

SUSTAINABILITY

REPORT

2016

AQUAFIL 
synthetic fibres and polymers

10 YEARS OF SUSTAINABILITY

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AQUAFIL AND SUSTAINABILITY: A CONSISTENT COMMITMENT OVER TIME

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PRESIDENT'S LETTER

For the tenth consecutive year, Aquafil has chosen to tell its story to the stakeholders through the sustainability report. This important step allows us to turn back and look upon the achievements in recent years with satisfaction. The commitment to Research and Development, sustainability and excellence has allowed Aquafil to become a pioneer in innovation in the Nylon market, in a real way, thanks to actions and tangible results: from saving energy to water consumption reduction, from the development of the Energy & Recycling unit to waste regeneration. These efforts culminated in 2011 with the launch of the ECONYL® Regeneration System, which enabled us to become a benchmark in the Circular Economy.

In that moment, sustainability became a lighthouse for us that continuously guides our strategic choices. In concrete terms, this is not only about safeguarding the environment and improving the efficiency of our processes, a theme that remains fundamental to us. It is also about the awareness that in order to achieve even more ambitious goals, we must involve those who work with us. That's why in 2015 we started the ECONYL® Qualified project, with the challenging purpose of increasingly in-

volving the suppliers in the sustainability path. In 2016, the project entered the most active phase, with the development of the Qualification Protocol.

2016 also marks the beginning of an acceleration of the Aquafil Research & Development activities for the ECONYL® Regeneration System, with the launch of the pilot project for the full recycling of end-of-life carpets. The success of this initiative – once again made in Aquafil – will allow us to move to full scale application with this new technology in an industrial plant in Arizona, where we are allocating important investments.

The goal will be to replicate the initiative on a large scale in the future in order to bring us towards a more sustainable business worldwide.

an important milestone:

10 YEARS OF SUSTAINABLE REPORTING

In 2016, Aquafil achieved an important goal: the publication of the tenth consecutive annual sustainability report. This document, year in and year out, has told of all the projects implemented and the Group's actions in becoming more sustainable.

Aquafil uses this communication tool to openly converse with its stakeholders, sharing efforts, goals and achievements in the path to sustainability.

And this path is exactly the true protagonist of this report's edition: Aquafil has chosen to retrace the main phases that led the Trentino Group to become the leader of the Circular Economy movement. The report starts with what has already been done and then recounts the new projects, the challenges and objectives to be pursued in the coming years.

This year's report is organised according to areas in which the Group's commitment is expressed.

The first chapter, "A Commitment in Time", provides an overview of Aquafil's mission and values and how they are a daily part in the Group's activities. The second chapter speaks of Aquafil's constant commitment to innovation, a prerequisite for combining quality, competitiveness and sustainability. "The Search for Excellence" offers an overview of the main achievements in 2016 in the environmental, social and economic sphere. In conclusion, the last chapter is devoted to the relationships with the stakeholders of the Group, both internal and external. The collaboration with those who work in different ways in the value chain has always been one of Aquafil's priorities.

As in the previous editions (2007 to 2015), the information and indicators reported refer to the calendar year. For this report, the reference year is 2016.

Maria Giovanna Sandrini

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THE AQUAFIL GROUP: 50 YEARS OF COMMITMENT

118,000

TONNES OF
PRODUCT SOLD



2 PRODUCT
AREAS



15
PLANTS
SPREAD OVER 3
CONTINENTS

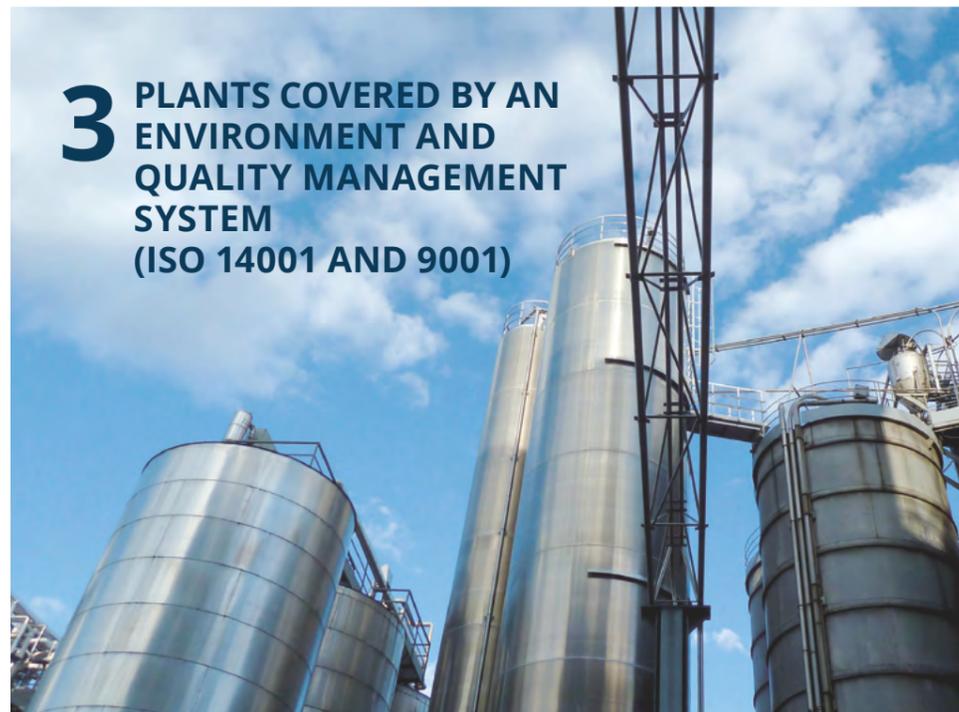


PRESENT IN
8
COUNTRIES

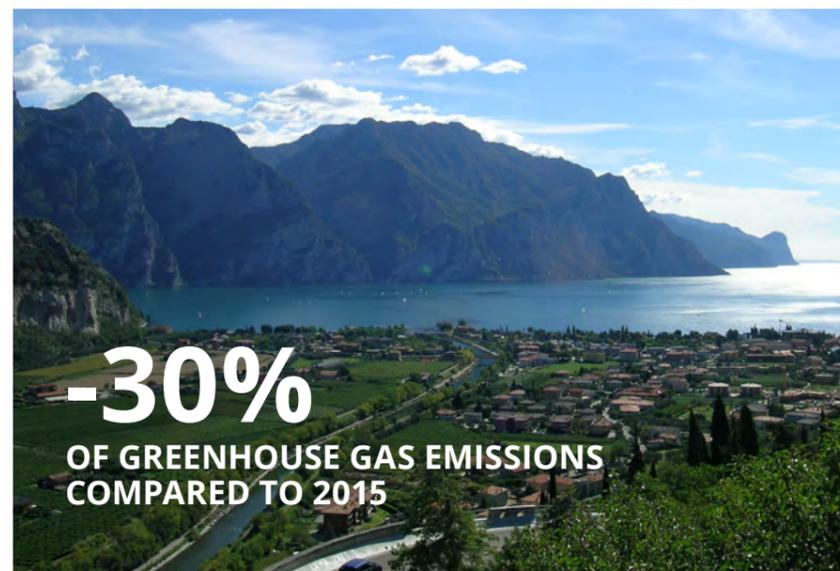
For more than 50 years, the Group has been operating in the Nylon 6 market, developing products and industrial processes with its strong, innovative nature. The pursuit of excellence has always been the fulcrum of the Aquafil path.



483
MILLION EUROS
IN TURNOVER



3 PLANTS COVERED BY AN
ENVIRONMENT AND
QUALITY MANAGEMENT
SYSTEM
(ISO 14001 AND 9001)



-30%
OF GREENHOUSE GAS EMISSIONS
COMPARED TO 2015



2,722
EMPLOYEES

AQUAFIL IN THE WORLD

Founded at Arco (Trento - Italy) in 1965, today Aquafil is solidly present on the international scene.

15 PLANTS
3 CONTINENTS
8 COUNTRIES

AMERICA

EUROPE

ASIA

UNITED STATES

CARTERSVILLE / GEORGIA

BCF
 Masterbatch
 Spinning
 Interlacing
 Twisting
 Heat setting

ITALY

ARCO / TN

BCF
 Polymerisation
 Masterbatch spinning

EP
 Compound and
 Masterbatch

ROVERETO / TN

BCF
 Space dyeing
 Superb dyeing

CARES / TN

BCF
 Interlacing
 Twisting

VARALLO POMBIA / NO

NTF
 Spinning

SLOVENIA

LUBIANA

BCF
 Polymerisation
 Spinning
 Twisting
 Heat setting

NTF
 Spinning
 Warping
 Masterbatch

ERS
 Depolymerisation
 CPL ECONYL®
 Purification

AJDOVSCINA

ERS
 PA6 Waste Preparation

SENOZECE

NTF
 Warping

CELJE

BCF
 Twisting
 Heat setting

CROATIA

OROSLAVJE

NTF
 Interlacing
 Coiling
 Texturing

GERMANY

LEUNA

BCF
 Spinning
 Interlacing
 Twisting
 Heat setting

SCOTLAND

KILBIRNIE

BCF
 Interlacing
 Twisting
 Heat setting



CHINA

JIAXING

BCF
 Spinning
 Interlacing
 Twisting
 Heat setting

EP
 Compound and
 Masterbatch

THAILAND

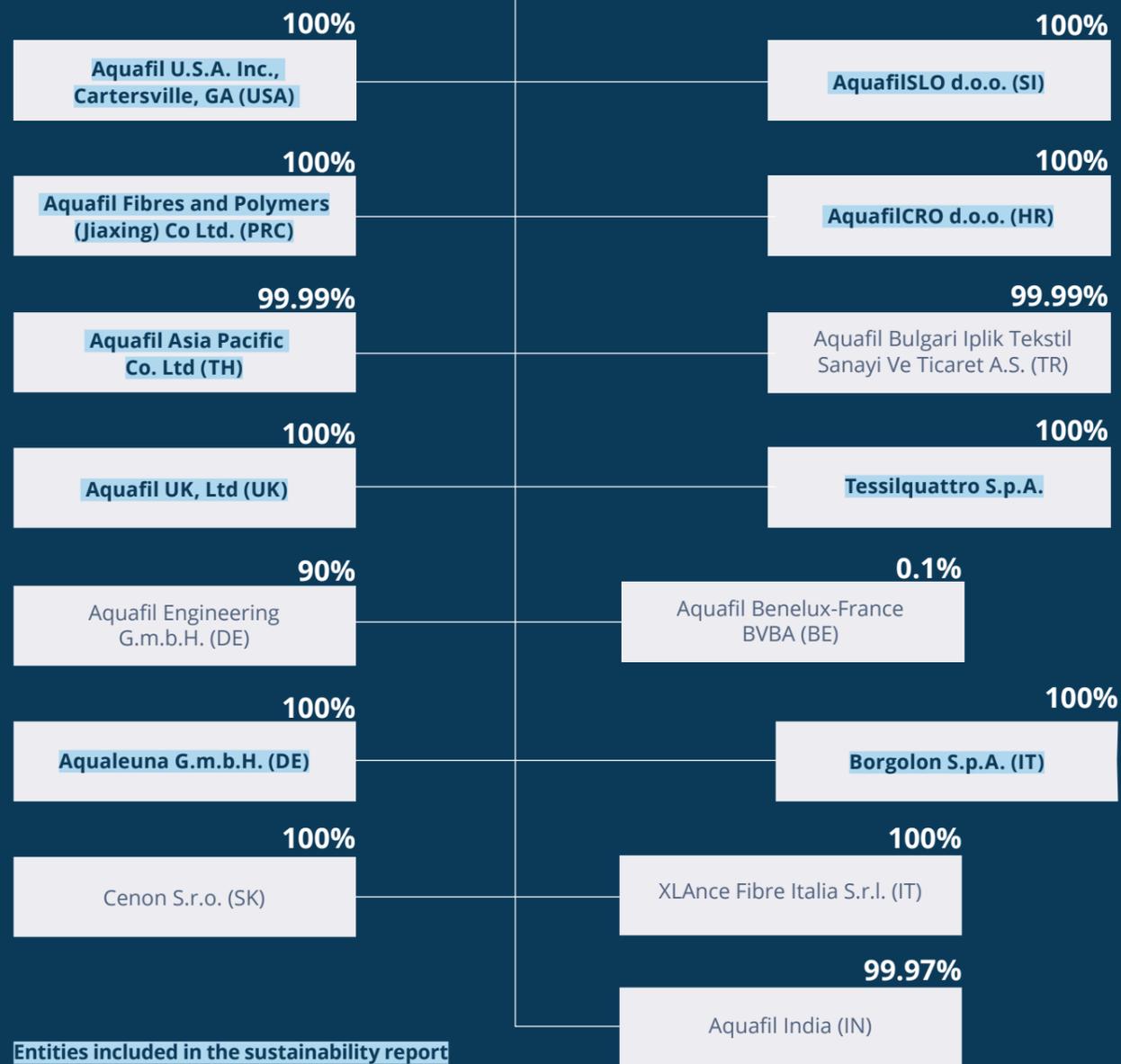
RAYONG / BANGKOK

BCF
 Interlacing
 Twisting

BCF Synthetic yarn for textile flooring
EP Engineering Plastics
ERS ECONYL® Regeneration System
NTF Synthetic yarn for clothing

GOVERNANCE

Aquafil S.p.A. is a joint-stock company in which the majority of shares belongs to the Bonazzi family. The Group is guided by the Board of Directors who define its global strategies with the support of an Executive Management Committee. This committee is responsible for overseeing the implementation of the decisions taken and monitoring the overall performance of projects and policies.



Aquafil's activities are organised in two strategic business areas, respectively dedicated to the production of **textile flooring (BCF)** and **clothing (NTF)**.



PRODUCT AREAS

BCF YARN FOR TEXTILE FLOORING

Production of synthetic fibre Nylon 6 for contract, residential and automotive markets. BCF is the core business of the Group.

NTF YARN FOR CLOTHING

Production of synthetic fibres for the main European and Italian brands in the sport, fashion and leisure sectors.

5 PRODUCT LINES



4 PRODUCT LINES



2016 IN A FLASH

EXCELLENCE RECOGNISED

Awarded the Radical Green 2016 prize for being a company that makes sustainable choices in its productions and in the territory where it operates.



Green Week

www.veneziegreen.it
@VenezieGreen #greenweek16

BAGS IN ECONYL® YARN FOR THE ANNE DE CARBUCCIA EXHIBITION

Anne De Carbuccia portrays the fall of nature, photographing landslides destined to disappear. During her photography exhibition in New York, the artist chose to distribute ECONYL® reusable bags to show how minor changes in our behaviour could have a significant impact on the future of the planet.



IO PENSO CIRCOLARE

The prize for the economy that reuses and does not waste, organised by Aquafil and La Stampa-Tuttogreen.



AN EXAMPLE TO FOLLOW

The Group's President, Giulio Bonazzi, has participated in various national and international events on the circular economy and innovation, bringing Aquafil's example to the international context.



CIRCULAR CHANGE

Aquafil has joined "Circular Change" as one of the three frontrunner companies in the Circular Economy in Slovenia.

SPONSORSHIP

Aquafil has actively participated in the sponsorship of events and competitions related to innovation and sustainability. An example? The competition "REGENERATION" involving young architects and engineers in the development of a sustainable renovation project for a public building.



AQUAFIL AND THE YOUTH

Thanks to the involvement of a group of young writers, a 131-foot mural was created along the cycle track that borders the Arco factory, telling the story of Aquafil's work in a simple and stylised way.

RENEWABLE? YES, THANKS

75% of the electricity used in the Group's plants comes from renewable sources.



SUSTAINABILITY FOR AQUAFIL: THE ECO PLEDGE®

Sustainability is the basis of the Group's values, and as such is firmly integrated into the growth strategy. All of its actions are guided by a number of principles, called **The Eco Pledge®**, that deeply reflect Aquafil's business:

PRODUCE RESPONSIBLY



thanks to a continuous effort to reduce resource consumption and the environmental impact of processes

SUPPORT INNOVATION



adopting the principles of the circular economy, in order to obtain more durable products made from recycled materials

PROMOTE CHANGE



involving stakeholders in training activities and circular projects, to create a culture of sustainability

BUILD SOLID TIES



together with the communities in which the Group is present, growing towards the future and reinforcing its roots in each territory

Thanks to the strong and firm adhesion to these principles and their constant pursuit, Aquafil has been able to build a solid path of growth characterised by tangible achievements and results.



The sharing approach

Aquafil firmly believes that the sustainability report is a precious dialogue tool, useful for sharing the goals and results with its stakeholders.

The selection of topics addressed in the report is based on the principle of materiality, focusing simultaneously on the social, environmental and economic aspects for Aquafil and for all its stakeholders.

“ Being sustainable means creating value for stakeholders, efficiently using resources, respecting people and the environment without compromising the needs of future generations.”

This process takes place through a series of successive phases:

1. **Identification** of the relevant aspects in terms of sustainability by Aquafil, through an interdisciplinary technical committee;
2. **Involvement** of a significant sample of internal (employees) and external stakeholders (suppliers, customers, local communities, non-governmental organisations) by sending a questionnaire;
3. **Choice of themes**, simultaneously significant for Aquafil and the stakeholders, to address in the report;
4. **Sharing** the themes with contacted stakeholders and revise with them the version for the following year.



PROMOTE INNOVATION

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Thanks to a constant commitment to research and development, Aquafil is a voice for a new business model that sees innovation as its milestone and the circular economy as the fulcrum of its values.



THE JOURNEY TOWARDS THE CIRCULAR ECONOMY

Save resources, give life to otherwise unrecoverable waste, operate in the most efficient way to create value throughout the industry and the area: the underlying principles of the Circular Economy are also the basis of Aquafil's business.



THE BEGINNING

Since its inception, the Group's goal has been to promote a new kind of business, based on the principles of innovation and respect for the environment. For this reason, the **Business Unit Energy & Recycling** was established. It is a cross-support structure for the Group's activities designed to promote and implement projects, technologies and skills to improve the environmental performance of products and processes.



THE VIRTUOUS SUPPLY CHAIN

To make the supply chain more virtuous, Aquafil has chosen to involve customers, suppliers and local communities in ambitious projects.

For example, Aquafil co-founded *"The Healthy Seas, a Journey from Waste to Wear"*, a project aimed at reducing solid waste abandoned in the seas (particularly fishing nets), which are recovered and sent for recycling thanks to the work of volunteer divers. Similarly, the Group has involved many customers in the operations of the **ECONYL® Reclaiming Program**, an internationally structured network for the collection of end-of-life Nylon products. And recently, through the **ECONYL® Qualified Protocol**, the Group has extended its engagement to its suppliers to make ECONYL®'s supply chain more sustainable.



SAVING RESOURCES

Attention to energy efficiency and recovery is another important area where Aquafil focuses its efforts. For example, in 2015, AquafilSLO signed an agreement with the aquatic park Atlantis in Ljubljana, Slovenia to transfer the excess of thermal energy produced by the factory to the park itself. Thanks to this approach, made possible by the proximity of the two structures, Atlantis can now boast the use of 100% of thermal heat recovery while contributing to the reduction of the environmental impact of the two activities. Prior to this, the same principle had already been applied to the headquarters at Arco (Italy) where the excess energy produced by the co-generation plant was transferred to a neighbouring company.



THE ECONYL® YARN

Thanks to the work of the Business Unit Energy & Recycling, it was possible to create the **ECONYL® Regeneration System** in 2011. This production model allows to obtain regenerated caprolactam from the recovery of Nylon waste.

ECONYL® Regeneration System has ensured Aquafil's full entry among the promoters of the Circular Economy.

COMMITMENT TO THE FUTURE

From this moment forward, the Group's goal is to be a promoter of change, focusing on innovation and new generations. Consistent with this goal, Aquafil has created, in collaboration with the La Stampa newspaper, the competition **"lo penso circolare"**, which is dedicated to start-ups and research centers that work to make an innovative contribution to processes, systems, technologies and products in the field of the circular economy economy.

Launched at Ecomondo 2016, the first edition of the award saw the participation of 36 innovative start-ups and 11 public research centers.

The first place for the "research institutions" category went to the **Università di Trento** with the project "The bio-refinery of the future", while for the "start-ups" category, the first place went to **Enerpaper** for the same project.



INNOVATION AND RESEARCH

ENERGY & RECYCLING BUSINESS UNIT: areas of competence

ENERGY

Promote projects and technologies that allow the use of renewable energy sources



RECYCLING

Promote the use of raw materials from recycling, by designing products that are entirely recyclable once they have reached their end of life.



CULTURE

Raise awareness and involve employees, customers and suppliers on sustainability issues



COPPER RECOVERY

The Group has developed a technology for washing end-of-life fishing nets from aquaculture prior to their regeneration into new ECONYL® Nylon. This process separates the Nylon from the other components, allowing it to be regenerated more efficiently. Aquafil is also developing a new technology to recover the significant amounts of copper contained in this type of fishing nets.

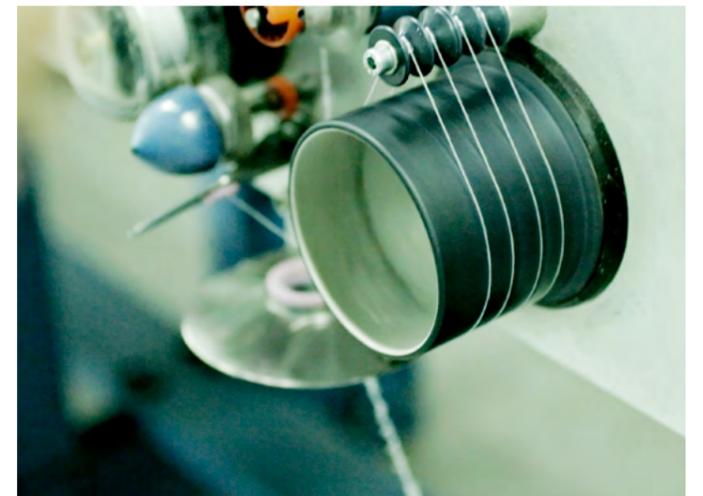


RECYCLING CARPET

Starting from the technologies adopted in the ECONYL® Regeneration System for retrieving fishing nets, Aquafil has developed an effective system for disassembling the various components of the carpet. The Nylon component is regenerated with the ECONYL® Regeneration System while the other parts are intended for use in other areas of application.

ECOMETEX

Aquafil participated in the European project "Eco.Me.Tex", aimed at developing a method for the design and manufacturing of carpets which provides the recovery of its components from the beginning to the end of its life.



HOW THE INFINITE YARN IS BORN

For four years, Aquafil has adopted the life-cycle methodology for measuring the environmental performance of its products and identifying the stages of the production process on which there is more room for improvement. This approach has made it clear Nylon yarn's biggest impact is that it is made up of raw materials. This has led to the development of the ECONYL® production system, which replaces the raw material of non-renewable origin with secondary raw material coming from various recycled waste including end-of-life fishing nets, carpet fluff* and others.

* Fluff is the top part of the carpet that occurs at the end of its life cycle.



ENVIRONMENTAL BENEFITS FOR EVERY 10,000 TONS OF ECONYL® CAPROLACTAM WE:

SAVE
70
THOUSAND
barrels of crude oil*

* Due to avoiding extraction. Source: Aquafil internal data 2013

AVOID
57
THOUSAND
tons of CO2 eq emissions*

* Source: Aquafil internal data

SAVE
1 012
THOUSAND
GJ on total primary energy demand*

* Source: Aquafil internal data

THE ECONYL® REGENERATION SYSTEM



INFINITE

allows infinite regeneration of the polyamide 6 contained in the waste, producing high-quality polymers



INNOVATIVE

an industrial system unique in the world in terms of efficiency and productivity



SUSTAINABLE

enables waste recovery that would otherwise end up in landfills or in oceans, causing serious damage to the ecosystem

ENVIRONMENTAL PRODUCT DECLARATIONS



Aquafil wants to offer and guarantee its customers the maximum assurance not only in quality, but also on the environmental performance achieved. For this reason, in the interests of maximum transparency, the Group adopted the Environmental Product Declaration (EPD) as a tool to certify the environmental performance of ECONYL® yarn and polymer.

THE VIRTUOUS CHAIN

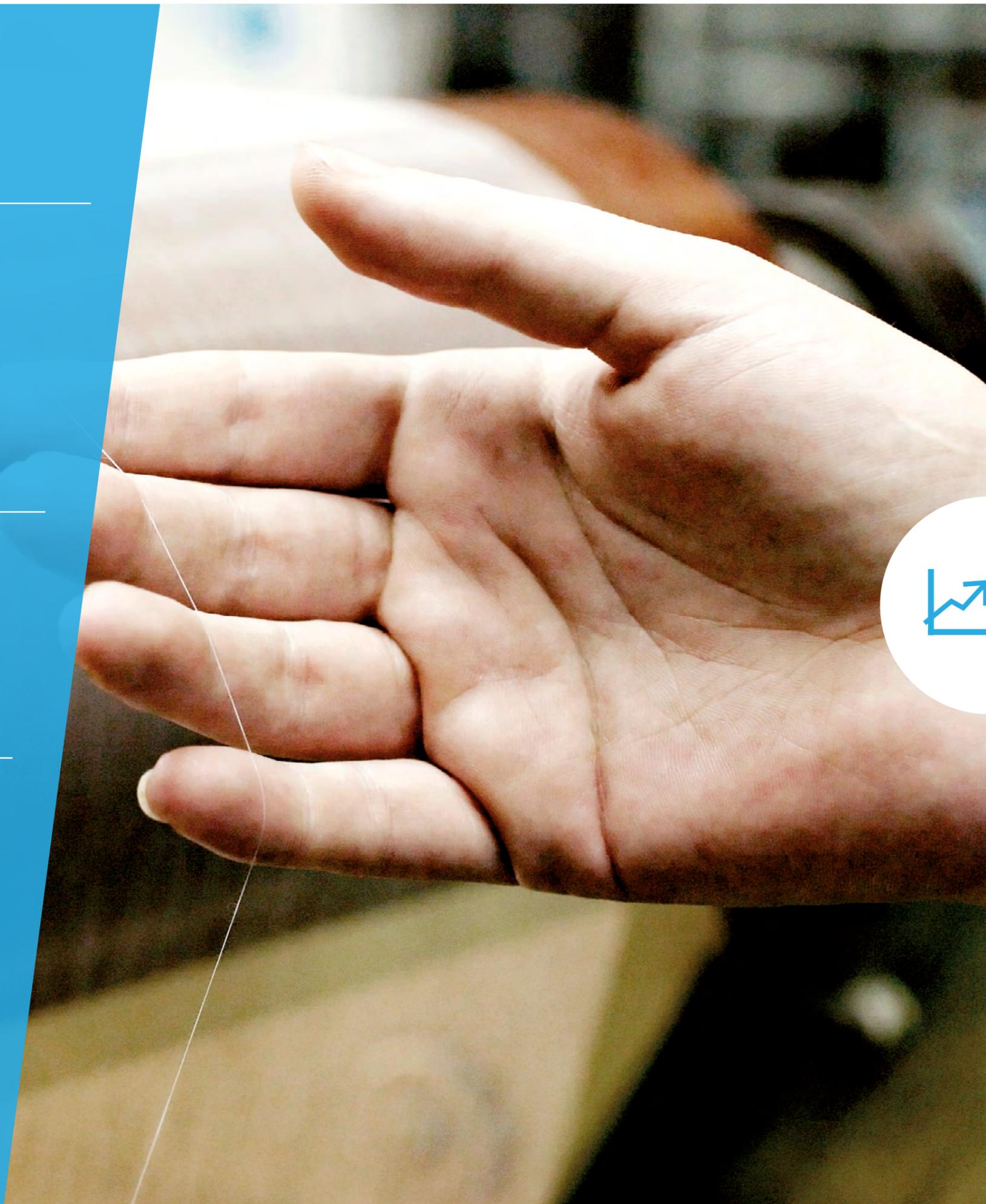


To make the ECONYL® chain more virtuous, Aquafil has involved its clients and suppliers in shared sustainability projects. With this notion, ECONYL® Qualified and the ECONYL® Reclaiming Program were born; the details are described in Chapter 4.

THE PURSUIT OF EXCELLENCE

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3.3 CREATE VALUE FOR TERRITORY AND THE STAKEHOLDERS	37

Aquafil is committed to creating high quality products every day, while working in harmony with the surrounding area and communities. Pragmatism and dedication are the basis of the Group's successes.



PRODUCE RESPONSIBLY

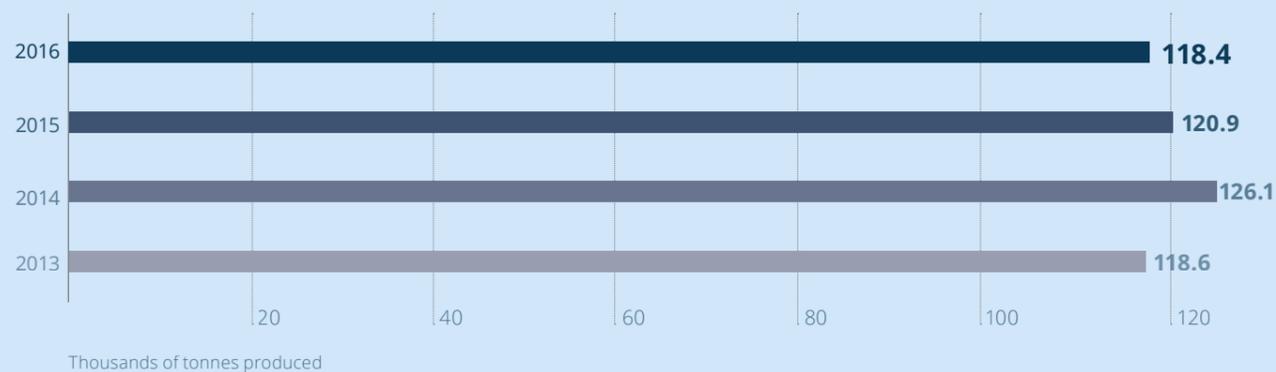
CONTINUOUS MONITORING

A constant improvement and the achievement of excellence are the result of continuous monitoring of environmental aspects through synthesis indicators. Since 2013, Aquafil has measured these aspects through an on-line platform, an integral part of enterprise management tools, which collects primary data from each of the Group's factories and calculates real-time indicators.



PRODUCTION EVOLUTION

Aquafil is committed to providing its customers with cutting-edge products that combine a high level of quality and, simultaneously, protect the environment through continuous innovation and research. This approach allows the Group to maintain leadership in the increasingly competitive and demanding textile market.



OPERATION: ENERGY EFFICIENCY

Thanks to a continuous effort to optimise resources use and improve its production processes, in 2016, Aquafil managed to achieve a **2% reduction** in total energy consumption compared to 2015. This is the result of a series of projects aimed at increasing energy efficiency in the various Group's plants.

TESSILQUATTRO



Reduction in energy and fuel consumption, thanks to the installation of new compressors and a new heating system based on heat recovery

BORGOLON



Reduction in consumption of compressed air thanks to the introduction of new jets

AQUAFILCRO



Savings of about 1.6 million kWh of energy per year thanks to the replacement of traditional LED lighting and the installation of new compressors

AQUAFILSLO



Creation of a system for sharing excess thermal energy with facilities close to the factory (Atlantis Aquatic Park and local spa centers)

ENERGY CARRIER		UNIT OF MEASURE	2013	2014	2015	2016
Fuels	Non-renewable	GJ	855,001	893,297	904,521	873,264
	Electricity	GJ	890,827	1,035,971	1,090,930	1,075,730
Energy purchased	Vapor	GJ	375,963	439,322	461,467	458,816
	Photovoltaics	GJ	2,468	2,555	2,327	2,705
Energy produced internally	Power	GJ	1,970	1751	523	1,465
	Thermal	GJ	6,817	4,108	6,727	5,504
Total energy managed by the Group		GJ	2,133,047	2,377,004	2,466,494	2,417,483
Total energy consumed by the Group¹		GJ	2,115,473	2,365,287	2,451,995	2,403,546

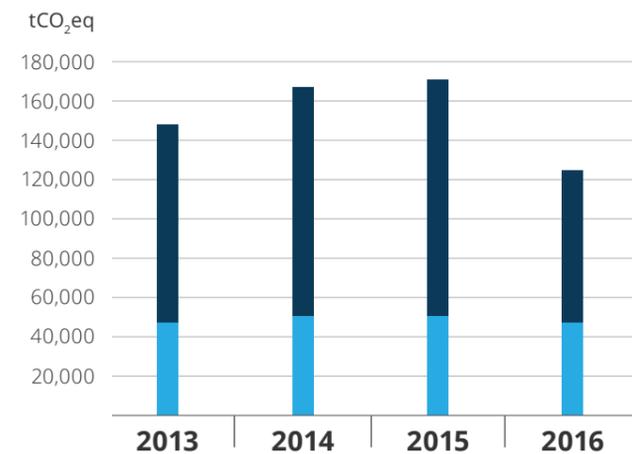
¹The total energy consumed by the Group is calculated as follows: fuels + purchased energy + energy produced internally - sold energy.

Commitment to the climate

Reducing greenhouse gas emissions from its production has always been one of Aquafil's primary goals. In 2016, total greenhouse gas emissions related to Group activities were reduced by about 30% compared to 2015. This important achievement shows Aquafil's constant commitment to reduce energy consumption in the various plants and its preference to have electricity supplied from renewable sources.

Emission of greenhouse gases

subdivided by type in the four-year period 2013 - 2016



Direct emissions

Emissions attributed to the Group's own activities and mainly associated with the use of fuels.

The direct share decreased by about 4% compared to the total emissions in 2015, thanks to energy-optimisation actions.

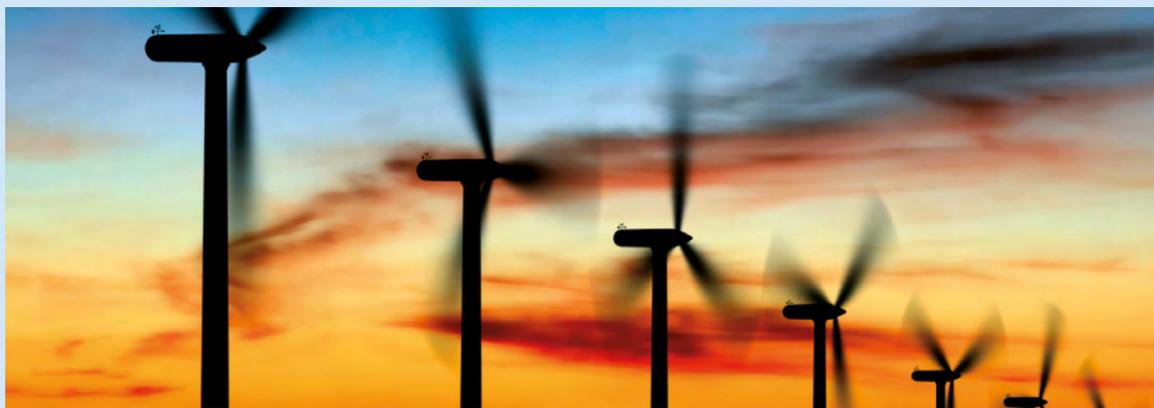
Indirect emissions

Emissions generated by activities on which the Group can not act directly: for example, those associated with electricity purchased from external suppliers.

The indirect share has decreased by about 40% of total emissions compared to 2015, thanks to the renewable energy policy adopted by Aquafil.

RENEWABLE ENERGY FOR THE UNITED STATES

In 2016, the US plants of the Group also purchased electricity from renewable sources (wind energy particularly), following the example of Italian, Slovenian, Croatian and German plants. In addition, the Group also invested in the self-production of electricity: in the United States as well as in Italy, Aquafil factories are equipped with photovoltaic systems.



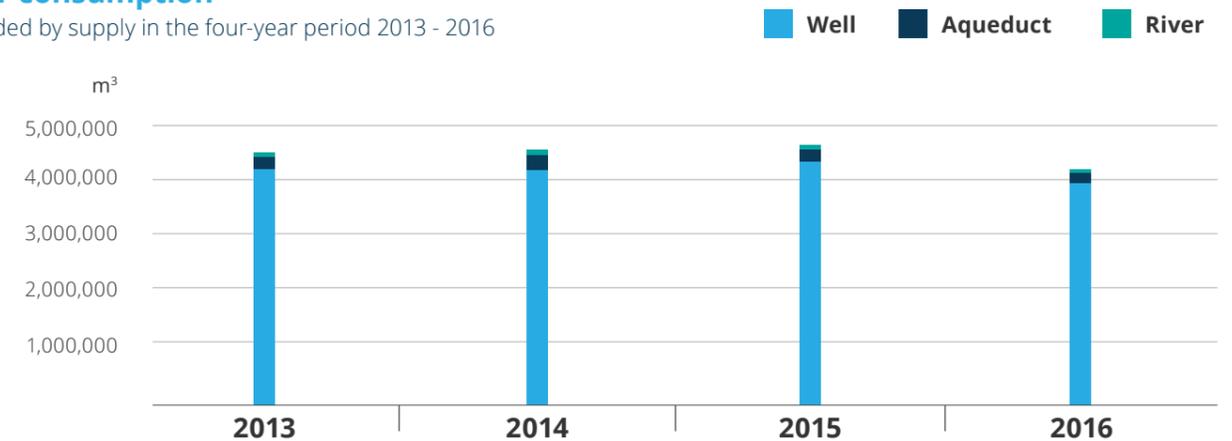
Responsible water management

Water is a precious resource and Aquafil is constantly committed to optimising its use. In 2016, the volume of water used in the production process amounted to about 4.1 million m³, about 13% less than 2015. 92% of the collected water comes from the well, while the remaining 8% some from the aqueducts and surface water (rivers).

This other important outcome is the result of interventions carried out in the various plants of the Group, in particular in the Italian plant of Arco. Here, three efficient dryers have been installed that save a significant proportion of the water used for their cooling.

Water consumption

subdivided by supply in the four-year period 2013 - 2016



Wastewater discharged

After specific quality controls, most of the water used in the production process is discharged into surface water. The wastewater is checked periodically through laboratory analyses, in order to monitor various parameters, the most important being the COD (chemical oxygen demand) analysis, which detects organic substances and shows water pollution levels.

In 2016 the wastewater discharged amounted approximately 3.6 million m³ (79% in surface water and 21% in treatment plants).

Amount and quality of the wastewater discharged during the four-year period 2013-2016

	UdM	2013	2014	2015	2016
Surface water	m ³	3,275,722	3,233,577	3,338,011	2,804,439
COD	kg O ₂	105,108	132,194	138,471	89,436
Treatment plants	m ³	630,519	693,386	773,836	756,948
COD	kg O ₂	510,343	472,821	428,980	475,713

THE PEOPLE OF AQUAFIL

315

USA



70

SCOTLAND



135

GERMANY



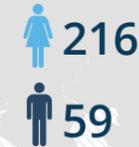
833

SLOVENIA



275

CROATIA



862

ITALY



206

CHINA



26

THAILAND



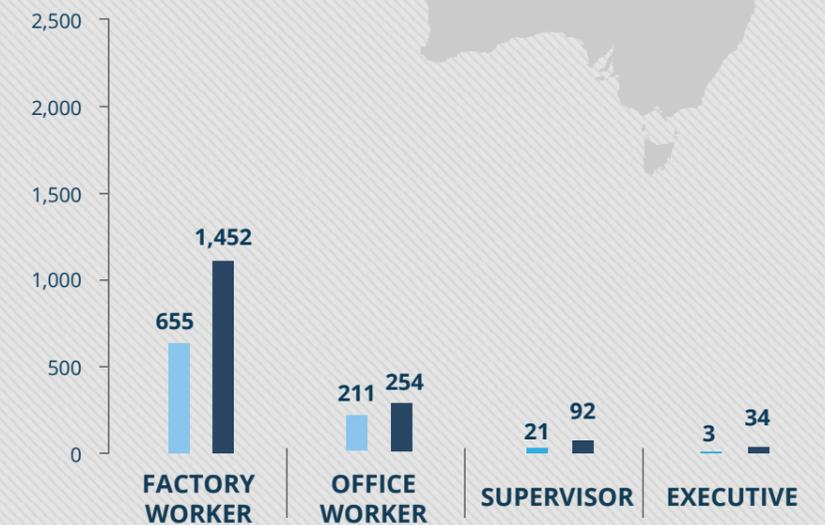
STAFF EMPLOYED BY THE GROUP



TYPE OF CONTRACTS 2016



COMPANY ROLES 2016



Employees and safety at work



Aquafil acknowledges the essential role of its employees. Aquafil's staff provides a fundamental contribution to the growth of the company and represents the most relevant category of stakeholders with which the Group communicates. For this reason, Aquafil is constantly committed to ensuring a safe and secure working environment.

In 2016, the Group's workforce remained largely unchanged from 2015, with a slight increase (+ 1.8%), which led to 2,722 total employees, compared to 2,674 in 2015. 68% of the staff consists of foreign labour force. 62% of employees are employed in the Italian and Slovenian areas, where there are the largest number of production facilities.

Women's presence and geographical distribution remain substantially constant compared to 2015. Nearly 90% of the employees have a permanent contract. 80% of the contracts are collective agreements, excluding China and Thailand.

Workplace safety is a key requirement for the Group activity. As a result, Aquafil implements various training initiatives, awareness-raising campaigns and important structural interventions each year to ensure that all staff environments and work equipment are adequate. In 2016, nearly 12,000 hours of training on environmental and safety issues were delivered, with an increase of 200% over the previous year. The pledge has been rewarded: the number of serious injuries that occurred during 2016 was almost 50% less than in 2015.

► ACCIDENTS AND LOST WORKING DAYS FROM 2012 TO 2016

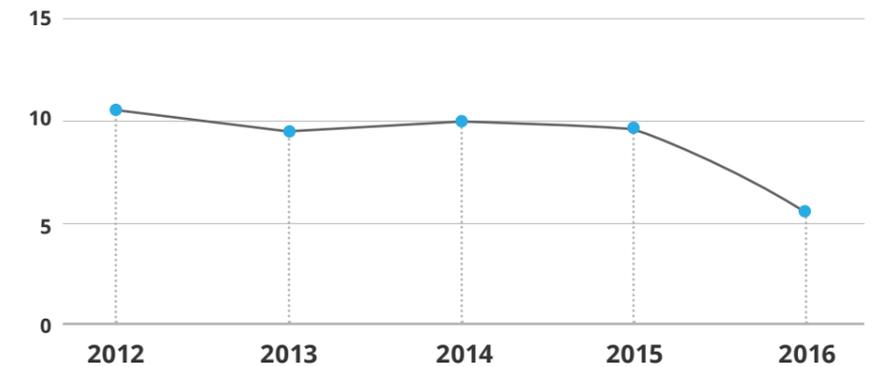
YEAR	HOURS WORKED	ACCIDENTS >3 DAYS	LOST DAYS	IF	IG	IR
2016	4,860,829	26	995	5.35	0.20	1.09
2015	4,990,678	48	1,137	9.62	0.23	2.19
2014	4,760,810	47	833	9.87	0.17	1.73
2013	3,941,845	38	990	9.64	0.25	2.42
2012	4,112,120	43	751	10.46	0.18	1.91

FREQUENCY INDEX

IF

The frequency index correlates the number of injuries to the measurement of risk exposure

(Number of injuries with no more than 3 days lost x 1,000,000 / hours worked)

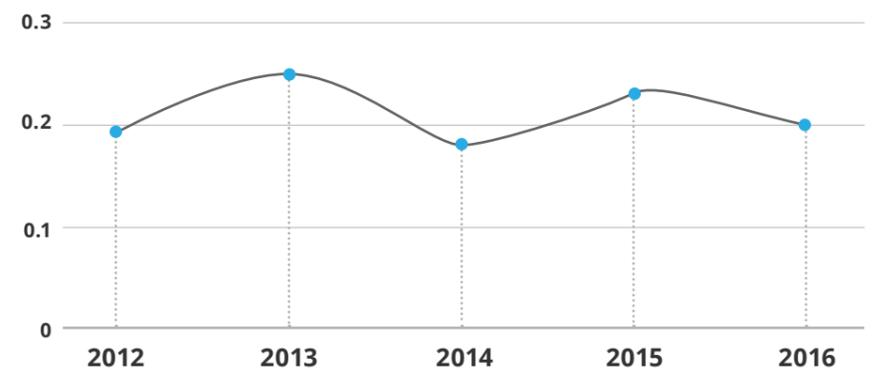


SEVERITY INDEX

IG

The severity index correlates the severity of injury and the measure of risk exposure

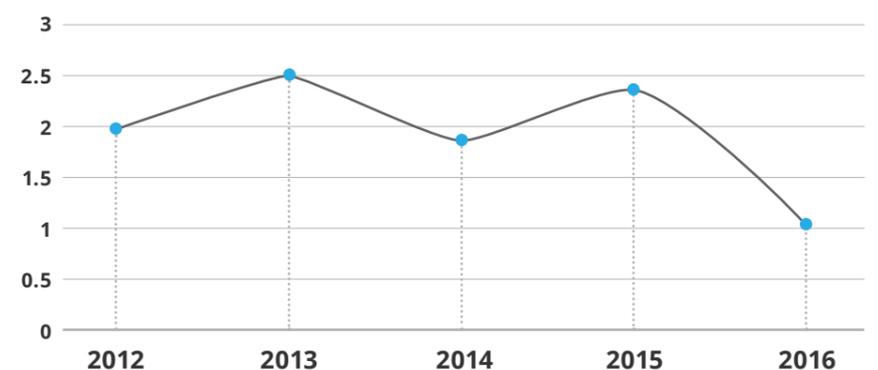
(Days lost over 3 days x 1,000 / hour)



RISK INDEX

IR

The risk index correlates the frequency index and severity



CREATE VALUE FOR THE REGION AND STAKEHOLDERS

As a company, Aquafil's mission is to grow and generate wealth for the region and all stakeholders, while maintaining the balance of environmental, social and economic priorities that the Group pursues with its operations.

The resulting economic value allows the right remuneration for all those who have undertaken significant relationships with the company or who have provided resources such as work, investments, loans and social utility services, effectively contributing to generate prosperity and well-being.

Traditionally, Aquafil devotes a section of the sustainability report to a crucial issue: the Group's financial performance. For the report, the model suggested is adopted by the Global Reporting Initiative guidelines, with due adaptations.

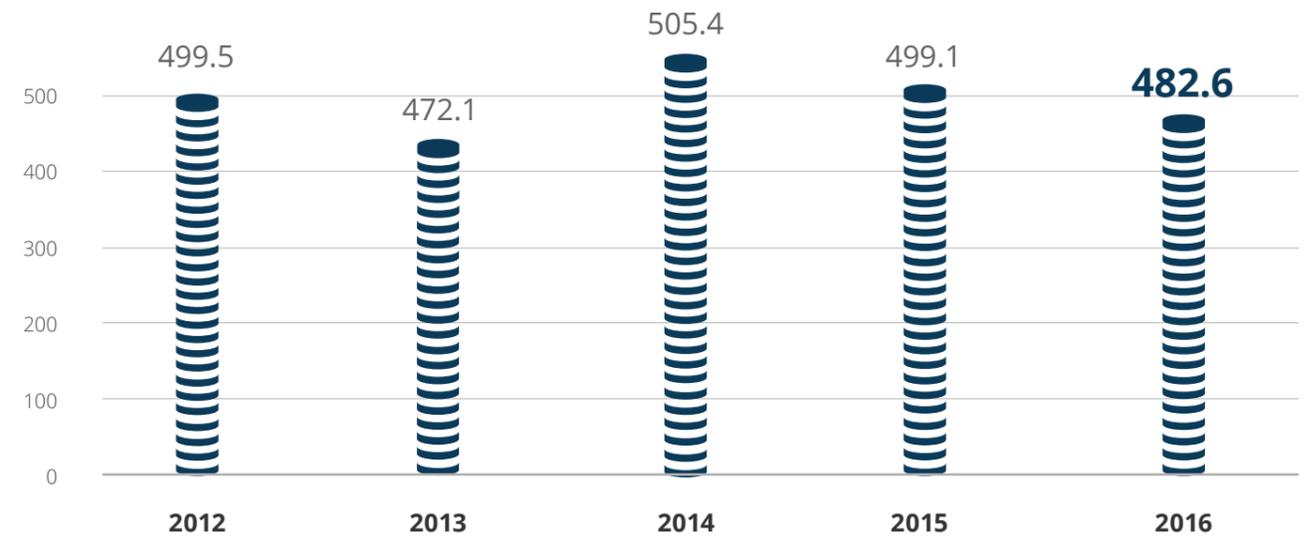
Economic performance

► ECONOMIC VALUE GENERATED AND DISTRIBUTED

The table below shows the value generated and distributed by the Group's business in 2016. The stakeholders to whom the wealth is redistributed are suppliers, Aquafil employees, the public sector and the community as a whole.

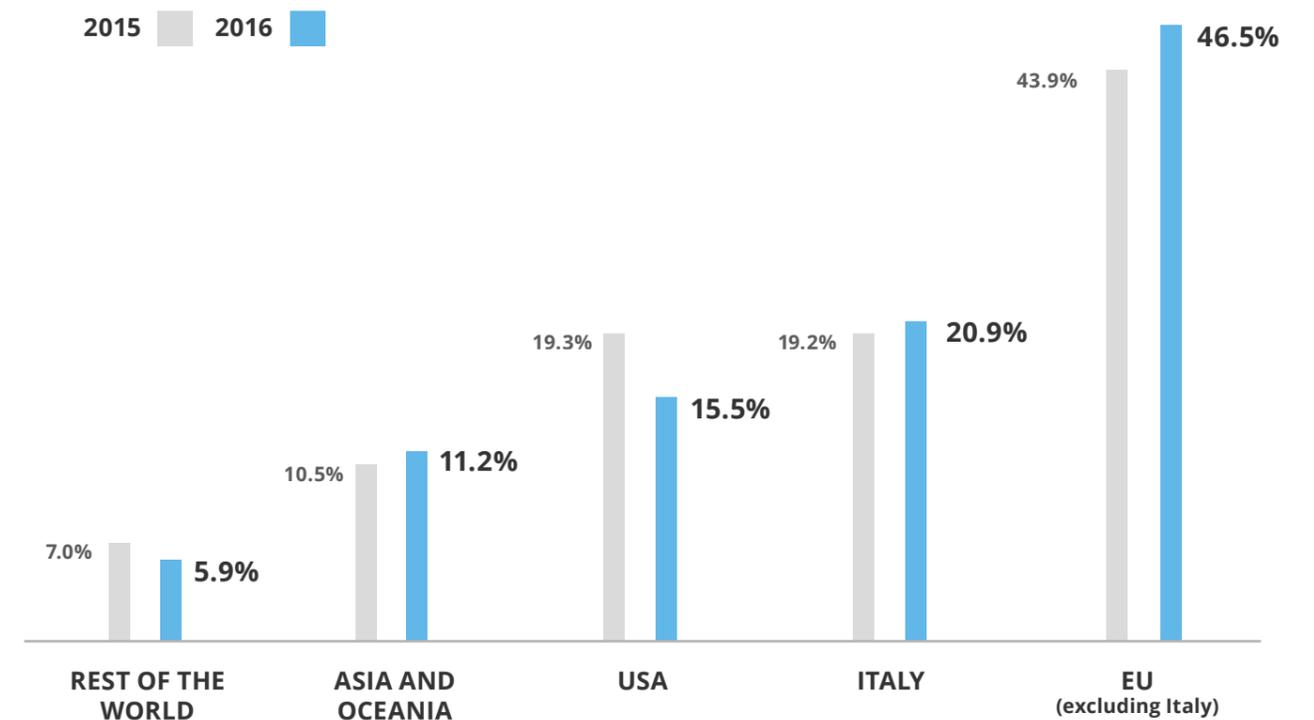
(Thousands of euros)	2016
DIRECTLY GENERATED ECONOMIC VALUE	
A) REVENUES OF SALES AND SERVICES	482,610
B) OTHER INCOME	3,970
C) ASSET SALES	9,200
D) DIRECTLY GENERATED ECONOMIC VALUE (A+B+C)	495,780
DISTRIBUTED ECONOMIC VALUE	
E) OPERATING COSTS	329,977
F) PERSONNEL COSTS	91,019
G) PAYMENTS TO MAIN SUPPLIERS	14,722
H) PAYMENTS TO THE LOCAL GOVERNMENT	6,278
J) DISTRIBUTED ECONOMIC VALUE (E+F+G+H)	441,996
ECONOMIC VALUE RETAINED (D-J)	53,784

► SALES PERFORMANCE IN MILLIONS OF EUROS FROM 2012 TO 2016



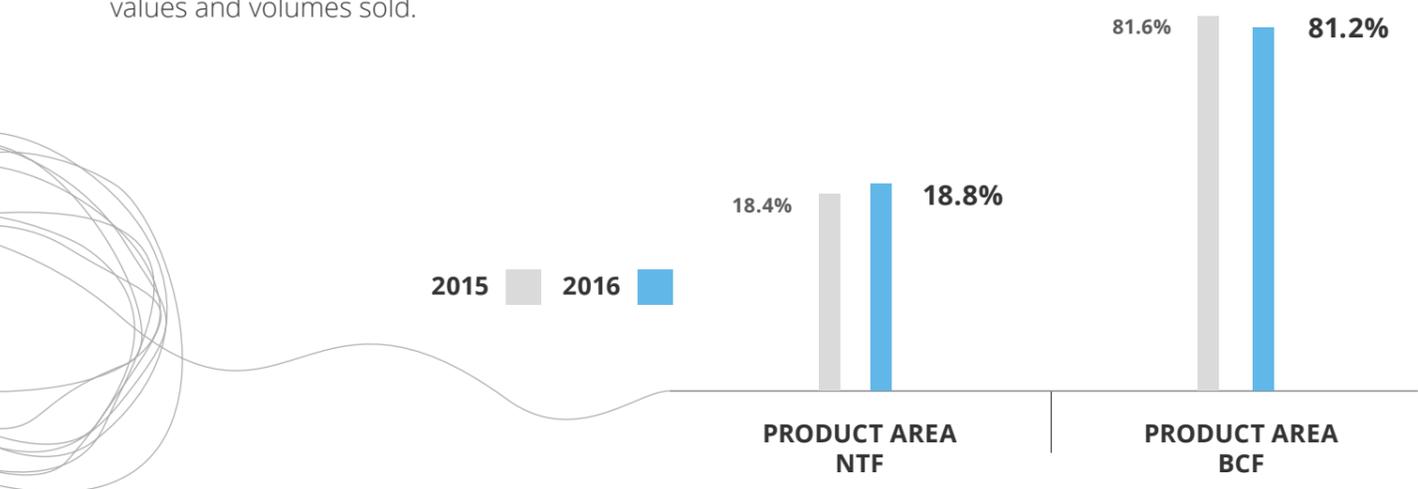
Revenues generated during 2016 amounted to **482.6 million euros**

► BREAKDOWN OF TURNOVER BY GEOGRAPHICAL AREA



► BREAKDOWN OF TURNOVER PER PRODUCT AREA

The breakdown of turnover shows a substantial constancy in the relationship between the two product areas, both in terms of values and volumes sold.



In addition to revenues directly generated by sales, the Group generated an economic value of € 13.2 million, totalling € 495.8 million.

(Thousands of euros)	2016
Revenues from sales and services	482,610
Other income and proceeds	3,342
Income from equity investments	33
Other financial income	591
Sale of assets	9,200
DIRECTLY GENERATED ECONOMIC VALUE	495,780

The representation of how the economic value is distributed allows to assess the economic implications that the company produces and is a link between the Sustainability Report and the Financial Statement.

The value share addressed to suppliers of goods and services has been confirmed to be the most significant of the total distributed value, representing 75% of the total. Raw material consumption and the use of services represent the most significant cost items, affecting 54% of total distributed value.

(Thousands of euros)	2016
Consumption of raw materials, subsidiaries, consumables and goods	238,475
Costs for services	83,649
Costs for the enjoyment of third-party assets	6,615
Various expenses	1,238
OPERATING COSTS	329,977

The personnel cost is **21% of the distributed value**

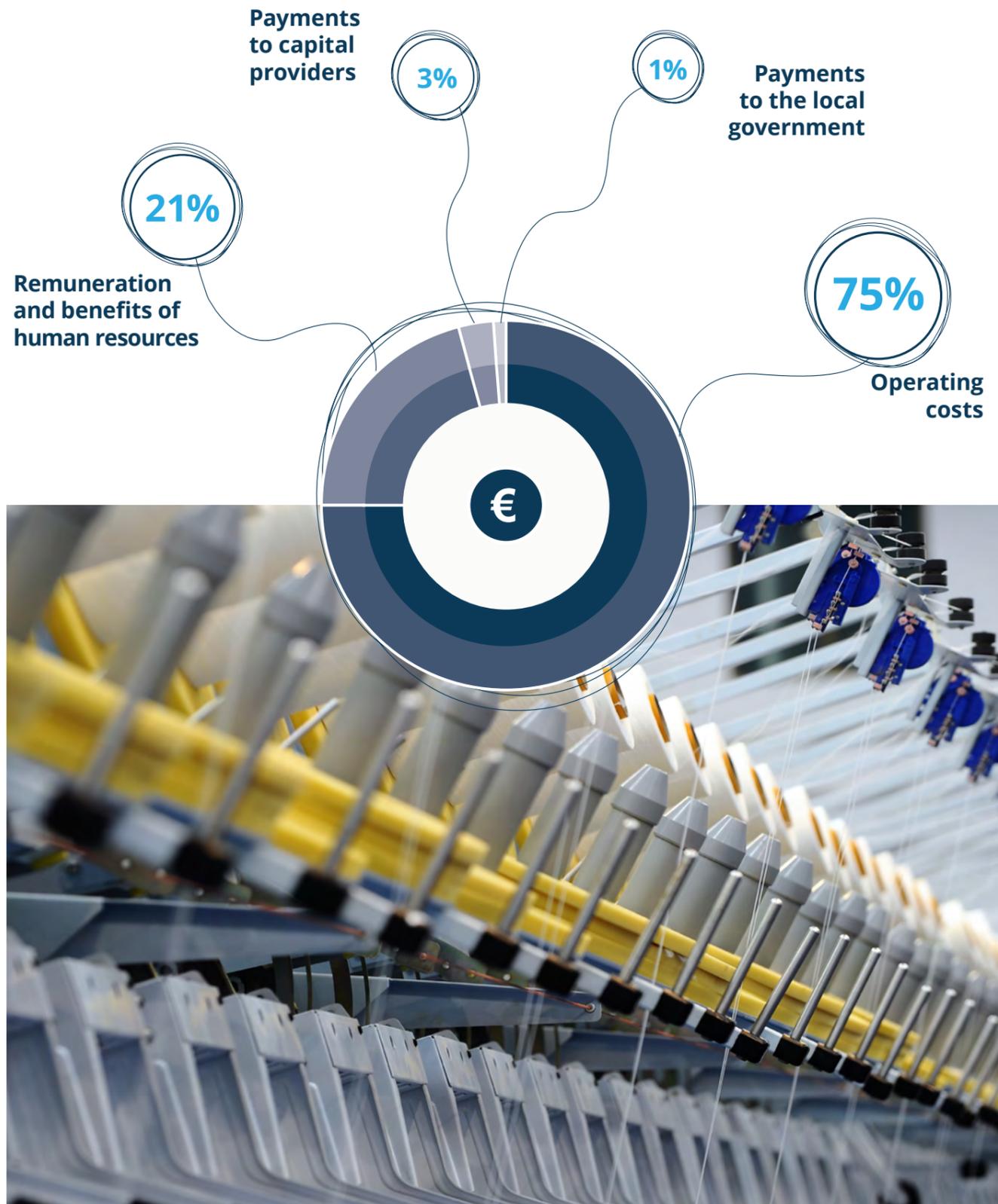
(Thousands of euros)	2016
PERSONNEL COSTS	91,019

The share of value reserved for main suppliers was equal to 14.7 million euro in 2016 and affects 3% of the total distributed value.

(Thousands of euros)	2016
Dividends	3,100
Interest and other financial charges	10,104
Foreign exchange profits	1,518
PAYMENTS TO MAIN SUPPLIERS	14,722

Lastly, the amount of distributed value allocated to the local government amounted to 6.3 million euros in taxes and duties, accounting for approximately 1% of the total distributed.

(Thousands of euros)	2016
Direct current taxes	5,371
Indirect current taxes	907
PAYMENTS TO THE LOCAL GOVERNMENT	6,278



AQUAFIL'S CONTRIBUTION TO THE REGION

The Group's activities contribute to the prosperity and well-being in the communities where it operates thanks to salaries paid to employees, taxes paid to the local government and to the general economic drive generated in the region.

It is possible to subdivide this amount between directly distributed value, i.e. the wealth that is directed to employees in the form of salaries, and indirectly, i.e. the total of taxes on employee work, social security contributions and contributions paid to the local government.

In both cases, the region benefits from the wealth generated: salaries contribute to generating consumption and well-being, while the taxes retained from the employees and the amount delegated to contributions and charges are used to finance the local government and provide the population with welfare and social security.

In 2016, Aquafil paid 33.5 million euros to local governments for taxes and social contributions, nearly one million euros more than in 2015. In total, the amount paid for social security costs and contributions is approximately 7% of the Group's total turnover.

Value distributed to the communities through employee taxes and social security charges varies by entity and composition, depending on the countries in which the Group is present.

IMPACT OF CHARGES ON TURNOVER IN INDIVIDUAL GEOGRAPHICAL AREAS

	Paid contributions and charges (thousands of euros)	impact on turnover in the area
ITALY	19,127	19%
EUROPE (WITHOUT ITALY)	9,914	4%
USA	3,803	5%
ASIA	688	1%
TOTAL CHARGES ON TURNOVER	33,531	

THE STAKEHOLDERS INVOLVEMENT

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The Group maintains solid relationships with its stakeholders. These relationships are based on transparency, collaboration and listening. In addition, the Group actively engages its stakeholders to promote a culture of sustainability.



50 YEARS OF AQUAFILSLO

In October 2016, AquafilSLO commemorated its 50th anniversary, celebrating with a formal event in which the Slovenian president, Borut Pahor, was the keynote speaker. More than 300 executives, state officials and business partners attended the event.

For this occasion, a book was published that recounts the most significant moments in the story of AquafilSLO. It recalls the early days under the name Yulon and brings the reader up-to-date, tracing fundamental steps such as acquiring by Aquafil and creating the ECONYL® regeneration plant.

Since the Group's development is also based on responsibility for future generations, the Slovenian facility promoted for this occasion an initiative to help children from the local public nursery school. Thanks to the Aquafil donation, the nursery will be able to buy two swings for children.



SUPPLIERS

The ECONYL® Qualified Protocol

To constantly improve the environmental performance of products, it is necessary to act on all stages of the production process, including those that are not directly controlled by Aquafil, such as the provision of transport services, auxiliary raw materials and packaging.

Therefore, at the end of 2015, the Group launched “ECONYL® Qualified”, an ambitious project aimed at stimulating excellence and innovation in the supply chain to make ECONYL® even more virtuous.

The ultimate goal of the project was the creation of the “ECONYL® Qualified” recognition, a qualification that distinguishes suppliers involved in the ECONYL® yarn supply chain.

In order to qualify, the supplier has to meet a number of environmental criteria as described in the ECONYL® Qualified Protocol, mainly related to the use of materials and the production process management. Compliance with the requirements can be ascertained by third party verifications.

During 2016, the project entered the central phase. Thanks to the collaboration with four suppliers who have been a pilot for the “product transport” and “tube production” respectively, the requirements of ECONYL® Qualified have been defined and tested.

The qualification will become mandatory in 2018 for all companies that want to become product or service suppliers for the production and marketing of ECONYL® products.

The guidelines to support the initiative with all selective criteria and some application examples are available in the section of the website “ECONYL® QUALIFIED PROJECT” :

<http://www.aquafil.com/sustainability/ECONYL®/>.

PARTNERSHIP

ECONYL® Reclaiming Program

The first step in the **ECONYL® Regeneration System** is the **ECONYL® Reclaiming Program**: an internationally structured network for the collection of waste containing Nylon. It is based on partnerships with institutions, organisations, public and private consortia. Over time, many of the Group’s clients were also involved in the recovery and awareness program.

The recovered materials are diverse: from abandoned fishing nets in seabeds to carpeting, from rugs, special fabrics such as tulle to plastic components based on Nylon.

The collection takes place all over the world. The recovered polyamide 6 pre- and post-consumer waste are then stocked, pre-treated and sent to the Ljubljana plant. There they are processed into raw material, ready to be re-introduced into the production cycle.



Speedo USA

Thanks to the partnership with Speedo, the first “Take Back” program was launched in the swimsuit industry. Speedo’s manufacturing waste is destined for recycling rather than dumping, it is regenerated and helps producing ECONYL® yarn.



TERNUA

Thanks to the collaboration with Ternua, the REDCYCLE project was created based on collecting end-of-life fishing nets and recycling them in the ECONYL® regeneration process to create sportswear. The collection of fishing nets in the harbors carried out due to the involvement of fishing communities in the Basque Country.



THE OBJECTIVES

- Involve suppliers in the Aquafil sustainability path
- Reduce the impact of phases not directly dependent on Aquafil
- Develop a supplier Qualification Protocol

THE ACTIVITIES CARRIED OUT

- Evaluation of the initiatives undertaken and planned by the suppliers for:
- Monitoring
- Reduction of the environmental impact of its activities

INVOLVED SUPPLIERS

- PRODUCT TRANSPORT**
- Fralog
- Arcese
- TUBE PRODUCTION**
- Favretto
- Gross Hof

EMPLOYEES

SHARING COMES FIRST

For three years, Aquafil has distributed an internal monthly newsletter to all employees which shares the most interesting activities and news of the Group's goals and projects. In 2016, it was decided to make further progress by launching an intranet exclusively for employees. It consists of a home page which hosts news and tweets from Aquafil as well as various tools tended by the various departments. The project, originally born in Italy, will soon be extended to the plants overseas. Arco is also piloting a project that involves the use of screens, located both in production areas and in offices. The screens display news of the corporate website as well as tweets and videos shared by Aquafil and some clients. It also provides data on safety and accidents.



SANTA CLAUS

There is no Christmas in Aquafil without gifts. Every year, at the Slovenian AquafilSLO plant, the employees' children are invited to a special show. Santa Claus distributes a gift to each child aged 0 to 7 years. In 2016, "Santa Claus" distributed over 315 gifts.



GROUP SYNERGY

Teamwork is an important prerequisite for successful projects. For this reason, team building activities play a very important role for the Group. In particular Thai and Chinese plants devote time and resources to consolidating collaborative relationships in the various groups. The activities take place where Aquafil personnel can express its creative potential.



HEALTH WEEK

During 2016, AquafilSLO launched a series of initiatives aimed at promoting a healthy lifestyle among employees. In particular, posters with useful suggestions were exhibited at the plant and for a few weeks all the canteens and lunch rooms were provided with free fresh seasonal fruit for the employees.



CANCER PREVENTION

The Croatian and Chinese plants have entered into agreements with dedicated health facilities to conduct periodic monitoring visits to prevent cancer. Aquafil completely financed these health visits.



LOCAL COMMUNITIES AND NGOs

COMMITMENT TO THE OCEANS

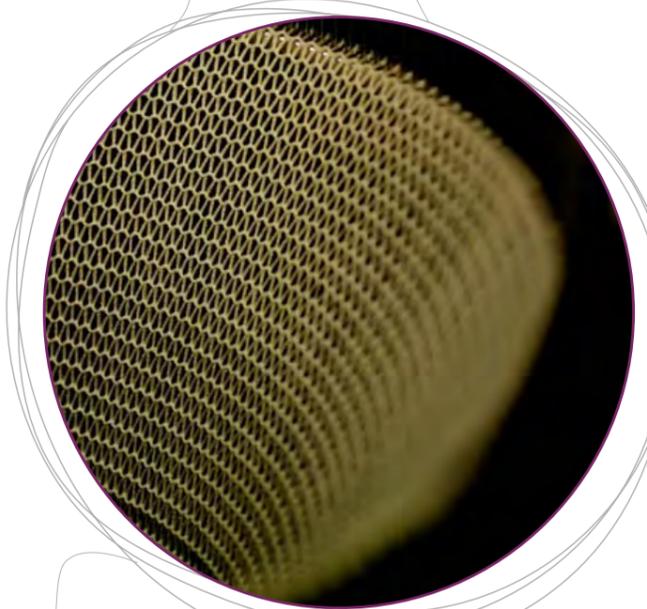
According to the FAO, there are 640 thousand tonnes of fishing nets abandoned and lost in the open sea. These nets remain on the seabeds for many years and are the responsible for catching whales, turtles, birds and other marine mammals.

To help solve this major environmental problem, Aquafil co-founded **“The Healthy Seas, a Journey from Waste to Wear”**.

The initiative aims to reduce the solid waste in the seas, in particular the fishing nets, by recovering the abandoned material in collaboration with volunteer divers and subsequently recycling it into ECONYL® yarn.

In addition, the project organises focused meetings in schools aimed at raising awareness of the marine pollution problem.

Started initially in the North Sea on the coasts of Belgium and Holland, the project has also extended to Italy, Greece and United Kingdom. In over four years, more than 300 tonnes tonnes of fishing nets have been recovered.



AQUAFIL AND THE YOUTH

In the framework of initiatives for local communities, Aquafil signed an agreement in 2016 with Andromeda, a non-profit organisation that promotes art in all forms in the territory of lower Sarca.

Thanks to the involvement of a group of young writers of Andromeda, a graffiti painting was created that embellished part of the Aquafil surrounding wall, along the bicycle track and the Sarca river.

The “murales” represents the Group’s production process that takes place in Arco plant. This process, formerly unknown to hundreds of people using the bicycle to reach Lake Garda, is now more comprehensible. The initiative was highly appreciated by both employees and passersby who stopped to admire the artwork.



SCHOOL PROJECTS

Aquafil supports new generations by funding school projects in the communities where the Group is present. For example, in 2016 Aquafil contributed to the fundraising of Interface Thailand which helps school children in a disadvantaged neighbourhood of Thailand.

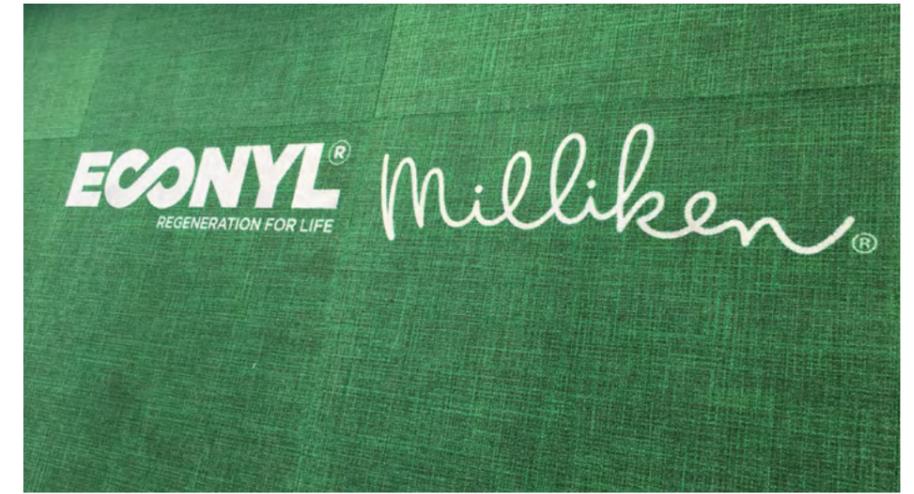
Meanwhile in the United States, Aquafil actively collaborates with Cartersville Primary School to bring children closer to science thanks to donations, participation in science and technology events as well as educational training days.



“TRASPORTO AMICO SOLIDALE”

Another important initiative that Aquafil wanted to partake in was the sponsorship of a well-equipped vehicle to transport the elderly people. Its purpose serves those who need to travel within the region for medical care visits but do not have the opportunity to be accompanied by their family members.

The vehicle was donated to the association “TRASPORTO AMICO SOLIDALE” which, thanks to volunteers, covers the whole area of lower Sarca to offer this service to the elderly.





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