

Aquafil S.p.A.

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

Green Procurement Policy - Aquafil Group

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

2023

1. THE AQUAFIL GROUP

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

Founded in 1965 at its current location in Arco, in the province of Trento, Aquafil's main activity is the polymerisation and spinning of Nylon 6. Its business model is based on product circularity: the ECONYL® regeneration system allows Aquafil to transform pre- and post-consumer nylon waste into raw material which is identical to that obtained from fossil sources used to produce ECONYL® polymer and yarn.

The use of regenerated raw material through a chemical recycling process enables the production of an ingredient that is entirely identical to the original one but with a reduced emissions impact.

Innovation and the circular economy are at the core of Aquafil's corporate culture and values, providing the engine of its business growth and the key to risk mitigation.

To formalise sustainability principles within its business model and its activities, Aquafil has introduced an ESG framework¹, of which the ESG Policy and the Code of Conduct form the cornerstones. These are designed to promote the principles of legality, fairness, equality and transparency, in addition to those of sustainability.

Aquafil ensures sustainability and responsible behaviour by promoting its principles and commitments along its supply chain. It also promotes Eco-design initiatives which involve the entire production chain, to engineer products of the future which are designed to be recycled at the end of their useful life. Procurement of sustainable materials and services for production inputs and packaging is constantly monitored through product Life Cycle Assessment (LCA).

2. OBJECTIVES

Aquafil has prepared a Procurement Policy to ensure responsible procurement of products, materials and services that maximise environmental and health protection.

The main objectives of adopting this Policy are as follows:

- monitoring of the production chain;
- where possible, the purchase of recycled and/or recyclable products, materials and services, which have a positive direct and indirect impact on related emissions and, consequently, on the environment;
- improving the health of stakeholders including employees, customers and suppliers;
- raising employee awareness of the many positive impacts of the favouring of sustainable materials and products;
- constant process innovation;
- mitigation of internal environmental risks;
- monitoring the Company's reputation;
- improving economic and financial aspects in an environment featuring increasingly high costs in the event of inefficient and therefore unsustainable choices.

Commitments

With this Procurement Policy, Aquafil commits to:

- purchasing products, materials and services that protect the environment and health and integrating the relative procedures into its activities and all business relationships;
- adopting a specific system to assess the suitability of suppliers, using a selection and qualification process to ensure that their technical, reputational and financial capacity complies with the requirements established by law and Aquafil's Code of Conduct;
- building a resilient, sustainable and ethical supply chain over time, involving suppliers who share the same mission and intend to achieve an increasingly high standard;
- 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.

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

Action

New supplier qualification is carried out through analysis and the request to sign/comply with the following documents: (i) the Code of Conduct, (ii) the principles of social responsibility outlined in the SA8000 standard, (iii) company policies, and (iv) completion of the Supplier Questionnaire.

The questionnaire includes five subject areas, which receive scores relating to performance in the fields of:

- quality;
- the environment;
- energy;
- health and safety;
- social responsibility.

Aquafil conducts periodic internal audits on compliance with these procedures.

Aquafil also carries out a number of in-house initiatives that are constantly monitored:

- plastic-free offices, replacing single-use plastic with paper and/or glass;
- distribution of water bottles to all employees, reducing the use of single-use plastic;
- the purchase of renewable energy at all sites/facilities, where possible.

By achieving medium- and long-term goals, Aquafil's strategy seeks to monitor supplier ethics, including in accordance with the forthcoming entry into force of the CSDDD (Corporate Sustainability Due Diligence Directive).

3. ADRESSESS

The addressees of Aquafil's Procurement Policy include:

- employees, who should encourage the adoption of policies for the purchasing of increasingly sustainable materials and the protection of health and the environment;
- customers, who benefit from their suppliers' adoption of health-centred and environmentally-friendly products, policies, and procedures;
- suppliers, who benefit from a growing demand from their customers for sustainable products, materials and services;
- other stakeholders.

4. SCOPE OF APPLICATION

This Policy covers the workspaces where Aquafil's employees perform their activities, in addition to the products and services that Aquafil purchases from its suppliers and those that are destined for its customers. The principles set out in Aquafil's Procurement Policy shall be adopted, including through the use of appropriate procedures, at all locations and facilities.

5. APPROVAL AND REVISION OF THE POLICY

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

Aquafil is cognisant of the constant technological changes that may affect products and materials in the area of sustainability. As such, procedures covering the purchase and use of sustainable materials, products and services must be periodically updated.

This Policy may be amended by Aquafil's Board of Directors or ESG Committee in order to ensure that it is adequately and effectively enacted, including through procedures, programmes and targets.

Aquafil undertakes to update this Policy annually.

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