

Aquafil S.p.A.
Via Linfano No. 9, 38062 – Arco (TN)
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under No. 228169
Tax Code and VAT number 09652170961

Sustainability Report

Consolidated non-financial statement 2023 pursuant to Legislative Decree
254/2016

2023

AQUAFIL 

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1. THE AQUAFIL GROUP

From family business to global champion of sustainability

1.1 Letter from our CEO

(GRI 2-22:2021)

2023 proved to be a year of great **uncertainty and volatility**. The outbreak of a new conflict in the Middle East has once again put a strain on **geopolitical equilibriums** and **global supply chains**. The **evolution of technology** continues to accelerate at an exponential rate, with profound repercussions on issues such as privacy and fake news. **Extreme weather events** have become increasingly frequent and disastrous, such as the tragic flood in Emilia Romagna.

In a world that is changing at increasing speed and not always for the better, **Aquafil's strategy** for creating long-term value remains constant, an anchor in the sea of challenges to which we are continuously exposed. Despite the circumstantial difficulties, 2023 was a year of **important new developments** for our Group.

We have reported for the first time the **emissions of Scope 3**, developed an **ISO standard** for the measurement of **microplastics** in textiles, carried out an analysis of the **risks of climate change**, and concluded the first phase of the **Talent project**, which lays the foundations for a new approach to talent development and retention. The establishment of an **ESG Committee** to oversee our sustainability plan, and the approval of a number of **new policies** – including the Environmental Policy, the Human Rights Policy, and the D&I Policy – have also strengthened some **internal processes** that are critical in managing ESG issues.

We are pleased to see that our efforts have not gone unnoticed. Compared to 2022, our **Morningstar Sustainalytics ESG Risk Rating** has improved by 4.7 points, positioning us as the **best-ranked company globally** in the "Textiles" sub-industry. Looking to the future, we will continue to make a difference by investing in the areas we care about most: **eco-design, innovation, human capital** and **new generations**.

Through the **Born R2R project**, we will continue to **involve our customers** in the eco-design of the carpets of the future – completely disassemblable and recyclable – to create new circular supply chains within the textiles industry.

Innovation will remain at the heart of everything we do. In the last year alone, we invested almost 2% of turnover in **R&D** and launched an Open Innovation program in partnership with the **Venice Sustainability Innovation Accelerator**, to which startups from all over the world responded.

Equally important is the **human factor**. That is why at Aquafil we are committed to improving **the training** that we offer our employees and to supporting the **development of the new generations** through events and partnerships with schools and universities.

The **collaboration** and **involvement of all stakeholders** will be essential to address the global challenges ahead and to close the loop.

Together we can make a difference.

1.2 About us

(GRI 2-1:2021; 2-6:2021; 201-1:2016)

Aquafil is the world leader in the manufacture of carpet yarns, and one of the leading suppliers of yarns, synthetic fibers and polymers to Europe's best clothing and design brands.

Our story

Aquafil S.p.A. was founded in **1965**, with the construction - by **the Bonazzi family** - of its first manufacturing plant at **Arco**, in Trentino Alto Adige - which remains to this day the company's **general headquarters**. In little more than 50 years Aquafil has become an international **group**, today boasting **2,550 employees** and a **turnover of 571.8 million euro**. Since 2017 our shares have been listed in the **Euronext STAR Milan segment of the Italian Stock Exchange**, and since October 2022 on OTCQX® Best Market in the United States.

Our activities

Textile yarn for flooring We are the world's leading manufacturer of carpet yarns for different sectors, including automotive, residential and contract (airports, offices, etc.).

Clothing yarn

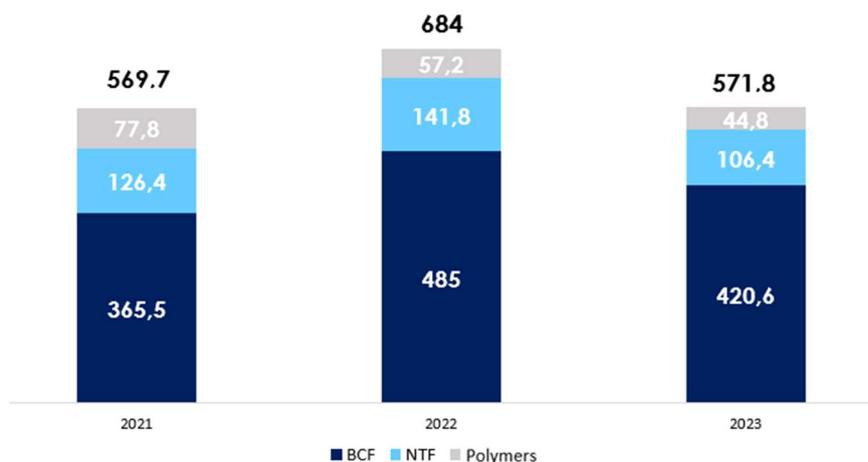
We are one of the main suppliers of yarns and synthetic fibers to the best Italian and European clothing, swimwear and sportswear brands.

Polyamide 6 polymers

We manufacture polymers and compounds for molding by companies in the fashion and designs sector for the manufacture of accessories (e.g. eyeglass frames) or furnishings (e.g. chairs, tables).

Aquafil in numbers

FIGURE 1.1 – REVENUES BY PRODUCT AREA, IN MILLIONS OF EURO (2021-2023)



2550 Employees

€10.7M R&D investments in 2023

1.3 Aquafil around the world

(GRI 2-1:2021; 2-6:2021)

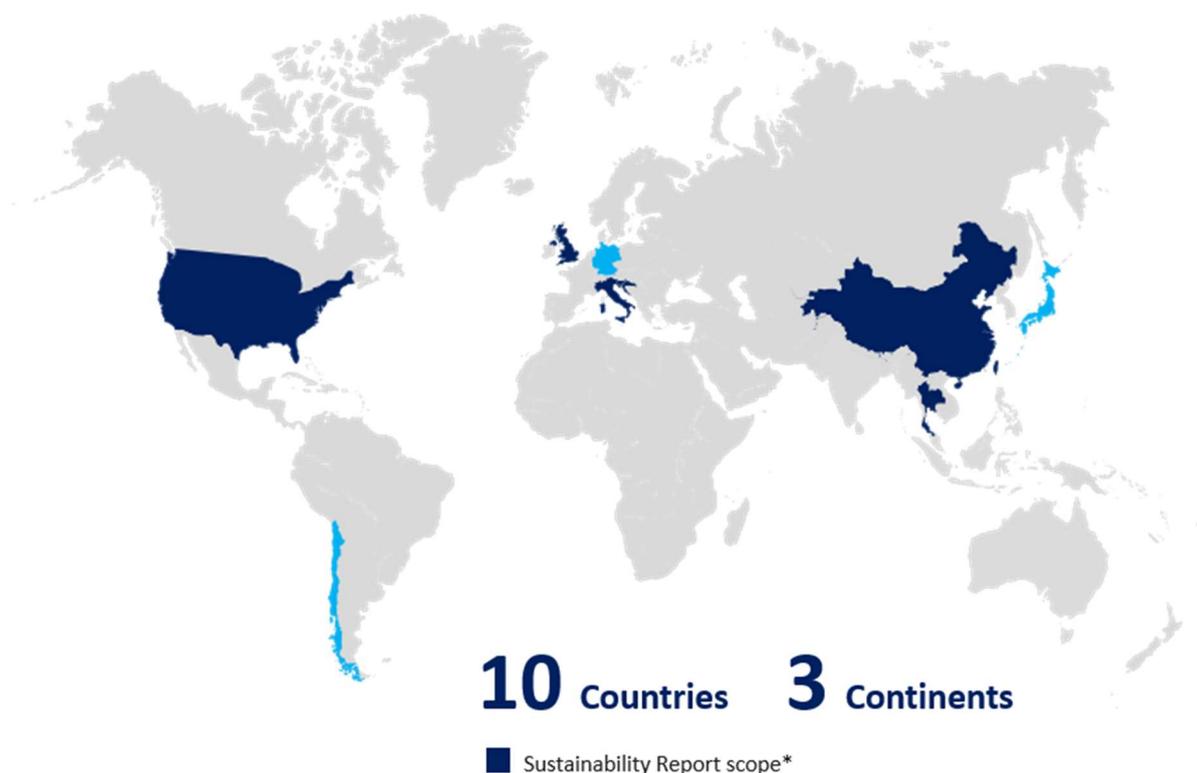
We are an international group with 2,550 employees in 3 continents and 10 countries around the world.

The nerve center of our activities is located in **Arco, in Trentino Alto Adige**. The Group is present in 10 countries (Italy, Slovenia, United Kingdom, Germany, Croatia, USA, China, Thailand, Japan and Chile) and 3 continents.

In **EMEA and North America** we develop, manufacture and sell textile flooring yarns, clothing and furnishing yarns, and polymers. In **Asia and Oceania** we produce and sell textile flooring yarns and polymers, and we also market yarns for clothing.

The majority shareholder is **Aquafin Holding S.p.A.** – see Appendix 6.6.1 for details of the various plants and subsidiaries of the Aquafil group.

FIGURE 1.2 – THE AQUAFIL GROUP AROUND THE WORLD¹



1.4 ECONYL®: circularity in our DNA

(GRI 2-6:2021)

At Aquafil, we believe in the power of awareness in innovation, and we design products for the future.

In the early 90s we set out on a pathway of **research and development** which has led us to develop a **circular business model** based on the power of technology. The turning point was the adoption of "**Life-Cycle Thinking**", an approach that considers the impact of products throughout their life cycle.

Hence **the ECONYL® Regeneration System**, a technology that has enabled us to produce a special type of **nylon derived from** pre- and post-consumer **waste products**. This milestone has made us one of the **pioneers of the circular economy** within the textiles industry. In 2023, our ECONYL® nylon helped around 1,700 brands to enter the world of sustainability, charting a path of **change and innovation for the entire industry**.

¹ For more details on the scope of the Sustainability Report, see section 6.2

Features of ECONYL® Nylon

- It is **100% produced from waste materials**
- It retains **exactly the same quality** as that of traditional nylon
- It can be **recycled an infinite number of times**
- It generates up to **90% less CO₂ emissions** during production than traditional nylon.

1700 brands chose ECONYL® for their sustainable products in 2023

1.5 Alliances and collaborations

(GRI 2-28:2021)

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

UN Global Compact is a voluntary initiative launched by the United Nations. Over 17,000 signatories from 160 countries are joining forces to encourage the adoption of sustainable and socially responsible practices.

Alliance for the Circular Economy includes 11 Made-in-Italy companies that support a change in the production ecosystem to achieve full circularity.

Plastics Recyclers Europe brings together the main companies operating in the plastics recycling sector, encouraging the use of high-quality recycled plastics and representing the sector at European level.

Textile Exchange promotes sustainable and responsible practices throughout the textile supply chain. It develops standards and certifications that are widely used in the fashion and clothing industry.

European Man-Made Fibres Association (CIRFS) represents the interests of the European synthetic fibers sector.

1.6 2023 ESG Acknowledgements and Results

(GRI 2-22:2021)



Aquafil is the world's highest-ranked company in the "Textiles" sub-industry according to the Morningstar Sustainalytics ESG Risk Rating

On a scale from 1 (minimum risk) to 100 (maximum risk), the prestigious rating agency gave our Group a score of **10.7** in 2023 – an **improvement of 4.7** points compared to the rating received in 2022.

This **excellent assessment** provides a concise snapshot of the Group's environmental, social and governance performance, and reflects the efforts made over the past year to achieve our sustainability goals.

With this result, Aquafil is **the world's highest-ranking company worldwide** in the "Textiles" sub-industry, and is in the **third percentile** of companies evaluated in all sectors at the global level.

Aquafil wins the "ESG Leadership" award at the Visionary Awards 2023

Our Group was honored at the 12th edition of the **Visionary Awards** in the "ESG Leadership" category. This prestigious award is given, by the **Women Corporate Directors Foundation**, to companies that are committed to **diversity and inclusion** through **sustainable** and successful **corporate governance**.

Aquafil honored at the Gasgoo Awards 2023 as one of the 100 main players in the new Chinese automotive supply chain

Aquafil was honored by the awards panel and online voters at the **Gasgoo Awards** as a "Top 100 Player in China's New Automotive Supply Chain" - in other words as one of the top 100 companies in the new Chinese automotive supply chain in the **new low-carbon materials category** - for its innovative product, **ECONYL® regenerated nylon**.

The award ceremony was held in **Shanghai** and was attended by Stefano Loro, BCF Group President.

Aquafil honored by the Croatian Chamber of Commerce for the best ESG rating in the medium-sized companies category

AquafilCRO was ranked first for its **ESG rating** among medium-sized companies during the "**Let's Support Sustainable 2023**" event. This initiative is promoted by the Croatian Chamber of Commerce and is aimed at rewarding companies that stand out for their **sustainable practices**.

FIGURE 1.3 – GROUP ESG RESULTS IN 2023

Environment	Social	Governance
<ul style="list-style-type: none"> • Approval of Environmental Policy • Reporting of Scope 3 emissions • ISO standard 4484-2 on microplastics development, validation and emissions. • Climate Change Risk and Vulnerability Assessment and Biodiversity Assessment 	<ul style="list-style-type: none"> • Definition of DE&I Policy • Approval of Human Rights Policy • Approval of Green Procurement Policy • 45 thousand hours of training (+35% compared to 2022) • Launch of the Talent Management project 	<ul style="list-style-type: none"> • Approval of the new ESG Policy and establishment of an ESG Committee • New remuneration and incentives policy with ESG parameters • Anti-Corruption policy • Updating of the Code of Conduct and Whistleblowing Procedure

2. OUR ESG STRATEGY

2.1 A new way of doing business

(GRI 2-22:2021)

We believe that the only possible solution is to build a sustainable tomorrow. We assume this responsibility and want to change the world one product at a time, day after day.

Where profit meets purpose

The climate crisis is seriously altering the balance of Earth's ecosystems. According to the UN we are close to a **point of no return** beyond which certain processes, such as the melting of glaciers or the acidification of the oceans, risk becoming irreversible and triggering catastrophic consequences. At this crucial time for our planet, we need to radically rethink our **business models**.

At Aquafil, **sustainability** is at the heart of our **values** and is the driving force behind our **growth**. For more than twenty years we have been on a journey to overcome the traditional model of "**production - consumption - waste**" and to achieve full circularity. By focusing on "**recycling - regeneration - redesign**" we are able to reduce our CO₂ emissions, to achieve significant cost savings, and to **generate value** for people, communities and the entire planet.

Aquafil is the living testimony that it is possible to **break the trade-off between profits and sustainability**. Sales of our ECONYL® are driving the Group's growth in turnover, accounting for an increasingly significant proportion of the total value generated – see FIGURE 2.1 and 2.2. Our goal for 2025 is to generate **60% of fiber turnover** from sales of ECONYL® branded products.

Historically, the business world has always been part of the problem. Today we want to be **an active part of the solution**.

FIGURE 2.1 – INCIDENCE OF ECONYL® PRODUCT SALES ON TOTAL FIBER TURNOVER

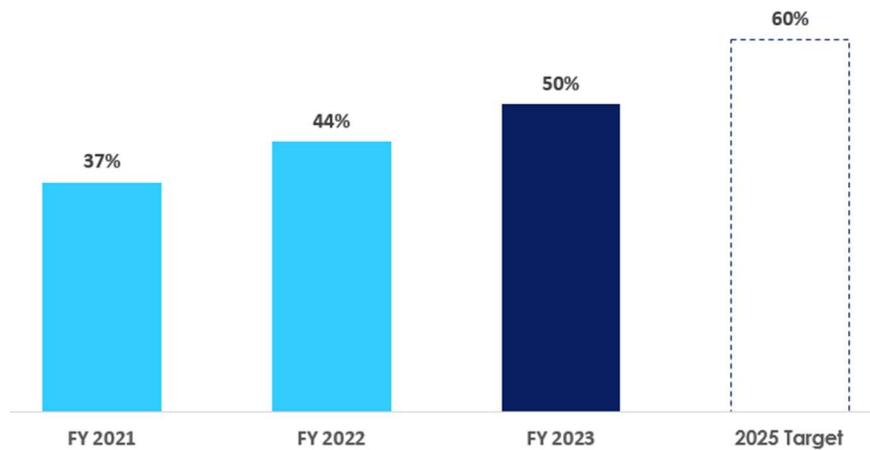
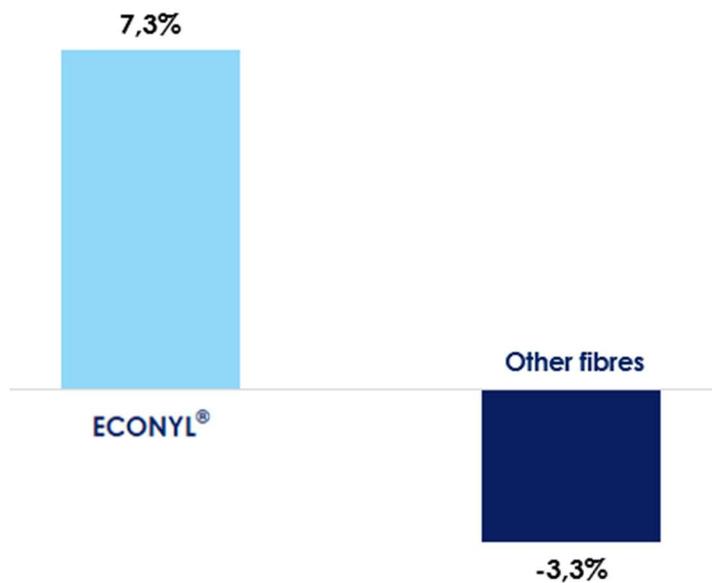


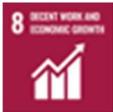
FIGURE 2.2 – IN REVENUE FROM ECONYL® VS. OTHER FIBERS (CAGR 2018-2023)



2.2 Aquafil and the SDGs

The United Nations has identified 17 **Sustainable Development Goals (SDGs)**, the achievement of which **requires collaboration between governments, business and civil society**. Aquafil contributes to 11 SDGs, of which **6 are directly linked to the company's core business** and **5 are linked to contextual initiatives and projects**.

SDGs – DIRECT IMPACT THROUGH AQUAFIL'S CORE BUSINESS

SDG	Objectives	Our contribution
	Ensuring access to and sustainable management of water resources and sanitation.	We monitor water stress levels in the areas where we operate, locating withdrawals and discharges in areas with medium-low water stress. We continue to reduce consumption in production processes, and to monitor the quality of wastewater (Section 3.2.1).
	Supporting access to affordable and efficient renewable energy.	We buy electricity from certified renewable sources and invest in energy self-production systems . We reduce energy consumption through the efficiency of the production process (Section 3.2.3).
	Encouraging inclusive, sustained and sustainable economic growth. Supporting workers by guaranteeing productive, assured and dignified jobs.	We promote inclusive and sustainable economic growth through value creation and the equitable remuneration of all those who contributed to it (Section 6.6.2). We continue to strengthen human rights safeguards throughout the supply chain, to ensure decent working conditions . In addition to the Group Code of Conduct (Section 5.4), we have introduced a Human Rights Policy (Section 4.2.3), and made available to all stakeholders a whistleblowing tool to report any violations (Section 5.6).
	Promoting the circular economy by incentivizing sustainable consumption and production.	Analyses of the environmental impact of our products throughout the life cycle and significant investments in R&D have led us to develop the ECONYL® Regeneration System , which enables a circular business model (Section 3.1.1). We work assiduously with suppliers and customers to close the loop in supply chains related to our activities (Section 1.4).
	Supporting the fight against climate change and its adverse impact.	We monitor emissions from our manufacturing operations: since 2023, we have started calculating and reporting Scope 3 emissions. We consider and mitigate the adverse impact of climate change by assessing our exposure to risks from global warming (Section 3.2).

	<p>Promoting the conservation and sustainable use of oceans, seas and marine resources.</p>	<p>We regenerate fishing nets and other nylon waste that would otherwise end up in landfill or incineration to create our ECONYL® nylon. We have conducted integration operations upstream of the supply chain to strengthen the fishing net industry. An example is our investment in Nofir, a Norwegian leader in the recovery of aquaculture nets, and the foundation of Aquafil Chile. We also co-founded Healthy Seas, a foundation that spreads awareness about marine refuse prevention and organizes cleanups using volunteer divers (Section 3.1.1). We have developed the first international standard (ISO) for the measurement of microplastics released by the textiles industry (Section 3.1.2), which are one of the main causes of marine pollution.</p>
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SDG – impact through contextual initiatives

SDG	Objectives	Our contribution
	<p>Ensuring inclusive and equitable access to education and promoting lifelong learning opportunities for all.</p>	<p>We promote equal opportunities in education in the communities where we operate through scholarships and donations to schools, as in the case of the Cartersville high school (Section 4.3). We support the education and education of the new generations on the subject of sustainability through conferences, workshops, events, educational projects and visits to schools (Section 4.3).</p>
	<p>Promoting gender equity by ensuring equal opportunities regardless of sex.</p>	<p>We invest in creating a fair and inclusive work environment. In 2023 we introduced a new D&I Policy. We combat gender violence by supporting the APS Association "Alba Chiara" (Section 4.3).</p>
	<p>Building resilient infrastructure. Promoting an inclusive and sustainable industrialization process. Supporting innovation.</p>	<p>We invest in research and development in order to innovate with awareness, focusing on new technologies for producing nylon from waste and raw materials of plant origin and for designing products with a view to eco-design (Section 3.1).</p>

	<p>Reducing economic and social inequalities, both within and between different nations.</p>	<p>We are committed to the continuous improvement of our remuneration and incentive system, to make it as fair as possible (Section 5.3). We promote paid employee volunteering activities for the benefit of local communities and the third sector (Section 4.3). Through various collaborations, we offer job opportunities to inmates and people recovering from substance and/or alcohol abuse, encouraging their reintegration into society (Section 4.3).</p>
	<p>Protecting, restoring and promoting the sustainable use of terrestrial ecosystems, combating desertification, land degradation and damage to biodiversity.</p>	<p>We have launched a process to assess the impacts of our production processes on biodiversity (Section 3.2.7). The results of this assessment, which will also be extended to our non-EU plants in 2024, will lay the foundations for mitigation measures and projects to protect the protected areas adjacent to our plants.</p>

2.3 Aquafil's sustainability plan

(GRI 2-22:2021)

Our ESG strategy is codified within our ECO PLEDGE® and is founded on five pillars.

The ECO® PLEDGE

Aquafil has always taken a **holistic approach to sustainability** which goes beyond protecting the environment, also including social and governance aspects. This commitment has been formalized in our ECO PLEDGE®, the **sustainability policy** that has guided and inspired the Group's work since 2008. In 2023 we also adopted an **ESG Policy**, which defines Aquafil's sustainability principles and illustrates **its integration into our business model**, ensuring a responsible approach and targeting long-term sustainable growth.



1. We are at the forefront of **aware innovation**. Our research and development activity aims to chart new sustainable and circular paths for the entire sector. The **ECONYL® Regeneration System** is just one of the milestones we have achieved. In parallel, we are working on the development of a technology to produce nylon from raw material of plant origin, and on the redesign of products with a view to **eco-design**.
2. We are working assiduously to reduce **the environmental impact** of our production processes. The fate of our planet depends on our ability to cut **greenhouse gas emissions**, limit pollution from **waste**, harness the potential of **renewable energy**, and preserve **depletable resources**.
3. We involve suppliers who share the same mission as ours with the intention of building a **resilient**, more **sustainable** and **ethical supply chain** in which respect for human rights is always guaranteed.
4. We support the **well-being, growth and success of our people**, creating the optimal conditions for their development. We work every day to build a **fair and inclusive work environment**, to promote safety, and to foster personal and professional training for our employees.
5. We are committed to cultivating **lasting relationships with local communities** through support for solidarity initiatives, volunteering, support for the most vulnerable categories, educational activities and sponsorship of local sports, cultural and charitable associations.

2.4 Sustainability goals and progress vis-à-vis targets

For each of the five pillars of our sustainability plan, we have defined concrete goals and launched a series of projects to achieve them.

Key:



New Target



Objective achieved



Project in progress

E

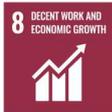
Environmental

S

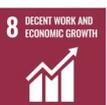
Social

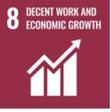
G

Governance

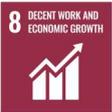
The pillars of Sustainability	Objective	Target	Completion date	Status	Progress as of 31/12/2023
Designing products with a view to the circular economy    	Consolidating existing supply chains (E)	Generate 60% of turnover of ECONYL® branded and/or regenerated products out of total fiber turnover (with the same scope)	2025		49.6%
		Involve 60% of BCF (carpet nylon 6) EMEA customers in the post-industrial Take-Back program	2025		36% ²
	Creating new circular sustainable supply chains (E)	Collect 35,000 tons of post-consumer waste for the creation of new recycled materials	2025		16,120 tons

² It should be noted that the percentage was calculated considering the incidence based on volumes sold.

	Implementing the eco-design approach (E)	Start 13 projects involving final brands in eco-design and recycling of end-of-life garments	2025		8 (see section 4.2.2)
		Born R2R (Born Regenerated to be Regenerable by Aquafil) first phase: sign an MoU (Memorandum of Understanding) with 50% of selected carpet and rug manufacturers, to design products intended to be recyclable at end of life and made with recycled material (ECONYL® nylon)	2025		30%
Protecting the environment     	Use renewable energy sources (E)	Continue to purchase 100% of electricity for the entire Aquafil group from renewable sources.	Yearly		94% - see section 3.2.3
	Mitigating the impact of production processes (E)	Certify all plants within the Group as ISO 14001 (environmental management)	2025		11 out of 13 plants certified, with two new certifications obtained by Aquafil Asia Pacific and Aquafil USA
		Certify all plants within the Group as ISO 50001 (energy management)	2028		8 out of 13 plants certified, with a new certification obtained by Aquafil Asia Pacific

		Enrolling the Group in the Science Based Targets (SBTs) initiative and subscribing to greenhouse gas emission reduction targets	2025		Concluded the calculation of Scope 3 emissions – see section 3.2.4
	Reducing waste by reusing packaging (E)	Recover pallets used for product transport, and achieve 50% re-usage of pallets for the BCF EMEA business	2025		37% - see section 3.2.6
Ensuring people's well-being     	Reducing injuries (S)	Certify all plants within the Group as ISO 45001 (risk management)	2025		8 out of 13 plants certified, with a new certification obtained by Aquafil Asia Pacific
	Supporting staff growth (S)	Create professional development paths for the talents identified within the Group	2025		Launch of the Performance and Talent Management process (See section 4.1.3)
	Achieving equal representation of gender at all levels of the company (S)	Issue a D&I policy to create a working environment with equal gender opportunities throughout the selection cycle and the management and development of people's careers.	2023		Policy issued ³

³ Released on 22 February 2024.

		Training at least 50% of employees on issues related to diversity	2025		
		Have at least 20% females in top and senior management. ⁴	2026		
	Ensuring respect for fundamental Human Rights in the workplace (S)	Certify the following group companies as SA 8000 (social responsibility): Aquafil Asia Pacific, Aquafil China.	2028		In progress ⁵
Sharing responsibility along the supply chain  	Monitoring supplier ethics (E, S)	Monitor our main suppliers along the supply chain - through audits and/or due diligence - also in compliance with the European Supply Chain Act (CSDDD, Corporate Sustainability Due Diligence Directive)	2026		In progress – see section 4.2.1

⁴ Top and senior management includes: the CEO (and any Managing Directors), the other Executive Directors and Managers with Strategic Responsibilities, as well as other strategic figures for the Group.

⁵The target in question has changed compared to 2022. Following an assessment of labor market conditions in the US, the adoption of SA8000 certification for US plants is not deemed to be feasible.

 					
Supporting local communities    	Promoting education on environmental protection by supporting local cultural and sports associations and contributing to the training of the young generations (S)	School visits to plants of the Group and/or Training at educational institutions (minimum 25) Sponsorship of local sports events/associations (minimum 40)	2023		26 14 – the target was not reached due to the "spending review" implemented during 2023, which blocked sponsorships
	Helping vulnerable categories (S)	Support a minimum of 6 organizations	2023		12
Transversal objectives	Improving Corporate Governance (G)	Approve a new remuneration policy aligned with market best practices and inclusive of ESG parameters in the short and long-term incentive system	2023		Policy Approved ⁶
		Develop a top management succession plan	2025		In progress – Initial scope identified on which to define the plan (i.e. CEO and its first lines). We will then proceed to cascade until we

⁶ Authorized by the Board on March 16, 2023.

					cover all the strategic figures within the Group
		Creating an ESG Committee directly appointed by the Board of Directors as well as issuing an ESG policy	2023		The ESG Committee was established on 05.11.2023 and the Policy was approved by the Board of Directors on August 31, 2023

2.5 Materiality analysis

(GRI 3-1:2021; GRI 3-2:2022)

Materiality analysis aims to identify the **main impacts** generated by the Group on the economy, environment, society and human rights, considering those which are **positive** and **negative, actual** and **potential, short-term** and **long-term**.

In 2023 Aquafil chose to **update the analysis** to reflect changes in the internal and external context, and to **align the methodology** with the guidelines provided by the new GRI Standards. Previously, the analysis identified material issues with a **top-down approach**: starting from the list of macro-themes that constitute the specific GRIs (e.g., waste, energy, raw materials, health, etc.), the relevant impacts for Aquafil were identified and evaluated also with the involvement of stakeholders. The **new methodology** adopts a **bottom-up approach**: it starts from the identification and **evaluation of individual impacts** (e.g., the presence and number of accidents at work, energy consumed, etc.) and then groups them into macro-themes.

The **material issues** emerging from this new approach are **the same as those** identified in previous years, confirming the validity of the evaluations already carried out – see FIGURE 2.3. All the material issues are reflected in the sustainability report. The analysis also identified not only negative impacts, but also **positive ones** – see FIGURE 2.3.

METHODOLOGY OF MATERIALITY ANALYSIS

1) GROUP CONTEXT ANALYSIS

with a focus on the company's activities, products offered, business relationships, stakeholders and the sustainability context in which we operate.

2) IDENTIFICATION OF POTENTIAL AND ACTUAL IMPACTS

drawing on various sources, including Enterprise Risk Assessments (see section 5.7), social and environmental data collected using the Sustainability Web Tool, audits carried out to achieve our voluntary certifications (see section 5.10), business strategies and results achieved.

3) STAKEHOLDER ENGAGEMENT

using the results of questionnaires administered in 2022 to almost 200 stakeholders to validate the list of impacts relevant to Aquafil.⁷

4) ASSESSMENT OF THE IMPORTANCE OF NEGATIVE IMPACTS

considering their severity and probability, and associating each of them with a score.

5) PRIORITIZATION OF THEMES

with approval of the results by the Aquafil ESG Committee.

FIGURE 2.3 - LIST OF AQUAFIL MATERIAL THEMES

GRI	MATERIAL THEMES	ACTUAL OR POTENTIAL IMPACTS	NEGATIVE	POSITIVE
302	Energy	Energy consumption	x	
405	Diversity and equal opportunities	Diversity and equal opportunities	x	
303	Water consumption and discharge	Water consumption	x	
		Water pollution	x	
		Microplastics	x	
301	Raw materials	Consumption of non-renewable raw materials	x	
		Circular economy		x
305	Climate change and greenhouse gas emissions	Contribution to climate change	x	
		Air pollution	x	
401 404 407	Employees and work organization	Inadequate work organization	x	
		Employment		x
		Employee training		x

⁷ The stakeholder engagement process will be updated from 2024.

		Violation of workers' rights	x	
		Restriction of freedom of association	x	
		Incorrect management of change and communication, lack of involvement	x	
418	Privacy	Privacy violation	x	
306	Waste	Production and incorrect management of waste	x	
		New uses for waste		x
		Circular economy		x
408	Child labor	Child labor	x	
NA	Impacts on stakeholder activities	Impacts on stakeholder activities	x	
		Collaboration with stakeholders		x
308 414	Value chain impacts	Value chain impacts	x	
413	Local communities	Damage to society and local communities	x	
		Collaboration supporting local communities		x
304	Biodiversity	Soil pollution and damage to biodiversity	x	
		Assessment of impacts on natural systems		x
406	Non-discrimination	Discrimination at work	x	
		Human rights abuses and violations	x	
403	Health and safety at work	Accidents at work and damage to the health and safety of workers	x	
409	Forced labor	Forced labor and exploitation	x	
NA	Transversal	Management and monitoring of ESG aspects		x
205 308 314	Corruption and fraud	Illegal trade with third parties	x	
		Corruption and fraud incidents	x	
207	Taxation	Damage to the economy and society due to non-payment of taxes	x	
206	Anti-competitive behavior	Anti-competitive behavior	x	
416	Customer health and safety	Hazards to customer health and safety	x	
201	Economic performance	Economic value generated and distributed		x
417	Marketing and communication	Communication related to environmental issues		x

3. ENVIRONMENT

3.1 INNOVATION, SUSTAINABILITY AND CIRCULARITY

We are at the forefront of aware innovation. Our R&D activity charts new sustainable paths for the entire industry.

The [European Environment Agency](#) estimates that **the textiles industry** causes **20% of global** drinking water pollution and **10% of carbon emissions**, more than the total of all international flights and maritime transport combined, while washing synthetic garments alone accounts for **35% of releases of microplastics** into the environment.

At Aquafil, we reject the concept of "fast fashion" and work every day to **build a more sustainable future** for the entire sector. In the last year alone, we have spent **10.7 million euro on R&D activities** to develop **cutting-edge technologies** and **circular products** that reduce the industry's negative impact on the planet.

1.9% percentage of turnover invested in R&D in 2023

[Click to find out more about our innovative projects](#)

- ECONYL® REGENERATION SYSTEM
- MICROPLASTICS
- PLANT-BASED NYLON

3.1.1 ECONYL®: endless possibilities

(GRI 2-6:2021; 301-1:2016; 413-1:2016; 417-1:2016)

ECONYL® is recycled nylon, with the same characteristics as standard nylon but also the possibility to be endlessly regenerated, recreated and remodeled.

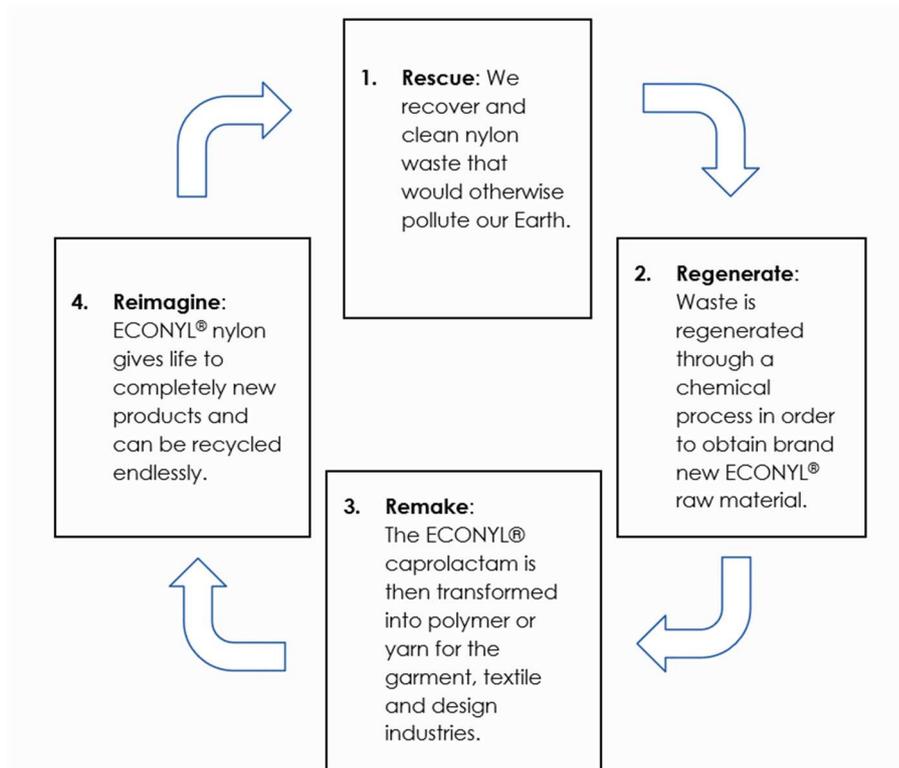
ECONYL® Regeneration system

We were among the first companies in Italy to adopt **Life Cycle Thinking**, an approach that assesses the environmental impact of a product throughout its life cycle. By applying this framework to the **nylon 6 value chain**, we have identified the process with the greatest environmental impact: the **extraction and treatment of raw materials**.

Years of research have led to the creation of our **ECONYL® regeneration system**, a technology that allows us to replace caprolactam, a precursor of petroleum-derived nylon, with **ECONYL® caprolactam** through the regeneration of **nylon waste**. The technical details are complex, but the underlying idea is simple: the system uses nylon waste as input and transforms it into our special **ECONYL® nylon** through a chemical recycling process called depolymerization.

Nylon waste is prepared for regeneration and sent to the Ljubljana plant, where it is transformed into the ECONYL® raw material used to produce ECONYL® nylon polymer and yarn.

FIGURE 3.1 – ECONYL® REGENERATION SYSTEM



Our customers, our partners

More than 1,700 brands have chosen our ECONYL® nylon to create more sustainable products in 2023.

Fashion	Interior design
<p>Stella McCartney: <i>Close-the-Loop</i></p> <p>In 2023, a new collaboration between Stella McCartney and Aquafil was born which led to the creation of the “Close-the-Loop” parka, one the first garments in the luxury fashion industry to close the loop.</p> <p>Launched as part of the Spring 2023 collection, the jacket is 100% made in ECONYL® nylon, and at the end of its useful life it can be returned and completely recycled.</p>	<p>pba: TOCCO Collection</p> <p>TOCCO is a capsule collection of sustainable handles from the pba company, whose handles are made of ECONYL® nylon. The design has been developed with a view to neuro-inclusivity: a wide choice of shapes, colors and surfaces enables architects to design inclusive spaces that take into account the different sensitivities to sensory stimuli of neuro-divergent people.</p> <p>The project also includes a research collaboration with the University of Venice to investigate the impact of the environment on people with neuro-diversity.</p>
<p>ProM: Large 3D printing</p> <p>From ECONYL® regenerated nylon comes a new collaboration with the Trentino Sviluppo ProM Facility laboratory – equipped with an innovative robot for large printing – and with the University of Salerno which is co-financing an industrial doctoral scholarship together with Aquafil.</p>	<p>Maserati: Folgore</p> <p>Folgore is Maserati's 100% electric range, combining modern luxury with high-performance technologies. Maserati Folgore cars feature seats made of ECONYL® fiber.</p> <p>The use of our fully recyclable nylon not only reduces the automotive industry's carbon footprint, but also contributes to its transition to a circular economy.</p>

From waste to resources

The ECONYL® regeneration system creates a high-quality ingredient from waste that would otherwise be downcycled⁸, incinerated or even landfilled.

Old carpets, fishing nets, industrial waste... for us they are not waste to be thrown away, but resources to be given a **new life**. Over the years we have expanded our **international network** of institutions, companies, NGOs and consortia to ensure us a **supply of nylon waste** for transformation into ECONYL® raw material.

To systematize the collection of **post-consumer waste** (mainly carpets, rugs and fishing nets), we carried out **vertical integration operations upstream of the supply chain**. In the past 5 years, we have opened **Aquafil Carpet Collection** in the USA, which recovers end-of-life carpets and rugs; invested in **Nofir**, a Norwegian leader in fishing net recovery; and founded **Aquafil Chile**. We are currently able to collect **more than 16,000 tons of** post-consumer nylon waste per year. Our goal is to reach **35,000 tons by 2025**.

To reinforce our collection of **pre-consumer waste**, on the other hand (mainly industrial waste), we continue to work on strengthening our **Take Back programs** in collaboration with many of our customers.

New supply chains

In collaboration with the University of Padua we are working on two **R&D projects** to regenerate pre- and post-consumer waste from the **automotive** and **swimwear industries**. The challenge in treating this waste is that nylon is never pure but has to be **separated from other materials** such as fiberglass or elastic fiber. Both projects are already at an **advanced stage**.

Where our ECONYL® nylon comes from

- **Old carpets:** we treat tons of carpets and rugs a year, mainly through our two recycling plants in the United States.
- **Fishing nets:** We partner with the aquaculture industry, fish farms, and the Healthy Seas Foundation to recover nets at the end of life.
- **Pre-consumer nylon 6 waste:** we collect different types of industrial waste, including fabric waste and plastic components.

16,120 tons of post-consumer waste collected in 2023

⁸ Downcycling is the recycling of waste where the recycled material is of lower quality and functionality than the original material.

Healthy Seas



In 2013 Aquafil co-founded “**The Healthy Seas Foundation**”, an organization dedicated to marine conservation and education. Since its foundation it has recovered **991 tons** of abandoned fishing nets and other marine refuse with the help of more than 150 partners, thousands of fishermen and, in 2023, 550 volunteer divers. The collected nylon waste is then sent to the Aquafil production facilities where, together with other waste, it is **regenerated into ECONYL® nylon**.

This year the organization is celebrating its [tenth anniversary](#) having achieved some incredible results. Today it is active in **20 countries** around the world and organizes operations to protect the marine ecosystem in the Mediterranean Sea, Baltic Sea, North Sea, Red Sea, Pacific Ocean, and Atlantic Ocean. In 2023, for the first time, it also carried out a freshwater cleanup, specifically in [Lake Ohrid](#) in North Macedonia, a UNESCO heritage site.

Healthy Seas is also very active in the field of **education**. Through workshops, public events, virtual sessions and visits to schools, the foundation pursues the goal of inspiring and **educating new generations** to protect the planet. In 2023 it organized almost **100 days** of training and awareness-raising, positively impacting a record number of nearly **15 thousand children and adults**.

Thanks to the support of local partners these events took place in different parts of the world: in the Canary Islands, Spain; in Los Angeles, USA; in Cornwall and Newcastle, UK; in Waddinxveen, the Netherlands; in the Istria region, Croatia; and in several locations in Slovenia.

The organization also launched a [podcast](#) and a documentary, “[Journey to Ithaca](#)”, which received an array of international accolades including Best Environmental Film at the **Cannes Film Festival**.

In 2023:

550 Volunteer divers

1250 Fishers and aquaculturists

86.5 Tons of fishing nets and other waste collected

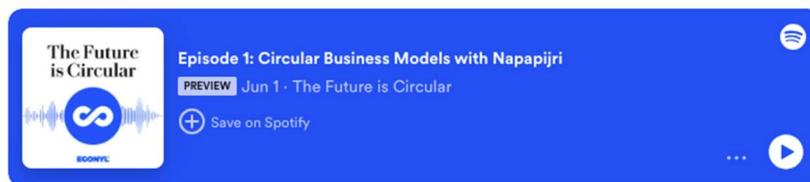
Training and awareness-raising

Part of the ECONYL® brand's mission is to educate consumers on sustainability issues and to help them in making more informed decisions.

Our commitment to training and awareness-raising is embodied in two types of channels: **physical** and **digital**. We welcome students and professors to **our facilities** to show them the revolutionary ECONYL® regeneration process and discuss the circular economy. Sometimes, however, we go to schools and universities to give guest lectures or conferences on sustainability issues. In the last three years, however, we have realized the need to bring this type of activity also **online**, to reach an increasing number of people.

We have started the **ECONYL® Blog**, where we provide insights related to the circular economy; launched the **ECONYL® Academy**, a platform that hosts webinars focused on sustainability, digital transformation and global trends; created **ECONYL® on air**, an immersive and interactive digital experience to help people understand how our regeneration system works; and opened **ECONYL® E-commerce**, an online platform where customers can view a catalog of products made with our special nylon.

2023 brought another big novelty: we launched our **first podcast**, "**The Future is Circular**" ("Il Futuro è Circolare"). In each episode we talk to **featured guests** about strategies, best practices, and innovative approaches to adopting more sustainable practices in the company.



→ Tune in to Spotify, Amazon Music, Apple Podcasts, Player FM, iHeartRadio, and Deezer

Community impact initiatives

Aquafil goes to school

During 2023 AquafilSLO took part in the **Circularity is our opportunity** initiative of the Eco-schools Slovenia program. The project started with an inspiring **teacher training workshop**. After that, more than **40** Slovenian schools and **800 students** were involved in educational activities in the context of the circular economy. Given the great success of the first edition, we have renewed our collaboration also for the next school year.

VeniSIA Open Innovation

This year Aquafil began a new partnership with the **Venice Sustainability Innovation Accelerator** (VeniSIA) at Ca' Foscari University, Venice. Startups from all over the world were called upon to respond to the sustainability challenges identified by the company, as part of the **Co-Innovation Program** on Climate Change and Circular Economy. The winner of the Call for Ideas will collaborate with us in the **development of innovative solutions**.

3.1.2 Microplastics: a new standard for the textiles sector

We have developed the first international standard (ISO) to measure the release of microplastics by the textiles industry.

The phenomenon of **microplastic pollution** has now taken on global dimensions. From the human heart, to the seas, to the tops of glaciers, there is no place where these tiny fragments of plastic (<5 millimeters) have not yet infiltrated – with **harmful consequences** not only on the planet but also on the **human body**. Every day, each of us ingests microplastics by three routes: eating, aerial inhalation and absorption through the skin.

The **textiles sector** is one of the main culprits in the release of microplastics, which takes place during all phases of a garment's **life cycle**: from production, to use and maintenance (especially in washing), and at the end of life. Compounding the situation, the industry has never had a **methodology** for unequivocally measuring their dispersion into the environment. Until now.

Over the last 5 years, Aquafil has collaborated with the STIIMA National Research Council at Biella and with the textile technical commission of UNI CT 046, to offer companies and designers the opportunity to create more sustainable and less polluting products.

The result? We have **developed, validated** and approved a **new international standard** to unequivocally measure the microplastics released by the textiles sector: **ISO 4484-2**.

“To solve a problem, you must first know how to quantify it” says Tiziano Battistini, Aquafil project leader. This innovative methodology to identify the **“microplastic footprint”** represents a great achievement for us and for the entire textiles industry. The next step will be to try to act upstream: to minimize their release through the choice of materials and the **eco-design** of garments. We need to rethink (and revolutionize) the way we design products, to create a truly sustainable and circular supply chain. At Aquafil we have already been involving customers and suppliers in eco-design projects for several years (see section 4.2.2).

3.1.3 Plant-based nylon: now it's possible

(GRI 2-6:2021; 301-1;2016)

Aquafil has demonstrated the technical feasibility of producing nylon from renewable raw materials.

In February 2023 we held a **closing ceremony** to celebrate the success of the **EFFECTIVE project**, a partnership between **12 organizations** aimed at developing bio-polymers - including **nylon** - and final products from renewable and plant-based raw materials.

Also thanks to the funds received from the BioBased Industry Joint Undertaking (BBIJU) within the European Union's **Horizon 2020** research and innovation program, each consortium partner was responsible for a specific phase of **experimentation** along the **entire value chain**, from the supply of raw materials to the manufacture of bio-based nylon, and finally to the eco-design of consumer products in different markets.

As well as **coordinating and supervising**, Aquafil's role was to demonstrate the **technical feasibility** of producing caprolactam from renewable raw materials rather than oil. In collaboration with the American bioengineering company **Genomatica** we built a **demonstration plant** in our AquafilSLO facility, finally achieving the goal of producing bio-caprolactam on a **pre-industrial scale**. The yarns produced in this way

were then used to make prototypes of garments and carpets.

The end of EFFECTIVE is just the beginning. We have shown that it is possible to make the textiles supply chain more sustainable based on raw materials of plant origin. The challenge for the future will be to produce these competitively on a **commercial scale** while pursuing **ever-higher quality**.

3.2 CLIMATE CHANGE AND THE ENVIRONMENT

We work assiduously to reduce the environmental impact of our production processes and to prevent the risks of climate change.

Aquafil recognizes the urgency of the transition to a **future based on low carbon emissions**. For this reason, we continue to invest significant resources in the **efficiency** of our production, with the aim of reducing our **CO₂ emissions**, our consumption of **water resources** and pollution through **waste**.

Compared to 2022 we have introduced many important innovations: we have started to **report our Scope 3 emissions**, which will allow us to measure (and reduce) our impact on the entire supply chain, and to lay the foundations for our adherence to the Science Based Targets initiative; we have carried out, for the first time, a **Climate Change Risk and Vulnerability Assessment** to assess our exposure to risks arising from climate change, and a **Biodiversity Impact Assessment** to examine and limit the impact of our activities on local flora and fauna; and we have approved a **Environmental Policy** which codifies our commitment to the environment and the concrete actions we are taking for its protection; .

In the past year we have also obtained the **ISO 14001 Environmental Management** certification in two more plants of the Group, Aquafil USA and Asia Pacific, bringing the total to 11.

Click to find out more about our 2023 environmental results

- THE RISKS OF GLOBAL WARMING
- RAW MATERIALS
- ENERGY CONSUMPTION
- GREENHOUSE GAS EMISSIONS
- WATER RESOURCES MANAGEMENT
- WASTE
- BIODIVERSITY
- HAZARDOUS CHEMICALS

3.2.1 The risks of global warming

(201-2:2016)

Aquafil has conducted a risk analysis to identify, prevent and mitigate the effects of climate change

Human-induced global warming is seriously altering **the balance of Earth's ecosystems**, leading to increased drought, melting glaciers, rising sea levels, and increasingly frequent natural disasters. According to the World Economic Forum's Global Risk Report 2024, we are close to a point of no return. Once this has been passed, the only alternative will be **adaptation** to the physical, social and economic consequences.

In this context, it is becoming increasingly urgent for companies to prepare for any eventuality. Aquafil is doing this in two ways: on the one hand it has started to **integrate climate risks** into its **Enterprise Risk Assessment framework** so that they are considered in the Group's **planning and strategy processes** – see section 5.7. On the other hand, it has initiated a **Climate Risk and Vulnerability Assessment (CRVA)** to assess its exposure and vulnerability to climate risks for each geographical area in which it operates – as required by Regulation (EU) 2020/852 of the Taxonomy.

Climate Risk and Vulnerability Assessment

The methodology adopted by the CRVA is that of **scenario analysis**. The risk is therefore assessed in relation to **two possible scenarios** of different severity, defined by the IPCC (Intergovernmental Panel on Climate Change): the first predicts an increase in the global average temperatures from 2.1° C to 3.5° C in the medium term (2041-2060); the second from 3.3° C to 5.7° C.

The **level of risk** of each phenomenon – drought, water stress, floods, etc... – was calculated considering its **dangerousness** (i.e., the probability that it will worsen over time); the **degree of exposure** of the Aquafil plants (given by geographical location, number of workers and machinery characteristics); and their **vulnerability** (calculated in turn by two factors: sensitivity, determined by the human and natural factor; and ability to **adapt** determined by the adaptation measures already implemented by the plant).

In 2023 the assessment concluded at the **European plants (Italy, Slovenia and Croatia)**. In the **first scenario**, which foresees a more moderate increase in temperatures in the medium term, the **level of risk** for Aquafil is mostly **low or medium-low** – with a few exceptions – also thanks to the mitigation and adaptation measures already in place. In the **second scenario**, which predicts a more significant rise in temperatures, the **level of risk increases** for all phenomena.

The **most urgent risk** to be managed is that related to **floods and intense rainfall**, due to the increasing level of danger of these phenomena especially in the Trentino region and Slovenia. The risk related to **drought, aridity and a decrease in annual rainfall must also be monitored**, since the Aquafil plants draw water from wells for industrial purposes, the availability of which may cease due to these phenomena. The **increase in temperatures** is another factor not to be underestimated, since manufacturing plants use machinery that produces large amounts of heat.

The CRVA at our European factories represents the first step in a process aimed at formulating **climate change adaptation strategies** to protect the company's activities, the health of its people and that of the natural environment. In **2024**, the analysis will be **extended to the rest of the Group**.

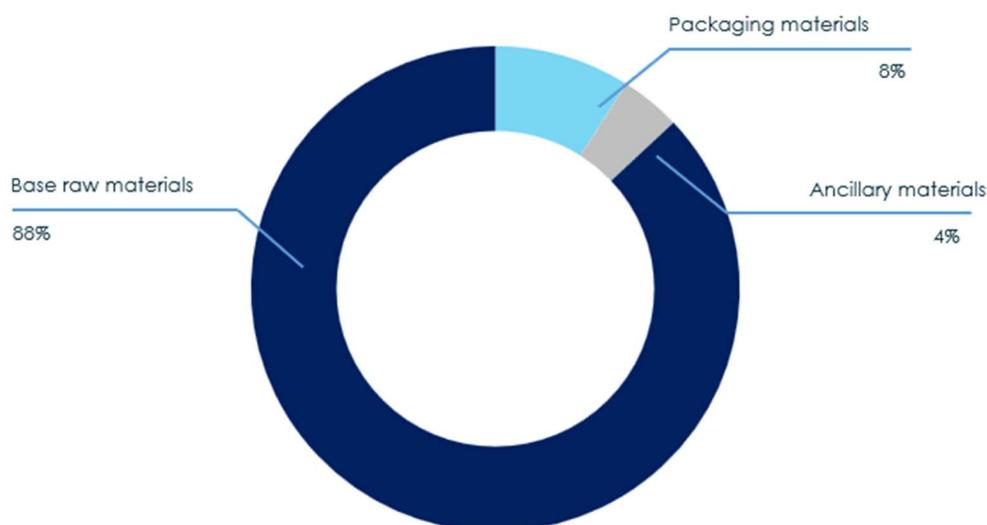
3.2.2 Raw materials

(GRI 3-3:2021; 301-1:2016)

About **138,000 tons of raw materials** were used in 2023, 8% of which came from renewable sources (paper and wood). The raw materials managed by the Group can be classified into three macro-categories – see FIGURE 3.2:

1. **Basic raw materials:** These account for 88% of raw materials and comprise virgin raw materials (e.g. caprolactam, polymers), raw-second materials derived from processing waste (pre-consumer) and end-of-life products (e.g. carpet fluff or post-consumer fishing nets).
2. **Packaging materials**
3. **Auxiliary materials:** additives and other substances used in the production process

FIGURE 3.2 – RAW MATERIALS USED BY THE GROUP, PERCENTAGE BREAKDOWN (2023)



3.2.3 Energy consumption

(GRI 3-3:2021; 302-1:2016)

The Group's commitment to **reducing impacts** related to energy consumption focuses on two main themes: increasing the use of **energy from renewable sources** and achieving the **highest possible efficiency** in its production processes.

In 2023 Aquafil's **energy consumption** underwent an overall reduction of **12.25%** compared to 2022 (see TABLE 3.1), due in part to the decline in the Group's total production. Despite this overall reduction, on the other hand, **EBITDA-related consumption** increased due to the changes in the energy mix, described below, which partially offset the decrease in turnover as well as in EBITDA itself.

The remaining changes compared to 2022 are due to three factors:

- The decrease in production has led to some parallel reductions in consumption, for example in the **electricity purchased**, and to a lower use of the cogenerator in the Arco plant, with consequences also in the amounts of electricity and heat sold externally.
- The increase in the value of the **fuels purchased** is due to the inclusion of consumption data for the Group's leased goods (for example, means of transport), that were not fully considered in previous years.
- The **increase in gas consumption** and the **decrease in the share of steam purchased** from externally are due to the introduction, in mid-2023, of a **new cogenerator** for the self-production

of steam and electricity at the **plant in Ljubljana**.

94% of the electricity purchased comes from **certified renewable sources**, including hydroelectric, wind, photovoltaic and biomass. This is evidence of Aquafil's commitment to investing in renewable sources, despite a slight reduction in the share compared to the previous year due to increased costs related to **Guarantees of Origin and Renewable Energy certificates**.⁹ If we also consider thermal energy, the percentage of energy from renewable sources out of the total (electrical + thermal) stands at 51%.

Aquafil has **photovoltaic systems operating in** its US, Italian, Slovenian, Chinese and Croatian plants, successfully covering part of their electricity consumption. This production has also increased steadily over the years.

TABLE 3.1 – ENERGY PRODUCED AND CONSUMED BY THE GROUP (2019-2023)

		UoM	2019	2020	2021	2022	2023
Fuels purchased	Methane, diesel and technical gases	GJ	824,684	774,294	890,482	771,106	1,048,839
Energy purchased	Electricity	GJ	1,159,558	1,001,572	1,208,587	1,201,573	964,952
	Steam	GJ	523,790	440,527	552,386	577,127	227,530
Internally produced energy	Photovoltaic	GJ	3,266	8,875	10,301	15,213	17,670
Energy sold	Electrical	GJ	1,502	2,872	634	1,439	14
	Thermal	GJ	28,546	16,797	17,029	26,824	32,799
Total energy managed by the Group		GJ	2,541,346	2,244,937	2,679,419	2,593,281	2,291,804
Total energy consumption of the Group¹⁰		GJ	2,481,249	2,205,600	2,644,094	2,536,756	2,226,178
Energy consumption relative to margin (EBITDA)		(MJ/€)	35.7	37.8	36.7	27.5	46.9

⁹ Certifications attesting to the renewable origin of the sources used.

¹⁰ The total energy consumption of the Group is calculated as: fuels + energy purchased + energy produced internally – energy sold.

3.2.4 Greenhouse gas emissions

(GRI 3-3:2021;305-1:2016; 305-2;2016; 305-3;2016)

Greenhouse gas emissions are calculated monthly by converting the amounts of energy consumed into equivalent carbon dioxide (CO₂eq). To measure these we refer to the classification system of the **GHG Protocol**, which divides them into Scope 1, Scope 2 and Scope 3 emissions. 2023 is the first year that we have reported **Scope 3 emissions**.

FIGURE 3.3 – EMISSIONS OF THE AQUAFIL GROUP (2023)

TOTAL EMISSIONS 976,153 tCO ₂ eq		
Scope 1	Scope 2	Scope 3
6.3% 61,694 tCO ₂ eq	1.2% 12,096 tCO ₂ eq	92.4% 902,362 tCO ₂ eq
Direct emissions mainly related to combustion processes that take place in the Group's manufacturing plants	Indirect emissions associated with the production of electricity and thermal energy purchased from external suppliers.	Other indirect emissions related to the Aquafil value chain, such as those due to the consumption of raw materials and transport.

Trend in emissions

TABLE 3.2 shows the trend in emissions over the years. The **increase in Scope 1 emissions** in 2023 was mainly caused by higher gas consumption resulting from the start-up of the new Ljubljana cogenerator; and to a lesser extent by the improvement in data collection referred to in the paragraph on energy, which also enabled us to include the energy consumption and consequent emissions due to long-term leased assets used by the Group (accounted for according to the IFRS 16 forecasts). The **increase in Scope 2 emissions** – calculated according to the "market-based" method ¹¹ – is instead linked to the reduction in the share of renewable energy purchased. For **Scope 3** – also calculated using the "market-based" method – only data for 2023 is reported, since this was not calculated in previous years. As can be seen from FIGURE 3.4, these emissions derive mainly from the **purchase of raw materials** and **services**.

Goals for the future

Measuring Scope 3 emissions brings us one step closer to achieving our goal of joining the **Science Based Targets initiative** – a partnership between the Climate Disclosure Project, World Resources Institute, WWF and UN Global Compact – which will lead us to **set an emissions reduction target** in line with the goal of the **Paris Agreement** to limit the rise in global temperatures to less than 1.5° C.

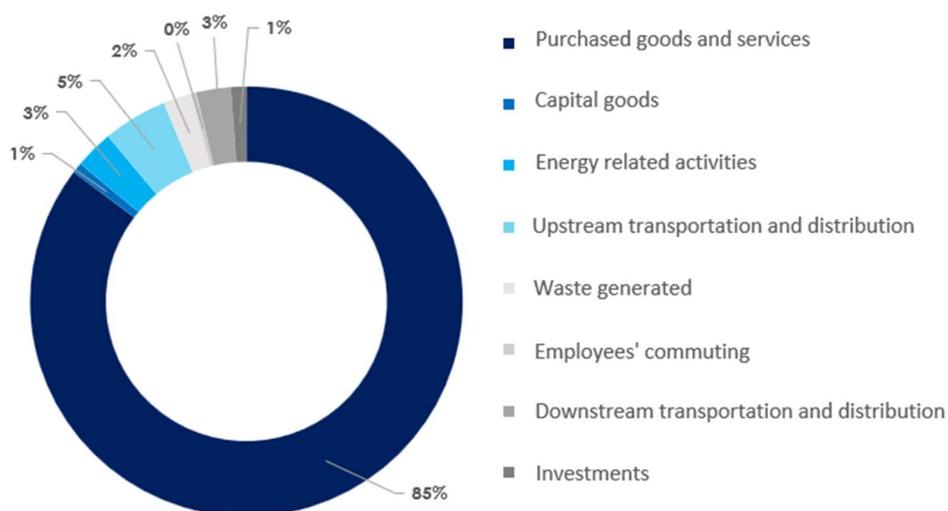
In addition, Aquafil's continuous investments in research and development are aimed at constantly improving process efficiency and reducing GHG emissions. In particular, in 2023, some research projects and some fixed capital investments contributed to energy efficiency: a reduction in compressed air consumption and increased efficiency of water, electricity and thermal energy consumption. This is resulting in a direct and/or indirect reduction of greenhouse gas emissions. Going beyond this, in the same direction, is the entire ECONYL® regeneration process as well as all projects concerning the circular economy (i.e. R2R).

¹¹Scope 2 and Scope 3 emissions can in fact be calculated in two ways, called "location-based" and "market-based". See Appendix 6.6.3 for more details on calculation methods and for location-based reporting.

TABLE 3.2 – GREENHOUSE GAS EMISSIONS ACCORDING TO THE CLASSIFICATION REQUIRED BY THE GHG PROTOCOL AND TAKEN FROM THE GRI STANDARD (2020-2023)

		UoM	2020	2021	2022	2023
Scope 1		tCO ₂ eq	45,218	51,478	45,013	61,694
Scope 2 (market-based)		tCO ₂ eq	15,316	6,169	4,967	12,096
Scope 3 (market-based)		tCO ₂ eq	-	-	-	902,362
Total emissions	Scope 1+2	tCO ₂ eq	60,534	57,647	49,980	73,791
	Scope 1+2+3	tCO ₂ eq	-	-	-	976,153
EBITDA-related emissions	Scope 1+2	tCO ₂ eq /Mio€	1,044	801	543	1,553
	Scope 1+2+3	tCO ₂ eq /Mio€	-	-	-	20,551

FIGURE 3.4 – SCOPE 3 EMISSIONS, BREAKDOWN BY SECTOR (2023)



See Appendix 6.6.3 for more information on the Scope 1, 2 and 3 emissions calculation method, and for location-based reporting of Scope 2 and Scope 3 emissions.

3.2.5 Water resources management

(GRI 3-3:2021; 303-1:2018; 303-1:2018; 303-2:2018; 303-3:2018;303-4:2018)

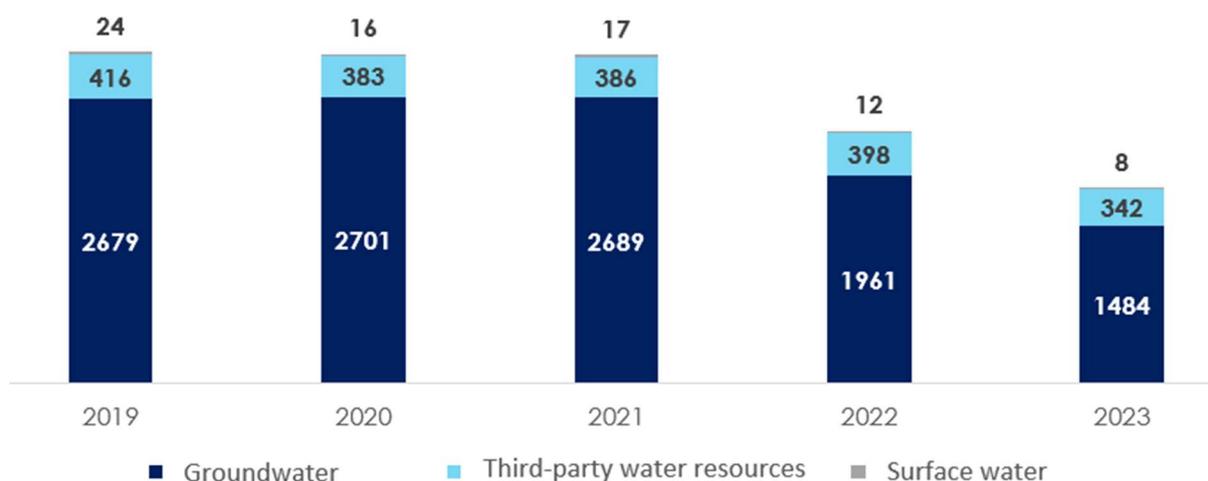
Water is an **essential resource** for life on our planet and it is imperative to preserve it for future generations. An awareness of the importance of the **careful use of water resources** has led Aquafil to make consumption and discharge more efficient both in plants equipped with an ISO 14001 environmental management system and in those that are not yet certified.

Water withdrawals

Our group continues to invest in **efficiency measures** to reduce consumption. For example, we have introduced **new internal recirculation systems** to ensure that water is reused as much as possible. Thanks to these efforts, a **reduction in water consumption of about 23% was also observed in 2023** (see FIGURE 3.5). Approximately 81% of the water resources withdrawn are from groundwater (wells), while the remainder are from aqueducts and surface water. The entire amount of water consumption withdrawn by the plants analyzed (78% of total Aquafil plants) is comprised of **fresh water**.¹²

23% Reduction in water consumption vs. 2022

FIGURE 3.5 – WATER WITHDRAWALS BY SOURCE OF SUPPLY, IN MEGALITERS¹³ (2019-2023)



In the second half of 2023, the **cogeneration plant** at the Ljubljana plant became operational. This resulted in both a change in the Group's energy structure and a **change in its water consumption**. Before the plant came into operation, the need for steam was met by purchasing it from third party. Following the commissioning of the cogeneration plant, the steam is produced entirely by the plant itself. This has brought about an **internalization of the water withdrawals** needed to replenish the steam condensates lost - this was previously the responsibility of a third party but is now used for cogeneration. Focusing only on the water consumption of the Group (specifically of the AquafilSLO subsidiary) has led to an increase in water consumption and consequently in discharges. From a system perspective, however, the cogeneration plant enables part of the condensed steam to be recovered and is therefore more efficient than the third-party production process: it follows that, given the same production of steam, total water withdrawals (value chain) are **reduced by about 30%** and, consequently, so are discharges.

Over time we have also carefully monitored **water stress levels** in the areas where we operate, using the

¹² According to the GRI 303-3:2018 standard, fresh water is that which contains a proportion of dissolved solids of less than or equal to 1000 mg/l.

¹³ One megaliter corresponds to one million liters

“Basin Physical Risk” indicator provided by the **WWF's Water Risk Filter**. On average, our withdrawals and discharges currently take place in **medium-low risk areas**. Appendix 6.6.4 shows the volume of water withdrawals divided by source, plant and water stress area for the year 2023.

Water discharges

Since 2019 we have **reduced our total water discharges by 53%**, continuing the positive trend of previous years. The analyses carried out in 2023 made it possible to verify that all the water discharged from the plants analyzed (78% of total Aquafil plants) falls within the definition of "**fresh water**" according to the parameters indicated by GRI 303-4:2018.¹⁴

In addition, we carefully monitor the quality of our wastewater through periodic **laboratory analyses**, with the aim of minimizing our polluting impact. The most important parameter we monitor is the **Chemical Oxygen Demand (COD), which measures the presence of organic substances in water**. TABLE 3.3) shows the total volumes of water discharged divided by destination and the related quality in terms of COD. In 2023, **55% of our wastewater resulting from the production process was discharged into surface water**, with an average COD value of 24 mg O₂ per liter. This is well below the maximum threshold of 160 mg per liter specified by Italian national law and the threshold of 100 mg per liter, set by the more stringent regulations of the Autonomous Province of Trento.^{15,16} The remaining 45% is sent to third-party **treatment plants** for purification before being returned to the environment. For water discharges also, a qualitative assessment was made of the **water stress** in areas where the discharge takes place, reported in Appendix 6.6.4.

TABLE 3.3 – VOLUME AND QUALITY OF DISCHARGED WATER (2019-2023)

	UoM	2019	2020	2021	2022	2023
Surface water discharge	megaliters	2334.4	2441.2	2459.3	1401.5	815.8
Discharged water quality (COD)	mg of O ₂ /liters	29.5	40.9	18.0	20.2	24.0
Discharge to third party water resources	megaliters	841.2	700.6	855.6	637.9	679.8
Discharged water quality (COD)	mg of O ₂ /liters	687.8	374.3	752.7	852.2	1305.0

3.2.6 Waste

(GRI 3-3:2021; 306-1:2020; 306-2:2020; 306-3:2020)

Waste is a fundamental topic for the Aquafil Group. On the one hand it is **a source of raw materials** for the manufacture of ECONYL® yarns; on the other, for that deriving from internal production processes, its

¹⁴ According to the GRI 303-3:2018 standard, fresh water is that containing an amount of dissolved solids of less than or equal to 1000 mg/l.

¹⁵ This threshold is for surface water discharges only, see D.Lgs.152/06

¹⁶ See Decree of the President of the Provincial Council (TN) of 26 January 1987, no. 1-41/Legisl. and subsequent amendments ([link](#))

correct management must be guaranteed in **compliance with the regulations** in force in the different countries in which we operate. This management is entrusted to third parties whose work is regulated by specific contracts in line with existing legislative obligations. Compliance with these contracts is monitored by the Group's internal bodies, which are responsible for ensuring contractual and regulatory compliance.

TABLE 3.4 shows the quantity and types of waste produced by the Group in the period 2019-2023. In the past year, these values are influenced by an **improvement in the quality of the data collected** at the Aquafil Carpet Collection plants, not fully available in 2022 (achieved through new recruitment).

TABLE 3.4 – QUANTITY AND TYPES OF WASTE PRODUCED IN THE PERIOD 2019-2023

	UoM	2019	2020	2021	2022	2023
Hazardous	tons	2,549	1,747	1,600	1,746	1,510
Recycling	tons	-	-	100	175	98
Preparation for reuse – off-site	tons	-	-	-	0	0
Other recovery operations – on site	tons	-	-	-	0	0
Other recovery operations – off-site	tons	-	-	-	8	4
Landfill	tons	-	-	143	20	6
Incineration with energy recovery	tons	-	-	1,329	1,536	1,400
Incineration without energy recovery	tons	-	-	28	6	3
Non-hazardous	tons	11,083	8,112	11,559	13,012	17,086
Recycling	tons	-	-	5,725	6,805	5,872
Preparation for reuse – off-site	tons	-	-	-	68	18
Other recovery operations – on site	tons	-	-	-	0	0
Other recovery operations – off-site	tons	-	-	-	4	4
Landfill	tons	-	-	914	1,288	8,239
Incineration with energy recovery	tons	-	-	4,919	4,848	2,954
Incineration without energy recovery	tons	-	-	0	0	0
Total	tons	13,631	9,859	13,159	14,758	18,597

TABLE 3.5 shows the composition of the waste produced by the Group and its end-of-life destination subdivided between recovery (recycling or energy recovery) and disposal.

TABLE 3.5 – COMPOSITION OF WASTE, IN TONS (2023)

Waste composition	Waste generated	Waste not destined for disposal	Waste destined for disposal
Waste from chemical process	3,771.52	3,771.52	0.00
Paper	2,689.68	2,689.67	0.00
Wood	984.656	984.656	0.00
Plastic	1,038.37	1,038.37	0.00
Municipal waste	8,378.24	139.81	8,238.44
Aqueous waste solutions	237.98	237.98	0.00
Metals	721.06	721.06	0.00
Other waste	463.42	463.23	0.184
Electrical devices	81.58	81.34	0.246
Miscellaneous hazardous waste	47.89	44.06	3.8
Spent oils	48.50	48.18	0.318
Sludge	35.76	35.76	0.00
Spent chemicals	47.74	47.74	0.00
Inert material	11.30	11.30	0.00
Oils	24.78	23.43	1.35
Wastewater treatment sludge	8.64	8.64	0.00
Glass	1.20	1.20	0.00
Lead batteries	4.62	4.62	0.00
Spent filters	0.40	0.40	0.00
Total	18,597.323	10,352.954	8,244.368

In order to reduce the waste produced, Aquafil launched a project in 2022 aimed at **recovering the pallets used to transport the products** themselves. A specific target has been set for this project (see section 2.4) in which Aquafil aims, for the BCF EMEA business, to be able to recover 50% of pallets by 2025. For 2023, the recovery rate stood at 37%. Although not involved in this target for now, Aquafil USA is also taking the same initiative, collaborating mainly with certain customers in the automotive sector. During 2023, the re-usage rate of the US subsidiary was 24.2%.

3.2.7 Biodiversity: a first impact assessment

(GRI 3-3:2021; 304-1:2016; 413-1:2016)

We analyze our impact on the natural ecosystems in which we operate, with the aim of preserving their biodiversity.

"The protection and restoration of biodiversity and ecosystems" is one of the six environmental objectives of the **European Taxonomy**. Aquafil recognizes the intrinsic link between its business success and the health of the surrounding natural environments. This translates into an active commitment to **assess the impacts** of its operations on protected areas, to adopt sustainable management practices, and to engage in **initiatives for the protection of biodiversity** in collaboration with local authorities – such as the project for the **repopulation of the Sarca River**.

Biodiversity Impact Assessment

One of the requirements for alignment with the EU Taxonomy requires that the principle of "**Do No Significant Harm**" (DNSH) be met – i.e., that the company does not cause damage to any of the six environmental objectives.

In the past year, to demonstrate that our activities do not produce significant impacts on local flora and fauna, we have carried out a **Biodiversity Impact Assessment** on European plants that will then be extended to the rest of the Group in 2024.

In the past year, to demonstrate that our activities do not produce significant impacts on local flora and fauna – in line with the "**Do No Significant Harm**" (DNSH) principle of European Taxonomy – we have carried out a **Biodiversity Impact Assessment (BIA)** on **European plants** which will then be extended to the rest of the Group in 2024.

The methodology adopted by the BIA consists of **two phases**. The first evaluates the presence of **environmental certifications** which contain information on the impact of the Group's plants on local biodiversity (such as **Environmental Impact Assessments**), or screenings according to Directive 2011/92/EU.

In the second phase, the full **BIA** is applied to all localized plants **within 10 km of a protected natural area** (part of the **Natura 2000 network**). The analysis includes an assessment of the impact on biodiversity, both direct and indirect, of each production plant. The impact is **direct** when the construction of the plant contributes to the **fragmentation or removal of the natural area**.

The indirect **impact** is calculated, on the other hand, by considering a series of factors: the **number** of areas of the Natura 2000 network within a radius of 10 km from the plant and their **distance** from it; **lighting**, which can alter the balances of local flora and fauna by disorienting animals and affecting the photosynthesis of plants; the presence of **glass windows**, which represent a risk especially for birds in flight; **noise emissions**, which can interfere with the social life of birds that exploit sound communication for reproductive rituals and defense against predators; and other **factors of attraction**, such as the presence of artificial ponds built for aesthetic purposes.

In 2023, the analysis of the European plants (**Italy, Slovenia and Croatia**) was completed. All Aquafil plants are **close to one or more protected natural areas**, increasing their potential direct and indirect impact. A set of **mitigation measures** has been identified for each biodiversity risk factor. In 2024 the list will be **extended** through the addition of projects aimed at further reducing impacts on the natural heritage.

Community impact

Repopulation of the Sarca River

The Group confirmed its support for the repopulation project of the Sarca River, which is located near our Arco plant, alongside the **Associazione Sportiva Pescatori Dilettanti Basso Sarca**. This includes initiatives aimed at improving the **biodiversity** of the river, where wildlife has drastically decreased due to adverse climatic conditions and predatory birds.

3.2.8 Hazardous chemicals

(GRI 3-3:2021; 416-1:2016)

In the textiles industry, careful management of chemicals is essential to protect both human health and the environment. At Aquafil, we guarantee the **highest safety standards** in three ways:

1. **A clear policy** sets out guidelines for **transparent communication** and a strict control system for the management of hazardous chemicals
2. **Third-party certifications** guarantee the safety of our products: all Aquafil companies in Europe are certified in accordance with the European Union Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (**REACH**). We are also in possession of other certifications, as reported in section 5.10.
3. A **sustainability compliance team** supports all Group plants on matters relating to the REACH regulations and the management of hazardous chemicals.

4. SOCIAL

4.1 THE PEOPLE OF AQUAFIL

(GRI 2-7:2021; 2-8:2021; 2-21:2021; 2-30:2021; 3-3:2021; 401-1:2016; 401-2:2016)

People are the beating heart of our company.

Their dedication, expertise and passion are the driving force that enables us to develop innovative products and to create value for all our stakeholders. Each one of our **2,550 employees** brings to the table a unique array of **knowledge, experience and perspectives** that enables us to quickly adapt to changing market needs and to overcome challenges with agility and determination.

FIGURE 4.1 – GEOGRAPHICAL BREAKDOWN OF THE WORKFORCE BY GENDER (2023)



EUROPE

702

ITALY

167

535

828

SLOVENIA

163

665

176

CROATIA

144

32

1

UK

0

1

AMERICA

528

USA

121

407

ASIA

295

CHINA

155

140

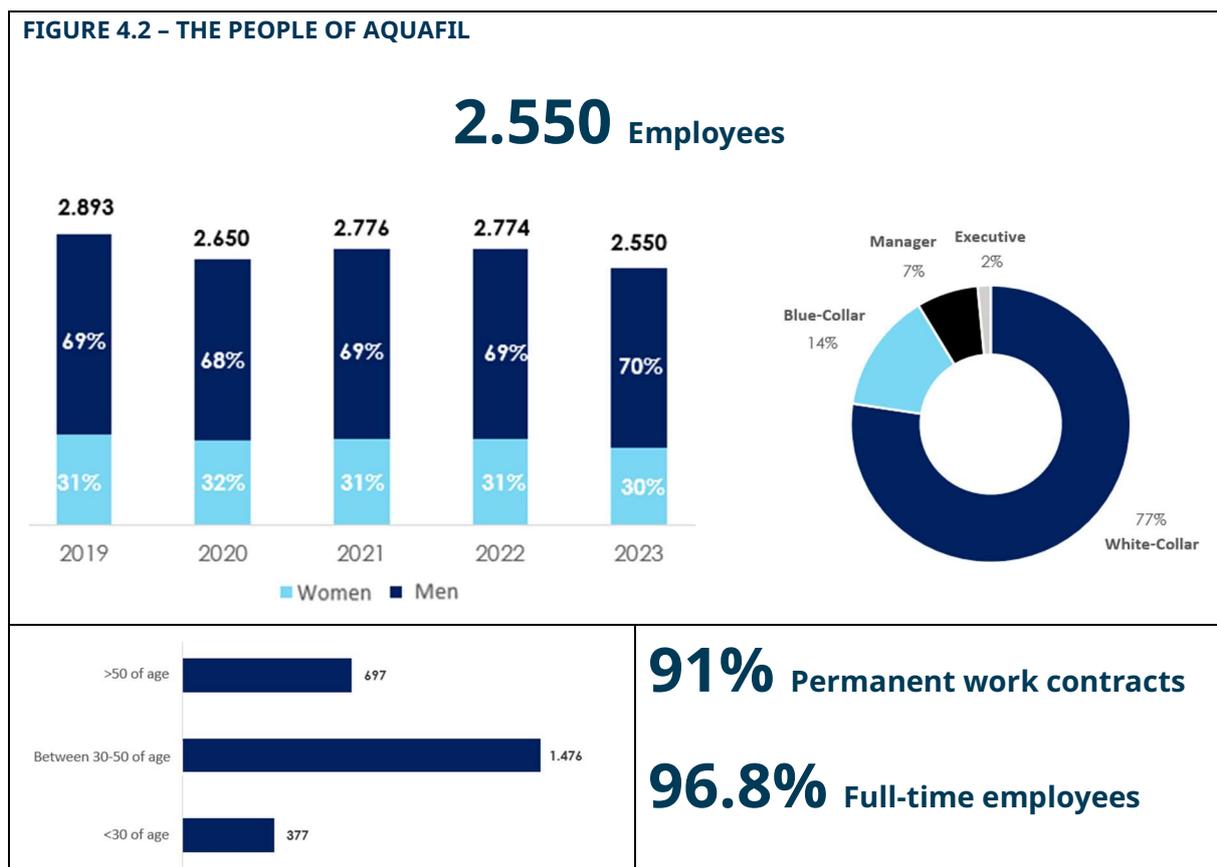
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THAILANDIA

15

5

FIGURE 4.2 – THE PEOPLE OF AQUAFIL



In the past year, the **total number** of employees has **fallen by 7%** compared to 2022. A policy of **corporate restructuring** and the **closure of Aquafil UK** in September 2023 have particularly affected this negative turnover – as high as 97% in the United Kingdom (TABLE 4.1) The high rates of staff arrivals and departures in the **United States**, on the other hand, are due to the structural characteristics of the American labor market, which is more fluid and flexible than in Europe. Focusing only on **voluntary resignations**, and thus excluding departures for other reasons (retirement, layoffs, death, end of contract, transfers), the 2023 turnover rate stands at **11%**. This contrasts with 2022, when the voluntary resignation rate was 12.9%. This improved turnover rate is tangible evidence of the effectiveness of the **retention policies** implemented by Aquafil.

TABLE 4.1 – TURNOVER RATE (2023)¹⁷

	Positive turnover rate	Negative turnover rate	Negative turnover rate due to voluntary resignations
Italy	4.2%	9.2%	4.1%
USA	48.6%	51.0%	30.1%
China	5.9%	8.6%	5.9%
Thailand	0.0%	4.8%	4.8%
Croatia	8.3%	22.4%	0.0%
Slovenia	10.2%	18.4%	9.9%
UK	0.0%	97.0%	0.0%
TOT	15.3%	22.4%	11.0%

¹⁷ Turnover rates were obtained by comparing new hires (421) and departures (615) during 2023 to total employees at the end of 2022.

In recent years, in fact, we have invested considerable resources to support the **well-being, growth** and **success** of our employees, working on three fronts:

1. Building an equitable and inclusive environment
2. Promoting safety and well-being
3. Promoting personal and professional growth

4.1.1 A fair and inclusive environment

(GRI 3-3:2021; 2-21:2021; 405-1:2016; 406-1:2016)

We aim to train at least 50% of employees on issues related to diversity by 2025.

Our mission is to create a work environment in which every employee can give their best and fully express their individuality: a **welcoming and inclusive culture** that encourages the sharing of ideas and **values diversity** of gender, age and opinions. **Respect for the personal dignity** of all is protected by the **Code of Conduct**, which **strongly condemns any offence, harassment or discrimination based on** race, sex, age, culture, religion, political belief or sexual orientation (see section 5.4). As of last year, a new **Diversity, Equality & Inclusion policy** has been added which expresses the standard of behavior required of all Aquafil employees and associates and promotes practices to make the working environment more inclusive.

A new DE&I Policy

Approved by the ESG Committee in February 2024, this **Policy** arises from the need to tangibly apply the values in which we believe. **Diversity, equity and inclusion** cannot remain just fine words, but must become principles that inspire our daily choices. Awareness is not enough, we also need to act: for this reason, the policy provides for several concrete actions, including the implementation of a **selection process** that ensures equal representation for both sexes, managed by professionals trained in diversity and inclusion issues; fair **access to training** and development opportunities independently of stereotypes; **remuneration policies** that value merit and reduce the pay gap; internal and external **communications** that disseminate these principles. As proof of our commitment we have set ourselves an ambitious goal: **to train at least 50% of employees on diversity-related issues by 2025.**

Gender equality

Aquafil promotes gender equality at all levels. We are committed to corporate policies and awareness-raising initiatives aimed at **overcoming stereotypes**, supporting the presence of women in key roles and **closing the gender gap**. Within our **Board of Directors**, approximately **44% percent of members are female**. As regards personnel, the ratio between men and women has remained substantially **unchanged compared to 2022**, standing at around **30%**, with greater imbalances between workers and top management – see FIGURE 4.3. The exception is **the number of women managers** (junior managers category), which has **grown by 31%** compared to the previous year.

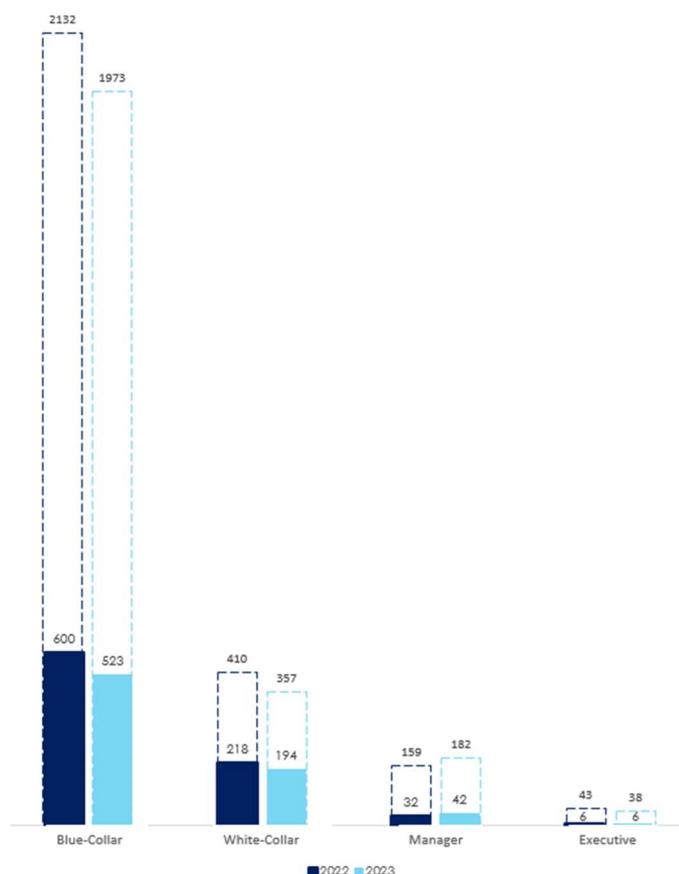
For the first time, in 2023, we gave ourselves a **concrete target** to increase the presence of women in **top roles**: by 2026 we aim for **female representation** in at least **20% of top and senior management roles**.¹⁸ We firmly believe that this can bring **important benefits** for the Group, including better decision-making,

¹⁸ Top and senior management includes: the CEO (and any Managing Directors), the other Executive Directors and Managers with Strategic Responsibilities, as well as other strategic figures for the Group.

thanks to a variety of points of view and experiences, greater innovation and creativity, increased employee engagement and satisfaction, and a better corporate reputation. To achieve this, we will focus on a series of **actions and initiatives**:

- Implementing **more inclusive recruitment and promotion policies** to increase female representation in leadership positions.
- Developing **mentorship and training programs** aimed at supporting women in advancing their careers to senior roles.
- Regularly monitoring and communicating **progress towards** specific female representation goals in top and senior management.
- Creating an **inclusive and flexible work environment**.

FIGURE 4.3 – NUMBER OF WOMEN PER ROLE, OUT OF TOTAL EMPLOYEES (2022-2023)



Pay equity

The Group's **remuneration policy** is structured and constantly updated with the aim of guaranteeing fair remuneration, rewarding professional growth and encouraging the achievement of objectives. With this approach the **Group guarantees equal pay**, which is constantly monitored using salary indices referring to the different categories of workers.

TABLE 4.2, for each plant within the Group and for each professional category, shows the **ratio between the average female salaries** compared to **male salaries** (equal to 100%). Salaries are shown as gross annual pay, within which variable components (overtime, shift allowances) and benefits are excluded (see Appendix 6.6.5 for details of the ratio between average female and male salaries inclusive of variable components and benefits).

However, it should be specified that the average remuneration ratio, as shown in the tables, does not compare similar roles and organizational positions of the same level. By grouping positions by levels and

roles, the Group is able to more accurately identify pay differences by gender among all staff. It is essential to note that the pay gap detected is primarily attributable to a lack of female representation in key roles rather than to an actual pay gap between equivalent roles and levels. It is clear that concrete measures are needed to address this situation. For this reason, our company is committed to adopting a series of active policies aimed at reducing the gender pay gap and promoting a more equitable and inclusive corporate culture. Among these policies, as already anticipated in the targets section of this report, we set ourselves the ambitious goal of females being represented in at least 20% of top and senior management by 2026. This overall commitment aims to increase women's representation in key roles at all levels of the organization, thereby helping to create a more equitable, diverse and inclusive work environment.

TABLE 4.2 – RATIO BETWEEN FEMALE AND MALE PAY, BY COMPANY AND PROFESSIONAL CATEGORY, 2023 – SALARY NET OF VARIABLE COMPONENTS AND BENEFITS

The item “Not Applicable” refers to the presence of only men or only women in the category, while a dash indicates the absence of employees in the specific category and plant for both sexes.

Group Companies	Senior Directors	Managers	Junior Managers	White collar employees	Blue collar employees
Aquafil	NA - Men Only	74.6%	82.1%	89.8%	98.8%
Aquafil Carpet Collection LLC	-	NA - Men Only	88.4%	NA - Women Only	NA - Men Only
Aquafil Carpet Recycling #1	-	-	NA - Men Only	111.3%	69.3%
Aquafil USA- 1 Aquafil Drive	NA - Men Only	NA - Men Only	79.5%	77.6%	86.7%
Aquafil USA-101 Fiber Drive	-	-	NA - Men Only	123.2%	104.2%
Aquafil Asia-Pacific	-	-	70.1%	171.3%	109.0%
Aquafil China	-	NA - Men Only	78.0%	101.7%	86.3%
AquafilCro	-	-	67.3%	109.8%	94.0%
AquafilOMara	-	NA - Men Only	99.4%	108.5%	93.3%
AquafilSLO Ajdovscina	-	-	NA - Men Only	-	NA - Men Only
AquafilSLO Celje	-	NA - Men Only	NA - Men Only	98.9%	93.5%
AquafilSLO Ljubljana	NA - Men Only	68.7%	92.9%	102.9%	92.9%
AquafilSLO Senozece	-	-	NA - Men Only	-	104.4%
Aquafil UK	-	NA - Men Only	-	-	-
Tessilquattro Cares	-	-	115.0%	84.7%	99.0%
Tessilquattro Rovereto	-	-	NA - Men Only	75.2%	90.1%

It should also be noted that, for the year 2023, the ratio between the gross annual salary of the individual with the highest salary and the average gross annual salary of the Group's employees is 52 to 1. Compared to 2022, the average gross salary of employees has increased by 3.0% while that of the person with the maximum gross salary, the CEO, has increased by 8.6%. The ratio between the two growth rates is therefore 2.81.

Age diversity

We encourage the recruitment of young people and the **generational transition** through various initiatives, which have led to a **stabilizing of the percentage** of employees aged under 30 years with respect to the total workforce (15% in 2023 vs 15.3% in 2022), despite the reduction in personnel – see TABLE 4.3.

FIGURE 4.4 – BREAKDOWN OF PERSONNEL BY AGE GROUPS

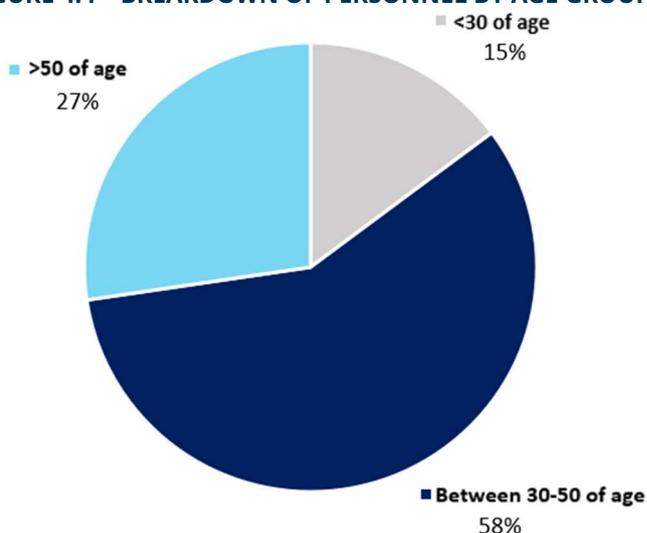


TABLE 4.3 – BREAKDOWN OF PERSONNEL BY COMPANY ROLE, GENDER AND AGE (2023)

	<30 years		Between 30 and 50 years		>50 years	
	Women	Men	Women	Men	Women	Men
Blue collar employee	48	279	320	822	155	349
White collar employee	25	15	127	104	42	44
Junior manager	1	9	26	65	15	66
Manager	0	0	3	9	3	23

LGBTIQ+ community

Aquafil **combats all discrimination** based on sexual orientation or gender identity, and promotes a safe and inclusive work environment for people belonging to the LGBTIQ+ community, in which everyone can feel free to be themselves.

In 2023, AquafilCRO obtained certification as a "**LGBTIQ+ Work Equality Employer**". This recognition came with the completion of a **training program**, attended by plant employees, aimed at **raising their awareness of the needs of the LGBTIQ+ community** at work and of **company practices** to create a more welcoming environment. In 2024 the certification will also be extended to our Italian plants.

4.1.2 Safety and well-being

(GRI 3-3:2021; 401-2:2016; 403-1 to 403-7: 2018; 403-9:2018)

Putting people at the center also means protecting and promoting their **physical and mental well-being**. At Aquafil, we do this in several ways: we ensure the **stability** of employment relationships by favoring **permanent contracts**, which provide employees with a long-term perspective; we offer generous **welfare plans**; we analyze the company climate with **corporate surveys**; we protect **health and safety** through policies and procedures for the minimization of risks in the workplace.

The effectiveness of our actions has meant that in 2023 the Group has not been affected by any **strikes**.

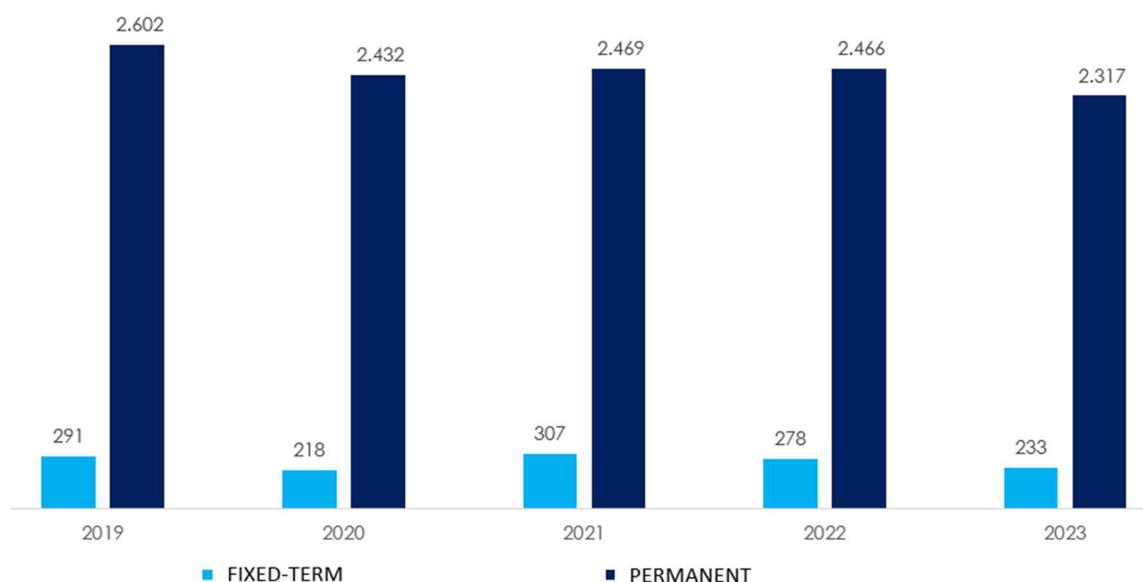
Stable employment contracts and relationships

Having a **stable and secure job** that ensures a **constant income stream** is essential for each of us to feel protected and fulfilled. For this reason, the Aquafil Group prefers to establish **long-term** working relationships with its employees. In 2023, **91% of our contracts were open-ended**, an increase of one percentage point compared to 2022 – see FIGURE 4.5 (and Appendix 6.6.5 for a breakdown by gender and geography). This commitment brings countless benefits, not only to staff but also to the company: it ensures **continuity of work** and the possibility to plan for the long term, and it also **reduces the risks** of high staff turnover and the loss of key personnel, increasing **retention**. The limited number of fixed-term contracts that do exist are due to the need to **cope with temporary and unforeseeable peaks in production**. These contracts are established in full compliance with local regulations.

In 2023 moreover, **96.8% of our contracts were full-time**, a stable percentage compared to 2022 (96.6%). Appendix 6.6.5 shows the division of **full-time and part-time contracts** respectively by gender and geographical area.

The Aquafil Group follows the laws and regulations in force in the countries where it employs staff and in the geographical regions where it carries out its activities. In 2023, **66.9% of employment contracts** were based on **collective agreements**, while the remaining **31.1%** of employees were employed through **individual agreements** (USA and Asian countries).

FIGURE 4.5 – BREAKDOWN OF PERSONNEL BY TYPE OF CONTRACT (2019-2023)



As regards to workers without direct employment contracts, **102 people** worked for the Group in 2023, of whom 63 were performing activities through staff-leasing contracts stipulated through agencies. Almost all of these were working in the production sector. This category was not included in the employee workforce indices presented here. The Group's employees do not include any people working with non-guaranteed hours.

Corporate survey: we measure the temperature

Since 2022, to be sure we are on the right track, we have started listening to our employees' needs and assessing the company climate by means of a **Corporate Survey**. In the first year this survey was limited to Italy, while in 2023 the analysis was extended to our plant in **Celje, Slovenia**. The results of the survey led to the proposal of a **list of actions** to be taken in the near future aimed at **improving the distribution of workloads** and the overall **company climate**. In 2024, the analysis is expected to be extended to Aquafil China.

Welfare and work-life balance plans

In 2023, Aquafil confirmed the application of the **same benefits compensation scheme** adopted in the previous year. This is designed with the aim of attracting, retaining and motivating employees, subdividing benefits into **two main categories**.

The first includes **fixed benefits** such as **social security, insurance, health** and welfare systems. These offer employees and their families non-monetary products and services, allowing them to customize usage to their individual needs. The second includes **variable benefits** that are directly **related to the collective incentive scheme**, which provides for the award of a bonus based on the achievement of annually defined company targets. Once the incentive amount has been determined, employees have the option to decide whether to allocate it to welfare plans or receive it in their pay packet.

In 2023, the new **Global Parental Policy** (issued in 2022) finally came into force, guaranteeing **paid parental leave** to all Group employees, including those in countries that do not have national parental leave laws such as the United States. In our Italian, Slovenian and Croatian factories, on the other hand, the new **agile work agreement** for employees has come into force, with positive effects on the work-life balance.

Also this year, numerous **sharing and social activities** were organized in the Group's plants, such as picnics and company buffets. These get-togethers offer employees the chance to get to know each other better beyond the normal dynamics of work, helping to **strengthen the company identity**, build a strong **spirit of belonging**, and make the working environment more cohesive and supportive.

Health and safety protection

Aquafil systematically monitors and evaluates **injuries and accidents** at work to prevent them from happening again. Every year, we work assiduously to reduce the number and severity of accidents through **new investments in safety**, the adoption of **new technologies**, and specific **training** for workers. Most of the Group's plants have obtained the **voluntary ISO 45001 certification** (occupational health and safety management). The 5 plants that have not yet obtained certification are expected to do so **by 2025** (see section 5.10).

THE 5 PILLARS OF OUR HEALTH AND SAFETY MANAGEMENT SYSTEM

1. A thorough **risk assessment** to **prevent** accidents and provide our employees with adequate **personal protective equipment**.
2. The presence of a **Workers' Health and Safety Committee** in each Group company, which has the task of analyzing accidents, periodically evaluating the effectiveness of control measures, and promoting the dissemination of best practices among the Group's plants.
3. **Continuous training** of our employees aimed at promoting a **culture of safety** and reducing accidents caused by the **human factor**, the most common cause of accidents in our plants – in 2023 we provided over **13 thousand hours of safety training** (6% more than in 2022).
4. **A company procedure for reporting accidents**, through a digital platform that promotes the communication and sharing of good practice in terms of safety.
5. The presence of a **company doctor** and health surveillance activities.

Thanks to our efforts, **no deaths or serious injuries in the workplace were recorded** in 2023. Accidents and related days lost decreased compared to 2022, also as a result of a reduction in hours worked (see TABLE 4.4). The frequency index therefore remained almost constant over time, while the **severity index** decreased considerably – a positive finding, since it suggests a lower severity of accidents. A serious injury, in fact, can have a significant impact on a worker's health.

TABLE 4.4 – ACCIDENTS AND WORK DAYS OF ABSENCE WITH RELATED FREQUENCY, SEVERITY AND RISK INDICES (2019-2023)

	2019	2020	2021	2022	2023
Hours worked	5,330,989	4,518,124	5,074,818	5,053,160	4,690,040
Accidents > 3 days	15	21	36	31	28
<i>Of which serious accidents</i>	0	1	0	2	0
Days Lost	971	645	1,434	1,256	726
Frequency index ¹⁹	2.81	4.65	7.09	6.13	5.97
<i>FI serious injuries</i>	0	0.22	0	0.40	0
Severity index ²⁰	0.18	0.14	0.28	0.25	0.15
Risk index ²¹	0.51	0.66	2.00	1.52	0.92

¹⁹ The frequency index correlates the number of accidents to the degree of risk exposure (it is calculated by dividing the number of accidents resulting in an absence of more than 3 days multiplied by 1,000,000, in relation to the hours worked).

²⁰ The severity index relates the severity of the accident and the degree of risk exposure (it is calculated by dividing the number of days lost over 3 days multiplied by 1,000, in relation to the hours worked).

²¹ The risk index correlates the frequency and gravity indices.

4.1.3 Personal and professional growth

(GRI 3-3:2021; 403-5:2018; 404-1:2016)

We believe in the continuous training of our employees, with the aim of satisfying their desire for growth and equipping them with the skills to do their work as well as possible.

In 2023, we delivered almost **45 thousand hours of training** (+35% compared to 2022) involving **all company roles**. The courses focused on **five thematic areas**: technical, human rights and anti-corruption systems, health and safety, languages, environment – see TABLE 4.5. In particular, this year investment in training on **environmental issues** has soared, with a **981% increase** in training hours delivered. Appendix 6.6.5 shows the breakdown of training hours according to gender and company role.

10x HOURS OF TRAINING IN THE ENVIRONMENTAL FIELD VS 2022

TABLE 4.5 – TRAINING HOURS BROKEN DOWN BY AREAS (2019-2023)

	2019	2020	2021	2022	2023
Technical	21,041	5,421	15,794	17,622	25,219
Human rights and anti-corruption	326	230	60	48	56
Safety	10,573	5,608	8,694	12,311	13,015
Languages	5,643	2,695	2,610	2,931	2,457
Environmental	348	226	125	391	4,228
Total	37,931	14,180	27,283	33,303	44,975

Over the past two years we have worked hard to **structure key HR processes to attract and develop talent**. One of the most important milestones achieved by the Group in 2023 was the **completion of the first phase of its Talent Management project**. Added to this is the consolidation of the **Onboarding** process and the **Do Ut Des program**, and the creation of the so-called "**Communities of Practice**". All of our talent initiatives are detailed below.

HR Process	Searching for and hiring new talent	Onboarding	Performance evaluation	Talent development and retention	Continuous training	Sharing best practices
Aquafil initiatives	Collaborations with universities	Onboarding and Mentoring Process	<i>Do ut Des</i>	Talent Management Project	Aquapedia	<i>Community of Practice</i>

Collaborations with universities: research and recruitment of new talent

The link between academia and business is very valuable. For years, Aquafil **has been collaborating with local universities and institutes to attract new talent, inform new generations** about ESG issues, and

promote research in the field of sustainability.

Every year we organize **numerous meetings with students**, including visits to our factories and presentations at local universities and schools. In addition, we take part in **networking events** and **careers days**, such as **the Industrial Engineering Day** of the Department of Industrial Engineering of the **University of Trento**, which was an excellent opportunity to meet about **400 young talents** interested in learning about our world and the career opportunities we offer.

Our collaboration with the University of Trento also extends to the field of **research**, through the sponsorship of doctoral scholarships. In the past year, for example, we have launched a co-funding initiative for a PhD course in collaboration with the physics department, focusing **on an analysis of the chemical recycling of polymers from polycondensation**.

Onboarding and mentoring for integration into the company

To welcome new hires into the company it is essential to encourage their **integration** from day one. Already last year we had started reorganizing the **onboarding procedure**, structuring some processes and providing new hires with the necessary tools to succeed in the initial phase of their jobs through our **Aquapedia e-learning platform**. This year we have added another piece to the jigsaw with the implementation of our **mentoring program**. The goal is to support new employees, called *mentees*, by assigning colleagues with more experience - *mentors* - to work alongside them and facilitate their integration.

The new onboarding procedure is therefore structured in three phases: "**pre-recruitment**", "**first day**" and "**subsequent days**". In the first two, new employees are welcomed by the HR department, their *mentor*, and their supervisor. In the following days they are then introduced to their new role and the mentoring relationship begins. During the first three months, *mentees* have the opportunity to arrange meetings with their *mentors* to familiarize **themselves with the** company culture, **meet colleagues** and **ask for support** if needed. For the launch of the project, **support material** has been developed for both parties to ensure that the coaching program is as effective as possible.

"Do ut Des" project for the assessment of skills

Launched in 2021, the "**Do ut Des**" project has laid the foundations for a **culture of continuous feedback** and **mutual support**. Firstly, through several workshops involving global and local leadership, Aquafil has developed a **framework** that identifies and describes the key **soft skills** needed to succeed in each role and at each professional level. The company then established a **feedback process between manager and employee** which uses this framework as a guide for **performance evaluation**. As well as triggering a virtuous circle of exchange and continuous improvement, this initiative has enabled us to **map the soft skills** existing in the Group. Based on the gaps identified, we have delivered personalized **training courses** by company role, for example on topics such as communication and leadership.

"Talent Management" for the identification and development of talent

Data collected from "Do ut Des" has been fundamental for the design and launch of a new **Talent Management project** in the HR field, aimed at **identifying, enhancing and retaining talent** within the Group.

The Talent Management project in three phases

- 1) **WHAT IS TALENT:** Firstly, we outlined an **identikit of talent** both locally and globally, identifying the **specific qualities** that characterize it in terms of skills, values, and attitudes.
- 2) **HOW TO RECOGNIZE IT:** We then activated an Aquafil employee potential **assessment process**, providing those carrying out the evaluations with **assessment questionnaires** and **ad-hoc training** to ensure a consistent approach across the Group. The analysis was already completed in 2023; starting in 2024 we will analyze the results, identifying people who fit the Talent profile at global and local level.
- 3) **HOW TO ENHANCE IT:** We will implement **different types** of initiatives, including **training**, coaching, **networking** events, the definition of **career plans**, role and job rotations, and the review of pay packages.

“Aquapedia”: a platform to support continuous training

Aquafil believes that **continuous learning** is fundamental to the development of individuals and the company itself, allowing both to keep pace with an ever-changing world. For this reason, in recent years we have invested in “**Aquapedia**”, an online platform that provides access to a huge number of resources and knowledge. “Aquapedia Digital” offers a complete catalog of **technical courses**, soft skills **training** programs, **articles** and **videos** which are accessible to all employees. “Aquapedia Experiential Learning”, on the other hand, includes sessions that can be used **also face to face**. In 2023 we launched **two new learning pathways** – in the digital and sustainability fields – designed with engaging training principles.

Community of Practice and knowledge sharing

The “**Community of Practice**” initiative was introduced in 2022 with the aim of maximizing **collaboration and synergies between employees and Group companies**. The project aims to create a professional and social environment in which people have the opportunity to **interact with colleagues** from other locations to **share information** and best practices regarding **specific topics**, in order to achieve company objectives more quickly. Given the positive results of the first area addressed, “**Colors and Additives**”, the initiative was extended with the creation of “**Community of Practice – Digitalization**”, which aims to share practices and knowledge relating to digitization issues.

4.2 OUR VALUE CHAIN

(GRI 2-6:2021; 3-3:2021; 308-1:2016; 414-1:2016)

We are committed to building resilient, ethical and sustainable supply chains through dialogue and collaboration with upstream and downstream players.

Large-scale change is only possible if it is shared. This is why we are partnering with companies that share our **values** and mission, promoting **ever-higher standards** throughout the value chain.

SUPPLIERS

Upstream of the supply chain are **suppliers of raw materials, machinery/systems and services**, including all companies involved in the recovery of **waste materials** to be regenerated through the ECONYL® system. Aquafil's suppliers constitute a **global network** that is fundamental in guaranteeing the Group's production activities and the implementation of the sustainability plan. For this, we continue to improve the **engagement and monitoring process** of our partners – see section 4.2.1.

CLIENTS

Downstream in the supply chain we have **B2B** business relationships at international level: our **customers** are companies that make **final products** in the **textile flooring and clothing sectors**, or that use our polymers. Sales activities are managed directly by the Group or through single or multi-mandatory agents. With these players too, Aquafil has for many years been carrying out projects that aim to **transform circular supply chains into reality**, through initiatives to recover production waste or end-of-life products – see section 4.2.2.

HUMAN RIGHTS

Ensuring **respect for human rights** upstream and downstream of the value chain is a priority for our Group. To strengthen controls, raise awareness among internal and external stakeholders, and to align with the highest **international standards**, we have introduced a **Human Rights Policy** – see section 4.2.3.

4.2.1 Ethical supply chains and supplier due diligence (GRI 3-3:2021; 308-1:2016; 408-1:2016; 409-1:2016; 414-1:2016)

We continue to improve our supplier engagement and monitoring procedures to spread social and environmental responsibility throughout the value chain.

In 2023, we drafted a **Green Procurement Policy** with the aim of **promoting accountability in the purchase of products, materials and services** that protect the environment and health, and building a **resilient, sustainable and ethical supply chain over time**. The company also has a supplier **engagement procedure** that it has perfected over the years.

The **responsibility for supply chain operations** (including purchasing and logistics) and its **monitoring** is held by the **Presidents** of the three product areas, each regarding their own area of competence, who report directly to the **CEO**. One of these, the BCF world President Stefano Loro, is also a **member of the Board of Directors**.

Supplier Engagement Procedure

The procedure involves:

- **The signing of our Code of Conduct by all suppliers** and their commitment to adhere to the **principles of social responsibility** defined in international standard SA 8000 for suppliers of companies which have this certification. Any violation of the Code may result in termination of the contract.
- **The completion of a self-assessment questionnaire** that helps us analyze supplier performance in five areas: **quality management, health and safety, energy performance, environmental performance and social responsibility**. Based on this information a score is assigned which, if it is lower than a minimum threshold established by Aquafil, **excludes the new supplier** from the possibility of engagement.
- **Preparation of an internal report** that highlights the number of certifications held by each individual supplier and the score obtained in the self-assessment questionnaire.
- **Periodic internal audits** to verify the effectiveness of our procurement procedures and to continuously improve ourselves.

ECONYL® QUALIFIED

Since 2015, some suppliers in the ECONYL® supply chain have been subject to an additional evaluation protocol. The **ECONYL® Qualified Guidelines for Partners** establish **quantitative and qualitative standards** on the use of raw materials and energy resources, as well as on the **environmental management** of the production process.

We verify compliance with these criteria through **third-party audits** and then issue a certificate that is valid for two years. Adherence to the scheme is currently **voluntary**, but Aquafil has worked hard to extend its scope. To date, it involves suppliers from **5 different sectors**: paper tube production, logistics and distribution services, yarn finishing, recovery of fishing nets, pre- and post-consumer nylon waste. In the future, all companies wishing to provide goods and services within the ECONYL® production chain may be required to join.

A new due diligence process

In the past year we have embarked on a **new pathway** to create an even more detailed and comprehensive supplier screening and due diligence approach, ahead of the entry into force of the **Corporate Sustainability Due Diligence Directive**.

Presented by the European Commission and approved by the EU Parliament in 2023, the new legislation obliges companies to carry out environmental and human rights **due diligence** along the entire supply chain inside and outside Europe.

Although its entry into force is scheduled for 2026, Aquafil has already started working on the structuring of a **verification model of integrity, reputation, ethical conduct, and environmental, social and governance impact**, which will be extended to the entire Group.

The first step taken in the past year was to conduct a semi-automated **“pilot” screening** among **500 suppliers**, based on public information and aimed at analyzing their **reputational, fraud and ESG** risks.

In the two-year period 2024-2025 we will extend the process to **all** suppliers and will publish a **policy** that defines **roles, responsibilities and procedures** for carrying out audits and managing results. Starting in 2026, we will introduce an additional level of control based **on the direct acquisition of data and information from the supplier** through structured questionnaires and document collection and analysis.

All these initiatives will lead us to **reach the target** for the value chain envisaged in our ESG strategy: *“Monitoring, through audits and/or due diligence, our main suppliers along the supply chain also in line with the*

European Supply Chain Act (Corporate Sustainability Due Diligence Directive)" in 2026.

4.2.2 Our customers: partnerships for the eco-design of the products of the future

(GRI 2-6: 2021; 417-1:2016)

We are looking for customers who share our commitment to the environment and who want to become an active part of our circular supply chain.

Our customers are first and foremost business partners with whom we share long-term sustainable goals. We have different ways of collaborating with them: **co-design of circular** and innovative products, **creation of new** nylon waste material **recovery chains**, or **awareness-raising activities** on environmental sustainability issues.

To ensure that these activities are carried out in accordance with the principles of fairness, clarity, professionalism and transparency, we have an **internal procedure** for the **reputational assessment of customers** which defines the operating methods, roles and responsibilities of the parties involved. The assessments are carried out using reputational investigations by specialist companies or relying on the opinion of Insurance Companies that grant any insurance cover. In particular, the elements evaluated concern: situations of Counterterrorism and Embargo and the existence of reputational problems at a global and local level.

Take Back!

Among the various initiatives launched over the years it is worth mentioning the **Take Back programs**, which involve our customers in the clothing (NTF, Nylon Textile Filaments) and carpet (BCF, Bulk Continuous Filaments) sectors in recovering ECONYL® pre- and post-consumer nylon waste. We have set **ambitious goals** for the program with BCF customers. To date several partners have joined, including well-known international brands, which correspond to 36% of volumes in the EMEA area. Our goal is to bring this percentage in the EMEA region to 60% by 2025.

Born R2R: we design the carpet of the future

Creating a product with an eco-design perspective means trying to minimize its **environmental impact** from the design phase – for example, making it completely **recyclable or regenerable** at the end of its life.

In 2022 we launched a program – *Born Regenerated to be Regenerable (Born R2R)* – that **involves our customers** in designing the carpets of the future together: completely **disassemblable** and made with materials that are compatible with our ECONYL® regeneration system, so that they are **regenerated and reused** at the end of their life cycle.

All products created within the Born R2R program are marked with a specific **logo**, making them easily recognizable and identifiable along the supply chain. We have also developed **strict guidelines on advertising** related to these products; these are based on the international standard ISO 14021, to ensure transparency and avoid the risk of greenwashing.

For this initiative we have set ourselves an **ambitious goal**: to actively collaborate with 50% of selected carpet and rug manufacturers in designing and subsequently manufacturing carpets designed to be recovered and regenerated at the end of their life by 2025. In just one year, more than half of the target has signed the agreement and committed to the initiative.

Among these is **New Weave**, a company that leverages a 3D weaving technique to make completely circular products. The first collection of carpets launched on the market is made of **100% ECONYL® nylon**. It is produced by eliminating all aspects that would traditionally have had an impact on the regeneration of a carpet at the end of its life, such as the mixing of materials and the use of layers of glue. New Weave also offers a post-consumer **take back service**, ensuring that their end-of-life carpets will not be destined for landfill or incineration but can be regenerated and become a resource for future products.

A team against greenwashing

Starting in 2018, we have established an in-house team dedicated to the prevention and monitoring of potential cases of **greenwashing**. This supports **our customers** in **advertising** ECONYL® nylon-based products, to prevent misleading **information from being transmitted** to end consumers. The team also checks websites, social networks and news on a daily basis in order to intercept any advertising errors by a brand.

4.2.3 Respect for human rights: our new policy

(GRI 2-23:2021; 2-24:2021; 3-3:2021; 406-1:2016; 408-1:2016; 409-1:2016; 414-1:2016)

We are constantly engaged in identifying, evaluating, preventing and mitigating the risks of human rights violations.

2023 saw an important change in the field of human rights protection. To **strengthen the safeguards and tools** available to our internal and external stakeholders, we have introduced a **Human Rights Policy**. The publication of this policy is intended to be an opportunity to raise awareness among employees, customers, suppliers, investors and shareholders, and to implement a **monitoring activity** to verify compliance with human rights in all Aquafil processes and activities.

The policy is inspired by the principles of social responsibility expressed by the UN **Universal Declaration of Human Rights**, the Fundamental Conventions of the **ILO** (the international body responsible for the adoption and implementation of international labor standards) and the Guidelines of the **OECD**.

FUNDAMENTAL PRINCIPLES

1. Freedom of association and protection of the right to organize
2. Equal pay
3. Elimination of discrimination in employment and occupation
4. Abolition of child labor
5. Improvement of occupational health and safety
6. Abolition of forced labor and any form of corporal punishment or disciplinary practices
7. Commitment against harassment and mobbing practices in the workplace
8. Rights of local communities
9. Anti-corruption policy
10. Privacy Policy

Managing risks of human rights violations

In addition to its specific policy on the subject, the Group has developed a set of initiatives and procedures to monitor the transactions that are most exposed to potential violations.

- recruitment and evaluation protocols for the selection and management of personnel
- staff training and information activities
- analysis of the risks related to individual processes
- due diligence for the selection and management of suppliers (see section 4.2.1)
- collaborations with NGOs dedicated to the protection of local communities
- periodic internal audit activities

In addition, Aquafil provides a **whistleblowing tool** to collect potential reports - from all stakeholders - regarding human rights violations. Anonymity and non-retaliation are always guaranteed.

Most of the Group's plants also have **Social Responsibility SA 8000 certification** (see section 5.10), which represents a third-party guarantee of our compliance with **eight social responsibility criteria**.

In 2023, no Group companies were sanctioned for violations of laws and/or principles and regulations relating to human rights.

4.3 SUPPORT FOR LOCAL COMMUNITIES

(GRI 3-3:2021; 413-1:2016)

We make a difference in the communities in which we operate through volunteering, donations, support to NGOs, and training activities.

Corporate volunteering

For the first time, in 2023, we made about **500 hours of volunteering** available to our workers. The aim is to encourage people's participation in the life of the **local community** and to support the third sector. This new pilot project involved **16 employees** at the Arco headquarters, who since May have dedicated some of their working hours to supporting the activities of **organizations in the area**: Casa Mia in Riva del Garda, a **socio-educational center for children**, and the Arco Community Foundation, a center for **health care for the elderly**. The concept of corporate volunteering was born in the USA in the 1990s, and is slowly spreading to Italy as well. Aquafil's initiative was the **first of its kind** in the Trentino Alto Adige region.

500 Hours of company volunteering



Opportunities for the new generations

Through **donations, scholarships** and the organization of **training activities**, we support the personal and professional growth of young people in our local communities. In 2023 we held **26 meetings with students**, including **visits by schools** in the area to our factories and presentations at local institutes and universities. During these meetings we show students how we produce our ECONYL® nylon, and talk to them about sustainability and circularity.

We have renewed for the second year the **project of 5 scholarships to support the growth of new talent for the most deserving students of the ITET Floriani Technical Institute in Riva del Garda (TN)**, while we continue to support local **cultural and sports clubs by sponsoring** volleyball, skiing, football, hockey and athletics teams.

In the **United States** we have stepped up our support to **Cartersville High School** to strengthen its infrastructure. Thanks to a **donation of \$20,000**, we have made a green room available to students for filming and producing video content. Already in the past we had financed the creation of a STEM Laboratory in the local primary school.

Our **collaborations with prestigious universities** in the US and Europe also continue. Students at [Georgetown University](#) are offered a **internship** at our headquarters at Arco. We have renewed our partnership with the [Parson School of Design](#) in New York, which gives students of the MFA Textiles course the opportunity to create **innovative products in ECONYL® nylon**. Following the success of this format, we have re-proposed a collaboration with the [University of Art & Design Burg Giebichenstein Halle](#) in Germany, for the academic year 2022/2023. Students were tasked with creating new products that combine the soft elements of ECONYL® yarn with the rigid elements of 3D printed ECONYL® filaments. The project was received with great enthusiasm by the participants.

Aquafil has also partnered with the **Slovenian Chemical Society**, donating €7,000 to fund a competition in sustainable chemistry. We **awarded the best** three-year, master's and doctoral theses, also based on their potential for application in the industrial field.

Support for the most vulnerable

Making a difference in the communities in which we operate also means committing to the most vulnerable people or groups, promoting support and **social inclusion**.

In the past year we have strengthened our commitment against **violence against women**, collaborating with the **Alba Chiara Association**. **Aquafil China** also continues to support the charity "**Caring for Women**",

with annual donations of ¥200,000 (approximately €25,500) to support women with **breast cancer**. The same theme is also dear to AquafilCRO, which has organized a "**Pink Week**" dedicated to awareness and prevention, with donations to the Europa Donna Krapina Association.

In the **USA** we have continued our partnerships with **three local organizations** – *Rescued not Arrested* (Phoenix), *Salvation Army* (Anaheim), and *Foothills Correctional Facility* (Morganton) – to give **inmates** and people recovering from **substance or alcohol abuse a second chance**. Through these programs, we provide skills that help the **socio-occupational reintegration** of these people and make a positive contribution to the community. In 2023, the Aquafil Carpet Collection (Anaheim) hired **5 employees** through this initiative, up from 16 in 2022. At Aquafil O'Mara, about **7% of the workforce** comes from these types of programs.

In **Slovenia**, we support the multigenerational center of the humanitarian association "**FYLMF**" (Friends of Youth Ljubljana Moste Polje), which offers programs, tutoring and workshops for children, adolescents and the elderly, to **combat poverty and social exclusion**.

Finally, we have given aid to the populations affected by the devastating **earthquake** in **Turkey and Syria**, through donations from AquafilCRO.

Alba Chiara and Eutropia festival: combating gender violence

Sadly, **gender violence** featured strongly in the news in 2023 – to the point that the Treccani encyclopedia chose "**femicide**" as its word of the year.

There is an urgent and necessary duty to break this chain of oppression and abuse, and Aquafil is committed to doing its part.

Since 2022 we have supported **Alba Chiara APS**, an NGO operating in the community of Alto Garda, with projects for **education, awareness-raising, and assistance on the ground**. Our Group has a deep bond with the association, which goes far beyond sharing its mission and values. Alba Chiara Baroni, the girl from whom the organization takes its name, was the daughter of Massimo, a long-time employee of ours. At the age of 22 she was **killed by her boyfriend** with four gunshots – a tragedy that led the family to found an association that raises awareness to prevent stories of this kind from happening again.

One of the most important initiatives we supported in 2023, through our Benefit Society *Bluloop*, is the second edition of **Eutropia**, a **cultural event** that reflects on our patriarchal cultural heritage and combats the mentality of rape. The three main events sent out an incisive message and were able to involve a heterogeneous audience in terms of age, education, interest, sex and social class.

1. I'm not sexist, but that's the way it's always been done. Sexism in educational language and stereotypes

About 380 students and 25 teachers from Istituto Floriani and Liceo Andrea Maffei received **free training** aimed at **overcoming gender stereotypes**, together with Lorenzo Gasparrini (author, essayist, trainer) and Alessia Dulbecco (educationalist, counselor, trainer). The two experts created a **constructive and engaging debate**, also thanks to the anonymous **gathering of questions** from the students.

2. Shakespeare's Othello

Everyone has heard of the jealous Othello, but few can say that they really know his history and the reasons that led him to **kill his beloved Desdemona**.

Davide Lorenzo Palla – modern storyteller – brought to the stage a portrayal not so much of victims, but of people who have acted with violence, with all his **doubts, torments and reflections**, to **instill questions** into the participating audience and help them understand where femicide comes from.

3. **Carlotta Vagnoli presented the book “Poverine. Come non si racconta il femminicidio” (Poor things. How not to tell the story of femicide).**

Information channels often create **deforming narratives** that blame the victim and reduce the responsibility of the perpetrator, not recognizing femicide as a **systemic problem** that results from a patriarchal culture. Calling things by their real name is essential to achieving a real **collective cultural change** – this is the fundamental message that more than 140 participants took away from a **talk by Carlotta Vagnoli** (survivor, disseminator, author), given by coincidence on one of the darkest days in the Italian news in terms of gender violence: November 18, the date that the body of Giulia Cecchettin was found, killed by her ex-boyfriend Filippo Turetta.



5. GOVERNANCE

5.1 Sustainability governance

(GRI 2-9:2021; 2-12:2021; 2-13:2021; 2-23:2021; 2-24:2021)

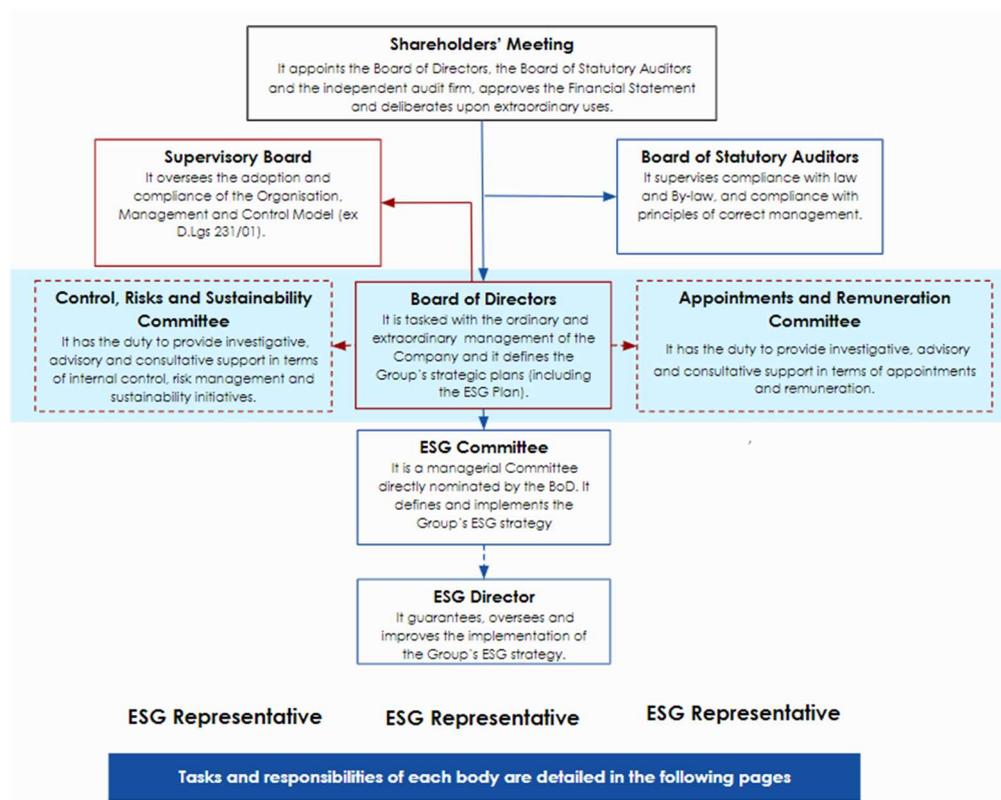
Sustainability is a priority at every level of Aquafil's governance, from top to bottom.

The company adopts the traditional system of administration and control, in which the **Board of Directors** guides the company's management while the control functions are attributed to the **Board of Statutory Auditors**. From 2023, the positions of **CEO and President of the Board** are held by **two different people**. The CEO remains Giulio Bonazzi, while the chair is entrusted to Chiara Mio, an expert in sustainability.

Our new ESG Policy

On August 31, 2023, the Board of Directors approved a new **ESG Policy** which provides a clear attribution of responsibility across the organization and promotes the integration of ESG factors within business units. The policy introduces a new body, the **ESG Committee**, which defines and implements the Group's sustainability strategy. The top management of the Group and two members of the Board of Directors belong to it. The Committee is supported by an **ESG Director**, who in turn dialogues with various **ESG Representatives**.

FIGURE 5.1 – AQUAFIL 'S MAIN GOVERNING BODIES



5.2 The main governing bodies

(GRI 2-9 to 2-18:2021; 2-20:2021 405-1:2016)

Shareholders' Meeting

The Shareholders' Meeting is the collective body that expresses the **will of the shareholders**. It deliberates – in ordinary and extraordinary session – on matters indicated by the Law and the Articles of Association, including **the approval of the financial statements**, the **appointment of the Board of Directors**, the Board of Statutory Auditors and the independent auditor, and the **remuneration** of directors and statutory auditors.

→ [See the rules of procedure of the Shareholders' Meeting](#)

Board of Directors

Exercises at **senior level** the activity of direction, coordination, monitoring and verification of the Group's strategy and governance. It currently comprises **9 members**, of which 33% **executives** and **44% independents** (pursuant to art. 147-ter, paragraph 4 of the TUF and art. 3 of the Self-Regulatory Code). In 2021, Aquafil subscribed to the new **"Corporate Governance Code"** of the Italian Stock Exchange, which identifies **"sustainable success"** as the general objective of the Board's activities. These consist of **creating** long-term value for the benefit of shareholders and other stakeholders relevant to the company.

The Board of Directors may appoint one or more managing directors, attributing to one of them the title of Chief Executive Officer (CEO). In the past, by virtue of the company's history, the **offices of President of the Board and CEO** were held by the same person. In 2023, with the appointment of the current Board of Directors, Aquafil decided to **align itself with international best practices by separating these positions**, appointing Chiara Mio in the (non-executive) role of Chair, and Giulio Bonazzi in that of CEO.

The Board of Directors supervises the company's sustainability strategy through the **Control, Risk and Sustainability Committee** (internal board) and the ESG Committee (operational). It is also supported by a **Appointments and Remuneration Committee**, which monitors the criteria for appointments and remuneration within the company.

→ [See Board of Directors Regulations](#)

FIGURE 5.2 – COMPOSITION OF THE AQUAFIL BOARD OF DIRECTORS²²

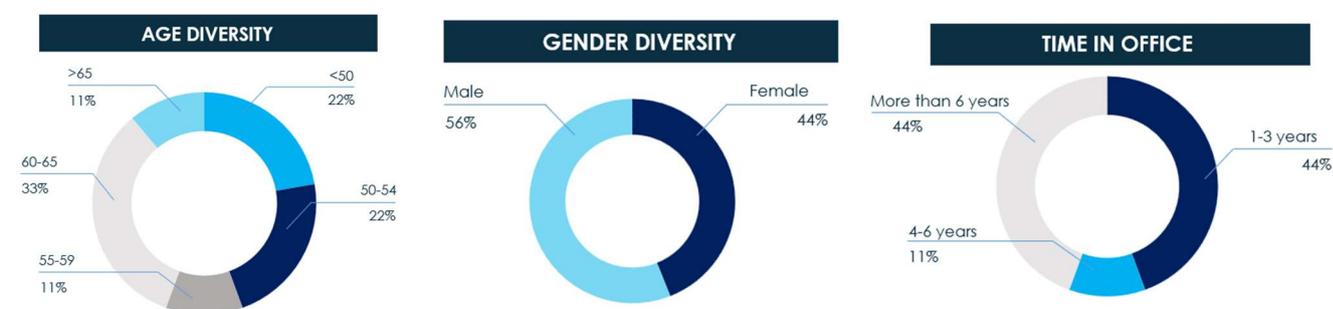
Shown in the table are the members' age group and ESG skills acquired in the exercise of their corporate responsibilities.

Name	Position	Age	ESG Skills
Chiara Mio	Chair (I)	>50	E, S, G
Giulio Bonazzi	CEO	>50	E, S, G
Stefano Giovanni Loro	Director	>50	E, G
Franco Rossi	Director	>50	E, G

²² The current Board of Directors will remain in office until the approval of the financial statements which will close on 31/12/2025.

Silvana Bonazzi	Director	30-50	G
Francesco Bonazzi	Director	<30	G
Francesco Profumo	Director (I)	>50	S, G
Patrizia Riva	Director (I)	>50	G
Ilaria Maria Dalla Riva	Director (I)	>50	S

→ [See the bios of the members](#)



BoD Committees

Control, Risk and Sustainability Committee

This **internal board committee** comprises **three independent directors** (see Appendix 6.6.6), of which at least one member has expertise in accounting and financial matters or risk management. The Committee has the task of assisting the Board in a series of activities relating to the approval of periodic financial and non-financial reports, risk management, the verification of the internal control system, the evaluation of the results of such verifications and support for decisions taken by the Board in these matters. Specifically, the Committee assists the Board in defining the internal control guidelines, verifying the adequacy and effectiveness of the same in line with the company's strategies and the risk profile assumed, also expressing an opinion on the appointment of the head of the internal audit function.

In the ESG field, it deals with:

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

Finally, the Committee is also assigned the functions of a Committee for Transactions with **Related Parties**, which is required to provide informed opinions to the Board of Directors regarding transactions that involve the transfer of resources, services or obligations with related parties, in order to prevent, regulate and mitigate any potential conflicts of interest that may emerge.

→ [See CR&S Committee Regulations](#)

Appointments and Remuneration Committee

Internal Board Committee composed of **three independent directors** (see Appendix 6.6.6), of which at least one member has the appropriate experience in financial matters and remuneration policies. It has the task of assisting the Board of Directors with investigative functions in terms of proposing roles, positions and related remuneration. The Committee presents proposals for the setting of performance objectives related to the variable component and subsequently verifies their actual achievement. The President of the Committee reports periodically to the Board of Directors on the activity carried out by the Committee itself.

→ [See N&R Committee Regulation](#)

Board of Statutory Auditors

The Board of Statutory Auditors is composed of 3 members and 2 alternates (see Appendix 6.6.6). It monitors compliance **with the law and the Articles of Association**, and has:

- **management control** functions, having to verify compliance with the principles of good administration, the appropriateness of the company's organizational structure, the actual methods used to implement the Code and the adequacy of provisions issued to subsidiaries regarding obligations for communication to the privileged information market.
- the committee's functions regarding **internal control** and **auditing**, having to: supervise the financial reporting process, the internal control, internal audit and risk management systems, the statutory audit and the independence of the statutory audit firm; to inform the administrative body of the outcome of the statutory audit; and to be responsible for the statutory auditor selection procedure.

Supervisory Body

The SB has the task of monitoring compliance with and updating the Organization, **Management and Control Model pursuant to Legislative Decree 231/01**. It has full and free access to company documentation, and can avail itself of the support of all the company's structures or external consultants. It is also responsible for the protection of human rights in all operational activities of the Group. See Appendix 6.6.6 for its composition.

→ [See Model 231](#)

ESG Committee

The ESG Committee is **appointed by the Board of Directors** and comprises both executive and non-executive members with expertise in environmental, social and governance matters. The Committee, in line with the **ESG Policy**, defines and implements the Group's **sustainability strategy**. In particular:

- it supports the Board of Directors in the **assessment of** environmental, economic and social **impacts** and in the identification of the risks associated with these.
- it defines an **ESG guideline**, defining timings and priorities, in order to integrate sustainability into all business processes.
- it monitors the **achievement of ESG objectives** and proposes corrective actions in the event of deviation.
- it monitors the evolution of **ESG legislation** and decides on the implementation of Group rules and regulations.

It consists of **12 permanent members** who include the **CEO, two executive directors**, and the entire **first**

line of management.

- CEO
- Director and President of BCF MONDO
- Director and President of BCF USA
- NTF President
- President of Polymers & Engineering Plastics
- Chief Technical Officer of ECONYL®
- Chief Financial Officer
- Chief Communication Officer
- ESG Director
- Head of Circular Economy & Sustainability
- Group HR manager
- Legal Counsel

ESG Director

Reports to the ESG Committee and is responsible for ensuring, supervising and improving the **implementation of ESG policy** within the organization, collecting reports and information provided by ESG Representatives.

ESG Representative

Each Group company has appointed three representatives (one for E, one for S, one for G). These report to the ESG Director and the ESG Committee and are responsible for the assessment and **monitoring of risks** and **opportunities** within the scope (functional and geographical) of their competence.

5.3 A new remuneration and incentives policy

(GRI 2-18:2021; 2-19:2021; 2-20:2021; 2-23:2021; 2-24:2021)

We have introduced a long-term incentives system and integrated ESG parameters into the remuneration plans of top management.

The objective of our remuneration policies is to **attract, retain and motivate** our people, aligning their interests with those of the company (and the planet), and promoting the **creation of sustainable value** in the medium and long term.

On 16 March 2023, the Board of Directors approved a new **Report on Remuneration Policy and Payments**, which introduces **important innovations** taking into account the best market practices. We have reviewed and strengthened the short-term incentive system and prepared a monetary **Long-Term Incentive for the first time**. We have also introduced **new sustainability targets** in both short-term and long-term remuneration, and have improved **disclosure**.

The remuneration and incentive system are promoted and approved by the **Appointments and Remuneration Committee**, the **Board of Directors** and the **Shareholders' Meeting**.

TABLE 5.1 details the parameters, implementation conditions and values for each remuneration element (fixed and variable).

TABLE 5.1 – AQUAFIL REMUNERATION AND INCENTIVE SYSTEM

Remuneration element	Implementation conditions	Values	ESG Parameters
FIXED SALARY	Salary level defined on the basis of positioning in comparison with the relevant market	The fixed remuneration for the Chief Executive Officer (CEO) is € 1,250,000	NA
SHORT-TERM VARIABLE (STI)	<p>KPIs:</p> <ul style="list-style-type: none"> • EBITDA (weight 55%) • NFP/EBITDA (weight 20%) • ESG (weight 25%) <p>Cap: there is a maximum ceiling on the payout payable of 125% of the target incentive claw-back clause</p>	<p>CEO:</p> <ul style="list-style-type: none"> • Target: 22% of Fixed Salary <p>Executive Directors:</p> <ul style="list-style-type: none"> • Target: 50% of Fixed Salary <p>DRS:</p> <ul style="list-style-type: none"> • Target: range between 40% and 50% of Fixed Salary 	<p>Two sustainability objectives (in line with the Sustainability Plan)</p> <p>(weight 12.5% each)</p> <p>KPIs:</p> <ul style="list-style-type: none"> • proportion of revenues from ECONYL® brand and/or regenerated products in relation to fiber revenues • collection of post-consumer waste in order to create new recycled materials
LONG-TERM VARIABLE (LTI)	<p>Tool: monetary</p> <p>Assignment frequency: annual</p> <p>Performance period: three years</p> <p>KPIs:</p> <ul style="list-style-type: none"> • TSR (weight 30%) • ESG (weight 25%) • EBITDA (weight 25%) • NFP/EBITDA (weight 20%) <p>Deferral: 50% of bonus for 1 year</p> <p>Cap on pay-out payable: 125% of target incentive</p> <p>Claw-back clause</p>	<p>CEO:</p> <ul style="list-style-type: none"> • Target: 22% of Fixed Salary <p>Executive Directors:</p> <ul style="list-style-type: none"> • Target: 50% of Fixed Salary <p>DRS:</p> <ul style="list-style-type: none"> • In the event of participation in the plan, target: 50% of Fixed Salary 	<p>Aquafil's positioning in the ESG risk rating scale by Sustainalytics.</p> <p>The target weighs the degree of improvement obtained by the rating</p>

5.4 Code of Conduct: our moral compass

(GRI 2-23:2021; 2-24:2021; 2-27:2021; 205-3:2016; 206-1:2016; 3-3:2021; 406-1:2016; 408-1:2016; 409-1:2016; 418-1:2016)

We are committed to acting with integrity and transparency, in compliance with all laws. Always.

Aquafil's **Code of Conduct** is our **moral compass**. All our employees, customers and suppliers are required to subscribe to and formally comply with the high standards established by the Code: principles of **diligence, loyalty and transparency**, and the unacceptability of any type of behavior involving forms of exploitation (slavery, forced labor, child labor), corruption, discrimination or violation of workers' human rights.

In 2023 the Code of Conduct was updated, including new provisions relating to **anti-corruption** measures, **protection of the cultural and landscape heritage, tax compliance** and new legislation related to **whistleblowing**; in addition, the Code was integrated into the sections on the protection of human rights following the approval of the new Human Rights policy

The Group undertakes to promote **knowledge of the Code** among recipients, ensuring its **maximum** dissemination and correct interpretation, and encourages its staff to use it as a fully-fledged operational tool to support all professional decisions.

In 2023, no Group companies received fines or other sanctions for violations of the Code of Conduct or related regulations.

Principles of the Code of Conduct

1. Compliance with all laws (incl. anti-money laundering, anti-corruption, antitrust)
2. Protection of human rights
3. Loyalty and fairness in relations with customers, suppliers and institutions
4. Health and Safety
5. Environment
6. Conflict of interest
7. Protection of information
8. Protection of intellectual property
9. Safeguarding the cultural and landscape heritage
10. Use of company properties
11. Accounting and internal control
12. Tax obligations
13. Human resources and employment policies
14. Gifts and presents

Any amendment to the Code of Conduct is the responsibility of the Board of Directors, while the Supervisory Body is responsible for monitoring its operation and compliance in relation to the specific activities of the Group.

5.5 Business Integrity, Anti-Corruption and Tax Compliance Policy

(GRI 2-23:2021; 2-24:2021; 2-25:2021; 2-26:2021; 2-27:2021; 205-3:2016; 206-1:2016; 207-1:2019; 207-2:2019; 207-3:2019; 207-4:2019; 3-3:2021)

Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001

The **Organization, Management and Control Model** is a set of rules, procedures and control activities that Aquafil has adopted to ensure **compliance with laws** and to **avoid crimes** including: corruption, organized crime, money laundering, terrorism or subversion of democracy, market abuse, violation of security regulations, unlawful processing of data.

The Model provides for the drafting of a **Code of Conduct**, the **mapping of company areas at risk**, the **evaluation** of control measures, and a **disciplinary system** to sanction any offenses. The **Supervisory Body**, appointed by the Board of Directors, is responsible for overseeing its operation and updating, and for compliance with the law. The Model was adopted by a resolution of the Board of Directors in 2014 and updated in 2023. It applies to the Italian Group companies that have adopted it, whose employees can also use a **whistleblowing system** to report any wrongdoing.

In the last year, we have carried out a **revision of the Model** based on an **expansion** of the **catalog of Model 231 offences** set out in Italian legislation. In particular, three categories of crimes have been added to the list of offences set out in the *General Part* of the Model: offences against cultural heritage; money laundering of cultural assets and devastation of cultural and landscape assets; offences relating to non-cash means of payment. With regard to these crimes, the *Special Part* of the Model has also been updated, describing the type of crime, the areas at risk and sensitive activities, and the existing safeguards with general principles and specific protocols.

The Model is an **awareness-raising tool** for all company employees and stakeholders to ensure that they behave correctly in the conduct of their activities. For this reason, and in line with the provisions of Legislative Decree no. 231/2001, Aquafil undertakes **periodic training activities** on the subject for employees, and provides **specific information** also to associates and external partners to ensure the adequate dissemination and the general and specific communication of the Model.

To actually put the Model into effect, the Board of Directors is responsible for the implementation of its **operating procedures** with the support of the Supervisory Body. In all circumstances these company provisions constitute an obligation and a duty for all recipients, and their correct adoption is the primary responsibility of each person, starting from the management, function or service representatives.

The commitment and initiatives dedicated to this matter have meant that, again in 2023, no Group company was involved in any fines, sanctions or legal actions for violations or non-compliance with the rules and regulations relating to the aspects governed by Organizational Model.

Anti-Corruption Policy

For the first time, in September 2023, the Aquafil ESG Committee approved a specific **Anti-Corruption Policy** which prohibits any practices of a corrupting nature: **illegitimate favors, collusive behavior, requests** for personal and career **advantages** for oneself or for others. The policy prohibits:

- **procuring, promising and offering objects of value** to any person – including Public Administration officials – to secure an **undue advantage** in the conduct of business
- **paying sums** to obtain or extend contracts, expedite the processing of official documentation, or improperly influence any person

- **accepting gifts or objects of value** in relation to conduct that is contrary to the principles of the Anti-Corruption Policy and the Code of Conduct, and to the law.

Tax compliance

We conduct our tax affairs with **integrity, honesty, transparency and fairness**. All Group companies pay taxes on their profits, their income from work and their consumption in the country in which they operate. Our **Board of Directors defines the tax strategy** of the entire Group, adopting a prudent and rigorous approach and rejecting the use of “**tax planning**” schemes (i.e. the creation of artificial corporate structures with the aim of avoiding tax obligations). Appendix 6.6.7 presents **specific information** on the Group's tax compliance for each tax jurisdiction in which it operates, including pre-tax profits, income taxes paid.

In order to ensure tax compliance, Aquafil has adopted the Group **Transfer pricing policy**, aimed at ensuring the correct financial valuation of intra-group transactions that are carried out transnationally.

5.6 Whistleblowing system

(GRI 2-16:2021; 2-23:2021; 2-24:2021; 2-25:2021; GRI 2-26:2021; 2-27:2021; 205-3:2016; 206-1:2016; 3-3:2021)

All stakeholders of the Group can also anonymously report illegal conduct and violations of the Code of Conduct and/or regulations.

The fairness and good faith of the people we work with are fundamental in maintaining the highest **ethical standards**. In the past year the Group has adopted a new **Whistleblowing System** which introduces some important new features.

We have adopted a **new IT platform** for sending reports of offences, irregularities and non-conformities. This is available **24/7**, not only to **employees** but also to all **stakeholders** of the Group. **Anonymity, confidentiality** and protection against any **retaliation or discrimination** against the whistleblower are always guaranteed.

The platform is currently developed by a third-party provider and managed by an **independent body (i.e., Management Body)**, which guarantees the **confidentiality** of information through **security protocols** and advanced encryption tools. Reports are considered promptly (within 7 days), by **specifically trained personnel**. If the suspected violation falls within the scope of the offences regulated by Legislative Decree 10 March 2023, no. 24 implementing European Directive no. 1937/2019, the Management Body promptly informs a specific Aquafil **Internal Committee** (composed of CFO, Internal Audit, Legal, HR and the internal member of the SB) in order to ascertain its validity. If the report is well-founded, the company will impose **disciplinary sanctions** proportionate to the seriousness of the violation. Once the internal investigation has been completed, the whistleblower is responded to via the platform and in any case no later than 3 months after receipt of the report. On a quarterly basis, a report is sent to the Risk and Sustainability Control Committee as well as to the Supervisory Body, which reports what it has received through the same reporting channel.

Companies of the Aquafil Group that have obtained **Social Responsibility SA 8000 certification (see section 5.10)** have an additional whistleblowing tool available to send reports related to the suspected **violation of human rights**. The reports are collected in an online

portal and considered by the [SA 8000 Committee](#), a technical group that also includes workers' representatives. Below is an **account of the reports** received and considered during 2023, as well as the actions taken – see TABLE 5.2.

TABLE 5.2 – SUMMARY OF REPORTS RELATING TO SOCIAL RESPONSIBILITY ISSUES SA 8000, RECEIVED IN 2023

Reports	Status	Origin	Nature of the report	Investigated	Managed	Any corrective measures /actions
#1	Closed	USA	Right to competition	Yes	Yes	Unfounded report (no evidence provided)
#2	Closed	USA	Health, safety and environment	Yes	Yes	Unfounded report (no evidence provided)
#3	Closed	Italy	Discrimination	Yes	Yes	Report escalated to SAI (Social Accountability International) which considered it unfounded in the absence of objective evidence regarding any illegitimate treatment

5.7 Risk control and management system

(GRI 2-24:2021; 2-25:2021; 2-26:2021; 201-2:2016; 418-1:2016)

We identify, monitor and mitigate the risk factors that threaten our business to make our business future-proof.

Our Group adopts an **Enterprise Risk Assessment (ERA) process** that **maps** and **assesses** the entire spectrum of risks by analyzing their impact and probability, as well as the **safeguards** connected to them. The risk assessment concerned the analysis and magnitude of the impacts related to the external context, business processes and information for decision-making.

The risk analysis **methodology** adopted includes:

- **ESG criteria** in the classification system: for each risk, we assess whether there are implications on environmental, social and governance factors.
- **Environmental and climate risks** (generated and suffered).
- An **integrated approach**, incorporating the results of all risk analyses carried out within the Group

The 2023 ERA also includes non-financial **risks related to Aquafil's material themes**, and allows for timely intervention on the main critical issues identified through dedicated risk mitigation and abatement plans with **actions, responsibilities, timing** and **budget** – see TABLE 5.3.

The risk assessment is carried out by the **Internal Audit** function, which reports directly to the **Board of Directors**.

FIGURE 5.3 – ENTERPRISE RISK ASSESSMENT IN NUMBERS (2023)



TABLE 5.3 – THE MAIN NON-FINANCIAL RISKS ANALYZED AND MANAGED BY THE GROUP

Thematic areas LEGISLATIVE DECREE 254/2016	Aquafil Material Themes	Assessed risks	Safeguards	E,S,G	Reference in the report
Themes relating to staff	Employment policies Health and safety of workers Training of workers Diversity and equal opportunities Non-discrimination	Loss of key personnel and high turnover rate	<ul style="list-style-type: none"> Succession plan for the first lines of the CEO, to be extended to all key personnel Creation of a pool of potential key personnel to draw upon through two initiatives: Do ut Des (skills mapping) and Talent project HR department in every legal entity 	S,G	4.1.3 Personal and professional growth
		Personnel not meeting reputational, ethical, legal requirements	<ul style="list-style-type: none"> Viewing and signing the Code of Conduct when the employee is hired On-boarding Internal communication to help disseminate the Group's ethical standards Whistleblowing channel 	S,G	5.4 Code of Conduct 5.6 Whistleblowing system
		Relations between staff and company climate with a negative influence on the appeal to potential new talent	<ul style="list-style-type: none"> Company climate survey Do ut Des and Talent Projects D&I Policy 	S,G	4.1.1 A fair and inclusive environment
		Lack of knowledge, experience and skills of company personnel regarding work activities	<ul style="list-style-type: none"> HR department in each legal entity that evaluates the hard skills of candidates during recruitment Do ut Des project for the mapping and development of transversal skills within the Group Training program based on the gaps that have emerged, 	S,G	4.1.3 Personal and professional growth

			including courses in communication and leadership		
		Lack of direction given to company personnel, with poor motivation and low confidence in their superiors	<ul style="list-style-type: none"> Top Management, comprising highly qualified people, meets constantly to share and discuss the main emerging issues. Motivational support also through specific short and long-term incentive plans 	S,G	4.1.3 Personal and professional growth 5.3 A new remuneration and incentives policy
		Failure to comply with the rules on worker health and safety as a result of changes in regulations and technical standards	<ul style="list-style-type: none"> Constant monitoring of health and safety regulations, and the evolution of legislation HSE contact person in each legal entity 	S,G	4.1.2 Safety and well-being
Social issues (including human rights)	Social assessment of suppliers Environmental assessment of suppliers Forced labor Child labor	Ineffective or inefficient alliances, joint ventures and other external relations	<ul style="list-style-type: none"> Accurate analysis of possible scenarios relating to potential partnerships in line with the business model The Board of Directors directly supervises M&A activities Contracts always developed by a pool of lawyers 	E,S,G	
		Unlawful conduct and violation of the Group's ethical and environmental requirements	<ul style="list-style-type: none"> Green Procurement Policy and supplier engagement procedure Pilot project with 500 suppliers for reputational verification with extension to the Group planned in the two-year period 2024-2025 Human Rights Policy 	E,S,G	4.2.1 Ethical supply chains and supplier due diligence 4.2.3 Respect for human rights: our new policy
	Customer health and safety Customer privacy Labelling and marketing	Non-compliance with legislation on chemicals and responsibility for the safety of products offered	<ul style="list-style-type: none"> Structured system for monitoring complaints by customers HSE team present in every legal entity ISO 45001 certification for the 4 main plants 	E,S,G	3.2.8 Hazardous chemicals 5.10 Certifications
		Inadequate management of IT resources and data security	<ul style="list-style-type: none"> <i>Vulnerability Assessment</i> and Penetration tests carried out periodically by the IT function. Management of a Security Operation Center (SOC) by a third-party company for the monitoring of suspicious activities 	G	

		Loss of reputation and image due to inappropriate use of the brand	<ul style="list-style-type: none"> Marketing and brand support function for the ECONYL® brand Investor Relations Department and Communications Office Value chain monitoring Model 231/2001 in the Italian companies of the group Whistleblowing channel accessible by all stakeholders 	E,S,G	4.2.1 Ethical supply chains and supplier due diligence 4.2.2 Our customers: partnerships for the eco-design of the products of the future 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing system
		Ineffective development of new products/ services at the expense of long-term customer satisfaction	<ul style="list-style-type: none"> R&D activities as a corporate focus to innovate Aquafil's commercial offer Creation of customized samples for customers 	E,S,G	3.1 INNOVATION, SUSTAINABILITY AND CIRCULARITY
		Non-compliance of product/ service with legislative and customer requirements	<ul style="list-style-type: none"> ISO 9000, ISO 14001 and ISO 45001 and ISO 50001 certifications for several Group companies Integrated management system 	E,S,G	5.10 Certifications
Environmental issues	Raw materials Energy consumption Greenhouse gas emissions management Water consumption Waste production Biodiversity	Removal costs, punishments, compensation for environmentally harmful business activities (emissions, waste management)	<ul style="list-style-type: none"> Presence of emission detection systems (e.g. RTO – Regenerative Thermal Oxidation, external analyses, etc.) Monitoring of waste management through appropriate tracking systems (e.g. Winwaste, reporting by disposal company, etc.) Assessment of the environmental impact deriving from investments (e.g. Environmental report) Outsourcing of risk, where possible, through the taking out of insurance Presence of procedures for the prevention and combating of events harmful to the environment 	E,S,G	3.2 CLIMATE CHANGE & THE ENVIRONMENT
		Risk of catastrophic temperature-related losses	<ul style="list-style-type: none"> Risk assessment on all European sites in 2023, which will be extended to the entire Group in 2024 Self-assessment by plants 	E,S,G	3.2.1 The risks of global warming
		Incorrect assessment and quantification of impacts related to carbon footprint and water footprint	<ul style="list-style-type: none"> Monthly monitoring at Group level with the aid of the CSR tool for the collection of environmental data of individual legal entities Annual audit of the sustainability report by PwC 	E,S,G	6.1 Methodological note 6.3 Data collection system
		Industrial accidents (spills)	<ul style="list-style-type: none"> Presence of water monitoring systems through temperature detection, abnormal values or the exceeding of critical pollutant thresholds, use of purifiers, laboratory analysis, settling tanks 	E,S,G	3.2.5 Water resources management

Issues related to the fight against corruption	Anti-corruption Anti-competitive behavior	Penalties of a pecuniary and/or disqualifying nature pursuant to Legislative Decree 231/01 and subsequent amendments	<ul style="list-style-type: none"> Adoption of Model 231 in the Group's Italian companies and establishment of the Supervisory Body that presides over its compliance Pilot project with 500 suppliers for reputational verification that will be extended to the entire Group in the two-year period 2024-2025 	E,S,G	4.2.1 Ethical supply chains and supplier due diligence 5.4 Code of Conduct: our moral compass 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing system
		Fines, penalties, loss of customers and profits as a result of illegal acts or fraud	<ul style="list-style-type: none"> Presence of factors and structures that carry out controls internally and externally Or Internal Audit Or Manager in charge pursuant to Legislative Decree 262/2005 Or External auditing company Or Board of Statutory Auditors Or Whistleblowing channel 	G	5.4 Code of Conduct: our moral compass 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing system
Other themes	Taxation	Failure to comply with legal regulations with negative tax consequences due to failure to consider useful tax information	<ul style="list-style-type: none"> Each legal entity is updated with respect to current tax regulations and specific requests in the country where it operates Transfer price procedure 	G	5.5 Business integrity, anti-corruption and tax compliance

5.8 Dialogue with stakeholders

TABLE 5.4 – SCOPE AND METHODS OF STAKEHOLDER ENGAGEMENT

Stakeholders	Scope of engagement	Measures taken
Our people	<i>Training</i>	Feedback and review of performance through the Do ut des and Talent program Training and onboarding programs dedicated to new hires Training courses: people trained in 2023
	<i>Information on Group strategies and results</i>	Launch of the company intranet Live sharing of financial results
	<i>Equal opportunities, diversity and inclusion</i>	Whistleblowing platform/SA 80000 D&I and Human Rights Policy Company volunteer program

	<i>Harmonious and safe working environment</i>	Company climate analysis
		Periodic trade union meetings
		Health & Safety office in each legal entity, accident reports and constant monitoring of injuries

Suppliers	<i>Ethical and sustainable supply chain management</i>	Supplier assessment procedure Reputational analysis of suppliers Request to all suppliers to subscribe to Code of Conduct
	<i>Transparency, communication, training</i>	ECONYL® on air platform

Customers	<i>Accessibility and speed of service</i>	Returns and complaints management system
	<i>Transparency, communication, training</i>	ECONYL® blog, ECONYL® academy, ECONYL® on air, ECONYL® E-commerce, site visits Support and review of customer communications to avoid the risk of greenwashing
	<i>Ethical behavior</i>	Customer reputational analysis Request to all customers to subscribe to Code of Conduct
	<i>Tailor-made products</i>	Creation of prototypes or ad-hoc samples on request Investments in R&D to improve products and services

Financial community and investors	<i>Transparency and communication</i>	Quarterly financial reports
		Quarterly web presentations
		Star conference (Italian Stock Exchange) at end of year
		Individual calls with leading industry analysts
		Policy for managing dialogue with the generality of investors
		Pursuit of sustainability ratings by third-party agencies, such as Sustainalytics

Bodies and Institutions	<i>Research and dissemination of best practices</i>	Collaboration with national and international bodies such as the National Research Council, the International Organization for Standardization (ISO) and UNI (Italian National Unification Agency)
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	<i>Advocacy</i>	Frequent and constant interactions with European institutions regarding new laws currently under preparation or amendment Participations in round tables organized by Confindustria
Schools and new generations	<i>Engagement programs</i>	Interventions in schools with presentations on the circular economy and Aquafil's journey towards sustainability School-work and internship initiatives Testimonials at universities and prestigious events Student visits to production facilities
Local communities	<i>Support for or financing of initiatives</i>	Sponsorship of annual activities
	<i>Collaboration with and support for NGOs</i>	Collaboration with Healthy Seas and definition and development of joint projects
Media	<i>Availability, timeliness and accuracy of information</i>	Press conferences and constant dialogue Press releases
End consumers	<i>Transparency, awareness and training</i>	ECONYL® blog, ECONYL® academy, ECONYL® on air, ECONYL® E-commerce

5.9 Aquafil Policies

(GRI 2-23:2021)

We constantly update our policies to ensure ethical, fair and sustainable business management.

The company also has a series of **internal procedures** that support the implementation of the principles and activities expressed by the policies, including the Policy on **Parental Leave**, the Procedure for the **reputational verification** of customers and suppliers, the **Health and Safety** Procedure and the Procedure for **Cybersecurity**.

TABLE 5.5 – THE MAIN POLICIES OF THE GROUP

ESG Policy	link
Environmental Policy	link
Green Procurement Policy	link
Human Rights Policy	link
Code of Conduct	link
Anti-Corruption Policy	link
Whistleblowing procedure	link
Remuneration Policy	link

5.10 Certifications

(GRI 2-27:2021)

We acquire voluntary certifications that attest to our adherence to the highest environmental, social and quality standards.

During 2023, the Group continued the path already begun to certify its plants in the field of quality, the environment, energy, safety and social responsibility – see TABLE 5.6. The company most involved in this process was **Aquafil Asia Pacific**, which obtained three certifications: ISO 14001, ISO 45001 and ISO 50001. The US plant in **Cartersville** has also acquired ISO 14001. To obtain (and maintain) such certifications, we open our doors to **third-party and independent companies** which carry out in-depth audits (**external audits**) at least once a year.

List of certifications held by the Aquafil Group in 2023

- **Environmental Management (ISO 14001)** – Sets the standard for building a robust **Environmental Management System** which enables our company to improve its environmental performance, meet its compliance obligations, address related risks and opportunities, and ultimately achieve our environmental objectives.
Certified manufacturing plants: 11/13
- **Energy Management (ISO 50001)** – Provides a framework of reference to develop an energy

management policy, set ambitious targets, measure the correct indicators and monitor results, with the overall goal of improving our energy efficiency.

Certified manufacturing plants: 8/13

- **Social Responsibility (SA 8000)** – Requires compliance with eight social responsibility criteria based on the principles of the **Universal Declaration of Human Rights**: child labor, forced labor, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary procedures, maximum working hours and minimum wage.

Certified manufacturing plants: 8/10

- **Management of the health and safety of workers (ISO 45001)** – Defines the criteria for preventing accidents at work, establishing healthy and safe workplaces, and improving the well-being of our people.

Certified manufacturing plants: 8/13

- **Quality Management (ISO 9001)** – Establishes a framework to better organize processes and continuously improve their efficiency in order to supply products and services that meet our regulatory requirements and those of customers.

Certified manufacturing plants: 11/13

TABLE 5.6 – GROUP CERTIFICATIONS (2023) ²³					
	ISO 14001	ISO 50001	SA 8000	ISO 45001	ISO 9001
Aquafil Arco	✓	✓	✓	✓	✓
Aquafil China	✓	✓	by 2028	✓	✓
Aquafil USA-Cartersville	✓	by 2028	²⁴	by 2025	✓
Aquafil Carpet Recycling#1	by 2025	by 2028	²⁴	by 2025	-
AquafilCRO	✓	✓	✓	✓	✓
AquafilSLO - Ljubljana	✓	✓	✓	✓	✓
AquafilSLO - Ajdovščina	✓	✓	✓	✓	✓
AquafilSLO - Senožeče	✓	✓	✓	✓	✓

²³ The 4 plants of the Aquafil Carpet Collection company were not included in the certification table. These plants are essentially post-consumer waste collection centers (mainly carpets and padding) and Aquafil has no plans to launch certification programs for them.

²⁴ The target in question has changed compared to 2022. Following an assessment of labor market conditions in the US, the adoption of SA8000 certification for US plants is not deemed to be feasible.

AquafilSLO - Celje	✓	✓	✓	✓	✓
Asia Pacific	✓	✓	by 2028	✓	✓
Tessilquattro	✓	by 2028	✓	by 2025	✓
Tessilquattro - Rovereto	✓	by 2028	✓	by 2025	✓
Aquafil O'Mara	by 2025	by 2028	- ²⁴	by 2025	-

✓ NEW CERTIFICATIONS

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

The following certifications were also maintained in 2023:

- **Responsible Care** – held by AquafilSLO: a voluntary program promoted by the global chemical industry that certifies the adoption of measures of excellence in the field of health, safety and the environment.
- **Authorized Economic Operator** full – obtained by Aquafil S.p.A, AquafilSLO and AquafilCRO: relating to the Customs Code of the European Union, it certifies and authorizes the company for the status of authorized economic operator.

Product certifications.

Recycled content

To certify the presence of recycled materials in its ECONYL® polymers and yarns, Aquafil has acquired a series of product certifications:

- **ECONYL® product certificate:** PA6 100% recycled
- **ECONYL® caprolactam certificate:** 100% recycled, with a post-consumer content of more than 50%
- **Certification issued by UL for ECONYL® Altochroma yarn:** presence of at least 97% recycled material

Environmental Impact

At the same time, Aquafil has confirmed the validity of its **Environmental Product Declarations** for ECONYL® polymer and yarns used in clothing and textile flooring. These certifications assess the environmental performance of products based on a scientific methodology of life cycle analysis (**Life Cycle Assessment**) that follows the ISO 14025 model. To improve the production of EPDs, in 2023 Aquafil developed its own **EPD Process**, an independent third-party certified system that optimizes data collection, the processing of results and verification activities.

Health and Safety

All Aquafil companies located in Europe are certified as compliant with the European Union Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals (**REACH**).

We also have other certifications that guarantee the safety of the chemicals used in our products: **OEKO-TEX**, which certifies the absence of harmful substances in Aquafil S.p.A. products; **Cradle to Cradle Material Health Gold & Silver** for our ECONYL® yarn for carpets; **ECO Passport** for twelve of the products made by AquafilSLO, recognized as part of the **Zero Discharge of Hazardous Chemical initiative**.

5.11 Alignment with the European Taxonomy

The European Taxonomy (EU Regulation 2020/85) is a **classification system** established by the European Union that determines the criteria according to which **an economic activity** can be considered **sustainable**. To be defined as aligned with the Taxonomy, an activity must contribute substantially to at least one of the six environmental objectives identified by the Regulation, avoid significant harm to others, and comply with the minimum safeguards (see FIGURE 5.4).

FIGURE 5.4 - THE THREE REQUIREMENTS FOR ALIGNMENT TO THE TAXONOMY

1) SUBSTANTIAL CONTRIBUTION	2) DO NOT CAUSE SIGNIFICANT HARM	3) MINIMUM SAFEGUARDS
Contributing positively to at least one of the six environmental objectives: <ul style="list-style-type: none"> • adaptation to climate change • climate change mitigation • sustainable use of marine resources and waters • pollution prevention • biodiversity protection • transition to a circular economy 	No negative impact on any other of the six objectives	Meet minimum social and governance standards, including: <ul style="list-style-type: none"> • human and workers' rights • taxation criteria • anti-corruption • legitimate competition

It is important to emphasize that the approach of the Taxonomy is not to evaluate the sustainability of organizations in their entirety, but at the level of **individual economic activity** that generates a flow of revenues to third parties or investments associated with activities recognized as sustainable. The economic activity can also be identified through the NACE code that may be assigned to it. Specifically, for each environmental objective, the legislation includes in the published delegated acts a list of economic activities that can potentially contribute to the achievement of each of them. These activities are defined as **"eligible"** and are activities for which **technical screening criteria are available** in order to verify their possible **alignment with** the specific environmental objective and, consequently, with the requirements of the Regulation. The fact that an activity is "eligible" is therefore a necessary condition to evaluate its alignment. This alignment therefore indicates how much the potentially sustainable activity actually contributes to the achievement of the objective itself, and is expressed through specific financial indicators such as Turnover, CapEx and OpEx.

At present the main economic activity reported in the delegated acts and attributable to our business is that of **"Manufacturing of plastics in primary form"** – associated with NACE code 20.16. A literal interpretation of the Regulation might lead to only identifying as eligible our activity of producing polyamide 6 polymers in granular form. For the most part, these serve as inputs for the manufacture of nylon yarn and therefore

often do not produce revenues from third parties. The manufacture of polymer is, in fact, the step immediately prior to the manufacture of the yarn. Consequently, the production activity of the yarn itself would not be considered eligible. For more details see FIGURE 5.5.

FIGURE 5.5 – NYLON PRODUCTION PROCESS (AQUAFIL PROCESS)

Caprolactam (monomer)	Phases included in NACE code 20.16 (Regulation 3.17 activities)
Polymerization: process of transformation of caprolactam (monomer) into PA6 (polymer)	
PA6 (polymer)	
Spinning: physical transformation process of the polymer from granules to yarn	Phase excluded from NACE code 20.16
Basic yarn/Reworked yarn	

Aquafil believes that the exclusion of "eligible" yarn production activities (the main source of revenue at Group level) from the list does not constitute a real representation of the potential contribution that the Group can make to the environmental objectives included in the Regulation itself. In fact, Aquafil believes that **all activities related to the ECONYL® Regeneration System** participate in **achieving the objectives** of "climate change mitigation", and "transition to the circular economy". The reason is due to the uniqueness of the process mentioned above, which enables a significantly lower amount of emissions to be generated than the traditional production process and is widely recognized as an example of a circular system. Nevertheless, according to the literal interpretation of the description of economic activities reported to date in the delegated acts of the Taxonomy, most of the volume of activity linked to ECONYL® would be excluded.

For these reasons, a **dual view is given below** in the disclosure: the first, following the strict interpretation of the standard, which considers as eligible exclusively the production and sale of the polyamide 6 polymer in granular form the second, provided on a voluntary basis, which looks at the entire production and sale activity, including that of the yarn. For both scenarios (summarized in TABLE 5.7), the relative data on **Turnover, CapEx** and **OpEx** are published in Appendix 6.6.8 according to the characteristics indicated in the Regulations.

TABLE 5.7 – AQUAFIL ALIGNMENT APPROACH WITH DUAL VIEW

Eligibility	Alignment	Notes	Disclosure
Production and sale of polyamide 6 (PA6) polymer in granular form	Production and sale of ECONYL® polymer in granular form	Literal reading of the Regulation	Appendix 6.6.8 – TABLES 6.13, 6.14, 6.15
All Aquafil production and sales activities (i.e. yarn)	ECONYL® Regeneration System (manufacture and sale of ECONYL® in granular and yarn form)	Reasoned reading of Aquafil's industrial and commercial processes	Appendix 6.6.8 – TABLES 6.16, 6.17, 6.18

In 2023, the Regulation provided for: *i)* the extension of the eligibility analysis to the remaining 4 environmental objectives, including "transition to a circular economy", and the alignment analysis for the first 2 objectives has been updated, including "climate change mitigation".

Alignment with the objective of “climate change mitigation”

Alignment with respect to the voluntary disclosure, or with respect to the "totality of yarn production", as explained above, takes into account the peculiarities of the ECONYL® Regeneration System process. Aquafil believes that this makes a contribution **to achieving** the goal of "climate change mitigation" through the process of chemical recycling, known as depolymerization. Through this process we are able to regenerate nylon waste to produce nylon of comparable quality to that obtained from fossil raw materials, but with a much lower environmental impact in terms of emissions, as demonstrated by our **Life Cycle Assessment**.

TABLE 5.8 – ELIGIBILITY AND ALIGNMENT FOR THE PRODUCTION AND SALE ACTIVITY OF POLYAMIDE 6 (PA6) POLYMER IN GRANULAR FORM

KPI	2023 Taxonomy Eligibility (%)	2023 Taxonomy Alignment (%)
Turnover	7,8%	1,6%
CapEx	20,9%	16,2%
OpEx	23,1%	17,6%

TABLE 5.9 – ELIGIBILITY E ALIGNMENT FOR THE ENTIRE PRODUCTION AND SALES ACTIVITIES OF AQUAFIL (I.E. YARN)

<i>KPI</i>	<i>2023 Taxonomy Eligibility (%)</i>	<i>2023 Taxonomy Alignment (%)</i>
<i>Turnover</i>	99,8%	46,9%
<i>CapEx</i>	98,5%	57,2%
<i>OpEx</i>	99,5%	47,4%

For further information on alignment, please refer to Appendix 6.6.8, TABLES 6.16, 6.17, 6.18.

Alignment with respect to the literal reading of the Regulation, i.e. the activity of "Production and sale of polyamide 6 (PA6) polymer in granular form", is reported in the Appendix to TABLES 6.13, 6.14, 6.15.

Eligibility for the objective of “transition to a circular economy”

In 2023, with the publication of the Environmental Delegated Act (EU Delegated Regulation 2023/2486), the technical screening criteria were made available for alignment with the objective of "transition to a circular economy". With respect to this objective, the delegated act identifies two specific activities attributable to Aquafil's business: **"2.3 Collection and transport of non-hazardous and hazardous waste"** and **"2.7 Differentiation and material recovery of non-hazardous waste"**. In particular, these two activities are connected respectively to the production processes of our plants Aquafil Carpet Collection (2.3) and Aquafil Carpet Recycling (2.7), both located in the United States. As far as Aquafil Carpet Collection is concerned, the activity essentially involves the collection and sorting of post-consumer waste (mainly carpets). Aquafil Carpet Recycling, on the other hand, deals with the recovery of post-consumer waste and, through a mechanical recycling process, the subsequent transformation of this waste into pellets of various kinds²⁵.

On the other hand, the above delegated acts do not mention **chemical recycling**, the process behind the "ECONYL® Regeneration System" that allows nylon to be regenerated countless times and thanks to which we can speak of a "circular economy". The legislation currently only provides for **"mechanical recycling"**; it follows that, without an evolution of the legislation in this sense, the "ECONYL® Regeneration System" process would be excluded from alignment with this objective for 2024.

²⁵ The production activity of Aquafil Carpet Recycling is attributable almost entirely to activity "3.17 Manufacture of plastics in primary forms" and only to a negligible (non-material) degree to activity "2.7 Differentiation and material recovery of non-hazardous waste".

Alignment criteria

The following is a report on compliance with the criteria provided for by the legislation in relation to the "climate change mitigation" objective:

Alignment criteria	Description
<p>Substantial contribution</p>	<p>The nylon produced by the ECONYL®Regeneration System represents a valid alternative to that derived from fossil sources, contributing significantly to the goal of "climate change mitigation".</p> <p>Its production at Aquafil is through a chemical recycling process known as depolymerization, the input for which is nylon waste and the output is caprolactam of comparable quality to that obtained from fossil raw materials but with a lower environmental impact.</p> <p>Our Life Cycle Assessments have demonstrated its advantages for greenhouse gas emissions compared to traditional technologies, allowing Aquafil to regularly publish environmental product declarations.</p>
<p>Do not cause significant harm (DNSH)</p>	<p>Aquafil's activity does not cause significant harm to the other five targets.</p> <ul style="list-style-type: none"> · Climate change adaptation. In 2023, Aquafil initiated a <i>Climate Risk & Vulnerability Assessment</i> with the aim of identifying and mitigating risks related to climate change – see section 3.2.1. · Sustainable use and protection of marine resources and waters. In the last year we have implemented two new environmental policies – our Environmental Policy and ESG Policy – which codify, among various environmental objectives, a commitment to reduce water consumption and pollution. Many of our manufacturing sites have an ISO 14001-certified environmental management system; those that do not will be certified by 2025. Between 2019 and 2023, we reduced our water consumption by 41% and our discharges by 52% (see section 3.2.5). · Pollution prevention and reduction. With our new Environmental Policy, we are committed to the prevention and reduction of pollution through actions such as the adoption of Environmental Management Systems (EMS) throughout the Group by 2025. We have also given some plants Integrated Environmental Authorization and Single Territorial Authorization, establishing specific emissions limits. · Biodiversity protection. In 2023, Aquafil conducted a Biodiversity Impact Assessment on the Group's European plants in order to attest to the absence of significant impacts on the biodiversity of the surrounding protected areas and to identify any mitigation measures (see section 3.2.7). · Transition to a circular economy. Although the DNSH principle is not applied in activities related to NACE code 20.16, Aquafil has been committed over the years to developing an approach aimed at creating new systems and circular supply chains (see section 3.1)

Minimum safeguards

In addition to the Code of Conduct and SA 8000 certification, Aquafil has reinforced its commitment to respecting minimum social and governance guarantees through the initiation of a reputational **Due Diligence process** on suppliers (see section 4.2.1) and the adoption of **policies** aimed at ensuring compliance, in all Group companies, with OECD guidelines and Human Rights.

- Code of Conduct (section 5.4)
- Green Procurement Policy (section 4.2.1)
- Human Rights Policy (section 4.2.3)
- Anti-Corruption Policy (section 5.5)
- Whistleblowing procedure (section 5.6)
- ESG Policy (section 5.1)
- Environmental Policy (section 3.2)
- Model 231 (section 5.5)

As a result of this commitment, the Aquafil Group has not received any convictions for violations of **tax laws**, unfair **competition**, corruption/fraud, or violation of **workers' rights** and **human rights**.

6. METHODOLOGY AND APPENDIX

6.1 Methodological note

(GRI 2-2:2021; 2-3:2021; 2-4:2021; 2-5:2021; 2-14:2021)

This document contains the "**Consolidated Non-Financial Statement**" (hereinafter also referred to as the "Non-Financial Statement" and "Statement") which fulfils the obligations provided for by **Legislative Decree no. 254 of 2016**.

The Statement was drawn up according to the **GRI Standard**, taking inspiration from the provisions of GRI 3 Material Themes. In particular, since there is still no Sector Standard applicable to the Aquafil Group, the selection of material issues and their reporting has been carried out independently, following GRI 3 "Material Issues" and the Specific Standards referring to each material issue.

In 2023, the **materiality analysis** was updated to strengthen the process and fully meet the requirements of the 2021 GRI Standards. Previously, the analysis identified material themes with a **top-down approach**: starting from a list of macro-themes that constitute the specific GRIs (e.g., waste, energy, raw materials, health, etc.), the relevant impacts for Aquafil were identified and evaluated, also through the involvement of stakeholders. The **new methodology**, on the other hand, adopts a **bottom-up approach** that is more in line with the requirements of the GRI Standards: **it starts with the identification and evaluation of individual impacts** (e.g., existence and number of accidents at work, incidents of violation of environmental regulations, energy consumed, etc.) and then groups them into **macro-themes**. However, this activity confirmed the same themes as those already identified as material in previous years, confirming the Group's ability over the years to identify the themes that really reflect the main impacts generated (see section 2.5).

The **information and data** that form this document refer to **the year 2023**. They are also presented here together with the data relating to the four previous years (2019-2022) to provide a better view of trends over time. Compared to previous years, the Statement introduces for the first time the reporting of **Scope 3 emissions**, calculated according to the GHG Protocol. The Statement has maintained the presentation of the **targets** that the Group has given itself in terms of environmental, social and governance sustainability, with an update on what has been achieved for each of them during 2023.

In addition, there is again a section dedicated to **Taxonomy**, governed by EU Regulation 2020/852. The previous year, the Statement considered the substantial contribution of Aquafil's activities to one of the six environmental objectives identified by the legislation, "Climate Mitigation". In continuity with the approach of the previous year, in 2023, as a strategy of alignment with the objective of Climate Mitigation, **the dual view** was adopted, i.e. the expected economic data (Capex, Opex and Turnover) for two distinct economic activities were declared: «ECONYL® regeneration system and other eco-friendly activities»; ii. "Polyamide polymer" (*Granular Polymer*). Both activities are attributable to the same NACE code 20.16, "Manufacturing of plastics in primary form". Compliance with the principle of "Do No Significant Harm" is also demonstrated for

"Climate Change Adaptation" and "Protection and Restoration of Biodiversity and Ecosystem" objectives, thanks to two analyses carried out during the year on European plants: a Climate Risk and Vulnerability Assessment and a Biodiversity Impact Assessment. Also in 2023, the foundations were laid for an internal Due Diligence process on suppliers that takes into account the issues covered by the Minimum Safeguards.

The **reporting scope** included in this Statement is detailed in paragraph 6.2. It includes all fully consolidated Group companies with manufacturing sites, except for: i) Aquafil Chile, recently acquired and not yet operational, ii) Aquafil Japan, as it does not have on-site staff and iii) Nofir, which is not consolidated because it is held with a minority stake. In line with the previous reports, all consolidated trading and service companies with exclusively administrative and market oversight functions are also excluded from the scope.

In 2022, some environmental information was not available on time for **Aquafil Carpet Collection LLC**, which had only recently entered the scope. In particular, in the absence of specific data on the quantities of

raw materials used, waste produced, or water consumption and discharges, these had been estimated based on the activity of other plants that had similarities in terms of their production profile. In 2023, data availability has significantly improved: timely information on waste, and water consumption and discharges is now available. The amount of raw materials used, on the other hand, remains an estimate, calculated as the sum of the amount of output and waste produced. The indicator affected by this estimate is that relating to the consumption of raw materials included in GRI 301-1.

Although GRIs 306-4 and 306-5 are not reported, information on the destinations to which the waste produced by the Group is sent has been entered. This information has been obtained from documentation that enables waste to be tracked in the different countries in which the Group is present (in Italy reference is made to the MUD and the so-called "Fourth Copy" of the waste identification form - "Formulario Rifiuti"). Since - given the current organization of the waste management system at national level - a systematic tracking that "follows" waste in the subsequent stages of its treatment is not possible, it was decided to report the data made available by these documents, ensuring the maximum possible transparency given by the information available.

The consolidated non-financial statement is subject to **internal control** by the Board of Statutory Auditors and the Manager in charge and approved by the Group Board of Directors. It is also subject to a limited **review** by the independent third-party company **PricewaterhouseCoopers SpA** according to the principles and indications contained in the "International Auditing and Assurance Standard Board (IAASB)".

For additional information on the contents of this report, please contact Aquafil at the following address: info@aquafil.com

6.2 Reporting scope

(GRI 2-1:2021; 2-2:2021; 2-6:2021)

The Aquafil Group has defined a number of rules to identify the reporting scope of its Sustainability Report (drawn up pursuant to Legislative Decree 254/2016), in order to maintain a stable approach over the years and to simultaneously ensure that it provides the necessary information to understand its activity and the impacts linked to it, as required by law.

All fully consolidated group companies are included within the scope, with the exception of the following cases:

- consolidated companies that do not have manufacturing sites (including, for example, trading and service companies)
- inactive companies
- sites or companies that are not fully operational
- sites deemed appropriate for exclusion. This can occur, for example, in the event of the site's liquidation in the first half of the year, or its acquisition in the second half of the year, or when data is unavailable. These types of exclusion will, however, be highlighted and justified.

The reporting scope of the 2023 Sustainability Report is unchanged compared to 2022.

As of December 31, 2023, the Group comprised 24 companies directly or indirectly controlled by Aquafil S.p.A., with headquarters in Europe, the United States, Chile, Australia and Asia.

As indicated in the aforementioned rules, the companies excluded from the scope are:

- the Cenon S.r.o company (SK), since it is inactive;
- the Aquafil Carpet Recycling #2 company, since it is inactive;
- the Aquafil India company, since it is inactive;
- the Aqualeuna company, a consolidated company but no longer with a manufacturing site;
- the Aquafil Tekstil Sanayi Ve Ticaret company A.S., which carries out trading activities in the Turkish

market;

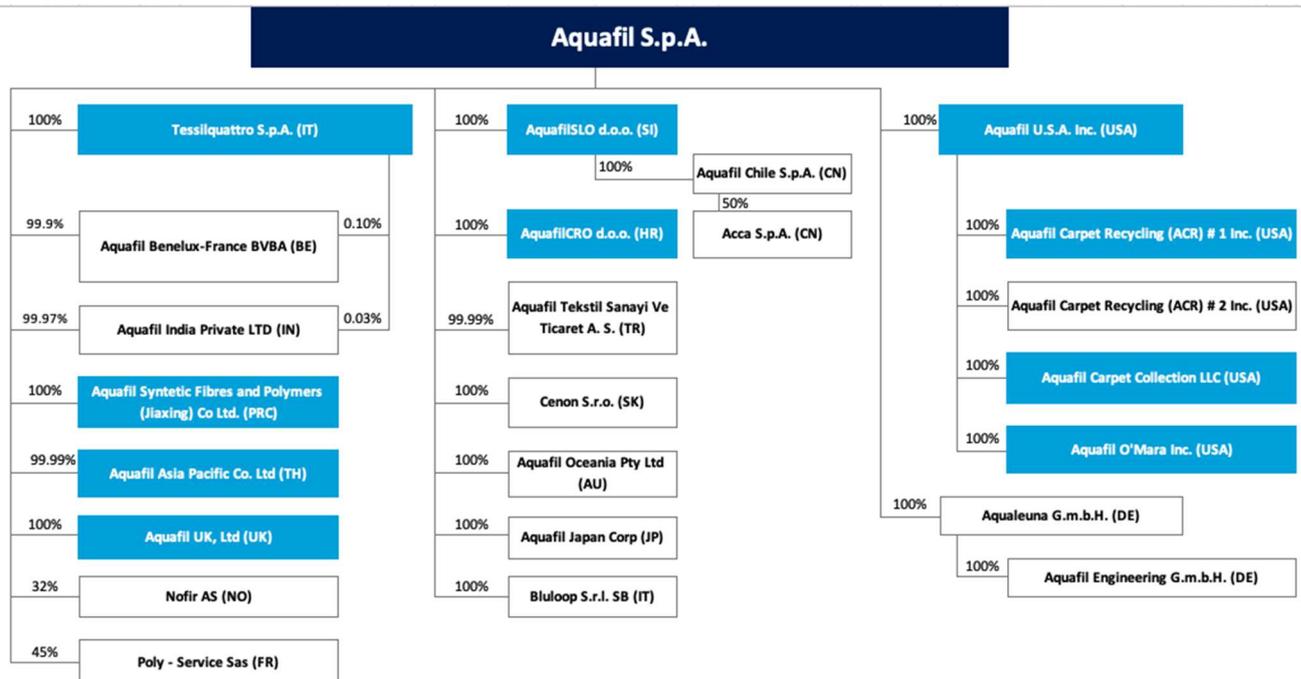
- the Belgian company Aquafil Benelux-France BVBA, which carries out agency and trade representation activities for the Benelux and French markets;
- the Australian company Aquafil Oceania Pty Ltd, which carries out agency and trade representation activities for the Australian and New Zealand markets;
- the Blueloop company, since it is a service company that markets products made of ECONYL® nylon;
- the German company Aquafil Engineering G.m.b.H., since it is a service company that independently designs and builds chemical plants and does not have a manufacturing site;
- the Aquafil Chile company SpA, since it was acquired in April 2022 but is not yet operational;
- the Acca company SpA – a joint venture between Aquafil Chile SpA and Atando Cabos Chile Spa, established in 2023 with headquarters in Santiago de Chile – for the same reason as Aquafil Chile;
- the Aquafil Japan company, established in April 2021, since it does not have on-site staff and its manufacturing activities are outsourced;
- the Nofir company, since it is not consolidated and is held by Aquafil with a minority stake of 32%;
- the Poly-Service company S.A.S., established in August 2023 with headquarters in Lyon (France), since it is not yet active and is held by Aquafil with a minority stake of 45%.

Compared to 2022, following industrial efficiency activities in EMEA, on 22 September 2023 the AquafilUK company Ltd. (UK) initiated procedures for the cessation of its manufacturing activities, which will be absorbed by other European companies of the Group. The data relating to this subsidiary is therefore restricted to the first nine months of the year.

FIGURE 6.1 SHOWS the consolidated companies included in this Sustainability Report in blue.

FIGURE 6.1 – COMPANY ORGANIZATIONAL CHART OF THE GROUP AS AT 31/12/2023 WITH PERCENTAGE OF SHARE CAPITAL HELD BY THE PARENT COMPANY AQUAFIL S.P.A.

The companies included in the reporting scope of the Sustainability Report are highlighted in light blue



6.3 Data collection system

Since 2012 we have implemented a **customized software platform** that standardizes **data collection** between all the Group's manufacturing plants and facilitates the analysis and communication of results.

This "**Sustainability Web Tool**" is the main source for all data included in this document, tracking both **social indicators** (HR, occupational safety, etc.) and **environmental indicators** (energy and water consumption, CO₂ emissions, waste, etc.).

Each plant collects and enters information into the system on a **monthly or six-monthly basis**, depending on the type of information –for example, every month the plant enters the figures for its consumption of raw materials, energy, water, etc., while every six months it enters information relating to waste produced, emissions, plus data on the social aspects.

Three levels of control ensure the reliability and trustworthiness of the data. The first two are managed internally: respectively by the plant managers and by a dedicated working group of the ESG Committee – see FIGURE 6.2. The third level is external verification, performed by an independent company, **DNV GL**. The latest certificate issued is publicly available online (https://www.aquafilcsrtool.com/images/Aquafil_Verification_3.pdf).

FIGURE 6.2 – ROLES AND RESPONSIBILITIES IN THE MANAGEMENT OF THE SUSTAINABILITY WEB TOOL

Input/control levels	Company role	Role in the platform
Entering data into the platform	Head of Environmental Management/Plant Controller	PLANT user, responsible for entering the data
First level of control	Plant Manager	PLANT MANAGER user, responsible for the control and validation of the data entered
Second level of control	Environmental Working Group of the ESG Committee, based at the Ljubljana plant	ADMINISTRATOR User, responsible for the entire data collection system, who is entrusted with the validation of all data and the monitoring of the Group's indicator trends

6.4 GRI Table of Contents

Declaration of use	Aquafil SpA has reported the information mentioned in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI standards.
GRI 1 Used	GRI 1 - Fundamental Principles - 2021 version
Relevant GRI industry standards	The Industry Standards in which Aquafil operates are not currently available.

GRI Standard	Disclosure	Location	Notes
General information			
GRI 2: General Information – 2021 version	2-1 Organizational Details	<ul style="list-style-type: none"> 1.2 Who we are 1.3 Aquafil in the world 6.2 Reporting scope 	-
	2-2 Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> 6.1 Methodological note 6.2 Reporting scope 6.6.1 Appendix: The Aquafil plants 	-
	2-3 Reporting period, frequency and point of contact	<ul style="list-style-type: none"> 6.1 Methodological note 	-
	2-4 Information Review	<ul style="list-style-type: none"> 6.1 Methodological note 	-
	2-5 External Assurance	<ul style="list-style-type: none"> 6.1 Methodological note 6.5 Auditing firm's report 	-
	2-6 Assets, value chain and other business relationships	<ul style="list-style-type: none"> 1.2 Who we are 1.3 Aquafil in the world 1.4 ECONYL®: circularity in our DNA 5.8 Dialogue with stakeholders 3.1.2 ECONYL®: Endless possibilities 3.1.3 Plant-based 	-

	<ul style="list-style-type: none"> nylon: now it's possible · 4.2 Our value chain · 6.2 Reporting scope · 6.6.1 Appendix: The Aquafil plants 	
2-7 Employees	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 6.6.5 Appendix: The people of Aquafil - additional data 	-
2-8 Non-employee workers	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 6.6.5 Appendix: The people of Aquafil - additional data 	The change in non-employee workers compared to previous years is not described
2-9 Structure and composition of governance	<ul style="list-style-type: none"> · 5.1 Sustainability governance · 5.2 Main governing bodies · 6.6.6 Appendix: Composition of Aquafil's governing bodies 	-
2-10 Appointment and selection of the highest governance body	<ul style="list-style-type: none"> · 5.2 Main governing bodies 	-
2-11 President of the highest body of governance	<ul style="list-style-type: none"> · 5.2 Main governing bodies 	-
2-12 Role of the highest body of governance in the control of impact management	<ul style="list-style-type: none"> · 5.1 Sustainability governance · 5.2 Main governing bodies 	
2-13 Delegation of responsibility for impact management	<ul style="list-style-type: none"> · 5.1 Sustainability governance · 5.2 Main governing bodies 	-

2-14 Role of the highest body of governance in sustainability reporting	<ul style="list-style-type: none"> · 5.2 Main governing bodies · 6.1 Methodological note 	-
2-15 Conflicts of interest	<ul style="list-style-type: none"> · 5.2 Main governing bodies 	The process for communicating conflicts of interest to stakeholders has not been included
2-16 Communication of critical issues	<ul style="list-style-type: none"> · 5.2 Main governing bodies · 5.6 Whistleblowing System 	
2-17 Collective knowledge of the highest body of governance	<ul style="list-style-type: none"> · 5.2 Main governing bodies 	-
2-18 Performance evaluation of the highest body of governance	<ul style="list-style-type: none"> · 5.2 Main governing bodies · 5.3 A new remuneration and incentives policy 	-
2-19 Remuneration regulations	<ul style="list-style-type: none"> · 5.3 A new remuneration and incentives policy 	-
2-20 Procedure for determining remuneration	<ul style="list-style-type: none"> · 5.2 Main governing bodies · 5.3 A new remuneration and incentives policy 	-
2-21 Total pay ratio - annual	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 6.6.5 Appendix: The people of Aquafil - additional data 	-

<p>2-22 Declaration on the sustainable development strategy</p>	<ul style="list-style-type: none"> · 1.1 Letter from the President · 1.6 2023 ESG results · 2.1 A new way of doing business · 2.2 Aquafil and the SDGs · 2.3 "The Eco Pledge": our sustainability plan · 2.4 Sustainability goals and progress vis-a-vis targets 	<p>-</p>
<p>2-23 Policy commitment</p>	<ul style="list-style-type: none"> · 4.2.3 Respect for human rights · 5.1 Sustainability governance · 5.3 Remuneration and incentives · 5.4 Code of Conduct · 5.5 Business integrity, anti-corruption and tax compliance · 5.6 Whistleblowing System · 5.9 Aquafil Policy 	<p>-</p>
<p>2-24 Integration of commitments in terms of policy</p>	<ul style="list-style-type: none"> · 4.1.3 Personal and professional growth · 4.2.3 Respect for human rights · 5.1 Sustainability governance · 5.3 Remuneration and incentives · 5.4 Code of Conduct · 5.5 Business integrity, anti-corruption and tax compliance · 5.6 Whistleblowing System · 5.7 Risk control and management system 	<p>-</p>

	2-25 Processes aimed at remedying negative impacts	<ul style="list-style-type: none"> · 5.5 Business integrity, anti-corruption and tax compliance · 5.6 Whistleblowing System · 5.7 Risk control and management system 	
	2-26 Mechanisms for requesting clarification and raising concerns	<ul style="list-style-type: none"> · 5.5 Business integrity, anti-corruption and tax compliance · 5.6 Whistleblowing System · 5.7 Risk control and management system 	
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> · 5.4 Code of Conduct · 5.5 Business integrity, anti-corruption and tax compliance · 5.6 Whistleblowing System · 4.10 Certification 	
	2-28 Membership of associations	<ul style="list-style-type: none"> · 1.5 Alliances and collaborations 	-
	2-29 Approach to the involvement of stakeholders	<ul style="list-style-type: none"> · 5.8 Dialogue with stakeholders · 2.5 Materiality analysis 	-
	2-30 Collective agreements	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 6.6.5 Appendix: The people of Aquafil - additional data 	
MATERIAL THEMES			
GRI 3 -Material themes – 2021 version	3-1 Material themes determination process	2.5 Materiality analysis	
	3-2 List of material themes	2.5 Materiality analysis	

Economic performance			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 1.2 Who we are 6.6.2 Appendix: Generated and distributed economic value 	
GRI 201: Economic performance 2016	201-1 Directly generated and distributed economic value	<ul style="list-style-type: none"> 1.2 Who we are 6.6.2 Appendix: Generated and distributed economic value 	-
	201-2 Financial implications and other risks and opportunities due to climate change	<ul style="list-style-type: none"> 3.2.1 The risks of global warming 5.7 Risk control and management system 	
Taxation			
GRI 207: Taxes 2019	207-1 Approach to taxation 207-2 Tax governance, control and risk management 207-3 Engaging stakeholders and managing tax concerns 207-4 Country-by-country reporting	<ul style="list-style-type: none"> 5.5 Business integrity, anti-corruption and tax compliance 5.7 Risk control and management system 6.6.7 Appendix: Tax compliance 	-
Anti-corruption			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 5.5 Business integrity, anti-corruption and tax compliance 	-
GRI 205: Anti-corruption 2016	205-3 Corruption incidents ascertained and actions taken	<ul style="list-style-type: none"> 5.4 Code of Conduct 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing System 	-

Anti-competitive behavior			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 5.4 Code of Conduct 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing System 	-
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anticompetitive behavior, antitrust and monopolistic practices	<ul style="list-style-type: none"> 5.4 Code of Conduct 5.5 Business integrity, anti-corruption and tax compliance 5.6 Whistleblowing System 	-
Raw materials			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.2 Raw materials 	-
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<ul style="list-style-type: none"> 3.1.1 ECONYL®: endless possibilities 3.2.2 Raw materials 3.1.3 Plant-based nylon: now it's possible 	With regard to Aquafil LLC company plants, the amount of raw materials used was calculated using some estimates, as indicated in the Methodological Note
Energy consumption			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.3 Energy consumption 	-
GRI 302: Energy 2016	302-1 Energy consumed within the organization	<ul style="list-style-type: none"> 3.2.3 Energy consumption 	-
Water consumption			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.5 Water resources management 	-

GRI 303: Water and water discharges 2018	303-1 Interaction with water as a shared resource 303-2 Management of impacts related to water discharge 303-3 Water withdrawal 303-4 Water Discharge	<ul style="list-style-type: none"> 3.2.5 Water resources management 6.6.4 Water withdrawals and discharges – assessment of water stress 	The distinction between fresh water and other water discharges is not included.
Biodiversity			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.7 Biodiversity 	-
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in (or adjacent to) protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> 3.2.7 Biodiversity 	-
Greenhouse gas emissions management			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.3 CO₂ emissions 	-
GRI 305: Emissions 2016	305 – 1 Direct GHG emissions (Scope 1)	<ul style="list-style-type: none"> 3.2.3 Greenhouse gas emissions 6.6.3 Greenhouse gas emissions – calculation method and additional data 	
	305 – 2 Indirect GHG emissions from energy consumption (Scope 2)	<ul style="list-style-type: none"> 3.2.3 Greenhouse gas emissions 6.6.3 Greenhouse gas emissions – calculation method and additional data 	
	305 – 3 Other indirect GHG emissions (Scope 3)	<ul style="list-style-type: none"> 3.2.3 Greenhouse gas emissions 6.6.3 Greenhouse gas emissions – calculation method 	

		and additional data	
Waste production			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 3.2.6 Waste 	-
GRI 306: Waste 2020	306 -1 Waste generation and significant waste-related impacts 306 – 2 Management of significant waste-related impacts 306 - 3 Waste generated	<ul style="list-style-type: none"> · 3.2.6 Waste 	
Environmental assessment of suppliers			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.2 Our value chain · 4.2.1 Supplier due diligence 	-
GRI 308: 2016 Supplier environmental assessment	308-1 New suppliers that have been assessed using environmental criteria	<ul style="list-style-type: none"> · 4.2 Our value chain · 4.2.1 Supplier due diligence 	In the absence of definite data, the only criterion reported is acceptance of the Code of Conduct
Employment policies			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 4.1.2 Safety and well-being 	-
GRI 401: Employment 2016	401-2 Benefits for full-time employees, but not for part-time employees or those with fixed-term contracts	<ul style="list-style-type: none"> · 4.1 The people of Aquafil · 4.1.2 Safety and well-being · 6.6.5 Appendix: The people of Aquafil - additional data 	-
Health and safety of workers			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.1.2 Safety and well-being 	-
GRI 403: Occupational Health	Disclosures from 403-1 to 403-7	<ul style="list-style-type: none"> · 4.1.2 Safety and well- 	-

and Safety 2018	403-9 Accidents at work	being	
Training of workers			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.1.3 Personal and professional growth 	-
GRI 404: Training and education 2016	404-1 Average annual training hours per employee	<ul style="list-style-type: none"> · 4.1.3 Personal and professional growth · 6.6.5 Appendix: The people of Aquafil - additional data 	-
Diversity and equal opportunities			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.1.1 A fair and inclusive environment 	-
GRI 405: Diversity and equal opportunities 2016	405-1 – Diversity in governing bodies and among employees 405-2 Ratio of basic salary and salary of women to men	<ul style="list-style-type: none"> · 4.1.1 A fair and inclusive environment · 5.2 Main governing bodies · 6.6.5 Appendix: The people of Aquafil - additional data 	-
Non-discrimination			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> · 4.1.1 A fair and inclusive environment · 4.2.3 Respect for human rights · 5.4 Code of Conduct · 5.6 Whistleblowing System 	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective measures taken	<ul style="list-style-type: none"> · 4.1.1 A fair and inclusive environment · 4.2.3 Respect for human rights · 5.4 Code of Conduct · 6.6.5 Appendix: The people of Aquafil - additional data 	-

Child labor			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 4.2.3 Respect for human rights 5.4 Code of Conduct 	-
GRI 408: Child labor 2016	408-1 Activities and suppliers at significant risk of incidents of child labor	<ul style="list-style-type: none"> 4.2.1 Supplier due diligence 4.2.3 Respect for human rights 5.4 Code of Conduct 	-
Forced labor			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 4.2.1 Supplier due diligence 4.2.3 Respect for human rights 5.4 Code of Conduct 	-
GRI 409: Forced labor 2016	409-1 Activities and suppliers at significant risk of forced or compulsory labor	<ul style="list-style-type: none"> 4.2.1 Supplier due diligence 4.2.3 Respect for human rights 5.4 Code of Conduct 	-
Local communities			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 4.3 Support to local communities 	-
GRI 413: Local communities 2016	413-1 Activities involving local communities, impact assessments and development programs	<ul style="list-style-type: none"> 4.3 Support to local communities 3.1.1 ECONYL®: endless possibilities 3.2.6 Biodiversity 	-
Social assessment of suppliers			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 4.2.1 Supplier due diligence 4.2.3 Respect for human rights 	-
GRI 414: Social assessment of suppliers 2016	414-1 New suppliers that have been assessed through the use of social criteria	<ul style="list-style-type: none"> 4.2.1 Supplier due diligence 4.2.3 Respect for human rights 	In the absence of definite data, the only criterion reported is acceptance of the Code of Conduct
Customer health and safety			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.2.8 Hazardous chemicals 	-

GRI 416: Customer health & safety 2016	416-1 Health and safety impact assessment by category of products and services.	<ul style="list-style-type: none"> 3.2.8 Hazardous chemicals 	-
Labelling and marketing			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 3.1.1 ECONYL®: endless possibilities 4.2.2 Our customers: partnerships for the eco-design of the products of the future 	-
GRI 417: Marketing and labelling 2016	417-1 Information and labelling requirements of products and services	<ul style="list-style-type: none"> 3.1.1 ECONYL®: endless possibilities 4.2.2 Our customers: partnerships for the eco-design of the products of the future 	-
Customer privacy			
GRI 3 -Material themes – 2021 version	3-3 Management of material themes	<ul style="list-style-type: none"> 5.4 Code of Conduct 5.7 Risk control and management system 	-
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding violations of customer privacy and loss of customer data	<ul style="list-style-type: none"> 5.4 Code of Conduct 5.7 Risk control and management system 	-



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of legislative decree no. 254/2016 and article 5 of CONSOB regulation adopted with resolution no. 20267 of January 2018

To the board of directors of Aquafil SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Aquafil SpA and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, and approved by the board of directors on 14 March 2024 (the "NFS").

Our review does not extend to the information set out in the sections titled "5.11 Alignment to the European Taxonomy" and "6.6.8 Alignment with the European Taxonomy – Turnover, CapEx and OpEx" of the Group's NFS, required by article 8 of Regulation (EU) 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereafter the "GRI Standards") (hereinafter "GRI Standards") which they identified as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 5 a) below.

5. understanding of the processes underlying the preparation, collection and management of the



significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Aquafil SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidences;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the following companies and sites, Aquafil O'Mara and AquafilSLO d.o.o. (Senozece plant), which we selected on the basis of their activities, their contribution to the key performance indicators at a consolidated level and their location, we discussed with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the indicators.

Limited Assurance Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of the Aquafil Group for the year ended 31 december 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with GRI Standards .

Our conclusion above does not extend to the information set out in the sections titled "5.11 Alignment to the European Taxonomy" and "6.6.8 Alignment with the European Taxonomy – Turnover, CapEx and OpEx" of the Group's NFS required by article 8 of Regulation (EU) 2020/852.

Trento, 25 march 2024

PricewaterhouseCoopers SpA

Signed by

Alberto Michelotti
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

6.6 APPENDIX

6.6.1 The Aquafil plants

(GRI 2-2:2021; GRI 2-6:2021)

FIGURE 6.3 – AQUAFIL PLANTS, DETAILS OF ACTIVITIES

USA

ARIZONA	CALIFORNIA	GEORGIA	NORTH CAROLINA
<p>ACR #1 / PHOENIX</p> <p>ERS</p> <p>Recovery and separation of carpets after use</p>	<p>ACC - ANAHEIM</p> <p>ERS</p> <p>Recovery of carpets after use</p>	<p>AQUAFIL USA - AQUAFIL DRIVE, CARTERSVILLE</p> <p>BCF</p> <p>Carpet yarn spinning Masterbatch Carpet yarn interlacing Twisting Heat setting</p>	<p>AQUAFIL O'MARA - RUTHERFORD COLLEGE</p> <p>NTF</p> <p>Carpet yarn spinning Texturing Carpet yarn interlacing</p>
<p>ACC - PHOENIX</p> <p>ERS</p> <p>Recovery of carpets after use</p>	<p>ACC - CHULA VISTA</p> <p>ERS</p> <p>Recovery of carpets after use</p>	<p>AQUAFIL USA - FIBER DRIVE, CARTERSVILLE</p> <p>BCF</p> <p>Logistic</p>	
	<p>ACC - MIRAMAR</p> <p>ERS</p> <p>Recovery of carpets after use</p>		

EUROPE

ITALY	SLOVENIA	CROATIA	SCOTLAND
<p>AQUAFIL - ARCO</p> <p>BCF</p> <p>Polymerisation Carpet yarn spinning Masterbatch</p>	<p>AQUAFIL SLO - LJUBLJANA</p> <p>BCF</p> <p>Polymerisation Carpet yarn spinning Twisting</p>	<p>AQUAFIL CRO - OROSLAVJE</p> <p>NTF</p> <p>Carpet yarn spinning Colling/twisting Texturing</p>	<p>AQUAFIL UK - KILBIRNIE</p> <p>BCF</p> <p>Carpet yarn interlacing Retwisting Heat setting</p>
<p>TESSILQUATTRO - CARES</p> <p>BCF</p> <p>Carpet yarn interlacing Twisting</p>	<p>NTF</p> <p>Carpet yarn spinning Masterbatch Warping</p>		
<p>TESSILQUATTRO - ROVERETO</p> <p>BCF</p> <p>Dyeing</p>	<p>ERS</p> <p>Waste production for ECONYL®</p>		
<p>EP</p> <p>Compound</p>	<p>AQUAFIL SLO - AJDOVSCINA</p> <p>ERS</p> <p>Waste preparation for ECONYL®</p>		
	<p>AQUAFIL SLO - SENOZECE</p> <p>NTF</p> <p>Warping</p>		
	<p>AQUAFIL SLO - CELJE</p> <p>BCF</p> <p>Twisting Heat setting</p>		

ASIA

CHINA	JAPAN
<p>AQUAFIL JIAXING - JIAXING</p> <p>BCF</p> <p>Carpet yarn spinning Carpet yarn interlacing Twisting Heat setting</p>	<p>AQUAFIL JAPAN - TOKYO</p> <p>BCF</p> <p>Carpet yarn interlacing</p>
	<p>THAILAND</p> <p>AQUAFIL ASIA PACIFIC - RAYONG</p> <p>BCF</p> <p>Carpet yarn interlacing Twisting</p>

SOUTH AMERICA

<p>AQUAFIL CHILE - SANTIAGO DE CHILE</p> <p>ERS</p> <p>Waste preparation for ECONYL®</p>
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6.6.2 Economic value generated and distributed

(GRI 201-1:2016)

The economic value generated by the Group allows **the fair remuneration** of all players who, through their skills, investments, and other services, participated in its creation and more besides. It is also essential to continue and **increase over time the investments** through which Aquafil achieves its mission of environmental sustainability and the creation of new circular supply chains.

Revenues generated in 2023 were 575.5 million euro, down compared to last year – see FIGURE 6.4. This decrease is mainly attributable to a reduction in the quantities sold together with a decrease in the average selling price.

FIGURE 6.4 – TOTAL REVENUES IN MILLIONS OF EURO (2021-2023) ²⁶

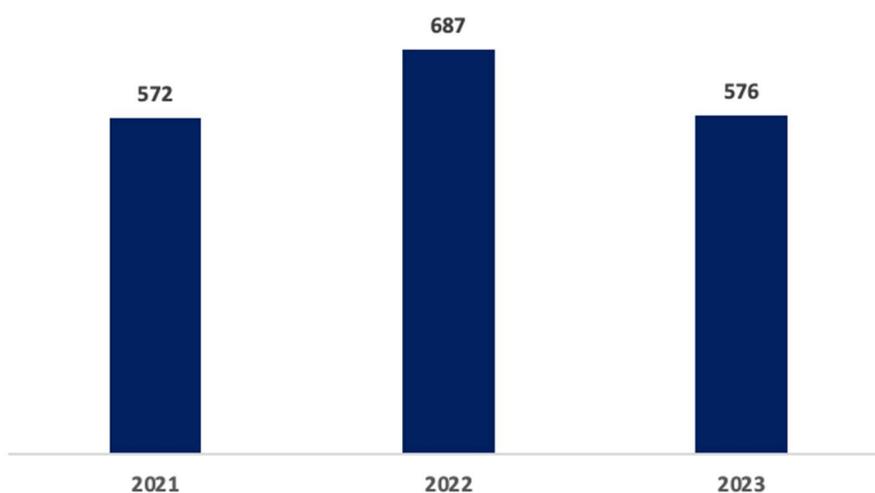


TABLE 6.1 shows the economic value generated and distributed by the Group in 2023, and a comparison with previous years; for detailed information and comments on the Group's economic performance, please refer to the specific sections of the management report and the explanatory notes to the consolidated financial statements.

²⁶ Total revenues have been defined on the basis of the guidelines set out in GRI 201-1.

TABLE 6.1 – ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE GROUP (2021-2023), IN THOUSANDS OF EURO

		2023	2022	2021
Directly generated economic value	Gross sales ²⁶	572,328	685,743	571,030
	Revenues from financial investments	2,962	1,135	901
	Sales of goods	197	350	312
	Total Revenue	575,487	687,229	572,243
Economic value distributed	Suppliers	422,319	490,062	398,735
	Change in inventories	-71,315	83,565	26,323
	Employees	122,742	124,779	113,161
	Capital providers	18,096	7,697	6,877
	Public administration	4,724	9,334	4,474
	Community	51	111	51
	Total value	496,616	715,547	549,622
Economic value retained	Economic value generated - distributed	78.871	-28.319	22.621

6.6.3 Greenhouse gas emissions – calculation method and additional data (GRI 305-1:2016; 305-2;2016; 305-3;2016)

Greenhouse gas emissions are calculated monthly by converting the amounts of **energy consumed** into carbon dioxide equivalent (CO₂eq) For this purpose, a specially developed calculation tool is used, the **Sustainability Web Tool** (see section 6.3), to which all plants have access and which makes use of energy vector-specific **conversion factors**.²⁷ Greenhouse gas emissions are commonly classified according to a scheme proposed by the **GHG Protocol** and then divided into Scope 1, Scope 2, and Scope 3 emissions. In

²⁷ The conversion factors used are derived from the Ecoinvent 3.9.1 database, Carbon Minds, Bilan Carbone, GaBi, EPA.

2023 Aquafil calculated its Scope 3 emissions for the first time. To increase its accuracy in quantifying emissions according to the classification required by the GHG Protocol, the emissions factors used were also modified in 2023 by adopting the factors provided by the **Ecoinvent database**. To ensure comparability, **Scope 1 and 2 emissions values from previous years (2020-2022) were also recalculated** using the new factors.

SCOPE 1 – Since 2023 Aquafil has integrated the calculation of Scope 1 emissions to also include fluorinated greenhouse gases (F-gas), previously excluded as not very relevant but now included for completeness; these gases contribute 0.3% to the Scope 1 result.

SCOPE 2 – Scope 2 emissions can be calculated in two ways, denominated "**location-based**" and "**market-based**". In the first case, the conversion factor used reflects the electricity production mix of the country in which the plant is located, while in the second case the production mix of the market in which the plant operates is taken into account and the residual mix is used as a conversion factor.²⁸

SCOPE 3 – Scope 3 emissions were calculated according to the GHG Protocol, with an "**operational control**" consolidation approach. All the categories relevant to Aquafil's production context were reported, with the sole exception of "Business Trips" for which no data was deemed to be sufficiently reliable. Additionally, the categories downstream of the "Transformation of products sold" and the "Usage phase of products sold" were not considered: in the case of GHG emissions relating to the "Transformation of products sold", these are emissions connected with the processing/transformation of products sold by Aquafil (or the intermediate product for the B2B market) for which there is not enough information to make reliable estimates regarding the impact itself. With regard to emissions related to the usage phase of Aquafil products, these are emissions from the indirect usage phase and their reporting is therefore not required.

TABLE 6.2 reports both "**market-based**" and "**location-based**" Scope 2 and Scope 3 emissions. For Scope 2, "**location-based**" emissions are reported only from 2021 onwards, since they were not reported in previous years and were later introduced to ensure completeness of information. For Scope 3 they are only reported for 2023, since they were not calculated in previous years.

TABLE 6.2 – SCOPE 2 AND SCOPE 3 "MARKET-BASED" AND "LOCATION-BASED" EMISSIONS (2020-2023)

	UoM	2020	2021	2022	2023
Scope 2 (market-based)	tCO ₂ eq	15,316	6,169	4,967	12,096
Scope 2 (location-based)	tCO ₂ eq	-	185,544	189,413	124,075
Scope 3 (market-based)	tCO ₂ eq	-	-	-	902,362
Scope 3 (location-based)	tCO ₂ eq	-	-	-	913,859

The energy production responsible for the emissions of Scope 1 and Scope 2 also generates a share of **indirect emissions** which, according to the GHG Protocol, should be placed in Scope 3. These emissions are generated by producing the consumed fuels that contribute to Scope 1, and the production of the carriers plus the grid losses of the purchased electricity that contributes to Scope 2. The table presented in section 3.2.3 Greenhouse gas emissions contains the results of Scope 1 and 2 without including this share of indirect emissions attributable to energy, which contributes to the result of Scope 3 for the year 2023, the first year in which it is calculated. This share is shown in TABLE 6.3 for years 2020-2022, presented with a market-based and location-based approach.

²⁸ The residual mix of a nation consists of the electricity production mix - from which, however, the contribution of renewable sources certified by the GO is excluded in order to avoid double counting.

TABLE 6.3 – INDIRECT "MARKET-BASED" AND "LOCATION-BASED" SCOPE 3 EMISSIONS ON ENERGY (2020-2022)

	UoM	2020	2021	2022
Scope 3 (market-based) Indirect on Energy	tCO ₂ eq	15,398	19,391	17,411
Scope 3 (location-based) Indirect on Energy	tCO ₂ eq	32,992	38,661	37,070

6.6.4 Water withdrawals and discharges – assessment of water stress (GRI 303-1:2018; 303-1:2018; 303-2:2018; 303-3:2018;303-4:2018)

Water withdrawals

In line with the requirements of the GRI 303-3 standard, a **qualitative assessment was made of water stress** in the areas where sampling takes place. Each area was characterized using the "**Basin Physical Risk**" indicator provided by the WWF Water Risk Filter, which gives a risk scale ranging from 0 (no risk) to 5 (high risk). Unlike the "Water Scarcity" indicator used in previous years, the "Basin Physical Risk" indicator provides a more complete assessment of the risk level of different areas; it is based not only on water scarcity but also on the probability of flooding, the quality of available water and the state of ecosystem services. TABLE 6.4 SHOWS the volume of water withdrawal divided by source, plant, and water stress area for the year 2023. It can be noted that withdrawals take place on average in areas with medium-low water stress.

Legend

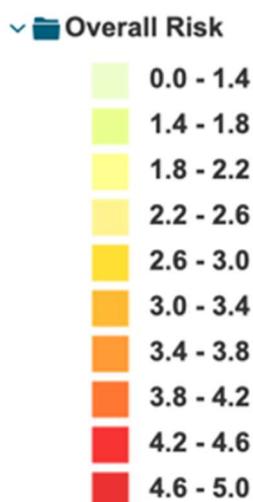


TABLE 6.4 – CHARACTERIZATION OF WATER WITHDRAWAL BY WATER STRESS AREA (2023)

Source of withdrawal	Plants involved	Risk of water stress	Quantity withdrawn [megaliters]
Surface water	Tessilquattro	2.2 – 2.6	7.7
Groundwater	Aquafil	1.8 – 2.2	1455.2
	AquafilSLO – Ajdovscina		
	AquafilSLO – Celje AquafilSLO - Ljubljana		
	Tessilquattro - Rovereto	2.2 – 2.6	28.6
Third-party water resources (aqueduct)	Aquafil	1.8 – 2.2	48.9
	AquafilUK		
	AquafilCRO		
	AquafilSLO – Ljubljana		
	AquafilSLO – Celje		
	AquafilSLO – Senozece		
	AquafilUSA	2.6 – 3.0	171.9
	Tessilquattro	2.2 – 2.6	53.8
	Tessilquattro - Rovereto		
	O'Mara		
	Aquafil China	3.0 – 3.4	45.9
	Asia Pacific		
	Anaheim	3.4 – 3.8	0.3
	Aquafil Carpet Recycling #1	3.8 – 4.2	21
	Phoenix		
	Miramar		
Chula Vista			

Water discharges

For water discharges too, a **qualitative assessment was made of the water stress** in the areas where the discharge takes place, as required by GRI 303-4, using the same risk scale already used for water withdrawals. TABLE 6.5 shows the volume of water discharges divided by destination, plants involved and water stress area for the year 2023.

TABLE 6.5 – CHARACTERIZATION OF WATER DISCHARGE BY WATER STRESS AREA (2023)

Discharge destination	Plants involved	Risk of water stress	Quantity discharged [megaliters]
Surface water	Aquafil	1.8 – 2.2	815.8
	AquafilSLO - Celje		
	Tessilquattro - Rovereto	2.2 – 2.6	0
Third-party water resources (consortium plants for industrial discharges)	Aquafil	1.8 – 2.2	363.3
	AquafilUK		
	AquafilCRO		
	AquafilSLO – Ljubljana		
	AquafilSLO – Celje		
	AquafilUSA	2.6 – 3.0	144.6
	Tessilquattro	2.2 – 2.6	77.6
	Tessilquattro-Rovereto		
	O'Mara		
	Aquafil China	3.0 – 3.4	5.2
Aquafil Carpet Recycling #1	3.8 – 4.2	17.8	
Third-party water resources	AquafilUK	1.8 – 2.2	41.8

(consortium plants for civil discharges)	Aquafil		
	AquafilCRO		
	AquafilSLO – Ljubljana		
	AquafilSLO – Celje		
	AquafilSLO – Ajdovscina		
	AquafilSLO – Senozece		
	Tessilquattro	2.2 – 2.6	7
	Tessilquattro – Rovereto		
	O'Mara		
	Aquafil USA	2.6 – 3.0	16.1
	Aquafil China	3.0 – 3.4	2.9
	Asia Pacific		
	Anaheim	3.4 – 3.8	0.3
	Aquafil Carpet Recycling #1	3.8 – 4.2	3.2
	Miramar		
	Chula Vista		
Phoenix			

6.6.5 The people of Aquafil – additional data

(GRI 2-7:2021; 2-8:2021; 2-21:2021; 2-30:2021; 3-3:2021; 401-2:2016; da 402-2:2016; 404-1:2016; 405-1:2016; 405-2:2016; 406-1:2016)

TABLE 6.6 – RATIO OF FEMALE TO MALE REMUNERATION, BY COMPANY AND PROFESSIONAL CATEGORY, 2023 – SALARY INCLUSIVE OF VARIABLE COMPONENTS AND BENEFITS

Group Companies	Senior Director	Manager	Junior manager	White collar employee	Blue collar employee
Aquafil	NA - Men Only	66.2%	82.0%	82.8%	91.4%
Aquafil Carpet Collection LLC		NA - Men Only	89.8%	NA - Women Only	NA - Men Only
Aquafil Carpet Recycling #1			NA - Men Only	102.5%	58.8%
Aquafil USA- 1 Aquafil Drive	NA - Men Only	NA - Men Only	79.4%	75.5%	78.2%
Aquafil USA-101 Fiber Drive			N/A - Men Only	115.8%	85.9%
Aquafil Asia-Pacific			71.2%	148.9%	103.5%
Aquafil China		NA - Men Only	77.9%	94.6%	84.8%
AquafilCro			54.7%	93.4%	82.5%
AquafilOMara		NA - Men Only	93.2%	107.4%	85.3%
AquafilSLO Ajdovscina			NA - Men Only		NA - Men Only
AquafilSLO Celje		NA - Men Only	NA - Men Only	89.3%	90.4%
AquafilSLO Ljubljana	NA - Men Only	62.4%	88.2%	102.6%	84.6%
AquafilSLO Senozece			NA - Men Only		106.1%
AquafilUK		NA - Men Only			
Tessilquattro Cares			105.7%	84.2%	96.5%
Tessilquattro Rovereto			NA - Men Only	71.7%	87.5%

FIGURE 6.5 – BREAKDOWN OF PERSONNEL BY TYPE OF CONTRACT IN 2023, WITH GENDER BREAKDOWN

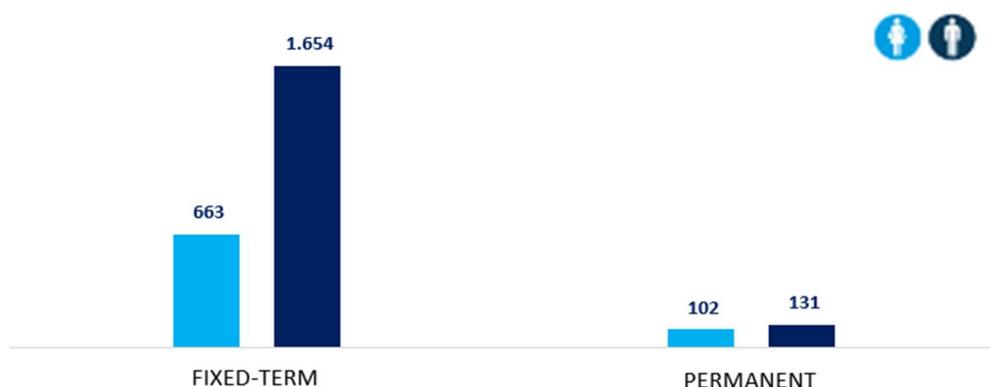


TABLE 6.7 – TYPE OF CONTRACT BY GEOGRAPHICAL AREA (2023)

TYPE OF CONTRACT	Italy	Croatia	Slovenia	USA	China	Thailand	UK
Permanent contracts	699	173	770	528	126	20	1
Fixed-term contracts	3	3	58	0	169	0	0

TABLE 6.8 – BREAKDOWN OF FULL-TIME AND PART-TIME CONTRACTS BY GENDER (2023)

TYPE OF CONTRACT	Men	Women	Total	% of total
Full-time	1750	718	2468	96.8%
Part-time	35	47	82	3.2%

TABLE 6.9 – BREAKDOWN OF FULL-TIME AND PART-TIME CONTRACTS BY GEOGRAPHICAL AREA (2023)

TYPE OF CONTRACT	Italy	Croatia	Slovenia	USA	China	Thailand	UK
Full-time	644	176	804	528	295	20	1
Part-time	58	0	24	0	0	0	0

TABLE 6.10 – TRAINING HOURS PROVIDED BROKEN DOWN BY COMPANY ROLE AND GENDER (2023)

	Manager		Junior manager		White collar employee		Blue collar employee	
	Male	Female	Male	Female	Male	Female	Male	Female
Technical	464	163	1,975	413	4,268	2,913	13,346	1,677
Human rights and anti-corruption	0	0	2	0	4	10	38	2
Safety	122	16	392	73	1,337	1,016	8,251	1,809
Languages	36		284	204	429	660	628	216
Environmental	259	70	397	84	833	531	1,861	194
Total	880	249	3,050	774	6,871	5,130	24,124	3,897

6.6.6 Composition of Aquafil's governing bodies

(GRI 2-9:2021)

TABLE 6.11 – COMPOSITION OF THE BOARD OF STATUTORY AUDITORS, SUPERVISORY BODY AND BOD COMMITTEES (2023)

Body	Member and role
Board of Statutory Auditors	<ul style="list-style-type: none"> · Stefano Poggi Longostrevi (Chairman) · Beatrice Bompieri (Statutory Auditor) · Bettina Solimando (Statutory Auditor) · Marina Manna (Alternate Auditor) · Davide Barbieri (Alternate Auditor)
Audit, Risk and Sustainability Committee	<ul style="list-style-type: none"> · Patrizia Riva (President) · Francesco Profumo (Director) · Chiara Mio (Director)
Appointment and Remuneration Committee	<ul style="list-style-type: none"> · Francesco Profumo (President) · Ilaria Maria Dalla Riva (Director) · Patrizia Riva (Director)
Supervisory Board (pursuant to Italian Legislative Decree 231/01)	<ul style="list-style-type: none"> · Fabio Egidi (President) · Karim Tonelli (Internal Member) · Michele Pansarella (External member)

6.6.7 Tax Compliance

(GRI 207-1:2019; 207-2:2019; 207-3:2019; 207-4:2019)

Taxes are a fundamental tool through which a company contributes to public spending, and therefore to the development of the countries in which it operates.

For a detailed discussion of the **taxation procedure** that the Group has adopted, please refer to the paragraph of the management report entitled "**IRES taxation procedure for the Group**" as well as for detailed information on the explanatory notes to the financial statements (chapter 8.13 income tax for the year and chapter 11.1 commitments and risks).

TABLE 6.12 presents **information broken down by individual tax jurisdictions** in which the Group operates, where tax jurisdiction means the place in which the different companies of the Group are resident for tax purposes.

The following are therefore reported:

- profits and losses before tax, which - since it varies from country to country - is difficult to compare across different jurisdictions;
- income taxes, referring to the taxable income of each company;
- income taxes calculated on the basis of profits or losses;
- income taxes paid;
- the tax rates in force in the different jurisdictions.²⁹

²⁹ Some information required by GRI 207-4 is reported elsewhere in this Report and in the consolidated financial statements. Specifically:

- The names of the resident entities, the activity of the Group in each tax jurisdiction in sections 1.2, 1.3 and 6.1;
- The number of employees in section 4.1
- Revenues from sales to third parties (consolidated turnover) in the consolidated financial statements;
- Revenues from intra-group transactions (intercompany transactions) is information that can be obtained from the consolidated financial statements;
- tangible assets other than cash and cash equivalents (total assets minus cash and cash equivalents) in the consolidated financial statements.

**TABLE 6.12 – INFORMATION RELATED TO TAX COMPLIANCE, VALUES IN THOUSANDS OF EUROS
CONVERTED AT THE AVERAGE EXCHANGE RATE (2023)**

Tax jurisdictions	Profit/(loss) before taxes	Current corporate income taxes (*)	Corporate income taxes accrued on profits/losses	Income taxes paid	Rate	Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the tax rate set by law is applied to pre-tax profits/losses.
Italy	(15,587)	(3,274)	(7,672)	299	29%	
China	17,482	4,234	4,426	4,401	25%	
Thailand	1,169	236	236	342	20%	
Slovenia	(20,888)	-	(948)	332	22%	The difference between the theoretical rate and the effective rate in the year is mainly due to the prudent non-allocation of deferred taxes
USA	2,709	696	1,238	2,234	27% ³⁰	
UK	(2,911)	-	-	-	0%	
Germany	(1,105)	582	585	679	0%	
Slovakia	(81)	-	-	-	0%	
Croatia	(3,350)	-	(605)	1,250	18%	
Turkey	(89)	1	1	-	23%	
Belgium	36	19	19	93	25%	
Japan	(1,710)	7	7	7	9%	
Australia	(15)	-	-	-	25%	

* A negative sign can indicate both an income from tax consolidation and a net allocation of deferred tax assets

³⁰ The reported rate is an average covering the federal rate and those of the states in which the US companies are based.

6.6.8 Alignment with the European Taxonomy – Turnover, CapEx and OpEx

Aquafil voluntarily adopts a **dual view** in the disclosure: the first, following the strict interpretation of the standard, which considers as eligible exclusively the production and sale of the polyamide 6 polymer in granular form; the second, provided voluntarily, which looks at the entire production and sale activity, including that of the yarn. For both scenarios, the relevant data on **Turnover**, **CapEx** and **OpEx** is published according to the characteristics indicated in the Regulations.

1) Production and sale of polyamide 6 (PA6) polymer in granular form

TABLE 6.13 – TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (2023)

Economic activities	Code(s)	Substantial contribution criteria								DNSH Criteria						Minimum safeguards	Taxonomy aligned proportion of turnover Year 2023	Taxonomy aligned proportion of turnover Year 2022	Category (enabling activity or transitional activity)
		Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		€	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			

3.17 Manufacture of plastics in primary forms	C20.16	9,427,347	1.6%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	1.65%	0.11%	T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		9,427,347	1.6%	100%	0%	N/A	N/A	N/A	N/A								1.65%	0.11%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.17 Manufacture of plastics in primary forms	C20.16	33,817,559	5.9%														0.00%	0%	
2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	1,587,378	0.3%																
2.7 Material recovery from non-hazardous waste	E38.3	2,270	0.0004%																

Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35,407,207	6.2%															0%	0%	
Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		44,834,554	7.8%															1.65%	0.11%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		526,971,459	92.2%																	
Total (A + B)		571,806,013	100%																	

TABLE 6.14 – CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2023)

Economic activities	Code(s)	Absolute CapEx €	Proportion of CapEx %	Substantial contribution criteria						DNSH Criteria						Minimum safeguards Y/N	Taxonomy aligned proportion of CapEx Year 2023 Percent	Taxonomy aligned proportion of CapEx Year 2022 Percent	Category (enabling activity or transitional activity) E/T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.17 Manufacture of plastics in primary forms	C20.16	9,325,143	16%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	16%	22%	T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		9,325,143	16%	100%	0%	N/A	N/A	N/A	N/A								16%	22%	

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
3.17 Manufacture of plastics in primary forms	C20.16	2,711,299	5%	100%	0%	N/A	N/A	N/A	N/A								0%	0%
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,711,299	5%	100%	0%	N/A	N/A	N/A	N/A								0%	0%
Total CapEx of Taxonomy eligible activities (A.1 + A.2) (A)		12,036,442	21%	100%	0%	N/A	N/A	N/A	N/A								16%	22%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Capex of Taxonomy-non-eligible activities (B)		45,595,769	79%															

Total (A + B)		57,632,210	100%
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TABLE 6.15 – OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2023)

Economic activities	Code(s)	Absolute OpEx €	Proportion of OpEx %	Substantial contribution criteria						DNSH Criteria						Minimum safeguards Y/N	Taxonomy aligned proportion of OpEx Year 2023 Percent	Taxonomy aligned proportion of OpEx Year 2022 Percent	Category (enabling activity or transitional activity) E/T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.17 Manufacture of plastics in primary forms	C20.16	4,440,057	18%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	18%	10%	T

OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,440,057	18%	100%	0%	N/A	N/A	N/A	N/A								18%	10%
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
3.17 Manufacture of plastics in primary forms	C20.16	1,399,172	6%														0%	0%
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,399,172	6%														0%	0%
Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		5,839,229	23%														18%	10%

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Opex of Taxonomy-non-eligible activities (B)		19,397,071	77%
Total (A + B)		25,236,301	100%

2) All Aquafil production and sales activities (i.e. yarn)

TABLE 6.16 – TURNOVER FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2023)

Economic activities	Code(s)	Absolute turnover €	Proportion of turnover %	Substantial contribution criteria						DNSH Criteria						Minimum safeguards Y/N	Taxonomy aligned proportion of turnover Year 2023 Percent	Taxonomy aligned proportion of turnover Year 2022 Percent	Category (enabling activity or transitional activity) E/T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.17 Manufacture of plastics in primary forms	C20.16	268,115,380	46.9%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	47%	40%	T

Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		268,115,380	46.9%	100%	0%	N/A	N/A	N/A	N/A								47%	40%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.17 Manufacture of plastics in primary forms	C20.16	300,943,880	52.6%														0.00%	0%	
2.3 Collection and transport of non-hazardous and hazardous waste	E38.1	1,587,378	0.3%														N/A	N/A	
2.7 Material recovery from non-hazardous waste	E38.3	2,270	0.0004%														N/A	N/A	
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		302,533,528	52.9%														0%	0%	

TABLE 6.17 – CAPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2023)

Economic activities	Code(s)	Absolute CapEx €	Proportion of CapEx %	Substantial contribution criteria						DNSH Criteria						Minimum safeguards Y/N	Taxonomy aligned proportion of CapEx Year 2023 Percent	Taxonomy aligned proportion of CapEx Year 2022 Percent	Category (enabling activity or transitional activity) E/T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.17 Manufacture of plastics in primary forms	C20.16	32,936,879	57%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	57%	53%	T
CapEx of environmentally sustainable activities		32,936,879	57%	100%	0%	N/A	N/A	N/A	N/A								57%	53%	

(Taxonomy-aligned) (A.1)																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy- aligned activities)																		
3.17 Manufacture of plastics in primary forms	C20.16	23,811,504	41%	100%	0%	N/A	N/A	N/A	N/A								0%	0%
CapEx of Taxonomy- eligible not but not environmentally sustainable activities (not Taxonomy- aligned activities) (A.2)		23,811,504	41%	100%	0%	N/A	N/A	N/A	N/A								0%	0%
Total CapEx of Taxonomy eligible activities (A.1 + A.2) (A)		56,748,382	98%	100%	0%	N/A	N/A	N/A	N/A								57%	53%
B. TAXONOMY-NON- ELIGIBLE ACTIVITIES																		

Capex of Taxonomy-non-eligible activities (B)		883,828	2%
Total (A + B)		57,632,210	100%

TABLE 6.18 – OPEX FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (2023)

Economic activities	Code(s)	Absolute OpEx €	Proportion of OpEx %	Substantial contribution criteria						DNSH Criteria						Minimum safeguards Y/N	Taxonomy aligned proportion of OpEx Year 2023 Percent	Taxonomy aligned proportion of OpEx Year 2022 Percent	Category (enabling activity or transitional activity) E/T
				Climate mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			

3.17 Manufacture of plastics in primary forms	C20.16	11,974,287	47%	100%	0%	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	47%	50%	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		11,974,287	47%	100%	0%	N/A	N/A	N/A	N/A								47%	50%	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
3.17 Manufacture of plastics in primary forms	C20.16	13,130,282	52%														0%	0%	
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		13,130,282	52%														0%	0%	

Total OpEx of Taxonomy eligible activities (A.1 + A.2) (A)		25,104,570	99%															47%	50%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		131,731	1%																	
Total (A + B)		25,236,301	100%																	

METHODOLOGICAL APPROACH

Calculation of indicators

The Taxonomy requires that the persons who prepare the sustainability report represent, each year, the percentage of eligible and aligned activities through three key performance indicators (hereinafter also "KPIs"), as specified in the Regulations. These indicators respectively regard: revenues ("Turnover"), capital expenditures ("CapEx") and operating expenses ("OpEx"). In addition, a view is requested that favors comparison with the previous year's data.

Data collection process

In addition to quantitative data, the Regulation requires that qualitative disclosure be provided. Specifically, the discussion must focus on: the methods of allocation to the revenue numerator, CapEx and OpEx; the method used and the assumptions made to determine the shares of revenues, CapEx and OpEx for each economic activity.

Revenues

The numerator of the KPI corresponds to the revenues defined as aligned according to the criteria in the EU Taxonomy. In particular, the Group's revenues that are aligned with the Taxonomy are determined on the basis of gross revenues from sales related to the "ECONYL® Regeneration System and other environmentally-friendly activities".

The denominator of the indicator, on the other hand, corresponds to the total net revenues achieved by the Group, as defined within the Consolidated Income Statement.

CapEx

The KPI numerator, i.e. the share of aligned capital expenditure, corresponds to the amount of CapEx connected to the "ECONYL® Regeneration System activity and other environmentally-friendly activities". This share was determined according to two main methods:

- in the case of expenses directly attributable to the activity described above, these have been valued on the basis of the primary data recorded;
- in the case of expenses not directly attributable to this activity, the allocation of costs took place in proportion to the percentage of revenues aligned on the total revenues themselves.
- In the case of expenses that contribute to the climate change mitigation objective, but that are not directly related to this activity, these have been valued on the basis of the primary data recorded.

The overall CapEx data (KPI denominator) corresponds to the increases for the year, as indicated in the consolidated financial statements as at 31.12.2023.

In-line with point 1.1.2.1. of Annex I of the EU Delegated Regulation 2021/2178, CapEx also considered the expenses incurred for leased assets accounted for according to the IFRS 16 accounting standard and the expenses incurred in developing samples accounted for according to the IAS 38 accounting standard. Both these types of CapEx were allocated using the methodology illustrated above

OpEx maintenance

The KPI numerator, i.e. the maintenance costs aligned with the Taxonomy, refers to all maintenance costs related to the "ECONYL® Regeneration System activity and other environmentally-friendly activities". The alignment data was provided directly by Management Control according to the separate bases entered within the management ERP.

The overall maintenance data (the KPI denominator) corresponds to that included in the consolidated financial statements as at 31.12.2023. The Aquafil Group has an income statement by nature and not by function, therefore the maintenance item is included partly in the costs for services and partly in the costs for the purchase of materials (e.g. spare parts).

OpEx R&D – Research

The KPI numerator, i.e. the research costs aligned with the Taxonomy, refers to all costs related to projects that are:

- related to the development/optimization of products connected with the "ECONYL® Regeneration System activity and other environmentally-friendly activities";
- related to the development of new eco-sustainable products/processes (e.g. use of natural pigments).

The data relating to the total research costs (KPI denominator) is derived from the internal reporting of all costs (i.e. personnel costs, consumables) related to the individual research projects described above.

OpEx R&D – Development

The KPI numerator, i.e. the development costs aligned with the Taxonomy, is derived from the reporting of all samples processed in connection with the "ECONYL® Regeneration System activity and other environmentally-friendly activities".

The data relating to the total development costs (KPI denominator) is derived from the reporting, within the Group ERP, of all samples produced during 2023.