

Aquafil S.p.A.

Via Linfano No. 9 38062 – Arco (TN)
Registered in the Trento Business
Register under No. 228169
Tax Code and VAT number 09652170961

ESG Policy

Approved by the Board of Directors of Aquafil S.p.A.
on 31 August 2023

2023

1. THE AQUAFIL GROUP

Aquafil S.p.A. Group (hereinafter “Aquafil”) is a B2B company and a leading manufacturer of carpet yarn, apparel yarn, and polyamide 6 polymer for the interior and design sectors.

Founded in 1965 in its current headquarters in Arco, Trentino, Aquafil’s core business is the polymerization and spinning of Nylon 6. Its business model is based on product circularity. Through the ECONYL® regeneration system, Aquafil transforms pre- and post-consumer nylon waste into a raw material that is identical to that derived from fossil sources. This regenerated material is then used to produce ECONYL® polymer and yarn.

The use of regenerated raw materials via a chemical recycling process enables the production of a component identical to the original but with a lower impact in terms of emissions.

At Aquafil, innovation and circular economy are at the heart of the company’s culture and values. They drive business growth and serve as a key element in risk mitigation.

Aquafil’s ESG efforts extend beyond circular economy principles. The company has always maintained a comprehensive commitment to sustainability, taking into account environmental, social, and governance dimensions.

In terms of **environmental** protection, Aquafil has progressively implemented targeted actions to reduce greenhouse gas emissions, lower water and energy consumption, and gradually increase the use of electricity from renewable sources. Waste is also carefully managed. Furthermore, numerous eco-design projects have been developed, involving the entire production chain with the aim of re-engineering future products to be recyclable at the end of their life cycle.

Aquafil’s commitment to identifying and mitigating physical and transitional risks, along with the Board of Directors’ responsibility for key environmental issues, is outlined in greater detail in the “Environmental Policy”, which is inspired by the principles stated in this ESG Policy.

Listed on the STAR segment of the Italian Stock Exchange, Aquafil is aligned with the principles of the Corporate Governance Code and is committed to a sustainable success model. In terms of **governance**, the goal is to ensure compliance with regulations relevant to the sector and business area, while also promoting high transparency and continuous stakeholder engagement—also through the publication of ESG performance data.

Aquafil’s value is directly tied to the **people** who work there and strive to bring the company’s mission to life, committing daily to the success of the Group as a whole. Creating the right conditions for employee development, safety, and equal opportunities is a top priority.

The key principles underlying Aquafil’s social policies are:

- building a fair and inclusive work environment;
- ensuring the safety and wellbeing of individuals, also through supplementary welfare plans;
- promoting personal and professional growth;
- supporting local communities and contributing to their development;
- encouraging supplier commitment to sustainability by promoting these principles throughout the supply chain.

Aquafil is also committed to supporting the most vulnerable and fostering social progress and innovation.

Since 2008, Aquafil has formalized these commitments through the “THE ECO PLEDGE® system,” which is structured around five pillars:

- rethinking products with a circular perspective;
- protecting the environment;
- sharing responsibility throughout the entire production chain;
- safeguarding individual wellbeing;
- supporting local communities.

The adoption of this ESG Policy serves to both define the sustainability principles embraced by Aquafil and establish a governance framework that strengthens and consolidates concrete actions and initiatives.

2. OBJECTIVES

The objective of this ESG Policy is to define Aquafil's sustainability principles and illustrate how they are integrated into the company's business model, ensuring a responsible approach aimed at long-term sustainable growth.

To this end, the company periodically conducts a double **materiality assessment**, which serves as a key tool through which Aquafil steers its strategy towards mitigating impacts, preventing risks, and identifying opportunities related to environmental, social, and governance (ESG) matters.

Through the drafting and communication of this ESG Policy, Aquafil reaffirms its commitment in the following areas:

Environmental:

- continue the path of improving key environmental KPIs, such as GHG emissions, energy consumption, water usage, and waste management;
- map the main physical and transitional risks associated with climate change.

Social:

- promote and protect fundamental human rights;
- combat all forms of discrimination within its sphere of influence;
- identify and develop talent through dedicated programs and targeted training;
- adhere to the principles of the UN Global Compact and incorporate them into the company's codes of conduct.

Governance:

- integrate ESG topics into various business functions and decision-making processes;
- define sustainability principles, the role of the Board, and the assignment of ESG-related roles and responsibilities;
- initiate a path toward greater engagement of key suppliers on ESG matters.

Integrating ESG factors into each business unit—aligned with the results of the double materiality analysis—enhances the understanding of impacts, risks, and opportunities while optimizing long-term value creation. The objectives, generally established to remediate negative impacts, generate positive ones, mitigate risks, or seize opportunities, will be achieved through internal actions and commitments. These include:

- creating and leveraging new business opportunities to attract investors and clients;
- generating shared value by allocating resources effectively and efficiently;
- promoting a sustainable business approach with all stakeholders;
- communicating ESG-related activities and progress to stakeholders;
- **reducing economic, financial, and reputational risks through in-depth understanding of key non-financial metrics;**
- participating in events and initiatives that promote the integration of ESG factors into industrial decision-making;
- fostering an internal culture of sustainability through ongoing employee training and engagement.

The commitments outlined in this document are translated into specific procedures and/or dedicated programs.

3. REFERENCE CONTEXT

This document has been prepared by drawing inspiration from the sustainability principles also indicated by international bodies and institutions. The main regulatory sources/agreements Aquafil adheres to are indicated below.

2030 Agenda

Aquafil is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) by setting specific goals. Aquafil has adopted the Sustainable Development Goals of the United Nations to decline, in practice, its commitments mentioned above. The main SDGs set are listed below:



For the reporting of related targets, please refer to the Consolidated Non-Financial Statement.

United Nations Global Compact (UNGC)

Aquafil adheres to the UN Global Compact (UNGC) with the aim of aligning with its principles and commitments, including through the adoption of the Human Rights Policy. Aquafil is committed to promoting these principles also within its consolidated Sustainability Reporting.

Universal Declaration of Human Rights

Aquafil is committed to promoting and respecting universally recognized human rights as stated in the Universal Declaration of Human Rights, also through the implementation of its Human Rights Policy and Code of Ethics.

Paris Agreement on Climate Change

In line with the United Nations' Paris Agreement, Aquafil is committed to the progressive reduction of greenhouse gas (GHG) emissions through a business model that also integrates circular economy principles.

Among other international frameworks that inspired the drafting of this policy are: the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

Additionally, Aquafil has adopted several internal regulatory instruments to ensure that its activities are managed in an effective, efficient, and transparent manner, and in accordance with the principles and values outlined in this policy. These internal references include:

- Code of Ethics;
- Human Rights Policy;
- Group Enterprise Risk Management;
- Whistleblowing Policy.

4. DEFINITIONS

Physical Risks: Risks associated with climate change, including increased frequency or severity of weather events such as floods, droughts, and storms.

Transition Risks: Risks related to the potential loss of market share that a company may face, directly or indirectly, as a result of the shift toward a low-carbon and more sustainable economy.

Sustainable Development Goals (SDGs):

The SDGs are 17 interconnected goals with 169 targets, defined in 2015 by the United Nations, aiming to “achieve a better and more sustainable future for all”.

5. SCOPE OF APPLICATION

Aquafil is committed to integrating ESG criteria into all its activities, adapting its approach according to each business function. This policy generally applies to employees, contractors, suppliers, customers, and all stakeholders who maintain ongoing relationships with the company.

6. GOVERNANCE

Effective ESG governance requires a clear assignment of responsibilities throughout the organization. Within Aquafil, the dissemination of ESG principles is shared among the following actors:

ESG Committee

Appointed by the Chief Executive Officer and/or the Board of Directors, to whom it reports periodically, the Committee is responsible for defining and implementing the company's ESG strategy in alignment with this policy. Specifically, the ESG Committee:

- supports the Board of Directors in assessing the environmental, economic, and social impacts of business activities and in identifying related risks and opportunities;
- defines ESG guidelines, including timelines and priorities, to integrate sustainability into all business processes;
- monitors the achievement of ESG goals approved by the Board of Directors and proposes corrective actions in case of deviations from the work plans;
- monitors regulatory developments in ESG matters and resolves on the implementation of Group policies and regulations.

The Committee is made up of permanent members but may involve relevant business functions on a case-by-case basis to perform its duties effectively.

For further details on composition, appointment, functioning, and responsibilities of the Committee, please refer to the relevant Regulation.

ESG Head

Reporting to the Aquafil ESG Committee, this role oversees and enhances the implementation of the ESG Policy throughout the organization. They are responsible for gathering reports and data from ESG Representatives.

ESG Representative

Identified at each site, ESG Representatives are responsible for collecting, validating, and consolidating ESG data. They have a functional reporting line to the ESG Head and the ESG Committee. Furthermore, they are responsible for assessing and monitoring risks and opportunities within their respective areas of competence.

7. POLICY APPROVAL AND REVIEW

The Board of Directors of Aquafil approved this ESG Policy on 31 August, 2023.

The main terms of the ESG Policy are outlined below:

- Aquafil periodically communicates to its stakeholders the results achieved in the implementation of this ESG Policy, using its website and, where applicable, regular reporting tools;
- The ESG Head informs the ESG Committee of Aquafil at least every six months about the status of the implementation of this Policy and any proposals for improvement;
- The ESG Committee, through the ESG Head, reviews the need for updates and/or amendments to this document and implements them accordingly.

Review	Description	Date	Approved by
1.0	Reference to double materiality and alignment of terminology with the CSRD Directive	10/07/2025	BoD
2.0	Section "6. – Governance" and "7 – Policy approval and review" update	12/03/2026	BoD

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