

Aquafil S.p.A.

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under No. 228169
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Environmental Policy - Aquafil Group

Approved by the ESG Committee of Aquafil S.p.A.
on 15 September 2023

2023

1. THE AQUAFIL GROUP

The Aquafil Group (hereinafter “Aquafil”) based in Arco di Trento, is a B2B leader in the production of carpet yarn, clothing yarn and polyamide 6 polymer for the furniture and design sectors.

Its business model is based on product circularity: the ECONYL® regeneration system allows Aquafil to transform pre- and post-consumer nylon waste into a raw material which is identical to that obtained from fossil sources used to produce ECONYL® polymer and yarns. The use of regenerated raw material through a chemical recycling process enables the production of an ingredient that is entirely identical to the original, but with a reduced emissions impact.

To integrate the principles of sustainability into its business model and its activities, Aquafil has created an ESG framework¹. For further details, see the **ESG Policy**.

2. OBJECTIVES

The Environmental Policy seeks to describe and define Aquafil’s commitments and objectives regarding key environmental and climate change issues, including in terms of physical and transitional risks. The list of commitments and related actions to support these objectives is set out below.

Commitments

- Protect the environment and biodiversity in proportion to the Company’s resources and capabilities available in the various countries where it has a presence through its sites or facilities;
- comply with the principle of DNSH (Do No Significant Harm), i.e. the commitment to achieve environmental results without causing significant harm to the environment; create an environment within the company and for all employees that is attentive to reducing waste and designed to improve environmental protection, as defined by the Procurement Policy;
- require its supply chain to progressively share its environmental commitments;
- introduce a strategy to minimise GHG emissions;
- use energy from renewable sources where possible;
- periodically communicate with its stakeholders on key activities of environmental sustainability in the appropriate public venues (website, reporting, investor presentations etc.).
- gradually reduce the use of hazardous substances and substances which may have a greater adverse impact on people and the environment, manage those substances appropriately in accordance with the regulations applicable to them, and adopt the “precautionary approach”;
- ensure that the buildings and premises where work is carried out are appropriate for production activities.

Specific measures

- mapping physical climate² and transition³ risks;
- **Environmental Management System (EMS)** containing procedures and programmes with short- and long-term targets;
- definition of strategies, procedures and programmes for the materials end-of-life cycle with subsequent disposal/reuse/recycling;
- monitoring and progressive reduction of Scope 1 and Scope 2 emissions;
- calculation and monitoring of Scope 3 emissions;
- reduction and increased efficiency of water consumption;
- membership of green associations or organisations;
- participation in/organisation of events dedicated to sustainability issues;
- staff training on sustainability issues;
- encourage alternative solutions to traditional forms of mobility;
- consolidate existing supply chains and create new sustainable circular supply chains;
- introduce an eco-design approach;
- protect biodiversity.

¹ *ESG framework*: defining sustainability principles, assigning internal responsibilities, drafting policies, procedures and defining programmes.

² *Physical hazards*: risks related to climate change, including the increased frequency or severity of weather phenomena such as floods, droughts and storms.

³ *Transition risks*: risks related to the market loss a company may directly or indirectly incur as a result of the process to adjust to a low-carbon and more sustainable economy.

3. BACKGROUND

This document has been prepared drawing inspiration from the principles of sustainability as indicated by international bodies and institutions. The main regulatory sources and agreements with which Aquafil complies are as follows:

International regulations, agreements and initiatives

- **The 2030 Agenda:** Aquafil is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) by identifying specific targets. Aquafil has adopted the United Nations Sustainable Development Goals (UN SDGs) to give concrete form to the above commitments, identifying six main SDGs: Gender Equality (SDG 5), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), Partnership for the Goals (SDG 17). Please see the Non-Financial Report for disclosure on related targets.
- **United Nations Global Compact (UN GC):** Aquafil complies with the UN Global Compact (UN GC), with the objective of aligning itself with the principles and commitments, including through the Human Rights Policy. Aquafil is also committed to sharing these principles within the Non-Financial Report.
- **The Paris Climate Accords:** In line with the United Nations Paris Accords, Aquafil is committed to progressively reducing Greenhouse Gases (GHG) through a business model based on the circular economy.

European Directives

- **European Taxonomy:** Regulation (EU) 2020/852 (Taxonomy) on establishing a framework to facilitate sustainable investments. The European Union Taxonomy Regulation provides an additional level of transparency to financial market participants, recognising and defining six specific environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control, and (vi) protection and restoration of biodiversity and ecosystems.
- **CSRD (Corporate Sustainability Reporting Directive):** Directive (EU) 2022/2464 of the European Parliament and of the Council. The EU's CSRD Directive introduces more detailed transparency requirements regarding environmental impacts and human rights, in addition to social standards, through the application of common criteria in line with EU climate goals.
- **CSDDD (Corporate Sustainability Due Diligence Directive):** this future Directive will require companies covered to carry out due diligence and take responsibility for human rights violations and environmental damage along their global value chains.

Italian environmental laws and regulations

Several laws and regulations exist in Italy to govern various aspects of environmental protection, including biodiversity protection, waste management, air and water pollution. Of these, those that establish basic principles and objectives for environmental protection are:

- Framework Law on the Environment (L. 349/1986) and
- Legislative Decree No. 152/2006.

Internal reference points

Aquafil has also adopted a number of internal regulatory frameworks to ensure effective, efficient and transparent management of its activities while also complying with the principles and values set out in this Policy. Of these internal frameworks, we note in particular:

- the Code of Conduct;
- the 231 OMCM⁴;
- Non-financial disclosure;

⁴the 231 OMCM: Organisation, Management and Control Model

- ISO 14001⁵;
- The handbook of the Integrated Management System.

4. SCOPE OF APPLICATION

Over the years, Aquafil has defined a series of measures to reduce the environmental impact of its activities. Specifically, Aquafil pays great attention to the materials it uses and to its production process, in line with the principles of the circular economy.

Using numerous engagement methods, Aquafil is constantly active and proactive in communicating to its various stakeholders, who include:

- employees: all employees are regularly informed of Aquafil's sustainability principles and goals.
- suppliers: suppliers must share Aquafil's environmental principles;
- business partners: including the various parties directly or indirectly involved in Aquafil's circular economy process.

5. GOVERNANCE

ESG governance requires clear and precise allocation of responsibilities throughout the organisation. At Aquafil, the dissemination of ESG principles is the responsibility of the ESG Committee, which is tasked with defining and enacting the strategy in this area.

As part of its ESG strategy on environmental issues, Aquafil has adopted an **Environmental Management System (EMS)**. This sets out specific managerial responsibilities for environmental, social, and governance issues, and defines a system of both short- and long-term targets and the relative monitoring system.

6. APPROVAL AND REVISION

Aquafil's ESG Committee approved the Environmental Policy on September 15, 2023.

The main terms of the Environmental Policy are as follows:

- Aquafil shall periodically inform its stakeholders of the results achieved in applying this Policy, using the website and periodic disclosure as appropriate;
- on a periodic basis, the ESG Director shall update the Aquafil ESG Committee on the status of the application of this Policy and any proposals to improve it;
- where the need for any updates and/or amendments to this document is established, these shall be made by the ESG Committee through the ESG Director.

⁵ISO 14001 certification: internationally recognised as the gold standard for Environmental Management Systems

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