AQUAFIL
synthetic fibres and polymers

SUSTAINABILITY REPORT 2009

AQUAFIL
synthetic fibres and polymers

SUSTAINABILITY REPORT 2009

PHOTO INTO THE BACKGROUND: AQUAFIL SPA HEADQUARTERS AT ARCO (TN), ITALY

GIULIO BONAZZI,
PRESIDENT OF AQUAFIL S.P.A.

A LETTER FROM THE PRESIDENT

The publication of the third Sustainability Report by the Aquafil Group confirms our ongoing commitment to transparent business practices and the implementation of clear, documented and verifiable objectives.
Once again we are placing strong emphasis on explaining and sharing our results and objectives with all stakeholders in the firm belief that the sustainability is not a result to be achieved, rather a way of thinking, a way of being, a principle the must constantly guide us.
During 2009 we initiated an in-house programme designed to communicate these principles to as many of our company members as possible in order to stimulate and accelerate the achievement of the objectives set for the coming years.
The positive results for the 2009 operating period were achieved against the background of a critical economic situation which continued through most of 2009. Achieving positive results in a generally unfavourable economic climate provides further confirmation that the Group continues to make the right decisions in this area. Following this path, mapped out many years ago, has taken us successfully through operating period without any significant repercussions on employment levels and has enabled us to keep results in line with previous years without any slowdown in investment. The environmental indicators monitored continuously are in line with expectations thanks mainly to the projects implemented in the previous two years which became fully operational in 2009. The energy efficiency, for example, of the trigeneration plant has been further improved and we have launched other projects aimed at improving performance even further. For the Group, 2009 was also a year of new developments. We signed an agreement with the UK investment fund Hutton & Collins who placed substantial funding at the disposal of the Group. This funding enabled three major investment projects: the Econyl sustainability project; the China project, with the planned opening of a new spinning mill at Jiaxing, near Shanghai; two photovoltaic power stations in the south of Italy.

In the pages which follow we will be providing greater details of the results and projects mentioned briefly here. What I hope will be become clear as you read this document is our commitment to continue along the path of sustainable development, a path which we believe is the only one leading to success in the future.

AQUAFIL Sustainability Report 2009

CONTENTS

“SUSTAINABILITY IS NOT A RESULT TO BE ACHIEVED, RATHER A WAY OF THINKING, A WAY OF BEING, AND A PRINCIPLE THAT MUST CONSTANTLY GUIDE US”.

GIULIO BONAZZI,
PRESIDENT OF AQUAFIL S.P.A.

OUR GUIDING PRINCIPLES

Being constantly sensitive to the stimulus offered by Clients who make sustainability their development strategy, since we are convinced that this is the path to follow if we are to strengthen our leadership.

Making sure that our sustainable policy is concretely implemented.

Choosing Suppliers who offer the best performance in terms of Sustainability.

Establishing and strengthening a link with the Communities where the Group operates and intends to grow in the future.

Strengthening the roots the company has in the local area by paying constant attention to internal resources.

OUR DAILY COMMITMENT IS BASED ON FIGHTING:

- THE ACCUMULATION OF SUBSTANCES EXTRACTED FROM THE EARTH’S CRUST
- THE ACCUMULATION OF SUBSTANCES PRODUCED BY THE COMPANY
- THE PHYSICAL DEGRADATION OF NATURE
- THE CREATION OF CONDITIONS THAT COMPROMISE THE ABILITY OF PEOPLE TO SATISFY THEIR NEEDS

SOURCE: “THE NATURAL STEP”

ABOUT THE REPORT

THIS REPORT WAS DRAFTED AND PUBLISHED BY THE AQUAFIL GROUP IN ACCORDANCE WITH THE GLOBAL REPORTING INITIATIVE (GRI) G3 GUIDELINES FOR SUSTAINABILITY REPORTING (2006). THE REPORT IS PUBLISHED IN THE ITALIAN, ENGLISH, SLOVENE AND CROATIAN LANGUAGES IN ORDER TO ENSURE FULLER UNDERSTANDING THROUGHOUT THE GROUP.

ABOUT THE REPORT

The year 2009 was one of continuity for the Aquafil Group. Encouraging results were achieved also thanks to the projects initiated in previous years which became fully operational during the course of 2009. The report is divided into two parts:

the first part provides information about the Aquafil Group. We describe the Group's current organisation, the business areas in which we operate and our relationship with stakeholders. The second part reports the economic, environmental and social results for the entire operating year making comparisons with activities in previous years. The latter part provides an overview of the projects for the two-year period 2009-2010 and the state of project progress.

In this year's report we have wherever possible tried to use plain, less technical language with the aim of communicating the concepts of sustainability to as wide an audience as possible. In line with our guiding principles and our commitment to promoting the idea of sustainability, this report will be focussing on the key concepts of sustainability.

IN THE LAST THREE YEARS, THE ENVIRONMENTAL TEAM COORDINATED BY THE ENERGY & RECYCLING BUSINESS UNIT HAS FINE TUNED ITS DATA COLLECTION AND MONITORING SYSTEMS THROUGHOUT THE GROUP TO GUARANTEE THE HIGHEST LEVELS OF RELIABILITY OF THE DATA PUBLISHED.

PHOTO INTO THE BACKGROUND: NEW BRIDGE BUILT
OVER THE SARCA RIVER CLOSE TO TORBOLE

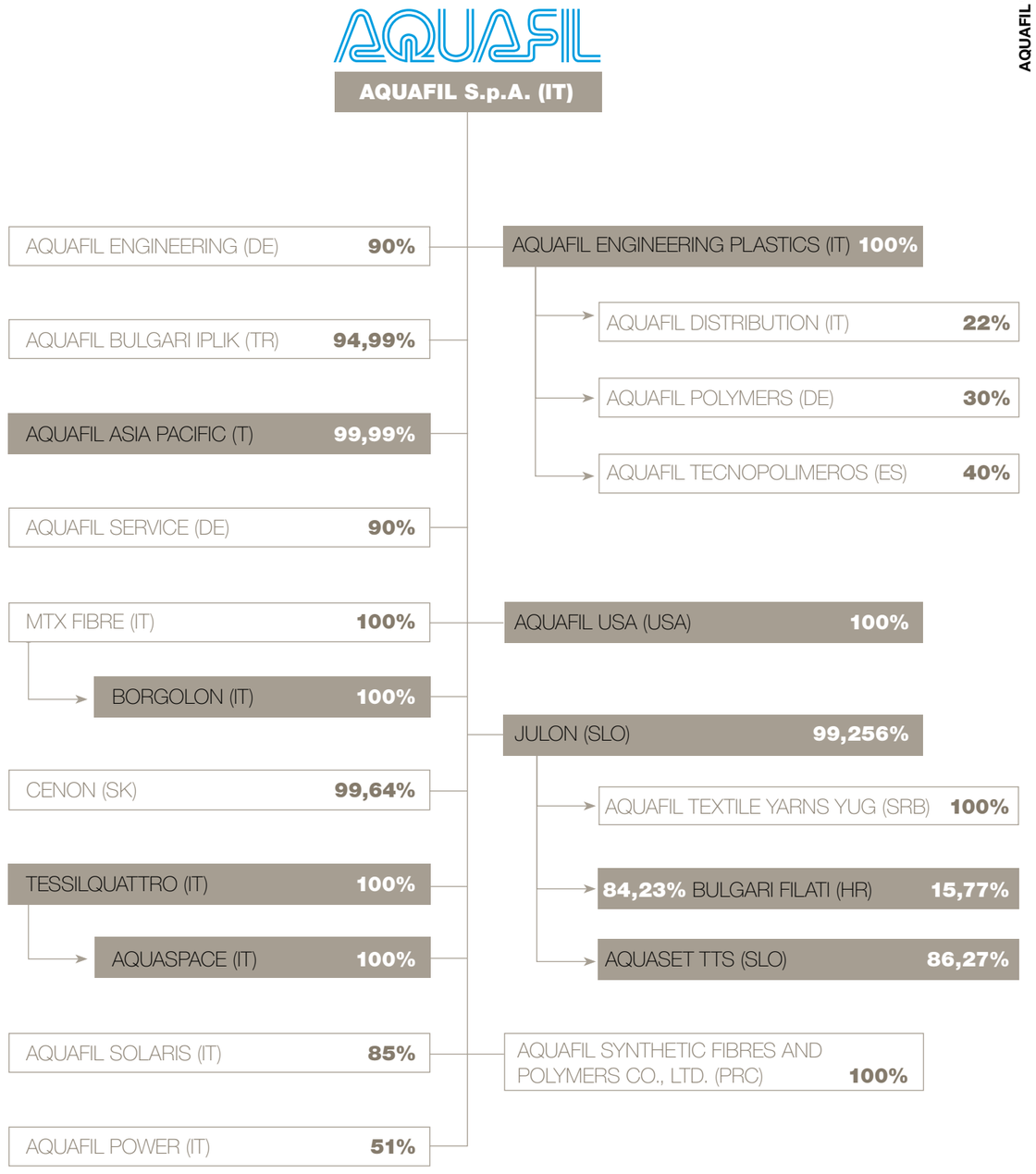
AQUAFIL AND ITS STAKEHOLDERS

THE AQUAFIL GROUP

The Aquafil Group specialises primarily in the production, marketing and supply of Nylon 6 synthetic yarns. We are Europe's leading producer of carpet yarns. We produce technical polymers for moulding and synthetic yarns for the clothing industry. Aquafil has a global presence. Our 1,800 employees work in eleven production sites worldwide. We have five production sites in Italy, three in Slovenia, one in Croatia, one in USA and one in Thailand. In the latter part of the year we set up a new company in China, near Shanghai, where a production facility will be specialising in the spinning and reprocessing of BCF carpet yarns and the production of engineering plastics.

THE GROUP-WIDE BUSINESS STRATEGY IS BASED ON FOUR FUNDAMENTAL PRINCIPLES:

- CLOSE COOPERATION WITH CUSTOMERS
- CONTINUOUS TECHNOLOGICAL INNOVATION
- SPECIALISATION IN HIGH ADDED VALUE PRODUCTS
- COMMITMENT TO THE USE OF RECYCLED RAW MATERIALS



THE ORGANIZATION OF
THE AQUAFIL GROUP AS OF 31.12.2009

THE SCOPE OF THIS SUSTAINABILITY REPORT
OF ALL OF THE GROUP'S PRODUCTION SITES

ITALY
SLOVENIA
CROATIA
GEORGIA (USA)
THAILAND
CHINA

TWELVE PRODUCTION SITES ON THREE CONTINENTS

GEORGIA (USA)

CARTERSVILLE

BCF
Spinning - Interlacing
Twisting

ITALY

ARCO TN

BCF
Polymerization - Spinning

EP
Polyamide and masterbatch compounds

CARES TN

BCF
Interlacing - Twisting

ROVERETO TN

BCF
Interlacing - Dyeing Superba and Space technology

VARALLO POMBIA NO

NTF
Spinning - Texturizing

SLOVENIA

LJUBLJANA

BCF/NTF
Polymerization - Compounding
BCF spinning/textiles - Twisting
Texturizing - Heat setting

SENOZECE

NTF
Warping

STORE

BCF
Twisting - Heat setting

CROATIA

OROSLAVJE

NTF
Interlacing - Covering
Twisting - Texturizing

THAILAND

RAYONG - BANGKOK

BCF
Interlacing
Twisting - Logistics

CHINA

JIAXING

BCF
Polymerization
Spinning

EP
Polyamide and masterbatch compounds

BCF
Synthetic yarns for carpeting

EP
Engineering Plastics

NTF
Synthetic yarns for the clothing industry

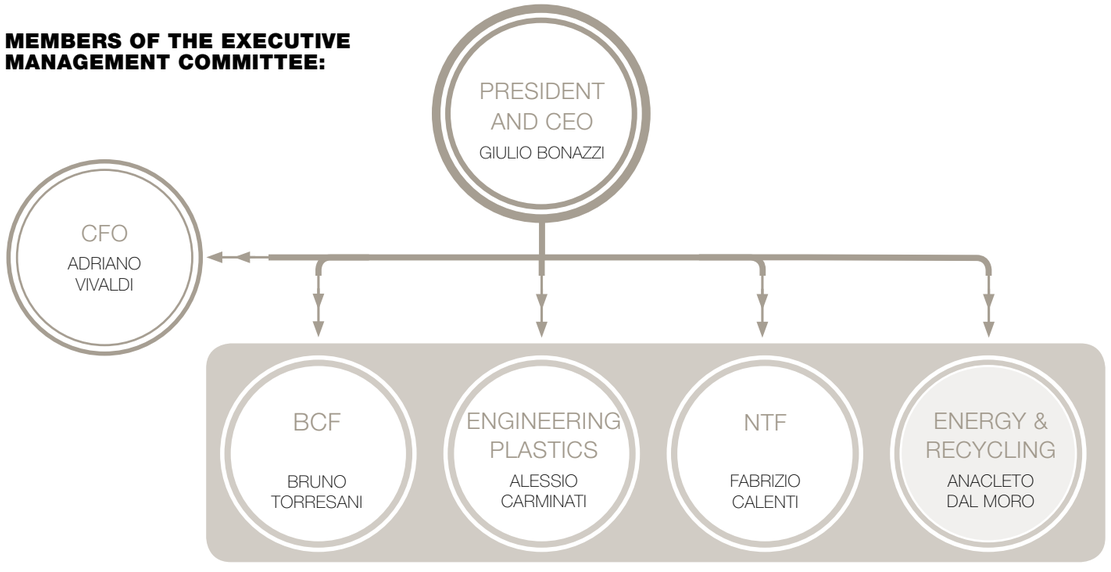
AQUAFIL Sustainability Report 2009

OUR ORGANIZATION

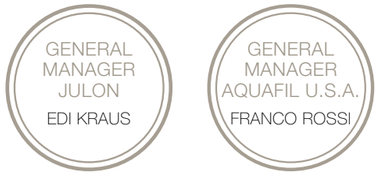
Complex production processes and products but a streamlined organisation.
The Aquafil lean management organisation is divided into business units.
THE ENERGY & RECYCLING BUSINESS UNIT PROVIDES SUPPORT SERVICES TO THE OTHER BUSINESS UNITS.

Technical, administrative and human resource management services are handled centrally by our headquarters at Arco (TN) in Italy.

MEMBERS OF THE EXECUTIVE MANAGEMENT COMMITTEE:



The executive management committee also includes:



GOVERNANCE

CORPORATE GOVERNANCE

Group corporate governance is the responsibility of two bodies: the Board of Directors of Aquafil S.p.A. (group leader) and the Executive Management Committee.

The Board of Directors of Aquafil S.p.A (group leader) directs the corporate governance system of the Aquafil Group. It defines the development strategies of Aquafil companies and issues directives. It decides investment plans and monitors and evaluates results. In 2009 the Board of Directors was joined by two representatives of Hutton & Collins, a UK investment fund which has recently signed a growth plan agreement with the Group.

The role of the Executive Management Committee is to assist the Board of Directors in implementing strategy decisions. It is responsible for the operational management of industrial activities, logistics and marketing.

THE COMMITTEE MONITORS THE GENERAL PROGRESS OF THE GROUP, THE PROGRESS OF PROJECTS AND THE IMPLEMENTATION OF HEALTH AND SAFETY IN THE WORKPLACE POLICY.

GIULIO BONAZZI
PRESIDENT AND MANAGING DIRECTOR

CARLO BONAZZI
HONORARY PRESIDENT

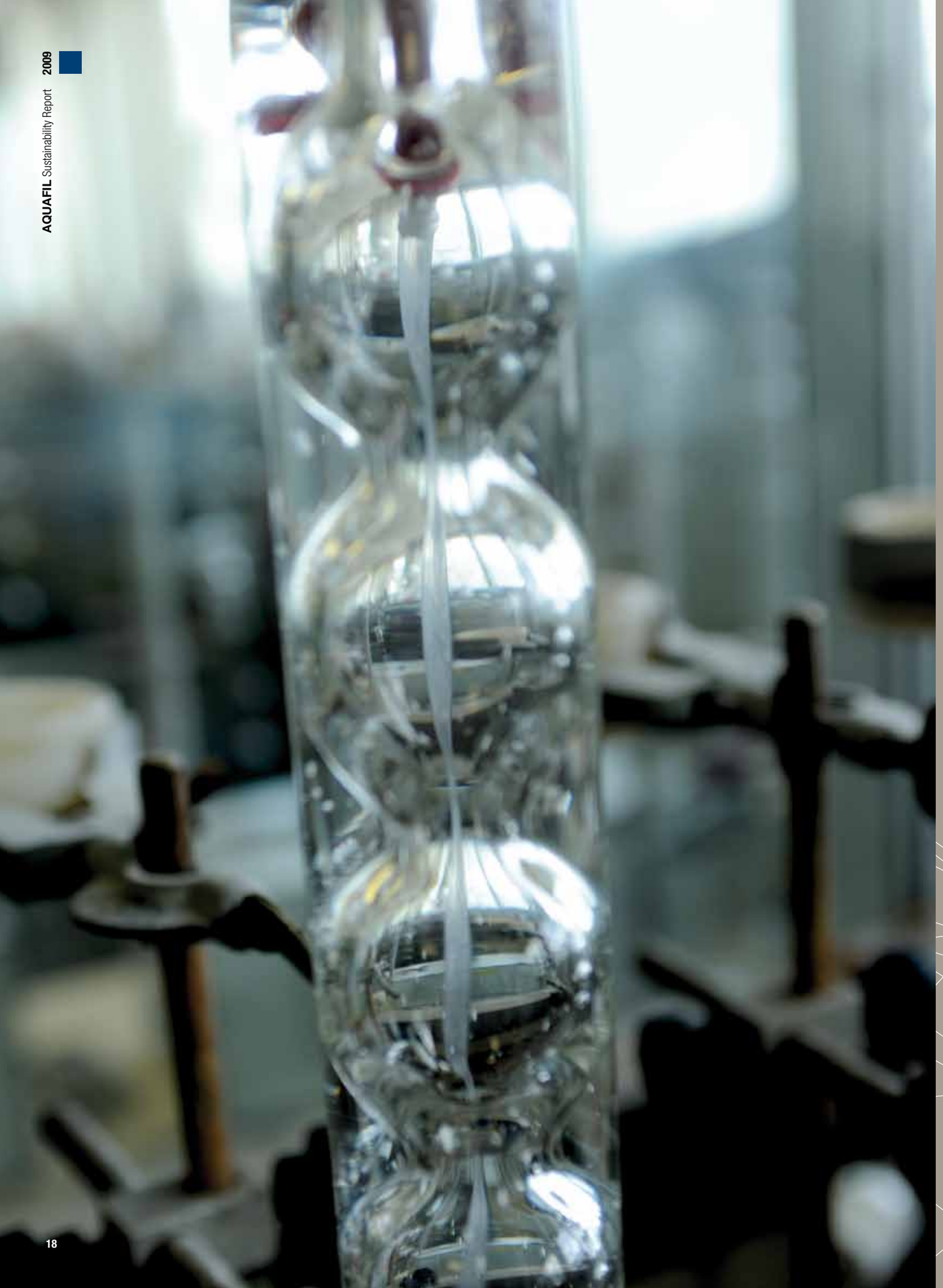
BRUNO TORRESANI
MANAGING DIRECTOR

ADRIANO VIVALDI
MANAGING DIRECTOR

ANTONIO BONAZZI
MEMBER OF THE BOARD

MAURO MORETTI
MEMBER OF THE BOARD

RAFAEL BOULET TORRES
MEMBER OF THE BOARD



THE ECO PLEDGE
Aquafil's Path toward Full Sustainability

Our ultimate objective.
To become the leading company in the market of polyamide fibres and polymers, with total commitment to sustainability with the ultimate goal of contributing to restoration of the integrity of the Earth System.

THE HUTTON & COLLINS FUND

In September 2009 Aquafil signed an agreement with the company H&C Romeo, financed by funds managed by Hutton & Collins, a management company operating in UK and continental Europe.

Hutton & Collins, founded in 2002 by Graham Hutton and Matthew Collins, today manages three dedicated funds totalling € 1.4 billion ($ 1.9 billion) on behalf of leading global financial institutions. The operation agreed with Aquafil is the second in Italy for this UK fund and is one of the largest private equity transactions in Europe since the beginning of 2009.

The fund has invested at total of € 45 million in order to support the Aquafil growth strategy with the aim of strengthening the Group's position of leadership world-wide.

H&C FUNDING WILL ENABLE THE COMPANY TO CONTINUE INVESTING IN SUSTAINABLE DEVELOPMENT. THE INVESTMENT WILL ACCELERATE THE COMPANY'S GROWTH STRATEGY WHICH IS FOCUSED ON THE DEVELOPMENT OF ECONYL, AN ENVIRONMENTALLY SUSTAINABLE PROJECT, AND EXPANSION INTO THE ASIAN MARKET WITH THE OPENING OF ITS FIRST PRODUCTION FACILITY IN CHINA.

TO DATE, THE H&C FUND HAS INVESTED IN 22 PROJECTS IN 21 COMPANIES WORLD-WIDE. IT HAS ONE OTHER PROJECT IN ITALY - THE ELETTRA GROUP, SPECIALISTS IN ELECTRICAL POWER GENERATION AND RENEWABLE ENERGY.

AQUAFIL AND ITS STAKEHOLDERS

CUSTOMERS

One of Aquafil's guiding principles has always been close cooperation with customers. Customers are the first to know which way the market is moving. That's why we listen to them for information on the latest trends and developments. That's why we are strongly focused on sharing with them our commitment to products made from recycled raw materials.

WE CONTINUE TO ORGANISE SPECIAL MEETINGS WITH CUSTOMERS ABOUT RECYCLING. OUR AIM IS TO DEVELOP SHARED METHODS AND OBJECTIVES TO BE INCORPORATED IN OUR SUSTAINABLE GROWTH PROJECTS.

SUPPLIERS

The Group policy sees suppliers as important partners in business success and a sustainable approach to manufacturing. We continue to work closely with our suppliers on the application of the REACH directive. With our suppliers, primarily those providing packaging and raw materials, we have established an ongoing dialogue to identify the methods which will improve the levels of sustainability in our dealings with them.

OUR OBJECTIVE IS TO ESTABLISH A SHARED APPROACH TO NATURAL RESOURCE SAVINGS, ENERGY EFFICIENCY AND RECYCLING BECAUSE THESE FACTORS ARE VITAL TO OUR FUTURE DEVELOPMENT.

EMPLOYEES

We are strongly committed to our employees. As already mentioned in the Letter from the President, in 2009 the Group managed to maintain existing employment levels despite the widespread slowdown in economic activity. We made minimum use of the social assistance programmes provided in the countries where we operate.

TRAINING, ESPECIALLY ON HEALTH AND SAFETY IN THE WORKPLACE AND SUSTAINABILITY TOPICS, IS OF PRIMARY IMPORTANCE.

THE LOCAL COMMUNITY

THE LOCAL COMMUNITIES WHERE OUR COMPANIES OPERATE HAVE ALWAYS BEEN CENTRAL TO OUR SOCIAL POLICY. IN LINE WITH THE MISSION OF THE ENERGY & RECYCLING BUSINESS UNIT, WE PROMOTE A BROAD APPROACH TO SUSTAINABILITY ISSUES INSIDE OUR COMPANIES AND IN THE LOCAL COMMUNITIES WHERE THEY OPERATE. WE STRONGLY BELIEVE IN SUSTAINABILITY AND ARE COMMITTED TO PROMOTING SUSTAINABILITY AS A GUIDING PRINCIPLE NOT ONLY IN OUR WORK BUT ALSO IN ALL OUR DAILY ACTIVITIES.

We continue to collaborate with leading universities on R&D projects. Two students, from the Cattolica University (Milan) and the University of Trento, based their degree theses on Aquafil using us as an example of a modern, multinational company dedicated to sustainability.

PHOTO ON THE RIGHT: CARPET MADE FROM ECONYL® AND ALTOCHROMA® YARNS

GROUP ACTIVITIES

BCF SYNTHETIC YARNS FOR TEXTILE FLOORING

The core business of the Group ever since its foundation has been the production of polyamide 6 yarn for carpeting used in contract applications (hotels, offices and public buildings), the automotive industry and the home furnishings market. A highly differentiated product range, innovative production technology and a first-class customer care service have made the Group the leading manufacturer for this sector in Europe.

The manufacture of products containing recycled material continues to increase in importance and is the area where Aquafil sees the major challenges of the future.

OUR CUSTOMERS SHARE AND SUPPORT OUR VISION AND HAVE ALREADY CREATED ENTIRE COLLECTIONS BASED ON OUR ECONYL RECYCLED YARNS. ECONYL YARNS OFFER EXACTLY THE SAME QUALITY AND TECHNICAL PERFORMANCE AS YARNS MADE FROM VIRGIN RAW MATERIAL. CONSUMERS HAVE BECOME VERY SENSITIVE TO ENVIRONMENTAL ISSUES AND TODAY SHARE THE SAME GUIDING PRINCIPLES AS THE AQUAFIL GROUP.

Econyl 70 contains 70% post-industrial recycled material and 30% virgin raw material and makes Aquafil market leader for recycled products. In the USA we have developed a yarn containing a percentage of post-consumer recycled material. This has been made possible by local supplies of suitable material in the form of recycled carpeting.

Recycled Polyamide ECONYL® by AQUAFIL

ALTO® AQUAFIL

AQUALON AQUAFIL

ALTO® CHROMA AQUAFIL

PHOTO ON THE RIGHT: AQUAREL BLUE MASTERBATCH.

ENGINEERING PLASTICS

Polymers for injection moulding consist of compounds developed from Nylon 6 and also from other types of polymer. Our products range from simple polymers with additives to products for high-added-value applications such as reinforced polymers for the automotive industry, flameproof polymers for electrical engineering applications and polymers for furnishings and sports.

In 2009 this business unit obtained major, new approvals for the formulations used in the certified plastic components made by leading manufacturers. Integrated production processes mean that we can use yarn wastes and reprocessing waste produced inside the Group. This is an area where products of the Econyl family becoming increasingly more important. In 2009 Aquafil was award “Sustainable Product” approval by UL Environment, a leading standards, approval and certification authority.

ON COMPLETION OF THE APPROVAL PROCESS WE WERE AWARDED AUTHORISATION TO THE USE OF THE **ECO SUSTAINABLE PRODUCT CERTIFICATION MARK** ON PRODUCTS COMPLYING WITH THE REFERENCE STANDARD. WE WERE THE FIRST MANUFACTURER WORLD-WIDE TO OBTAIN UL CERTIFICATION FOR THESE PRODUCTS.

Recycled Polyamide ECONYL® by AQUAFIL

Aquarel HIGH PERFORMANCE MASTERBATCH

AQUAMID

PHOTO ON THE RIGHT: ORACLE SPORTS TEAM CLOTHING MADE BY SLAM USING DRYARN®. PHOTO BY KIND PERMISSION OF SLAM.

SYNTHETIC YARNS FOR THE CLOTHING INDUSTRY

Synthetic yarns for clothing is the third business area in the Aquafil Group. The quality and reliability of our fibres has enabled leading fashion houses and sportswear companies throughout Europe to make high quality products for an increasingly more demanding market. In addition to the Nylon 6 and 66 yarns widely used in the hosiery and clothing sectors, we also produce special microfibers for use in special forces military clothing, professional sports wear and equipment for extreme sports.

This is another sector where consumers are looking for environment-friendly products which contain recycled material and which are made in conditions where every effort is made to reduce the impact on the environment. Aquafil met this need promptly by providing industry customers and final consumers with a wide range of Dryarn and Microlon solution-dyed microfibres. Solution dyeing eliminates the need to dye the thread, fabric or garment using a conventional method which otherwise consumes a great deal of water and energy, and uses substances that are often difficult and expensive to dispose of.

THE RECENT INTRODUCTION OF ECONYL® HAS ATTRACTED A LOT OF ATTENTION FROM MAJOR NAMES IN THE CLOTHING INDUSTRY. THIS YARN CONTAINS A HIGH PERCENTAGE OF RECYCLED MATERIAL AND IS SEEN BY CLOTHING MANUFACTURERS AS AN OPPORTUNITY TO PROMOTE THEIR ENVIRONMENTAL POLICIES AND TO CAPITALISE ON THE GROWING SENSIBILITY OF CONSUMERS TOWARDS ENVIRONMENTAL ISSUES.

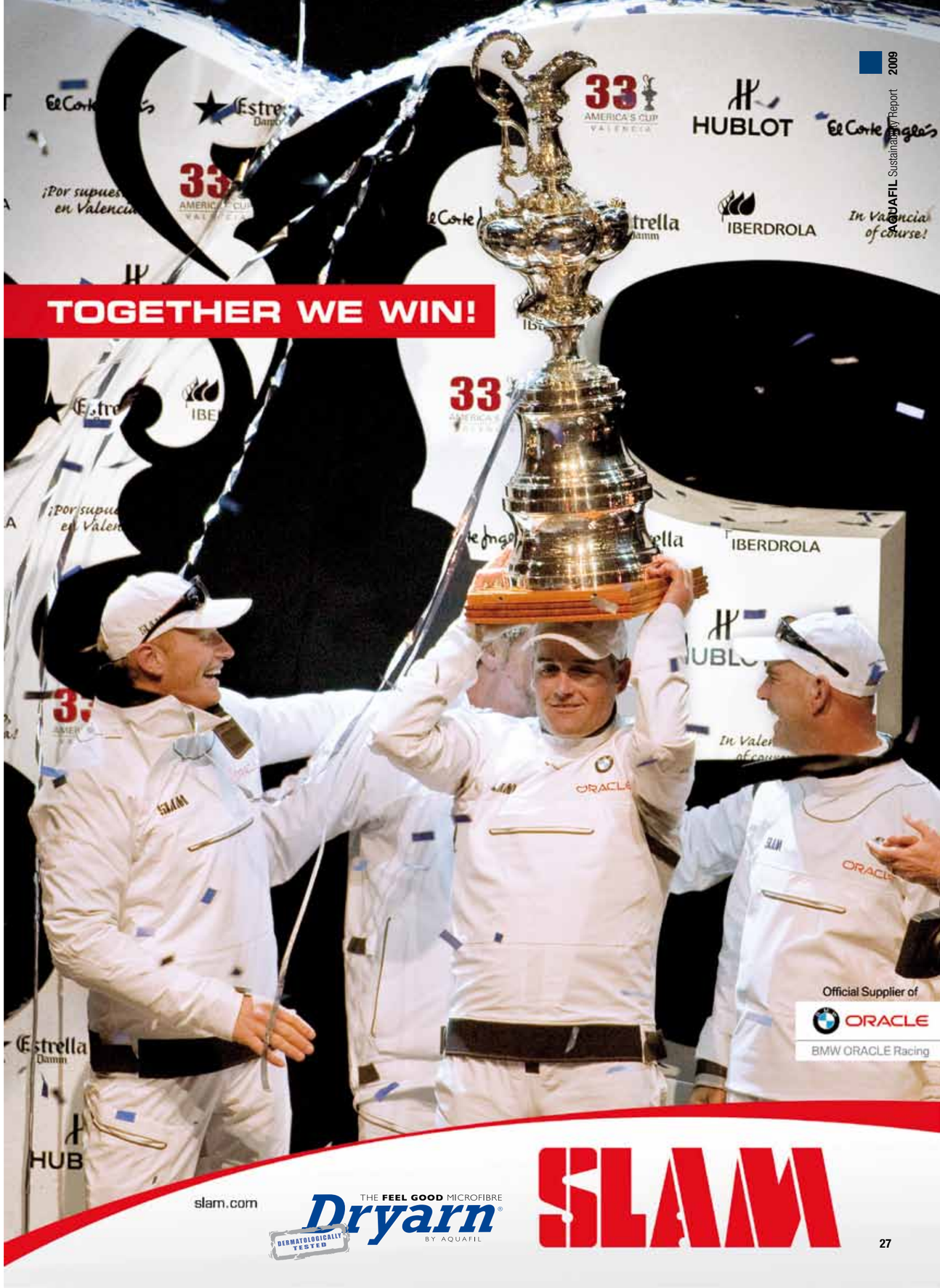
Recycled Polyamide ECONYL® by AQUAFIL

THE FEEL GOOD MICROFIBRE Dryarn® BY AQUAFIL

Borgolon® BY AQUAFIL

Microlon® BY AQUAFIL

ultralon® BY AQUAFIL



THE ECONYL PROJECT

THE RECYCLING AND REUSE
OF MATERIALS IN OUR PRODUCTION
PROCESSES WILL PROVIDE
EXTRAORDINARY OPPORTUNITIES
FOR GROWTH IN THE COMING YEARS.

ENVIRONMENTAL BENEFITS OF ONE TON OF ECONYL

WATER
WATER SAVINGS
EQUIVALENT TO
THE DAILY CONSUMPTION
OF 75 PEOPLE.

*calculated on an average consumption of 200 m^3 for a family of 3 people.

WASTE
REDUCTION IN ORGANIC
WASTE EQUIVALENT TO
THE AMOUNT PRODUCED
BY 500 PERSONS IN A DAY.

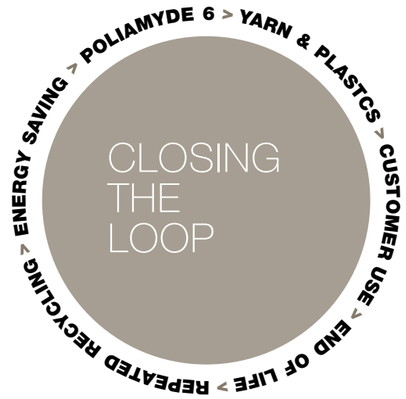
*calculated on an average daily production of 1.5 kg per person

CO_2
REDUCTION IN CO2
EMISSIONS EQUIVALENT TO
THE AMOUNT PRODUCED
BY A CAR OVER 20,000 KM.

*calculated on an average consumption of 96 g/km of a TDI 1.6 litre car

CRUDE OIL
ENERGY SAVINGS
EQUIVALENT TO THE
AMOUNT OF ENERGY
NEEDED TO POWER 400
LIGHT BULBS FOR A WEEK.

*calculated on the consumption of an 18 W energy saving light bulb



THE ENERGY & RECYCLING BUSINESS UNIT

Set up in 2008, the Energy & Recycling business unit immediately started to implement its mission objectives. Its objectives are:

- To promote the use of low environmental impact energy and energy generated from renewable sources;
- To promote the use of recycled raw materials;
- To encourage a culture of sustainability inside the Aquafil Group and in dealings with stakeholders.

During the year, the business unit grew with the recruitment of experts in the energy sector. Specialist personnel enabled a start to be made on projects related to energy efficiency, the reduction of environmental impact and renewable energy sources.

In October 2009, the business unit started a new project to promote the use of recycled material which involved all the research and production technology departments. The aim of the project is to develop and perfect innovative and economically competitive technologies for the production of polymers and recycled yarns. The project will develop the technologies for producing the “Econyl” polymer obtained from recycled post-industrial and post-consumer wastes.

THIS WILL MAKE IT POSSIBLE TO CLOSE THE RECYCLING LOOP. PROCESS WASTE AND USED MATERIAL WILL BE CONVERTED INTO SECONDARY RAW MATERIAL FOR MAKING CARPETING YARN, CLOTHING YARN AND TECHNICAL POLYMERS.

A YEAR. RESULTS, ACTIONS AND PROJECTS

THE ECO PLEDGE®
Aquafil's Path toward Full Sustainability

Our core purpose.
To serve Humanity
while preserving
the Earth, creating value
through innovation.

ECONOMIC INDICATORS
AQUAFIL Sustainability Report 2009

THE ECONOMY

COMBATING THE CRISIS

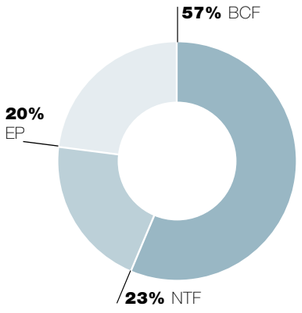
In general, the year was characterised by a world economic recession, a liquidity crisis in the international banking system and widespread public intervention to support the economy. Despite this unfavourable background, the Aquafil Group achieved good results and was able weather the effects of the crisis thanks to a solid equity situation and its position of leadership. Against the backdrop of a global market recession, Aquafil significantly increased its market shares in all three of its business area and maintained stable sales volumes.

SIGNIFICANT FACTORS HERE WERE THE DEVELOPMENT OF NEW PRODUCTS, THE RENEWAL OF THE PRODUCT RANGE AND THE ADDITION OF NEW PRODUCT FAMILIES INCLUDING ECONYL®.

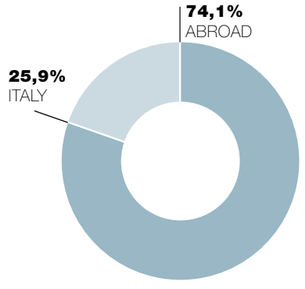
The fall in consolidated turnover reflects the contraction in raw material prices which characterised the first three quarters of the operating period with the trend only being reversed in the final months of the year.

THE SUBSTANTIAL FALL IN THE AVERAGE YEARLY PRICE OF RAW MATERIALS IN COMPARISON WITH 2008 HAD A VERY NEGATIVE EFFECT ON THE VALUE OF INVENTORIES THUS WORSENING THE OPERATING RESULTS FOR THE PERIOD BY APPROX. € 8.8 MILLION THEREBY TRANSFERRING MOST OF THE BENEFITS TO THE NEXT OPERATING PERIOD.

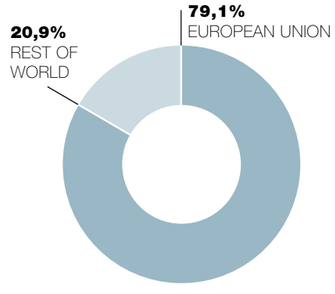
TURNOVER 2009
BUSINESS UNIT



TURNOVER 2009
ITALY AND ABROAD

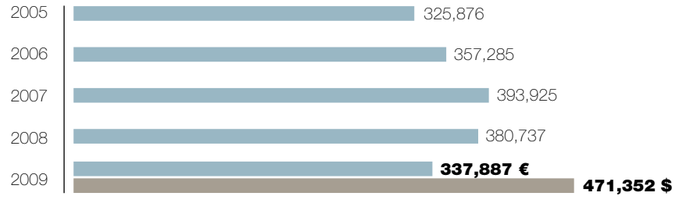


TURNOVER 2009
EUROPEAN UNION AND REST OF WORLD

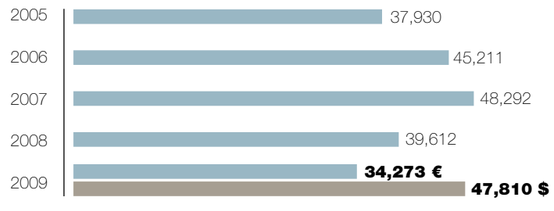


EXCHANGE RATE
€/US $: 1,395
EURO
DOLLAR

TURNOVER (€ MILLION)



EBITDA (€ MILLION)



THE FINANCIAL SITUATION

AN IMPORTANT YEAR FOR STRENGTHENING AQUAFIL GROUP EQUITY

Net indebtedness to external investors considerably decreased thanks to the cash flow generated by operations. From the equity point of view the most significant event in the period was the acquisition of a minority shareholding in the company by HC Romeo S.a.r.l. a body belonging to the UK investment fund Hutton & Collins. H&C bases its investment strategy on assisting successful entrepreneurs and management teams in developing their businesses.

THIS OPERATION STRENGTHENS THE EQUITY OF THE AQUAFIL GROUP WITH THE FUND PROVIDING FULL SUPPORT FOR THE GROUP'S DEVELOPMENT STRATEGY FOR ITS TRADITIONAL BUSINESS BASED ON SUSTAINABILITY AND GROWTH IN ASIA AND NORTH AMERICA.

NET FINANCIAL DEBT TO THIRD PARTIES

EXCHANGE RATE
€/US $: 1,395
EURO
DOLLAR

"SUSTAINABLE DEVELOPMENT IS DEVELOPMENT THAT MEETS THE SOCIAL, ECOLOGICAL AND ECONOMIC NEEDS OF CURRENT GENERATIONS WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS".

WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT.
OUR COMMON FUTURE, 1987

CONSOLIDATED ENVIRONMENTAL BALANCE SHEET

The control and reporting system operating at each of the eleven sites of the Aquafil Group is now thoroughly tested and has made it possible to produce a Consolidated Environmental Balance Sheet for the third year running. Each site is in a position to assess its environmental results and to draw up its own improvement plans with the help of the Energy & Recycling business unit which coordinates these activities. The system has proved to be effective and Group results shown a continuous improvement over the last three years. We can say that the actions implemented to promote sustainability have made it possible to limit the negative effects of the economic crisis started in 2008.

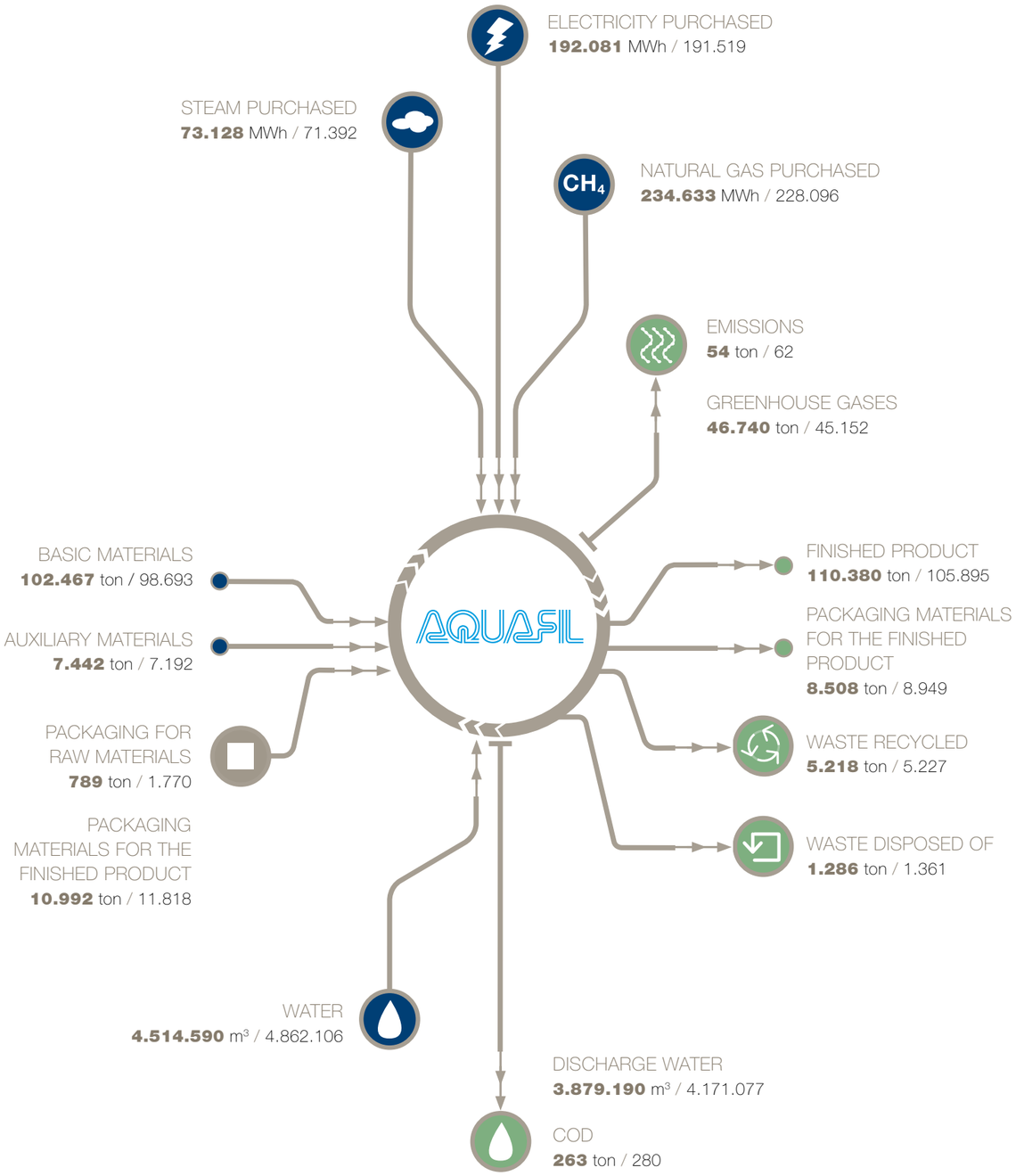
THE TABLE SHOWS THE NORMALIZED INDICATORS AND IT IS CLEAR THE POSITIVE TREND OF ALL THE INDICATORS OVER THE THREE-YEAR PERIOD. THREE INDICATORS ARE PARTICULARLY IMPORTANT FOR THE ENVIRONMENT AND BUSINESS: ENERGY, WATER CONSUMPTION AND WASTE DISPOSAL.

CONSOLIDATED ENVIRONMENTAL BALANCE SHEET **TREND 2007-2009**

Normalized values per ton of finished product

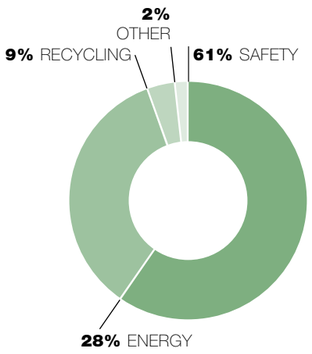
		UdM	2007	2008	2009	%09/08
IN	Basic materials	ton/ton	0,921	0,932	0,928	**0%**
	Auxiliary materials	ton/ton	0,076	0,068	0,067	**-1%**
	Electricity purchased	Kwh/ton	1.860	1.809	1.740	**-4%**
	Steam purchased	Kwh/ton	709,6	674,2	662,5	**-2%**
	Natural gas purchased	Kwh/ton	2.144	2.154	2.126	**-1%**
	Water including condensation from steam	m^3/ton	46,61	45,91	40,90	**-11%**
	Packaging for raw materials	ton/ton	0,011	0,017	0,007	**-58%**
	Packaging materials for the finished product	ton/ton	0,110	0,110	0,10	**-9%**
		1ton	**2007**	**2008**	**2009**	**%09/08**
OUT	Packaging materials for the finished product	ton/ton	0,085	0,085	0,077	**-9%**
	Waste recycled	kg/ton	47,1	53,7	50,3	**-6%**
	Waste disposed of	kg/ton	12,5	8,6	6,9	**-20%**
	Emissions	gr/ton	574	581,3	486,1	**-16%**
	Greenhouse gases	ton/ton	439,5	426,4	423,4	**-1%**
	COD	kg/ton	2,8	2,6	2,4	**-8%**
	Waste water	m^3/ton	39,5	39,4	35,1	**-11%**

2009 VS 2008



OVERVIEW OF INVESTMENTS

INVESTMENTS IN THE
ENVIRONMENT AND SAFETY



The positive trend in the consolidated balance sheet indicators is a clear demonstration of the validity of our decision to invest in safety and the environment.

Our projects have made it possible to reduce consumption, reduce costs and thereby reap economic benefits. In 2009 we invested a total of € 5.9 million (approx. US$ 8.2 million). Intervention has focused on three areas:

- Safety. Our attention in this area was concentrated on fire prevention;
- Energy. Activities here concentrated on the continuous optimisation of plant and machinery and the construction of photovoltaic power stations for the production of energy from renewable sources;
- Recycling waste. Research projects in this area concentrated on the recycling of polyamide 6 process waste and waste from external sources.

IN THE 2009-2010 PERIOD WE STARTED 21 NEW PROJECTS. IN 2009 A FURTHER 3 PROJECTS WERE ADDED WITH THE OBJECTIVE OF IMPROVING THE LEVELS OF SUSTAINABILITY IN AQUAFIL GROUP ACTIVITIES. THESE PROJECTS ARE DETAILED IN THE 2008 REPORT. MOST PROJECTS CONCERN INTERVENTION AT SINGLE SITES. A REPORT ON THE PROGRESS OF THESE PROJECTS AND THE RESULT ACHIEVED IS GIVEN IN THE SECTION BELOW.

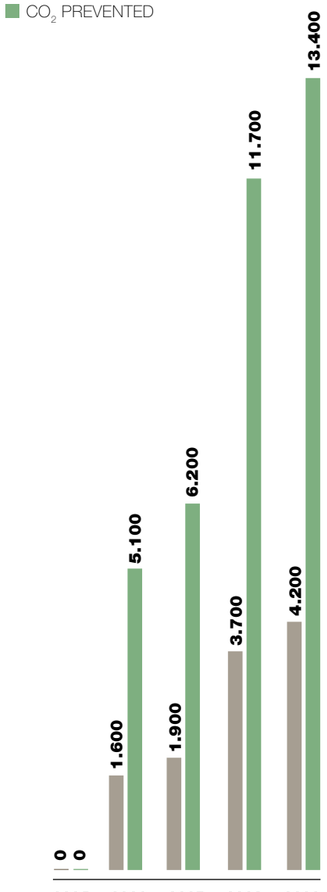
PROGRESS OF THE 21 PROJECTS IN THE 2009-2010 PLAN
(LISTED IN THE 2008 REPORT)

WORK AREA	No. of projects	Completed projects	BENEFITS IN 2009	
			VALUES	RESULT
Improvement in energy efficiency (1)	9	5	-2890 Mwhe/a -115 000 Sm^3/a	**-1,1%** **on el. en.**
Waste reduction	3	2	-79 ton	**-12,3%**
Improvement/reduction of emissions	5	2	Process control	**100%**
Reductions in water consumption and COD	3	1	-244 000 m^3/a	**-5,1%**
Work safety	4	3	Accident reduction	**(see data)**
TOTAL PROJECTS	**24**			

(1) A further three energy projects were started during the year in addition to the 6 projects already in the plan.

RESULTS

TRIGENERATION
PERFORMANCE



THE REFERENCE YEAR IS 2005 WHEN ELECTRICITY WAS PURCHASED EXTERNALLY AND HEAT WAS PRODUCED USING TRADITIONAL METHODS.

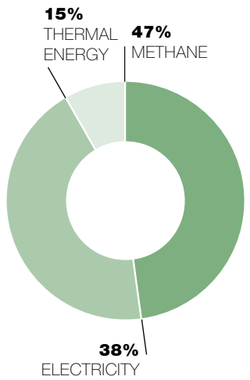
COGENERATION • TRIGENERATION • TEP

In 2006 Aquafil installed a cogeneration plant to provide the electricity previously supplied by the mains network and to provide the heat previously obtained from the burning of natural gas. Subsequently the use of cogeneration was gradually extended and then converted to trigeneration. We are now in a position to confirm the considerable environmental advantages of these developments which have enabled savings in natural resources and reductions in the emission of greenhouse gases. This is clearly shown in the bar chart for the period from 2006 to 2009 which shows the TEP saved and the CO_2 prevented.

THE RESULTS SHOW:

- THE ENVIRONMENTAL ADVANTAGES OF COGENERATION AS AN ALTERNATIVE TO THE SEPARATE PRODUCTION OF ELECTRICITY AND HEAT;
- THE TRANSFORMATION OF COGENERATION INTO TRIGENERATION ENABLES FURTHER IMPROVEMENTS.

ENERGY SOURCES



ENERGY

Energy consumption in 2009 totalled 500,000 Mwh of which 47% was provided by methane and other fuels (practically nearly all of the fuel used was natural gas). Even though the total consumption of energy increased in comparison with 2009, it should be noted that electricity purchased from the external network rose by just 0.3% while the consumption of natural gas rose by 2.9%. This increase in the consumption of primary energy in place of secondary energy such a electricity, increases performance. The indicator for total energy per product unit in 2009 was 2.8% less than that for 2008 and 4% less than in 2007, the year in which we started to control and report data. Despite the negative impact of the 2008-2009 economic crisis, the project implemented at the various sites during the three-year period made it possible to improve consumption figures and mitigate the negative effects of the crisis. The trigeneration plant at the Arco (TN) site is now fully operational and it has only been necessary to draw supplies from external sources during scheduled maintenance down-time and during peak periods. It has been possible to feed back nearly 5,000 Mwhe to the external network. In 2009 more thermal energy was recovered by bringing the cold water absorption units into full operation. As the table shows this enabled further reductions in the consumption of electrical energy.

If we take into account the overall performance obtained with plant originally designed for standard cogeneration, 956,500 Sm^3 of natural gas was consumed for the energy fed back to the network. The equivalent CO_2 of this is 0.375 t/Mwh against the nationwide figure of 0.531 t/Mwh.

FEEDING ENERGY FROM THE AQUAFIL TRIGENERATION STATION BACK INTO THE NETWORK HAS PREVENTED THE EMISSION OF 775 TONS OF THE GREENHOUSE GAS CO_2.

AQUAFIL GROUP
ENERGY PURCHASED 2007 2008 2009

Mwh	**2007**	**2008**	**2009**	**%**
METHANE	240.309	228.096	234.633	**47%**
ELECTRICITY	208.453	191.519	192.081	**38%**
THERMAL ENERGY	79.539	71.392	73.128	**15%**
TOTAL	**528.301**	**491.007**	**499.842**	
specific consumption Mwh/t	**4,726**	**4,669**	**4,539**	

ARCO FACILITY		**Purchased from outside sources**	**Produced internally** TOTAL	SOLD	**TOTAL**
Electricity in Mwhe	2007	14.180	68.159	0	82.339
	2008	10.520	62.048	0	72.568
	2009	2.975	70.228	4.968	**68.235**
Thermal energy in Mwht	2007	-	91.783		91.783
	2008	-	101.651		101.651
	2009	-	106.730		**106.730**

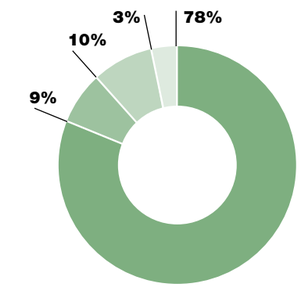
WASTES

The Aquafil Group has concentrated its efforts in this area on recycling waste from internal and external sources and on reducing the amount of non-separated waste it produces. The first step in the waste programme was to reduce non-separated waste. Results in 2008 were a significant improvement on 2007 (down from 1095 to 643 t/year). Results in 2009 were much better than planned with non-separated waste being down -12% on 2008, a great improvement on the planned figure of -5%.
In 2009 the figures for all wastes remained stable at 2008 levels despite the increase in production which took place in 2009. Customers now request smaller batches. This means that material transferred between companies for processing now requires smaller packages and more packaging materials. To counteract the increased waste produced by this trend we implemented the following actions:

- Maximum recovery and recycling of undamaged paper tubes;
- Adoption of recyclable tubes wherever possible in one of the reprocessing cycles.

THESE INITIATIVES ENABLE A REDUCTION OF WASTE PAPER FROM 2636 TON IN 2008 TO 2463 TON IN 2009.

PRODUCTION OF WASTE
BY TYPE



TYPE OF WASTE	ton			kg/ton produced			% RECYCLED		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
NON-HAZARDOUS SEPARATED WASTE	**4.779**	**5.065**	**5.107**	**42,6**	**47,7**	**46,2**	**100**	**100**	**100**
Paper	3.164	2.636	2.463	28,3	24,9	22,3	100	100	100
Plastic and wood	1.349	1.638	1.483	12,0	15,5	13,4	100	100	100
Other	266	791	1.161	2,3	7,3	10,5	100	100	100
HAZARDOUS SEPARATED WASTE	**499**	**620**	**638**	**4,5**	**5,8**	**5,7**	**23**	**26**	**28**
Residual Organic	116	162	180	1,0	1,5	1,6	100	100	100
Oils and exhausted batteries*	383	458	458	3,5	4,3	4,1	0	0	0
NON-HAZARDOUS NON-SEPARATED WASTE	**1.095**	**643**	**564**	**9,8**	**6,1**	**5,1**	**0**	**0**	**0**
SLUDGE FROM WATER TREATMENT	**308**	**260**	**195**	**2,7**	**2,5**	**1,8**	**0**	**0**	**0**
TOTAL	**6.681**	**6.588**	**6.504**	**59,6**	**62,1**	**58,8**	**73**	**79**	**81**

*Recycling performed by approved consortia

ATMOSPHERIC EMISSIONS

Atmospheric emissions at the various Aquafil sites are tested at scheduled intervals which are more frequent than those required by regulations. Atmospheric emissions for our sites are moderate and below the specified limits. For climate altering gases we make a distinction between the following types of emission:

- Direct CO_2 emissions: 93% of these emissions are produced by the Arco cogeneration plant;
- Direct CO_2 emissions resulting from the transfer of semi-finished materials between company sites;
- Indirect CO_2 emission resulting from the purchase of electrical energy and steam from external sources;
- Direct CO_2 emission produced internally are in practice counterbalanced by the lower impact of indirect CO_2 emissions of -1370 ton. In particular the Arco production facility produces more electricity internally but as a result consumes more gas and therefore emits more direct CO_2. However, Arco substantially reduces the need to purchase electrical energy from outside sources (3,000 Mwhe against more than 10,000 Mwhe for the previous years). The difference of 7,000 Mwhe produced externally would have produced more than twice the CO_2 emitted by internal generation plant.

THE INCREASED EMISSIONS OF CO_2 PRODUCED INTERNALLY IS COUNTERBALANCED BY A MORE EFFICIENT UTILISATION OF THE FOSSIL FUELS USED. THIS IS CLEARLY DEMONSTRATED IN THE LOWER TOTAL ENERGY CONSUMPTION PER PRODUCT UNIT. METHODS FOR TRANSFERRING SEMI-FINISHED MATERIAL BETWEEN COMPANY SITES IS BEING IMPROVED AND THIS IS DEMONSTRATED BY THE LOWER AMOUNTS OF CO_2 EMITTED FOR THIS ACTIVITY.

ATMOSPHERIC **EMISSIONS**	2007 ton	2008 ton	2009 ton
TOC (CPL+OIL+VOC)	32,8	33,4	23,7
NOx	19,7	17,2	18,8
CO	7,6	7,3	4,8
SO2/SOx	0	0	0
DUSTS	3,9	3,7	6,3
PM10	0	0	0
TOTAL	**64**	**61,6**	**53,61**

IN MOST CASES THE ACCURACY OF EMISSION FIGURES IS SUBJECT TO A TOLERANCE OF 5 - 10%.

Conversion coefficients:

1Kwh = **0,531** Kg CO_2 eq
(Enel)

1Kwh = **0,43** Kg CO_2 eq
(ELES and Slovenian Ministry of Industry-Department of Energy)

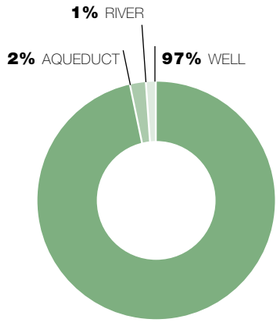
1Kwh = **0,726** Kg CO_2 eq
(WebSite Southern Company - Georgia Power Company)

AQUAFIL GROUP Emissions of equivalent greenhouse gases	2007 ton	2008 ton	2009 ton	Delta 2009-2008 ton
DIRECT	49.258	45.151	**46.740**	1.589
INDIRECT	125.596	120.185	**118.815**	-1.370
MOVEMENT	2.433	2.650	**2.299**	-351
TOTAL	177.287	167.986	**167.854**	

EMISSION TRADING for the Arco facility	ASSIGNED QUOTAS	CONSUMED QUOTAS	SAVING
2006	43.098	36.259	16%
2007	51.788	42.998	17%
2008	55.203	39.548	28%
2009	55.203	42.220	24%

WATER

WATER SOURCES IN 2009



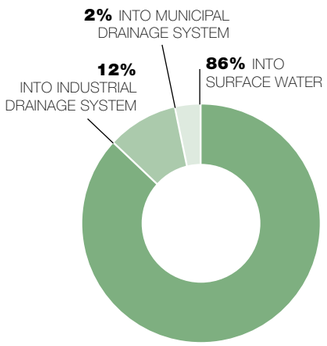
The water saving initiatives started in 2008 led to further improvements in 2009. Total water consumption in 2008 was 4.8 million m^3 and dropped to 4.4 million m^3 in 2009. This translates into an improvement in unit consumption. Unit consumption remained stable around 45 m^3/ton in the first two years and then in 2009 dropped to 40m^3/ton.

The savings are mainly in water drawn from wells. Most waste water (86%) goes into surface drainages while the remaining amounts are sent to local water treatment authorities. The COD in waste water is considerably lower than stipulated for various sites and countries and continues to fall. In 2007 COD was 310 ton and continued to fall to through 2008 dropping to 263 ton in 2009.

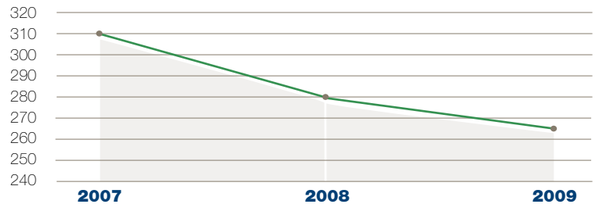
THIS REDUCTION IS DUE TO:

- CONTROL PROCEDURES AT THE SITES OF THE MAJOR CONSUMERS OF PROCESS WATER. THESE PROCEDURES ENABLE CORRECTIONS TO BE MADE RAPIDLY EVEN IN THE EVENT OF SMALL DEVIATIONS;
- PLANT MODIFICATIONS WHICH HAVE ENABLED REDUCTIONS IN THE USE OF PROCESS WATER.

TYPES OF **WASTE WATER IN 2009**



COD ton/y



DESTINATION WASTE WATER	VOLUME OF H_2O m^3			QUANTITY OF COD ton			AVERAGE CONCENTRATION mg/litre		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
TREATMENT	594.581	622.662	**548.779**	95	100	**91,4**	160	160	**167**
SURFACE WATER	3.848.489	3.548.415	**3.330.411**	215	180	**172**	56	51	**52**
TOTAL	4.443.070	4.171.077	**3.879.190**	310	280	**263**	-	-	**-**

OVERVIEW OF IMPROVEMENT PROJECTS

ENERGY AREA

PROJECT	FACILITY	COMPLETION AT 31-12-2009	ACTIONS AND BENEFITS
1 Energy efficiency improvement plan	Aquafil USA	20%	In 2009, analysis and identification of improvement points with the assistance of external experts (City Electrical Team, Cartersville and an independent company): identified potential savings of over 2000 Mwh/year. **Completion planned for 2010.**
2 Substitution of neon lighting with energy-saving light bulbs.	Tessil 4	100%	Fitting of 643 new, T5 energy-saving light bulbs in the Twisting department. Benefits: a) Reduction in energy consumption: **60 Mwh/year** b) CO_2 emissions prevented: **32 ton/year**
3 Substitution of textile yarn reprocessing machinery motors with low energy consumption equivalents.	Bulgari doo	50%	Substituted motors on 15 textile reprocessing machines. Benefits at current stage: a) Reduction in energy consumption: **90 Mwh/year** b) CO_2 emissions prevented: **40 ton/year**
4 Installation of automatic on-off light switches on machines. 5 Increasing the operating temperature of refrigeration units.	Borgolon	100%	Automatic on-off light switches installed on all machines. Operating temperature of refrigeration units increased. Benefits: a) Reduction in energy consumption: **840 Mwh/year** b) CO_2 emissions prevented: **445 ton/year**
6 Increase the efficiency of energy auto-generation plant.	Aquafil	40%	Engineering design completed. Forecast benefits: a) Average electrical output: +1% (approx.) b) Increase in energy production: 2.600 Mwh/year c) CO_2 emissions prevented: 450 ton/year

SUPPLEMENTARY PROJECTS FOR 2009/2010

7 Substitution of existing refrigeration machines with new low-consumption types.	Julon	100%	Machines substituted. New machines operative in July 2009. Benefits: a) Reduction in energy consumption: **1.030 Mwh/year** b) CO_2 emissions prevented: **440 ton/year**
8 Optimisation of the management of compressed air. Rationalisation of compressors. Installation of new energy saving machines.	Julon	100%	Installed new management data collection system. Installed new compressors. Benefits: a) Reduction in energy consumption: **960 Mwh/year** b) CO_2 emissions prevented: **410 ton/year**
9 Heating of offices, canteen and changing rooms at Arco with heat recovered from hot water.	Aquafil	100%	The water heating circuit of all the offices, the canteen and the changing rooms, previously heated with local gas boilers, is now supplied with hot water obtained from a low temperature heat recovery system. Benefits: a) Reduction in methane gas consumption: **115.000 Sm³/year** b) CO_2 emissions prevented: **225 ton/year** (with the heating system operating 90 days per year)
TOTAL EFFECTS OBTAINED FOR THE YEAR IN 2009:			**1) Reduction in electricity consumption: 2.980 Mwh/year** **2) Reduction in methane gas consumption: 115.000 Sm³/year** **3) CO_2 emissions prevented: 1.592 ton/year**

WASTE AREA

PROJECT	FACILITY	COMPLETION AT 31-12-2009	ACTIONS AND BENEFITS
1 Elimination of 50 t/year of separated wastes through the use of aluminium tubes.	Bulgari doo	90%	In 2009 we substituted 90% of the disposable paper tubes of the yarn bobbins sent from Julon to Bulgari doo for reprocessing with recyclable aluminium tubes. Effects: Reduction in paper waste: **45 ton/year**
2 Programme for reducing non-separated wastes (-5%) extended to all sites.	All sites.	100%	Overall effect of reductions in non-separated wastes in the period 2007-2009: **Year** / **Ton** / **Reduction (%)** **2007** 1095 - **2008** 643 -41% on 2007 **2009** 564 -12% on 2008 **Target higher than specified.**
3 Reduction of separated waste by using recyclable separators for the intercompany handling of bobbins at Italian sites (-15%).	BCF Italy	0%	The start of this project is planned for 2010.

EMISSIONS AREA

PROJECT	FACILITY	COMPLETION AT 31-12-2009	ACTIONS AND BENEFITS
1 Rationalisation and reduction of emission points.	Aquaspace	0%	The start of this project is planned for 2010.
2 The start of this project is planned for 2010.	Aquafil	20%	We investigated the technical methods which could be used to improve the Aquafil filters. The possible solutions identified are being assessed.
3 Construction of plant for the generation of electricity from renewable sources. (-1560 ton/year of CO_2)	Aquafil Solaris	40%	Completed: the design of the two photovoltaic fields (approx. 1 Mwp) at Aquafil Solaris and the selection of the panels for this site. The two areas selected have been prepared for installation and fenced off. The application procedures for connecting the photovoltaic plant to the national power supply network is being completed.
4 Anemometric and meteorological measures.	Tessil 4	100%	A 15 metre high anemometric tower was installed on roof of the Tessil 4 facility at Cares. In November 2009 the survey included measurements of wind speed and direction in order to study the feasibility of installing wind power generation equipment.
5 Elimination of one of two stacks in order to reduce total atmospheric emissions.	Borgolon	100%	Following special authorisation from the authority responsible, we modified the extraction of interlacing air containing oily droplets to include a washing scrubber. The stack concerned was taken out of service and the washed air was conveyed to the remaining stack. Effects: a) Reduction in the number of stacks. b) Reduction in emitted volumes. c) Simplified management and control of emissions.

WATER AREA

PROJECT	FACILITY	COMPLETION AT 31-12-2009	ACTIONS AND BENEFITS
1 Completion of the project to reduce consumption of polymer cooling water used in autoclaves (-20% per year).	Aquafil	30%	Completion of the first part of the project to reduce autoclave cooling water consumption through the introduction of a special recycling circuit. We obtained an overall saving of 640 m^3/day. Effects: a) Savings in well water: **230.000 mc^3/year** b) Percentage reduction: **-10%**
2 Reduction of total COD in ton/year and/or Kg/t (-10%).	Aquafil	60%	We established a procedure for monitoring and controlling the various types of waste water which enables real-time correction in the event of variations. The system became operational at the end of the year. Effects: a) Annual reduction in COD: **-6,4%**
3 Improvement of conditioning equipment to eliminate water leakages from the circuit.	Borgolon		We improved the circuit by installing a liquid separator. Effects: a) Savings in well water: **14.000 mc^3/year** b) Percentage reduction on previous consumption: **-25%**

SAFETY AREA

PROJECT	FACILITY	COMPLETION AT 31-12-2009	ACTIONS AND BENEFITS
1 Completion of CPI works at all Italian sites.	Italy – Trento	85%	This is a major project as the size of the investment in the Safety area shows. This project is planned for completion in the first quarter of 2010.
2 Maintain the hours/year of safety training at all sites at current levels.	All	100%	Training on safety issues was maintained at 2008 levels and was increased on practically all sites. Example: Slovenia/Croatia **+21%** Aquafil USA **>50%**
3 Transfer of FMEA results to an operational environment with the involvement of employees.	AEP	100%	The Failure Mode and Effect Analysis (FMEA) conducted in the Compounds department was revised by an external consultant with the involvement of all the personnel directly concerned. FMEA was extended to all the production departments in the facility. The results of the analysis were used as the basis for drafting a technical intervention plan (plant modifications and improvements) and a training plan. A scale of priorities was defined based on the level of risk identified for each item.
4 Completion of the feasibility study into the installation of an EH&S module on the SAP platform for managing safety issues.	Aquafil	100%	The SAP - EH&S INDUSTRIAL HYGIENE project was drafted. On the basis of specifications drawn up by safety experts, the internal ICT department assisted by an external IT company drafted a project for installing the EH&S module on the Group's SAP system. The final adoption of the module is still subject to an assessment of the adaptability and flexibility of the module in operational situations. The adaptability and flexibility of some sub-modules is good (e.g. preparation of product safety data labels) but poor in other cases (e.g. plant maintenance operations). Drafting the project was in itself an valuable experience because it enabled a systematic review and revision of procedures regarding safety issues.

COMMITMENT TO COMPANY PERSONNEL

AQUAFIL GROUP	2007	2008	2009
MEN	1.201	1.170	**1.167**
WOMEN	568	648	**623**
TOTAL	1.769	1.818	**1.790**

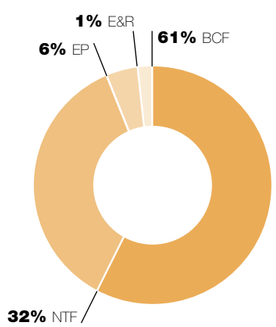
The macro economic crisis of 2009 led to an overall slowdown in the growth and development of the world economy. Clearly the Aquafil Group could not hope to remain unaffected by the general downturn. However, it did manage to achieve the objective it set at the start of the crisis. Our objective, then as now, was to limit as far as possible any fall in employment levels throughout the Group.
Guided by a company ethical policy which places the needs of company personnel at the forefront and thanks to the forms of social assistance available in many countries, in 2009 we managed to limit the decline in company employment levels to -1.85% (consolidated) on the previous year.

The situation for each country is as follows:

COUNTRY	UNEMPLOYMENT RATE **2009 / 2008 BY COUNTRY**	UNEMPLOYMENT RATE **2009 / 2008 AQUAFIL**
ITALY	**+1%**	**+0,56%**
SLOVENIA	**+2,7%**	**+3,89%**
CROATIA	**+2,4%**	**-2,60%**
USA	**+3,5%**	**0**
THAILAND	**+0,20%**	**0**

*Official sources: Eurostat, Bureau of Labor Statistics (USA) Cia - Central Intelligence Agency

PERSONNEL BY **B.U.**



UNEMPLOYMENT LEVELS INCREASED IN ALL THE COUNTRIES WHERE AQUAFIL HAS PRODUCTION FACILITIES. COMPARING AQUAFIL FIGURES WITH NATIONAL FIGURES WE CAN SEE THAT THE INCREASE IN UNEMPLOYMENT ACROSS THE AQUAFIL GROUP WAS SLIGHTLY LOWER THAN THAT FOR ALL COUNTRIES WITH THE EXCEPTION OF SLOVENIA. IN SLOVENIA THE INCREASE WAS ABOVE THE NATIONAL AVERAGE BECAUSE AN ENTIRE DEPARTMENT WAS TRANSFERRED FROM THE SLOVENIAN PLANT TO THE FACILITY IN CROATIA.

THE ECO PLEDGE
Aquafil's Path toward Full Sustainability

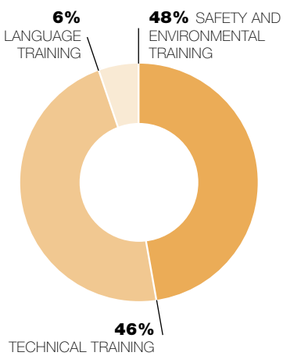
The steps along the way.
We will develop and evolve closed loop cycle products, thus saving natural resources and contributing to the regeneration of the environment. We will give ourselves the concrete and measurable goal of climate neutrality increasing continuously the use of energy obtained from renewable sources. We will involve all collaborators, clients, suppliers and local communities in our project.

	MEN			WOMEN			TOTAL			%	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009
ITALY	637	653	661	216	245	232	**853**	**898**	**893**	**49,4%**	**49,9%**
SLOVENIA	443	389	372	195	177	166	**638**	**566**	**538**	**31,1%**	**30,1%**
CROATIA	15	31	36	94	161	161	**109**	**192**	**197**	**10,6%**	**11,0%**
USA	100	89	89	57	53	53	**157**	**142**	**142**	**7,8%**	**7,9%**
THAILAND	6	8	9	6	12	11	**12**	**20**	**20**	**1,1%**	**1,1%**
TOTAL	1201	1170	1167	568	648	623	**1769**	**1818**	**1790**		

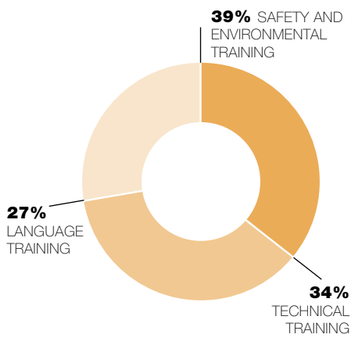
	ITALY						ABROAD						TOTAL		
	MEN			WOMEN			MEN			WOMEN					
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
EXECUTIVE	18	21	21	1	2	2	4	6	8	0	0	0	**23**	**29**	**31**
MIDDLE MANAGEMENT	35	32	35	5	5	5	54	46	44	17	15	14	**111**	**98**	**98**
OFFICE WORKERS	100	105	106	79	82	82	35	30	33	49	70	70	**263**	**287**	**291**
PRODUCTION WORKERS	484	499	499	131	152	143	471	435	422	286	318	306	**1372**	**1404**	**1370**
TOTAL	637	657	661	216	241	232	564	517	507	352	403	390	**1769**	**1818**	**1790**

PHOTO ON THE RIGHT: A TRAINING SESSION WITH TECHNICAL COLLEGE STUDENTS.

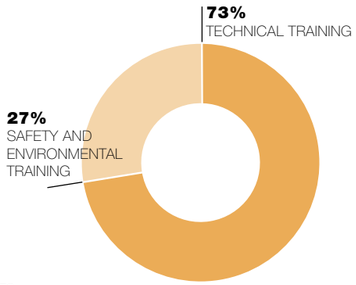
TRAINING **ITALY**



TRAINING **SLOVENIA AND CROATIA**



TRAINING **USA AND THAILAND**



TRAINING: RESULTS

We are firmly committed to the training of our personnel training because we know that skilled, well-trained people are the key to our company's success.

At our European sites 40% of our training effort is dedicated to health and safety in the workplace and to environmental issues. In the United States, on the other hand, training initiatives tend to concentrate on technical matters. Aquafil USA has invested considerably in training and continued with the projects started in the previous year. We believe that raising the awareness of safety issues is a fundamental first step in increasing safety in the workplace.

In all our production facilities we are committed to maintaining the highest possible quality standards even though these may not be required by local regulations. Language learning courses have also been held especially in Slovenia where Italian and English are considered to be an essential part of personnel training programmes. Particular attention is paid to the training of new employees who attend special induction courses under the guidance of the departmental supervisor.

IN 2009, IN ACCORDANCE WITH ITS MISSION STATEMENT, THE ENERGY & RECYCLING BUSINESS UNIT ORGANISED MADE-TO-MEASURE, IN-HOUSE COURSES TO PROMOTE THE PRINCIPLES OF SUSTAINABILITY IMPLEMENTED AT AQUAFIL. THIS WAS A MAJOR TRAINING INITIATIVE INVOLVING ALL PERSONNEL AT ALL LEVELS THROUGHOUT THE COMPANY. CONTINUOUS TECHNICAL TRAINING PROGRAMMES FOR CERTAIN COMPANY ROLES CONTINUED AS IN PREVIOUS YEARS.

HEALTH AND SAFETY IN THE WORKPLACE

The frequency, risk and gravity indices all continued to improve in 2009 confirming the trend of previous years. The trend also confirms the value of the action programmes based on the following four principles:

- Keep people at all levels continuously informed;
- Train people to work safely and correctly;
- Involve everyone in the production process;
- Monitor activities systematically and measure results.

During the year one new member of staff was recruited to the Safety Office. This made it possible to dedicate more time to supervising and monitoring safety matters in-house. In 2009 collaboration between the Safety Managers (RSSP) of each site was further improved. Safety Managers now share their experiences and interpretations of safety standards and also take part in training courses. Increased interaction between production personnel and the Safety Office has made it possible to intervene more rapidly to prevent potential risks.

IT SHOULD BE EMPHASISED THAT AQUAFIL PROMOTES AND IMPLEMENTS A HEALTH AND SAFETY POLICY BASED ON PREVENTION. THE POLICY IS IMPLEMENTED THROUGHOUT THE GROUP AND TAKES INTO ACCOUNT THE INDIVIDUAL CHARACTERISTICS OF EACH GROUP MEMBER.

AQUAFIL GROUP	hours worked (including temps)	no inf. accidents > 3 days	no of day lost more than 3 days	FI	GI	RI
2007	2.887.834	94	2296	32,55	0,36	26,88
2008	3.233.891	85	2087	26,28	0,65	16,96
2009	**3.272.860***	**51**	**1181**	**15,58**	**0,80**	**5,62**

FI (FREQUENCY INDEX): (no. of accidents with lost time > 3 days) x 1,000,000 / hours worked.
GI (GRAVITY INDEX): (no. of days lost > 3 days) x 1,000 hours worked.
RI (RISK INDEX): FI X GI

*Includes the total hours worked by temporary personnel.


ISO 14001-2004 CERTIFICATION AND ENVIRONMENTAL PERMITS.

THE FOLLOWING ISO 14001-CERTIFIED FACTORIES IN THE AQUAFIL GROUP COMPRISE 60% OF THE GROUP (IN TERMS OF PERSONNEL AND SALES VOLUMES):

- AQUAFIL S.P.A. (ARCO), CERTIFIED IN 2002, CERTIFYING AGENCY DNV.
- JULON D.D SUBSEQUENTLY ASSOCIATED TO AQUASET STORE, OBTAINED THE ISO 14001 CERTIFICATION IN 1998.
- IN OCTOBER 2008 JULON OBTAINED THE AIA PURSUANT TO IPPC.

THE THREE ENVIRONMENTAL MANAGEMENT SYSTEMS ARE PERIODICALLY AUDITED BY THE RELATIVE CERTIFYING AGENCIES.

AQUAFIL S.P.A. AND AQUASPACE S.P.A. OBTAINED INTEGRATED ENVIRONMENTAL AUTHORIZATION ON 2 SEPTEMBER 2005 AND 24 OCTOBER 2007, RESPECTIVELY.

SAFETY AND ENVIRONMENTAL POLICY

The primary goals that we set ourselves are: ongoing improvements in safety, the work environment, and protection of the natural environment.

Convinced that improving the work environment and reducing the risk of accident are a social obligation which the company must fulfil, and that the natural environment is a shared resource that is precious to everyone, Aquafil S.p.A. is thus committed to:

- obeying current laws on safety and the environment;
- creating and maintaining an organized Safety and Environmental Management System which provides constant supervision of company operations and minimizes the probability and the consequences of accidents, whatever their nature;
- reducing the impact of company operations, processes and products to protect the environment, prevent all types of pollution, and optimize the use of natural resources.

To implement this policy, Aquafil S.p.A. is committed to:

- setting goals for improving safety in the workplace and reducing the environmental impact of company operations, processes and products;
- estimating in advance (and right up until the development phase) the possible impact of new processes and products on safety, the workplace and the external environment;
- improving the management of natural resources and energy;
- systematically verifying and documenting the efficiency of its Safety and Environmental Management Systems;
- promoting a safety and environmental culture at the factory by providing appropriate training and by communicating to all personnel the goals for improvement that are established from time to time, so that staff becomes fully involved in completing activities designed to effect improvement and in solving specific problems;
- ensuring that employees of outside companies working at the factory follow procedures and current laws regarding safety in the workplace and environmental protection.

THE ECO PLEDGE
Aquafil's Path toward Full Sustainability

Our core values.
The importance of people clients, suppliers, collaborators or simply as citizens of the Earth.
The quest for innovation: as a constant necessity, pursued with every available means. The entrepreneurial spirit: a willingness to put oneself on the line with one's work, accepting all the risks and the obligations.

INITIATIVES

We sponsor sports activities in the Trentino region. For several years we have participated in an indoor football tournament organised by the city of Ljubljana in Slovenia. Our ski team competes in the Italian championship for employees in the textile industry.
OUR SOCIAL PROGRAMME FOR GROUP EMPLOYEES AND THEIR FAMILIES INCLUDES SUMMER EVENTS SUCH AS DINNER AT THE BAGATOL LAKE AND FOOTBALL, VOLLEY BALL AND BASKET BALL TOURNAMENTS.
WE ORGANISE WINTER JOURNEYS ON THE SNOW. A TEAM OF OUR EMPLOYEES RUN IN INTERNATIONAL MARATHONS INCLUDING THE LAST PRAGUE AND NEW YORK MARATHONS.

In the United States, the initiative started two years ago to integrate the company into the local community of Cartersville continues with success. We provide financial assistance to the local Elementary School and Aquafil staff have dedicated 150 hours of their own time to assisting children with special needs. Also worthy of note is the very special "We cook for you" event, now in its fourth year, where all personnel are invited to a dinner cooked and served by managers.
During the year Aquafil established links with the social work charity Elio d'Oro at Riva del Garda. The charity promotes the integration into the community of the physically and mentally disabled and the socially disadvantaged. It offers social and educational services designed to encourage the development of work skills, personal independence and general well being. As part of our social programme we entrusted the charity with the preparation of the BCF yarn samples which we show to our customers. Once again this year, the company underwrote a medical insurance policy for its employees in Thailand. This was in addition to the health check-up which is more complete than that required by local regulations.

PENSION FUNDS, SCHOLARSHIPS

Our employees at Julon, Slovenia and at Aquafil USA can choose to participate in a private pension fund. In Slovenia, 263 employees opted into the scheme with the company making a contribution of € 112,411. In the United States 20 employees chose the scheme and the company made a contribution totalling $ 29,000.

AS IN PREVIOUS YEARS WE AWARDED FIVE SCHOLARSHIPS TO THE SONS AND DAUGHTERS OF EMPLOYEES WHO ACHIEVED THE BEST SCHOOL RESULTS. THEY CAN INVEST THE FUNDS AWARDED IN THE COURSE OF THEIR CHOICE.

THE PILA AWARD

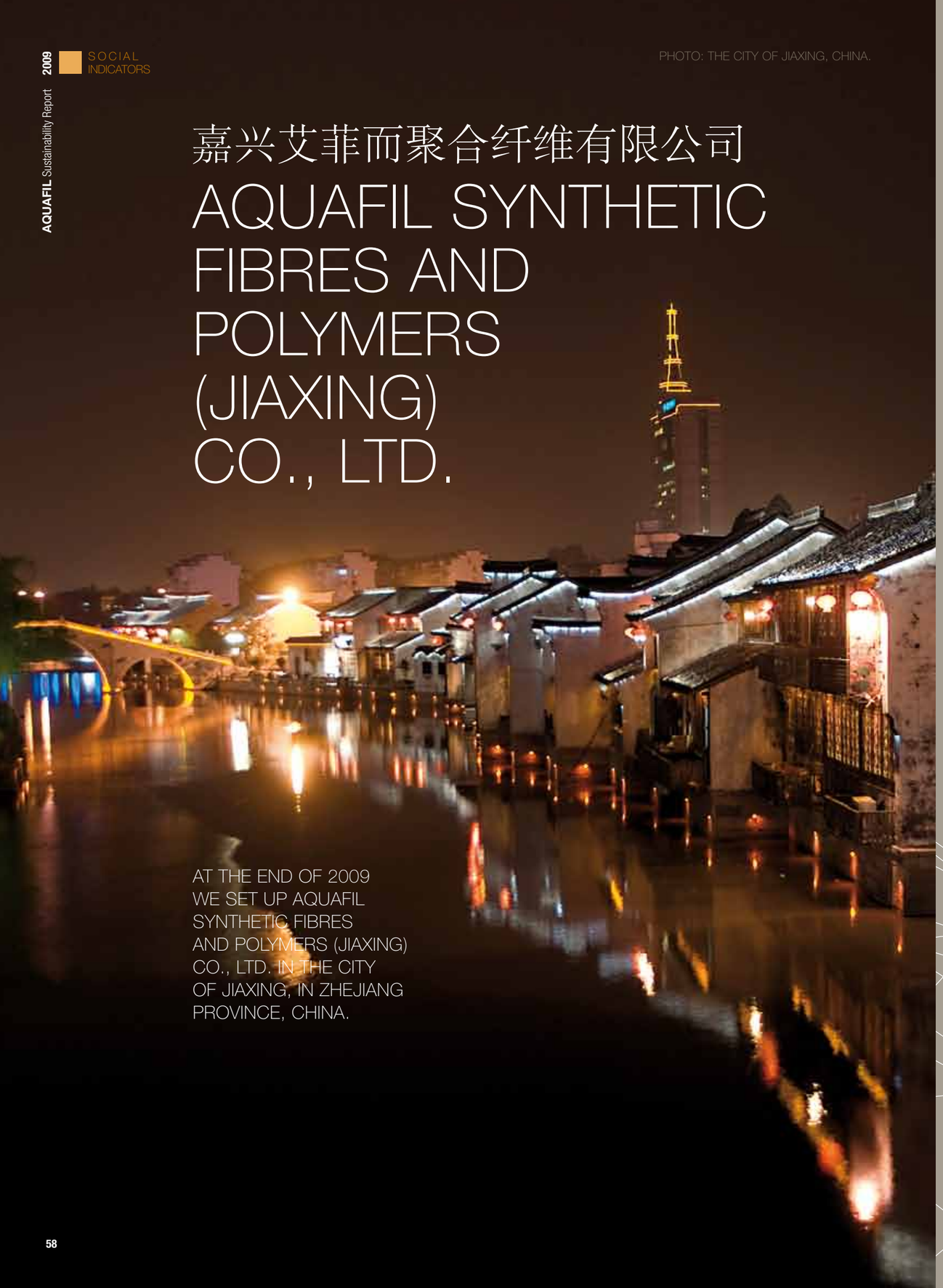
In 1990, at our Arco facility, the PILA group (for Prevention of Accidents among Aquafil Workers) was set up as a permanent analysis and study unit to involve the entire organization in matters regarding workplace safety, health and quality at the production facilities of the Aquafil Group.

Originally made up of technical and production managers in our factories in Italy and a representative of the workers, the group was rearranged to meet the requirements of Legislative Decree 81/08, although its activities remained unchanged. In this expansion, new members were included that have specific responsibilities associated with safety in the workplace. The group meets on a regular basis to discuss common problems, examine accident statistics and issue the PILA Report, as well as to evaluate any new technology that is available in the sector.
Aquafil Group management, together with the managers of the various production facilities, felt the need to expand its preventive measures to include meetings and opportunities to discuss results. As part of the Pila Group's activities, the PILA Award was created in 1998 with the goal of further strengthening the Group's effort to raise awareness of the importance of safety in the workplace.

THE CONTEST IS OPEN TO EMPLOYEES WITH OPERATIONAL RESPONSIBILITIES (WORKERS AND INTERMEDIATES). APPROXIMATELY 30 EMPLOYEES WITH THE LEAST TIME LOST DUE TO ACCIDENT AND ILLNESS ARE REWARDED EVERY YEAR.

PHOTO: THE CITY OF JIAXING, CHINA.

嘉兴艾菲而聚合纤维有限公司
AQUAFIL SYNTHETIC FIBRES AND POLYMERS (JIAXING) CO., LTD.



AT THE END OF 2009
WE SET UP AQUAFIL
SYNTHETIC FIBRES
AND POLYMERS (JIAXING)
CO., LTD. IN THE CITY
OF JIAXING, IN ZHEJIANG
PROVINCE, CHINA.

THE ECO PLEDGE
Aquafil's Path toward Full Sustainability

The mid-course goal.
Within 2020, 50% reduction of greenhouse CO_2 per unit of product into the atmosphere, 30 years ahead the G8 statement.

AQUAFIL SYNTHETIC FIBRES AND POLYMERS (JIAXING) CO., LTD.

Jiaxing is an industrial city in China. It has over 1,000 industrial companies, 300 of which are completely financed by foreign capital. The city has attracted over $ 3 billion of foreign investment. The main industrial sectors are: automotive components, machinery, electronics, textiles and foodstuffs.

The new facility will start production during 2010 and will be producing Nylon 6 carpeting yarn and technical polymers for injection moulding.
The facility incorporates the very latest building technology and has been designed with particular attention to environmental concerns.
The facility will produce a high quality product to meet the needs of leading carpet makers world-wide. Some of these companies already operate in China or are planning to open production facilities there. Our objective is to open an Aquafil production facility in China which will directly serve the north Asian market directly.

A team of Chinese personnel coordinated by an Italian manager has already commenced the proceedings for setting up the new plant. Things are moving smoothly. Once it is up and running, it will employ 100 people. Twenty percent of the workforce will be working in product research and development.

AS IN OUR OTHER INTERNATIONAL PROJECTS WE WILL BE IMPLEMENTING OUR POLICY OF CLOSE COLLABORATION AND INVOLVEMENT WITH THE LOCAL COMMUNITY. THIS IS PARTICULARLY IMPORTANT HERE BECAUSE THE LOCAL CULTURE, RELIGION AND LANGUAGE IS VERY DIFFERENT FROM OUR OWN.

PHOTO ON THE RIGHT: SOCIAL EVENTS ORGANISED BY AQUAFIL AND COMPANY PERSONNEL.

COMMITMENT TO THE LOCAL COMMUNITY

The integration of the Aquafil Group companies into the local communities where they operate has always been one of guiding principles of our social policy. There are numerous benefits to having a company well rooted in its local surroundings. Low staff turnover is one of them.

OUR SOCIAL POLICY TRANSLATES INTO REAL FUNDING FOR EDUCATIONAL AND SOCIAL PROJECTS. AN EXAMPLE OF THIS IS OUR SPONSORSHIP OF SILA, A REGISTERED CHARITY IN SLOVENIA, PROMOTING SOCIAL INITIATIVES IN THE CITY OF LJUBLJANA.

TURN OVER ITALY	2005	2006	2007	2008	2009
DEATH	1	1	2	2	**2**
RESIGNATION	19	18	17	37	**16**
EMIGRATION	0	2	0	0	**0**
END OF WORK CONTRACT	2	0	5	10	**11**
TERMINATION	2	1	1	7	**1**
RETIREMENT	9	8	15	13	**27**
TRANSFER TO OTHER GROUP COMPANY	2	4	2	3	**0**
LABOUR MOBILITY	-	-	-	-	**-**
TOTAL	35	34	42	72	**57**

THE FUTURE FOR YOUNG PEOPLE

We continued with the “School and Industry Partnership” project started last year. The aim of the project is to introduce young people to the world of work. Top managers are directly involved in the initiative. They guide young students through courses designed to provide in-depth, specialist knowledge on the various aspects of work. Participants can choose from one of six courses according to what interests them.

Work is coordinated by a local technical college and gives young students the chance to put their schoolroom knowledge to the test in industrial surroundings. For example, we hosted students in company work environments so that they could see at first-hand the practical aspects of health and safety in the workplace. Before the visit our HSE officer visited the technical college to make a company presentation, to explain our industrial processes and to introduce the concepts of applied safety. The activity was judged to be a highly effective learning experience because it gave students direct contact with a real industrial environment impossible to replicate in the classroom.

OUR COOPERATION WITH ITALIAN AND FOREIGN UNIVERSITIES AND LEADING RESEARCH INSTITUTES CONTINUED WITH SUCCESS ONCE AGAIN CONFIRMING OUR INTERNATIONAL LEADERSHIP AS A SUSTAINABLE COMPANY. THE PRESIDENT OF AQUAFIL MAKES AN ACTIVE CONTRIBUTION TO PROMOTING SUSTAINABILITY.

OVERVIEW OF THE PROJECTS FOR THE 2010-2011 PERIOD

ENERGY

• Implementation of an energy efficiency improvement plan based on the final results of a survey. Our target is to complete 50% of the plan in 2010 with the overall objective of saving 2000 Mwh/year. (Aquafil, USA)

• Completion in 2011 of the substitution of the remaining 50% textile yarn reprocessing machinery motors with their low consumption equivalents (-10%). (Bulgari d.o.o., Croatia)

• Substitution of neon lighting with energy-saving light bulbs in the interlacing department (-30%/50%). (Tessil 4, Italy)

• Substitution of neon lighting with energy-saving light bulbs in the production department (-30/50%). (Aquaset, Celie - Slovenia)

• Substitution of light bulbs currently consuming 106 kw with bulbs consuming 38 Kw to make energy savings of 64%.
(Aquaset, Senozece - Slovenia)

• Increase the efficiency of energy auto-generation plant as per the 2009 project with a target of +2000 Mwh/year. (Aquafil, Italy)

• Survey to study the feasibility of reducing steam consumption in the polymerisation water concentration plant. (Julon, Slovenia)

• Use of hot water recovered from the cogeneration plant during winter to substitute the steam in the two heating systems. The target is to save 400 kwh/h by reducing the consumption of natural gas for heating. (Aquafil, Italy)

• Heating of 14 spinning extruders with diathermal oil in the place of electrical resistances to save 450 Mwh/year electricity. (Aquafil, Italia)

EMISSIONS

• Rationalisation and reduction of emission points. (Aquaspace, Italy)

• Improvement in filter efficiency with a 10% reduction in emissions. (Aquafil, Italy)

• Completion of plant for generating energy from renewable sources (-1560 ton/year of CO_2).

• Reduction of TOC emission for Suessen BCF yarn thermosetting machines (-30% approx.). (Julon, Slovenia)

• Improvement in emissions with a reduction of 50% in the dust emissions of the yarn laboratory through the modernisation of the pyrolysis ovens. (Julon, Slovenia)

WASTES

• Completion of plans to substitute paper core tubes with aluminium tubes to reduce separated wastes by another 10 tons.
(Bulgari d.o.o. Croatia)

• Reduction of separated waste by using recyclable separators for the intercompany handling of bobbins at Italian sites (-15%). (BCF Italy)

• Further reduction of -3% of non-separated wastes at all sites.

• Reduction of separated paper waste by increasing the recovery and use of basic yarn tubes from 65% to 80% in the BCF area, Slovenia. (Julon and Aquaset, Slovenia)

• Elimination of the last chloride dielectric oil condensers and their substitution with new equipment which does not use this material. (Julon, Slovenia)

WATER

• Continuation of the project to reduce the consumption of polymer cooling water used in autoclaves. (Aquafil, Italy)

• Second stage in plans to reduce COD in ton/year or Kg/t from -6.5% to a total of -10%. (Aquafil, Italy)

• Automation and timing of drainage of the conditioner water tanks in the texturizing department and construction of a closed circuit treatment system to reduce the amount of fresh water required. Saving: 20 m^3/ day.
(Borgolon, Italy)

• Installation of evaporation towers for the three 500 kw compressors to substitute the well water pumped to the intercoolers.
Saving: 250,000 m^3/year (-5%). (Aquafil, Italy)

• Survey of the recovery of cooling water from the extruder motor in order to reduce the consumption of well water by 15%. (AEP, Italy)

EMPLOYEES

• Completion of CPI works for Italian facilities.

• Maintain the hours/year of safety training at all sites at current levels.

• Planning of the technical methods and procedures required to implement the recommendations of the 2009 Failure Mode and Effect Analysis (FMEA). (AEP, Italy)

• Extension in the use of personal protective overalls to 'hot' operations during polymerisation maintenance. (Julon, Slovenia)

GLOSSARY **2009**

TO AID IN THE CORRECT INTERPRETATION OF THE TOPICS DISCUSSED, REPORTED BELOW ARE THE MEANINGS OF THE ACRONYMS USED.

AIA
Integrated Environmental Authorization.
The general authorisation granted by the authorities in charge to the companies subject to IPCC.All the environmental provisions (effluents, emissions, waste, etc.) are reported in a single authorisation document.

CO
Carbon monoxide, a toxic gas produced by the incomplete or partial combustion of fuels and combustible materials.

CO_2
Anidride carbonica, gas naturalmente presente in Carbon dioxide, a gas that is naturally present in the atmosphere. It is produced by combustion, respiration, and the decomposition of organic material due to the oxidation of carbon.

COD
Chemical Oxygen Demand. The oxygen consumed to oxidize organic and inorganic substances dissolved in water or in suspension. This parameter is mainly used to estimate the content of oxidizable compounds, and thus to evaluate the potential for polluting naturally occurring water and discharge water.

CPI
Fire Prevention Certificate.

CPL
Caprolactam.

FMEA
Failure Modes and Effect Analisys.
Methodology that by analysing the possible faults in terms of probability, gravity and detectability allows us to anticipate risks and errors in both the development and design phase and in the operating phase of industrial operations.

IPPC
Integrated Pollution Prevention and Control.
European Directive aimed at reducing emissions and effluents, no longer on the basis of individual pollution sources but, having analysed their global effect, it imposes restrictions with respect to normal legal limits.

NOX
Nitrogen oxides. These gasses are mainly produced when atmospheric nitrogen is oxidized during normal combustion.

OIL
Oil fog.

PAT
Autonomous Province of Trento.

PM10
Particles suspended in the air (PM: particulate) with an aerodynamic diameter of less than 10 microns.

REACH
Registration, Evaluation and Authorisation of Chemicals.
The European regulation with the objective to increase safety levels and protect the health of people and the environment from the risks deriving from the use of chemical substances.

SO2/SOX
Sulfur dioxide/sulfur oxides, which are produced by oxidation of sulfur during combustion of fossil fuels containing this element as an impurity.

TEP
Tons of Oil Equivalent - a unit of energy corresponding to the output of 1 ton of oil, used to express the energy production or consumption of a country.

TOC
Total Organic Carbon.
The quantity of carbon contained in an organic compound. This parameter is used as a water quality indicator and to evaluate the content of organic substances present in smokes.

VOC
Volatile Organic Compounds.
Represent the organic substances released in the environment through the emissions.
The principal source of these emissions is the use of solvents.

Published by
Aquafil S.p.A.
via Linfano, 9 · 38062 Arco · Trento · Italy
Tel. +39 0464 581 111 · Fax +39 0464 532 267
e-mail: info@aquafil.com · www.aquafil.com

Editorial design and coordination
Aquafil S.p.A.

Concept e design
Verter s.r.l.

Photo archive
Archivio Aquafil

Printing
Centrooffset Master Srl

Printed in May 2010.

Printed on paper Splendorgel EW Fedrigoni
Cartiere SpA certified Chain of Custody FSC
Ref. nr. C020064 (mixed sources).

VENTER

Aquafil S.p.a.
Via Linfano, 9 · 38062 Arco TN · Italy
T. +39 0464 581 111 · **F** +39 0464 532 267
info@aquafil.com

www.aquafil.com

AQUAFIL
synthetic fibres and polymers