AQUAFIL AND SUSTAINABILITY

2019
Twenty years ago the word sustainability was only used by dreamers and some environmentalists, its meaning almost unknown. Today, in a world that is challenged to grow with increasing constraints, sustainability is no longer an option, rather a fundamental mindset to be relevant in the marketplace and prosper.

But there is more.

Today’s global challenges ask us to make a choice: side with those innovators who make a difference, or simply respond to market demands.

Aquafil decided what side to be on more than 10 years ago, choosing to become a leader, always at the forefront of its field, in the ranks of those who truly - with facts and results, every day - carry on a different business model.

An uphill journey, not easy, but immensely exciting and rewarding.

In 2007 we decided to narrate each stage of this process in the Group’s Sustainability Report, which has now become part of the Non-Financial Declaration of the consolidated financial statements.

What is detailed in the following pages is not only a mere reporting tool, rather proof that it is possible to be sustainable, to do well and to set the pace. All the information, dates and figures represent achieved results and are parts of a story: ours, which started more than fifty years ago.

Giulio Bonazzi
An overview

For more than 50 years Aquafil has been a key player in the production of synthetic fibers, in particular polyamide 6. The continuous search for excellence and innovation, combined with the commitment to sustainability, make it a point of reference for the entire sector.

Product areas

- Yarn for textile flooring
- Yarn for apparel
- Polyamide 6 polymers

ISO 9001 (Quality) certified facilities
ISO 14001 (Environment) certified facilities
OHSAS 18001 (Safety) certified facilities
ISO 50001 (Energy) certified facilities
SA 8000 (Social Responsibility) certified facility
17 Facilities
8 Countries
3 Continents

70% Electricity and thermal energy from renewable sources out of the Group's total consumption

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549 € Million consolidated turnover in 2019

-58% Total greenhouse gas emissions compared to 2016

2,893 Employees worldwide

37,932 Training hours in 2019

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The path of sustainability

For 30 years Aquafil has embarked on a path that places circular economy at the heart of its values and business strategy.

Saving resources, giving new life to materials otherwise unrecoverable, operating in the most efficient way to create value along the supply chain and the territory: these are the ambitious objectives that, step by step, have led the Group to become a point of reference for sustainability at an international level.

Much has been done, much still needs to be done.
2013
Foundation of “The Healthy Seas - A Journey from Waste to Wear”, initiative aimed at reducing solid waste (fishing nets) abandoned at sea by recovering and recycling them.

2015
Industrial symbiosis: AquafilSLO gives excess thermal energy to the Atlantis water park in Ljubljana, thus reducing the impact and energy waste of the two activities.

Launch of the ECONYL® Qualified initiative for the development of an environmental qualification protocol for suppliers. The Group works with its suppliers to make the ECONYL® supply chain even more sustainable.

2017
Aquafil is listed on the stock exchange
Creation of the “I think circular” competition, dedicated to start-ups and research centers, to reward innovative ideas in the context of circular economy.

2019
Aquafil SpA obtains the SA 8000 certification, which guarantees respect for the rights of the Group’s workers and those who operate in the supply chain.

2018
Inauguration of the USA Aquafil Carpet Recycling (ACR # 1) plant, dedicated to the recovery of old carpets and rugs. The recovered materials have different destinations: the nylon part is regenerated into ECONYL® while the others are used in various industrial sectors.

2016
Launch of the European research project EFFECTIVE, which aims to develop nylon, starting from renewable raw materials.

2014
The first EPD of the ECONYL® polymer is published.

Foundation of “The Healthy Seas - A Journey from Waste to Wear”, initiative aimed at reducing solid waste (fishing nets) abandoned at sea by recovering and recycling them.

The Healthy Seas - A Journey from Waste to Wear
Shared responsibility along the supply chain
Collaborate with suppliers and customers to bring about change and environmental sustainability in the entire sector

Support local communities
Grow in harmony with local communities, promoting a prosperous and respectful development of their territory

Rethinking products in a circular perspective
Innovating products to make them more and more circular, giving new life to waste materials, in an infinite cycle

Protecting the environment
Producing consciously and responsibly, pursuing continuous improvement and excellence in every aspect

Attention to the well-being of people
People who, with commitment and passion, are the foundation of the Group

THE PILLARS OF SUSTAINABILITY:
THE ECO PLEDGE®
THE ROAD TOWARDS THE FUTURE

Sustainability Plan and Improvement Areas

In 2019 Aquafil drafted a sustainability plan to guide the Group’s commitments and activities in the mid-term. The commitments, declared in the guidelines of **THE ECO PLEDGE® - Aquafil’s path toward full sustainability**, have been summarized in five sustainability “pillars”, each defined by specific areas for improvement and related projects to be implemented.

The pillars and areas for improvement are in line with the United Nation’s 2030 Agenda and the 17 “Sustainable Development Goals” (SDGs).

<table>
<thead>
<tr>
<th>SUSTAINABILITY PILLARS</th>
<th>IMPROVEMENT AREAS</th>
<th>SUPPORTED SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETHINKING PRODUCTS FROM A CIRCULAR POINT OF VIEW</td>
<td>• Creating new sustainable value chains</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>• Exploring other sustainable value chains</td>
<td></td>
</tr>
<tr>
<td>PROTECTING THE ENVIRONMENT</td>
<td>• Investing in energy from renewable sources</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>• Improving the impacts of production processes</td>
<td>7, 13, 15</td>
</tr>
<tr>
<td>ATTENTION TO THE WELL-BEING OF PEOPLE</td>
<td>• Minimizing accidents</td>
<td>4, 8</td>
</tr>
<tr>
<td></td>
<td>• Supporting employee growth</td>
<td></td>
</tr>
<tr>
<td>SHARED RESPONSIBILITY ALONG THE SUPPLY CHAIN</td>
<td>• Integrating sustainability in purchasing procedures</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>• Spreading the culture of sustainability</td>
<td></td>
</tr>
<tr>
<td>SUPPORT LOCAL COMMUNITIES</td>
<td>• Raising awareness of environmental protection</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>• Supporting local development and training young people</td>
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</tr>
</tbody>
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For more information, see the 2019 Group Consolidated Financial Statements, pages 44-45
OUR COMMITMENT

Rethinking products

Embracing circular economy does not just mean recycling, rather rethinking the product by adopting a broader, more visionary perspective and collaborating with various stakeholders. Aquafil based its way of doing business on this concept, creating high quality products from recovered resources and giving new life to materials that still have infinite lives to live.

For more information, see the 2019 Group Consolidated Financial Statements, pages 67, 85

TARKETT
Circular economy: closing the circle

Thanks to the pioneering collaboration with Aquafil, Tarkett closes the circle in the production of carpet tiles in Europe.

Tarkett has developed an innovative technology that separates carpet tiles at the end of life into two main components, maintaining over 95% purity of the yarn. This level of purity is fundamental to ensure that the polyamide 6 (PA6) yarn can be recycled from Aquafil and transformed into new ECONYL® regenerated nylon.
NAPAPIJRI
Skidoo Infinity, the first circular jacket

The collaboration between Aquafil and Napapijri has allowed to create a completely circular product.

The Skidoo Infinity jacket is made with ECONYL® yarn (100% regenerated polyamide) and standard nylon and designed to be completely recycled because it is composed of a single material. In addition, thanks to a take back program, it can be returned after two years of use and recycled into new ECONYL® yarn.

EFFECTIVE Project

The EFFECTIVE project, supported by the EU Horizon 2020 research program, is one of the most relevant initiatives in which the Group takes part. Started in 2018, 12 organizations from 7 countries participate.

The aim is to promote economically advantageous and sustainable innovative paths for the production of bio-polyamide and bio-polyester fibers and films from renewable raw materials. The versatility of these polymers guarantees their application in a wide variety of products and sectors, in particular textiles and packaging.

www.effective-project.eu
Where others see waste, we see treasures.

The ECONYL® regeneration system transforms what was once waste, such as fishing nets, old carpets and textile production waste, into a new source of opportunity. ECONYL® nylon has the same quality characteristics as virgin nylon, with a much lower environmental impact.

For every 10,000 tons of raw material, with ECONYL® we can:

<table>
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<th>Save</th>
<th>Avoid</th>
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<td>70,000 Barrels of crude oil</td>
<td>57,100 Tons of CO₂eq emissions</td>
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Four steps for a circular future

01_Recover
We begin by recovering and cleaning nylon waste from landfills and oceans around the world.

02_Regenerate
Waste is regenerated through a process that is unique in the world. This is how ECONYL® nylon is born.

03_Remake
ECONYL® nylon is transformed into yarn for the garment, carpet and textile flooring industries.

04_Re-imagine
ECONYL® regenerated nylon gives life to completely new products. Nylon itself can be recycled endlessly, without ever losing its qualities.
THE PROJECT

ECONYL® QUALIFIED

In 2015, Aquafil started a project to make the ECONYL® supply chain even more virtuous. Thus the “ECONYL® Qualified” qualification was born, attributed to those suppliers of ECONYL® that stand out for the respect of specific environmental requirements.

Objectives

- Develop a Supplier Qualification Protocol
- Involve suppliers in the Aquafil sustainability path
- Evaluate supplier activities to monitor and reduce environmental impact
- Extension of the assessment to two other supply sectors

Suppliers involved

- Fralog
- Arcese
- Favretto
- Gross Hof
- Ambiberica
- Nofir
- Valcuvia
- P.T.C.

The activities carried out

- 2015: Evaluation of supplier activities to monitor and reduce environmental impact
- 2016-2017: Development of a supplier qualification protocol/Guidelines based on environmental requirements
- 2018: Revision of the Guidelines
- 2019: Extension of the assessment to two other supply sectors

For more information, see the 2019 Group Consolidated Financial Statements, page 65
OUR COMMITMENT

Protecting the Environment

Aquafil is committed to respect the environment in every phase of its own production process.

For this reason, it made interventions to reduce impacts and recover energy.

Some examples are the installation of new heating systems with heat recovery, sharing excess thermal energy with structures close to the factories and choosing energy from renewable sources.

Constant commitment, tangible results

-58%
GREENHOUSE GAS EMISSIONS IN ABSOLUTE VALUE COMPARED TO 2016

70%
TOTAL ENERGY (ELECTRIC AND THERMAL) USED BY THE GROUP IN 2019 FROM RENEWABLE SOURCES

For more information, see the 2019 Group Consolidated Financial Statements, pages 76-77
Increasingly efficient processes

Over the past four years, the Group has managed to significantly reduce its greenhouse gas emissions, thanks to a series of forward-looking investments that are consistent with its sustainability plan.

The results are there, and they’re visible.

GROUP GREENHOUSE GAS EMISSIONS TREND
2016-2019

124,055 tCO₂eq
2016

86,878 tCO₂eq
2017

86,251 tCO₂eq
2018

51,512 tCO₂eq
2019
OUR COMMITMENT

Attention to the well-being of people

Every day, Aquafil employees contribute to making the Group an international point of reference.

Their commitment, experience and passion are the basis of the Group’s growth.
HEALTH WEEK
The initiative is being carried out in Slovenia, Croatia and China to promote a healthy lifestyle, through the display of informational materials that provide suggestions to be implemented in daily life and the distribution of fresh fruit in company canteens.

PREVENTION
Employees can benefit from various preventative initiatives. Examples are the flu vaccination offered in the Croatian and Slovenian facilities, medical insurance for employees of the Chinese facility and medical visits for the prevention of diseases set by Aquafil CRO.

ENVIRONMENTAL PROTECTION
In 2019 Aquafil launched the “Plastic Free” project to gradually eliminate single-use plastic products. Various initiatives have been implemented, such as the adoption of reusable water bottles, the replacement of water jugs with dispensers connected directly to the central water supply and porcelain mugs instead of disposable containers.

COMPANY WELFARE
To help reconcile professional and private needs, the Group offers a series of non-monetary benefits that employees can choose according to personal or family necessities.

For more information, see the 2019 Group Consolidated Financial Statements, pages 56-59, 68-69
OUR COMMITMENT

Shared responsibility along the supply chain

In order to create circular supply chains, constant comparison and collaboration with the various actors along the value chain are essential. Aquafil establishes solid relationships with its customers and suppliers, based on the commitment and desire to improve together.

PARTNERSHIP WITH CUSTOMERS

ECONYL® Reclaiming Program
Thanks to an internationally structured partnership network, Aquafil can collect large quantities of waste to be regenerated into new ECONYL® yarn.

PRADA
Prada has announced the goal of replacing all the nylon yarn used for its products with ECONYL® regenerated nylon by 2021. The Group has launched a collection in ECONYL®.

SARAWAGI RUGS
In 2019 Sarawagi Rugs, the British designer Isobel Morris and Aquafil partnered to create a line of hand-knotted rugs made with the traditional Nepalese technique using ECONYL® yarn.

KARÜN
Aquafil collaborates with Karün for the sunwear “Pacific Collection” that involves local communities of the Cochemò Valley in Patagonia for the recovery of fishing nets. The collected nets are regenerated by Aquafil to make ECONYL® nylon polymers, which are then used to make sunglasses.

For more information, see the 2019 Group Consolidated Financial Statements, pages 66-67
VOLUNTARY CERTIFICATION

SA 8000

On its path of sustainable development, the Group chose the **SA 8000:2014 standard** as a management model to enforce its commitment to protect workers’ and human rights.

Aquafil S.p.A. was the first company of the Group to obtain the SA 8000 certification in 2019.

Always in 2019, the process to gradually extend the certification to other Group companies was initiated.

For more information, see the 2019 Group Consolidated Financial Statements, page 55.
OUR COMMITMENT

Supporting local communities

Aquafil contributes to the development of the communities in the territories which it operates in, actively participating in initiatives and projects that aim to respond to different needs, from supporting all children's sports activities locally, to youth education and volunteering for those in need.

For more information, see the 2019 Group Consolidated Financial Statements, pages 70-71

Environmental protection education

To help raise awareness of environmental issues, Aquafil promotes many initiatives, including “The Healthy Seas, a Journey from Waste to Wear”.

Through this initiative, Aquafil contributes to recover fishing nets abandoned at sea and recycling them into ECONYL® yarn. The project includes sessions in schools to raise children’s awareness of marine pollution.
Youth training

The Group carries out various initiatives to train young people and bring them closer to the workforce.

Through the national program “alternanza scuola-lavoro” which enables students to seek internships in companies, youths can intern in the Group offices, gaining firsthand experience in the field of circular economy.

In 2019, for the third consecutive year, Aquafil won the first place in the 11th edition of the “TU SEI”, project of Confindustria Trento and Intesa San Paolo, aimed at bringing students closer to the industrial world.

Donations and support to the territory

To favor local development, Aquafil contributes to charities and organizations, such as Telethon and ABIO, sports and culture clubs, and cancer research.

As part of ongoing commitment to diversity inclusion, Aquafil supports the Eliodoro cooperative which, thanks to this collaboration, has involved people with disabilities in various corporate activities. Furthermore, to that avail, Aquafil stipulated an agreement, extended to 2024, with the Employment Agency and a social cooperative.
For more information, see the 2019 Group Consolidated Financial Statements
http://ir.aquafil.com/eng/financial-statements/