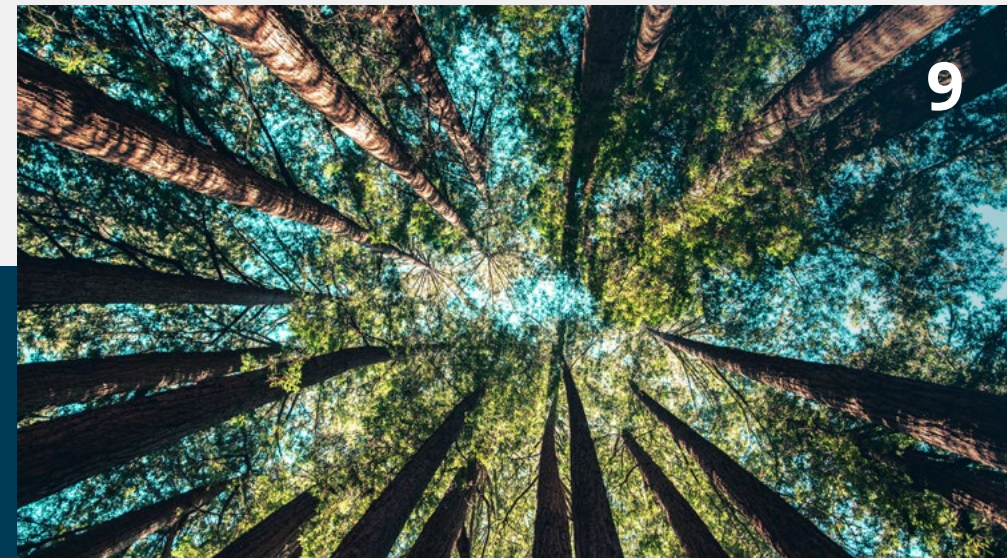




SUSTAINABILITY REPORT 2021



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Executive Summary

More and more companies around the world are focusing on ESG themes. But very few of them really make **sustainability** part of **who they are**. As a matter of fact, our Group has made **ESG and circular economy innovation** the core of the **company's values**, the **engine of its business growth**, the key to **risk mitigation**.

We pride ourselves on making products that **change the world**. **Prada, Gucci and Burberry** are just few of the brands that have chosen our flagship product branded **ECONYL®**, a special type of Nylon made from **regenerated waste materials** (like old carpets, fishing nets, industrial fabrics), which has a way **lower environmental** impact in terms of CO₂ emissions and a much **higher growth rate** than traditional fibres. Given its unique features, **ECONYL®** puts our company at the forefront of the **circular economy revolution** in textiles.

Our ESG efforts have not been limited to circular economy innovation. Aquafil has always had a **360-degree commitment to sustainability**, considering not only environmental but also **social and governance** aspects. Since 2008, we have formalised our commitments in our **ECO PLEDGE®**, a set of five principles that inspire all the Group's activities:

1. Rethinking products in a circular perspective
2. Protecting the environment
3. Sharing responsibilities throughout the value chains
4. Caring for the well-being of individuals
5. Supporting the local communities

In the **first chapter** of this report, we deep dive into **our values, our story, our achievements**; we introduce our new brand manifesto; we explain why **ECONYL®** represents not only our **proudest achievement** but also our source of **competitive advantage**; we show how our economic performance and sustainability efforts are profoundly **intertwined**.

In the **second chapter**, we take a closer look at each pillar of our **ECO PLEDGE®** individually, exploring our sustainability **initiatives, past results** and future **goals**.

In the **third chapter**, we explain how we **deliver** on our commitments and conduct business ethically, touching upon our robust **ESG governance** structure, our **Code of Conduct and Whistleblowing System**, our pursuit of voluntary third-party **certifications** that attest our adherence to the highest environmental, social and quality standards.



Sustainability in Our DNA

1.1 From value to values.

AQUAFIL'S NEW VISION FOR BUSINESS



Global **temperatures** are rising at an unprecedented rate, **adverse climate events** are increasing in frequency, the spread of **new pathogens** is accelerating, our economy is already consuming more **resources** than our planet is able to produce...

It is the legacy of years of **irresponsible business decisions**: blinded by the quest for profit, companies have repeatedly neglected people's, local communities' and the environment's wellbeing – as if shareholder returns and sustainable practices were mutually exclusive; as if any resources employed for the greater good were resources lost, that could have otherwise been used to expand the business.

Aquafil is the living testimony that a different approach is possible, in order to:

- **break the trade-off** between profits and sustainability
- see ESG and circular economy innovation as the core of a company's **values**, the engine of its **business growth**, the key to **risk mitigation**
- generate wealth for **people, communities** and the **planet** as a whole – not just shareholders.

1.2 Letter from our CEO.

INTRODUCING OUR BRAND MANIFESTO FOR A BETTER FUTURE

The past two years have been very challenging for all of us. A new and unsettling reality has disrupted our lives, revealing our weaknesses and forcing us to face them. At the same time, however, it has given us the chance to make contact with our most human side, to rediscover who we really are and who we want to be.

At Aquafil, we have taken stock of this time to reflect on our history and write our future, to make our commitment to the world. So here is our Brand Manifesto, which embodies the very essence of our company: our values, our ambitions, our *vision* and our *mission*.

It is a compass that guides our business decisions, that aligns our strategy to sustainability principles. It helps our stakeholders – employees, investors, clients, suppliers, communities – understand who we are and where we are going.

Above all, it reminds us of the true reason why we work hard every day: to make the world a better place.

We are truly proud to share it with you.

*At Aquafil, we design better to do better.
We are conscious innovators.*

We think as beginners and act as pioneers to provide unique products and services that leverage performance and reduce the impact on a global scale.

We are thoughtful listeners.

We step out of our comfort zone to set new standards through empathy and collaboration, inside and outside.

We are down-to-earth visionaries.

We envision the goal of a sustainable future to achieve it, driven by the responsibility to change the world one choice at a time.

To come full circle and create our story.



1.3 About Aquafil.

FROM FAMILY BUSINESS TO GLOBAL SUSTAINABILITY CHAMPION

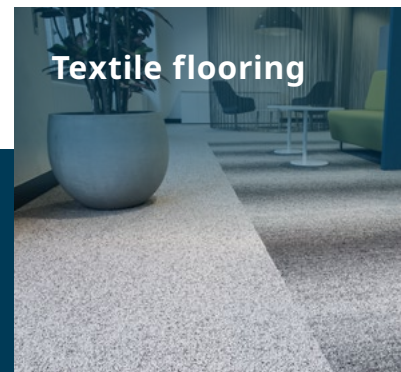
Most of the financial world is increasingly focused on ESG themes. More and more companies display environmentally friendly initiatives and CSR commitments. But very few of them really **make sustainability part of who they are** like Aquafil.

Where it all began.

Our Group's history started in **1965**, when the **Bonazzi's family** built the first manufacturing plant in **Arco** (Trentino Alto Adige region, Italy). More than 50 years later, Aquafil has become an **international group** that employs around **2800 people** across **3 continents and 8 main countries** (Italy, Slovenia, Croatia, UK, US, China, Thailand, Japan). Since 2017, our shares have been **listed on the Italian Stock Exchange**.

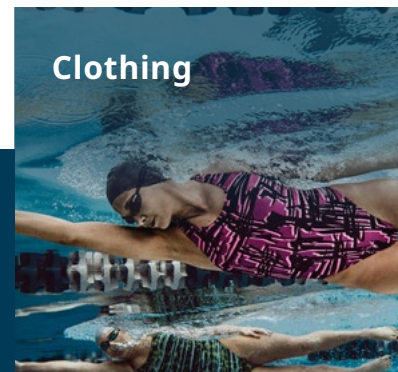
Our activities.

We are organised in **3 product areas**:



Textile flooring

We produce carpet yarn for manufacturers in a wide range of sectors, including automotive, residential and contract (airports, offices etc..). This line of products accounts for 64% of our revenues and has been our core business since the Group's foundation. As of today, we are the **number 1 player in Europe** and **number 1 globally**.



Clothing

We are one of the main clothing yarn and synthetic fibres supplier of leading Italian and European apparel, underwear and sportswear brands.



Plastic moulding

We produce polymers used in the plastic moulding industry for the production of fashion accessories (e.g., glasses frames) and furniture (chairs, small tables, lamps).



Our sustainability journey.

Our path to circularity began in **1990**, when the Group started recovering "lactamic waters" produced during the polymerisation process. Since then, we have invested time and money to **"close the loop"** through cutting-edge technologies. The biggest turning point was the adoption of a **"Life Cycle"** approach, that challenged us to rethink our products **from cradle to grave** (or **from cradle to cradle**) and identify the main environmental pain points. This led to the creation of our **ECONYL® Regeneration System**, a technology that has allowed us to produce a special type of nylon entirely from pre- and post-consumer **waste** (see section 2.2.5). It was the beginning of a **new era** for our company and for the whole industry.

This incredible achievement forged a **path of sustainability** for the entire textile sector, making us **circular economy pioneers**. But our efforts have not been limited to rethinking products in a circular perspective. Aquafil has always had a **360-degree commitment to sustainability**, considering not only environmental but also **social** and **governance** aspects.

Since 2008, we have formalised our commitment in our **ECO PLEDGE®**, a set of five principles that, like a lighthouse in the night, guide and inspire all the work of the Group. In chapter 2 of this report, we will dive deep into each one of them individually.

1.4 Leading the circular economy revolution.

ECONYL®: OUR SOURCE OF (SUSTAINABLE) COMPETITIVE ADVANTAGE

Prada, Gucci and Burberry are just a few of the brands that have chosen ECONYL®. Our Group regards this product not only as its **proudest achievement**, but also as its source of **sustainable competitive advantage** in the short, medium and long term.

ECONYL® Nylon has some **unique characteristics**, which **differentiates** it from all other fibres in the market: it is made **from waste** (such as old carpets, fishing nets, fabric scraps, industrial waste); it maintains the **same quality** of traditional nylon; it can be recycled an **infinite number** of times; it has a way **lower environmental** impact in terms of CO₂ emissions (for further information, see section 2.1).

Thanks to this uniqueness, ECONYL® strengthens the **Group's economic sustainability**, which we view as a fundamental condition to generate wealth for **people, communities and the planet** as a whole. In particular, it benefits our top and bottom line in three different ways:

- In the past years, its **growth rate** has been on average more than **2.5 higher** than traditional fibres¹
- Given that its production only requires waste materials, it **shields** the Group from **raw material shocks** or shortage in global and regional value chains.
- Its low environmental impact secures the company from **tightening environmental regulation**.

EXHIBIT 1 - ECONYL® VS OTHER FIBRES
GROWTH RATE (2015-2019 CAGR)

6,4%
ECONYL®

2,4%
OTHER FIBRES



Currently, ECONYL® represents around 37% of our revenues but our objective is to reach **60% of fibres revenue by 2025**. In order to achieve this target, our Group has been working on different fronts:

- In **2020** we acquired **Aquafil Carpet Collection LLC (former Planet Recycling Inc.)** in the **United States**, a company entirely dedicated to the recovery of post-consumer rugs and carpets to be used in the production of the **ECONYL®** yarn.
- In **2021** we **invested in Nofir**, a Norwegian company leader in **fish nets recovery**.
- Through the ECONYL® Reclaiming program, we have been **building an international network** for the collection of nylon waste, based on partnerships with institutions, companies and NGOs.
- We have been strengthening our **Take Back** program involving a number of clients in the recovery of post-industrial ECONYL® Nylon waste. Our aim is to bring the percentage of adhering BCF EMEA clients to 60% by 2025.
- We have launched **ECONYL® E-shop**, a new **online platform**, where customers can find all sorts of products made with our ECONYL® yarn.
- We have obtained **30 EURm in funding from Intesa Sanpaolo** to further strengthen our **ESG and economic profile**. Such credit line is linked to the achievement of specific sustainability targets.²

ECONYL® is becoming our growth engine: we are looking forward to a future with higher revenues, more profits, less emissions. To find out more, see section 2.1.

¹ Aquafil Corporate Presentation, "Virtual Star Conference 2021", ([link](#))

² Teleborsa (2022), "Intesa Sanpaolo, 30 milioni a Aquafil per progetti ESG", ([link](#))

1.5 From words to action.

OUR TOP 2021 ACHIEVEMENTS AT A GLANCE

2021 has been a **very strong year for Aquafil, from both a financial and a sustainability point of view**, proof that the two are deeply intertwined. Our Group recovered rapidly from the 2020's slump caused by the pandemic, registering a **30% revenue growth**. Our **share price** has steadily increased over the course of last year, at a rate consistently **higher than the European market**.

EXHIBIT 2 - AQUAFIL SHARE PRICE VS STOXX 600 (REBASED)

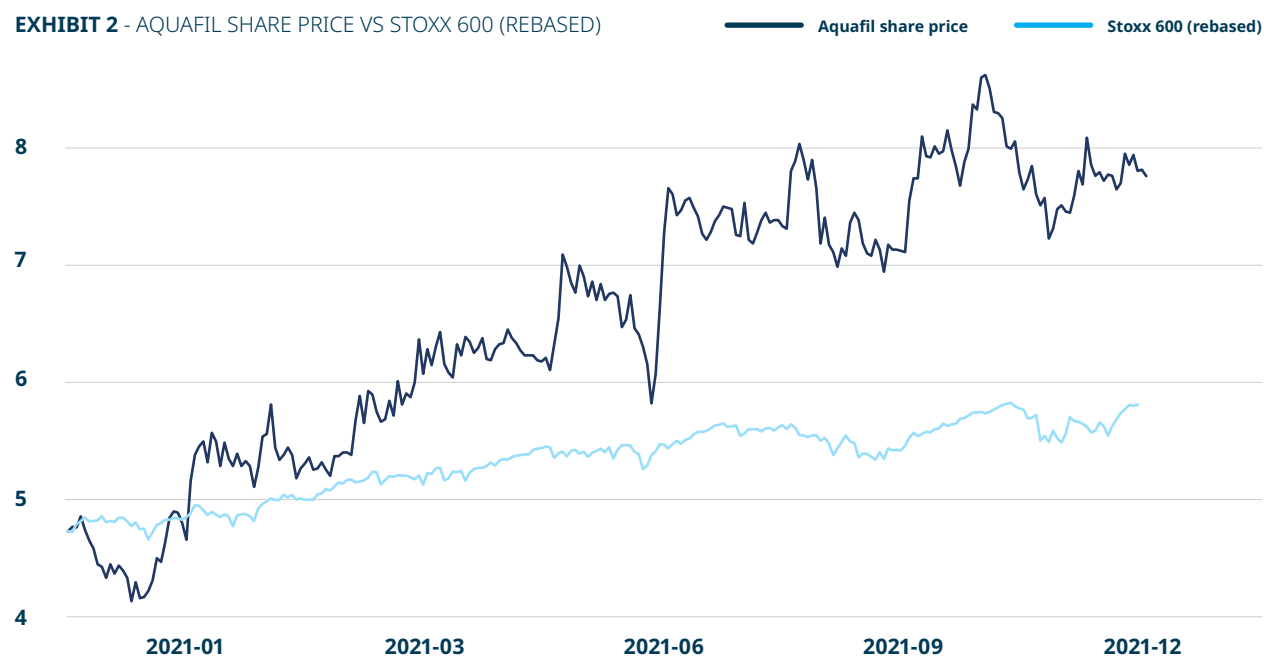
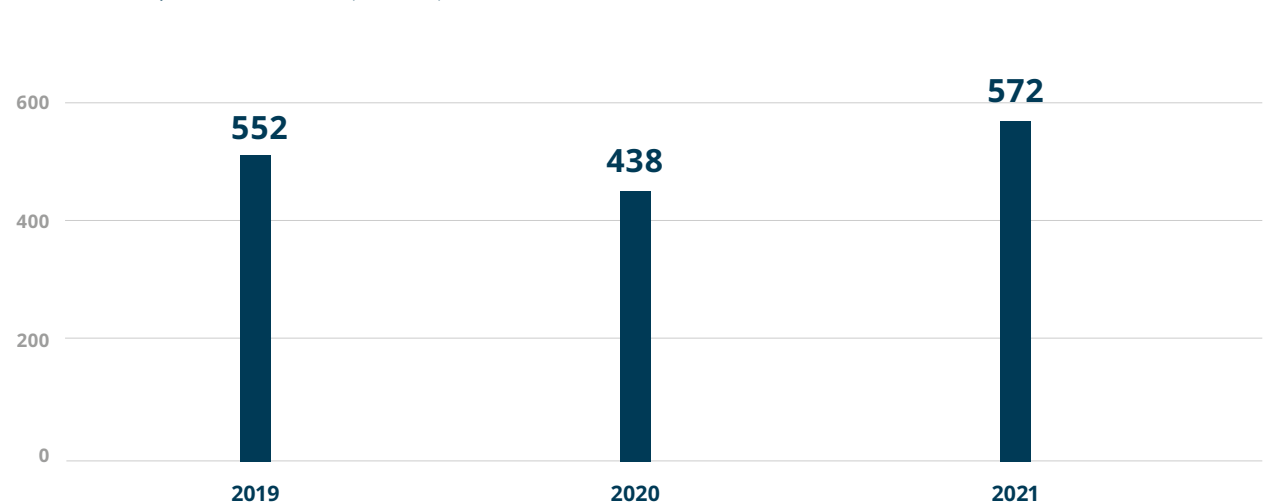


EXHIBIT 3 - AQUAFIL'S REVENUES (in EURm)



From a sustainability perspective, there are a number of milestones to celebrate:

- Aquafil is a **top Italian Circular Economy excellence** according to Symbola and Enel's report, "100 Italian Circular Economy Stories".³
- **Sustainalytics** considers the company's **management of ESG material risk** as **strong**. We improved our **ESG ranking** going from 56th to 32nd out of 176 textile companies.
- After joining the **Ellen McArthur Foundation** in 2020 (one of the most important international initiatives aimed at promoting the circular economy), our Group joined the **Plastics Recyclers Europe** association, which unites to the main companies operating in our continent's plastics recycling sector.

EXHIBIT 4 - OUR ESG ACHIEVEMENTS IN 2021

Environment	Social	Governance
<ul style="list-style-type: none"> • 64% reduction in Scope 1 + Scope 2 emissions in 5 years • 100% of electricity coming from renewable resources • 25% reduction in water consumption in 5 years • 90% of waste recovered (recycling and energy recovery) • <i>Cradle to Cradle Material Health Gold & Silver</i> certification for our ECONYL® products 	<ul style="list-style-type: none"> • 100% increase in the number of female executives in 2 years • 92% increase in hours of training delivered vs 2020 • 2x welfare budget vs 2020 	<ul style="list-style-type: none"> • Approval of a new remuneration policy • Approval of a new engagement policy • Acquisition of 3 more ISO 50001 (Energy management) and 4 more SA8000 (Social Responsibility) certifications in our Slovenian facilities during 2021

But this is **only the beginning**. Looking forward, Aquafil has set ambitious Environmental, Social and Governance **targets** to raise the bar even higher. Find out more in chapter 2 and 3.

³ For more information, see the Symbola website ([link](#))

⁴ For more information, see the Sustainalytics website ([link](#))



THE ECO PLEDGE



**The
ECO PLEDGE®:**
Aquafil's Path Toward
Full Sustainability

Sustainability principles are encoded in Aquafil's mission through THE ECO PLEDGE®, which formalises the sustainability policy guiding our Group's operations. This commitment is based on 5 pillars, contributing to **12 Sustainable Development Goals**:



For each of these pillars, we have identified **improvement areas**, set **forward-looking objectives**, and launched a series of **projects** to achieve them. Exhibit 6 outlines our main targets in the short- and medium-term.

Stakeholder engagement for materiality assessment.

In order to identify and **prioritise** sustainability topics, our Group performs a **materiality assessment** based on a **shared approach**. In practice, this assessment considers their **relevance** both **for Aquafil** (strategic significance, potential impact, risk) and **other stakeholders**: suppliers, clients, shareholders, employees, local authorities, new generations, NGOs. In 2020, 178 stakeholders were **engaged** and the overall response rate was 42%. During 2021, Aquafil also approved an **engagement policy**, in order to structure and facilitate the dialogue with investors.

EXHIBIT 5 - GROUP STAKEHOLDERS

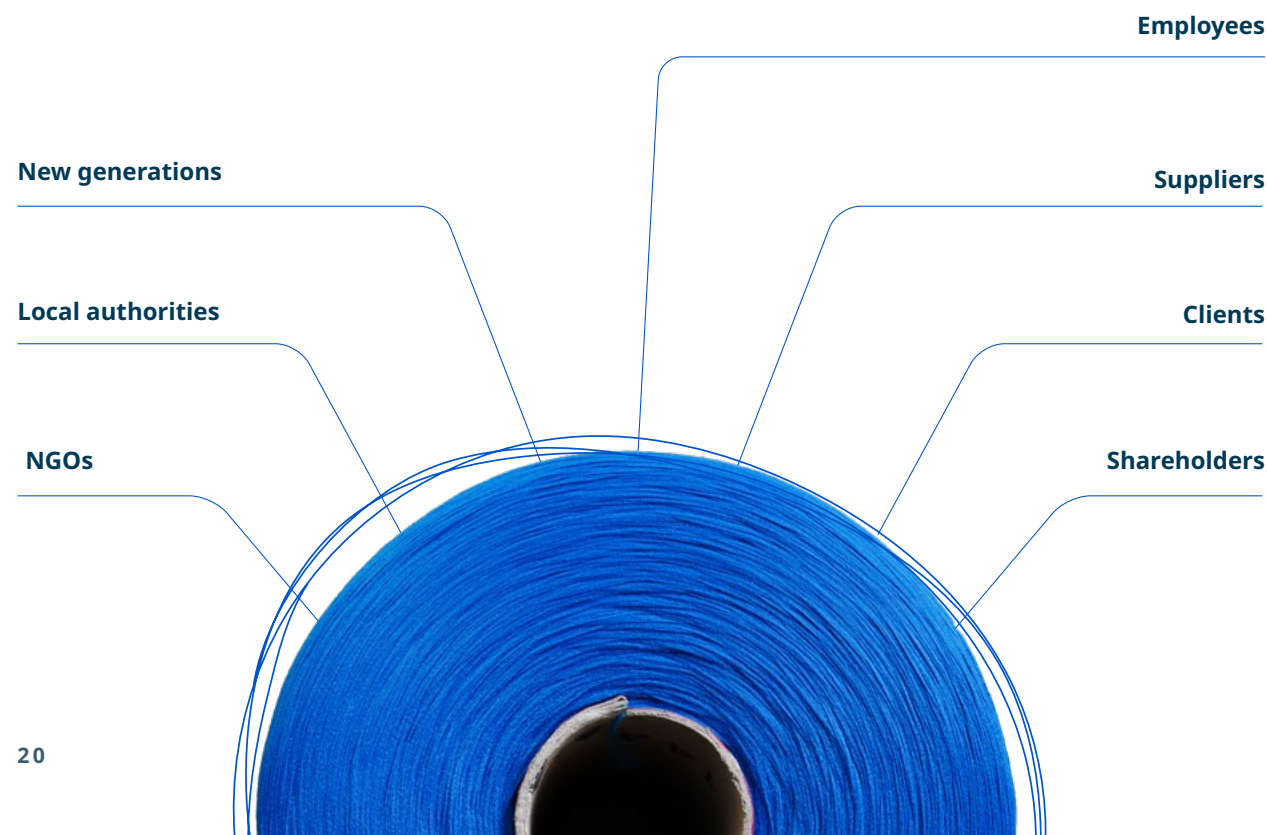


EXHIBIT 6 - AQUAFIL SUSTAINABILITY PILLARS (THE ECO PLEDGE)

Sustainability Pillars	Improvement area	Target	Deadline	SDGs supported
1 Rethinking products in a circular perspective	Strengthen the existing value chains	60% of total fibres revenues from ECONYL® products	2025	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Create new sustainable value chains	60% of BCF EMEA clients joining the post-industrial Take-Back program	2025	
	Implement the eco-design approach	35,000 tons of post-consumer waste collected to create new recycled materials	2025	
	Explore other sustainable value chains	13 projects involving end brands into activities of eco-design and recycling of end-of-life clothes	2025	
2 Protecting the environment		100% of the Group plants certified ISO 14001	2025	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 15 LIFE ON LAND
		100% of the Group plants certified ISO 50001	2028	
	Reduce the impacts of manufacturing activities	30% reduction in water consumption (2018 baseline)	2025	
		30% reduction in water discharge (2018 baseline)	2025	
3 Caring for the well-being of individuals		Joining the Science Based Targets (SBTs) initiative and setting GHG emissions targets	2025	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Minimise injuries	100% of the Group plants certified ISO 45001	2025	
4 Sharing responsibilities throughout the value chains	Share social responsibility	100% of the Group companies certified SA 8000	2028	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER
		Joining the United Nations Global Compact initiative	2025	
5 Supporting the local communities	Educate on environmental protection	3 visits (or more) from students to the Aquafil plants per year	-	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION
	Support local cultural and sports clubs	10 event sponsorships (or more) per year	-	
	Contribute to the young generations' education	2 (or more) sports or cultural clubs supported	-	
	Support the most vulnerable	4 (or more) organisations for the vulnerable groups supported	-	

2.1 To the infinity and beyond.

RETHINKING PRODUCTS IN A CIRCULAR PERSPECTIVE

The **textiles and synthetic fibres industry** has often been condemned for being one of the environment's worst offenders. It is responsible for water pollution, greenhouse gas emissions and landfill waste. Moreover, **fast fashion** has led to a big increase in the quantity of clothes produced and thrown away. Here at Aquafil, we feel that companies in this sector have the duty to **give back** what they have been taking.

2.1.1 CLOSING THE LOOP: OUR ECONYL® REGENERATION SYSTEM

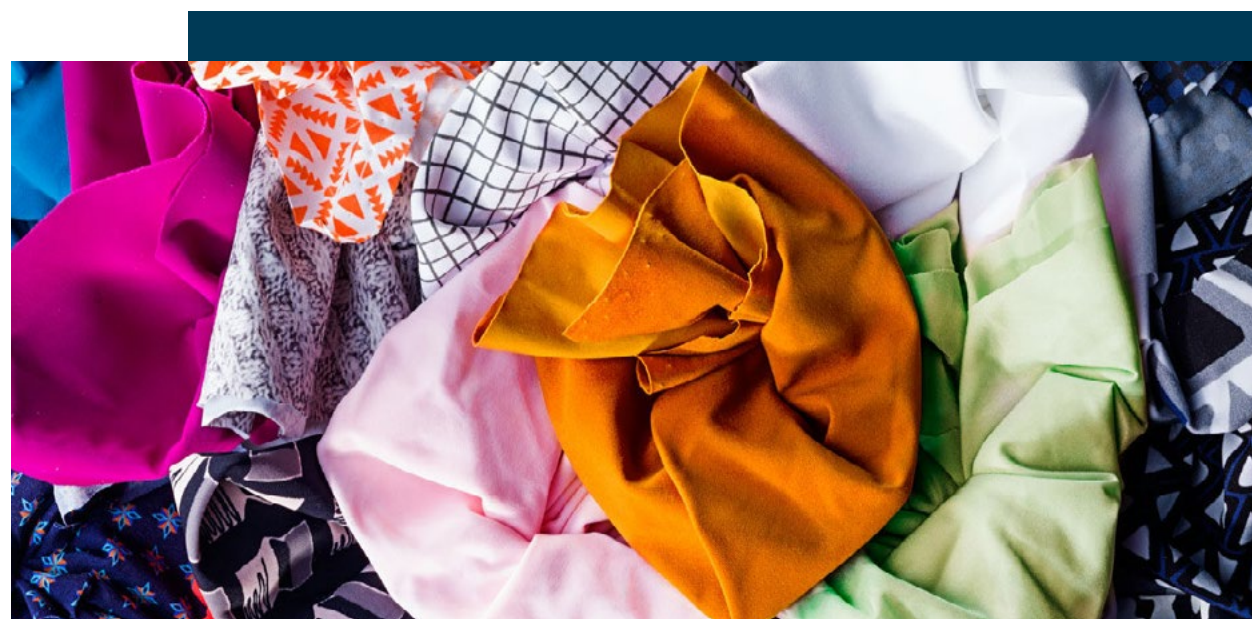
Aquafil's uniqueness lies in the ability to develop highly **innovative products** with a low environmental impact, forging a **path of sustainability** for the entire industry.

Our "Life Cycle Thinking" approach.

Since 1990, we have been investing time and money to **give waste a new life** and design our product supply chain in the most responsible way possible. Our company was among the **first in Italy** to adopt the **"Life Cycle Thinking"** approach, a **framework** that considers a holistic view of a product, from creation to end-of-life, assessing its **environmental impact** through the whole life cycle.

The development of ECONYL®.

Years and years of research led us to **our proudest achievement**: the birth of our **ECONYL® Regeneration System in 2011**. The technical details are complex, but the idea behind it is very simple. In the analysis of the Nylon 6 production value chain, we discovered that the highest negative impact on our planet came from the **raw material extraction phase**. Hence, we developed a technology that allows us to **replace caprolactam** (the main component to produce Nylon 6, derived from oil) **with alternative raw materials** coming from the **recycling of various types of waste nylon**.



Here are the four most amazing features of our **ECONYL® Nylon**:



It maintains the **same exact qualitative characteristics** of primary source nylon



It can be recycled an **infinite number of times without losing quality**, obviating the limitations associated with traditional mechanical recycling



It produces up to **90% less CO₂ emissions** during raw material production. This means that for each 10,000 tons of raw material, we **save 70,000 barrels of crude oil** and **avoid 65,100 tons of CO₂ eq. emissions**, which is equivalent to what a forest of 2.5 million trees would have done in a year! ⁵



It regenerates vast amounts of **waste material that would otherwise be sent to landfill** or end up polluting the environment, such as old carpets, pre-consumer or post-consumer waste, aquaculture and fishing nets waste.

Certifications and Environmental Product Declarations (EPDs).

To attest the presence of **recycled content** in its ECONYL® polymers and yarns, Aquafil has acquired a set of product certifications:

- **ECONYL® product certificate**: PA6 100% recycled yarn
- **ECONYL® caprolactam certification**: 100% recycled raw material, with post-consumption content greater than 50%

At the same time, Aquafil has obtained **EPDs for ECONYL® polymer and yarns** for clothing and textile flooring. These certifications assess the environmental performance of the products, based on a **scientific, life-cycle analysis (LCA) methodology**.⁶

⁵ According to the World Economic Forum, on average it takes 40 trees to offset 1 ton of CO₂ in a year ([link](#))

⁶ All product certifications are available on the Aquafil website ([link](#))

2.1.2 FROM WASTE TO WEALTH

What others throw away is what makes us prosper – this is, in simple words, the strength of our value proposition. Waste is the main input of our ECONYL® Regenerations Systems, and, as such, it is the most **precious resource** we have, to which we strive to give a second life.

ECONYL® Reclaiming Program.

To ensure we never run out of it, Aquafil has created an **internationally structured network** for the collection of nylon waste, based on partnerships with institutions, companies, organisations and public and private consortiums across the world. We recover various materials **that** are then stored, pre-treated and sent to the Ljubljana plant, where they are transformed into raw materials and reintroduced into the production cycle.

Where does the waste used for ECONYL® yarn come from?



Old carpets destined to landfills

Aquafil has two carpet recycling plants in the United States, which can process more than **30 thousand tons of carpets** per year. The treatment allows to separate and send for recovery all the different components, including Nylon 6, which we use for ECONYL®.



Pre- and post-consumer Nylon 6 waste

The former generally consists of plastic components, **industrial waste** and fabric scraps; the latter of any **final product** at the end of their life. Such pieces of waste are generally collected in partnership with clients, through ad-hoc **Take Back** programs (see 2.3.1).



Aquaculture and fishing nets

To obtain waste Nylon 6, Aquafil collaborates with the aquaculture industry to recover end-of-use nets from fish farms. Moreover, in order to strengthen our efforts in 2021 we **acquired 32% of Nofir, a Norwegian company** leader in fish nets recovery; and since 2013, we are supported by the foundation **“The Healthy Seas, a Journey from Waste to Wear”**, which we co-founded and keep supporting in recovering abandoned ghost nets (see section 2.5.4).

2.1.3 OUR CLIENTS, OUR PARTNERS

We love our product, and so do our clients: **Speedo, Tommy Hilfiger, Volcom, Stella McCartney, Prada, Benetton, Gucci, and Burberry** are just a few of the brands that have chosen ECONYL®. Their reputation precedes them, but what is really special about them is the kind of **relationships** we are building together. In our search for potential customers, we do not look for the highest bidder or biggest name; what we strive to find are long-term **business partners**, willing to become **active participants** in our circular value chain. Here are some of the **projects** we are very proud of:



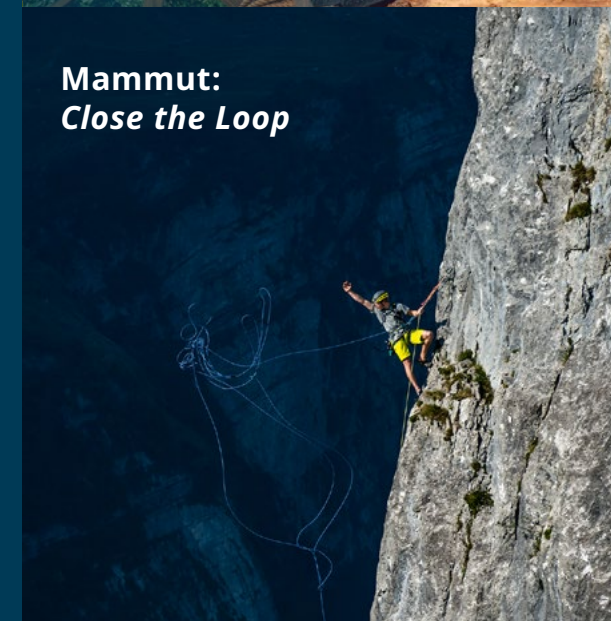
Napapijri: The Circular Series Collection

In **2020**, Napapijri created an entire **family of fully-recyclable products** thanks to the use of ECONYL® yarn and Nylon 6. The company also launched a **take-back** program which allows consumers to return their jackets for regeneration after two years.



Gucci: Off The Grid

Back in 2016, Gucci was the **first luxury brand** to use the ECONYL® regenerated yarn. Today, ECONYL® is at the core of **Gucci Off The Grid** – the first of **Gucci Circular Collections**. The line includes accessories, prêt-à-porter and travel goods.⁷



Mammut: Close the Loop

Mammut specialises in mountain equipment and clothing. In **2020**, it started a partnership with Aquafil and Protect Our Winters Switzerland (NGO) to bring circular economy principles into **mountain sports**. The collaboration led to **Close the Loop**, a pilot project aiming to give a second life to climbing ropes. After collection, the ropes were sent to Aquafil to be regenerated and used in the production of ECONYL® yarn. To close the circle, Mammut made 100% ECONYL® t-shirts. In 3 months, around **750 kg of rope** were collected and Mammut saved **67% of CO₂ emissions** per t-shirt.⁸

⁷ For more information, please refer to Gucci's website ([link](#)).

⁸ For more information, please refer to the Protect Our Winters website ([link](#)).

 <p>Coral Eyewear: Endangered</p>	<p>Coral Eyewear is the first English brand to launch an eyewear collection made of ECONYL® polymer. Since 2021, a take-back program allows clients to return their frames to Coral Eyewear and Aquafil, so that they can be regenerated into new products.</p>
 <p>Stella McCartney: Falabella GO bags & Stellawear</p>	<p>The brand uses ECONYL® yarn for two prestigious collections: Falabella GO bags and Stellawear, as well as in some other outwear pieces. Since the company started using our product, it was able to stop over 10 tons of nylon making their way to landfill.⁹</p>
 <p>Prada: Re-Nylon</p>	<p>In 2019, Prada introduced a new sustainable line of bag silhouettes using the ECONYL® nylon. Given its success, the following year the product line was expanded into Prada ready-to-wear, accessories and footwear.¹⁰</p>
 <p>Tarkett: Circular carpet tiles</p>	<p>Tarkett is a carpet tiles producer that has sourced ECONYL® yarn from Aquafil for more than a decade. In 2019, it developed a breakthrough technology at its Waalwijk recycling centre that separates the two principal components of carpet tiles: the backing and the yarn. This allows Tarkett to give a new life to carpet tiles at the end of their lives: the company re-uses the backings to make new backings, and sends the waste yarns to Aquafil, who uses them as raw materials for the production of ECONYL® yarn.¹¹</p>

Take Back!

With the ambition to further strengthen the collaboration with our clients, we started involving a number of them in the **recovery of post-industrial ECONYL® Nylon waste** from their own manufacturing processes. As of 2021, a number of clients have joined this so-called **“Take Back” initiative**.

ECONYL® E-Shop.

Aquafil has traditionally been a **B2B business**. However, in the past year, we have launched a special project to engage **end consumers** and raise awareness of sustainability topics. We have developed a new **online platform**, where customers can find all sorts of products and brands that use our regenerated yarn.¹² The portal also includes **educational content** to help people make more **informed buying choices**, in line with their values.

2.1.4 AT THE FOREFRONT OF (CONSCIOUS) INNOVATION

If we have achieved what we have achieved, we very much owe it to our **invisible heroes**: our men and women from the **Research & Development department**. They manage and oversee all product and process innovation, with the aim to improve environmental efficiency, recycling and reusing of raw materials, and the eco-design of products. Many of the innovations developed are currently protected by **patents** – and just in 2021 we started several new applications.

Beyond ECONYL®.

Our innovation efforts have not stop with ECONYL®. Over the years, we have invested significant resources to explore **alternative pathways to circularity**. Here are the most relevant ones:



1. Bio-Caprolactam and bio-based Nylon: although the ECONYL® Regeneration System is an example of a sustainable circular model, depolymerisation alone is unlikely to enable the Nylon industry to make its production processes completely independent of fossil-based raw materials. World population growth is accompanied by a continuous demand for new products that must necessarily be produced **from raw materials**, not just from waste. For this reason, the Group has decided to **invest in the development of an innovative technology** that makes it possible to **produce caprolactam** (a monomer used to make Nylon) **from renewable raw materials of plant origin instead of oil**. In partnership with leading bio-engineering company **Genomatica**, we have built a **demo plant in our AquafilSLO** (Ljubljana) facility to test the technical feasibility of producing bio-caprolactam on a pre-industrial scale. The plant will be operational at the beginning of 2022.



2. “Eco-design”: imagine an innovative carpet, created to be **fully recyclable** at the end of its life, because its design allows it to be easily **disassembled** in all its components. This is exactly what we have been working on, in collaboration with customers and suppliers of materials for **textile flooring products**.



3. PET Chemical regeneration: Plastic pollution has become a global concern, as our Earth and oceans in particular are drowning in plastic litter. Aquafil is currently working on a new process to recycle PET plastics found in bottles and in carpets.

⁹For more information, please refer to Stella McCartney's website ([link](#)).

¹⁰For more information, please refer to Prada's website ([link](#)).

¹¹For more information, [see here](#)

¹²The ECONYL® E-Shop is accessible from the ECONYL® website ([link](#)).

2.2 There is no planet B. PROTECTING THE ENVIRONMENT

Climate change is the main sustainability issue of our time, posing severe threats to people and communities everywhere in the world. Aquafil recognises the urgent need to transition to a **low-carbon future** and has been working for years to give its contribution to the cause and reduce its **environmental footprint**. Specifically, we have committed to:

- **Invest in energy from renewable sources**, in order to preserve exhaustible resources and reduce greenhouse gas emissions.
- **Reduce the impact** and increase the efficiency of production processes.

Environmental Management System.

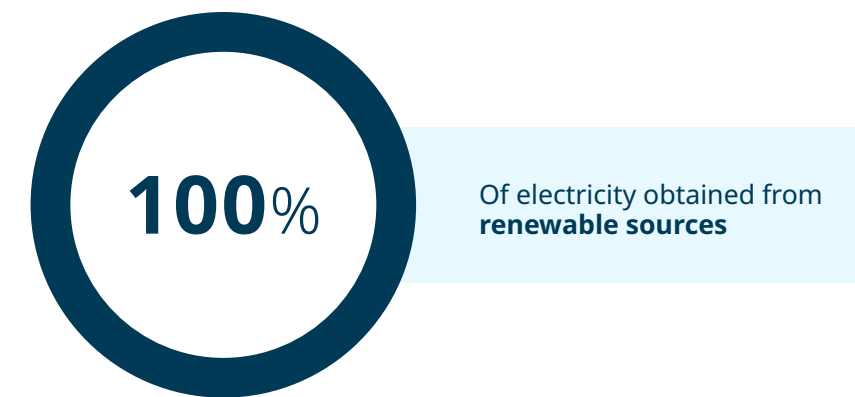
In order to do so, we have been investing time and money in the development of an **efficient Environmental Management System (EMS) and Energy Management System**, that allow us to track and assess our environmental performance, monitor associated risks, and ultimately achieve our objectives. Many of our facilities have obtained **third party certifications** that verify the robustness of their systems. For the full list of certifications, see section 3.5.

This year, numbers show that we keep walking the talk. While we proudly celebrate a **number of great achievements**, we also look ahead and have set new ambitious targets for our company (and our planet).



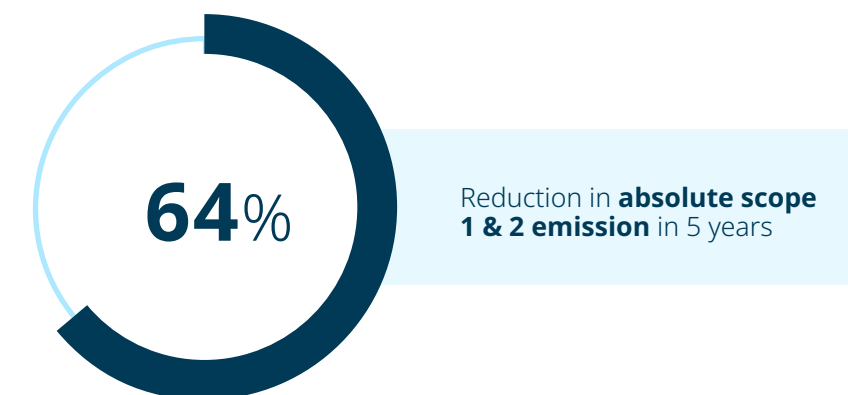
2.2.1 ENERGY

We have increased the percentage of electricity obtained from certified renewable sources up to 100%, including hydroelectric, wind, photovoltaic and biomass. This represents an **outstanding milestone** for our Group, that has helped us significantly reduce our Scope 2 emissions. Aquafil also invests in **self-generated power systems**: we have installed photovoltaic panels in all our facilities in the United States, Italy, Slovenia and Croatia.



2.2.2 CO₂ EMISSIONS

We have reduced our absolute Scope 1 + Scope 2 emissions by 64% in only 5 years, both in absolute terms and relatively to our EBITDA margin, despite the **great ramp up in production** we registered post-Covid (which slightly increased our 2021 Scope 1 emissions w.r.t 2020 levels). Since 2016, we have managed to cut 79,599 tons of CO₂ – the equivalent of around 500 flights from Rome to New York on a Boeing 747-400¹³. And this is only the beginning.



¹³ The estimation is based on a study by "The Guardian" ([link](#)), according to which a return flight from Rome FCO to New York JFK emits around 1 ton of CO₂eq per person. Assumptions: 416 seats and 75% occupancy rate.

Looking forward, we plan to double down our efforts, aligning our strategy to the **Paris Agreement objective** of limiting the global temperature rise to less than 1.5 degrees Celsius. By 2025, we pledge to sign on to the **Science Based Targets initiative (SBTi)** – a partnership between Climate Disclosure Project, World Resources Institute, World Wildlife Fund, and UN Global Compact – as well as to set **forward-looking emission-reduction targets** in line with climate science.

EXHIBIT 7 - CO₂ EMISSIONS (tCO₂ eq) ■ Direct (Scope 1) ■ Indirect (Scope 2 - market based)

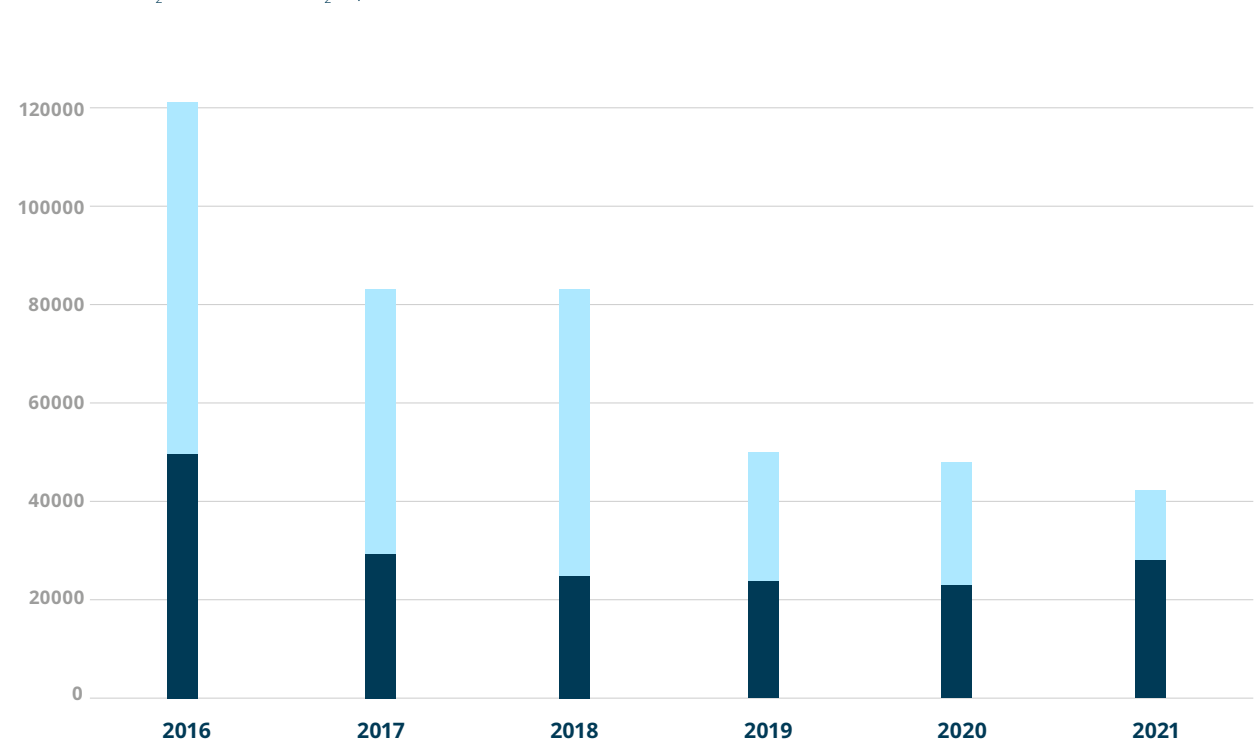


EXHIBIT 8 - CO₂ EMISSIONS

	UoM	2016	2017	2018	2019	2020	2021
Scope 1 emissions	tCO ₂ eq	50,406	29,023	26,048	24,673	23,141	31,725
Scope 2 emissions	tCO ₂ eq	73,648	57,855	60,203	26,839	27,267	12,730
Total emissions	tCO₂eq	124,055	86,878	86,251	51,512	50,408	44,456
Total emissions/EBITDA	tCO ₂ eq/Mio€	1,906	1,178	1,107	742	864	617

2.2.3 WATER WITHDRAWALS

We have decreased water consumption by 25% in 5 years. Every living organism on Earth needs water to survive. Here at Aquafil, we feel it is our responsibility to preserve this precious resource for future generations. In **2021**, our water withdrawals have reached their **record low**, despite the post-Covid increase in production. Over the years, we have also been thoroughly monitoring water stress levels in the areas where we operate, using the **WWF's Water Risk Filter**. As of today, our withdrawals and discharges occur on average in areas of medium to low stress.

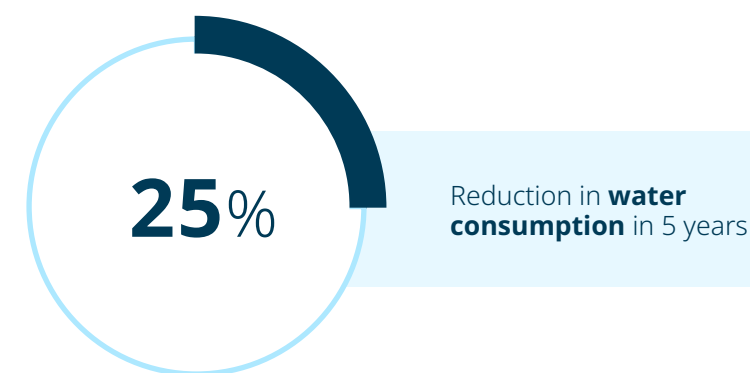


EXHIBIT 9 - WATER WITHDRAWALS

	UoM	2016	2017	2018	2019	2020	2021
Surface water	Megalitres	19	22	23	24	16	17
3rd-party resources	Megalitres	298	337	391	416	383	386
Ground water	Megalitres	3,804	3,172	3,256	2,679	2,701	2,689
Total	Megalitres	4,121	3,531	3,670	3,119	3,100	3,092

2.2.4 WATER DISCHARGES

We closely monitor the quality of our wastewater through rigorous laboratory analysis, minimising the impact of our industrial activities. Keeping water clean is just as crucial as reducing the quantity we consume of it. The most important parameter we monitor is the Chemical Oxygen Demand (COD), which measures the oxygen demand of organic substances. In 2021, **74% of our wastewater** was discharged to surface waters (e.g. rivers), with an average COD value of 18 mg of O₂ per litre, well below the maximum threshold of 160 mg/l set by the Italian national law and of 100 mg of O₂ per litre, as required by local regulation.¹⁴ ¹⁵The remaining 26% is sent to third-party **treatment plants** for purification before being returned to the environment. By **2025** we aim to **reduce wastewater discharges by 30%** (baseline 2018).

¹⁴ This threshold refers to surface water discharges only, see D.Lgs.152/06

¹⁵ See Decreto del Presidente della Giunta provinciale (TN) 26 gennaio 1987, n. 1-41/Legisl. e ss.mm.ii. ([link](#))

EXHIBIT 10 - WATER DISCHARGES

	UoM	2016	2017	2018	2019	2020	2021
To surface water	Megalitres	2,804.4	2,806.9	2,943.0	2,334.4	2,441.2	2,459.3
Discharged water quality (COD)	mg of O ₂ /litres	31.8	36.9	26.2	29.5	40.9	18
To third-party (treatment plants)	Megalitres	756.9	864.4	880.1	841.2	700.6	855.6
Discharged water quality (COD)	mg of O ₂ /litres	628.5	695.7	491.8	687.8	374.3	752.7

2.2.5 WASTE

We recover 90% of our waste (between recycling and energy recovery). Only 10% is disposed in landfills. This is a testament to our belief that waste is more than production leftovers. It is a resource, to which we strive to give a second life.

EXHIBIT 11 - WASTE

	UoM	2021
Hazardous	tons	1,600
Recycling	tons	100
Landfill	tons	143
Incineration with energy recovery	tons	1,329
Incineration without energy recovery	tons	28
Non-Hazardous	tons	11,559
Recycling	tons	5,725
Landfill	tons	914
Incineration with energy recovery	tons	4,919
Incineration without energy recovery	tons	0
Total	tons	13,159

2.2.6 HAZARDOUS CHEMICALS

We are compliant with the European Union regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).^{16,17} In the textile sector, the careful management of chemical substances is fundamental to protect human health and the environment. At Aquafil, we guarantee the highest standards of safety in 3 ways:

1. We have a **clear policy** that lays out the guidelines for transparent communication and a rigorous control system for hazardous chemicals management.
2. We have a **sustainability compliance team** that supports all Group plants on REACH regulation issues and on hazardous chemicals management.
3. We have obtained the **OEKO-TEX certification** attesting the absence of harmful substances in our products, as well as the **Cradle to Cradle Material Health Gold & Silver** for our ECONYL® BCF yarn.¹⁸ In 2020, Aquafil SLO also obtained the **ECO Passport** for three of its products, which is recognised within the **Zero Discharge of Hazardous Chemicals (ZDHC) initiative**.



¹⁶ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 ([link](#))

¹⁷ For further information, see Aquafil's REACH declarations ([link1](#)) ([link2](#))

¹⁸ The Cradle to Cradle (C2C) Material Health Certificate recognises products that avoid the use of harmful chemicals or toxic materials, in accordance with Cradle to Cradle's Certified Product Standard. For more information, check Aquafil's full list of certifications ([link](#))

2.3 We are all in this together.

SHARING RESPONSIBILITIES THROUGHOUT THE SUPPLY CHAIN

In union there is strength. Here at Aquafil, we believe that the only way to truly achieve long lasting impact is to collaborate with **business partners** that share our same vision and mission.

2.3.1 KNOW YOUR SUPPLIERS

In the past years, we have been working hard to improve our partner selection and monitoring procedures, and ultimately build a **resilient, sustainable and ethical supply chain**. There is one **golden rule** that inspires our standard **due diligence** procedure: **"know your suppliers"**. Zooming in, our approach follows **3 main steps**:

1) Setting clear expectations

From day 1, we aim to be as **transparent** as possible with our external collaborators about how we expect them to behave. Before we even talk business, we ask all potential partners to **sign** a "Declaration of Acceptance" of the **Aquafil Code of Conduct**¹⁹ and a commitment to adhere to the **human rights** and **social accountability** principles outlined in the SA 8000²⁰ international standard. These include: on one side, the condemnation of any kind of **child labour**, forced labour, **discrimination** and **physical disciplinary practices**; on the other, respect for workers' **health and safety**, and the guarantee of acceptable living conditions, **free association** and collective bargaining. No exception.

2) Assessing the adherence to the highest standards

Secondly, we ask all potential partners to fill in a **self-assessment questionnaire**, that helps us evaluate and score their performance on four different areas:²¹



Quality management



Health and Safety



Environmental management



Social responsibility

3) Engaging in periodical internal reviews

On a cyclical basis, we perform in-depth, risk-based **internal audits on our supplier sourcing procedures** to hold ourselves to the highest standards and promote continuous improvement.

¹⁹The Aquafil Code of Conduct is our ethical compass: it guides every decision we make and every action we take. For further information, see section 3.3

²⁰For further information, see section 3.5

²¹This second step of this procedure applies to Italian business company only

2.3.2 RAISING THE BAR HIGHER: ECONYL® Qualified

After launching ECONYL® in 2011, we felt that to truly fulfil its mission, its supply chain needed a **superior qualification protocol**, with stricter requirements on suppliers' environmental impact. So, in 2016, we piloted the **"ECONYL® Qualified Guidelines for Partners"**.²²

This special qualification scheme sets specific **quantitative and qualitative standards** for suppliers regarding the use of **raw materials and energy resources**, as well as the management of the production process.

A **third-party audit** must verify compliance with such criteria in order for partners to obtain the **ECONYL® Qualified Certificate**, which has a validity of 2 years. After expiration, partners' performance is reassessed according to the latest version of the guidelines.

The first pilot only involved four companies and two sectors: "logistics and distribution" and "packaging". Since then, Aquafil has been working intensively to **expand the size and scope** of the project. As of 2021, 11 companies and 5 sectors have been included in the **ECONYL® Qualified** standard:

- Paper tubes manufacturing
- Logistics and distribution services
- Yarn finishing
- Fishing net recovery and supply
- Pre- and post-consumer waste yarn

The pre- and post- consumer waste yarn sector is our latest addition in 2021. The first company to join in this sector has been Ege Carpets, an Aquafil customer that became a supplier for pre-consumer waste.

Currently, the scheme is **voluntary** but, in the next future, all companies intending to supply goods and services within the ECONYL® production chain may be **asked to apply**.



²²For further information, please refer to the latest version of our ECONYL® Qualified Guidelines for partners ([link](#))

2.4 People first.

CARING FOR THE WELL-BEING OF INDIVIDUALS

We may have the best tools, the newest ideas or the most innovative products... but all these things would be worthless without the true **backbone of our business**: our employees.

Aquafil is **only as great as the 2,776 people** that work here, who embody our mission and go the extra mile to see the company succeed, every day.²³ They are spread **across 3 continents and 8 countries** – Europe (Italy, Slovenia, Croatia, UK), America (US), and Asia (China, Thailand, Japan) – and work together towards a **common goal**: to make products that will change the world.

For this reason, it is our priority to create the **right conditions** for our people to **prosper**. Over the years, we have been working on 3 fronts:



Building a fair and inclusive work environment



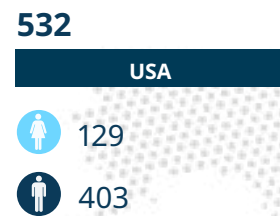
Ensuring people's safety and wellbeing



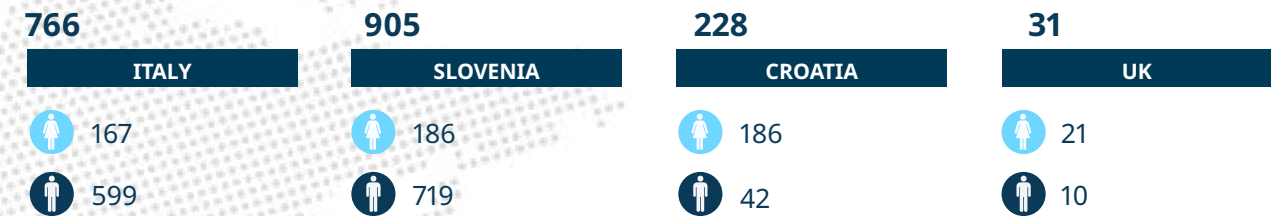
Nurturing personal and professional growth

EXHIBIT 12 - WORKFORCE GEOGRAPHICAL DISTRIBUTION BY GENDER (2021).

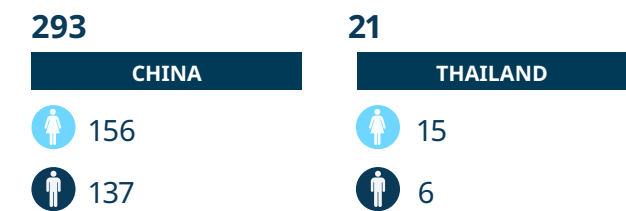
AMERICA



EUROPE



ASIA



²³ In line with our Non-Financial Disclosure, the scope of this report only considers the number of people employed in our production plants.

2.4.1 BUILDING A FAIR AND INCLUSIVE ENVIRONMENT

A serene and welcoming atmosphere at work is key to **enhance productivity** and **increase job satisfaction**. Here at Aquafil, we put a lot of effort to create an environment of **mutual trust**, where diversity is valued, and a **cohesive community**, where everyone feels free to express their ideas.

Zero-tolerance policy.

The Aquafil Code of Conduct mandates respect for each individual's personal dignity and does not **tolerate** any kind harassment, offense or **discrimination** on the basis of race, gender, age, culture, religion, political belief or sexual orientation (see section 3.2).

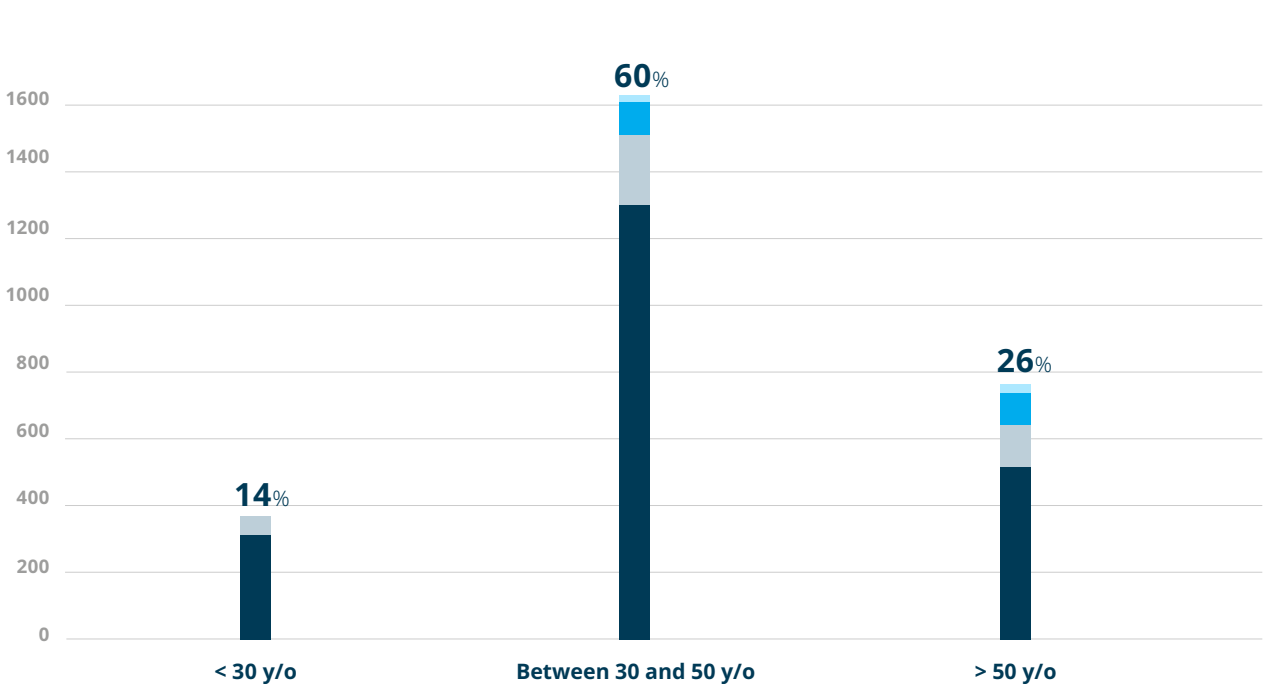
Staying close from afar: our Social Intranet.

It is proven that **social interaction** and positive office engagement are key to fostering a **culture of belonging** and increasing workplace **productivity**. When, all of a sudden, the outbreak of the pandemic blocked any form of physical interaction, we decided to launch our own **Social Intranet**, a space where colleagues can communicate, share projects and stay up to date with company news. This marked an important step in building an increasingly open and participative corporate culture, and allowed our **community** to stay connected and active even from afar.

Making way for the young.

Young people are a breath of fresh air – they bring in **new energies** and **innovative perspectives**. Aquafil has in place powerful initiatives aimed at encouraging generational handover, especially in Italy and Slovenia. For instance, we have joined the **Generational Relay plan** promoted by the Ministry of Labour, that aims to voluntarily reduce the working hours of employees close to retirement (still supporting their income) to **favour new hires** of young people and the **transformation of fixed-term contracts into permanent ones**.

EXHIBIT 13 - NUMBER OF EMPLOYEES BY ROLE AND AGES.



Gender diversity.

In 2021, women represented around **44% of our Board of Directors**, seven percentage points higher than the average of our Small Cap peers (37%).²⁴ At staff level, the ratio falls to **31%**, with imbalances increasing among blue-collar and at the top of the corporate ladder.

As research showed that a higher concentration of women in senior roles has a significant influence on their representation in the pipeline, we have doubled down our efforts to **increase the number of female executives**, achieving a **100% rise** in the past two years.²⁵



EXHIBIT 14 - NUMBER OF WOMEN BY ROLE

Role	N. of women	% of women
Blue-collar	605	28%
White-collar	220	54%
Manager	27	18%
Executive	8	17%
Total	860	31%

²⁴ The European House Ambrosetti, 2021, "Workshop Corporate Governance – XVII edizione – Rapporto finale" ([link](#))

²⁵ Bloomberg Gender Equality Index, 2022 ([link](#))

2.4.2 ENSURING PEOPLE'S SAFETY AND WELLBEING

The **Covid-19 pandemic** took the world by surprise, disrupting our lives and taking a toll on our mental and physical health. But even in the darkest moments **there is light**. If there is a business and life **lesson** we can take away from this moment of crisis, it surely is that we should put people's **safety and wellbeing** before everything else. Here is how we do it at Aquafil.

Stable work relationships.

No one can feel safe or satisfied if their future is **uncertain**. **Job security** and **steady income streams** are the first necessary conditions for people to prosper, in life and at work. This is why **89% of our contracts are permanent**. This type of work arrangements has a positive impact on our company too: it helps us **attract and retain talents**, ensuring the **labour-continuity** necessary to make long-term plans. It is a **win-win** situation. Data show that our efforts are paying off: this year our overall number of employees has **increased by 5%**, despite the higher than usual turnover rate (18.6%) driven by the voluntary layoffs of many US workers (54%), who took advantage of government incentives for early retirement.



Comprehensive welfare plans.

Our Group takes **people care** very seriously. That is why we decided to **double the welfare budget** assigned to each employee. Key **benefits** include: study and **parenting support** services, **supplementary pension** provisions, support measures for **leisure activities**, and **health** services. For example, Aquafil has entered into agreements with health facilities to guarantee that employees can have regular health checks, with all costs borne by the company.



A structured health and safety system.

Our Group systematically monitors and assesses **occupational accidents, injuries and other illnesses** in our facilities. Our health and safety management system is based on 5 building blocks:

- A thorough **risk-assessment procedure**, which allows us to work on **prevention** and to provide all our workers with adequate **personal protective equipment**
- The appointment of an employee **Health and Safety Committee** in each Group company, in charge of analysing accidents, sharing lessons learnt and best practices, periodically assessing the effectiveness of control measures
- The **continuous training** of workers to disseminate a safety culture and reduce accidents caused by **human factors**, which are the most common cause of injury in our facilities – in 2021, we delivered more than **8 thousand hours of security training** (55% more than in 2020)
- A structured procedure to **report accidents** – which has been updated in 2021, and now works through a digital platform that facilitates communications and best-practice sharing
- The presence of a **company doctor**

Thanks to our efforts, **no workplace deaths or serious injuries were reported** in 2021. There was, however, a slight increase in the frequency of accidents in our Slovenian plants due to the post-Covid ramp up in production.²⁶ In response, we have increased security levels by taking further precautions and providing new personal protective equipment to our workers.

Our Covid-19 response measures.

The global emergency affected our Group straight from the outset because of our **presence in China**. Albeit difficult, this moment of hardship allowed us to learn the best strategies to **prevent infections** and **intervene promptly** in all our other facilities around the world. When the virus spread outside China, the speed and effectiveness of our response made our Group a **reference point** for many other Italian companies. Here are the key measures we took to **keep all plants operational** while minimising contagion among employees:

- We set up a **crisis unit** to monitor the state of the emergency on a daily basis and respond quickly. Today, the unit is still up and running: it holds two meetings per week and ensures the situation is always under control.
- We transitioned **80% of our white-collar staff to remote working**, providing adequate technological equipment and ad-hoc training.
- We protected the health of on-site workers through regular **temperature** checks, the daily **sanitisation** of every environment, and the **distribution of masks**, hand sanitisers and other personal protective equipment.

²⁶ For the complete work security dataset, please refer to Exhibit 15

2.4.3 NURTURING PERSONAL AND PROFESSIONAL GROWTH

According to a LinkedIn survey, 94% of employees would stay at a company if it **invested** in their learning needs.²⁷ It makes perfect sense: every human being has a deeply rooted **desire for growth, discovery, mastery**. If a company manages to nurture this aspiration, it will have not only a **higher-skilled workforce**, but also a team of **satisfied and motivated individuals**, ready to go the extra mile for the sake of the company. In fact, caring for employees' personal and professional development also helps building a supportive environment, as it shows people that they are valued, that they are worth the time and money invested in them. All in all, what's magic about providing structured training is that it aligns individual and business objectives, making **the success of one, the success of all**.

After the slump due to the Covid-19 Emergency, **hours of training** doubled year-on-year, going from 14,179 in 2020 to 27,283.²⁸ We offer structured training courses in five areas of interest:

- **Technical**, to develop specialised skills by job, role or category
- **Human rights and anti-corruption systems**, to understand the principles enshrined in the Ethics Code
- **Health and safety**, to spread a culture of risk awareness and prevention
- **Environmental**, to spread knowledge about environmental issues and foster compliance with regulations and voluntary standards
- **Language**, to learn foreign or local languages



Do ut des.

Starting in mid-2020, we have piloted a new project named "Do ut des", aimed at fostering our employees' personal and professional growth. We have challenged every **manager** in our Italian plants **to start a dialogue** with each member of their teams, to discuss **strengths, weaknesses and future goals**. In order to make the process consistent across different units and aligned with the company's strategic priorities, we have provided them with **evaluation canvas to fill in** at the end of each conversation. So far, the initiative has produced the desired results: it has improved **communication and feedback exchanges** between managers and collaborators, while enabling us to map and assess the level of **soft skills** across our organisation. The outcome of these performance reviews will serve as a basis to develop **tailored training programs** for individual needs.

A new digital learning platform for our employees' kids.

Last Christmas, Aquafil decided to make a **special gift** to all its Italian collaborators: a **free subscription** to a digital platform – Redoc – that supports their children with their **school curricula**, helping them **perfect their skills** and deepen their **knowledge of STEM subjects**.

²⁷ LinkedIn, "2018 Workplace report", ([link](#))

²⁸ For a complete breakdown of training hours by area, see Exhibit 15

EXHIBIT 15 - SOCIAL INDICATOR

	2016	2017	2018	2019	2020	2021
Number of Employees						
Total number of employees	2,722	2,688	2,773	2,893	2,650	2,776
Rate of new hires	-	-	-	-	-	22.3%
Negative turnover	-	-	-	-	-	18.6%
Employee distribution (gender & age)						
Women	32.7%	32.0%	31.2%	31.1%	31.7%	31.0%
Men	67.3%	68.0%	68.8%	68.9%	68.3%	69.0%
<30 years old	-	-	-	-	13.7%	14.0%
Between 30 and 50	-	-	-	-	60.2%	59.8%
>50 years old	-	-	-	-	26.1%	26.3%
Employees by type of contract						
Temporary	13.3%	22.9%	26.3%	10.1%	8.2%	11.1%
Permanent	86.7%	77.1%	73.7%	89.9%	91.8%	88.9%
Training hours by area						
Technical	58,980	49,239	22,535	21,041	5,421	15,794
Human rights and anti-corruption system	-	-	-	326	230	60
Security	11,165	25,015	17,032	10,573	5,608	8,694
Linguistic	6,045	4,724	5,172	5,643	2,695	2,610
Environmental	227	418	4	348	226	125
Total	76,417	79,396	44,743	37,931	14,180	27,283
Injuries and days of leave						
Working hours	4,860,829	5,024,197	5,126,261	5,330,989	4,518,124	5,074,818
Injuries > 3 days	26	45	36	15	21	36
- Serious injuries > 3 days	-	-	-	-	1	0
Missed days (due to injuries)	995	1,330	1,144	971	645	1,434
Frequency rate	5.35	8.96	7.02	2.81	4.65	7.09
- FR Serious injuries	-	-	-	-	0.22	0
Severity index	0.2	0.26	0.22	0.18	0.14	0.28
Risk index	1.09	2.37	1.57	0.51	0.66	2
Strike Hours	-	-	-	-	-	126
Absenteeism rate (due to strikes)	-	-	-	-	-	0.025

2.5 No man (nor company) is an island.

SUPPORTING THE LOCAL COMMUNITIES

Our Group is committed to establish solid relationships with the **communities** where it operates, foster **social progress and innovation** and support the most **vulnerable people** in our society.

2.5.1 PROMOTING INCLUSION AND ACCESS TO THE JOB MARKET

Not everyone has had the **same opportunities** in life. Some deserve **a second chance**. We build on these principles to offer people a **chance for equality**, through a series of initiatives:

Reintegrating inmates into society.

Our Aquafil O'Mara e Aquafil Carpet Recycling (Phoenix) plants partner with two local organisations – “Rescued not Arrested” and “Putting U First LLC” – to give **inmates** and **people under mental health treatment** the opportunity to **work for our company**. In 2021, **31 people** were enrolled in the project – some of whom have been with us for several years now, proving the initiative's success.

Pastificio Dal Barba for neurodiversity.

In 2021, our Italian plants supported “**Pastificio Dal Barba**”, a local cooperative promoting **training and inclusion paths** for young people affected by **neurodiversity**. For Christmas, Aquafil distributed their cookies and pastries in the employees' annual festive basket.

“Garda 2015” for disadvantaged people.

Aquafil renewed its partnership with “**Garda 2015**”, another cooperative aiming to give disadvantaged people **access to the job market**.

2.5.2 INVESTING IN FUTURE GENERATIONS

Every year, we open our door to **3 groups of students**. They visit our plants, ask questions, share ideas. From our side, we do our best to raise awareness of sustainability topic and bring them closer to the principles we hold dear. Why do we do this? Because we believe **change starts from the young**, and it is our duty to support them in their growth and provide them with the means to succeed.

“Aquafil for New Generations”.

In December 2021, one of our most senior executives retired and we decided to thank him for his 30 years of service with an **unusual gift** (in line with our values): a **75-thousand-euro** investment to provide **scholarships to 15 deserving students** of “ITET Floriani” Institute in Riva del Garda (TN) in the next 3 years. He will be **directly involved** in the initiative – he will hold lectures, share his experience, and convey how important it is to be determined and invest in one's future since the beginning.

New York Parsons School & ECONYL®.

In collaboration with a renowned American college, we organised an **innovation contest** open to all **design** students, with the aim of allowing them to get practical experience on the endless possibilities offered by the circular economy. The challenge was to come up with sustainable products using the **ECONYL® yarn**. So far, we have received **13 submissions**. The winner will be announced in the coming months.



2.5.3 HELPING THE MOST VULNERABLE

During a global pandemic, protecting the most vulnerable people in our society becomes an even greater and more **urgent challenge**. This is why Aquafil supports a wide range of initiatives within its local communities. Looking forward, the Group commits to supporting **at least 4 organisations** every year.

Staying close to hospitalised children.

Arco's plant in Italy supports **ABIO**, an association assisting **hospitalised children and their families**. Due to the Covid-19 pandemic many activities were suspended, but donations allowed the purchase of playful and educational materials for the kids.

Aquafil China for women.

Our plant in **Jiaxing** started supporting women affected by **breast and uterine cancer** in 2011. Through **periodical donations**, it supports patients and contributes to the medical research in this field.

AquafilCRO for less fortunate kids.

Our Croatian plant made several donations to support **children with financial or health problems**, allowing them to buy school material, access health care and more.

2.5.4 SUPPORTING LOCAL CULTURAL AND SPORTS CLUBS

We periodically make donations to **sponsor local volleyball, ski, football, hockey and athletics teams**, and support **magazines, literature competitions, musical events** and traditional local events. Looking forward, we plan to support **at least 2** cultural or sports associations and sponsor a minimum of **10 events each year**.

2.5.5 SOCIAL ORGANISATIONAL LIFE-CYCLE ASSESSMENT

In 2021, we kicked off a new project in collaboration with Life-Cycle Engineering (LCE) to assess the social impact of our company's activities on all stakeholders: suppliers, clients, local communities, workers, clients, and society as a whole. The aim is to provide a **"picture" of Aquafil's social performance**, to understand whether there is a social risk in relation to a specific matter, or whether instead the performance is above average.

In order to do so, we will apply the same **"Life-Cycle Thinking"** approach used to assess the environmental impact of our value chains **to social and socio-economic aspects**.

2.5.6 ACTING FOR ENVIRONMENTAL PROTECTION

Beyond our work on circularity and our efforts to decrease the impact of our production systems, our Group also supports a number of great initiatives to **protect the environment and preserve biodiversity**.

Repopulation of Sarca river.

The Group confirmed its financial support to repopulate the Sarca river, near our Arco plant, where the **marine fauna** has drastically **decreased** as a result of **adverse weather conditions** and **predatory birds**.

The Healthy Seas, a Journey from Waste to Wear.

Lost or abandoned fishing nets are responsible for the needless death of marine animals. To tackle the problem of sea pollution, in 2013 Aquafil co-founded **"The Healthy Seas"**, a foundation that spreads awareness on **marine litter prevention** and organises **cleanups with volunteer divers**.

The Nylon fishing nets collected are regenerated into ECONYL® yarn while the other types of plastics are also re-used or recycled. So far, we have freed the sea from more than **773 tons of fishing nets** and other marine litter, thanks to the help of 250 volunteers and 1250 fishermen and fish farmers.²⁹ Here are main initiatives undertaken in 2021:

- Beach and seabed cleanups in the Greek island of **Ithaca**
- **Purchase of a ship** – MAKO – in the **Dutch area of the North Sea** to recover fishing nets, but also to host educational activities for schools, journalists and the local community
- Research activities, data collection and fishing net recovery off the coasts of **Lipari and Lampedusa**, with a special focus on **shipwrecks**
- Recovery of abandoned fishing nets in **Costa Brava, Spain**. Local scuba divers and researchers were involved in the activities.



²⁹ The Healthy Seas website [link](#)

photo credits: Imad Farhat



How We Deliver on Our Promises

Aquafil has in place a robust **governance structure**, policies and **procedures** that ensure it conducts business ethically, meets the ESG commitments outlined in the **ECO PLEDGE**[®], and delivers a strong business performance. It also holds a number of **third-party certifications** that attest the Group's adherence to the highest environmental, social and quality standards.

3.1 Carving our commitment in stone.

A SOLID ESG GOVERNANCE, FROM TOP TO BOTTOM

Sustainability is represented and prioritised at every level of Aquafil's governance – from the top, to the bottom of our structure – reflecting the company's pledge to make it a **core element** of its **business model**.

A strong ESG governance starts from its leadership. The company has voluntarily adopted Borsa Italiana's new **"Corporate Governance Code"**, which identifies **"sustainable success"** as the overarching objective that must guide the action of the **Board of Directors**. This is defined as creating long-term value for shareholders while taking into account the **interests** of all other relevant **stakeholders**.

Aquafil's **Board of Directors** oversees the company's sustainability strategy through the **Control, Risks and Sustainability Committee**.³⁰ This Board-level Committee is composed of three **independent directors** and has responsibility for:

- reviewing the company's sustainability **policies, objectives** and **processes**
- assessing the suitability of its **non-financial disclosures** as required by European Directive 2014/95/EU
- coordinating all the corporate bodies involved in ESG activities

The Board is also supported by a **Nomination and Remuneration Committee**, composed of 3 **independent members**, which oversees the appointment and remuneration criteria within the company.

To ensure that sustainability topics are properly managed from top to bottom, in 2018 Aquafil established the **Sustainability Steering Committee**, which includes the **top managers** from all key internal functions as well as some **external advisors**. Its goal is to guide and monitor the development of the **sustainability plan** and the achievement of **ESG targets**. It periodically **reports to the Control, Risks and Sustainability Committee** on the progress of the projects underway, presenting results and any requests to launch new initiatives.

We also put our money where our mouth is: our commitment to ESG topics is also reflected in our **Remuneration Policy**. In 2021, with the approval of a new remuneration policy, Aquafil incorporated **sustainability targets** into the Variable Short-Term Incentive Plan for the CEO, Executive Board Members and company management.³¹

³⁰ For further information, check the Control, Risks and Sustainability Committee Internal Regulation ([link](#))

³¹ For further information, see Aquafil's Remuneration Policy ([link](#))

3.2 Acting with integrity. At all times.

THE AQUAFIL CODE OF CONDUCT: OUR ETHICAL COMPASS

Aquafil is committed to doing business in an **ethical, honest, and transparent** manner – in compliance with all applicable **laws**. To this end, all our employees, collaborators, and business partners are required to formally abide by the high standards set in our **Code of Conduct** (hereinafter "the Code").³² For **suppliers**, the signature of the Code is an integral part of their contractual obligations.

The Code promotes the principles of **diligence, loyalty** and **fair-play**, while prohibiting any kind of exploitative behaviour (such as enslavement, forced labour, child labour), **corruption, discrimination** or infringement of workers' **human rights**. The main directives can be grouped into eight areas:



All in all, numbers show that **our efforts are paying off:** in 2021, **none** of the Group companies **received fines or sanctions** for violations of the Code or relevant regulations.

³² For further information, see Aquafil's Code of Conduct ([link](#))

3.3 Empowering our people to do good. OUR ROBUST WHISTLEBLOWING SYSTEM

Roles and rules are important, just like the efforts and **good faith of our people**, that allow us to live up to our values, spread our mission and, ultimately, maintain the highest standards of ethics. They are our company's **hands, eyes and ears**, our **first line** of defence in detecting and reporting any serious **malpractice, violation** of the Code, or **incompliance** with regulation.

There are two ways we adopt to ensure our employees **fully understand** the Code and **flag** any suspected misconduct:



We provide **ad-hoc trainings**, both during the **onboarding process** and every time significant updates to the Code are introduced.



In 2018, we introduced a structured **Whistleblowing** procedure that guarantees full **confidentiality** and **anonymity** of reporting, as well as a **non-retaliation** policy.³³

Employees submit their reports through an **independent online platform**, available **24/7**. These are then collected, processed and investigated by the **Supervisory Board**, an autonomous and independent body appointed by the Board of Directors. Its members have **access to all company information** and can seek the support of any relevant business function.³⁴ Should allegations be confirmed, the company will employ **disciplinary sanctions** proportional to the severeness of the violation.

Last but not least, Aquafil Group companies that have obtained the Social Accountability certification **SA 8000** (see section 3.5) have another **whistleblowing tool** to collect reports not only from **workers** but also from **suppliers, customers and associations** on matters such as child labour, forced labour, health and safety, freedom of association, discrimination, disciplinary procedures, working hours and remuneration.

Reports are gathered through an **online portal available 24/7** and received by the SA8000 Committee, a technical group that also includes workers' representatives.³⁵ **Anonymity, confidentiality** and zero tolerance for **retaliation** are always guaranteed.

³³ This procedure currently applies only to Italian facilities

³⁴ The Supervisory Board is also responsible for the surveillance of the Organisational and Management Model pursuant to legislative Decree no. 231/2001. For further information, see Aquafil's Organisational and Management Model ([link](#))

³⁵ For further information, see Aquafil's Procedure for the Management of SA8000 Reports ([link](#))

3.4 Never missing a beat. OUR "SUSTAINABILITY WEB TOOL" FOR ESG DATA COLLECTION

There is an old saying in business that we take very seriously: **"if you can't measure it, you can't improve it"**. That's why, since 2012, we have implemented a customised software platform that facilitates and standardises **data collection** among all the Group's production plants. Aquafil uses this **"Sustainability web tool"** to keep track of both social (human resources, work safety) and **environmental** (energy consumption, CO₂ emissions, waste, water) **indicators**. Each facility collects and inputs information into the system on a **monthly or by-yearly** basis, depending on the indicators.

Not one. Not two. But **three control levels** guarantee the **reliability and trustworthiness** of our data. We take care of the first two **internally**: they are respectively in the (good) hands of our **Plant Managers** and of a dedicated working group of the **Sustainability Steering Committee**. The third level of verification is an **external audit** performed by an **independent assurance** company, DNV GL. The latest certificate issued is **publicly available** online.³⁶



³⁶ The latest certificate is available at this [link](#)

3.5 “Don’t say it, prove it”. OUR PURSUIT OF VOLUNTARY CERTIFICATIONS

We believe our story and our numbers speak for themselves. But we also believe that **transparency** is a necessary condition to build **strong, trustful relationships** with clients, communities and shareholders. Therefore, we have embarked on a long journey to acquire **voluntary certifications** that attest our adherence to the highest environmental, social and quality standards. To obtain (and maintain) such certifications, we open our doors to **independent, third-party organisations** to perform thorough **external audits** at least once a year.

Here is the **full list of certifications** held by the Aquafil Group as of 2021:³⁷



Environmental Management (ISO 14001) – Sets the standard to build a robust **Environmental Management System**, which allows our company to enhance its environmental performance, fulfil compliance obligations, address related risks and opportunities, and ultimately achieve our environmental objectives.

Certified facilities: 9/15



Energy Management (ISO 50001) – Provides a framework to develop an energy management policy, set ambitious targets, measure the right indicators and review the results, with the overall aim of improving our energy efficiency.

Certified facilities: 5/15



Social Accountability (SA 8000) – Requires compliance with eight social responsibility criteria, based on the principles of the **Universal Declaration of Human Rights**: child labour, forced labour, health and safety, free association and collective bargaining, discrimination, disciplinary practices, maximum working hours and minimum living wages.

Certified facilities: 8/15



Occupational Health & Safety Management (ISO 45001) – Specifies the requirements to prevent work-related injury, provide safe and healthy workplaces and ultimately enhance our people’s wellbeing.

Certified facilities: 6/15



Quality Management (ISO 9001) – Defines a framework to better organise processes and continually improve their efficiency, in order to consistently provide products and services that meet our regulatory and customers’ requirements.

Certified facilities: 11/15

But our efforts must not and do not stop here. Every year, Aquafil keeps working to **increase the number of certified facilities**. In **2021** only, we have obtained three more ISO 50001 certifications (AquafilSLO Ajdovščina, Senožeče, Celje) and four more SA8000 (AquafilSLO Ljubljana, Ajdovščina, Senožeče, Celje).

Looking forward, our ultimate goal is to have **all Group facilities certified** with **ISO 14001** and **ISO 45001** by **2025**, as well as with **ISO 50001** and **SA 8000** by **2028**.

EXHIBIT 16 - CERTIFICATIONS HELD BY THE GROUP (2021)

	ISO 14001	ISO 50001	SA 8000	ISO 45001	ISO 9001
Aquafil Arco	✓	by 2028	✓	✓	✓
Aquafil China	✓	by 2028	by 2028	by 2025	✓
Aquafil USA-Cartersville	by 2025	by 2028	by 2028	by 2025	✓
Aquafil Carpet Recycling#1	by 2025	by 2028	by 2028	by 2025	-
Aquafil Carpet Recycling#2	by 2025	by 2028	by 2028	by 2025	-
AquafilCRO	✓	✓	✓	✓	✓
AquafilSLO - Ljubljana	✓	✓	✓	✓	✓
AquafilSLO - Ajdovščina	✓	✓	✓	✓	✓
AquafilSLO - Senožeče	✓	✓	✓	✓	✓
AquafilSLO - Celje	✓	✓	✓	✓	✓
Asia Pacific	by 2025	by 2028	by 2028	by 2025	✓
Tessilquattro	✓	by 2028	✓	by 2025	✓
Tessilquattro - Rovereto	✓	by 2028	✓	by 2025	✓
Aquafil UK	by 2025	by 2028	by 2028	by 2025	-
Aquafil O'Mara	by 2025	by 2028	by 2028	by 2025	-

³⁷ All certifications are available on Aquafil's website ([link](#))

3.6 You cannot save the world alone.

OUR PARTICIPATION IN INTERNATIONAL ALLIANCES

The Group has established **strategic partnerships** and joined several associations that share the same vision of doing business in a sustainable and circular way:



The Alliance for the Circular Economy:

it involves 18 Made-in-Italy companies advocating a change in the production ecosystem to achieve full circularity.



Ellen MacArthur Foundation:

one of the most significant international initiatives promoting the shift towards a circular economy.



Plastics Recyclers Europe:

it unites the main companies operating in the plastics recycling sector. It encourages the use of high-quality recycled plastics, and represents the industry at European level.



The Italian Cluster of Green Chemistry (SPRING):

it aims to bring together different actors operating in the field of green chemistry in order to foster the development of the bio-economy in Italy.



Textile Exchange:

it promotes sustainable and responsible practices across the whole textile supply chain. It develops standards and certifications widely used in the fashion and apparel industry.

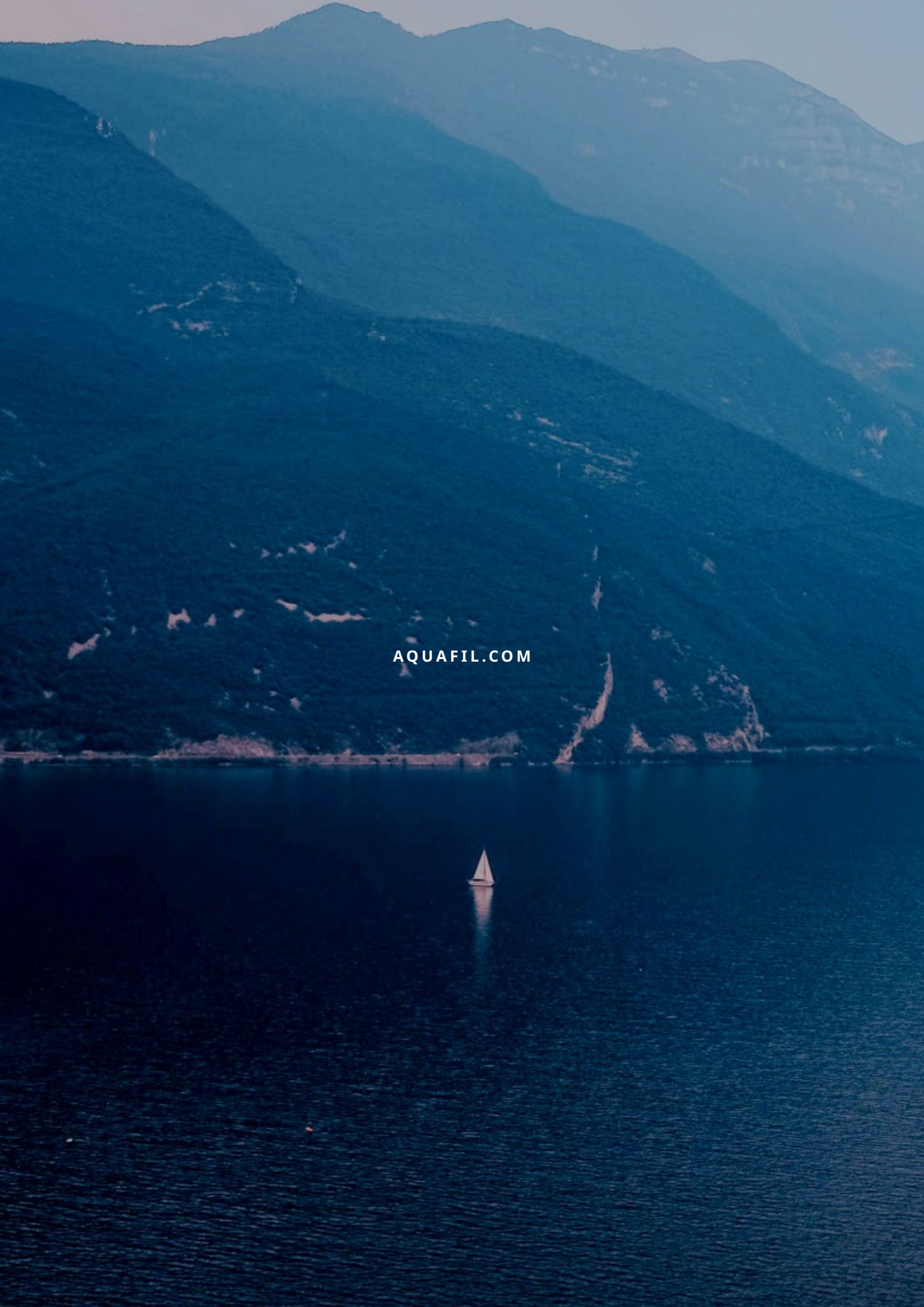


European Man-Made Fibres Association (CIRFS):

it represents the interests of the European synthetic fibres sector.

Looking forward, we are committed to joining the **UN Global Compact** initiative by 2025.

This report aims to communicate Aquafil's commitment to sustainability to our stakeholders. It should by no means be intended as a substitute for Aquafil's Non-Financial Disclosure, written following GRI Standards and published as part of our Annual Report, as required by European Directive 2014/95/EU.



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