



Giving
confidence
to do more

Sustainability Report 2016

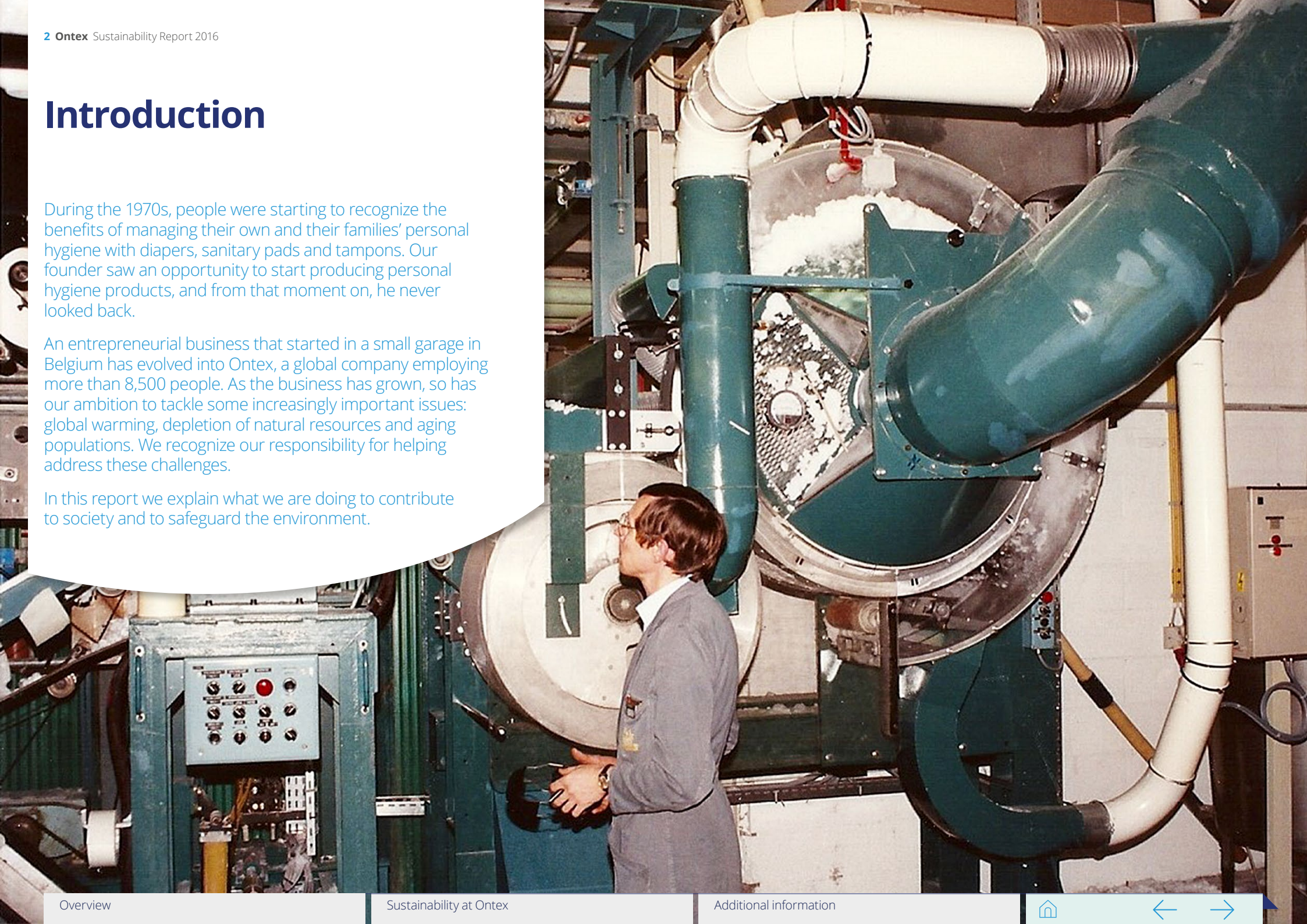


Introduction

During the 1970s, people were starting to recognize the benefits of managing their own and their families' personal hygiene with diapers, sanitary pads and tampons. Our founder saw an opportunity to start producing personal hygiene products, and from that moment on, he never looked back.

An entrepreneurial business that started in a small garage in Belgium has evolved into Ontex, a global company employing more than 8,500 people. As the business has grown, so has our ambition to tackle some increasingly important issues: global warming, depletion of natural resources and aging populations. We recognize our responsibility for helping address these challenges.

In this report we explain what we are doing to contribute to society and to safeguard the environment.



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Each year Ontex publishes a Sustainability Report covering the social, environmental and economic sustainability issues that matter most to us and to our stakeholders. The previous report was published on 20 April 2016.

This document contains data for the financial year 2016. During 2016 Ontex Group NV acquired 2 production sites in Mexico. The reports covers our 17 production sites in 14 countries and our headquarters in Aalst, Belgium. It does not include data from our sales offices and warehouses.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option) and with reference to the UN's Sustainable Development Goals (SDGs). GRI is the international standard for sustainability reporting. The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets.

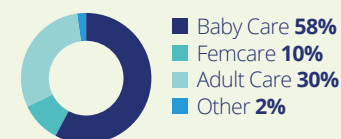
This report has been validated by the executive team at Ontex.

Group at a glance

We make, sell and distribute our products in more than 110 countries through leading retailer brands, as well as under our own brands. Our 17 manufacturing sites are strategically placed across Europe, North Africa, Asia Pacific and the Americas with specialized R&D centers offering continuous innovation to our consumers and customers.

Key highlights

Product categories



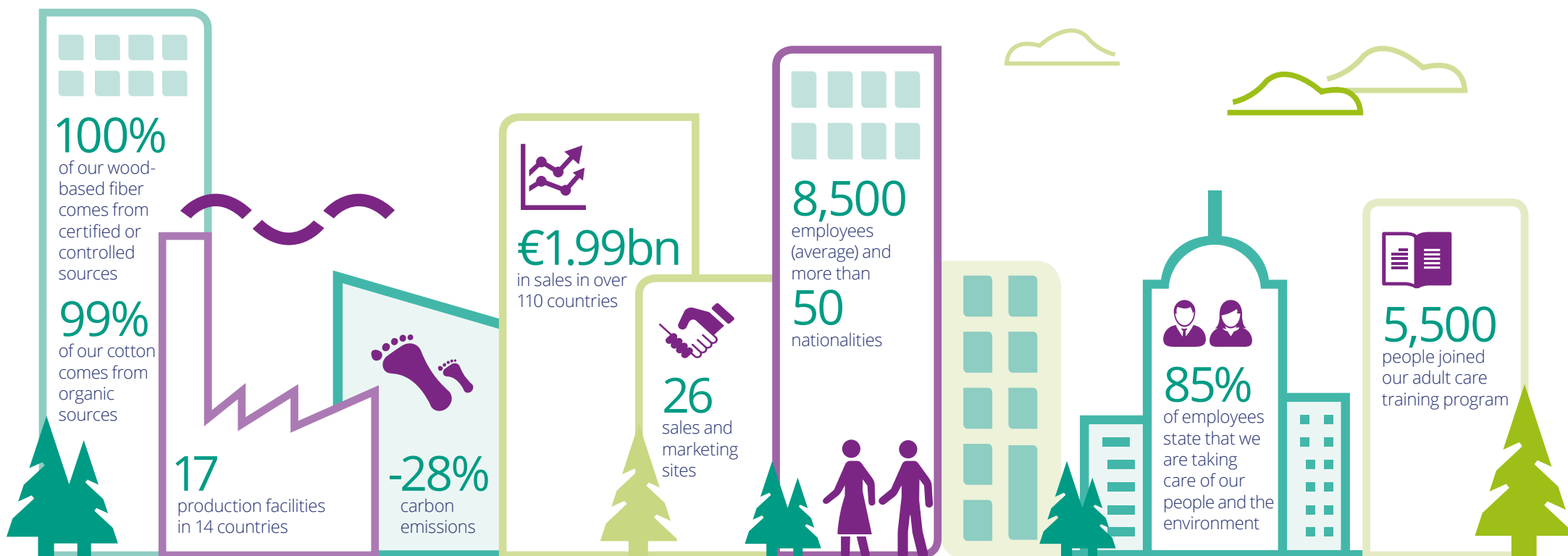
Retail and Ontex brands



Diverse markets



Blue chip customer base



Making sense of a world in motion



To make sure our company is sustainable for the long term, we need to respond to the major trends in society and develop a strategy focused on the future.

If we do not, we put our business at risk of failure. We are determined to play our part in building a fairer world for the people we engage with and the customers we serve. And we still have much to do to create a positive impact throughout our value chain. That's why we've revised our sustainability strategy this year and set ourselves ambitious goals for the coming years."

Charles Bouaziz
CEO

Key trends

Tackling **climate change** and improving **energy efficiency** are top priorities in the transition to a low-carbon economy



Geopolitical, economic and social instability impact on **global business** and the **sustainability landscape**



Developing countries and **emerging economies** are the **markets of the future**



Digital technology makes life easier



Increasing individual prosperity will **increase demand** for already **constrained natural resources**



Expectations are mounting for businesses to be more **transparent** and improve their **sustainability** performance



With **average life expectancy increasing** globally, flexible and innovative solutions for incontinence will help to improve quality of life

+5
years

The convenience of modern absorbent hygiene products **saves time for consumers**



Customizing our products for our customers to better match specific local needs set us apart from competition



Key challenges

We must explore how the circular economy can solve our **end-of-life waste issues** and shrinking supplies of natural resources



We must respond to the growing focus on **human rights** and actively address any risks in our operations and supply chains



Adding value to society

Our executive team explains how we add value to society and the environment in many different ways.



The Paris Climate negotiations

(COP21, December 2015) and the launch of the UN's 17 Sustainable Development Goals (SDGs, September 2015) established a strategic framework for a better future. This collective willingness to take action inspires Ontex to **turn today's challenges into tomorrow's opportunities.**

Our most powerful contribution to society is made through our core operations and our value chain: through the jobs we create and sustain, through the nature of our products that fulfill a basic human need and that we offer at an accessible price, through the way we steward natural resources, and the high standards of responsible behavior that we set for ourselves right across our business."

Charles Bouaziz
CEO



Good health and well-being

Ensure healthy lives and promote well-being for all at all ages



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.

It is important to us that consumers have easy access to the hygiene products they need. So we aim to make them affordable and accessible for everyone to improve quality of life across the world and across generations. We not only offer a wide range of hygiene products to cover every need, we also educate and provide advice on how to use our products. We are helping patients maintain their self-esteem by providing access to the products they need and the care they are entitled to.

By providing good and safe working conditions, a positive work/life balance, and by being a company which makes the most of our employees' diverse talents, skills and personalities, we recognize the contribution of our employees to our success."

Arnaud Demoulin (left)
General Manager of the
Mature Markets Retail Division

Laurent Bonnard (right)
Group Sales Director



Responsible consumption and production

Ensure sustainable consumption and production patterns



As one of the world's leading international hygiene solutions providers, we are proud to make a difference.

To our customers: by supporting and accelerating their growth with innovative, sustainable, quality and high performing products. To consumers: by offering them smart choice solutions that improve their quality of life.

It is our ambition to maximally reduce the environmental life cycle impacts of our products. To achieve this, we conduct Life Cycle Assessments (LCA), evaluating the effect of our products from the sourcing of raw materials to their end-of-life status.

We don't only take responsibility for our products but also on how we produce them. We're committed to manufacture our products with respect to the present and future generations."

Thierry Navarre
COO



Adding value to society continued

Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Education is a fundamental human right and it is indispensable for reducing poverty, increasing equality and having a life with good chances. Especially for women and girls, modern absorbent hygiene products contribute to social progress in terms of comfort, convenience and a reduction in household chores. The use of sanitary products is associated with the reduction of absenteeism in both the workplace and the classroom, thus contributing to a more equal and inclusive society.

Through our work with The Continence Institute (TCI) we offer education packages on all aspects of continence assessment, management and treatment to healthcare organizations and staff, as well as other professionals and carers.

And internally we offer our co-workers good learning and development opportunities in their daily work."

Xavier Lambrecht
General Manager,
Healthcare Division



Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all



Climate action

Take urgent action to combat climate change and its impacts



To achieve the UNFCCC goal of limiting global temperature rise we strive to continuously improve energy efficiency, reduce the carbon footprint of our products, services and processes, and set ambitious emissions reductions targets. Ontex invests in renewable energy resources, prioritizes energy efficient practices, supports certifications (ISO 14001 and ISO 50001) and adopts clean energy technologies and infrastructure."

Martin Gärtner
Group Manufacturing
Director



No poverty

End poverty in all its forms everywhere



Reduced inequalities

Reduce inequality within and among countries



At Ontex, people are of the utmost importance. Beyond income, we can influence other dimensions of poverty, such as access to basic, quality services – in escaping poverty, especially in developing countries and for women, persons with disabilities and children. 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.

We take responsibility to respect human rights. Not only in addressing our own impacts, but also by using leverage to address possible adverse impacts with which we may be involved through third parties such as suppliers."

Thierry Viale (left)
General Manager
Growth markets

Özgür Akyıldız (right)
General Manager
of the Middle East
North Africa Division



Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



At Ontex, different departments within the Group work together to develop a steady flow of innovations and improvements in comfort, fit, ecology and performance of all our products. For the leading retailer brands, as well as for our own brands. And innovation doesn't end with product development. We also create innovative service solutions informed by our market research. By committing to sustainable industrialization and promoting innovation across company operations, Ontex contributes to development efforts in the regions in which we operate."

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



Adding value to society continued

Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Business and ecosystems are linked.

To retain the integrity and vitality of natural resources today and for future generations and to ensure long-term socio-economic growth and prosperity, sustainable management of land is key. Ontex implements strategies to incentivize responsible forest management and environmental stewardship. Our aim is 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). We apply eco-design principles to product design, responsibly source certified raw materials and produce to various ecolabel standards, such as Nordic SWAN and Oeko-Tex®. To reduce product disposal impacts, we invest in developing and using raw materials that have a lower impact."

Philippe Agostini
Chief Procurement Officer



Partnerships for the goals

End poverty in all its forms everywhere. Reduce inequality within and among countries



We believe partnerships are key in achieving the highest level of business success and social progress.

Therefore, we invest in building long-term relationships and sharing expertise: with customers to understand their challenges and help them build attractive brands and great products; with research institutes, universities, and the medical profession to better fulfill the needs of end-users and care-takers; with suppliers through the exchange of ideas alongside our Partnership Tracker, which builds relationships with the best of them; and with selected NGOs to achieve life-changing results in our common goal of improving local hygiene practices. By joining forces and challenging each other, we find ways to continuously improve our business and create a sustainable future."

Oriane Perreaux
Group Marketing Director



Peace, justice and strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Businesses can contribute to inclusive societies by taking a stance against corruption in all its forms.

Our employees are expected to comply with all legal requirements as well as our internal Code of Conduct. Moreover, through our Supplier Code of Conduct we promote ethical and sustainable business practices throughout our value chain."

Jacques Purnode
CFO



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Businesses are an engine for job creation and economic growth and foster economic activity through their value chain.

In 2016 Ontex generated €1.99bn in sales through business activities and employed more than 8,500 full-time equivalent employees worldwide. We have always been people-centric. We want to ensure that what we do has a positive impact on the lives of people. But as we continue to expand, evolving to keep pace with this growth is essential. Therefore we continue to invest in creating a better workplace and improve employee well-being. Our view is that when we enable our people to grow, our business will grow as well."

Armando Amselem (left)
General Manager
of Americas Retail

Astrid De Lathauwer (right)
Group Human
Resources Director



Working together towards solutions

Embedding sustainability throughout Ontex is a shared responsibility, so we have revised our approach to owning and managing it across the organization. With a newly created structure, we believe we can respond more quickly to demands for business to be more sustainable.

New sustainability organization

Our new sustainability organization embeds responsibility at all levels of the company.

As **Group R&D, Quality and Sustainability Director**, Annick De Poorter is the custodian of our sustainability vision. As a member of the executive management team, she is driving the implementation of the sustainability strategy together with her **executive team** colleagues.

The **Sustainability Team** at our headquarters in Aalst, Belgium, is in charge of day-to-day activities. It defines our sustainability strategy, sets goals and monitors progress. It also supports our manufacturing plants and other departments as they implement our sustainability strategy. In 2016, we increased the team from two to five people to extend the scope of our work across the business.

Roles and responsibilities for embedding our sustainability strategy have been shared **across departments**. We think this integrated approach is the key to managing our sustainability challenges successfully, rather than appointing dedicated sustainability officers at an individual plant level.

In 2016 we also set up an **internal Sustainability Reference Group** with representatives from each department. The reference group shares insight into stakeholder expectations and provides support for defining departmental sustainability goals. It monitors the progress being made in individual departments and develops plans to facilitate the integration of the sustainability strategy.

Additionally, we launched a **Sustainability Steering Committee** consisting of five members of the executive team who meet three times a year. It monitors progress and makes the decisions that are needed as we continue to implement our sustainability strategy more broadly across the Ontex Group.

The **Health and Safety Steering Committee** consists of five members of our executive team. The purpose of the committee is to enable quick health and safety decision-making and to speed up the shift towards a strong safety culture at Ontex.

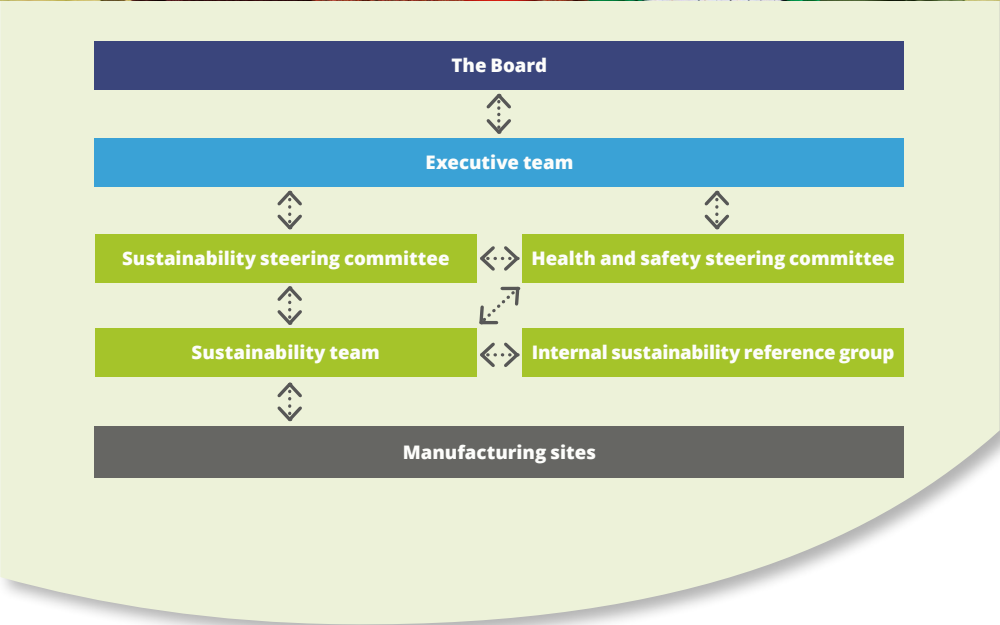
Working with others

We cannot achieve all of our goals alone. Across our value chain we partner with NGOs, governments, industry associations and other businesses to support our sustainability efforts.

To find out more about some of our key partnerships in 2016, see the table opposite.



The Sustainability team (left to right):
Stephanie Menéndez, Bart Jansen,
Annick De Poorter, Bart Waterschoot
Elise Barbé and Emmanuel Torck



Topic	Partnership	Page
Responsible production	FSC® (Forest Stewardship Council) – a global, not-for-profit organization dedicated to promoting responsible forest management worldwide	16
	PEFC® (Program for the Endorsement of Forest Certification) – an international non-profit, non-governmental organization dedicated to promoting sustainable forest management	
	SWAN – a voluntary eco-labeling scheme that evaluates a product’s impact on the environment throughout its whole lifecycle	
	GOTS – recognized as the world’s leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and also requires compliance with social criteria	
People	UNICEF – a United Nations (UN) program that provides humanitarian and developmental assistance to children and mothers in developing countries	26
Sustainability in general	The Shift – a Belgian sustainability network	
End-of-life waste	EDANA – the international association serving the non-woven and related industries	19
Health and wellbeing	EUGMS – the organization for collaboration and co-ordination of the national geriatric medical societies of the European Union member states	

Engaging with our stakeholders

Over the years, we have invested in building strong relationships with a wide range of stakeholders. We consider them our key influencers – the eyes and ears of Ontex – challenging what we do and how we do it.

Mapping our stakeholders within our value chain

Suppliers

Upstream: Raw materials



Employees

Ontex operations: Manufacturing



Customers and Consumers

Downstream: Use and end-of-life









Investors



Wider society

Engaging with our stakeholders continued

Concerns and expectations

Stakeholder group	How we listen and engage	Main sustainability areas	How we respond to the issues
Customers 	<ul style="list-style-type: none"> Monitoring product sales Contact with our sales team Research and surveys 	<ul style="list-style-type: none"> Carbon footprint Eco-labeling Working conditions Sourcing Innovation Human rights 	<ul style="list-style-type: none"> Operating sustainably Offering more eco-labeled products Ensuring safe and healthy working conditions Sourcing responsibly Eco innovation – a topic of dilemmas Ensuring the ethics of our own operations Keeping in touch with customers and consumers Training our institutional customers
Consumers 	<ul style="list-style-type: none"> Consumer and shopper panels Consumers and shoppers interviews Co-development and crowd-innovation 	<ul style="list-style-type: none"> Product safety Environmental impact of our product Product labeling Innovation 	<ul style="list-style-type: none"> Ensuring consumer health and safety Reducing the environmental impact of our products Offering more eco-labeled products Eco innovation – a topic of dilemmas Keeping in touch with customers and consumers
Employees 	<ul style="list-style-type: none"> Recruitment Personal development talks Surveys Union meetings Internal and external audits 	<ul style="list-style-type: none"> Equal opportunities Business ethics Health and safety Working conditions 	<ul style="list-style-type: none"> Diversity and equal opportunities Ensuring the ethics of our own operations Ensuring safe and healthy working conditions Training and education
Investors 	<ul style="list-style-type: none"> Public relations Investor meetings Conferences Materiality exercise with investors Socially responsible investment indices and information requests 	<ul style="list-style-type: none"> Governance Business ethics Risk data Environment Carbon footprint 	<ul style="list-style-type: none"> Ensuring the ethics of our own operations Reducing the environmental impact of our products Operating sustainably
Suppliers 	<ul style="list-style-type: none"> Supplier conferences Procurement Supplier tracker Visits and meetings 	<ul style="list-style-type: none"> Raw material sourcing Business ethics Human rights Management systems 	<ul style="list-style-type: none"> Sourcing responsibly Improving life at our suppliers Ensuring the ethics of our own operations Operating sustainably
Wider society 	<ul style="list-style-type: none"> Charitable activities Governments Industry associations Information requests from academics and students 	<ul style="list-style-type: none"> Community involvement Human rights End-of-life waste Customer health and safety 	<ul style="list-style-type: none"> Website Donations Research Chemicals/quality protocols/policies

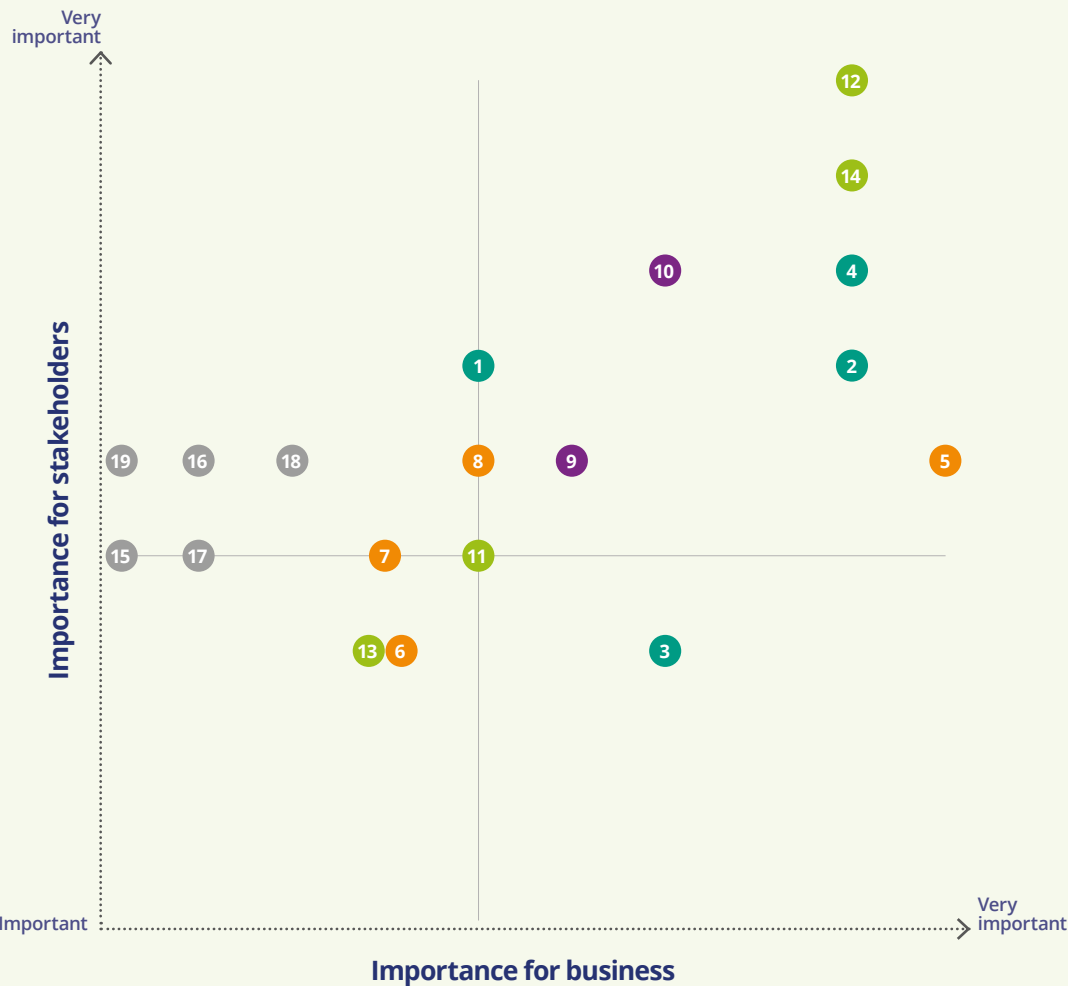
Materiality

In 2016, we conducted an exercise to review our material issues. The launch of the UN Sustainable Development Goals (SDGs) gave us a new framework to consider in this review. We also extended our analysis this year to include external, as well as internal, stakeholders. We followed a four-stage process:



Materiality continued

Materiality matrix



Our material issues

Sustainable growth 14

- 1. Product labeling
- 2. Customer health and safety
- 3. Eco innovations
- 4. End-of-life waste

People at the heart 20

- 5. Occupational health and safety
- 6. Training and education
- 7. Diversity and equal opportunities
- 8. Local community engagement

Human rights and business ethics 28

- 9. Business ethics
- 10. Human rights

Responsible production 33

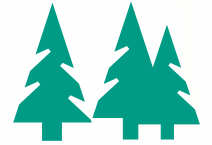
- 11. Emissions
- 12. Energy
- 13. Environmental impacts of transporting our products
- 14. Materials

Other issues*

- 15. Biodiversity
- 16. Employment
- 17. Sustainability communications
- 18. Supplier environmental assessment
- 19. Water

* Not discussed in detail in this report.

Sustainable growth



We strive for sustainable growth, offering responsible products at an affordable price.

As one of the world's leading hygiene solutions providers, we are proud to make a difference: to our customers by supporting their growth with innovative, sustainable, high quality and high performance products and services; and to consumers by offering them smart hygiene solutions that improve their quality of life. Using our expertise in Baby Care, Feminine Care and Adult Care, we support more sustainable consumption patterns by reducing the environmental impact of our products and providing our customers and consumers with information and eco-labels to help them make more sustainable choices.





Sustainable growth

Our sustainability targets

Ontex sustainability targets	Status	Performance in 2016
From 2017, we will monitor how our R&D centers continuously improve the environmental performance of new innovations	<input checked="" type="radio"/>	We have carried out Life Cycle Assessments (LCA) of several Baby Care and Adult Care products

☒ Achieved ☐ Ongoing ☐ Not achieved ☐ New target

Reducing the environmental impact of our products

It is our ambition to reduce the total lifecycle environmental impacts of our products to the maximum extent possible. To achieve this, we first need to understand what impact our existing and new products have across the value chain. This is why we conduct Life Cycle Assessments (LCA) to evaluate the impact of our products from raw materials sourcing to end-of-life, so that we can reduce their overall environmental footprint.

To enhance the environmental profile of our products, we continued our efforts on three fronts in 2016:

- Continuing to focus on eco-efficiency improvements for all our standard and premium brands
- Strengthening our eco-brand expertise with the acquisition of Mabe and their Bio Baby brand
- Setting a target to conduct LCA for all new innovations from 2017 onwards



To increase transparency to our institutional customers we have Environmental Product Declarations for the Serenity brand, stating the environmental impact of the products. Detailed info can be found at: www.environdec.com/en/EPD-Search/?query=serenity

Offering more eco-labeled products

Ontex is committed to supporting the marketing of products with eco-labels to better meet market requirements and yield eco-innovation in our value chain.

We are expanding eco-label certification of our raw materials and our own brand products. Certification provides a seal of approval, stating that a product meets a certain eco-label standard. It provides our consumers with visible evidence of the product's superior environmental performance. And by offering customers and consumers enhanced choice, we hope they will more quickly adopt eco-labeled products and help us in supporting the sustainable management of our planet's resources.

In 2016, we hired two new employees to lead our work in implementing new eco-labels and increasing the coverage of existing eco-labels on our new products.

Possibilities for eco-labeling and skin allergen labeling



Ontex is a truly innovative company, having brought FSC®-certified products to markets where the FSC® mark was not yet or rarely present.

By doing so, Ontex directly contributed to better, more sustainable forest management, and to a growing awareness of the FSC® brand. Needless to say, we are more than pleased to see the ambitions of Ontex to gradually step up their FSC®-certified output."

Bart Holvoet
Director FSC® Belgium



Rewards for our sustainability efforts



Ontex customer rewards our sustainable performance

In 2016, Ontex won the COOP Sustainability Award. As the largest supermarket chain in Italy, COOP confers this annual award on suppliers that give sustainability and social responsibility a central role in their strategy.



Moltex, two-time winner of the Green Brands award

For the second time, **MOLTEx nature no. 1** won the Green Brands award. The award honors products that are produced and marketed in an environmentally responsible way. Moltex was rewarded for its use of sustainable resources, such as FSC® fluff, renewable energy used in manufacturing and the minimal waste generated during production.

Ensuring consumer health and safety

Consumer health and safety is a top priority for Ontex. Consumers should always feel confident that our products are safe and healthy to use. During supplier selection and product development we systematically evaluate all potential risks to make sure we meet consumers' expectations as well as all regulatory requirements.

Our products are rigorously tested in our own and independent quality laboratories. The tests focus on safety and prevention both at our suppliers and in our manufacturing plants. To ensure a healthy and safe product we take a number of steps throughout our value chain.

Any potential safety issue that is identified during production is thoroughly investigated to understand the nature of the problem and prompt actions are taken to eliminate any safety risk for the consumer. One of the tools we have at our disposal is voluntary product recall. Over the last three years we have had no product recalls.

During 2016, an advanced supplier assessment tool was developed to map out the potential impact of suppliers and materials on product safety. Based on the outcome of this supplier risk assessment, a systematic audit and follow-up program is established that will range from light to severe. We will further refine our supplier quality management system during 2017.

Chemicals management

Chemical substances are useful in many of our products, providing color and fragrance, acting as glue to bind our products together and helping to protect the skin of the end user. For many of our products we go beyond legal requirements for the use of chemicals. In order to ensure the safety of our products:

- All raw material documentation is rigorously screened by an Eurotox* registered toxicologist
- During product design, product integrity tests are undertaken to simulate in-use conditions where relevant
- Microbiological safety is ensured by quality assurance systems
- Manufacturers carry out in-use testing for skin contact material to ensure dermatological compatibility

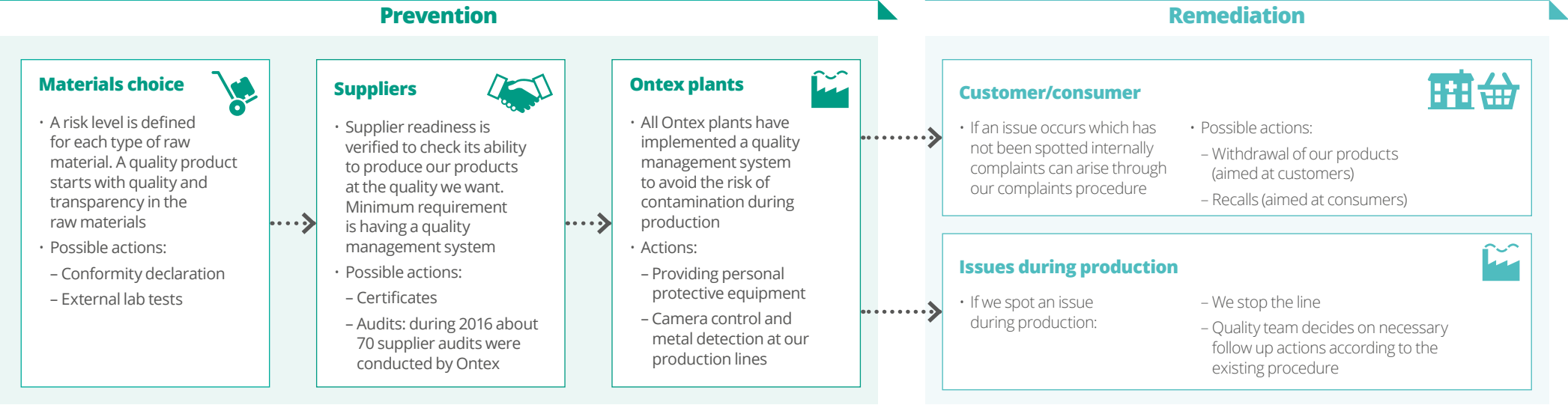
* Eurotox: Federation of European Toxicologists and European Societies of Toxicology.



Ontex has been a clear front runner in chasing potential trace levels of chemicals that could be linked to the production process of different raw materials.

Given the multiple requests from retailers and end-consumers to develop colorful and scented products on one side, and increasing concern on the other side around the presence of so-called 'suspected chemicals', Ontex will promote more and more Exposure Based Risk Assessments as a suitable answer for future developments."

Bart Waterschoot
Group Scientific Affairs
& Sustainability manager



Eco-innovation – a topic of dilemmas

Many consumers want to live more sustainable lives but challenges such as a lack of time or clear understanding, and conflicting information can often counteract sustainable behavior.

As an example, we know consumers want soft, super absorbent diapers with appealing, colorful designs. But there is a challenge that enhancing comfort can increase the environmental footprint of a diaper. A diaper with unbleached fluff is perfectly possible but gives a brown shade to the end product, not the clean white often expected by consumers. It is also possible to replace petroleum-based superabsorbents with bio-based plastics. But how do we make sure we are not contributing to the already high pressure on productive land for agriculture especially in the face of a rapidly growing population?

Therefore, eco-innovation for the disposable hygiene market is a topic of dilemmas and trade offs where there is no clear or single correct answer.

Bio Baby: a journey to understand the changing consumer landscape

2007

Introduced almost ten years ago in Mexico and central America, Bio Baby was one of the first eco-friendly diaper brands. The idea of creating an eco-friendly diaper grew from a consumer study that revealed a small, but growing, group of mothers who felt guilty about disposing of large numbers of diapers that ended up in open landfills and how this was harming the environment. At the time, the main goal of the brand was to attract ecologically-aware, higher-income consumers by offering them a product that helped them to reduce their ecological footprint.

2015

In 2015, another in-depth survey showed that the Bio Baby consumer landscape had changed. The target market of eco-aware families had been joined by a new group of young, socially aware consumers, better known as 'hipsters'. This group was driven by a desire to ensure that their diapers were healthier for their babies as well as for the planet. We also learned that this was a larger consumer group than Bio Baby's eco-conscious pioneers, which explained the increase in Bio Baby diaper sales. Based on these findings, our strategy with Bio Baby is to broaden the consumer base and market this eco-friendly diaper to a larger audience of smart pragmatic consumers.

Over
2 billion



eco-friendly diapers under the Bio Baby brand have been sold from 2007 to 2016

Almost **450 tons**
of synthetic **superabsorbent** (non-renewable, non-biodegradable) has been substituted by a **sustainable superabsorbent**

10,000 tons
of **synthetic** (petroleum-based) **materials** have been substituted with **bio-based materials**

700 tons
of plastic packaging film used is **oxo-biodegradable** with a maximum **degrading time of six years**



Nordic Ecolabelling wishes to contribute to the 'green shift' through the increased use of bio-based materials, but at the same time wishes to see sanitary products that offer sufficient quality and performance.

Renewable materials contribute to a more sustainable future compared to materials from fossil fuel sources. However, products based on renewable raw materials are not automatically sustainable. There are several key problems such as land use competing with food production, use of genetically modified organisms, and energy and chemical use in production."

Ann Stromberg
Expert on Sanitary products,
Ecolabelling Sweden



Bio-based, biodegradable, compostable – overcoming confusion

Bioplastics comprise a whole family of materials with different properties and applications. Bioplastics are bio-based, biodegradable, or both. Bio-based plastics 'can' be biodegradable, but doesn't have to be. Biodegradable plastics 'can' be bio-based, but nowadays even petroleum-based plastics can 'oxo'-biodegrade with the help of additives. Biodegradable does not equal compostable. And it can be biodegradable in soil, but not in water; or in open air, but not in deep landfill.

Any 'bio'-property claimed for the product needs to make sense for nature really reducing ecological impacts. But it also needs to make sense for people buying these products having certain expectations with bio-marketing claims. Long-term sustainable growth in mind, they have to go hand in hand.



At Ontex we support the development and proper marketing of bioplastics. We are learning by doing, and committed to let science and critical thinking help us guide making the right and most responsible decisions on this topic.

More information on bioplastics can be found at:
www.european-bioplastics.org

Addressing end-of-life waste issues together

The World Bank's 2012 report, 'What a waste', stated that waste management activities in emerging countries account for 5% of the world's greenhouse gas (GHG) emissions. This figure is set to increase to 8-10% by 2025 through growing populations and increasing urbanization. Waste disposal facilities in emerging economy cities cannot follow the pace of change and waste collection infrastructure is lacking. Good quality waste sorting, treatment and recycling installations are even further behind the curve.

An increase in waste production not only leads to increased GHG emissions, it also creates societal problems. The International Solid Waste Association (ISWA), for instance, calculated that the health of up to four billion people worldwide is threatened by insufficient waste management infrastructure. We strongly believe that a sector-wide initiative is necessary to address these waste issues. Joining forces is essential to achieve a transformational change in this area.

As an active member of the EDANA Waste working group, we are committed to making change happen. This group, composed of all major producers of absorbent hygiene products (AHP) and their key suppliers, conducted a detailed mapping of legislation, stakeholders and practices for waste management in emerging countries. Based on this mapping, the industry is now engaging through EDANA with stakeholders in South Africa and India to support effective improvements in waste management. In parallel, Ontex is actively involved in stakeholder discussions in Belgium and the Netherlands, aimed respectively at evaluating the feasibility of using recycled materials in our products and recycling used AHP.

Initiatives around us on end-of-life waste

2016

A session dedicated to waste management during Outlook™ Asia, including a presentation by India's largest waste picker's cooperative SWaCH

Meeting with South Africa's Department of Environmental Affairs to discuss a potential industry action plan to improve waste management for AHP

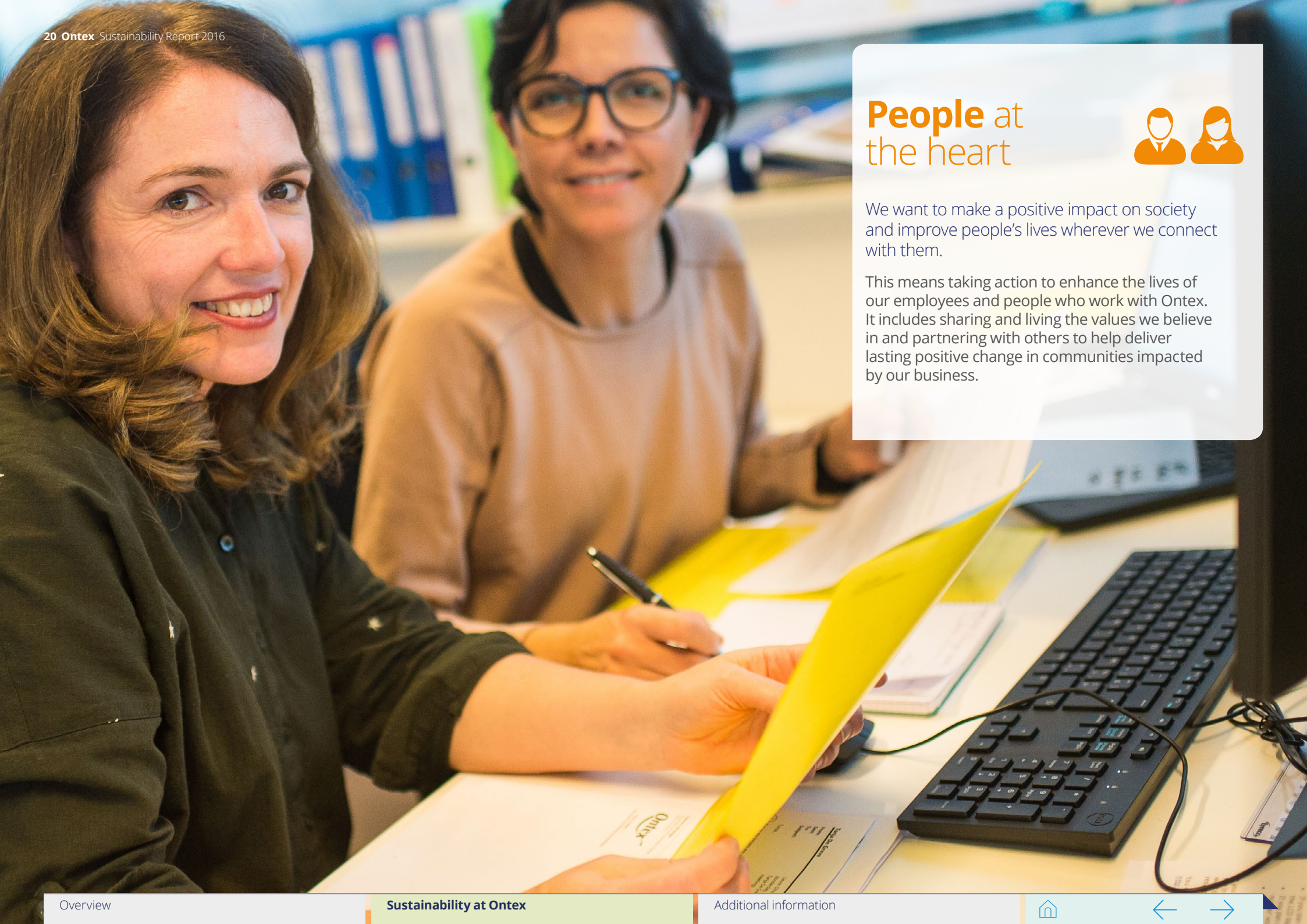
Stakeholder workshop held by the Dutch Ministry of Environment and Infrastructure on the contamination of materials recovered from AHP

Stakeholder meeting with OVAM (Waste Management Agency for Flanders) regarding eco-design and potential for using recycled materials in AHP

Stakeholder workshop held by the Dutch Ministry of Environment and Infrastructure on prevention of waste from AHP

Completion of detailed waste management mapping

2017



People at the heart



We want to make a positive impact on society and improve people’s lives wherever we connect with them.

This means taking action to enhance the lives of our employees and people who work with Ontex. It includes sharing and living the values we believe in and partnering with others to help deliver lasting positive change in communities impacted by our business.



People at the heart

Our sustainability targets

Ontex sustainability targets	Status	Performance in 2016
By 2020, achieve an accident frequency rate below 6.5 as part of our continued journey to zero accidents	●	Frequency rate of 21.41
By 2020, 50% of our main production sites will be OHSAS 18001 certified	●	8% Ontex Istanbul was certified in 2016
By 2020, 85% of employees agree that Ontex looks after its people and the environment	●	85% (2015 employee engagement survey)
All production sites to take part in local community engagement activities, based on local needs and employee engagement	●	7 Manufacturing sites supported local social initiatives
By the end of 2017, establish an Ontex Foundation to contribute to creating a better life for the people and communities touched by our business	◎	N/A

● Achieved ● Ongoing ○ Not achieved ◎ New target

Ensuring safe and healthy working conditions

The health and safety of our employees is of the utmost importance. We strive for a safe and healthy workplace so that our employees can do their best work, enjoy each day and do their jobs with confidence.

Working towards zero accidents

It is our ambition to avoid any type of occupational accident. Through safety trainings and campaigns, we aim to maximize safety awareness among all employees.

In 2016, we witnessed an 7.63% increase in occupational accidents across Ontex. This trend clearly conflicts with our ultimate goal of zero accidents and our 2020 target to reduce our accident frequency rate to 6.5%. With a current rate of 21.41% we are aware of the need to continue to enhance our approach to safety.

At the end of 2016 we started to take action. As a first step we have set up a Group Health and Safety Steering Committee to speed up the shift towards a strong safety culture at Ontex. Moreover, we hired a dedicated person to lead the actions in that field.



Safety is being driven through all levels of the organization and we are placing safety at the forefront of everyone's thinking.

This was achieved in part through a move to leading indicators. We set KPIs for all our leading indicators and monitored performance against them. Safety audits are also carried out by a cross-section of employees each month. Employees conducting the audits are regularly shuffled so that we have 'fresh eyes' auditing our operations and assessing any things that need correcting. We see this as a positive signal that safety is embedded in our organization."

Sarah Bleakley
Health and Safety lead,
Ontex Australia



Overview

0

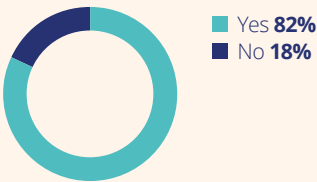
Zero fatalities in any of our 17 sites across the world



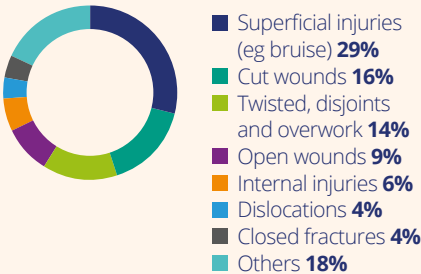
OHSAS 18001

Ontex Turkey was certified to OHSAS 18001 in 2016

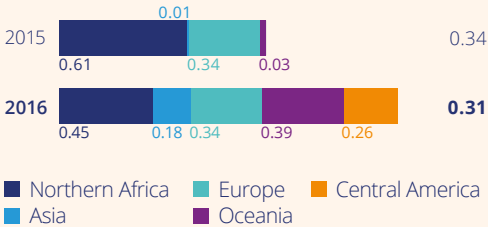
Plants with Health and Safety Committees



Types of accidents

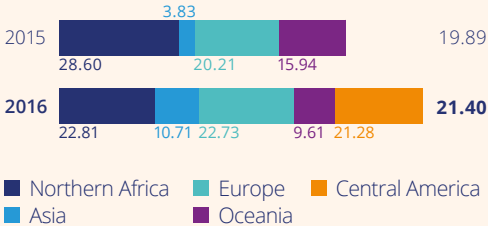


Severity rate*



* Total lost days compared to the total number of hours scheduled to be worked by the employees. Days mean scheduled worked days. The counting of the lost days begins the day after the accident.

Frequency rate



We aim to have

50%

of our main production plants certified to OHSAS 18001 by 2020

Safety highlights during 2016

We continued to operate with zero fatalities across all Ontex sites and our Turkish plant and Group headquarters achieved certification to the OHSAS 18001 Occupational Health and Safety standard contributing to our target of having 50% of our main production plants certified by 2020.

More important than safety statistics or highlights is our desire to create a real health and safety culture within Ontex where safety is a natural part of how every employee operates. Often workplace accidents result from unsafe acts, poor planning or a failure of safety controls rather than unsafe conditions. By focusing on a safety culture and ensuring safe behaviors at all times, we aim to deliver an immediate reduction in accident frequency and severity. This approach involves everyone at Ontex shifting to a more “proactive” stance on safety.

At a plant level, health and safety management is controlled by site Health and Safety Committees. Currently 14 of our sites (82%) have a Committee in place. The responsibility of the committees includes: identifying safety risks and hazards, and advising on mitigation and controls; investigating the cause of any accidents and sharing learning; providing advice, guidelines and training on safety topics to employees.



The Istanbul plant has always given much attention to occupational health and safety.

By entering the OHSAS certification process, however, our approach became much more systematic and even proactive. Today, safety adjustments are made before something happens instead of after. The main advantage is that potential issues can be addressed in time, or even ahead of time, so that we can prevent them from happening.”

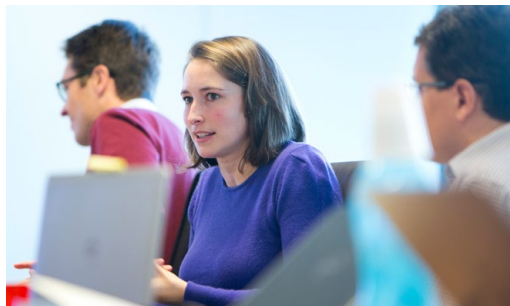


Ibrahim Mert
Health and Safety lead,
Ontex Turkey

What is OHSAS 18001?

OHSAS 18001 is a framework for occupational health and safety management. It sets out the minimum requirements for best practices and enables organizations to:

- Create the best possible working conditions across organizations
- Identify hazards and implement management controls
- Reduce workplace accidents and illness to cut related costs and downtime
- Engage and motivate staff with better and safer working conditions
- Demonstrate compliance to customers and suppliers



Training and education

Making the most of our employees' talents

Every employee at Ontex is able to develop his or her potential to its full extent. We believe in our people and want to make sure our employees are given opportunities to fulfill their aspirations and support their personal growth.



Top 5 training areas during 2016:

- Technical training
- Product training
- Presentation skills
- Language
- Safety



In 2016:

180,212

hours* of training have been given

26

the average number of hours training per full time equivalent employee

* Figures exclude head office.

Training our healthcare customers

Incontinence is a common problem. It is widely accepted that 5 to 10% of the world's population deals with incontinence. In the 70+ age group, prevalence figures even reach more than 20%. In addition, according to some studies, up to 75% of all women suffer from incontinence at one point in life. Knowing that this condition has numerous negative effects, ranging from medical problems to psychological issues and even social limitations, it is clear that incontinence affects the quality of life of millions of people worldwide.

At Ontex, we aim to make life as comfortable as possible for these people. By providing professional training programs we hope to reach out and enhance both the caretaker and caregiver's standard of living – giving the affected persons their dignity back. For this reason, we set up the Continence Institute (TCI), an online learning and reporting center for our institutional customers. TCI offers facilities, staff members, professional users and caregivers education packages covering all aspects of continence assessment, management and treatment. In 2016, **5,500 people** were registered in the TCI program.



At Ontex, we firmly believe that empowering people will enable them to make a difference.

Our employees have an entrepreneurial spirit: real-life-experiences on the floor are considered as the best development opportunities. By introducing the concept of Personal Growth Plans we want to motivate everyone to take control of their own career and develop according to their own aspirations. In 2017, our goal is to continue to optimize our training management in order to further support our employees' development."

Femke Van Uytfang
Group Talent
Development Specialist



Detailed info can be found at:
www.thecontinenceinstitute.com

Diversity and equal opportunities

Our employees in 2016

We do business in more than 110 countries across the world. Reflecting this, we need a culture of inclusivity that respects the communities in which we live and work and for our teams to reflect the diversity of our global consumers. We believe in diversity – as each of our employees is unique and brings new perspectives and ideas to our business.

In 2016 we employed over 7,000* people worldwide in our manufacturing sites and Aalst, an increase of 1,500 people due to acquisition and business growth. 26% of our employees are women (34% in 2015) and women occupy 22% of our senior management positions. 63% of our employees are covered by collective bargaining agreements. The change in our ratio of men to women is also due to our recent acquisitions, which integrated a more male workforce into the Ontex Group. We employ 52 different nationalities. The large majority of our employees are below 50 years old. Emphasizing our commitment to invest in the people we employ, almost 90% of employee contracts are of unlimited duration.

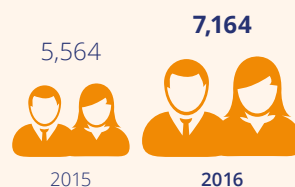
Valuing diversity and equal opportunities

Ontex is a diverse and international Group and we value the differences within our organization. We believe that there is no better way to understand our consumers than by creating a diverse organization made up of people from different nationalities, sexes and ages. As we expand our business and acquire new plants in new countries, we aim to retain this uniqueness so we are in the best position to understand the local market and culture. We firmly believe that this diversity is key to the success of Ontex.

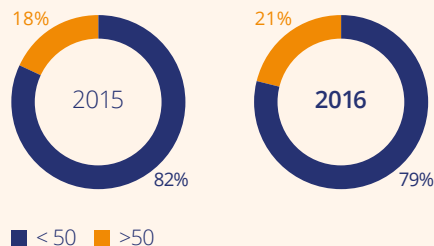
* The scope of this report excludes sales offices and warehouses and the total number of employees within this scope is 7,164. Ontex's total workforce including sales offices and warehouses is more than 8,500 as reported in our Annual Report. Figures are correct as at 31 December 2016.

Workforce profile*

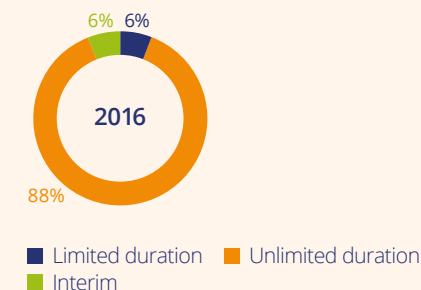
Number of employees (FTEs)



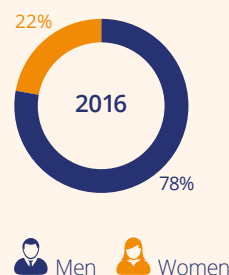
Age division



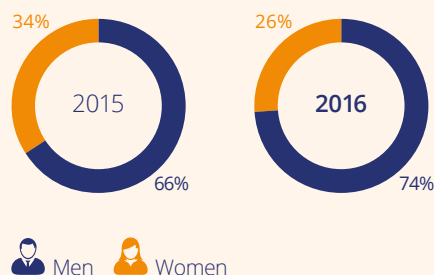
Contract type



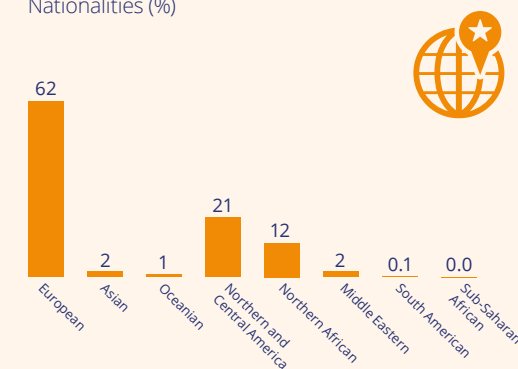
Women in management



Gender diversity



Nationalities (%)



Valuing diversity and equal opportunities continued

It is also essential for us to provide equal opportunities to all employees on all aspects of employment, from recruitment and selection, to promotions, training and benefits. And to give our people, guidance and encouragement to act fairly and prevent discrimination based on gender, race, marital or civil partnership status, contract type, disability, age, sexual orientation, and religious or political beliefs. We back up this commitment in our Equal Opportunity Charter.

A voice for every employee

We want to be a good employer to all our employees. To achieve this ambition, we need to know what our people think of us so that we can learn and improve where necessary.

Every 18 months, we conduct a company-wide survey for all employees. The online survey is run by an external organization to ensure confidentiality of our employees' answers. Based upon the survey results of 2015 we launched some follow-up actions in 2016:

- We communicated the results of the People Survey to all employees
- Across Ontex working groups were established to take action on areas identified for improvement
- In total 165 improvement actions have been defined, of which 106 began in 2016

Our next People Survey will take place in April-May 2017.

Getting our employees involved

In 2015, we engaged our global workforce to help establish a new set of corporate values for Ontex. We received more than 4,000 responses and during 2016 we worked to consolidate these into Ontex's five values: **Passion, Reliability, Integrity, Drive, Everyone.**

These values perfectly define what we stand for as a company and what our people live by. We recognized, however, that the values would mean different things to different people – a factory worker or team leader for example might not interpret them in the same way as an engineer or manager. So, instead of sending out a corporate directive for teams to incorporate these values in a certain way, each location was given the freedom to take its own approach in deciding how to introduce our new values. This continued our approach of empowering our people and giving them a say in guiding the culture of Ontex.

Feedback has revealed that talking about our values has brought people together and given them a chance to acknowledge that, beyond their immediate teams and day-to-day responsibilities, they belong to a bigger community. In doing so, the project has helped us create a sense of belonging among our employees.



Algeria: Celebrating success

Recognizing the efforts of the best performers helps our teams to feel closer to our global ambition of being the best company in our sector. In Algeria at the end of the year, we selected our 'employees of the year' and awarded them with a trophy to thank them for their efforts. The award was made after a positive team-building event that gathered all our employees for a tasty lunch.

Grosspostwitz: Free sport sessions twice a week for German staff

We offer our staff free sport sessions with a professional trainer twice a week. We believe that sports at work leads to enhanced wellbeing and relaxation!



Pakistan: Improving working conditions

Following a review of working conditions in our Pakistan plant, we enhanced our air-conditioning to improve air circulation during the hot summer season. The result was an improvement in working comfort for our employees and we are assessing further options to improve working conditions.

Engaging communities

Being active all over the world, we have a responsibility to support many communities impacted by our business: from those surrounding our operations to those indirectly affected through our sourcing and sales activities.

At our manufacturing sites we aim to build long-term partnerships with local organizations to help support local communities improve their quality of life. Every year we see new examples of local initiatives. We want to harness this enthusiasm and make sure every Ontex community initiative has the best possible impact.



Ontex Turnov

Ontex Turnov contributed to the reconstruction of a playground in one of the local housing estates in Turnov. Since that day, the playground has offered a fun place for local children to play.



Ontex Turkey

Ontex Turkey donated baby diapers and incontinence products to local institutions such as special education and rehabilitation centers, hostels for disadvantaged people, and a women's prison.

Ontex Aalst, Belgium

Every year all business gifts we receive are collected as prizes for an employee lottery. The money raised from the lottery is donated to the Make-a-Wish foundation, which enriches the lives of children fighting life-threatening conditions.

Ontex Mexico

Ontex Mexico donated product to Casa del Sol, a local charitable organization that aims to protect and develop young children in a safe and harmonious environment. Casa del Sol welcomes babies, girls and boys from birth to eight years of age who are emotionally, socially and economically vulnerable.

Ontex Russia

Ontex Russia donated over 3.5 tons of sanitary products to the immunology department of Dima Rogachev children's hospital. This equates to many thousands of diapers and pants.

Creating global partnerships

In 2016, we committed ourselves to a long-term partnership with the UNICEF WaSH Program (Water, Sanitation and Hygiene). This program covers a wide range of activities, such as installing water pumps, educating adolescents on menstruation, spreading the practice of hand-washing, and constructing toilets and hand-washing facilities in schools and health centers. The partnership started with an initial donation to UNICEF in 2016 that funded **694 basic hygiene and water kits**. More information can be found at: www.unicef.org/wash.



The tight link between Ontex's business activities and UNICEF's WASH activities in the field makes this partnership so strong, both in terms of making a change for children and in terms of raising awareness about the UNICEF cause. Together with Ontex we aim to build a durable, long-term partnership that reaches life-changing results in our common goal to improve hygiene practices around the world."

Fauve Jacobs
Corporate engagement
officer UNICEF





Human rights and business ethics

We want to act with respect and integrity in everything we do.

Although the world around us continues to change, the value we place on people remains constant. Respect for human rights is an essential consideration in everything we do.

It is our ambition to protect and empower people connected to our business so that they can create a better life for themselves, whatever their circumstances. How? By living up to high ethical standards and ensuring we comply with all international and national rules and regulations during the manufacture and supply of our materials and products. Guided by our values, our code of conduct and policies, our employees and suppliers aim to secure the integrity of our business and support the long-term future of Ontex.



Human rights and business ethics

Our sustainability targets

Ontex sustainability targets	Status	Performance in 2016
By the end of 2017, all Ontex direct spend suppliers to have signed our Code of Conduct	●	59% of our direct spend material suppliers signed our supplier Code of Conduct
By the end of 2017, sign the UN Guiding Principles on Business and Human Rights	○	N/A
By the end of 2025, all main production plants conform SA8000	○	N/A
By the end of 2017, develop a plan for conducting third-party social audits at our plants	○	N/A

● Achieved ● Ongoing ○ Not achieved ○ New target

Doing business with integrity

The way we do business is closely linked to the values we live by, and specifically the value of *Integrity*. We want to do business the right way – always and everywhere – honoring not only the law, but also high ethical standards, as set out in our Code of Conduct.

Given the fast pace of Ontex's growth, compliance with existing regulations and business ethics is crucial for our long-term success. The work of our local compliance coordinators is therefore more valuable than ever.

Business codes and charters

We address human rights in certain Ontex policies, charters and codes:

- Code of conduct for employees
- Code of conduct for our suppliers

Fair competition in focus

A good understanding of competition and antitrust laws is key to our success. During 2016, we further focused on competition law compliance. Our Sales teams took part in face-to-face training on competition and antitrust law. Two e-Learning modules on “Cartels and Dealing with Competitors” and “Distribution, Market Power and Investigations” were also organized for 304 employees.

Business Code of Conduct

Our employees are expected to comply with all legal requirements as well as our Code of Conduct. This Code serves as a guide for doing business the Ontex way. Among other things, it includes our corporate compliance requirements, which are specified in eight separate policies.

- 1 Anti-Trust Policy
- 2 Anti-Bribery Policy
- 3 Political and Charitable Contribution Policy
- 4 Exchange of Gifts, Entertainment, Items of Value Policy
- 5 Economic Sanctions and Anti-Boycott Policy
- 6 Anti-Money Laundering Policy
- 7 Dealing & Disclosure Code
- 8 Speak-Up Policy

Campaigning for compliance

During 2016, we ran our first **International Compliance Day** when we recognized our local compliance coordinators who work hard to safeguard the compliance and integrity of our local business units. A key feature of the day was the ability for our coordinators to meet their peers and to share compliance experiences and local approaches. Topics addressed included competition law, achievements and challenges, incident reporting, and insights on internal audit.

We continued to roll out our compliance program during the year, making sure that it was aligned with the views of our management, our Code of Conduct and external regulations. We focused on five key elements from our Code of Conduct: confidential information, company assets, integrity, anti-corruption, and social media.

At the end of the year we conducted a voluntary online questionnaire to assess understanding of compliance issues. More than 56% of our employees responded achieving an **average score of 98%**.

-  Confidential information
-  Company assets
-  Integrity
-  Anti-corruption
-  Social media



Governance of business ethics and compliance



Compliance issues are monitored by a team of Local Compliance Coordinators, the Legal Compliance Manager, the Head of Compliance and the Compliance Steering Committee. The Compliance Steering Committee is comprised of the Chief Financial Officer, Chief Operating Officer, Group HR Director, Group General Counsel, Head of Compliance and Legal Compliance Manager. The Committee gathers four times a year to discuss any compliance issues and agree action plans.

Offering customers insight into our social performance

A sustainable business is underpinned by fair working conditions for all those involved in the manufacturing and supply of our products. This is a core element of our promise to produce our products responsibly. We use the **Sedex*** platform to share information about our plants in four key areas with our customers. These are: labor standards, health and safety, the environment, and business ethics.

* Sedex, the Supplier Ethical Data Exchange, is a non-profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains.



What advantage do you see in conducting social audits?

From an Ontex position it is about ensuring all sites apply common practices that cover both employees and the business, supporting continuous improvement and ensuring we are up-to-date with legal requirements. From the Retailers' perspective, they want to ensure that their products are supplied using correctly applied social and ethical trade requirements and they avoid potential negative exposure through the media. Retailers do not want exposure from poor working or ethical practices just as much as they do not want exposure through poor quality products."



Adrian Colbert
 Technical director, UK

Working with our suppliers to protect human rights

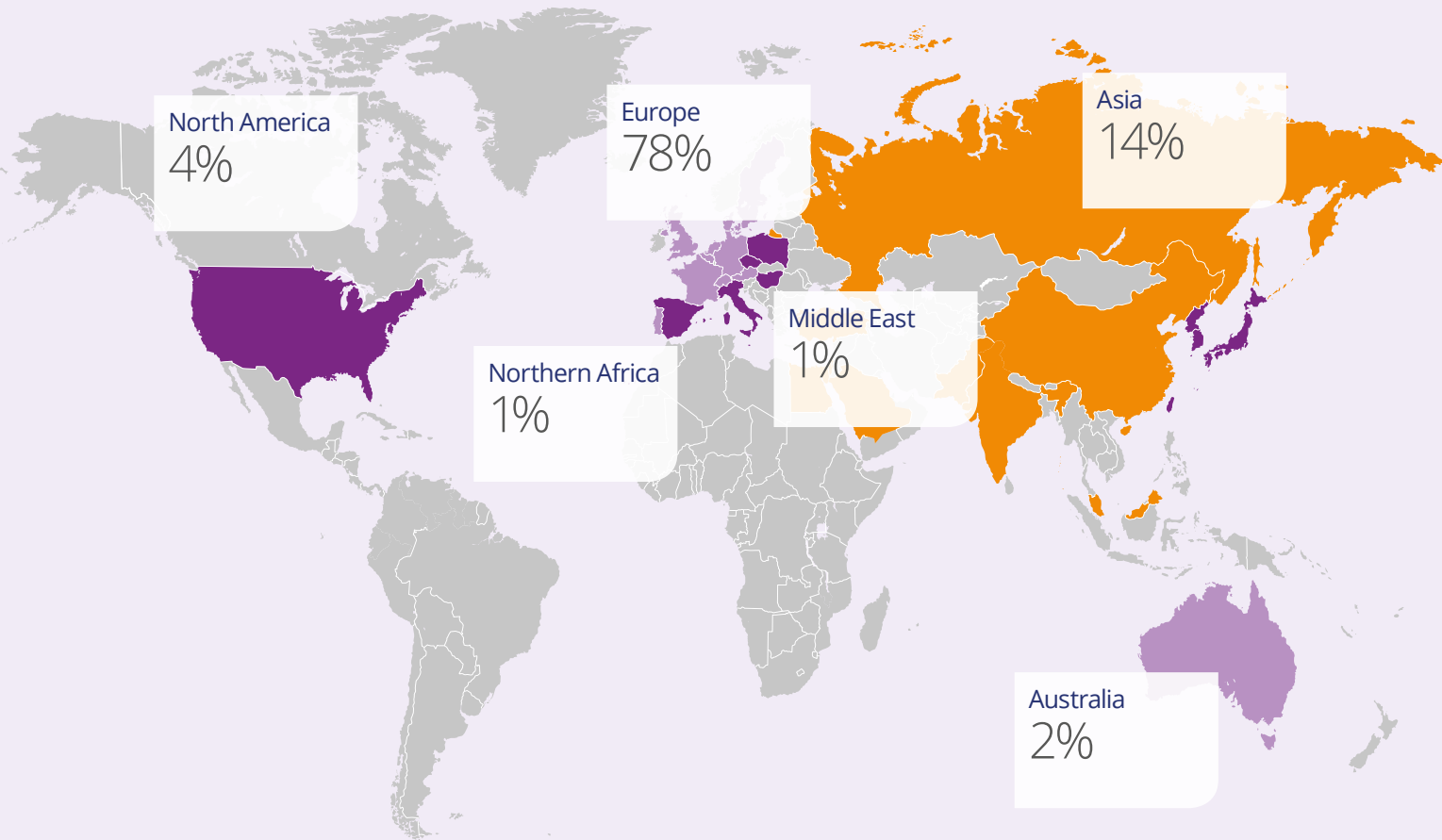
At Ontex, we value all the people who are connected to our products or operations within our supply chain. Of our suppliers, 78% are located in Western Europe, demonstrating a low human rights risk profile. We want to make sure that the human rights of everyone involved in the supply of our products are respected. To support this we have set a target for all our direct material suppliers* to sign our **Supplier Code of Conduct**, by the end of 2017. By the end of 2016, 59% of our direct material suppliers had signed the Supplier Code. As a growing company, however, we want to go beyond this first step. So, from 2017 onwards we will incorporate human rights assessments in our new supplier audit approach, which is based on the Ethical Trading Initiative base code**. More information can be found at: www.ethicaltrade.org/eti-base-code.

Each year we also monitor the sustainability performance of our direct material suppliers through an online questionnaire. Depending on the level of a supplier's partnership with us, they must achieve a certain level of sustainability performance. Every two years, we present supplier sustainability awards to suppliers that have realized exceptional sustainability achievements.

The ultimate winner of the supplier sustainability award 2016 was **GP Cellulose**.

* Number based on production location(s) supplier.
** The ETI Base Code is founded on the conventions of the International Labour Organization (ILO) and is an internationally recognized code of labor practice.

Ontex suppliers' global breakdown mapped to regional human rights risk profiles



Human rights risks

- Low risk
- Medium risk
- High risk

• Source – human rights index monitored by Verisk Maplecroft.
• The map covers 76% of our plants.

Responsible production



We strive to operate with the ecological limits of our planet in mind so that we can support the needs of present and future generations.

For Ontex, this means striving to protect the world around us, by using responsibly sourced materials, operating as efficiently as we can, reducing energy use and the carbon emission from our operations and transportation, and working towards our goal of zero waste.



Responsible production

Our sustainability targets

Ontex sustainability targets	Status	Performance in 2016
By the end of 2017, all fiber to originate from certified or controlled sources*	●	100%
By the end of 2018, all cotton used in tampons to come from organic resources	◐	99%
By the end of 2020, all main production sites to be certified to ISO 14001	◐	56%
By the end of 2020, all main production sites to be certified to ISO 50001	◐	38%
By 2020, reduce scope 1 and 2 CO ₂ emissions by 20% compared with 2015	◎	-28% (in 2015 compared with the year before)
By the end of 2017, achieve a CDP rating of B	◎	Rating C
By the end of 2020, send zero production waste to landfill	◐	11% waste to landfill
By the end of 2017, reduce the CO ₂ emissions of goods transport by 20% compared with 2012	◐	9%
By the end of 2020, reduce electricity consumption by 10% compared with 2016	◎	N/A
By the end of 2020, 100% of our electricity originates from sustainable sources	◎	45%

● Achieved ◐ Ongoing ○ Not achieved ◎ New target

* Controlled Sources are wood and wood products that have undergone a rigorous due diligence assessment to ensure they do not originate from controversial sources.

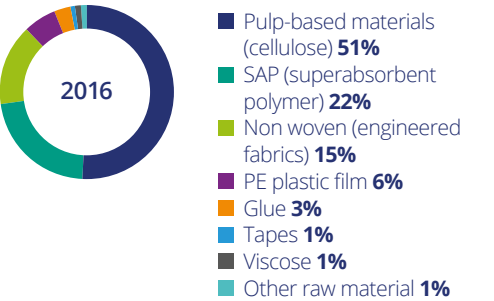
Sourcing responsibly

We are focused on reducing the ecological footprint of our products and packaging by carefully selecting the most appropriate raw materials. On one hand, we continuously look for solutions that enhance comfort for our consumers while lowering product weight and therefore the amount of raw material used. On the other hand, we aim to keep the impact of the raw materials we use to a minimum.

A variety of raw materials

The disposable hygiene products that we manufacture contain a variety of raw materials and components:

Product raw materials



Many of these materials, such as wood fibers and cotton, are renewable. Over recent years, the use of renewable raw materials* in our products and packaging has remained stable:

Our products contain

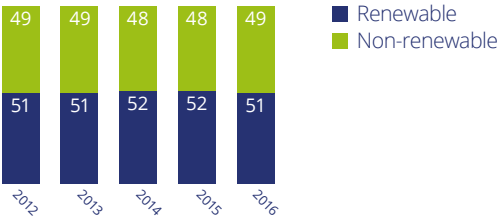


* Includes data from 70% of our plants.

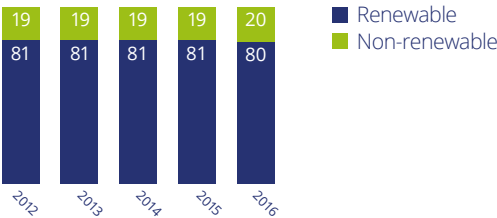
Our packaging is



Product raw materials (%)



Packaging raw materials (%)



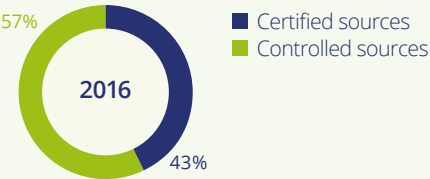
The remaining raw materials, including fossil fuel-based plastics, are not renewable. It is our ambition to:

- Increase the share of recycled materials used in our products and packaging without compromising quality and hygiene (our current production does not use any recycled materials)
- Find alternatives for fossil fuel-based plastics that have the same performance

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 responsible wood sourcing and pulp production is of great importance to us. Pulp is a renewable raw material and its 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 remain after cellulose extraction are used for renewable energy generation by all of our pulp suppliers, which reduces waste. All pulp used by Ontex is Elemental Chlorine Free or Total Chlorine Free bleached.

Wood sourcing



Reducing raw material use

Across all of our product categories we focus on reducing the amount of raw materials we use. We have been tracking progress since 2009 and have reduced raw materials in baby diapers, baby pants and heavy incontinence products by 17%, 15% and 10% respectively in this time.

For some products, raw material reductions are harder to achieve. These include light incontinence products where raw material use has increased since 2009, although we have been able to reverse this trend since 2014 as consumers want thinner, more discreet products.

Also in external feminine care (towels and panty shields) there has been a slight increase in raw material use since 2014. The main reason for this is a market trend towards smaller pack sizes, requiring more materials to be used for the same volume of products.

Material and packaging use (kg) per 1,000 pieces

Ontex product	Compared with 2014	Compared with 2009
Baby diapers	-4%	-17%
Baby pants	0%	-15%
External femcare	3%	0%
Light inco	-1%	10%
Heavy inco	-4%	-10%

Operating sustainably

Making our operations more sustainable does not only make sense from a financial point of view. It also helps to protect the environment and support our commitment to operate within the limits of our planet.

ISO 14001 and ISO 50001

To ensure a consistent and coherent approach around the world, we implement ISO 14001 and ISO 50001 – an internationally recognized standard for environmental management and energy management. Certification to these Standards is conducted by independent organizations. We aim to have all our main production plants certified to ISO 14001 and ISO 50001 by 2020.

In 2016

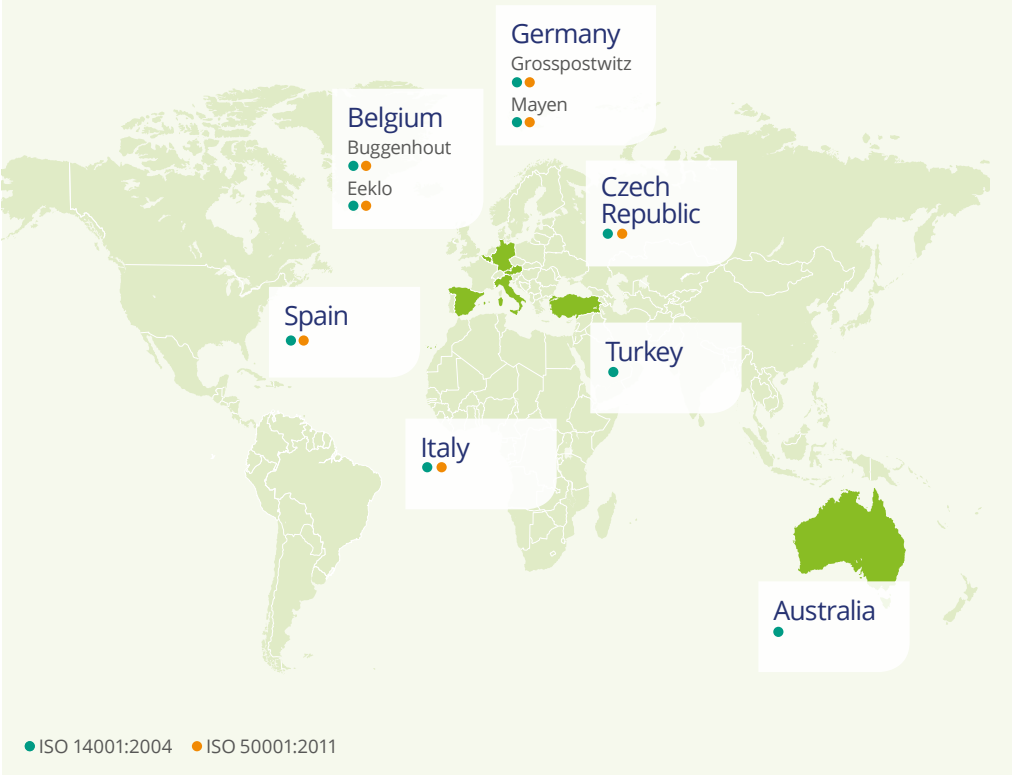
56%

of our main production plants were ISO 14001 certified

38%

were ISO 50001 certified

Overview of ISO certification



By implementing ISO 14001 and ISO 50001, Ontex implements systems that help reduce the organization's impact on the environment, which benefits both employees and the community.

The implementation of these systems results in faster achievement of sustainability goals while improving operating efficiency, optimizing costs, ensuring compliance and continuous improvement."



Emmanuel Torck
Group Sustainability
Systems Manager

Factory of the future award for Ontex Eeklo

In 2016, Ontex Eeklo won the Belgian “Factory of the future” award. The low ecological footprint of the plant played an important part in winning this prize. In recent years we launched various eco-efficiency projects aimed at reducing production waste, decreasing the use of raw materials, implementing green energy technologies, improving transport efficiency and more. These projects and our investments in advanced production technology, digitization and social innovation have taken our plant to the top of the world’s industrial manufacturing.



Reducing carbon emissions

Today, there is general agreement that our planet’s climate is changing and that greenhouse gas emissions from human activities are one of the main causes. Recognition of the widespread impact of climate change has urged 195 nations to sign the Paris Climate Agreement and pave the way towards a low-carbon future.

At Ontex, we believe that climate change may have long-term direct and indirect implications for our business and supply chain.

During 2016 we sharpened our energy related goals:

use

100%

renewable electricity by 2020

by

10%

reduce our electricity consumption by 2020*

by

20%

reduce Scope 1 and 2 carbon emissions by 2020**

We continuously monitor our progress by tracking our emissions. This includes measuring the absolute emissions from our entire operations to understand our overall carbon footprint (Scope 1 and 2) and measuring the indirect emissions in our upstream value chain. Between 2014 and 2015, we **reduced our carbon footprint by 28%**, from 76.2 ktCO₂ to 54.7 ktCO₂***. The main reason for the reduction is the gradual shift to renewable electricity. And we aim for an additional 20% reduction to 43.8 ktCO₂ by 2020.

In 2016, we participated for the first time in the **Carbon Disclosure Project (CDP)** to increase the transparency and comparability of our carbon footprint. Through the assessment we obtained a climate performance score of C, which is equal to our sector average. We are aiming for a score of B in 2017.

Electricity makes up 93% of our total energy consumption and is mainly used to power our production lines. Although our overall **electricity consumption** increased by 43% in 2016 – mainly as a result of acquiring two new plants in Mexico – our electricity consumption per product decreased slightly compared to 2015.

We source **45%** of our electricity from **renewable sources** and are on track to reach our goal of 100% by 2020. We do not generate any electricity at our sites.

Around 7% of our energy consumption comes from **fuels** for forklifts and heating/cooling the plants, with gas making up almost 70% of this fuel consumption. The majority of the fuel we use is non-renewable.

Energy type	Unit	Type source	2015	2016
Electricity	kWh	Non-renewable	128,928,260	181,073,496
Electricity	kWh	Renewable	102,528,000	150,303,734
Product electricity intensity ratio	kWh/1000 finished goods		13.04	12.99
Diesel	kWh	Non-renewable	4,535,438	7,105,872
Gas	kWh	Non-renewable	13,712,330	16,932,384
Wood	kWh	Renewable	0	602,700

* Base year 2015 and expressed in kWh per product.
** Base year 2015.
*** Study carried out in 2016 for 2015 figures and compared to 2014.

Energy Award Segovia

Around 85% of Ontex' carbon footprint can be traced back to our energy consumption. So, the better we succeed in reducing our energy consumption, the better we serve our planet. For this reason, we want to celebrate big efforts to reduce our energy use. In 2016, we awarded our first ever Energy Award to Ontex Segovia for their outstanding work on energy management, which included initiatives such as installing pneumatic and electrical power meters and a project to reduce compressed air use.



Minimizing and recycling production waste

United Nations Environment Programme (UNEP) has stated that a 10 to 15% reduction in global greenhouse gas emissions could be achieved through improved solid waste management, such as diverting waste from landfill, enhancing energy from waste, and recycling. To support this, we strive to reduce the production waste we send to landfill and have an ultimate goal of zero waste to landfill by 2020.

We generated a total of 32,495 tons of waste in 2016, of which 89% was recycled or incinerated for energy recovery and 11% sent to landfill.

Waste (g) per finished goods

1.6

(2015: 1.4)

Management of production waste (non-hazardous and hazardous waste) (tons)

	2015	2016
Recycled	22,353	26,229
Incineration with energy generation/recovery	2,365	2,534
Incineration without energy generation/recovery	11	217
Sent to landfill	2,293	3,514
Total	27,022	32,495

Management of non-hazardous production waste (tons)

	2015	2016
Recycled	19,886	23,759
Incineration with energy generation/recovery	2,054	2,307
Incineration without energy generation/recovery	11	205
Sent to landfill/storage	2,291	3,506
Total	24,243	29,778
	90%	92%

Management of hazardous production waste (tons)

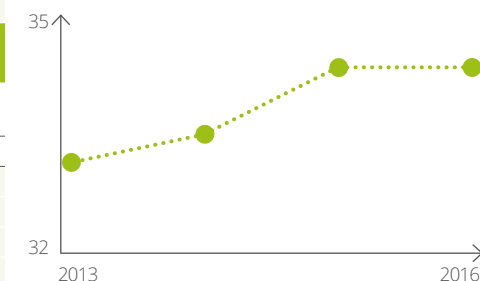
	2015	2016
Recycled	2,467	2,469
Incineration with energy generation/recovery	309	227
Incineration without energy generation/recovery	0	12
Sent to landfill/storage	1	8
Total	2,778	2,716
	10%	8%

Striving for lean and green logistics

Millions of people around the world have an Ontex product in their shopping trolley. Each product has been on a journey – sometimes thousands of kilometers – from supplier to distribution center to store, before reaching its final destination. It is our ambition to make the transport of our raw materials and products more efficient so that we can cut costs, reduce travel time and reduce our environmental footprint. As part of the Lean & Green program we have committed to reduce the carbon emissions of our logistics by 20% by the end of 2017 compared with 2012.

In 2016, our CO₂ emissions per cargo unit (CU) decreased by 9.3% (14.62 kg CO₂ vs 15.98 kg CO₂). Several measures contributed to this including, increasing cargo load efficiency (see graph), proximity of our production sites to the markets we serve, thinner products requiring less cargo space, and renewal of carrier fleet with lower emissions. The majority of our transport is road haulage with a minority taking place by rail or sea.

Average CU/shipment (2013–2016)



GRI content index

GRI Standard and Disclosure		Location of disclosure
GRI 101 Foundation 2016		
General Disclosures		
GRI 102 General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	SR p2
102-2	Activities, brands, products, and services	www.ontexglobal.com/products AR p9, 15–17
102-3	Location of headquarters	SR p3
102-4	Location of operations	AR p9
102-5	Ownership and legal form	AR p56
102-6	Markets served	SR p4
102-7	Scale of the organization	SR p4
102-8	Information on employees and other workers	SR p25
102-9	Supply chain	SR p10
102-10	Significant changes to the organization and its supply chain	SR p3
102-11	Precautionary Principle or approach	AR p32–33 SR p5, 17
102-12	External initiatives	SR p3, 6
102-13	Membership of associations	SR p9
Strategy		
102-14	Statement from senior decision-maker	SR p6–8
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	AR p10–13 SR p25–26
102-17	Mechanisms for advice and concerns about ethics	SR p31
Governance		
102-18	Governance structure	AR p34–39, 42–43 SR p9, 31
Stakeholder Engagement		
102-40	List of stakeholder groups	SR p11
102-41	Collective bargaining agreements	SR p25
102-42	Identifying and selecting stakeholders	SR p10–12
102-43	Approach to stakeholder engagement	SR p10–12
102-44	Key topics and concerns raised	SR p11

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GRI content index continued

GRI Standard and Disclosure	Location of disclosure
Reporting Practice	
102-45 Entities included in the consolidated financial statements	AR p82–84
102-46 Defining report content and topic Boundaries	SR p12
102-47 List of material topics	SR p13
102-48 Restatements of information	No restatements of information
102-49 Changes in reporting	SR p12
102-50 Reporting period	SR p3
102-51 Date of most recent report	SR p3
102-52 Reporting cycle	SR p3
102-53 Contact point for questions regarding the report	SR p44
102-54 Claims of reporting in accordance with the GRI Standards	SR p3
102-55 GRI content index	SR p39–43
102-56 External assurance	No external assurance
Material Topics	
GRI 200 Economic Standard Series	
Anti-corruption	
GRI 103 Management Approach 2016	
103-1–3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p28–30
GRI 205 Anti-corruption 2016	
205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption included in the Internal Audit's risk assessment procedures AR p104 SR p30
Anti-competitive Behavior	
GRI 103 Management Approach 2016	
103-1–3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p28–30
GRI 206 Anti-competitive Behavior 2016	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	AR p104
GRI 300 Environmental Standards Series	
Materials	
GRI 103 Management Approach 2016	
103-1–3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p33, 35

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GRI content index continued

GRI Standard and Disclosure		Location of disclosure
GRI 301 Materials 2016		
301-1	Materials used by weight or volume	SR p35
301-2	Recycled input materials used	SR p35
301-3	Reclaimed products and their packaging materials	No figures available
Energy		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p33, 37
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	SR p37
302-2	Energy consumption outside of the organization	No figures available
302-3	Energy intensity	SR p37
302-4	Reduction of energy consumption	SR p37
302-5	Reductions in energy requirements of products and services	SR p37
Emissions		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p33, 37
GRI 305 Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	SR p37
305-2	Energy indirect (Scope 2) GHG emissions	SR p37
305-3	Other indirect (Scope 3) GHG emissions	No figures available
305-4	GHG emissions intensity	No figures available
305-5	Reduction of GHG emissions	SR p37
305-6	Emissions of ozone-depleting substances (ODS)	No figures available
Waste		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p38
GRI 306 Waste 2016		
306-2	Waste by type and disposal method	SR p38
GRI 400 Social Standards Series		
Occupational Health and Safety		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p20-23

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GRI content index continued

GRI Standard and Disclosure	Location of disclosure
GRI 403 Occupational Health and Safety 2016	
403-1 Workers representation in formal joint management-worker health and safety committees	SR p22
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR p22
403-3 Workers with high incidence of high risk of diseases related to their occupation	No figures available
403-4 Health and safety topics covered in formal agreements with trade unions	No figures available
Training and Education	
GRI 103 Management Approach 2016	
103-1-3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p24
GRI 404 Training and Education 2016	
404-1 Average hours of training per year per employee	SR p24
404-2 Programs for upgrading employee skills and transition assistance programs	SR p24
404-3 Percentage of employees receiving regular performance and career development reviews	No figures available
Diversity and Equal Opportunity	
GRI 103 Management Approach 2016	
103-1-3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p20, 26
GRI 405 Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	SR p25
405-2 Ratio of basic salary and remuneration of women to men	No figures available
Human Rights	
GRI 103 Management Approach 2016	
103-1-3 Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p28, 32
GRI 406 Non-discrimination	
406-1 Incidents of discrimination and corrective actions	No figures available
GRI 407 Freedom of association & collective bargaining	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR p25, 32
GRI 408 Child labor	
408-1 Operations and suppliers at significant risk for incidents of child labor	SR p32
GRI 409 Forced or compulsory labor	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR p32
GRI 411 Rights of Indigenous people	
411-1 Incidents of violations involving rights of indigenous people	No figures available

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GRI content index continued

GRI Standard and Disclosure		Location of disclosure
GRI 412 Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	SR p31
412-2	Employee training on human rights policies or procedures	No figures available
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR p32
Local Communities		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p20, 27
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	SR p27
413-2	Operations with significant actual and potential negative impact on local communities	No figures available
Supplier Social Assessment		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p28, 32
GRI 414 Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	SR p32
414-2	Negative social impacts in the supply chain and actions taken	No negative social impacts identified
Customer Health and Safety		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p14, 17
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	SR p17
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR p17
Marketing and Labeling		
GRI 103 Management Approach 2016		
103-1-3	Explanation of the material topic and its Boundary, management approach, its components and evaluation	SR p14, 16
GRI 417 Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	SR p16
417-2	Incidents of non-compliance concerning product and service information and labeling	No figures available
417-3	Incidents of non-compliance concerning marketing communications	No figures available

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