

Aquafil S.p.A.

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Registered in the Trento Business

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Water Policy - Aquafil Group

Approved CEO on 1 September 2024

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AQUAFIL 

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1. THE AQUAFIL GROUP

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

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 raw material is then used to produce ECONYL® polymer and yarn. The use of regenerated raw materials through a chemical recycling process makes it possible to produce an ingredient that is chemically identical to the original but with a lower impact in terms of emissions.

In order to integrate sustainability principles into its business model and operations, Aquafil has implemented an ESG framework, in which the ESG Policy and the Code of Ethics serve as cornerstones for promoting not only sustainability principles but also legality, fairness, equality, and transparency.

Taking into account the various business activities that involve all its production units to varying degrees, the Aquafil Group uses large quantities of water resources, primarily for climate control and cooling purposes. Estimates show that approximately 90% of the Group’s water consumption is attributable to the disposal of heat generated by the processing of raw materials and semi-finished products—both in the yarn production processes and in the polymer production processes.

Cooling of the plants can take place in two main ways: directly—for example, by using water as an exchange fluid in chemical reactions; or indirectly—by using water as a coolant for machines servicing the production plants (compressors, dryers, etc.).

A residual portion of water is directly involved in the chemical reactions needed to obtain ECONYL® recovered caprolactam.

The two Aquafil Group production sites where base polyamide is produced are those with the highest water consumption. In fact, polymerization plants require abundant water for their cooling systems.

2. OBJECTIVES

Water resources, essential for the survival of living beings and for public health, also represent— as previously mentioned— an important asset for industrial activity and the economic aspects linked to business operations.

Therefore, the Aquafil Group, fully aware of the need to implement water protection and conservation policies, has developed this Policy, which aims to ensure the saving and both qualitative and quantitative protection of groundwater and surface water through careful, appropriate, and sustainable management of withdrawals and discharges.

With respect to the topics covered by this Policy, the company also steers its strategy based on the double materiality analysis carried out periodically and adopts an approach focused on mitigating impacts, preventing risks, and evaluating opportunities. Based on the outcomes of this analysis, the Group concentrates its efforts particularly on the progressive reduction of water consumption and the reduction of residual pollutants in water discharges.

Below is a list of commitments and related actions supporting the objectives described above.

Commitments

- Promote the efficient and responsible use of water and the protection of marine and freshwater ecosystems;
- Safeguard water resources, in line with the Group’s sustainability goals integrated at every level of the business;
- Conserve water resources by implementing all useful actions and tools to reduce water waste and encourage reuse, in proportion to available resources and capabilities;
- Optimize water use in every project and production process, with a view to continuous improvement;
- Focus on every aspect that can help reduce water consumption and improve efficiency;
- Manage water discharges responsibly, treat wastewater, and ensure compliance with local and national regulatory standards;
- Protect water resources and preserve their quality;
- Implement and/or improve water reuse systems at every site.

Concrete Actions

- Initiatives to reduce freshwater withdrawals and replace them with water from secondary sources (rainwater, treated groundwater, reclaimed wastewater, or desalinated water) to reduce impacts on local communities and ecosystems.
- Installation of rainwater harvesting systems.
- Modification, adaptation, and/or upgrading of production facilities to implement closed-loop systems that allow for the recovery of water and vapors. Vapor recovery is achieved through condensation. These systems reduce the need to extract water from wells.
- Minimization of situations requiring water heating and/or cooling by optimizing and rationalizing water use throughout the production process (e.g., using hot water destined for cooling towers to heat production departments).
- Reduction of organic pollutants in wastewater through reverse osmosis systems. This allows COD values in discharged water to consistently remain below legal limits.
- Mapping, assessment, and analysis of water stress in geographic areas where Group sites and/or plants are located.
- Analysis and monitoring of the water cycle through a “water map,” which tracks water volumes used at each production site and allows monthly/annual comparisons to detect anomalies and evaluate the effectiveness of water-saving measures.
- Implementation of a specific indicator that relates water consumption to production volume to ensure data comparability over time. By properly quantifying this indicator, the calculated rate is standardized and not affected by differences in production types across Group facilities.
- Potential definition of Group-level targets to monitor consumption trends over time and further formalize Aquafil’s commitment.
- Designation, at each production site, of a responsible person tasked with monitoring and collecting relevant data as well as identifying any anomalies related to unplanned changes in consumption and production.
- Establishment of the A.G.W.T. (Aquafil Global Water Team), which operates in the spirit of Communities of Practice (CoP), to analyze, propose, and plan improvement, reduction, and efficiency projects in coordination with top management.

3. CONTEXT OF REFERENCE

This document was also drafted drawing inspiration from the sustainability principles indicated by international, national, and local organizations and institutions. Below are the main regulatory sources and agreements that Aquafil refers to.

International regulations, agreements, and initiatives

- Agenda 2030: 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 translate its commitments into practical actions. In particular, for the drafting of this Policy, SDG 6 (“Ensure availability and sustainable management of water and sanitation for all”) served as a reference and source of inspiration.
- United Nations Global Compact (UN GC): Aquafil adheres to the UN Global Compact (UN GC) with the aim of aligning with its principles and sustainability commitments, including through this Policy. Aquafil is committed to reporting its progress in this regard within its Non-Financial Statement.

European Directives

- EU Taxonomy: Regulation (EU) 2020/852 (Taxonomy) on the establishment of a framework to facilitate sustainable investment. The European Union Taxonomy Regulation provides an additional level of transparency to financial market participants by recognizing 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, (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 CSRD introduces more detailed transparency obligations regarding environmental impact, human rights, and social standards, through the application of common criteria aligned with the EU’s climate objectives;
- Water Framework Directive (2000/60/EC);
- Groundwater Directive (2006/118/EC).

National and Local Environmental Laws and Regulations

In Italy and in the Autonomous Province of Trento, several laws and regulations govern the management of water resources by companies. Among these, the main ones that establish fundamental principles and objectives for its protection are:

- Legislative Decree No. 152/2006;
- Provincial Consolidated Act on Environmental Protection from Pollution – Decree of the President of the Provincial Government of January 26, 1987, No. 1-41/Legisl.;
- General Plan for the Use of Public Water Resources: made effective by Presidential Decree on February 15, 2006;
- Water Protection Plan: approved by Provincial Government Resolution No. 233 dated February 16, 2015.

Internal References

Aquafil has also adopted several internal regulatory instruments to ensure the effective, efficient, and transparent management of its activities, in line with the principles and values set forth in this Policy. Among the internal regulatory references, the following are particularly noteworthy:

- Code of Ethics
- Organizational, Management and Control Model (MOG 231¹)
- Non-Financial Statement
- ISO 14001²
- Integrated Management System Manual

4. SCOPE OF APPLICATION

Aquafil has implemented a series of actions over the years aimed at reducing the impact of its activities on water resources. In particular, Aquafil pays close attention to wastewater management and water consumption, as well as the continuous improvement of production processes.

Through various forms of engagement, Aquafil is consistently active and proactive in communicating with its different *stakeholders*:

- Employees: all employees are regularly informed about Aquafil's sustainability principles and goals;
- Suppliers: suppliers are required to share Aquafil's environmental principles;
- Business partners: this includes all entities directly or indirectly involved in Aquafil's circular economy process.

5. GOVERNANCE

ESG Governance requires a clear and precise allocation of responsibilities throughout the organization. Within Aquafil, the dissemination of ESG principles falls under the responsibility of the ESG Committee, which is tasked with defining and implementing the strategy in this area.

As part of its ESG strategy concerning environmental matters, Aquafil has adopted an Environmental Management System (EMS), which includes specific managerial responsibilities for environmental, social, and governance topics, as well as the definition of a system of both short- and long-term objectives and the related monitoring framework.

Specifically regarding water management, as outlined in paragraph 2, the establishment of the A.G.W.T. (Aquafil Global Water Team) is planned. This team will be composed of those responsible for the collection and monitoring of data concerning water resources. The team will be tasked with analyzing, proposing, and planning—together with general management—projects focused on improvement, reduction, and process efficiency.

¹ MOG 231: Organizational, Management and Control Model

² ISO 14001 Certification: internationally recognized as the reference standard for environmental management systems

6. APPROVAL AND REVIEW

The main terms of the Water Policy are outlined below:

- a) Aquafil periodically communicates the results achieved in the implementation of this Policy to its stakeholders, using the company website and, where applicable, periodic reporting;
- b) The ESG Director periodically informs Aquafil's ESG Committee about the implementation status of this Policy and any proposals for its improvement;
- c) This Policy will be subject to periodic review, taking into account its adequacy and the effectiveness of its implementation.

Review	Description	Date	Approved by
1.0	Reference to double materiality	10/07/2025	ESG Committee

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