

OUR APPROACH TO MANAGING OPERATIONS CONTINUED

Operations

Resource efficiency improvement

We're committed to improving our resource efficiency by reducing the amount of waste sent to landfill, with an overall target to recover or recycle 98% of the waste at our direct operations by 2020. We do this by increasing our waste recycling and recovery rate, and most importantly by avoiding creating waste in the first place.

The disposal and final destination of waste is dependent on local laws, local infrastructure and the availability of recycling options for various types of materials. While we provide our operations with general information on efficient waste management and proper disposal, we focus on preventing waste by reducing packaging earlier in the supply chain and by encouraging the reuse of materials.

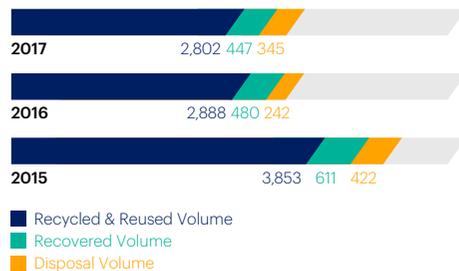
In 2017 our total waste decreased slightly from 3,610 to 3,594 metric tonnes, while the recycling and recovery rate also decreased to 90%. Overall, most sites that report waste have reduced their waste volume in 2017. Some small office locations stopped reporting waste, while larger locations with more waste volume have started reporting their waste, keeping the overall amount similar to last year.

Although coverage in number of locations and employees working in those locations is smaller than last year, we are covering more relevant locations in

the waste reporting scope. We acknowledge however that the newly reporting sites currently send relatively large volumes to landfill.

We will intensify our efforts to make sure the waste we generate is reused, recycled and recovered as much as possible, especially in the case of moving to a new building or terminating activities at a location, which currently seems to generate a relatively high proportion of waste going to landfill.

Waste volume (metric tonnes)



2017: 20 companies, 40 locations, covering 69% of operations (FTE basis)
 2016: 20 companies, 42 locations, covering 75% of operations (FTE basis)
 2015: 17 companies, 43 locations, covering 75% of operations (FTE basis)

Reducing our water use

Water is a critical resource for all living beings on this planet, and one of the resources we need to make the materials for our products. To ensure a sustainable supply of water in the communities where we operate, we are committed to reducing our water use as much as possible.

In 2017 we used 6% more water than in the previous reporting year. Most of this increase was measured in our factory in Japan, where water use increased by 25%. Investigation showed that this was not related to production, but to garden maintenance. When our factory moved to a new location in mid-summer, the new plants and trees around the factory needed intensive watering to have a good start. We expect that this water use will be lower next summer. Our other operations in offices, distribution centers and retail locations have all shown a reduction in water use in 2017 compared to 2016. In order to help our operations to reduce their water use further, we will share best practices and focus on our most water-intensive operations for efficiency improvements.

Besides tracking the volume of water used in our own operations, we have also investigated the source of the water we used, in order to get more insight into our impact on the local environment through water use. Water provided by municipal utilities is estimated

to be well managed and has a lower impact and risk on the environment than water from a nearby river or lake or groundwater.

As expected, we were able to confirm that we are using water from municipal water utilities in all our operations. In one of our locations in Germany we are saving water by using rain water for sanitary purposes. We are evaluating whether this can be applied in other locations to decrease our water use.

Water Volume (m³)



2017: 31 companies, 85 locations, covering 80% of operations (FTE basis)
 2016: 26 companies, 81 locations, covering 80% of operations (FTE basis)
 2015: 30 companies, 60 locations, covering 55% of operations (FTE basis)