



2015 SUSTAINABILITY REPORT

SUMMARY



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TO SUSTAINABILITY**



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COMMITMENT**

Ninth edition of:
**SUSTAINABILITY
REPORT**
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REPORT INTRODUCTION

Nine years ago we set ambitious business goals, with the aim of enhancing and strengthening the leadership of the group and finding a new way of doing business. These goals have enabled us to create value for our stakeholders and local communities.

Much attention has been paid to promoting a circular economy in which the company plays a generative role. For this purpose, an integrated approach to sustainability is required as well as a business management model that takes stakeholder interests into consideration. Various steps have been undertaken in order to achieve these goals at Aquafil: recycled and recyclable products have been developed, renewable energy sources have been adopted; sustainability has been integrated into decision-making processes and Aquafil's performance has been continuously monitored.

To this end, the ECONYL® Qualified project was launched in the second half of 2015.

This project provided us with a systemic approach for making the supply chain of our products even more efficient.

Our objective is to encourage all the suppliers who are part of the ECONYL® project to improve their environmental performance. The project will end in 2016 with the development of the ECONYL® Qualified protocol. The qualification is a recognition of excellence that will be required of all the companies that wish to supply Aquafil with goods or services for manufacturing ECONYL® yarn.

Moreover, as in previous years, the 2015 sustainability report is an opportunity to take note of the progress made to date, to take stock of our actions and confirm our commitment. It is also an occasion for looking toward the future and planning ambitious and far-sighted projects since sustainability is not a destination, it is a journey in itself.




NINE YEARS OF SUSTAINABLE BUSINESS

For the ninth consecutive year, Aquafil has decided to use the Sustainability Report for renewing its commitment to a sustainable business model.

Sustainability is an integral part of the Group's business strategy and affects all of the strategic decisions, as we firmly believe that the only way to be sustainable and competitive over time is to grow in harmony with the surrounding territory and communities, while respecting and safeguarding the environment.

A series of guidelines called THE ECO PLEDGE have been developed and are the foundations of the Group's operations and reflect its way of doing business.

The 2015 sustainability report presents the various projects, initiatives and actions that illustrate the Group's sustainability strategy in a systematic and transparent manner. It publishes the results achieved during the year and the improvements the Group intends to make in the near future.

In line with the Group's transparency code, the range of topics to be covered in the report were chosen during a decision-making process which included all of the internal and external key stakeholders. In this way we were able to identify the relevant social, economic and environmental issues to be reported for all of the parties involved in the value chain. This approach, already used in 2014, repeated great success among the stakeholders and made the report an instrument of dialogue, rather than a mere means of one-way communication.

As for the previous editions (2007-2014), the information and indicators stated refer to the calendar year. The year of reference for this report is 2015.

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THE AQUAFIL GROUP

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499
MILLION EURO
TURNOVER

120,000
TONS OF
PRODUCTS SOLD

2,674
EMPLOYEES

15
FACTORIES
WORLDWIDE

2
PRODUCT
BUSINESS UNITS

2.1 OUR MISSION AND VALUES

For nearly 50 years, Aquafil has been producing and distributing polyamide 6 products for the polymer market while developing highly innovative industrial processes and products with low environmental impact. Always committed to taking concrete actions for environmental protection, Aquafil aims to promote a new business model, which combines quality with land protection, generates resource efficiency and creates value for everyone involved in the value chain.

All of the Group's activities are focused on achieving excellence in the sector and maintaining its leadership, by putting forward and promoting innovation-based industrial standards, and research, as well as full integration with local communities.

The Aquafil Group is one of Italy's and the world's leading manufacturers of polyamide 6 fibers and polymers. It was founded in 1969 in Arco (province of Trento, Italy) where the headquarters of the company are still located. Today the Group has 15 factories located on three continents and eight countries: Italy, Slovenia, Croatia, Germany, UK, USA (Georgia), Thailand and China. The Group makes

products for two main sectors: textile flooring (carpets, rugs) and clothing (underwear, hosiery, technical sportswear). Aquafil activities are therefore focused on two product lines, yarn for manufacturing textile flooring (BCF: Bulk Continuous Filament) and yarn for making sportswear (NTF: Nylon Textile Filament). Apart from these two business sectors there is also the "Energy and Recycling" business unit, which supports the Group's activities on issues

related to environmental protection and sustainability.

In order to ensure the reliable management of quality and environmental aspects, ISO 14001 and 9001 certification processes are currently underway. Two Aquafil plants have already obtained the ISO 14001 environmental certification (Aquafil and Julon) while three have been awarded the ISO 9001 certification (Aquafil, Aquaspace and Tessilquattro).

THE ORGANIZATION

In this sustainability report, all of the plants included in the 2015 annual report have been considered. The information related to environmental issues do not take into account the factory in Scotland, since its production activity started in the final month of 2015.

15 FACTORIES





3 CONTINENTS

8 COUNTRIES



BCF Synthetic yarns for carpeting
EP Engineering Plastics
ERS ECONYL® Regeneration System
NTF Synthetic yarns for the clothing industry

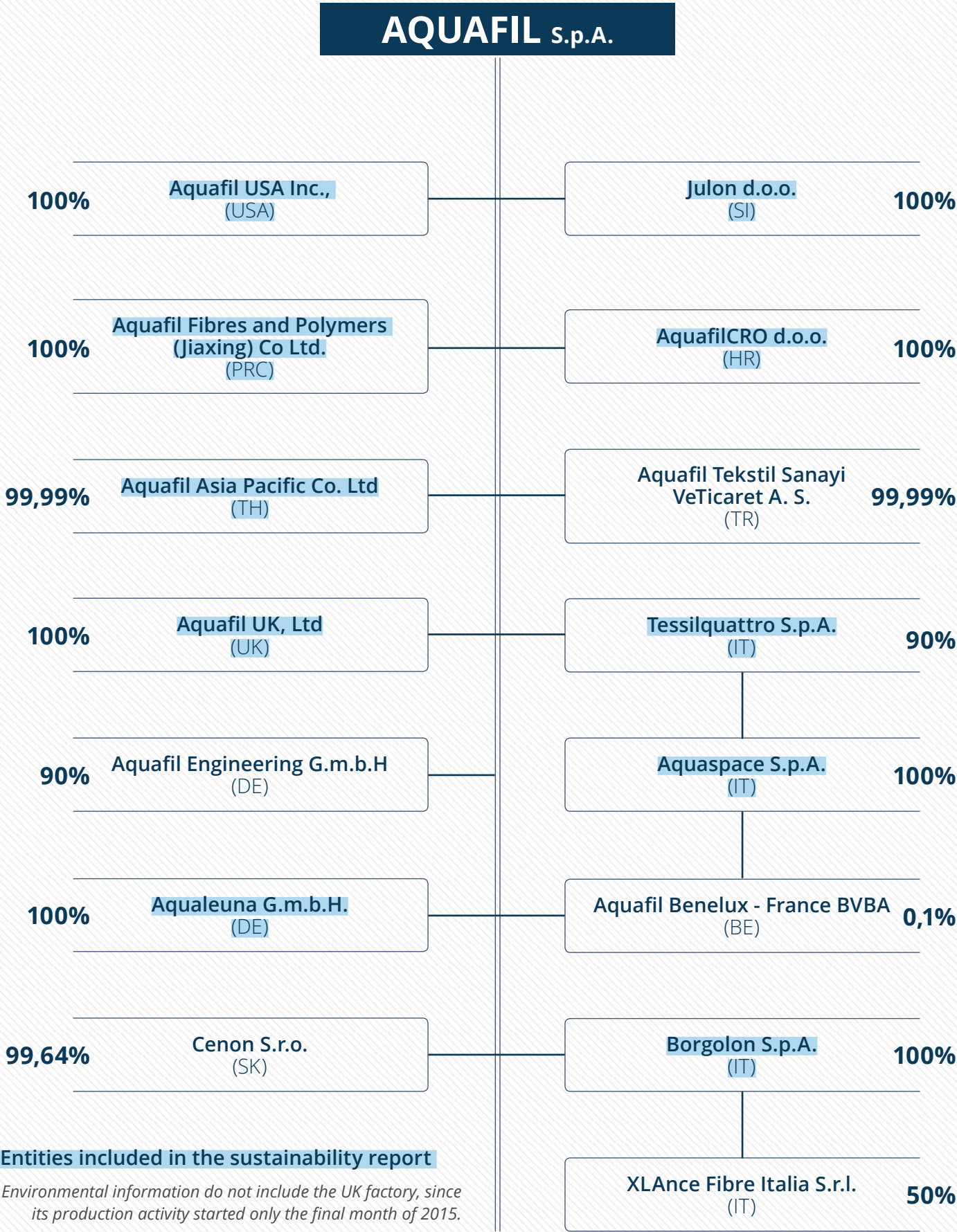
2.2 EVENTS IN 2015

AWARDS & CERTIFICATIONS	SPONSORSHIP	PARTNERSHIP	PROJECTS
<ul style="list-style-type: none"> BS OHSAS 18001: 2007 of the Management System for Health and Safety at Work (OHSAS) was attained and implemented by Aquafil to control the risks of SSL and to improve its performance. Aquafil CRO d.o.o. was nominated for the Zlatni ključ 2014 award ("The Golden Key"). ECONYL® yarn was included among the innovative materials presented by the Guardian Sustainable Business as emerging textile fibers for sustainable clothing. The ECONYL® Regeneration System was included among the 100 most promising innovations for accelerating the transition toward more sustainable industry by Sustainia, a think tank aimed at identifying and supporting innovations that are already available and applicable on industrial scale. In February 2015 during the fourth edition of Tedex Marrakesh, Aquafil's president Giulio Bonazzi told the story of how the initial idea of ECONYL® regenerated yarn came to life and the long and satisfying path of its development. The ECONYL® Regeneration System was presented by Aquafil at Architect@Work, the touring trade fair dedicated to innovation for specialists of the sector such as architects and interior designers that was held in Marseilles in October 2015 and in Milan in November 2015. 	<ul style="list-style-type: none"> Sponsor of the GREENTECH Awards in Berlin.  <ul style="list-style-type: none"> Sponsor of the artistic project "la Sarca sull'onda dell'emozione" promoted by the "A.G.T. ARTe" ALTO GARDA TRENTINO ARTE cultural association and aimed at raising people's awareness on the importance of local rivers and waterways.  <ul style="list-style-type: none"> The Climbing Ambassador prize by Aquafil was awarded to climber John Ellison. Aquafil sponsored and supplied the Red Carpet made of ECONYL® at the Deutscher Nachhaltigkeitspreis Duesseldorf. Sponsor of the main sports clubs in the municipality of Arco, as part of the Group's commitment to promote the welfare of the communities in which it operates. 	<ul style="list-style-type: none"> Partnership with Outerknown for launching a new line of men's sportswear made of ECONYL® yarn. <div data-bbox="1528 588 2122 1255"> <p>OUTERKNOWN</p> <p><i>Outerknown is a men's sportswear line that combines style, functionality and sustainability. The founders Kelly Slater and John Moore have made transparency and social commitment essential characteristics of the brand: in-depth studies have been carried out in order to identify and manage all of the social and environmental issues related to the various stages of the supply chain. The clothes are made from recycled materials recovered through collaboration with Aquafil and the know-how acquired from the ECONYL® Regeneration System.</i></p> </div> <ul style="list-style-type: none"> Partnership with Speedo USA for launching the new "Take Back" program for swimwear industry. Speedo USA's production rejects that were previously sent to landfill due to lack of adequate recycling systems will now be recycled into 100% regenerated ECONYL® yarn. Collaboration between the ECONYL® plant in Ljubljana and Atlantis water park: the excess thermal energy produced by the Slovenian factory during the regeneration process of ECONYL® yarn will be transferred to Atlantis. 	<ul style="list-style-type: none"> Launching of ECONYL® StayClean, an easily cleanable fiber made of 100% regenerated Nylon waste collected worldwide. Healthy Seas project: <ul style="list-style-type: none"> ▶ A crowdfunding campaign was launched in Holland, ▶ Al Jazeera International reported on the initiative during its "Earthrise" television program in April, ▶ Meetings were held in secondary schools in Ancona, Italy and ▶ Development of the project in Greece began.  <ul style="list-style-type: none"> Aquafil was chosen as a sustainability model for Green Week organized by the province of Venice: Sixty deserving undergraduates were selected to visit the factories in Rovereto and Arco. 

2.3 CORPORATE GOVERNANCE

Aquafil S.p.A. is a joint stock company in which the Bonazzi family holds the majority stake. The Group is governed by the Board of Directors and the Executive Board of Directors. The governing bodies base their decisions on the four key elements of the Group’s strategy: product culture, entrepreneurial spirit, innovation capability and awareness of the role of social enterprise. The Board of Directors manages the company’s operations and defines the Group’s global strat-

egies by implementing new initiatives in various sectors, making investment plans, launching new activities in various sectors and monitoring and evaluating the results obtained. The Executive Management Committee assists the Board of Directors in defining and implementing strategic decisions; it monitors the Group’s performance and the progress of projects and policies related to occupational safety. The strategy, coordination and control management centre is located at Aquafil’s head offices in Arco (province of Trento, Italy).



2.4 THE BUSINESS

Aquafil's products and activities are divided into two business units, which produce yarn, **BCF for textile flooring** and **NTF for clothing**. Both are supported by a research and development unit, ensuring technological innovation.



BUSINESS UNIT NTF

PRODUCTION OF SYNTHETIC
FILAMENTS TO BE USED BY CLOTHING
AND SPORTSWEAR MANUFACTURERS



BUSINESS UNIT BCF

PRODUCTION OF SYNTHETIC
FILAMENTS FOR TEXTILE FLOORING
IN THE RESIDENTIAL, CONTRACT
AND AUTOMOTIVE SECTORS

BUSINESS UNIT ENERGY & RECYCLING

DEDICATED TO THE PROMOTION OF
RESEARCH ACTIVITIES AND SUSTAINABLE
PROJECTS FOR ALL GROUP ACTIVITIES

In 2008, in line with the company's commitment to innovative and responsible production, Aquafil created the Energy & Recycling Business Unit: an organizational structure that provides technical support to all of the Group's activities, for developing projects aimed at improving the environmental performance of industrial processes.

More specifically, the Business Unit is dedicated to promoting the principles of sustainability within the Group and its stakeholders by focusing on energy saving and using recycled raw materials and renewable energy.

NTF Nylon Textile Filaments



NTF TEXTILE AND CLOTHING YARN

The NTF business unit produces 6 and 66 synthetic polyamide fibers to be used for manufacturing underwear, hosiery and clothing fabrics for the sports, fashion and leisure sectors.

Thanks to its many years of experience, Aquafil is now the main supplier of some of the most important Italian and European clothing, underwear and sportswear brands.

ultralon
BY AQUAFIL

Wide range of high-quality polyamide 6 filaments to be used for various products of the textile sector

ECONYL
Made with 100% Regenerated Nylon

New line of filaments and products made from regenerated Nylon 6 deriving from post-industrial and post-consumer material. This innovative product has been distinguishing Aquafil from its competitors since 2010.

Dryarn
THE FEEL GOOD MICROFIBRE
BY AQUAFIL

An innovative microfibre that guarantees a high level of performance for underwear, sportswear, and special technical requirements in extreme contexts. A totally innovative product opening new horizons in the textile and clothing sectors.

Borgolon
BY AQUAFIL

A line of products made from coloured polyamide 6 paste which has extraordinary advantages for the final product in terms of colourfastness, cheapness and sustainability.

MicroLON
BY AQUAFIL

BCF Bulk Continuous Filaments



BCF YARN FOR TEXTILE FLOORING

Aquafil's core business is yarn for manufacturing textile flooring, which it has been producing since its founding. The BCF business unit is engaged in the production, processing and the sale of yarn for textile flooring for three main markets: contract (hotels, offices and public places), automotive (carpets and upholstery for cars) and residential. The Group has set up a Style Centre (Carpet Center) where a team of specialized technicians supports clients by making products with designs that are in line with market requirements, by defining ad hoc color schemes and finding technical solutions. Today Aquafil is the leading manufacturer in Europe and the second company worldwide for its BCF sector, which represents 74% of Group's turnover.

ALTO CHROMA
AQUAFIL

Polyamide filament for the contract sector (solution dyed)

ALTO
AQUAFIL

Polyamide filament for the contract sector (untreated)

AQUALON
AQUAFIL

Polyamide filament for the residential, automotive and light contract sector

AQUALON HD
AQUAFIL

Polyamide filament for the contract and mat sector

ECONYL
Made with 100% Regenerated Nylon

Regenerated polyamide filament made of post-industrial and post-consumer polymer waste material for the contract sector

NTF RESEARCH ACTIVITIES



Aquafil collaborates constantly with its clients with the aim of improving the aesthetic and performance characteristics required by the fashion and sports sectors. Some of the main research and development activities related to NTF fibers are:

- ▶ **Industrial development of elastomeric fiber**
- ▶ **Analysis of the effects of UV rays on textile fibers**
- ▶ **Research on the possible regeneration of end-of-life textile products, in order to overcome the issues of mixed fabrics that are made from other components as well as nylon 6**

BCF RESEARCH ACTIVITIES



Scientific research is essential for introducing innovative and sustainable products onto the market. Some of the main research activities regarding BCF fibers are:

- ▶ **Development of new PA6 polymers, aimed at improving dyeing techniques and dirt resistance**
- ▶ **Development of yarn with innovative flame-retardant, anti-bacterial and anti-soiling characteristics and yarn made of hollow fibers for special applications.**
- ▶ **Partecipation in the EcoMeTex project (2012-2015) with the aim of developing and manufacturing carpeting designed to optimize the recovery and recycling of the materials**

BCF AND NTF PRODUCT CERTIFICATION



The quality and safety performance of BCF and NTF products are guaranteed by a series of certifications, which demonstrate Aquafil's commitment in pursuing one of the fundamental cornerstones of corporate strategy: **PRODUCT CULTURE**.

- ▶ **OEKO – TEX certification guarantees that the product does not contain any harmful substances**
- ▶ **ECONYL® product certification**
- ▶ **ECONYL® caprolactam certification**
- ▶ **Environmental Product Declaration (EPD) ECONYL® polymer**
- ▶ **Environmental Product Declaration (EPD) for ECONYL® BCF yarn**
- ▶ **Environmental Product Declaration (EPD) for ECONYL® NTF yarn**
- ▶ **Responsible care, Julon Lubiana**



The EcoMeTex project ended in 2015 after three years. It was funded by the European Union under the Seventh Framework Program for Research and Technological Development.

The project, which was carried out by a consortium born from the collaboration between research institutions and major companies in the sector, aimed at developing a customized method for optimizing textile floor coverings with regard to eco-efficiency and cost effectiveness.

Aquafil participated in the project both as a supplier of Nylon 6 yarn for manufacturing new textile floor coverings, and as a recycler by virtue of the know-how acquired with ECONYL® Regeneration System technology.

EcoMeTex developed in three distinct phases. During the first phase a systematic approach for creating recyclable textile floor coverings with secondary raw materials, recoverable at the end of life was implemented. The eco-design methodology seeks to maximize the use of recycled components and recover end-of-life materials by considering the entire production chain from a Life Cycle Thinking perspective, from the production of recycled yarn to the recovery of the individual components of the final product.

The method was then tested by manufacturing two types of carpeting: one with recycled polyamide and one with end-of-life recyclables. The products were subjected to rigorous quality control and safety performance procedures in order to ensure that they conform to EU legislation. The environmental profile of the two types of carpeting was also evaluated, showing that using recycled fibers reduces greenhouse gas emissions by approximately 20%.

However, greenhouse gas emissions can be reduced as much as 70% when the components of the carpeting are made with recycled fibers that can be reused as secondary raw materials. Lastly, the method was exported to other industry sectors in order to test its versatility. It has reaped equally satisfactory results especially when used in the automotive industry, which has led to the development of various prototypes of materials.

www.ecometex.eu



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AQUAFIL'S COMMITMENT TO SUSTAINABILITY



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3.1 DOING BUSINESS SUSTAINABLY: THE ECO PLEDGE

“Being sustainable means creating value for the stakeholders, using resources efficiently, respecting people and the environment, without compromising the needs of future generations”.

For Aquafil sustainability involves reconciling the three aspects that regulate the management of an efficient organization. The first is the economic aspect, namely the ability to create value and stand the test of time. The second one is the environmental aspect - to safeguard natural resources and the surrounding territory. Finally, there is a social aspect, which is to create and ensure the wellbeing of those involved in the production chain, and to respect the rights of workers and local communities with which Aquafil interacts.

Aquafil acknowledges that sustainability plays a central role in its development strategy and has implemented a responsible business model that will enable the Group to grow in harmony with the surrounding territory and local communities, thus combining economic development with environmental protection requirements and social equity.

67
STAKEHOLDERS
INVOLVED

12
MATERIAL ASPECTS
IDENTIFIED

2
NEW MATERIAL
ASPECTS

THE GUIDING PRINCIPLES

The integration of sustainability into Aquafil's business strategy affects all of the Group's strategic choices and occurs according to a set of guidelines, rationalized under the name of **THE ECO PLEDGE**, which are the base of all of Aquafil's operations and reflect its way of doing business:

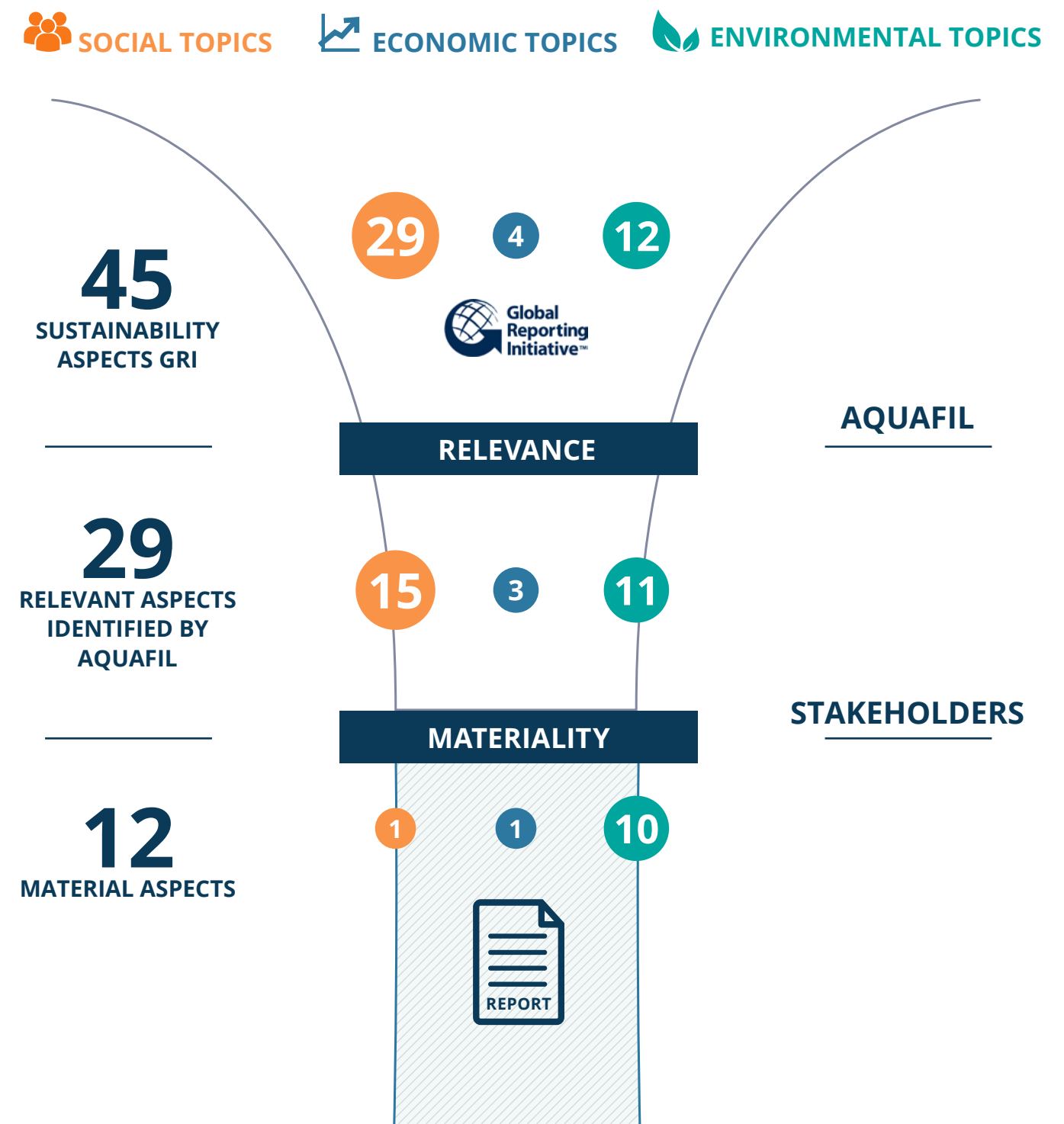
- ▶ **TO REDUCE** the environmental impact of production
- ▶ **TO DESIGN** more durable and environmentally friendly products
- ▶ **TO DEAL** with all the sustainability concerns of all stakeholders and of the local communities in the countries in which the Group operates
- ▶ **TO CREATE A CULTURE** of sustainability within the Group by organizing special training courses for its employees
- ▶ **TO DRAW** motivation from its clients who make sustainability their development strategy
- ▶ **TO INVOLVE** clients in the procurement of waste products as well as co-marketing and awareness activities (Aquafil Reclaiming Program)
- ▶ **TO ENSURE** that the Group's Policy of Efficiency is effectively implemented
- ▶ **TO GIVE** preference to suppliers committed to sustainability
- ▶ **TO CREATE AND MAINTAIN** good relationships with the communities in which the Group operates and intends to grow in the future, by strengthening links in each territory
- ▶ **TO COMPLY** with the local regulations in the countries in which the Group operates
- ▶ **TO IMPLEMENT** projects and promote technological innovations that enable us to use renewable energy sources and develop recyclable products from recycled raw materials, from a circular economy perspective



3.2 MATERIALITY ANALYSIS

Since 2014, the contents of the sustainability report have been selected according to the materiality principle, by focusing on the economic, environmental and social aspects that are essential both for the Group and for all of its stakeholders with the GRI guidelines as reference resource (Global Reporting Initiative).

The four-step selection process enables us to identify the aspects that may affect the organization's capability of creating and delivering value and that form the basis for selecting Aquafil's sustainability indicators.



1 IDENTIFYING SUSTAINABILITY ISSUES

In 2014 Aquafil set up an internal interdisciplinary technical committee whose task is to identify relevant sustainability issues for the Group, by examining the topics reported in the Global Reporting Initiative's (GRI) G4 guidelines regarding business prospects.

The assessment was based on internal sources, such as previous sustainability reports, policies and company goals, and external sources such as reporting standards and the stakeholders' opinions.

In this way Aquafil was able to identify 29 relevant aspects of the 45 reported in the guidelines.

2 ASSIGNING PRIORITY TO THE IDENTIFIED ISSUES

The technical committee assigned priority to the relevant issues according to Group's business interests, actively involving a panel of stakeholders in the process.

The stakeholders were asked to fill in a questionnaire and provide feedback on how Aquafil's management of the issues in question affected their business activities. Priority assignment and the involvement of stakeholders led to the construction of Aquafil's sustainability materiality matrix, from which 12 material aspects relevant to both Aquafil and its stakeholders emerged.

3 EVALUATION OF THE COMPLETENESS OF THE PROCESS

The results of the process were submitted to the interdisciplinary technical committee to evaluate whether the "material" environmental, social and economic issues had actually affected Aquafil's ability to create value.

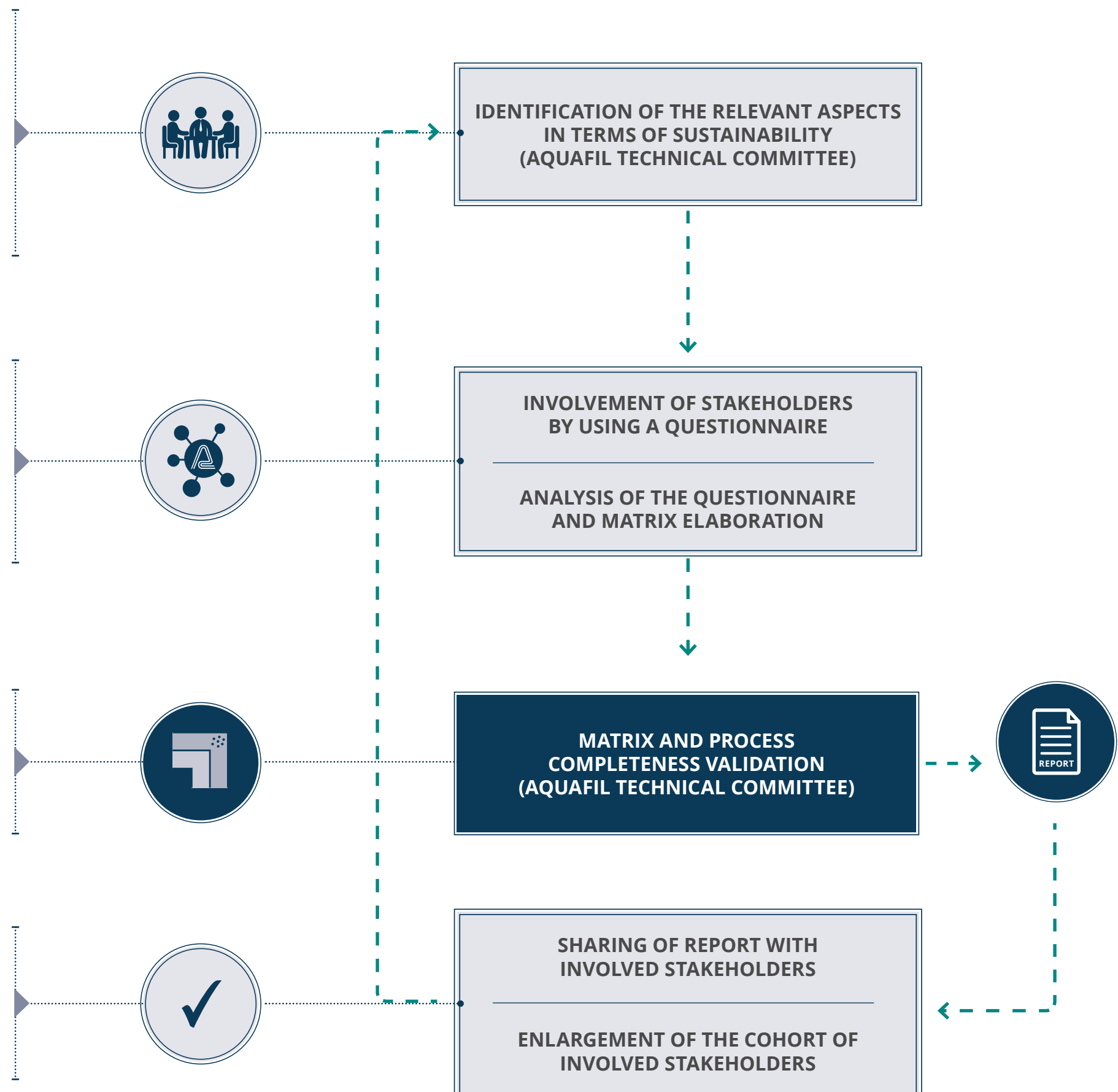
Some aspects (such as safety at work and environmental research projects) were added because they are considered to be important for Aquafil.

4 REVIEW OF THE PROCESS

The stakeholders contacted in 2014 were sent the sustainability report to which they contributed. Moreover, the original stakeholder questionnaire was revised and improved in 2015, in order to update and refine the matrix of the material aspects.

This type of revision process (post-analysis involvement and increase in number of stakeholders) will be repeated every year prior to the drafting of the sustainability report.

► PROCESS FOR MATERIAL ASPECTS IDENTIFICATION



THE MATRIX

OF MATERIAL AND RELEVANT ASPECTS

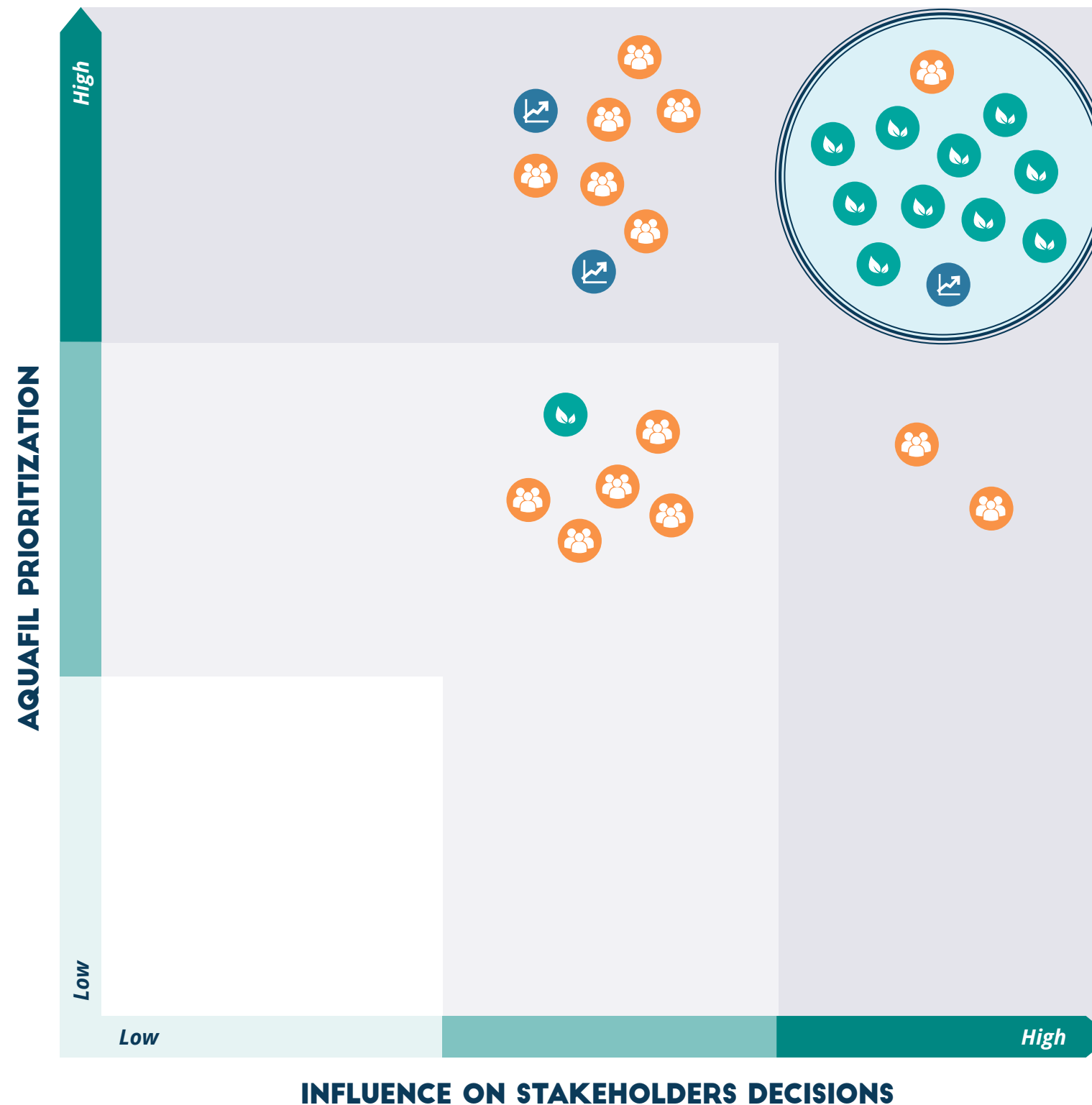
 **SOCIAL TOPICS**
 **ECONOMIC TOPICS**
 **ENVIRONMENTAL TOPICS**

Material aspects included in the sustainability report

The **materiality matrix** allows for the identification of relevant issues for the Group and its stakeholders. The vertical axis represents the relevance to aspects under examination by Aquafil, while the influence of management of these aspects on stakeholders activities is measured on the horizontal axis.

A total of twelve material aspects can be seen in the quadrant on the upper right hand side that will be discussed in this report by means of relative indicators.

The other quadrants represent the various relevant aspects that are either directly important to Aquafil or the stakeholders.



- COMPLIANCE WITH LAWS AND REGULATIONS
- ECONOMIC PERFORMANCE
- MATERIALS
- ENERGY MANAGEMENT
- GREENHOUSE GAS EMISSIONS
- WATER CONSUMPTION
- WASTEWATER MANAGEMENT
- TRANSPORTATION MANAGEMENT
- ENVIRONMENTAL COMPLIANCE
- OVERALL ENVIRONMENTAL EXPENSES
- PRODUCTS IMPACT
- SUPPLIER ENVIRONMENTAL ASSESSMENT

3.3 STAKEHOLDERS INVOLVEMENT

67 internal and external stakeholders participated in the analysis: the Group’s employees, suppliers and partners, clients, local communities and non-governmental organizations (NGO). The number of stakeholders in each group has been gradually increased in respect to the number involved in 2014.

The stakeholders were sent an email inviting them to fill in a specially designed questionnaire in electronic format.

Both old and new stakeholders responded enthusiastically to this initiative because they have been given active roles in selecting the contents of Aquafil sustainability report.



STAKEHOLDER SELECTION CRITERIA

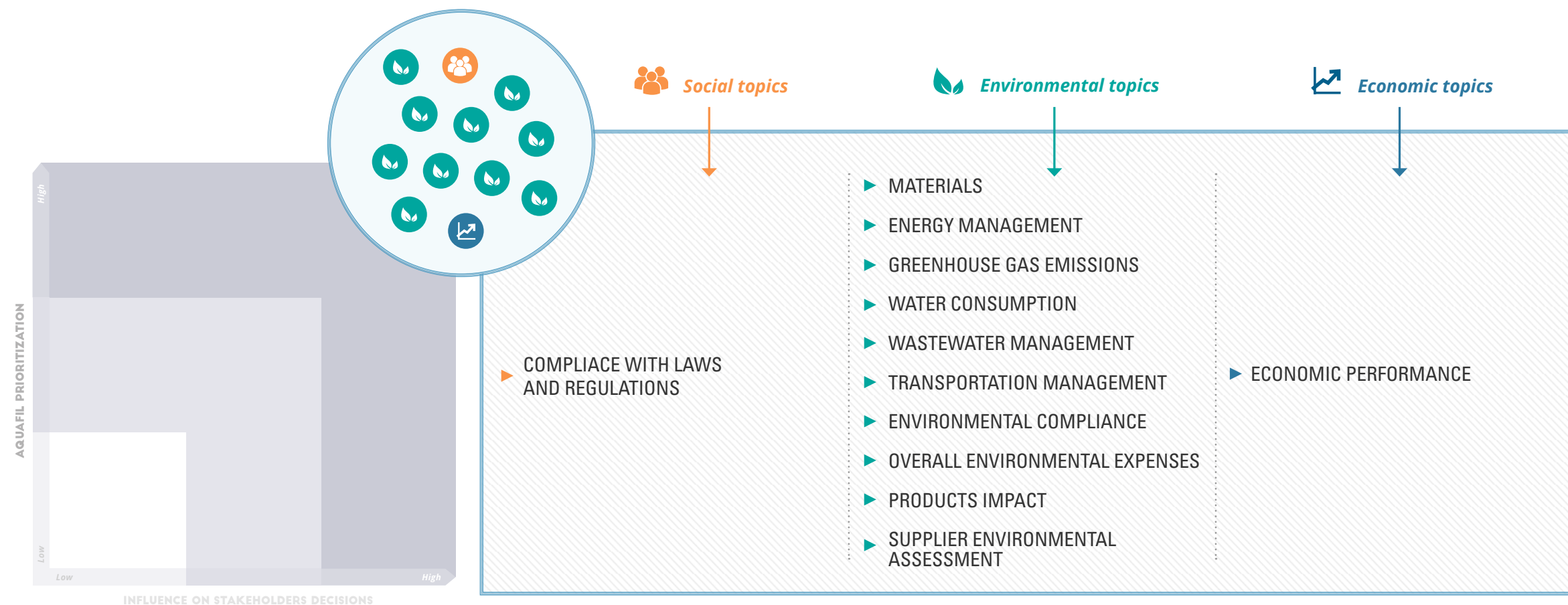
STAKEHOLDER		SAMPLE SELECTION CRITERIA
INTERNAL	EMPLOYEES AND COLLABORATORS	Inclusion of all business roles (factory workers, clerical workers, executives)
EXTERNAL	SUPPLIERS	Suppliers who are interested in sustainability and/or from whom Aquafil purchases more than 80% of raw materials
	CLIENTS	Clients who contribute to more than 80% of Aquafil's turnover
	LOCAL COMMUNITIES	Public bodies that play an important role at local level (schools, banks, associations, etc.)
	NGOS	Organizations in which Aquafil plays an important role

4 OUR COMMITMENT

Aquafil's commitment to sustainability can be seen in a series of actions, commitments and measures that fall into three areas: respect for people and communities, the safeguarding of the environment, creating economic value for its stakeholders and the territory. The most relevant issues for the Group and its stakeholders identified with the materiality analysis will be discussed in the following pages, as well as other aspects (i.e. safety at work) that are also considered to be relevant and noteworthy.



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4.3 CREATING VALUE FOR THE TERRITORY AND THE STAKEHOLDERS	47



THE SOCIETY



THE ENVIRONMENT



THE TERRITORY



4.1 THE PEOPLE

OUR CODE OF ETHICS: ABOVE ALL TRANSPARENCY

One of the Group's guiding principles in the path towards sustainability is to strengthen the relationship between the company and the territory in which it operates:

- By ensuring cultural diversity and the wellbeing of workers and communities with which the Group operates
- By involving suppliers, employees, clients and local communities in sustainability strategies
- By interacting transparently with institutions and corporations both in Italy and abroad

In order to give concrete expression to this principle, Aquafil decided to adopt an Ethical Code of Conduct and drew up an Organizational Management and Control model.

The Code of Ethics aims at promoting ethical and social commitment in conducting business and business activities of all those who work for the Group.

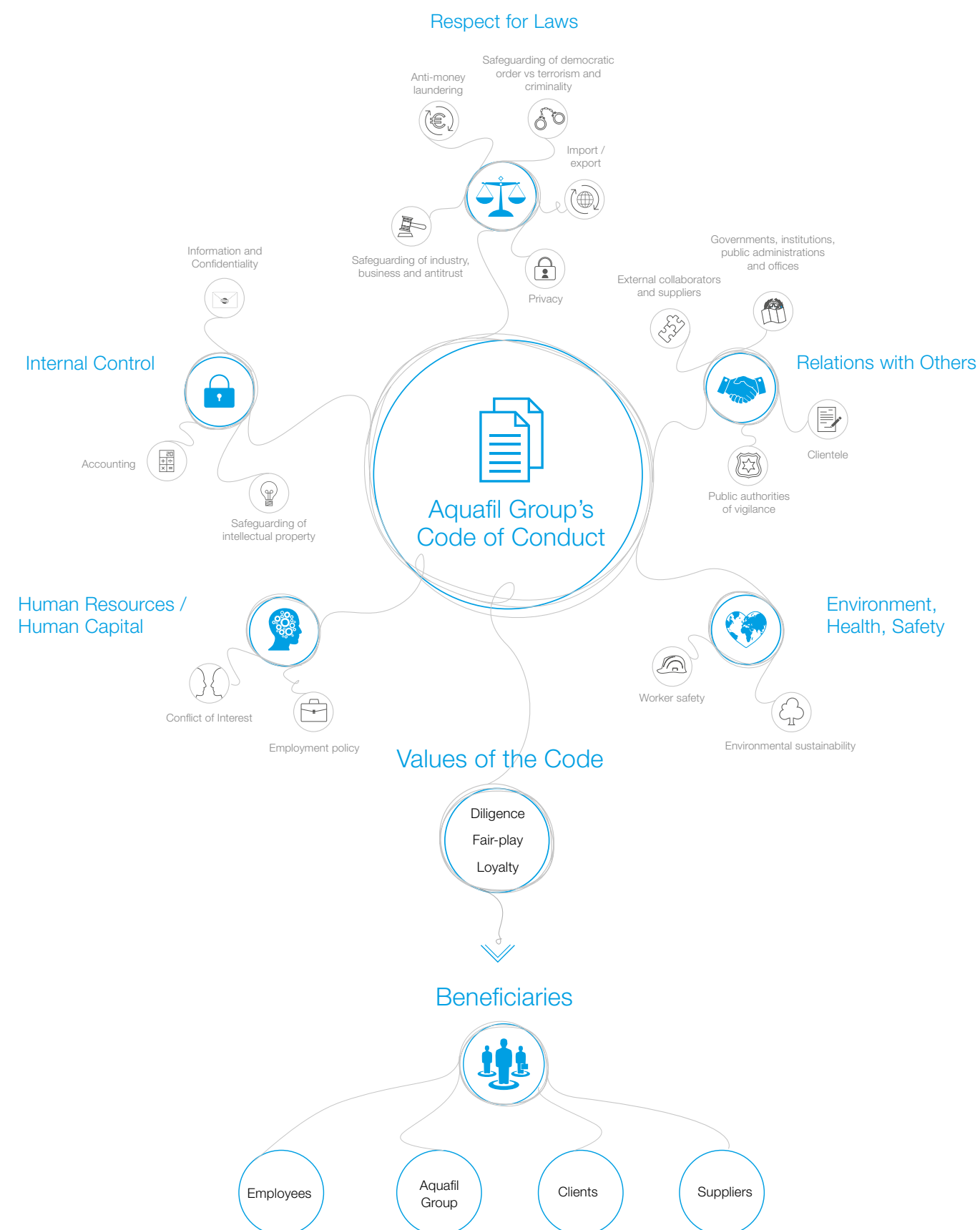
The Organizational Management and Control model, approved and adopted by a resolution of the Board of Directors on March 31, 2014, regulates the work of the Italian companies belonging to the group in line with explicit criteria such as legality, fairness and transparency.



Code of Conduct

Summary Diagram

AQUAFIL
synthetic fibres and polymers



COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with laws and regulations relating to fraud, discrimination in the workplace and corruption was identified as being a relevant issue for Aquafil and its stakeholders during the materiality analysis. This aspect is reported by quantifying the fines or non-monetary sanctions arising from non-compliance with laws or regulations.

During 2015 none of the Group's companies were fined or sanctioned for this reason. Conformity with the provisions of the Code of Ethics is an integral part of the contractual obligations of all those who operate in the name and on behalf of any of the companies belonging to the Group.

EMPLOYEES AND SAFETY AT WORK

In 2015 the work force remained essentially the same as in 2014, yet with a slight increase (+ 1.3%), which brought the total number of employees to 2,674 compared to 2,641 in 2014. The foreign labor force amounts to 67% of the staff.

Approximately 65% of the labor force is employed in the Italy and Slovenia, where most of the production plants are located (four in Italy and four in Slovenia).

The amount of women employees and their geographical distribution remained stable compared to 2014. Approximately 90% of the Group's employees have permanent contracts. 81% are collective contracts (except in China and Thailand). Aquafil is actively involved in safety management in the workplace and the safeguarding of its workers.

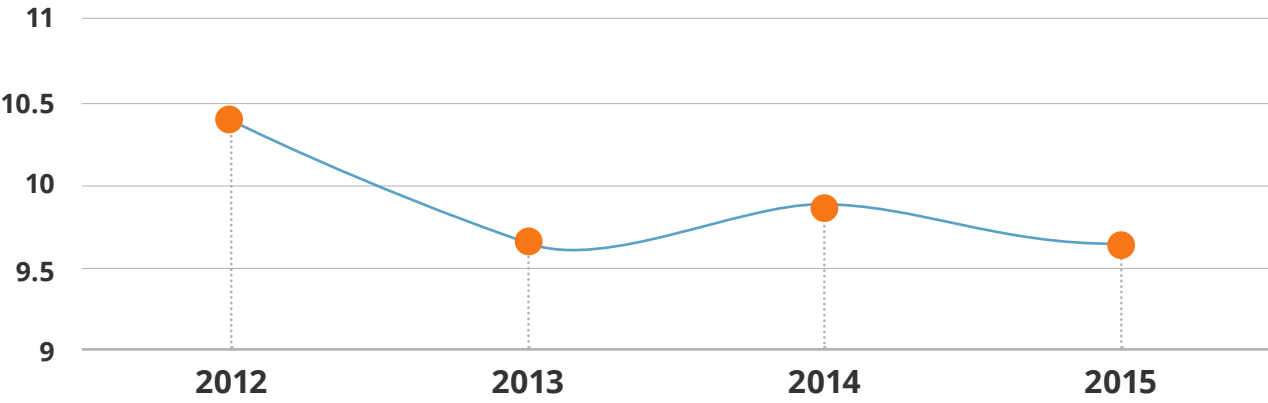
With the aim of spreading the culture of safety to all those employed in the Group, Aquafil organizes training courses and awareness campaigns and carries out major structural works in order to ensure that all of the employees have safe working environments and equipment. In 2015 approximately 4,000 hours of environmental and safety training courses were held.

ACCIDENTS AND WORKING DAYS LOST FROM 2012 TO 2015

Year	Hours worked	Injuries>3 gg	Working days lost	IF	IG	IR
2015	4,990,678	48	1,137	9.62	0.23	2.19
2014	4,760,810	47	833	9.87	0.17	1.73
2013	3,941,845	38	990	9.64	0.25	2.42
2012	4,112,120	43	751	10.46	0.18	1.91

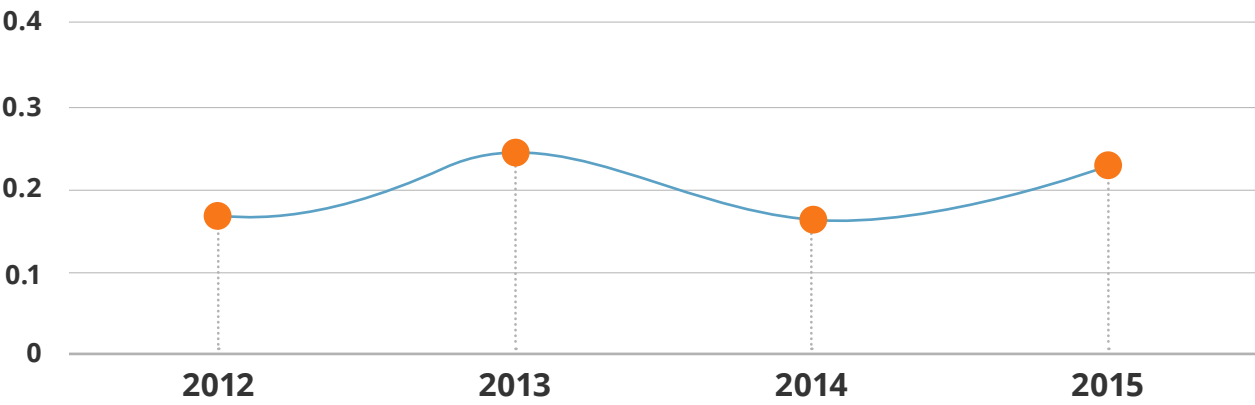
FREQUENCY INDEX

The frequency index correlates the number of injuries to the degree of risk exposure (N ° injuries causing more than three days absence: 3 days x 1,000,000 / hours worked).



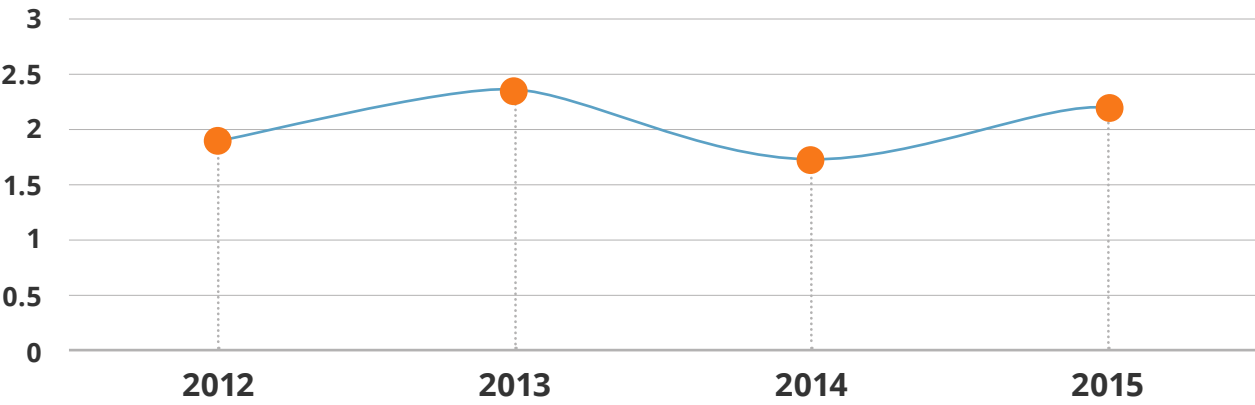
SEVERITY INDEX

The severity index correlates injuries severity and degree of risk exposure (the number of working days lost above 3 days x 1,000/hours).

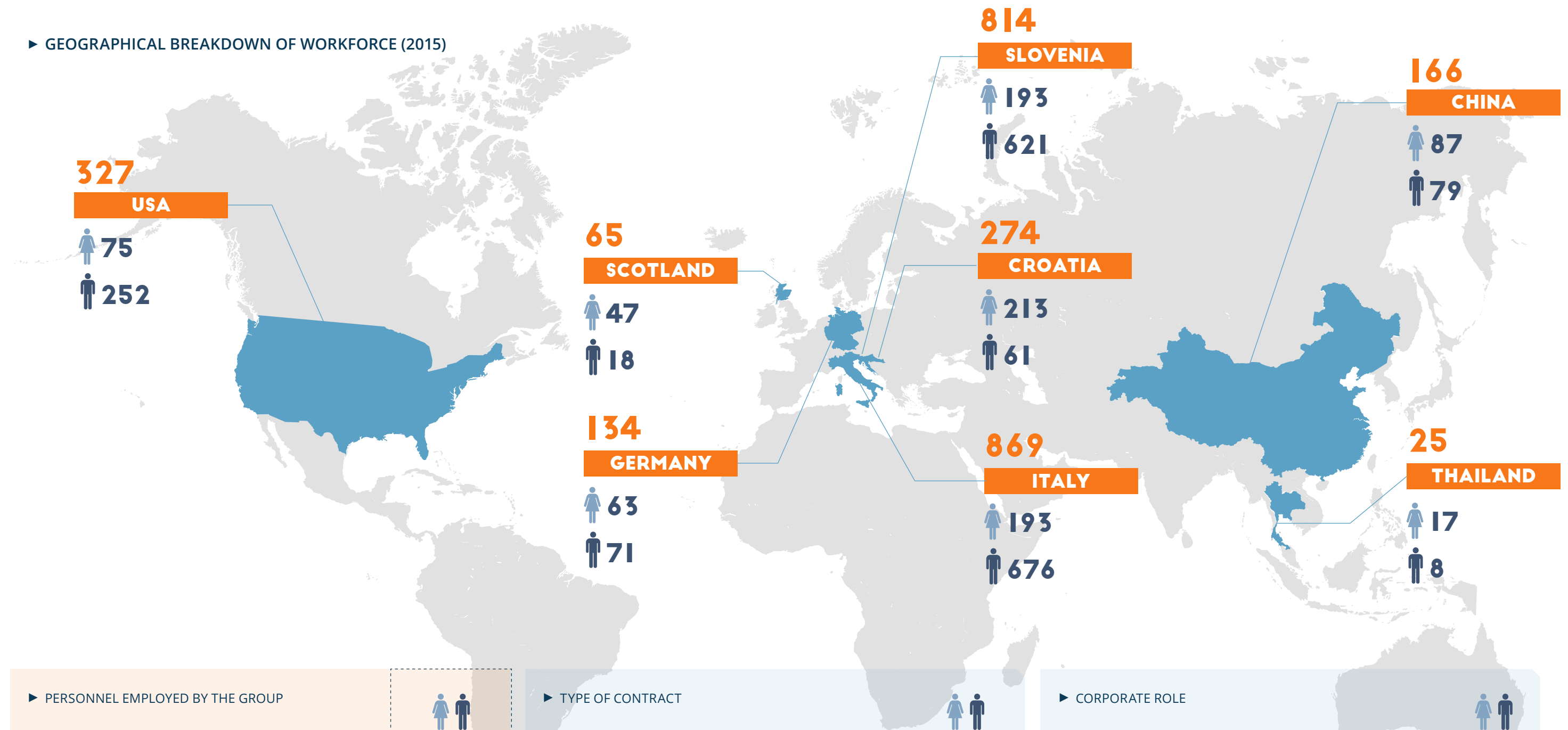


RISK INDEX

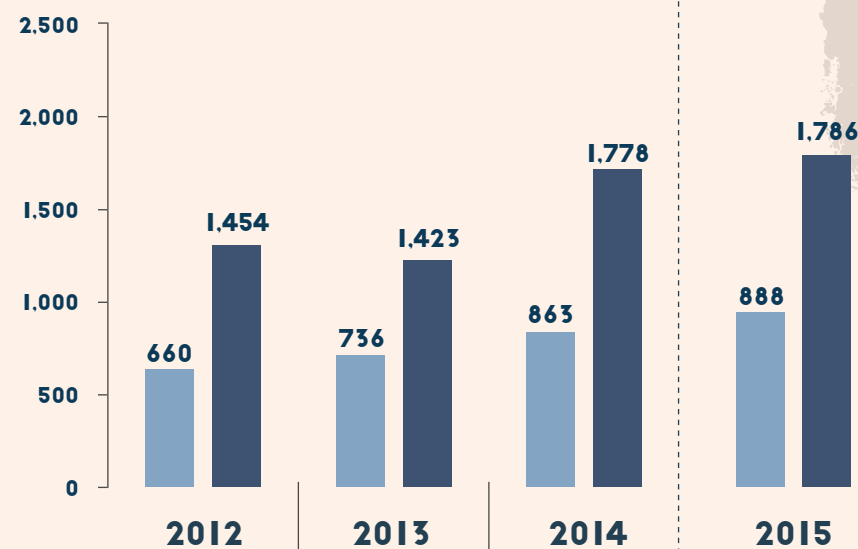
The risk index correlates frequency index with severity index.



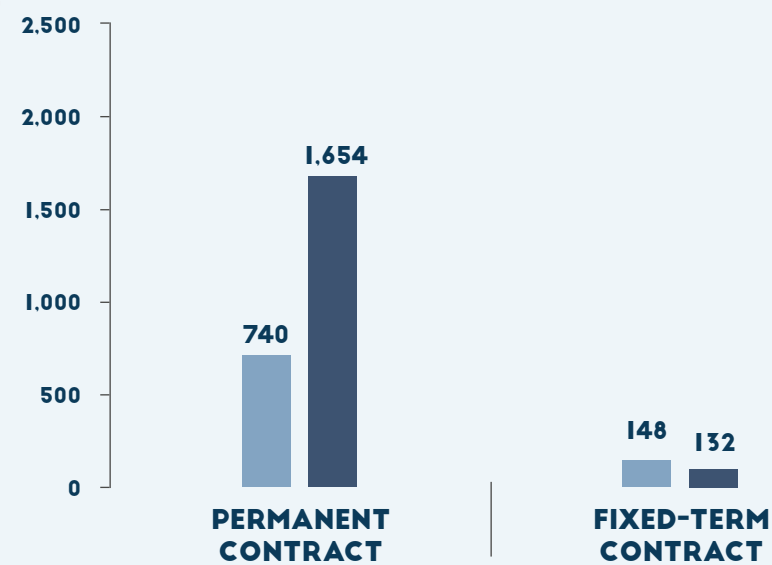
► GEOGRAPHICAL BREAKDOWN OF WORKFORCE (2015)



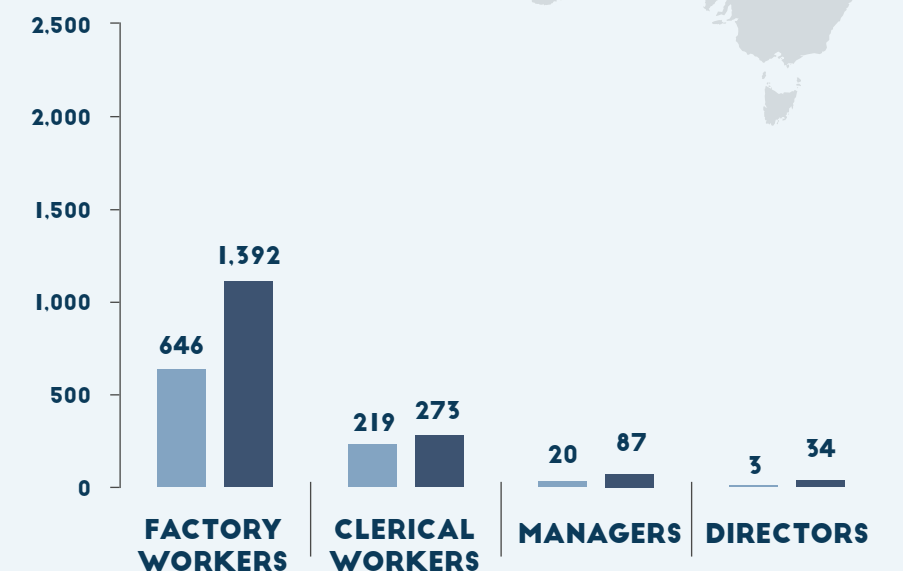
► PERSONNEL EMPLOYED BY THE GROUP



► TYPE OF CONTRACT



► CORPORATE ROLE





4.2 AN ENVIRONMENTALLY CONSCIOUS SUPPLY CHAIN

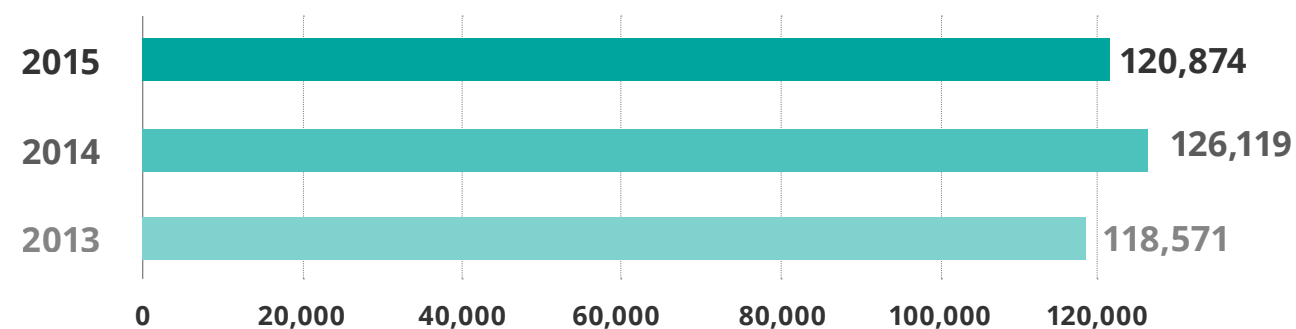
One of the Aquafil Group's main strategic priorities is to grow and produce in full respect of the environment.

In order to manage production aspects that could be hazardous for the environment efficiently, it is essential to measure and analyze them with appropriate performance indicators. Therefore, since 2013 Aquafil has been using an online platform for measuring, analyzing and reporting relevant environmental issues. In this way it is easier to manage them and communicate the results achieved.

This section of the report describes the relevant environmental aspects identified during the 2015 materiality analysis. Each aspect has been quantified with an indicator that represents the current status of the Aquafil Group

In recent years, the textile market has become more and more demanding, and is shifting consumer demand towards higher quality products, which require increasingly complex production processes that are in line with the principles of sustainability. Textile manufacturers have adapted to the new market requirements by investing in research and monitoring all of the production process stages, which has led to quality improvement of the final products and a drop in unit sales.

► EVOLUTION OF PRODUCTION IN TONS



Aquafil responded promptly to this new reality by carrying out a series of actions in line with the Group's commitment to produce high-quality products and promote a circular economy such as:

- Internalizing complex processes that were previously carried out by external suppliers, in order to update the quality standards required by the Group; this has led to an increase in energy consumption that was previously paid by the suppliers
- Increasing its production of secondary raw materials (especially ECONYL® regenerated caprolactam)

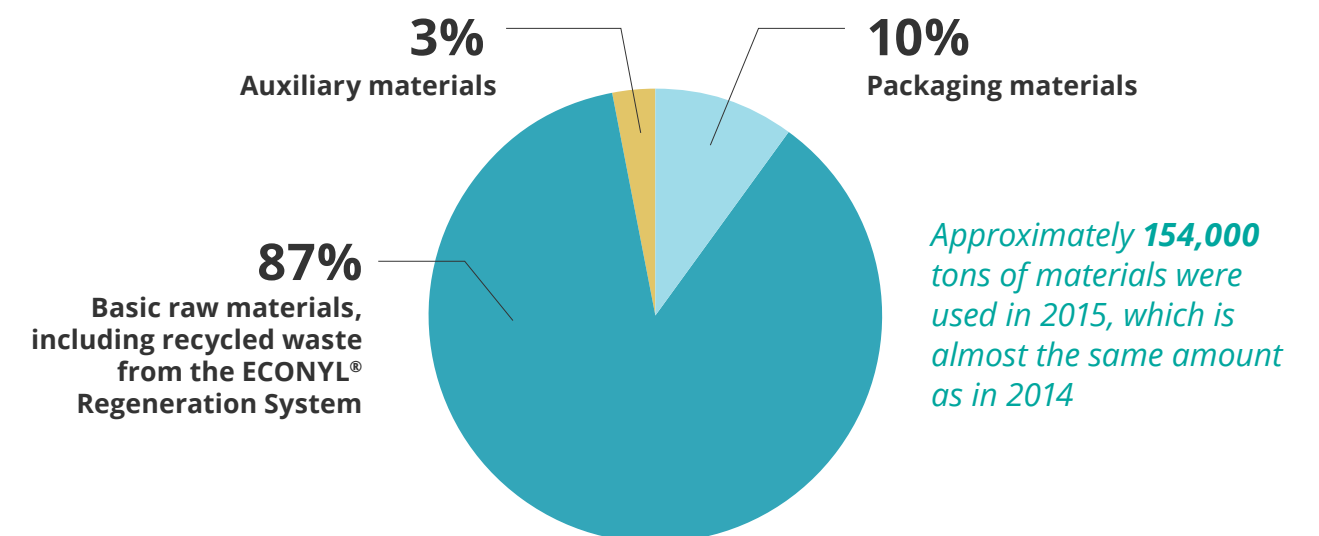


THE MATERIALS

The materials used by Aquafil along the production chain fall into three main categories:

- Basic raw materials made of virgin raw materials such as caprolactam, polymers and of recycled waste from the ECONYL® Regeneration System
- Auxiliary materials such as additives and other substances used in the production process
- Packaging materials such as the packaging required for raw materials and finished products

Percentage breakdown of the materials used by the Group in 2015



ENERGY MANAGEMENT

In 2015 total energy consumption increased by almost 4% compared to 2014. This increase shows Aquafil’s commitment for manufacturing more sophisticated products in line with circular economy. The rise in energy consumption is due to two important factors:

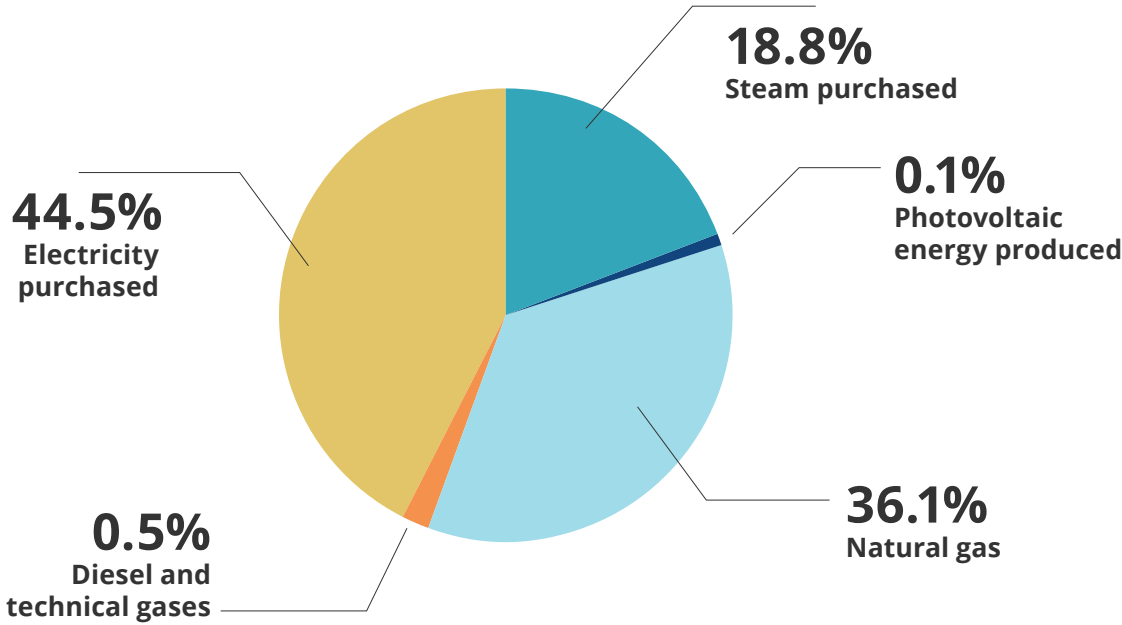
- 1. An increase in the number of operations required for manufacturing high quality nylon yarn
- 2. The increase of the number of operations required for turning post-consumer waste into secondary raw material, in order to reduce waste and avoid the depletion of our planet’s resources

► ENERGY PRODUCED AND CONSUMED BY THE GROUP IN THE PERIOD 2013 - 2015

Energy carrier		Unit of measure	2013	2014	2015
Fuels	Non-renewable fuels (natural gas, diesel and technical gases)	GJ	855,001	893,297	904,521
Purchased energy	Electricity	GJ	890,827	1,035,971	1,090,930
	Steam	GJ	375,963	439,322	461,467
Energy produced internally	Photovoltaic energy	GJ	2,468	2,555	2,327
Energy sold	Electricity	GJ	1,970	1,751	523
	Thermal energy	GJ	6,817	4,108	6,727
Total amount of energy managed by the Group		GJ	2,133,047	2,377,004	2,466,494
Total amount of energy consumed by the Group¹		GJ	2,115,473	2,365,287	2,451,995

¹The total amount of energy consumed by the Group was calculated as: fuels + purchased energy + energy produced internally – energy sold.

► SUBDIVISION OF THE TOTAL AMOUNT OF ENERGY CONSUMED BY THE GROUP IN 2015



- The natural gas purchased is used to feed the boilers in the various production plants as well as the cogeneration plant installed at the Aquafil factory in Arco.
- Approximately 74% of the total amount of electricity purchased in 2015 by the Group was hydroelectrically generated. Aquafil’s factories in Italy, Slovenia, Croatia and Germany run on 100% hydroelectrically generated power.

Aquafil and Atlantis: collaborating to achieve energy efficiency



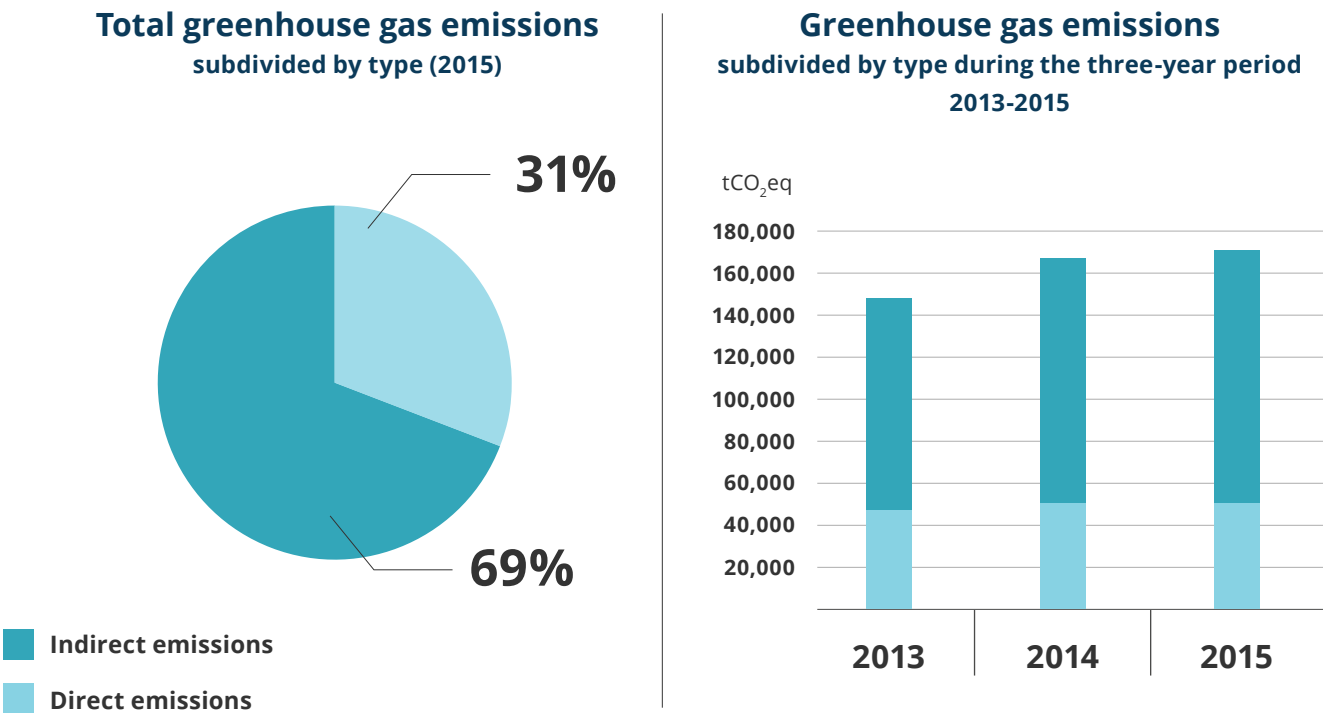
In 2015, the Slovenian Julon d.o.o. plant signed an agreement with the Atlantis Water Park in Ljubljana to transfer the excess thermal energy produced by the ECONYL® Regeneration System to the water-park thereby meeting 100% Atlantis’ heating requirements. This collaboration, which was possible due to the proximity of the facilities, has reduced their environmental impact on the city significantly. Thanks to this initiative, there has been a significant reduction in the amount of thermal energy supplied to Atlantis by Ljubljana’s power station, which has consequently reduced its production. It is estimated that as a result of this collaboration, CO₂ emissions can drop by more than 2,000 t per year, which is equal to the amount of greenhouse gases emitted by 1,100 cars travelling 35 km a day for a year.

GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions are closely linked to energy consumption resulting from production: the emissions are calculated by converting the energy consumed by the factories into carbon dioxide, using appropriate conversion factors.

Aquafil is constantly striving to monitor and reduce the emissions from its activities by improving the energy efficiency of its processes and by favoring renewable energy sources (such as hydropower and photovoltaic power), which have a lower environmental impact than traditional energy sources.

- *Direct greenhouse gas emissions are mainly produced by the burning of fuels (natural gas, diesel and technical gases) required for carrying out the Group's processes.*
- *Indirect greenhouse gas emissions are generated by activities for which the Group is not directly responsible such as emissions caused by the production of the electricity purchased from external suppliers.*



In 2015 there was a slight increase in total greenhouse gas emissions (approximately 3%) compared to 2014. This figure is in line with energy consumption trend.

In this regard Aquafil continues to invest to increase the share of electricity it obtains from renewable sources. In 2015 the German factory, as well as those located in Italy, Slovenia and Croatia, started sourcing low impact energy.

WATER CONSUMPTION

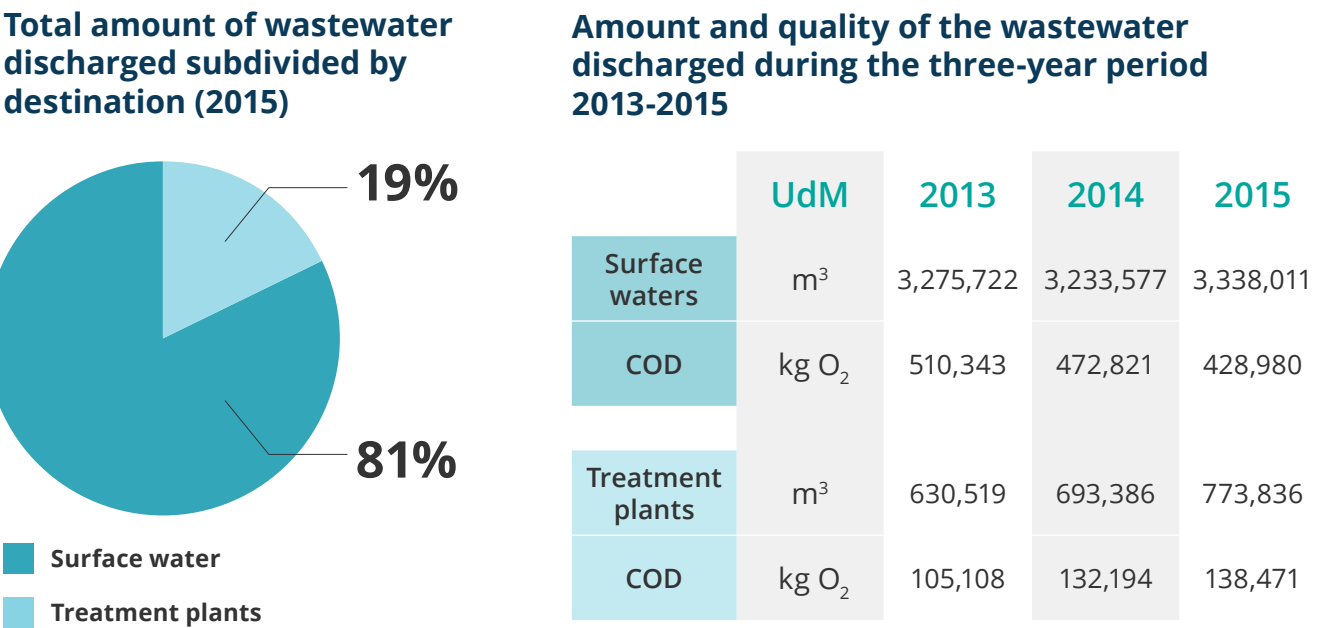
In 2015 the amount of water used in production processes amounted to approximately 4.8 million m³, 94% of which came from wells while the remaining 6% was obtained from aqueducts and surface water (rivers).

Water consumption subdivided by source of supply expressed in m³ during the three-period 2013-2015

SUPPLY SOURCE	2013	2014	2015
Well	4,305,758	4,342,631	4,474,380
Aqueducts	190,987	213,240	263,250
Rivers	21,383	24,615	22,407
Total	4,518,128	4,580,486	4,760,037

WASTEWATER MANAGEMENT

Most of the water used in the production process is discharged into surface water after checks have been carried out to verify its quality. The wastewater is checked periodically by performing laboratory analysis in order to monitor certain parameters, the most important being the COD (chemical oxygen demand) analysis, which detects organic substances and shows water pollution levels.



In 2015 the wastewater discharged amounted to approximately 4.1 million m³

TRANSPORTATION MANAGEMENT

Transportation management is one of the new report topics that was added during the update of the materiality analysis in 2015.

Aquafil has been monitoring this aspect for years in order to define the possible impacts and develop mitigation strategies. In fact the Group has started to monitor all of the transportation under its control, such as the exchange of semi-finished products between its factories and the transportation of its employees for business purposes. The information is collected every six months through the online platform.

In 2015 by optimizing its transportation operations, Aquafil was able to reduce its direct emissions by almost 19% in respect to 2014.

Trends in greenhouse gas emissions for transportation directly controlled by the group in the period 2014-2015 expressed in tons of CO2 equivalent.

	2014	2015
Transportation of goods between factories	2,497	2,055
Transportation of workforce	520	390

Moreover, Aquafil started collaborating with specific transport companies with the aim of limiting the impacts of the distribution phase of the final products (please see the paragraph regarding the ECONYL® Qualified project).



MANAGEMENT OF CHEMICALS

Aquafil is actively engaged in the development and supply of high-quality products made with improved formulations and processes in full respect of the environment in which we live.

Aquafil keeps in compliance with the legislation of the various markets by using chemicals responsibly, monitoring the production chain carefully and consolidating its technical know-how.

Aquafil's important commitment to chemical management has led to the development of:

- A specific policy that defines the guidelines for effective communication in order to promote the growth and development of the value chain
- An internal work group (sustainability compliance team) dedicated to involving and supporting the stakeholders who are interested in chemical risk assessment and management



ECONYL®

REGENERATION SYSTEM

One of Aquafil's strategic objectives is to create and distribute high quality products with lower environmental impact. To this aim, it is essential to measure environmental performance in order to gain a better understanding of which phases of the life cycle need to be improved. Therefore for over three years Aquafil has used life cycle assessment (LCA) as a tool for determining the environmental impacts of its products. The LCA approach has shown that most of the environmental impacts generated when manufacturing nylon thread result from the production of raw materials.

This has led to the development of the ECONYL® Regeneration System which has enabled us to substitute non-renewable virgin raw materials with secondary raw materials made of recycled waste products such as end-of-life fishing nets and used carpet fluff².

There are significant environmental benefits: 1 kg of BCF ECONYL® yarn made of regenerated polyamide fibers reduces greenhouse gas emissions by 58% compared to 1 kg of BCF yarn made of fossil-based nylon and enables us to recycle tons of waste material that would otherwise be landfilled.

² Fluff refers to the end-of-life surface material of a carpet



THE HEALTHY SEAS INITIATIVE

In 2013, in collaboration with the ECNC Land & Sea Group and Star Sock, Aquafil launched an initiative called "The Healthy Seas, a Journey from Waste to Wear", with the aim of reducing the amount of marine litter floating in the sea, especially end-of-life fishing nets, by recovering and recycling the abandoned material.

The project was initially launched in the North Sea (Belgium and Netherlands coastal areas) and then extended to Italy (Adriatic Sea) and Greece (Mediterranean Sea).

Besides collecting discharged fishing nets in collaboration with volunteer divers, the initiative seeks to sensitize people about the importance of stop polluting seas and oceans. Awareness-raising programmes have been organized in schools with the aim of making young people aware to the issue of ghost nets and the possible solutions.

2013-2015
FISHING NET RECOVERY



159.65 tons
of nets



75 volunteer divers



650 fishing boats



5 countries:
The Netherlands, Belgium,
UK, Greece, Italy.



healthyseas.org

AQUAFIL SUSTAINABLE JOURNEY WITH ECONYL® YARN

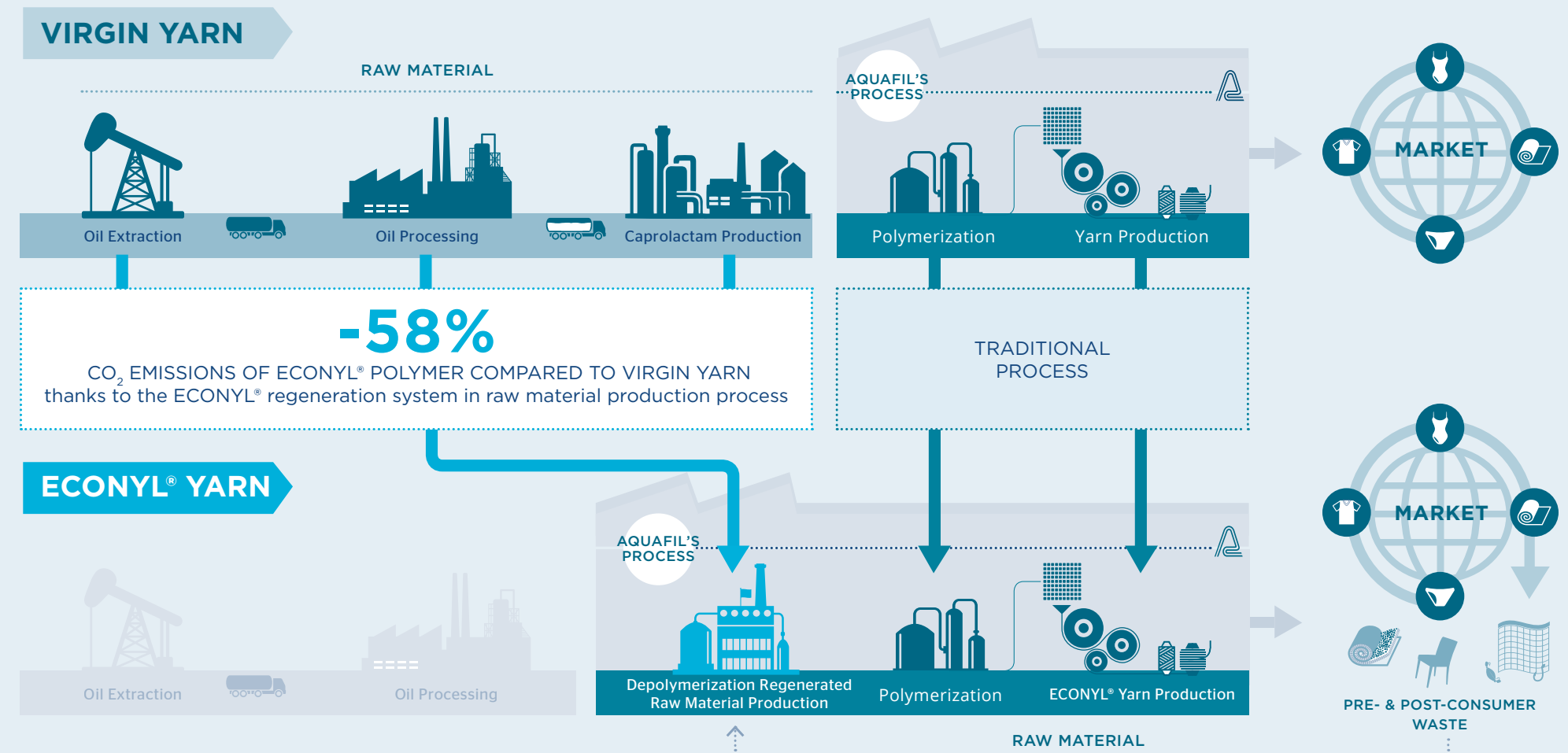
STEP 1

OUR COMMITMENT ON RAW MATERIALS

One of Aquafil's main objectives is to **improve the environmental performance** of its products while reducing the impact they have on the environment.

Three years ago Aquafil decided to start using the **life cycle analysis** (LCA) as a tool for determining the environmental impacts of its products.

Thanks to the LCA approach, much attention has been paid to the production of raw materials that are mainly responsible for the impact deriving from the production of nylon filaments. This enabled us to finely tune the ECONYL® production system and **replace virgin raw materials** obtained from non-renewable resources, such as oil, with **regenerated materials**.



ECONYL® QUALIFIED: THE INVOLVEMENT OF SUPPLIERS

STEP 2

OBJECTIVES

1. Reducing the environmental impacts of the phases of the ECONYL® yarn production chain which are not directly controlled by Aquafil
2. Developing an "ECONYL® Qualified" Qualification Protocol

HOW

Evaluating all of the initiatives undertaken and planned for the future in to:

1. Monitor
2. Improve the environmental performances of their activities

SUPPLIERS INVOLVED

TRANSPORT

Fralog
Arcese

PACKAGING

Favretto
Gross Hof

With the aim of improving the ECONYL® production chain, in 2015 Aquafil launched the **first phase of the "ECONYL® Qualified" project** in collaboration with its suppliers.

The aim of the project is to **develop a qualification protocol** to award the excellence of companies that supply Aquafil with goods or services for the manufacturing of ECONYL® yarn. The qualification process is based on specific guidelines, aimed at encouraging excellence and bringing innovation into the supply chain.

The first step of this project consists in developing guidelines in collaboration with four carefully chosen suppliers who perform "**product transportation**" and "**packaging production**" pilot testing activities.

4.3 CREATING VALUE FOR THE TERRITORY AND THE STAKEHOLDERS

Sustainability is a continuous process and constant effort is required to keep the social, economic and environmental variables in equilibrium. The correct balance of these factors enables the company to persist over time, as well as grow and generate wealth for the benefit of the various stakeholders and the territory.

The wealth generated, or value added, is then used to remunerate the stakeholders who have established strong relationships with the company or provided resources such as labor, investment, loans and services of social value, thus contributing to the creation of wealth and well-being.

Economic issues have always been dealt with in past reports, as they are relevant for the Group and its stakeholders: the importance of economic issues was confirmed in 2015 with the materiality analysis.



ECONOMIC PERFORMANCE

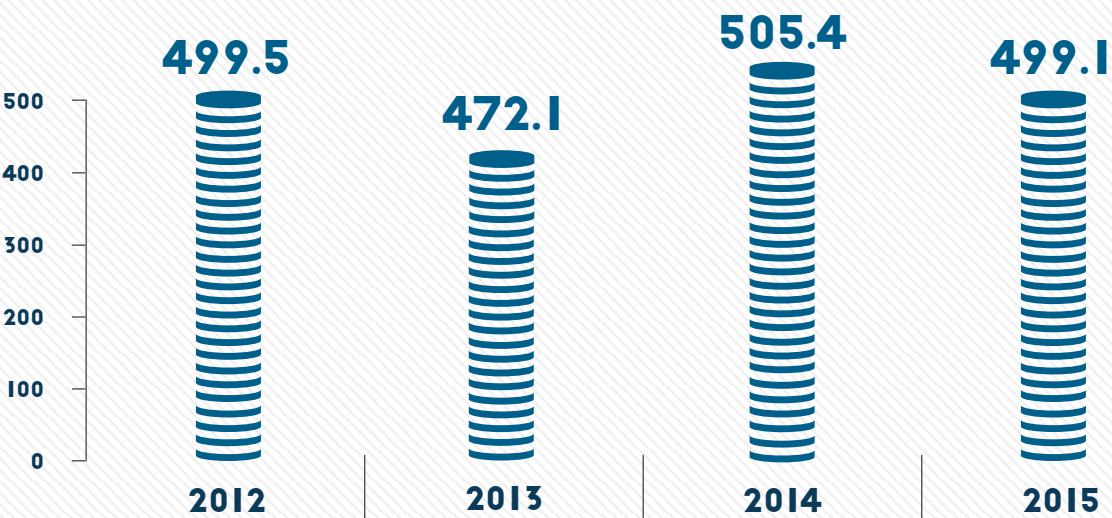
The Group’s objective is to maintain a solid and profitable business model in order to ensure sustainable growth and create wealth in full compliance with ethical business practices.

The economic value generated and distributed by Aquafil in 2015 can be seen in the table. The model suggested by the GRI guidelines was used for the representation with the necessary adaptations. The stakeholders to whom Aquafil redistributes wealth are suppliers, personnel, sponsors, the public sector and the communities.

► ECONOMIC VALUE GENERATED AND DISTRIBUTED	
(Thousands of Euro)	2015
ECONOMIC VALUE DIRECTLY GENERATED	
A) REVENUES FOR SALES AND SERVICES	499,127
B) OTHER INCOME	4,513
C) SALE OF ASSETS	5,537
D) ECONOMIC VALUE DIRECTLY GENERATED (A+B+C)	509,177
ECONOMIC VALUE DISTRIBUTED	
E) OPERATING COSTS	344,830
F) PERSONNEL COSTS	93,156
G) PAYMENTS TO CAPITAL PROVIDERS	15,507
H) PAYMENTS TO PUBLIC ADMINISTRATION	7,501
I) PAYMENT OF CUSTOMS DUTIES	3,800
J) ECONOMIC VALUE DISTRIBUTED (E+F+G+H+I)	464,794
ECONOMIC VALUE RETAINED (D-J)	44,383

In 2015 the Group generated a turnover of € 499.12 million.

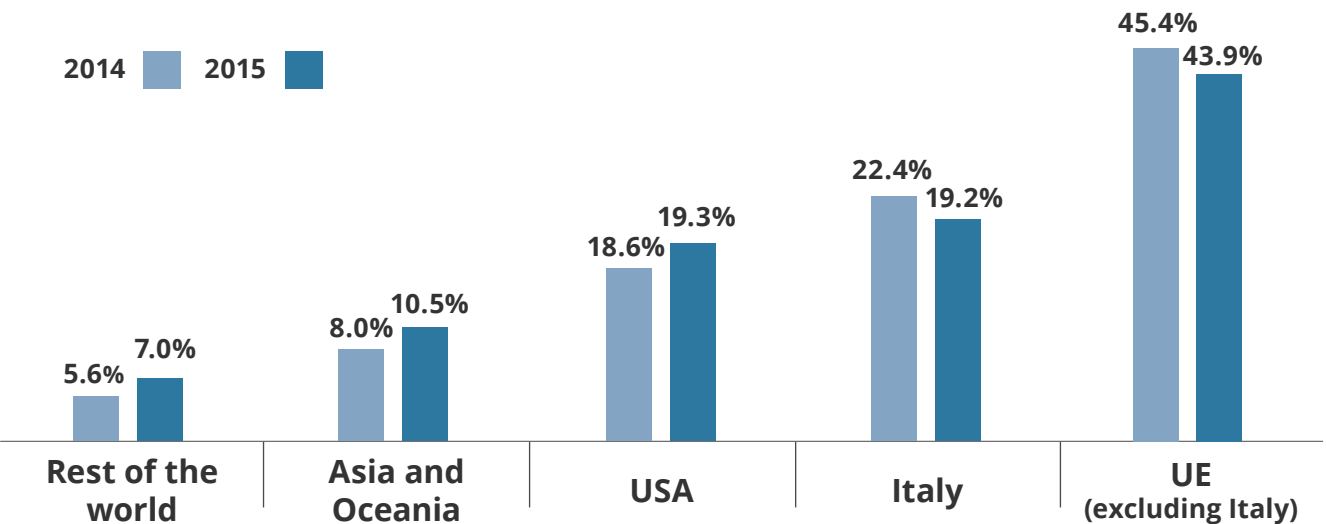
SALES TREND FROM 2012 TO 2015 IN MILLIONS OF EUROS



International sales increased from € 392.1 million to € 403.3 million, with an increase of 2.8% and accounted for 80.8% of the total revenues. Europe accounts for 65% of the overall sales volume. However, there was a significant increase in sales in the USA, Asia and Oceania which can be seen in the revenue breakdown chart below.

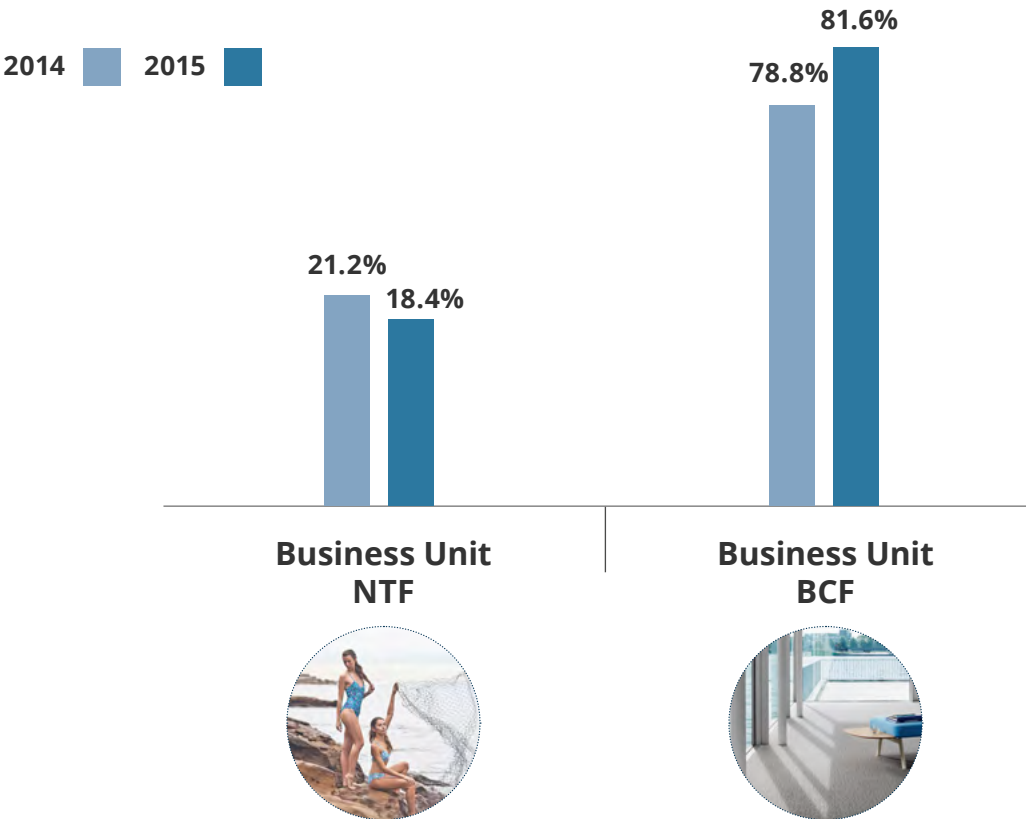
With regard to the Italian market, the NTF business unit dealt mainly with sales to national clients while the BCF business unit generally sold polymers and nylon 6 waste.

REVENUE BREAKDOWN BY GEOGRAPHICAL AREA



With regard to the breakdown of turnover per business area, the chart shows an increase in the Group's core "BCF" business unit compared to 2014, while the "NTF" business unit saw a slight decrease in production volume and turnover due to price reductions in raw materials which consequently led to a reduction in the prices of the finished products.

REVENUE BREAKDOWN BY BUSINESS AREA



In addition to revenues from sales, the Group generated an economic value of € 10.05 million, reaching a total turnover of € 509.177 million.

(Thousands of Euros)	2015
Revenues from sales and services	499,127
Other revenues	3,676
Revenue from investments	33
Interest revenue from long-term receivables	540
Other financial revenues	264
Sale of assets	5,537
ECONOMIC VALUE DIRECTLY GENERATED	509,177

Information on the distribution of economic value enables us to evaluate the economic implications of production and provides a connection point between the Sustainability Report and the Financial Statements.

The largest share of the total value was distributed among the suppliers of goods and services, both in absolute terms (€348.63 million) and as a percentage of the total (74%). The consumption of raw materials and the use of services proved to be the most expensive items and accounted for 54% of the total value distributed.

(Thousands of Euros)	2015
Consumption of raw materials, supplies, consumables and goods	250,984
Cost of services	89,882
Costs for use of third party assets	6,724
Miscellaneous expenses	1,040
OPERATING COSTS	348,630

Personnel costs rose 10.4% from € 84.3 million to € 93.1 million. The Group's average workforce increased by 138 units from an average of 2,608 employees in 2014 to 2,746 in 2015; the increase in the number of employees has gone hand in hand with the production volume of the various plants.

(Thousands of Euros)	2015
PERSONNEL COSTS	93,156

The rate of return given to suppliers of capital amounted to €15.5 million in 2015 and accounted for 3% of the total value distributed.

In 2015 Aquafil S.p.A only distributed one dividend of €1.6 million to the sole stakeholder namely Aquafil Capital S.p.A.

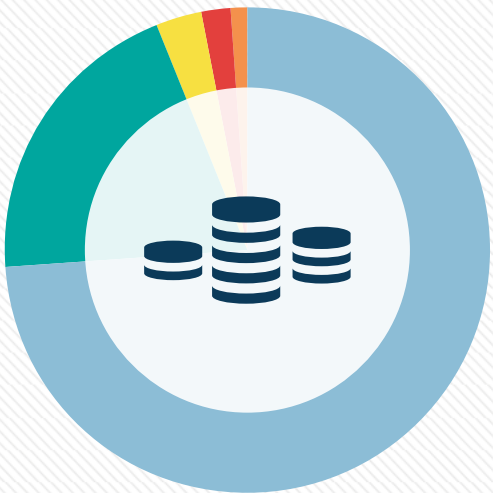
In 2015 there was a foreign exchange loss of €250,000.

(Thousands of Euros)	2015
Dividends	1,600
Interest and other financial expenses	13,657
Exchange gains	250
PAYMENTS TO SUPPLIERS OF CAPITAL	15,507

Lastly the payments made to the public administration in the form of taxes amounted to €7.5 million, that is approximately 2% of the total amount distributed.

(Thousands of Euros)	2015
IRES corporate tax	4,371
IRAP regional production tax	587
Other taxes	1,598
Non-deductible VAT	50
ICI	895
PAYMENTS MADE TO THE PUBLIC ADMINISTRATION	7,501

► ECONOMIC VALUE DISTRIBUTED (2015)



- **74% OPERATING-COSTS**
- **20% SALARIES AND BENEFITS ALLOCATED TO PERSONNEL**
- **3% PAYMENTS TO CAPITAL PROVIDERS**
- **2% PAYMENTS TO THE PUBLIC ADMINISTRATION**
- **1% CUSTOMS DUTIES**

AQUAFIL'S CONTRIBUTION TO THE TERRITORY

Aquafil not only builds wealth and prosperity in the surrounding communities through the salaries paid to employees, but also with the taxes paid to the government and the satellite activities created by production.

It is possible to divide this amount into directly distributed economic value, i.e. the value paid to employees in the form of salaries, and indirectly distributed economic value, i.e. the taxes on labor and national insurance contributions that Aquafil pays to the Public Administration. In both cases the territory benefits from the wealth generated: the salaries help to boost consumption and create well-being while the taxes deducted from the employees' salaries and the money spent on national insurance contributions and charges are used to finance the public administration and guarantee welfare services and social security to the population.

In 2015, Aquafil paid more than 32.5 million € in taxes and national insurance contributions to the Public Administration which is approximately equal to 7% of the overall turnover. This was an increase of 8% compared to 2014. There are two reasons for this increase: production volume growth, which led to a rise in the number of hours worked, and the acquisition of the Aquafil UK factory.

The amount of money distributed to the communities in taxes on labor and national insurance contributions varies depending on the countries in which the Group operates:

- In Italy, the amount paid in taxes and contributions to the Public Administration is approximately €18.8 million, equal to 20% of the overall turnover realized in this country
- Throughout the rest of Europe (Germany, Slovenia, Croatia and the United Kingdom) €9.6 million were paid in taxes and contributions, equal to 4% of the Group's overall turnover in these countries
- In the USA €3.6 million were paid in welfare and social security taxes, amounting to 4% of the Group's overall USA turnover
- Lastly, the amount paid in taxes in China and Thailand was approximately €544,000, which is equal to 1% of the turnover in this geographical area

► TAX INCIDENCE ON TURNOVER OF EACH GEOGRAPHICAL AREA

	2015	2014
ITALY	20%	16%
EUROPE (EXCLUDING ITALY)	4%	4%
USA	4%	3%
ASIA	1%	1%
TAX INCIDENCE ON TOTAL TURNOVER	7%	6%



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Aquafil archive

Technical support

Life Cycle Engineering s.r.l.

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Aquafil S.p.A. July 2016

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