27)
Shareholders 	Image and reputation, shared value creation, global presence, sustainable sourcing, product responsibility, employee well-being	Responding to questionnaires related to sustainability	Annual Sustainability Report Integrating sustainability in investor presentations and on our website
Suppliers 	Capacity, quality, cost, sustainable sourcing, planning (efficient logistics), reducing production impact, less resources, reduced emissions, energy efficiency, certified pulp supplies	Annual Ontex supplier sustainability questionnaire Supplier audits including social and environmental screening Data gathering to accomplish different ecolabels and studies	Sustainable sourcing program Annual supplier sustainability award Annual Sustainability Report
Customers 	Efficient logistics, sustainable sourcing, certified suppliers, product responsibility, shared value, global presence, image and reputation, services, research competence, certifications	Responding to questionnaires related to sustainability Successful completion of social audits in our plants Providing responses to multiple ecolabel requests	Updating the SEDEX database with Ontex actions related to social aspects (sedexglobal.com) Annual Sustainability Report Integrating sustainability in presentations and on our website Provide a number of ecolabeled products to the market
Employees 	Growth, development, well-being, job security, work/life balance, employee relations, health and safety, partnerships	Open informal culture Organizational culture survey	Being a good employer program Provide healthy and safe working conditions
Consumers 	Product safety, product performance, brands, consumer expectations influence customer demands	Test panels	Product information and transparency Deliver high-quality products at an affordable price



Integrating sustainability...

# in our know-how

We value the exchange of knowledge regarding sustainability, both externally and internally. To help deliver our sustainability ambitions, we invest in close partnerships with stakeholders along our value chain and work hard to communicate efficiently and effectively.



## Sustainability governance

Our goals:

- Sustainability champions in the organization

## Shared value creation

Our goals:

- Knowledge sharing and communication
- Participation in sustainability workshops (EDANA)
- Partnerships with customers and suppliers



# Sustainability governance

## Sustainability management at Ontex

Our Sustainability Department is the custodian of our sustainability vision, and is responsible for managing and promoting day-to-day sustainability activities. The department manages both the environmental aspects of sustainability – such as the Group environmental and energy management system and ecolabels – and the social aspect of sustainability – such as occupational health and safety, employee well-being and social audits.

At Group level, the department is represented by:

- Group R&D, Quality and Sustainability Director
- Group Sustainability & Scientific Affairs Manager
- Group Sustainability Engineer

As a member of the Executive Team, the Group R&D, Quality and Sustainability Director reports directly to the CEO.



Sustainability team members: Annick De Poorter, Bart Waterschoot and Josie Chorosinski

## Embedding sustainability across the business (G4.26)

We have a dedicated team of internal Environment and Health & Safety (EH&S) and sustainability experts who act as sustainability champions and share knowledge and best practice on sustainability matters across the organization. At Group level the Sustainability Taskforce consists of representatives from certain departments who gather bimonthly to discuss ongoing sustainability projects, and take actions to ensure continuity of those projects. At the plant level, local EH&S Managers manage the day-to-day environmental or safety aspects of our operations.

## Industry associations (G4.27)

Over the past few years, we have increased our membership of and contribution to relevant industry associations. We take an active role in sustainability initiatives organized by some of these associations.

Today Ontex is an active member of:

- European Disposables and Nonwovens Association (EDANA)
  - Board Working Group on Product Stewardship
  - Chemical Management Committee
  - Sustainability & Environmental Committee
- Hygiene Absorbent Producers Committee (HAPCO), part of EDANA
- Absorbent Hygiene Product Manufacturers Association (AHPMA) (UK)
- Group'Hygiène (France)
- Association of the Nonwoven Fabrics Industry (INDA) (US)
- Unamec (Belgium)



## Our people make Ontex sustainable (G4.26)

Our regular in-house sustainability newsletter is used to communicate sustainable initiatives throughout the Group and features case studies with employees explaining how they have helped contribute to our sustainability story. We hope the newsletter will inspire other employees to take action too.

In the December 2014 issue, for instance, a shift supervisor from our Istanbul plant explained how his team ensures efficient use of raw materials and energy, as well as a proper separation of production waste.





# Ambition: Shared value creation

Expanding and sharing our expertise to provide real solutions to health and hygiene problems across generations.

At Ontex, we care about people. That is why we have made it our mission to deliver smart hygiene solutions at an affordable price to improve quality of life across the world and across generations. By talking to our customers, we know that we are especially valued for our know-how. We develop understanding of consumer and end-user needs through scientific research, conducting test panels and consumer research. We then work in partnership with customers and end-users to develop products that effectively meet the needs of these groups, and help to meet their needs.

An important part of our business is sharing our expertise and learning with our customers. To do this we have specially skilled, customer-facing staff. We also create information resources online and other communications tools for our customers.

### Keeping in touch with customers and consumers (G4.26)

Regular feedback from our customers and consumers helps to ensure our products effectively meet their needs.

- **Test panels** – All of our products are panel-tested to check their effectiveness. We use the feedback from these tests to refine and improve our products.
- **Discussions with packaging and logistics partners** – We supply our products to end-users all over the world through a vast network of supply channels. It is crucial to our business that we stay close to our suppliers, that we listen to their needs and provide alternative solutions where necessary. For example, we aim to improve the packaging of our products so that we can transport as many products as we can on one single pallet, fill store shelves as efficiently as possible, and limit the printed surface to a minimum.
- **Tracking customer satisfaction** – Every two years, we conduct a customer satisfaction survey. In 2014, customers of our Healthcare and Mature Market Retail Divisions in six countries were asked to participate in the survey. The results revealed that they especially value the advice of our product specialists.

### Sharing knowledge (G4.26)

At Ontex, we pride ourselves on developing solutions – not only in our products, but our services as well:

- **Raising awareness** – Whether raising awareness of the risks of incontinence or giving advice on how best to use our products, we use a variety of channels (websites, leaflets, training courses, etc) to educate customers, patients, nurses, relatives ... and help them solve hygiene problems.
- **Providing advice** – Ontex has a team of product specialists who help our customers with professional advice on which products provide the best solution for specific problems and how they are best used.



[www.lillehealthcare.com](http://www.lillehealthcare.com)  
[www.id-direct.com](http://www.id-direct.com)  
[www.serenity-care.com](http://www.serenity-care.com) (in Italian)

### Meeting end-user challenges (G4.27)

#### Improving the life of users

We believe we play an active role in helping to improve the lives of those who use our products and this forms an important part of our mission. Modern absorbent hygiene products have made an important contribution to the quality of life and skin health of millions of people. Single-use baby diapers have become the product of choice for over 95% of all families in Europe. They contribute to social progress in terms of comfort, convenience, skin health benefits and a reduction in household chores. In lessening the burden of domestic chores, they allow parents to spend more time on other valuable family and social activities. The use of sanitary products is associated with improved menstrual hygiene and a reduction in reproductive tract infections, as well as reducing absenteeism in both the workplace and the classroom. In developing countries, the ability for girls to stay in school has a positive impact on economic development and productivity as well as significantly lowering infant mortality. Our goal is to help improve access to our products, and absorbent hygiene products generally, across the world.

#### Letting people live at home as long as possible

Our work is about much more than bringing new products to market. We aim to provide solutions to real needs, based on the trends and challenges affecting population groups around the world. For instance, it is widely understood that incontinence is a major contributing factor to people moving into nursing homes. With demographic trends suggesting that the number of people aged over 65 will double by 2050, it is important that we continue to develop and offer effective solutions for incontinence that enable people to live at home for as long as possible and maintain their quality of life.



### The Continence Institute (TCI) (G4.26)

We are committed to ensuring incontinence patients get proper diagnosis and treatment. To help this we created and continue to develop The Continence Institute – an initiative that offers education and advice on all aspects of continence assessment, management and treatment. Education courses are developed by our specialist team of qualified Continence Nurse Advisors and are regularly reviewed to ensure all information reflects the most recent evidence-based best practice.

Currently, there are more than 500 students worldwide and the Institute has a presence in Australia, Belgium, France, Germany and UK. It is also accredited by the Royal College of Nursing in Scotland.



### Building brands — building partnerships (G4.26 and G4.27)

Our commitment to delivering smart hygiene solutions not only strengthens the Ontex brand, it also has a positive impact on the brands of our retail customers. We deliver to top retailers in over 100 countries. Our steady flow of innovation in Baby Care, Feminine Care and Adult Care assists them in staying ahead of competitors in terms of performance, best value and consumer preference. By supporting our customers to build strong brands and products, we also achieve the highest level of success, rivaling the market leaders. So, we invest in building long-term relationships and share expertise – turning our customers into partners. We work side by side with our partners on in-depth marketing strategies to ensure that they get what they want from their brand and that we bring best-value products to the market.

### Sustaining a steady flow of innovation

We are living up to our mission to continually deliver innovative, smart hygiene solutions to the market. In the past ten years, we have launched an average of five to six innovations per year. We continue to invest in our R&D function, which is substantially large compared to other market players, and we have a growing new product development pipeline. Through such sustained innovation we can ensure that we are creating valuable products to help meet end-users' needs.

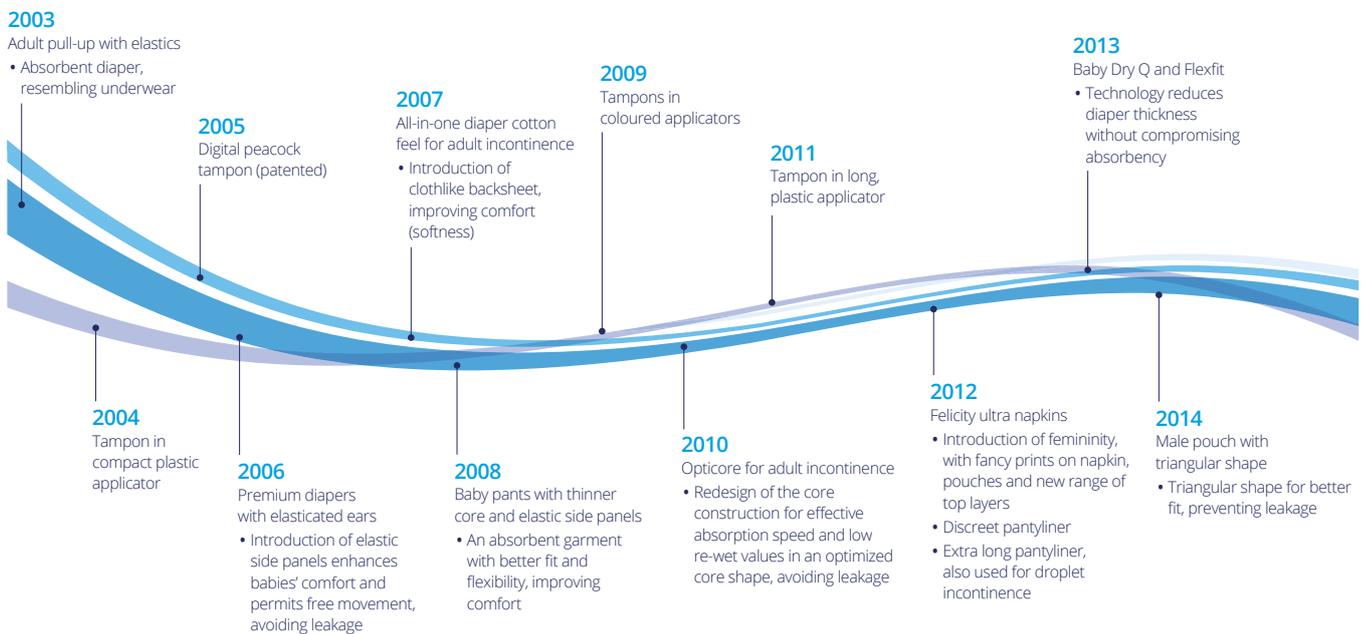


**We deliver concepts, not products.  
We provide solutions to real-life  
problems facing people from various  
generations all over the world."**

**Xavier Lambrecht**

General Manager of the Healthcare Division at Ontex

We delivered an average of five to six innovations per annum during the last ten years with growing NPD pipeline



- NPD pipeline underpins our sustained quality advantage and our position as a trusted category partner for our retail and institutional customers
- R&D function plays pivotal role in ensuring "fast follower" equivalents to A-brand innovation, regularly with features ahead of other market players

- R&D team partners for some developments with research institutes and universities
- Ontex's R&D and Quality functions ensure and monitor product quality
- Larger R&D function than private label peers



Integrating sustainability...

# in our products

Ontex products are disposable, single-use products. For this reason it is important that we take into account the environmental impact of our products. Our two main ambitions within this pillar are sustainable sourcing and product responsibility, including eco-conscious products and product safety.



## Sustainable sourcing

Our goals:

- 95% eco-labeled pulp
- Supplier audits and scoring

## Product responsibility

Our goals:

- Sustainability Award for Suppliers
- One joint sustainability project a year with our partner suppliers
- Continue developing products with fewer materials and without compromising performance
- Investment in improving environmental performance of our products
- Participation in several product life-cycle assessment studies
- Investment in product responsibility
- Product safety
- Legal compliance



# Ambition: Sustainable sourcing

Selecting responsible suppliers through effective screening and auditing, providing verification and accountability through our supply chain.

### Supplier validation and control

We make sure all of our activities meet the rigorous environmental and ethical standards required by industry standards, customer expectations and relevant codes of practice. We also require our suppliers to meet similar standards as listed in our Supplier Code of Conduct. Suppliers are assessed across nine areas, including sustainability. We operate a thorough and continuous screening process to manage and reduce risks in our supply chain. We use "watch lists" to provide information on organizations and individuals in more than 240 countries and cover risk factors such as terrorism, organized crime, sanction lists, etc.

### Fluff pulp and sustainable forestry

Fluff pulp is one of our most important raw materials. It is used to create the absorbent core in all of our products and so responsible production methods are of great importance to us. Pulp is a renewable raw material and production is a multi-stage process that extracts the natural cellulose from softwood (around 40% to 55% of the tree). The bark of the trees and the lignin that remains after cellulose extraction are used for energy generation by all of our pulp suppliers, reducing waste where possible. All pulp used by Ontex is elemental chlorine free or total chlorine free bleached.

Softwood used to create our fluff pulp is grown mainly in North America and some in Northern Europe. We ensure that our entire pulp supply comes from well-managed and independently verified forests.

We aim to have our entire pulp supply certified by schemes such as FSC (Forest Stewardship Council), PEFC (Program for the Endorsement of Forest Certification) and SFI (Sustainable Forestry Initiative). Since 2008, we have successfully introduced a multi-site SFI® Certified Sourcing certificate. In addition we have FSC® and PEFC® Chain-of-custody certificates for the majority of our plants, as well as our headquarters in Aalst (Belgium).



[www.sfiprogram.org](http://www.sfiprogram.org)  
[www.ic.fsc.org](http://www.ic.fsc.org)  
[www.pefc.org](http://www.pefc.org)

### Sustainable sourcing

Chain-of-custody certification	Manufacturing plants	Sales offices
PEFC	8	6
FSC	4	6



### Sustainability award for Ontex suppliers

Our suppliers are important stakeholders in our approach to sustainability. In the past year we have made a commitment to find out more about their approach to sustainability. We have:

- Included questions focused on sustainability in supplier audits
- Created and distributed a questionnaire to find out more about supplier sustainability programs and initiatives
- Requested supporting documents and Chain-of-custody certificates needed for new ecolabels

This year, at our annual supplier partner day, we launched the Ontex Excellence in Sustainability Award to recognize those companies who had demonstrated a commitment to sustainability and made progress in this area. The winner was:

- **Elif Packaging** (plastic bags): for its commitment to the principles of transparency, integrity and accountability and a wide range of sustainability initiative

We made two other nominations:

- **Mondi Gronau Closures** (laminates): for concerted efforts to reduce the environmental impact across the supply chain of the materials it supplies
- **Smurfit Kappa Packaging** (outer cases): for its continuous efforts to provide sustainable packaging solutions and ongoing efforts to lower the environmental impact of its processes



# Ambition: Product responsibility

Provide safe, legally compliant and user-friendly high-quality products that provide best value for money.

Over the last decade we have been refining our approach to product responsibility with a clear focus on sustainability, product safety and regulatory compliance of our products.

### Product safety

We are committed to ensuring that all our products are safe for consumers, the environment and our employees during production. All products comply with necessary legal obligations, official recommendations and relevant codes of practice. We have also made voluntary commitments to improve product safety and employ state-of-the-art toxicological considerations in the areas of trace-level chemicals, colophonium, latex and genetic modification.

We apply these principles across our entire value chain: in the selection of suppliers and raw materials, in product design and manufacturing, in waste handling and in considering the disposal of used products.

The measures taken to guarantee product safety form part of our quality and environmental management systems, which have been ISO 9001 and ISO 14001 certified. They include well-documented product and environmental risk analyses and control procedures.

Some examples of our checks and controls:

- We review and evaluate our raw materials for skin compatibility and toxicology with the help of an independent expert
- Every year, we review all relevant regulations and obligations to make sure that our raw materials still meet best practice standards. This can lead to revisions in our products. We also request renewed declarations on conformity from our suppliers. An example of a recent change that has affected our production is a new European Biocidal Product Regulation introduced in June 2014 and a more structured approach that must be taken towards additives such as perfumes
- We conduct a risk analysis during product design and then follow this up with an "in-use" test

Despite our rigorous quality and safety procedures, it is important that we are prepared for any unforeseen issues that may occur. In such cases we can rely on our fully documented product tracking system, complaint handling system and, if necessary, implement a recall process to quickly address the matter.



**Ontex makes sure that all its products are compliant with various legal obligations, official recommendations, code of practices, voluntary commitments and state-of-the-art toxicological considerations."**

**Bart Waterschoot**

Group Sustainability and Scientific Affairs Manager

### Eco-efficiency and eco-design

We are committed to the principles of eco-efficiency and aim to produce more products using fewer resources while reducing waste and pollution in the process. We believe this will bring advantages to our business and beyond. Using fewer resources will help us to reduce our costs and decreasing the weight or size of our products will result in less waste for the end-user.

To demonstrate our commitment and deliver improvements, we set clear goals to reduce resource use:

- **Target – 3% reduction in raw materials from 2009 to 2014.**  
We achieved this goal in all product categories except the Light Inco category
- **Target – 5% reduction in packaging materials from 2009 to 2014.**  
We achieved this goal in all product categories except the Light Inco and External Feminine Care products

### Raw materials (RM)

Total kg RM/1,000 pieces	2009	2014	
Baby Diapers	43.21	<b>37.12</b>	(14%)
Baby Pants	49.05	<b>41.17</b>	(16%)
External Feminine Care	5.83	<b>5.54</b>	(5%)
Light Inco	27.58	<b>30.29</b>	10%
Heavy Inco	109.36	<b>102.43</b>	(6%)

### Packaging materials (PM)

Total kg PM/1,000 pieces	2009	2014	
Baby Diapers	3.52	<b>3.07</b>	(13%)
Baby Pants	4.59	<b>4.27</b>	(7%)
External Feminine Care	1.51	<b>1.55</b>	3%
Light Inco	3.67	<b>4.39</b>	20%
Heavy Inco	11.99	<b>10.99</b>	(8%)

Although we continue to try to make best use of materials, external factors such as new customer product specifications, newly acquired operations or new, heavier raw materials, have affected our performance in some categories where trends have moved in the wrong direction. Despite this, our commitment to eco-efficiency remains and will help us address and improve these issues over time.

We also apply eco-design principles to product design using bio-based materials, compostable bags and total chlorine free bleaching, among others. This is in addition to the responsible sourcing of certified raw materials and producing to various ecolabel standards, such as Nordic SWAN and Ökotex.

We view our eco-design products as test-case designs for all future product designs, enabling us to become more environmentally friendly over time.



## Key raw materials and components used in Ontex products

### Superabsorbent polymer

Superabsorbent polyacrylates (superabsorbents) are used to absorb fluids in baby diapers, incontinence products and some feminine liners and towels.

### Fluff pulp

Fluff pulp (cellulose) is a renewable raw material used as an absorbent core in hygiene products to absorb and distribute fluids.

### Airlaid

Airlaid is a continuous web made of fluff pulp used as flexible core and distribution layer in different absorbent hygiene products. Three main categories of airlaid are used: latex-bonded; thermal-bonded; and multi-bonded.

### Nonwovens

Nonwovens are high-tech, engineered fabrics made of mainly polypropylene, polyethylene, sometimes polyester, natural based fibers or a mix of them. Some of these fabrics will come in close contact with human skin and have specific functions such as fluid absorption, acquisition layer, dry feeling, barrier and softness. Sometimes the fibers or fabrics need to be treated to make them hydrophilic (water absorbing) and over the past years stretchable materials have become increasingly important.

### Viscose

Viscose is a fiber made of regenerated cellulose (pulp). The structure is similar to that of cotton and it is used as core material for tampons and some nonwovens.

### Films

Films are typically made of polyethylene and are mostly used as an impervious barrier on the back of a product. Some films are breathable in order to let air and vapor pass through the absorbent hygiene products. This reduces skin wetness and optimizes comfort.

### Adhesives

Adhesives play an important role in the production of lighter and better performing products. Many adhesives are specially designed for the hygiene industry.

### Other materials

Apart from the most common raw materials, numerous often quite complex preparations or components are used, which are designed especially for the hygiene industry. These include tapes, frontal tapes, elastics, links, lotions, etc.

## Our ecolabels

	 SFI	 FSC	 PEFC	 Nordic SWAN
Type of certification	<b>Sustainable forestry</b>	<b>Chain-of-custody</b>	<b>Chain-of-custody</b>	<b>Product related (focus on RM)</b>
Type of products	All except tampons	Babycare Inner boxes	Baby Care Feminine Care Adult Care	Baby diapers (eco) Digital tampons – Viscose Digital tampons – Organic cotton External feminine hygiene
Applicable to which sites?	Buggenhout Eeklo Mayen Turnov Segovia Arras Wasquehal Istanbul Ortona Noginsk Sydney	Aalst (HQ) Mayen Eeklo Turnov Segovia  UK Sales Office France Sales Office Germany Vertrieb Sales Office Germany Moltex Sales Office Benelux & Nordic Sales Office Growth Markets Sales Office	Aalst (HQ) Buggenhout Eeklo Mayen Turnov Sydney Yangzhou Segovia Grossposswitz  UK Sales Office France Sales Office Germany Vertrieb Sales Office Germany Moltex Sales Office Benelux & Nordic Sales Office Growth Markets Sales Office	Grossposswitz Mayen



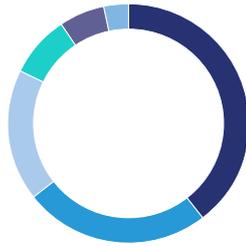
# Ambition: Product responsibility continued

## Material use

Over the past 15 years the weight of a premium Ontex baby diaper has dropped by more than 25%. We have achieved this by replacing part of the pulp volume with superabsorbent polymer and some lower weight nonwoven elements and films.

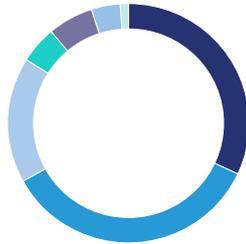
### Baby diaper composition (example Flexfit design 2014)

- SAP 38%
- Cellulose 24%
- Polypropylene 17%
- Other polyolefine 8%
- Polyethylene 6%
- PET 3%



### Average baby diaper composition 2005

- SAP 32%
- Cellulose 35%
- Polypropylene 17%
- Other polyolefine 5%
- Polyethylene 6%
- Glue 4%
- Other 1%



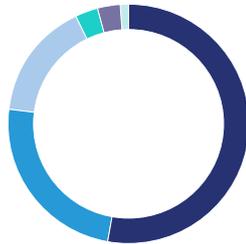
Source: EDANA Sustainability Report – average baby diaper composition 2005 (Ontex diapers in general contained a bit more fluff than the average).

We have also been able to reduce the weight of our all-in-one adult diaper although this has been limited by external factors including an outdated absorption standard that we hope will be replaced in the future.

Over the past five years, we have been part of an industry working group set up by the industry association, EDANA, to create a new absorbency test method for heavy adult incontinence products. This test method has been sent to ISO with a request to become a valid ISO standard, which could replace the current standard. This new standard may enable us to make further improvements to the weight of this product in the future.

### All-in-one – Medium size (production plant Turnov)

- Fluff pulp – cellulose 53%
- Polypropylene 24%
- SAP – polyacrylates 16%
- PET 3%
- Glue 3%
- Other 1%



## Lifecycle analysis

Over the last few years we have begun to incorporate “lifecycle thinking” into our development processes. This means we consider how a change to our process, materials or concepts might have impact – for the environment as well as for our customers and consumers. Over the last two years we have invested in new software to help us evaluate and quantify the impact of our products. In 2015, we will pilot the software on our baby diapers to determine its effectiveness before rolling it out across our portfolio.

## Lifecycle studies

In 2014, we partnered with an external expert to evaluate the impact of our latest baby diaper core versus the old version. This impact study focused on the carbon footprint of each, with raw materials considered to be the most important contributors to the carbon footprint.

Through our lifecycle studies, we have learnt the following:

- The production of raw materials is the main contributor to the Global Warming Potential (GWP) of our products. This means that efficient raw materials sourcing and consumption (efficiency of machines and reduction of scrap products and raw materials) are important parameters
- The type of waste handling used in the target market is another important factor. Unfortunately we cannot, on our own, influence this but we aim to improve communications with our customers and consumers to help them understand different waste treatment options and the associated environmental impact. We want to take an active role in any waste initiatives that are set up in future to explore the best possible end-of-life solutions for our products
- Energy consumption also has a considerable impact on GWP and this can be influenced by the efficiency of our production plants
- Fluff pulp increases our carbon footprint. The more fluff pulp used, the higher the CO<sub>2</sub> contribution
- The GWP of raw materials transport improves when fewer and less bulky raw materials are purchased
- Ultimately, the transport of our finished products has a relatively low impact on our carbon footprint but lighter weight products help to reduce this impact. More efficient freight fleets also help to reduce this impact

Despite these general guidelines, the impact of a product can vary greatly from market to market depending on waste handling, the energy mix and the distribution network.



### Disposal of used products

We are very conscious that the disposal of our products is an important challenge to building a more sustainable business. In the European Union (EU), it is estimated that absorbent hygiene products (baby diapers, feminine care and incontinence products) represent between 1.5% and 6.3% of municipal solid waste depending on the degree of sorting and recycling achieved at national or regional level (Source: EDANA Sustainability Report, 2011).

In June 2009, OVAM, the Public Waste Agency of Flanders, conducted a study to evaluate the selective collection of disposable diapers taking into account the different known waste treatment options. The results of the study suggested that the separate collection of disposable diapers from individual households is not viable in Flanders. We can expect similar results elsewhere in Europe and so exploration of alternative waste treatment methods will start by looking at existing central collection of disposable diapers, for example at hospitals and elderly care homes.



A carbon footprint study for various types of diapers revealed that the used materials, the location of the production process and the waste disposal process are essential considerations in the eco-design of Ontex products.”

**Jan Janssen**  
Consultant, CO2Logic

### Other end-of-life solutions

#### EU Framework Directive on Waste Management

Across the EU, used absorbent hygiene products (AHP) are typically collected with municipal solid waste and treated as such. Approximately 37% of municipal waste is sent to landfill, 23% is incinerated, 25% is recycled and 15% is composted. (Source: EDANA Fact Sheet Waste Management September 2014.) There is some variation in these figures from country to country.

Waste management within the EU is regulated under the Waste Framework Directive (2008/98/EC) but there is no specific regulation for waste of AHPs. The Directive suggests that waste should be treated according to waste hierarchy, in the following stages:

- 1 Prevention
- 2 Preparing for reuse
- 3 Recycling
- 4 Recovery (eg energy recovery)
- 5 Disposal

#### Volume reduction (prevention)

Through design innovation, we have been able to significantly reduce the weight of both raw materials and packaging without compromising on quality (see page 29). As previously mentioned, the weight of an Ontex premium baby diaper Maxi has dropped by more than 25% over the past 15 years. Also for Feminine Care, the volume of an average product has dropped significantly due to the move from products with high-volume fluff pulp to products with advanced core systems.

#### Exploring recycling options for AHPs

Recycling of used diapers and other AHP waste has been a subject of consideration for many years. In 2000, we investigated the feasibility of a closed-loop system, where fluff from used diapers could be recycled into new fluff applications, but without success.

There have been many other attempts worldwide, all of which reached the same conclusion that there is still no economically viable technology to enable the efficient recycling of AHPs. This is largely due to the widespread absence of separate collections and limited applications for the recycled materials.

Nevertheless we continue to search the market for new technology that may improve feasibility and we are willing to get involved in projects that may be established to make progress in this area.

#### Studying biogasification/fermentation of used AHPs

In 2013 and 2014, we worked with DLV Belgium on a feasibility study for fermentation of used disposable AHPs. We wanted to find an appropriate solution to the growing concern among some hospitals and elderly homes in Belgium on the significant waste generated by adult diapers and the costs associated with this.

During the study, we identified that diaper waste from these institutions can and may (under European Waste Code regulation) be fermented in an industrial fermentation installation. However, due to legal restrictions in Flanders, and other parts of Europe, the digestate resulting from the fermentation process can only be incinerated. There are no (dry) fermentation installations in Flanders that can handle this type of waste and as a result the project has been stopped.

Two potential solutions were identified for the Flemish region but due to cost implications and limited experience or resources, we were unable to proceed with either option. We are hopeful that further studies in other countries may pick up on our progress in the near future.



Integrating sustainability...

# in our organization

Sustainability in Ontex means being a good employer and minimizing our environmental footprint. We manage impacts including energy use, transport and manufacturing waste. We also make the most of our employees' talents, skills and personalities in a safe working environment.



## Being a good employer

### Our goals:

- Improve health and safety management at Group and plant level by installing an OHSAS 18001 compliant health and safety management system at our headquarters and one production facility by 2016
- Continue reducing noise levels and protecting employees from noise
- Identify and monitor dust emissions from different sources in the plant and minimize dust emissions in the environment

## Reducing production impact

### Our goals:

#### Environmental management:

- Continue to implement ISO 14001 and ISO 50001 certified environmental and energy management systems in our manufacturing plants
- Certify one additional production site to ISO 14001 in 2016 and two additional production sites to ISO 50001 in 2015

#### Reducing environmental impact:

- Continue improving energy performance by focusing on energy efficiency in manufacturing
- Green energy procurement in Belgium
- Optimize processes to maximize product output and minimize waste (scrap) rates in each plant

#### Transport efficiency:

- Reduce the carbon footprint of our logistics by 20% by 2017 against a 2012 baseline
- Improve cargo efficiency by ensure full truck loads
- Shift transport modes (road to rail/sea) to deliver CO<sub>2</sub> savings
- Further optimize logistics by setting up procedures to track logistics activities



## Ambition: Being a good employer

Looking after our people and keeping them safe.

The people at Ontex are the reason for our success. This is why employee well-being is part of our mission and being a good employer is one of our sustainability ambitions. How do we deliver our goal of being a good employer? By providing the best and safest working conditions, a positive work/life balance, and by being a company which makes the most of our employees' diverse talents, skills and personalities and recognizes their contribution to our success. Our view is that when we enable our people to grow, our business will grow as well.

Ontex started as a family business and has developed into a leading global consumer goods company. Behind this growth lies the entrepreneurial drive, flexibility and pragmatic, can-do attitude of our people. The family history of Ontex still characterizes the Company today. We have an open, informal culture where employee initiatives are highly valued. We want to retain and reinforce this culture while establishing a professional Company-wide human resources (HR) structure that will build on our strengths as we grow.

### Group HR function

To support the continued growth of Ontex, we are focused on developing our global people management capability. In 2014, we established a new Group-level HR function to create a global HR framework that will enable our employees and business to grow to the next level.

The Group HR function will work to make sure that all of our employees get opportunities for professional and personal growth and in doing so help to deliver the Group's ambition and goals. In 2015, we will develop a five-year roadmap to support our ambition of being a good employer.

We have already put in place a number of human resources processes, such as a performance management system for management positions. We are now rolling this out to all white collar employees, and adding more elements such as career development and training. All of them now receive a half-yearly development review focused on individual performance and employee aspiration, and the needs to achieve these aspirations. At each full-year review the employee's growth in the last year is assessed.

### Reviewing our culture

One of the first achievements of our new Group HR function was a survey of organizational culture, with the results benchmarked against 1,000 companies worldwide. The results showed Ontex is in the top quartile for our employees' understanding of Company goals and their contribution to achieving them. It also revealed the can-do spirit of our people, their commitment to finding solutions and achieving our ambitious goals. The results also showed the need for:

- **Clear corporate values** – In 2015, the extended Ontex leadership team will review and refresh our corporate values
- **Investment in employees' skills and capabilities** – We will develop a strategy and a multiannual plan in which priority will be given to leadership development



As people grow,  
business will follow."

**Charles Bouaziz**  
CEO, Ontex



# Ambition: Being a good employer continued

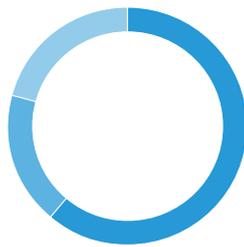
## Workforce profile

The majority of our workforce is based in Europe with around 61.2% in Western Europe and 18.0% in Eastern Europe. As a manufacturing organization, 69.2% of our workforce is male and the majority of employees (61.0%) are between 30 and 50 years of age. The majority

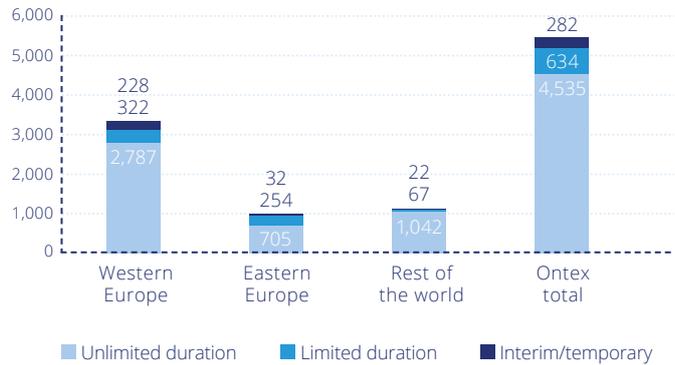
of our employees (83.2%) have permanent employment contracts, emphasizing our commitment to investing in employees and keeping the Ontex family culture alive.

Total FTE employees by region  
(as at 31 December 2014)

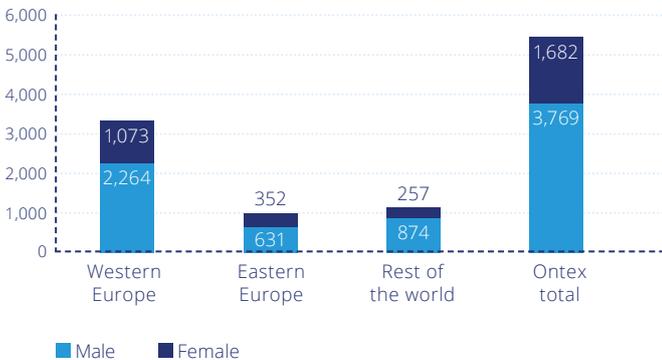
- Western Europe **3,337**
- Eastern Europe **983**
- Rest of the world **1,131**



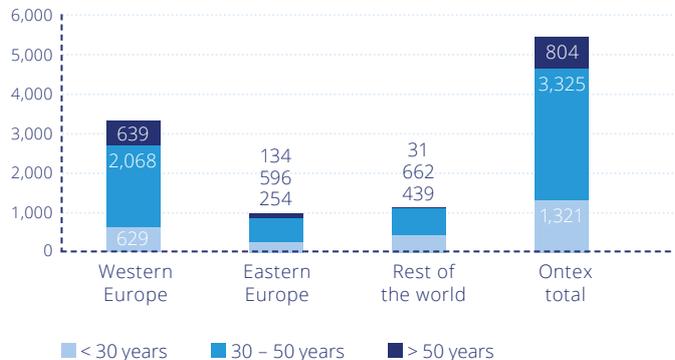
Total FTE employees by contract type  
(as at 31 December 2014)



Total FTE employees by gender  
(as at 31 December 2014)



Total FTE employees by age  
(as at 31 December 2014)





### Keeping our people safe

Our commitment to providing a safe and healthy working environment is reflected in our Occupational Health and Safety Policy, which states that Ontex will:

- Install necessary safety processes and procedures for Ontex employees, contractors and visitors
- Provide all necessary safety information and training
- Consult employees in order to address safety issues

In 2015, we aim to step up our approach to health and safety management. Our goal is to certify our corporate headquarters and one production facility to the occupational health and safety management system, OHSAS 18001. To support this goal, 15 environment, health and safety employees received practical training on implementing OHSAS 18001.

We will also set a baseline for monitoring safety performance in 2015. This requires us to establish standard definitions for safety metrics and implement these in all manufacturing plants during 2015. We will report Group-level safety data from 2015 onwards.

Download our Occupational Health and Safety Policy at [www.ontexglobal.com/sustainability](http://www.ontexglobal.com/sustainability).



#### Photo shoot reinforces Ontex safety culture

In 2014, Ontex plants in Australia, Czech Republic, Germany and Belgium took part in our health and safety campaign. The campaign developed safety-themed photographs with employees' children promoting safe working. The photos were printed on posters and displayed around the plants, as well as being made available to staff for free. The results of this initiative were positive and pointed towards improved risk awareness and incident reporting, increased short-term productivity and increased employee engagement. Based on these positive results, the project will be repeated and extended to other plants.

### Focusing on key safety issues

Dust and noise have been identified as two key safety issues within our manufacturing plants. We have set objectives for these issues and senior management reviews performance annually. These issues will be a key focus of our safety management system as we implement OHSAS 18001 across Ontex.

#### Limiting noise levels

The noise levels of manufacturing plants can be harmful to employees and provide nuisance to surrounding communities. Our goal is to keep noise levels within an 85dB threshold in all production facilities. We provide employees with personal protective equipment to prevent the detrimental effects of noise and we run programs to raise awareness of the safety risks from exposure to noise. In 2014 all production facilities remained within our noise threshold.

#### Managing health risks from dust emissions

Working with fluff pulp and superabsorbent polymer (SAP) can create substantial amounts of dust. Although measurements in our plants indicate a low risk to human health, we still consider dust as a subject requiring management. To avoid dust accumulation, we have implemented actions such as moisturizing air and isolating dusty areas in the production process. Apart from these primary preventive precautions, each plant has adopted maintenance plans for the machines, buildings and overhead structures. There is an additional risk of dust combustion, or even explosion, in the presence of an ignition source. All workers and contractors are clearly informed about fire precautions in production areas. Each plant also has a comprehensive range of fire procedures and equipment including fire drill programs, a fire brigade, emergency procedures and training, emergency exits, and sprinkler installations. Fire and evacuation drills are completed at least once a year.



#### Workplace Conditions Assessment Award

Our facility in Segovia, Spain, has received the Workplace Conditions Assessment Award from Intertek. The award comes on the back of a social accountability audit that was requested by one of our main customers. The audit covered a number of workplace aspects including labor conditions, health and safety, management systems and environmental care. With an overall score of 94%, the plant scored better than the average in Spain and globally. The award certificate remains valid for one year.



# Ambition: Reducing production impact

## Managing environmental and energy performance.

Our Environmental and Energy Policy outlines our commitment to minimize the environmental impact of all our activities by complying with applicable legal requirements, continuously improving our production and business processes, and preventing pollution.

Download our Environmental and Energy Policy at [www.ontexglobal.com/sustainability](http://www.ontexglobal.com/sustainability).

### Environmental and energy management

Our Environmental and Energy Policy establishes a commitment to implement ISO 14001 and ISO 50001 based environmental and energy management systems across our organization. These are effective tools for ongoing optimization of our production to maximize resource and energy efficiency. We are committed to progressively introducing these management system standards in our production plants.

To date 60% of our plants (nine of 15) are certified to ISO 14001 and 27% (four of 15) are certified to ISO 50001. Our headquarters in Aalst, Belgium, is also certified to ISO 14001 and ISO 50001. Our objective is to certify two additional plants to ISO 50001 in 2015 and one additional plant to ISO 14001 in 2016.

### Environmental management system

Site	ISO 14001	Since
Aalst (HQ)	✓	2009
Buggenhout	✓	2009
Eeklo	✓	2009
Grosspostwitz	✓	2012
Mayen	✓	2010
Wasquehal	✓	2013
Segovia	✓	2011
Ortona	✓	2014
Turnov	✓	2011
Istanbul	✓	2014

### Energy management system

Site	ISO 50001	Since
Aalst (HQ)	✓	2012
Buggenhout	✓	2013
Eeklo	✓	2013
Grosspostwitz	✓	2012
Mayen	✓	2012



### Reducing our environmental footprint

#### Clear environmental focus areas

We have identified the most relevant environmental aspects to be tackled at Group and plant level. Overarching objectives have been set for each focus area, and senior management review both focus areas and objectives annually. These objectives are the main elements of our environmental program and the management of specific issues either rests at Group level or with individual production plants as shown in the diagram.

Our environmental and energy management systems establish procedures that will control, improve or influence the identified environmental aspects and lead to improved environmental performance. For each aspect, key performance indicators (KPIs) are closely monitored by our production plants and plant-level targets are set.

#### Environmental issues managed at Group level:



Sustainable forest-based materials



Efficient use of raw materials



End-of-life waste disposal



Logistics

#### Environmental issues managed at individual production plants:



Energy consumption



Waste generated during production



### Sustainable forest-based materials

We use a variety of forest-based materials in our products. For example, fluff pulp is one of the key raw materials in our products. All pulp we use is bleached using elemental chlorine free or total chlorine free processes and originates from well-managed forests. Our aim is for all pulp to come from sources with third-party verification for sustainable forest management (see sustainable sourcing, page 19).



### Efficient and conscious use of materials

We are committed to using materials consciously. Our goal is to produce more products with less resources, waste and pollution (eco-efficiency) and use materials with a reduced environmental impact (eco-design). In this way, we aim to reduce the environmental footprint of our products and processes (see product responsibility, page 20).



### Reducing end-user waste disposal

Our products are disposable and generate a significant amount of waste. This waste can have an environmental impact depending on local waste management practices. Through product innovation, we have steadily decreased the weight of our products while increasing their performance and efficiency. This results in less end-user waste disposal, but absorbent hygiene products can still constitute a significant fraction of municipal waste streams, especially in regions where recycling rates are high. We are therefore committed to following trends in European and global waste management, and look for alternative waste management opportunities for hygiene products (see product responsibility, page 20). To reduce product disposal impacts, we also invest in developing and using raw materials that have a lower impact, such as biodegradable and compostable materials.



### Logistics

Logistics are necessary for transporting raw materials and our finished products constitute a significant source of CO<sub>2</sub> emissions. We work to reduce these emissions in two ways:

Improving transport efficiency by increasing the number of pieces loaded into a single cargo unit. Between 2008 and 2014 we improved the cargo load efficiency (pieces/cargo unit) by more than 20%. For our 2013 product output, this equates to 16,000 fewer truckloads with baby diapers on the road and a further 8,000 truckloads of inco diapers.



### Shifting from road transport by truck to intermodal transport via ship and railroad

We are continuously searching for ways to optimize our logistics. In 2014, our efforts were rewarded with a CO<sub>2</sub> reduction certificate from LKW Walter, one of our main logistics partners in intermodal transportation.

In 2015, we aim to improve further our logistics processes by tracking our logistics. To achieve this goal, we have started a logistics project, "Lean & Green", with the Flemish Institute for Logistics (VIL). As part of the project we have committed to reducing the carbon footprint of our logistics operations by 20% by 2017 (2012 baseline).



### Reducing specific energy consumption

Each year we use around 200 GWh of electricity in our production plants. This corresponds to the annual power output of more than 35 wind turbines. Through our environmental and energy management systems, we aim to optimize our energy performance by reducing specific energy consumption and increasing energy efficiency as much as possible.

We are in the process of refining and standardizing our data monitoring and reporting processes across the Group and we will report data for more production plants in future as our systems improve. Below we report our energy consumption at the four plants where we already have ISO 50001 in place.

### Energy consumption at our ISO 50001 certified plants (kWh/1,000 pieces)

	2011	2012	2013	2014	Evolution 2014 vs 2011	Evolution 2014 vs 2013
Mayen	12.92	11.93	11.85	10.97	(15%)	(7%)
Buggenhout	35.3	34.39	33.86	30.96	(12%)	(9%)
Eeklo	7.82	8.61	8.62	6.99	(11%)	(19%)
GPW	6.00	6.20	5.90	5.80	(3%)	(2%)

Between 2011 and 2014, we set a target to reduce specific energy consumption by 2% in every ISO 50001 certified plant. All of the plants achieved this target and in most cases exceeded it considerably. This is thanks to improved monitoring of the energy consumption of individual production lines, installing more efficient machinery and implementing improved engineering projects.



# Ambition: Reducing production impact continued



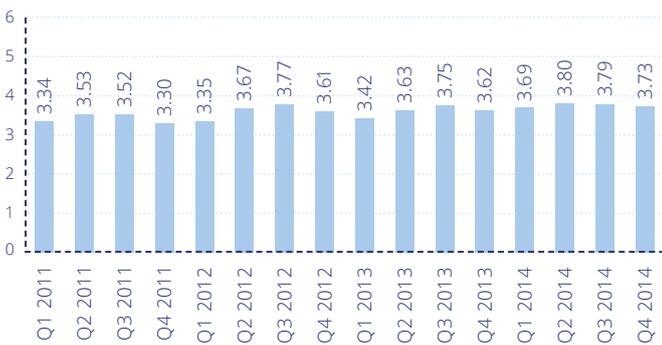
## Reducing product and production waste

We aim to reduce waste streams generated in production and maximize reuse and recycling opportunities:

Product waste includes all scrap and rejected products – those that do not conform to our strict quality requirements or do not meet customer specifications. Since 2011, we have managed to keep our product scrap waste rates stable.

Production waste includes all residual waste generated during production, such as non-conforming raw materials, paper, cardboard, plastics, used oil/lubricants, spray cans, containers for chemicals etc. Waste streams that can be reused or recycled, such as paper, cardboard, plastics, wood and metal are sold to third parties.

### Scrap ratio Ontex Group (%)<sup>1</sup>



<sup>1</sup> Figures from Ontex Yangzhou, Ontex Algeria and Ontex Pakistan not included.



### Environmental meeting 2014

In 2014, the Sustainability Department organized its yearly environmental meeting in Eeklo, Belgium. Fourteen environmental colleagues representing ten different plants attended the event where they shared updates on developments in their plants and exchanged ideas. A new topic on the agenda was Ontex Occupational Health and Safety and each plant presented their local health and safety practices. Attendees also received training on the Occupational Health & Safety Management System that we will start to implement in 2015. A special tour was also organized with Ecopower, a cooperative that invests in renewable energy projects. The tour covered a range of renewable projects that have been set up locally by the organization, including a biofuel installation that provides heating and energy to the town hall. With Energy consumption being one of our key environmental aspects, the relevance of this team activity was appreciated by our environmental colleagues.

# GRI index



G4 General standard disclosures – Strategy and profile				
1. Strategy and analysis				
Profile disclosure	Answer – Explanation	Location of disclosure in report		
G4.1	Statement from the most senior decision-maker of the organization	pages 4 and 5		
2. Organizational profile				
Profile disclosure	Answer – Explanation	Location of disclosure in report		
G4.3	Name of the organization	Inside front cover		
G4.4	Primary brands, products and services	pages 2 and 3		
G4.5	Location of the organization's headquarters	page 2		
G4.6	Number of countries where the organization operates, and names of countries where the organization has significant operations	page 2		
G4.7	Nature of ownership and legal form	Included in Annual Report	AR pages 38–40	
G4.8	Markets served, types of customers and beneficiaries	page 3		
G4.9	Scale of the organization	pages 2 and 3		
G4.10	Workforce	page 26		
G4.11	Percentage of total employees covered by CBA (collective bargaining agreements)	Data collection in progress	Not disclosed in this report	
G4.12	Organization's supply chain	page 12		
G4.13	Changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	pages 6 and 7		
Commitment to external initiatives				
G4.14	Precautionary approach or principle	Inside front cover, pages 4–7		
G4.15	Externally developed economic, environmental and social charters, principles, or other initiatives	pages 6 and 7		
G4.16	Memberships of associations	page 15		
3. Identified material aspects and boundaries				
Profile disclosure	Answer – Explanation	External Assurance	Location of disclosure in report	
G4.17	All entities included in the organization's consolidated financial statements*	No	Inside front cover	
G4.18	Process for defining the report content and the Aspect Boundaries Explain how the organization has implemented the Reporting Principles for Defining Report Content	No	Inside front cover, page 11	
G4.19	Material Aspects identified in the process for defining report content	No	page 11	
G4.20	Aspect Boundary within the organization	No	page 12	
G4.21	Aspect Boundary outside the organization	No	page 12	
G4.22	Restatements of information provided in previous reports	No	This is the Company's first Sustainability Report. There are no restatements of information	
G4.23	Changes from previous reporting periods in the Scope and Aspect Boundaries	No	No	This is the Company's first Sustainability Report. There are no changes from previous reporting periods to disclose

## GRI index continued

G4 General standard disclosures – Strategy and profile			
4. Stakeholder engagement			
Profile disclosure	Answer – Explanation	External Assurance	Location of disclosure in report
G4.24	List of stakeholder groups engaged by the organization	No	page 13
G4.25	Basis for identification and selection of stakeholders with whom to engage	No	page 13
G4.26	Approach to stakeholder engagement	No	pages 13, 15–17
G4.27	Key topics and concerns that have been raised through stakeholder engagement	No	pages 13, 15–17
5. Report profile			
Profile disclosure	Answer – Explanation		Location of disclosure in report
G4.28	Reporting period		Inside front cover
G4.29	Date of most recent previous report		Inside front cover
G4.30	Reporting cycle		Inside front cover
G4.31	Contact point for questions regarding the report or its contents		page 36
G4.32	In accordance, GRI Content Index, External Assurance		Inside front cover, page 31
G4.33	Policy and current practice with regard to seeking external assurance for the report		No external assurance for the report
Governance and ethics			
6. Governance			
Profile disclosure	Answer – Explanation		Location of disclosure in report
G4.34	Governance structure	Included in Annual Report	AR pages 40–45
7. Ethics and integrity			
Profile disclosure	Answer – Explanation		Location of disclosure in report
G4.56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics		page 10

G4 Specific standard disclosures – Economic			
1. Economic			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Economic performance</b>			
G4 EC1	value	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Included in Annual Report AR pages 8–11
<b>2. Environmental</b>			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Materials</b>			
G4 EN1	materials	Materials used by weight or volume	pages 20–22
<b>Energy</b>			
G4 DMA			page 29
G4 EN3	within	Energy consumption within the organization	page 29
<b>Emissions</b>			
G4 DMA			page 22
<b>Effluents and waste</b>			
G4 EN23	disposal	Total weight of waste by type and disposal method	page 23
<b>Products and services</b>			
G4 EN27	impacts	Extent of impact mitigation of environmental impacts of products and services	pages 20–23
<b>Transport</b>			
G4 EN30	impacts	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	page 29
<b>Supplier environmental assessment</b>			
G4 EN33	impacts	Significant actual and potential negative environmental impacts in the supply chain and actions taken	pages 19–21
<b>3. Social: Labor practices and decent work</b>			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Occupational health and safety</b>			
G4 DMA			page 27
<b>Diversity and equal opportunity</b>			
G4 LA12	composition	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Partially disclosed (only employees) page 26

## GRI index continued

G4 Specific standard disclosures – Economic			
4. Social: Human rights			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Supplier human rights assessment</b>			
G4 HR11	impacts	Significant actual and potential negative human rights impacts in the supply chain and actions taken	pages 19–21
5. Social: Society			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Supplier assessment for impacts on society</b>			
G4 SO10	impacts	Significant actual and potential negative impacts on society in the supply chain and actions taken	pages 19–21
6. Social: Product responsibility			
Indicator	Disclosure	Answer – Explanation	Location of disclosure in report
<b>Customer health and safety</b>			
G4 DMA			pages 20–23
<b>Product and service labeling</b>			
G4 DMA			pages 20–23
G4 PR3	information	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements	page 21
G4 PR5	surveys	Results of surveys measuring customer satisfaction	pages 16–17

# Glossary

Term	Definition
AHPMA	Absorbent Hygiene Products Manufacturer Association
CoC	Chain-of-custody. In the forestry context, a mechanism for tracking certified material from the forest to the final product to ensure that the wood, wood fiber or non-wood forest produce contained in the product or product line can be traced back to certified forests
CSR	Corporate Social Responsibility
eco-	Ecological
EDANA	European Disposables and Nonwovens Association
EH&S	Environment, Health and Safety
EPD	Environmental Product Declaration (= Environmental Product Management System). An Environmental Product Declaration, EPD®, is a verified document that reports environmental data of products based on life cycle assessment (LCA) and other relevant information and in accordance with the international standard ISO 14025 (Type III Environmental Declarations)
FSC	Forest Stewardship Council (Management System and Ecolabel). FSC is a global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide. <a href="http://www.ic.fsc.org">www.ic.fsc.org</a>
Full-time equivalent (FTE)	The ratio of the total number of paid hours during a period (part-time, full-time, contracted) by the number of working hours in that period Mondays through Fridays. The ratio units are FTE units or equivalent employees working full-time. In other words, one FTE is equivalent to one employee working full-time. Source: <a href="http://www.businessdictionary.com">www.businessdictionary.com</a>
Global Warming Potential (GWP)	Ratio of the warming of atmosphere caused by one substance to that caused by a similar mass of carbon dioxide. For example, CFC-12 (a refrigerant) has a GWP of 8.5 (eight and a half times that of carbon dioxide), methane has 21, and water vapor has zero. Source: <a href="http://www.businessdictionary.com">www.businessdictionary.com</a>
GRI	Global Reporting Initiative. The Global Reporting Initiative (GRI) is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development
HAPCO	Hygiene Absorbent Product Manufacturers (Edana)
INDA	International Nonwovens and Disposables Association
ISO 14001	ISO 14001 specifies requirements for an environmental management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organization subscribes, and information about significant environmental aspects. It applies to those environmental aspects that the organization identifies as those which it can control and those which it can influence. It does not itself state specific environmental performance criteria. <a href="http://www.iso.org">www.iso.org</a>
ISO 26000	ISO standard containing guidelines for implementing social responsibility practices. <a href="http://www.iso.org">www.iso.org</a>
ISO 50001	ISO 50001 specifies requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use and consumption. ISO 50001 specifies requirements applicable to energy use and consumption, including measurement, documentation and reporting, design and procurement practices for equipment, systems, processes and personnel that contribute to energy performance. <a href="http://www.iso.org">www.iso.org</a>
KPI	Key Performance Indicator. A set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals
Leverage	Net financial debt divided by last twelve months – Adjusted EBITDA
Net debt	Sum of all short and long-term interest bearing debts and by deducting cash and cash equivalents
OHSAS 18001	OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help an organization to control occupational health and safety risks
PEFC	Program for the Endorsement of Forest Certification (Management System and Ecolabel). The Program for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. <a href="http://www.pefc.org">www.pefc.org</a>
Sedex	Sedex is a not for profit membership organization dedicated to driving improvements in ethical and responsible business practices in global supply chains. <a href="http://www.sedexglobal.com/">http://www.sedexglobal.com/</a>
SFI	Sustainable Forestry Initiative (Management System and Ecolabel). SFI Inc. is an independent, non-profit organization that is solely responsible for maintaining, overseeing and improving the internationally recognized Sustainable Forestry Initiative® (SFI®) program. <a href="http://www.sfiprogram.org">www.sfiprogram.org</a>
SWAN	Nordic Ecolabel. The Nordic Ecolabel is a voluntary ecolabeling scheme that evaluates a product's impact on the environment throughout the whole life cycle. <a href="http://www.nordic-ecolabel.org">www.nordic-ecolabel.org</a>
UN Global Compact	United Nations Global Compact. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. <a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>

## Request for feedback and contact details

We welcome your feedback on this report or on any aspect of our sustainability performance or activities.

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