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a Diverse
Company
Winning
as One

Company Overview

We work closely with our customers – which include well-established multinational and regional consumer and industrial product manufacturers – to provide engineered solutions to meet increasing demand for more sophisticated products.

PGI is a leading global innovator, manufacturer, and marketer of engineered materials, focused primarily on the production of nonwoven products.

Nonwovens are a high-performance and low-cost fabric-like alternative to traditional textiles, paper and other materials. They can be made with specific value-added characteristics including absorbency, tensile strength, softness and barrier properties, among others. Our nonwoven products are critical components used in consumer and industrial products, including hygiene, healthcare, wipes and industrial applications. Hygiene applications include baby diapers, feminine hygiene products, and adult incontinence products; healthcare applications include surgical gowns and drapes; wiping applications include household, personal care and commercial cleaning wipes; and industrial applications include filtration, house wrap and furniture and bedding.

PGI has one of the largest global platforms in the industry, with over 3,200 employees in 14 manufacturing and converting facilities in nine countries throughout the world, including a significant presence in emerging markets like Latin America and Asia. With 2010 sales in excess of \$1.1 billion, PGI is the fourth-largest merchant manufacturer of nonwovens in the world and the leading merchant supplier of nonwovens for disposable applications. We are also the largest or second-largest supplier of nonwovens for disposable applications in most of the regional markets where we operate.

We work closely with our customers – which include well-established multinational and regional consumer and industrial product manufacturers – to provide engineered solutions to meet increasing demand for more sophisticated products. We believe that we have one of the broadest and most advanced technology portfolios in the industry.

KEY FIGURES

\$1.1B
Net Sales

14
Manufacturing &
Converting Facilities

9
Countries

> 3,200
Employees

Manufacturing Technologies

PGI has a comprehensive array of nonwoven manufacturing technologies that encompass capabilities spanning the entire spectrum of nonwoven technologies.

Our focus is primarily on the production of nonwovens. These are high value-added, high-performance, low cost alternative materials developed as an outgrowth of paper, textile and chemical technologies.

Our products, which typically comprise only a small percentage of the final product's total cost, are the critical substrates and components for disposable applications such as baby diapers, feminine hygiene products, household and personal wipes, disposable healthcare products such as surgical gowns and drapes, and various durable industrial applications including furniture and bedding, filtration, and protective apparel.

Rolled nonwoven goods typically have four process steps – web formation, web consolidation (or bonding), finishing and value adding. Web formation is the process by which previously-prepared fibers, resins, filaments or films are arranged into loosely-held networks called webs, bats or sheets.

In each process, the fiber material is laid onto a forming or conveying surface, which may be dry or molten. The dry laid processes utilize fiber processing equipment that has been specifically designed for high-capacity nonwoven products. These processes convert bales of

entangled fibers into uniform oriented webs, which then feed into a bonding process. In a molten polymer-laid process, extrusion technology is used to transform polymer pellets into filaments, which are laid on a conveying screen and interlocked by thermal fusion. In this process, the fiber formation, web formation and web consolidation are generally performed as a continuous, simultaneous operation – making this method very efficient from a manufacturing and cost perspective.

All of our products begin with a focus on a particular fiber chemistry. In some of our manufacturing processes, fibers are purchased from suppliers in staple form, and we apply processes (sometimes proprietary) that result in a unique value-added substrate. In other processes, we convert polymer chips into continuous filaments that are subsequently made into a substrate in a single process.

PGI has developed a Spinline® fabric that is manufactured using an internally-developed process that combines spunbonding, airlaid and hydro-entanglement techniques. The resulting nonwoven material is stronger, more absorbent and can incorporate three-dimensional images at lower weights. This offers a better value proposition than traditional manufacturing methods.

PGI has a proprietary continuous process for the manufacture of special reticulated films and composite structures. These films are typically customized for each customer. They are highly engineered films with unique capabilities created by precision holes that are imparted during the film forming process.

Finishing or post-treatment adds value and functionality to the product and typically includes surface treatment for fluid repellency, aperturing, embossing, laminating, printing and slitting. Some of these finishing processes employ additional chemical substances that are different from fiber chemistries.



2010 Statement from the CEO

PGI is made up of many individual elements that come together to create one unique organization, resulting in a unified company unlike any other in the industry. It is the combination of our global locations and employees, our unique technologies and capabilities, and the markets we serve that differentiate PGI and create a winning combination.

VERONICA M. HAGEN

Chief Executive Officer



We continued to see the benefit of our leadership in high growth regions and the strong demand trends in our base businesses.

This is PGI's first annual Stakeholders' Report, which integrates our sustainability report, based on the Global Reporting Initiative's (GRI) G3 reporting framework, with the qualitative and quantitative data from our annual report.

This integrated report format allows PGI to communicate directly to our fellow stakeholders, employees and customers about all areas of our business – incorporating financial reporting, organizational highlights and sustainability initiatives in one standardized and easily accessible document.

This was a strategic year for PGI. We entered 2010 with the goal of driving performance in our base businesses through strong execution and by becoming more important to our customers, all while implementing cost improvement initiatives. We also anticipated significant contributions from our business in Spain, a recovery in our industrial markets, and the consolidation of our carded business in the U.S. With the exception of the latter, which is now just beginning to show the results we desire, we exceeded our expectations on each front in 2010.

Investing in growth was another priority for us as we initiated strategic capacity expansions in the U.S. and China. Construction commenced on both projects during the year, and we are on track for commercialization of both in mid-to-late 2011.

We continued to see the benefit of our leadership in high growth regions and strong demand trends in our base businesses. Latin America, Asia, and Europe – particularly our business in Spain – had a nice recovery and demonstrated improvement in the product mix, with hygiene and healthcare becoming important drivers of our performance. In the U.S., we experienced nice volume growth in all but our carded operations.

The volatility of raw materials was expected, and we experienced every bit of that in 2010. The improvements we have made in managing the lag between changes in raw material costs and selling prices was evident during the year and we were able to successfully pass through these changes despite the significant cost variability on a quarterly basis.

Finally, I would like to highlight that the acquisition of PGI by The Blackstone Group closed in late January, 2011. They are a strategic partner and a supporter of our growth plans. Our goal is to maintain our leadership in high growth regions and add capacity in our proprietary capabilities in spunmelt. We are pleased to complete this transaction and move forward together.

In addition to the equity investment by The Blackstone Group and our management, we successfully recapitalized the company in late January with a \$560 million senior notes offering, providing liquidity and flexibility to execute our strategic plan.

Financial Highlights:

- + Net sales up 30% to \$1.1 billion
- + Gross profit increased 15.4% to \$212.4 million
- + Adjusted EBITDA increased 13% to \$143.1 million
- + Income from continuing operations increased 63% to \$11.0 million
- + Cash flow from operations was \$63.2 million
- + Operating working capital improved by 29% to \$63.0 million

2010 FINANCIAL HIGHLIGHTS

30%
Net Sales Increase
Increase of \$262.7 million

15.4%
Gross Profit Increase
Increase of \$28.4 million

\$11.0M
**Income from Continuing
Operations**
Increased from \$6.8 million

\$63.2M
Cash Flow
From operations

Operations Highlights:

- + We completed a major restructuring initiative by consolidating our North Little Rock, Arkansas facility into the Benson, North Carolina plant to better align our manufacturing capabilities with our long-term strategic direction.
- + We commenced construction of new a spunmelt line at our site in Waynesboro, Virginia.
- + We applied our spunmelt process engineering expertise to dramatically increase productivity at our newly-acquired manufacturing facility in Spain.
- + We continued to expand our presence in China, installing a new spunmelt line at the manufacturing facility in Suzhou and signing an agreement to obtain full ownership of our joint venture in Nanhai.
- + We successfully managed the recovery after major flooding of our facility in Cali, Colombia.

Efficiency gains in our facilities in Europe, Asia and South America, and the closing of the North Little Rock, AR location, were driving factors that helped PGI further progress towards meeting our sustainability goals for 2014.

Sustainability Highlights

- + Carbon footprint down 17%
- + Electricity consumption down 11%
- + Water consumption down 8%
- + Natural gas consumption down 16%
- + Solid waste generation down 28%
- + Average basis weight down 3%
- + Addition of 5 new GRI indicators for a total of 43
- + Commercialization of our biodegradable and compostable J-Cloth® 3000 wipe
- + OSHA incidence rate down 11%

I am very proud of everything that PGI has achieved in 2010. Our organization is in a better position than ever to meet specific market needs with innovative materials, while offering world-class operational efficiency and best-in-class total customer value.

Looking ahead, our formal strategic planning process continues to be a driving factor that pushes PGI forward by focusing our investment into global capabilities, innovation, operational excellence and corporate social responsibility.



Veronica M. Hagen
Chief Executive Officer



Q&A

with the CSO

For us, sustainability is not a special initiative. It is systemic and embedded in our core management processes and objectives, which represents the big change. It's at the heart of our company – it's the way we operate.

JOHN HEIRONIMUS

Senior Vice President
Chief Marketing Officer
Chief Sustainability Officer

We think about our sustainability program not just as a way to drive progress, but as a way to position our company for success in the future world.

How is PGI addressing global trends, and how are PGI's sustainability initiatives aligned with these trends?

When I was offered the position of CSO, I was a bit daunted by the mission because I am not an environmentalist by training. However, it didn't take long for me to realize that the world my children will live in will be very different than today's world. I felt it was important to get involved and help, in some small way, to drive progress.

In a similar fashion, PGI believes that the future world in which it will compete will be very different than today's world. We think about our Sustainability program not just as a way to drive progress but as a way to position our company for success in that future world.

When we think about the future, we of course look at trends. Two seem to be most relevant to us.

First, there is the rising strategic resource challenge and the risk that it poses to future global growth. Since the late 1980s, the consumption of key resources has exceeded the earth's ability to regenerate them. The gap continues to widen, driven largely by population and consumption increases. While experts may disagree on the impact of global warming, I think most would agree that it is at least a risk factor for environmental productivity that could exacerbate the resource gap.

We believe that the rising resource gap will continue to lead to volatility and geo-political instability. These consequences, in turn, will increasingly impact government policies, consumer needs and customer requirements. Some experts believe that we may ultimately see changes in some of the social structures around resource management. From a corporate standpoint, all this means that we have to redouble our efforts around invention, conservation and substitution. We also have to be much more aware of the world around us and seek collaboration opportunities aggressively.

When we considered our eco footprint back in 2009, we realized that we needed to make progress in our consumption of some resources, including energy, water and non-renewable materials. We also wanted to improve our level of new product innovation in order to bring more sustainable products to market. Our industry is fundamentally very clean, but it still made sense to set some goals for recycling and waste management. We set metrics in all of these areas and you can read about our progress in this report.

The second trend we face, of course, is the rising social expectations that are placed on all leading organizations. While this trend is not limited to corporations, nor is it new, the concept of Corporate Social Responsibility is now fairly well established. As a leading organization in our industry, it is also our goal to be recognized as *the* Sustainability Leader. Our recent customer surveys suggest that we have accomplished that goal, largely through our ongoing commitment to transparency and operational progress.

2014 CORPORATE SUSTAINABILITY GOALS

10 new

Sustainable
initiatives commercialized

10% Intensity reduction

In carbon footprint,
consumption of water and
non-renewable resources, and
generation of solid waste

Level A

GRI application level
for sustainability reporting

Zero

Recordable safety incidents

Employee engagement level

Benchmarked as low risk
by corporate leadership council

How relevant is PGI's sustainability program to its various stakeholders?

Our program, just like our report, recognizes that to be a leading organization we must perform against the expectations of all of our stakeholders. In addition to 5-year goals for environmental progress, we have also set goals for safety, employee engagement, customer satisfaction and shareholder value. We continue to make progress in all of these areas.

How does PGI speak to its customers on the broad subject of sustainability and on specific sustainability topics?

We seek partnerships aggressively, and because we are a recognized leader in our industry, we typically have many opportunities to work with customers, non-governmental organizations (NGOs) and governmental organizations (GOs). We have a number of R&D programs underway with third parties right now. We also recognize that we add value to our customers by providing them with industry leading documentation and insights into key Sustainability issues.

Why has PGI decided to initiate this inaugural Stakeholders' Report?

We felt it was a great opportunity to tell our "total story," in other words, how we are performing against the expectations of all of our stakeholders. It is also a chance to tell one, integrated story – not separate ones for shareholders, employees and customers. At PGI, despite being a diverse, global company, all of the parts fit together very well and we are proud of that story.

What are some of the challenges that PGI faces in meeting its published sustainability goals?

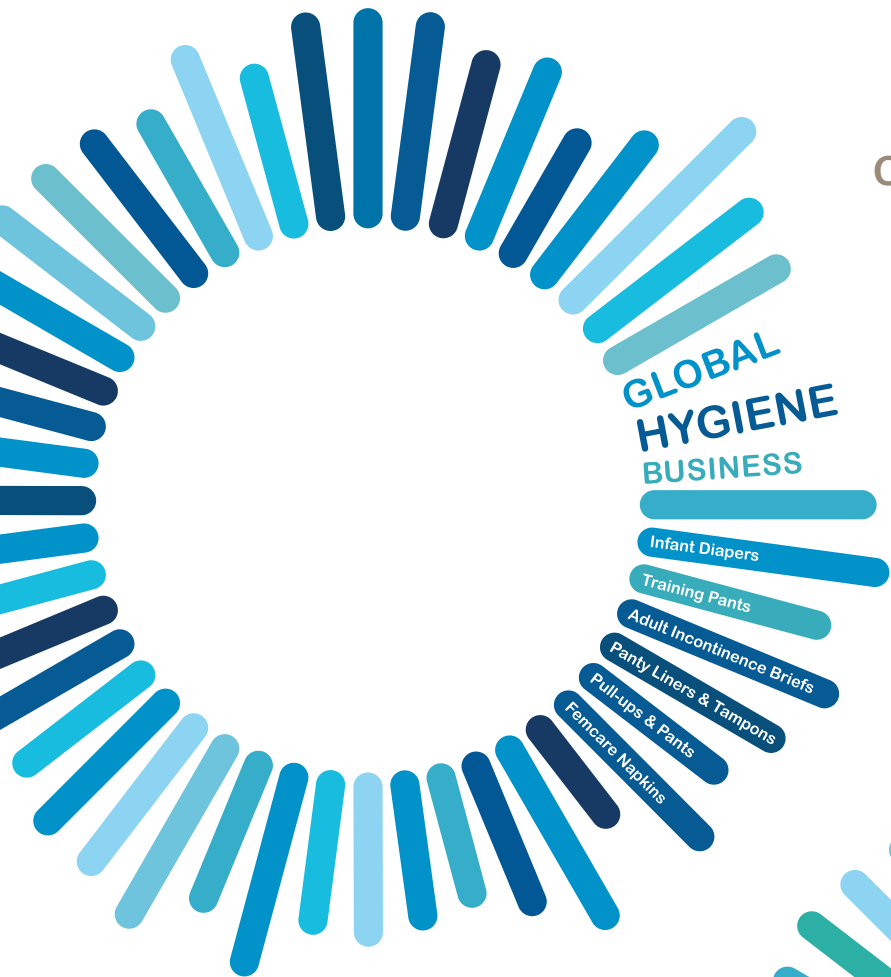
We have made some pretty impressive progress in many key areas and we couldn't be happier with our team's level of engagement. As always, we will continue to raise the bar for ourselves. One challenge we have is that we are a growing company, which, by definition, means that we will be using more resources. Another challenge is that customers often require us to use specific raw materials and that limits our ability to make improvements in areas such as renewability.

One challenge we have is that we are a growing company which, by definition, means that we will be using more resources.

Are some of the regions that PGI serves more advanced than others in terms of sustainability? Do these regions share best practices?

We have had terrific participation in our sustainability initiatives across our global facilities, but our businesses aren't the same everywhere. Understandably, depending on the location, there are differences in product mix, technology, customer requirements and organizational sophistication. Therefore, each of our regions has to identify where and how it can make progress. We have some broad initiatives, such as energy management, that we are implementing globally, but we also have some that are driven locally, such as our biodegradable diaper substrates development project in Mexico. In general though, we have visibility of all the activities within our company and best practices are shared both within and across businesses and geographies.

9
Countries



4
Target Markets



14
Facilities



a Diverse Company Winning as One



PGI TECHNOLOGY

Advanced SMS/ Polypropylene

Created by integrating the processes of spunbond and meltblown technologies.

Spinlace™

A highly efficient manufacturing process that incorporates continuous filament with hydro-entanglement.

Film Lamination

A process of combining various materials through adhesive bonding or extrusion coating.

APEX®

A PGI-patented advancement of hydroentanglement that produces nonwovens with unique textile-like properties.

Thru-Air Bond

Heated air is passed through webs of bi or tri-component fibers causing them to bond together.

Spunbond Polypropylene

Extruded spun filaments are deposited onto a collecting belt where the fibers bond.

Spunlace-Hydroentanglement

High-pressure water jets further entangle webs of loose fibers on moving perforated screens or belts.

Chemical Bond

Carded webs are transitioned into substrates via the means of chemical adhesives.

Advanced Composites

Layers of nonwovens and film substrates are adhered together through ultra-sonics, chemical bonding or extrusion.

Printing

Color is added to PGI substrates in patterns and bonded to the fibers in such a manner as to not permit removal by water or friction.

Apertured Film

Porous mesh structures are created that are liquid permeable

Strategy Separates Us

Our strategy is to be a leading global provider of nonwovens for customers focused on disposable applications. We believe these applications should provide a more stable revenue stream than durable applications, due to their recession-resistant nature and should exhibit long-term growth, especially in emerging markets.

To execute our strategy and drive continued success, we are focused on the following:

Expanding Global Capabilities

We will add capacity in both developed and developing regions, leveraging our global functional and technological best practices and our strong local market presence. We will expand in markets we believe have attractive supply and demand characteristics through a detailed market assessment. We will also evaluate strategic consolidation opportunities, focusing on companies and technologies that further our strategic plan, global competitive position and product offering.

Customer Focus and Innovation

We strive to be the partner of choice for companies seeking materials that enhance performance and offer superior value. We will achieve this by delivering outstanding customer satisfaction and innovative solutions that help our clients succeed. We intend to leverage our culture of innovation, our global organization and our R&D capabilities to deliver products and processes tailored to meet demanding customer specifications.

Operational Excellence

We expect to continue to operate our facilities with a focus on manufacturing excellence, reliability, performance, yield, product quality and consistency to increase value delivered to customers and customer satisfaction. We will leverage our global platform and look for opportunities to improve our supply chain management, while offering solutions to customers to reduce their costs and streamline their operations.

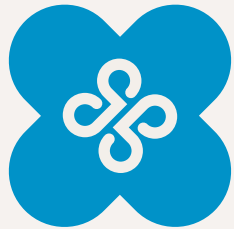
Corporate Social Responsibility

We strive to achieve recognition as a leader in promoting health, safety and sustainability by attaining world-class safety metrics, reducing consumption of resources, and minimizing our environmental impact. We have also set ambitious goals to launch more sustainable products with our supply chain partners. Our sustainability reports are consistent with the GRI's reporting metrics and they outline our approach to corporate social responsibility and environmental sustainability.

Our Target Markets

HY

HYGIENE



PGI substrates are critical components in baby diapers, feminine hygiene products, adult incontinence products and training pants. Our highly engineered products include: top sheet, transfer layer, backsheet fabric, leg cuff fabric, sanitary protective facings, and absorbent pads for incontinence guard, panty shield, and absorbent core applications.

Primary Brands: SuperSoft™, Comfortsilk®, Reticulon®

HC

HEALTHCARE



PGI high-performance materials are used in disposable surgical packs, surgical gowns and drapes, face masks, shoe covers and wound care sponges and dressings.

Primary Brands: Medisoft®, Pentamax®, Poly-breathe®

W

WIPES

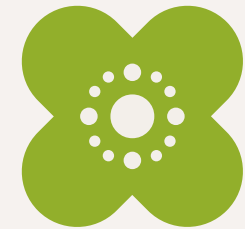


PGI substrates are the foundation for a variety of consumer wipes applications, including personal care and facial wipes, baby wipes, and household cleaning wipes. We also directly market a line of wipes to industrial, foodservice, and janitorial customers.

Primary Brands: Boxer®, Chicopee®, C pro-Chlor®, C pro Quat®, Chix®, Chux®, C-Tex®, Durawipe®, Durawipe® Xtra, Fresh Guy®, Marine Island®, Pick It Up®, Quix®, Stretch'n Dust®, Worxwell®, B-Clean®, Cartex®, Chifonet®, Dusty®, I-Solve®, J-Cloth®, Lavette®, Masslinn®, Morana®, Sur-Prep®, Swansoft®, Ultra-Tex®

IN

INDUSTRIAL



PGI nonwovens serve a diverse collection of industrial end products, including filtration, cable wrap, house wrap, furniture and bedding, and landscape and agricultural applications.

Primary Brands: Agribon®, Agriforce®, Dominion®, Air-Gard®, Cladline®, Cleanswell®, Freeswell®, Liteswell®, Topswell®, Aquapex®, Durapex®, Kiara®, Geca Tapes

PGI's Global Footprint



EUROPE

Barcelona, Spain
Bailleul, France
Cuijk, The Netherlands

Suzhou plant
earned ISO 14001
certification and OHSAS
18001 certification.

PGI Nanhai received
the P&G Hang Pu Baby
Care Best Collaboration
Supplier Award.

S. AMERICA

Cali, Colombia
Buenos Aires, Argentina

PGI Argentina
and Colombia received
prestigious Gold Awards
for Supplier Relationship
Management (SRM) from
Johnson & Johnson.

ASIA

Nanhai, China
Suzhou, China

Innovation Sets Us Apart

PGI offers our customers a long history of innovation, the broadest range of nonwoven technologies in the industry, and a large intellectual property portfolio.

PGI leads the industry in Research & Development, producing top-performing next-generation products – such as our Spinlace® fabrics – and new proprietary technologies that will be included in our investments in 2011.

We have formed alliances with research companies, universities, technology think tanks, raw material suppliers, and customers in an open-innovation model. Working together, PGI has made significant product breakthroughs in 2010.

PGI takes our best-in-class practices and implements them throughout the entire global organization, so that our global customers can have benefits from product innovations. We have gathered dedicated teams of scientists, researchers and engineers to work collaboratively in regional Centers of Excellence in the U.S., Latin America, Europe, and Asia.

2010 Product and Processes Highlights:

- + Continued to move from staple fiber-based products to products made directly from polymers, which reduces our carbon footprint
- + Launched a sustainable wipes product, the J-Cloth® 3000, in Europe
- + Reduced the basis weight of our materials across the board, while maintaining required product performance
- + Continued to perfect our nanofiber technology, enabling us to offer fabrics with the same or better attributes using less raw materials
- + Combined different processes into one continuous operation at our Suzhou, China facility, reducing energy use and solid waste output

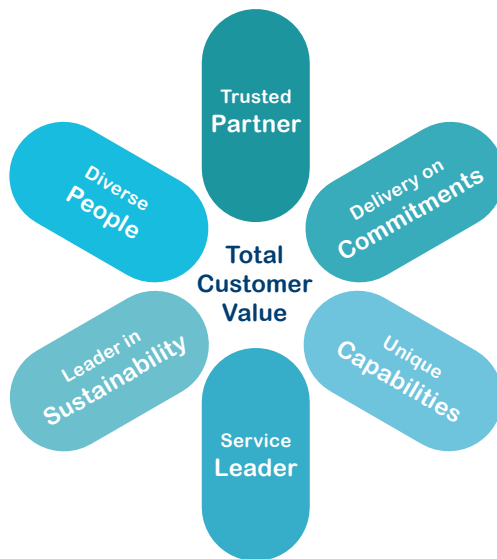
“We are developing products that use less raw materials and are looking at end-use applications that support broad sustainability goals.”

BOB DALE

Senior Vice President, Research & Development



Providing Total Customer Value



How is doing business with PGI different from others?

Simply put, PGI understands how we can best drive value for our customers by listening to them through the “Voice of the Customer” process, and we make this integral to our strategy.

From our customer surveys and research, we learned at least 80 ways we can drive value – from innovation and supply chain management, to technical support, product quality, staff performance and dependability.

We put all this insight together to come up with a Global Value Model for PGI that we are using to measure our own performance, as we strive to be best-in-class in all areas of our business.

The difference customers experience can be seen in all aspects of our company, including our people, our delivery on commitments, our unique capabilities, our leadership in service and sustainability, and our role as a trusted partner.

PGI’s unique position in the marketplace is defined by:

- + Having the industry’s best people
- + Delivering what customers want, when customers want it, where customers want it
- + Partnering with customers to develop solutions that help their businesses
- + Providing global consistency on all levels
- + Having industry-leading processes for customer satisfaction, service and support
- + Being an industry leader in our commitment to corporate social responsibility



PGI's Leadership

Responded to Cali Flood with its Global Footprint

PGI Cali is a leading supplier of nonwovens in the Andean region of South America.

The facility employs 200 people and has been in operation for over 10 years. In December 2010, a severe rainy season impacted many parts of Colombia, and the breach of a levy and a subsequent flooding caused PGI to temporarily suspend manufacturing at the plant.

PGI responded to the situation as quickly as possible, establishing temporary offices and working closely with customers to understand and meet their critical needs. This allowed customers to develop solid contingency plans to minimize business impacts. With the use of PGI's global manufacturing base, 80% of these clients were served during the crisis. PGI's logistical expertise allowed for the fast and efficient movement of materials from its other global operations, while upholding strict quality standards.

The Cali facility resumed full operations in May, 2011. As a result of this event, PGI has implemented steps to minimize the impact of future risks to its employees, assets, and businesses. The adversity at Cali further strengthened PGI's commitment to consistently meeting the needs of customers, regardless of the circumstances.

Carlos Vega, a PGI client and plant manager of the Johnson & Johnson Sanpro facility stated, "PGI's image has always been impressive, but their response to this incident reaffirmed that we have a world-class supplier, in which we can trust."



“We are the only global nonwoven company in the world and a key portion of our value proposition is the ability to capitalize on this for the benefit of our customers.”

MIKE HALE

Executive Vice President &
Chief Operating Officer

Stakeholder Recognition

Serving Our Stakeholders

While PGI is customer-focused and market-driven, we strive to communicate, collaborate, and create value for a broader group of internal and external stakeholders.

PGI was recognized for our its efforts in 2010 with the following distinctions:

- + PGI was featured as one of America's "greenest" companies on Discovery Channel's "Green Magazine Television Earth Day Special"
- + PGI was a runner-up in the 2010 Global Reporting Initiative (GRI) Readers' Choice Awards, for the Engage Award, recognizing the organization that has been scored best by its internal stakeholders
- + PGI's compostable J-Cloth®3000 wipe received DIN CERTCO certification (certification organisation of TÜV Rheinland Group and DIN, the German Institute for Standardization)
- + The Mooresville plant earned the "Carolina Star," from North Carolina Department of Labor, Occupational Safety, and Health and the 2010 Regional Advanced Manufacturing Award in the Green Process category from the Centralina Economic Development Commission
- + The Benson facility earned Business of the Year Award from Benson, NC Chamber of Commerce
- + The Suzhou plant earned ISO 14001 certification and OHSAS 18001 certification
- + The San Luis Potosi plant received a development grant from a Mexican government technology research agency and a corporate social responsibility certificate from the Mexican chapter of the Red Cross
- + PGI Argentina and Colombia received the Johnson & Johnson 2010 Gold Award for productivity improvement and sustained quality, service, cost & innovation results

Stakeholder Groups:

- + Employees and their Families
- + Suppliers, Customers, and Supply Chain Partners
- + Investors and Analysts
- + Governments
- + Communities
- + Industry Associations, Non-Governmental Organizations, and the Media

Sustainability Is Our Priority

Our 2014 sustainability goals – first published in our 2008 Sustainability Report – address product innovation, process inputs and outputs, transparency, safety and employee engagement.

2010 vs. 2009

Electricity Consumption -11% ⚡

Water Consumption -8% 💧

Carbon Footprint -17% ☁

Solid Waste Generation -28% ●

Our approach is executed with the interpretation that sustainability goes far beyond having a portfolio of environmentally advanced products – it is rooted in our company culture, from daily business operations to product design and manufacturing.

In 2010, PGI made additional progress that brought us closer to meeting our sustainability goals, while strengthening our organization as a whole.

We believe sustainability is a continuing journey, focused on long-term objectives, short-term goals and measurable parameters.

SUMMARY OF PROGRESS AGAINST SUSTAINABILITY GOALS

FOCUS AREA	2014 GOAL	2009 PROGRESS	2010 PROGRESS	TOTAL PROGRESS	COMMENTS
Product Innovation	10 new sustainable products / services commercialized	None	1 product	1 product	J-Cloth®3000 compostable, biodegradable wipe commercialized in 2010
Inputs & Outputs	10% reduction in intensity	—	—	—	—
Overall Material Use*	Not Applicable	-18%	-3%	-20%	Average basis weight of output was 21 g/m ² in 2010
Non-Renewable Material Use	-10% on a per kg basis (-1000 basis points)	+200 bps	+400 bps	+600 bps	Changes in product mix and a shift away from carded to spunmelt technology have offset positive gains
Recycled Input Material Use	Not Applicable	+190 bps	-70 bps	+120 bps	9% of total raw material inputs in 2010 were recycled materials
Electricity Consumption	Not Applicable	-17%	-11%	-26%	Reductions attributable to both operational efficiency gains and plant consolidations.
Water Consumption	-10% on a per m ² basis	-32%	-8%	-37%	In 2010, major efficiency gains were achieved at the Tarragona, Spain facility, and the operations at the North Little Rock, AR facility were consolidated into the Benson, NC facility
Carbon Footprint	-10% on a per m ² basis	-19%	-17%	-33%	
Solid Waste Generation	-10% on a per m ² basis	-5%	-28%	-32%	
Transparency	Sustainability Reporting at GRI Application Level A	+10 core indicators	+5 core indicators	+15 core indicators	28/49 (59%) core indicators toward application level A; also report on 15/30 (50%) of additional indicators
Safety	Zero recordable incidents	-11 incidents; -8% Recordable Injury and Illness Incidence Rate	Same number of incidents; -11% Recordable Injury and Illness Incidence Rate	-11 incidents; -18% Recordable Injury and Illness Incidence Rate	50 incidents in 2010; 1.34 Recordable Injury and Illness Incidence Rate
Employment Engagement	Average PGI employee engagement level benchmarked "Low Risk" by Corporate Leadership Council	+0.2 engagement score increase; move from High to Medium Risk benchmark	+0.05 engagement score increase; still Medium Risk, closer to Low Risk benchmark	+0.25 engagement score increase; move from High to Medium Risk benchmark	Increase attributable in part to enhanced employee communications and roll-out of expanded training and development programs

* Additional data reported in EN indicator section

Sustainability Reporting Guidelines

PGI employs the Global Reporting Initiative (GRI) G3 reporting guidelines and framework to report on its sustainability activities. Based on the number and level of disclosures and indicators, PGI is declaring a B-level application.

PGI is open to your feedback

Please submit any suggestions to:

Clifford D. Bridges
Senior Director,
Corporate Communications
& Sustainability
Polymer Group, Inc.

Telephone: +1 704 697 5168
Email: bridgesc@pginw.com



Statement GRI Application Level Check

GRI hereby states that **PGI** has presented its report “A Diverse Company Winning As One” (2010) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 13 May 2011




Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

More information on the GRI can be found at
www.globalreporting.org

Index of GRI Standard Disclosures

- Reported
- Partially or indirectly reported

1.0 STRATEGY & ANALYSIS

- 1.1 P.034 ● Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy (*P.008–011*)
- 1.2 P.035 ● Description of key impacts, risks and opportunities

2.0 ORGANIZATIONAL PROFILE

- 2.1 P.036 ● Name of the reporting organization
- 2.2 P.036 ● Primary brands, products and/or services (*P.005–006, 019, 039*)
- 2.3 P.036 ● Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures
- 2.4 P.038 ● Location of the organization's headquarters
- 2.5 P.038 ● Number of countries where organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report
- 2.6 P.039 ● Nature of ownership and legal form
- 2.7 P.039 ● Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)
- 2.8 P.040 ● Scale of the reporting organization including: 1. *Number of employees* 2. *Net Sales* 3. *Total capitalization broken down in terms of debt and equity* 4. *Quantity of products or services provided*
- 2.9 P.040 ● Significant changes during the reporting period regarding size, structure, or ownership
- 2.10 P.041 ● Awards received in the reporting period

3.0 REPORT PARAMETERS

3.1	P.042	●	REPORT PROFILE Reporting period for information provided
3.2	P.042	●	Date of most recent previous report
3.3	P.042	●	Reporting cycle
3.4	P.042	●	Contact point for questions regarding the report or its contents
3.5	P.042	●	REPORT SCOPE & BOUNDARY Process for defining report content, including: 1. <i>Determining materiality</i> 2. <i>Prioritizing topics within the report</i> 3. <i>Identifying stakeholders the organization expects to use the report</i>
3.6	P.042	●	Boundary of the report
3.7	P.042	●	State any specific limitation on the scope or boundary of the report
3.8	P.043	●	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations
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3.12	P.043	●	GRI CONTENT INDEX Table identifying the location of the Standard Disclosures in the report (<i>P031</i>)
3.13	P.043	●	ASSURANCE Policy and current practice with regard to seeking external assurance for the report

4.0 GOVERNANCE, COMMITMENTS & ENGAGEMENTS

4.1	P.044	●	GOVERNANCE Governance structure of the organization
4.2	P.044	●	Indicate whether the Chair of the highest governance body is also an executive officer
4.3	P.044	●	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members
4.4	P.044	●	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body
4.5	P.045	●	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements) and the organization's performance
4.6	P.045	●	Processes in place for the highest governance body to ensure conflicts of interest are avoided
4.7	P.045	●	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics
4.8	P.047	●	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation
4.9	P.047	●	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance
4.10	P.047	●	Processes for evaluating the highest governance body's own performance

4.11	P.047	●	COMMITMENTS TO EXTERNAL INITIATIVES Explanation of whether and how the precautionary approach or principle is addressed by the organization
4.12	P.047	●	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses
4.13	P.048	●	Memberships in associations and/or national or international advocacy organizations
4.14	P.048	●	STAKEHOLDER ENGAGEMENT List of stakeholder groups engaged by the organization
4.15	P.048	●	Basis for identification and selection of stakeholders with whom to engage
4.16	P.048	●	Approaches to stakeholder engagement
4.17	P.048	●	Key topics and concerns that have been raised through stakeholder engagement

Strategy & Analysis

1.0

1.1 Statement from senior decision-makers

Please see our CEO's statement on page 008, and our CSO's statement on page 013.

PGI's primary sustainability objectives can be summarized as follows:

1. We will reduce our ecological footprint – primarily by driving continual operational efficiencies. Our biggest focus will be reducing electric consumption, which represents 83 percent of PGI's carbon footprint.
2. We will focus our expansion on innovation into nonwoven products that bring sustainable benefits or enable our customers or end users to improve their performance. We will also actively seek supply partnerships that introduce more sustainable raw materials.
3. We will pursue best-in-class customer satisfaction and deliver clearly discernable value to our customers and technology end users.
4. We will inspire our employees to conserve and bring efficiencies through invention and material substitution. Our sustainability practices will be incorporated into everyday activities, and we will engage employees in these practices and in awareness of their communities.
5. We will work hard to achieve a recognized industry-leading position for sustainability, social responsibility and global community contributions.
6. We will position PGI to be a responsible and successful company in a future global society that will be very different. Our operational efficiencies will focus on sustainability but also reduce costs and achieve competitive advantage.

In pursuing these objectives, PGI has established the following goals to be achieved by 2014:

- + Commercialize **10** new sustainable initiatives
- + Reduce our carbon footprint by **10%**
- + Reduce the use of water in manufacturing by **10%**
- + Reduce the use of non-renewable materials in delivered products by **10%**
- + Reduce solid waste from manufacturing processes by **10%**
- + Report at an **A** GRI application level
- + Reduce recordable safety incidents to **zero**
- + Achieve a **Low Risk** employee engagement benchmark level

1.2 Impacts

PGI's business activities have three main impacts:

Environmental

PGI consumes primarily non-renewable raw materials, and uses water and direct energy to convert those materials into products or product components, which are in turn ultimately disposed of in landfills or incinerators.

Health

PGI's materials are key components of products which contribute to improved personal hygiene, healthcare treatment and personal protection, limit the spread of disease and infection, and improve the cultivation of food staples.

Safety

While PGI strives for continuous improvement in the prevention and limitation of employee injury, PGI's operations entail manual labor in sophisticated manufacturing environments which continually challenge personal safety.

1.3 Opportunities

Many of PGI's customers rely on us as material providers to indirectly substantiate their own sustainability positions with consumers. As such, PGI has opportunities to improve in each of its main impact areas:

Environmental

PGI's R&D and Operations groups are spearheading efforts to transition to renewable raw materials, minimize the water and energy required for our conversion processes, and alter formulations to enhance material biodegradability.

Health

PGI's product innovation efforts are squarely focused on partnering with customers to facilitate advancements in maintaining and improving global health.

Safety

PGI's Operations group is leading the implementation of a behavior-based safety protocol designed to further enhance our ability to prevent employee injury.

Risks

Among PGI's business risks impacting future financial performance, there are three directly related to sustainability trends, impacts and opportunities:

- + Increases in prices for raw materials and energy or the unavailability of raw materials could reduce our profit margins.
- + We generate most of our revenue from the sale of manufactured products that are used in a wide variety of consumer and industrial applications and the potential for product liability exposure could be significant.
- + We could incur substantial costs to comply with environmental laws, and violations of such laws may increase costs or require us to change certain business practices.

Among PGI's business risks, there are four indirectly related to sustainability trends, impacts and opportunities:

- + We must continue to invest significant resources in developing innovative and sustainable products to maintain a competitive edge in the highly specialized markets in which we operate.
- + A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales, or negatively affect our results of operation and financial condition.
- + In response to changing market and environmental conditions, we may decide to restructure certain aspects of our operations, resulting in additional cash restructuring charges and asset impairment charges.
- + Reductions in our selling prices to customers, pursuant to contractual requirements or imposed environmental laws, could reduce our profit margins.

OPERATIONS RISKS

ARE MITIGATED
THROUGH PROGRAMS
SUCH AS:

P.A.S.S. (Pro-Active Safety System)

This requires each plant to have a documented inspection plan and to conduct area safety inspections on a routine basis. Corrective actions to address exposures are tracked to completion.

Near-Miss Reporting

This informal process encourages all employees to report any unsafe conditions through an easy-to-access web page via the company's intranet.

Capital Project Handover Safety

A series of 35 safety-related checkpoints are reviewed with each new asset installation or significantly-modified piece of equipment. This review requires signature approval by the plant manager and project leader.

FM Global Audits

An independent third-party conducts annual audits of PGI's facilities to make certain appropriate protections are in place and that properties are managed effectively. Reviews also exist for PGI's Lockout/Tagout procedures, Safe Job Procedures and Emergency Evacuation Plans. Risk management results are communicated to the CFO monthly and to the Audit Committee quarterly.

Organizational Profile

2.0

2.1 Name of Reporting Organization

Polymer Group, Inc.

2.2 Primary Brands, Products and or Services

Please see pages 005–006, 019 and 039 for a description of our target markets and a representative listing of products for each business.

Corporate Profile

PGI is a leading global innovator, manufacturer and marketer of engineered materials, focused primarily on the production of nonwoven products. Nonwovens are a high-performance and low-cost fabric-like alternative to traditional textiles, paper and other materials. They can be made with specific value-added characteristics including absorbency, tensile strength, softness and barrier properties, among others. Our nonwoven products are critical components used in consumer and industrial products, including hygiene, healthcare, wipes and industrial applications. Hygiene applications include baby diapers, feminine hygiene products, and adult incontinence products; healthcare applications include surgical gowns and drapes; wiping applications include household, personal care and commercial cleaning wipes; and industrial applications include filtration, house wrap and furniture and bedding.

According to certain industry sources, annual sales in the nonwovens market are estimated to exceed \$25.0 billion. PGI is the fourth-largest merchant manufacturer of nonwovens in the world and the leading merchant supplier of nonwovens for disposable applications. We are also the largest or second-largest supplier of nonwovens for disposable applications in most of the regional markets where we operate. We believe that disposable applications are less cyclical than other applications and will

\$1.1B

Consolidated net sales
in 2010

14

Manufacturing &
converting facilities

3,211

Employees worldwide

have higher growth rates in the future.

PGI has one of the largest global platforms in our industry, with 14 manufacturing and converting facilities in nine countries throughout the world, including a significant presence in emerging markets like Asia and Latin America. Our manufacturing facilities are strategically located near many of our key customers in order to increase our effectiveness in addressing local and regional demands, as many of our products do not ship economically over long distances. We work closely with our customers, which include well-established multinational and regional consumer and industrial product manufacturers, to provide engineered solutions to meet increasing demand for more sophisticated products. We believe that we have one of the broadest and most advanced technology portfolios in the industry.

Patents and Trademarks

PGI considers its global intellectual property, in the aggregate, to be important to its business and seeks to protect its brands and patentable inventions, in part through the United States and foreign patents and trademark registrations. The company holds over 450 trademark and domain registrations and pending trademark applications worldwide. It also holds over 400 patents and pending patent applications globally.

2.3 Operational structure of the organization, including main divisions

PGI operates in two segments: Nonwovens and Oriented Polymers. These segments represented approximately 91% and 9% of our net sales, respectively, for 2010. Our Nonwovens segment generated

the majority of our operating income over the same period.

Nonwovens Segment

PGI's Nonwovens segment develops and sells products that are critical substrates and components used in various consumer and industrial products. Our products are used in hygiene applications including baby diapers, feminine hygiene products, adult incontinence products; healthcare applications including surgical gowns and drapes; household and commercial wipes; and various durable industrial applications including filtration, house wrap and furniture and bedding. Our key customers include global and regional manufacturers such as Proctor & Gamble (diapers, feminine sanitary protection, household wipes), Kimberly-Clark (diapers, surgical drapes, face masks) and Cardinal Health (surgical drapes, medical accessories).

Oriented Polymers Segment

PGI's Oriented Polymers segment utilizes extruded polyolefin processes and woven technologies to produce a wide array of products for industrial packaging, building products, agriculture and protective apparel applications.

Board of Directors

The Board of Directors is the ultimate authority of PGI in the management of its business operations. The Board's role is to govern the affairs of PGI to the appropriate extent under the corporate laws of the State of Delaware. The Board appoints the company's officers, assigns responsibilities to them regarding the management of operations, and reviews their performance.

The responsibilities of a number of committees are also defined by the Board of Directors and are stated in the company bylaws and in the respective committee charters. The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, elects members to each committee of the Board of Directors and has the authority to change memberships or the responsibilities of any committee.

Board of Directors / Polymer Group, Inc.

Veronica Hagen (CEO, Polymer Group, Inc.)

Chinh Chu (Director, The Blackstone Group)

Anjan Mukherjee (Director, The Blackstone Group)

Jason Giordano (Director, The Blackstone Group)

James Alder (Director, Celanese Corp.)

Mark Burgess (Director, Graham Packaging Co.)

2.4 Location of organization's headquarters

9335 Harris Corners Parkway
Suite 300
Charlotte, North Carolina, 28269
USA

Telephone: +1 704 697 5100
Fax: +1 704 697 5116

2.5 Countries of Operation

As of the 1st of January 2011, PGI operates 14 manufacturing and converting facilities and two sales offices in nine countries. The facilities are located as follows:

United States

- + Benson, North Carolina
- + Mooresville, North Carolina
- + Waynesboro, Virginia
- + Clackamas, Oregon

Canada

- + North Bay, Ontario
- + Magog, Quebec
- + Montreal, Quebec (Sales)

France

- + Bailleul

The Netherlands

- + Cuijk

Spain

- + Barcelona (Sales)
- + Tarragona

Argentina

- + Buenos Aires

Colombia

- + Cali

Mexico

- + San Luis Potosi

China

- + Nanhai
- + Suzhou

Countries of Operation

Canada

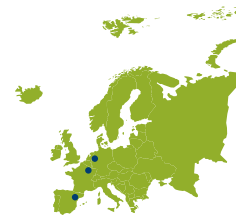
8%



North Bay, Ontario
Magog, Quebec
Montreal, Quebec (Sales)

Europe

25%



Bailleul, France
Cuijk, The Netherlands
Barcelona (Sales) and Tarragona, Spain

US

29%



Benson, North Carolina
Mooresville, North Carolina
Waynesboro, Virginia
Clackamas, Oregon

Latin America

27%



Buenos Aires, Argentina
Cali, Colombia
San Luis Potosi, Mexico

Asia

11%



Nanhai and Suzhou, China

2.6 Nature of Ownership and Legal Form

Polymer Group, Inc. was incorporated under the laws of the State of Delaware on June 16, 2004.

Prior to January 28, 2011, the Company’s common stock was publicly traded. On January 28, 2011, the Company merged with Scorpio Merger Sub Corporation, a company controlled by investment funds affiliated with The Blackstone Group, and as a result, the Company became a privately-held company.

The Blackstone Group, one of the world’s leading global investment and advisory firms, was founded in 1985. Blackstone’s alternative asset management businesses include the management of corporate private equity funds, collateralized loan obligation vehicles and closed-end mutual funds. Blackstone also provides various financial advisory services, including mergers and acquisition advisory, restructuring and reorganization advisory, and fund placement services. Through its different businesses, Blackstone had total fee-earning assets under management of approximately \$109.5 billion as of December 31, 2010.

2.7 Markets served

PGL manufactures nonwoven products for product applications in four market segments. In each of these markets, products are sold to manufacturers or contract manufacturers for production as retail or institutional goods.

Markets Served



Key Customers

Procter & Gamble
Kimberly-Clark
SCA

Cardinal Health
3M
Johnson & Johnson

Yum! Brands

Leggett & Platt
Dow
Chiquita

Representative End Products

Baby diapers, feminine hygiene products, adult incontinence products, and training pants

Surgical gowns and drapes, face masks, shoe covers and wound care sponges and dressings

Personal care, facial wipes, baby wipes, and household wipes

Commercial food service, general purpose, building care and health care wipes

Filtration, cable wrap, house wrap, furniture and bedding, and landscape and agricultural applications

2.8 Scale of Reporting Organization

As of January 1, 2011, PGI had approximately 3,211 employees. Of this total, approximately 47% of these employees are represented by labor unions or trade councils that have entered into separate collective bargaining agreements with the company. Approximately 36% of the company’s labor force is covered by collective bargaining agreements that will expire within one year. We believe we generally have good relationships with both our union and non-union employees.

2.9 Significant Changes During the Reporting Period

In late 2010 PGI signed a merger agreement to be acquired by an affiliate of the Blackstone Group. The transaction helps continue to position PGI as a leader in the nonwovens industry.

During the first two quarters of 2010, there was a significant increase in the cost of polypropylene resin and other raw materials that negatively impacted gross margins and profitability compared to the first six months of 2009.

The following details additional significant changes that occurred in our operating regions in 2010:

U.S.

- + In order to better align its manufacturing capabilities with its long-term strategic direction, PGI completed a restructuring initiative by consolidating its North Little Rock, Arkansas facility into the Benson, North Carolina plant.
- + PGI entered a purchase commitment and a lease agreement and commenced construction of new a spunmelt line at its Waynesboro, Virginia site. Commercial production is expected to initiate at this facility in 2011.

Product Shipped to Customers

15 BILLION M² PRODUCT SHIPPED TO CUSTOMERS

315 MILLION KG PRODUCT SHIPPED TO CUSTOMERS

\$1,145,405,000 NET SALES

\$731,977,000 TOTAL ASSETS

\$588,725,000 TOTAL LIABILITY

\$328,170,000 LONG TERM DEBT, LESS CURRENT PORTION

\$143,252,000 TOTAL EQUITY

Europe

- + Because PGI acquired its facilities in Spain at the end of 2009, the 2010 reporting period reflects the impacts of PGI's management and operational influence.

South America

- + In keeping with its strategy to grow its presence in South America, PGI gained full ownership of its Argentina business in the third quarter of 2009.
- + In December 2010, a severe rainy season caused PGI to temporarily cease manufacturing at the Cali, Colombia facility due to a breach of a levy and flooding. While the facility is not operational, it is estimated that profits will be negatively impacted due to overhead costs related to the restoration and lost profit contribution from the facility. PGI expects the facility to be operational early in the second quarter of 2011.

China

- + PGI continued to expand its presence in China, initiating installation of a new spunmelt line at its manufacturing facility in Suzhou, and signing a contract to gain full ownership of its Chinese subsidiary in Nanhai.

2.10 Awards Received During 2010

PGI received the following awards in 2010:

- + Official runner-up in the 2010 Global Reporting Initiative (GRI) Readers' Choice Awards, for the Engage Award, recognizing the organization that has been scored best by its internal stakeholders.
- + Mooresville, NC plant earned the "Carolina Star," North Carolina's highest safety certification and the most difficult safety certification in the U.S. for a company to earn, from the North Carolina Department of Labor, Occupational Safety, and Health.
- + Mooresville, NC plant also earned the 2010 Regional Advanced Manufacturing Award in the Green Process category from the Centralina Economic Development Commission for removing chemicals from the cooling process, and thereby reducing the impact of its waste stream.
- + Corporate social responsibility awards from the Benson, NC Chamber of Commerce and the Mexican chapter of the Red Cross.
- + PGI Argentina and Colombia received the Johnson & Johnson 2010 Gold Award for productivity improvement and sustained quality, service, cost & innovation results.

Report Parameters

3.0

3.1 Reporting Period

This report is based on fiscal 2010 corporate-level data for the period ending January 1, 2011. Comparative indicators are referenced to the fiscal 2009 reporting period.

3.2 Date of the most recent previous report

PGI's second sustainability report was posted on its corporate web site www.polymergroupinc.com in May 2010 for the fiscal 2009 reporting period.

3.3 Reporting Cycle

Annual

3.4 Contact for questions regarding the report

Clifford D. Bridges
Senior Director,
Corporate Communications
& Sustainability

Polymer Group, Inc.
9335 Harris Corners Parkway
Suite 300
Charlotte, NC 28269

Telephone: +1 704 697 5168
Email: bridgesc@pginw.com

3.5 Process for Defining Report Content

PGI believes that a clear definition of all aspects of its business conduct is paramount to success and necessary for a sustainable future. We have invested time and utilized the appropriate personnel to complete the compilation and writing of PGI's first annual Stakeholders' Report.

The process for creating this integrated report follows closely from our 2009 Sustainability Report, with the addition of relevant financial and organizational information that has historically been included in our annual reports.

It is an initiative driven by PGI's Senior Director of Global Communications in conjunction with the Director of Strategic Planning & Analysis. The primary goal is to report on the company's financial status in 2010 and to benchmark basic sustainability indicators and identify sustainability goals endorsed by the corporate executive lead team.

Our Chief Sustainability Officer appointed a committee comprising team members from operations, marketing, strategic planning and global communications. The committee's responsibility is to establish and follow procedures and processes that will ensure accurate ongoing collection of data pertinent to the GRI format.

3.6 Boundary of the report

This report addresses operations and activities in all PGI facilities. Our three administrative offices are excluded from the majority of the quantitative environmental data reported.

3.7 Limitations on the scope or boundary of the report

This report addresses the broad and full range of economic, environmental and social impacts of PGI, as defined in the context of GRI reporting guidelines and within the boundary described in 3.6.

3.8 Basis for reporting that can significantly affect comparability from period to period or between organizations

The basis for reporting on joint ventures and subsidiaries and other entities does not significantly affect comparability from period to period or between organizations.

3.9 Data measurement techniques and the basis of calculations

Along with site-specific ISO 9001 registration, PGI has specific core values that govern our behavior and actions. To adhere to our ISO 9001 registration and core values, we are self-critical with respect to measurement against established annual goals and metrics for all facets of the organization. To ensure that results meet established goals, business performance is reviewed and adjusted at established intervals.

Data for this report was extracted from specific intra-company sources that are unique to the particular needs of the respective measure. A critical source of information was our Enterprise Resource Planning System. In several instances, data was cross-checked against financial reports to ensure accuracy. In all cases, devices used for data gathering met PGI local policy for calibration, measuring, measuring equipment / systems, and critical instruments. Greenhouse gas emissions were calculated using the Greenhouse Gas Protocol (GHG Protocol).

3.10 Explanation of the effect of any re-statements of information provided in earlier reports

Re-statements have not been employed.

3.11 Significant changes from previous reporting periods

This is PGI's first annual Stakeholders' Report, which integrates our sustainability report based on GRI guidelines with our annual report.

In 2010, PGI completed a restructuring initiative that consolidated the North Little Rock, Arkansas facility into the Benson, North Carolina plant as a means of better aligning its manufacturing capabilities with its long-term strategic direction. As a result of this change, the 2010 report does not contain data from the North Little Rock facility.

Since PGI acquired its facilities in Spain at the end of 2009, the 2010 reporting period reflects the impacts of PGI's management and operational influence, while the 2009 data does not.

GRI Content Index

3.12 Table identifying the location of the Standard Disclosures in the report

Please refer to the Index of Standard Disclosures located on page 031.

Assurance

3.13 Policy and practice with regard to external assurance for the report

External assurance was not utilized for this report, but is planned for later reports.

THE FOLLOWING

STAKEHOLDERS ARE
ANTICIPATED TO USE PGI'S 2010
INTEGRATED REPORT:

Customers

Supply Chain
Partners

Employees

Communities

Investors &
Analysts

Industry
Associations

The Media

Think Tanks

Potential
Employees

Government

The GRI principle for defining the nature of the content as to materiality, inclusiveness, sustainability context, and completeness were employed in the writing of this report.

Governance, Commitments & Engagements

4.0

Governance, Commitments and Engagement

4.1 Governance structure of the organization

PGI's leadership is structured in a manner that grants essential decision-making at various levels of management, guided by the CEO, COO, and CFO. The company relies on the Board of Directors to be familiar with operations via review sessions, where they address issues deemed important.

The Board of Directors at PGI currently comprises six Board Members. Corporate officers are accountable to the Board, and accountable for their management roles within the company.

PGI's Board Members are described in disclosure 2.3.

PGI's Sustainability Governance Committee, under the direction of the Chief Sustainability Officer, acts as the governance body within the company for key sustainability issues. This committee formulates reports for the Board of Directors that guide the Board in its decisions pertaining to PGI's Sustainability Policy.

4.2 Is the Chair of the Board of Directors also an executive officer

The Chair of the Board of Directors is not an executive officer.

4.3 Number of members of the Board of Directors that are independent and / or non-executive members

There are six Board Members and two will be independent and / or non-executive members.

Independent / Non-Executive:

An Independent Director is a member of the Board who is neither a paid employee nor consultant (now or within the last 3 years) and is not affiliated with companies who do business with PGI, or is not a relative of an employee nor related to an individual affiliated with companies who do business with PGI.

PGI has currently appointed two Independent / Non-Executive Directors.

4.4 Mechanism for shareholders and employees to provide recommendations or direction to the Board of Directors

Stockholders and other parties interested in communicating directly with the Board of Directors may do so by writing to the Corporate Secretary, Polymer Group Inc., 9335 Harris Corners Parkway, Suite 300, Charlotte, NC 28269.

The PGI Corporate Secretary regularly forwards to the Board a summary and copies of all such correspondence that, in his opinion, relates to the functions of the Board or committees or otherwise requires their attention. Directors may at any time review a log of all correspondence that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Audit Committee and handled in accordance with established procedures.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance

The Compensation Committee regularly reviews PGI's compensation plans to ensure that pay levels and elements of compensation are consistent with our compensation philosophy. The goals of our compensation plans and compensation policies are generally to create a meritocracy by considering individual performance and contribution and to invest in future potential in every aspect of compensation. Compensation structures are designed to deliver median compensation when median performance is achieved, at the individual, operating unit, or corporate level.

Material increases for executive officers' compensation typically happen in three situations: when performance is so outstanding that the Compensation Committee, at the CEO's recommendation, awards a cash payout and / or special equity award; when market salary survey data indicates a disparity; or when there is an internal disparity in levels of executive compensation considering the executive officer's relative responsibilities and experience.

Our compensation decisions are also influenced by the general status of global economic activity. In times of uncertain global economic activity, our short-term and long-term financial planning is impacted. This may cause us to be more conservative in our compensation decisions to manage employment stability and profitability in the face of uncertain economic conditions.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided

All Directors, Officers, and Employees of PGI are required to comply with the Company's Code of Business Conduct. The Code of Business Conduct is written to ensure that Directors, Officers and Employees conduct themselves ethically in their daily performance.

*** The Code is available at the following link: http://media.corporate-ir.net/media_files/ootc/polga.ob/reports/codeof-conduct.pdf**

Transactions with related persons are required to be disclosed under our Code of Ethics and our Code of Business Conduct, whose policies include disclosure of items covered by item 404(a) of SEC Regulation S-K. Depending on the source and type of related person transactions, the Audit Committee – which is charged with reviewing reports and disclosures of insider and affiliated party transactions – or the full Board may review, approve or ratify the related person's transaction, each in accordance with the standards stated in the Code of Business Conduct or Code of Ethics.

4.7 Process for determining the qualifications and expertise of the members of the Board of Directors

The Nominating Committee, among other duties, assists the Board by identifying individuals qualified to become Board members, recommends individuals to the Board for nomination as members of the Board and its committees, leads the Board in its annual review of the Board's performance, and develops and recommends to the Board a set of corporate governance guidelines. The Board has adopted a Nominating and Corporate Governance Committee Charter and Nominating and Corporate Governance Guidelines that can be found on the Investor Relations page of our website.

*** The investor relations page can be found at: <http://phx.corporate-ir.net/phoenix.zhtml?c=95877&p=irol-IRHome>**

2010

PGI VALUES

Safety

Integrity

Trust

Customer Relationships

Innovation

Accountability

Team & Winning Spirit

Excellence



Committed
to making the world
a safer, better
place



4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environment, and social performance and the status of their implementation

PGI Purpose Statement

PGI strives to be the premier partner of choice for innovative companies seeking materials that, in simplest terms, perform better and offer superior value.

We will achieve this by delivering outstanding customer satisfaction and solutions that help them succeed.

We are committed to making the world a safer, better place by providing the highest quality products to customers in four markets around the world – hygiene, healthcare, wipes, and industrial.

The contributions of our people will be recognized as the key to our success in achieving leadership and creating value for stakeholders.

Corporate Social Responsibility Vision

To achieve recognition as a leader in promoting health, safety, and sustainability through the products we make, and by attaining world-class safety metrics, reducing consumption of resources, and minimizing environmental impact.

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

The Sustainability Governance Committee meets regularly. Each committee member is accountable for specific responsibilities pertaining to the execution and reporting of PGI's sustainability policies and practices.

4.10 Process for evaluating the highest governance body's performance, particularly with respect to economic, environmental, and social performance

Each Board Committee reviews itself annually relative to performance against its charter. Each committee makes regular reports to the Board of Directors. The Compensation Committee reviews the performance and compensation of the Chief Executive Officer.

Commitments to External Initiatives

4.11 Explanation of how the precautionary approach or principle is addressed by the organization

Principle 15 of the Rio Declaration defines the precautionary approach to protecting the environment, and that it shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

As a responsible corporate organization, PGI supports the precautionary principle. PGI views the precautionary principle as an application of risk assessment, including hazard identification. Product safety and all the inherent processes and ingredient materials used in our manufacturing are subject to review on an ongoing basis.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses

PGI Colombia serves the community of Cali, Colombia by donating its recyclable residues from its production plant to a charity organization called FUNDAMOR – which provides for underprivileged children affected by AIDS.

A specialized company called GERT receives scrap materials directly from PGI Colombia and separates the recyclables in accordance with environmental regulations. GERT also certifies the correct handling of residues in compliance with environmental legislation.

A significant portion of the proceeds from the sales of scrap materials are turned over to FUNDAMOR to help attend to children's needs. PGI Colombia has been supporting FUNDAMOR since early 2004.

PGI'S SUSTAINABILITY GOVERNANCE COMMITTEE

PGI's Sustainability Governance Committee is led by Chief Sustainability Officer, John Heironimus, and comprises 13 other PGI personnel:

Clifford Bridges
Global Communications

Matthew Cook
Global Procurement

Yan Cui
Operations – Asia

Alex Eggleston
E, H&S – North America

Bill Heatlie
Quality Control – Canada

Martha Landrum
Global Human Resources

Norm McClave
Corporate Strategic Planning
& Analysis

Steven Millsap
Corporate Law Department

Andre Oosting
E, H&S – Europe

Jorge Serra
Operations – Latin America

Beth Stolarick
Human Resources – North America

Joan Vanness
Information Technology – Europe

Jack Wang
Continuous Improvement &
Sustainability – Asia

4.13 Memberships in associations and / or advocacy organizations

- + International Nonwovens & Disposables Association (INDA)
- + European Disposables & Nonwovens Association (EDANA)
- + Asia Nonwovens Fabric Association (ANFA)
- + Global Reporting Initiative (GRI)

4.14 List of stakeholder groups engaged by the organization

- + Customers
- + Supply chain partners
- + Employees
- + Communities
- + Investors and analysts
- + Industry associations
- + The media
- + Think tanks
- + Potential employees
- + Government

4.15 Basis for identification of stakeholders with whom to engage

PGI's stakeholders are individuals or groups who can have an impact on the company's ability to conduct business, or who may be impacted by our activities, such as customers.

4.16 Approaches to stakeholder engagement

There are numerous ways that our stakeholders can communicate with us and engage in dialogue. Our website offers three different portals for individuals to communicate directly. Our contact information, including postal addresses and relevant service telephone numbers, are also publicized on our website and in public documents.

Customers

Meetings are conducted regularly to engage with our customers and understand their needs, as well as to assess our quality and performance ratings. A global digital customer survey is available on our websites, enabling customers to comment at their convenience on numerous points, with categories pertaining to all levels of customer interaction.

Employees

Employee opinion surveys are conducted regularly and reviewed across the Board of Directors and management. Leadership programs are conducted, as well as quarterly meetings to update all employees on performance and the current state of the company.

Supply Chain Partners

Meetings are conducted on a regular basis with key suppliers to share our needs and give them insight into our sustainability goals.

4.17 Key topics and concerns raised through stakeholder engagement, and how the organization has responded to those key topics and concerns

PGI's Chief Sustainability Officer co-chairs a sustainability sub-committee of the International Nonwovens & Disposables Association (INDA). In this capacity, PGI's CSO – supported by the PGI Sustainability Governance Committee – has worked with stakeholders to develop an industry-wide scorecard with common metrics to measure sustainability performance.

Index of GRI Performance Indicators

For this 2010 Stakeholders' Report, PGI is using the performance indicators outlined in this index, which are consistent with our application level of B in reporting against the GRI G3 guidelines and framework.

- Reported
- ◐ Partially or indirectly reported

DMA EC DISCLOSURE ON MANAGEMENT APPROACH EC (P.005, 052, 054–055)

- ◐ Economic performance (P052, 054)
- Market presence (P055)
- Indirect economic impacts (P055)

DMA EN DISCLOSURE ON MANAGEMENT APPROACH EN (P.005–006, 011, 014–015, 056–067)

- Materials (P056–058)
- ◐ Energy (P059)
- Water (P011, 014, 015, 060–061)
- Biodiversity (P061)
- ◐ Emissions, effluents and waste (P011, 062–064)
- Products and services (P005–006, 065)
- Compliance (P066)
- Other (P066–067)

DMA LA DISCLOSURE ON MANAGEMENT APPROACH LA (P.004, 018, 027, 034–035, 068–070)

- Employment (P068–070)
- Labor / management relations (P004, 070)
- Occupational health and safety (P035, 070)

DMA HR DISCLOSURE ON MANAGEMENT APPROACH HR (P.014, 018, 027, 034, 072)

- Investment and procurement practices (P072)

DMA SO DISCLOSURE ON MANAGEMENT APPROACH SO (P.075)

- Corruption (P075)
- Public policy (P075)
- Anti-competitive behavior (P075)
- Compliance (P075)

DMA PR DISCLOSURE ON MANAGEMENT APPROACH PR (P.029, 076, 079)

- Product and service labelling (P076)
- Marketing communications (P079)
- Customer privacy (P079)
- Compliance (P079)

EC ECONOMIC

EC1	P.052	●	ECONOMIC PERFORMANCE
			Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments
EC3	P.054	●	Coverage of the organization's defined benefit plan obligations
EC6	P.055	●	MARKET PRESENCE
			Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation
EC9	P.055	●	INDIRECT ECONOMIC IMPACTS
			Understanding and describing significant indirect economic impacts, including the extent of impacts

EN ENVIRONMENTAL

EN1	P.056	●	MATERIALS
			Material used by weight or volume
EN2	P.058	●	Percentage of materials that are recycled input materials
EN3	P.059	●	ENERGY
			Direct energy consumption by primary source
EN5	P.059	●	Energy saved due to conservation and efficiency improvements
EN8	P.060	●	WATER
			Total water withdrawal by source
EN9	P.061	●	Water Sources significantly affected by withdrawal of water
EN10	P.061	●	Percentage and total volume of water recycled and reused

EN11	P.061	●	BIODIVERSITY
			Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN16	P.062	●	EMISSIONS, EFFLUENTS, AND WASTE
			Total direct and indirect greenhouse gas emissions by weight
EN18	P.063	●	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN19	P.063	●	Emissions of ozone-depleting substances by weight
EN20	P.063	◐	NOx, SOx, and other significant air emissions by type and weight
EN21	P.064	●	Total water discharge by quality and destination
EN22	P.064	●	Total weight of waste by type and disposal method
EN23	P.065	●	Total number and volume of significant spills
EN24	P.065	●	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
EN25	P.065	●	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff
EN27	P.066	●	PRODUCTS AND SERVICES
			Total weight of waste by type and disposal method
EN28	P.066	●	COMPLIANCE
			Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
EN30	P.066	●	OVERALL
			Total environmental protection expenditures and investments by type

LA LABOR PRACTICES & DECENT WORK

LA1	P.068	●	EMPLOYMENT Total workforce by employment type, employment contract, and region
LA2	P.069	●	Total number and rate of employee turnover by age group, gender, and region
LA3	P.070	●	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations
LA4	P.070	●	LABOR/MANAGEMENT RELATIONS Percentage of employees covered by collective bargaining agreements
LA5	P.070	●	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements
LA7	P.071	●	OCCUPATIONAL HEALTH AND SAFETY Rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities by region

HR HUMAN RIGHTS

HR2	P.072	●	INVESTMENT & PROCUREMENT PRACTICE Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
HR3	P.072	●	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR4	P.072	●	NON-DISCRIMINATION Total number of incidents of discrimination and actions taken

SO SOCIETY

SO2	P.075	●	CORRUPTION Percentage and total number of business units analyzed for risks related to corruption.
SO4	P.075	●	Actions taken in response to incidents of corruption.
SO7	P.075	●	ANTI-COMPETITIVE BEHAVIOR Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
SO8	P.075	●	COMPLIANCE Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

PR PRODUCT RESPONSIBILITY

PR4	P.076	●	PRODUCT & SERVICE LABELLING Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
PR5	P.076	●	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
PR6	P.079	●	MARKETING COMMUNICATION Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
PR7	P.079	●	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes
PR8	P.079	●	CUSTOMER PRIVACY Total number of substantiated complaints regarding breaches of customer privacy and of customer data
PR9	P.079	●	COMPLIANCE Monetary value of significant fines for noncompliance with laws and regulations the provision and use of products and services

Economic

EC1

ECONOMIC PERFORMANCE

Direct economic value generated and distributed – including revenues, operating costs, employee compensation, donations, and other community investments, retained earnings, and payments to capital providers and governments

STATEMENT OF OPERATIONS	FISCAL YEAR ENDED	
	JANUARY 1, 2011	JANUARY 1, 2010
Net Sales	\$1,145,405	882,652
Cost of Goods Sold	933,049	698,710
Gross Profit	212,356	183,942
Selling, General & Administrative Expenses	144,282	115,821
Special charges, net	17,993	20,978
Acquisition & Integration Expenses	1,742	1,789
Other Operating Loss, Net	(611)	(4,005)
Operating Income	48,950	49,359
Other Expense (Income)		
Interest Expense, Net	31,640	26,656
Gain on Reacquisition of Debt	—	(2,431)
Loss on Extinguishment of Debt	—	5,088
Foreign Currency & Other (Loss) Gain, Net	1,454	4,955
Income Before Income Tax Expense & Discontinued Operations	15,856	15,091
Income Tax Expense	4,826	8,308
Income from Continuing Operations	11,030	6,783
Discontinued Operations:		
Income from operations of discontinued business	—	4,353
Gain on sale of discontinued operations, net	—	6,802
Income from Discontinued Operations	—	11,155
Net Income	11,030	17,938
Less: Net (Income) Loss Attributable to Noncontrolling Interests	(623)	2,137
Net income attributable to Polymer Group, Inc.	\$10,407	\$20,075
OPERATING & OTHER DATA		
Cash provided by operating activities	\$63,244	\$99,009
Cash used in investing activities	(41,276)	(14,567)
Cash provided by (used in) financing activities	(8,086)	(72,651)
Gross margin	18.5%	20.8%
Depreciation and amortization	\$46,353	\$50,370
Capital expenditures	45,183	43,477
BALANCE SHEET DATA (AT END OF PERIOD):		
Cash and cash equivalents and short- term investments	\$72,355	\$57,894
Working capital	174,912	159,894
Total assets	731,977	699,911
Long-term debt, less current portion	328,170	322,021
Non controlling interests	8,916	8,038
Total Polymer Group, Inc. shareholders' equity	134,336	116,357

“One key aspect of GRI reporting is transparency. In 2010, we focused on increasing the internal visibility and efficiency of various measurements to maximize staff contributions.”

DENNIS NORMAN

Executive Vice President,
Chief Financial Officer



EC3

BENEFIT PLAN

Coverage of the organization's defined benefit plan obligations.

PGI sponsors defined benefit plans in the United States, Canada, Netherlands, Mexico, Germany and France.

It is PGI's policy to contribute to defined benefit plans where pension laws and economics either require or encourage funding. Many of the plans are funded through separate trusts. PGI also offers pension plans above the required limits in Canada.

All plans are in compliance with local funding laws. The aggregate projected benefit obligation ("PBO") under U.S. GAAP as of January 1, 2011 for all of PGI's defined benefit plans was USD \$116.3M with an aggregate market value of assets of USD \$129.4M.

PGI also offers defined contribution plans in the U.S., Canada and France. The plan formulas are based on local law and the market place. Since pension plans and other retirement benefits build upon social security, and social security benefits vary widely by country, PGI's plans vary considerably country to country.

CHANGE IN PROJECTED BENEFIT OBLIGATION	U.S. PLANS PENSION BENEFITS 2010	2009	NON U.S. PLANS PENSION BENEFITS 2010	2009
Projected benefit obligation at beginning of year	(\$12,870)	(\$12,222)	(\$105,527)	(\$103,668)
Service costs	—	—	(1,984)	(2,160)
Interest costs	(730)	(763)	(5,215)	(6,052)
Participant contributions	—	—	(143)	(152)
Plan amendments	—	—	6,121	(155)
Actuarial (loss)/gain	(777)	(928)	(4,919)	8,045
Currency translation adjustment and other	—	—	4,312	(5,792)
Benefit payments	1,010	1,043	4,446	4,407
Projected benefit obligation at end of year	(\$13,367)	(\$12,870)	(\$102,909)	(\$105,527)
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	\$10,611	\$8,102	\$113,073	\$93,763
Actual return on and additional plan assets	1,584	2,899	10,454	11,715
Employer and plan participant contributions	780	653	3,733	6,173
Benefit payments	(1,010)	(1,043)	(4,446)	(4,407)
Currency translation adjustment and other	—	—	(5,416)	5,829
Fair value of plan assets at end of year	\$11,965	\$10,611	\$117,399	\$113,073
Funded status	(\$1,402)	(\$2,259)	\$14,490	\$7,546

Economic

EC6

MARKET PRESENCE

Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation

PGI sources both direct and indirect materials as well as services for multiple locations in all regions of the world. Direct materials tend to be highly complex and sometimes are only available from a relatively few number of suppliers that may or may not be located in the regions where we do business. The company does not have a policy that dictates the proportion of spending on locally based suppliers. However, within each region a significant proportion of our indirect spend (packaging materials, corporate services) lends itself to locally based suppliers.

Although there is no mandate to do so, each of our global regions has the flexibility to source locally for such goods and services. PGI believes that local sourcing may provide value in terms of supporting the local economy and providing opportunity to reduce logistics and transportation costs in terms of fuel, freight and storage. Of the indirect spend, up to 23% of this spend may be eligible to be sourced locally.

EC9

INDIRECT ECONOMIC IMPACT

Understanding and describing significant indirect economic impacts, including the extent of impact

PGI and its employees are active participants in the communities where we reside and do business, serving as ambassadors to strengthen local economies both directly and indirectly.

This past year in Cali, Colombia, an industrial park, Zona Franca, and the surrounding community were flooded. This resulted in the closure of local businesses, the evacuation of people from their homes, and the loss of crops and livestock. PGI and its global team moved in quickly to provide engineering assistance and help in the restoration of the damaged levees. While this crisis was being addressed and our Cali plant was unable to operate, PGI continued to compensate its employees.

The assistance provided by PGI has helped to enable a speedy recovery – many residents are now returning to their homes and resuming work in the industrial park. PGI's employees are also collaborating with firefighters and local farmers to develop a sustainable emergency response plan that will assist and support the ongoing survival of the local economy.

EN1

RAW MATERIALS

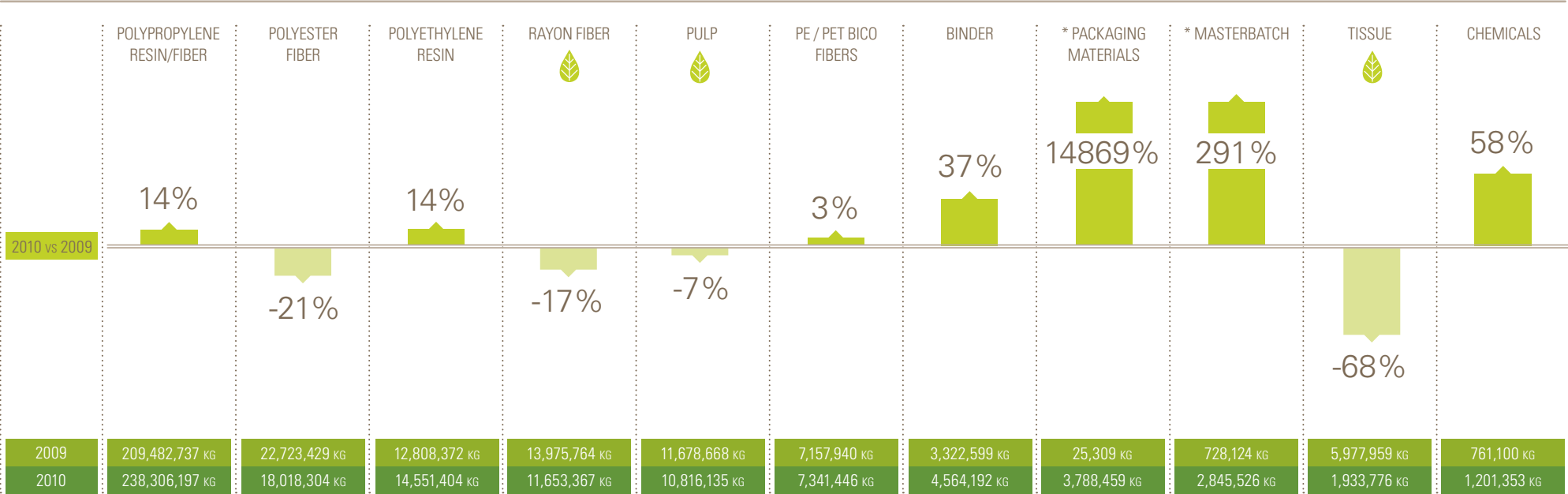
Material used by weight or volume

The primary raw materials used by PGI to manufacture most of our substrates are polypropylene resin, polyester fiber, polyethylene resin, and to a lesser extent, rayon, pulp and tissue paper. These materials are available from multiple sources, and we purchase them from a variety of global suppliers. The price of polypropylene, polyethylene and

polyester relates to, among other things, manufacturing capacity, demand, and the price of crude oil and natural gas liquids.

Research efforts are focused on alternate resins from renewable sources. Current renewable materials used are rayon fiber, pulp, tissue and cotton fiber.

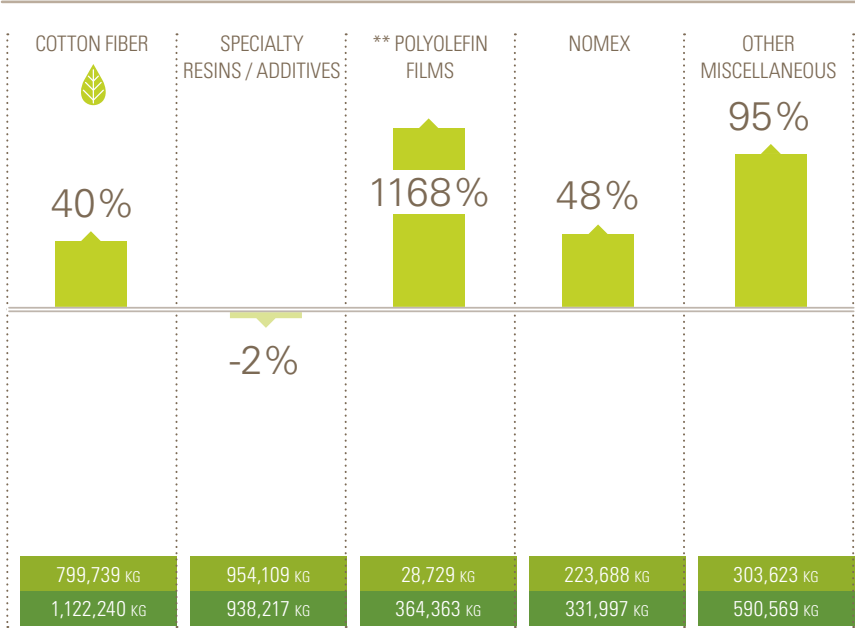
Primary Raw Materials



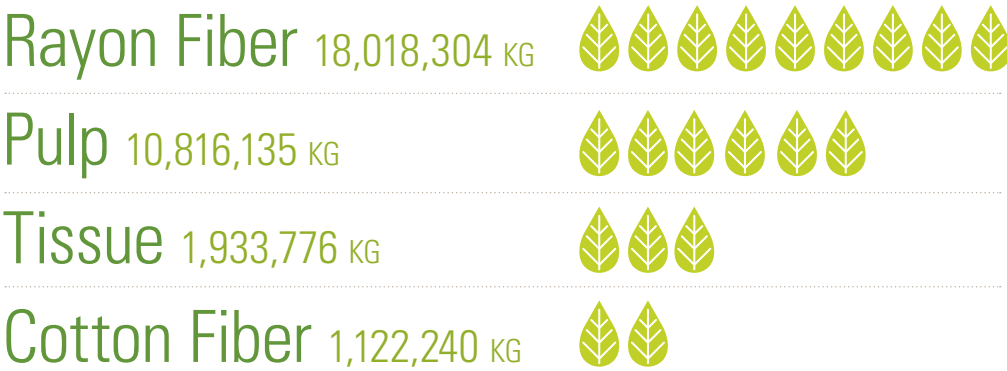
Top 3 Primary Raw Materials Used



Primary Raw Materials



Renewable Materials Used



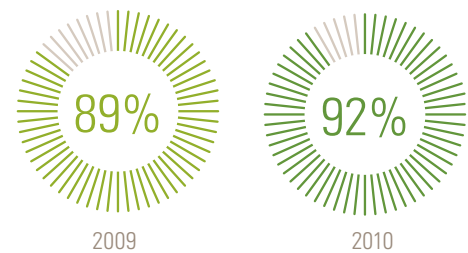
Weight of Top Raw Materials Consumed



2010 vs. 2009

9% INCREASE

% Non-Renewable Materials



* 2010 increase reflects a change in the data gathering methodology based on the availability of new sources.

** 2010 increase reflects a change in the product mix and a change in the data gathering methodology based on the availability of new sources.

Environment

The production of nonwovens does not lend itself to a high volume of material recycling. However, PGI does endeavor to recycle as much as possible and continually looks for new recycling opportunities.

EN2

RECYCLING

Percentage of materials that are recycled input materials

It is a standard procedure for PGI to recycle as much material as possible that is leftover from its primary manufacturing processes. While committed to internal recycling, PGI does not source or use externally-produced recycled materials or chemicals. We also recycle indirect materials such as cardboard, metal, and plastics. PGI is actively researching alternate uses of products that are currently sent to landfills.

Recycled Materials Used

28,295,194 KG

2009

29,075,428 KG

2010

2010 vs. 2009

3% INCREASE

% of Materials – Recycled Input Materials

9.7%

2009

9.1%

2010

Indirect Recycled Materials

Cardboard
Metal
Plastic

Environment

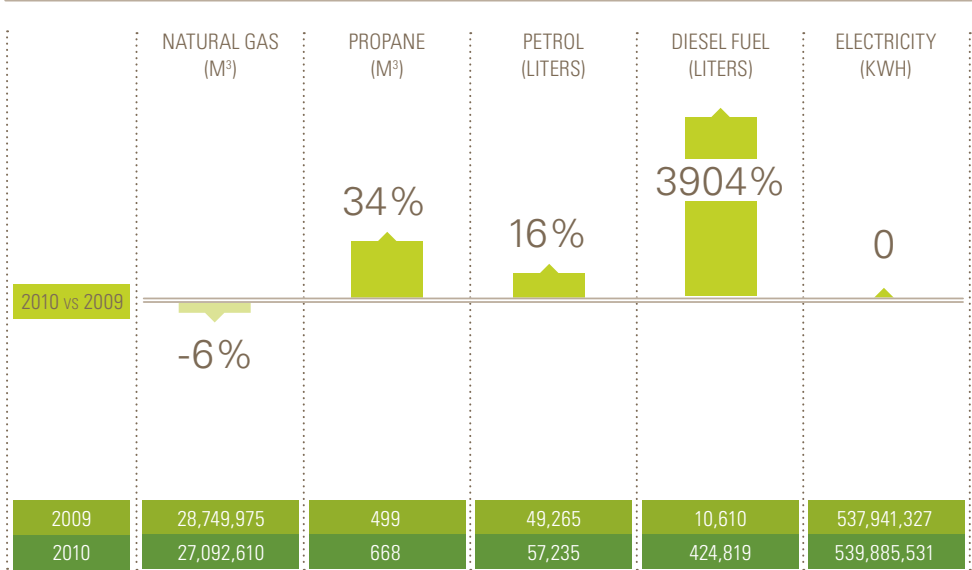
PGI recognizes that energy usage and the methods required to generate energy have a significant impact on the environment, and PGI strives to conserve energy, mitigate usage and source it as efficiently as possible.

EN3

ENERGY CONSUMPTION

Direct energy consumption by primary energy source

Energy Consumption



EN5

ENERGY CONSERVATION

Energy saved due to conservation and efficiency improvements

Total Energy Saved



Environment

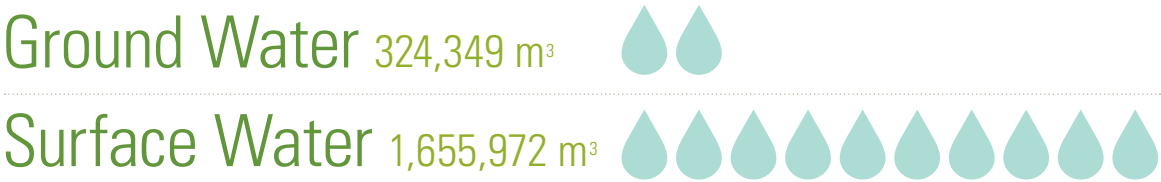
Water is another vital commodity worldwide and consequently recognized as a critical component in sustainability. However, its use in manufacturing is inevitable, so usage and conservation are monitored.

EN8

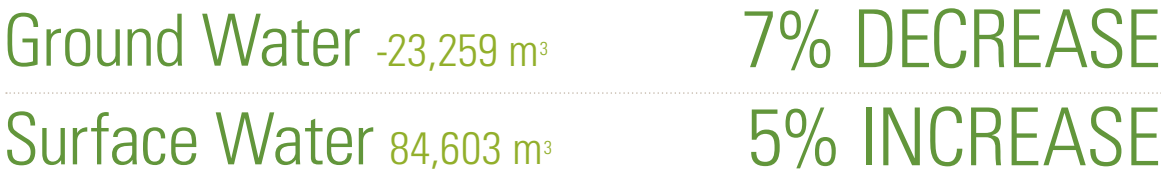
WATER USAGE

Total water withdrawal by source

Water Consumed



2010 vs. 2009



Total Water Consumed



2010 vs. 2009



EN9

WATER USAGE

Water sources significantly affected by withdrawal of water

A significant amount of water (as defined by the GRI protocol for this indicator) is withdrawn from Lake Tai for the Suzhou plant in PRC China.

EN10

WATER RECYCLING

Percentage and total volume of water recycled and reused

Water Recycled	% of Total Water Consumed	
16,244 m ³ 2009	.8% 2009	1.4% 2010
27,025 m ³ 2010	2010 vs. 2009	
	66% INCREASE	

EN11

BIODIVERSITY

Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside of protected areas

PGI Canada’s Difco Facility

PGI Canadian facility Difco is located at 160 Principale Street East Magog, Quebec, Canada J1X 3X2. The 43,650m² property abuts the Magog river, and is adjacent to Lake Memphremagog. Both the lake and the river are designated protected sites by the Ministry of Environment of the province of Quebec. The PGI plant meets the legal requirement regarding the use of water drawn from and returned to the environment, with no detrimental impact.

PGI Canada’s Fabrene Facility

PGI Canadian facility Fabrene is located at 240 Dupont Road North Bay, Ontario Canada P1B 9B4. The 106,507m² property is adjacent to the La Vase River and La Vase Lake with a feeder stream running under the parking area. The La Vase River forms part of the historical Voyageur route used to cross Canada and feeds Lake Nipissing, which is bookended by two provincial parks. PGI participates in the Ontario Conservation Land Tax Incentive Program (2.77 of the 26.32 acres are designated PSW - Provincially Significant Wetlands through the MNR – Ministry of Natural Resources).

Environment

PGI is dedicated to a long-term and continuous reduction of its carbon footprint. Although PGI's sales growth and its accompanying operations and expansion drives increased potential for emissions, we are continually researching and adopting new approaches and procedures to reduce greenhouse gas emissions.

EN16

EMISSIONS

Total direct and indirect greenhouse emissions by weight

PGI's carbon footprint decreased by 7% total and 17% per square meter from 2009 to 2010. This reduction was achieved through a combination of efforts in energy conservation and strategically-planned changes in our manufacturing processes.

Total Carbon Footprint

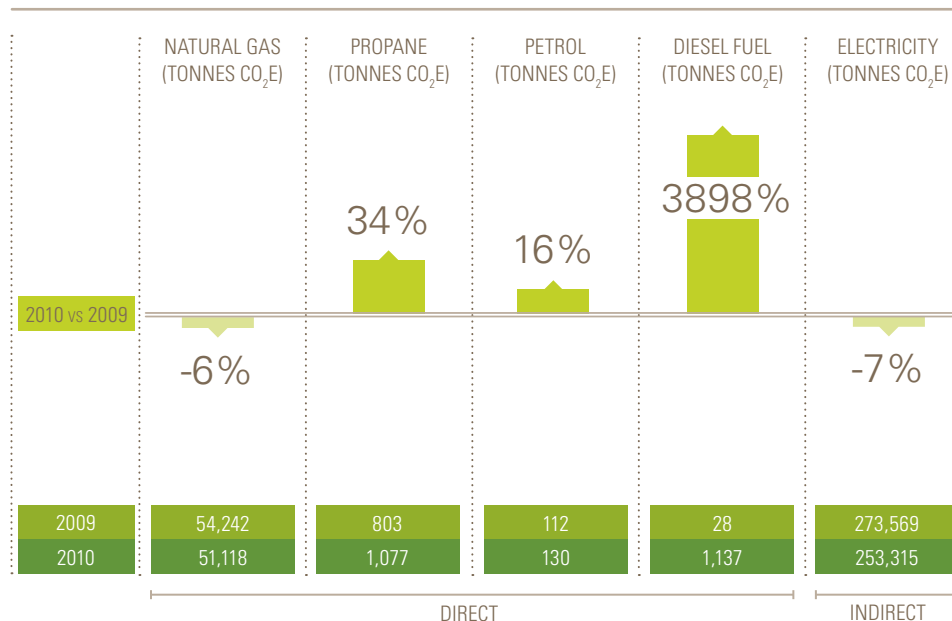
328,754 mton 
2009

306,753 mton 
2010

2010 vs. 2009

7% DECREASE

Greenhouse Gas Emissions



EN18

EMISSIONS

Initiatives to reduce greenhouse gas emissions and reductions achieved

Each PGI manufacturing and converting facility has customized programs in place to monitor and manage greenhouse gas emissions (and more broadly, energy usage and emissions, effluents and waste).

In 2010, progress was made in Bailleul, France to reduce formaldehyde (VOC) emissions by 20%, and in San Luis Potosi, Mexico to reduce compressed air leakage.

EN19

EMISSIONS

Emissions of ozone-depleting substances by weight

0.20 tonnes

EN20

EMISSIONS

NOx, SOx, and other significant air emissions by type and weight

Emissions for 2010 (KG)

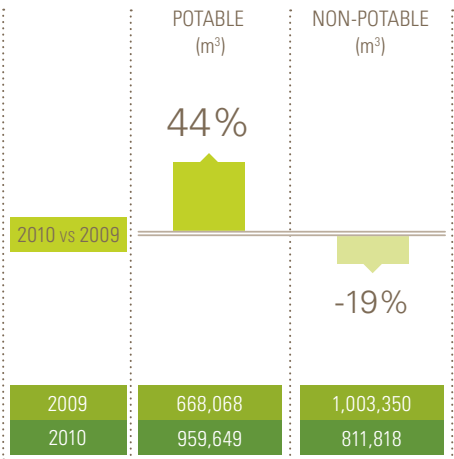
29,194	Nitrous Oxides
143	Sulfur Oxides
703	Persistent Organic Pollutants
2,611	Volatile Organic Compounds
19,220	Particulate Matter
3,958	Non-Methane Total Hydrocarbons
37,339	Ozone
16,336	Carbon Monoxide

EN21

EFFLUENTS

Total water discharge by quality and destination

Water Discharged by Quality



Total Discharged



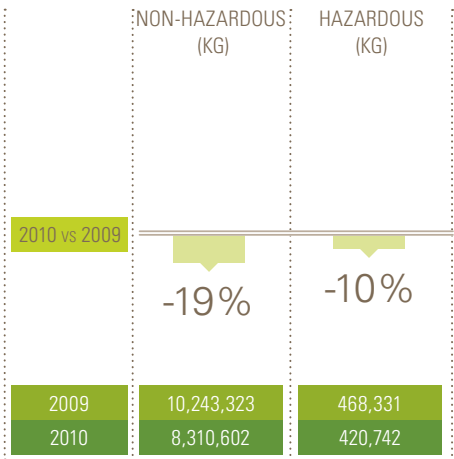
EN22

SOLID WASTE

Total weight of waste by type and disposal method

There was a 28% decrease of solid waste when measured as per square meter of product shipped, but as an absolute measure, there was an 18% decrease.

Waste by Type & Disposal



Total Discharged



Environment

EN23

SPILLS

Total number and volume of significant spills

PGI did not record the occurrence of any significant spills during this reporting period.

EN24

HAZARDOUS WASTE

Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

Although data was not available from all PGI facilities:

- + 170,094 kg of hazardous waste was transported
- + 155,279 kg of hazardous waste was treated
- + No hazardous waste was imported or exported

EN25

WATER BODIES

Identity, size, protected status, and biodiversity value of water bodies

PGI Canada's Fabrene facility, located in North Bay, Ontario, Canada, discharges water into the La Vase River and La Vase Lake. Ten percent of the property's land area is designated as Provincially Significant Wetlands through the Ontario Ministry of Natural Resources.

Environment

EN27

RECLAIMED PRODUCTS & PACKAGING MATERIALS

Percentage of products sold and their packaging materials that are reclaimed by category

While the products that PGI manufactures are made largely of recyclable material (PP), the end-use products are mostly disposable, and contaminated with organic matter during use – such that recycling is infeasible (due to safety issues or lack of infrastructure).

In general, PGI’s products use very little packaging materials. The reclamation of these materials is currently only tracked in PGI’s Chinese facilities.

EN28

COMPLIANCE WITH ENVIRONMENTAL LAWS & REGULATIONS

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

No fines or sanctions.

EN30

ENVIRONMENTAL PROTECTION

Total environmental protection expenditures and investments by type

In 2010, PGI made incremental investments in environmental protection measures designed to enhance waste management, increase pollution prevention, and comply with local regulations governing waste containment.

Environmental Protection Expenditures	2010 vs. 2009
\$1,137,324 2009	8% INCREASE
\$1,223,134 2010	

“PGI’s focus on intellectual property development and protection drives innovation and helps ensure that we can continue to produce products and processes that respond to our sustainability goals.”

DAN RIKARD

Senior Vice President,
General Counsel & Secretary



Labor Practices & Decent Work

LA1

EMPLOYEE DATA

Total workforce by employment type, employment contract, and region

Temporary Full-Time

77

Temporary Part-Time

6

Permanent Full-Time

3,151

Permanent Part-Time

60

Contracted

28

Total Workforce

3,222

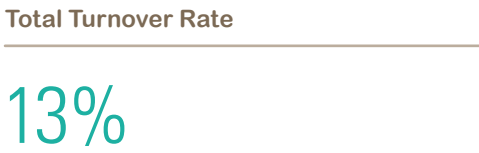
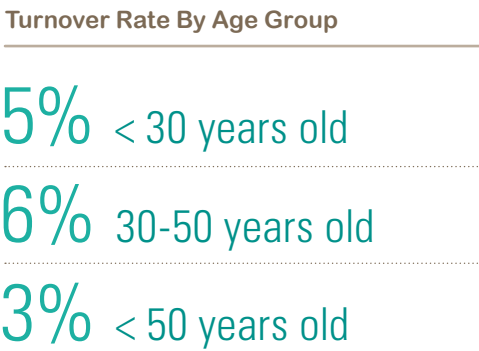
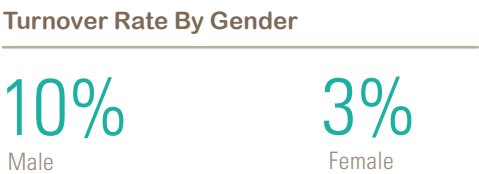
	TEMPORARY		PERMANENT		CONTRACTED	
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
COLOMBIA	20	0	197	0	0	0
MEXICO	0	0	407	0	0	0
ARGENTINA	9	0	198	0	0	0
TOTAL LATIN AMERICA	29	0	802	0	0	0
FRANCE	12	0	256	3	0	0
NETHERLANDS	8	6	232	52	0	0
SPAIN	28	0	269	3	0	0
TOTAL EUROPE	48	6	757	58	0	0
TOTAL CANADA	0	0	423	0	16	0
U.S.	0	0	687	2	0	0
CORPORATE	0	0	88	0	0	0
TOTAL U.S.	0	0	775	2	0	0
NANHAI	0	0	201	0	8	0
SUZHOU	0	0	193	0	4	0
TOTAL CHINA	0	0	394	0	12	0
GRAND TOTAL	77	6	3151	60	28	0

GENDER		AGE AT DEPARTURE			TOTAL TERMINATIONS
MALE	FEMALE	<30 YEARS OLD	30-50 YEARS OLD	>50 YEARS OLD	
6	5	3	7	1	11
16	0	5	9	2	16
6	2	3	5	0	8
28	7	11	21	3	35
15	7	9	9	4	22
11	8	8	6	5	19
27	12	11	25	3	39
53	27	28	40	12	80
60	24	32	35	17	84
89	34	22	52	49	123
8	3	2	9	0	11
97	37	24	61	49	134
28	7	19	16	0	35
53	4	37	19	1	57
81	11	56	35	1	92
319	106	151	192	82	425

LA2

EMPLOYEE TURNOVER

Total number and rate of employee turnover by age group, gender, and region



Labor Practices & Decent Work

LA3

EMPLOYEE BENEFITS

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operation

PGI offers competitive benefits to employees across the globe including:

- + Retirement Plans – either defined benefit or defined contribution
- + Medical Plans
- + Life Insurance
- + Disability Protection
- + Accident Insurance
- + Paid Vacation, Holiday and Leave Programs
- + Business Travel Accident

Plans vary considerably by country as they are designed to supplement the social security benefits provided in each country, which can vary widely.

LA4

COLLECTIVE BARGAINING AGREEMENTS

Percentage of employees covered by collective bargaining agreements

As of January 1, 2011, approximately 47% of PGI employees are represented by labor unions or trade councils that have entered into separate collective bargaining agreements with the company. Approximately 36% of PGI's labor force is covered by collective bargaining agreements that will expire within one year.

LA5

OPERATIONAL CHANGES

Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

PGI uses a cascading approach to communication that starts with the senior leadership team and flows throughout the organization to the shop floor. Global and regional business news and announcements are posted on the company intranet that is accessible by any employee and available in their home language.

Regional and local facilities sponsor employee meetings and presentations that are open to all employees. Printed material is generally written in a user-friendly "Frequently Asked Questions" format. PGI follows all notifications requirements stipulated by local laws and collective bargaining agreements.

Labor Practices & Decent Work

PGI treats the welfare of its employees very seriously. We are a manufacturing organization with operations spread worldwide, and our focus is to consistently provide a safe and healthy environment for our employees.

LA7

OCCUPATIONAL HEALTH & SAFETY

Rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities by region

	ASIA	EUROPE	US	LATIN AMERICA	CANADA	CORPORATE	2010	2009	2010 vs 2009
Hours Worked	1,171,443	1,429,021	1,585,122	2,225,074	822,536	209,655	7,442,851	6,602,196	13%
OSHA Recordable Incidence Rate	0.17	1.12	2.02	1.26	2.43	0.95	1.34	1.51	-11%
Incidents	1	8	16	14	10	1	50	50	0%
Lost Work Case Incidence Rate	0.00	0.84	.88	0.81	0.24	0.95	0.64	0.85	-25%
Lost Work Cases	0	6	7	9	1	1	24	28	-14%
Lost Work Day Incidence Rate	0.00	0.84	0.88	0.72	0.24	0.95	0.62	1	-18%
Lost Work Days	0	6	7	8	1	1	23	25	-8%
Absenteeism Rate	0.02	0.05	N/A	0.02	0.02	N/A	N/A	N/A	N/A
Occupational Disease Rate	0.00	0.00	0.00	0.00	0.00	0.00	0	0.06	-100%
Fatalities	0	0	0	0	0	0	0	0	0%

Human Rights

HR2

INVESTMENT & PROCUREMENT PRACTICES

Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

PGI currently does not report on this indicator with our suppliers. However, as part of our standard terms and conditions that are attached with every purchase order for products or services, PGI requests that each supplier or seller of goods and services certify on each invoice that all goods sold under the purchase order have been produced in compliance with all applicable requirements of the Fair Labor Standards Act of the United States Department of Labor. In addition, under these terms and conditions, the supplier agrees to comply with all applicable laws statutes, rules, regulations, laws and orders of the United States, or of any State or political subdivision thereof.

HR3

INVESTMENT & PROCUREMENT PRACTICES

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

2,541 employees completed Ethics & Code of Conduct training in 2010. The training took 30 minutes per employee.

HR4

INVESTMENT & PROCUREMENT PRACTICES

Total number of incidents of discrimination and actions taken

PGI is unaware of any incidents of discrimination involving the company in 2010. For the purposes of this indicator HR4, PGI is defining “incidents of discrimination” as substantiated findings of discrimination in violation of applicable local law and/or PGI’s internal policies.



“Sustainability is acting considerately and responsibly; being mindful of the consequences of all the actions taken as an individual as well and as an organization.”

BETH STOLARICK

Senior Director, Human Resources

“Since 2008, PGI has implemented our employee engagement survey to understand the current environment and identify action plans to meet our 2014 goals.”

MARY TOMASELLO

Senior Vice President, Global Human Resources
& Employee Communications



Society

SO2

CORRUPTION

Percentage and total number of business units analyzed for risks related to corruption

As part of PGI's corporate governance policies, which includes analysis of risks related to corruption, PGI has ongoing discussions and evaluations of all of its business units across the globe regarding such risks. For the purposes of this indicator SO2, PGI is defining "corruption" as any form of bribery involving private parties or government officials related to the business of the company.

SO4

CORRUPTION

Actions taken in response to incidents of corruption

PGI's corporate governance policies include the analysis of risks related to corruption (as "corruption" is defined in SO2). These measures include the PGI Code of Conduct and Business Principles, in place since 2004, which sets forth guidelines specifically addressing business related corruption. Actual or suspected violations of the Code of Conduct are required to be promptly reported through various company communication avenues, including an anonymous compliance telephone line. Any incident of corruption reported through this process or otherwise brought to the attention of management would result in the PGI Compliance Officer investigating the matter, working with the Law Department and with oversight of the Audit Committee of our Board of Directors as appropriate. If such an investigation was to lead to a substantiated incidence of corruption, PGI would pursue all appropriate disciplinary, corrective and reporting measures as well as pursuing legal recourse as necessary.

SO7

ANTI-COMPETITIVE BEHAVIOR

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

PGI is unaware of any actual or pending legal actions involving PGI and allegations of anti-competitive behavior, anti-trust, and monopoly practices in FY 2010.

SO8

COMPLIANCE

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

PGI is unaware of any significant fines or non-monetary sanctions involving PGI and allegations of non-compliance with laws and regulations in FY 2010.

Product Responsibility

PGI is committed to transparency when it comes to the development and manufacture of its products. We promote laws, procedures and practices that safeguard the community and devote our innovation to socially-beneficial products.

PR4

PRODUCT SERVICE & LABELING

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

The company has not recorded any incidents to report for 2010 of non-compliance with regulations and voluntary codes concerning product and service information, and does not have any awareness of incidents that should be disclosed.

PR5

CUSTOMER SATISFACTION PRACTICES

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

PGI conducts an annual global customer satisfaction survey, offered in five languages, using a methodology based on a leading customer satisfaction index. Survey results are used to identify opportunity areas for performance improvement, to refine PGI's overall value proposition, and to guide customer-facing business decisions.

In 2010, PGI earned a composite customer satisfaction score of 81 on a 100-point scale. The company has a corporate goal of earning a best-in-class score – on a composite basis, and on each component – by 2014.

In addition to the annual survey, PGI engages in regular and periodic studies, collaborative development, and score carding activities with customers as supplementary means to assess and maintain customer satisfaction.

A portrait of Steve Millsap, a man with glasses, wearing a white shirt and a teal tie, smiling and looking upwards. His hands are clasped in front of him. The background is a solid teal color.

**“For me, sustainability at PGI means the
crossroads of environmental stewardship
and economic vitality.”**

STEVE MILLSAP

Associate General Counsel,
Ethics Compliance Officer &
Assistant Secretary



“An important aspect of being successful in sustainability gains is understanding the global dynamics of supply chain logistics, and we do that very well.”

CHARLIE SAINÉ

Senior Vice President, Global Procurement

Product Responsibility

PGI is committed to continually updating and consolidating its global marketing communications. This includes corporate re-branding and implementing a consistent aesthetic and messaging globally in websites, literature and other media.

PR6

MARKETING COMMUNICATIONS

Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

All internal and external marketing communications, as well as news releases, are reviewed and approved by the Senior Director of Global Communications. The PGI legal Team, the Corporate Lead Team, Executives, and Regional Leadership are also involved in the approval process. Product marketing communications on the website, printed collateral, trade show materials, press releases, and packaging are reviewed with marketing and legal specialists within the company.

Outside product marketing specialists and legal counsel are used to ensure that PGI's communications are aligned with the global standards where Sustainability claims are being made.

PR7

COMPLIANCE: MARKETING COMMUNICATIONS

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

The company has not recorded any incidents to report for 2010 of non-compliance concerning marketing communications and does not have any awareness of incidents that should be disclosed.

PR8

CUSTOMER PRIVACY

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

PGI is unaware of any substantiated complaints involving PGI and allegations of breaches of customer privacy and losses of customer data in 2010.

PR9

COMPLIANCE: PROVISION OF PRODUCTS & SERVICES

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

PGI is unaware of any significant fines involving PGI and allegations of non-compliance with laws and regulations concerning the provision and use of products and services in 2010.

Appendix

Polymer Group, Inc. is a global, technology-driven developer, producer and marketer of engineered materials, and one of the world's leading producers of nonwovens. With the broadest range of process technologies in the nonwovens industry, PGI is a global supplier to leading consumer and industrial product manufacturers. The company operates 14 manufacturing and converting facilities in nine countries throughout the world.

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Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this press release are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These forward-looking statements speak only as of the date of this release. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include: general economic factors including, but not limited to, changes in interest rates, foreign currency translation rates, consumer confidence, trends in disposable income, changes in consumer demand for goods produced, and cyclical or other downturns; cost and availability of raw materials, labor and natural and other resources and the inability to pass raw material cost increases along to customers; changes to selling prices to customers which are based, by

contract, on an underlying raw material index; substantial debt levels and potential inability to maintain sufficient liquidity to finance our operations and make necessary capital expenditures; inability to comply with existing and future debt covenants; achievement of objectives for strategic acquisitions and dispositions; inability 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, including climate change-related legislation and regulation. Investors are directed to consider the risks and uncertainties discussed in documents provided by Polymer Group, Inc. to investors, including the company's Annual Report and any subsequent Quarterly Reports.



2010 STAKEHOLDERS' REPORT

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