



The cover has been personalized using a **special version** of **Alcantara material**, derived from post-consumer recycled polyester, and covered by Recycled Claim Standard (RCS) certification.

A message from our Chairman



Dear Stakeholders

This year, with the release of the 13th edition of our Sustainability Report, we felt important to emphasise a peculiar aspect of our pioneering role in the field of sustainability: **the awareness that every single action generates a trace**, a mark, which can have a significant impact on our stakeholders and spread its effects over time.

With **our traces**, we wish to highlight the rigorous **path** that we have methodically taken in the past, certifying each one of our steps towards sustainability while seeking maximum transparency and staying away from any possible false declarations. The clear evidence of this is our **fact-based approach**, supported by scientific evidence and certifications, and not controversial "greenwashing" practices without truthful, scientifically proven and understandable bases.

Our sustainability journey is very serious. We have **certified** our Sustainability Report and we have been the first Italian industrial company and among the very few in the world to achieve the **Carbon Neutrality** status certified by TÜV SÜD, since 2009.

We have a very serious approach to the issue of sustainability and we believe that our path can be considered a valid point of reference even today.

In fact, we have paid, and we are continuing to pay, utmost attention to the best practices in the field of sustainability, taking the latter as an important starting point and not as an arrival point.

The key steps of our serious commitment to sustainability and to all stakeholders may be summed up as follows:

- Carbon Neutrality with the 'cradle-to-grave' approach that defines and summarises the action we designed to manage the fight against climate change. We, in fact, measure and reduce all CO₂ emissions, including every phase of the life cycle, from raw materials to the production process, up to the use and end of life of the finished product.
- Following the reduction process, **our residual emissions are neutralised by participating in Certified and Verified Offsetting Projects**. These projects aim to expand the use of renewable energy resources and to improve the health and social conditions of people in the poorest and most disadvantaged areas of the world, while offsetting all CO₂ emissions produced. In the past 13 years, in particular, we have supported total of 50 projects (e.g. hydroelectric, photovoltaic, wind power, biomass) in more than 20 different countries (e.g. India, China, Uganda, Turkey, Ghana).
- The most recent of our traces is certainly the new product line deriving from certified post-consumer recycled polyester, which fits into the context of the long-term decarbonisation process started several years ago. Within this scope, we pay enormous attention to using recycled polyester exclusively produced in Europe from post-consumer scraps, recycled through a mechanical process, being traceable and certified. These products have been presented to the market solely after intense testing and approval phases and the obtainment of the international Recycled Claim Standard that verifies recycled material and tracks it from the source to the final product.
 - The Sustainability Report itself is a trace of fundamental importance and an irreplaceable element of
 engagement first of all for our employees, our suppliers and our partners and for our self-assessment
 as well. It includes information on all the initiatives we have undertaken and represents an act of
 certified transparency for our Company since we voluntarily disclose what we do and what our future
 plans are.
 - For the purpose of fostering and spreading a genuinely shared culture on sustainability, the activities of **Stakeholder Engagement** are of the utmost importance for us. To this end, we have promoted a number of fully non-profit initiatives, including the organisation of the international Symposium on Sustainability. This annual event which this last year marks the 6th edition is an important occasion for raising awareness, encouraging dialogue among international experts in different business sectors and cross-fertilisation in sustainability issues.

Also, we wish to underline that **sustainability** is the most critical issue of our times. That's why it is a **core value** deeply rooted in our corporate culture and an important **growth driver** of our business strategy development. Sustainability is a purpose that should be embraced on a global scale: **there** is no other way.

Our invitation to follow us on this journey and to continue dialogue on all sustainability issues conveys a promise: we will keep on evolving our next traces with an ever-increasing sense of responsibility and a broader point of view.

Enjoy the reading.

Andrea Boragno
hairman and CEO of Alcantara S.p.A.

Methodology

Sustainability Report of Alcantara S.p.A.

PERIOD OF REFERENCE 1 April 2021 - 31 March 2022 (annual report): Fiscal Year 2022.

Reference Guidelines

The Sustainability Reporting Standards of the Global Reporting Initiative (GRI). Based on current coverage of the indicators linked to the material aspects summarised in the final correlation table, the level of conformity with the GRI standards is 'In accordance - comprehensive'.

Information Collection

Social and environmental responsibility data are provided in dedicated flow diagrams and fact sheets. The information in these respects the precautionary approach required by the standards and is subsequently verified according to a reporting process that is integrated with Company management systems.

Frame of reference

The reference period for the report corresponds to the financial reporting period of Alcantara S.p.A. This document refers to two fiscal years:

- "FY 2021" or "Fiscal Year 2021" refers to the period from 1 April 2020 to 31 March 2021;
- "FY 2022" or "Fiscal Year 2022" refers to the period from 1 April 2021 to 31 March 2022.

Significant changes

The Sustainability Report constitutes a consolidated non-financial statement pursuant to Italian Legislative Decree 254/2016 and contains information on environmental, social, employee, human rights and anti-corruption themes useful for understanding the Group's activities, performance, results and impact.

External Audit

This document was audited externally by a third party based on the principles and instructions set out in the international standard for assurance on non-financial information ISAE 3000 (International Standard on Assurance Engagements 3000) and by the International Auditing and Assurance Standards Board (IAASB), a body directly supported by the International Federation of Accountants (IFAC).

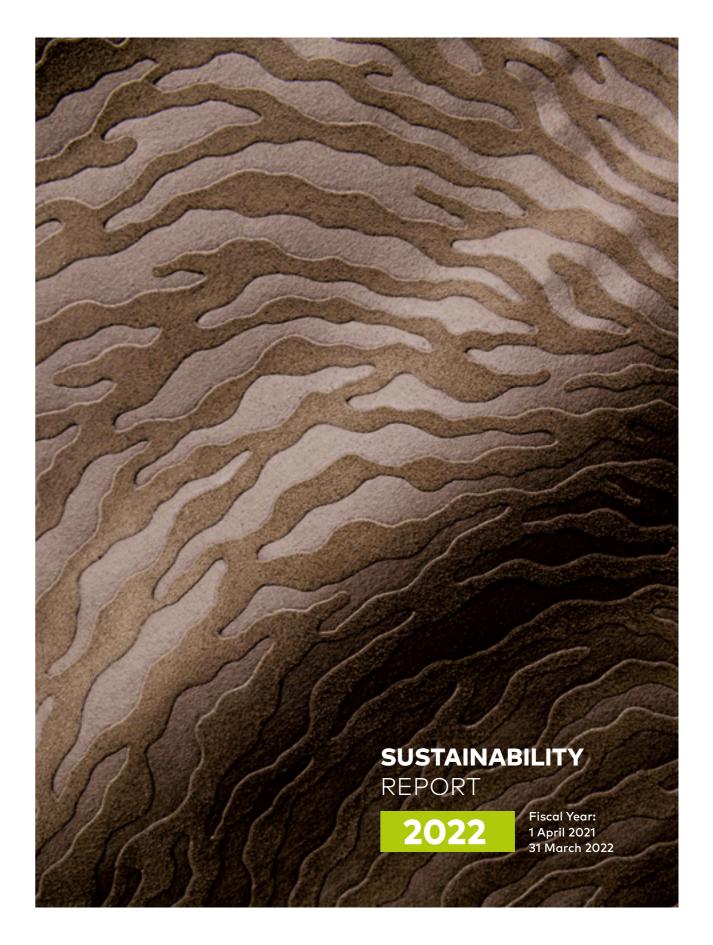
We would like to thank the entire internal work group and all staff involved in the development and production of this 2022 Sustainability Report. Prepared and coordinated by Alcantara S.p.A.

CONTACT DETAILS

Alcantara S.p.A. Via Mecenate, 86 20138 Milan, Italy Telephone +39 02 580301 www.alcantara.com







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About Alcantara

Mission, Values and Sustainability Strategy

Alcantara S.p.A. is a leading Company in the field of premium upholstering materials. Its value is based on three essential elements that determine its global success: an internationally recognised brand, constant process and product innovation, and lastly a business model where technological development allows aesthetically refined solutions to be created.

 Alcantara® is an innovative material used for covering any surface and shape, the result of a proprietary technology protected by numerous patents.

The material is a unique combination of style, technology, beauty and functionality, adaptable to many applications and a source of inspiration for the creative vanguard of today and tomorrow.

ALCANTARA

Alcantara S.p.A. is a unique Company at a global level that exclusively manufactures and sells the original material of the same name worldwide. the Company is located in Italy, with its headquarters in Milan and our production plant and Research and Development Centre in Terni.

Our commitment is based on various elements and pillars, known as **points of engagement**, namely:



Global brand



Made in Italy



A tailor-made approach



Relationship with art, design and creativity



Commitment to Sustainability

Within this ecosystem, sustainability is an essential pillar in the Company's operations, enabling long-term value creation that benefits the environment, the region and the community in which we live and work.

Over time, we have made sustainability our strength, positioning it at the centre of our decision-making processes and our pursuit of business objectives in order to create a strategic orientation plan able to direct development and investment choices.

The commitment to promoting business sustainability, in line with the principles of the Global Agenda for Sustainable Development and its corresponding SDGs (Sustainable Development Goals) defined by the United Nations, translates into the awareness that sustainable strategies can contribute to creating benefits not only for the Company, but also for the various stakeholders impacted by its business activities, such as clients, suppliers, employees, shareholders and civil society itself. This is further evidenced by its membership of the UN Global Compact, the Global Compact Network Italy Foundation and the various initiatives proactively promoted by the Company.

The Sustainability Report is a perfect example of this commitment, prepared each year by Alcantara on a voluntary basis. It communicates the Company's awareness, transparency and accountability and corroborates its focus on sustainability in managing its resources and production processes, in contrast to the increasingly widespread tendency for greenwashing by companies that exploit the lack of information on sustainability to disclose incorrect and groundless information. The management of Company operations is supported by a **structured system for reporting** on business trends and on the progress of key projects.

To confirm its willingness to help achieve the objectives defined by the Paris Agreement of 2015 (COP 21), the Company measures, reduces and offsets its carbon dioxide emissions attributable to business activities and products, from the cradle to grave. Alcantara has been certified Carbon Neutral since 2009, playing a pioneering role in sustainability far ahead of the current trend involving a growing number of companies. Furthermore, the Company is actively engaged in raising the awareness of its suppliers, encouraging them in turn to embark on a path towards Carbon Neutrality, and verifying respect for universal human rights principles, for labour standards, for the environment and for the fight against corruption.

In addition to this, Alcantara has launched a mediumlong-term decarbonisation plan with the aim of reducing CO emissions, prior to offsetting, mainly by:

- 1. émploying a circular economy approach;
- 2. increasing energy efficiency;
- 3. increasing the use of renewable energy and of fuels from renewable sources; promoting sustainable transport for our raw materials, products and employees;
- 5. reducing water consumption.

Beyond the environmental sphere of sustainability, the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Conventions of the UN and ILO (International Labour Organization) are key benchmarks for orientating our operations and governance towards the respect and promotion of human rights.

We are committed to always ensuring the protection of people and of the physical and moral wellbeing of our employees, safequarding their moral integrity and their right to working conditions that respect personal dignity. For this reason, we offer all our employees the same opportunities, so that each can enjoy equal treatment based on the transparent and complete application of the relevant regulations of the collective labour agreement in force.

To that end, in internal and external labour relations, as well as in labour relations within the supply chain, no acts, attitudes or behaviour are permitted if discriminatory or detrimental to people or to their beliefs or conditions (political, social, sexual and moral). The culture of respect for human rights is promoted among all workers, third parties, contractors and sub-contractors, including through audits and the availability of whistleblowing mechanisms that protect the anonymity of the whistleblower.









Alcantara® is the registered

proprietary trademark of

Alcantara S.p.A., a trusted partner

for global brand leaders in the

premium seaments of various

industries. Alcantara enables them

to embellish their products and

respond to the modern lifestyle

choices of sophisticated consumers

who like to fully enjoy exceptional

products while also focusing on

sustainability.

Our Story

The Company's international success is mainly due to the creation of the material Alcantara, developed in 1970, a unique invention that still today enables a high performance material to be obtained.



The 1970s

Alcantara's story began in 1970 when Japanese scientist Miyoshi Okamoto filed the patent for the material. Two years later, ANTOR S.p.A. was founded, following an agreement between the ANIC Group (51%), later ENI, and SOFID (49%), for the commercial use of the patent. Subsequently, in 1974, SOFID sold its stake to Toray **Industries Inc.** of the Toray Group. The production plant was built in Nera Montoro in 1972, still the one and only plant in the world where Alcantara is produced, and the Company's headquarters were established in Milan. In 1973, ANTOR S.p.A. became IGANTO S.p.A. (acronym of Italia Giappone ANIC Toray) to seal the partnership between the two countries and respective companies.

The 1980s

In 1981, **IGANTO S.p.A. became Alcantara S.p.A.**, with share capital still divided between the ENI Group (51%) and Toray Group (49%).

The 1990s

In 1994, the Application Development Center was established, developing ad hoc technical solutions and applications

in-house, demonstrating the importance placed on a tailor-made offering. The following year, the Toray Group acquired 100% of the Company's shares, selling 30% to the Mitsui Group.

The 2000s

The start of the new millennium saw the first initiatives aimed at stylistic diversification, and the completion of the second phase of the project aimed at doubling production capacity, following the completion of the first in 1998. In 2009, the Company became Carbon Neutral.

The 2010s

In 2010, Alcantara prepared and published its first Sustainability Report, initiating the increasingly structured and transparent reporting of non-financial impacts. Environmental responsibility became a fundamental part of Alcantara's business strategy, and the Company invested in the installation of a **phyto-treatment** plant (2011) and a new cogeneration plant (2012). In 2015. the first phase was completed, with tests on an industrial scale, of a project to implement a new water-based system for further reducing the environmental impact and energy consumption of the production process. Research also began on raw materials from renewable sources (bio-based polymers). In 2014, 1st International

Sustainability Symposium

took place, an opportunity for professionals from all sectors to come together and discuss sustainability issues and the fight against climate change.

In 2017, the IACI (Increase Alcantara Capacity Installed) project was announced, an expansion plan aimed at again doubling the Company's production capacity within five years. In the same year, the "Alcantara Sustainability Renaissance" was organised during the G7 Environment Ministers' Meeting in Bologna.

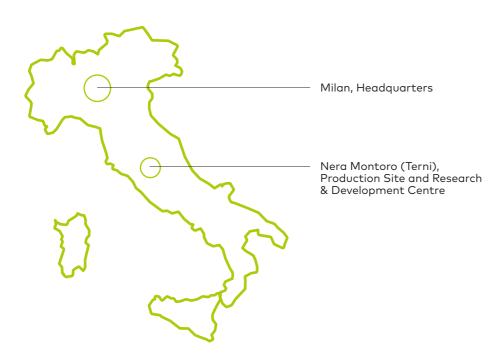
The 2020s

In the new decade, Alcantara renewed its membership for the fifth consecutive year (2022) of the UN Global Compact and of the Global Compact Network Italy Foundation. At the same time, the Complex Manufacturing Department was established, a special unit able to develop extreme customisations, combining complex technologies to provide the customer with the upholstery-ready finished product.

In 2021, the Company won the **Budgetary Performance High** Honour under the INDUSTRIA FELIX AWARD as "Best company in the fashion sector for management performance and financial reliability", certified by Cerved and selected from competitive, reliable and sustainable companies with a registered office in the Lombardy region. In parallel, the 6th International Sustainability Symposium was organised in Venice in conjunction with Venice International University (VIU) and with the assistance of SIA (Social Impact Agenda for Italy). the Italian network for social impact investments.

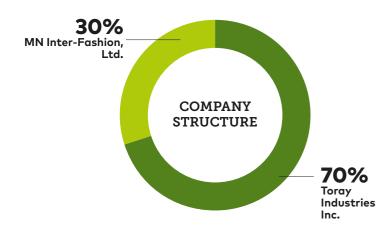
Corporate

Structure



The share capital comprises ordinary shares of €1 each; at 31 March 2022, the subscribed and paid-in share capital of Alcantara was €10,800,000 and broken down as follows:

	NUMBER OF ORDINARY SHARES FY 2022
Toray Industries Inc. – Tokyo (parent company)	7,560,000
MN Inter-Fashion, Ltd Tokyo	3,240,000
TOTAL SHARES	10,800,000



On 11 October 2021, following careful and detailed due diligence, shares were transferred as per the resolution of the extraordinary meeting on 7 October 2021 of Mitsui Bussan I-Fashion Ltd., wholly owned subsidiary of Mitsui & Co. Ltd. This resulted in the Company's entire capital being transferred, as of 2 November 2021, to Mitsui Bussan I-Fashion Ltd., headquartered in Tokyo, taking over in all legal relations deriving from the property of Mitsui & Co. Ltd.

On 1 January 2022, through the merger of Mitsui Bussan I-Fashion Ltd and the textile division of the Nippon Steel Trading Corporation, a new company under Japanese law was created called MN Inter-Fashion Ltd., with headquarters in Tokyo.

Alcantara's

Sectors of Application



Automotive

The products and services we offer are particularly valued in the automotive sector. Alcantara has over the years established itself as the ideal partner to transform car interiors into exclusive, special spaces, always ensuring the most stringent quality standards are fully complied with and offering outstanding technical performance in terms of grip, breathability, durability, softness and lightfastness. It is no surprise that the world's most iconic cars choose our material as coverings for their creations.

Elegance and comfort, thanks to its distinctive softness, combine with specific technical characteristics to guarantee a unique driving experience: its lightness keeps the car's weight in check for a superior performance, while the exceptional grip and breathability deliver a sporty drive, to enhance the intrinsic racing spirit of a sports car. Alcantara is an extremely versatile material that is ideal for solutions that are highly personalised to clients needs.

Furthermore, the Carbon Neutral certification, and the more recent offering of products made with recycled raw materials (see paragraph 6.2), are much appreciated by Original Equipment Manufacturers (OEMs), especially concerned about the sustainability features of products in use.



Fashion & Accessories

In the fashion industry, Alcantara lends itself to luxury creations where the constant search for contemporary elegance and attention to detail are enhanced by the material's textures and exclusive weaves.

Alcantara is a material with infinite possibilities for customisation as a covering for any shape and surface, in compliance with the strictest industry standards. It enables the development of exclusive, tailor-made solutions and meets the technical and design requirements of the most demanding luxury brands. In Fiscal Year 2021, a new generation of Alcantara material was introduced into the fashion and accessories markets. It is manufactured by applying partially bio-based polyester (see paragraph 6.2) to create the product's fibrous component, reducing both the consumption of fossil raw materials and the carbon footprint, prior to offsetting (see paragraph 5.3).



Consumer Electronics

The combination of advanced technology and Italian craftsmanship make Alcantara a unique and competitive product that allows the Company to excel in the consumer electronics sector as well, especially in Asia and the US. Over the years, we have developed highly customised skills and solutions for clients in this industry so as to make the product available for innovative applications and to satisfy the growing trend for using tactile surfaces in high-tech products.



Interiors, Contract, Marine & Aviation

Alcantara is recognised as a precious material with unique characteristics, able to enhance the appearance and functionality of the finished product and highly adaptable to the most distinctive applications.

We offer a dedicated product collection for the interiors and contract segment, including materials tested and compliant with the various industry regulations.

In the marine industry, the functional characteristics of Alcantara, its resistance to the agents of the marine environment, its permeability to air and its excellent breathability guarantee a pleasurable trip, even for the most demanding passengers.

For the aviation industry, Alcantara offers comfort, lightness, and a style and elegance that make it the ideal complement for both the interiors of private jets and helicopters and those of the aircraft of large commercial airlines.

1.2

Governance

Model

Governance Structure

The main governing bodies are the Shareholders' Meeting, the Board of Directors, the Executive Committee and the Chief Executive Officer (CEO). Alongside these, the operational control and monitoring functions are carried out by the Board of Statutory Auditors and the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

With the exception of the Chairman and CEO, the members of the Board of Directors are all independent and non-executive, appointed on the basis of skills and qualifications in line with the Company's focus on sustainability.

As at 31/3/2022, the Board of Directors was composed as follows:

Board of Directors

Andrea Boragno Chairman and Chief Executive Officer Tetsuya Tsunekawa Yasuhiro Takagi Akihiro Tanabe Shunichiro Nakai Hiroshi Serizawa Taisuke Inuizawa Makoto Nishimura

Board of Statutory Auditors

Giovanni Primo Quagliano Chairman

Roberto Spada Giuseppe Moretti

Sustainability Governance

At Alcantara, the development of an integrated and rigorous approach to sustainability is based on a robust and efficient governance structure that includes the actions of various actors and functions.

The **Chairman** is responsible for informing the Board of Directors of decisions that have a particular impact on the activities and sustainability plan of the business. Projects with high sustainability impact are consistent with the objectives of the Company's strategic plan and are overseen by the Sustainability Working Group, comprising the main corporate heads of the various divisions and coordinated by the Sustainability Director.

The **Sustainability Director** is responsible for collaborating with the Chairman and CEO to define the Company's strategies, its general sustainability objectives and its multi-year Sustainability Plan. He also develops and implements strategies for achieving the Company's sustainability objectives, making use of the support of the various corporate functions and using logic and methods as a team leader of cross-functional working groups.

Corporate management reports to the Chairman, in monthly and quarterly coordination meetings, on business performance, industrial management, research and development, personnel management and on health, environmental and safety aspects, including product safety.

The relationship with its **stakeholders** is another fundamental element characterising Alcantara's operations. In fact, despite the absence of specific communication channels that allow the stakeholders to interact directly

with the Board of Directors, the various present and future activities are undertaken taking account of the suggestions coming from the various department managers, the Supervisory Body, employees and the representatives of external stakeholders. As demonstration of this, each year we involve the main stakeholders directly, and include their opinions and ideas within the materiality analysis, through the work of the representative bodies in which the Company participates and the recommendations of the numerous third parties and independent entities that audit our management systems (see paragraph 1.5).

Our responsible management model is based on a series of certified management systems and appropriate governance and control mechanisms aimed at:

- creating value sustainably together with all stakeholders;
- interpreting the needs of clients by pursuing the highest quality standards;
- 3. minimising environmental impact;
- 4. developing and monitoring the supply chain;
- 5. establishing a dialogue with stakeholders.

Certified management systems are subject to both internal audits – performed by qualified in-house personnel on all business processes and functions – and periodic maintenance or renewal audits – performed by an accredited international body, at least annually. Management is regularly updated and engaged via the Management Review.

Risk Assessment

The Annual Risk Assessment is prepared each year and circulated to shareholders, verifying that it is conducted and monitored properly to ensure the efficient assessment and management of strategic, operative, environmental, social and governance risks.

During the fiscal year, the process continued of monitoring, maintaining and implementing the Company's processes of compliance with the GDPR.

Specifically, the following activities were carried out:

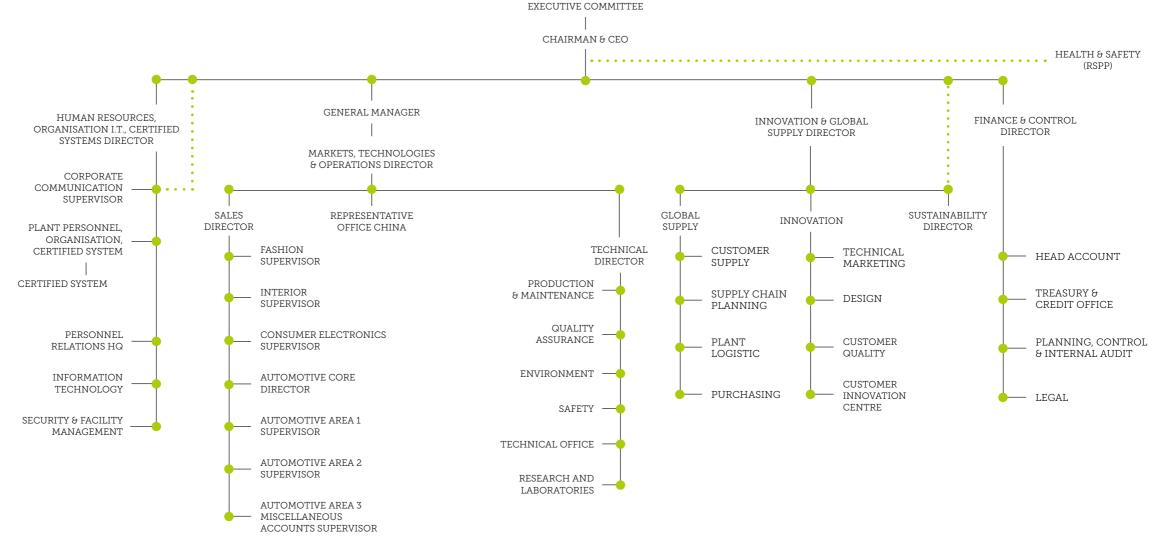
- updating of the corporate privacy organisational chart through the appointment of privacy representatives and updating of the appointments of internal privacy managers and data processors;
- updating of the register of personal data processing carried out by Alcantara as data controller, including in light of the start of new personal data processing;
- management of relations with clients, suppliers and employees in terms of privacy;
- where necessary, designation of suppliers as external data processors;
- upgrading of the Complex Manufacturing video surveillance system (Data Protection Impact Assessments, report preparation, signage implementation);
- preparation of internal privacy procedures (Dawn Raid Procedure) and updating/expansion of existing ones (including the procedure for managing requests from data subjects and the Company's privacy policy);
- upgrading of the cookie policy on the website <u>www.alcantara.com</u> and of the other Alcantara websites in line with the latest relevant recommendations;
- provision of training courses on privacy and GDPR for employees (including training courses for the privacy representatives);
- updating and monitoring of the suitability of the technical and organisational measures implemented;
- ensuring the proper conduct of privacy organisational committees;
- updating of the Data Breach Procedure in light of the implementation, by the Personal Data Protection Authority, of the digital notification form;
- updating of regulations on the use of corporate IT tools by the addition of sections on Microsoft Teams and on some technological tools (e.g., VoIP system, DLP, etc.); preparation of the corresponding privacy notices and key labour law documentation;
- upgrading of the cookie policy and cookie banner on the website www.alcantara.com following the latest GPDP guidelines;
- organisation/management of data deletion requests.

In addition, as part of our Corporate Social Responsibility activities and to further confirm our commitment to tackling unlawful conduct, we updated our Code of Ethics during the year, reinforcing certain concepts already included in previous versions. Specifically, these included the introduction of measures to prevent and impede corruption in public administration and among private individuals, further highlighting and strengthening the Company's commitment to this issue. With the aim of further raising awareness of the Code of Conduct, specific training was provided during the year on the Anti-Corruption Policy and Donations and/or Gifts Procedure (issued the previous fiscal year). These are intended to summarise and integrate the existing rules for preventing and tackling corruption into an organic framework, and, specifically, to regulate the cases in which employees are allowed to offer or receive business courtesies intended to cultivate promotional and/or business relationships with third parties, in compliance with the Anti-Corruption Policy and Code of Ethics. This further demonstrates the Company's commitment to contribute to economic development and quality of life in the community, operating to protect the environment and actively contribute to the sustainable development of the region.



Operating

Structure



BOARD OF DIRECTORS

The surprising results achieved are attributable to the development of sufficient production flexibility, which aims to meet the needs of the different markets in which the Company operates. This is possible thanks to the integrated management of corporate processes that underlies the Company, characterised by the commercial divisions that manage the business in the various application sectors. Despite the complexity of the production process, flexibility is guaranteed. Production is based on the integration of traditional textile processes, such as spinning, carding and needling, with raw material synthesis processes,

high-precision mechanical processes and impregnation, dyeing, and ennobling processes, partly borrowed from other high-tech sectors.

Cross-functional working groups

With the aim of offering a product and service capable of appropriately responding to the changes and challenges of a constantly shifting global market, as well as to the need to guarantee increasingly innovative and sustainable solutions, we have developed a horizontal organisational system that is based on cooperation between cross-functional teams.

Indeed, the Company has enhanced and promoted the process of consolidating team work, updating its objectives and dedicating a working group to each one, structuring them as follows:

- coordination and Control Committee: composed of the Chief Executive Officer and senior management, its task is to guide the group by setting its objectives;
- team leader: responsible for coordinating the working group;
- team members: express and contribute their skills and knowledge required to achieve the objectives.

Team working has involved most of management and middle management, integrating with the functional and hierarchical structure, generating important advantages:

- greater focus on the Company's strategic objectives;
- an increase in engagement and motivation, above all among middle management;
- improvement of communication and alignment processes;
- development of a sense of belonging and sharing;
- improvement in the **quality of the response** and in the actions taken.

1.3

The Risk

Management System

Alcantara has implemented an internal system for the prevention of identified risks that allows it to ascertain, measure, manage and monitor the main critical issues, in line with its strategy of sustainable business development at economic, social and environmental level.

With regard to the mitigation of more typically financial risks, reference should be made to the Financial Statements (risks associated with general economic conditions; business risk: credit risks; exchange rate fluctuation risk).

Alcantara's responsible management model is based on a series of certified management systems and appropriate governance and control mechanisms aimed at identifying and managing risks to promote business continuity and success:

- creating value sustainably together with all stakeholders;
- interpreting the needs of clients by pursuing the highest quality standards;
- minimising environmental impact;
- developing and monitoring the supply chain;
- establishing a dialogue with and listening to stakeholders.

Over the years we have obtained and maintained the following international certifications:

SYSTEM CERTIFICATIONS							
Standard	Subject	Body	Date of first release				
UNI EN ISO 9001:2015	Quality management system	TÜV SÜD	September 1993				
UNI EN ISO 14001:2015	Environmental management system	TÜV SÜD	May 2000				
IATF 16949:2016	Automotive quality management system	TÜV SÜD	February 2004				
SA8000®	Social accountability	TÜV SÜD	October 2008				
PAS 2060:2014 (previously the CMS Standard GHG 41)	Specification for the demonstration of Carbon Neutrality	TÜV SÜD	June 2009				
ISO 45001:2018 (previously BS OHSAS 18001)	Occupational health and safety management system	TÜV SÜD	September 2021 (April 2013)				
ISO 50001:2011	Energy management system	Bureau Veritas	February 2017				

Certified management systems are subject to both internal audits - performed by qualified personnel on all business processes and functions - and periodic maintenance or renewal audits - performed by an accredited body. The systems are subsequently reassessed annually, by senior management, following both the completion of internal audits and the review of the performance of Company processes.



Discover more

Moreover, we have attained respected certifications related to the product, also verified annually by accredited bodies.

PRODUCT CERTIFICATIONS				
Certification	Validity			
Oeko-Tex Standard 100 (valid for individual brands/families)	Obtained and maintained since 1995			
Marine sector: IMO MED certification according to European Directives 2002/75/EC and 96/98/EC (valid for individual brands/families)	Obtained and maintained since 2000			
Contract sector: certification for CPD construction products according to European Directive 89/106/EC (valid for individual brands/families)	Obtained and maintained since 2011			

In line with our mission that places business activities on the same level as sustainability-related initiatives, our Company subscribes to the Codes of Ethics applied by the main companies and clients regarding environmental and social issues. As already mentioned, this commitment is further evidenced by our membership, for Fiscal Year 2022 as well, of the **UN Global Compact** (UNGC) and the **Global Compact Network Italy Foundation** (GCNI) in order to continue to contribute to the advancement of the UN Sustainable Development Goals.

We reconfirm our support for the United Nations Global Compact for the fifth year in a row

In Fiscal Year 2022, we continue as a Participant Member of the UN Global Compact, the world's largest corporate sustainability initiative. By supporting the UNGC, we reconfirm our long-standing commitment to sustainability, further reinforcing it through our respect for and promotion of the **Ten Principles** of the UNGC. Moreover, our implementation of strategic initiatives actively contributes to the advancement of global goals, such as the UN Sustainable Development Goals.

We are committed to providing an annual disclosure of our activities and practices regarding the 10 Principles through this Report, which also represents our Communication on Progress (CoP).

The 10 Principles of the UN Global Compact

Human Rights

Principle

01

Businesses should support and respect the protection of internationally proclaimed human rights;

Principle

02

make sure that they are not complicit in human rights abuses.

Labour

Principle

Busine associ

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle

04

the elimination of all forms of forced and compulsory labour;

Principle

05

the effective abolition of child labour;

Principle

06

the elimination of discrimination in respect of employment and occupation.

Environment

Principle

07

Businesses should support a precautionary approach to environmental challenges;

Principle

80

undertake initiatives to promote greater environmental responsibility;

Principle

09

encourage the development and diffusion of environmentally friendly technologies.

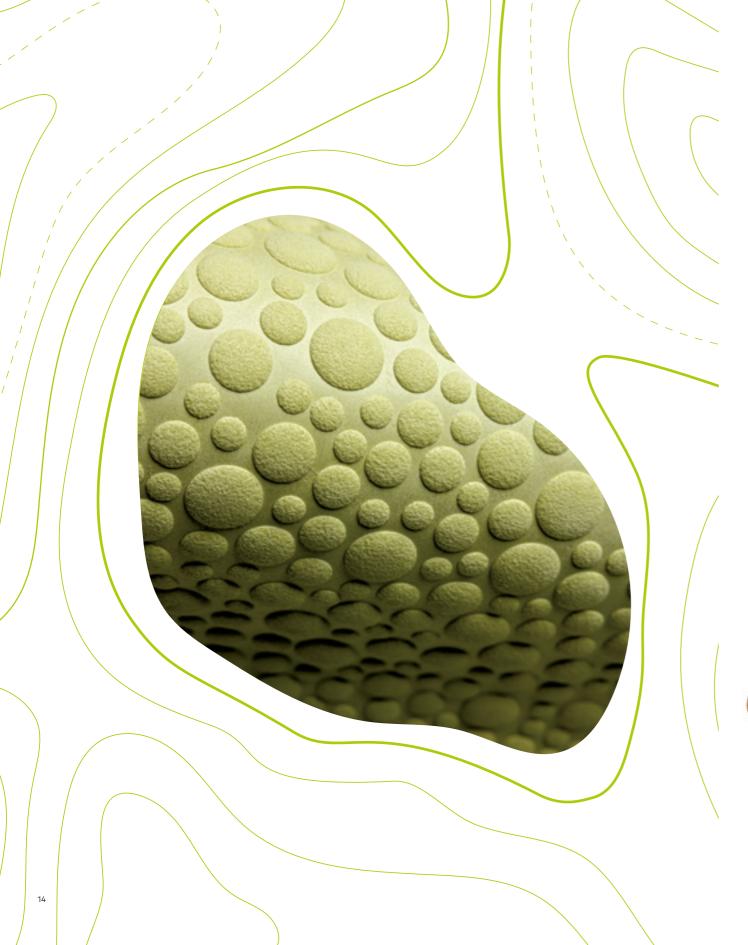
Anti-Corruption

Principle

10

Businesses should work against corruption in all its forms, including extortion and bribery.





Focus

Managing the Covid-19 Pandemic

The continuation of the Covid-19 pandemic in Fiscal Year 2022 made it necessary to maintain the extraordinary measures aimed at ensuring the safest possible working environments. To this end, we further improved the use of workspaces and environments with a view to social distancing, continuing to implement numerous precautionary and organisational measures. Throughout the year, meetings were held at least monthly with the RSU (Unitary Trade Union Representatives) and special Joint Committees set up at the Company's headquarters and production plant. They agreed the execution of shared actions capable of complying with the protocols and guidelines defined by the national authorities, primarily to safeguard the health of all employees.

The pandemic created great difficulties for our business model, caused by: the lack of the usual direct contact with clients, necessary to understand their needs and share developments; the difficulty of developing solutions in-house and with the support of partners; the erratic demand, which led to sudden changes in production requirements, with moments of acceleration followed by sudden stops and unexpected restarts. Despite this, we were able to efficiently respond by continuing to serve clients' requests for existing programmes and developing innovative solutions for future ones.

This was possible thanks to the following characteristics of the Company's culture and organisational structure:

- a streamlined chain of command, which immediately ensured the safety of people and production structures, thereby guaranteeing business processes were uninterrupted;
- a continuous cross-functional exchange based on full cooperation;
- a management mindful of the challenges and of the responsibility of making the right decisions.

These features demonstrated the Company's flexibility, an essential feature of resilient companies and the best guarantee for continuing to create value over time.





The 2022-2025 Sustainability Plan

In Fiscal Year 2017, we developed our first Sustainability Plan to translate our commitments into practicable actions and quantitative targets.

Last year, the ongoing search for new processes, policies and measures that contribute to improving our performance drove us to update our strategic plan and define a new Sustainability Plan 2022-2025. This year, with a view to improvement, interviews were conducted with the main corporate functions in order to review previously defined courses of action and update the achievement of the targets set.

The Strategic Plan is an important tool for outlining and planning over the medium-long term the Group's identity, its underlying targets and the tools for achieving them.

The Plan confirms the organisation along strategic guiding principles built around 4 pillars:



Environmental Sustainability



Social Sustainability



Economic Sustainability



Sustainability Governance



In line with the most advanced international sustainability practices, the pillars of the Plan are organised into **23 specific objectives**, illustrated in the following diagram.





PEOPLE





Circular Economy

Renewable

Fuels

Environmental

Impact

SOCIAL **SUSTAINABILITY**

ECONOMIC SUSTAINABILITY

Supply Chain

Involvement

Sustainable Innovation

Tax

PROSPERITY

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY

MANAGEMENT

Climate Change

Energy

Efficiency

Carbon Neutrality

Water

Footprint

Occupational Health and Safety

Corporate Citizenship

Promotion of Art and Culture

Training

as a Brand Committed

Investments for Transparency Sustainability

Preparation of a Sustainability Plan

Non-Financial Reporting

Alcantara® to Sustainability

International Projects with Social Impact

Increase in Youth Employment

Stakeholder Engagement & Reputation

Sustainability Guidance Committee

Transparency and Risk Assessment

1.5 Dialogue with Stakeholders

The Context

The chemical fibre industry is one of the most profitable and impactful in the European Union.

Global production has almost doubled in the last 20 years, from 58 million tons in 2010 to 109 million tons in 2020¹. The increase was driven by the growing demand and consumption of chemical fibres in various fields, such as textiles, clothing, automotive and technology. It should be noted that such growth derives from a business that greatly impacts society's environmental fabric.

According to the European Environment Agency (EEA), in 2020², the consumption of textiles in Europe had on average the fourth greatest impact on the environment and on climate change from a product life cycle perspective. The production of natural and chemical fibres consumes large quantities of water, uses pesticides and requires local spaces for cultivation, without overlooking the environmental impact of the chemicals and colourants used in dyeing.

In 2020 alone, for example, the following were used:

- about 4 billion m³ of blue water (surface water or groundwater consumed or evaporated during irrigation, industrial processes or domestic use), equal to 9 m³ per person; and about 20 billion m³ of green water (rainwater stored in the soil), typically used in cotton production. Water consumption for making fibres is thus in third place, after food, recreation and culture;
- an area of about **180,000** km², which was used in the textile supply chain, or 400 m² per person. Over 90% of land use impact is outside Europe, mainly linked to fibre (cotton) production in China e India.

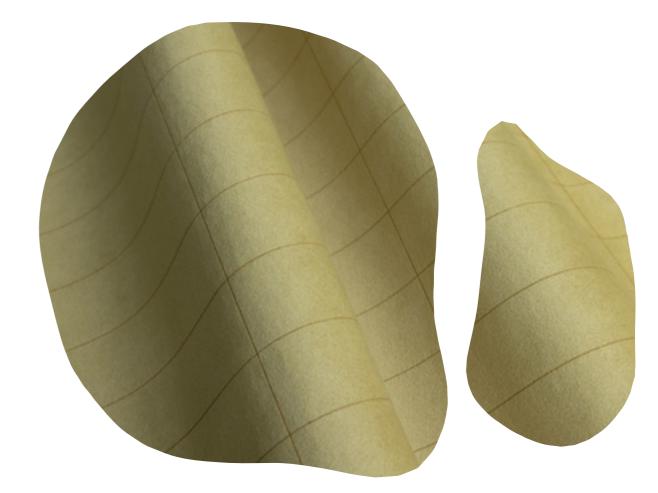
In light of this situation, in line with the Green Deal, the European Commission decided to publish the EU Strategy for Sustainable and Circular Textiles³, aimed at minimising such impacts and waste, motivating, promoting and raising awareness in the market with concrete actions. Within this context, we have for several years been realising initiatives, policies and measures aimed at integrating circularity principles into our business models and at minimising our environmental footprint, including:

- using recycled polyester and partially bio-based polyester (see paragraph 6.2);
- attaining Carbon Neutral status;
- reusing wastewater in production processes;
- promoting more sustainable consumption models and organising special events to promote a culture and awareness among the main stakeholders regarding the current environmental challenges.

At the same time, the international importance of ESG aspects has driven the European Union to focus increasingly on tackling greenwashing, i.e., where companies declare they have done more to protect the environment than is actually the case. This is evidenced by the results of website screening that the European Commission and national consumer bodies conduct every year to identify violations of EU consumers' rights in online markets⁴. Indeed, in 2021, for the very first time, such screening targeted greenwashing and analysed in detail 344 apparently dubious claims, discovering that:

- in over half of cases, the company had not provided sufficient information to enable consumers to assess the statement's accuracy;
- in 37% of cases, the statement included vague and generic terms such as "mindful", "eco-friendly" or "sustainable", intended to give consumers the unsubstantiated impression that a product does not negatively impact the environment;
- furthermore, in 59% of cases, the company had not provided easily accessible evidence to support its statement.

We are at the forefront in tackling greenwashing by promoting a business strategy in which accurate measurement and transparency are the pillars on which sustainable growth is built. In support of this commitment, in October 2021, we organised the **sixth International Symposium on Sustainability**, entitled "Greenwashing and Sustainability: a growing trend that needs to be addressed", on the Island of San Servolo (Venice). The event brought together policy makers, representatives from international organisations, scientists, academics, entrepreneurs and business people to discuss the ever more widespread use of greenwashing in various sectors and how the European Union is dealing with this increasingly serious problem.



¹ Source: Textile-Exchange_Preferred-Fiber-and-Materials-Market-Report_2021.pdf (textileexchange.org).

² Source: Textiles and the environment: the role of design in Europe's circular economy — European Environment Agency (europa.eu).

³ For more information see "Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions - EU Strategy for Sustainable and Circular Textiles" at the following link EU strategy for sustainable textiles (europa.eu).

⁴ Source: Screening of websites (europa.eu).

Mapping Stakeholders

We operate in a broad context and according to a global vision that involves various national and international bodies with which we interact continually. For this reason, listening to and engaging stakeholders is fundamental in fostering continuous development based on the relationship between the Company's objectives and stakeholders' interests, with the aim of creating shared value.

During Fiscal Year 2022, we continued a number of dialogue and consultation initiatives aimed at the Company's main stakeholders: this allows for a systematic discussion on and evolutionary monitoring of all topics directly or indirectly related to sustainability.

STAKEHOLDERS	KEY TOPICS	STAKEHOLDERS' EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
CLIENTS AND CONSUMERS	Product uniqueness and brand value Design, customisation and exclusivity Innovation and research Transparency and commercial fairness Pre and post sales services Effective communication and responsible promotion Regulatory and information compliance - product laws to protect the end consumer Packaging and recyclability Corporate and product sustainability Carbon Neutrality	Maximisation of value for the consumer. Quality and continuity in product supply	Organisation of meetings with the senior management of major clients to illustrate the details of our commitment to sustainability Initiatives to promote and raise public awareness on sustainability issues Analysis of client satisfaction and the market Customer care Ad hoc visits to the Company and open door policy (e.g., school groups) Research & Development Centre team's direct and proactive interaction with the client through meetings and/or information activities to customise the offering Direct contact at industry events and trade fairs Production of information materials on sustainability
SUPPLIERS	Work continuity and quality Reputation Collaboration on research and development activities Safety and sustainability as values	Compliance with all antitrust competition Laws in countries within the operational scope	Assessment envisaged by the supplier qualification process or by certified systems Technical visits and periodic meetings Systematic quality response Collaborations for improvement or innovation
SHAREHOLDERS	Profitability and business value Reputational protection Transparency Correct management	Value creation for shareholders Corporate governance and risk management Representation of minorities Transparency and timeliness in economic and financial information	Shareholders' Meeting and representation to the Board of Directors Participation in events and international conferences Engagement in the formulation and revision of the Code of Ethics and Organisational Model Periodic review of: J-SOX, ERM (Enterprise Risk Management), Security Trade Control, C-MOS (Control Monitoring Online System)

STAKEHOLDERS	KEY TOPICS	STAKEHOLDERS' EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
HUMAN RESOURCES	Professional growth and continuous learning Meritocracy and delegation Job security Internal climate: collaboration and sharing of objectives and knowledge Remuneration and benefits Work-life balance Health and well-being in the workplace	Equal opportunities Safety in the workplace Professional development for all employee categories Participation in corporate life and all related initiatives Work-life balance Security	Internal communication events (safety day, meetings, etc.) Meetings for sharing objectives Strategic objective working groups Six-monthly "House organ" as an internal information and sharing tool Constant climate monitoring and surveys every 3-4 years to understand work-life balance or other needs Team building Meetings with trade union representatives Meetings and relations with the local community at various levels Meetings with institutional bodies
ENVIRONMENT	Atmospheric emissions Use of raw materials Responsibility in the production process Conservation and appreciation of environmental-biodiversity assets Investments in environmental protection	Prevention and respect for the environment Corporate strategy aimed at reducing the consumption of natural resources	AIA - Integrated Environmental Authorisation Research at institutions considered influential on environmental matters Participation in innovative projects with scientific institutions and publicising them effectively Collaboration on controls by the bodies in charge Participation in trade association discussions
LOCAL COMMUNITY	Activities-investments and value creation in the community Environmental and quality-of-life protection and Carbon Neutrality Respect for human rights Transparency and completeness in communicating with the media and the local community Support for research and development, education, art and culture initiatives Communication with its stakeholders on the awareness and the importance of sustainability	Listening to requests Contribution to and support for initiatives in the region and local communities Access to information Protection of heritage and the environment Health and safety	 Collaboration projects with universities and training schools in Italy and abroad Contests and scholarships for young designers/artists In Fiscal Year 2022, due to the global Covid-19 pandemic, we continued to focus on the digital sphere as a channel for dialogue with clients and stakeholders, without excluding the design community and the end consumer Attendance at conferences and joint organisation of events International sustainability workshops Renewed annual membership of the UN Global Compact as a Participant Member and of the Global Compact Network Italy Foundation Organisation of the 6th International Sustainability Symposium in conjunction with Venice International University (VIU) and with the support of the Social Impact Agenda for Italy
PUBLIC INSTITUTIONS	Legal compliance Correct administrative and fiscal conduct Investments and value creation in the community	Collaboration, technical support and information sharing Participation in community activity planning Compliance with legislation in all countries where Alcantara operates	Collaboration with visits or inspections by public bodies Participation in projects, calls for tender or institutional research Monitoring of updates issued by the Italian Accounting Body Periodic reporting to ISTAT, Bank of Italy, Mediobanca and Lombardy Region

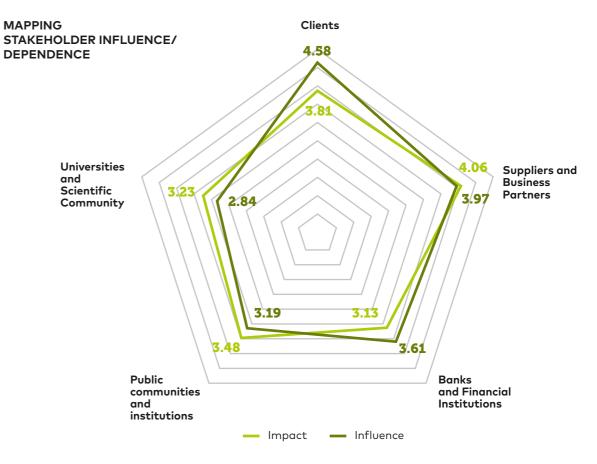


This year, in parallel with the above initiatives, we conducted an internal stakeholder mapping analysis involving internal Company representatives, including for the materiality

- There were two main stages:

 identification of the main Alcantara stakeholders;
- individual assessment of the degree of strategic importance of different stakeholders by each internal representative. A questionnaire was compiled, describing degree of impact that the Company has on the categories of mapped stakeholders, and the degree of influence that such interested parties have over Company processes.

The results are shown in the diagram below.



Clients is the stakeholder category that most influences Company processes

Suppliers and business partners is the stakeholder category most impacted by Company processes

Materiality

Analysis

Upstream of the reporting process initiated for the preparation of the 2022 Sustainability Report, we updated the materiality matrix. The latter identifies **ESG** (environmental, social and governance) **topics** considered important and significant for our business and stakeholders. These topics are in fact defined as "material" in that they are able to reflect the economic, social and environmental impacts of the Company and because they can influence the decisions of its main internal and external stakeholders.

The material topics were initially identified via a survey involving the following steps:

- an internal analysis based on various public and nonpublic internal sources;
- direct engagement of external stakeholders and company first-level personnel via a survey;
- an analysis of the sector and other external sources to identify additional potentially important topics.

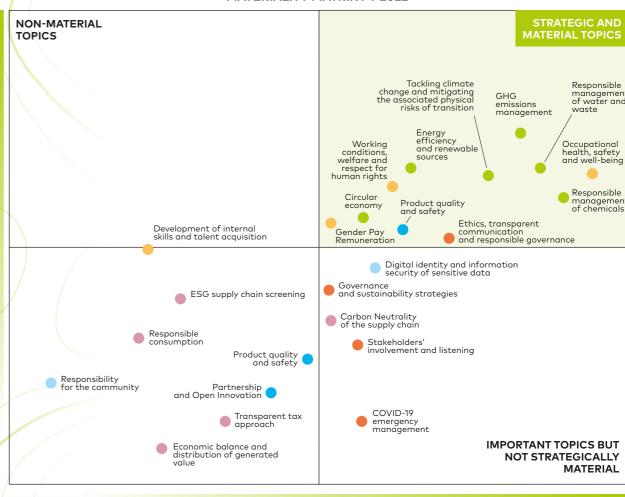
This analysis identified **24 main themes** related to 6 different macro-areas: governance and sustainability, human resources, environmental responsibility, economic responsibility, product responsibility and local community.

For each response received to the materiality analysis questionnaire, we committed to offset a quantity of greenhouse gas emissions that is equivalent to those of an average car over a year. Carbon credits have been purchased for 184 tons of CO₂ eq from the Ulubat Hydroelectric project, verified according to the Voluntary Carbon Standard (VCS).

The following **materiality matrix** summarises the results of the analysis.

It illustrates the importance of each topic to Alcantara (x-axis) and its stakeholders (y-axis). The matrix shows only those topics, represented by symbols (see key below), that have exceeded the so called **materiality threshold**, i.e., that have obtained an **average rating of above 4.2**, on a scale from 0 (negligible topic) to 5 (very important topic), on both axes. The materiality threshold is calculated as the mean of the average rating given by the stakeholders engaged, and the average rating given by the Company first-level personnel. This year, given the high number of responses from stakeholders and the updating of the topics analysed, which fell from 27 to 24, the threshold is at/4.2, compared to 4.0 last year

MATERIALITY MATRIX FY 2022



IMPORTANCE TO ALCANTARA S.P.A.

25



ENVIRONMENTAL RESPONSIBILITY

LOCAL COMMUNITY

24

MPORTANCE TO STAKEHOLDERS

TOPICS	MATERIAL TOPICS IDENTIFIED BY ALCANTARA	TOPIC-SPECIFIC GRI REFERENCE STANDARDS	RISKS INCURRED BY FAILURE TO MONITOR TOPIC	SDGs REFERENCE	IMPACT EXTERNAL TO ALCANTARA	POLICIES/OVERSIGHT TOOLS (implementation under way or pending)	SECTION
Governance	Ethics, transparent communication and responsible governance	General disclosures (GRI 102) Anti-corruption (GRI 205) Anti-competitive behaviour (GRI 206)	Risk of unethical and/or illegal behaviour by employees Risks of corporate offences Risks of non-compliance or violation of applicable legislation or regulations Risks of corruption offences Reputational risk	17 THE SECOND SE	External contractors partners Consultants agents attorneys Local community employees	POLICIES Code of Ethics Code of Ethics Organisation and management model 231 Global compact (UNGC) SA8000 certification OVERSIGHT TOOLS Preparation of a plan for engaging stakeholders external to Alcantara on sustainability aspects (implementation pending) Promotion of good sustainability and engagement practices in the supply chain Assessment of an institutional communications campaign focused on sustainability content (implementation pending) ESG impact risk assessment on business in the medium to long term and integrate various analyses into the ERM (implementation pending) Consolidate, optimise and improve presence in sustainability indices (ESG) (implementation pending) Monitoring of identified KPIs, taking the corporate system already in place into account (implementation pending) Start of reporting of the Global Compact (communication on progress) (implementation pending) Adoption of new GRI standards for reporting on non-financial information (e.g., waste management, taxation) (implementation pending) Select participants to build and plan a working group on sustainability, including external representatives with relevant expertise	1.2
Human resources	Working onditions, welfare and respect for human rights	Human Rights (GRI 412) Diversity and equal apportunities (GRI 405) Non-Discrimination (GRI 406)	Risk of turnover increase and loss of key qualified personnel Risk of increase in accidents Risk of increase in work-related stress Risk of incompetence and negligence	5 mm ©	Employees	POLICIES Health, Safety and Environment Policy Code of Ethics OVERSIGHT TOOLS Creation of new jobs, both directly to develop production capacity, and indirectly for suppliers that operate around increases in production capacity (implementation pending) Conduct an analysis on corporate climate (implementation pending) Train workers possessing appropriate expertise, abilities and understanding of the importance of adopting technical measures, procedures and conduct in terms of ESG Identification and selection of suitable channels for collecting innovative sustainability ideas from employees	3.1
	Gender remuneration gap	opportunities GRI 405)		Mi		POLICIES • Code of Ethics	3.1
	Occupational health and safety and well-being	Occupational Health and Safety (GRI 403)		3 man		POLICIES - Health, Safety and Environment Policy OVERSIGHT TOOLS - Transition from OHSAS 18001 to ISO 45001 certification	3.3

TOPIC	MATERIAL TOPICS IDENTIFIED BY ALCANTARA	TOPIC-SPECIFIC GRI REFERENCE STANDARDS	RISKS INCURRED BY FAILURE TO MONITOR TOPIC	REFERENCE SDGS	IMPACT EXTERNAL TO ALCANTARA	POLICIES/OVERSIGHT TOOLS (implementation under way or pending)	SECTION			
	GHG emissions management	Emissions (GRI 305)			6 ** <u></u>	Communities Employees	POLICIES Carbon Neutrality certification (by TÜV SÜD) OVERSIGHT TOOLS Formulation of a medium-to-long-term working programme (2030-2050) for achieving Company sustainability and decarbonisation targets, especially the goal to minimise GHG emissions associated with Alcantara's product and operations	5.3		
	Responsible management of water and waste	Water (GRI 303) Effluents and waste (GRI 306)							E streets	Suppliers
	Tackling climate change and mitigating the associated physical risks of transition Emissions (GRI 305) Effluents and waste (GRI 306)	ONGOING • Carbon Neutrality certification	5.3							
Environmental responsibility	Energy efficiency and renewable sources	Energy (GRI 302)	Failure to comply with environmental legislation and regulations Rise in energy supply costs Regulatory amendments with risk of sanctions	Suppliers Customers	POLICIES IMO MED certification Oeko-Tex Standard 100 Certification for CPD products OVERSIGHT TOOLS Reduction in energy used in production (water-based process) with the consequent achievement of white certificates (implementation pending) Formulation of a building intervention model aimed at energy saving (implementation pending) Renewal of certification with ISO 50001 energy management system: with action plan updated annually (implementation pending) Assessment of feasibility of using renewable fuels (implementation pending) Expansion/doubling of cogeneration plant (implementation pending)	5.2				
	Circular economy	Waste (GRI 306)		Communities	Communities	OVERSIGHT TOOLS Sale of by-products for industrial use (e.g., Alcanol, Alcarene) Maximisation of the use of textile recycling supports (implementation pending) Increase in the use of Alcantara partially bio-based solutions (30%) by the market (implementation pending) Use of R-PET in spinning (implementation pending) Identification of technologies for product end-of-life recycling (implementation pending) Exploration and implementation of a feasibility study for introducing new methods in terms of sustainability (including from a circular economy perspective) (implementation pending)	5.5			
	Responsible management of chemicals	Materials (GRI 301)				Suppliers Clients	ONGOING Code of Ethics OVERSIGHT TOOLS Continuation of ongoing projects to reduce the environmental impact of manufacturing, including through the new water-based process (implementation pending) Responsible management of chemicals in use (see Chap. 6)	6.3		
Product responsibility	Product quality and safety	Customer health and safety (GRI 416)	Possible late and/ or inadequate response to customer feedback and to expected satisfaction levels; Non-compliance of product information; Reputational risk Risk of loss of competitiveness	∞ • • • • • • • • • • • • • • • • • • •	Clients	ONGOING ORGOING ORGOING ORGOING Code of Ethics ISO9001 certification OVERSIGHT TOOLS Continual investments in the sustainable development of production (reduction in manufacturing impact, health and safety, etc.)	6.2			

Changes compared with 2018

Since, in the materiality analysis conducted five years ago, certain material questions (ethics, transparent communication and responsible governance, and product quality and safety) had already emerged as important in 2018, additional new topics have been introduced that reflect current challenges. Indeed, in the 2022 materiality matrix, the following topics emerged as material: the gender remuneration gap, regarding increased social responsibility aimed at optimising and promoting equal opportunities and at reducing the gender pay difference between men and women; the circular economy, as

a business model able to generate competitiveness, bringing together innovation and sustainability; and the responsible management of chemicals.

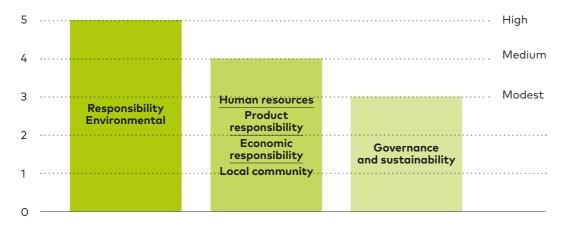
Finally, in line with our mission and values, **environmental responsibility** remains a strategic topic for the business. This is demonstrated by the fact that many of the material topics this year (such as energy efficiency and renewable sources, tackling climate change, the responsible management of GHG emissions, of water resources and of waste) were also included in the 2018 matrix

Changes in the next 5-10 years

This year, given that the sustainability agenda is evolving rapidly, we have introduced a new element to the materiality assessment, inviting the stakeholders engaged in the process to express their opinion on the evolution of the importance of the topics investigated over the next five-ten years.

It emerged that, while on the one hand all topics analysed will see an increase in importance in future, on the other, it should be underlined that, according to the stakeholders interviewed, the importance of the topics in the environmental sphere will grow exponentially. In the face of increasingly extreme, frequent and devastating climate events, the topic of tackling climate change is indeed taking on ever greater importance globally. In fact, various international organisations and institutions have already launched plans, measures and documents to tackle and mitigate this phenomenon over the mediumlong term (e.g., the Paris Agreement, Green Deal).

Increase in importance



Sustainability Governance: 2022-2025 Targets

Preparation of a Sustainability Plan

• Optimise and improve presence in sustainability indices (ESG) and KPI monitoring;

Non-financial reporting

- Adopt the new GRI standards for reporting on non-financial information;
- · Continue the reporting for the Global Compact;

Stakeholder engagement and reputation

 Involve Alcantara's external stakeholders to create a shared culture and increase awareness on sustainability topics and the environmental impact generated by its business;

Sustainability Guidance Committee

 Assess an institutional communications campaign focused on sustainability content;

Transparency and risk assessment

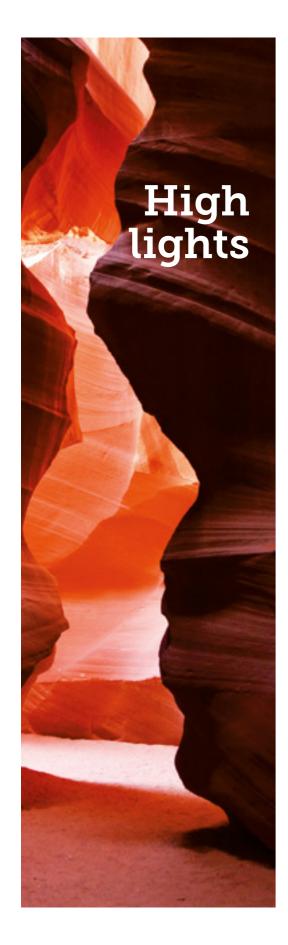
 Assess the ESG impact risks on business in the medium to long term and integrate various analyses into the ERM.

Reference SDGs











€59 million: added and distributed value



€40 million: investments



€163 million: turnover



46% of suppliers are local



46 supplier audits (39% of which involving third-party auditors)

NOTE: the numbers provided in this section are rounded to the nearest thousand euros.

2.1

Economic Indicators and **Added Value**

Fiscal Year 2022 saw extraordinary events, the timing of which was unforeseeable and the economic impact significant.

In February 2022, on top of the continuing COVID-19 pandemic that had already affected the two previous fiscal years, a new international conflict broke out with the Russian army's military offensive in Ukraine. These events had important social and economic consequences: particularly, a progressive and significant rise in raw material prices, especially energy. This led to a rapid reduction in our Company's economic performance.

KEY FINANCIAL DATA (€/000)	FY 2020	FY 2021	FY 2022
Short-term assets	152,111	128,530	141,953
Fixed assets	380,365	540,597	554,384
TOTAL BALANCE SHEET ASSETS	532,476	669,127	696,337
Short-term liabilities	160,151	126,601	154,325
Medium-to-long-term liabilities	101,808	127,807	132,384
TOTAL LIABILITIES	261,959	254,408	286,709
Shareholders' equity	270,517	414,719	409,628
TOTAL BALANCE SHEET LIABILITIES	532,476	669,127	696,337
Net financial position	(184,529)	(184,633)	(205,330)



The significant increase in short-term assets was essentially linked to the increase in unsold stock by volume, in order to maintain reserve levels, and by value, due to the rapid increase in procurement prices; it was also linked to other credits following prepaid taxation on the tax loss.

Compared to the previous year, short-term liabilities showed a significant increase of €27,724,000, mainly attributable to two factors: increased bank debt, and the increase in accounts payable due to a higher turnover compared to the previous fiscal year and the consequent increase in production, together with the above-mentioned rise in raw material and public utility costs.

Lastly, the decrease in net assets was closely related to the distribution of dividends for the previous fiscal year.

Added Value

The two calculation statements and the distribution of added value reclassify the items in the income statement as per the method suggested by the Study Group for the Social Report, to express in monetary terms the relationships between the company and the socio-economic system with which it interacts. Determining the added value thus highlights **our capacity to generate wealth** in a cost-effective way **for the benefit of certain key stakeholders:**

- personnel: employee remuneration;
- public administration: public administration remuneration;
- financiers: debt capital remuneration;
- shareholders: risk capital remuneration;
- corporate system: Company remuneration;
- local community: donations and sponsorships.

GROSS GLOBAL ADDED VALUE

(€/000)	FY 2020	FY 2021	FY 2022	Δ% FY22/21
A) Production value	214,567	151,778	175,338	15.5%
B) Intermediate production costs	113,356	88,993	116,217	30.6%
GROSS ORDINARY ADDED VALUE	101,211	62,785	59,120	-5.8%
	101,211 723	62,785	59,120 712	-5.8% 978.8%

The continuing pandemic, although more contained, and the recent outbreak of geopolitical tensions significantly impacted the prices of the cost of production.

In the second half of the fiscal year, this slowed the recovery that had been triggered by the relaxation of COVID-19 restrictions, with major repercussions for added value creation, which fell by 4.8%.

Evidence of this was a growth in intermediate production costs of €27.2 million (+30.6%), despite an increase in the value of production of €23.5 million (+15.5%).

Distributed Added Value

GROSS GLOBAL ADDED VALUE

(€/000)	FY 2020	FY 2021	FY 2022	Δ% FY22/21
A) PERSONNEL REMUNERATION	39,668	34,088	37,638	3,550
Employees	37,880	32,147	35,610	3,463
wages and salaries	26,568	22,154	24,485	2,331
social security contributions	8,548	7,242	7,839	597
severance pay	1,855	1,692	1,830	138
other expenses	910	1,059	1,456	397
Non-employees	1,788	1,941	2,028	87
B) PUBLIC ADMINISTRATION REMUNERATION	(4,907)	(3,689)	(5,943)	(2,254)
Direct and indirect taxes (net of financing and tax credits)	(4,246)	(1,408)	(5,079)	(3,671)
Financing from public administration	(661)	(2,281)	(864)	1,417
C) DEBT CAPITAL REMUNERATION	1,162	1,639	1,771	132
Short-term capital charges	7	1	1	0
Long-term capital charges	1,155	1,638	1,770	132
D) RISK CAPITAL REMUNERATION	0	5,184	0	(5,184)
Distributed share of profit for the year	0	5,184	0	(5,184)
E) COMPANY REMUNERATION	65,909	25,516	26,241	725
Share of profit allocated to reserves	49,968	5,183	93	(5,090)
Amortisation	15,941	20,333	26,148	5,815
F) LOCAL COMMUNITIES (DONATIONS AND SPONSORSHIPS)	101	113	124	11
GROSS GLOBAL ADDED VALUE	101,934	62,851	59,831	(3,020)

Staff remuneration - which was about 63% of annual value - increased by 10.4% compared to the previous fiscal year, fundamentally due to the rise in the number of employees (+5.7% compared to Fiscal Year 2021).

The public administration again saw negative growth, owing to the inclusion in the budget of prepaid taxes because of the tax loss. This can be compensated for in

future fiscal years provided the Company remains a going concern with a capacity for positive future profit.

The increase in debt capital remuneration was due to the increase in bank debt.

More details on the €124,000 allocated to communities is given in the following table.

TOTAL NET TURNOVER	AMOUNT (€/000) - FY 2022
Membership fees	88
Culture	25
Social	11

Alcantara and Toray Industries: Together for the community

This project was approved by parent company Toray Industries Inc. and will result in Alcantara almost doubling its current size and in a completely new water-based production process.

The project's progress has slowed with respect to the original plan due

to the COVID-19 pandemic and the Russia-Ukraine conflict.

Based on the resumption of the core business, the Company will continue towards completion of the project, which remains fully operational in both economic and environmental terms.



Investments

Investments in Fiscal Year 2022 were $\mathbf{\xi}40$ million. Of these, $\mathbf{\xi}3$,168,000 relate to intangible fixed assets and $\mathbf{\xi}6$,707,000 relate to the capitalisation of internal costs, attributable to the cost of staff in the maintenance department, in the technical design and research office and in warehouse picking.

In addition to investments devoted to the new water-based process, **investments in protecting health, safety and the environment were €2,010,000** (about 5% of total investments), almost in line with expected expenditure. The breakdown is as follows:



Expected Investments for Fiscal Year 2023

For Fiscal Year 2023, we have reconfirmed our commitment to health, safety and the environment through investments aimed at strengthening the measures adopted and at continuous improvement of the standards achieved, in order to limit the impact on the environment and safeguard worker safety.

INVESTMENT PLAN 01/04/2022-31/03/2023	AMOUNT (€/000)
Construction and maintenance of plants and quality standards	12,449
Health, safety and the environment	3,880
Research and development	580
Information system, commercial facilities and others	1,300
Water Based process	5,186
New project to increase production capacity	-
TOTAL	23,395

Business Management

Economic Performance

In the last fiscal year, we continued our **business growth programme**, in part thanks to the development of local partnerships, enriching our offering with increasingly innovative, sustainable and competitive products and focusing on the diversification of international markets. To that end, the **sales area was further strengthened** by consolidating the skills and tools that support it. Dialogue and relations with portfolio clients and prospects were intensified thanks to the work of inter-functional corporate teams.

The mix of proprietary skills made available to clients provides a key competitive advantage in the industries in which we operate. At Alcantara, we are not only able to respond to the needs of the market, but also to put forward cutting-edge solutions in terms of technical functionality, product personalisation, special processing of materials, aesthetic finishes and creative choices.

Points of Engagement

Business operations are guided by the Points of Engagement, already described in paragraph 1.1. They represent the Company's commitment and methods of approach and the essence of its positioning.

THE MAIN BUSINESS SECTORS

- Automotive (79%);
- Fashion and accessories (11%);
- Consumer electronics (4%);
- Interiors, contract, marine and aviation (6%).

Description (€/000)	FY 2020	FY 2021	FY 2022	Variation (Δ% FY22/FY21)
End-product turnover	198,891	131,753	161,389	29,637
Turnover from by-products and other materials	1,260	1,428	1,876	448
TOTAL NET TURNOVER	200,151	133,181	163,266	30,085

Description (€/000)	FY 2020	%	FY 2021	%	FY 2022	%	(Δ% F	Variation Y22/FY21)
Italy	9,504	4.7%	7,783	6%	12,385	7.5%	4,602	59.1%
EU	131,021	65.5%	65,923	49%	78,613	48.2%	12,690	19.3%
Non-EU	59,626	29.8%	59,475	45%	72,269	44.3%	12,795	21.6%
TOTAL NET TURNOVER	200,147	44.3%	12,795	100%	163,267	100%	30,087	22.6%

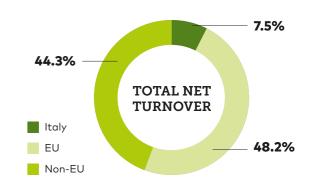
Overall results were a growth in turnover of 22.6% compared to Fiscal Year 2021, with all markets experiencing a significant recovery compared to the previous year, strongly affected by the pandemic.

The car industry, by far the most important for our business, experienced a moderate recovery but did not return to pre-pandemic levels globally, in part because of

the disruptions to the supply chain for many components. Excellent results were achieved in the Chinese and American markets, where the launch of new projects with major industry OEMs (Original Equipment Manufacturers) enabled us to improve our market penetration and increase our turnover compared to both 2020 and 2019.

Over the last year, the fashion industry has seen significant growth in the accessories sector and furnishings sector. The latter performed well compared to the previous year, with a sharp increase in turnover due to rationalisation of the product offering and the introduction of a new set of samples.

Lastly, besides an increase in turnover, the consumer electronics industry was marked by the launch of new partnerships with premium brands.



Description (€/000)	FY 2021	FY 2022	Variation	(Δ% FY22/FY21)
Germany	34,036	38,468	4,432	13%
France	7,891	12,491	4,600	58%
Portugal	8,352	10,132	1,780	21%
Spain	3,722	4,470	748	20%

Outside the EU, the share of the Chinese market was 44%, while the US market reached 20%.



2.2 Suppliers and Partners

For us, responsible supply chain management is of strategic importance in relation to our commitment to ensure a product that meets the highest quality, safety and compliance standards.

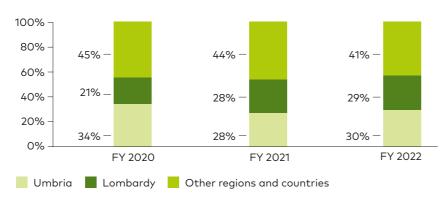
The Company obtains the materials, products and services necessary to carry out its manufacturing operations at the Nera Montoro plant, its activities at the headquarters in Milan, and its distribution processes. In detail, we import a number of special raw materials, semi-finished products, machinery and equipment. In specific cases, these are manufactured by Toray Industries, Inc.

Otherwise, the supply chain downstream of Alcantara is differentiated and specific for each individual market sector. Our automotive and consumer electronics clients, for example, transform the product to make it suitable for the various applications, while our fashion and interior design clients often manufacture the end product directly. Establishing agreements with local partners has increasingly proved to be a winning tactic overseas.

Location

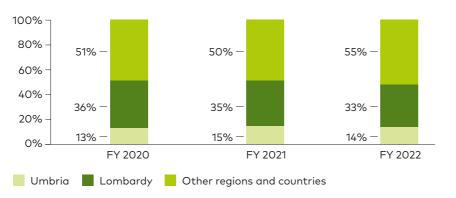
Over 80% of the technical area services and outsourced maintenance for the Nera Montoro plant are provided by local companies headquartered and operating in Umbria, while product processing, also outsourced, is entrusted to specialised third-party companies, with over 97% of services provided in Italy.

PERCENTAGE OF COSTS BY PROVENANCE OF SUPPLIERS



With specific reference to the location of suppliers, the closer they are to the Company's sites (by province or region), the more positively they are assessed. Relative to the two Italian corporate sites in Milan and Nera Montoro, out of a total of 1,399 suppliers, 650 suppliers are local, or 46% of the total. The high percentage of local suppliers allows us to significantly reduce transport costs, and therefore mitigate the environmental impact of our operations. Outside Europe, the main suppliers are based in Japan.

NUMBER OF SUPPLIERS BY PROVENANCE



		FY 2020 FY 2021 FY 2022			FY 2021				
SUPPLIERS	Number	% of total	% of costs	Number	% of total	% of costs	Number	% of total	% of costs
Italy	1,456	87%	81%	980	83%	86%	1187	85%	81%
Other countries	227	13%	19%	202	17%	14%	212	15%	19%
TOTAL	1,683	100%	100%	1,182	100%	100%	1,399	100%	100%

We only purchase raw materials authorised by EU legislation, subjecting each new product to a rigorous assessment in terms of environmental impact and consumer safety before it is introduced into the production process.

Environmental Responsibility

With the aim of ensuring and protecting the end consumer's health, and limiting the presence in our production cycles of chemicals considered harmful to human health and the environment, we require suppliers to:

- verify and certify that all chemicals and raw materials supplied comply with REACH/CLP mandatory requirements⁵;
- certify the level of compliance of all chemicals and raw materials supplied with the limits indicated in the MRSL⁶ ZDHC, on Alcantara's PRSL⁷ (Product Restricted Substances List), as well as on the list of additional requirements, undertaking to monitor and maintain them over time.

Supplier Qualification

We pay particular attention to the selection and management of suppliers through the implementation of a series of measures and procedures to ensure compliance with the sustainability, quality and safety policies we have adopted. The main supplier verification and evaluation activities concern:

- due to the pandemic emergency, in the last two years the audits have been conducted online to verify the ability to meet specific supply conditions and compliance with the requirements of certified management systems (quality, safety, environment, social responsibility);
- incentives for the adoption of programmes to optimise energy consumption, reduce hazardous materials, reduce emissions, use recycled materials and optimal waste management; adoption is ascertained through objective documentary evidence and also through technical/ organisational audits at the suppliers' premises;
- updated mapping of suppliers based on identifying important factors for assessing the environmental and social risks associated with supply, adherence to the code of ethics and participation in corporate social responsibility programmes;

- the signing by suppliers of contract work and services, within the contracts signed, which undertake to **comply with the principles referred to in the SA8000® standard** and to observe, for the purposes of the execution of the tasks conferred, the General Part of the Organisational Model (as per Italian Legislative Decree no. 231/2001) and the Alcantara Code of Ethics;
- promotion, among its suppliers (and sub-suppliers), of transparent and ethical conduct, and responsible management paths in compliance with the principles of environmental protection, human rights, labour standards and the fight against corruption;
- sharing of the Guidelines issued by Alcantara to improve sustainability performance along te supply chain.

In the three-year period in question, we conducted 46 audits, of which 39% with third-party auditors.

The audits, as shown in the following table, assessed seven main areas of impact, including transparent business management and ESG aspects such as respect for the environment, human rights and the community.

⁵ REACH - EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals.

CLP - EU regulation on the Classification, Labelling and Packaging of substances and mixtures.

⁶ MRSL - Manufacturing Restricted Substances List Zero Discharge of Hazardous Chemicals programme (for further information see paragraph 6.2).

7 PRSL - Product Restricted Substances List, list of chemicals restricted or prohibited in certain products as per national and international laws and/or voluntary undertakings or client requirements.

AREA INVESTIGATED IN FY 2020-2022	ASSESSMENT	RATING PER AREA
1. Commitment to responsible management and transparency	HIGH	93%
2. Fair business practices	GOOD	90%
3. Market and consumers	GOOD	87%
4. Working practices and human rights	GOOD	87%
5. Environment	GOOD	84%
6. Supply chain and suppliers	GOOD	82%
7. Community and local region	GOOD	73%
Average	GOOD	84%

After the third-party audits, we provide suppliers with an assessment report and improvement plan, which suggests possible measures for improving performance in the areas analysed. Below are shown the audits in the last three-year period.

No. audits in the three-year period FY 2020-2022	FY 2020	FY 2021	FY 2022	Total
4. Working practices and human rights	2	1	3	6
5. Environment	2	4	5	11
6. Supply chain and suppliers	3	7	6	16
7. Community and local region	-	1	2	3

Within our supply chain, 128 suppliers are considered priority suppliers, since the goods or services they provide have a mutually significant economic impact and support activities with effects that may influence stakeholder assessment. Of these, 42 are so-called "super core" suppliers (as they operate continuously on our premises or in production process and distribution partnerships), and 86 are so-called "core" suppliers (as they perform some non-continuous services on corporate premises or can become production process partners).

During Fiscal Year 2022, three new suppliers were formally affirmed as priority. They will be included in our long-term evaluation programme. This envisages, among other things, an assessment of environmental and social criteria relating to respect for workers' human rights, to be conducted in the near future

In addition to identifying priority suppliers, we generally consider suppliers of the following services/products as strategic:

- product processing;
- contracting and logistics services (technical and maintenance companies operating at the plant and headquarters, warehouse management, transport):
- general services (waste recovery and disposal);
- · raw materials.

New Approach to Supply Chain Sustainability:

CSR Self-Assessment and CO₂ Offsetting

CSR (Corporate Social Responsibility) assessment along the supply chain allows suppliers to highlight the level of management of risk and of sustainability opportunities to be adopted. The compilation of a series of assessment sheets allows the identification of possible measures aimed at improving performance and creating value sustainably, while minimising the impact on the environment and on the region in which they operate.

Through this initiative, suppliers will be able to respond to our sustainability requests and to comply with the socially responsible business model that we promote. In addition, they will be able to equip themselves with better governance and control mechanisms, by:

- identifying ethical-social and environmental risks and opportunities;
- · understanding the level of management of such aspects;
- · identifying what is required to reach a satisfactory level;
- evaluating and measuring progress over time;
- involving collaborators, including the stimulation of internal debate;
- initiating dialogue with other businesses and organisations.

With this assessment model, the supplier can be accredited by the vendor management system in line with sustainability standards. During Fiscal Year 2022, the project was implemented with five additional contractor partner companies.

CSR SUPPLIER ASSESSMENT

TYPE OF SUPPLY	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL at 31/03/2022
Product processing and ennobling	1	3	-	-	-	-	1	5
Contracting and logistics services	3	6	5	5	4	1	-	24
Services/performance/waste	-	1	2	-	-	-	2	5
Raw materials/packaging	1	-	-	2	1	4	5	13
TOTAL AUDITS	5	10	7	7	5	5	8	47

Compared to Fiscal Year 2021, the **number of accredited suppliers more than doubled in the last fiscal year, from 39 to 92**. At the same time, accredited suppliers as a percentage of total priority suppliers also increased, to 72% in 2022 (compared to 31% in 2021).

SUSTAINABILITY STANDARD ACCREDITATION STATUS AS AT 31/03/2022

	S.CORE	CORE	TOTAL
Total priority suppliers	42	86	128
Accredited as at 31/03/2022	30	50	80
Accredited as a % of total priority suppliers	71%	58%	63%

During Fiscal Year 2022, we continued **awareness-raising along the supply chain with respect to our environmental sustainability model**, expanding the categories of suppliers involved in calculating CO₂ emissions and associated offsetting, through the well-established practice of purchasing **offsetting projects**. This was achieved through the involvement of a selected group of raw-material suppliers (canvases and fireproofing) and outsourcers, in addition to the consolidated number of partners belonging to the transporters and couriers category. Thanks to the numerous activities promoted in this field, many of our suppliers have become carbon neutral.

In terms of the supply of goods and services in Fiscal Year 2022, the amount of CO_2 offset by the aforementioned suppliers was 20,171 tons.

SA8000®

As described, we work proactively to ensure our vision and the values underlying our business philosophy are also shared and promoted by our suppliers. This year, the suppliers with which we work have **reconfirmed their commitment** to:

- comply with service provision in line with the updated Alcantara certified systems framework;
- undergo audits;
- comply with the ethical principles contained in the SA8000® standard and introduce an express commitment from the supplier;
- evaluate and select their sub-suppliers on the basis of their ability to respond to the above principles;
- respond to our requests regarding sustainability and to comply with our socially responsible business model by respecting the general part of the organisational model (pursuant to Legislative Decree no. 231/2001) and of the Code of Ethics.

Further evidence of the commitment of our suppliers of goods and services to adhere to our sustainability guidelines is the agreement, in place since 2007, to maintain compliance with the SA8000° standard. This agreement envisages a schedule of visits to "core" and "super-core" suppliers aimed at the verification, by qualified experts and the SA8000° manager, of our commitment to ensure compliance with the standard on social responsibility and to identify any risk scenarios that could prejudice workers' rights. The findings detected can be classified as "minor" and the suppliers are asked to implement corrective measures and evidence of their implementation.

In the period in question, no suppliers were found to have breached applicable occupational health and safety, environmental protection or public health standards, the international principles referred to in the SA8000° standard, nor were there any social emergencies (undeclared work, child abuse, etc.) requiring contract suspension or termination. No supplier was given "alert status". In addition, corrective action plans were formulated, together with suppliers, in relation to the areas identified as having potential for improvement.

Following the audits carried out **in the last three fiscal years** (totalling 29 audits, comprising 18 CSR audits and 11 SA8000® audits), **29 action plans** were launched. Of these, 8 were implemented in Fiscal Year 2022 and involved 8 suppliers (93% of the visits were followed up with an improvement plan), for a total of 82 evaluations (54 CSR evaluations and 28 SA8000® evaluations) and corresponding corrective actions.

In Fiscal Year 2022, we reviewed the mapping of suppliers in order to update the **multi-year audit programme until 2024**. This includes those whose compliance with the criteria of sustainability, social responsibility and quality management requires direct auditing.

The key factors under examination and adopted in preparation for mapping, as part of a risk analysis, included: the product sector to which suppliers belong; the geographical areas or industrial districts in which they operate; any information available in the public domain; and conduct during qualification or supply.







2.3

Institutions

We have always cultivated a positive relationship with institutions and public bodies, including involving universities in projects aimed at developing a connection between public and private research.

With regard to the transfer of value to the state and local bodies through the payment of direct and indirect taxes and other levies, it should be noted that the net amount was a negative value, -€5,079,000, mainly due to IRES (corporate income tax), which itself was a negative figure (-€5,579,000). This therefore highlights not a transfer to the state, but from the state, albeit involving a combination of events. This is mainly due to the fact that the fiscal year ended with a tax loss for IRES purposes and the consequent recognition of prepaid tax assets of €7,443,000, which will be recovered in subsequent fiscal years.

FINANCIAL RELATIONS WITH LOCAL AUTHO	DRITIES AND	THE STATE	(€/000)
LOCAL AUTHORITIES	FY 2020	FY 2021	FY 2022
IRAP (regional business tax)	(137)	307	(135)
Waste disposal charge	56	29	36
Taxes and surcharges on utilities	40	43	44
ICI/IMU (municipal share of local property taxes)	207	222	220
Advertising tax	9	9	9
Sundry tax charges	17	11	31
TOTAL	192	621	205
STATE	FY 2020	FY 2021	FY 2022
STATE IRES (corporate tax)	FY 2020 (4,783)	FY 2021 (2,354)	FY 2022 (5,579)
IRES (corporate tax)	(4,783)	(2,354)	(5,579)
IRES (corporate tax) Customs charges	(4,783)	(2,354)	(5,579)
IRES (corporate tax) Customs charges IMU (state share of local property tax)	(4,783) 26 177	(2,354) 32 180	(5,579) 29 177
IRES (corporate tax) Customs charges IMU (state share of local property tax) VAT on gifts	(4,783) 26 177 85	(2,354) 32 180 49	(5,579) 29 177 37
IRES (corporate tax) Customs charges IMU (state share of local property tax) VAT on gifts Registration tax and government concessions	(4,783) 26 177 85	(2,354) 32 180 49	(5,579) 29 177 37

Transparent Approach to Taxation

Transparency is the foundation for our relationships with the main stakeholders, including local authorities and national institutions. The Company also adopts this attitude to tax matters, formulating concrete and proactive responses to new regulatory requirements, without neglecting to deliver an ethically responsible economic performance.

Our Company does not have a division dedicated exclusively to taxation. The latter is dealt with by the Administration, Finance and Control division in collaboration with leading tax consultants. Tax returns, as well as all tax benefits that must be certified as per specific legislation, are subject to verification and certification by the auditing firm EY S.p.A. The Company defines tax risk management by taking specific account of the Organisation and Management Model, and particularly of compliance with the

Organisation Model (hereinafter also OM) for the prevention of offences, as per Italian Legislative Decree 231/2001 (such as corruption or false communication, exploitation of people, and many more), as well as for the prevention of conduct governed by the Code of Ethics (such as conflicts of interest).

The approach to taxation is therefore based on transparency and full compliance with local regulations, including through continuous dialogue with the third-party experts who assist the Company. This is also reflected in our corporate governance, where clear roles and responsibilities have been defined in relation to tax risks. Finally, the Supervisory Body oversees the application of Model 231 and monitors its implementation.

Prepaid and deferred income taxes are mainly linked to the differences between statutory and tax results following the movement of funds or other provisions, and for €5,808,000 linked to the tax loss recognised for IRES (corporate tax) purposes that, with the expected

continuity of business results, is recorded in the Financial Statements under receivables for prepaid taxes.

The negative sum of –€5,713,000 can be broken down as follows.

	IRES (corporate tax)	IRAP (regional business tax)	TOTAL
Current taxes	-	-	-
Relating to previous fiscal years	-	(219)	(219)
Deferred and Prepaid	(5.579)	85	(5.494)
TOTAL	(5.579)	(134)	(5.713)

The percentage of effective tax applied in the year is a negative sum, and differs from the 27.90% nominal percentage of applicable tax, as shown in the table below.

TAXES FOR THE FISCAL YEAR AND RECONCILIATION OF	IRES (corp	orate tax)	IRAP (regional business tax)		тот.	
ACTUAL AND THEORETICAL TAX BURDEN	%	€	%	€	%	
PROFIT BEFORE TAX		(5,620)		(5,620)		
Tax credits		(1,792)		(1,792)		
Labour and similar costs		(53)		4,657		
ACE (Allowance for Corporate Equity)		(2,720)		-		
Super/Hyper Amortisation		(13,756)		-		
Other permanent differences		693		2,829		
		(23,248)		74		
Theoretical tax charge	24.00%	(5,580)	3.90%	3	27.90%	
Temporary differences						
Deductible in subsequent years		3,415		1,692		
Reversal of temporary items from previous years		(4,358)		(3,481)		
TAXABLE INCOME		(24,191)		(1,715)		
Current taxes for the fiscal year	24.00%	-	3.90%	-	27.90%	
Prepaid taxes on losses	24.00%	(5,806)				
Deferred taxes for the fiscal year	24.00%	226	3.90%	70	27.90%	
Deferred and prepaid taxes for previous fiscal years		1		15		
COVID benefit		-		(195)		
Current taxes for previous fiscal year		-		(24)		
TOTAL TAXES FOR THE FISCAL YEAR AND RELATIVE TAX BURDEN ON PRE-TAX PROFIT	99.26%	(5,579)	2.39%	(134)	101.65%	
Higher/(lower) tax burden	75.26%		-1.51%		73.75%	

Funding from Public Administration

During Fiscal Year 2022, monitoring continued of subsidy opportunities in view of the high volume of investments required for the project to increase production capacity. In light of this, following the request for contributions for both investments and development, we obtained the first contributions, as follows:

GRANTS AND CONTRIBUTIONS RECEIVED	FY 2020	FY 2021	FY 2022
Contribution for energy-intensive enterprises	-	1	-
Tax credit for research and development	(660)	(647)	(647)
Tax credit for new capital investments (as per super-amortisation)	-	(98)	(198)
Tax credit for new capital investments (as per hyper-amortisation) ⁸	-	-	(928)
COVID sanitisation bonus		(9)	(19)
Development agreement contribution (industrial research and experimental development) ⁹		(1,526)	-
TOTAL CONTRIBUTIONS TO OPERATING COSTS	(660)	(2,280)	(1,792)
Development agreement contribution (production investment) ¹⁰		(2,106)	-
TOTAL CONTRIBUTION IN CAPITAL ACCOUNT		(2,106)	-

Further information in terms of grants or funding received during the fiscal year is available in the Statutory Financial Statements and, in detail, in the Tax Benefits section below. Such economic advantages are received under an aid scheme accessible to all businesses fulfilling certain conditions on the basis of predetermined general criteria.

Tax Benefits

law No. 178 of 30 December 2020)

LEGISLATIVE FRAMEWORK	CHARACTERISTICS
Patent Box (pursuant to art. 1, paragraphs 37-45 of Italian Law No. 190 of 23 December 2014 "Stability Law", amended by Italian Decree-Law No. 3 of 24 January 2015 and converted into Italian Law No. 33 of 24 March 2015)	The current regulatory framework has redefined the rules for calculating tax benefits, with the exclusion of the brand component. The Company has submitted a new Ruling request for the five-year period from 01.04.2020 to 31.03.2025. During the last tax period, all details for calculating tax benefits were provided and, furthermore, preliminary meetings were held to assess how the benefit is applied, heavily influenced by the specific national and international economic situation (the ongoing COVID-19 pandemic and other exceptional factors such as the energy crisis). In recent months, following the global economic slowdown, a new criterion was introduced for calculating Patent Box tax concessions, and the Company is evaluating any potential advantages. The ruling procedure has in any case been initiated and indications from the regulatory body are awaited.
Super-Amortisation (art. 1, paragraphs 91, 92, 93 and 94 of Italian Law No. 208 of 28 December 2015 "Stability Law") and Credit for investments in new capital goods (art. 1, paragraphs 1051-1063 of Italian Law no. 178 of 30 December 2020)	For Fiscal Year 2021, the legislation was extended, with the maintenance of the tax credit at 10% of the investments in new capital goods intended for production plants located in Italy and carried out in the tax period. The Company therefore carried out an analysis of the investments incurred, identifying a total tax credit of about €197,000 that can be used as compensation, starting from the year following that of the asset's coming into operation, in three equal instalments. This benefit is on top of benefits already consolidated in previous years in the form of a non-accounting deduction of greater fiscal amortisation. See previous years' Financial Statements. The amount entered in the Financial Statements is €198,000, in that there was a residual amount on the sum of the previous fiscal year.
INDUSTRY 4.0. Hyper-Amortisation (art. 1, paragraphs 9-14, Annex A and Annex B - Italian Law No. 232 of 11 December 2016), then reformed as a tax credit for investments in capital goods (art. 1, paragraphs 184-194, Italian Law No. 160 of 27 December 2019 and art. 1 paragraphs 1051-1063, Italian	The provision is aimed at encouraging investments in tangible assets with automation and interconnection requirements in compliance with Italy's Impresa 4.0 National Plan. During the fiscal year, the work of the cross-functional group continued for the interconnection of the new plants in compliance with the law, with the successful conclusion of phase III of the project and with the drafting of two appraisals for a total benefit of €928,000 in the form of tax credit (40% and 50% shares of the specific investments). This benefit is on top of benefits already consolidated in previous years in the form of a non-accounting deduction of greater fiscal amortisation. See previous years' Financial Statements.

LEGISLATIVE FRAMEWORK	CHARACTERISTICS
Tax credit for sanitisation and for the purchase of protective equipment. (art. 125 of Italian Legislative Decree No. 34 of 19 May 2020 - Urgent measures on health, support for work and the economy, as well as social policies related to the COVID-19 pandemic)	Tax credit granted up to the maximum amount of funds available to cover expenses involving the purchase of protective equipment and the sanitisation of spaces, as well as cleaning and sanitising products. The tax credit can be used in the tax return for the tax period in which the expense is incurred or offset, pursuant to Article 17 of Italian Legislative Decree No. 241 of 9 July 1997. The limits referred to in Article 1, paragraph 53, of Italian Law No. 244 of 24 December 2007, and in Article 34 of Italian Law No. 388 of 23 December 2000, shall not apply.
ACE – Allowance for Corporate Equity (art. 1 of Italian Law No. 201 of 6 December 2011, also called "Manovra Monti" or "Salva Italia", and art. 7 of Italian Law No. 50 of 24 April 2017). ACE enhanced – (art. 19 of Italian Legislative Decree "Sostegni-bis", a transitional supportive measure for Fiscal Year 2021 only)	Credit that replaces and amends the previous version with the aim of encouraging spending on research and development, and technological and process innovation in order to enhance companies' competitiveness. All expenses regarding the following are eligible: fundamental research, technological innovation aimed at the creation of new products or production processes, and design and aesthetic design (costs for staff, expenses for external research contracts, costs for consultancy, amortisation and rental fees, costs for materials, supplies and other similar products used in the above activity). The current fiscal year recorded a benefit of €646,000 (see table in the Funding from Public Administration section) of higher, fully untaxed revenues for both IRES (corporate tax) and IRAP (regional business tax) purposes. This activity has also been subject to external certification. The difference compared to the figure of €647,000 that appeared in the report is due to the discrepancy between the final balance and the forecast for the previous fiscal year.
Tax credit for R&D (art. 1 paragraphs 198-209 of Italian Law No. 160 of 27 December 2019 (formerly art. 3 of Italian Law No. 145 of 23 December 2013 and subsequent amendments, see art. 1 paragraph 1064 of Italian Law No. 178 of 30 December 2020)	Incentive in the form of a deduction from corporate income of the notional return on equity, designed to make the treatment between equity and debt capital less unbalanced. This facility provides for the deductibility from taxable income for IRES purposes of part of the increase in equity (calculated with respect to closing shareholders' equity at 31 December 2010) multiplied by a coefficient periodically established by the Government. The shareholders' policy of leaving a considerable share of the profit made within the Company has led to significant tax savings in the period under review, which in the year ended 31 March 2021 amounted to 24% of €1,968,000, equal to €472,000 of lower taxes.
Development Contracts (art. 9 of the Decree of the Minister of Economic Development of 9 December 2014)	Invitalia, on 21 January 2020, pursuant to article 9, par. 8 of Italian Ministerial Decree of 9 December 2014, approved the proposed development contract, submitted by Alcantara. It envisages an investment project for environmental protection, aimed at a water-based redesign of the production process at the industrial site in Narni, and a related experimental development project necessary for the development of the process on a pre-industrial scale. The cost of the investment project is €108.2 million, while that of the permitted development project is approximately €7.2 million. These sums and the project timeframe were evaluated and will in part be readjusted in light of the global economic slowdown caused by the COVID-19 pandemic. In July 2020, Alcantara submitted the first project progress report to Invitalia. This was followed by the administrative-accounting inspection that led to the approval of contributions of €2.1 million for the investment part, and €1.5 million for the industrial research and experimental development part. The amounts were disbursed financially in the first months of 2021 by the managing body Invitalia S.p.A. (on behalf of the Minister of Economic Development and the Umbria Region that participated in the financing) for 90% of the approved amounts. The company has begun to prepare the second report, which will be submitted in May 2022 (Research and Development Project) and July 2022 (Investment Project).

Participation in Trade Associations

We participate – through both our membership fees and direct attendance – in the work of numerous associations and institutions in order to support business representation and benefit from association services.¹¹

LIST OF ASSOCIATIONS OF WHICH ALCANTARA WAS A MEMBER AS OF 31/03/2022

AICTC	CONFINDUSTRIA UMBRIA
ASSOFIBRE	FEDERCHIMICA
ASSOLOMBARDA	GLOBAL COMPACT FOUNDATION
AUSED	FONDAZIONE ITALIA-GIAPPONE
JAPAN CHAMBER OF COMMERCE	SCUOLA GIAPPONESE
CAMERA NAZIONALE DELLA MODA	SISTEMA MODA ITALIA
COMITATO LEONARDO	WETTBEWERBSZENTRALE

 $^{^{} ext{11}}$ Alcantara has never made donations for political ends and no such projects are envisaged in the future.

⁸ 90% of amount provided.

⁹ Capitalised amount.

¹⁰ See note 5.

Economic Sustainability: 2022-2025 Targets

Supply chain Involvement

- Promote good sustainability and engagement practices along the supply chain;
- Monitor the supply chain's environmental impact;

Sustainable innovation

• Continue sustainable innovation of the product and the production process;

Investments in sustainability

- Expand the cogeneration plant with a target to reduce environmental impact (about 4,000/5,000 TOE annually);
- Continue investments for production capacity increase, coherently with sustainability targets.

Tax transparency

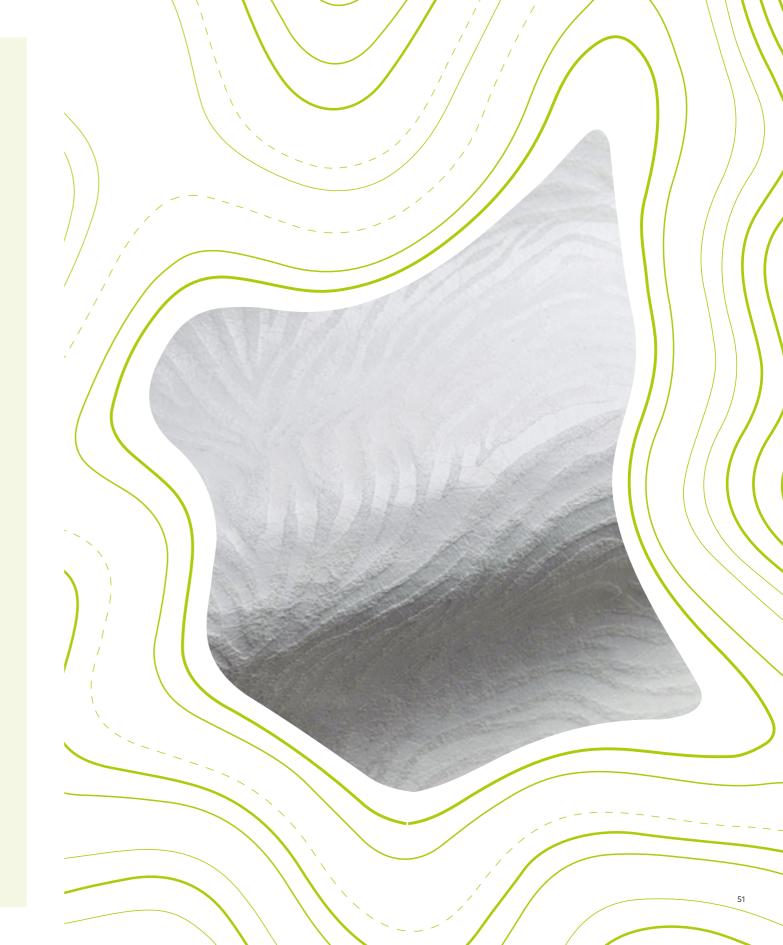
• Prepare a transparent disclosure on Alcantara's approach to taxation for communication in the Sustainability Report.

Reference SDGs















+5.7% growth in company population vs. FY 2021



85.8% of personnel is employed on permanent contracts



> 96% of personnel is subject to performance evaluation



+34.4% hours of training provided



Transition to ISO 45001 certification

3.1 People, Diversity and Inclusion

Management Policies and Breakdown of Personnel

People are the key to Alcantara's success: it is only thanks to the commitment, professionalism and skills of its employees that the Company is able to create economic, social and environmental value for the business and its stakeholders. This awareness is at the heart of our personnel management policy, whose central concept is **accountability at all levels**, which takes the form of respect for roles, the relationship between manager and employee and the work of inter-functional teams. Strategies in this context are pursued through the definition of annual **operating plans** whose development is monitored through the system of corporate meetings.



The key elements for the growth and motivation of personnel:



Communication and sharing of corporate, individual and team objectives



The development of training plans aimed at professional growth at all levels



The implementation of remuneration policies that ensure internal fairness, competitiveness with the market and recognition of achievements



Teamwork and understanding of business processes



Control and feedback on the results obtained

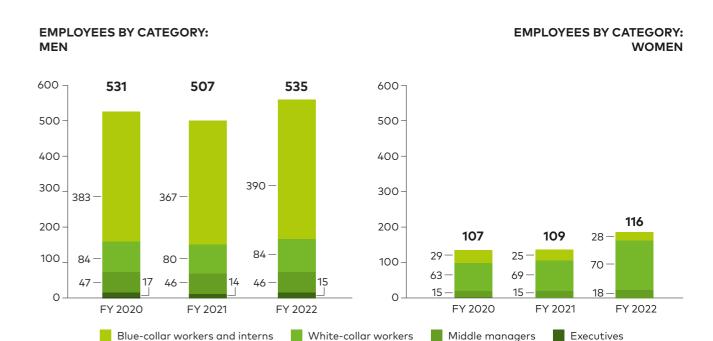
As at 31 March 2022, the Company had 651 employees, 100 of whom were at the Milan headquarters (2 of whom work for the Representative office in China) and 551 at the Nera Montoro production plant and R&D centre. The average number of employees during Fiscal Year 2022 was 635, an increase of 42 compared to the average number of employees in the previous fiscal year.

PERSONNEL	FY 2020 (AS AT 31 MARCH)		FY 2021 (AS AT 31 MARCH)		FY 2022 (AS AT 31 MARCH)	
NUMBER	MEN	MEN WOMEN MEN WOMEN		MEN	WOMEN	
Executives	17		14		15	
Middle managers	47	15	46	15	46	18
White-collar workers	84	63	80	69	84	70
Blue-collar workers and interns	383	29	367	25	390	28
% of total	83%	17%	82%	18%	82%	18%
TOTAL	638		616		651	

PERSONNEL	FY 2020		FY 2021		FY 2022			
PERMANENT VS. TEMPORARY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN		
Permanent employees	438	94	450	96	456	103		
Temporary employees	93	13	57	13	79	13		
FULL TIME VS. PART TIME	FULL TIME VS. PART TIME							
Full-time personnel	531	105	507	108	535	115		
Part-time personnel		2		1		1		

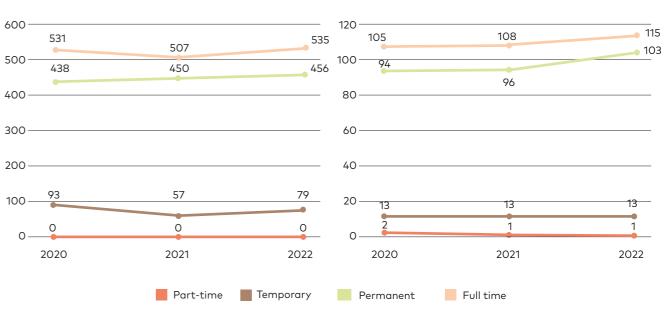
BREAKDOWN OF PERSONNEL BY REGION	FY 2022 (A	FY 2022 (AS AT 31 MARCH)		
PERMANENT VS. TEMPORARY	ITALY	CHINA		
Permanent employees	648	2		
Temporary employees	1	-		

**************************************	95.5006.095000000000000 ₀	
BREAKDOWN OF PERSONNEL	F	Y 2022
BY EMPLOYEE CATEGORY AND BY REGION	ITALY	CHINA
Executives	14	1
Middle managers	64	-
White-collar workers	153	1
Blue-collar workers and interns	418	-
% of total	99.7%	0.3%



EMPLOYEES BY CONTRACT TYPE: MEN

EMPLOYEES BY CONTRACT TYPE: WOMEN



In order to guarantee employment stability, **85.8%** of personnel have permanent contracts, while for the remaining 14.2%, the Company met employees' various flexibility requirements, including through the use, in selected cases, of temporary contracts or outsourcing contracts and external collaborations.

As for employees' place of origin, the majority reside in the areas adjacent to the workplace: 92% of personnel at Nera Montoro live in the province of Terni, while 70.9% of the personnel working at the headquarters live in the province of Milan.

As regards managerial staff, 50% of senior managers at the headquarters live in the province of Milan, while 100% of senior managers at the industrial unit of Nera Montoro live in the surrounding province of Terni.

Overall, **71.7%** of employees are between **30 and 50 years of age**. The average age is 43.9 at the Milan headquarters (43.94 in FY 2021) and 41.34 at the Nera Montoro production plant and R&D centre (practically unchanged compared to 41.04 in FY 2021). Despite this, it remains clear that a significant percentage of employees are over 50 years of age, comprising 19% of the Company's population.

NUMBER OF EMPLOYEES BY AGE GROUP

NUMBER OF EMPLOYEES	FY 2020	FY 2021	FY 2022	BOARD OF DIRECTORS BY AGE GROUP
< 30 years old	76	60	60	-
30-50 years old	455	442	467	2
> 50 years old	107	114	124	6
TOTAL	638	616	651	8

As can be seen from the tables below, during the last fiscal year, the Company hired **74 new employees** (15 women and 59 men), 46% of whom were under 30 years of age, i.e., a **recruitment rate of 11.3%**, about 0.5% higher than the previous year. The **termination rate fell to 3.99% in Fiscal Year 2022.**

	RECRUITMENTS							
	FY 2020 FY 2021			FY 2	2022			
	Number	Rate	Number	Rate	Number	Rate		
Men	16	3.00%	56	9.10%	59	9.06%		
Women	4	3.70%	11	1.80%	15	2.30%		
Total	20	3.10%	67	10.90%	74	11.36%		

TERMINATIONS (TURNOVER) ¹²							
	FY 2020 FY 2021 FY 2022					.022	
	Number	Rate	Number	Rate	Number	Rate	
Men	36	6.80%	58	9.40%	17	2.61%	
Women	10	9.30%	8	1.30%	9	1.38%	
Total	46	7.20%	66	10.70%	26	3.99%	

FY 2022	RECRUITMENTS		TERMINATIONS	
	Number	Rate	Number	Rate
< 30 years old	34	5.22%	8	1.22%
30-50 years old	39	5.99%	14	2.15%
> 50 years old	1	0.15%	4	0.60%

¹² The figures do not represent the number of employees joining or leaving the Company during the year but the number of movements, and thus include cases in which an individual joined and left the Company more than once during the fiscal year.

Incentives and Remuneration

Incentive Measures

Through its policies and incentive and development tools, Alcantara aims to enhance and retain talents, as well as simultaneously attract new ones, focusing on the development and recognition of resources. To this end, such measures are constantly evolving, with the aim of improving organisational measures and contractual automation, in order to enhance individual professionalism.

NUMBER OF PEOPLE AFFECTED BY INCENTIVE MEASURES							
TYPE OF INCENTIVE	FY 2020	FY 2021	FY 2022				
M.B.O. (Management by Objective) and one-off	117	87	78				
Salary increase	13	15	25				
Job classification	97	75	110				
Total	227	177	213				

Variable Remuneration

The variable remuneration system - linked to the achievement of economic and performance objectives defined at both individual and team level - makes it possible to evaluate the work of:

- senior management, i.e., all executives and key managers, who are included in an annual variable incentive plan linked to targets, which takes into account the organisation's economic, social and environmental performance;
- managerial personnel, assessed on the basis of the responsibilities managed within the manager-employee relationship. In addition, one-off bonuses are awarded to those who achieve higher results than the expected targets. Lastly, changes in job classifications are envisaged within the Company, as a result of growth and development paths.

Assessment System

Over 96% of personnel underwent at least one performance assessment by their manager during Fiscal Year 2022. In addition, all personnel employed and working in the plant and R&D centre, with the exception of those on long periods of absence or new recruits, are systematically evaluated at each change of role and, in any case, at least once a year.

Comparison of Average Gross Annual Income (GAI): Gender Ratio

The ratio between the average gross annual income (GAI) received by women workers and the average GAI of men is 0.68 for executives and managers, 0.96 for white-collar workers and 0.99 for blue-collar workers. The salary paid to new hires corresponds to the minimum required by the national contract without distinction of

The salary paid to new hires corresponds to the minimum required by the national contract without distinction of gender. The ratio between the annual salary of the highest-paid employee and the average salary is 5.34, and the ratio between the respective increases is 0.6%.

Diversity and Respect for Human Rights

Equal Opportunities

The predominant presence of male personnel reflects the general trend in our sector, which traditionally employs more men than women. Despite this, there is a consistent commitment to **ensuring equal opportunities for all personnel and maximum inclusion within the Company.** This commitment is evidenced by the fact that there has been an 84% increase in female employees in the last 10 years, rising from 63 to 116.

Leave

During Fiscal Year 2022, 121 employees (98 men and 23 women, approximately 11% more than the 108 in the previous year) took parental leave, mainly for maternity leave, leave to assist the disabled (as per Italian Law no. 104) and leave for fathers (both compulsory and optional). In contrast to the previous calculation method, COVID-related leave was also included, in consideration of the provisions for the current pandemic. At the end of the leave period, all employees, except for those on ongoing maternity leave, returned to work.

Protected Categories

In promoting ever greater inclusion within the Company, we offer ob opportunities to those who fall under one of the protected categories according to current legislation. In Fiscal Year 2022, the number of persons belonging to protected categories was 6.91% of total employees.

PROTECTED CATEGORIES	FY 2020	FY 2021	FY 2022
No. of employees belonging to protected categories	45	43	45
% protected categories out of total employees	7.05%	7.00%	6.91%
No. of Board members belonging to protected categories	-	-/	1/////-}
% protected categories out of total Board members	-	-	

In support of this approach, any conduct contrary to the Code of Ethics, or any potential risks in this regard, can be reported to the appropriate supervisory body, with the possibility of recourse, if necessary, to the workers' representatives for the SA8000® system.

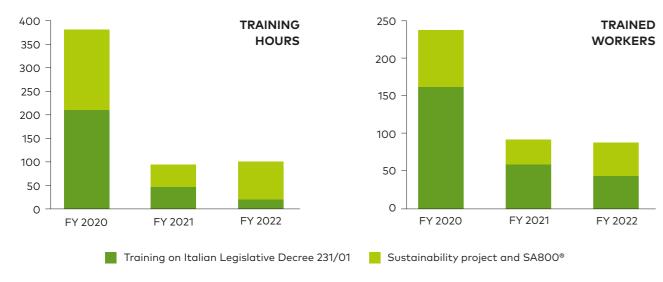


Social Accountability

Since 2008, we have held SA8000° certification (the international Social Accountability 8000 standard) that testifies to the implementation of measures and procedures aimed at respect for human rights and workers' rights in the Company and along the value chain.

As shown in the following table, all personnel is informed and periodically updated on the principles and values of the standard, through training and meetings. There are dedicated training sessions for all newly hired personnel, during which a handout is provided illustrating the contents and principles of the SA8000® system.

	TRAINING HOURS	TRAINED WORKERS	TRAINING HOURS	TRAINED WORKERS	TRAINING HOURS	TRAINED WORKERS
	FY 2	2020	FY 2	2021	FY 2	2022
Training on Italian Legislative Decree 231/2001	210.5	160	48	61	21.5	43
Sustainability project and SA8000®	167.5	76	47	26	81.5	43



In support of our commitment to personnel and focus on respect for human rights and sustainability issues, the total absence of episodes of discriminatory practices or actions with reference to human rights standards and practices across all areas of operation should be highlighted.

Internal Communication

In addition to the specific and professional skills that each employee possesses, it is important to create positive and constructive human and relational dynamics within the work environment. To create a proactive and stimulating working environment, we promote various listening and dialogue activities with workers, in order to establish relationships of mutual collaboration between people, thereby increasing the sense of belonging and promoting the dissemination of the Company's values and culture.

Communication Activities

We use the following internal communication tools for interaction and engagement:

- the new intranet and the Company's bulletin boards, with continuous updating and the addition of employee communications in the new personnel management software;
- the corporate newsletter Inside, published six-monthly and distributed in paper form to all personnel at the headquarters and production plant.

To limit the spread of the pandemic, in accordance with the provisions of Italy's National Protocols, all events involving physical proximity were suspended, as were two traditional activities at the Nera Montoro production plant: "Safety Day" and "Safety Dinner".

Focus | Workers' benefits

All personnel is granted additional benefits beyond what is established in the collective labour agreement in order to promote and increase the well-being of personnel within the corporate context:

- · scholarships for employees' children;
- · bonuses provided for the Zero Accidents Project: (further details on page 70);
- without barriers: bonus established in 2016 for disabled children of employees:
- · loyalty bonus: bonus awarded when an employee reaches 25 years' service;
- inter-company crèche: the crèche facility continues for the eighth consecutive year, in conjunction with two other companies in the area surrounding the plant. The facility is also open to children who are not children of employees but local residents;
- · company cafeteria: cafeteria with fixed overheads entirely borne by the Company. Employees only pay a small percentage of the cost of the meal. In order to maintain the service in compliance with Italy's National Protocol to limit the pandemic, additional measures have been put in place aimed at social distancing and sanitation of the canteens;
- · supplementary professional and extra-professional insurance: insurance taken out by the Company in addition to the provisions of INAIL (Italian National Institute for Insurance against Accidents at Work) and extending to extra-professional activities;
- Fida and Faschim: through a payment of a minimum monthly fee, there is the option to join a fund co-financed largely by Alcantara that provides reimbursement for health services;

- · after-hours activities: an annual sum made available to the Company for the organisation of cultural or sporting activities for employees and their families. In compliance with Italy's National Protocols for limiting the spread of the pandemic, events involving physical attendance have been suspended;
- 24-hour corporate health service: the health service at the production plant in Nera Montoro has an ambulance and a defibrillator;
- on-call allowance: granted to personnel with emergency management roles and to maintenance personnel;
- improvement of common areas and work environments: routine and extraordinary maintenance of green areas and the restyling of different offices and meeting rooms, including to reduce the risk of the spread of COVID-19 in line with Italy's National Protocols;
- Alcantara's welfare plan: for the fourth year in a row, each employee has the right to choose whether to convert a portion or the entire participation bonus into welfare credits, to be used within the Company's web platform, to take advantage of goods and services in the field of health, sport and wellness, education, culture and entertainment, including for the benefit of his or her family members, whilst gaining a tax advantage at the
- COVID-19 insurance policy: paid for by the Company.

3.2

Training and Professional Development

We believe that personnel training is a fundamental tool to promote the growth and personal fulfilment of employees by enhancing each individual's role, and to contribute to the achievement of corporate results. Due to the spread of the COVID-19 pandemic, the training plans for both sites were redefined, favouring

the provision of courses via e-learning and respecting the rules of Italy's National Protocols regarding classroom and on-the-job training.

During the course of the last fiscal year, **28,703 training hours** were provided (+34% compared to Fiscal Year 2021), of which 72% involved training courses for new hires.

Training Plan

Each year we proceed to ascertain the training needs for each division, with the identification of the level of priority assigned to the individual courses requested.

Training Opportunities

All personnel categories are directly involved in actions and training plans in the event of:

- induction into the Company;
- transfers to other positions;
- organisational changes and technological innovations that significantly alter professional content.

Training Quality Assessment

Successfully providing efficient, sound training is one of the main goals of the HR department, which evaluates the effectiveness of the educational packages provided through a learning test (for external courses and Environmental Safety Services) at the end of the course. An assessment is also made by department heads, who, within the annual assessment of their employees' performance, must also express an evaluation of the effectiveness of the training carried out for the employee.

TRAINING QUALITY ASSESSMENT					
CATEGORY	GENDER	PERSONNEL EVALUATED	% OF TOTAL		
Blue-collar workers	Male	379	100		
Blue-collar workers	Female	20	91		
White-collar workers	Male	81	98		
White-collar workers	Female	68	97		
Managers	Male	46	100		
Managers	Female	14	78		
Interns	Male	10	83		
Interns	Female	6	100		
Executives	Male	14	93		
TOTAL		638	98		

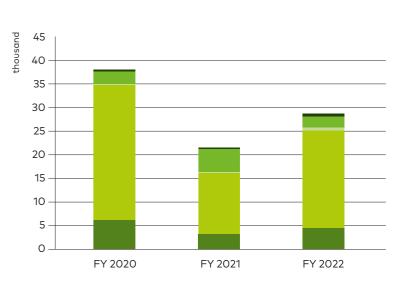
It should be noted that some resources were not assessed during the fiscal year,

as they had either just joined the Company or were absent due to parental leave or unforeseeable reasons related to the COVID-19 emergency.

Of the 28,703 training hours provided in the last year, 71.6% related to onboarding courses for new hires, 17.8% to the development of professional technical skills, and 8.1% to safety and the environment.

TRAINING PROVIDED	FY 2020	FY 2021	FY 2022
Average hours per capita (hours/person)	60	35	44
Costs (€)	24,969	31,544	15,734
Total number of training hours provided, of which:	38,272	21,351	28,703
technical and professional development	6,460	3,072	4,470
courses for new hires	28,960	13,309	20,579
quality	151	95	658
safety and environment	2,528	4,733	2,334
IT	174	128	662





FY 2020 FY 2021 FY 2022 Average hours per capita (hours/person) 60 35 44 Costs (€) 24,969 31,544 15,734	Total number of training hours provided	38,272	21,351	28,703
	Costs (€)	24,969	31,544	15,734
FY 2020 FY 2021 FY 2022	Average hours per capita (hours/person)	60	35	44
		FY 2020	FY 2021	FY 2022

AVERAGE NO. OF TRAINING HOURS PROVIDED FY 2022	NERA MO	ONTORO	MIL	AN	
AVERAGE NO. OF TRAINING HOORS FROVIDED FF 2022	MEN	WOMEN	MEN	WOMEN	TOTAL
White-collar workers	20,698	1,028.5	-	-	54.2
Interns	1,118	175	47.5	120	81.1
White-collar workers	1,262.5	752.5	155.3	394	16.8
Middle managers	895.5	155.5	279	297.5	25.4
External ¹³	280.5	40.5	515.5	245.5	8.6
Executives	20.5	-	222	-	16.2

¹³The external category includes outsourcing personnel and those employed through external companies.

3.3 Health and Safety

We have set ourselves an ambitious objective: to achieve "zero accidents". To that end we have implemented various preventive measures, monitoring procedures and training courses aimed at improving safety conditions within the work environment and protecting worker well-being.

This commitment has enabled us to obtain the certification of the health and safety management system according to the ISO 45001 standard, which was issued in September 2021 upon completion of the Migration Project from OHSAS 18001 certification.

The number of workers directly involved in the health and safety system is over 40% of the workforce for the Nera Montoro production plant and 39% for the Milan headquarters.

WORKERS INVOLVED IN THE HEALTH AND SAFETY SYSTEM	NERA MONTORO	MILAN
Total employees	551	100
Work permits	146	2
Supervisors	132	32
On call	11	-
SPP (Servizio di Prevenzione e Protezione - Health and Safety Department)	4	1
Emergency Team	92	8
Total positions held	385	43
Total personnel involved	223	39

Activities

The management system we have adopted consists of a series of actions, now consolidated within the Health, Safety and Environment Policy, which contribute to keeping the "health and safety system" alive and dynamic by involving personnel at all levels. The most important activities in Fiscal Year 2022 were:

- Zero accidents project, to minimise accidents;
- TORAY Group **Safety Summit and international audits**. In Fiscal Year 2022, for reasons related to the COVID-19 pandemic, activities were carried out through remote meetings, guaranteeing project continuity to share best practices at aroup level:
- establishment of specific working groups for functional areas to promote greater participation of personnel in the correct identification, assessment and minimisation of risks and impacts on health, safety and the environment;
- emergency teams with equipment beyond that required by law (fire-fighting vehicle, ambulance, infirmary with daily medical service and on call 24/7);
- availability to **train employers** at contracting companies (e.g., on Italian Presidential Decree 177/11 work in confined spaces, DUVRIs, etc.)

Accident Management

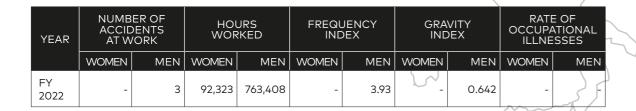
Accidents are managed in accordance with the procedure "Accident reporting and analysis - near misses and accidents" (PAS 10.2A), entered in the ISO 45001 certified health, safety and environment management system.

There were six accidents involving six men at the **Nera Montoro** plant in Fiscal Year 2022, of which three took place during work and three en route. The absenteeism rate for Nera Montoro, calcuated as the ratio between absences from work (excluding holidays) and the total number of days worked, is equal to 7.76%.

One minor accident involving a woman was recorded at the Milan headquarters.

Nera Montoro:

statistics

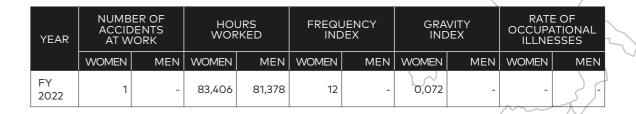


YEAR	FY 2022
Number of accidents at work (with absence)	3
Hours worked	855,731

FUD: 0./FF6		FY 2022			
EMPLOYEES	WOMEN	MEN	TOTAL		
Accidents					
Injuries	-	6	6		
Fatal accidents at work	-	-	-		
Deaths as a result of accidents at work	-	-	-		
Type of accidents (no.)					
Recordable accidents at work	-	6	6		
Of which accidents at work with serious consequences	-	1	1		
Of which accidents en route	-	3	3		
Occupational illnesses (no.)					
Cases of recordable occupational illnesses	-	2	2		
Deaths due to occupational illnesses	-	-	-		
Days absent (no.)					
Lost working days (accidents, strikes, illnesses - excluding holidays, leave, etc.)	451	5.515	5.966		
Lost working days only due to accidents and/or occupational illnesses	-	490	490		
Hours worked (h.)	,				
Workable hours	117,925	899,805	1,017,730		
Hours actually worked	92,323	763,408	855,731		

Milan:

statistics



YEAR	FY 2022
Number of accidents at work (with absence)	1
Hours worked	164,784

		FY 2022	
EMPLOYEES	WOMEN	MEN	TOTAL
Accidents			
Injuries	1	-	1
Fatal accidents at work	-	-	-
Deaths as a result of accidents at work	-	-	-
Type of accidents (no.)			
Recordable accidents at work	1	-	1
Of which accidents at work with serious consequences	-	-	-
Of which accidents en route	-	-	-
Occupational illnesses (no.)			
Cases of recordable occupational illnesses	-	-	-
Deaths due to occupational illnesses	-	-	-
Days absent (no.)			
Lost working days (accidents, strikes, illnesses - excluding holidays, leave, etc.)	64	32	96
Lost working days only due to accidents and/or occupational illnesses	6	-	6
Hours worked (h.)			
Workable hours	105.034	94.896	199.930
Hours actually worked	83.406	81.378	164.784

Zero Accidents Project

The Zero Accidents Project was created with the goal to establish a set of measures capable of identifying possible actions for improving safety management beyond the requirements laid down by the current standards, and to reach the "zero accidents" target. In the past 15 years, the project has undergone considerable technical-operational improvements, mostly due to the implementation of the following tools and measures:

- Safety Policy: every year, the Parent Company uses different resources to raise awareness on the subject of health and safety and to emphasize the importance of the policy currently in place;
- Hyari-Hatto (accidents): the Parent Company sends accident reports on each Company to all the Companies in the Group. The main purpose is to enable any similar situations to be assessed and specific preventive and protection measures to be proposed according to the circumstances of each Company;
- Safety Patrol (office workers and middle management) and safety shift leader (shift operators): internal verifications and inspections weekly or by shift. Taking part in the safety patrol team since 2014 are the three operators who distinguished themselves the previous year by the large number of safety proposals they presented:
- Safety Day (factory meeting open to all) and Safety Dinner (dinner with management): collective explanation of the main corporate events during the quarter and the sharing of corporate lines and projects with all factory employees;
- Safety Proposal: the aim is to improve health, safety and the environment through suggestions from employees, who will be asked to find a suitable solution;
- Injuries and Near Accidents: reporting by employees of risk situations that could lead to an accident;
- Safety Shift Meeting: meetings on safety for shift operators.

ZERO ACCIDENTS PROJECT RESULTS	ACCIDENTS	NEAR ACCIDENTS	SAFETY PROPOSAL
FY 2020	19	101	335
FY 2021	13	53	279
FY 2022	17	50	172

DATA AS AT 31/03/2022		NERA MONTORO PLANT			
	MEN	WOMEN	TOTAL		
Total number of days lost due to accidents (calendar days, starting from the day after the accident)	490	-	490		
No. of cases of occupational illness	-	-	-		
No. of days of absence (absences exclude holidays, study leave, maternity/paternity leave)	8058	868	8926		
No. of accidents at work with serious consequences (excluding deaths)	1	-	1		
	MILAN PLANT				
No. of days of absence (absences exclude holidays, study leave, maternity/paternity leave)	110	686	796		
No. of accidents at work with serious consequences (excluding deaths)	-	-	-		



3.4 Industrial

Relations

Maintaining constructive industrial relations to promote a climate open to discussions and cooperation is a characteristic element of our business management.

In fact, we have been committed to building and consolidating a system of industrial relations involving all corporate levels over the years, promoting areater transparency and participation by the Company.

All employees are covered by National Collective Labour Agreements for workers in the chemical industry, chemical-pharmaceutical, chemical fibre and abrasives, lubricants and LPG sectors, which define the rules and procedures for managing trade union relations at the various levels of representation (national, regional and corporate).



Meetings with Representatives

During Fiscal Year 2022, meetings have been held with the workers' representatives to communicate corporate decisions in advance and jointly define a number of proposals. The main topics covered were as follows:

- working hours: schedule of periods of stoppage at the production plant and closure at the headquarters;
- organisation of the production plant: market trends and related production structures have been defined and shared periodically with the RSU (trade union representatives organisation), especially in relation to the strong impact of the pandemic on international markets and on our business:
- measures to prevent and cope with COVID-19: numerous precautionary and organisational measures aimed at fighting the spread of the Coronavirus have effectively come into force (for further details > chapter 1.10);
- agreements on fixed-term contracts: the Company has signed agreements to extend the duration of fixed-term contracts up to the maximum of 24 months provided for by current legislation. The agreements signed in the previous fiscal year resulted in 59 permanent contracts;
- technological systems: cybersecurity systems aimed at preventing malevolent activity and protecting the Company's assets have been shared and installed;
- training: training activities on FMEA for technical personnel, on ATEX regulations for the technical office, and on communication and relational skills for the human resources department were shared and subsequently delivered. All the training was designed in compliance with measures to limit and combat the spread of the COVID-19 virus.

Participation Bonus

The agreement on the bonus for participating in achieving corporate objectives was shared with the trade union representatives. The bonus was awarded in May 2022. The production and economic results for this fiscal year enabled the achievement of a target of 43.30% with respect to the target set, a result that was affected by the severe impact of the rising costs of raw materials and energy. The agreement stipulated provides for the possibility of using part of the bonus on the online welfare platform, which allows employees to make use of services and choose between the various initiatives available.



Training

• Train workers on ESG topics.

Increase

in Youth Employment

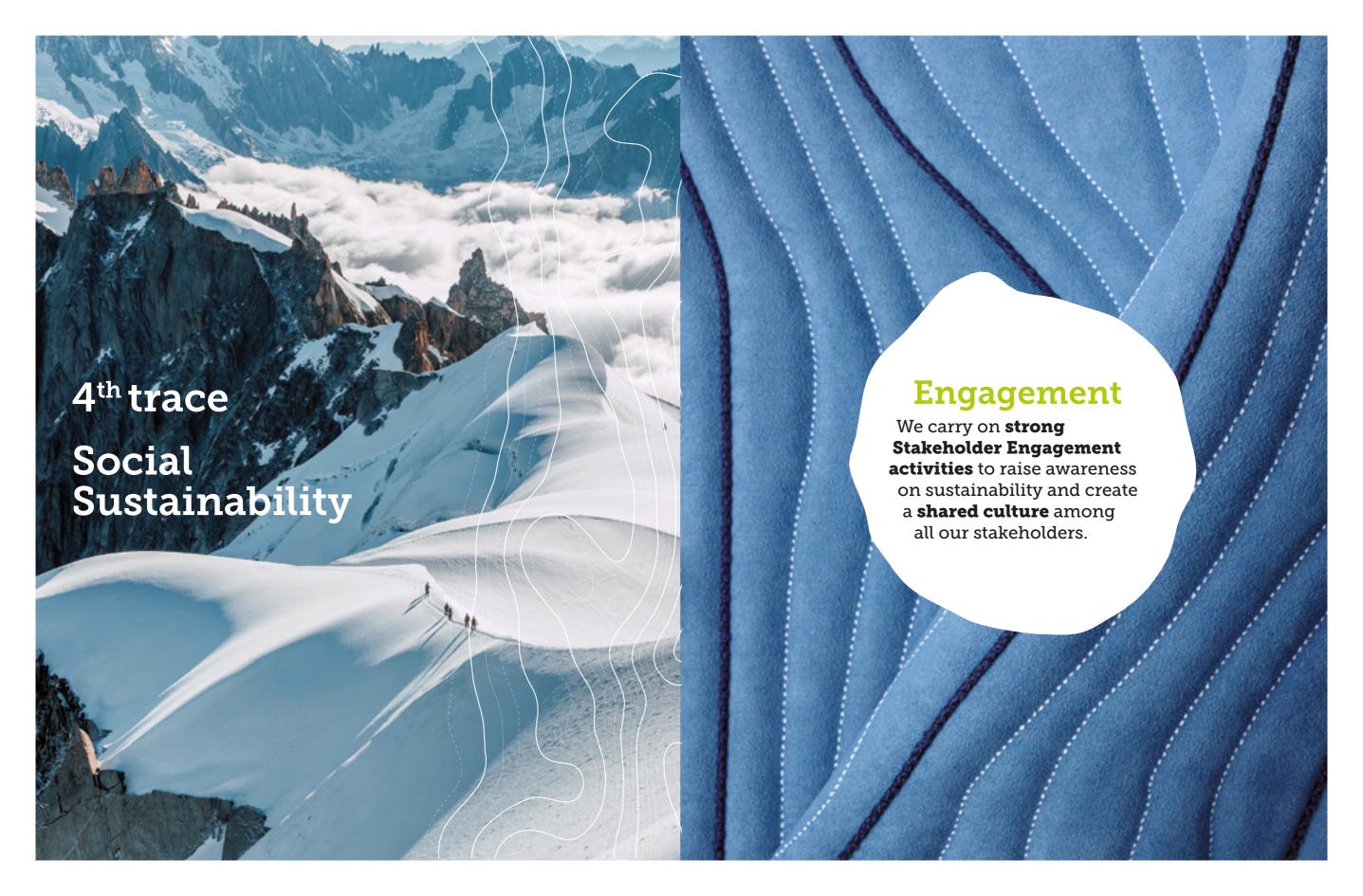
- Train new hires on the corporate commitment to sustainability;
- Identify and select suitable channels for collecting innovative sustainability ideas from employees;
- Create new jobs.

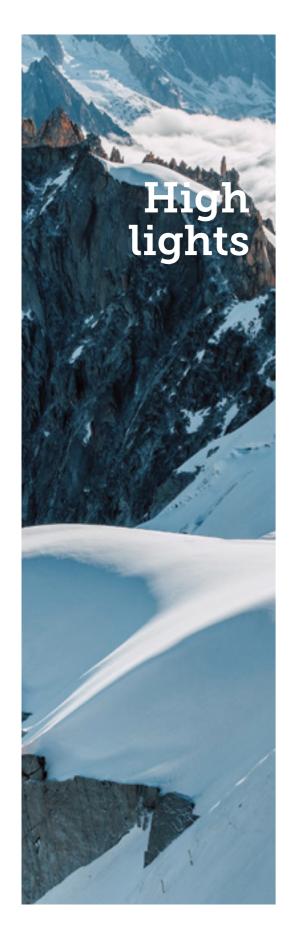
Reference SDGs













12 events and co-branding activities in FY 2022



212,565 followers on the main social media platforms worlwide



YouTube 1.6M views



155 press releases



50 projects aimed at improving the health and social conditions of people in the poorest and most disadvantaged areas of the world



€124,000 allocated to local communities



36 scholarships awarded

4.1

Management of Relations with the Community

At Alcantara, dialogue with institutions and supporting the local community are essential for the growth of the Company and of the surrounding area.

In fact, our Company represents a valuable source of employment, income, training and professional skills and generates a socio-economic impact of great importance.

That is why we support and finance various charitable organisations and cultural initiatives that help to enhance the wellbeing of the surrounding area, thus creating shared value for the entire community. Specifically, during the course of Fiscal Year 2022, we gave approximately €124,000 to local communities in the form of donations and contributions.





Focus

Local Community Initiatives

in Nera Montoro

• Participation in the Urban Re-Generation Project:

promoted by Confindustria Umbria with financial support from the Fondazione Cassa di Risparmio di Terni e Narni, this project involves numerous companies from the Terni region. Its aim is to enhance the local area through the promotion of sustainable development and urban, manufacturing and social regeneration, with the objective of promoting corporate actions to reduce environmental impacts, create synergies with local public authorities for the promotion of sustainability initiatives, attract talent and resources, and obtain certification as an "industrial district of sustainability";

• Scholarships:

our commitment to education continued with **36 scholarships** offered, 15 of which were awarded to the most deserving students residing in the municipality of Narni and 21 awarded to the children of employees in accordance with the procedures defined in the specific tender;

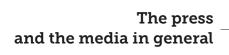
Training for schools:

carried out after the pandemic eased, with three internships involving work-school programmes at the Istituto Tecnico Tecnologico in Terni, one curricular internship at the I.T.S. Umbria (Innovation Technology and Development) and one internship involving newly graduated staff that began in January and is still under way;

Sharing events:

despite the difficult situation, we managed - whilst observing all the necessary precautions - to raise a glass at Christmas with the Chairman and to award loyalty bonuses to employees who had achieved 25 years of service.

to award loyalty bonuses to employees who had achieved 25 year The Key Reference Communities



Universities

(e.g. IED - Istituto Europeo di Design and Milan Polytechnic)



Consumers:

design lovers who use the material to cover everyday objects

Professionals:

designers, artists, stylists and all those who use Alcantara in their creations

Offsetting Projects

We also play an important role in communities where the CO_2 emissions offsetting projects that we support are located, typically in the poorest, most disadvantaged and underdeveloped areas of the world. The initiatives are aimed at generating energy from renewable sources, spreading a culture of sustainability awareness and improving social conditions for the populations involved. Consistently with the previous Fiscal Year 2022, we supported **five Certified and Verified Offsetting Projects, based on an independent certification standard** (see paragraph 5.3).



biomass hydroelectric biomass hydroelectric biomass production CHINA TAIWAN CHILE **GHANA** INDIA 2013 2014 photovoltaic hydroelectric cooking wind wind hydroelectric (2 plants) THAILAND NEW CALEDONIA: UGANDA CHINA FY 2016¹ biomass wind cooking hydroelectric TAIWAN LAOS **MEXICO** INDIA THAILAND CHINA FY 2017 biomass hydroelectric photovoltaic wind photovoltaic photovoltaic INDIA ARGENTINA **ERITREA** CHINA FY 2018 wind hydroelectric wind photovoltaic (2 plants) INDIA **ERITREA ARGENTINA** CHINA FY 2019 water saving solar PV BANGLADESH MAURITANIA KOREA FY 2020 cogeneration cooking wind CHINA INDIA **MYANMAR** MONGOLIA FY 2021 wind hydroelectric INDIA UGANDA TURKEY TURKEY CHINA FY 2022

HONDURAS

hydroelectric

CHINA

wind

sola

2009

2011

NEW ZEALAND

THAILAND

INDIA

hydroelectric

BRAZIL

2010

2012

TURKEY

wind

KENYA

drinking water

TAIWAN

hydroelectric

VIETNAM

hydroelectric

79

INDONESIA

geothermal

CHINA

hydroelectric

hydroelectric

¹The "FY 2016" indication refers to the 12-months period between 1st April 2015 and 31 March 2016 and corresponds to the new fiscal year of Alcantara".



4.2 Communication, Events and Stakeholder Engagement Activities

Alcantara® Lifestyle

Thanks to our versatility, we are a **lifestyle partner** for leading global brands in the luxury sector with multiple application platforms: from automotive to fashion and accessories, from interiors to consumer electronics, and from marine to aviation. Our material often acts as a source of inspiration for important artists and designers, becoming the centrepiece of creations exhibited at prestigious museums and international institutions.

Alcantara is a cutting-edge material that offers a unique combination of technical, aesthetic and sensory qualities and represents values such as:



Intersection

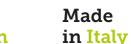
technology, functionality and emotions

between

Extreme customisation



nde Commitment Italy to Sustainability



Brand Awareness

Activities



Automotive

We developed and presented to our clients a digital form of the **CRAFTED collection**, based on manual processing, inspired by Italian craftsmanship and manufacturing, and providing a link between the Automotive Concept Book 2020 and the future Auto Collection 2022.

In April 2021, the Company took part in the **Shanghai Auto Show**, which saw Alcantara create coverings for the interiors of popular models by brands such as Hongqi, GWM, Lynk & Co and BMW.



Discover more

Lastly, in September 2021 Alcantara created coverings for the interiors of cars by well-known brands displayed at the **International Mobility Show** in Munich.

We continued our collaborations with leading automotive manufacturers such as BMW, Lamborghini, Maserati, Alfa Romeo and Frangivento. As part of **BMW Italia's Sustainability Stories project**, in which the company's various brand partners produced short videos intended to communicate their sustainability vision, we talked about our commitment to the topic, the actions we have undertaken, the goals we have achieved and our plans for the future. The video can be viewed in the dedicated section on bmw.it and on our Instagram channel.



nore



Fashion and Accessories

The **F/W 2022-23** and **S/S 2023 collections** were developed and shared with clients and designers, not only in digital form but also through the creation and delivery of a special box containing a selection of samples of the most sophisticated tailor-made garments.



Discover the F/W 22-23 Collection



Discover the S/S 2023 Collection



Interiors, Contract, Marine and Aviation

For the interiors sector we have created **ALCHIMIA Plus**. This involved selecting all the must-haves from the furnishing collections and combining sixteen different patterns with some forty shades, resulting in some never-before-seen combinations.



In the context of our **Stakeholder Engagement activities**, in order to increase awareness and encourage dialogue between international experts on sustainability, we continued to organise International Symposia in collaboration with Venice International University (VIU).

These events aim to promote greater awareness of sustainability and related ESG topics, helping to create a shared culture of responsibility.

In October 2021, we organized the sixth edition of the International Symposium on Sustainability.

International Symposia



Discover



1st Edition

Sustainability and the new automotive value chain.
Venice, October 2014



2nd Edition

The automotive ecosystem on the global road to sustainability. The Asian perspective. Venice, October 2015



3rd Edition

Sustainability and Corporate Value. Tokyo, October 2016



4th Edition

Coping with change: global warming and decarbonisation. Venice, March 2018



5th Edition

Climate "how": how to engage society and deploy decarbonisation. Venice, February 2019

International Sustainability Symposium

"Greenwashing and Sustainability"

A growing trend that needs to be addressed

6th Edition

@Island of San Servolo (Venice - Italy), 1 October 2021



Organised in collaboration with the VIU and with the support of Social Impact Agenda for Italy, the Symposium - which was streamed live on our website and available on our YouTube channel - saw discussions between political figures and representatives of international organisations, scientists and academics, entrepreneurs and businesspeople, on the growing spread of greenwashing, an emerging and high-priority problem in the

implementation of the ecological transition.

The themes examined also included the role of information transparency and the need to define technical and certification standards that can be widely accepted, as well as a further and more in-depth examination of the need to identify efficient regulations and to assess the impact of tax incentives and other similar measures.

Important contributions were made remotely by high-ranking institutional figures, including the Italian Minister for Sustainable Infrastructure and Mobility, the Italian Minister for Universities and Research, and a Member of the European Parliament, who described how Europe is committed to overcoming the looming environmental challenges and rendering the economy sustainable, resource-efficient and competitive.







Discover more

In collaboration with Lamborghini

"Customisation is the Key"

@Milan, Italy, 8 March 2022

The event held at Spazio Manin in Milan aimed to celebrate the possibility for customisation of the Alcantara material through the interiors of the latest two Lamborghini models: Aventador Ultimae and Huracán STO.

This involved a unique, immersive experience, thanks to special Alcantara installations - in the colour variants Nero Ade (black) and Giallo Taurus (yellow) and decorated with the iconic Lamborghini pattern - that provided a large-scale reproduction of the dashboard, vertical doors and seats, creating a visual journey designed to give attendees the feeling of sitting in the cockpit themselves.

In particular, the Aventador Ultimae model, of which 500 vehicles have been produced, uses laser-treated Alcantara with a Y pattern and contrasting backing, giving the luxury car a touch of cutting-edge sophistication.

For the Huracán STO, all the interior finishes are in Alcantara, giving the car an elegant yet sporty feel.





13th Gwangju Biennale (South Korea)

"Minds rising, spirits tuning"

@Gwangju, Korea, 1 April - 9 May 2021



In Fiscal Year 2022, we demonstrated our commitment to the art world with our participation in the extraordinary inaugural parade "The Procession: Through the Gates", which kicked off the 13th South Korean Biennale, directed by Defne Ayas and Natasha Ginwala. The purpose of the event was to examine the entire spectrum of the extended mind, through a structured artistic and cultural

programme led by 69 artists across four different locations.

The parade acted as an organic initiation ceremony that, by exploring the boundaries between resilience and resistance, and inverting the notions of life and death, literally gave life to the Biennale as a sort of energetic creation or neural activator. Specifically, the project (curated and produced by Davide

Quadrio) featured the artists Angelo Plessas and Sangdon Kim, who, drawing inspiration from a single medium, Alcantara, explored new applications of the material, analysina its countless forms and potentials to create a site-specific work that became the central hub of the inaugural happening.



"STUDIO VISIT"

Alcantara-MAXXI Project Exhibition to celebrate ten years of collaboration

@Venice, Italy, 20 May - 2 June 2021



During the Venice Biennale of Architecture we organised an exhibition at the Scuola Grande della Misericordia to celebrate our ten years of collaboration with MAXXI, the National Museum of 21st Century Art. MAXXI's architecture collections were revisited by four contemporary designers using Alcantara as a medium of interpretation: Nanda Vigo, Formafantasma, Kostantin Grcic and Neri&Hu. Our dialogue with creativity over the years has led us to define a new form of cultural collaboration between industry and the art world, replacing the relationship with international institutions and museums, which

is typically focused on goals of patronage or fundraising, with a form of cultural partnership thanks to which our material has become an integral part of the creative process.

The research into themes of contemporary design that has characterised our relationship with the museum since 2011 was presented in Venice through the narrative of the Studio Visit - a project led by Domitilla Dardi, MAXXI's design curator - which over the last four years has brought together the Masters of the past with those of the present, who use Alcantara as their main means

to interpret our architectural and design heritage.

For each edition of the Studio Visit, the designers are invited to create a dialogue with the work of one or more Masters of the MAXXI's architecture collection in order to reinterpret it with their own vision. Each designer has spent time researching the archives, with complete freedom in terms of their choice of themes and works. The result of this reflection is exhibited from time to time in the spaces of the museum as a working room, a "studio" that is open to the public and reinstated in the form of an installation.

Alcantara – MAXXI 2021 project / studio visit. Neri&hu

"Traversing Thresholds"

@Rome, Italy, 19 November 2021 - 13 March 2022

Fiscal Year 2022 saw the fourth edition of the Studio Visit. For this occasion, Neri&Hu, an interdisciplinary architectural design studio based in Shanghai, chose to focus on the work of one of the greatest designers in the MAXXI archives: Carlo Scarpa.

With Traversing Thresholds, the studio built a cultural bridge between West and East, between sensitivity and vision. The authors identified the Scarpian interpretation in the notion of "threshold", a concept

existing in both the Chinese 'jian', and the Japanese 'ma', which can be roughly translated as a "space" or "pause". In an architectural sense, this term is used to describe the physical mediation between two contrasting spatial environments, such as interiority and exteriority, public and private, a state which can be found in the spatial passages of the Italian Master. The installation designed by Lyndon Neri and Rossana Hu reinterprets Scarpa's vision in its

central nodes: the invention of detail, the dialogue between solids and voids, the creative combination of materials. It is in this latter ambit that the presence of Alcantara, with the full potential offered by its versatility, makes the work an authentic nexus between past and present. Like the works of the previous three editions, Neri&Hu's installation will become part of the MAXXI Architecture permanent collection.





Discover

Discover |

Alcantara Fashion Collection

Fall/Winter 2022/2023

Alcantara's autumn/winter collection is a hotbed of ideas and experiments, epitomising fashion that draws inspiration from the intertwining of the skilful craftsmanship typical of Italian design with the cuttingedge technology inherent in the manufacturing of the material.

For the 22/23 Collection, we have played on two themes that go beyond the dimension of simply wearing a garment, united by the clear desire to combine a sensory and aesthetic experience.

Smooth is the theme dedicated to accessories: prints with iridescent effects and glossy treatments produce a soft and delicate effect with clean lines. The materials associated with Alcantara are of a technical nature but appear to lose their materiality, becoming liquid. The double-face concept translates into a glossyopaque contrast that has a delicate character to underscore the sensoriality of the material that comes with a soft

and romantic colour palette. Nature and matter are the key concepts of Rough, the second



theme of the collection that explores the universe of clothing. Inspired by a colour palette drawn from the land and with stronger colour accents, it tries to blend in with the environment. This is the case not just for the prints, but also for the characteristics of the natural textures that are paired with the Italian-designed material. Irregular and three-dimensional surfaces are essential to represent the discontinuous and lively aspect

Alcantara Fashion Collection

Spring/Summer 2023



The affinity between Alcantara and the world of fashion is enriched with the launch of Wild, the new spring/ summer 2023 collection that narrates new possibilities of evolution and innovation of the material.

A name that aims to combine the unpredictability and vibrancy of the wilderness with the comfort and quiet of an urban garden. Conflicting concepts that come together in an indissoluble way in a collection in which Alcantara, chameleon-like, shows itself in its countless finishes that have always been an expression of typical Italian savoir faire.



The new collection is presented in a single copybook of around thirty items that narrate the playful spirit and the urge to experiment, together with the desire for a reassuring classicism.

Wild is innovative, lively and characterised by a great richness of colours: from the most classic black and white, to the most pop shades that recall fresh fruit, green grass and the blue of a clear sky.

The leitmotiv of the collection is the combination of technologies and



established variants which feature materials such as glossy and matt foil, animal and floral patterns, fluorescent studs, spray effect, smearing and embossing. A variety that allows Alcantara to always be a leader in innovation and in the multiplicity of applications and interpretations, embracing all sectors of use: fashion, automotive, interior design and consumer electronics.

We have also created a Surprise Box: a binder with a clean yet refined design that holds the items of the collection, allowing the material to be touched with the fingers.









Alcantara and Lenovo together for the New Yoga Tab13

In Fiscal Year 2022, Alcantara was chosen by Lenovo, a leading brand in the consumer electronics sector, as a partner material to cover the back of the new YOGA Tab 13, which has been fully upgraded in a visual, auditory and tactile sense

The versatility and soft touch of Alcantara perfectly complement the minimalist style of the product, offering users a unique experience.



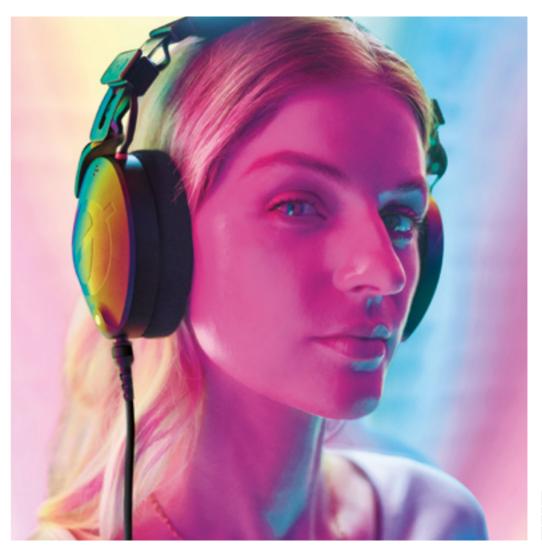


Discov more

Røde has chosen Alcantara for Their Next-Generation

NTH-100 Professional Over-Ear Headphones

Alcantara has been selected by Australian audio technology powerhouse RØDE as a partner for its new NTH-100 next-generation over-ear headphones, which combine the brand's renowned audio quality with revolutionary new features. Alcantara covers the earcups and headband and is perfectly integrated with the style and state-of-the-art features that the product offers. Thanks to its incredible softness, its breathability and its technical qualities, it improves the sensory experience and enhances the ergonomic design of the NTH-100s. As well as providing the ultimate in comfort, the use of Alcantara also guarantees high durability and longevity owing to its resistance to wear and tear, and its ease of maintenance.





Discover nore

Fomagenda

Profile Lamps

Milan Design Week in September 2021 saw the presentation of the new PROFILE lamp collection, designed by Christophe de la Fontaine for German brand Formagenda, which includes floor lamps, table lamps and pendant lamps, available in a selection of different outfits, the stand-out being Alcantara with its inimitable soft touch, in six different colours. Thanks to its elegant combination of shape and light, PROFILE blends easily into the surrounding environment, with a refined design language that communicates emotion, making it suitable for both a welcoming residential setting and the more sober atmosphere of a professional space.



Discover

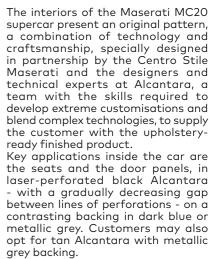


International Media Drive

Maserati MC20

@Modena, Italy, 4-28 May 2021





The Alcantara-clad seats give the driver a high degree of stability even when subject to lateral accelerations, meaning precision cornering. With its breathability, wear-resistance and light weight, and above all its perfect adherence, Alcantara is the covering of choice for all supercar parts requiring a material able to deliver outstanding performances combined with unbeatable comfort, elegance and a contemporary feel.



Discove

Alfa Romeo

GTA and **GTA**m Media Drive

@Balocco, Italy, 10 - 21 May 2021



Alfa Romeo has chosen the technical, aesthetic and sensorial characteristics of Alcantara to enhance the interior of its GTA and GTAm sports cars, offering a driving experience that matches the engine performance and brand exclusivity. The GTA interior (dashboard, door panels, ceiling, side pillars, and the

The GTA interior (dashboard, door panels, ceiling, side pillars, and the central trim on the seats) is dressed in plain black Alcantara, paired with carbon fibre. Alcantara is used even more extensively on the GTAm model, where the removal of the rear seats allows room for special mouldings designed to hold helmets and a fire extinguisher, also upholstered in Alcantara. Contrasting body-colour stitching and the embroidered GTA logo in Alfa Romeo red accentuate the car's racing spirit.

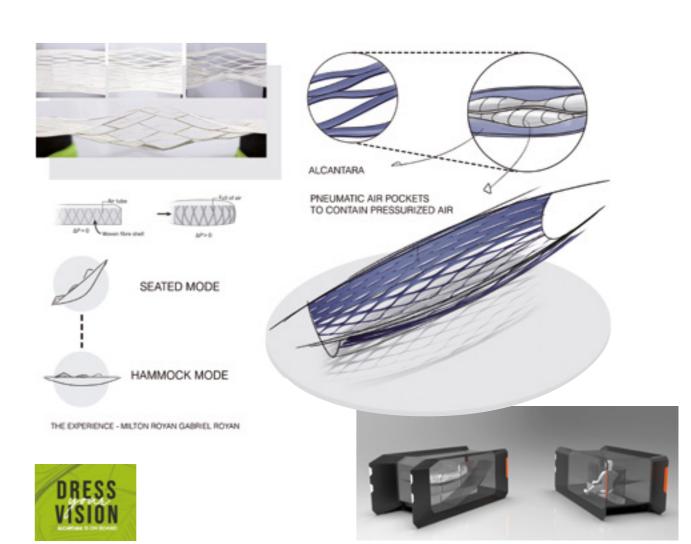


Discover more



'Dress Your Vision Alcantara is on board' contest

@Milan, Italy, 31 March - 31 December 2021



In March 2021, Alcantara and Auto&Design, the specialist magazine for the world of automotive design, launched the "Dress Your Vision – Alcantara is on board" contest, an online competition open to transportation design students and car design enthusiasts, who were invited to devise design proposals for future mobility using the Alcantara material in an innovative way. In October 2021, Alcantara and Auto&Design selected the ten finalists of the

In October 2021, Alcantara and Auto&Design selected the ten finalists of the competition, who were then judged by a highly qualified jury. The winning project was THE EXPERIENCE by Milton Royan Gabriel, a study of a modular interior environment: the seat can be more traditional or hammock-like for longer trips where self-driving comes into play. Alcantara is used as upholstery and has small air bubbles inside that can inflate and deflate to increase comfort and adapt to the shape of the passenger's body.



Autostyle Design Contest

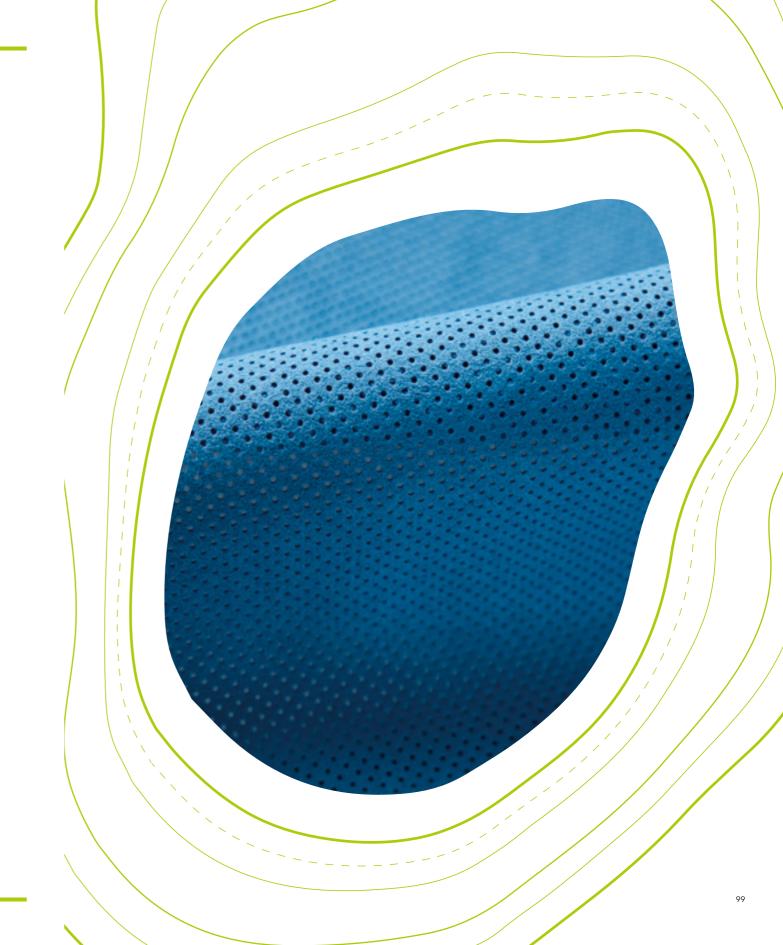
Digital edition 2021

@Milan, Italy, 2 December 2021

We took part in the 12th edition of the Autostyle Design Contest, an international event dedicated to design promoted by Berman S.p.A, in collaboration with Wacom, 3M and Auto&Design. The event involved an intense programme of online meetings with the most important auto style centres and company designers from the world of fashion, such as Bulgari and Luxottica. In our pitch we presented to design students, the event's traditional audience, the values that have made Alcantara a prestigious brand and our recent auto and fashion collections, with the entire Style Office present.





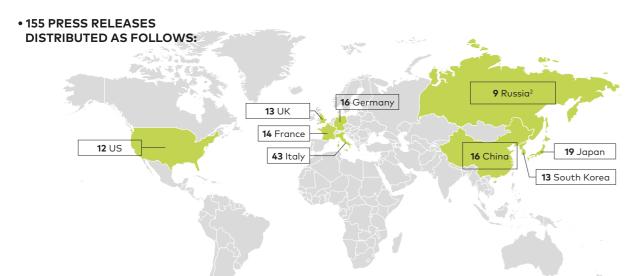


Media

Relations

Traditional Media

During Fiscal Year 2022, we consolidated our communication strategy in the global lifestyle world through the work of our four press offices in Italy and the eight worldwide (USA, France, Germany, China, Japan, UK, Russia and South Korea). From 1 April 2021 to 31 March 2022, through public relations and media relations agencies, we achieved:



- FIVE PRESS VISITS (Venice (twice), Rome, Munich and Modena) organised for the Italian media and correspondents of international newspapers in Italy, since it was not yet possible to organise foreign press trips due to the strict rules still in force in relation to the pandemic;
- 51,926 ARTICLES across all reference publications worldwide, offline and online, which represented the entire media coverage generated by our communication activities.

Digital Communication

Alongside communication through traditional media, we continued to implement our web marketing campaigns taking advantage of our existing social profiles.

As at 31 March 2022, the figures for our social channels were:

Facebook: 131.864 followers





Twitter: 4.290 followers



LinkedIn: 6.748 followers



WeChat: 16.933 followers



17.670 followers



YouTube: 1.6M views

Red: 479 followers (launched in October 2021)



Douyin: 307 followers (launched in October 2021)

Social Sustainability: 2022-2025 **Targets**

Promotion of Art and Culture

• Organise events on the topic of culture, art and beauty;

Alcantara as a brand committed to Sustainability

- Continue to develop activities on a global scale to raise awareness of Alcantara as a brand committed to sustainability;
- **International Projects** with Social Impact
- Implement the memorandum of understanding with consumer associations;
- Join national and international sustainability initiatives.

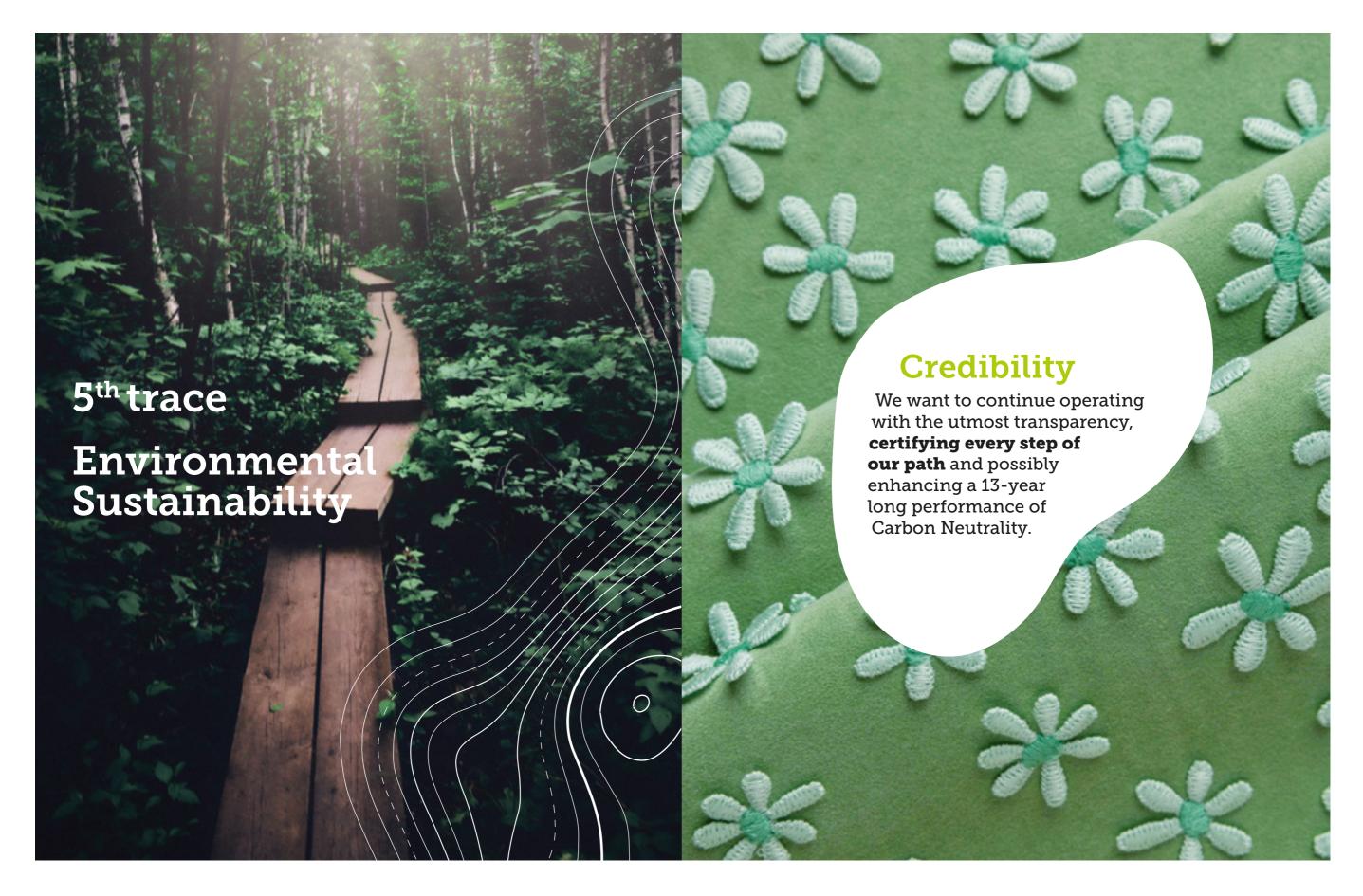
Reference SDGs







² The press office in Russia was active until 30 September 2021, the date on which the collaboration agreement was concluded.







42,461 tons of CO₂



8,207 TOE of energy saved thanks to the cogeneration and trigeneration plant



419,000 m³ of industrial water recovered thanks to the dedicated reuse plant



49% of waste allocated for recovery



Installation of photovoltaic plant at the HQ in Milan

5.1

Actions for Climate Change

Making best sustainability practices a central focus is in our DNA, as demonstrated by our pioneering role as the first Italian manufacturing company, and among the very first in the world, to be certified Carbon Neutral by TÜV SÜD in 2009.

The Safety and Environment Policy we have adopted demonstrates the values, principles and measures on which the various activities carried out by our organisation are based, with particular regard to environmental protection and worker safety.

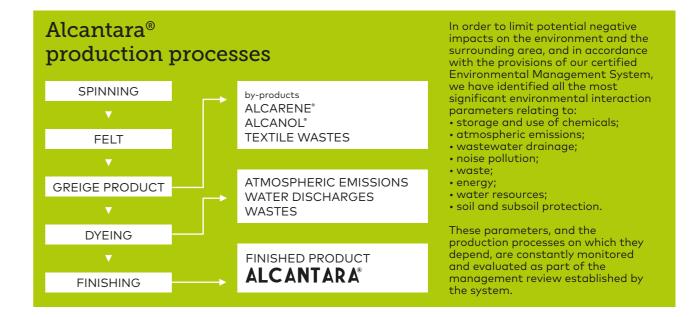
The main aim is to mitigate and reduce the impact that production processes have on the environment through the implementation of a series of actions concerning:

- improving environmental efficiency and minimising the environmental impact generated;
- constant training and briefing on the most important environmental issues;

awareness-raising and communication outside the Company.

The Alcantara product is created using a complex and still unrivalled production process that typically combines textile operations such as spinning, carding, dyeing and finishing, involving specifically developed chemical processes. The entire cycle takes place in-house, at the Nera Montoro site.

As shown in the diagram below, the main processing phases concern the spinning, felting, greige product, dyeing and finishing processes. However, these processes can undergo changes depending on the type of use for which the product is intended. Generally speaking, the main environmental impacts of our production processes concern the emissions released into the atmosphere, water discharges and waste.



CERTIFICATIONS

Our commitment to environmental issues is also demonstrated by the significant certifications we have obtained:

Certification of the Environmental Management System (EMS) since 2000, n accordance with UNI EN SO 14001;	Integ Enviro Autho valid

grated Certified Carbon Neutral since 2009;

Water Footprint report since 2014

ISO 50001 energy certification since 2017



Discover more

5.2

Energy Requirements and **Savings**

We have always implemented measures and initiatives aimed at reducing energy needs and consequently optimising production processes and systems.

-- 1998-2002 ------

· total renewal of plant machinery;

2000

 partnership with a local producer for the exclusive supply of steam from a cogeneration plant;

Starting from 2008 -----

 exclusive use of electricity from renewable sources for the entire share acquired from the electricity grid;

2010

 investments for further reduction of plant energy consumption;

2013

 commissioning of the new high-efficiency cogeneration plant for the production of a significant share of the steam and electricity used by the Nera Montoro site;

2014

 installation of a new screw compressor for wastewater treatment; start of gradual transition to LED lighting;

Fiscal Year 2016. -----

- optimisation of ambient temperatures in the greige and fibre departments in compliance with Italian Presidential Decree 74/2013:
- installation of power factor correction systems in the production departments and new air conditioning system in the greige department;

Fiscal Year 2017.

- installation of a new cooling tower and a new high-efficiency cooling unit;
- installation of a greige air treatment unit with energy recovery;
 attainment of Energy Efficiency Certificates
- attainment of Energy Efficiency Certificate (TEEs) determined by the energy savings generated by the water-based process;

Fiscal Year 2018.

- installation of the trigeneration plant for the combined production of chilled water, heat and electricity;
- continuation of the reporting to the GSE of the energy savings resulting from the new waterbased production process;
- transition from the use of chilled water to tower water at the water-based PVA distillation plant;

Fiscal Year 2019. -----

 installation of a system for the recovery of heat from steam rising from the condensate collection tank in the Distillation department;

Fiscal Year 2020 - Fiscal Year 2021. ----

- construction of a plant for the recovery of heat from the steam emerging from the condensate collection tank in the fibre department;
- study for saving filtered water in the cooling

Fiscal Year 2022 saw the continuation of discussions with technology partners and suppliers to assess possible interventions to reduce the GHG emissions associated with energy consumption. In March 2022, the installation was completed of a 114-kW photovoltaic plant at the headquarters in Milan, to be used primarily for powering electric car recharging stations, in light of the gradual renewal of the Company's vehicle fleet. Activities are under way for the construction of an automated system for cooling water circuit management.

Energy Efficiency and **Consumption**

Since 2013, we have been operating a cogeneration plant for the supply of electricity and steam thanks to a contract with the company ENGIE. This cogeneration plant is recognised by the GSE (Gestore nazionale Servizi Energetici - National Energy Services Manager) as a high-efficiency cogeneration plant (CAR - Cogenerazione ad Alto Rendimento) in an SEU (Sistema Efficiente di Utenza - User Efficiency System), and is able to provide steam for a maximum contractual capacity of 48 t/h and electricity up to about 50,000 MWhe/year.

In 2019, following the increase in energy consumption generated by the increase in production, we expanded the capacity of the plant by installing a trigeneration plant, in order to continue to have availability of electricity produced inside the plant. This led to significant economic savings and reduced the impact of production on the environment.



Cogenerative endothermic engine: 2.67 MWe



Recovery boiler: 1,279 kWt



Absorption refrigerator: 1,392 kWf

The plant has a production capacity of 21,050 MWh of electricity per year, cogenerated without energy input:

- 10,697 MWh of thermal steam per year;
- 8,174 MWh of refrigeration per year.

This plant has allowed us to obtain about 900 Energy Efficiency Certificates (EECs) per year for 3 years, and in calendar year 2021 - compared to the separate production of electricity, heat and refrigeration - we avoided the emission of 2,492 tons of CO_2 , saving 12,316.16 MWh of energy.

TRIGENERATION PLANT		2021
Natural gas savings	MWh	12,316.16
	TOE	1,059.2
CO ₂ avoided	tons	2,492

In addition, ENGIE is carrying out the authorisation procedures for the creation of a third cogeneration plant, the Environmental Impact Assessment for which was completed with a positive outcome in May 2021.



In Fiscal Year 2022, the cogeneration plant supplied 223,764 MWh of thermal steam and 48,879 MWh of electricity (55% of the total electricity needs of the Nera Montoro plant), providing considerable energy, environmental and economic benefits. In fact, the cogeneration plant has reduced energy consumption by about 5,200 tons of oil equivalent per year, and has generated considerable economic savings, due to:

- high energy efficiency thanks to next generation technologies;
- cogeneration of around 13 t/h in simple recovery (zero-cost steam produced by hot vapour);
- benefits from obtaining white certificates, which are negotiable documents certifying that savings in the end-use of energy have been achieved through measures and projects to improve energy efficiency.
 One certificate corresponds to saving a Ton of Oil Equivalent (TOE);
- tax benefits for the methane supplied to HEC qualified power stations;
- electricity bill reductions thanks to the SEU system declaration, made possible because the entire electricity distribution network produced by Turbogas is internal to the plant.

The following table, which shows the figures for each calendar year, quantifies the actual benefits generated by the cogenerator, which result in:

- a significantly reduced energy bill in economic terms;
- energy independence and a more reliable supply;
- no capital used to construct the plant, leaving it available for the Company's core business.

	COGENERATOR BENEFITS										
	UM	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Natural	MWh	51,034	61,148	58,166	56,661	66,329	71,018	66,030	53,512	63,152	547,050
gas savings	TOE	4,389	5,259	5,002	4,873	5,704	6,108	5,679	4,602	5,431	47,047
Benefits	EECs	5,780	6,926	6,588	6,420	7,510	8,039	7,474	6,058	7,148	61,943
CO ₂ avoided	tons	10,399	12,499	11,921	11,315	13,418	14,370	13,301	10,833	12,780	110,836

^{*} This table is related to the figures of the calendar year.

⁷EEC = Energy Efficiency Certificate.

Energy

Consumption

The main energy consumption recorded in the commercial and administrative offices at the **Milan headquarters** are related to the use of:

- · natural gas for heating rooms;
- electricity for normal office activities, cooling rooms and the operation of the heating plant.

The **Nera Montoro production site**, on the other hand, consumes:

- natural gas for direct heating, for the production of steam at a pressure of 6 bar, and for the canteen;
- steam at a pressure of 6 bar, guaranteed by the cogeneration plant and the new trigenerator inside the plant;
- electricity, mainly used for the production process. The energy peaks exceeding the capacity of the installed production plants were covered by the national high voltage (HV) grid. The medium voltage (MV) supply is used only if the HV grid is down or undergoing maintenance. Both supplies are from renewable sources.

For the purposes of calculating scope 1, emissions, we also monitor the fuel consumption of the corporate fleet across both sites.

ENERGY CONSUMPTION WITHIN THE COMPANY	TOTAL TJ FY 2020	TOTAL TJ FY 2021	TOTAL TJ FY 2022
MILAN			
Natural gas	1,247	2,256	1,246
For heating	1,247	2,256	1,246
Electricity	1,901	1,748	2,338
Purchased	1,901	1,748	2,338
NERA MONTORO			
Natural gas	86,226	70,458	85,595
For heating	0.47	0.296	0.46
Diesel	0.213	0.131	0.177
For production processes	0.213	0.131	0.131
Electricity	304,716	278,329	318,351
Purchased	304,716	278,329	318,351
Other	826,791	721,067	839,495
Steam	826,791	721,067	839,945

The total electricity produced from renewable sources in the last fiscal year amounts to 72,338 TJ, broken down as follows:

CONSUMPTION WITHIN THE COMPANY - NERA MONTORO PLANT	MJ
Electricity	318,350,621
Thermal energy (steam)	839,944,887
Methane	85,595,446
Diesel	181,138
TOTAL CONSUMPTION	1,244,072,093

CONSUMPTION WITHIN THE COMPANY - MILAN HQ	MJ
Electricity	2,338,114
Thermal energy	1,246,513
TOTAL CONSUMPTION	3,584,627

ELECTRICITY FROM RENEWABLE SOURCES	TJ FY 2022
Wind	68,965
Hydroelectric	3,179
Bioliquids	0
Solar	0.194
TOTAL	72,338

CONSUMPTION OUTSIDE OF THE COMPANY	MJ
Energy to transport products and by-products	18,467,847
Energy to transport raw materials	22,205,410
Energy on business air travel	798,162
Energy on business car trips	3,343,626
Energy on employee commutes	20,908,310
TOTAL CONSUMPTION OUTSIDE OF THE COMPANY	65,723,355

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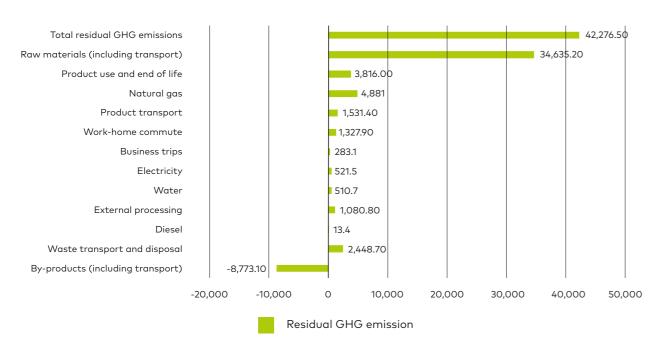
Carbon Neutrality

Alcantara was one of the first industrial companies in the world, and the first in Italy, to achieve the status of Carbon Neutral (2009), obtaining certification from TÜV SÜD, an authoritative independent international certification body with over 1,000 offices worldwide, which has granted more than 600,000 certifications in the quality, energy, environment, safety and product fields.

This result testifies to the Company's willingness to promote and implement a sustainable and innovative business strategy.

Every year, we measure and minimise the carbon dioxide emissions attributable to our business activities and product, from the beginning of the production process (raw materials included) to the end of the product's useful life, offsetting the residual emissions (which cannot be eliminated using the technology currently available) and offering our clients a Carbon Neutral product, certified to PAS 2060.

RESIDUAL GHG EMISSIONS (FY 2022)



The total offset emissions amount to 42,276.5 tons CO

- · corporate emissions, excluding cogeneration plant emissions (impact offset according to the EU-ETS system pursuant to the PAS 2060 standard);
- scope 3 emissions attributable to the product (scope 1 and 2 emissions attributable to the product already included in the corporate inventory).

CO₂ Offsetting Projects

Thanks to the quantification of emissions each fiscal year, the Company is able to offset the residual CO₂ emissions through the financing of four certified and verified offsetting projects. These are validated and tested by an accredited third party (following the rigorous audits that all offsetting projects undergo), and help to improve the planet's economic, social and environmental conditions.

The offsetting takes place through the purchase of credits on the voluntary market. This is an option, regulated at international level and provided for in the Kyoto Protocol, which is based on the removal from the atmosphere of an amount of CO₂ emissions equivalent to that which has been produced (and which is therefore to be neutralised).

The projects from which we acquired the credits made it possible to obtain total offsets for 42,276.5 tons of CO, equivalent.

Koru Wind Power Plant











PROJECT TYPE	COUNTRY	QUOTAS	%
GS VER	Turkey	5,000	12%

Located in the town of Lapseki in Turkey's Çanakkale province, the Koru Wind Power Plant comprises 16 turbines spread across several hilltops. The project reduces Turkey's greenhouse gas emissions, whilst also contributing to the expansion of the country's national power generation into wind power. The estimated net electricity generation of the plant is 147,943 GWh per year. By the efficient utilization of the available wind energy, the project replaces the use of grid electricity, which is generated from different fuel sources, mainly fossil fuels. The electricity produced by the project results in a total estimated emissions reduction of 83,033 tonnes of CO. per year. Moreover, the project contributes to the further spread of wind power and to the expansion of national power generation. Because of its significant contribution to climate protection and to sustainable development in the region, this project is expected to fulfil the requirements of the Gold Standard.

Project benefits:

- 147,943 MWh of electricity fed to the public grid on average annually, powering homes with renewable energy;
- 19 job opportunities created including jobs for local employees;
- 83,000 tCO₂e mitigated on average annually, by providing an alternative to the burning of fossil fuels.

Grid-connected 25 MW PV solar power project in Charanka in Gujarat











The primary goal of the project is the use of solar power to help the country economically and politically, and to contribute to the reduction of greenhouse gas emissions with environmental, social and technological benefits. The total capacity of the solar panels installed is 25 MW, and these contribute to the operation of the solar power plant in the state of Gujarat, India. This project is able to contribute to the sustainable development of the region by providing job opportunities for local communities during the construction and operation of the plant. The project, thanks to the production of renewable solar energy, will replace an equivalent amount of electricity that would have otherwise been generated by fossil fuels, contributing to the mitigation of climate change while improving the living conditions of local populations.

Project benefits:

- annual reduction of over 30,000 tCO, and real contribution to climate change mitigation;
- access to affordable, reliable, high-quality and sustainable energy;
- new job opportunities for local communities.

Xinjiang A'letai Hua'ning Hydropower Project









PROJECT TYPE	COUNTRY	QUOTAS	%
CDM	China	25,896	61%

The objective of the project is the generation of zero carbon emission electricity from hydropower and the displacement of the same amount of electricity from the Northwest China Power Grid (NWPG), which is mainly powered by electricity derived from coal-fired power plants. The Xinjiang A'letai Hua'ning Hydropower Project is located in the middle stream of the Sumudayilieke River, A'letai City, (Xinjiang Uygur, P.R. China) and is developed by XinJiang A'letai Hua'ning Hydropower Investment Developing Co., Ltd.

The project's aim is to install two sets of turbine generators, each with a unit capacity of 50 MW, connected to the NWPG through the Xinjiang power grid. It will mitigate the power shortages in Xinjiang and on the NWPG. In addition, the Xinjiang A'letai Hua'ning Hydropower Project will contribute to the sustainable development of the local area by enhancing the quality and capacity of the electricity supply and by reducing transmission line loss for the area. It will also bring positive social and environmental benefits to local communities.

Project benefits:

- · reducing the reliance of the NWPG on finite fossil fuels for power generation;
- reducing air pollution by replacing electricity generated from fossil fuels with clean, renewable power;
- improving the power mix of the NWPG by supplying clean energy;
- improving the local energy generation infrastructure, bridging the gap between power supply and demand by increasing the electricity generation capacity to the local grid;
- reducing the threat posed by air pollution to human health;
- creating job opportunities for the local communities. (The project provided 27 job opportunities throughout the operating period, helping the local people to improve their living standards).

Bujagali Hydropower









PROJECT TYPE	COUNTRY	QUOTAS	%
CDM	Uganda	5,900	14%

The Bujagali Hydropower Project is a proposed hydropower facility on the Victoria Nile in the Republic of Uganda. The country has long suffered from a lack of electricity, and the problem has become acute in recent years. While the Government's emergency thermal generation program will help to address short term needs, the project is needed to address the medium and long-term need for economic, large-scale, power generation in Uganda. The hydropower facility will consist of a 28 m high earth-filled dam and spillway works, and an associated power station housing five 51 MW turbines, estimated to supply 1,305 GWh2 per year to the local electricity grid. The dam will impound a reservoir that extends upstream to the tailrace area of the Nalubaale and Kiira facilities, inundating Bujagali Falls. When completed, the project is expected to provide a significant boost to the Ugandan economy by sharply reducing the country's current power deficit, use of expensive and polluting oil-fired thermal power generation, and use of private diesel-fired gensets used during load shedding

Project benefits:

- · reducing the emissions of greenhouse gases in Uganda;
- providing access to electricity from renewable energy sources;
- creating new job opportunities and enhancing economic growth;
- contributing to the social, economic and cultural development of the region.

Furthermore, in order to promote participation in the materiality analysis, quotas were acquired for 184 tons of CO_2 equivalent in relation to the Ulubat Hydroelectric project, verified in accordance with the Voluntary Carbon Standard (VCS).

Uluabat Hydroelectric











Located in the lower basin of the river Orhaneli, a main tributary of the river Mustaÿa Kemalpasa, in the region of Bursa, the project generates renewable electricity, ensures the long-term supply of drinking water for the city and industrial area of Bursa and provides irrigation water for farmland.

Project benefits:

- 100 MW total installed energy capacity;
- New job opportunities and economic development of the region;
- +190,000 tCO₂eq annual reduction in emissions and a real contribution to mitigating climate change.

Life Cycle Analysis

Again in Fiscal Year 2022, the annual analysis of the product life cycle "from cradle to grave" (conducted for the first time in 2011) was carried out using ISO 14064-1 and the Greenhouse Gas Protocol - Product Life Cycle Accounting and Reporting Standard.

The assessment also complies with the ISO 14040 Environmental management - Life Cycle Assessment - Principles and framework and with the ISO 14044 Environmental management - Life Cycle Assessment - Requirements and guidelines relating to the assessment of product greenhouse gas emissions, and in particular:

- the methods used to perform the LCA are consistent with the international standard and with the technical specification applied;
- the methods used to perform the LCA are valid from a scientific and technical point of view;
- the data used are appropriate and reasonable in relation to the objective of the study;
- the study report is transparent and consistent.

The subsequent offsetting of residual carbon dioxide emissions is carried out in accordance with the PAS 2060 standard. Two reports are issued:

- a so-called "corporate" Green House Gases (GHG) emissions report, in accordance with the directives of the UNI ISO 14064-1 standard. Operational boundaries include all direct emissions (scope 1) and indirect emissions associated with the generation of electricity and purchased steam (scope 2). They also include indirect emissions (scope 3) not attributable to the product and, in particular, those related to employees' business trips and employee transport from/to the workplace;
- a GHG emissions report attributable to the product in accordance with the Product Life Cycle Accounting and Reporting Standard of the Greenhouse Gas Protocol. The life cycle includes:
- » scope 1 and scope 2 emissions associated with the activities of the Nera Montoro production site, considering the cogeneration plant within the boundaries of the site;
- » direct and indirect activities for the production and transport of raw materials, outsourced processing activities on the finished product, and the production and transport of the finished product to the gates of the recipient for the next stage of processing;
- » packaging and shaping at industrial users;
- » end-of-life (landfill, waste-to-energy, recycling).

Emissions Calculation

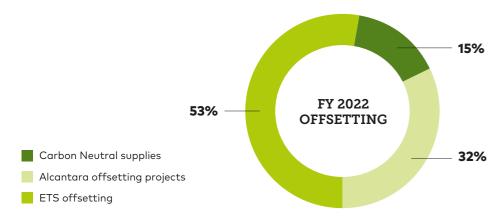
For the high-efficiency cogeneration plant, the impact in terms of CO₂ in Fiscal Year 2022 was **69,059.698 tons, which were fully offset through the European Union's Emissions Trading Scheme** (EU-ETS), aimed at reducing greenhouse gas emissions in the industrial sectors with the greatest impact on climate change.

With regard to the indirect emissions associated with electricity drawn from the national grid, falling within the scope 2 emissions, the relative contribution (evaluated

using Sima Pro software) is minimal, since all the energy drawn from the grid is produced by plants that exploit renewable energy sources. The origin of the electricity drawn from renewable sources is certified through the purchase and cancellation of guarantee of origin certificates (GO certificates). Below are the summary values of carbon dioxide emissions, verified by TÜV SÜD, expressed in tons of CO₂ equivalent.

RESULTS OF THE "CORPORATE" INVENTORY (TONS CO ₂)	FY 2020	FY 2021	FY 2022
Scope 1 total - direct emissions	71,221	65,864	74,181
Scope 2 total - indirect emissions associated with the generation of electricity and purchase of thermal energy	395	422	522
Scope 3 total - indirect emissions	2,402	1,294	1,386

RESULTS OF THE "PRODUCT" INVENTORY (TONS CO ₂)	FY 2020	FY 2021	FY 2022
Scope 1 total - direct emissions	71,024	65,727	73,915
Electricity and Thermal Energy offsetting from ENGIE Cogeneration (from 2013 subject to onerous ETS offsetting at the expense of Alcantara S.p.A.)	66,119	61,743	69,059
Scope 2 total - indirect emissions associated with the generation of electricity and purchase of thermal energy	393	394	500
Scope 3 total - indirect emissions	53,338	30,386	55,418
Scope 3 total - net of carbon neutral supplies (supplier offsetting)	27,781	12,279	35,247
Total tons CO_2 to be offset/neutralised (= Total corporate + scope 3 product net of carbon neutral supplies - ETS offsetting)	35,683	18,116	42,277



Compared to Fiscal Year 2021, the value of the emissions has increased due to factors such as:

- » the increase in production:
- » the reduction in emissions avoided through the sale of by-products;
- » the increased consumption of raw materials for research and development activities and the industrialisation of new production processes:
- »the increased consumption of energy due to air conditioning at the new premises, built as part of the project to increase production capacity (an approximately 25% increase in the volume of plant buildings over the last year).

Fiscal Year 2022 concluded with an increase of 24% compared to the previous period, broken down as follows:

- for CORPORATE reporting, there was a 20% increase in CO2 quotas considering the offsetting (suppliers, transporters, processing + ETS);
- for PRODUCT reporting, there was a 96% increase in the specific emissions of the CO₂ quotas considering the offsetting (suppliers, transporters, processing + ETS).

The table below provides other emissions of pollutants into the atmosphere from IEA authorised emission points (abatement installation flues, hoods, etc.). The pollutant SO_2 has been replaced with dust, as this is more significant given the commissioning of important new emission points in the greige department, and current dust emission reduction projects.

OTHER ATMOSPHERIC EMISSIONS	UM	FY 2020	FY 2021	FY 2022
NOx nitrogen oxides	kg	8,055	2,553	18,965
Dust	kg	412	532	608
VOC volatile organic compounds	kg	3,429	6,157	5,635

Carbon Disclosure Project

Alcantara is reporting its environmental and GHG emission performance through the **Carbon Disclosure Project (CDP).** CDP is a not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions, to manage their environmental impacts. The Company's disclosures are organised as follows:

Corporate Governance
Risks and Opportunities to tackle
Business Strategy
Targets and Performances
Emission Methodology, Data and Breakdown
Energy
Additional Metrics
Verification
Carbon Pricing
Engagement
Supply Chain

Each year, the CDP analyses the data reported by thousands of companies to map trends, model emissions data, pinpoint emerging best practice and evaluate performances. Alcantara S.p.A. data are available to stakeholders upon request at www.cdp.net.

Alcantara received a "B" ranking for CDP 2021, and is amongst 54% of companies that reached Management level in the "Other materials" Activity Group.

5.4

Water Requirements

The primary source of water for the industrial operations at the plant and research and development centre in Nera Montoro is the Nera River. River water is used for various purposes including firefighting, irrigation, sanitary and industrial purposes and is used above all in dyeing the finished product. The wastewater produced by these processes is then sent to an internal treatment plant.

Other lesser sources include groundwater wells and the municipal supply, where we are particularly careful to avoid drawing too much drinking water in order to enable greater consumption by local communities and new production sites in the area

Consumption

In Fiscal Year 2022, we also supplied ENGIE with the industrial water necessary for the production of steam, for a total of 289,153 m³. The values in the table (both withdrawal and discharge) do not include the water managed by ENGIE's Turbogas plant.



WATER WITHDRAWAL BY SOURCE	UM	FY 2020	FY 2021	FY 2022
Nera River via artificial reservoir	m ³	1,873,442	1,626,994	1,852,513
Nera River direct withdrawal	m³	5,535	0	808
Plant groundwater wells	m³	51,156	59,666	53,258
Terni Province municipal supply	m³	3,224	2,957	2,193
TOTAL WITHDRAWALS	m³	1,933,357	1,698,617	1,908,772
Water discharge into the Nera River	m³	1,840,430	1,667,748	1,945,777

TOTAL WITHDRAWAL FROM ALL AREAS BY SOURCE	UM	FY 2022
Surface water	MI	1,853
Groundwater	MI	53
Seawater	MI	-
Water produced	MI	-
Third-party water resources	MI	2
TOTAL	MI	1,909
of which fresh water (≤1,000mg/l total dissolved solids)	MI	1,909
of which other types of water (>1,000mg/l total dissolved solids)	MI	-

WATER WITHDRAWAL FROM WATER- STRESSED AREAS	UM	FY 2022
Surface water	MI	1,853
Groundwater	MI	53
Seawater	MI	-
Water produced	MI	-
Third-party water resources	MI	2
TOTAL	МІ	1,909
of which fresh water (≤1,000mg/l total dissolved solids)	МІ	1,909
of which other types of water (>1,000mg/l total dissolved solids)	МІ	-

WATER CONSUMPTION	UM	FY 2022
Total water consumption in all areas	MI	-37
Total water consumption in all water-stressed areas	MI	-37
Change in water storage (if this appears to have a significant impact on water use)	MI	1

Units m3: cubic metres MI: million litres

Discharges

Wastewater from the production process and on-site processes, as well as the first rainwater from the discharge area at the warehouse, are subjected to purification treatment. The treated water is delivered via a single discharge into the surface water body, that is, into the Nera River. The discharge point is located in the protected area of Lake San Liberato and, in addition to being authorised and controlled by the provincial administration of Terni, is managed in compliance with legal obligations.

For all the parameters relating to the authorised discharges (including the presence of hazardous substances pursuant to Tab. 5, Annex 5 to Part III of Italian Legislative Decree 152/06, as subsequently amended), checks are carried out by qualified external laboratories (in compliance with the requirements of the Integrated Environmental Authorisation). It should be noted that the wastewater quality parameters are well below the limits established by current legislation, keeping within extremely safe values. In addition, the acute toxicity tests carried out on the wastewater have always given results below the limits set.



The table below shows the average values of the main pollutants with the greatest environmental impact, compared with the legal limits.

QUALITY OF IN	DUSTRI	AL WASTE	WATE	R: ANNI	JAL AVE	RAGE VA	ALUES FO	OR THE N	MAIN POL	LUTANTS	5	
Parameter	рН	Suspended solids	BOD ₅	COD		Nitrous nitrogen	Ammo- niacal nitrogen NH4	Total surfac- tants	Organic nitrogen solvents	Chlori- nated solvents	Escherichia Coli	Acute Toxicity Assay
Unit of measurement	-	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	UFC/100ml	
Legal limits for discharge into surface water	5.5-9.5	80	40	160	0.2	0.6	15	2	0.1	1	5,000	<= 50% tot
Average value in 2019-2020 test	8.15	9	4.3	<15	<0.03	0.04	<0.01	0.4	<0.1	<0.1	9.0	Acceptable
Average value in 2020-2021 test	7.69	2.1	<5	3.98	<0.01	<0.01	<0.01	0.2	<0.05	<0.5	0.0	Acceptable
Average value in 2021-2022 test	8.31	2.4	10.5	23.4	<0.01	<0.05	<0.01	0.46	<0.05	<0.5	0	Acceptable

TOTAL DISCHARGES FROM ALL AREAS BY SOURCE	ИМ	FY 2022
Surface water	MI	1,946
Groundwater	MI	-
Seawater	MI	-
Third-party water resources	MI	-
TOTAL	MI	1,946
of which fresh water (≤1,000mg/l total dissolved solids)	МІ	1,946
of which other types of water (>1,000mg/l total dissolved solids)	MI	-

TOTAL DISCHARGES IN WATER-STRESSED AREAS	UM	FY 2022
TOTAL	MI	1,946
of which fresh water (≤1,000mg/l total dissolved solids)	MI	1,946
of which other types of water (>1,000mg/l total dissolved solids)	MI	-

Water Treatment

Initiatives

Phyto-treatment allows for the use of plant systems to reduce or eliminate the transfer of sludge leachates from the internal landfill outside of the plant. The function of the plants is to consume the leachate directly on site. avoiding waste production after leachate treatment. For the design and installation of the phyto-treatment facility, we had the support of ARPA Terni and the Faculty of Agriculture at Tuscia University, in collaboration with the Institute for Water Research of Italy's National Research Council. This type of application has been tested in the USA and Australia, but is still new in Europe. The intervention carried out will enable an overall environmental improvement of the landfill area, will interrupt the cycle that leads to the production of waste and will open up new destinations for the biological sludge produced by the water treatment system.

Specifically, the following results were obtained:

- the covering of the basins of the old landfill (a reassigned area of about 7,000 m²) with the planting of more than 2,500 plants irrigated by industrial wastewater rich in nutrients;
- a reduction in the load of pollutants treated by the water treatment plant, resulting in a reduction in treatment products and in sludge produced and an improvement in the wastewater's properties.

The phyto-treatment system is based on the natural process by which plants absorb water from the soil and are able to transport large quantities of water from the soil to the atmosphere using solar energy as an input.

In Fiscal Year 2021, two new plants were installed for the treatment of water discharges from dyeing jets.



FIRST DYE DISCHARGE



The **first dye discharge**, more concentrated, is treated by a plant that uses a more powerful biological treatment by doubling the presence of micro-organisms in the oxidation tank compared to a traditional system, thus minimising the consumption of chemicals.

FINAL DISCHARGE



The **final discharge**, comprising rinse water, is treated with a suitable system of membranes and resins for the purification of water, which is subsequently reused in the same dyeing process with 80% efficiency, so reducing industrial water withdrawals. Once work has been completed on the dyeing jet connections, the system will start operating at full capacity.

The water reuse plant downstream of the wastewater treatment plant has been operational since January 2021. As at 31 March 2022, it had recovered 68,188 cubic metres of industrial water.

Among the many initiatives we have launched, we continue to upgrade our water treatment plants in order to increase the recovery and reuse of water in our processes.

After the building of a plant to treat the separate water flows from the dyeing cycle, based on cutting-edge MBR technology, we agreed to supply a plant for the treatment of wastewater from the greige process. This is aimed at the recovery and reuse of the acid aqueous solution, following separation of the surfactants, thanks to the specific experience and know-how developed in this area. The plant's structure involves a combination of ultrafiltration and nanofiltration, with a physical pre-treatment section. The compact, highly automated plant will be ready to go into operation by the end of the year.

Water

Footprint

Since 2011, we have applied the LCA (Life Cycle Assessment) methodology, in line with the ISO 14046 standard, to assess our water footprint and the potential environmental impacts of the life cycle of production from cradle to grave. It thus includes all production activities and processes (water consumption, electricity and thermal energy, waste production, etc.), both upstream (raw materials, transport) and downstream (distribution, use, end-of-life).

The specific method used for the water footprint is the Available Water REmaining (AWARE) method (Boulay et al., 2016), which represents the remaining water available per area after human and ecosystem demand has been met. It therefore involves the assessment of the potential for water deprivation for both humans and ecosystems, assuming that the less water is available, the greater the likelihood that another user will be deprived.

The greatest contributions to the water footprint are the raw materials, the plant's direct water consumption and the auxiliary materials. The table below shows the results of the evaluation of the AWARE water footprint, calculated in Fiscal Year 2021 and Fiscal Year 2022. It should be noted that the values for Fiscal Year 2021 were recalculated using the AWARE 1.04 method to enable comparison with Fiscal Year 2022, calculated using the same method.

	WATER FOOTPRINT - AWARE 1.04 method								
	(m³	eq)	(m³ ed	q/Kg)	(m³ eq/m²)				
	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022			
Alcantara average (total)	49,033,434	58,912,872	26.8	28.4	9.6	9.2			
Alcantara average (dyeing process only) ¹	31,370,906	29,093,788	17.2	14.0	6.2	4.6			
Alcantara average (excluding dyeing process) ²	17,662,529	29,819,084	9.7	14.4	3.5	4.7			

¹To evaluate the AWARE water footprint of the Alcantara dyeing process, the following items were included: water consumption, equal to 75% of the consumption of total soft water produced; 100% of the raw materials associated with dyeing; 75%-100% of the chemicals used for water treatment; 50% of the electricity consumption used for water treatment; and electricity and thermal energy consumption related to the dyeing department.

²The value has been calculated by subtracting from the total WSF that related to the dyeing process only.



5.5

Waste Management

In the last fiscal year, we generated 13,496 tons of waste, of which 49% was subject to off-site recovery.

84% of the waste produced was non-hazardous. The main types of non-hazardous waste were sludge from on-site wastewater treatment (49%), waste chemicals (10.95%), and activated carbon from water purification plants (7.44%).

Hazardous waste represents 16% of the total, of which 33.87% refers to organic waste containing hazardous substances, 29.15% to filter cakes and spent absorbents and, lastly, 10.7% to packaging containing hazardous substance residue.

	FY 2022									
	UM	QUANTITY (TONS)	OF WHICH	NOT SUBJECT	TO DISPOSAL	OF WH	IICH SUBJECT TO DISPOSAL			
Total waste generated	tons	13,496.25	Quantity (tons)	recovery	waste not subject to on- or off- site disposal	Quantity (tons)	disposal			
Hazardous waste by material type	tons	2,142.56	1,143.47	Other recovery	at an external site	999.09	Other disposal			
Non-hazardous waste by material type	tons	11,353.69	5,496.14	Other recovery	at an external site	2,509.56 3,347.99	Taken to landfill Other disposal			

The following table shows, by type and volume, the list of waste produced and disposed of at the Nera Montoro plant only (the waste produced at the Milan headquarters represents a very small proportion of the total). All waste is sent to locations within Italy.

WASTE PRODUCED AT THE NERA MONTORO PLANT

FY 2022								
DISPOSAL METHOD	UM	HAZARDOUS	NON-HAZARDOUS	TOTAL	% TOTAL			
Reuse	t	-	-	-	-			
Recycling	t	-	-	-	-			
Compost	t	-	-	-	-			
Recovery, including energy recovery	t	1,143	5,485	6,629	49%			
Incineration	t	-	-	-	-			
Deep aquifer injections	t	-	-	-	-			
Landfill	t	-	2,510	2,510	19%			
On-site storage	t	-	-	-	-			
Other	t	999	3,348	4,347	32%			
TOTAL	t	2,143	11,343	13,485	100%			

DESTINATION CODE	DESTINATION DESCRIPTION	NON-HAZARDOUS (kg)	HAZARDOUS (kg)	TOTAL (kg)
D1	Deposit on the ground or underground (for example, landfill)	2,509,560	-	2,509,560
D9	Physical and chemical treatment not specified elsewhere in this annex, which generates compounds or mixtures disposed of in accordance with one of the procedures indicated under D1 to D12 (evaporation, drying, calcination, etc.)	1,592,880	11,460	1,604,340
D10	Incineration at ground level	-	-	-
D13	Preliminary grouping prior to one of the procedures indicated under D1 to D12	-	-	-
D15	Preliminary deposit prior to one of the procedures indicated under D1 to D14 (excluding temporary deposits, prior to collection, at the site where it is produced)	1,755,112	987,631	2,742,743
TOTAL	kg	5,857,552	999,091	6,856,643
DISPOSED OF	%	43.44	7.41	50.85
R1	Primary use as fuel or other means of producing energy	-	-	-
R2	Regeneration/recovery of solvents	-	-	-
R3	Recycling/recovery of organic substances which are not used as solvents (including composting and other biological transformation processes)	18,400	-	18,400
R5	Recycling/recovery of other inorganic substances	-	-	-
R7	Recovery of the products used to capture the pollutants	-	-	-
R12	Exchange of waste prior to subjecting it to one of the procedures indicated under R1-R11	139,400	980	140,380
R13	Storage of waste prior to subjecting it to one of the procedures indicated under R1 to R12 (excluding temporary deposit, prior to collection, at the site where it is produced)	5,327,312	1,142,485	6,469,797
TOTAL	kg	5,485,112	1,143,465	6,628,577
RECOVERED	%	40.67	8.48	49.15
	kg	11,342,664	2,142,556	13,485,220
TOTAL WASTE	%	84.11	15.89	100.00

Environmental Sustainability: 2022-2025 targets

Carbon Neutrality • Confirm Carbon Neutral status;

- Define allocation criteria for calculating the carbon footprint for different types of process and product;

Water Footprint

- Continue with the annual water footprint analysis, to be promptly shared with Arpa;
- Identify areas for improvement in the production process to reduce water consumption;

Energy Efficiency

- Define a procedure for assessing the investments made from the perspective of the impact on energy efficiency and carbon footprint;
- Renew certification with ISO 50001 energy management system;

Renewable Fuels

• Assess the possibility of using renewable fuels.







6.1 **The Sectors** of Application



The automotive industry is where more of our operations

are based. In recent years, the global car industry has experienced a major business switch, partly dictated by changes to the EU regulations on tackling climate change and on the circular economy. Sustainability is considered a major factor for success by many car manufacturers. The focus is no longer just on vehicle life cycle or emissions associated with fuel consumption, but also extends to production processes, raw materials, reuse of components at end-of-life, and so on.

Moreover, various manufacturers have publicly declared Carbon Neutrality and circular economy targets, and reaching them requires the use of recycled raw materials in the end product, now considered a competitive factor. We have responded to this scenario through an approach to sustainability that has evolved naturally into a primary strategic asset, including from a business perspective.

Advantages Alcantara brings to the automotive industry

- Technical characteristics in terms of grip, breathability and durability, ideal for a sporty drive in high-performance cars.
- Aesthetic and sensorial features that offer the driver a unique driving experience, especially in elegant, luxury sedans.
- Lightness, which helps manufacturers to reduce car weight and so achieve their performance and sustainability targets.
- Italian craftsmanship, which ensures safety and reliability owing to the strict standards that Ítalian manufacturers must comply with.
- A very high level of customisation, which can be targeted according to the car model and version for which Alcantara has been chosen.
- The Alcantara brand, a differentiating factor for all manufacturers for decades.
- Carbon Neutrality.



Alcantara has been Carbon **Neutral** for 13 years running



Use of bio-based polymers



Launch of the use of post-consumer recycled polyester



Recycled Claim Standard certification for specific product categories



23% of sales are of the water-based product



About 4.5% of turnover invested in R&D



In Fiscal Year 2022, despite the ongoing pandemic and limited direct contact with the market, **requests for product development showed an 18.8% increase**, significantly more than the previous fiscal year and above the average for the last five years. Also worth noting within this context was the strong push to register supply codes for parts (trimmed components) in the product portfolio, comprising over 40% of new codes, along with the acquisition of new clients, especially emerging manufacturers.

At the same time, we held 37 meetings with the sustainability, material engineering and/or colour & trim departments of major industry clients, to present sustainability initiatives and the new generation of products based on the use of bio-based raw materials and post-consumer recycled polyesters (see paragraph 6.3). The work conducted with OEMs (Original Equipment Manufacturers) has been invaluable in these engagement initiatives, and they have assisted us in communicating the quality of Alcantara interiors effectively.

A key component of the stylistic offering for the automotive market was the presentation of the Automotive Concept Book. This is a collection of complex offerings aimed at diversifying products, at steering the various levels of positioning, and at developing the use of established

technologies, either by employing new and cutting-edge processes or by combining Alcantara with innovative or unique materials.

The 2020-2021 Automotive Concept Book, conceived in Fiscal Year 2021, was brought to a conclusion with a new book entitled Crafted, inspired by manual processing techniques. Despite the challenges of the pandemic, Crafted was presented to about 30 design offices, in person or virtually, and the suggested processing techniques aroused significant interest.

At the same time, the new 2022 Concept Book was conceived and completed in line with plans, and comprises three books entitled Cosmic, Biomorph and Virtual. Three different worlds where colours and technologies combine to obtain an infinite variety of effects, demonstrating the material's capacity for extreme customisation. Established techniques were used, such as electric-arc welding and 3D embossing, as well as new solutions, such as invisible embroidery that creates three-dimensional shapes, durable silk-screen printing with colour gradients and ribbon embroidery solutions to obtain bright surface effects.

A multimedia presentation was also created, which clients can access via the website to enable them to take another look at the content and to select samples that interest them.

In Fiscal Year 2022, the major European luxury fashion brands for accessories, clothing and footwear were reconfirmed as clients of the Fashion & Accessories department. These brands manufacture their products themselves or contractors manufacture the end product for the client, under the brand's supervision.

Europe remains the main market, particularly France and Italy, where the major global fashion houses operating in the luxury sector are concentrated. The Company mainly approaches this market through direct contact with the major brands, sometimes assisted by a network of agents that oversee the region.



Advantages Alcantara brings to the fashion & accessories industry

- Product customisation, which allows exclusive and sophisticated solutions to be developed, satisfying the technical and design requirements of various clients, thanks to its ability to adapt to any shape and surface in compliance with the strictest industry standards.
- Approach to Sustainability as a pillar of production processes, and increasingly important for fashion brands and end consumers. Several major groups in the luxury sector have announced they intend to become carbon neutral, following the example we set in 2009. Moreover, the introduction of materials from non-fossil sources has further enhanced our offering.
- Our brand's standing, appreciated by the most wellestablished global brands as it delivers additional value to their end products.





The clients of the Consumer Electronics department are the world's leading OEMs operating in the mobile, personal computer, audio, video and photo equipment markets and the major manufacturers of dedicated accessories.

The focus on sustainability is also evident in this industry: various brands have announced their intention to develop plans to become carbon neutral or climate positive, and are increasingly investing in environmental protection. Indeed, a circular economy approach requires major innovations not only in the process, but also in the product, and we are investing resources to introduce solutions in line with this megatrend. The introduction of materials from non-fossil sources has further strengthened our product offering, complementing its design, aesthetics and functionality.

Alcantara's converters, specifically, treat the material to make it suitable for the various stages of processing, such as cutting, laminating and then final assembly of the component, which has to be mounted on the device before sale.

In the last fiscal year, we approached new sectors such as gaming and DJ apps, initiating partnerships with players active in professional headphone manufacture.

The **complexity of the sector's supply chain**, mainly located in Southern China and South-East Asia, is further impacted by the current situation that has exacerbated logistics problems.



Our clients in the interiors, contract, marine and aviation sectors are leading manufacturers as well as distributors operating in high-potential markets. In more detail:

- The contract market (public spaces, hotels, shops, etc.) is overseen through contacts with architecture and design studios, local distributors and agents and specialised furniture manufacturers;
- In the marine sector, our clients are mainly shipyards for large vessels and the leading manufacturers of yachts and pleasure boats;
- For the development of the aviation market, we deal with design studios, airlines and component and seat manufacturers.

Fiscal Year 2022 saw further expansion of the interiors market with the launch of a distributor/logistics partner in China that will allow us to approach potential industrial clients more effectively and implement the rapid and efficient management of a network of local agencies. In other markets, despite the slowdown caused by the pandemic, demand showed positive signs. This was mainly driven by the dependability and variety of our product offering, together with an increase in requests for high value products, both in sensory and customisation terms.

Advantages Alcantara brings to consumer electronics

- The versatility of the material, successfully combining tradition and innovation, it enables the product's use in an infinite variety of applications and lends itself to innovative creations in consumer electronics, allowing the finished product to be highly customised according to clients' needs and the production techniques requested.
- The investments in brand-awareness, made to strengthen the brand's global reputation.
- The major focus on sustainability, increasingly important in both the client's and end-user's perceptions.

Management approach

DIRECT CONTACT:

- with all major industry OEMs and specific accessory manufacturers (technical offices, purchasing, marketing and style centres);
- with suppliers to develop projects and support the use of Alcantara in their production process.
 THROUGH INTERMEDIARIES:
- allowing non-OEM clients to be reached for the production of accessories and of limited series, with complex logistics in remote regions or in those not easily accessed directly.



Advantages Alcantara brings to the interiors, contract, marine and aviation sectors

- The option of customising the material's surface using specific technologies, while keeping the functional characteristics almost unchanged. This allows the development of collections that enrich the basic product line and stimulate designers' interest in experimenting further.
- Breathability, colour fastness and resistance to marine and atmospheric agents, key strengths in the marine sector.
- Lightness and strength, which enable aviation sector clients to reach efficiency targets in terms of weight, energy consumption and durability.
- Approach to sustainability, increasingly important for consumers and for the many producers who are creating sustainable lines.

Management approach

DIRECT CONTACT:

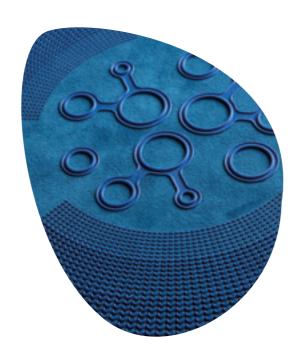
- through visits with an inter-functional team consisting of account managers and personnel from design, research and marketing departments.
 INDIRECT CONTACT:
- through distributors and agents.



Dialogue and Client

Satisfaction

The **customer experience** offered by Alcantara places the client's well-being at the centre of both internal production processes and marketing and communications, creating innovative and personalised solutions and optimising programmes that deal with end-user support and communication.



In this context, we have developed a method of measuring the overall level of client satisfaction with the aim of identifying specific areas and elements to focus on for future improvement. The analysis is conducted through the critical evaluation of qualitative performance indicators (complaints, service level, client assessment reports) and through a careful examination of cases of failure ("things gone wrong") involving area managers, project managers and product development and quality personnel.

This evaluation process is accompanied by a series of direct meetings with clients to listen to and analyse their needs, specifically:

- technical meetings, with the aim of identifying product or application requirements in order to develop tailor-made solutions;
- style meetings that start with the presentation of ideas and materials and then, based on specific needs, develop tailor-made solutions.

This dialogue results in a process of continuous improvement of procedures, interfaces and response times.





During Fiscal Year 2022, with the ongoing restrictions on travel to many destinations due to the pandemic, we increased the frequency of video conferences with clients and the use of multimedia tools to present the collections, mainly for the fashion and automotive sectors. We gave over 30 design presentations and organised 37 technical meetings on sustainability topics.

6.2

Sustainability and

Product Safety

At Alcantara, Italian products are synonymous with quality, value, safety, cutting-edge technology and a focus on style and design. For us, respect for human rights and compliance with the strictest EU standards in terms of environmental impact and the production process are equally important. This is demonstrated by Alcantara's compliance with clients' supply specifications and the certifications required by the reference markets.

We have played a pioneering role in that our product has now been **Carbon Neutral** for 13 consecutive years, i.e., since 2009, far ahead of the more recent trends. It thus, after offsetting, has net-zero balance of greenhouse gas emissions, from cradle to grave, across all stages from raw material supply to the production process, from product use to end-of-life.

Indeed, from a technical point of view, the Alcantara product can be recycled at end-of-life through downcycling¹, aimed at the production of non-woven fabrics, insulating panels or reconstructed foams. Such processes, however, would require the separation and collection processes to be centralised, a practice not yet sufficiently widespread. In order to make recycling more efficient, and allow the recovery of mixed materials, the Company launched a research and development plan on several levels. Its aim is to reuse waste and the product at end-of-life to create alternative materials, or to reproduce the original raw materials, despite the starting products' heterogeneous composition. To that end, the following are some of the activities promoted by the Company:

- the completion of a preliminary screening of industrial companies from the sector for producing materials obtained by recovering leather offcuts, to assess the feasibility of using ground-up Alcantara offcuts in their processes;
- the confirmation that depolymerisation and chemical recycling of ground-up industrial waste and finished product is feasible in the laboratory. It was conducted in conjunction with GR3N, a company with which a memoranding of understanding was signed aimed at an initial pilot scaling-up project and at defining a partnership agreement for future industrial scaling-up.

We are also aware of the decisive role that companies play in tackling climate change, dramatically highlighted by the events of recent years. To that end, we are actively working to minimise any impact from production processes and to promote responsible behaviour.

As previously mentioned (see section 5.2), in 2013, we installed a cogeneration plant to simultaneously produce electricity and heat. In a normal power station, the residual heat from electricity generation is released into the environment, whereas with cogeneration, the heat is recovered to be used in the production process. In support of cogeneration, in 2019, a new trigeneration plant was opened. As well as producing electricity, it allows thermal energy, recovered from thermodynamic transformation, to generate cooling energy for industrial processes. Given that the process's thermal requirement is greater than the amount of heat cogenerated, and in expectation of further increases in production capacity, a second cogeneration plant is already planned, identical to that built in 2013. Finally, in March 2022, a 114 kW photovoltaic installation was completed, at the headquarters in Milan, to power the electric car charging points. This will enable the Company's car park to be progressively upgraded with plug-in hybrid and full electric vehicles.



¹ Production of recycled material that is of lower economic value or quality than the original product



Product and

Process Safety

We take a responsible approach to production to ensure product quality, respect for the environment and consumer safety. We have successfully implemented an original and patented dyeing technology on an industrial scale. It reduces the use of dyes and the resulting impact on wastewater, at the same time increasing product performance. In Fiscal Year 2022, two new plants became operational for the recovery and treatment of wastewater from the dyeing plant:

- the first dye discharge, the most concentrated, is treated by a plant that uses a more powerful biological treatment than a traditional plant, thus minimising the consumption of chemicals;
- the final discharge, comprising rinse water, is treated with a suitable membrane and resin system. Once purified, it is directly reused in the same dye rinsing process, reducing industrial freshwater withdrawals.

In Fiscal Year 2022, our commitment continued to eliminate potentially hazardous substances from production processes, through the implementation of the **Chemical Management System (CMS)**², an undertaking first made in 2017.

We thus adopted the guidelines defined by the ZDHC-Zero Discharge of Hazardous Chemicals³ programme and the CHEM 4sustainability®⁴ protocol: this involves the whole supply chain in the gradual elimination from production processes of chemicals listed in the ZDHC-MRSL (Manufacturing Restricted Substances List). The field of application for Alcantara's CMS is the water-based process and relative products, intended for the fashion industry, as they comply with the requirements of the protocol currently in force (ZDHC version 2.0); furthermore, in order to maintain the Chemical Management System, a clause has been added to purchase contracts requiring compliance with Alcantara's MRSL ZDHC and PRSL (Product Restricted Substances List).

- ² CMS Chemical Management System: a set of commitments, objectives, tools and systematic measures for transparently and effectively managing the risk of using chemicals in manufacturing, aimed at the gradual elimination of those that are toxic and harmful to the health of people and the environment.
- ³ ZDHC Zero Discharge of Hazardous Chemicals: ZDHC is a multistakeholder organisation comprising over 170 contributors from the fashion industry, including brands, suppliers, chemical suppliers and solution providers. ZDHC's Roadmap to Zero programme guides the fashion industry along the path to eliminating harmful chemicals from the global supply chain, creating the basis for more sustainable manu-
- facturing to protect workers, consumers and our planet's ecosystems. CHEM 4s protocol: 4sustainability® is a certification mark, from Process Factory, that attests the commitment to sustainability of organisations and companies. Process Factory is a ZDHC contributor and the first training provider in Italy accredited by ZDHC for its Chemical Management System (CMS). CHEM 4s is a commitment to eliminating toxic and harmful chemicals from production cycles by implementing a CMS, achieved by adopting the MRSL-ZDHC auidelines.



Within this context, we have set priorities for the reduction/elimination of chemical substances based on an assessment of impact on the process and product (e.g., production volumes, target industries, timeframe to achieve regulatory compliance). The elimination of chemicals from products and the design of alternative products and processes is performed by our Research and Development departments. They employ a specific health, safety and environment procedure to provide a preliminary assessment of the risks associated with the use of raw materials in the manufacturing process and of the impact on the safety of products sold in the various markets. These measures also take account of the product applications envisaged by clients, of the specific characteristics of the country where the product is sold and of the strictest international protocols.

The safety of our products is ensured by **tests commissioned from independent laboratories**, which check the compliance of materials with the regulations governing the restricted substances. This takes place at least annually and, for specific substances, following any new or updated regulations.

At the same time, in support of this internal process, we also perform checks and controls on our supply chain, each year requiring suppliers to update the applicable safety documents (MSDS and/or information sheets) and renew the statement of compliance with REACH (EU regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals). Additional information is required during the initial authorisation for use and, if necessary, in order to investigate specific risks. The Technical Purchasing Specifications for dyed textile backing and for dyes stipulate the maximum requirements for restricted substances.

In FY 2022, no critical events or reports from the market were recorded regarding product safety issues.

In light of the importance we place on the health and safety of consumers, information on our products is precise and prioritised:

- the **Oeko-Tex** label, which relates to specific product categories, guarantees end users that no human-toxicological risks exist, whether in applications such as "Decorative material" (Class IV) or "Material in direct contact with the skin" (Class II), by complying with the requirements of the STANDARD 100 by OEKO-TEX®. This also ensures compliance with EU textile legislation (annex XVII to REACH), US legislation on lead content in children's clothing (CPSIA) and the Chinese standard GB 18401:2010;
- when preparing the technical supply specifications, or the contract, we provide the client with all information on our products (composition, washing instructions, long-term care and maintenance, specifications, information sheets, etc.) and the necessary training on correct use.

During the initial development of a new product, along with its technical and performance requirements, the client's mandatory and specific requirements on product safety are implemented and circulated among the various levels of the Company by means of system documentation.

Sustainable Innovation

In line with the sustainability and circular economy programmes we have developed, we have in recent years increased research and development into new raw materials that can match the properties of those derived from oil, and so replace them, at least partially. This will cut carbon dioxide emissions.

Indeed, the development continued of new products containing increasing amounts of bio-based polymers and recycled polyesters⁵.

- Bio-based polymers are defined as polymers that at least partly consist of material generated from biomass. At Alcantara, we use a partially bio-based polyester polymer, in which one of the two monomers, ethylene alycol, is produced from sugar industry waste.
- Recycled polymers, on the other hand, are obtained from recycling waste material, thus preventing the plastic being sent to landfill, incinerated or discharged into the ocean, giving non-biodegradable materials a second life. We selected a recycled polyester for our manufacturing process that is made from postconsumption waste, mechanically recycled without using chemical processes, thus minimising the carbon footprint.

In Fiscal Year 2022, the percentage of such polymers used was 10.5% of total production for partially biobased PET and 1.5% for mechanically recycled PET. Our goal is to gradually increase this in coming years, while reducing the consumption of polymers from fossil fuels.

In Alcantara manufacturing, partially bio-based PET is used for specific products and clients in the fashion, interiors and consumer electronics industries.

For the fashion and interiors sectors specifically, we completed the migration of the Regular 0.8 product, and those derived from it, to the new generation of product, made from partially bio-based polyester.

For the products in question, analytical assessments were introduced of the percentage of bio-based raw material content, analysing the percentage of "modern carbon" as per ASTM (American Society for Testing and Materials) standards.

The percentage is reported in the product technical specifications.

At the same time, research and development continued, as did the industrialisation of the products made from spinning recycled polyester, for the manufacture of the microfibre from which Alcantara is made. While previously using chemically recycled polymer, this process continued, and still continues, using mechanically recycled, post-consumer polymer of European origin and certified with the GRS (Textile Exchange Global Recycled Standard).

In addition, for laminated products, we promoted the use of textile backing containing recycled raw materials, favouring where possible post-consumer recycled raw materials and GRS-certified suppliers.

No standard laboratory methods are currently available to accurately identify the presence and quantity of recycled polyester in the end product. We therefore requested the certification of recycled raw material content with the Recycled Claim Standard (RCS) of Textile Exchange, for Alcantara R-EVO (RCS 68%) and Multilayer EVO (RCS 27%). The audit by ICEA in February 2022 was successful, and the certificate was issued in April 2022. The Recycled Claim Standard checks recycled material and tracks it from source to final product.

The new generation of product based on the recycled polymer was presented to numerous clients, generating significant interest and leading to the launch of a variety of development projects in the car industry.

In 2013, as previously mentioned, we launched a special project, known within the Company as "water-based", by implementing a new process based on alternative raw materials and more advanced technologies. The waterbased process enabled TCE and DMF solvents, mentioned in section 6.3, to be eliminated and replaced with water, at the same time reducing the production process' energy consumption. The intensive research, supported by a dedicated working group and by technicians from the parent company, led to the industrialisation of the new product in 2015 and to its introduction onto the market in 2016. It is currently being supplied to some major clients in the car and consumer electronics markets, but research and development continues on its diversification, approval by new clients and extension to other markets. In Fiscal Year 2022, the water-based product constituted 23% of total sales by volume.

Research Centre and New Products

Annually, we invest on average between 3% and 5% of turnover in research and development; for the last two fiscal years, this figure was 4.5%.

We have a **Research and Development Centre** that is unique in Europe, dedicated to the development and improvement of our products and processes and fitted with equipment and laboratory facilities with pilot projects, services and dedicated labs. Starting with the availability of original know-how, skills have been developed on polymer processing, textile and chemical processes, application technologies and ennobling.

R&D employs over 50 personnel, including personnel with PhDs, technical graduates and specialist operators.

They employ a design approach using on-demand logic, aimed at satisfying the specific needs of clients and reference markets, and on-proposal logic, aimed at the development and offering of exclusive new solutions, capable of stimulating the creativity of the client.

Fiscal Year 2022 saw the continuing growth in technology at the new Complex Manufacturing department, capable of guaranteeing an immediate response to the client's special production design needs, ensuring a high degree of customisation.

New production/prototyping lines were installed in support of both development projects and productions regarding ongoing manufacturing projects.



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⁵ The actual content of partially bio-based polyester and/or recycled polyester is indicated in the technical specifications of each product and is documented by internal evidences.

6.3 Use of Raw Materials

Alcantara ensures that all the raw materials used in the production process comply with the principles dictated by the strictest regulations. Main auxiliary raw materials, such as some of the thermoplastic polymers and the sizing agents used, are treated, recovered, and reused in the production cycle or destined for other industrial uses.

TCE and DMF solvents applied in production are used in a closed circuit, recovered, regenerated, and reused in the production process.

In accordance with the REACH regulation, Alcantara was authorised by the European Commission to use TCE in its production process (closed system). TCE is therefore authorized for use in this specific application along with other applications from different companies.

State-of-the-art high-tech treatment systems ensure that airborne emissions and worker exposure are far lower than legal limits in Italy.

The operating conditions and risk management measures currently adopted at the Alcantara site have been assessed as suitable for lowering the risk of workers' direct exposure to TCE to a level considered negligible/acceptable/tolerable by the main regulatory bodies.

This is also confirmed by strict internal controls and medical monitoring procedures, external audits and assessments conducted by the competent authorities

For the general population, indirect exposure in the environment is negligible. The final product (Alcantara material) does not contain any TCE nor traces thereof.



Criticalities

The potential critical safety and environmental issues for all new products are assessed via an internal Product Safety procedure involving all corporate functions. The results of the evaluations are assessed by management prior to marketing authorisation.

In Fiscal Year 2022, despite the increase in production volumes compared to the previous year, there was an increase in specific consumption: most important was the consumption of thermoplastic polymers due to the greater complexity of the production mix.

The increase in volumes of the new water-based process (known internally as FANS), and of tests to improve the end product's physical-mechanical performance, led to an increase in the consumption of raw materials for polyurethane, dyes and auxiliaries, abrasive paper, steel needles and splitting blades.

Compared to the previous year, a further increase was recorded in the specificity of chemicals for treating wastewater. This was due to the launch of new facilities (specifically, the facility downstream from the FANS process, and the one that reuses wastewater.)

Despite the increase in production volumes, the efficiency drives conducted have led to a reduction in the specific consumption of nitrogen, of post-treatment auxiliaries and above all of textile backings.

USE OF MATERIALS PER LINEAR METRE OF ALCANTARA® PRODUCT	NON-RENEWABLE RESOURCES ⁶	FY 2020	FY 2021	FY 2022
Nitrogen		970.74	1,331.10	1,007.10
Thermoplastic polymers	X	1,056.19	703.00	1,091.50
Dyes and auxiliaries		876.40	811.20	935.90
Packaging (cardboard, plastics, etc.)		218.13	246.70	242.40
Textile backing		119.43	160.90	127.60
Raw materials for polyurethane	X	352.52	304.80	456.50
Adhesives and sizing	X	209.06	254.70	270.30
Post-treatment auxiliaries		136.05	182.50	133.50
Solvents	X	34.43	49.30	43.30
Abrasive paper		3.58	4.40	4.80
Steel needles		0.18	0.27	0.50
Stainless-steel splitting blades		0.47	0.29	0.60
TAC-TAS oils and chemicals		152.56	1,183.00	1,249.10

⁶X stands for resources that cannot be regenerated within a short timeframe, such as minerals, metals, oil, gas, carbon, etc.

The production based on the new Water-based process, previously mentioned, has led to a reduction in ${\rm CO_2}$ emissions and to primary energy savings, recognised by the GSE (Gestore Servizi Energetici - National Energy Services Manager) through the issuing of Energy Efficiency Certificates (in Italian, Titoli di Efficienza Energetica - TEE):

MONITORING PERIOD SEPTEMBER 2019 - AUGUST 2020				
Specific energy savings TOE/ km ALC® FANS				
Specific emissions avoided	ton CO2e / km ALC® FANS	2.88		

The specific emissions avoided through the production of cogenerated steam were calculated in accordance with the EU ETS scheme. The period from September 2019 to August 2020 was used for the calculation, a period in which the data were confirmed and verified by the GSE. Below are the data for Fiscal Year 2022. However, the data are to be considered partial and temporary pending the verification of the body (GSE) expected in the year 2022.

MONITORING PERIOD APRIL 2021 - MARCH 2022				
Specific energy savings TOE/ km ALC® FANS 2				
Emissions avoided	ton CO2e / km ALC® FANS	5.60		

Downstream of the production process, we produce polystyrene and polyvinyl alcohol waste that, due to the quality required by the production process, cannot be reused by the Company and are thus sold as by-products for industrial use, under the names:

ALCARENE®	ALCANOL®
A thermoplastic polymer, it is used as an auxiliary component in the spinning phase to protect the very fine fibres, and subsequently dissolved with a selective solvent. Both the solvent in use and the polymer are recovered and purified as part of the production process. The polymer is then marketed for injection-moulding applications in the plastic products and footwear sector.	A vinyl polymer used in the production process as sizing, and subsequently dissolved in water, recovered and purified. It is widely used as an adhesive, mainly in the paper industry.

PRODUCTS AND BY-PRODUCTS SOLD ON THE MARKET ⁷	Units	FY 2020	FY 2021	FY 2022		
ALCANOL°						
Quantity produced and sold on the market	kg	897,684	528,819	662,378		
Raw material as a percentage of total product	%	91.28%	73.67%	64.8%		
ALCARENE°						
Quantity produced and sold on the market	Kg	1,237,202	2,993,781	1,121,893		
Raw material as a percentage of total product		72.14%	371.90%	87.88%		
Alk-Fill FI and Alk-Fill FE (textile waste)						
Quantity produced and sold on the market	Kg	112,591	142,921	158,045		
Alk-Fill Buff (buffing powder)						
Quantity produced and sold on the market	Kg	1,833	1,980	3,700		

⁷The percentages reported in the table are calculated in relation to the raw materials actually used in production.

The quantity of Alcanol® produced and sold on the market showed a 25% increase compared to the previous year. All quantities of Alcanol® and Alcarene® produced were marketed through sales agreements and/or spot requests.

6.4

Partnerships with Universities and Research Centres

Despite the continuing pandemic, which limited direct contact and the activities of some universities and research centres, in Fiscal Year 2022, we continued to promote partnerships with prestigious research centres and universities throughout Italy. These were aimed at fostering an exchange of expertise and experience, keeping abreast of the **evolution of skills** required by the labour market and, simultaneously, bringing talents into the Company able to provide an important **contribution to innovation processes**.

- To raise awareness among young people and promote a constructive approach to sustainability, training was delivered as part of the Master's in Product Sustainability Management at the Politecnico di Milano organized by Milano Fashion Institute (MFI) and Master's in Advanced Sustainability Management at the IPSOA Training School.
- To assist with the activities of the Design office, the Department of Architecture and Industrial Design at the **University of Campania** Luigi Vanvitelli has been assigned a study on the use of biomimetics⁸ in the car industry and on the need for innovation in car interior design. Based on an analysis of the industry's development, specific nature models have been identified according to precise functional analogies between the performance required in car interior design and the functional characteristics of certain organisms. This approach has generated a series of inspirations that will be used in future stages of the design concept, with both functional and aesthetic-formal aims.
- The first step was completed in the partnership with the University of Bologna to implement an artificial intelligence system to assist specialist inspectors in the detection of visual defects on inspection tables. The activity focused on the detection of geometric defects, which are more difficult to detect, and led to the development of an initial prototype now under assessment.

- The year saw the conclusion of the multi-year research project with the Department of Chemical Engineering, Materials and Industrial Manufacture at the **University of Naples Federico II.** This research project is part of a broader research programme, and aims to evaluate the recycling and reuse processes for the main industrial waste and for the Alcantara product at end-of-life. It verified the applicability of the re-bonding technique and paved the way for a possible industrial development plan with a technological partner.
- We launched a partnership with APM (Advanced Polymer Materials S.r.l.) regarding a research programme on optimising and implementing ISO and ASTM methods for virgin PET and recycled PET (rPET).
- Finally, to continue optimizing the water-based process partnerships are periodically established with the University of Perugia, which provides technical and analytical support in this area.



⁸ Biomimics is the discipline that studies and imitates the biological and biomechanical processes in nature and living beings as a source of inspiration for improving human activities and technologies.

Social and **Environmental** Sustainability: 2022-2025 **Targets**

Corporate citizenship

• Expand partnerships with the main national and international universities to train and raise awareness among young people on sustainability and to develop sustainable innovation projects;

Circular Economy

- Increase the use of post-consumption recycled polyester and of textile backing containing recycled raw materials;
- Continue R&D aimed at identifying technologies for recycling the product at end-of-life;
- Increase the use of bio-based polyester;

Environmental Impact

• Continue the development and industrialisation of the water-based process and increase the associated production volumes.

Reference SDGs

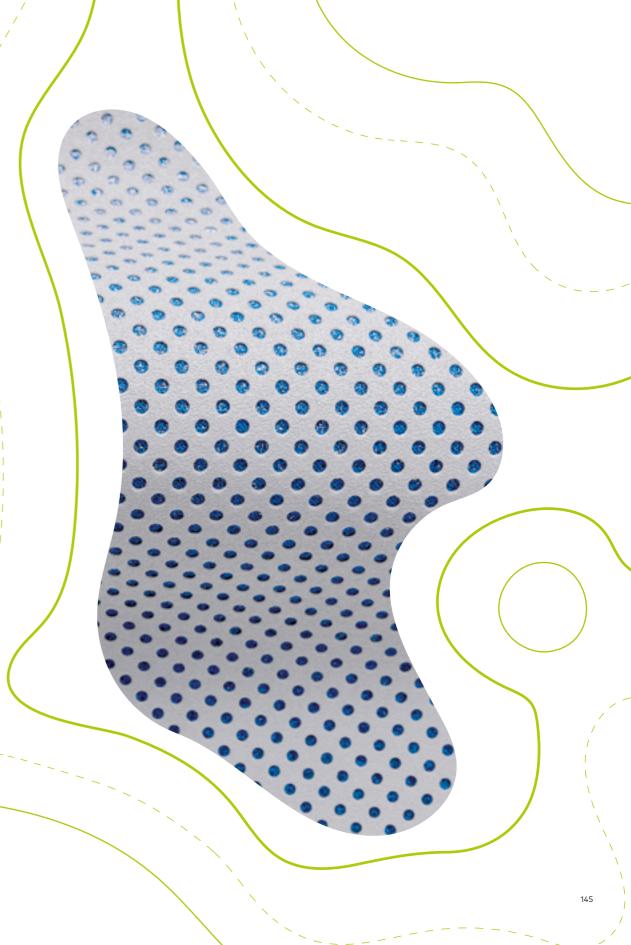














GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
	102-1	Name of the organization	1	
	102-2	Activities, brands, products, and services	1.1; 6.1	
	102-3	Location of headquarters	1.1	
	102-4	Location of operations	1.1	
	102-5	Ownership and legal form	1.1; 2.1	
	102-6	Markets served	2.1	
GRI 102:	102-7	Scale of the organization	2.1; 3.1; 6.1	
General Disclosures	102-8	Information on employees and other workers	3.1	
2016 – Organizational Profile	102-9	Supply chain	2.2	
	102-10	Significant changes to the organization and its supply chain	2.2	
	102-11	Precautionary Principle or approach		Before the introduction into the system of each new product, all applicable requirements are re-examined at dedicated interdepartmental meetings
	102-12	External initiatives	4.1; 6.4	
	102-13	Membership of associations	2.3	

GRI 102: General Disclosures	102-14	Statement from senior decision-maker	The Chairman's letter	
2016 - Strategy	102-15	Key impacts, risks, and opportunities	1.3; 1.5	

GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behavior	1.1	
2016 – Ethics and integrity	102-17	Mechanisms for advice and concerns about ethics	1.2	

102-18 Governance structure 112 102-19 Delegating authority 112 12 12 12 12 12 12 12 12 12 12 12 12	GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
102-19 Delegating authority 1.2 102-20 Executive-level responsibility for economic, 1.2 102-21 Consisting stakeholders on economic, environmental, and social topics 1.2; 1.5 102-22 Composition of the highest governance body and its committees 1.2 102-23 Chair of the highest governance body 1.2 102-24 Nominating and selecting the highest governance body 1.2 102-25 Conflicts of interest 1.2; 1.3 102-26 Role of highest governance body in setting purpose, values, and strategy 1.2 102-27 Collective knowledge of highest governance body 1.2 102-28 Evaluating the highest governance body 1.2 102-28 Evaluating the highest governance body 1.2 102-28 Evaluating the highest governance body 1.2 102-29 Identifying and managing economic, environmental, and social impacts 1.2; 1.3; 2.1 102-30 Effectiveness of risk management processes 1.3 102-31 Review of economic, environmental, and 1.3 102-32 Highest governance body's role in sustainability reprorting 1.2 102-33 Communicating ristical concerns 1.2 102-34 Nature and total number of critical concerns 1.2 102-35 Remuneration policies 1.2-37 Stakeholders' involvement in remuneration 1.3 102-36 Process for determining remuneration 1.3 102-37 Stakeholders' involvement in remuneration 3.4					
102-20 Executive-level responsibility for economic, environmental, and social topics 102-21 Consulting stakeholders on economic, environmental, and social topics 102-22 Composition of the highest governance body 12 102-23 Chair of the highest governance body 12 102-24 Nominating and selecting the highest governance body 12 102-25 Conflicts of interest 12 12 13 102-26 Role of highest governance body in setting purpose, values, and strategy 102-27 Collective knowledge of highest governance body 12 102-28 Evaluating the highest governance body in setting purpose, values, and strategy 102-28 Evaluating the highest governance body 12 102-29 Evaluating the highest governance body in setting performance are decided by the shareholders' meeting with the ownership of Toray Group GRI 102: General Disclosures 2016 - Governance 102-30 Effectiveness of risk management processes 1.3 Review of economic, environmental, and social impacts 102-31 Review of economic, environmental, and social social social social social supports 102-32 Highest governance body's role in sustainability reporting 102-33 Communicating critical concerns 1.2 This information is not publicly disclosed due to confidentiality concerns 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 3.4		102-18	Governance structure	1.2	
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102-21 emironmental, and social topics 102-22 Composition of the highest governance body 1.2 102-23 Chair of the highest governance body 1.2 102-24 Nominating and selecting the highest governance body 1.2 102-25 Conflicts of interest 1.2; 1.3 102-26 Role of highest governance body in setting purpose, values, and strategy 1.2 102-27 Collective knowledge of highest governance body 1.2 The policies for the evaluation of the performance or decided by the shareholders' meeting with the ownership of Toray Group GRI 102-28 Evaluating the highest governance body's performance 102-29 Identifying and managing economic, environmental, and social impacts 102-31 Review of economic, environmental, and social impacts 102-32 Highest governance body's role in sustainability reporting 102-33 Communicating critical concerns 1.2 This information is not publicly disclosed due to confidentiality concerns 102-34 Process for determining remuneration 102-35 Stakeholders' involvement in remuneration 3.4		102-20		1.2	
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102-24 Nominating and selecting the highest governance body 102-25 Conflicts of interest 1.2; 1.3 102-26 Role of highest governance body in setting purpose, values, and strategy 102-27 Collective knowledge of highest governance body 1.2 102-28 Evaluating the highest governance body's performance are decided by the shareholders' meeting with the ownership of Toray Group 102-29 Identifying and managing economic, environmental, and social impacts 102-30 Effectiveness of risk management processes 1.3 102-31 Review of economic, environmental, and social impacts 102-32 Highest governance body's role in sustainability reporting 102-34 Nature and total number of critical concerns 1.2 102-35 Remuneration policies 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 3.4		102-22		1.2	
102-24 governance body 102-25 Conflicts of interest 102-26 Role of highest governance body in setting purpose, values, and strategy 102-27 Collective knowledge of highest governance body 102-28 Evaluating the highest governance body's performance are decided by the shareholders' meeting with the ownership of Toray Group General Disclosures 2016 - Governance 102-30 Effectiveness of risk management processes 102-31 Review of economic, environmental, and social impacts 102-32 Highest governance body's role in sustainability reporting 102-33 Communicating critical concerns 102-34 Nature and total number of critical concerns 102-35 Remuneration policies 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 3.4		102-23	Chair of the highest governance body	1.2	
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GRI 102: General Disclosures 2016 - Governance 102-30 Effectiveness of risk management processes 1.3 102-31 Review of economic, environmental, and social topics 102-32 Highest governance body's role in sustainability reporting 102-34 Nature and total number of critical concerns 1.2 102-35 Remuneration policies 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration the performance are decided by the shareholders' meeting with the ownership of Toray Group the performance are decided by the shareholders' meeting with the ownership of Toray Group the performance are decided by the shareholders' meeting with the ownership of Toray Group 1.2; 1.3; 2.1 1.2; 1.3; 2.1 1.3 1.4 1.5 1.5 1.7 1.7 1.7 1.7 1.7 1.7		102-27	Collective knowledge of highest governance body	1.2	
Identifying and managing economic, environmental, and social impacts 1.2; 1.3; 2.1		102-28			the performance are decided by the shareholders' meeting with the
102-30 Effectiveness of risk management processes 1.3 102-31 Review of economic, environmental, and social topics 102-32 Highest governance body's role in sustainability reporting 102-33 Communicating critical concerns 1.2 102-34 Nature and total number of critical concerns 1.2 102-35 Remuneration policies 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 1.3 1.3 1.3 1.3 1.3 1.4	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	1.2; 1.3; 2.1	
102-31 social topics 102-32 Highest governance body's role in sustainability reporting 102-33 Communicating critical concerns 102-34 Nature and total number of critical concerns 102-35 Remuneration policies 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 1.2 This information is not publicly disclosed due to confidentiality concerns This information is not publicly disclosed due to confidentiality concerns	2010 001011141100	102-30	Effectiveness of risk management processes	1.3	
102-32 sustainability reporting 1.2 102-33 Communicating critical concerns 1.2 102-34 Nature and total number of critical concerns 1.2 102-35 Remuneration policies This information is not publicly disclosed due to confidentiality concerns 102-36 Process for determining remuneration This information is not publicly disclosed due to confidentiality concerns 102-37 Stakeholders' involvement in remuneration 3.4		102-31		1.3	
102-34 Nature and total number of critical concerns 1.2 This information is not publicly disclosed due to confidentiality concerns 102-36 Process for determining remuneration 102-37 Stakeholders' involvement in remuneration 3.4		102-32		1.2	
102-35 Remuneration policies This information is not publicly disclosed due to confidentiality concerns 102-36 Process for determining remuneration This information is not publicly disclosed due to confidentiality concerns 102-37 Stakeholders' involvement in remuneration 3.4		102-33	Communicating critical concerns	1.2	
102-35 Remuneration policies disclosed due to confidentiality concerns 102-36 Process for determining remuneration This information is not publicly disclosed due to confidentiality concerns 102-37 Stakeholders' involvement in remuneration 3.4		102-34	Nature and total number of critical concerns	1.2	
102-36 Process for determining remuneration disclosed due to confidentiality concerns 102-37 Stakeholders' involvement in remuneration 3.4		102-35	Remuneration policies		disclosed due to confidentiality
		102-36	Process for determining remuneration		disclosed due to confidentiality
		102-37	Stakeholders' involvement in remuneration	3.4	
102-38 Annual total compensation ratio This information is not publicly disclosed due to confidentiality concerns		102-38	Annual total compensation ratio		disclosed due to confidentiality
102-39 Percentage increase in annual total compensation ratio Percentage increase in annual total disclosed due to confidentiality concerns This information is not publicly disclosed due to confidentiality concerns		102-39			disclosed due to confidentiality

	102-40	List of stakeholder groups	1.5	
GRI 102: General Disclosures 2016 – Stakeholder Engagement	102-41	Collective bargaining agreements		The entire staff is covered by the National labor collective agreement
	102-42	Identifying and selecting stakeholders	1.5	
	102-43	Approach to stakeholder engagement	1.5	
	102-44	Key topics and concerns raised	1.5	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
	102-45	Entities included in the consolidated financial statements	Methodology	
	102-46	Defining report content and topic Boundaries	Methodology	
	102-47	List of material topics	1.5	
	102-48	Restatements of information	Methodology	
	102-49	Changes in reporting	Methodology	
651400	102-50	Reporting period	Methodology	
GRI 102: General Disclosures	102-51	Date of most recent report	Methodology	
2016 – Reporting Process	102-52	Reporting cycle	Methodology	
	102-53	Contact point for questions regarding the report	Methodology	
	102-54	Claims of reporting in accordance with the GRI Standards	Methodology	
	102-55	GRI content index	GRI Content Index	
	102-56	External assurance	External audit report	

GRI 103:	103-1	Explanation of the material topic and its Boundary	1.5	
Management	103-2	The management approach and its components	1.5	
approach 2016	103-3	Evaluation of the management approach	1.5	

GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2.1	
	201-2	Financial implications and other risks and opportunities due to climate change	2.1; 5.1	
	201-3	Defined benefit plan obligations and other retirement plans		Obligations undertaken as laid down by law
	201-4	Financial assistance received from government	2.3	

GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	3.1	
	202-2	Proportion of senior management hired from the local community	3.1	

GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	4.1; 6.4	
	203-2	Significant indirect economic impacts	2.1	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2	
	205-1	Operations assessed for risks related to corruption	1.2; 1.3	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti- corruption policies and procedures	1.2; 1.3	
	205-3	Confirmed incidents of corruption and actions taken		No incidents occurred
		•		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		None
GRI 207: Tax 2019	207-1	Approach to tax	2.3	
	201.1	Market III and I	(2	
GRI 301:	301-1	Materials used by weight or volume	6.3	
Materials 2016	301-2	Recycled input materials used	6.3	
	301-3	Reclaimed products and their packaging materials	0.3	
	302-1	Energy consumption within the organization	5.2	
	302-2	Energy consumption outside of the organization	5.2	
GRI 302:	302-3	Energy intensity	5.2	
Energy 2016	302-4	Reduction of energy consumption	5.2	
	302-5	Reductions in energy requirements of products and services	5.2	
	303-2	Management of water discharge-related impacts	5.4	
GRI 303:	303-3	Water withdrawal	5.4	
Water and Effluents 2018	303-4	Water discharge	5.4	
	303-5	Water consumption	5.4	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		A 20-hectare land portion owned by Alcantara is located inside the SIC area (Site of Community Interest). Although within the propriety area, the lands are located out of the plant's perimeter
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity		No biodiversity studies have been conducted in this topic that is not material
	304-3	Habitats protected or restored		None
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable

	GRI DISCLOSURE			
GRI STANDARD TITLE	NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
	305-1	Direct (Scope 1) GHG emissions	5.3	
	305-2	Energy indirect (Scope 2) GHG emissions	5.3	
	305-3	Other indirect (Scope 3) GHG emissions	5.3	
GRI 305: Emissions 2016	305-4	GHG emissions intensity	5.3	This information is partially disclosed due to confidentiality concerns
	305-5	Reduction of GHG emissions	5.3	
	305-6	Emissions of ozone-depleting substances (ODS)	5.3	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.3	
		Management of significant waste-related		
	306-2	impacts	5.5	
	306-3	Waste generated	5.5	
GRI 306: Waste 2020	306-4	Waste diverted from disposal	5.5	
	306-5	Waste directed to disposal	5.5	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations		No fines or any sanctions
GRI 308:	308-1	New suppliers that were screened using environmental criteria	2.2	
upplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	2.2	
	401-1	New employee hires and employee turnover	3.1	
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.1	
	401-3	Parental leave	3.1	
GRI 402: Labor – Management relations 2016	402-1	Minimum notice periods regarding operational changes		None
	l			

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
	403-1	Occupational health and safety management system	3.3	The ISO 45001 certification led to the creation of a safety management system. The responsible are those laid down by the Italian Legislation
	403-2	Hazard identification, risk assessment, and incident investigation	3.3	
	403-3	Occupational health services	3.3	
GRI 403:	403-4	Worker participation, consultation, and communication on occupational health and safety	3.3	
Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	3.3	
und Salety 2016	403-6	Promotion of worker health	3.3	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.3	
	403-8	Workers covered by an occupational health and safety management system	3.3	
	403-9	Work-related injuries	3.3	
	403-10	Work-related ill health	3.3	
	404-1	A common having of travising a part of the same of the	3.2	
GRI 404: Training and Education	404-1	Average hours of training per year per employee Programs for upgrading employee skills and	3.2	
2016	404-3	transition assistance programs Percentage of employees receiving regular performance and career development reviews	3.2	
		performance and career development reviews		
GRI 405: Diversity and Equal	405-1	Diversity of governance bodies and employees	3.1	
Opportunities 2016	405-2	Ratio of basic salary and remuneration of women to men	3.1	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		No incidents occurred
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.2	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	2.2	
GRI 409: Forced and Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.2	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures		None

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 411: Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples		No violations occurred
GRI 412: Human Rights Asses-	412-1	Operations that have been subject to human rights reviews or impact assessments		All operations have been assessed SA8000
sment 2016	412-2	Employee training on human rights policies or procedures	3.2	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	1.5; 4.1	
Local Commonities 2010	413-2	Operations with significant actual and potential negative impacts on local communities	4.1; 5.1	
GRI 414:	414-1	New suppliers that were screened using social criteria	2.2	
Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken $% \left\{ 1,2,\ldots ,n\right\}$	2.2	
GRI 415: Public Policy 2016	415-1	Political contributions		Alcantara S.p.A. has never made contributions to politicians and political parties
GRI 416: Customer Health and	416-1	Assessment of the health and safety impacts of product and service categories	6.2	
Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents of non-compliance occurred
CDI (17.	417-1	Requirements for product and service information and labeling	6.2	
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling		No incidents of non-compliance occurred
	417-3	Incidents of non-compliance concerning marketing communications		No incidents of non-compliance occurred
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No complaints received
GRI 419: Socio-economic Com- pliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area		No incidents of non-compliance occurred

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Tel: +39 02 58.20.10 www.bdo.lt Viale Abruzzi, 94

Independent auditors' report on the Sustainability Report

To the Board of Directors of Alcantara S.p.A.

We have been engaged to perform a limited assurance engagement on the Sustainability Report of Alcantara S.p.A. (the "Company") for the year ended on March 31s, 2022.

Directors' responsibility on the Sustainability Report

The Directors of Alcantara S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI - Global Reporting Initiative, as described in the paragraph "Methodology" of the Sustainability Report.

The Directors are responsible for that part of the internal control that they consider necessary in order to enable the preparation of a Sustainability Report that is free from material misstatements, whether due to frauds or unintentional behaviors or events.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We conducted our work in accordance with the principles included in the "international Standard on Assurance Engagements 3000 (Revised)- Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the Sustainability Report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

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In particular, we have performed the following procedures:

- Analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
- comparison of economic and financial data included in the paragraph "Economic results" of the Sustainability Report with those included in the Financial Statements of the Company;
- 3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Sustainability Report. In particular, we have performed interviews and discussions with the management of Alcantara S.p.A. to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report:

furthermore, for the most important information, taken into consideration the activities and the characteristics of the Company:

- with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and we have acquired supporting documentation to verify their consistency with the available evidence:
- with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Alcantara S.p.A for the period ended on March 31st, 2022 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued in 2016 by the GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Sustainability Report.

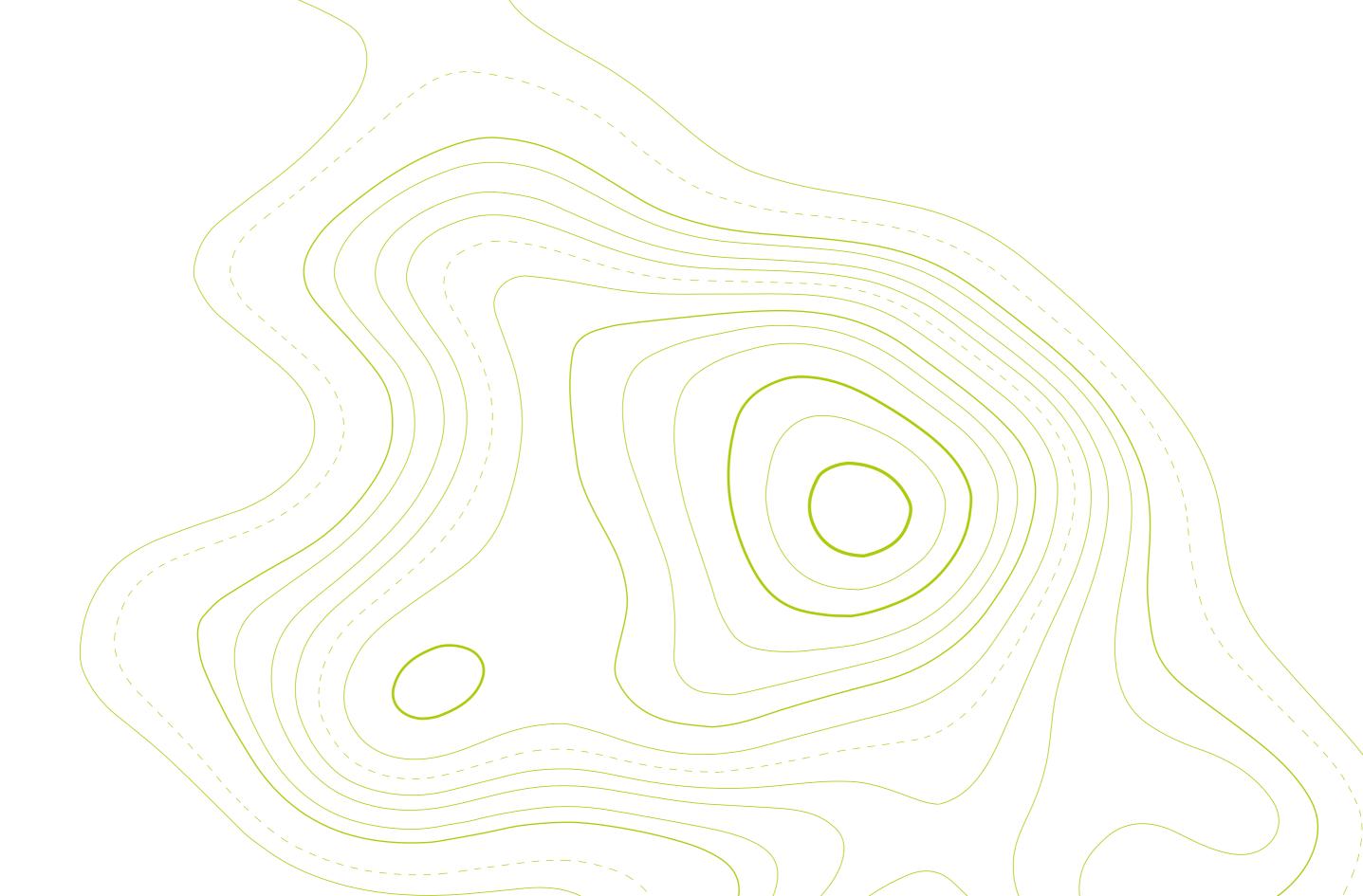
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Alcantara S.p.A. | Independent auditors' report on the Sustainability Report 2022

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Alcantara S.p.A. Via Mecenate 86 20138 Milan (Italy) Telephone +39 02 580301 alcantara.com















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