

Innovation and **Responsibility**

Sustainability Report
2018



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INTRODUCTION

About the Report

This is Fitesa's 2018 Sustainability Report, where we present the most important aspects of our operations from January 1st to December 31st, 2018.

This document is in line with our values and management practices and reflects our commitment to transparency, for a foundation of trust between the Company and its stakeholders.

For the first time, our report was written based on the GRI Standards, the most up-to-date version of the Global Reporting Initiative (GRI) guidelines, used by companies worldwide for sustainability reporting.

Stakeholders

GRI 102-40



Employees



Customers



Consumers



Suppliers



Investors



Communities

Scope

This report addresses the results and initiatives of all Fitesa S.A. operations. Accordingly, the following legal entities are represented: Fitesa S.A, Mantar Mercedes S.A., Fitesa Nãotecidos S.A., Fitesa S.A Limited, Fitesa Sweden AB, Fitesa Italy Srl, Fitesa US LLC, Fitesa Washougal Inc., Fitesa Nonwovens Inc., Fitesa Simpsonville Inc., Fitesa Germany GmbH, Fitesa China Holdings BV, Fitesa (China) Airlaid Company Limited, Fitesa (Tianjin) Nonwovens Company Limited, Fitesa Mexico Holdings Limited, FitesaNonwovens Holdings Mexico SA de CV, FitesaNonwovens Mexico SA de CV, FitesaNonwovens Services Mexico SA de CV, Fitesa Peru SAC, Pantex International SpA, Pantex Mena FZLLC and Pantex Americas LLC.

Fitesa's Material Aspects

GRI 102-47

In order to ensure that the topics addressed throughout this report are the most relevant for the sustainability of our business, we have identified the Company's Material Aspects through collaboration with key Fitesa executives.

The indicators reported throughout this document were chosen following GRI recommendations of the "Core" option. They can be identified by the acronym "GRI", and a complete list can be found in the GRI Content Index on page 56.



Economic Performance



Emissions



Training and Education



Diversity



Materials



Effluents and Waste



Occupational Health and Safety



Anticorruption



Energy



End Customer Health and Safety



Employment



Letter from the CEO

GRI 102-14

It is with great satisfaction that we publish a new Sustainability Report and share with our stakeholders the most important facts and events related to 2018. The report highlights our commitment with Fitesa's economic, social and environmental sustainability.

2018 was a challenging year for the segments we compete in. Our financials reflect the difficulties mainly driven by a very challenging raw material year. During almost the entire year resins were increasing following Crude Oil rising and some regional dynamics.

The production of nonwovens for the hygiene market, our main segment, was not a stranger to the effects of the rising oil prices, affecting in full the third-generation petrochemical industry. Therefore, our efforts were focused on selling our global capacity and stabilizing the recently expanded operations of Simpsonville and Germany.

2018 was also the year of our entrance in Southeast Asia, one of the fastest growing markets in the world. Fitesa acquired a majority stake in CNC International, creating FitesaCNC, which will drive our expansion into this important region.

We have also inaugurated our new innovation center in Simpsonville (USA), a strong statement about our commitment to innovation. This investment in state-of-the-art technology includes, among other features, capacity to produce Full High Loft (ATB SB) materials.

We launched six new products throughout the year, while continuously working on a project pipeline to meet the upcoming customer needs. It is important to highlight the development of a soft nonwoven made with 100% PLA, which represents a huge breakthrough in the sustainable products offerings to the market, worldwide. It makes me proud to say that this product received the 2019 IDEA Achievement Award for Roll Goods.



In the environmental area, we made the decision to sign the UN Global Compact, and set sustainability/environmental commitments and targets to be achieved by 2025.

From a safety point of view, we performed risk assessments at all of our units. In the management system area, we updated the FMS (Fitesa Management System), our management system manual.

It is also worth mentioning the recognition - for the fourth consecutive year - as the Brazilian company with the largest international presence by Fundação Dom Cabral.

In 2018, we wrote another chapter in a story of fast and sustainable growth. Our journey carries the mark of our talented and experienced teams, with a common commitment to the future of our business. I hope each one of these individuals is proud of our achievements, and stays aware of the responsibility, as market leaders, to continue to strive for excellence. A prosperous past cannot prevent us from recognizing the challenges that the future may hold.

My thanks to all shareholders, employees, customers and suppliers for the trust placed in our Company. It is in your honor that we consolidate in this report information about the initiatives implemented locally and globally in order to reduce and, where possible, eliminate the negative impacts of our operations.

We hope everyone enjoys reading the 2018 Sustainability Report.

Silverio Baranzano
CEO

Value Creation Highlights

GRI 102-14



Acquisition of a 51% interest in CNC International, a spunmelt nonwoven manufacturer that serves the Southeast Asia market



Development of a 100% PLA soft nonwoven



Review of the Fitesa Management System (FMS) Manual



Start-up of a new Innovation Center in the USA, with the first Reicofil Full High Loft line in operation worldwide



Definition of sustainability targets to be achieved by 2025



Expansion of our Simpsonville operation



Initiated the HR Experience standardization project across all Fitesa plants



Maintained production process efficiency, with waste generation of only 0.03 ton per ton of Q1 product



Awards and Recognitions

For the fourth consecutive year, we were recognized by Fundação Dom Cabral as the **Brazilian company with the largest international presence**. The ranking evaluates the number of assets, revenue and employees distributed around the globe.

WHO WE ARE

Company Profile

We are a Brazilian multinational company with 45 years of history. For over 30 years, we have been manufacturing nonwoven fabrics for the hygiene market, as well as for medical, industrial, agricultural and other specialty applications.

We manufacture spunmelt, carded and airlaid nonwovens, elastic films, laminates and other specialty fabrics.

We are the second largest merchant manufacturer of spunmelt nonwovens in the world.

Our headquarters is located in Gravataí (Brazil) and we have executive offices of Fitesa in Simpsonville (United States), of Pantex in Sulmona (Italy) and of FitesaCNC in Rayong (Thailand).

We operate 15 manufacturing locations and 1 sales office in 11 countries, with Innovation Centers in Peine (Germany), Sulmona (Italy), Tianjin (China) and Simpsonville (United States). Our pilot line in the United States is the first Reicofil Full High Loft machine in operation in the world, with capacity to produce soft, bulky nonwovens, bridging the distance between the spunbond and carded technologies.

Pantex operations are located in Sulmona (Italy), Simpsonville (United States), and Ras Al Khaimah (United Arab Emirates).

In 2018 we started producing spunbond nonwovens in Southeast Asia, through FitesaCNC - a Joint Venture with CNC International. Manufacturing takes place in two facilities in Rayong (Thailand) and our sales office is located in Tokyo (Japan). This Joint Venture marks our entrance into one of the fastest growing markets in the world.

Our extensive geographic presence is the result of an expansion process that began in 2009. Since then, we have always looked for new opportunities to support our Corporate Vision of being the preferred choice for the supply of nonwoven solutions to the global hygiene industry.

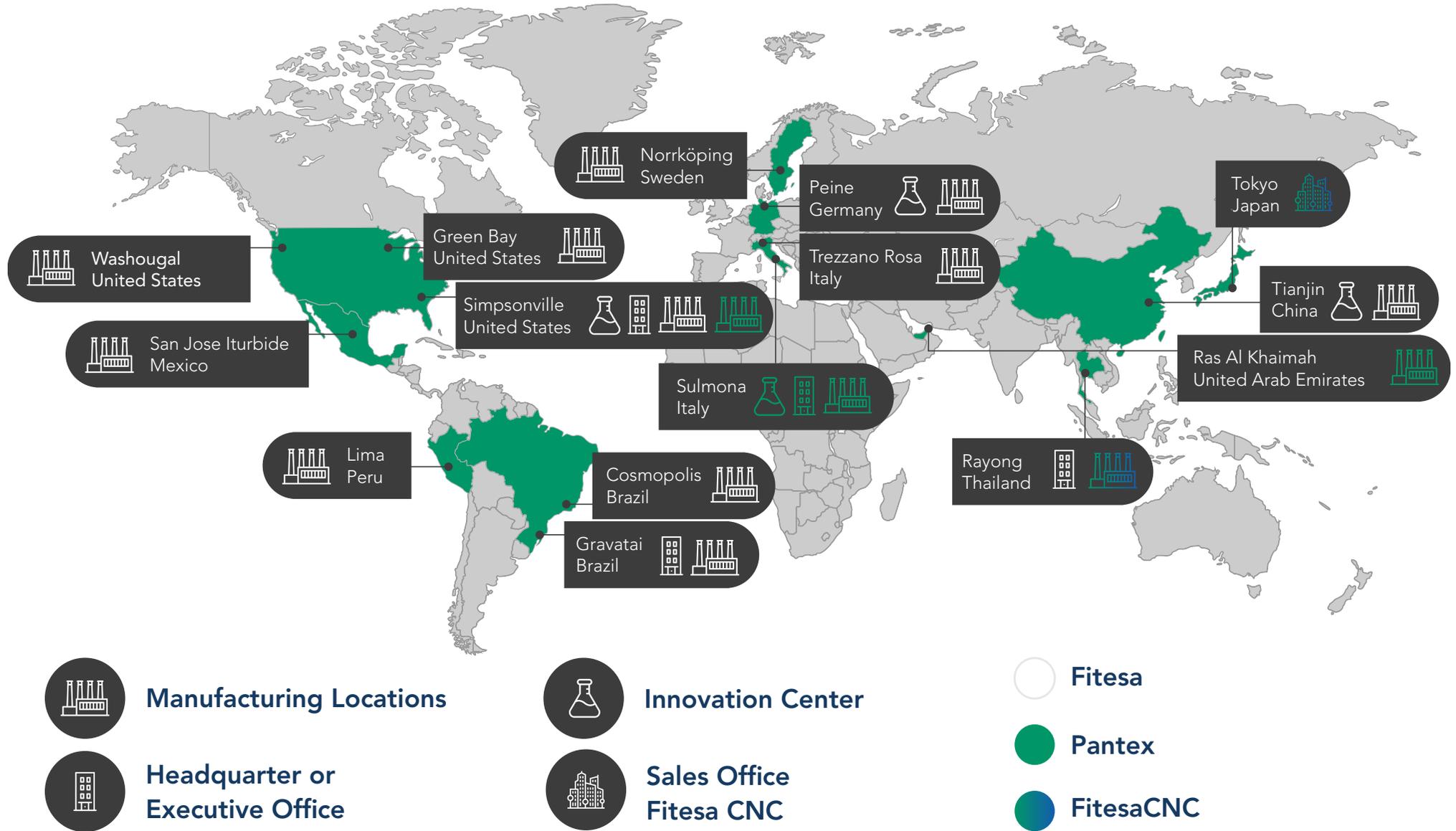


Nonwovens

Nonwoven fabrics are made up of filaments and fibers that are not woven, which differentiates them from other fabrics. In our production, these fibers or filaments are formed into a web and bonded together by thermal or chemical processes.

Our Global Presence

GRI 102-6 / 102-7





Our Beliefs

GRI 102-16

OUR MISSION

Fitesa develops nonwoven solutions for the hygiene industry. We manufacture and sell our products across the globe and build our business on the aligned values of the company and our employees. We are constantly seeking new ways to evolve and grow in dynamic and responsible ways.

OUR VISION

To be the preferred choice for the supply of nonwoven solutions to the global hygiene industry.

OUR VALUES

- » Trust
- » Simplicity and Frugality
- » Respect for Individuals
- » Transparency
- » Honesty and Integrity

OUR MANAGEMENT PRACTICES

- » Empowerment and Responsible Autonomy
- » Teamwork
- » Meritocracy
- » Employee Development
- » Always Do More and Better with Less

Markets

GRI 102-2 / 102-6

Fitesa is recognized as a leader in innovation in the nonwovens industry. Our products are used by companies from different sectors, for different applications in hygiene, medical, industrial and agricultural products.

Applications in hygiene products



Baby
diapers

Feminine
care

Adult
Incontinence

Our main market consists of companies that use our nonwovens for the manufacturing of disposable hygiene products.

We offer a broad range of materials that can be used in almost every component of baby diapers, adult incontinence and feminine care products.

Medical applications



Surgical gowns
and drapes

Our materials are also used in medical disposable products, guaranteeing safety and comfort in medical centers and operating rooms.

Some examples of products made with Fitesa nonwovens are surgical gowns, drapes and sterilization wraps.

Applications in industrial and agricultural specialties



Oil sorbents, liquid and air filters,
crop covers, protective clothing
and facemasks

Our products can be used in diverse industrial applications, including air and water filtration, protective apparel and sorbent pads.

In addition, our nonwovens are used to produce fruit packaging, crop covers and weed barriers, acting as a physical barrier against pests and contributing to the creation of a microclimate that enables, in some cases, the reduction of agrochemicals usage.

OVERVIEW

Corporate Governance

We are a multinational, highly internationalized company, which requires a management structure design that enables the operation of several units in a functional and efficient way.

Fitesa’s corporate governance framework intends to ensure that the needs of our stakeholders are met, increasing the accountability and transparency in our activities.



Corporate Governance Practices

- » Fitesa is a private subsidiary of Évora, a Brazilian holding company, who we maintain a close relationship with
- » We are overseen by an independent Board of Directors, which includes Évora executives
- » The performance of our directors is monitored monthly by the Board of Directors
- » We maintain a constant connection between Fitesa’s Board and Évora
- » Executives to discuss strategies, as well as, tactical and operational issues
- » Managers at all plants carry out monthly results meetings, with their superiors and their teams
- » We are a privately held, unlisted company, but we invest in internal audits conducted by reputable companies that assist us with compliance and governance issues

Organizational Structure

Ethics

GRI 102-16 / 205-2

At Fitesa, our commitment to ethics is present in our daily routines. The principles that emanate from our values and management practices are outlined in the Company's Code of Conduct, which reinforces that all our employees must operate with the highest standards of integrity and ethics in all of their activities. It also defines the expected conduct of our suppliers.

The Company's managers are responsible for the training of its employees in the content of the code of conduct, at the time of their onboarding and during refresher meetings.

The Human Resources (HR) department is responsible for updating the Code of Conduct on a periodic basis.

In addition to the Code of Conduct, we have HR policies to address issues such as harassment, hiring of family members and equal opportunities.

Fight against corruption

GRI 103-1 / 103-2 / 103-3

In line with our values, we are also committed to fighting corruption. Our Code of Conduct addresses issues related to political contributions, gifts and conflicts of interest.

We conduct anti-corruption / anti-bribery training annually with all company executives and with select mid-level managers who have external contact with other organizations. Last year, 205 employees took part in the training. In addition, there are also constant reminders of our ethical and moral commitment to honesty and transparency through the company's management system.

Other Commitments

Our Code of Conduct also formalizes our commitment to Social Responsibility and the Environment.

We are committed to non-discrimination and to the protection of the local environment and communities.

Our business

Our products

GRI 102-2

We employ different technologies to produce nonwovens with unique properties, specific to each application.

SPUNMELT

Spunmelt fabrics are used in the hygiene, medical, and industrial markets, offering a wide range of physical and aesthetic properties, including:

- » Softness
- » Strength
- » Barrier
- » Abrasion resistance
- » Extensibility

We are the second largest merchant spunmelt manufacturer in the world. Most of Fitesa units manufacture these products, with the exception of the plants in Tianjin (China) and Green Bay (United States).

We have expertise in the production of bicomponent nonwovens (such as PE/PP) and in the processing of renewable source resins (such as PLA and Bio PE).

We have the largest installed bicomponent spunbond production capacity in the world.

CARDED

Carded fabrics are widely used in hygiene products, especially in stretch ears and acquisition and distribution layers of disposable diapers. They have physical and aesthetic properties such as:

- » Softness
- » Extensibility
- » Resilience

Our carded nonwovens are produced from fibers that are bonded through thermal processes (thermobonded and air through bonded) or chemical processes (resin bonded), with machines installed in Green Bay (United States), Simpsonville (United States), Gravataí (Brazil) and Tianjin (China).

We produce carded nonwovens with various combinations of raw materials, resulting in different and specific properties for each product. We also use spooling technology to offer product units with greater length, which significantly reduces the downtime at our customers' operations.



AIRLAID

Airlaid fabrics are made from cellulose pulp and offer a unique combination of physical properties such as:

- » High absorption power
- » High loft
- » Softness
- » Hand feel
- » Drape
- » Good wet strength and abrasion resistance

Airlaid fabrics are ideally suited for feminine hygiene and diaper product applications, high quality dry or pre-moistened wipes, as well as dry converted products for food pads, tabletop, and medical substrates.

Fitesa's unit in Tianjin (China) produces several types of airlaid nonwovens, including Multi-Bond, Latex-Bond, Thermal-Bond and Hydrogen Bonded Airlaid. We also employ festooning technology to offer materials with greater length, reducing downtime for exchanges at our customers.

SPECIALTIES

We operate a lamination line in Gravataí (Brazil).

This line uses adhesive to join two or more substrates, combining their properties. Spunbond-film laminates, for example, are waterproof fabrics, breathable or non-breathable, with the soft touch of a nonwoven. They are often used in medical applications.

Also, in Gravataí (Brazil), we produce meltblown for air filtration and liquid adsorption.



PANTEX

Through Pantex, we offer highly innovative and differentiated products to the market, such as elastic films and laminates, as well as perforated and embossed materials.

ELASTIC FILMS AND LAMINATES

Films with different elongation levels, in the CD and MD directions, appropriate for inline lamination for elastic ear and waist band applications.

Elastic Laminates are produced utilizing proprietary technology with different elongation levels in the CD and MD directions, and a variety of basis weights for application in baby and adult care product's fastening systems.

Elastic Films and Laminates are commercialized under the brand FlexPan.

PERFORATED FILMS

Produced with vacuum-formed perforation technology, the DryTex films are part of Pantex portfolio and are available in different perforation patterns, basis weights and colors.

Perforated films are also used in the production of CottonDry laminates and ClothLike perforated laminates.

CLOTHLIKE AND COTTONDRY LAMINATES

Pantex laminates are thermally bonded and, utilizing a proprietary technology, do not have adhesive in its composition.

They are available in a variety of compositions that include spunbonded nonwovens + thermobonded nonwovens and film + spunbonded or thermobonded nonwovens, in different basis weights and patterns, perforated or embossed.

These families of products are commercialized under the brands CottonDry and ClothLike.

PERFORATION AND EMBOSsing

Using patented technology, in addition to the needle and vacuum technologies, perforation and embossing can provide nonwovens and laminates with differentiated performance and aesthetics, 3D effect, and can be applied even in low basis weights.

Perforated and embossed nonwovens are part of Pantex portfolio and are commercialized under the brand CareTex.

The logo for Pantex International features the word "Pantex" in a large, elegant, cursive script font, with the word "International" in a smaller, clean, sans-serif font positioned directly below it.

Value chain

GRI 102-9

The sustainability of our business depends on a robust and agile supply chain stretching from raw material production to post consumer end of life management.





RAW MATERIALS

Most of our nonwovens are made from raw materials from non-renewable sources, such as oil and natural gas.

To offer an alternative to this, Fitesa has for the past ten years developed and produced nonwovens using raw materials from renewable sources. These are products made from Bio PE - polyethylene from sugar cane; or by PLA - a resin derived from corn. Combinations between different raw materials are also possible, applying bicomponent technology.

Although, according to the British Plastic Federation, only 4% of global oil production is destined for plastics, we continue to work to increase the use of "green" raw materials. In 2018, we developed a 100% PLA nonwoven with soft touch, which will contribute to the increase of renewable content in the products manufactured by our customers.



DIRECT SUPPLIERS

As a multinational company, we work with a wide range of suppliers. We seek to maintain a strong and close relationship with this audience and establish a sustainable chain to support our expansion and the specificities of each region.

An internationalized chain like ours presents risks related to the variety of regulations among different locations. For this reason, we require our direct suppliers to commit to ethics and compliance practices, which are documented as compliance requirements in all signed contracts.

We also conduct an initial assessment of potential new critical suppliers to evaluate the safety and quality standards of the offered products. In addition, we perform periodic evaluations on critical active suppliers.



CUSTOMERS

Our customers are the center of our strategies and initiatives. We act with the goal of fulfilling our vision of becoming their preferred business partner. To this end, we need to guarantee the delivery of reliable products, with quality and speed while always being attentive to their demands.

In order to reach these expectations, we maintain an open communication channel with our customers, through our sales, technical service and customer service teams, following our mission of constantly seeking new ways to evolve and grow in dynamic and responsible ways.

In addition, within our Innovation Centers in Germany, Italy, China and the USA, we develop solutions that position us as one of the most innovative nonwovens' suppliers in the market.

We are a global supplier to global customers, and we commit ourselves to an internationalization strategy that allows us to serve them in the regions where they are present.



END CONSUMERS

GRI 103-1 / 103-2 / 103-3 / 416-1

Because most of our materials come into direct contact with the skin of end users, we pay great attention to the risks related to product safety, especially with regard to their chemical composition and the presence of undesired substances.

Therefore, we carry out rigorous product safety tests in the raw material components in order to evaluate properties ranging from toxicity to irritability upon skin contact, where there are requirements for this.

We have a regulatory department that takes care of legal and product safety requirements. Our suppliers are requested to guarantee that the raw materials and inputs supplied to Fitesa do not contain prohibited or undesired substances, and we have a program for reducing these Substances of Interest (SOI) even further.

Customer satisfaction channel

We have systems for receiving and handling customer complaints and issues. These systems allow us to maintain control over all complaints and their degree of criticality.

The criticality of the complaint determines to which level within the organization that the issue is raised.

END OF LIFE

At Fitesa, we know that one of the main environmental impacts of our products happens at the end of their life cycle, when they are discarded by the end user. That is why we consider it our duty to work in partnership with customers, suppliers, legislators and society to discuss the final destination of our products.

Our products are composed mostly of 100% recyclable materials such as polypropylene and polyethylene, or compostable materials such as PLA. However, many local laws do not authorize the recycling or composting of hygiene products or post-consumer medical use materials, which means that most of our products are sent to landfills, such as in Brazil, or for incineration, as in Sweden, at its end of life. In the United States, it is estimated that disposable diapers are responsible for up to 1.5% of the total volume of garbage deposited in landfills.

We believe that the ideal way to manage nonwovens' waste is by recycling it, followed by incineration for energy production after multiple reuses, when the material finally loses its value.

GRI 102-11

STRATEGY

Company Drives

Our main stakeholders are our employees, customers, shareholders and society. In order to ensure that their needs are met, we have set four priority themes, which are called Company drives.

Drive	Main stakeholder affected
Safety	Employees
Quality	Customers
Efficiency	Shareholders
Sustainability	Society

With these drives, we aim to meet the interests of different stakeholders in a balanced way, with the objective of supporting the sustainability of our business.

For all of our drives, we have adopted a common strategy described in our management system (FMS). This strategy can be better visualized in a pyramid chart.





We want to work at the lower, dark green area of the pyramid. The more work we put in there, the smaller the top tiers will be.

The first tier of the pyramid has to do with people and our behavior. We work to ensure that we have the knowledge, the creativity and the will to do the right things and to do things right. A successful business can only be built on a foundation of the right behavior, which in turn is based on the right values.

The second tier is about systems. The systems are designed to predict and prevent issues from happening. Systems and a systematic approach will ensure discipline, stability and reliability, enabling us to reach our goals.

The third tier is a safety net. With this we catch behavior and system weaknesses before they lead to a failure.

Tiers 4 and 5 are what we want to avoid: failures and disasters. It is important to understand, that every time we have an event in tier 4 or 5, it is because we had a failure in tier 1 and/or 2. Every failure is of course an opportunity to improve, but addressing events from tier 4 or 5 will always be corrective and too late.

At the end of 2018 we launched a review of the official document describing FMS, the Fitesa Management System Overview. It is a simple guide that helps facilities to apply our management practices in their local operations.



HEALTH AND SAFETY RISKS

At Fitesa, the Health and Safety of our employees is our top priority. This commitment is formalized in our Health and Safety Policy, as you can see in page 64.

The main risks to which we are exposed are of a physical nature and related to the use of heavy machinery. Such risks include cuts, ingoing nips and high temperature.

To reduce these risks, we focus our work on the two lowest levels of the pyramid. Examples of health and safety systems are formalized risk assessments, lock out tag out and specific guidelines for risk areas.

Learn more about our health and safety initiatives on page 51.



QUALITY RISKS

The majority of our customers are manufacturers of consumer goods, especially in the hygiene market. As such, they are very experienced and highly committed to product's quality.

Without the appropriate quality assurance systems in place, our products could be contaminated (by oil, metal or other impurities), could have the wrong hydrophilic / hydrophobic properties or contain the incorrect filament bonding.

In our Quality Policy (see page 64), we commit ourselves to maintaining a culture that values quality while understanding the needs of our customers. We also commit to the constant improvement of our processes and the investment in quality technologies and assets.

Get to know our quality initiatives on page 25.



EFFICIENCY RISKS

In our operation, we remain attentive to the scarcity of resources, and the generation of waste. Therefore, we maintain efficient and flexible processes, as stated in our Efficiency Policy, attached in page 65.

Continuous efficiency improvements enable us to reduce our wastes in materials, in time and in efforts. Learn more about our efficiency initiatives on pages 31 and 39.



SUSTAINABILITY RISKS

As a company operating with non-renewable raw materials, we need to take actions in addressing environmental risks, such as the scarcity of non-renewable resources, and social risks, such as the contamination of areas by inappropriate waste disposal.

Our Sustainability Policy (see page 65) was developed to cover these concerns. It is also worth mentioning that in 2018 we set our global sustainability goals, to be achieved by 2025.

Learn more about our initiatives related to the Environment from page 28 to 41.



Expansion of Operations

GRI 102-10

In addition to the Company drives, our strategy is also guided by another important factor: the localization of production where our materials are needed. In other words, expanding our operations to be closer to our customers. By installing our plants in the regions where our clients operate, we guarantee they will be serviced with better speed and quality, in addition to obtaining gains such as the reduction in customs and logistics barriers.

This was the first full year of operation of the new machines installed in Simpsonville (USA) and Peine (Germany), significantly increasing our production capacity in these regions.

We also inaugurated a new Innovation Center in Simpsonville (USA), housing the world's first Reicofil Full High Loft machine in operation. It allows Fitesa to develop new products for the hygiene segment, with materials that are significantly softer and bulkier than traditional spunmelt. In addition, this center brings our innovation projects closer to customers in the Americas.

Another milestone in the year was the expansion kick-off of the Pantex plant in Sulmona (Italy), which will double its production capacity in 2019.

Quality Assurance

GRI 102-16

We believe that the only way to achieve our vision of being the preferred choice in the market is through excellence in quality assurance. We have systems that monitor all production processes, tracking raw materials until they are transformed into final products. Data from these systems are audited and stored for up to five years.

One of the main challenges in this regard is the standardization of all our processes. With each increase in production capacity, whether with the acquisition of new units, the expansion of existing units or the construction of new greenfields, we make the standardization of processes a priority. This ensures that our customers have access to the same Fitesa quality products wherever they need them.

Our quality management is based on our Quality Policy, and we have six committees, that meet regularly to share best practices on issues such as Quality, HSE, Process and Maintenance Efficiency, and Energy. These committees have representatives from all relevant plants and from corporate.

Every year we carry out a rigorous internal audit at each plant, through which we verify the fulfillment of normative and client requirements. This audit ensures compliance with the relevant safety, quality and sustainability requirements, summarized in our internal standard document called FMR (Fitesa Management Requirements). In addition, some units opt for external certifications, according to relevance at the local level.

Certification	What does it certify?	Which plants have it?
 ISO 9001	Product Quality	<ul style="list-style-type: none"> » Tianjin (CHI) » Peine (GER) » Trezzano Rosa (ITA) » Sulmona (ITA) » Norrköping (SWE) » Washougal (USA) » Gravataí (BRA)
 OHSAS 18001	Health and safety of employees	<ul style="list-style-type: none"> » Tianjin (CHI) » Peine (GER) » Norrköping (SWE), » Trezzano Rosa (ITA) » Sulmona (ITA)
 ISO 14001	Environmental management System	<ul style="list-style-type: none"> » Peine (GER) » Trezzano Rosa (ITA) » Sulmona (ITA)
 ISO 50001	Energy Management	<ul style="list-style-type: none"> » Peine (GER)
 Oeko Tex	Confidence in fabrics	<ul style="list-style-type: none"> » Peine (GER) » Trezzano Rosa (ITA)



Innovation

Innovation is part of our corporate identity. Our mission states we “develop nonwoven solutions”; therefore, we invest heavily in research and development to meet the always evolving needs of our customers and the end consumers.

In 2018, about 20% of the products we sold did not exist in our portfolio five years earlier.

We operate with Innovation Centers in Peine (Germany), Sulmona (Italy), Tianjin (China) and most recently inaugurated Simpsonville (USA). Strategically located, these Centers have brought innovation closer to our customers around the globe.

In 2019, our 100% PLA soft nonwoven was awarded with the IDEA Achievement Award for the best roll good product introduction.

Our Competitive Advantages

Three of Fitesa’s Innovation Centers are equipped with pilot lines capable of reproducing the same production conditions of our commercial lines, which guarantees us precision and speed in the development and commercialization of solutions.

We are pioneers in using Full High Loft technology at our new Innovation Center in Simpsonville.

We are also specialists in bicomponent nonwoven fabrics, with various configurations such as sheath / core and side by side.

FINANCIAL ASPECTS

Financial Results

Our net sales topped US\$ 939 million in 2018 closing the year with positive results. For strategic reasons, we do not disclose details regarding financial data.

Like most companies in the hygiene market, our financials were directly affected by the decline in household consumption in Latin America, acceleration in the North American economy, and high competition in the European market.

The increase in the oil barrel price also had a significant impact on our costs, since it is used in the manufacturing of most of our raw materials.



ENVIRONMENTAL ASPECTS

At Fitesa we do not dissociate sustainability from our business - it is one of our drives, and therefore it permeates all of our processes. We advocate responsible management of resources and believe compliance with environmental legislation is the minimum standard to be followed. In short, sustainability is present from the administrative processes, through the products' design and manufacturing and into the in-house recycling of generated waste.

Our commitment to the environment is solidified in the FMS overview and in our Code of Conduct. This commitment has been strengthened by our **Sustainability Policy**, which addresses our responsibility in minimizing impact through the reduction of solid waste sent to landfill, energy consumption and the emission of greenhouse gases.

We base our environmental initiatives on the 4R methodology, through which we continuously work to **Reduce** the amount of waste generated, **Reuse** and **Recycle** waste produced and to **Rethink** our processes and actions to better manage this theme.

In addition to our overall strategy, our units work together with local authorities to improve the sustainability of our operations.

Sustainability Goals for 2025

Based on 2017 values, we established our sustainability goals for 2025:

- » *Reduce the manufacturing waste sent to landfill by 50% (kg of MWTL / ton of product)*
- » *Reduce energy consumption by 10% (kWh / ton of product)*
- » *Reduce fossil CO₂ emissions from our operations by 10% (ton of Scope 1 and Scope 2 of CO₂ / ton of product)*

2018 Highlights

GRI 102-12



Sustainability Report

We have the commitment to publish the most important aspects of our operations, which reflects our commitment to transparency, strengthening, in a simple, honest and complete manner, the trust between the Company and its stakeholders.



UN Global Compact

We made the decision to sign up to the UN Global Compact initiative, giving our sustainability work a solid reference frame that our customers understand and respect.



Sustainability Goals for 2025

Our sustainability goals have been established using the results of 2017 as a reference and they represent strategic goals for our environmental KPI's. Learn more in page 28.



Materials

GRI 103-1 / 103-2 / 103-3 / 301-1 / 301-2

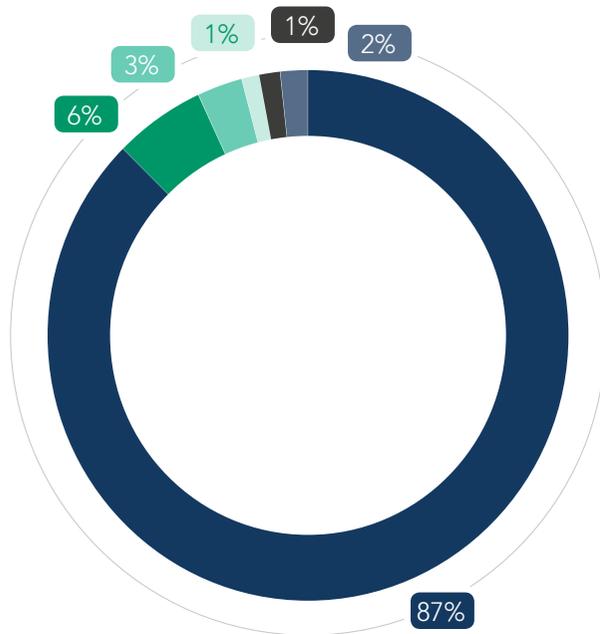
Most of our nonwovens are manufactured from polymers that are derived from non-renewable fossil fuels sources, such as natural gas and petroleum. We seek to reduce our consumption of fossil based raw materials through the reduction of waste and the quest for the development of more sustainable polymers with our suppliers. In addition, we do not perform animal testing.

In 2018, we consumed a total of 356.14 thousand tons of materials, 5.01% more than in 2017. Part of the increase is explained by the higher production volume and fluctuations in product mix and basis weights between the two years. This measure includes resins, fibers, pigments, additives and packaging.

We increased by 15.83% the volume of raw materials from renewable sources, that represented 6.09% of all raw material used in 2018 – a increase of 0.5 p.p. when compared to 2017. This includes volumes of nonwovens produced with Bio PE, PLA and fluff pulp.

We also observed a significant increase in the volume of recycled raw materials: 1.5 p.p. higher than 2017, at 3.22% of all raw material used in 2018. This increase is due to the carded operation in Simpsonville. It is worth highlighting that the volume of materials recycled internally is not accounted as “raw material made from recycled sources”, to standardize with chart on page 31”.

Percentage of Materials by Source



- Non-renewable raw material
- Renewable raw material
- Raw material made from recycled sources
- Processing Aids and Additives
- Packaging made from recycled material
- All other Packaging

Interest in products from renewable sources have been growing, especially in the US and Western European markets. In 2018 we developed a 100% PLA soft spunbond, made from a renewable source, compostable resin. This product was the winner of the 2019 Achievement Award for Roll Goods, a distinction granted during IDEA to the best new product introductions.

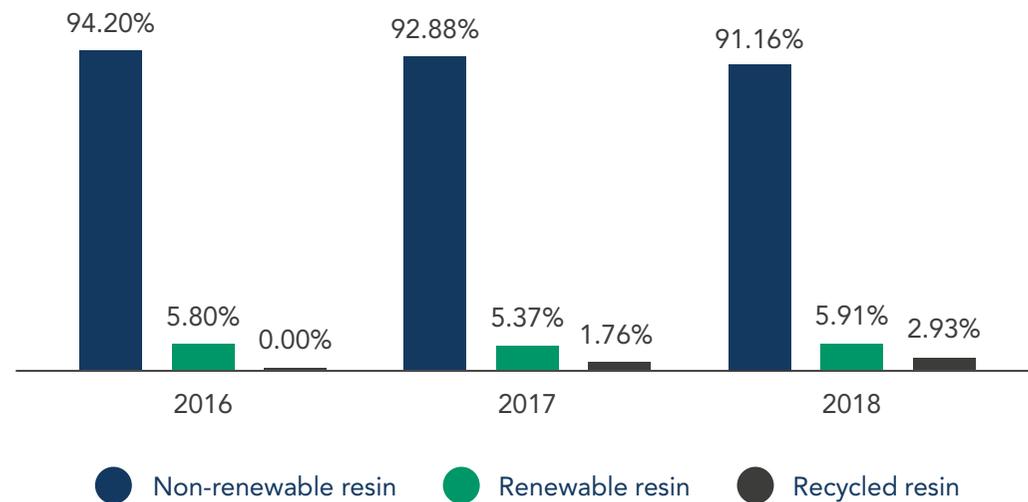
Recycling of waste from the production process

Most of our factories have the ability to recycle its production waste, making it possible to achieve very low selling and disposal rates in raw material output. The volume of raw materials recycled internally increased above production in 2018, as well as the increase in the percentage of recycled material in the raw material output.

Relation between total weight of materials by weight of product produced

Year	2016	2017	2018
Ratio	1.05	1.11	1.15

Origin of consumed materials



Raw Material Output

	2016	2017	2018
First quality product	87.00%	83.17%	81.76%
Material to internal recycling	8.00%	10.03%	9.67%
Material sold to other companies	3.68%	4.87%	4.91%
Material discarded at the end of the process	1.33%	1.92%	3.66%
Recycled Input Materials	9.10%	9.62%	9.77%

In 2018 we reviewed the Raw Material Output data, and decided to change the calculation formula to more accurately reflect material inputs and outputs.

The increase in the material discarded at the end of the process was caused by the startup of the carded line in Simpsonville (which materials we do not have internal capacity to recycle).

Energy and Emissions

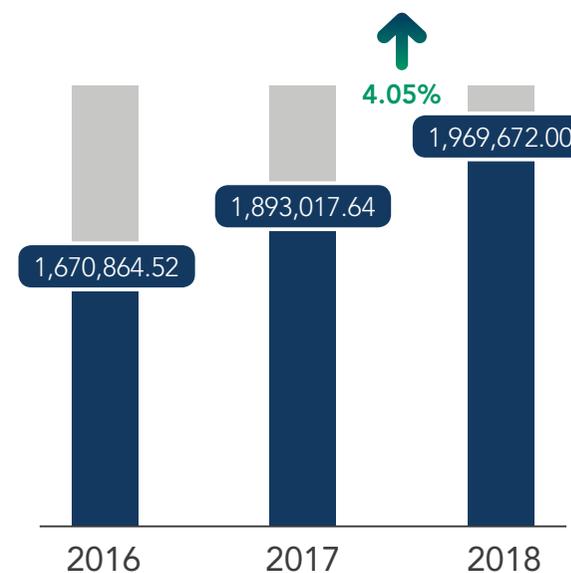
The main environmental impact generated by our plants is the energy consumption, and the consequent emission of CO₂ into the atmosphere. For this reason, we have included these aspects in our 2025 sustainability goals.

Energy

GRI 103-1 / 103-2 / 103-3 / 302-1 / 302-4

Our energy consumption management is geared towards reducing both the use of natural resources and operating costs, contributing to our competitiveness.

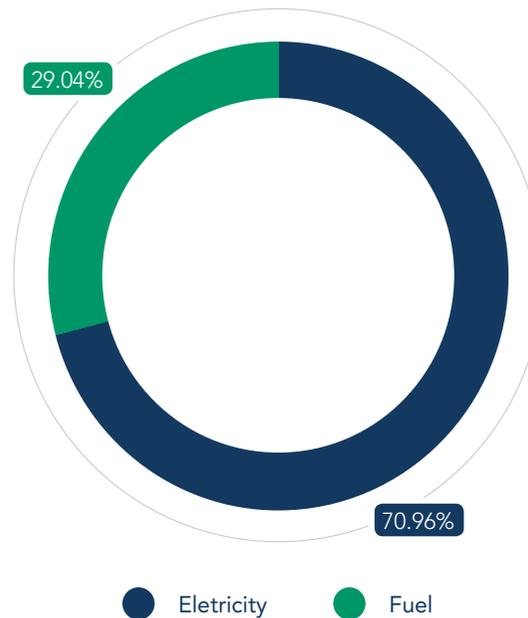
Total energy consumption (GJ)



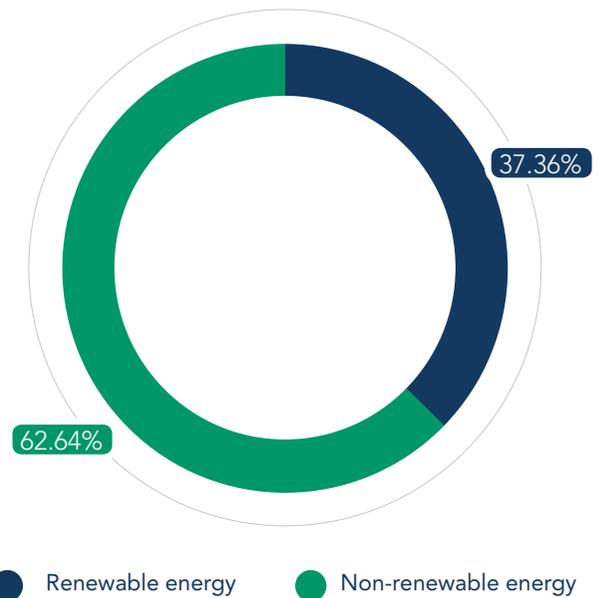


In 2018, our total energy consumption was 1.97 million GJ, 4.05% higher than in 2017. However, 37.36% of our energy is from renewable sources. Electricity represents 70.96% of the amount of energy consumed in our operation, followed by the use of fuels, such as natural gas.

Consumption by Type of Energy



Consumption by Energy Source



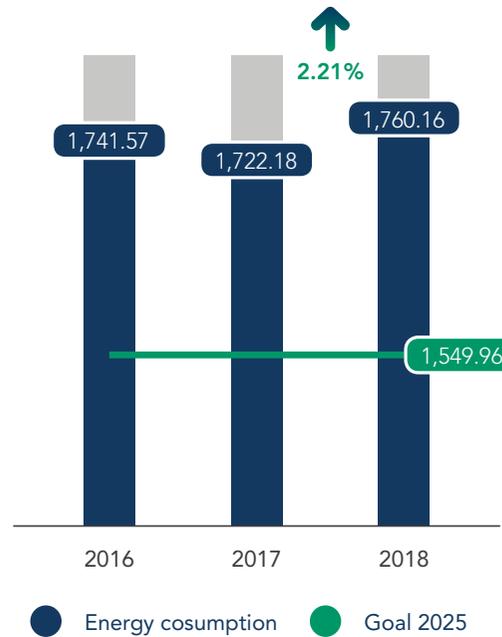
During 2018 we have invested in different measures to minimize the impact from energy consumption and achieve our 2025 goal of reducing it by 10% (kWh/ton of product).

In Italy, for example, we have reduced the consumption of natural gas/electrical energy with actions to recover thermal energy available in the process.

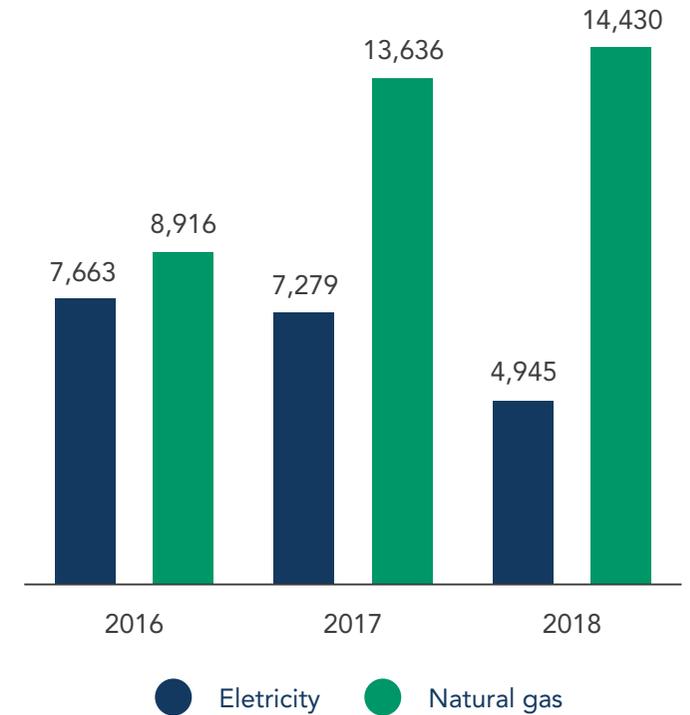
As a result of these measures, the reduction of total energy consumption in our units in 2018 was 19.38 thousand GJ.



Energy Consumption (kWh/ton of Q1 product)

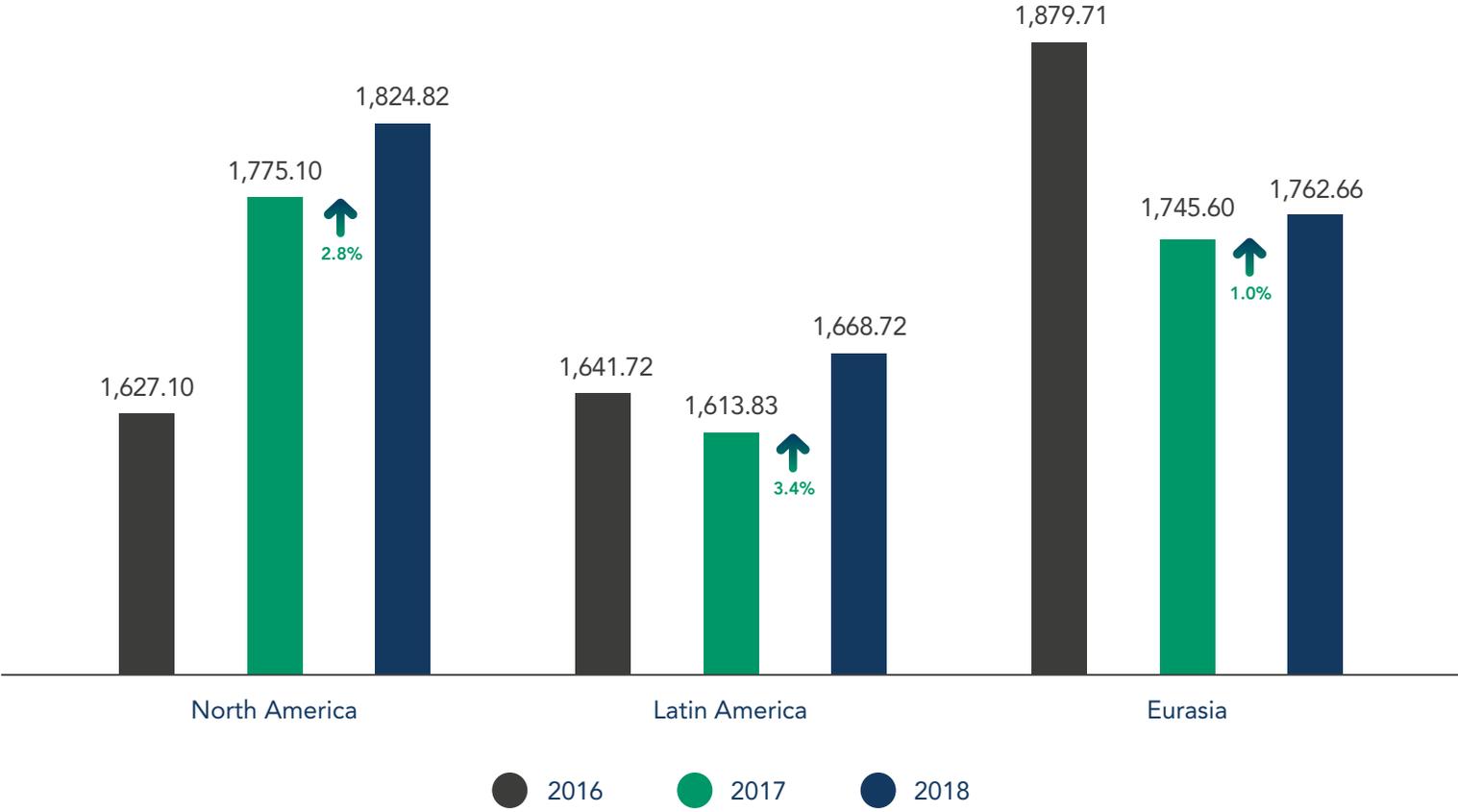


Electricity usage reduction (GJ)



The increase in the consumption per production unit is explained by the startup of a line in Simpsonville, the increase of SMS over spunbond in our production mix in some plants, and by the reduction of production capacity in lines that received upgrades in the period.

Energy Consumption (kWh/ton of Q1 product)



Emissions

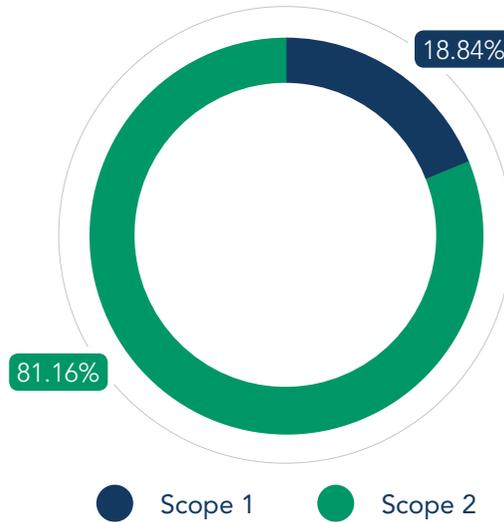
GRI 103-1 / 103-2 / 103-3 / 305-1 / 305-2 / 305-5

Fitesa is committed to proactively reduce our carbon footprint. In 2018 we had a volume of 152.78 thousand tons of CO₂ emissions (scope 1 and 2).

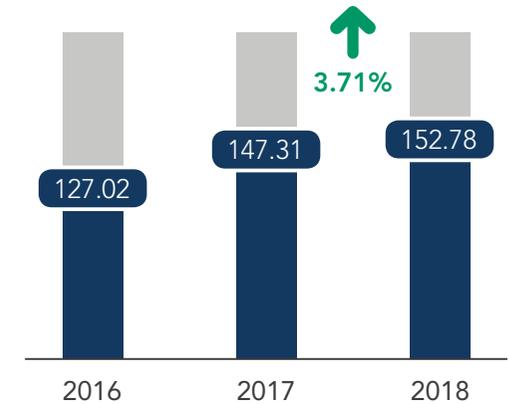
For the account of our emissions we use the standard GHG Protocol. Out of the 6 pollutant categories, our operations primary emissions is CO₂ and we use the DEFRA 2018 for our conversion factors. Fitesa's emissions are normalized to production.

Our main source of emissions is the energy consumption in our operations. Of the 152.78 thousand tons of CO₂ emitted in 2018, 18.84% were generated by Scope 1 direct emissions, from the combustion of fuels in our plants. The remaining 81.16% came from Scope 2 indirect emissions, produced by the burning of fuels to generate the electric energy used in our plants.

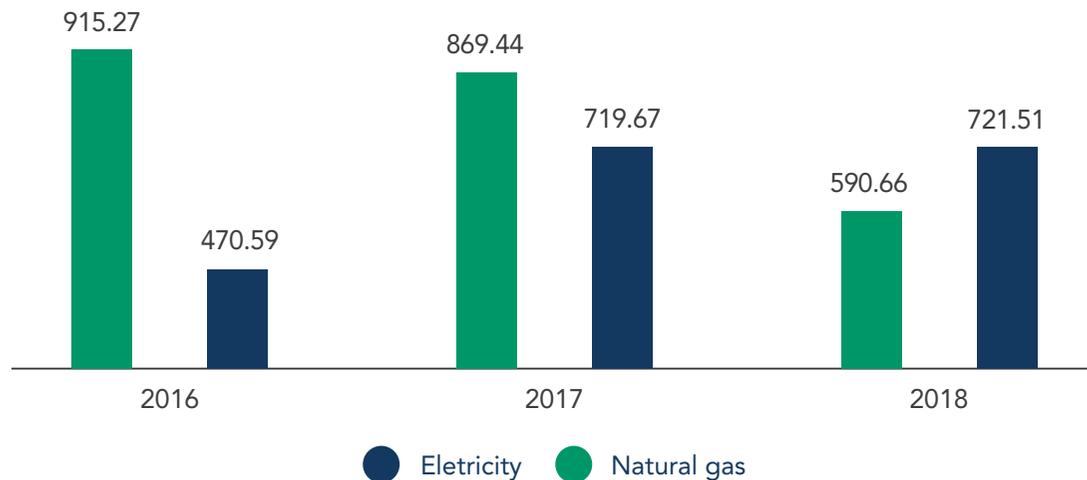
CO₂ emissions by Scope



Total CO₂ emissions (in metric tons)



Reduction in CO₂ emissions (in metric tons)

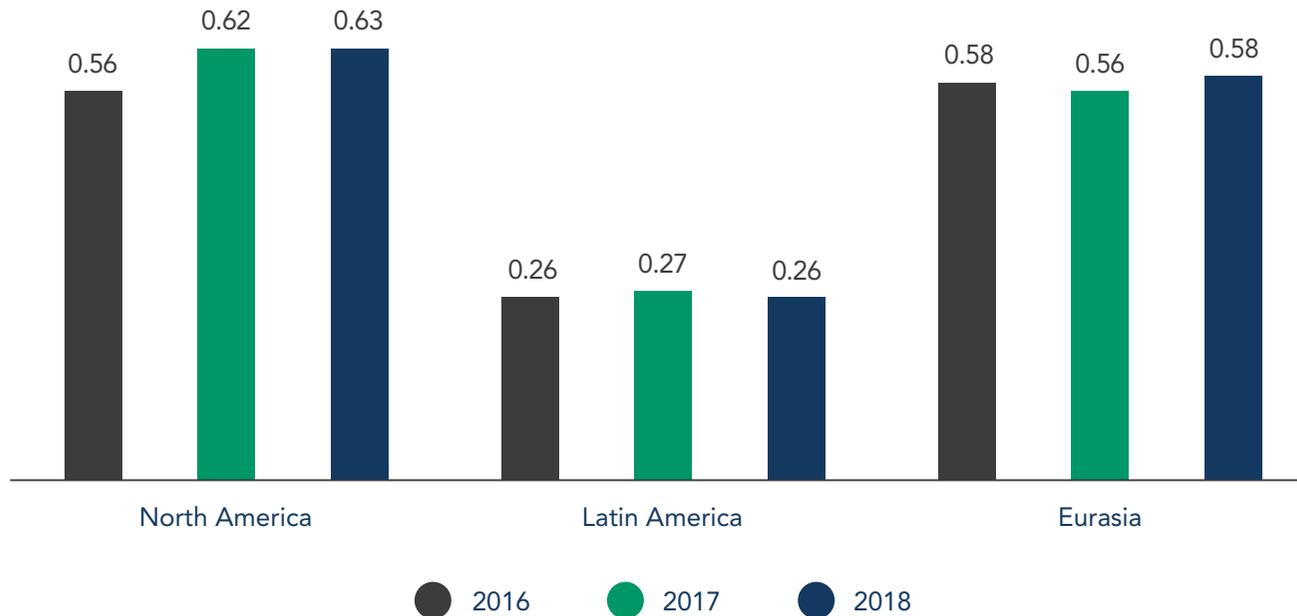


CO₂ emissions per energy consumed (kg CO₂/kWh)

2016	2017	2018
0.32	0.28	0.28

With the goal of reducing the impact of GHG emissions and achieving the 2025 goal of reducing fossil CO₂ emissions from our operations by 10% (ton of Scope 1 and Scope 2 of CO₂/ton of product), in 2018 we continued to invest in the improvement of our production efficiency, energy mapping and smart lighting initiatives, among others. When combined, these measures led to a reduction of 1,312.17 metric tons.

Fossil CO₂ emissions (ton CO₂/ton)



Fossil CO₂ emissions (ton CO₂/ton Q1)



Effluents and Solid Waste

GRI 103-1 / 103-2 / 103-3

Effluents

GRI 306-1

We have a small generation of effluents, that do not represent a significant environmental impact.

Most of the water consumed in our plants is used in a closed loop, with the purpose of cooling equipment. This water is not discarded but returns to the process to be reused.

Moreover, our impact is further reduced by local actions. In Sweden and Germany, for example, we reduce the effluents from our surface treatment process by evaporating the water content, that is discarded as clean water, and sending the remaining waste for incineration. At the Mexico and Peru plants, we reuse the water employed in the production process for irrigation.

In Europe, another 8.93 thousand m³ of our wastewater is used by another industry.

In 2018, the volume of discharged water increased to 191,404 thousand m³, being significantly impacted by the expansion of our Simpsonville facility.

Total Water Discharge (m³)



Solid waste

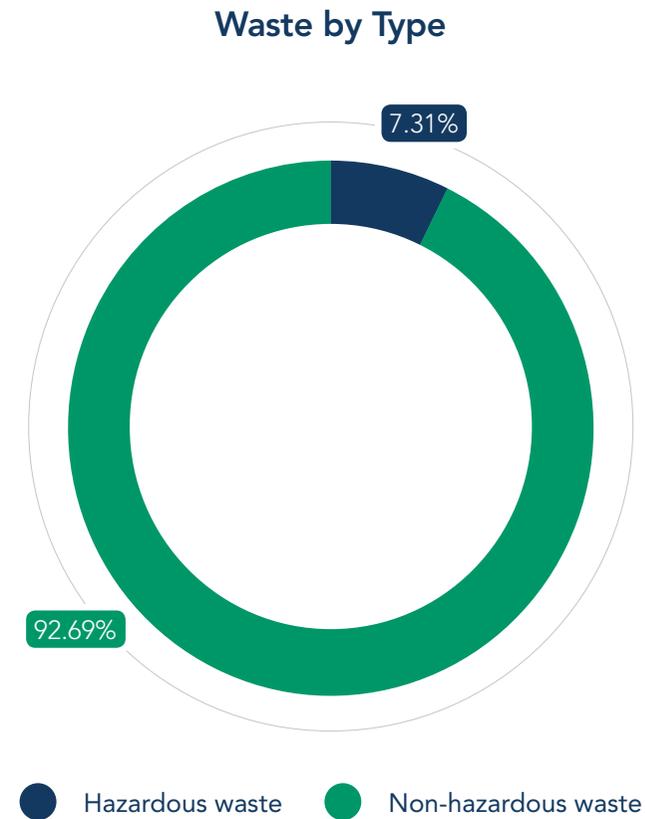
GRI 306-2

We apply a circular economy approach to waste, aiming to recycle 100% of the volume generated in our production process. As a direct result, the shipment of solid waste to landfills is proportionately very low to the production rate in our facilities. In 2018, the ratio of the total weight of generated waste versus the weight of the Q1 production was only 0.03 ton. From a waste perspective, the greatest impact happens at the end of life of the products manufactured with our materials, after they are used and are ready for disposal (learn more on page 19).

Ratio between the total weight of waste generated versus the weight of the product produced

2016	2017	2018
0.02	0.02	0.03

In 2018, we generated a total of 9.36 thousand tons of solid waste, and of this amount, only 7.31% was classified as hazardous by local laws:



In 2018, 79.46% of our total hazardous waste was destined for incineration, a value 7.14 percentage points lower than that of 2017. On the other hand, the amount sent to landfill increased by 2.92 percentage points and the amount recovered increased by 3.02 points. The destination of hazardous waste is mostly driven by local regulations, that can change from time to time. However, in 2018 these figures were impacted by the expiration of a hazardous chemical, that had to be disposed of, and one construction that involved the removal of hazardous materials.

Disposal of hazardous Waste

	2016	2017	2018
Landfill	8.80%	9.70%	12.62%
Reuse	0.29%	0.40%	0.43%
Recycling	3.69%	2.10%	3.28%
Incineration	82.70%	86.60%	79.46%
Recovery	4.70%	1.20%	4.22%
Composting	0.00%	0.00%	0.00%

Regarding non-hazardous waste, 48.50% of the total was sent for recycling, which is 8.81 percentage points higher than in 2017. The total incinerated fell by 10.20 percentage points in the year. The results for non-hazardous waste are significantly impacted by construction waste from recent expansions. We also had one facility that started tracking this information in 2018, and one country with changes in the regulation that determines how waste must be managed.

Disposal of non-hazardous Waste

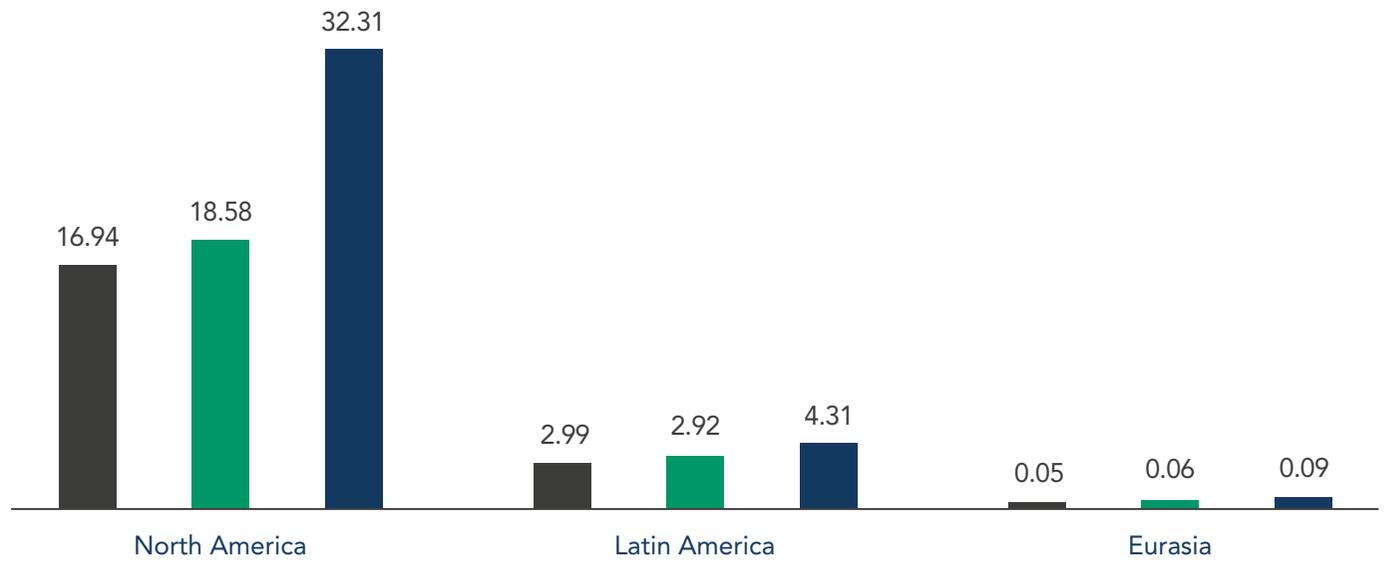
	2016	2017	2018
Landfill	24.60%	33.40%	37.73%
Reuse	0.00%	0.00%	0.37%
Recycling	52.00%	39.69%	48.50%
Incineration	17.20%	17.39%	7.19%
Recovery	3.80%	8.70%	5.84%
Composting	2.40%	1.00%	0.36%

By 2025 we have the goal of reducing the manufacturing waste sent to landfill by 50% (kg of MWTL/ton of Q1 product).

Manufacturing waste sent to landfill (kg/ton Q1)



Manufacturing waste sent to landfill (kg/ton Q1)



● Manufacturing waste sent to landfill ● Goal 2025

● 2016 ● 2017 ● 2018

SOCIAL ASPECTS

At Fitesa, we are aware of our power to generate value for the communities where we operate. As a multinational company with a broad geographical coverage, we positively impact a large number of people, across a variety of regions of the world. Among the main contributions to communities, we highlight:

2018 Highlights



Tax contribution

Encourages local development



Job creation

Improves quality of life in communities where we operate



Social Investment Programs

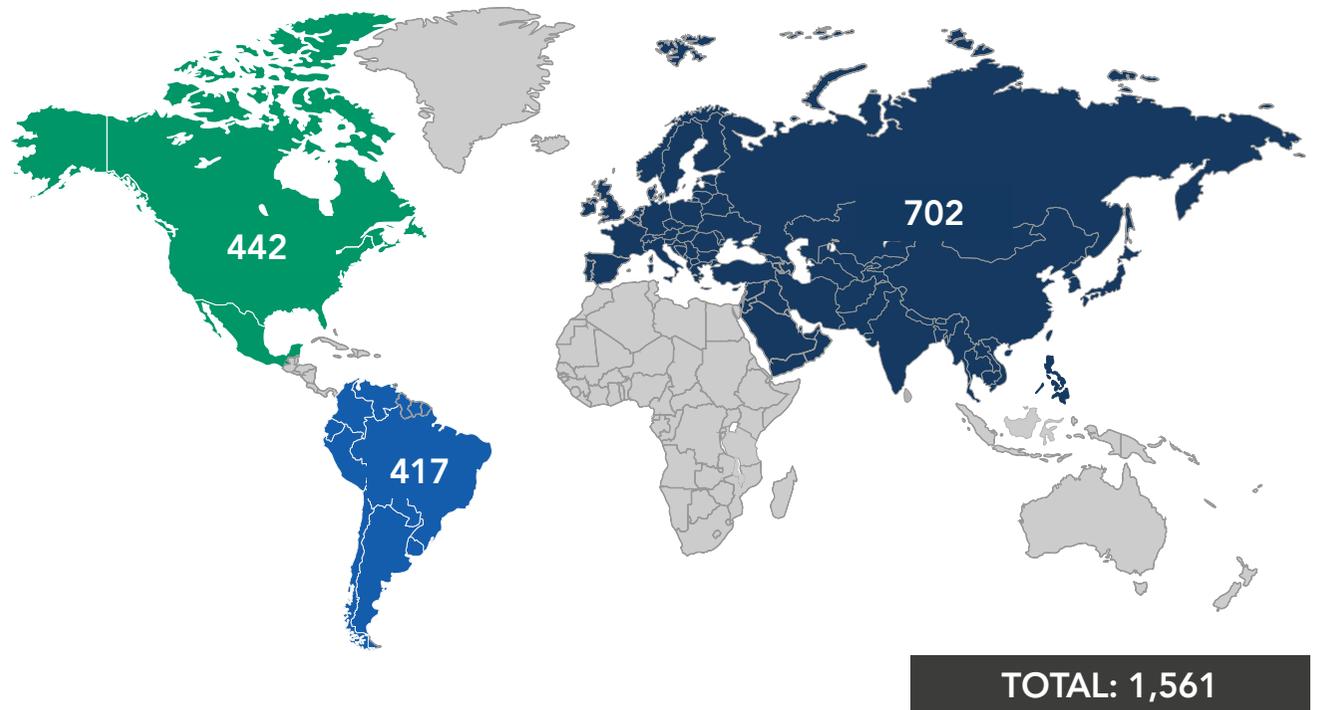
Encourage the activity of institutions and social actions that promote regional education and development.

Employment

GRI 102-8 / 103-1 / 103-2 / 103-3 / 401-1 / 401-2

By end of 2018, including the expansion of the Simpsonville (USA) unit, we employed 1,561 people.

Distribution of Fitesa Employees Worldwide 2018



The number of employees per type of contract is represented in the following table:

Employees in 2018:

	Men	Women	%
By working time			
Full-time	1302	244	99.04%
Part-time	6	9	0.96%
By work contract			
Temporary staff	66	6	4.41%
Permanent	1308	253	95.24%
TOTAL	1374	256	100.00%

In 2018, the majority of our employees worked in operational positions (62.4%) and professional positions (19.1%):

Distribution of employees by position:

	2018	%
Executive/Upper Management	27	1.70%
Middle Management	94	6.00%
Office / Clerical	136	8.70%
Operators	974	62.40%
Professional	298	19.10%
Sales	32	2.00%
TOTAL	1561	100.00%

Throughout the year, we performed 246 hires and 294 terminations, resulting in a hire rate of 15.76%:

Job creation:

	Total hires	Total terminations	Hire rate	Turnover rate
North America	142	166	32.13%	37.56%
South America	70	102	16.79%	24.46%
Eurasia	34	26	4.84%	3.70%
TOTAL	246	294	15.76%	18.83%

By creating jobs, we contribute to local income generation, as well as to improve the community quality of life. Moreover, our employees and their families have benefits that vary according to local legislation.

Benefits offered to employees:

Plate	Life insurance	Health insurance	Insurance for disability	Parent leave	Retirement
Green Bay (USA)	Yes	Yes	Yes	Yes	Yes
Simpsonville (USA)	Yes	Yes	Yes	Yes	Yes
Washougai (USA)	Yes	Yes	Yes	Yes	Yes
San José Iturbide (MEX)	Yes	Yes	Yes	Yes	No
Gravataí/Cosmópolis (BRA)	Yes	Yes	Yes	Yes	Yes
Lima (PER)	Yes	Yes	Yes	Yes	Yes
Norrköping (SWE)	Yes	Yes	Yes	Yes	Yes
Peine (GER)	No	Yes	Yes	Yes	No
Trezzano Rosa (ITA)	Sim	Yes	Yes	Yes	Yes
Tianjin (CHI)	No	No	No	Yes	Yes
Pantex Sulmona (ITA)	No	Yes	Yes	Yes	Yes
Pantex Mena (USA)	No	Yes	Yes	Yes	No
Pantex Simpsonville (USA)	Yes	Yes	Yes	Yes	Yes

Diversity

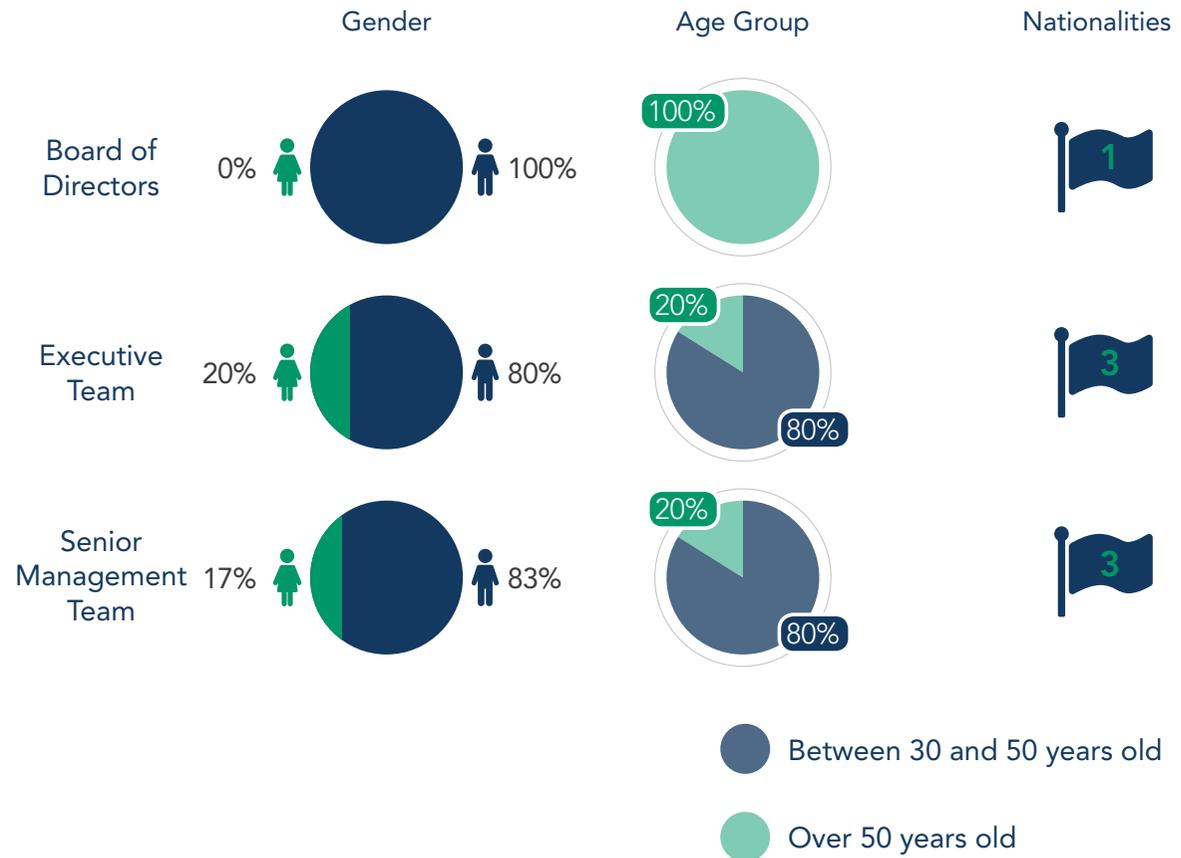
GRI 102-8 / 103-1 / 103-2 / 103-3 / 401-1 / 405-1

Fitesa is a multinational company present in 11 countries, making diversity an ever-present value and an integral part of our culture.

We respect the local cultures and we have the strategy to employ local employees in all levels at our units. We also value internal promotions: 49% of our managers were internally promoted, while 41% were hired in the market for their positions. For directors, this rate is even higher, 68% of them were internally promoted.

In the composition of our governing bodies, five nationalities are represented, which provides a local perspective within the global business decisions being made.

Diversity in Governance Bodies

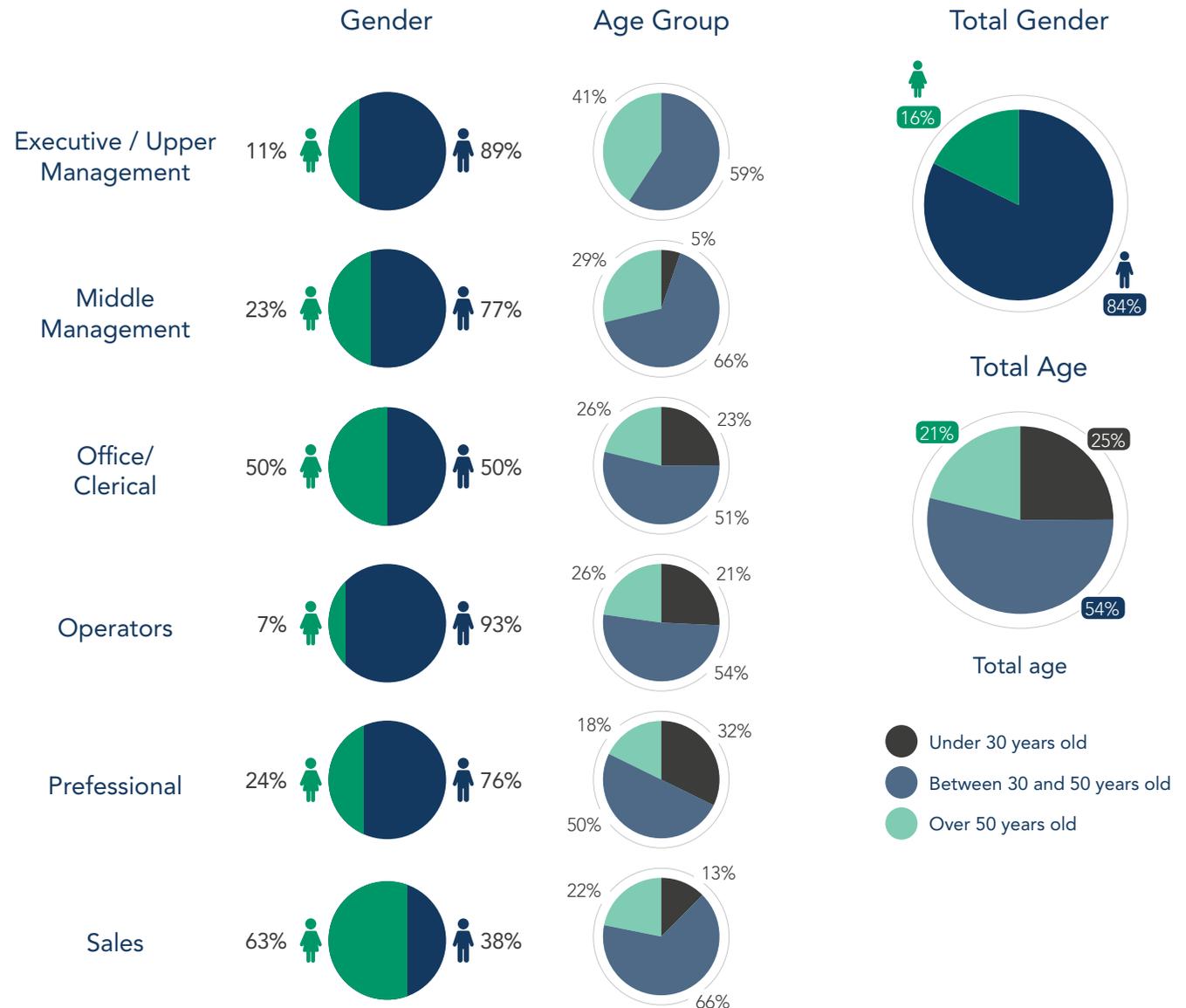


Our Code of Conduct provides guidelines for non-discrimination and equal treatment of all employees - regardless of gender, gender expression, marital status, sexual orientation, disability, health status, race, color, ethnicity, culture, language, religion, political opinion or other nature, national or social origin, wealth, birth, or any other condition. In addition, we have an Equal Employment Opportunity Policy, which supports recognition based purely on meritocracy.

At the end of 2018, the age and gender distribution of our employees was as depicted to the right.

Other diversity criteria such as race, ethnicity or minority groups, are not monitored by the Company.

Diversity of Fitesa employees



Job creation by age and gender

	NEW HIRES		TERMINATIONS	
	Hire rate	2018	Turnover rate	2018
Men under 30	25.85%	84	24.92%	81
Women under 30	42.19%	27	32.81%	21
Men between 30 and 50 years	13.12%	92	18.83%	132
Women between 30 and 50 years	16.43%	23	16.43%	23
Men over 50	5.3%	15	10.6%	30
Women over 50	10.42%	5	14.58%	7
TOTAL	15.76%	246	18.83%	294



In 2018, we took steps toward standardization of the roles and positions assumed by our employees in different countries in order to prepare us for the 2019 implementation of an employee recruitment and development platform (learn more on page 49).

Training

GRI 103-1 / 103-2 / 103-3 / 404-1 / 404-3

We believe that investing in employee training is an essential practice for our sustainability. In addition to generating value for this public through professional improvement, it contributes to the strengthening of our business. We continuously support and promote training opportunities ranging from quality of operations to management and leadership.

From a global perspective, in every new production line start-up, the local teams carry out training in other facilities already operating the same or similar equipment with the purpose of incorporating best practice sharing and hands on training of daily work routines. We offer training on our Company Values and Management Practices, as well as our Code of Conduct for all employees at time of on-boarding and refresher training from time-to-time during tenure. In addition, we offer an online, in-depth training module to our Leadership Board and select employees, dependent on their role and exposure to relevant matters, covering subjects

related to anti-corruption & anti-bribery or competition law on an annual rotational schedule.

Every year in Porto Alegre (Brazil), Évora holds the Annual Leadership Meeting, bringing together managers from all companies that are part of the holding, where they are able to exchange experiences and deepen the understanding of the Group's strategies.

Besides the global initiatives, each unit has the autonomy to determine the types of training applied to its employees. Most of our training hours are dedicated to safety, quality and operational topics.

During 2018, our employees participated in an average of 34.41 hours of training per employee, with a global, cumulative total of 55,875.38 training hours completed.

In Mexico, a new program for operations technicians was put into practice, with the implementation of a new skills matrix to identify training and certification needs. We believe this type of initiative increases

employee engagement and supports improvements in operations.

In Green Bay, we have cross trained employees from the entire production process to identify and prevent product defects, increasing the team's knowledge and ownership across the manufacturing stages and enabling a quicker response to quality issues.

Average hours of training

	2017	2018
Men	34.15	36.86
Women	29.53	30.25
Management	21.26	43.05
Office / Clerical	19.6	31.32
Operators	37.74	39.47
Professional	33.3	27.07
Sales	26.84	32.94

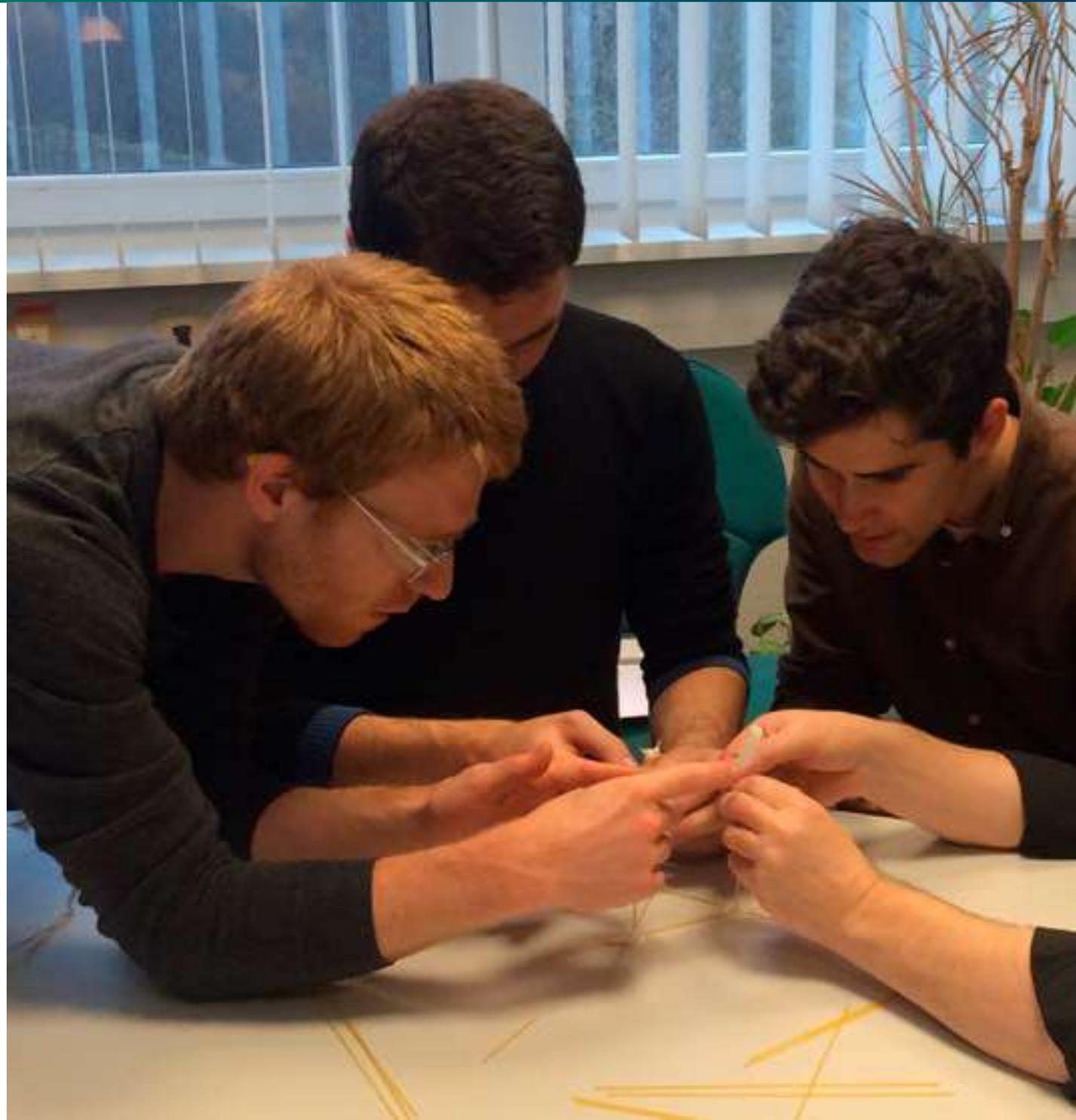
Our actions to encourage individual employee growth are complemented by annual performance reviews. In conducting these reviews, we consider the company's performance indicators and employees' personal goals, in order to encourage their continuous development. Our operating employees are also reviewed locally, according to the methodology chosen by each plant, generally based on the results and indicators of the operation.

In 2018, 65.86% of our employees received performance reviews:

Total Employees who Received Performance Reviews

	Men	Women
Management	79	28
Office / Clerical	60	50
Operators	577	32
Professional	125	49
Sales	11	17

For 2019, we plan to direct the HR Experience standardization project to leverage the development and management of our talents.



Health and Safety

GRI 102-41 / 103-1 / 103-2 / 103-3 / 403-2 / 403-4

The Health and Safety of our employees around the world is a top priority of the Company, as we formalize in our Health and Safety Policy. Revised in 2017, the document defines the requirements and expectations that govern our management of the subject.

Since 2016, we have maintained behavior-based safety programs in all of our facilities. Through these programs, we challenge individuals to take responsibility for their own health and safety and the safety of those around them by identifying potentially unsafe situations and being proactive in the prevention of those situations. Our safety programs focus on “think before we do”, “no activity is so urgent that it cannot be performed safely”, and “all injuries are avoidable” mentalities. Furthermore, we encourage the reporting of accidents and near misses, using one of our communication channels. Employees who report accidents are not punished and this information allows us

to be more proactive in resolving unsafe working habits, implement improvement initiatives, and eliminate possible risks in our operations.

In addition to our internal guidelines, all our union agreements address health and safety issues. In 2018, 61.24% of our entire workforce was unionized.

During the year, we implemented several initiatives to improve the safety of our operations. The highlight was the rollout of a Global Risk Assessment tool, which allowed us to verify how our plants carry out safety risk assessments throughout the year.

We have also developed six corporate procedures, covering topics from machine guarding and management of hazardous chemicals to safety and quality requirements for the assessment of operational areas, fire protection, maintenance and hot work.

In 2018, our employees’ injury rate was 0.99, which is the second lowest value ever recorded by our Company and the lost

day’s rate was 30.76.

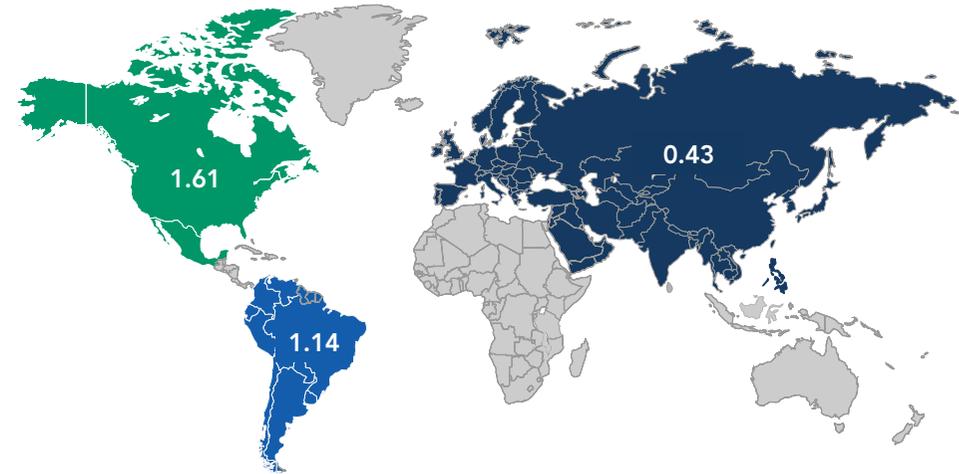
Absenteeism rate, another indicator measured in Health and Safety category, was recorded at 51.12 hours per employee. This rate includes absences due to injuries, illnesses and personal factors.

In the same period, there were no occupational diseases or fatal accidents in our operations.

Injury rate



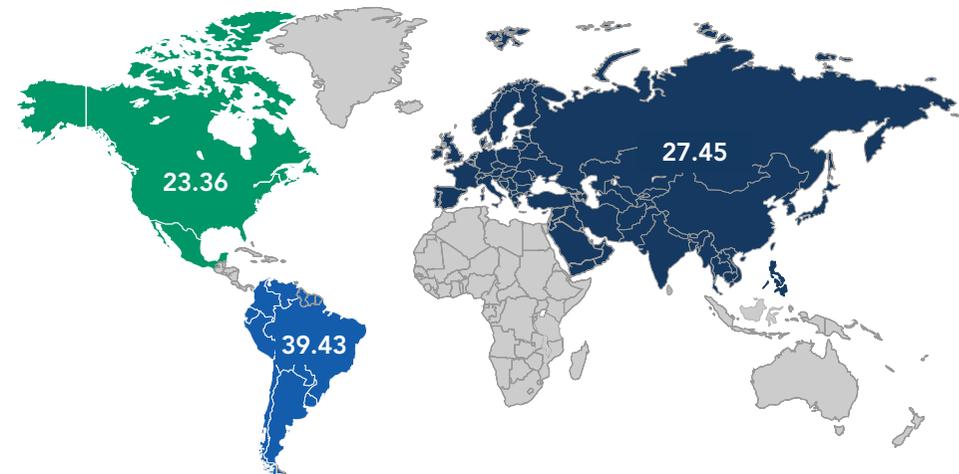
Injury Rate in 2018



Lost day rate



Lost Day's Rate in 2018





In 2018 we had nine cases of high consequence work related injuries related to:

- » Rushing
- » Human error
- » Taking short cuts
- » poor risk assessment
- » Interaction with moving parts
- » Interaction with nip points
- » Outside influence

To eliminate these and other hazards we worked on:

- » Implement action plan
- » Eliminate traction nip points
- » Improve machine guarding
- » Increase Safety Talks and safety inspection
- » Continue to perform risk assessment and incident analysis
- » Follow legal requirements
- » Implement new ergonomic tools and equipment
- » Ensuring work instructions are appropriate and have optical warning systems

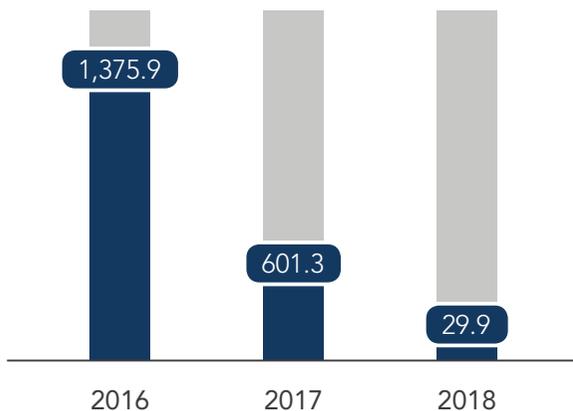
Social Investment

GRI 201-1

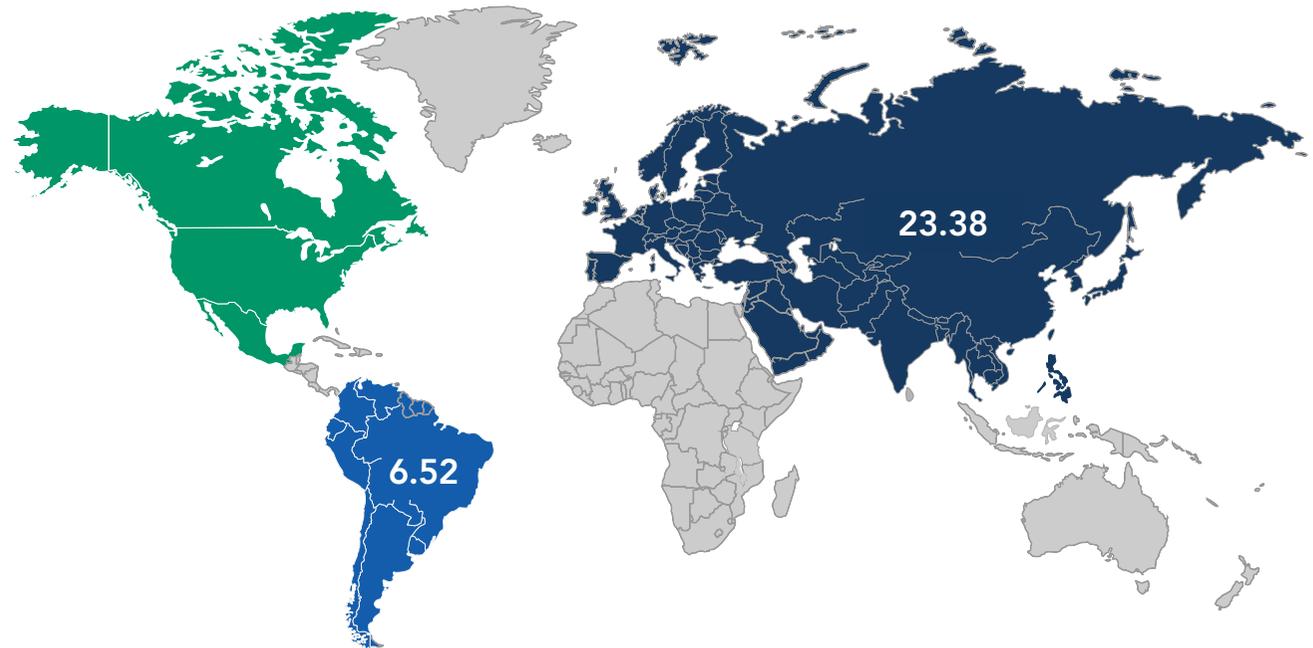
At Fitesa, our aim is to broaden our impact on society beyond our relationship with employees. To this end, we make social investments through government incentives, which convert taxes into donations. When we choose the projects to be supported, we search for organizations whose values and practices are aligned with ours.

Throughout 2018 we invested US\$ 29.9 thousand in social projects, divided according to the map below.

**Social investment
(in thousands US\$)**



Distribution of Social Investment in 2018 (in thousands US\$)



Although not recorded as monetary investment, we also acknowledge the initiatives taken by Fitesa Simpsonville in 2018. They made local area donations of office furniture to a senior citizen organization and donated a conference table to the community out-reach organization "Miracle Hill". They also conducted donations of books to a local library and donated T-Shirts to the neighborhood church that promote services with a local day care.

Ling Institute Initiatives

Investments through donations from Corporate Income Tax to:



Municipal Fund for Children and Adolescents:

- » Fundação Casa dos Sonhos (Gravataí)
- » Centro Social Mario Quintana (Gravataí)
- » Casa da Criança de Cosmópolis



Municipal Fund for the Elderly:

- » Santa Casa Porto Alegre – Attention to the Aging and Treatment of Neurological Diseases



Sports Incentive Law:

- » Sogipa – Olympic Project

Investment through ICMS (Tax on Goods and Services), approved by the LIC (Incentive to Culture Law) to projects



Ponto de Teatro Project



Exhibition of the artist Luiz Carlos Felizardo

Ling Institute

Founded in 1995 by the Ling family, owners of our holding company, Évora, the Ling Institute aims to contribute to the transformation of the Brazilian society through investments in education.

Due to the deep alignment between the values of the Institute and Fitesa, it is today our main partner organization in the social area, centralizing our investments and curating supported projects.

Each country has autonomy and its own strategy on how to meet their social aspects.

GRI CONTENT INDEX

GRI Content Index - Standards

Universal		Reference (pg.) / Direct answer
General Disclosures		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Pg. 3
102-2	Primary brands, products, and services	Pg. 8, 11 and 14
102-3	Location of the organization's headquarters	Pg. 8
102-4	Number of countries where the organization operates	Pg. 8
102-5	Nature of ownership and legal form	Fitesa is a privately held subsidiary of Évora, a Brazilian holding company. Learn about the legal form of each entity that composes Fitesa in the disclosure 102-45.
102-6	Markets served	Pg. 9 and 11
102-7	Scale of the organization	Pg. 8 and 9
102-8	Information on employees and other workers	Pg. 43 and 46
102-9	Supply chain	Pg. 17
102-10	Significant changes to the organization and its supply chain	Pg. 24
102-11	Precautionary Principle or approach	Pg. 20
102-12	External initiatives	Pg. 29
102-13	Membership of associations	European Disposables and Nonwovens Association (EDANA), Brazilian Association of Nonwoven and Technical Textiles (ABINT) and Association of the Nonwovens Fabrics Industry (INDA).



Universal		Reference (pg.) / Direct answer
STRATEGY		
102-14	Statement from senior decision-maker	Pg. 5 and 7
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	Pg. 10, 13 and 25
GOVERNANCE		
102-18	Governance structure	Pg. 12
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Pg. 3
102-41	Collective bargaining agreements	Pg. 51
102-42	Identifying and selecting stakeholders	Stakeholders are selected based on Fitesa's Strategic Planning, the annual process by which the company's management defines its strategy, direction and purpose.
102-43	Approach to stakeholder engagement	In addition to our participation in industry associations (EDANA, INDA and ABINT) and continuous contact with our customers, we conducted, in 2018, a climate survey with our employees.
102-44	Key topics and concerns raised	<ul style="list-style-type: none">• The themes that emerged during the climate research are being treated in each region;• Life Cycle Analysis of our products are performed by the Hospital Technical Committee of ABINT (see page 25);• Contact with our customers has led to several improvements and innovations in our products and processes.

Universal		Reference (pg.) / Direct answer
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Pg. 3
102-46	Defining report content and topic Boundaries	Pg. 3
102-47	List of material topics	Pg. 4
102-48	Restatements of information	Last report, in table "Reduction in CO ₂ e emissions (in metric tons)" the numbers of Electricity and Natural gas were inverted. In table Raw Material Output, the formula have been changed to fully represent the actual material inputs and outputs.
102-49	Changes in reporting	There were no significant changes from previous reporting periods in the Scope and Aspect Boundaries.
102-50	Reporting period	Pg. 3
102-51	Date of most recent report	01/01/2016 to 01/31/2017
102-52	Reporting cycle	Pg. 3 Although the previous version of the Report was biennial, this version returns to the annual cycle.
102-53	Contact point for questions regarding the report	Pg. 62
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI Content Index	Pg. 56
102-56	External assurance	The report has not been subjected to external assurance of data.
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	The topics were explained on pg. 27 (Economic Performance), 36 (Emissions), 49 (Training and Education), 46 (Diversity), 30 (Materials), 3 (Waste and Effluents), 51 (Occupational Health and Safety), 13 (Anti-Corruption), 32 (Energy), 19 (Health and Safety of the Final Consumer) and 43 (Employment). The materiality process does not include the definition of each material aspect Boundary.

Universal

Reference (pg.) / Direct answer

103-2 The management approach and its components

Pg. 27 (Economic Performance), 3 (Emissions), 49 (Training and Education), 46 (Diversity), 30 (Materials), 8 (Waste and Effluents), 51 (Occupational Health and Safety), 13 (Anti-Corruption), 3 (Energy), 19 (Health and Safety of the Final Consumer) and 43 (Employment).

103-3 Evaluation of the management approach

Pg. 27 (Economic Performance), 36 (Emissions), 49 (Training and Education), 46 (Diversity), 30 (Materials), 38 (Waste and Effluents), 51 (Occupational Health and Safety), 13 (Anti-Corruption), 32 (Energy), 19 (Health and Safety of the Final Consumer) and 43 (Employment).

Topic-specific Standards

Economic Disclosures

ECONOMIC PERFORMANCE

201-1 Direct economic value generated and distributed

Pg. 54

ANTI-CORRUPTION

205-2 Communication and training about anti-corruption policies and procedures

Pg. 13

Environmental Disclosures

MATERIALS

301-1 Materials used by weight or volume

Pg. 30

301-2 Recycled input materials used

Pg. 30

ENERGY

302-1 Energy consumption within the organization

Pg. 32

302-4 Reduction of energy consumption

Pg. 32

EMISSIONS

305-1 Direct (Scope 1) GHG emissions

Pg. 36

305-2 Energy indirect (Scope 2) GHG emissions

Pg. 36

Universal		Reference (pg.) / Direct answer
305-5	Reduction of GHG emissions	Pg. 36
EFFLUENTS AND WASTE		
306-1	Water discharge by quality and destination	Data on the disposal of effluents are on page 36. Fitesa does not control the treatment and disposal data of the effluents, or how effluents are reused, except for our units in Mexico and Peru (both treat and reuse the water for their grounds).
306-2	Waste by type and disposal method	Pg. 39
306-3	Significant spills	There have been no significant spills.
Social Disclosures		
EMPLOYMENT		
401-1	New employee hires and employee turnover	Pg. 43 and 46
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 43
OCCUPATIONAL HEALTH AND SAFETY		
403-2	Hazard Identification, risk assessment and incident investigation	Pg. 51
403-4	Health and safety topics covered in formal agreements with trade unions	Pg. 51
TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Pg. 49
404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 49
DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Pg. 46
CUSTOMER HEALTH AND SAFETY		
416-1	Assessment of the health and safety impacts of product and service categories	Pg. 19 provides information on health and safety assessments of products, but the Company does not account for the percentage of products that go through the assessment.

GRI 102-53

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SAFE HARBOR STATEMENT

Fitesa is interested in hearing from you. If you have any feedback or suggestions related to our reporting data or methodology we encourage you to contact us via email at fitesamarketing@fitesa.com.

This report includes forward-looking statements. You can identify our forward-looking statements by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "may", "plans", "predict", "project", "schedule", "seeks", "should", "target" or other words that convey the uncertainty of future events or outcomes. Although we believe that the expectations reflected in those forward-looking statements are reasonable, they have been based on certain beliefs and assumptions as to future events, and those expectations may prove to be incorrect. These statements are not guarantees of future performance and

involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

Forward-looking statements speak only as to the date of this report. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, among other things, general economic factors; cost and availability of raw materials and labor and other resources; changes to selling prices to customers which are based, by contract, on an underlying raw material index; potential inability to maintain sufficient liquidity to finance our operations and make necessary capital expenditures; ability to meet existing debt covenants or obtain necessary waivers; ability to achieve successful or timely start-up of new or modified production lines; reliance on major customers and suppliers; domestic and foreign competition; information and technological advances; risks related to

operations in foreign jurisdictions; and changes in environmental laws and regulations.

Other factors that could cause actual results to differ materially from those described in the forward-looking statements in this report include other economic, business, competitive and/or regulatory factors affecting Fitesa S.A.'s business generally. Fitesa S.A. is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

ATTACHMENTS

Health and Safety Policy

For Fitesa, safety is the number one priority and we are fully committed to having a healthy and safe work place for all of our employees.

We will achieve this by:

- » Understanding and fully complying with all applicable legal and other requirements regarding Health and Safety. Following the law is the minimum standard, not the maximum.
- » Creating a working environment where all of our employees take responsibility for their own health and safety, and for that of their colleagues. No activity is so urgent that it cannot be performed in a safe manner.
- » Proactively working towards prevention of work-related injury and ill health through continual improvement. All injuries are avoidable.
- » Considering health and safety aspects when planning changes in the organization, work content and methods, work environment and procurement of new equipment and services. We think before we do.

Quality Policy

Fitesa understands that the only path to reach the goal of being the preferred choice in the market is through excellence in quality and customer satisfaction.

We will achieve this by:

- » Creating an environment where all of our employees understand the impact of their work on Quality and are driven by a culture that every detail matters. We are never stronger than our weakest link.
- » Fully understanding the needs and expectations of our present and potential customers. We know our business and our products better than anyone else.
- » Continuously improving our processes to ensure we are ahead of the demands of the market. We should come with solutions before the customer comes with the problem.
- » Investing in know-how and state of the art assets to be able to provide world products and quality assurance to our customers. We aim to collect the best results technology is able to deliver.

Efficiency Policy

Fitesa will ensure long term success by managing our time and efforts so investments in people and resources are optimized.

We will achieve this by:

- » Designing our processes so they deliver the required results smoothly and without stress. Do it right the first time.
- » Ensuring flexibility in our processes so we adapt to new realities without overburdening. Adapt to change in a controlled manner.
- » Minimizing wastes in our processes by continually improving our working methods and procedures. Accept the existence of wastes but always strive to reduce them.
- » Combining discipline, knowledge and creativity in our everyday work. The limits to what we can achieve are set by ourselves.

Sustainability Policy

Fitesa champions the responsible management of resource use and is committed to working towards a sustainable society.

We will achieve this by:

- » Ensuring company stability and profitability, enabling us to share with society through employment opportunity, taxation and social contribution. Sustainability is reached through progression, not regression.

- » Understanding and fully complying with all applicable legal and other requirements regarding Environmental and Social issues. Following the law is the minimum standard, not the maximum.
- » Working continuously towards reducing our environmental impact:
 - Minimizing the amount of material sent to landfill from our operations. Reduce, reuse, recycle.
 - Improving our energy profile through choice of energy type, choice of energy source and reduction of direct specific energy use. Our energy systems serves our needs without compromising the needs of future generations.
 - Addressing the issue of climate change by reducing our Green House Gas footprint. We do not inherit the earth from our ancestors; we borrow it from our children.
- » Taking social and moral responsibility in the regions we are present. Do good, be just.