

Aquafil S.p.A.

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under No. 228169

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Water Policy – Aquafil Group

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AQUAFIL 

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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 the circularity of its products. Indeed, through the ECONYL® regeneration system, Aquafil transforms pre- and post-consumer nylon waste into raw material identical to that obtained from a fossil source used to produce ECONYL® polymer and yarn. The use of raw material regenerated through a chemical recycling process allows us to produce an ingredient that is absolutely identical to the original but with less impact in terms of emissions.

In order to integrate the principles of sustainability into its Business Model and activities, Aquafil has implemented an ESG framework in which the ESG Policy and the Code of Ethics are the cornerstones in promoting - in addition to the principles of sustainability - also those of legality, fairness, equality and transparency.

The Aquafil Group, taking into account the different types of business that involve more or less all of its various production units, uses large amounts of water mainly for air conditioning and cooling purposes. In fact, estimates show that nearly 90% of the Group's water consumption is used in the disposal of heat generated by the processing of raw materials and semi-finished products in the context of both yarn and polymer production.

The cooling of its installations essentially takes place in two ways: directly, for example by using water as an exchange fluid in chemical reactions; and indirectly, by using water as a fluid to cool machinery used in production plants (compressors, dryers...). A residual amount of water is also directly involved in the chemical reactions used to obtain ECONYL® recovered caprolactam.

The two Aquafil Group production sites that make the basic polyamide are those with the highest consumption of water resources. Indeed, polymerization plants require abundant quantities of water for cooling.

2. OBJECTIVES

As already mentioned, water - an essential asset for the survival of living beings and for public health - is also an important asset for the industrial activities and economic profiles connected to the business. The Aquafil Group, therefore, being aware of the need to pursue policies to safeguard and protect water resources, has drawn up this Policy aimed at saving - and qualitatively and quantitatively protecting - both groundwater and non-groundwater through the careful, appropriate and sustainable management of withdrawals and discharges. In particular, the Group focuses on the progressive reduction of its water consumption and the reduction of residual pollutant discharges into the drainage system.

Below is the list of commitments and related actions taken in support of the above.

Commitments

- To promote the efficient and responsible use of water and the protection of marine and freshwater ecosystems.

- To safeguard water resources, also in line with the Group's sustainability objectives integrated at every level of the business.
- To save water resources by implementing all possible actions and devices that can reduce water wastage and promote its reuse, according to the Group's resources and capacity.
- To promote the efficient use of water resources in every project and production process, with a view to continuous improvement.
- To focus on all aspects that can reduce water consumption and improve efficiency.
- To responsibly manage water discharges, treat wastewater, and ensure compliance with the standards imposed by local and national regulations.
- To protect water resources and their quality.
- To implement and/or streamline water resource re-usage systems at each site.

Concrete actions

- Initiatives to reduce withdrawals of freshwater and to replace them with water from secondary sources (rainwater, reclaimed groundwater, treated wastewater or desalinated water) to lower impacts on local communities and ecosystems.
- Preparation of systems for rainwater recovery.
- Modification, adaptation and/or renewal of production plants to enable the use of closed-loop systems that allow the recovery of water and vapours. The recovery of the latter through condensation. These systems make it possible to reduce withdrawals of water from wells.
- Minimization of the occasions in which it is necessary to heat and/or cool water, through the rational and optimal use of water in the entire production process (for example: the use of hot water destined for evaporative towers for heating buildings).
- Reducing the release of organic pollutants into wastewater by using reverse osmosis systems. This enables COD values in wastewater to be constantly kept below the limits set by the Law.
- Mapping, assessing and analysing water stress levels in geographical areas where the Group's sites and/or plants are present.
- Analysing and monitoring the water cycle through a "*water map*", which provides information on the water volumes used by each production site and enables monthly/annual comparisons to be made in order to verify any anomalies and the effectiveness of the water-saving initiatives taken.
- Implementation of a specific indicator relating water consumption to production volumes, to ensure data comparability over time. Thanks to the appropriate quantification of this indicator, the calculated rate is homogenised and not affected by the different types of production that take place in the Group's various plants.
- Possible definition of targets at Group level to monitor consumption trends over time and to further formalise Aquafil's commitment.
- Identification, at each production site, of a manager who monitors and collects significant data as well as any anomalies related to unplanned changes in consumption and production.
- Creation of the *A.G.W.T. (Aquafil Global Water Team)* which, on the basis of the *CoP (Community of Practice)* and in agreement with general management, proposes and plans improvement, reduction and production efficiency projects.

3. THE CONTEXT OF REFERENCE

This document has also been prepared on the basis of the sustainability principles set out by international, national and local bodies and institutions. The main regulatory sources/agreements that Aquafil adheres to are indicated below.

International regulations, agreements and initiatives

- **2030 Agenda:** Aquafil is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) by setting specific goals. Aquafil has adopted the United Nations Sustainable Development Goals (UN SDGs) to define, in practice, the commitments mentioned above. In particular, for the drafting of this Policy, SDG 6 ("*Ensure availability and sustainable management of water and sanitation for all*") was taken as a benchmark 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 the principles and commitments of sustainability also through this Policy. Aquafil undertakes to report its progress in this regard also within its Non-Financial Statement.

European Directives

- **European Taxonomy:** Regulation (EU) 2020/852 (Taxonomy) on establishing a framework to facilitate sustainable investment. The European Union Regulation on Taxonomy offers an additional level of transparency to players in the financial markets, recognising and outlining six specific environmental objectives: (i) climate change mitigation, (ii) adaptation to climate change, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and reduction, (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 Directive introduces more detailed transparency obligations regarding environmental and human rights impacts, as well as social standards, through the application of common criteria in line with EU climate objectives.
- **Water 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, there are several laws and regulations that regulate the management of water resources by companies. Of these, the main ones that set out fundamental principles and objectives for their protection are:

- **Legislative Decree no. 152/2006**
- **Consolidated Provincial Law on the Protection of the Environment from Pollution - Decree of the President of the Provincial Council of 26 January 1987, no. 1-41/Legisl.**

- **General Public Water Utilization Plan:** implemented by Presidential Decree on February 15, 2006.
- **Water Protection Plan:** approved by Resolution of the Provincial Council no. 233 on February 16, 2015.

Internal references

Aquafil has also adopted various internal regulatory instruments to ensure that its business activities are managed effectively, efficiently, transparently and in compliance with the principles and values set out in this policy. Its internal regulatory references include, in particular:

- Code of Ethics;
- MOG 231¹;
- Declaration of a non-financial nature;
- ISO 14001²;
- Integrated Management System Manual

4. FIELD OF APPLICATION

For several years Aquafil has drawn up a series of actions aimed at reducing the impact of its activities on water resources. In particular, Aquafil pays great attention to the issues of discharges and consumption, as well as to the continuous efficiency of its production processes.

Through numerous means of engagement, Aquafil is always active and proactive in communicating to its different *stakeholders*:

- **Employees:** all employees are regularly kept informed about Aquafil's sustainability principles and objectives;
- **Suppliers:** suppliers must share Aquafil's environmental principles;
- **Business partners:** including the various entities that are directly or indirectly involved in Aquafil's circular economy process.

¹ MOG 231: Organisation, Management and Control Model

² ISO 14001 certification: internationally recognised as the standard of reference for environmental management systems

5. GOVERNANCE

ESG Governance requires a clear and precise attribution of responsibilities throughout the organisation. Within Aquafil, the dissemination of ESG principles is the responsibility of the ESG Committee, which has the task of defining and implementing the strategy in this area.

Within the ESG strategy on environmental issues, Aquafil has established an **Environmental Management System (EMS)** setting out specific managerial responsibilities for environmental, social and governance issues as well as defining a short and long-term system of objectives and a related monitoring system.

In the specific case of water management, moreover, as specified in paragraph 2, the A.G.W.T. (*Aquafil Global Water Team*) has been created to provide a team of managers responsible for collecting and monitoring data on water resources. In agreement with general management, this team will be responsible for analysing, proposing and planning improvement, reduction and production efficiency projects.

6. APPROVAL AND REVIEW

The main terms of the Water Policy are shown below:

- a) Aquafil periodically communicates the results achieved by implementing this ESG Policy to its stakeholders, using the website and - if appropriate - periodic reporting;
- b) on a periodic basis, the ESG Director informs the Aquafil ESG Committee about the implementation status of this policy and any proposals to improve it;
- c) This policy will be subject to periodic reviews aimed at examining its adequacy and effective implementation.

Revision	Description	Date	Approved by

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