010 SUSTAINABILITY REPORT

AQUAFIL
synthetic fibres and polymers

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A LETTER FROM THE **PRESIDENT**

2010 was one of Aquafil's most important years since its inception. As you will read in the following pages, many new projects have been launched, which are fundamental to continue along our path of sustainable growth.

In addition to a general strengthening of all of our businesses and all of our facilities, I would like to underline two investments in particular: the first refers to the start of production activities in China, with the aim of becoming important players in that part of the world that is about to become the largest market for high quality products globally.

The second investment, Econyl, prepares the ground for our future and is perhaps the biggest challenge our company has ever faced. After four years of research, in December we were finally able to start up the plant to recycle both post-industrial and post-consumer waste deriving from the production cycle of polyamide 6. It is a dream come true, a kind of miracle, as it allows the endless recycling of products made of this polymer and is a true case of excellence in our sector worldwide. This journey has just started and so far has involved many people, that will become many more in the future. It is a journey taken by universities and research centres in at least six different countries and allow us to avoid that thousands of tons of waste will be sent to landfills. Finally, on the energy front, we achieved great success in terms of savings, lower CO_2 emission and the generation of energy from renewable sources. Our future objective in this area is to close the circle with Econyl, managing not only to regenerate the same material forever, but doing so by using green energy, and therefore without any environmental impact.

I am very proud of the route we have taken and the results achieved so far and would like to thank all the collaborators who contributed to making this year truly special.

Aquafil's Headquarter in Arco (Italy).

Carpet flooring made of Aquafil yarn in the eco-sustainable Hotel Kameha Grand, Bonn (Germany).
Photo ANKER, Teppichboden.

OUR **GUIDING PRINCIPLES**

Be constantly ready to support those Customers that consider Sustainability as part of their development strategy, confident that this is the right path to take to strengthen our leadership.

Endeavour to have our eco-efficiency policy fully implemented.

Give preference to those Suppliers that provide the best services in terms of Sustainability.

Establishing and strengthening a link with the Communities where the Group operates and intends to grow in the future.

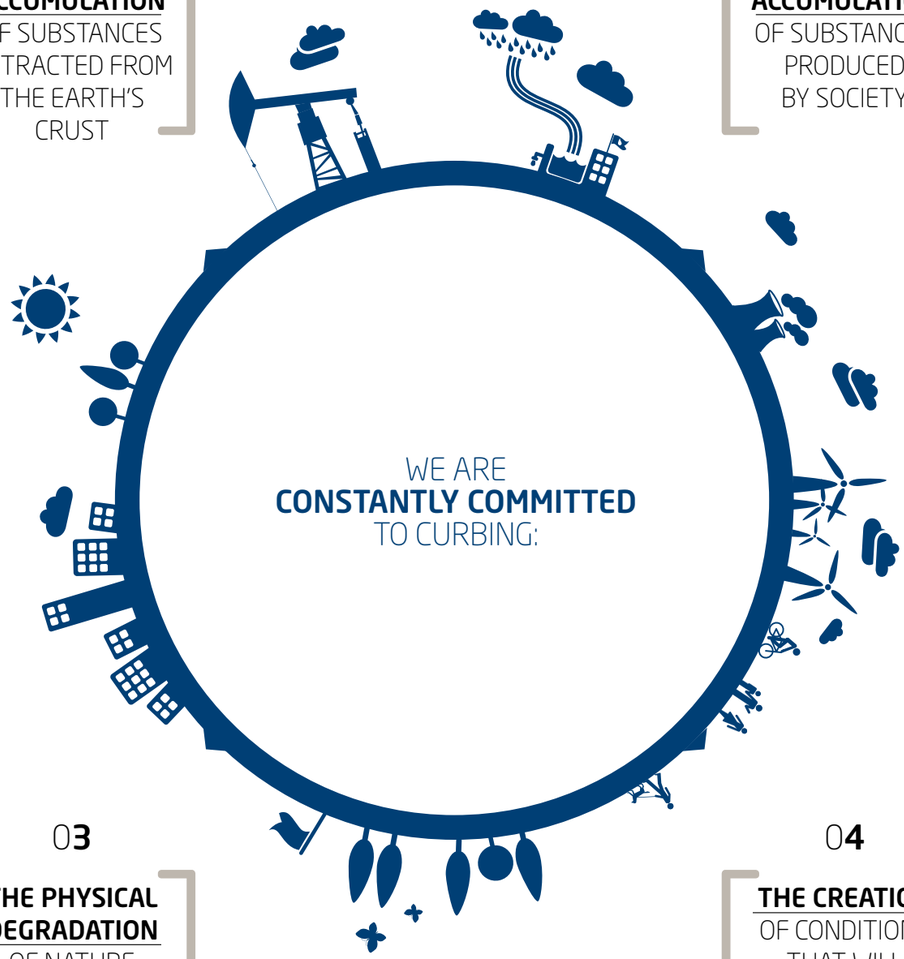
Have the company well rooted in the territory by paying constant attention to internal resources.

01

THE ACCUMULATION OF SUBSTANCES EXTRACTED FROM THE EARTH'S CRUST

02

THE ACCUMULATION OF SUBSTANCES PRODUCED BY SOCIETY



03

THE PHYSICAL DEGRADATION OF NATURE

04

THE CREATION OF CONDITIONS THAT WILL JEOPARDISE PEOPLE'S ABILITY TO SATISFY THEIR NEEDS

Source: "The Natural Step"

ABOUT THE REPORT

ABOUT THE REPORT

The creation of the projects and investments started in previous years has enabled us to reach very positive results in 2010, further on forging the path of sustainability taken systematically since 2007. Thanks to the many improvement activities previously implemented, we were able to achieve excellent results despite some projects hypothesized last year not having been completed yet.

The present document is arranged into two macro-sections:
The first introduces the Group and its organization, the relationships with stakeholders and the business areas in which we operate. This edition also contains a special feature on the Econyl recycling system and its related benefits.
The second macro-section, on the other hand, provides clear information on the economic, environmental and social results of 2010.

An important part is dedicated, as usual, to the progress of the various projects and the new ones. In this version of the report, despite the use of a lingo that suits all kinds of readers, Aquafil has chosen to highlight the environmental results in consideration of 2010 having been declared the year of biodiversity and especially due to the commitment dedicated to the recovery of materials reaching the end of their life and discarded in natural environments.
We decided that this edition will be the last where data on environmental indicators - related to water and energy consumption, CO_2 emissions and waste production - are related to the total quantity produced only.

AS A MATTER OF FACT, IN THE NEXT PUBLICATION FOR 2011, WE WILL TRY TO IDENTIFY A NEW NORMALIZATION CRITERIA THAT TAKES ACCOUNT ALSO OF THE DIFFERENT REPROCESSING PHASES THAT CHARACTERIZE OUR PRODUCTS.

10

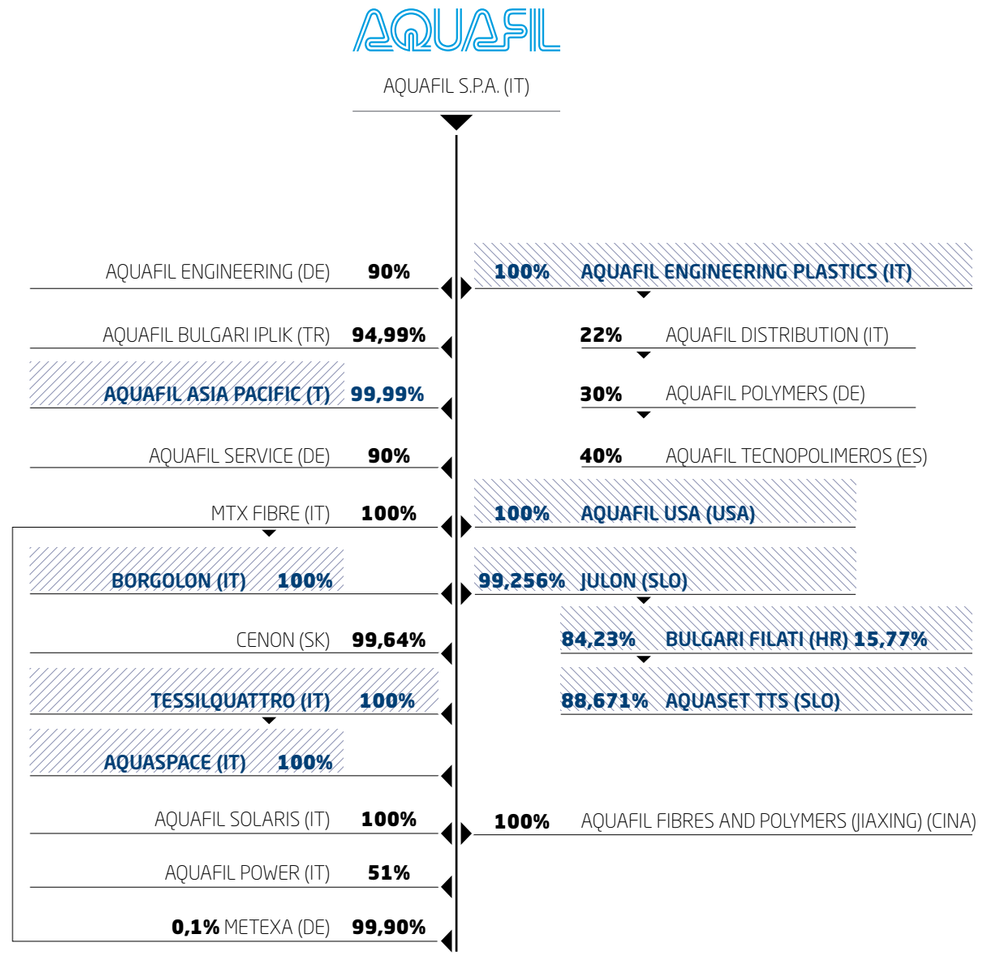
AQUAFIL AND ITS STAKEHOLDERS

THE AQUAFIL **GROUP**

Our Group specializes primarily in the production, marketing and supply of polyamide 6. It operates through three business units dedicated to the processing of yarns for carpeting, a sector in which we lead the market in Europe, technical polymers for moulding and synthetic yarns for the clothing industry. A fourth business unit is completely dedicated to sustainability-related issues such as recycling, promoting the use of energies with a low environmental impact and/or from renewable sources and the divulgation of the sustainability and environmental culture.

We are present globally in 3 continents. We have approximately 2000 employees working in 13 production sites, 10 of which are in Europe (5 in Italy, 4 in Slovenia and 1 in Croatia), one in the United States (Cartersville, Georgia) and two in Asia (1 in Thailand and 1 in China). The Aquafil Group pays constant attention to the needs and desires of its customers, closely working with them in a highly coordinated method. Our focus on research and technological innovation ensures the creation of increasingly innovative products that are more and more sustainable in environmental terms.

THE RECYCLING OF MATERIAL IS A FUNDAMENTAL PART OF OUR STRATEGY, WHICH HAS BEEN DEVELOPED IN CLOSE SYNERGY WITH CUSTOMERS AND SUPPLIERS.



THE ORGANIZATION OF THE AQUAFIL GROUPS AS OF 31.12.2010

THE SCOPE OF THIS SUSTAINABILITY REPORT OF ALL OF THE GROUP'S PRODUCTION SITES

THIRTEEN PRODUCTION SITES ON **THREE CONTINENTS**

ITALY
SLOVENIA
CROATIA
GEORGIA (USA)
THAILAND
CHINA

GEORGIA (USA)

>CARTERSVILLE

BCF *Spinning*
Interlacing
Twisting
EP masterbatch

ITALY (IT)

>ARCO TN
BCF *Polymerization*
Spinning
EP *Polyamide and masterbatch compounds*

>ROVERETO TN
BCF *Interlacing*
Dyeing Superba and Space technology

>CARES TN
BCF *Interlacing*
Twisting

>VARALLO POMBIA NO
NTF *Spinning*
Texturizing

SLOVENIA (SLO)

>LJUBLJANA
BCF/NTF
Polymerization
Compounding
BCF spinning/textiles
Twisting
Texturizing
Heat setting

>SENOZECE
NTF *Warping*

>STORE
BCF *Twisting*
Heat setting

CROATIA (HR)

>OROSLAVJE
NTF *Interlacing*
Covering -Twisting
Texturizing

THAILAND (T)

>RAYONG/BANGKOK
BCF *Interlacing*
Twisting
Logistics

CHINA (CN)

>JIAXING
BCF *Spinning*
EP *Polyamide and masterbatch compounds*

BCF >Synthetic yarns for carpeting
EP >Engineering plastics
NTF >Synthetic yarns for the clothing industry

THE **ORGANIZATIONAL** STRUCTURE

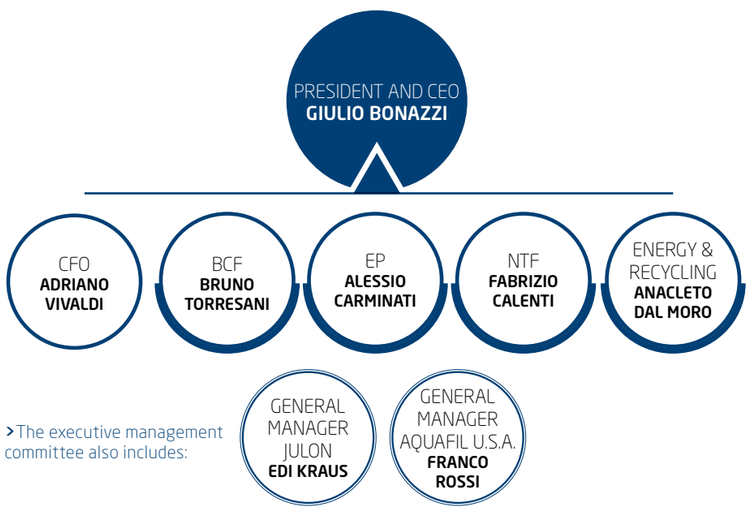
THE STRUCTURE

Our highly diversified production and the presence in various continents require a slender and efficient organizational structure, which the Group has been able to rely on since its inception. Our structure is highly influenced by this dual approach that is halfway between the local and the international dimension. For this reason, the Aquafil Group has kept its headquarters in Arco (TN), Italy, hosting the President's office, the Management, the R&D, the administrative offices and the personnel management department.

The market is controlled by the three synergic and integrated business units located across the three continents where our production sites are located.

THE FOURTH BUSINESS UNIT ENERGY & RECYCLING PROVIDES A TRANSVERSAL SUPPORT TO THE THREE OTHER UNITS ON ISSUES RELATED TO RECYCLING AND THE USE OF ENERGY WITH A LOW ENVIRONMENTAL IMPACT AND/OR FROM RENEWABLE SOURCES.

>ORGANIZATION CHART AND MEMBERS OF THE **EXECUTIVE MANAGEMENT COMMITTEE:**



>The executive management committee also includes:

GOVERNANCE

Group corporate governance is the responsibility of two bodies: the Board of Directors of Aquafil S.p.A. (group leader) and the Executive Management Committee.
The Board of Directors of Aquafil S.p.A (group leader) directs the corporate governance system of the Aquafil Group. It defines the development strategies of Aquafil companies and issues directives. It decides investment plans and monitors and evaluates results.

Since September 2009 the Board of Directors was joined by two representatives of Hutton & Collins, a UK investment fund which has signed a growth plan agreement for the following years with the Group.
The role of the Executive Management Committee is to assist the Board of Directors in implementing strategy decisions. It is responsible for the operational management of industrial activities, logistics and marketing.

THE COMMITTEE MONITORS THE GENERAL PROGRESS OF THE GROUP, THE PROGRESS OF PROJECTS AND THE IMPLEMENTATION OF HEALTH AND SAFETY IN THE WORKPLACE POLICY.

>GIULIO BONAZZI
President and CEO

>CARLO BONAZZI
Honorary President

>BRUNO TORRESANI
Managing Director

>ADRIANO VIVALDI
Managing Director

>ANTONIO BONAZZI
Advisor

>MAURO MORETTI
Advisor

>RAFAEL BOULET TORRES
Advisor

AQUAFIL AND ITS **STAKEHOLDERS**

CUSTOMERS

Our heavy focus on customers, which has always guided us, has resulted in the establishment of profitable and long standing relationships over time. Frequent communications enable us to understand and address market requirements by creating new products that meet final customers' needs. Especially with regard to our yarns obtained from secondary or recycled raw material, we have established full blown partnerships to face the ever growing demand. We are committed to designing 100% recyclable items by taking all the actions necessary for the internal improvement of the company processes involved. Customers' needs evolve and what is considered suitable today may not even be sufficient to ensure satisfaction in the future.

IT IS ONLY BY ESTABLISHING STRONG LINKS WITH ONE'S OWN MARKET, BY LISTENING TO IT AND INTERPRETING ITS NEEDS, THAT A CHANGE CAN BE MADE IN THE RIGHT DIRECTION, MAINTAINING A POSITIVE ROLE.

SUPPLIERS

The responsibility of the supply chain plays a fundamental role to reach the objective of an increasingly feasible sustainability. Therefore, choosing partners that share our same principles has become a prerequisite, starting from small decisions such as purchasing and using recycled paper only, to more complex actions such as the supply of certified green energy for all the Italian facilities.

EMPLOYEES

Having overcome the crisis more rapidly than other companies in the countries where we are located, we not only confirmed the previous employment level but even increased it to satisfy market requirements.
The corporate policy/strategy related to training was also confirmed with the aim of increasing loyalty among the company personnel.

THE LOCAL COMMUNITY

Interaction with the local communities where our production units are located is in constant growth. We have often been involved in discussions and events where our company was shown as an example of feasible sustainability. Relationships with schools have become consolidated through both visits to our facilities and the participation of our personnel as teachers at various institutes.

GROUP **ACTIVITIES**

As its core business, the Aquafil Group produces BCF synthetic yarns for carpeting particularly used in contract applications (hotels, offices and public buildings), the automotive industry and residential sector. Our main feature that makes us stand out in the market lies in our ability to create exclusive and customized products for each customer.
The item codes currently active include approximately 20,000 units.

The engineering plastics business unit is engaged in the production and marketing of technical polymers for injection moulding. It does not only deal with basic polymers but also with additives and reinforced polymers for high-added-value applications in the automotive industry, the electric/electronic sector, furnishings and sports.

Synthetic yarns for clothing is the third business area in the Aquafil Group. They are used in the fashion and sportswear sector at both Italian and European level. In addition to the Nylon 6 and 66 yarns widely used in the hosiery and clothing sectors, this division develops and produces special microfibers for professional and sports use in extreme conditions (Dryarn - Microlon).

Though different one from the other, all the markets we operate in show a growing demand for products that are increasingly more sustainable and recyclable with reduced or possibly zero environmental impact.

THANKS TO THE WORK CARRIED OUT BY THE ENERGY & RECYCLING BUSINESS UNIT THROUGH THE INNOVATIVE ECONYL PLANT, WE WILL BE ABLE TO SATISFY THESE NEEDS BY RETRANSFORMING INTO RAW MATERIAL THOSE ITEMS MADE OF POLYAMIDE 6 THAT HAVE REACHED THE END OF THEIR LIFE AND POST-INDUSTRIAL MATERIALS THAT WOULD OTHERWISE END UP AT LANDFILLS.

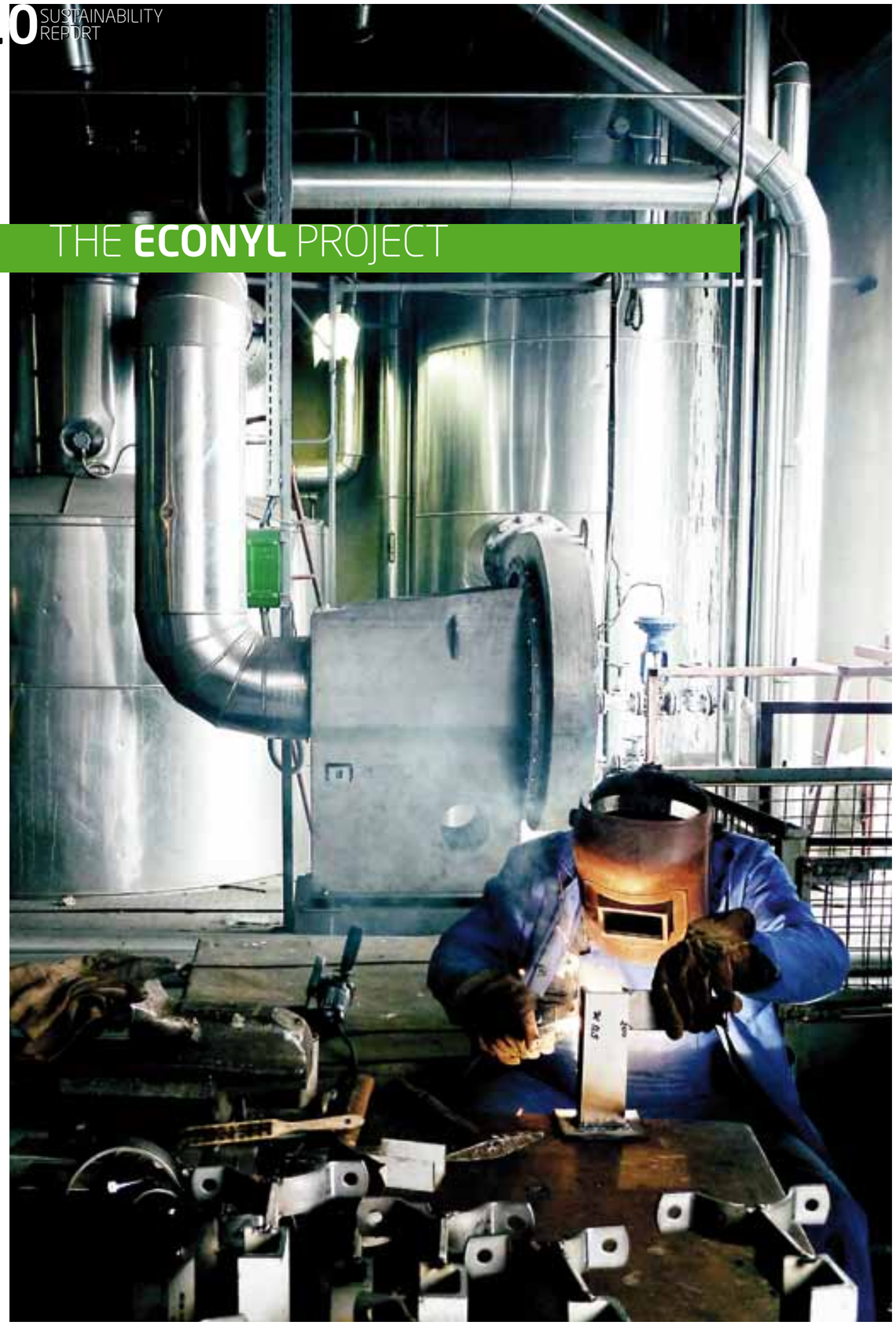
Items realized with our yarns and engineering plastics.

THE **ECONYL** PROJECT

from the wastes to the **sustainable monomer**

Recover, recycle, **reuse**

THE **ECONYL** PROJECT



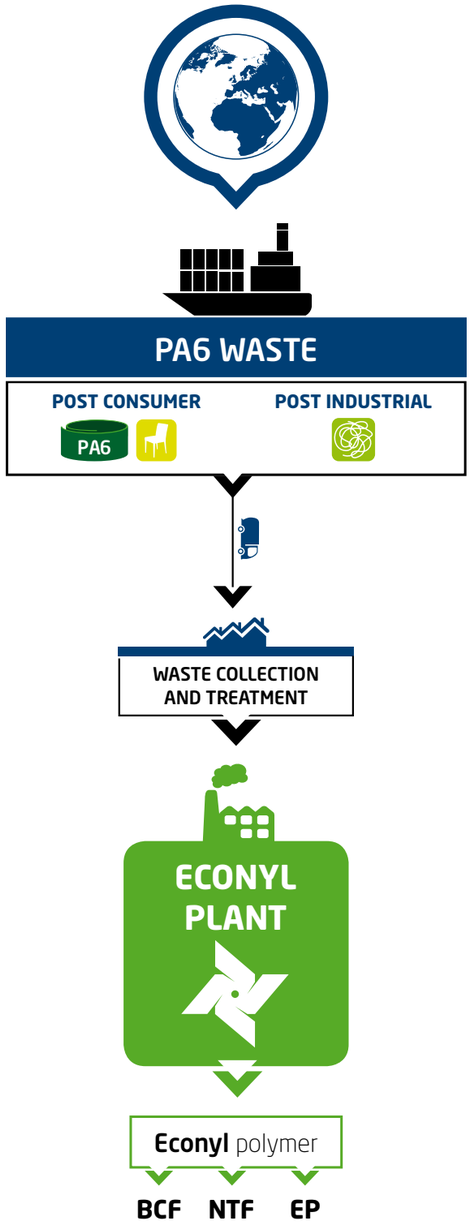
Econyl plant in Ljubljana.

The design and creation of the Econyl plant took 4 years of intense work, necessary to create an imposing structure that will enable the Aquafil Group to attain a key objective along its sustainable path. The recycling system, built near a pre-existing facility in Slovenia, will produce, through endless recycling, the polyammide, that allows us to interrupt, at least partially, the usual cycle of provisioning from virgin raw materials.

The secondary raw material transformed by the Econyl plant is of two types: post-industrial waste, linked to the chemical phases in the production of nylon 6, and post-consumer waste, which comprises all the items made of this polymer and reaching the end of their life.
These include, for example, fishing nets, fluff (carpet top), components for various applications, etc.

During the last year, in view of the commissioning of the Lubjiana plant, we have tried to create a system able to constantly assure the materials we need to support our transformation and recovery process. The structure we created operates worldwide by cooperating with consortia, organizations, firms and individuals to establish commercial relationships that provide us with the waste necessary for our recycling process. In this way we pursue a dual objective: environmental protection on the one hand, and the creation of new commercial relationships and business opportunities on the other. It is estimated that 4 million tonnes of nylon 6 are produced on average all over the world every year, destined for storage in landfills upon the end of their useful life.

THIS MATERIAL CAN BE POTENTIALLY RETRANSFORMED AND REUSED AN INFINITE NUMBER OF TIMES.



FROM THE WASTE TO THE **RAW MATERIAL**

The material we buy is then stored in a large warehouse where it is pretreated and prepared to feed the Econyl plant. Recovery activities initially focused on fishing nets, which are mostly made of polyamide 6. They pose a very serious environmental problem unknown to most people. In the best case scenario, once they have reached the end of their life, they are stored in landfills located at the borders with forests and particularly delicate ecosystems. In the worst case scenario, they are thrown into the sea once they are no longer useful, thus causing a real environmental disaster.

WE HOPE THAT OUR RECOVERY EFFORTS SPUR MORE AND MORE IMPORTANT INITIATIVES THAT INVOLVE THE ENTIRE SEGMENTS.

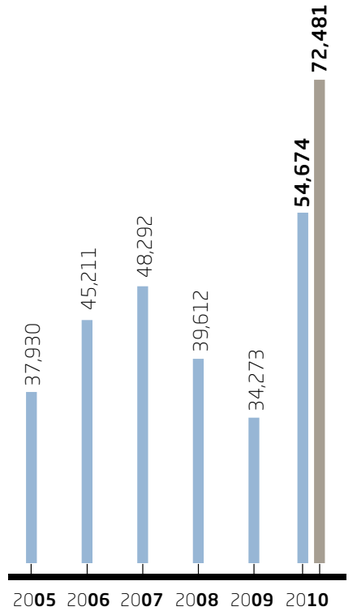
THE **ECONOMY**

The year 2010 saw a global rise in the demand for synthetic fibers and technical polymers compared to the situation of recession experienced in 2009. The recovery was driven mainly by consumption from the Asian market, although also in Europe and in the USA all of our three business areas experienced a general improvement.

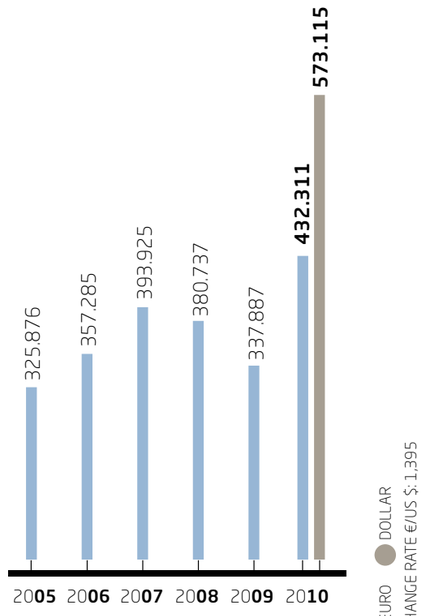
The overall turnover increased significantly compared to 2009, with a variation of 28%, deriving from the increased volumes and the rising sales prices.

Compared to the previous year, the mean purchase price of the principal raw material, which feeds all of the three business areas of the group, featured a completely opposite trend.
The average price for 2010 was higher by about 30% compared to 2009, taking it to the mean levels recorded in 2008.
This growing trend, in line with the entire global market for raw materials (from oil to coal and precious metals, from foodstuff to the raw wood), is significantly affected by the growing demand for fossil and other resources originating from emerging markets such as China, India, Brasil and so on. They have increased their participation in competitive challenges, exerting a certain pressure on the sales prices of the resources and materials that derive from an initial processing such as caprolactam.

TOTAL turnover
20**10** vs 2009
+28%

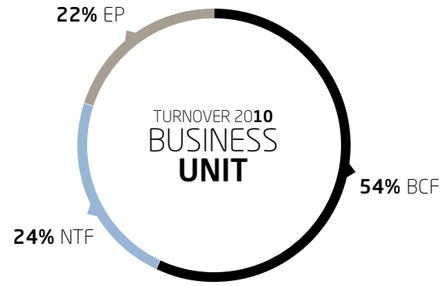


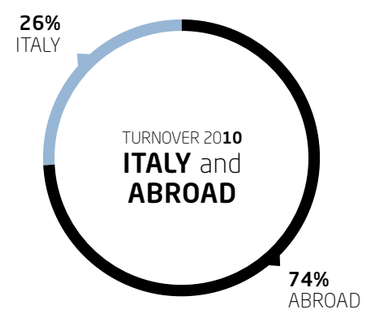
>MILLION € **EBIDTA**

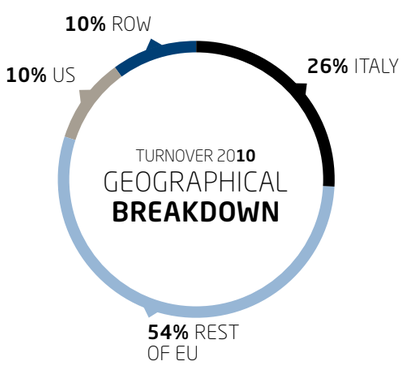


>MILLION € **TURNOVER**

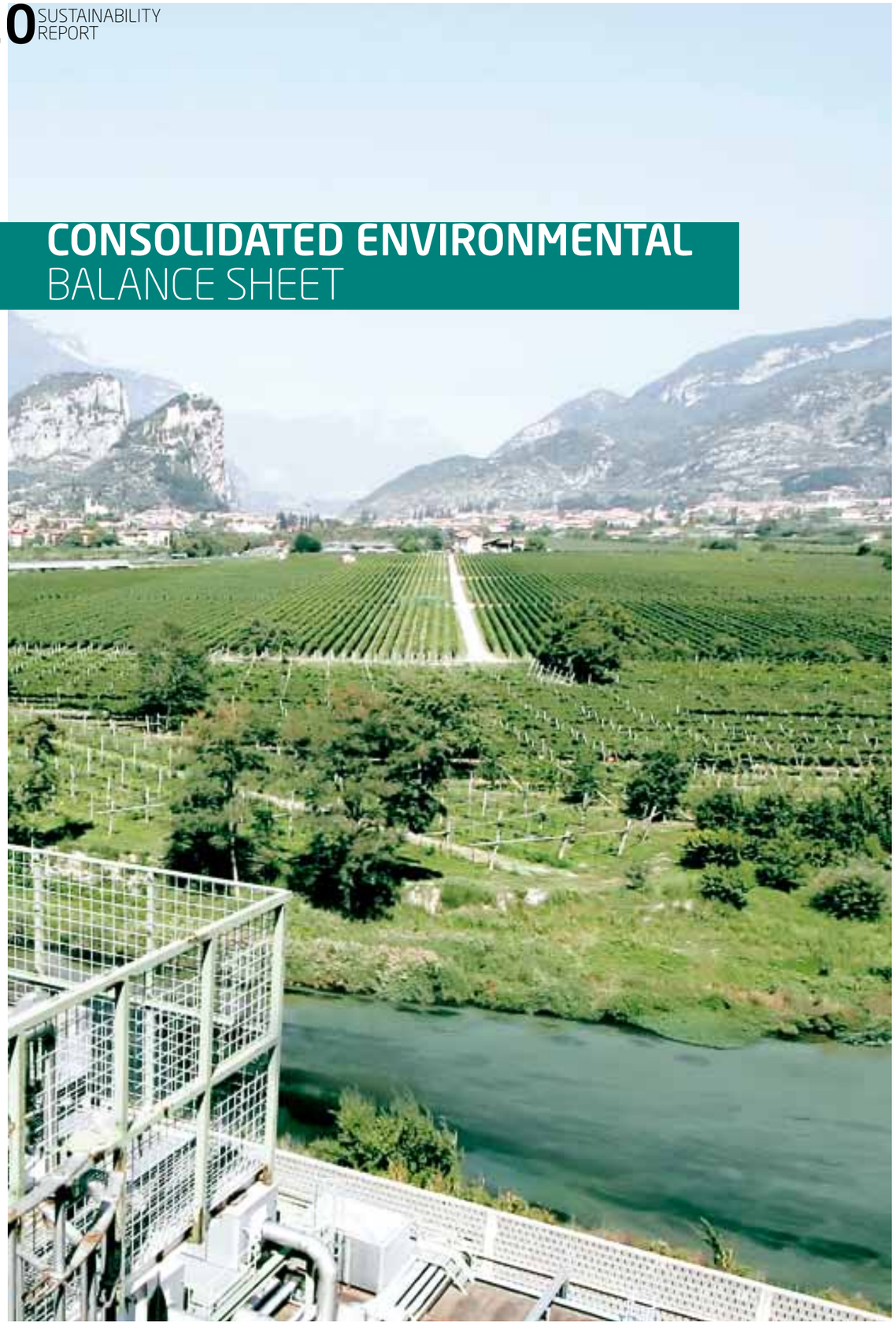
THE **RESULTS**







CONSOLIDATED ENVIRONMENTAL BALANCE SHEET



The control and reporting system operating at each of the eleven Aquafil sites (those included in the scope of this report), confirmed once again to be thoroughly tested and functional, allowing to draw up the Group's Environmental Balance Sheet for the fourth year running. Each site is in a position to assess its environmental performance, drawing up and creating its Improvement Projects with positive repercussions on the balance sheet indicators. The mechanism has proved to be effective, providing continuously improving Group results in the four years of activity, despite the economic crisis started in 2008. We can surely say that the implemented actions have allowed us to minimize the negative effects.
The data trend confirms the effectiveness of the actions undertaken right from the first year, even in a situation characterized by variable productive structures.

The indicators show a positive trend, especially in 2010 when production returned to full operation.

The table shows all the normalized indicators, and progressive improvement can be instantly seen. We would like to highlight how significantly low levels of both disposed waste and the COD have been maintained, given their environmental importance, despite 2010 representing an exceptional year in terms of investments, production and quantity processed. Keeping the production of polluting materials under control in a phase of production growth and increasing treated volumes, is a very significant sign of the important developments in sustainability implemented by Aquafil.

PARTICULARLY IMPORTANT WAS THE RESULT ACHIEVED IN TERMS OF REDUCTION OF DIRECT CO_2 GREENHOUSE EMISSIONS, EQUAL TO 10% BETWEEN 2009 AND 2010, DESPITE REACHING HIGH PRODUCTION LEVELS.

Direct emission of CO_2
Kg/ton 20**10** vs 2009

-10%

Total emission of CO_2
Kg/ton 20**10** vs 2009

-29%

It is worth focusing on total emissions which, thanks to the decisions taken by the executive management committee and the cooperation with important local companies in the sector, dropped by 29%, having purchased energy from renewable sources. In addition, two of our photovoltaic fields in Puglia were placed in a specialized ReEnergy Capitol fund that operates in the renewable energy production and in the environmental protection.

DURING THE FIRST HALF OF 2011 WE WILL START THE PRODUCTION OF RENEWABLE ELECTRICITY FROM THE ROOFS OF THE AQUAFIL SPA FACILITY IN ARCO.

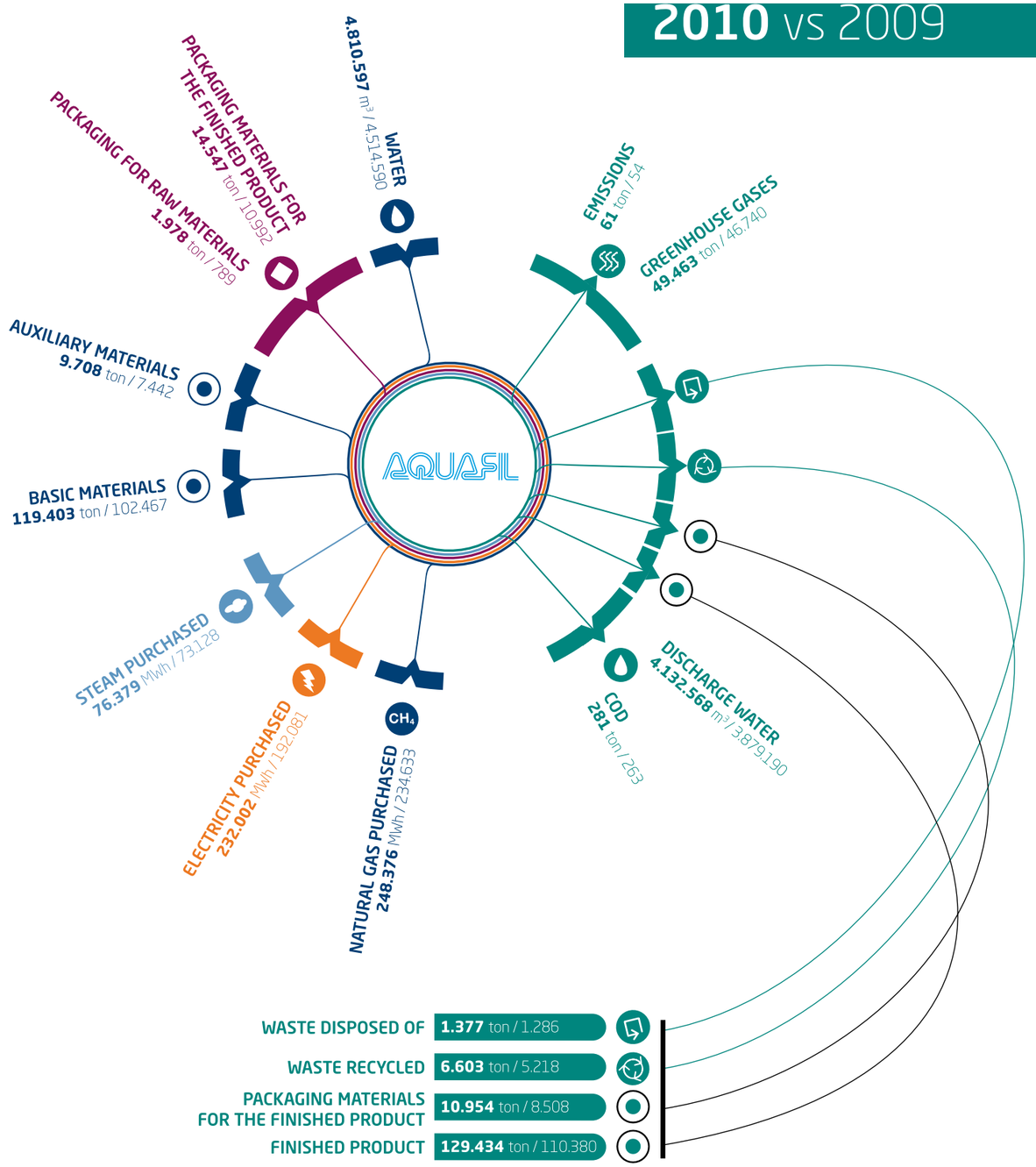
>CONSOLIDATED ENVIRONMENTAL BALANCE SHEET - **TREND 2007-2010**

Normalized values per ton of finished product

		UdM	2007	2008	2009	2010	%10/09
in	Basic materials	ton/ton	0.921	0.932	0.928	0.923	-1%
	Auxiliary materials	ton/ton	0.076	0.068	0.067	0.075	11%
	Electricity purchased	Kwh/ton	1860	1809	1740	1792	3%
	Steam purchased	Kwh/ton	709.6	674.2	662.5	590.1	-11%
	Natural gas purchased	Kwh/ton	2144	2154	2126	1919	-10%
	Water including condensation from steam purchased	m^3/ton	46.61	45.91	40.90	37.17	-9%
	Packaging for raw materials	ton/ton	0.011	0.017	0.007	0.015	114%
	Packaging for the finished product	ton/ton	0.11	0.11	0.10	0.11	13%
		UdM	2007	2008	2009	2010	%10/09
out	Packaging materials for the finished product	ton/ton	0.085	0.085	0.077	0.085	9%
	Waste recycled	kg/ton	47.1	53.7	47.9	52.2	9%
	Waste disposed of	kg/ton	12.5	8.6	9.3	7.9	-15%
	Emissions in the air	gr/ton	574	581.3	486.1	467.7	-4%
	Greenhouse gases emissions (direct)	kg/ton	439,5	426,4	423,4	382,1	-10%
	COD	kgO_2/ton	2.8	2.6	2.4	2.2	-8%
	Waste water	m^3/ton	39.5	39.4	35.1	31.9	-9%
	indicator of the total CO_2 emitted, direct and indirect	Kg/ton	1,546	1,547	1,500	1,063	-29%

NOTE: in 2010 the Italian sites purchased energy exclusively from renewable sources.

2010 vs 2009



OVERVIEW OF **INVESTMENTS**

Excluding the Econyl project, in 2010 a total of about € 1.7 million (approx. US$ 2.3 million) were invested in the environment and safety, following the continuous improvement programmed. As already described in the previous pages, a lot of attention was dedicated to "recycling", and the creation of the Econyl project, which has required a great commitment in terms of human resources and costs, since more than 20 specialized technicians - coming from six countries and three international universities - have worked for four years to create this amazing project.

THE TOTAL INVESTMENT IN THE FIRST PHASE WAS OVER € 15 MILLION (OVER 20 MILLION US$).

CONCERNING ENERGY, IN SOME SPECIFIC SITES, A SIGNIFICANT REDUCTION IN CONSUMPTION WAS RECORDED, THROUGH ACTIONS SUCH AS:

- **the widespread use of low consumption light bulbs;**
- **highly efficient electrical motors;**
- **installation of equipment to maximize the performance in using and transforming energy (in the Usa).**

For the period 2010-2011, 30 projects were launched with the specific objective of improving the Aquafil Group's Sustainability. These projects, though not all in full operation, are mostly linked to actions related to individual sites, aiming to consolidate and intensify the actions toward sustainability. Instead, others regard more general subjects, such as the reduction of waste.
A report on the progress of these projects and the results achieved is available in the section below.

THE **RESULTS**

Econyl, pilot plant in Arco.

Total avoided CO_2
2010
13139 ton

Total saving of TEP
2010
4106

MOVING FROM BOILERS TO COGENERATION/TRIGENERATION AND NATURAL RESOURCE SAVINGS

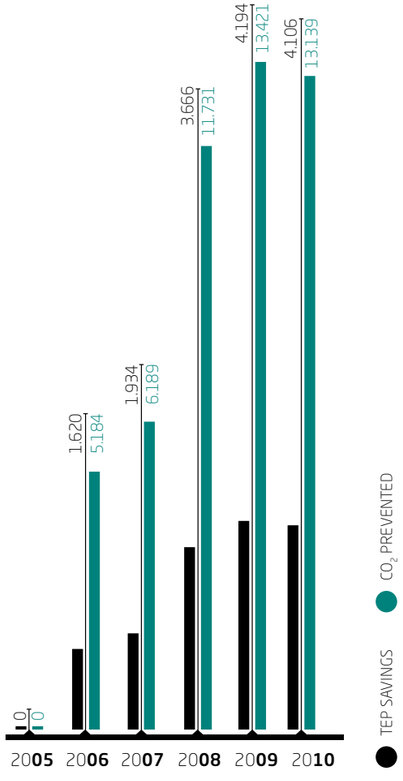
In 2006 Aquafil installed a cogeneration plant, replacing the total electricity previously supplied by the external network and the heat previously obtained from the burning of natural gas. Subsequently, the Cogeneration was progressively improved in terms of recovered energy, thus transforming the plant into a trigeneration system.

Given a consolidated plant configuration, the environmental advantages obtained during the five years of operation are:

Savings in fossil fuel equivalent to 15520 TEP;

Reduction in CO_2 emissions equal to 49664 ton

2005 is the reference year:
PURCHASE OF EXTERNAL ELECTRICITY AND HEAT PRODUCED TRADITIONALLY



>PERFORMANCE

RENEWABLE ENERGY ON THE TOTAL purchased energy by the **Group 2010**

32%

ENERGY

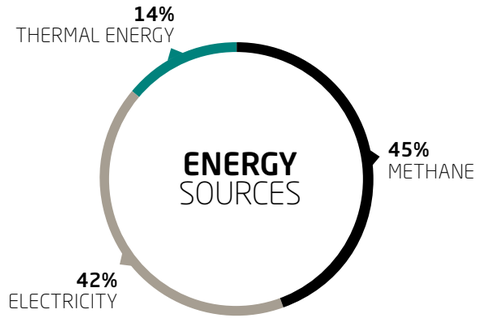
In 2010, 557,000 Mwh of energy were consumed, almost half of which using methane and other fuels. Pratically nearly all of the fuel was natural gas.

Despite the increase in electricity consumption compared to 2009, it is worth highlighting that the external energy purchase has been characterized by a renewable energy share of 32% on the total.

Despite the increase in production, the specific energy consumption indicator decreased from 1860 to 1792 Kwh/t.

This result was possible thanks to the energy saving projects. The trigeneration plant at the Arco (TN) site is now fully operational. The system, though having to procure energy from external sources in the shutdown periods of the centralized plant due to scheduled maintenance or during periods of peak consumption, has allowed us to feed back a quantity of energy equal to 438 Mwhe to the network.

FOR THE ENERGY FED BACK TO THE NETWORK, 85,645 SM3 OF NATURAL GAS WERE CONSUMED, FOR AN EQUIVALENT EMISSION OF 0.375 TON CO_2/MWHE, WHICH IS LESS THAN THE NATIONWIDE FIGURE OF 0.531, WITH A CLEAR REDUCTION IN THE GREENHOUSE GAS IMPACT INTO THE ENVIRONMENT.



>AQUAFIL GROUP **ENERGY PURCHASE**

Mwh	2007	2008	2009	2010	%10
METHANE AND OTHER FUELS	240,309	228,096	234,633	248,376	**45%**
ELECTRICITY (*)	208,453	191,519	192,081	232,002	**42%**
THERMAL ENERGY	79,539	71,392	73,128	76,379	**14%**
TOTAL	**528,301**	**491,007**	**499,842**	**556,758**	
UNIT CONSUMPTION, Mwh/t	**4.726**	**4.669**	**4.539**	**4.312**	
(*) TOTAL ENERGY PURCHASED				**232,002**	
ENERGY PURCHASED FROM RENEWABLE SOURCES				74,324	**32%**

Electricity in Mwhe

	Purchased from the external network	Auto-generation		Total internal consumption
		Total	*fed back*	
2007	14,180	68,159	0	82,339
2008	10,520	62,048	0	72,568
2009	2,975	70,228	4,968	68,235
2010	**14,757**	**68,469**	**439**	**82,788**

Thermal energy in Mwht

	Auto-generation	Total internal consumption
	Totale	
2007	91,783	91,783
2008	101,651	101,651
2009	106,730	106,730
2010	**108,878**	**108,878**

Total unsorted wastes
from 20**07** to 20**10**

-50%

WASTE

Waste is an area where the Aquafil group's commitment is highly concentrated, in order to improve both internal and external recycling and constantly reduce the production of rejects.

In 2010, production increased considerably (+15%) with a consequent increase, at the same rate, in the packaging of the input materials. Nevertheless, the level of non-separated waste remained the same as the minimum value reached during 2009, equal to 50% of the value recorded at the start of the project.

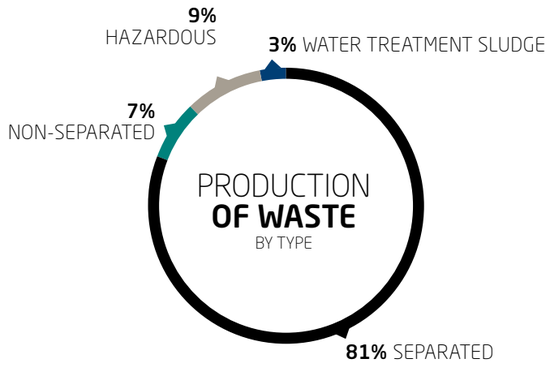
The global incidence of the waste by ton of finished product remained substantially constant.

ALL OF THIS WAS POSSIBLE THANKS TO THE SPECIAL ATTENTION PAID TO SOME SPECIFIC ACTIVITIES SUCH AS:

Maximum recovery and recycling of undamaged paper core tubes;

Adoption of recyclable aluminum tubes for the activities of one of the textile sectors;

Consolidated employee awareness towards recycling and waste separation.



>TYPE OF **WASTE**

	ton				kg/ton produced				% RECYCLING			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
SEPARATED NON HAZARDOUS	**4,779**	**5,065**	**5,107**	**6,469**	**42.6**	**47.6**	**46.3**	**50.0**	**100**	**100**	**100**	**100**
> Paper	3,164	2,636	2,463	3,267	28.3	24.9	22.3	25.2	100	100	100	100
> Plastic and wood	1,349	1,638	1,483	2,126	12.0	15.5	13.4	16.4	100	100	100	100
> Other	266	791	1,161	1,076	2.3	7.3	10.5	8.3	100	100	100	100
SEPARATED HAZARDOUS	**499**	**620**	**638**	**741**	**4.5**	**5.8**	**5.8**	**5.7**	**100**	**100**	**100**	**100**
> Organic residues comparable to fuels	116	162	180	281	1.0	1.5	1.6	2.2	100	100	100	100
> Oils and dead batteries	383	458	458	460	3.5	4.3	4.1	3.6	100	100	100	100
NON-SEPARATED NON HAZARDOUS	**1,095**	**643**	**564**	**562**	**9.8**	**6.1**	**5.1**	**4.3**	**0**	**0**	**0**	**0**
TOTAL	6,373	6,328	6,309	7,772	56,9	59.5	57.2	60,0				
WATER TREATMENT SLUDGE	**308**	**260**	**195**	**208**	**2.7**	**2.5**	**1.8**	**1.6**	**0**	**0**	**0**	**0**
TOTAL	6,681	6,588	6,504	7,980	59.6	62.0	58.9	61.7	73	79	81	85

Indirect CO_2
2010 vs 2009
-18100 ton

ATMOSPHERIC EMISSIONS

Atmospheric emissions at the various Aquafil sites are tested at precise intervals that are more frequent than those required by regulations. Atmospheric emissions for our sites are moderate and below the specified legal limits.

In any case, the frequency of controls has allowed us to implement an effective management, so to be able to maintain the values of the emissions constantly at a minimum, as particularly shown by the trend in terms of product gr/ton.

FOR CLIMATE ALTERING GASES, A DISTINCTION IS MADE BETWEEN THE FOLLOWING TYPES OF EMISSION:

Direct CO_2 emissions: 85% of these emissions are produced by the Arco plant for the combined production of electricity and heat;

Indirect CO_2 emissions, linked to the external purchase of electricity and steam;

CO_2 emitted in intercompany handling of the intermediaries.

Direct CO_2 originating internally grew by 2723 tons, equaling +5.8% compared to 2009, following a greater use of the internal energy production systems linked to the 15% increase in production and finished products.
The strategic policy of purchasing external electricity from renewable sources, where available, instead allowed us to reduce by 18100 tons the impact related to indirect CO_2.

CONVERSION COEFFICIENTS

> 1Kwh = **0.531** Kg CO_2 eq
(Enel)

> 1Kwh = **0** Kg CO_2 eq
(electricity from renewable sources)

> 1Kwh = **0.43** Kg CO_2 eq
(ELES and Ministry of Industry of Slovenia)

> 1Kwh = **0.726** Kg CO_2 eq
(Website Southern Company • Georgia Power Company))

>ATMOSPHERIC **EMISSIONS**

Toc		2007	2008	2009	2010
TOC (CPL + OIL + VOC)		32,8	33.4	23.7	**29.1**
NOx		19,7	17.2	18.8	**19.0**
CO		7,6	7.3	4.8	**6.0**
SO2/SOx		0	0	0.01	**0.02**
DUST		3.9	3.7	6.3	**6.4**
PM10		**0**	**0**	**0**	**0**
(*) TOTAL	ton	64	61.6	53.61	**60.54**
	gr/ton	574	581.3	486.13	**467.73**

In most cases the accuracy of emission figures is subject to a tolerance of 5-10%.

>AQUAFIL GROUP **EMISSIONS OF EQUIVALENT GREENHOUSE GASES**

Ton	2007	2008	2009	2010	Delta2010-2009
DIRECT	49,258	45,151	46,740	49,463	**2,723**
INDIRECT	125,596	120,185	118,815	100,715	**18,100**
INTERCOMPANY MOBILITIZATION	2,433	2,650	2,299	2,746	**447**
TOTAL	**177,287**	**167,986**	**167,854**	**152,924**	

>**EMISSION TRADING** FOR THE ARCO FACILITY

	2006	2007	2008	2009	2010
AMOUNT ASSIGNED	43,098	51,788	55,203	55,203	55,203
AMOUNT CONSUMED	36,259	42,998	39,548	42,220	42,436
SAVING	**16%**	**17%**	**28%**	**24%**	**23%**

Total water consumption
m³/ton 20**10** vs 20**09**

-9%

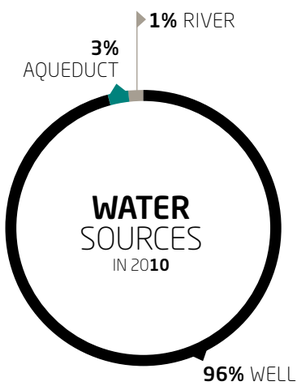
WATER

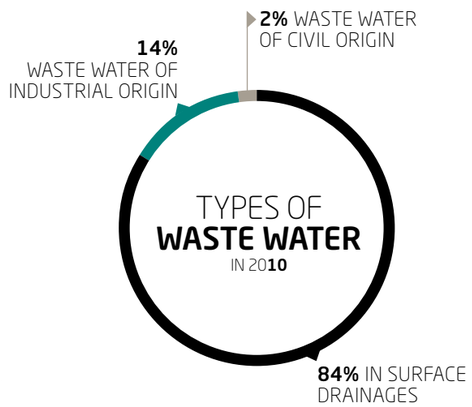
The water consumption containment plan confirmed the trend of reduction in specific consumption. Most waste water (84%) goes into surface drainages, while the remaining portion is sent to local water treatment authorities. The waste water is discharged with a COD that complies with the limits set in the various sites and countries.

THE TREND IN THE YEARS SHOWS A TENDENCY TOWARDS REDUCTION DUE TO:

Monitoring procedures at the sites of the major consumers of process water. These procedures enable corrections to be made rapidly even in the event of small deviations;

Plant modifications which have enabled reductions in process water.

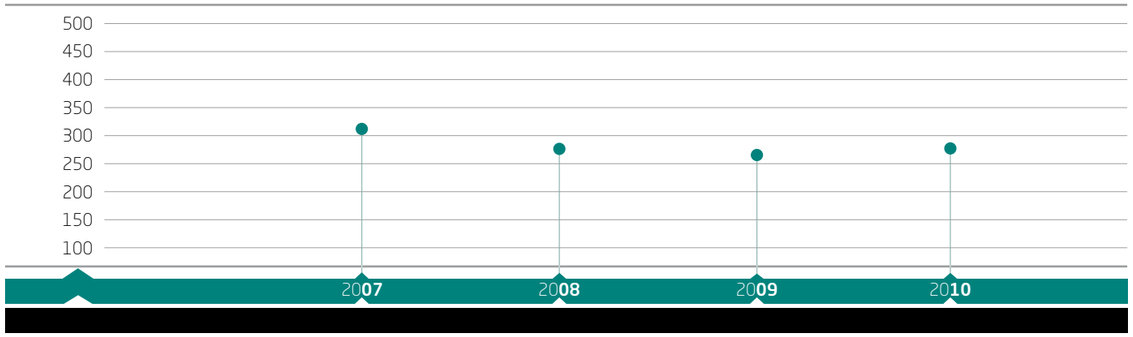




>WATER SOURCES

	2007	2008	2009	2010		
	m³/t	m³/t	m³/t	m³/t	m³	%
Water from aqueduct	0.8	1.1	0.9	1.0	128,692	3%
Water from river	0.4	0.4	0.4	0.3	42,158	1%
Water from well	44.4	43.5	39	35.3	4,566,905	96%
TOTAL	**45.6**	**45**	**40.3**	**36.6**	**4,737,755**	

>COD TON/Y



>DESTINATION WASTE WATER

	H2O VOLUME in m³				COD QUANTITY in tons				AVERAGE CONCENTRATION in mg/litre			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
>TREATMENT	594,581	622,662	548,779	**651,101**	95	100	91.4	**93.2**	160	160	167	**143**
>SURFACE DRAINAGES	3,848.489	3,548,415	3,330,411	**3,481,468**	215	180	172	**188**	56	51	52	**54**
TOTAL	4,443,070	4,171,077	3,879,190	**4,132,568**	310	280	263	**281**	-	-	-	**-**

OVERVIEW **OF IMPROVEMENT PROJECTS**

> ENERGY

	PROJECT	Area	Progr.	ACTIONS AND BENEFITS	CO_2 2010 ton	CO_2/y ton	Mwh 2010
01>	Implementation of an energy efficiency improvement plan based on the final results of a survey. Our target is to complete 50% of the plan in 2010 with the overall objective of saving 2,000 Mwh/year.	AQUAFIL USA	**100%**	Saving of **2,400** Mwh/year	**290.4**	**1,742,40**	**400**
02>	Completion in 2011 of the substitution of the remaining 50% textile yarn reprocessing machinery motors with their low consumption equivalents.	BULGARI	**100%**	Saving of **3,319** Mwh/year	**1,427.17**	**1,427.17**	**3,319**
03>	Substitution of neon lighting with energy-saving light bulbs in the interlacing department (-30%/50%).	TESSIQUATTRO	**100%**	Saving of **88.847** Mwh/year	**23.59**	**47.18**	**44**
04>	Substitution of neon lighting with energy-saving light bulbs in the production department (-30/50%).	AQUASET CELIE	**100%**	Saving of **515.7** Mwh/year	**184.79**	**221.75**	**430**
05>	Substitution of light bulbs currently consuming 106 kw with bulbs consuming 38 Kw to make energy savings of 64%.	AQUASET SENOSECE	0%	Saving of **408** Mwh/year	-	-	-
06>	Increase the efficiency of energy auto-generation plant as per the 2009 project with a target of + 2000 Mwh/year.	AQUAFIL	0%	Saving of **2,000** Mwh/year	-	-	-
07>	Survey to study the feasibility of reducing steam consumption in the polymerising water concentration plant.	JULON	0%	-	-	-	-
08>	Use of hot water recovered from the cogeneration plant during winter to substitute the steam in the two heating systems. The target is to save 400 kwh/h by reducing the consumption of natural gas.	AQUAFIL	0%	-	-	-	-
09>	Heating of 14 spinning extruders with diathermal oil in the place of electrical resistances to save 450 Mwh/year electricity.	AQUAFIL	0%	-	-	-	-
10>	Exclusive energy purchased from renewable sources for 2010	ITALY	**100%**	Project not foreseen in 2009 but created in 2010.	-	-	-

> EMISSIONS

	PROJECT	Area	Progr.	ACTIONS AND BENEFITS
01>	Rationalisation and reduction of emission points.	AQUASPACE	**100%**	Number of emission points **reduced** by 4.
02>	Improvement in filter efficiency with a 10% reduction in emissions.	AQUAFIL	**15%**	The pre-condensation of the fumes in one of the chimneys was **extended** with a reduction of emitted VOC.
03>	Completion of plants for generating energy from renewable sources (1,560 ton/year of CO_2).	-	**20%**	Design **completed** and areas arranged for plant producing energy from renewable sources.
04>	Reduction of TOC emission for Suessen BCF yarn thermosetting machines (-30% approx.).	JULON	**100%**	Plant structure **modified** with a reduction in volumes and TOC emitted.
05>	Improvement in emissions with a reduction of 50% in the dust emissions of the yarn laboratory through the modernisation of the pyrolysis ovens.	JULON	**100%**	**Confirmed** 50% reduction in emissions.

> WASTE

	PROJECT	Area	Progr.	ACTIONS AND BENEFITS
01>	Completion of plans to substitute paper core tubes with aluminium tubes to reduce separated waste by another 10 tons.	BULGARI	**100%**	With 100% recyclable aluminium tubes, final overall reduction of 76 tons of plastic waste on a yearly basis.
02>	Reduction of separated waste through the use of recyclable separators for the intercompany handling of bobbins at Italian sites (15%).	ITALY	**10%**	Experiments started with the sampling of new separators for the shipping of basic yarn in pallets to the subsidiaries for reprocessing.
03>	Further reduction of 3% of non-separated waste at all sites.	-	**100%**	At group level, the non separated waste was maintained at last year's levels despite a significant increase in production (562 tons vs. 564 tons). At specific production level, the non-separated waste dropped by 15%, passing from 5.1 kg/ton to 4.3 kg/ton.
04>	Reduction of separated paper waste by increasing the recovery and use of basic yarn core tubes from 65% to 80% in the BCF area, Slovenia. (Julon and Aquaset, Slovenia)	JULON AND AQUASET	**0%**	
05>	Elimination of the last chloride dielectric oil condensers and their substitution with new equipment which does not use this material.	JULON	**100%**	**Replacement completed.**

OVERVIEW OF THE PROJECTS FOR THE 2011 2012 PERIOD

> WATER

	PROJECT	Area	Progr.	ACTIONS AND BENEFITS
01>	Continuation of the project to reduce the consumption of polymer cooling water used in autoclaves.	AQUASPACE	**15%**	**Studies and experiments underway.**
02>	Second phase of COD reduction in ton/year and in Kg/t to pass from 6.5% to 10%.	AQUAFIL	**50%**	Plant part created and experimented with positive effect on the COD. It emerged that it is necessary to integrate a water recovery to contain consumption.
03>	Automation and timing of drainage of the conditioner water tanks in the texturizing department and construction of a closed circuit treatment system to reduce the amount of fresh water required. Saving: 20 m^3/day.	BORGOLON	**100%**	Automation **completed** with a saving of 3300 m^3/year of water (50% of the objective achieved).
04>	Installation of evaporation towers for the three 500 kw compressors to substitute the well water pumped to the intercoolers. Saving: 250,000 m^3/year (-5%).	AQUAFIL	**0%**	**Investment project awaiting approval.**
05>	Motor cooling water of the extruders recovery study for a reduction of 15% of water from the well.	AEP	**0%**	**Investment project awaiting approval.**

> SAFETY

	PROJECT	Area	Progr.	ACTIONS AND BENEFITS
01>	Completion of CPI works for Italian facilities.	ITALY	**100%**	**Completed activities.**
02>	Maintain the hours/year of safety training at all sites at current levels.	-	**100%**	At group level, the training hours are greater than the previous year.
03>	Planning of the technical methods and procedures required to implement the recommendations of the 2009 Failure Mode and Effect Analysis (FMEA).	AEP	**15%**	Gradual implementation of the identified technical improvements **started**.
04>	Extension in the use of personal protective overalls to 'hot' operations during polymerisation maintenance.	JULON	**100%**	**-**

ENERGY

- >01 **Aquafil, Italy** > Completion of the efficiency growth process for the co-generation energy plant, as designed in 2009. The set objective is the growth in the production capacity of 2000 Mwh/year.
- >02 **Aquafil, Italy** > Use of hot water recovered from the cogeneration plant during winter to substitute the steam in the two heating systems.
- >03 **Aquafil, Italy** > Heating of spinning with diathermal oil in the place of electrical resistances.
- >04 **Aquafil USA** > Optimisation in using two compressors.
- >05 **Borgolon** > Study for the replacement of the Neons with low consumption bulbs in the office, laboratory and packaging areas.
- >06 **Oroslavje** > Optimization in using recovering motors with a saving of about 40%.
- >07 **Oroslavje** > Installation of a LED lighting system.
- >08 **Ajdovščina** > Replacement of the warehouse lighting system, with a energy saving of 20%.
- >09 **Ljubljana** > Energy consumption reduction due to lighting through the replacement of light bulbs.
- >10 **Ljubljana** > Use of motors with inverters in the air conditioning plant.

EMISSIONS

- >01 **Tessil 4** > Study project for the possible creation of a 600 Kwp photovoltaic plant.
- >02 **Aquafil, Italy** > Improvement in filter efficiency with a 10% reduction in emissions.
- >03 **Aquafil USA** > 20% reduction, in the two-year period, in the emission of VOC per product unit thanks to the activation of a new extrusion tower and thanks to the implementation of structural improvements.
- >04 **Ajdovščina** > Replacement of the asbestos roof.

WASTE

- >01 **BCF Italy** > Completion of the project to reduce separated waste – for the remaining 90% - through the use of recyclable separators for the intercompany handling of bobbins at Italian sites (-15%).
- >02 **All sites** > Additional 3% reduction in non-separated waste at all sites.
- >03 **Aquafil USA** > Programme to recycle and reuse all the post-industrial polymer waste sent externally until now.

WATER

- >01 **Aquafil, Italy** > Continuation of the project to reduce the consumption of polymer cooling water used in autoclaves.
- >02 **Tessil 4** > Connection to the new local waste water treatment system.
- >03 **Aquafil** > Second stage in plans to reduce COD in ton/year or Kg/t from 6.5%. 50% of the project is currently complete.
- >04 **Aquafil, Italy** > Installation of evaporation towers for some compressors to substitute the well water.
- >05 **Aquafil USA** > Activation of an EP monitoring system.
- >06 **Ljubljana** > Rain water treatment before releasing it into the collection system.

SAFETY

- >01 **All sites** > Maintain the level and hours of safety training at all sites at current levels
- >02 **All sites** > Critical review of the systems and procedures to improve the safety standards in all the sites.
- >03 **Tessil 4** > Installation of protected loading/unloading bays to eliminate operations in the open-air.
- >04 **Aquafil USA** > Maintenance of an OSHA rating below 5.0. The objective for 2012 is to take this rating to 4.0.
- >05 **Ajdovščina** > Arrangement of the fire-fighting hydrant system to ensure the necessary quantity of water to face emergencies.
- >06 **Ljubljana** > Application of fire-fighting safety measures, with the adoption of an irrigation system to prevent the fire risk in the PA6 production plant.

AQUAFIL IN SOCIETY

Indicators and activities

AQUAFIL AND ITS EMPLOYEES

In 2010, despite persisting turbulent macroeconomic indicators and the constantly growing unemployment in the various countries, the Aquafil Group increased the number of its employees. This result has been achieved thanks to the opening of a new site in Slovenia, which increased the production facilities to 13, and the industrial activity (with growth in the volumes treated equal to 15% compared to 2009).

For these reasons, in 2010 the number of company personnel grew up to 1945, with an increase equal to 8.7% compared to 2009. Men account for 66.4% of Group employees, while women account for 33.6%.

The workforce grew in 2010 - following the growing production and product reprocessing activities - in Italy (3.8%) in Croatia (23.4%), in Slovenia (8.7%) - and in the USA (14.1%). This increase in production and processing capacity allowed us to satisfy the needs of customers in our main end markets while ensuring a greater control ability and effectiveness.

In Italy 75.2% of employees are males, while 24.8% are female, and similar percentages can be found in Slovenia (71.6% against 28.4%) and in the USA (67.9% against 32.1%).

On the other hand, the situation changes when considering plants in Croatia (21.8% and 78.2%) and Thailand (38.1% and 61.9%), where the female personnel is greater than the male due to the different type of manufacturing activity in the plants, which are more suitable to female workers.

Despite our increasing internationalization level, we have never neglected our important relationships with the local communities where production takes place.

EACH SITE WAS ENSURED GREAT ATTENTION TO LOCAL SKILLS AND FEATURES, RELYING ON THE COOPERATION OF QUALIFIED LOCAL EMPLOYEES.

TOTAL employees 2010

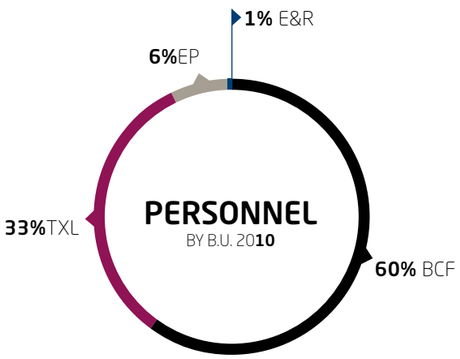
1945

In terms of Business Unit, BCF employs about 60% of the total company workforce (1169 employees), the textile BU 33% (633 employees), the Engineering Plastics BU 6% (130 employees) and the E&R BU 1% (6 employees). As we firmly believe in the importance of a positive relationship between a company and its employees, we have tried to put our employees in the best life conditions possible.

WITH THIS INTENTION IN MIND WE HAVE PROMOTED THE USE OF A SYSTEM OF SHIFTS TO BALANCE EMPLOYEES' OCCUPATIONAL, SOCIAL AND FAMILY NEEDS.

>PERSONNEL BY B.U. 2010

	BCF	TXL	EP	E&R	Total
ITALY	697	94	130	6	**920**
ABROAD	472	539	0	0	**1025**
TOTAL	**1169**	**633**	**130**	**6**	**1945**



>AQUAFIL GROUP

	2007	2008	2009	2010
MEN	1201	1170	1167	**1290**
WOMEN	568	648	623	**655**
TOTAL	1769	1818	1790	**1945**

>TURNOVER 2010

	ITALY	ABROAD	Total
Death	1	1	2
Resignation	14	48	62
Emigration	0	0	0
End of work contract	4	33	37
Termination	1	18	19
Retirement	14	3	17
Transfer to other group company	0	0	0
Labour mobility	16	0	16
	50	**103**	**153**

	MEN				WOMEN				TOTAL			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
ITALY	637	653	661	**693**	216	245	232	**227**	853	898	893	**920**
SLOVENIA	443	389	419	**419**	195	177	166	**166**	638	566	538	**585**
CROATIA	15	31	36	**53**	94	161	161	**190**	109	192	197	**243**
USA	100	89	89	**117**	57	53	53	**59**	157	142	142	**176**
THAILAND	6	8	9	**8**	6	12	11	**13**	12	20	20	**21**
TOTAL	**1201**	**1170**	**1167**	1290	**568**	**648**	**623**	655	**1769**	**1818**	**1790**	1945

	>ITALY								>ABROAD								>TOTAL			
	MEN				WOMEN				MEN				WOMEN							
	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10
EXECUTIVES	18	21	21	**23**	1	2	2	**2**	4	6	8	**8**	0	0	0	**0**	23	29	31	**33**
MANAGEMENT	35	32	35	**40**	5	5	5	**5**	54	46	44	**65**	17	15	14	**11**	111	98	98	**121**
CLERKS	100	105	106	**112**	79	82	82	**85**	35	30	33	**30**	49	70	70	**68**	263	287	291	**295**
WORKERS	484	499	499	**518**	131	152	143	**135**	471	435	422	**494**	286	318	306	**349**	1372	1404	1370	**1496**
TOTAL	**637**	**657**	**661**	693	**216**	**241**	**232**	227	**564**	**517**	**507**	597	**352**	**403**	**390**	428	**1769**	**1818**	**1790**	1945

EMPLOYEES' HEALTH AND SAFETY: THE BASIS FOR A HARMONIC DEVELOPMENT

Being aware of how important a safe and healthy work environment is, we have adopted various policies aimed at reducing accidents, injuries and risk factors.

This is of fundamental importance in the relationship with the local communities where we operate.
We have learnt how training, information and education are the only correct way, in consideration of their effects on the life of workers, their families and the entire community.

Expanding and consolidating a strong culture of safety in the behavior of the company and the employees is the only way to reduce the rate of accidents and injuries.
The actions taken with a view to decreasing accidents and sickness days have led to a positive trend between 2007 and 2010. We have carried out thorough and strict audit and inspection activities within our production sites, targeting our efforts towards training our employees on issues such as sustainability, health and safety.
In this timeframe, the statistics for our Group show a continuous and sustained improvement of the Frequency Index, the Serious Accident Index and the Risk Index.

In the perspective to guarantee every day the highest safety standards in our plants, we have decided to apply the same severity also in the countries where national regulations are not very strict. Ensuring the same working conditions for everyone, regardless of the State where they live, is part of the Aquafil Group's philosophy and an important foundation to build a large group of people. For these reasons we have decided to establish a collective medical assistance fund in Thailand for the benefit of our factory workers, who may receive a series of in-depth medical examinations and visits.
Likewise, employees at Julon d.d. are given the possibility of entering in a private pension fund through an annual premium partially paid by the company.

Having dedicated so much attention to these issues has allowed us to reach great results in terms of accident and injury reduction. In order to give visibility to the efforts made by the company management as well as by employees in charge of production acitvities, in Julon (Ljubljana) we started an initiative called "zero accidents at work". Every year 15 employees (between workers and clerks) are awarded, which are extracted among those who suffer no injury during the year. At the same time, in highlighting the collective nature of this issue, we also reward those departments where no accidents at work have occurred.

At the Arco facility, the group "Aquafil workforce accident prevention" (PILA) has been active for more than 20 years, with the aim of encouraging a high level of attention towards these important subjects. For a few years now, this initiative has been extended to all the Italian facilities.
This consolidated mechanism allows the study, monitoring and understanding of data and statistics on accidents and injuries in a way to learn important lessons for the future.

THE CONCLUSIONS CAN BE FOUND IN THE ANNUAL PILA REPORT. SINCE 1998 THIS ACTIVITY HAS BEEN COMBINED WITH THE AWARDING OF AN ANNUAL PRIZE TO 30 EMPLOYEES EXTRACTED AMONG THOSE THAT REPORT NO WORKING ACCIDENT OR ILLNESS.

>AQUAFIL GROUP

year	hours worked (including temps)	n° inf. accidents	n° of day lost	FI	GI	RI
		>3days	more than 3 days			
2010	3.675.689,5	55	1245	14,96	0,34	5,07
2009	3.272.860,5	51	1181	15,58	0,36	5,62
2008	3.233.891,4	85	2087	26,28	0,65	16,96
2007	2.887.834,0	94	2296	32,55	0,80	25,88

FI > Frequency Index: n° of accidents with lost time > 3 days x 1,000,000 / hours worked.
IG > Serious Accident Index: n° of days lost > 3 days x 1,000 hours worked.
IR > Risk Index: FI x SAI

TRAINING WORKERS: AN ADDED VALUE THAT STRENGTHENS OUR ACTIONS.

The training of workers has constantly received our total attention and concrete support.
It is considered important to improve our employees' knowledge and skills.
For example, each new recruit is assisted by a tutor in the first few weeks of work.

In 2010, as in the previous years, we continued the activities aimed at the technical training and preparation on environmental and safety-related issues. About 23,667 hours of training were dedicated to the first topic and 10,068 to the second one.

The importance of technical training can be seen in the Italian plants, while the plants in Slovenia and Croatia focus their training more on environmental and safety-related issues. In addition to these two topics, foreign language courses (Italian and English) have been organized in the facilities of Julon d.d. and Bulgari Filati.
Also in the United States, as in Slovenia, we gave priority to the training on environmental and safety-related issues respect to the technical training.
This is due to harmonize the different workers' skills consequently to the characteristic quality and structure of the school system and education in the various countries. Furthermore, the Aquafil Group has always given great importance to creating profitable relationships with technical and professional high schools, research bodies and universities.

For example, for a few years we have been cooperating with the ENAIP (Ente Acli Istruzione Professionale) in Arco to ensure the technical preparation necessary to increase students' practical skills. In the same way, Aquafil USA has established a close relationship with an Elementary School in Cartersville, performing an important mentoring and tutoring activity aimed at pupils.
The same direction has been taken by the project carried out with the cooperation of the Province of Trento and the Trento Confindustria organization, sponsored by various local companies, called "Schools and the industry work together".
The objective is to bridge the gap between schools and companies in a way to encourage positive relationships between the two areas, which are both fundamental for the well-being of the local community.
In terms of research, together with the Trentino University Foundation, we financed the granting of a scholarship for a project called "Study of the production of mass BCF yarn (Solution Dyed): improving of the efficiency and the benefit for the environment".
This research approach, led by Mr. Mauro Caldara - Quality, technology and reseach manager in Aquafil Spa - and Prof. Luca Fambri from the Department of Engineering of Industrial Technologies and Materials - prepares to the study of production processes for dyed masters used in spinning for dying and the production of mass dyed yarns.

The course is aimed at finding solutions that may increase production and material transformation efficiency while decreasing the impact of products and processes on the environment.
In this way, the Aquafil Group will be able to further rise its "sustainability" level, thus increasingly contributing to transforming into reality that vision of producing without demanding anything from the environment.

THE CLOSE RELATIONSHIP BETWEEN UNIVERSITIES AND THE BUSINESS WILL ALLOW AN INNOVATIVE PROCESS TO BE DEFINED, AS REQUESTED BY SUPPLIERS, CUSTOMERS AND LOCAL COMMUNITIES WITH A VIEW TO INTEGRATING THE ISSUES OF PROFIT WITH THOSE OF SUSTAINABILITY IN AN EVER GREATER CONSISTENT MANNER.

IN THIS SENSE, OUR GROUP IS A PIONEER, THANKS TO ITS ABILITY TO MANAGE AND FACE ALL OF THE STAKEHOLDERS' REQUIREMENTS RELATED TO OUR ACTIVITIES.

SINGULARITY UNIVERSITY

Our Group holds research in high regard, considering it as the main driver for innovation, technological evolution and social well-being. This is why we have decided to participate in the initiative proposed by Eric Ezechieli, co-founder and president of "The Natural Step Italia" and a member of the "Rocky Mountain Institute": the Graduate Studies Program at the Singularity University.

This is an advanced synergic project involving the worlds of business and research, within which a team of experts from the most varied sectors is given the opportunity to try and find real solutions to the most important challenges faced by human societies, by stimulating critical thought, innovation and practical solutions.

The master held at the Nasa base in the Silicon Valley involved bio-doctors, IT experts, philosophers, economists, political scientist, energy experts and entrepreneurs, working together to identify issues and solutions, develop business applications and create networks that connect the various areas of the planet.

The philosophical, theoretical and practical foundations were laid for these issues and developments to become part of the social debate and influence the actions of citizens, companies and organizations. By partly financing this project, the Aquafil Group came into contact with a series of very interesting settings and projects that will open the path to profitable business opportunities and stimulate a technological and social growth focusing on sustainability issues.

As we live in an evolving world, we are interested, as an industrial group focusing on internationalization and market competition, in being responsive and promptly sizing any opportunity for innovation, transformation and change. The cooperation with "The Natural Step" and the Singularity University enables us to understand any change occurring in conceptual structures, business models and technologies. It also allows to clearly see the processes of convergence among the various sectors and the expansion of the different markets.

At the same time, it is guaranteed the ability to understand which sectors will become fundamental, which skills are necessary for corporate management and for the leaderships and which the risks and positive challenges of the future will be.

THIS EXPERIENCE AND OUR RELATIONSHIP WITH "THE NATURAL STEP" CAN ADD GREAT VALUE TO THE FUTURE OF OUR BUSINESS: AN OPEN DOOR ONTO THE FUTURE, TO BE BUILT WITH IDEAS, INTUITION AND NETWORKS OF KNOWLEDGE THAT TRANSLATE THE IMAGINATION OF MANKIND INTO REAL AND CONCRETE CONSTRUCTIONS.

The 2010 worldwide team selected to partecipate at the Singularity University master.

INITIATIVES FOR OUR EMPLOYEES

For the Aquafil group it is important to cultivate and assist the social life of its employees, by organizing a series of initiatives in and outside the company. To promote the creation of close ties between employees and the company, every year we hold various sporting activities and events where people can get together to celebrate special occasions.

In the Julon plant in Slovenia, we have organized a football team that every year takes part in an indoor football tournament sponsored by the city of Lubjiana, as well as a skiing team that participates in a national competition reserved for companies of the textile industry.

At the Italian plants, basketball, football and volleyball competitions are arranged, to increase relaxation time and consolidate the group spirit of our company.

In the same way, every Christmas we organize, both in Italy and Slovenia, an entertaining dinner as an occasion to exchange seasonal greetings, gifts and prizes. During the year we hold a dinner at Lago Bagatol, a place near the Arco plant.

Instead in the USA there is an interesting initiative called "*we cook for you Event*" where managers and executives cook their finest dishes for all the employees.

THESE ARE ALL SOCIAL MOMENTS, WHERE THE VARIOUS COMPONENTS OF THE GROUP MEET UP, CHAT AND DEVELOP POSITIVE RELATIONSHIPS THAT MAKES OUR COMPANY STAND OUT.

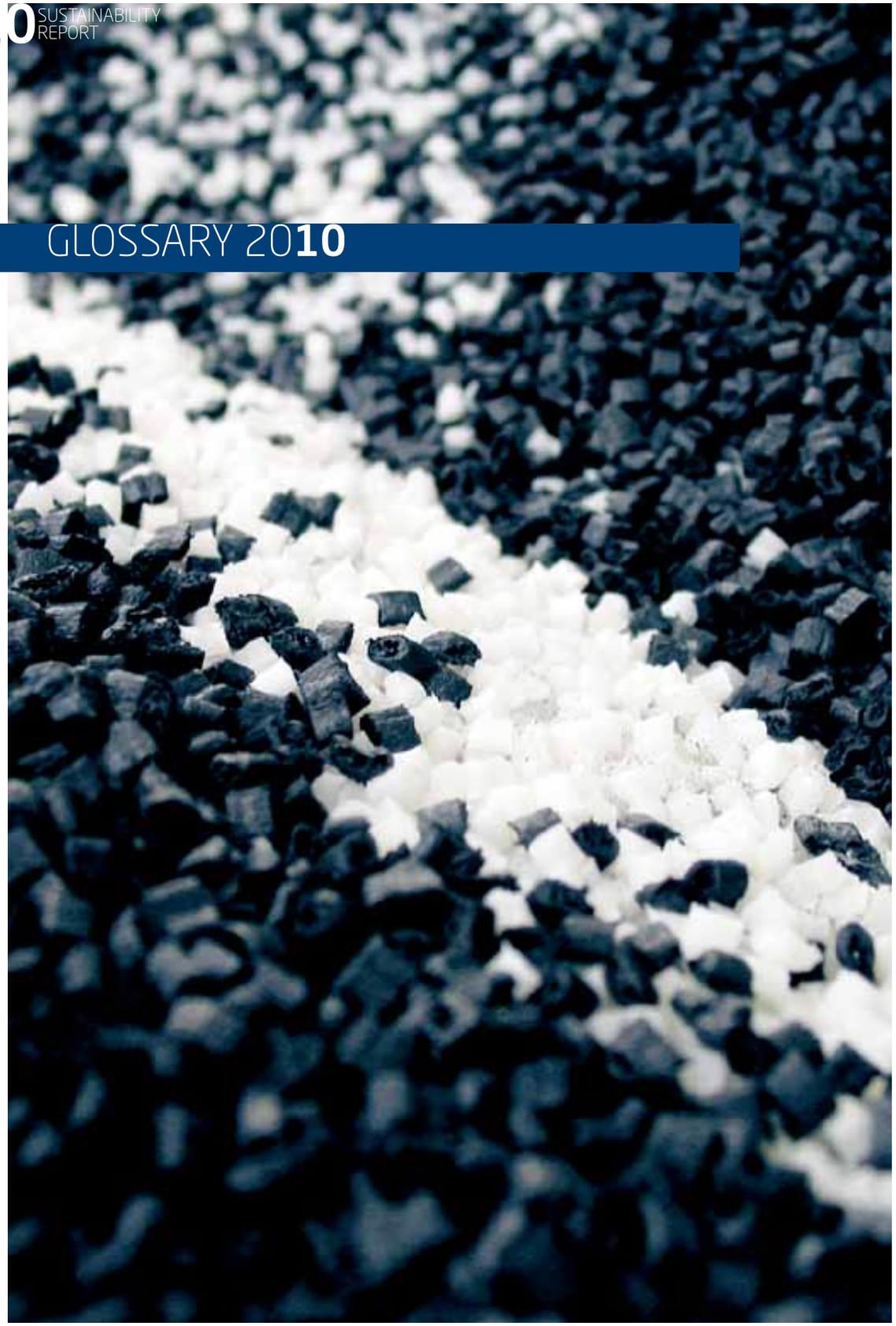
GROUP DONATIONS

Our desire to maintain close ties with the local communities is translated into the financing and economic support of cultural, social and sports associations.

Also during 2010, we financially contributed to the activities of the company "Unione Sportiva Arco" and the organization of the Half Marthon del Garda trentino. In addition, we supported local bodies, associations and no profit organisations with funds and financing, for example Cooperativa Sociale Onlus Elio d'Oro di Riva del Garda.

Since 2001 five scholarships have been set up for the children of the Aquafil Group's employees that stand out for having achieved impressive results in their studies, by obtaining a high school diploma with a mark greater than 80/100.

THE PRIZE, HEADED BY GIANNI BETTONI AND FILIPPO PREDAROLI, GUARANTEES A NOTABLE GRANT THAT THE WINNERS MAY SPEND DURING THE STUDIES.



GLOSSARY 2010

TO AID IN THE CORRECT INTERPRETATION OF THE TOPICS DISCUSSED, REPORTED BELOW ARE THE MEANINGS OF THE ACRONYMS USED.

- **AIA** > *Integrated Environmental Authorization*
  The general authorisation granted by the authorities in charge to the companies subject to IPCC. All the environmental provisions (effluents, emissions, waste, etc.) are reported in a single authorisation document.
- **CO** > Carbon monoxide. A toxic gas produced by the incomplete or partial combustion of fuels and combustible materials.
- **CO_2** > Carbon dioxide, a gas that is naturally present in the atmosphere. It is produced by combustion, respiration, and the decomposition of organic material due to the oxidation of carbon.
- **COD** > *Chemical Oxygen Demand.* The oxygen consumed to oxidize organic and inorganic substances dissolved in water or in suspension. This parameter is mainly used to estimate the content of oxidizable compounds, and thus to evaluate the potential for polluting naturally occurring water and discharge water.
- **CPI** > *Fire Prevention Certificate*
- **CPL** > Caprolactam
- **FMEA** > *Failure Modes and Effect Analisys.*
  Methodology that by analysing the possible faults in terms of probability, gravity and detectability allows us to anticipate risks and errors in both the development and design phase and in the operating phase of industrial operations.
- **IPPC** > *Integrated Pollution Prevention and Control.*
  European Directive aimed at reducing emissions and effluents, no longer on the basis of individual pollution sources but, having analysed their global effect, it imposes restrictions with respect to normal legal limits.
- **NOX** > Nitrogen oxides. These gasses are mainly produced when atmospheric nitrogen is oxidized during normal combustion.
- **OIL** > Oil fog.
- **PAT** > Autonomous Province of Trento.
- **PM10** > Particles suspended in the air (PM: particulate) with an aerodynamic diameter of less than 10 microns.
- **REACH** > *Registration, Evaluation and Authorisation of Chemicals.* The European regulation with the objective to increase safety levels and protect the health of people and the environment from the risks deriving from the use of chemical substances.
- **SO2/SOX** > Sulfur dioxide/sulfur oxides, which are produced by oxidation of sulfur during combustion of fossil fuels containing this element as an impurity.
- **TEP** > Tons of Oil Equivalent - a unit of energy corresponding to the output of 1 ton of oil, used to express the energy production or consumption of a country.
- **TOC** > *Total Organic Carbon.*
  The quantity of carbon contained in an organic compound. This parameter is used as a water quality indicator and to evaluate the content of organic substances present in smokes.
- **VOC** > *Volatile Organic Compounds.*
  Represent the organic substances released in the environment through the emissions. The principal source of these emissions is the use of solvents.

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via Linfano, 9 · 38062 Arco · Trento · Italy
Tel. +39 0464 581 111 · Fax +39 0464 532 267
e-mail: info@aquafil.com · www.aquafil.com

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Aquafil S.p.a.
Via Linfano, 9 · 38062 Arco TN · Italy
T. +39 0464 581 111 · **F** +39 0464 532 267
info@aquafil.com
www.aquafil.com

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