



SUSTAINABILITY REPORT



Fiscal Year:
1 April 2022
31 March 2023

Continuity of commitment

ALCANTARA

A message from our *Chairman*



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

Dear Stakeholders,

14 years have passed since Alcantara published its first Sustainability Report. Precisely in 2009, the Company obtained the Carbon Neutrality certification for the very first time, compensating for the entire impact in terms of equivalent CO₂ emissions through carbon credits deriving from certified and verified offsetting projects.

The latest edition of the Report is an opportunity for us to reflect on the importance of our continued commitment to sustainability.

Indeed, in our vision, building a responsible business model aimed at creating shared value requires constant dedication, effective actions and a rigorous analysis of results and statements. This is why we strongly believe in transparency and in sharing real and concrete facts, regardless of current trends or other visibility- and marketing-related dynamics.

Since achieving Carbon Neutrality, our sustainability journey continued with the consolidation of responsible procurement practices and stakeholder engagement actions, and more recently with growing attention to circular economy principles. As tangible proof, we have launched on the market an innovative range of products deriving partially from certified post-consumer recycled polyester and we accelerated research on end-of-life recycling. Thanks to this last evolutionary step, in collaboration with an innovative start-up, we have developed a special technology allowing to fully recover the polyester component of Alcantara.

While acknowledging that carbon offsetting is not the final solution, nevertheless we believe that carbon credits are a useful tool to accelerate the fight against climate change beyond our value chain, and to measurably reduce global emissions. Besides, the projects supported by Alcantara every year bring tangible social benefit to the impacted territories.

Nonetheless, our next steps will involve even more incisive actions to improve energy efficiency and emissions reduction, through the search of new technologies and new processes.

So, the idea of 'Continuity of Commitment' that stands out on the cover of this volume aims at underlining the absolute consistency of our conduct and it is the element that drives us to keep moving forward with determination along this path. Such concept represents a true link between the goal of growing our business and fostering dialogue with stakeholders promoting transparency in information sharing, for the protection and good of the entire market and the community.

I hope you enjoy the reading.

A handwritten signature in dark ink, appearing to read 'Andrea Boragno'.

Methodology

Sustainability Report
of Alcantara S.p.A.

PERIOD
OF REFERENCE
1 April 2022
31 March 2023
(Annual Report):
Fiscal Year 2023.

REFERENCE GUIDELINES

Alcantara S.p.A. is not legally required to publish a non-financial statement, yet this Sustainability Report is prepared following the provision of Legislative Decree 2016/254 and provides information on environmental, social, employees, human rights and anti-corruption themes, useful for understanding the Group's activities, performance, results and impact.

The adopted reporting methodology is the Global Reporting Initiative (GRI) Sustainability Reporting Standards. 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'.

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. Throughout this Report 'Ton' and 'Tons' refer to 'metric ton'.

FRAME OF REFERENCE

The reference period for the report corresponds to the financial reporting period of Alcantara S.p.A. This document refers to three 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;
- "FY 2023" or "Fiscal Year 2023" refers to the period from 1 April 2022 to 31 March 2023.

EXTERNAL AUDIT

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

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Alcantara S.p.A.'s 2023
Sustainability Report may be
consulted in interactive format
on the dedicated micro-site
<https://sustainabilityreport.alcantara.com>

Discover more



For further information, contact:
alcantarasustainability@alcantara.com
All comments and suggestions are welcome.

Sustainability *Report*

2023

Fiscal Year:
1 April 2022
31 March 2023

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Governance



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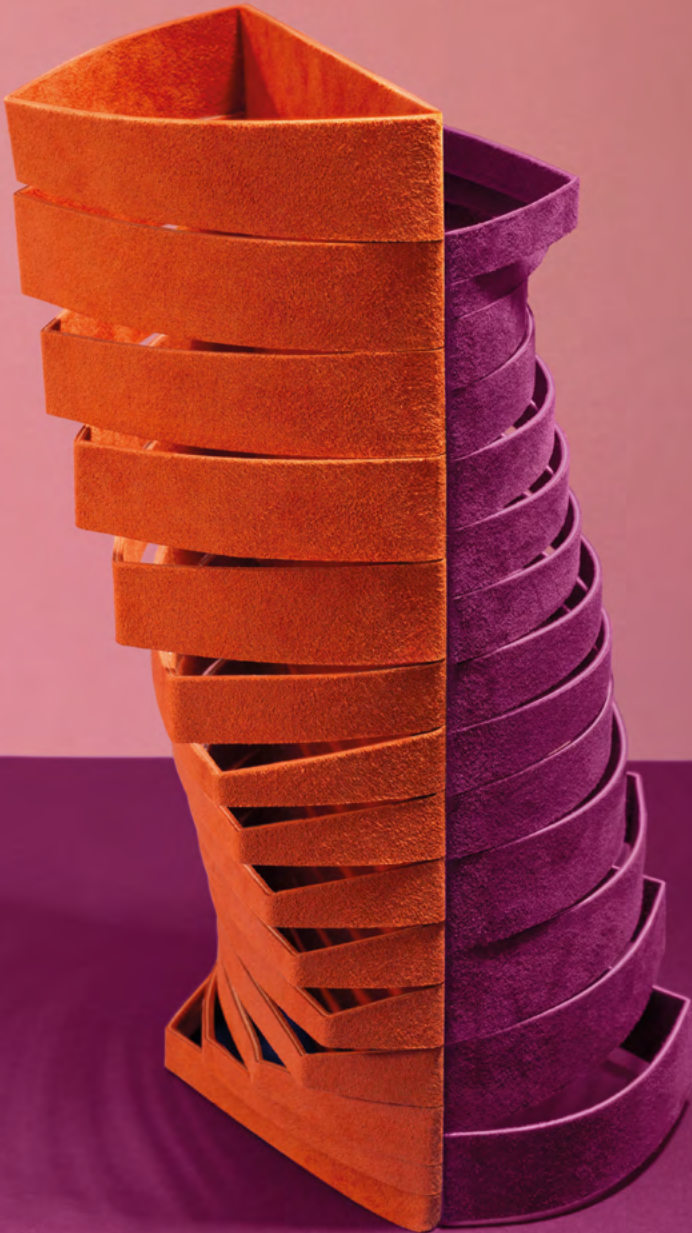
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1ST COMMITMENT

Identity and
Governance

STRIVE FOR TRANSPARENCY

We continue to seek maximum transparency and fairness, through tangible, fact-based and measurable activities that reflect the core values of our Company.



Chapter overview

About
Alcantara



- Mission, Value and Sustainable Strategy
- Our Story
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- Alcantara's Sectors of Application

Governance
Model



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The Risk
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- Alcantara's 2022–2025 Sustainability Plan

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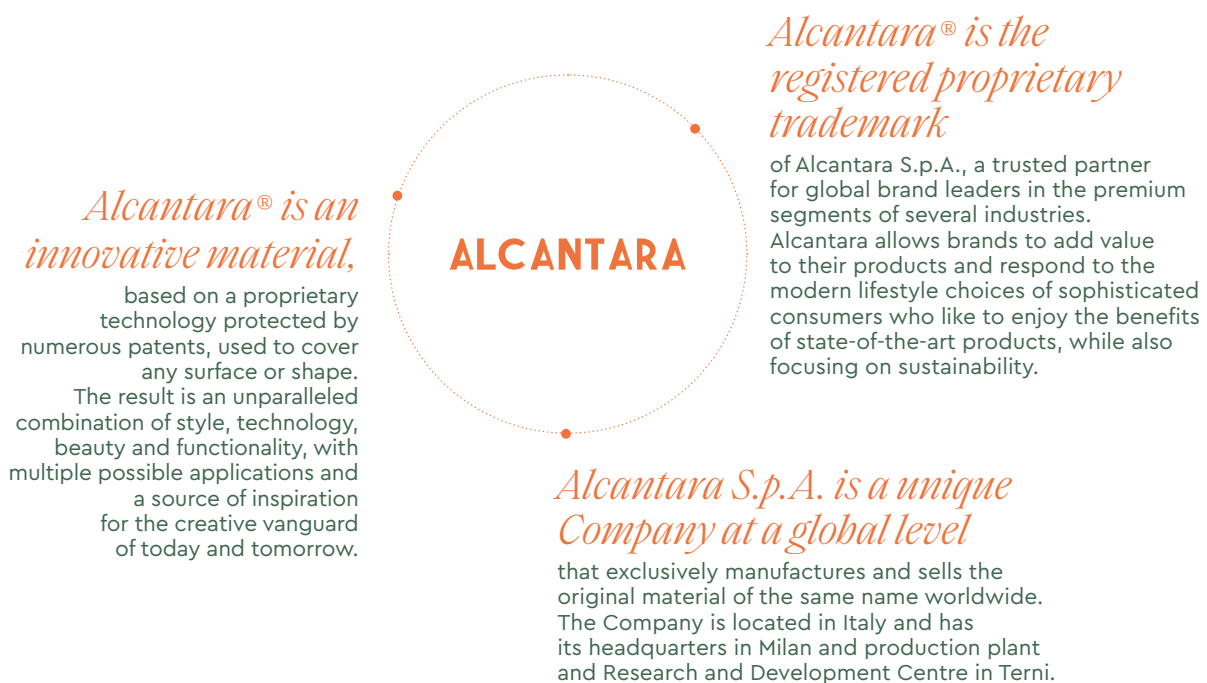
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SUSTAINABILITY
GOVERNANCE:
2022–2025
TARGETS

1.1 About *Alcantara*

MISSION, VALUES AND SUSTAINABILITY STRATEGY

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



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, our commitment to sustainability is an essential pillar in the Company's operations, enabling long-term value creation that is beneficial for the environment, the region and the community in which we live and work. Over time, we have progressively committed to sustainability, making it our strength. Sustainability lies 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. Our efforts to promote business sustainability, are in line with the principles of the Global Agenda for Sustainable Development and its corresponding SDGs (Sustainable Development Goals) defined by the United Nations. Alcantara is aware of the fact that sustainable strategies can be beneficial not only for the Company, but also for all stakeholders impacted by its business activities, such as clients, suppliers, employees, shareholders, as well as civil society. This is further evidenced by the various initiatives proactively promoted by the Company and the fact that it is part of the UN Global Compact and the Global Compact Network Italy Foundation. As part of this commitment to sustainability, every year Alcantara voluntarily publishes a Sustainability Report, with the goal to communicate the Company's awareness, transparency and accountability and corroborate the focus on sustainability in managing its resources and production

processes. The management of Company operations is supported by a structured system which reports on business trends and on the progress of key projects. To confirm its willingness to help achieve the objectives defined by the 2015 Paris Agreement (COP 21), every year Alcantara accurately measures CO₂ emissions related with its products and the Company's activities from cradle to grave. Following an assessment of the possible ways to reduce all GHG emissions that current technologies are not able to eliminate, we take part in verified and certified compensation projects. Alcantara has been certified Carbon Neutral¹ since 2009, playing a pioneering role in sustainability, long before a growing number of companies decided to follow the latest sustainability trends. Furthermore, the Company is actively engaged in raising the awareness of its suppliers, encouraging them to embark on a journey to Carbon Neutrality, to guarantee protection of universal human rights, of labour standards, of the environment and to fight corruption. In addition to this, Alcantara has launched a medium-long-term decarbonisation plan with the aim of reducing CO₂ emissions, prior to offsetting, mainly by:

1. adopting a circular economy approach;
2. increasing energy efficiency;
3. incrementing the use of renewable energies and fuels from renewable sources;

4. promoting sustainable logistics for the transportation of raw materials, products and employees;

5. reducing water consumption. However, sustainability is not only about environmental protection, as it also encompasses social factors. That is why the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Conventions of the UN and ILO (International Labour Organization) represent key benchmarks to make sure that our operations and governance are based on the respect and promotion of human rights. We are committed to always ensure the protection of our employees and their physical and mental wellbeing, safeguarding their moral integrity and their right to working conditions that respect personal dignity. For this reason, all our employees are given the same opportunities and can all 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, through audits and whistleblowing mechanisms that protect the anonymity of the whistleblower.

¹ Carbon Neutrality certification is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects – See chapter 5.

OUR STORY

The Company's international success is largely attributable to the creation of Alcantara, a unique high-performance material developed in 1970. Below are the milestones of our growth path.

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 and the Company's headquarters were established in Milan. To this day, the Nera Montoro plant still remains the only plant in the world where Alcantara is produced. In 1973, ANTOR S.p.A. changed its name to IGANTO S.p.A. (acronym of Italia Giappone ANIC Toray) to seal the partnership between Italy and Japan and the 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 Centre was established, to develop ad hoc technical solutions and in-house applications, 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 Neutral².

The 2010s

In 2010, Alcantara prepared and published its first Sustainability Report, initiating the increasingly structured and transparent reporting of its non-financial impact. 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 co-generation plant (2012). 2015 saw the completion of the first phase of a project developed to implement a new water-based system to further reduce the environmental impact and energy consumption of the production process, with tests on an industrial scale. Research also began on raw materials derived from renewable sources (bio-based polymers). In 2014, the 1st International Sustainability Symposium took place. It was an opportunity for professionals from all sectors to come together and discuss sustainability issues and the fight against climate change. In 2017, the Company announced the launch of the IACI (Increase Alcantara Capacity Installed) project, an expansion plan aimed at doubling the Company's production capacity once again within five years. In the same year, the "Alcantara Sustainability Renaissance" exhibition was held during the G7 Environment Ministers' Meeting in Bologna.



ALCANTARA S.P.A. - MILAN HEADQUARTERS

The 2020s

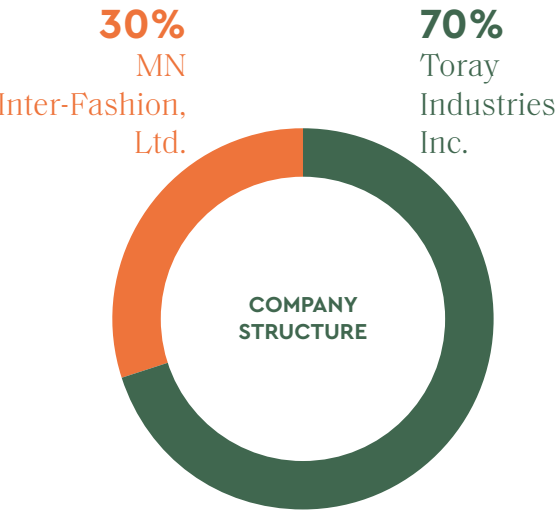
In the current decade, Alcantara renewed its support to the UN Global Compact and of the Global Compact Network Italy Foundation for the sixth consecutive year (2023). Around the same time, the Complex Manufacturing Department was established, a special unit able to develop extreme customisations, combining complex technologies to provide customers with a finished product, ready for upholstery. 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 Cerved³ and selected among competitive, reliable and sustainable companies with a registered office in Lombardy. In parallel, the 6th International Sustainability Symposium was organised in Venice together with the Venice International University (VIU) and with the assistance of the SIA (Social Impact Agenda for Italy), the Italian network for social impact investments. In 2022 the cover of the 13th Sustainability Report was customised with a special version of Alcantara containing 68% of certified recycled polyester (see paragraph 6.2). As for creative and art-related projects, Alcantara added a significant contribution, by presenting its first book, "Alcantara La Materia dell'arte" ("The Material of Art"), published by Skira. The book narrates the origins and the evolution of the relationship between Alcantara and the world of arts and creativity.

CORPORATE STRUCTURE



The share capital comprises ordinary shares of €1 each. As at 31 March 2023, the subscribed and paid-in share capital of Alcantara was €10,800,000 and broken down as follows:

	% PROPERTY	NUMBER OF ORDINARY SHARES FY 2023
TORAY INDUSTRIES INC. – TOKYO (PARENT COMPANY)	70%	7,560,000
MN INTER-FASHION, LTD. – TOKYO	30%	3,240,000
TOTAL SHARES	100%	10,800,000



ALCANTARA'S SECTORS OF APPLICATION

AUTOMOTIVE

Automotive
The products and services we offer are particularly valued in the automotive sector. Over the years, Alcantara has established itself as the ideal partner to transform car interiors into exclusive and unique 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. Thanks to its distinctive softness and its specific technical characteristics the material can guarantee a unique driving experience, through a combination of elegance and comfort. Its lightness keeps the car's weight in check for a superior performance, while the exceptional grip and breathability are perfect for a sporty drive, as they 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 Neutral⁴ 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). During the Fiscal Year 2023, important car manufacturers adopted the new special version of Alcantara® produced with recycled polyester. This special version of the material is certified by Recycled Claim

FASHION & ACCESSORIES

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. This material allows to develop exclusive, tailor-made solutions and meets the technical and design requirements of the most demanding luxury brands. The fashion sector mainly uses a new generation of Alcantara material, which was launched on the market towards the end of 2021. In fact, 94% of fashion products are manufactured by applying partially manufactured with 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

CONSUMER ELECTRONICS

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 USA. Over the years, we have developed highly customised solutions for clients in this industry, so as to make the product available for innovative applications and to satisfy the growing trend of tactile surfaces on high-tech products. With the aim to gradually replace fossil raw material, partially bio-based products were introduced also in this sector the Fiscal Year 2023 (see paragraph 6.1).

INTERIORS, CONTRACT, MARINE & AVIATION

Interiors, Contract, Marine & Aviation
Alcantara is recognised as a precious material with unique characteristics, ideal to enhance the appearance and functionality of the finished product and highly adaptable to the most varied applications. We offer a dedicated product collection for the interiors and the construction industry, including tested materials that comply with the various industry regulations. In the marine industry, the functional characteristics of Alcantara, namely its resistance to the agents of the marine environment, its permeability to air and its excellent breathability, guarantee a pleasant journey, even to the most demanding passengers. As for the aviation industry, Alcantara's comfort, lightness, style, and elegance make it the ideal complement for the interiors of both private jets and helicopters and large commercial aircrafts.

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 the 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 based on their skills and qualifications, in line with the Company's focus on sustainability.

As at 31 March 2023, the Board of Directors was composed as follows⁵:

BOARD OF DIRECTORS ⁶	APPOINTMENT
ANDREA BORAGNO <i>Chairman, Chief Executive Officer and President of the Executive Committee</i>	Assembly 28/06/2022
YASUHIRO TAKAGI – <i>Member of the Executive Committee</i>	Assembly 28/06/2022
AKIHIRO TANABE – <i>Member of the Executive Committee</i>	Assembly 28/06/2022
TETSUYA TSUNEKAWA	Assembly 28/06/2022
MASAO HIRAI	Assembly 28/06/2022
SHUNICHIRO NAKAI	Assembly 28/06/2022
HIROSHI SERIZAWA	Assembly 28/06/2022
MASAHIRO YAMADA	Assembly 28/06/2022
KEI KOAKIMOTO	Assembly 15/02/2023

BOARD OF STATUTORY AUDITORS ⁷	APPOINTMENT
GIOVANNI PRIMO QUAGLIANO	Assembly 28/06/2022
GIUSEPPE MORETTI	Assembly 28/06/2022
ROBERTO SPADA	Assembly 28/06/2022
MASSIMO BAIAMONTE – <i>Alternate auditor</i>	Assembly 28/06/2022
LUCA CAPOANO – <i>Alternate auditor</i>	Assembly 28/06/2022

⁵ In June 2023, before the publication of this report, the Ordinary Shareholders' Meeting and the Board of Directors were held and the following corporate offices were appointed:
• Chairman of the Board of Directors and President of the Executive Committee: Andrea Boragno;
• Chief Executive Officer and Managing Director: Eugenio Lolli.

⁶ For members, the term of office is until approval of the budget as of 31/03/2025.

⁷ For members, the term of office is until approval of the budget as of 31/03/2025.

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 consistent with the objectives of the Company's strategic plan with a strong focus on sustainability are overseen by the Sustainability Working Group, comprising the main corporate heads of the various divisions and coordinated by a 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. They also develop and implement strategies aimed at 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. The Sustainability Director does not report directly to the Board of Directors with respect to Alcantara's impacts on the economic, social and environmental spheres. However, the annual Sustainability Report, prepared under the responsibility

of the Sustainability Director and delivered to the Board and shareholder, represents an important tool for conveying knowledge on the impact within the Company.

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

The relationship with its stakeholders is another fundamental element characterising Alcantara's operations. As a matter of fact, despite there not being any dedicated communication channels that allow stakeholders to interact directly with the Board of Directors, present and future activities do and will always take into account suggestions coming from the various department managers, the Supervisory Body, employees and the representatives of external stakeholders. This is demonstrated by the fact that the main stakeholders are directly involved every year, as they are given the opportunity to share their opinions and ideas within the materiality analysis, through the work of the representative bodies in which the Company participates. Numerous third parties and independent entities that audit

our management systems are also given the chance to share suggestions (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:

1. creating value sustainably together with all stakeholders;
2. 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 once a year. Management is regularly updated and engaged via the Management Review.

Risk Assessment

Each year Alcantara prepares an Annual Risk Assessment to be submitted to shareholders, verifying that it is conducted correctly, to ensure the efficient assessment and management of strategic, operative, environmental, social and governance risks.

During the Fiscal Year 2023, the Company continued to monitor its processes, so as to enforce 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, 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;
- 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 and cookie banner on the website

www. alcantara.com following the latest GPDP guidelines;

- provision of training courses on privacy and GDPR for employees (including training courses for the privacy representatives);
- updating and monitoring 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 through 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;
- organisation/management of data deletion requests.

Additional Corporate Social Responsibility Tools

As part of our Corporate Social Responsibility activities, in order to further confirm our pledge to tackle unlawful conduct, Alcantara has long

implemented a Code of Ethics. This reinforces the Company's commitment to prevent corruption in public administration and among private individuals. With the aim of further raising awareness on the Code of Conduct, during the Fiscal Year 2023 specific training was provided on the Anti-Corruption Policy and Donations and/or Gifts Procedure (issued in the previous Fiscal Year). These are intended to summarise and integrate the already existing rules against 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 contributing to the sustainable development of the region.

In regard to any critical concerns about potential or actual negative impacts on stakeholders (gathered through grievance procedures or other methods) or on the conduct of business operations and relationships, it is specified that issues of a significant nature that impact the business are

brought to the attention of corporate governance bodies promptly as they arise and in accordance with the convocation timelines established by the Company's bylaws. The bodies in charge are the Executive Committee and the Board of Directors, which have different composition and powers.

We have had an effective whistleblowing system in place since 2018. Its procedure was updated in the following year. The Organisational Model in which the procedure is integrated is periodically the subject of specific training for employees.

In order to seek advice on implementing the organisation's policies and practices for responsible business conduct and to raise concerns about business conduct, there are several reporting channels, including the Parent Company's

Legal Department, and appropriate tools to protect the whistleblower. Under our procedure, the Supervisory Board plays a central role, as it is identified as the first autonomous and independent recipient of reports and responsible of conducting the preliminary investigation in relation with the reported facts. This arrangement effectively achieves the purposes of the procedure, safeguards the integrity of the Company, and protects the whistleblower. To date, we have not had any whistleblowing. Also, the Company is working to update the whistleblowing procedure, so as to integrate the new European directive that was just implemented in Italy. These updates are predicted to be ready by the end of June 2023.

Although not required, our Company has had an Organisational Model and Supervisory Body since 2005.

It is an autonomous and independent body and has powers of verification and control, including the power to conduct investigations and interact with corporate functions.

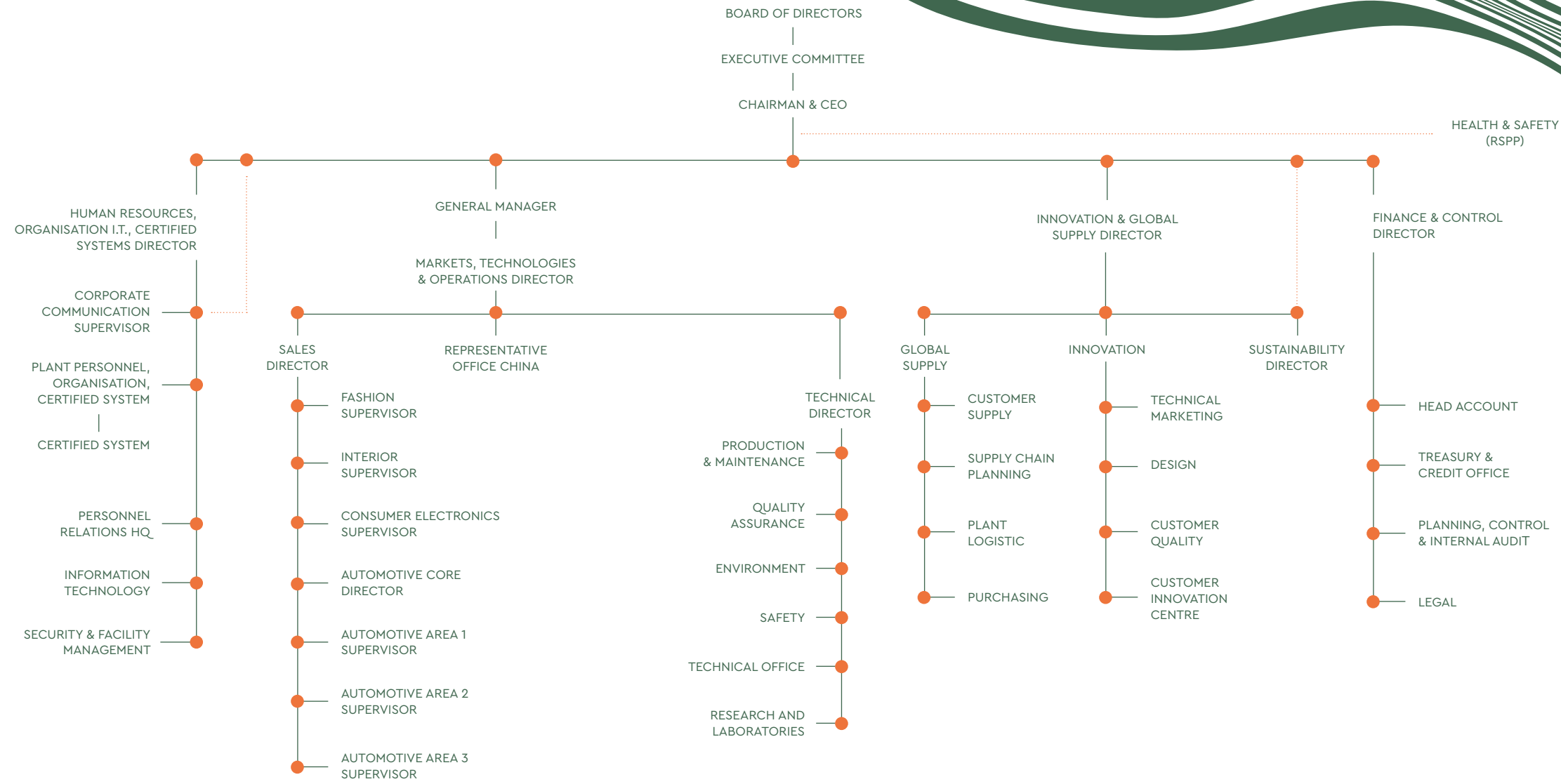
In the area of Social Responsibility, as part of the SA8000 certification, a communication channel is established for workers' representatives for SA8000 at the Milan Headquarters and at the Nera Montoro Plant. Anonymous reports can also be submitted through the communication mailboxes at the Headquarters and at the Plant.

A well-developed system of industrial relations is active in our Company, where the union can confront and request clarifications at all levels, as they are given the possibility of official and unofficial interlocution with Personnel Management and meeting, at least once a year, with the CEO.



OPERATING STRUCTURE

The excellent 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.



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 continuous cooperation between different departments, also by means of cross-functional teams. Indeed, the Company has enhanced and promoted teamwork, updating its objectives and introducing a

working group for each cross-functional team, structured as follows:

- the coordination and Control Committee consists of the Chief Executive Officer and senior management and guides the group by setting its objectives;

- the team leader is responsible for coordinating the working group;
- team members contribute to the group and express 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*

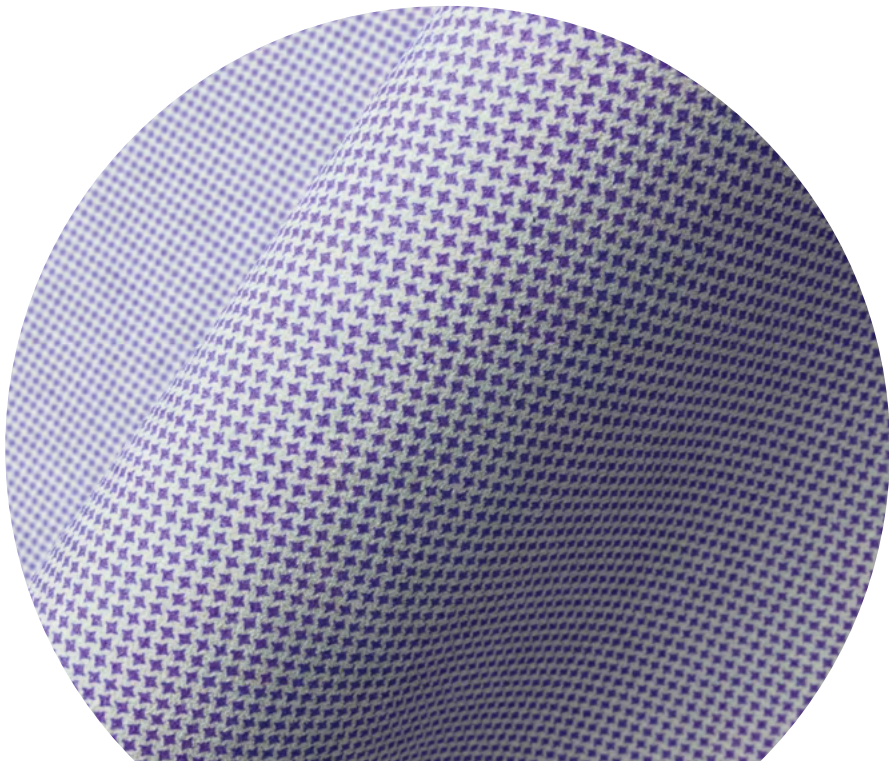
Alcantara has implemented an internal system for the prevention of identified risks that allows to ascertain, measure, manage and monitor the main critical issues, in line with its strategy of sustainable business development at economic, social and environmental level.

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 and the consumption of non-renewable resources;
- developing and monitoring the supply chain;
- establishing a dialogue with and listening to internal and external 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 (replacing CMS Standard GHG 41)	Specification for the demonstration of Carbon Neutrality	TÜV SÜD	June 2014 (June 2009)
ISO 45001:2018 (replacing BS OHSAS18001)	Occupational health and safety management system	TÜV SÜD	September 2021 (April 2013)
ISO 50001:2018	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 processes⁸. Moreover, we have attained respected certifications related to the product, also verified annually by accredited bodies.

PRODUCT CERTIFICATIONS	
Certifications	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
Recycled Claim Standard (RCS 2.0:2017): international, voluntary standard that sets requirements for third-party certification of Recycled input and chain of custody (valid for individual brands/families)	Obtained and maintained since 2022

In the Fiscal Year 2023, we obtained the important RCS Certification, testifying the introduction and the use of recycled raw materials in the productive process (see chapter 6.2). In addition, in accordance with the highest standards for the automotive sector, we received the TISAX LABEL, which certifies the security of information from and towards clients.

⁸ Discover more: www.alcantara.com/wp-content/uploads/2020/01/certifications_alcantara_2023.pdf

WE RECONFIRM OUR SUPPORT FOR THE UNITED NATIONS GLOBAL COMPACT FOR THE 6TH YEAR IN A ROW

In the Fiscal Year 2023, we reconfirmed our participation as a Member of the UN Global Compact, the world’s largest corporate sustainability initiative. By supporting the UNGC, we confirm 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 in relation with 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 03

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 08

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.

Managing the Covid-19 pandemic

Although the context changed significantly during the period of reference, it was decided to maintain many of the extraordinary measures introduced during the Covid-19 pandemic, aimed at ensuring that employees could work in the safest possible environment. To this end, we have long improved the use of workspaces and environments with an eye to prevention, continuing to implement numerous precautionary and organisational measures, in coherence with, if not in addition to those required by the guidelines and the protocols defined by the authorities. Such measures were undertaken in collaboration with the RSU (Unitary Trade Union Representatives) and special Joint Committees set up at the Company's headquarters and production plant primarily to safeguard the health of all employees.

Already during the Fiscal Year 2023, the Company faced the difficulties caused by the pandemic for our business model. These included 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, and the erratic demand, which led to sudden changes in production requirements, with moments of acceleration followed by sudden stops and unexpected restarts. As for past and harder difficulties, during this period 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 that business processes were not interrupted;
- 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 to guarantee that value is created over time.

1.4 The 2022–2025 Sustainability Plan

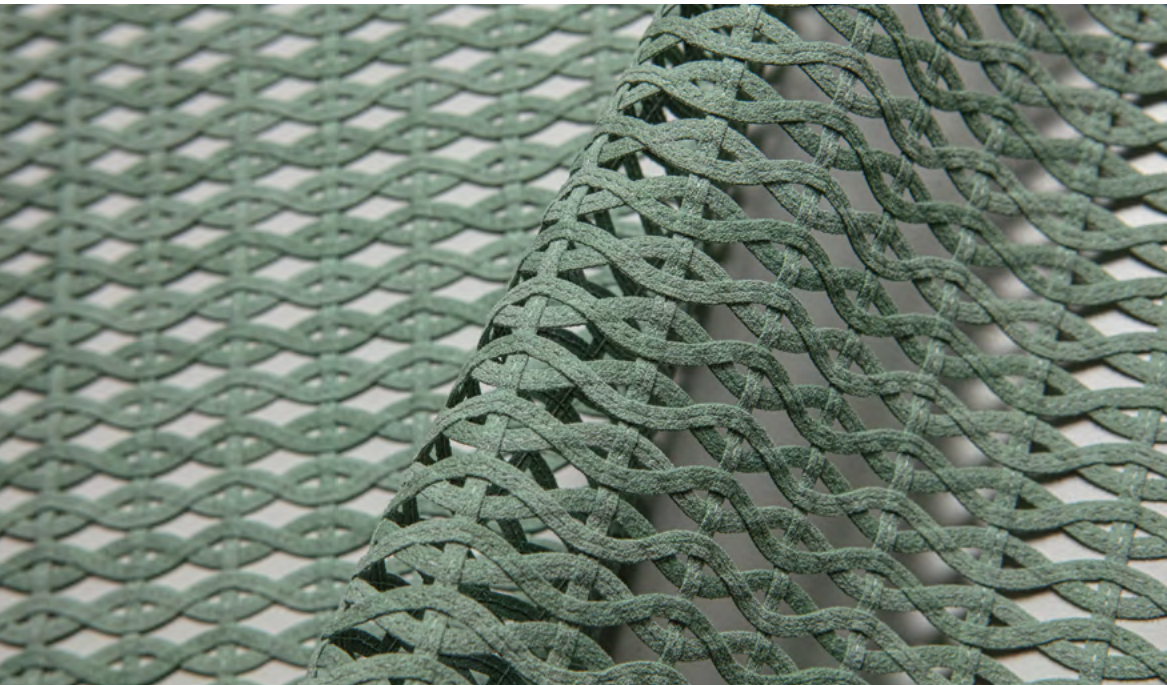
Our first Sustainability Plan was developed in 2017, with the aim to translate our commitments into practicable actions and quantitative targets. In 2021, the ongoing search for new processes, policies and measures that could contribute to improving our performance drove us to update our strategic plan and define a new 2022–2025 Sustainability Plan.

Actions, targets and achievements are updated every year to keep track of our improvements or to review our course of action. The Strategic Plan is an important tool for

outlining and planning the Group's identity, its underlying targets and the tools for achieving them over the medium-long term.

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.



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 2000 to 113 million tons in 2021 and is expected to grow to 149 million tonnes by 2030, if business continues as usual⁸. 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 the society's environmental fabric. According to the European Environment Agency (EEA), in 2020⁹, the consumption of textiles in Europe had the fourth greatest impact on average 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 and 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 Textiles¹⁰, aimed at minimising such impacts and waste, motivating, promoting and raising awareness in the market with concrete actions. Within this context, we have been organising initiatives

and implementing policies and measures for several years, with the goal to integrate circularity principles into our business models and to minimise our environmental footprint, through:

- recycled polyester and partially bio-based polyester (see paragraph 6.2);
- attaining Carbon Neutral¹¹ status;
- reusing wastewater in production processes;
- promoting more sustainable consumption models and organising special events to promote a culture and deeper awareness among the main stakeholders regarding the current environmental challenges.

At the same time, the international importance of ESG factors has driven the European Union to focus increasingly on tackling greenwashing. A Proposal for a Directive on substantiation and communication of explicit environmental claims (Green Claims) was issued by the European Parliament and the Council on March 2023.

⁸ Source: Textile-Exchange_PFMR_2022.pdf (textileexchange.org).

⁹ Source: Textiles and the environment: the role of design in Europe's circular economy – European Environment Agency (europa.eu).

¹⁰ 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).

¹¹ Carbon Neutrality certification is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects – See chapter 5.

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 constantly. 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 the Fiscal Year 2023, we implemented a number of dialogue and

consultation initiatives aimed at the Company's main stakeholders, allowing for a systematic discussion on all topics directly or indirectly related to sustainability and their evolutionary monitoring.

STAKEHOLDER	KEY TOPICS	STAKEHOLDER' EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
CLIENTS AND CONSUMERS	<ul style="list-style-type: none">• 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 Neutrality¹²	<ul style="list-style-type: none">• Maximisation of value for the consumer• Quality and continuity in product supply	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Work continuity and quality• Reputation• Collaboration on research and development activities• Safety and sustainability as values	<ul style="list-style-type: none">• Compliance with all antitrust competition• Laws in countries within the operational scope	<ul style="list-style-type: none">• Assessment envisaged by the supplier qualification process or by certified systems• Technical visits and periodic meetings• Systematic quality response• Collaborations for improvement or innovation• Collaborations for improvement or innovation
SHAREHOLDERS	<ul style="list-style-type: none">• Profitability and business value• Reputational protection• Transparency• Correct management	<ul style="list-style-type: none">• Value creation for shareholders• Corporate governance and risk management• Representation of minorities• Transparency and timeliness in economic and financial information	<ul style="list-style-type: none">• 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)

STAKEHOLDER	KEY TOPICS	STAKEHOLDER' EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
HUMAN RESOURCES	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Equal opportunities• Safety in the workplace• Professional development for all employee categories• Participation in corporate life and all related initiatives• Work-life balance• Security	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Atmospheric emissions• Use of raw materials• Responsibility in the production process• Conservation and appreciation of environmental-biodiversity assets• Investments in environmental protection	<ul style="list-style-type: none">• Prevention and respect for the environment• Corporate strategy aimed at reducing the consumption of natural resources	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Activities-investments and value creation in the community• Environmental and quality of-life protection and Carbon Neutrality¹²• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Collaboration projects with universities and training schools in Italy and abroad• Contests and scholarships for young designers/ artists• Focus on the digital sphere as a channel for dialogue with clients and stakeholders, without excluding the design community and the end consumer• Organisation of visits to the productive plant for press and clients• 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 international events at national and international level
PUBLIC INSTITUTIONS	<ul style="list-style-type: none">• Legal compliance• Correct administrative and fiscal conduct• Investments and value creation in the community	<ul style="list-style-type: none">• Collaboration, technical support and information sharing• Participation in community activity planning• Compliance with legislation in all countries where Alcantara operates	<ul style="list-style-type: none">• 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

¹² Carbon Neutrality certification is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects – See chapter 5.

The internal stakeholder mapping analysis we conducted in the Fiscal Year 2023 involved internal Company representatives and consisted in two main stages:

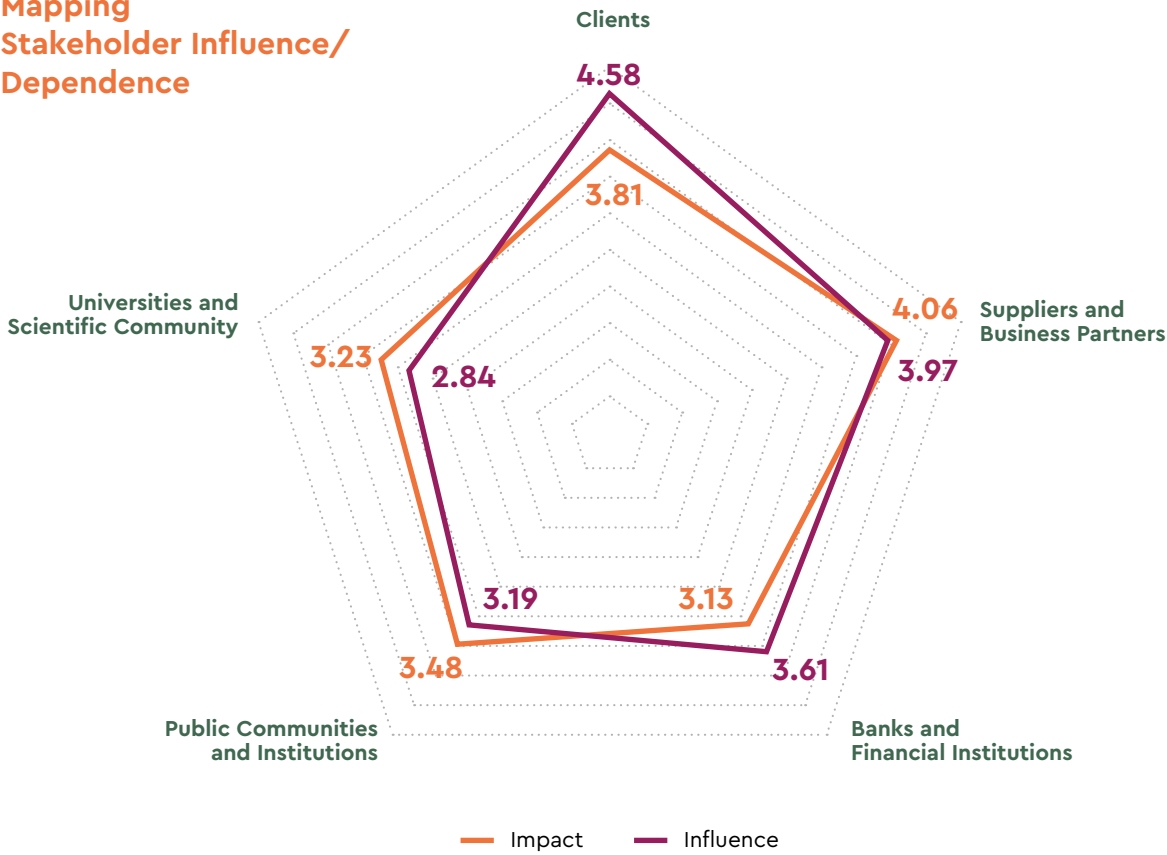
- identification of the main Alcantara stakeholders;

- 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.

Mapping Stakeholder Influence/Dependence



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

Prior to the reporting process initiated for the preparation of the Fiscal Year 2023 Sustainability Report, we updated the materiality assessment process, aimed to identify ESG (Environmental, Social and Governance) topics considered important and significant for our business and stakeholders. These topics are in fact defined as 'material' as their management generates the most significant impact on society and on Planet Hearth.

In the Fiscal Year 2023 the approach to conduct the materiality analysis was adapted, as a result of the evolution of the reporting standard, and led to the analysis of the impacts generated on the environment, the society and the economic sphere by the firm, in accordance with the updated GRI Universal Standard inside-out materiality approach. The initial definition of the relevant topics involved

the analysis of the sector and other external sources to identify additional potentially important topics and an internal analysis based on various public and non-public internal sources. In the following phase, different categories of stakeholders were directly engaged: employees, clients, suppliers, member of local communities, financial and public Institution were asked to evaluate, via survey, the impacts

related to the topics according to their relevance and their likelihood. The scores of these two variables were multiplied in order to rank topics according to the significance of their impacts. Only the topics with a higher overall score than the defined threshold¹³ were considered material topics.




AREA	MATERIAL TOPICS
GOVERNANCE AND SUSTAINABILITY	ETHICS AND RESPONSIBLE GOVERNANCE CERTIFICATIONS STRATEGIES AND SUSTAINABILITY GOVERNANCE RISK MANAGEMENT ADEQUATE AND TIMELY EMERGENCY MANAGEMENT
ENVIRONMENTAL RESPONSIBILITY	WATER AND WASTE MANAGEMENT ENERGY EFFICIENCY AND RENEWABLE SOURCES CIRCULAR ECONOMY
PRODUCT RESPONSIBILITY	PRODUCTS SAFETY AND QUALITY
ECONOMIC RESPONSIBILITY	ESG SCREENING OF THE SUPPLY CHAIN CARBON NEUTRALITY OF THE SUPPLY CHAIN LONG TERM VALUE CREATION AND DISTRIBUTION LOCAL PRODUCTION
HUMAN RESOURCES	RESPECT FOR HUMAN RIGHTS, WELFARE AND WORKING CONDITIONS HEALTH AND SAFETY FOR WORKERS
LOCAL COMMUNITY	NO MATERIAL TOPIC FOR THIS SECTION

This analysis identified 15 topics within 6 different macro-areas: governance and sustainability, human resources,

environmental responsibility, economic responsibility, product responsibility and local community. The management












approach of these topics is summarised in the following table and extensively reported in the Sustainability Report.

MANAGEMENT OF MATERIAL TOPICS AND RELATED RISK

GOVERNANCE AND SUSTAINABILITY			
Ethics and Responsible Governance			
Commitment to conduct business responsibly and to pursue ethical behaviour.			
 	POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE
	POLICIES, INITIATIVES AND ACTIONS		
	POSITIVE IMPACTS <ul style="list-style-type: none">• Availability in the market of products respecting high quality standards, with tested and certified characteristics• Diffusion of responsible practices and ethical behaviour NEGATIVE IMPACTS <ul style="list-style-type: none">• Violation of laws and regulations related with the business sector• Instability for employees and suppliers due to unaccountable governance• Damage to the economic system and to the main stakeholders	<ul style="list-style-type: none">• Risk of unethical and/ or illegal behaviour of employees• Risks of corporate offences• Risks of non-compliance or violation of applicable legislation or regulations• Risks of corruption offences• Reputational risk	Anti-corruption (GRI 205-1, 205-2, 205-3) Anti-competitive behaviour (GRI 206-1)
	CERTIFICATIONS	Commitment to provide products with certified and tested features, characterised by recognised quality and performance.	
	POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE
	POLICIES, INITIATIVES AND ACTIONS		
	POSITIVE IMPACTS <ul style="list-style-type: none">• Availability in the market of products with high quality standards, tested and certified characteristics NEGATIVE IMPACTS <ul style="list-style-type: none">• Stakeholder uncertainty about products characteristics	<ul style="list-style-type: none">• Reputational risk• Risks of non-compliance or violation of applicable legislation or regulations	General Disclosures (GRI 2) Customer Health and Safety (GRI 416-1, 416-2)
	CERTIFICATIONS and ACTIONS <ul style="list-style-type: none">• Certification of the Environmental Management System (EMS) since 2000, in accordance with UNI EN ISO 14001• Integrated Environmental Authorisation (IEA), valid until May 2025• Certified Carbon Neutral since 2009• Water Footprint report since 2014• ISO 50001 energy certification since 2017• Recycled Claim Standard certification for specific product categories• Oeko-Tex Standard 100 for specific product categories		



Strategies and Sustainability Governance





Development of a sustainability strategy that defines priorities to be pursued by the Organisation in the environmental, social and governance spheres; (measurable) objectives that Alcantara aims to achieve; and the action plan to implement in order to achieve the identified objectives.

Strategies and Sustainability Governance			
Development of a sustainability strategy that defines priorities to be pursued by the Organisation in the environmental, social and governance spheres; (measurable) objectives that Alcantara aims to achieve; and the action plan to implement in order to achieve the identified objectives.			
 	POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE
	POLICIES, INITIATIVES AND ACTIONS		
  	POSITIVE IMPACTS <ul style="list-style-type: none">• Contribution to reach the Sustainable Development Goals (SDGs) of the UN 2030 Agenda, with positive impacts on the environmental, social and economic spheres• Availability of resources to improve the economic ecosystem in which Alcantara operates (e.g., sector, geographic district, etc.), with important effect, for example, on local employment rates• Well-being and prosperity of key stakeholders (e.g., employees, local communities, business partners, etc.) NEGATIVE IMPACTS <ul style="list-style-type: none">• Damages to environment, stakeholders, and local economy due to inappropriate management of ESG issues• Loss of opportunities to contribute to the well-being of stakeholders and the environment	<ul style="list-style-type: none">• 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• Risk of losing market opportunities	General Disclosures
	Risk Management	Analysis and management of financial and non-financial risks.	
  	POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE
	POLICIES, INITIATIVES AND ACTIONS		
  	POSITIVE IMPACTS <ul style="list-style-type: none">• Protection of legality and prevention of illegal behaviour in such areas as reuse of profits from illegal activities, episodes of bribery, anti-competitive behaviour, etc.• Compliance with laws and regulations (including voluntary ones) which apply to the economic, environmental and social spheres• Business instability with negative consequences for employees and suppliers• Failure to identify risks related with Alcantara's activities: this might compromise the capacity to address and avoid the occurrence of adverse events	<ul style="list-style-type: none">• Risk of unethical and/ or illegal behaviour by employees• Risks of corporate offences• Risks of corruption	General Disclosures (GRI 2) Economic Performance (GRI 201-2)
		POLICIES <ul style="list-style-type: none">• Code of Ethics• Organisation and management model 231• Global compact (UNGC)• SA8000 certification	

Adequate and timely emergency management Attention to improve the resilience of the business model.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Employment stability• Positive market presence resulting in job creation and employment opportunities for members of local communities <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Loss of talents, investment, and stakeholder trust• Risk of neglecting the environment and people due to unavailability of economic resources	<ul style="list-style-type: none">• Reputational risks• Risk of losing profits and market share	<p>General Disclosures (GRI 2)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Code of Ethics• Organisation and management model 231• Global compact (UNGC)• SA8000 certification
PRODUCT RESPONSIBILITY			
Products safety and quality Adoption of policies and actions to ensure the quality and safety of products offered to customers, by eliminating possible risks of non-compliance with legal requirements.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Production of quality products with superior durability• Production of products that guarantee the safety of the customer and end consumer <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Production of poor-quality products resulting in economic harm to the customer and early generation of waste	<ul style="list-style-type: none">• Potential 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	<p>Customer Health and Safety (GRI 416-1, 416-2)</p> <p>Marketing and Labeling (GRI 417-1, 417-2, 417-3)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Oeko-Tex Standard 100 for specific product categories• Code of Ethics• ISO9001 certification <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• Continual investments in the sustainable development of production (reduction in manufacturing impact, health and safety, etc.)

ENVIRONMENTAL RESPONSIBILITY			
Water and Waste management Commitment to manage water responsibly by tracking consumption and monitoring the quality of water discharges. Monitoring the amount of waste produced and establishing policies or procedures to manage collection, transportation and treatment (recycling or disposal) of waste.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Protection of the resources that underlies the entire economic and social system in which Alcantara operates (e.g., in terms of air quality, soil quality, water bodies, etc.)• Prosperity of key stakeholders (ex: local communities, business partners, etc.) in terms of ease of access to the water resource• Health and well-being of local communities that depend on the water bodies• Staff and market awareness of ESG issues• Availability in markets of products and services with high environmental performance <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Permanent and irreversible damages to the health of local communities• Depletion of natural capital and degradation of the environment• Damages to the water resources	<ul style="list-style-type: none">• Failure to comply with environmental legislation and regulations• Rise in energy supply costs• Regulatory amendments with risk of sanctions	<p>Waste (GRI 306-2, 306-3, 306-4, 306-5)</p> <p>Water and Effluents (GRI 303-2, 303-3, 303-4, 303-5)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Health, Safety and Environment Policy ISO 14001• Energy Policy ISO 50001• SA800® certification• Recycled Claim Standard certification for specific product categories <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• Project for reusing wastewater• Identification of improvement areas in the production process to reduce water consumption• Annual updating of water footprint analysis
Energy efficiency and renewable sources Contribution to the mitigation or prevention of climate change effects through efficient use of energy.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Protection of natural resources that underlie the entire economic and social system in which Alcantara operates (e.g., in terms of air quality, soil quality, water bodies, etc.)• Reduction of environmental impacts through the implementation of energy efficiency initiatives and increased employee awareness• Well-being and prosperity of key stakeholders (e.g., local communities, business partners, etc.)• Availability of products and services with high environmental performance <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Exposure of local communities and land to extreme weather events (e.g., flooding, hurricanes, desertification, etc.)• Waste of energy resources• Escalation of the energy crisis	<ul style="list-style-type: none">• Failure to comply with environmental legislation and regulations• Rise in energy supply costs• Regulatory amendments with risk of sanctions	<p>Energy (GRI 302-1, 302-2, 302-3, 302-4, 302-5)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• IMO MED certification• Oeko-Tex Standard 100 for specific product categories• Certification for CPD products <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• 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• Assessment of feasibility of using renewable fuels• Expansion/doubling of cogeneration plant

<div>Circular Economy</div> <div>Commitment to create products which eliminate waste and pollution by design. Adoption of secondary raw material.</div> <div></div>			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<ul style="list-style-type: none">• Availability of products and services with high environmental characteristics• Reduction of costs related with the disposal of industrial waste, as a result of the reduction in the total volume of waste material produced• Management of environmental impacts along the supply chain (e.g., greenhouse gas emissions, energy and water consumption, responsible selection of materials, etc.)• Well-being and prosperity of key stakeholders (ex: employees, local communities, business partners, etc.)• Reduction of non-recoverable waste• Improved durability of product resulting in economic savings for the end customer <div>NEGATIVE IMPACTS</div> <ul style="list-style-type: none">• Impacts on the environment and the local community due to the non-virtuous management of waste in terms of volumes produced and failure to use recovery treatment• Waste of both material and energy resources• Degradation of the environment due to waste sent to landfills• Increase in waste	<ul style="list-style-type: none">• Failure to comply with environmental legislation and regulations• Rise in energy supply costs• Regulatory amendments with risk of sanctions	<div>Materials (GRI 301-1, 301-2, 301-3)</div> <div>Waste (GRI 306-2, 306-3, 306-3, 306-4, 306-5)</div>	<div>OVERSIGHT TOOLS</div> <ul style="list-style-type: none">• Sale of by-products for industrial use (e.g., Alcanol, Alcarene)• Maximisation of the use of textile recycling supports• Increase in the use of Alcantara partially bio-based solutions (30%) by the market• Use of R-PET in spinning• Identification of technologies for product end-of-life recycling

<div>ECONOMIC RESPONSIBILITY</div> <div>ESG screening of the supply chain</div> <div>Adoption of selection methods and standards to assess suppliers, contractors and partners on the base of their ESG performances (e.g., selection of suppliers considering any ISO certifications adopted, SA8000, etc.).</div> <div></div>			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<div>POSITIVE IMPACTS</div> <ul style="list-style-type: none">• Availability in markets of products and services with high environmental performance• Compliance with applicable laws and regulations (including voluntary ones) which apply to economic, environmental, and social spheres• Management of environmental impacts along the supply chain (e.g., greenhouse gas emissions, energy and water consumption, responsible selection of materials, etc.) <div>NEGATIVE IMPACTS</div> <ul style="list-style-type: none">• Indirect contribution to environmental and community damage• Loss of value and resources due to a lack of collaboration between Alcantara and its supply network, resulting in less opportunities for growth and failure to realise economies of scale	<ul style="list-style-type: none">• Failure to comply with legislation and regulations• Risk of not respecting human rights• Regulatory amendments with risk of sanctions	<div>Supplier environmental assessment (GRI 308-1, 308-2)</div> <div>Freedom of Association and Collective Bargaining (GRI 407-1)</div> <div>Child Labor (GRI 408-1)</div> <div>Forced and Compulsory Labor (GRI 410-1)</div> <div>Supplier Social Assessment (GRI 414-1, 414-2)</div>	<div>POLICIES</div> <ul style="list-style-type: none">• SA800® certification• Development of tools to monitor and improve the ESG management of the supply chain (Implementation pending)• Fine-tuning of sustainability requirements in supplier potential assessment and development of supply chain "Guidelines". All supply contracts are in line with the latest developed documents
<div>Carbon neutrality of the supply chain</div> <div>Responsible supply chain management, in particular with respect to environmental issues, with the aim of reducing supply chain-related emissions.</div> <div></div>			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<div>POSITIVE IMPACTS</div> <ul style="list-style-type: none">• Elimination of GHG emissions along the supply chain• Availability of products and services with high environmental performance <div>NEGATIVE IMPACTS</div> <ul style="list-style-type: none">• Irreversible damages to Earth climate and the environment	<ul style="list-style-type: none">• Failure to comply with legislation and regulations• Rise in green energy supply costs• Climate change-related risks	<div>Emissions (GRI 305-3)</div>	<div>INITIATIVES AND ACTIONS</div> <ul style="list-style-type: none">• Fine-tuning of sustainability requirements in supplier potential assessment and development of supply chain "Guidelines". All supply contracts are in line with the latest developed documents• Supporting suppliers to incorporate plans to reduce their own emissions

Long term value creation and distribution Ability to respect the economic balances and to improve the company's management in order to distribute value to Alcantara' stakeholders.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Availability of investment/capital to benefit the economic system in which Alcantara operates (e.g., target industry, geographic district, etc.), with important effect, for example, on local employment rates• Well-being and prosperity of key stakeholders (e.g., employees, local communities, business partners, etc.)• Employment stability and opportunities for each employee to realise their full potential <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Instability of employment.• Failure to create and/or distribute economic value in territory in which Alcantara is active	<ul style="list-style-type: none">• Reputational risks• Risk of losing profits and market share	<p>Direct economic value generated and distributed (GRI 201-1)</p> <p>Indirect economic impacts (GRI 203-1, 203-2)</p>	<p>INITIATIVES AND ACTIONS</p> <ul style="list-style-type: none">• Funds allocated to local communities• Scholarship offered to most deserving students residing in the municipality of Narni and to the children of employees• Urban Re-Generation Project
Local production Commitment to the areas where production sites are located, especially in relation to economic and social impacts.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Availability of capital investment for the improvement of the economic system in which Alcantara operates, with important effect, for example, on local employment rates• Prosperity of the area in which Alcantara operates <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Grievances caused by Alcantara's production sites or its suppliers and partners• Damage to the social and economic system of the area in which Alcantara operates• Damage to the environment and resources of the territory in which Alcantara operates	<ul style="list-style-type: none">• Reputational risks• Failure to improve the local area	<p>Proportion of spending on local suppliers (GRI 204-1)</p>	<p>INITIATIVES AND ACTIONS</p> <ul style="list-style-type: none">• Funds allocated to local communities• Scholarship offered to most deserving students residing in the municipality of Narni and to the children of employees• Urban Re-Generation Project

HUMAN RESOURCES			
Respect for human rights, welfare and working conditions Development of appropriate working practices and conditions to ensure respect for human rights, through the removal of all forms of exploitation and discrimination, by creating the conditions to encourage diversity, to promote dignity at work and to guarantee the working conditions of employees. Adoption of a corporate welfare plan to support the income, health and welfare of employees. Evaluation of activities for the purpose of internal climate analysis.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Welfare and prosperity of key stakeholders (e.g., employees, local communities, business partners, suppliers, etc.)• Protection of the fundamental rights of employees and stakeholders• Opportunity for each employee to fully realise their potential <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Mental and physical discomfort of employees• Lack of work - life balance among corporate staff members	<ul style="list-style-type: none">• 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	<p>Employment (GRI 401-1, 401-2, 401-3)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Health, Safety and Environment Policy• Code of Ethics <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• 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
Health and Safety for workers Adoption of preventive and protective measures aimed at avoiding or minimising employee exposure to work-related hazards, reducing or eliminating occupational injuries and illnesses.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY (GRI UNIVERSAL 3-3)	RISKS INCURRED BY FAILURE TO MONITOR TOPIC – LD 2016/254	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Protection of the mental and physical well-being, health and safety of employees and of all individuals whose activities are under the direct control of the organisation• Prevention of work-related diseases <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none">• Serious and frequent accidents• High levels of work-related stress	<ul style="list-style-type: none">• 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	<p>Occupational health and safety (GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Health, Safety and Environment Policy <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• Transition from OHSAS 18001 to ISO 450001 certification

Changes compared to the Fiscal Year 2022

The results of the materiality assessment of the Fiscal Year 2023 show that, with respect to the materiality analysis conducted in the Fiscal Year 2022, certain topics are still considered as material: ethics and responsible governance, product quality and safety, circular economy, human rights and working conditions, health and safety, energy efficiency and renewable sources, water and waste management.

On the contrary, with respect to the materiality outcome of the previous Fiscal Year, few topics are no longer significant in terms of inside-out actual or potential impacts generated by the firm: responsible management of chemicals, climate change mitigations, management of GHG emissions, gender remuneration gap. Finally, few additional topics became strategic for the business. In particular, greater attention and expectation

is directed to governance, economic responsibility and the management of the supply chain. Indeed, the following topics became material in the latest analysis: certifications, strategies and sustainable governance, risk management, adequate and timely emergency management, ESG screening of the supply chain, long-term value creation and distribution, local production.

Changes in the next 5-10 Years

In the previous Fiscal Year, given that the sustainability agenda is evolving rapidly, we 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 to ten years. It emerged

that, while on the one hand all topics analysed will see an increase in importance in the future, on the other, it should be underlined that, according to the stakeholders interviewed, the importance of environmental topics will grow exponentially. In the face of increasingly extreme, frequent, and devastating climate events, the topic of tackling

climate change is indeed taking on even greater importance globally. In fact, various international organisations and institutions have already published plans, measures and documents to tackle and mitigate this phenomenon over the medium- to long-term (e.g. the Paris Agreement, Green Deal).



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

- Promote 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

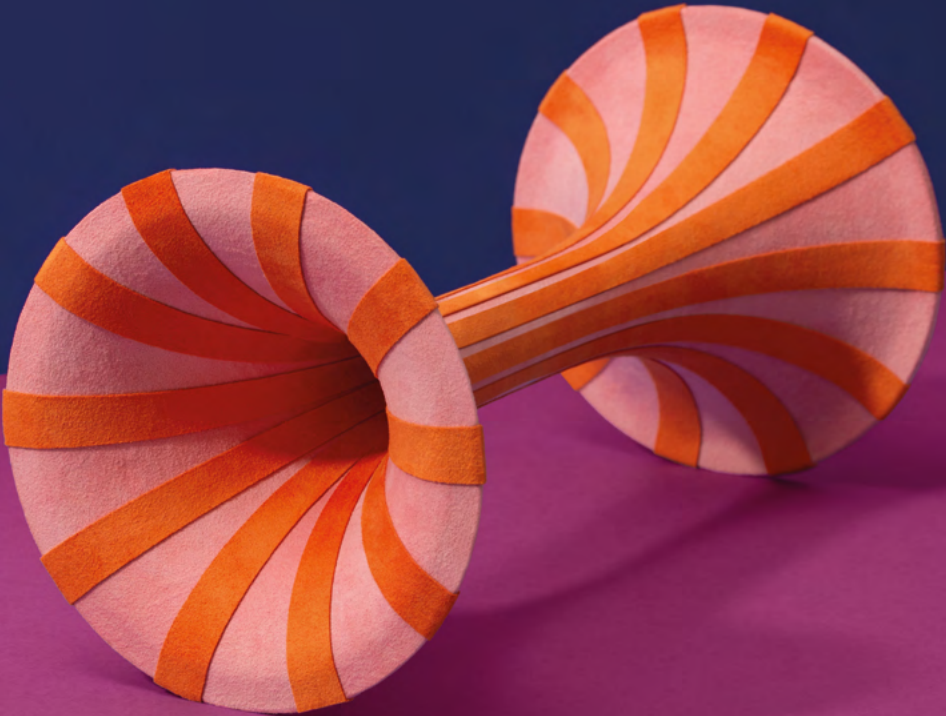


2ND COMMITMENT

Economic
Sustainability

GUARANTEE RESILIENCE

We continue to run our business despite the complex scenario, relying on the strict accountability which defines our approach, so as to withstand rising raw material and energy costs. We work together with our customers to keep the entire supply chain ecosystem alive.



Economic
Sustainability¹
Highlights

€59 million
added and distributed value

€23 million
investments

€200 million
turnover

49%
of suppliers are local

56 supplier
audits

in the Fiscal Years 2021 – 2023
(34% of which involving
third-party auditors)

Chapter overview

Economic
Indicators



- Main Economic Indicators
- Added Value
- Investments
- Sustainability Loans
- Business Performances

Suppliers &
Partners



- Location
- Supplier Qualification
- CSR Self-Assessment and CO₂ Offsetting
- SA8000®

Institutions



- Transparent Approach to Taxation
- Funding from Public Administration
- Tax Benefits
- Participation in Trade Associations

ECONOMIC
SUSTAINABILITY:
2022-2025
TARGETS

2.1 Economic *Indicators*

MAIN ECONOMIC INDICATORS

The Fiscal Year 2023 was marked on the one hand by the slowdown of the Covid-19 pandemic, which has allowed for a gradual return to normality, and on the other hand by the ongoing geopolitical tensions related to Russia’s invasion of Ukraine, which led to high inflation, constraining global trade and resulting in soaring prices of energy and raw materials, especially methane gas, a key element in the Company's production process.

KEY FINANCIAL DATA (€ thousands)	FY 2021	FY 2022	FY 2023
Short-term assets	128,530	141,953	180,095
Fixed assets	540,597	554,384	548,758
TOTAL BALANCE SHEET ASSETS	669,127	696,337	728,853
Short-term liabilities	126,601	154,325	187,189
Medium- to long-term liabilities	127,807	132,384	127,308
TOTAL LIABILITIES	254,408	286,709	314,497
Shareholders' equity	414,719	409,628	414,356
TOTAL BALANCE SHEET LIABILITIES	669,127	696,337	728,853
Net financial position	(184,633)	(205,330)	(240,391)

The significant increase in short-term assets, which had started during the previous Fiscal Year, 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 related to other credits, following prepaid taxation on the tax loss recognised in the Fiscal Year. Compared to the previous Fiscal Year, short-term liabilities showed a significant increase of

€32,864,000, mainly attributable to an increased bank debt in the short term (this process had begun in the previous Fiscal Year). Lastly, the increase in net assets was closely related to Fiscal Year results.

ADDED VALUE

The two calculation statements and the distribution of added value reclassify the items in the income statement following the method suggested by the Study Group for the Social Report, so as to express the relationships between the Company and the socio-economic system with

which it interacts in monetary terms. 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 sponsorship.

GROSS GLOBAL ADDED VALUE (€ thousands)	FY 2021	FY 2022	FY 2023	Δ% FY 2022 – FY 2023
A) Production value	151,778	175,338	227,485	29.7%
B) Intermediate production costs	88,993	116,217	168,294	44.8%
GROSS ORDINARY ADDED VALUE	62,785	59,120	59,191	0.1%
C) Accessory and special components	66	712	(293)	(141.2)%
GROSS GLOBAL ADDED VALUE	62,851	59,832	58,898	(1.6)%

Recent geopolitical tensions significantly impacted the costs of production in the Fiscal Year 2023. This led to yet another setback, just as the Company was starting to recover after the relaxation of Covid-19 restrictions, resulting in major repercussions for added value creation,

which fell by 1.6%. While ordinary added value remained essentially unchanged, gross global added value was affected by the significant foreign exchange loss, showing a major decrease in ancillary and extraordinary components.

More in detail, with regard to the ordinary added value, Alcantara was able to cope with the €52 million increase (44.8%) in the intermediate costs of production, mainly through a pricing policy that allowed for a €52.1 million increase (29.7%) in the value of production.



DISTRIBUTED ADDED VALUE

GROSS GLOBAL ADDED VALUE (€ thousands)	FY 2021	FY 2022	FY 2023	Δ% FY 2022 – FY 2023
A) PERSONNEL REMUNERATION	34,088	37,638	38,831	3.2%
Employees	32,147	35,610	36,797	3.3%
wages and salaries	22,154	24,485	25,234	3.1%
social security contributions	7,242	7,839	8,222	4.9%
severance pay	1,692	1,830	1,912	4.5%
other expenses	1,059	1,456	1,429	(1.9)%
Non-employees	1,941	2,028	2,034	0.3%
B) PUBLIC ADMINISTRATION REMUNERATION	(3,689)	(5,943)	(16,778)	182.3%
DIRECT AND INDIRECT TAXES (NET OF FINANCING AND TAX CREDITS)	(1,408)	(5,079)	(5,906)	16.3%
Financing from public administration	(2,281)	(864)	(10,872)	1,158.3%
C) DEBT CAPITAL REMUNERATION	1,639	1,771	3,428	93.6%
Short-term capital charges	1	1	82	8,100%
Long-term capital charges	1,638	1,770	3,346	89%
D) RISK CAPITAL REMUNERATION	5,184	0	0	0%
Distributed share of profit for the year	5,184	0	0	0%
E) COMPANY REMUNERATION	25,516	26,241	33,303	26.9%
Share of profit allocated to reserves	5,183	93	4,728	4,983.9%
Amortisation	20,333	26,148	28,575	9.3%
F) LOCAL COMMUNITIES (DONATIONS AND SPONSORSHIPS)	113	124	114	(8.1)%
GROSS GLOBAL ADDED VALUE	62,851	59,831	58,898	(1.6)%

Staff remuneration, which corresponded to about 66% of annual value, increased by 3.2% compared to the previous Fiscal Year, fundamentally due to the rise in the number of employees. Again, in the Fiscal Year 2023, public administration saw a

negative growth, owing to the inclusion in the budget of €10.82 million in tax credit aimed at facing Covid-19 effects and the increase of energy costs. The increase in debt capital remuneration was caused by the increase in bank debt.

Finally, the increase in the Company's remuneration is due to the operating result achieved. More details on the €114,000 allocated to communities are given in the following table.

TURNOVER ALLOCATED TO COMMUNITIES	AMOUNT (€ THOUSANDS) – FY 2023
Membership fees	81
Culture	24
Social	9

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. After a slowdown due to the Covid-19 pandemic and the conflict between Russia and Ukraine, the project has now restarted and will be completed by the Company, as it remains fully operational in both economic and environmental terms.

INVESTMENTS

Investments in the Fiscal Year 2023 equalled to €22.9 million. Of these, €1.7 million relate to intangible fixed assets and €5.6 million relate to the capitalisation of internal

costs, attributable to the cost of staff in the maintenance department, in the technical design and the research office and in warehouse picking. Investments devoted to the protection of health, safety

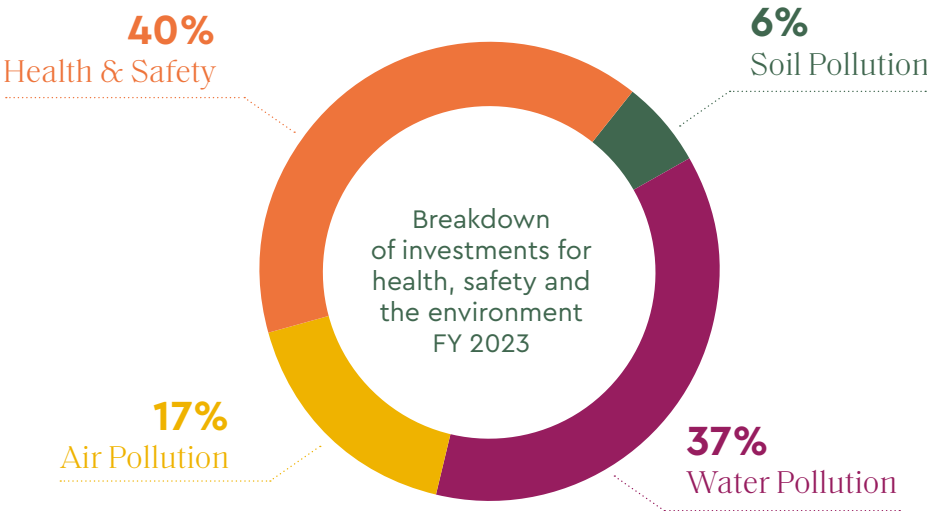
and the environment equalled to €6,034,000 (about 26% of total investments), and were almost in line with expected expenditure. The breakdown is as follows:

Health & Safety
€2,397,000

Environment
€3,637,000

In the Fiscal Year 2023, environmental protection investments were aimed at:

- PREVENTING AIR POLLUTION (€1,047,000);
- PREVENTING WATER POLLUTION (€2,251,000);
- PROTECTING THE SUBSOIL (€339,000).



EXPECTED INVESTMENTS
FOR THE FISCAL YEAR 2024

For the Fiscal Year 2023, we have reconfirmed our commitment to health, safety and the environment

through investments aimed at strengthening the adopted measures and at improving the achieved standards,

in order to limit the impact on the environment and safeguard worker's safety.

INVESTMENT PLAN 01/04/2023–31/03/2024	AMOUNT (€ THOUSANDS)
Construction and maintenance of plants and quality standards	14,022
Health, safety and the environment	4,600
Research and development	500
Information system, commercial facilities and others	733
New project for environmental improvement	4,407
New project to increase production capacity	10,456
TOTAL	34,718

SUSTAINABILITY LOANS

During the Fiscal Year 2023, Intesa Sanpaolo provided a €40,000,000 loan. Sustainability loans are characterised by the

possibility to obtain a benefit rate upon the occurrence of two specific events: the introduction of procurement policies integrating

environmental criteria and the development of employee welfare programs.



BUSINESS PERFORMANCE

In the Fiscal Year 2023, 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, while 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. The main business sectors in which Alcantara S.p.A. operates are:

- Automotive (75%);
- Fashion and Accessories (10%);
- Interiors, Contract, Marine and Aviation (6%)
- Consumer Electronics (4%);
- Others (5%).

TURNOVER OVERVIEW (€ thousands)				
	FY 2021	FY 2022	FY 2023	Δ FY 2022 – FY 2023
End product turnover	131,753	161,389	196,792	+35,403
Turnover from by-products and other materials	1,428	1,876	2,878	+1,002
TOTAL NET TURNOVER	133,181	163,266	199,671	+36,404

TURNOVER BY GEOGRAPHICAL AREA (€ thousands)								
	FY 2021	%	FY 2022	%	FY 2023	%	Δ FY 2022 – FY 2023	
Italy	7,783	6%	12,385	7.5%	27,859	14%	+ 15,473	125%
EU	65,923	49%	78,613	48.2%	90,932	45.5%	+ 12,319	16%
Extra-EU	59,475	45%	72,269	44.3%	80,880	40.5%	+ 8,610	12%
TOTAL NET TURNOVER	133,181	100%	163,267	100%	199,671	100%	+ 36,404	22%



Overall, the Company saw a 22% increase in turnover compared to the Fiscal Year 2022, with all markets experiencing a significant recovery compared to the previous Fiscal Year, strongly affected by the pandemic. The automotive industry, by far the most important for our business, continued to experience a moderate recovery, but global sales are still far from pre-pandemic levels, partly due to supply

chain disruptions for many components. Excellent results were achieved in the Chinese and North 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 the Fiscal Year 2021 and Fiscal Year 2022. Over the last Fiscal Year, the fashion industry has

seen significant growth in the accessories sector and furnishings sector. The latter performed well compared to the previous Fiscal Year, with a sharp increase in turnover due to the rationalisation of the product offering and the introduction of a new set of samples. Lastly, the consumer electronics industry was marked by the launch of new partnerships with premium brands and an increase in turnover.

TURNOVER IN THE MAIN EU COUNTRIES (€ thousands)					
	FY 2021	FY 2022	FY 2023	Δ FY 2022 – FY 2023	
Germany	34,036	38,468	25,688	(12,780)	(33)%
France	7,891	12,491	15,024	+ 2,533	20%
Portugal	8,352	10,132	10,311	+ 179	2%
Spain	3,722	4,470	5,931	+ 1,461	33%

In the non-EU region, China’s market share stands at 43%, while the USA market stands at about 28%.

TURNOVER IN OTHER NON-EU COUNTRIES (€ thousands)					
	FY 2021	FY 2022	FY 2023	Δ FY 2022 – FY 2023	
Brazil	-	-	2	+2	-
China	27,282	31,895	35,081	+3,186	10%
Russia	812	1,103	950	(153)	(14)%
India	6	4	196	+192	4800%
South Africa	-	18	7	(11)	(61)%
TOTAL	28,100	33,020	36,236	+3,216	10%

2.2 Suppliers and *Partners*

For Alcantara, responsible supply chain management is of strategic importance, considering our commitment to deliver high quality products, safety and compliance standards.

The Company's supplies of materials, products and services feed the manufacturing processes that take place at the Nera Montoro plant. The organisational and distribution processes are managed at the Milan headquarters. In detail, some special raw materials, semi-finished products,

machinery and equipment are imported by the Company. 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 instance, 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.

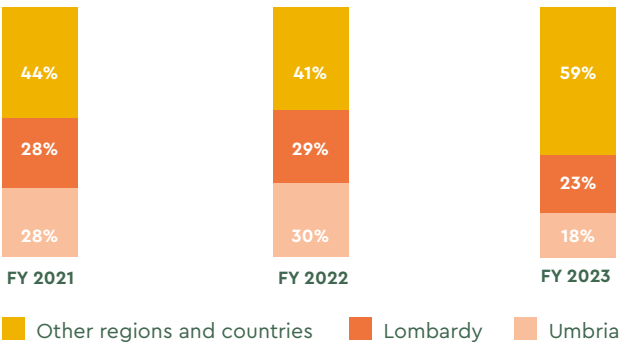
LOCATION

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. Product processing is also

outsourced and is entrusted to specialised third-party companies, with over 97% of services provided in Italy.

Percentage of Costs by Provenance of Suppliers

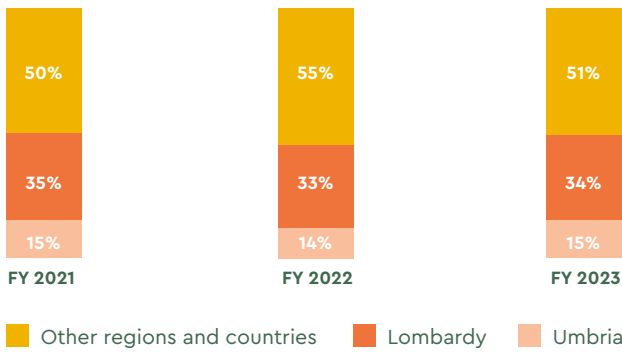


With specific reference to the location of suppliers, the closer they are to the Company's sites (by province or region), the more positively they are assessed. At the two Italian corporate

sites in Milan and Nera Montoro, 49% of the total number of suppliers are local (651 out of 1,328). The high percentage of local suppliers allows us to significantly reduce transport costs,

and therefore mitigate the environmental impact of our operations. All our main suppliers outside of Europe are based in Japan.

Number of Suppliers by Provenance



SUPPLIERS	FY 2021			FY 2022			FY 2023		
	Number	% of total	% of costs	Number	% of total	% of costs	Number	% of total	% of costs
Italy	980	83%	86%	1,187	85%	81%	1,125	85%	82%
Other countries	202	17%	14%	212	15%	19%	203	15%	18%
TOTAL	1,182	100%	100%	1,399	100%	100%	1,328	100%	100%



SUPPLIER QUALIFICATION

We pay particular attention to the selection and management of suppliers through the implementation of a series of measures and procedures, in order to ensure compliance with the sustainability, quality and safety policies we have adopted. These are the main supplier verification and evaluation activities carried out by the Company:

- In the last three Fiscal Years, audits conducted to verify the ability to meet specific supply conditions and compliance with the requirements of certified management systems (quality, safety, environment, social responsibility) have been run online.
- Incentives for the adoption of **programmes to optimise energy consumption, reduce hazardous materials, reduce emissions, use recycled materials and optimal waste management**; the Company

ascertains that programmes are implemented correctly through objective documentary evidence and 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, so as 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 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 the supply chain.

In the last three Fiscal Years, we conducted 56 audits, 34% of which with third-party auditors. The audits, as shown in the table in the next page, assessed seven main areas of impact, including transparent business management and ESG aspects such as respect for the environment, human rights and the community.

AREA INVESTIGATED IN FY 2021 – FY 2023	ASSESSMENT	RATING PER AREA
Commitment to responsible management and transparency	HIGH	95%
Fair business practices	HIGH	95%
Market and consumers	GOOD	88%
Working practices and human rights	HIGH	91%
Environment	GOOD	88%
Supply chain and suppliers	GOOD	86%
Community and local region	GOOD	78%
Media	GOOD	85%

After the third-party audits, we provide suppliers with an assessment report and improvement plan, which suggests possible measures to improve performance in the analysed areas. Findings deriving from audits conducted over the last three Fiscal Years are presented below and classified based on the investigated areas.

IMPROVEMENT MEASURES SUGGESTED IN FY 2021 – FY 2023	FY 2021	FY 2022	FY 2023	TOTAL
Commitment to responsible management and transparency	2	7	5	14
Fair business practices	-	1	2	3
Market and consumers	-	-	1	1
Working practices and human rights	1	3	-	4
Environment	4	5	5	14
Supply chain and suppliers	7	6	2	15
Community and local region	1	2	-	3

Within our supply chain, **127 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. **42 of these are so-called "super core" suppliers** (as they operate continuously on our premises or in production process and distribution partnerships), while 85 are so-called "core" suppliers (as they perform some non-continuous services on corporate premises or can become production process partners). During the Fiscal Year 2023, three new suppliers were formally affirmed as priority suppliers and will be included in our long-term evaluation programme. This involves, 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.

CSR SELF-ASSESSMENT AND CO₂ OFFSETTING

The Corporate Social Responsibility (CSR) assessment along the supply chain allows suppliers to highlight the level of management of risk and sustainability opportunities to be adopted. A series of assessment sheets are filled in to allow 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 the Fiscal Year 2023, 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	FY 2023	TOTAL as at 31/03/2023
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	6	19
TOTAL AUDIT	5	10	7	7	5	5	8	6	53

As at the end of the Fiscal Year 2023, **the number of accredited suppliers equals to 53**. Accredited super-core suppliers as a percentage of total

super-core suppliers went up to 76% in the Fiscal Year 2023 (compared to 71% in the Fiscal Year 2022), while the percentage of

accredited core suppliers decreased in comparison with the Fiscal Year 2022.

Sustainability Standard Accreditation Status as at 31/03/2023

	SUPER-CORE	CORE	TOTAL
Total priority suppliers	42	85	127
Accredited suppliers	32	21	53
Accredited as a % of total priority suppliers	76%	25%	42%

During the Fiscal Year 2023, we continued to raise awareness 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:
- two additional chemical/auxiliary suppliers, for a total of 10 raw material suppliers participating in compensation;
 - one additional transporter, for a total of 13 logistics service providers participating in compensation;
 - one industrial services supplier participating in compensation.

The balance of our suppliers' offset credits is verified during the carbon neutrality audit (see chapter 5.3). In terms of the supply of goods and services in the Fiscal Year 2023, the amount of CO₂ offset by the aforementioned suppliers was 20,924 tons. During the Fiscal Year 2023, Alcantara continued to communicate with suppliers and share the steps taken in terms of sourcing energy from renewable sources.



SA8000®

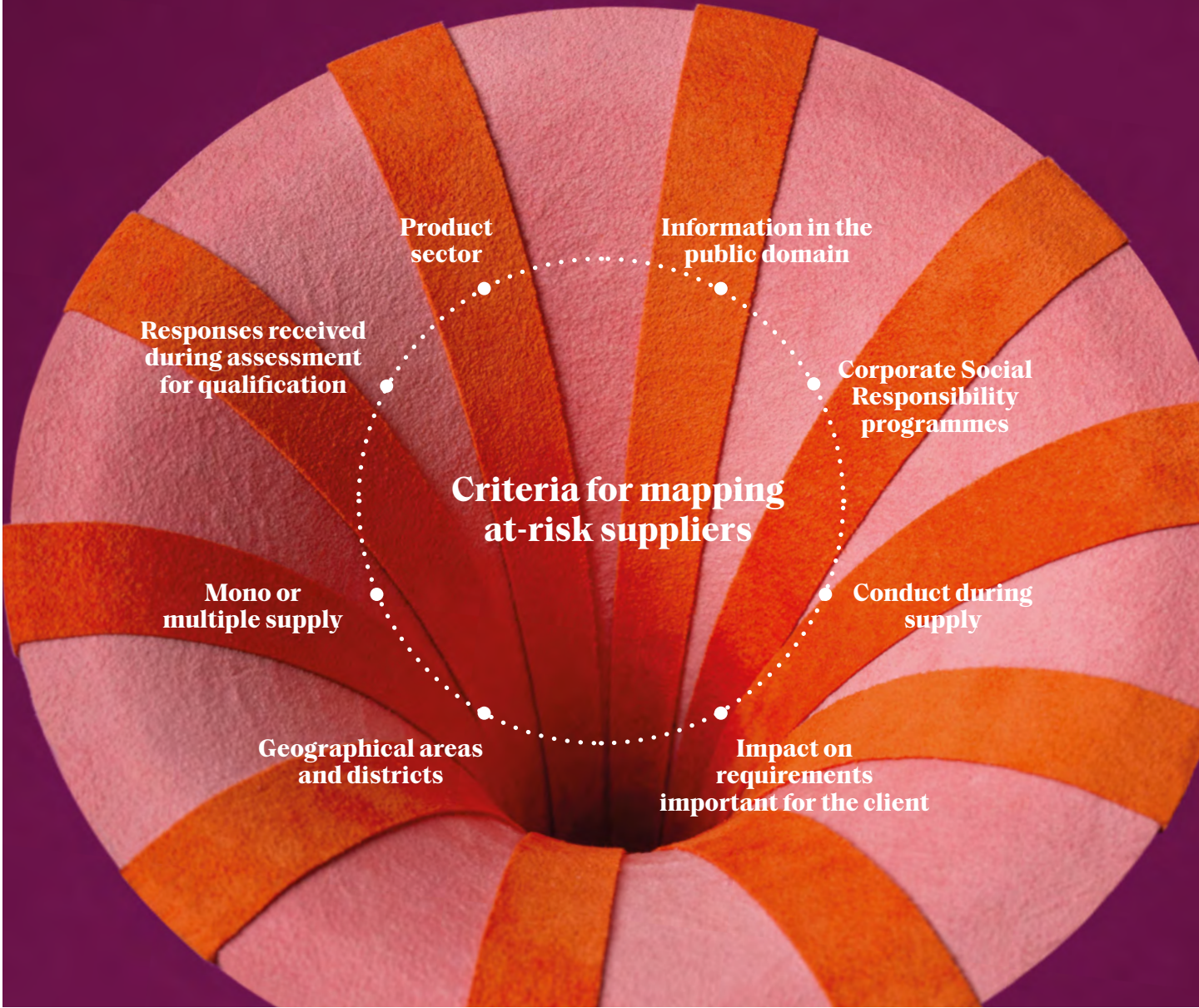
As described, we work proactively to ensure our vision and the values underlying our business philosophy are also shared and promoted by our suppliers.

In the Fiscal Year 2023, the suppliers we work with 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 to maintain compliance with the SA8000® standard, which has been in place since 2007. This agreement includes a **schedule of visits to "core" and "super-core" suppliers** aimed at verifying, through qualified experts and the SA8000® manager, our commitment to ensure **compliance with the social responsibility standard** and to identify any risk scenarios that could undermine workers' rights. One nonconformity and other findings classified as "minor" were noted during the Fiscal Year 2023. Suppliers were required to **implement a corrective action plan** (and correct the nonconformity in one week, with evidence of their implementation).

Over the period in question, no suppliers were found to have breached applicable occupational health and safety, environmental protection or public health standards included 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 over the last three Fiscal Years (totalling 35 audits, comprising 19 CSR audits and 16 SA8000® audits), **32 action plans were launched**. Of these, 11 were implemented in the Fiscal Year 2023 (91% of the visits were followed up with an improvement plan), for a total of 82 findings (54 CSR findings and 28 SA8000® findings) and corresponding corrective actions.



In the Fiscal Year 2023, we reviewed the mapping of suppliers in order to update the multi-year audit programme until the Fiscal Year 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;
- conduct during qualification or supply.

2.3 Institutions

We have always cultivated a positive relationship with institutions and public bodies, including universities that have been involved 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 (€5,906,000), mainly due to IRES (corporate income tax), which was a negative figure (€6,493,000) itself. This means that, due to a combination of events,

including the fact that the Fiscal Year 2023 ended with a tax loss for IRES purposes, value was transferred from the State, not to the State.

FINANCIAL RELATIONS WITH LOCAL AUTHORITIES AND THE STATE (€ thousands)			
LOCAL AUTHORITIES	FY 2021	FY 2022	FY 2023
IRAP (regional business tax)	307	(135)	(162)
Waste disposal charge	29	36	36
Taxes and surcharges on utilities	43	44	39
ICI/IMU (municipal share of local property taxes)	222	220	260
Advertising tax	9	9	9
Sundry tax charges	11	31	29
TOTAL	621	205	211
STATE	FY 2021	FY 2022	FY 2023
IRES (corporate tax)	(2,354)	(5,579)	(6,493)
Customs charges	32	29	15
IMU (State share of local property tax)	180	177	256
VAT on gifts	49	37	57
Registration tax and government concessions	10	6	6
Sundry tax charges	54	46	42
TOTAL	(2,029)	(5,284)	(1,617)
TOTAL LOCAL AUTHORITY EXPENSES	(1,408)	(5,079)	(5,906)

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 the delivery of ethically responsible economic performance. Alcantara does not have a division dedicated exclusively to taxation, which 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, 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 (€6,654,000) can be broken down as follows.

TAXES FOR THE FY 2023	IRES (corporate tax)	IRAP (regional business tax)	TOTAL
Current taxes	44	-	44
Relating to previous Fiscal Years	-	-	-
Deferred and Prepaid	(6,492)	(206)	(6,698)
TOTAL	(6,448)	(206)	(6,654)

The percentage of effective tax applied in the Fiscal Year 2023 is a negative sum and differs from the 27.90% nominal percentage of applicable tax, as shown in the table below.

TAXES FOR THE FY 2023 AND RECONCILIATION OF ACTUAL AND THEORETICAL TAX BURDEN	IRES (corporate tax)		IRAP (regional business tax)		TOTAL
	%	€ thousand	%	€ thousand	%
PROFIT BEFORE TAX		(1,926)		(1,926)	
Tax credits		(10,913)		(10,913)	
Labour and similar costs		(56)		4,232	
ACE(Allowance for Corporate Equity)		(2,035)		-	
Super/hyper Amortisation		(13,706)		-	
Other permanent differences		677		4,704	
TOTAL		(27,959)		(3,903)	
Theoretical tax charge	24.00%	(6,710)	3.90%	152	27.90%
Temporary differences					
– Deductible in subsequent Fiscal Years		8,634		6,939	
– Reversal of temporary items from previous Fiscal Years		(3,144)		(1,904)	
TAXABLE INCOME		(22,469)		1,132	
Current taxes for the Fiscal Year	24.00%	-	3.90%	44	27.90%
Prepaid taxes on losses	24.00%	(5,939)		-	
Deferred taxes for the Fiscal Year	24.00%	(1,318)	3.90%	(196)	27.90%
Deferred and prepaid taxes for previous Fiscal Years		218		(10)	
Covid-19 benefit		-		-	
Current taxes for previous Fiscal Year		-		-	
TOTAL TAXES FOR THE FY 2023 AND RELATIVE TAX BURDEN ON PRE-TAX PROFIT	337.08%	(6,492)	8.42%	(162)	345.50%
Higher/lower tax burden	313.08%	-	4.52%	-	317.60%

FUNDING FROM PUBLIC ADMINISTRATION

During the Fiscal Year 2023, monitoring of subsidy opportunities continued 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 R&D, we obtained the first contributions, as follows:

GRANTS AND CONTRIBUTIONS RECEIVED (€ thousands)	FY 2021	FY 2022	FY 2023
Contribution for energy-intensive enterprises	-	-	-
Tax credit for research and development	(647)	(647)	(564)
Tax credit for new capital investments (as per super-amortisation)	(98)	(198)	(74)
Tax credit for new capital investments (as per hyper-amortisation) ²	-	(928)	-
Fashion tax credit (Inventory)	-	-	(2,018)
Tax credit energy and gas	-	-	(8,203)
Covid-19 sanitisation bonus	(9)	(19)	(13)
Development agreement contribution (industrial research and experimental development) ³	(1,526)	-	-
TOTAL CONTRIBUTIONS TO OPERATING COSTS	(2,280)	(1,792)	(10,872)
DEVELOPMENT AGREEMENT CONTRIBUTION (PRODUCTION INVESTMENT) ⁴	(2,106)	-	-
TOTAL CONTRIBUTION IN CAPITAL ACCOUNT	(2,106)	-	-

Further information in terms of grants or funding received during the Fiscal Year 2023 is available in the Statutory Financial Statements and,

in detail, in the Tax Benefits section in the next page. Such economic advantages are received under an aid scheme accessible to all businesses

fulfilling certain conditions on the basis of predetermined general criteria.

² Capitalised amount.
³ Amounts given out at 90%.
⁴ Alcantara has never made donations for political ends and no such projects are planned for the future.

TAX BENEFITS

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. Subsequently renewed by Art. 6 DL October 21, 2021, No. 146 amended by Law No. 215 of December 17, 2021, and Law No. 234 of December 30, 2021, Art 1. Paragraph 10	The Company submitted a new Ruling application for the five-year period 01.04.2020–31.03.2025. However, the regulatory framework has redefined the rules for calculating the benefit with the exclusion of the Brand component. With the law of October 21, 2021, No. 146 art.6 and subsequent amendments, a new method of applying the Patent Box was introduced, which resulted in the possibility of switching from the original regime to a tax deductibility regime parameterised to research and development costs. Meetings aimed at evaluating the application methods of the old and the new benefit were initiated during the tax period that just ended. Following the methodological change of counting, the Internal Revenue Service issued the explanatory Circular (Circular No. 5/E of February 24, 2023). The Company is currently conducting comparative evaluations regarding the most convenient methodology to be adopted.
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); art. 1 paragraph 44 Law 234 of December 30, 2021)	For the Fiscal Year 2022, the legislation was extended, with the reduction of the tax credit at 6% of the investments in new capital goods intended for production plants located in Italy and carried out within the tax period. The Company therefore carried out an analysis of the investments made, identifying a total tax credit of about €74,000 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, recognised in the form of tax credit, 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.
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, Law No. 160 of Dec. 27, 2019 and and Art. 1 paragraphs 1051–1063 of Law 178 of Dec. 30, 2020, Art. 1 paragraph 44 Law 234 of Dec. 30, 2021)	The provision is aimed at incentivising investments in tangible assets with the requirements of automation and interconnection in compliance with the Impresa 4.0 National Plan as well as the other assets stipulated in Annex B of the Establishing Law. No new assets were acquired for the benefit during the year.
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. The tax credit does not contribute to the formation of income for the purposes of income tax and the value of production for the purposes of the regional tax on productive activities and does not count for the purposes of the ratio referred to in Articles 61 and 109, paragraph 5, of the Consolidated Income Tax Act, referred to in Presidential Decree No. 917 of December 22, 1986. The amount recorded in the financial statements is €13,000 as the tail end of the application submitted in the previous year.
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)	Incentive in the form of deduction from business income of the notional return on equity, aimed at making the treatment between equity and debt capital less unbalanced. This incentive provides for the deductibility from taxable income for IRES purposes of part of the increase in equity capital (calculated with respect to closing equity as of December 31, 2010) multiplied by a coefficient fixed periodically by the government, which in recent years was set to 1.3%. Ordinary ACE at 24% of €2,035,000 or €488,000.
R&D tax credit Art.1 paragraphs 198–209 Law No. 160 of Dec. 27, 2019, Art. 1 paragraph 1064 Law No. 178 of Dec. 30, 2020 and Art. 1 paragraph 45 Law 234 of Dec. 30, 2021 (formerly ex Art. 3 Law No.145 of December 23, 2013 as amended)	Credit that replaces and innovates the previous version with the aim of incentivising spending on research and development, technological and process innovation in order to enhance the competitiveness of enterprises. All expenses related to fundamental research, technological innovation activities aimed at the realisation of new products or production processes and design and aesthetic ideation activities are eligible for aid (personnel costs, expenses for extra muros research contracts, consultancy costs, depreciation and lease fees, costs for materials, supplies and other similar products used in the above activities). The current Fiscal Year recorded a benefit of €564 thousand (see table in the section “Financing from the Public Administration”) of increased revenues totally tax-free for both IRES and IRAP purposes. This activity is also subject to external certification. The difference with respect to the budgeted amount of €647 thousand is attributable to the final balance compared to the previous year's estimate.

LEGISLATIVE FRAMEWORK	CHARACTERISTICS
Development Contracts (art. 9 of the Decree of the Minister of Economic Development of 9 December 2014)	Pursuant to article 9, par. 8 of Italian Ministerial Decree of 9 December 2014, Invitalia, on 21 January 2020, 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 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. In July 2022, the company submitted its second statement. In February 2023, technical and administrative verifications were carried out at the Narni plant by Invitalia, the verification process of which is being finalised.
Energy Enterprises Tax Credit Legislative Decree 27/01/2022 No. 4 – Support-ter Legislative Decree 1/03/2022 N. 17 – Energy Legislative Decree 9/08/2022 N. 115 – Aid bis Legislative Decree 23/09/2022 N. 144 – Aid ter Legislative Decree 18/11/2022 N. 176 – Aid quater Law 29/12/2022 N.197 Budget Law Tax Credit Enterprises other than those with high gas consumption Legislative Decree 21/03/2022 N. 21 – Ukraine Legislative Decree 9/08/2022 N. 115 – Aid bis Legislative Decree 23/09/2022 N. 144 – Aid ter Legislative Decree 18/11/2022 No. 176 – Aid quater Law 29/12/2022 No.197 Budget Law	Tax credits established by the Government as urgent measures in favour of companies to contain the effects of increases in energy prices and for which €8,203 thousand were budgeted to be used through F24 offsets to other taxes. Specifically, these are measures that allowed Alcantara to access two types of benefits. One for energy-intensive companies, also known as "energy-intensive," in the amount of €7,605,000, and one for so-called "non-gas-intensive" companies in the amount of €598,000.
Law 19/5/2020 No. 34 Art. 48bis Decr. Relaunch	Measure adopted in order to contain the negative effects resulting from the prevention and containment measures adopted for the epidemiological emergency by Covid-19 on the final inventories in sectors marked by seasonality and obsolescence of products, recognised a contribution, in the form of a tax credit, to entities engaged in business activities operating in the textile and fashion industry, footwear production and leather goods (textile, fashion and accessories sector). The measure consists of the recognition of a tax credit to the extent of 30% of the value of the final inventories in excess of the average of the same value recorded in the three tax periods preceding the one in which the benefit is due. The Company recorded a value of €2,018,000, €976,000 of which was the benefit on 2020 inventories and €1,042,000 on 2022 inventories. The use of these credits in offsetting is constrained to the limit of €250,000 annually.

PARTICIPATION IN TRADE ASSOCIATIONS

We participate, both through our membership fees and direct attendance, in the numerous associations and institutions, in order to support business representation and benefit from association services⁵.

LIST OF ASSOCIATIONS OF WHICH ALCANTARA WAS A MEMBER AS OF 31/03/2023

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

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 Alcantara has never made donations for political ends and no such projects are planned for the future.

3RD COMMITMENT

People
Sustainability

SPREAD AWARENESS

We sustain our people with great sense of responsibility, putting Safety First through the involvement of all our employees in accident monitoring and prevention initiatives.



People
Sustainability
Highlights

+67%

growth in Company population
vs Fiscal Year 2013

94.6%

of personnel are
permanent employees

271 people

affected by incentive measures

about 99%

of personnel is subject to
performance evaluation



Chapter overview

People, Diversity and
Inclusion



- Management Policies and Breakdown of Personnel
- Incentives and Remuneration
- Diversity and Respect for Human Rights
- Internal Communication

Worker's Benefits

- Remote Working

Training and
Professional Development



- Training Plan
- Training Opportunities
- Training Quality Assessment

Health and
Safety



- Activities
- Accident Management

The 'Zero Accident Project'

Industrial
Relations



- Meetings with Representatives
- Participation Bonus

PEOPLE
SUSTAINABILITY:
2022-2025
TARGETS

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, which aims at having accountability at all levels, making sure to maintain respect for roles, foster positive relationships between manager and employees and work with

cross-functional teams. Strategies in this context are pursued through the definition of annual operating plans that are monitored in their development through 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



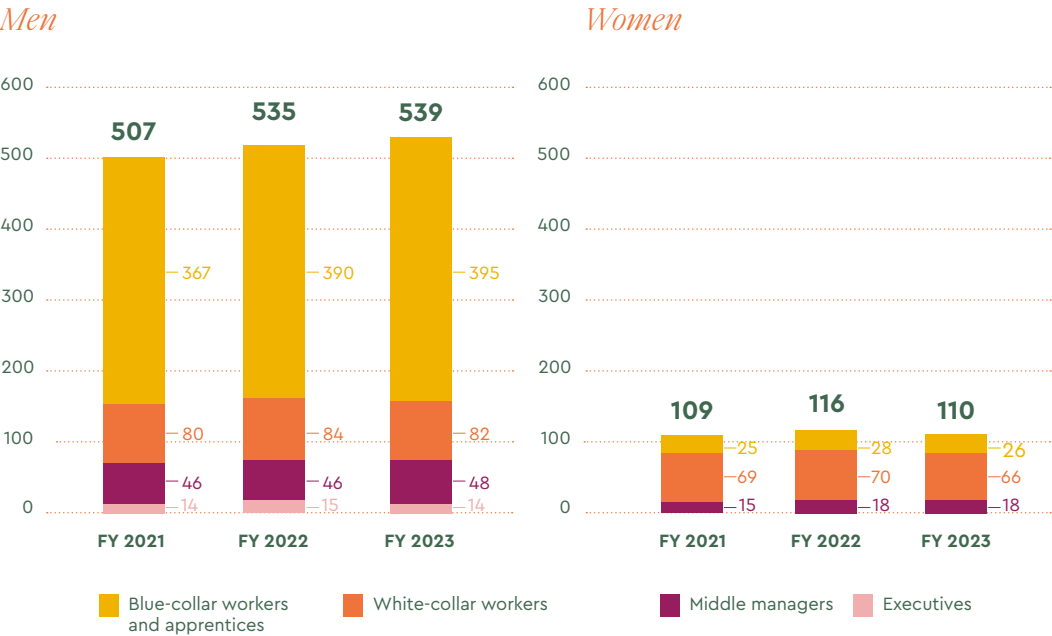
As at 31 March 2023, the Company had 649 employees, 95 working at the Milan headquarters (one of whom works for the Representative office in China) and 554 at the Nera

Montoro production plant and R&D centre. The average number of employees during the Fiscal Year 2023 was 646, an increase of 11 people compared to the average number of employees in the

previous fiscal year, which was equal to 635. In the last 10 years, Alcantara's personnel experienced a 67% growth: the Company has employed 260 more people since 2013.

PERSONNEL	FY 2021 (AS AT 31 MARCH)		FY 2022 (AS AT 31 MARCH)		FY 2023 (AS AT 31 MARCH)	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Executives	14	-	15	-	14	-
Middle managers	46	15	46	18	48	18
White-collar workers	80	69	84	70	82	66
Blue-collar workers and apprentices	367	25	390	28	395	26
% of total	82%	18%	82%	18%	83%	17%
TOTAL	616		651		649	

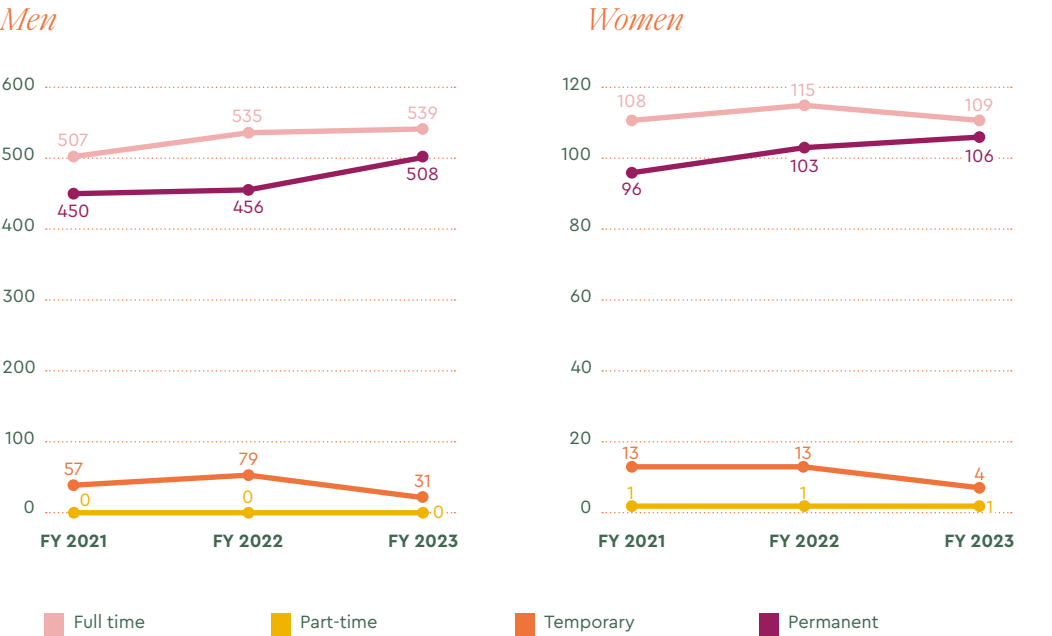
Employees by Category



BREAKDOWN OF PERSONNEL BY EMPLOYEE CATEGORY AND BY REGION NUMBER	FY 2023 (AS AT 31 MARCH)	
	ITALY	CHINA
Executives	13	1
Middle managers	66	-
White-collar workers	148	-
Blue-collar workers and apprentices	421	-
% of total	99.8%	0.2%

PERSONNEL	FY 2021 (AS AT 31 MARCH)		FY 2022 (AS AT 31 MARCH)		FY 2023 (AS AT 31 MARCH)	
PERMANENT VS TEMPORARY	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Permanent employees	450	96	456	103	508	106
Temporary employees	57	13	79	13	31	4
FULL TIME VS PART TIME						
Full-time personnel	507	108	535	115	539	109
Part-time personnel	-	1	-	1	-	1

Employees by Contract Type



BREAKDOWN OF PERSONNEL BY REGION	FY 2023 (AS AT 31 MARCH)	
FULL TIME VS PART TIME	ITALY	CHINA
Full-time personnel	647	1
Part-time personnel	1	-
PERMANENT VS TEMPORARY		
Permanent employees	613	1
Temporary employees	35	-

In order to guarantee employment stability, 94.6% of personnel have permanent contracts. As for the remaining 5.4%, the Company made sure to meet its employees' various flexibility requirements through different contracts, including temporary contracts, outsourcing contracts and external collaborations. In the Fiscal Year 2023, 55 additional people were offered permanent contracts, while fixed-term contracts were reduced by 57 units. In addition, we registered no cases of outsourcing at

the Nera Montoro Plant and R&D Centre and at the Milan Headquarters. As for the employees' place of origin, the majority resides in the areas surrounding the workplace: 91.9% of personnel at Nera Montoro live in the province of Terni, while 70.5% of the personnel working at the headquarters live in the province of Milan. As regards managerial staff, 53.8% 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. In terms of age, in the Fiscal Year 2023, 71.3% of overall employees were between 30 and 50. The average age is 45.1 at the Milan headquarters (43.9 in the Fiscal Year 2022) and 42.1 at the Nera Montoro production plant and R&D centre (slightly increased compared to 41.3 in the Fiscal Year 2022). Despite this, it remains clear that a significant percentage of employees, equal to the 21.10% of the Company's population, is over 50 years of age.

Number of Employees by Age Group

AGE OF EMPLOYEES	FY 2021	FY 2022	FY 2023	BOARD OF DIRECTORS BY AGE GROUP FY 2023
> 50	114	124	137	7
30-50	442	467	461	2
< 30	60	60	51	-
TOTAL	616	651	649	9

As the tables below show, during the Fiscal Year 2023, the Company hired 43 new employees (4 women and 39 men), 46.5% of whom were

under 30 years of age. This results in a recruitment rate of 6.62%, about 4.7% lower than the previous fiscal year. The termination rate dropped to

6.62% in the Fiscal Year 2023, mainly due to the renewal of fixed-term contracts.

RECRUITMENTS¹						
	FY 2021		FY 2022		FY 2023	
	Number	Rate	Number	Rate	Number	Rate
MEN	56	9.1%	59	9.06%	39	6.01%
WOMEN	11	1.8%	15	2.3%	4	0.62%
TOTAL	67	10.9%	74	11.36%	43	6.63%

TERMINATIONS¹						
	FY 2021		FY 2022		FY 2023	
	Number	Rate	Number	Rate	Number	Rate
MEN	58	9.4%	17	2.61%	33	5.08%
WOMEN	8	1.3%	9	1.38%	10	1.54%
TOTAL	66	10.7%	26	3.99%	43	6.63%

FY 2023	RECRUITMENTS		TERMINATIONS	
	Number	Rate	Number	Rate
< 30 years	20	3.08%	18	2.77%
30-50 years	23	3.57%	23	3.57%
> 50 years	0	0%	2	0.31%

During the Fiscal Year 2023, Alcantara hosted 9 interns in the plant, 4 for school-to-work programmes and 5 for internships provided in the Higher Technical Institute training path. None of the

interns were hired during the Fiscal Year 2023, as they were still studying. One internship started in 2022 and ended in 2023, however it was counted in the previous fiscal year. As for the Milan office,

2 interns were hosted during the Fiscal Year 2023. One of the two internships was extra-curricular (while the other was curricular) and it was transformed into a 24-month apprenticeship contract.

¹ Data does not refer to the number of employees terminated/hired in the year but to the number of movements, which also takes into account cases where the same person was hired and terminated several times in the fiscal year.

INCENTIVES AND REMUNERATION

Incentive Measures

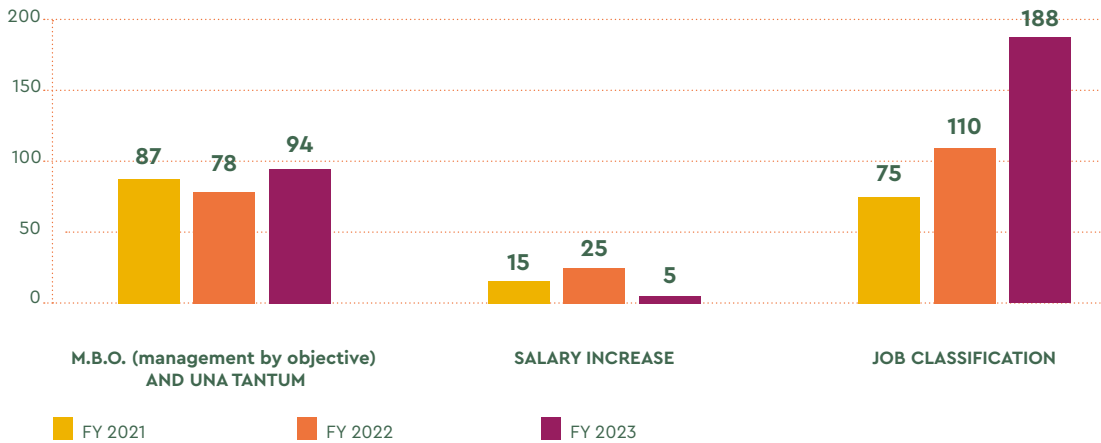
With its policies, incentive and development tools, Alcantara aims at enhancing and retaining talents, while attracting new ones, focusing on the development and recognition of resources.

To this end, such measures are constantly evolving, with the aim of improving organisational measures and contractual automatisms, in order to enhance individual professionalism.

Although the reporting period was very difficult for the world economy, the Company's choice was to confirm all planned development paths, as illustrated in the following table.

NUMBER OF PEOPLE AFFECTED BY INCENTIVE MEASURES	FY 2021	FY 2022	FY 2023
M.B.O. (management by objective) and one-off	87	78	94
Salary increase	15	25	5
Job classification	75	110	188
Total	177	213	271

Number of People affected by Incentive Measures



During the Fiscal Year 2023, in an effort to curb the impact on employees of increases in household energy costs, fuel vouchers worth €200 were issued, in line with the legislation that came into effect during the reporting period.

Variable Remuneration

The variable remuneration system – linked to the achievement of economic and performance objectives defined at both individual and team level – allows 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 based on 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, the Company introduced changes in job classifications, as a result of growth and development paths.

Assessment System

About 99% of personnel underwent at least one performance assessment carried out by their manager during the Fiscal Year 2023.

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.

Compensation Ratios

The ratio between the average Gross Annual Income (GAI) received by female workers and the average GAI for men equals to 0.71 for executives and managers, 0.98 for white-collar workers and apprentices, and 1 for

blue-collar workers and apprentices. The salary paid to newly hired employees 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 equals to 5.24, and the increase of the median salary is 1.8%, while there was no increase in the highest salaries.

In support of our commitment to personnel and focus on respect of human rights and sustainability issues, the total absence of episodes of discrimination or violations of human rights across all areas of operation should be highlighted.



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 since 2013 Alcantara has seen

a 74% increase in female employees (compared to 67% total increase), reaching a total of 110 women within the workforce in the Fiscal Year 2023.

Leave

During the Fiscal Year 2023, 147 employees (112 men and 35 women, approximately 21% more compared to the 121 in the previous year) took

maternity leave or parental leave to assist relatives with disabilities (according to Italian Law no. 104) and for fathers (both compulsory and

optional). At the end of the leave period, all employees, except for those on ongoing maternity leave, returned to work.

Protected Categories

With the aim to promote greater inclusion within the Company, we offer job opportunities to those who fall under one of the protected categories according to current legislation.

In the Fiscal Year 2023, the number of people belonging to protected categories was 7.39% of total employees. In support of this approach, any conduct violation of the Code of Ethics, or any potential risks in this regard,

can be reported to the supervisory body in charge, with the possibility to appeal, if necessary, to SA8000® workers' representatives.

PROTECTED CATEGORIES	FY 2021	FY 2022	FY 2023
No. of employees belonging to protected categories	43	45	48
% protected categories out of total employees	7%	6.91%	7.39%
No. of Board members belonging to protected categories	-	-	-
% protected categories out of total Board members	-	-	-

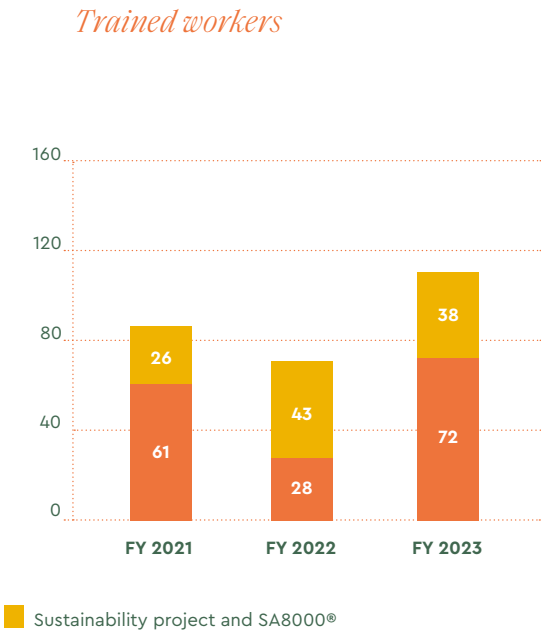
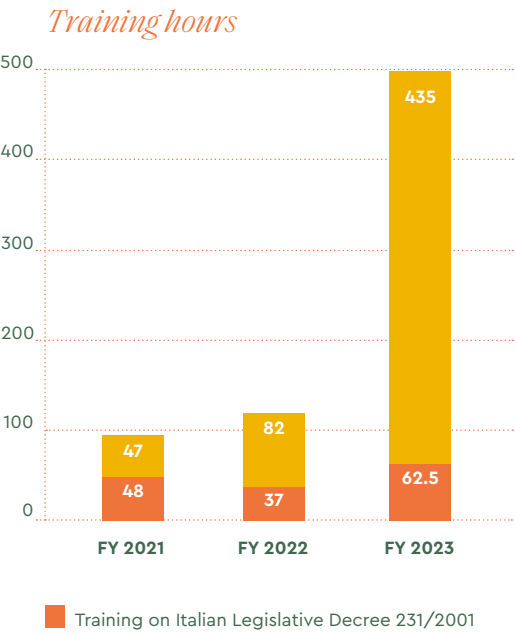
Social Accountability

Since 2008, we have held the SA8000® certification (the international Social Accountability 8000 standard) that testifies to the implementation of measures and procedures aimed at respecting 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. Training sessions are organised for

all newly hired personnel, during which they are given a handout illustrating the contents and principles of the SA8000® system. For the Fiscal Year 2023, Sustainability Project includes a training on-the-job provided to an intern.

	FY 2021		FY 2022		FY 2023	
	TRAINING HOURS	TRAINED WORKERS	TRAINING HOURS	TRAINED WORKERS	TRAINING HOURS	TRAINED WORKERS
Training on Italian Legislative Decree 231/2001	48	61	37	28	62.5	72
Sustainability project and SA8000®	47	26	82	43	435	38



In support of our commitment to personnel and focus on respect of human rights and sustainability issues, the total absence of episodes of discrimination or violations of human rights 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 work 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.

Workers' Benefits

All personnel are granted additional benefits beyond what is established in the collective labour agreement, in order to promote and increase the well-being of employees within the corporate context. In the Fiscal Year 2023, we devoted 1.08% of revenues to worker's benefits, including:

- scholarships for children of employees;
- bonuses provided for the Zero Accidents Project (further details on page 70);
- 'Premio Senza Barriere': bonus established in 2016 for employees' children with disabilities;
- loyalty bonus: bonus awarded when an employee reaches 25 years of service;
- inter-company nursery: the nursery facility continues its activity for the eleventh consecutive year, in conjunction with two other companies in the area surrounding the plant. The facility is open to all children of local residents, not exclusively to children of employees;
- 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 changes made 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. These can 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 to the benefit of family members, whilst gaining a tax advantage at the same time;
- Covid-19 insurance policy: paid for by the Company.

Communication Activities

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

- the intranet and the Company's bulletin boards, with continuous updates and the addition of employee communications in the new personnel management software;

- the corporate newsletter "Inside", published every six months and distributed in paper form to all personnel at the headquarters and production plant. During the pandemic, to prevent the spread of Covid-19, 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".

Smart Working

The smart working tool, widely used since 2020 to limit Covid-19 contagion, had already become a structural mode of work organisation in the previous fiscal year. This tool improves work-life balance, while also increasing

workers' awareness and company productivity. This process was consolidated through the signing of two union agreements (for the Milan Headquarters and the Nera Montoro Plant). These agreements include

the possibility of wider use of remote work for parents of young children or care givers of disabled individuals, or in the presence of extraordinary family or personal situations.

TOTAL NO. OF SMART WORKING HOURS	FY 2023	
	MEN	WOMEN
Managers	5,708.87	3,254.12
White-collar workers	2,530.9	10,395.6
Blue-collar workers and apprentices	470	40
TOTAL	8,709.77	13,689.72

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.

After the Covid-19 emergency, the training plans for both sites were maintained, favouring the provision of courses via e-learning platforms and

according to the rules of Italy's National Protocols regarding classroom and on-the-job training. During the course of the Fiscal Year 2023,

28,438 training hours were provided, 79% of which 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 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 must also evaluate the effectiveness of the training carried out for the employees within the annual assessment of their employees' performance.

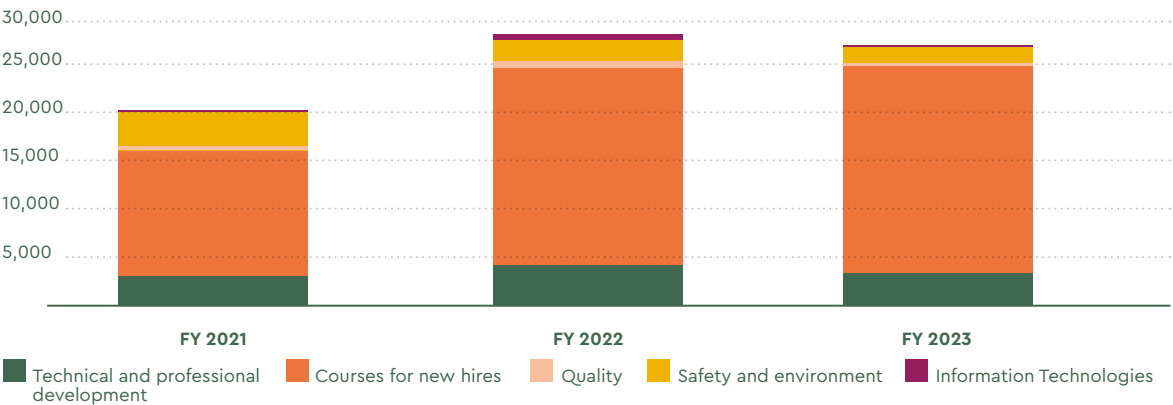
TRAINING QUALITY ASSESSMENT			
CATEGORY	GENDER	PERSONNEL EVALUATED	% OF TOTAL
Blue-collar workers	Men	385	100.0%
Blue-collar workers	Women	21	100.0%
White-collar workers	Men	81	100.0%
White-collar workers	Women	64	97.0%
Managers	Men	49	100.0%
Managers	Women	17	88.9%
Apprentices	Men	8	80.0%
Apprentices	Women	5	100.0%
Executives	Men	13	92.9%
TOTAL		642	98.9%

It should be noted that some resources were not assessed during the Fiscal Year 2023, as they had either just joined the Company or were absent due to different reasons.

Of the 28,703 training hours provided in the Fiscal Year 2023, 71.6% were dedicated 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 2021	FY 2022	FY 2023
Average hours per capita (hours/person)	35	44	44
Costs (€)	31,544	15,534	24,394
Total number of training hours provided, for:	21,351	28,703	28,438
• Technical and professional development	3,072	5,129	3,468
• Courses for new hires	13,309	20,579	22,432
• Quality	95	662	335
• Safety and environment	4,733	2,334	2,014
• Information Technologies	128	662	189

TRAINING HOURS



AVERAGE NO. OF TRAINING HOURS PROVIDED FY 2023	NERA MONTORO		MILAN		TOTAL
	MEN	WOMEN	MEN	WOMEN	
Blue-collar workers	53.1	60.3	-	-	53.5
Apprentices	54.3	266.3	131.5	201.9	142.1
White-collar workers	16.5	17.7	48.3	10.1	16.9
Managers	15.7	15.9	24.8	24.9	20.0
External ³	2.1	0.5	0.6	193.1 ⁴	77.5
Executives	12	-	8.4	-	8.7

³ The external category includes outsourced personnel and those employed through external companies.
⁴ The total training hours provided in this category includes a 350 hours training on- the-job to an intern before being hired as an apprentice.

3.3 Health and *Safety*

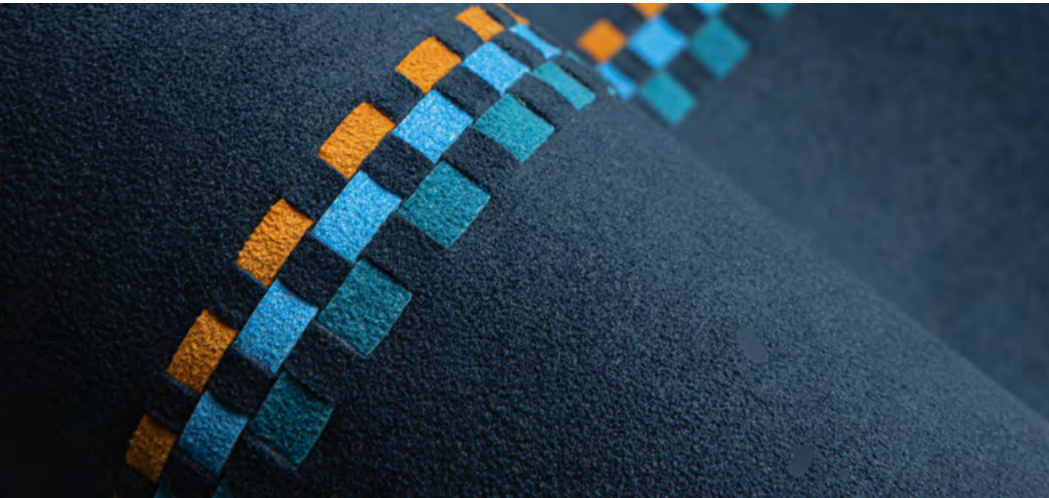
We have set ourselves an ambitious target: to achieve a 'zero accident' goal. To that end, we have implemented various protective and preventive measures, monitoring procedures and training courses aimed at improving safety conditions within the work environment and protecting workers' well-being.

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 at the Nera Montoro production plant and 39% at the Milan headquarters.

WORKERS INVOLVED IN THE HEALTH AND SAFETY SYSTEM	NERA MONTORO	MILAN
Total employees	554	95
Work permits	148	2
Supervisors	138	32
On call	11	-
PPS (Risk prevention and protection service)	4	1
Emergency Team	92	8
Total positions held	393	43
Total personnel involved	238	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 the Fiscal Year 2023 were:

- Continuous updating of Risk Assessments, with the involvement of the Responsible Officers and relevant personnel to ensure effective identification of activities, consequent risks and agree on effective and sustainable Prevention and Protection measures, as well as to achieve cultural growth in SSA by each 'interested party'.
 - The 'Zero Accident Project', to minimise accidents (see further details on page 70);
- TORAY Group Safety Summit and international audits. In the Fiscal Year 2023, due to the Covid-19 pandemic, activities were carried out through remote meetings, guaranteeing project continuity to share best practices at group 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 'Accident reporting and analysis – near misses and accidents' procedure (PAS 10.2A)⁵, entered in the ISO 45001 certified health, safety and environment management system. There were three accidents

involving three men at the Nera Montoro plant in the Fiscal Year 2023, one of which took place during work (bump against a piece of carpentry during the transfer on foot in the department) and two en route. The workplace accident is not listed in the

tables in the next pages because it resulted in an employee's absence of less than 3 days. One accident, consisting in the sprain of an ankle, was registered at the Milan headquarters.

⁵ This procedure is in accordance with Presidential Decree No. 1124 of June 30, 1965.

Nera Montoro

Fiscal Year 2023 Statistics

NUMBER OF RECORDABLE ACCIDENTS (MORE THAN 3 LOST DAYS)			HOURS WORKED			RATE OF RECORDABLE INJURIES		RATE OF OCCUPATIONAL ILLNESSES	
MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
-	-	-	755,070	92,279	847,349	-	-	-	-

EMPLOYEES	FY 2023		
	MEN	WOMEN	TOTAL
Type of work-related injuries (n.)			
Fatalities as a result of work-related injuries	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-
Other work-related injuries (more than 3 lost days)	2	-	2
Of which: en route	2	-	2
Recordable work-related injuries (n.)			
Recordable work-related injuries (more than 3 lost days)	-	-	-
Occupational illness (n.)			
Cases of recordable occupational illnesses	-	-	-
Death due to occupational illnesses	-	-	-
Days absent (n.)			
Lost working days (accidents, strikes, illnesses-excluding holidays, leave, etc.)	5,358	488	5,846
Lost working days Only due to accidents and/or occupational illnesses	201 ⁶	-	201
Hours worked (h.)			
Workable hours	941,759	118,599	1,060,358
Hours actually worked	755,070	92,279	847,349

⁶ Of these, 2 days are due to the not recorded workplace injury in the Fiscal Year 2023 and 199 are the result of a relapse of injury related to previous years, from the 2 commuting injuries and from INAIL reclassification.

Milan

Fiscal Year 2023 Statistics

NUMBER OF RECORDABLE ACCIDENTS (MORE THAN 3 LOST DAYS)			HOURS WORKED			RATE OF RECORDABLE INJURIES		RATE OF OCCUPATIONAL ILLNESSES	
MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	MEN	WOMEN
1	-	1	78,615	75,411	154,026	12.72	-	-	-

EMPLOYEES	FY 2023		
	MEN	WOMEN	TOTAL
Type of work-related injuries (n.)			
Fatalities as a result of work-related injuries	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-
Other work-related injuries (more than 3 lost days)	1	-	1
Recordable work-related injuries (n.)			
Recordable work-related injuries (more than 3 lost days)	1	-	1
Occupational illness (n.)			
Cases of recordable occupational illnesses	-	-	-
Death due to occupational illnesses	-	-	-
Days absent (n.)			
Lost working days (accidents, strikes, illnesses-excluding holidays, leave, etc.)	274	142	416
Lost working days Only due to accidents and/or occupational illnesses	20	-	20
Hours worked (h.)			
Workable hours	94,240	100,756	194,996
Hours actually worked	78,615	75,411	154,027

The ‘Zero Accident Project’

The **Zero Accident 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 accident’ target. In the past 15 years, the project has undergone considerable technical-operational improvements, mostly due to the implementation of a structured and diversified set of tools and measures.

Safety Policy:

every year, the Parent Company uses different resources to raise awareness on health and safety and to emphasise the importance of the current policy.

Hyari-Hatto (accidents):

the Parent Company sends accident reports for 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 stood out in the previous year for the numerous 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 Shift Meeting:

meetings on safety for shift operators.

Near Miss:

event that had the potential to cause harm but did not actually result in human injury.

Potential Risk situation:

risk situation that could cause an accident; reported by employees.

Safety Proposal:

the aim is to improve health, safety and work environment through suggestions coming from employees, who will be asked to find a suitable solution.

ZERO ACCIDENT PROJECT RESULTS	NEAR MISS	POTENTIAL RISK	SAFETY PROPOSAL
FY 2021	13	53	279
FY 2022	17	50	172
FY 2023	23	122	230



3.4 Industrial *Relations*

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

Indeed, we have been committed to building and consolidating a system of industrial relations involving all corporate levels over the years, promoting greater transparency and participation of

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 the Fiscal Year 2023, meetings have been held with workers' representatives to communicate corporate decisions in advance and jointly define a number of proposals. The main topics covered were:

- 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 international

markets and on our business;

- measures to prevent and cope with Covid-19: in April 2022 emergency ended, however numerous precautionary and organisational measures aimed at fighting the spread of the Coronavirus were maintained (for further details see page 19);
- smart working: in order to pursue an increase in the personal well-being of employees through innovative solutions aimed at fostering greater reconciliation of work and personal needs, Smart working, already in place at the Head Office, has been

extended as an organisational mode within the Production Plant as well;

- training: training activities on FMEA and 8D report for technical personnel, on SAP financial for the administrative office. Moreover, specific training on first aid has been defined for operating personnel. Over the past 10 years, thanks to second-level bargaining and the shared goal of enhancing human resources through education, it has been possible to finance training plans worth a total of about €430,000 through Fondimpresa.

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 2023. The production and economic results for the Fiscal Year 2023 enabled the achievement of 94.10% of the

target set, despite the difficult international context. The agreement stipulated provides additional €50 on the retirement fund of each employee and €250 in welfare. Part of the bonus can be used on the online welfare platform, which allows employees to make use of

services and choose between the various available initiatives. Over the past 10 years, the Participation Bonus has brought workers a total amount of about €16,400, in addition to €500 in additional payments to the Fonchim class pension fund for registered employees.

People Sustainability: *2022-2025 Targets*

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

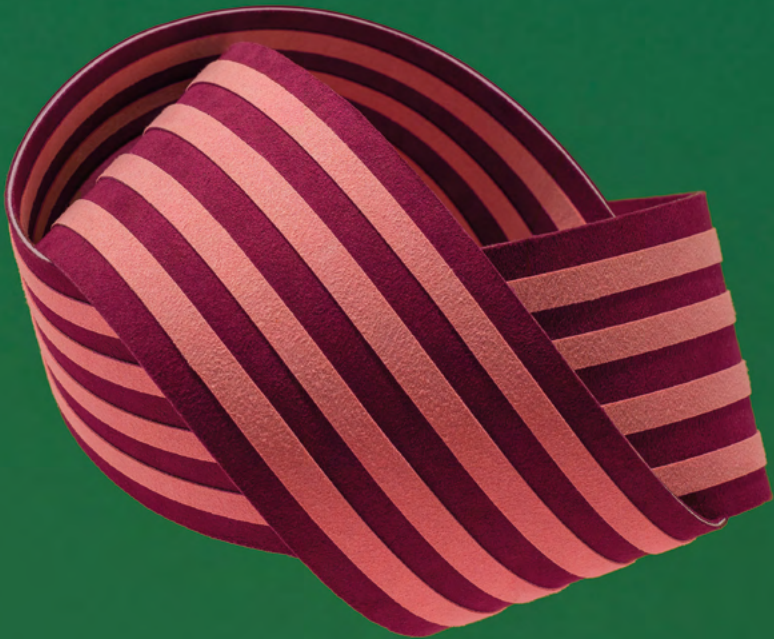


4TH COMMITMENT

Social
Sustainability

FOSTER ENGAGEMENT

We carry on significant Stakeholder Engagement activities to spread a diligent approach to sustainability and create a shared culture among all our stakeholders.



Social
Sustainability
Highlights

13 events &
co-branding
initiatives

16.8 million
views
on YouTube

141
press releases

237,505
followers
on the main social media
platforms worldwide

53 projects
aimed at bringing tangible
social benefit to the impacted
territories

€ 114,000
allocated to local communities

36 scholarships
awarded

Chapter overview

Management
of the *Relations with
the Community*



- Local Community Initiatives
- The Key Reference Communities
- Offsetting Projects

Communication,
events and *Stakeholder
Engagement Activities*



- Alcantara Lifestyle
- Brand Awareness Initiatives
- Events and Co-branding Activities
- Media Relations

SOCIAL
SUSTAINABILITY:
2022-2025
TARGETS



4.1 Management of the *Relations with the Community*

At Alcantara, dialogue with institutions and support to the local community are essential for the growth of the Company and of the adjacent area.

Our Company represents a valuable source of employment, income, and training and has a great socio-economic impact. That is why we support and finance various charitable

organisations and cultural initiatives that help to improve local well-being, thus creating shared value for the entire community. Specifically, during the course of the Fiscal Year

2023, we have assigned approximately €114,000 to local communities in the form of donations and contributions.



LOCAL COMMUNITY INITIATIVES

Participation in the Urban Re-Generation Project:

promoted by Confindustria Umbria with the financial support of the Fondazione Cassa di Risparmio di Terni e Narni, this project involves numerous companies from the Terni region. The goal is to improve the local area through the promotion of sustainable development, urban manufacturing and social regeneration. This will help promote corporate actions to reduce environmental impact, create synergies with local authorities so as to favour sustainability initiatives, attract talent and resources, and obtain the 'industrial district of sustainability' certification.

Scholarships:

our commitment to education continued with 36 scholarships offered in the Fiscal Year 2023. 15 were awarded to the most deserving students residing in the municipality of Narni and the remaining 21 to sons and daughters of Alcantara employees, in accordance with the procedures defined in the specific tender. This initiative was launched following the 2013-2014 school year and has never been suspended. Thus, we have now reached the 9th edition, with an

ever-increasing participation. Students in the municipality of Narni have been awarded 122 scholarships valued at a total of over €36,000, while children of employees have received 207 scholarships totalling more than €48,000.

'Premio senza barriere':

every year, on 3 December, the International Day of Persons with Disabilities, parents of children with disabilities receive the 'Premio senza barriere' award. In the Fiscal Year 2023, 8 awards were disbursed totalling nearly €23,000. Since the launch of the initiative in 2015, a total of 57 families have received the award.

Training for schools:

internships were activated once Covid-19 restrictions started easing. Five curricular internships were activated at the I.T.S. Umbria (Innovation Technology and Development) and four work to school programmes at the Istituto Tecnico Tecnologico in Terni, totalling nine internships. One internship was activated in the Fiscal Year 2022 and ended in the Fiscal Year 2023. From 2013 to date, 24 people have been hired after serving an internship. In the Fiscal Year 2023, after the pandemic related interruption, we

restarted school-based training activities, hosting 44 students and 5 teachers from the Istituto Tecnico Tecnologico in Amelia following the Chemistry curriculum.

Sharing events:

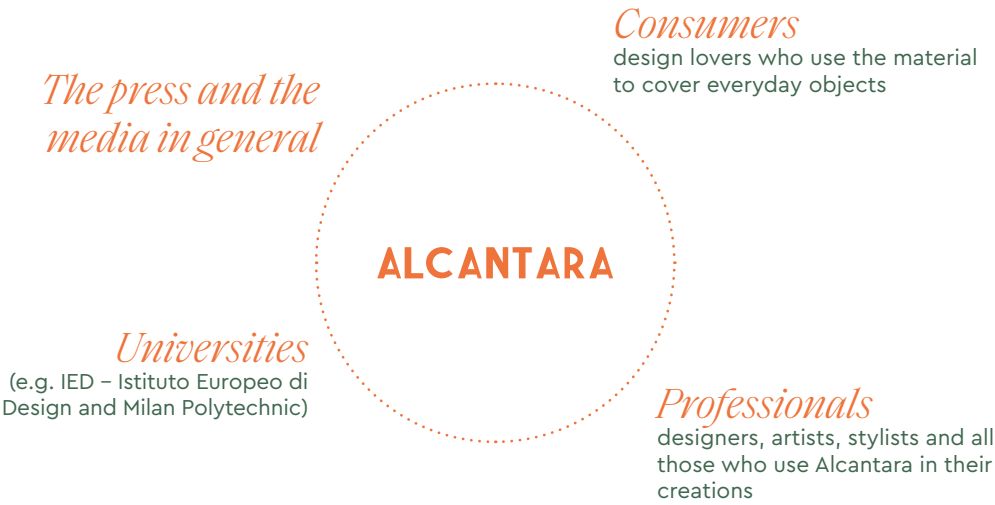
having returned to a 'new normal', we celebrated Christmas with our Chairman. 43 employees who have reached 25 years of service in the Fiscal Year 2023 were awarded a loyalty bonus consisting of fuel vouchers worth overall €1,050.

Corporate nursery:

on 24 November 2012, inter-company nursery CIPI¹ opened its doors to children of employees and the areas surrounding the Alcantara plant. Three children of Alcantara employees used the nursery in the Fiscal Year 2023. Since the opening of the nursery, 35 children of employees have been enrolled, and nearly €30,000 have been devoted for these enrollments.



THE KEY REFERENCE COMMUNITIES

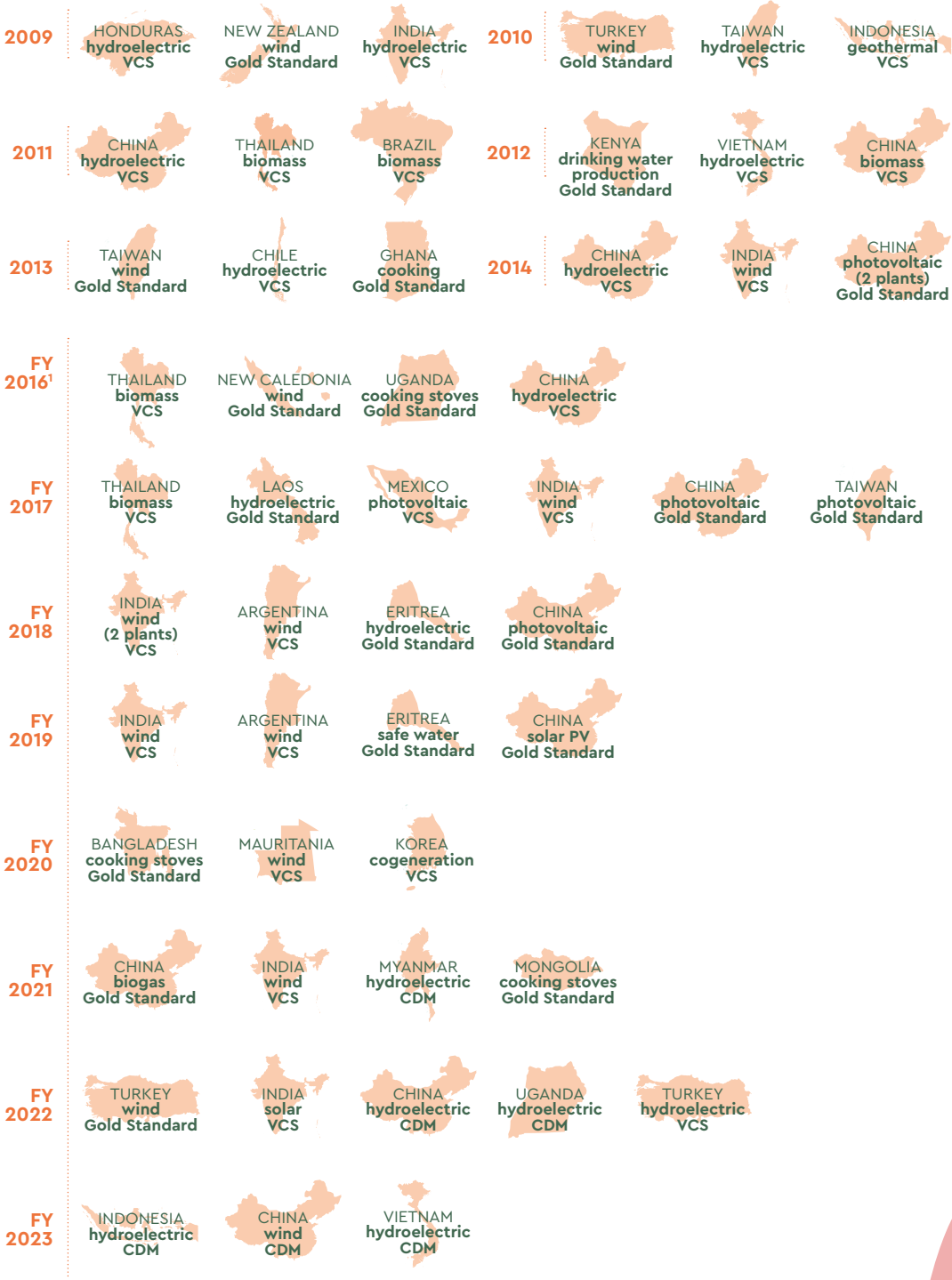


OFFSETTING PROJECTS

Alcantara also plays an important role in communities where the carbon offset projects the Company supports are based. These initiatives are aimed at generating

energy from renewable sources, raising awareness on sustainability and improving social conditions for the communities involved. As in the previous Fiscal Year, we supported three

Certified and Verified Offsetting Projects, based on an independent certification standard (see paragraph 5.3), which are listed in the following pages.



CDM (Clean Development Mechanism): defined in Article 12 of the Kyoto Protocol, the CDM allows so-called Annex I countries (industrialised countries) to offset their emissions with projects located in non-Annex I countries (emerging countries and LDCs). The CDM process releases CER (Certified emission reduction).

Gold Standard: is a foundation founded in 2003 by the WWF and other international NGOs that manages a certification standard focused on environmental and social

benefits. In particular, project developers are expected to adhere to the Gold Standard 'do no harm' principle, consult local stakeholders and ensure that their projects not only help the climate by contributing to the Sustainable Development Goal (SDG) 13, Action for the climate, but also to benefit local communities by contributing to two additional SDGs. It can also be applied as an additional quality label to CDM businesses. Carbon credits issued under the Gold Standard are called VER (Verified Emission Reduction).

VCS (Verra's Verified Carbon Standard): Verra is a non-profit organisation founded in 2005 by environmental and business leaders, serving as a secretariat for various standards. Most important is the Verified Carbon Standard, which is, in terms of volume, the largest voluntary standard in the world. Carbon credits issued with VCS are also called VCU (Verified Emission Unit). VCS is the most widely used voluntary Carbon Standard in the world.

¹ The FY 2016 indication refers to the 12-months period between 1 April 2015 and 31 March 2016 and corresponds to the new Fiscal Year of Alcantara.

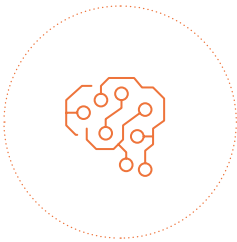
4.2 Communication, Events and Stakeholder Engagement Activities

ALCANTARA® LIFESTYLE

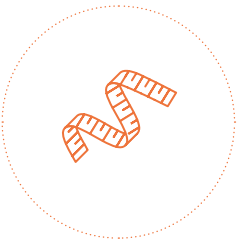
Thanks to our versatility, we are a lifestyle partner for leading global luxury brands in various sectors: from automotive to fashion and accessories, from interiors to consumer electronics, and from marine to aviation.

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 between technology, functionality and emotions



Extreme customisation



Made in Italy

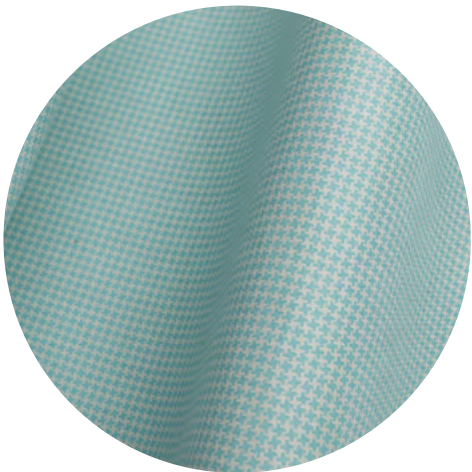
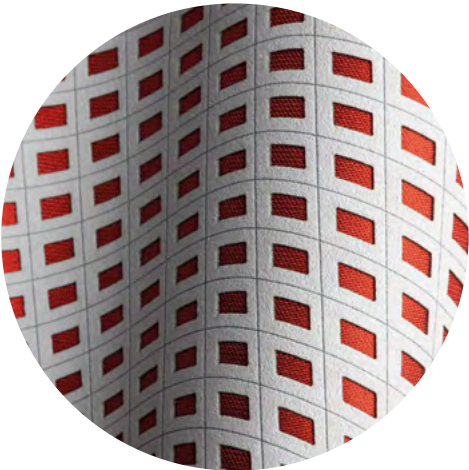


Commitment to sustainability

BRAND AWARENESS INITIATIVES

AUTOMOTIVE

In the Automotive segment, we continued our joint communication initiatives with well-known brands such as Maserati, BMW, Czinger and Alfa Romeo, just to name a few.



FASHION

The idea behind the Spring/Summer 2024 NINFEA collection was to return to the past and bring back elements representing the brand's heritage in an innovative way. The result is a timeless collection, retrieving styles from the past and creating novelty.

EVENTS AND
CO-BRANDING
ACTIVITIES

In line with our positioning as a global lifestyle brand, every year we organise events aimed at spreading and reinforcing our key messages and values in all our main markets. In the Fiscal Year 2023, we continued to intensify our use of digital communication as a channel for dialogue with clients and stakeholders, as well as with the design community and the end consumer. We continued to update and promote our content on Alcantara's website and social media channels, both in the West and in Asia, through advertising campaigns.

**Luxury meets performance:
the extreme customisation of
Alcantara meets Maserati MC20**

With the 'Luxury meets performance' event, which featured Alcantara's extreme customisation on the Maserati MC20, Alcantara and Maserati celebrated the bond that unites the two brands, which have always been spokesmen for craftsmanship and Made in Italy.

Set in the centre of the prestigious courtyard of 'Frame', the first Condé Nast Experience Store in Milan, the MC20 super sports car welcomed guests, allowing them to see and feel Alcantara's extreme customisation concept in its seats and door panels.

The car's interiors inspired the event set design. The location was transformed into an Alcantara canvas: on its surface, illustrator Pietro Mazza created a storytelling made of sinuous lines and odometers.

@Milan, Italy
April 7, 2022



'Someone is lying...'

@Milan, Italy
June 6, 2022

During the Milan Design Week 2022, a surprising installation was unveiled in the Piazza degli Eventi at Superstudio Più: a contemporary interpretation of Pinocchio and a symbol against greenwashing, a practice that is growing and needs to be eliminated to implement the ecological transition.

The installation was inspired by the famous character from the fairy tale of the same name and aimed to raise awareness among companies, consumers, policymakers and stakeholders on the importance of the issue. Pinocchio is as much a symbol of liars as greenwashing is a symbol of mystification. SOMEONE IS LYING... is a payoff meant to prompt reflection and real answers, a call for serious and concrete engagement. The project, sponsored by the National Chamber for Italian Fashion, was carried out in collaboration with Connect4Climate, a World Bank coalition of institutions, private sector actors, nongovernmental organisations, universities, research centres and trade associations. The alliance is concrete proof that Italian experiences of excellence can be an inspiration to the whole world.



**'The Infinite Languages
Of Style' by Alcantara
at ADI Museum**

*Again, in the context of
the Milan Design Week
2022, Alcantara presented
an installation in Piazza
Compasso d'Oro, in the
beautiful setting
of the ADI Museum.*

@Milan, Italy
June 10, 2022

The installation shows the infinite possibilities of customisation of the material, with a special look on the automotive world. Press attendance and the international automotive design community gathered at ADI, in the shadow of Alcantara's impressive installation. In attendance were Car Design Award winners and finalists including Ferrari, winner for the "Production Cars" category, Toyota, winner for the "Concept Cars" category, and Stellantis, all brands that have long used Alcantara for their creations.

**Alcantara & Czinger at
Goodwood Festival of Speed**

@Goodwood, UK
June 23-26, 2022

*The exclusive collaboration
between Alcantara and
Czinger Vehicles was a
highlight at the famous
Goodwood Festival
of Speed, where the
Czinger 21C hybrid
hypercar with a custom
Alcantara interior had its
debut in UK.*

During Day 1 of the Festival, it was the pioneering 21C, parked inside the Czinger's booth, that provided the backdrop for a day of meetings and interviews with Chairman and CEO of Alcantara Andrea Boragno and Kevin Czinger, Founder and CEO of the Los Angeles-based automaker, focused on the distinctive values that the two brands share: style, innovation and sustainability.

Seats, door panels, steering wheel, control panel: once again Alcantara stands out for its extreme customisation capabilities and versatility.



**Space Popular and Alcantara
present 'The Portal Galleries'**

*'The Portal Galleries'
exhibition, presented
at Soane's Museum in
London, aimed to celebrate
the second collaboration
between the creative
duo Space Popular and
Alcantara (started with
the 2019 exhibition
'DECODING' at Palazzo
Reale in Milan).*

@London, UK
June 29-September 25, 2022

Visitors were taken on a journey through space and time to learn about the evolution of this world in a fully interactive and immersive way. The combined use of virtual reality and Alcantara, with its renowned soft touch and endless possibilities in terms of colours and workmanship, allowed guests to enter a parallel world.



**Alcantara Night at
'German Car Of The Year'**

@Alsfeld, Germany
July 5, 2022

*An event organised by
Alcantara at German
Car Of The Year 2022
(GCOTY) with a unique
and immersive set-up
to present the material's
features through key
collaborations.*

On this occasion, guests had the opportunity to experience firsthand all the endless applications of Alcantara, feeling how the soft-touch material transforms, always maintaining its incredible technological, aesthetic and innovative qualities. The event also served to celebrate the first partnership between Alcantara and GCOTY at Summer Fest, the initial stage of the competition that ended with the election of the best German car in autumn 2022.





'Touch the Skyline' BMW Italy and Alcantara present one-off BMW M4 Competition

@Milan, Italy
November 23, 2022

For the 50th anniversary of BMW M, BMW Italy and Alcantara have designed a BMW M4 Competition, an exclusive one-off with unique Alcantara interiors, the result of joint work between the two brands.

Alcantara enriches the seats, headliner, pillars and door panels, alternating black and yellow livery colour, specifically chosen to celebrate the historic collaboration and enhance the extreme customisation capabilities of the soft-touch material. The city of Milan represented a common thread in the project. Indeed, the various customisations of the car included an accurate reproduction of the Milanese skyline on the door panels. Milan was chosen as the symbolic city of lifestyle and fashion where both brands operate. It also hosted the 'Touch the Skyline' project, an unveiling event held in the exclusive location of the House of BMW.

Alcantara partners with 'The Bridge VI'

Alcantara was featured at The Bridge VI event, one of the most exclusive occasions on the American automotive schedule in the prestigious green setting of the former Bridgehampton Race Circuit in the Hamptons.

@ Bridgehampton (NY), USA
September 17, 2022

'The Architects Studio', the installation by American artist Rebecca Moses, was pretty much an open-air gallery, showcasing the latest Alcantara collections and the material's versatility, revealed by unique interior design pieces, it-bags, iconic fashion items and hi-tech accessories, such as RØDE headphones and the Microsoft Surface. An exhibition that maps all the extensions and endless applications of the material, the essence of the most contemporary lifestyle *par excellence*.



**Space Popular: Search History.
Alcantara Project
MAXXI 2022 / Studio Visit**

The partnership between Alcantara and MAXXI National Museum of XXI Century Arts continued with the fifth edition of Studio Visit, a programme curated by Domitilla Dardi, that invites contemporary designers to give a personal interpretation of the work of the masters included in the MAXXI Architettura Collections.

For this special occasion, Lara Lesmes and Fredrik Hellberg, founders of the architecture and art studio Space Popular, have explored and interpreted the work of Aldo Rossi, one of the most influential 20th century Italian architects, with Search History. The aim of their project is to reflect on Rossi's notions of 'The Urban Fact' and 'Analogous City', as a reference for the collective realisation of the contemporary virtual city.

Visitors were surrounded by the fluid motion of soft and changing architecture. Numerous layers of Alcantara constantly moved to create new landscapes, going beyond the physical limit of the material and giving glimpses of new perspectives. Alcantara enhanced this aspect by crossing boundaries, lending itself to bold cuts, unique prints and complex textures.

@Rome, Italy
December 7, 2022-January 15, 2023



'Alcantara the Material Of Art'

Published by Skira editore and edited by Luca Masia, 'Alcantara the Material of Art' recounts the genesis and evolution of the special relationship between Alcantara and the world of art and creativity.

@Milan, Italy
December 14, 2022

The book was presented in Milan during an exclusive event held at PAC, Padiglione d'Arte Contemporanea. Moving through real-life installations and playful prints, guests were able to follow Alcantara in its extraordinary journey into the world of the arts. Since the beginning of its history, Alcantara has established a positive collaborative relationship with designers and creatives from all over the world, in the most diverse areas of design, taking a proactive role in relations with authors, sensing the potential to develop a dialogue in search of possible expressions and ways of application. Alcantara becomes a medium that, like an alphabet, encloses combinations of letters that form phrases or entire languages to communicate emotions: in the world of design, fashion and art, an area in which the relationship intensifies year after year, developing profitable collaborations with prestigious museum, institutions and artists from the most diverse cultures.



Alcantara Fashion Collection 'NINFEA': Spring/Summer 2024

For Spring/Summer 2024, Alcantara has developed a fashion collection that plays with the idea of returning to the past by bringing articles from its heritage back into the collection in an innovative way: 'Ninfea' is a timeless collection that retrieves styles from the past and brings newness.

The collection consists of 12 items that take inspiration from the Alcantara archive to play with new combinations of processing, colours and patterns, following the latest trends. Alcantara's Spring/Summer collection represents the perfect balance between past and future. The result is a range that draws inspiration from the skilled craftsmanship of Made in Italy combined with cutting-edge technology, elements that have always characterised the soft-touch material.



Alcantara celebrates collaboration with FACETASM and FUMIE TANAKA at the Italian Embassy in Tokyo

Alcantara collaborated with two Japanese cutting-edge fashion brands dominating the Japanese and international scene, FACETASM and FUMIE TANAKA, on two special Capsule Collections presented at the Italian Embassy in Tokyo, with an exclusive event in which Alcantara's soft-touch material took centre stage.

The incredible versatility of the material allowed the creation of different styles and personalisations: from laser cutting for more street-style and hybrid items by FACETASM, to embossing and a special Alcantara knotted weave for the more romantic and feminine style of FUMIE TANAKA.

@Tokyo, Japan
March 28, 2023



MEDIA RELATIONS

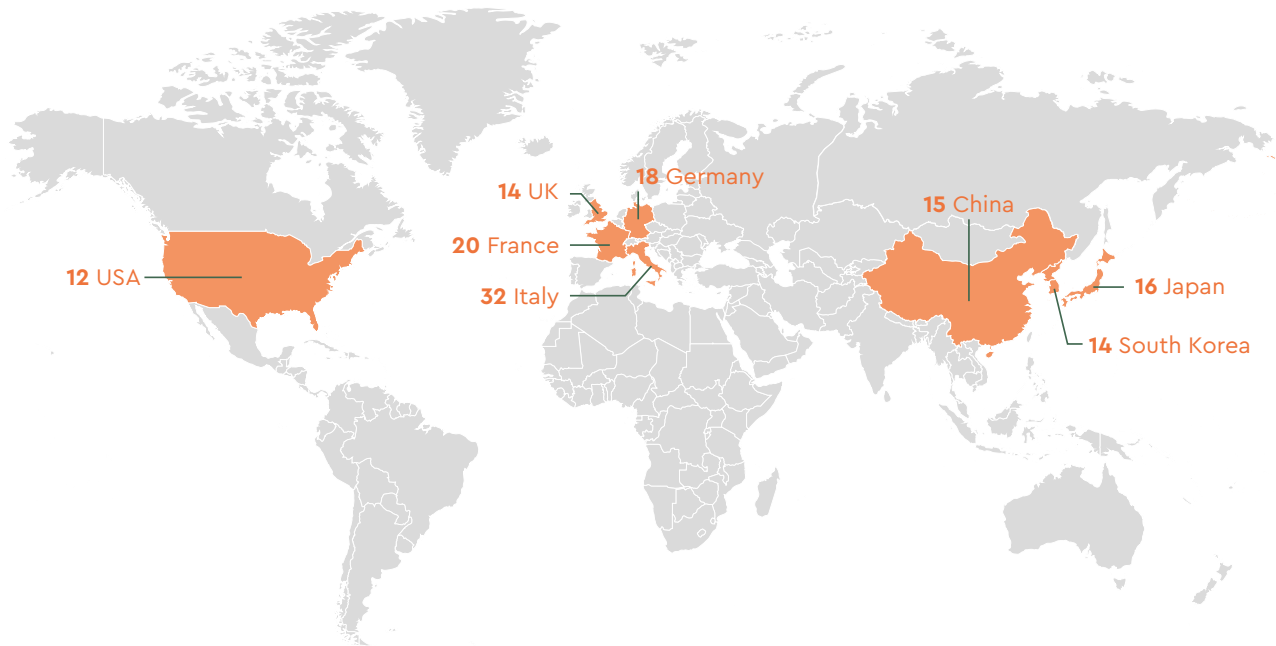
Traditional media

During the Fiscal Year 2023, we consolidated our communication strategy in the global lifestyle world through the work of our 4

press offices² in Italy and 7 worldwide (USA, France, Germany, China, Japan, UK and South Korea).

From 1 April 2022 to 31 March 2023, through public relations and media relations agencies, we achieved:

141 press releases distributed as follows



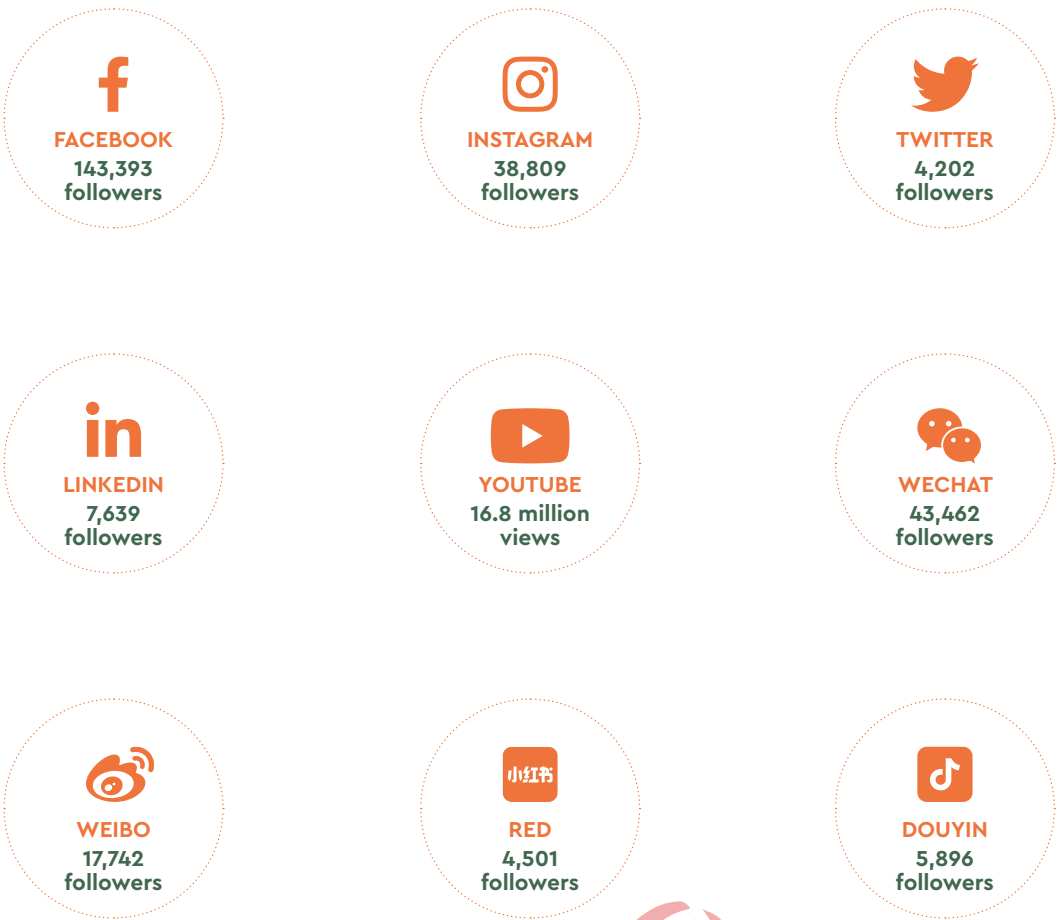
• **SIX PRESS VISITS** (Nera Montoro, Goodwood, Bridgehampton, Alsfeld and Milan twice) organised for the Italian and International media.

• **43,500 ARTICLES** across all reference publications worldwide, offline and online, which represented the entire media coverage generated by our communication activities.

² One of the Italian press offices was active until 30 September 2022, the date on which the collaboration agreement was concluded.

Digital Communication

Alongside communication through traditional media, we continued to implement our web marketing campaigns relying on our existing social profiles. As at 31 March 2023, the figures for our social channels were:



Social Sustainability:
2022-2025 Targets

Local and International Projects
with Social Impact

- Implement the memorandum of understanding with consumer associations
- Join national and international sustainability initiatives

Alcantara as a Brand Committed
to Sustainability

- Continue to develop activities on a global scale to raise awareness on Alcantara as a brand committed to sustainability

Promotion of Art and Culture

- Organise events related to culture, art and beauty

Reference SDGs



5TH COMMITMENT

Environmental
Sustainability

FUND CLIMATE ACTION

We persist in maintaining our Carbon Neutrality status offsetting our residual emissions through certified and verified carbon credits, which fund vital climate action projects all over the world that would not get funded otherwise.



Environmental
Sustainability
Highlights

52,083 t CO₂
offset

6,657 TOE
of energy saved in the
Calendar Year 2022 thanks
to the cogeneration and
trigeneration plants

264,176 m³
of industrial water recovered
thanks to the dedicated reuse plant

45% of waste
allocated for recovery

368 GJ
of electricity produced by
the photovoltaic plant at
the HQ in Milan

5.1 Actions for *Climate Change*

14 years ago, in 2009, our Company obtained the Carbon Neutrality certification for the very first time. The certification is awarded based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects.

Acquiring carbon credits allows to fund vital climate action projects around the world that would not be financed otherwise, bringing tangible social benefit to the impacted territories. The Safety and Environment Policy we have adopted spotlights our values and principles, and sheds a light on all the activities carried out by our organisation, 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

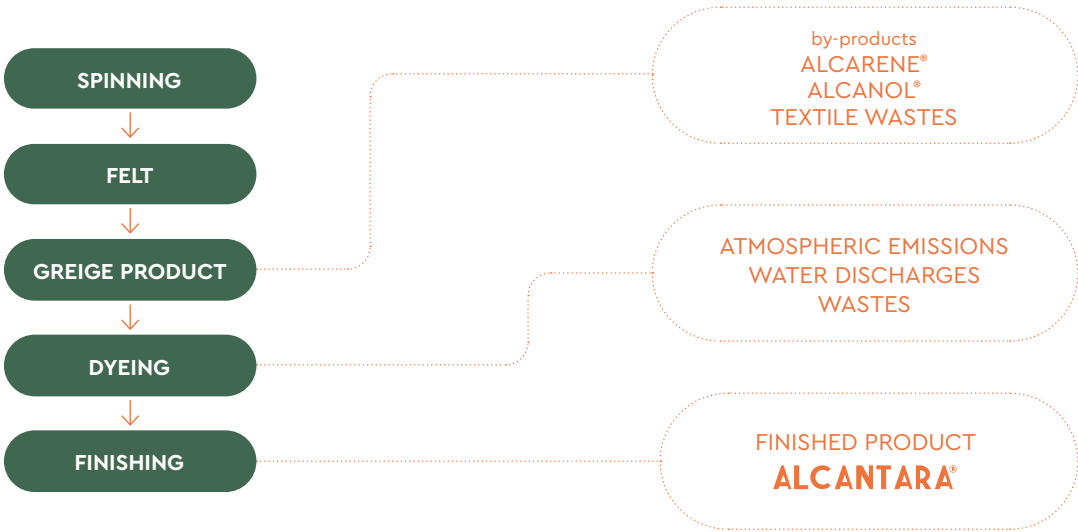
actions concerning:

- the improvement of environmental efficiency and minimising environmental impact;
- constant training and briefing on the most important environmental issues;
- raising awareness and communication outside the Company.

Alcantara 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 in the next page, the main processing phases include 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.

Alcantara® production processes



In order to limit potential negative impacts on the environment and the surrounding area, and in accordance with the provisions of our certified Environmental Management System, we have identified all the most significant environmental interaction

parameters relating to:

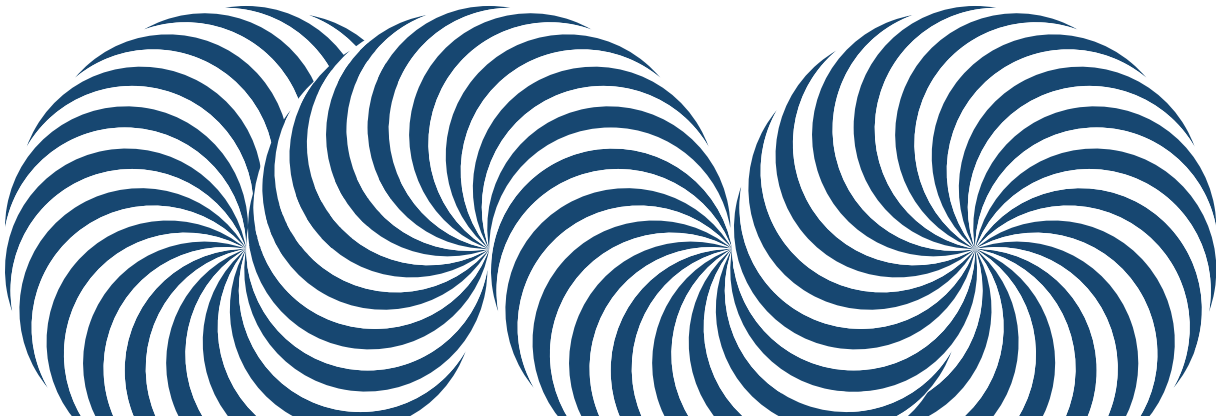
- storage and use of chemicals;
- atmospheric emissions;
- wastewater drainage;
- noise pollution;
- waste;
- energy;
- water resources;
- soil and subsoil protection.

These parameters, and the production processes on which they depend, are constantly monitored and evaluated as part of the management review established by the system.

CERTIFICATIONS

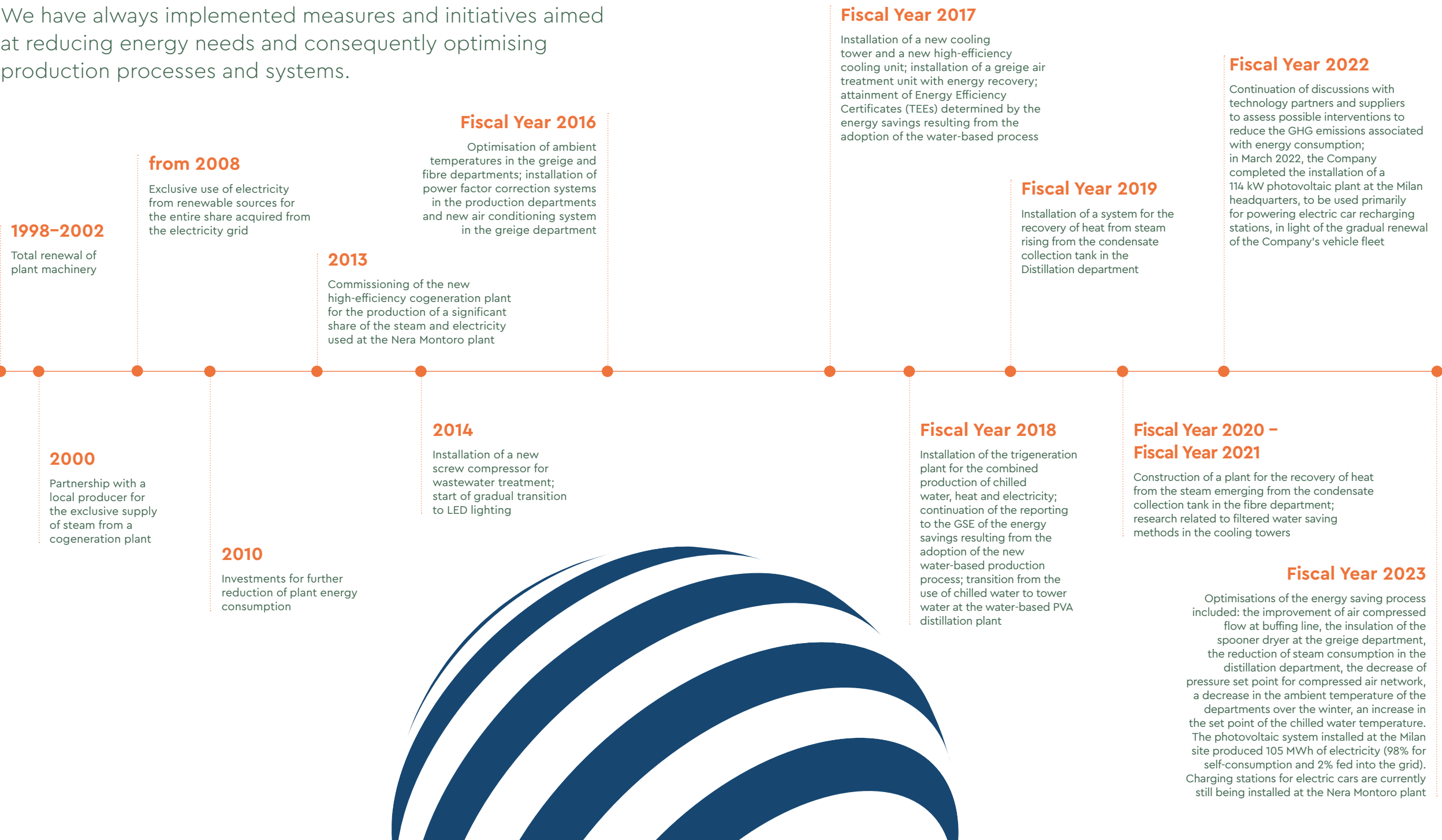
Our commitment to environmental issues is also demonstrated by the significant certifications we have obtained:

Certification of the Environmental Management System (EMS) since 2000, in accordance with UNI EN ISO 14001	Integrated Environmental Authorisation (IEA), valid until May 2025	Certified Carbon Neutral to PAS 2060 since 2009	Water Footprint report since 2014	ISO 50001 Energy Certification since 2017
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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.



ENERGY EFFICIENCY

Since 2013, thanks to a contract with the company ENGIE, we have been operating a cogeneration plant for the supply of electricity and steam recognised by the GSE (Gestore nazionale Servizi Energetici – National Energy Services Manager) as a high-efficiency cogeneration plant in a User Efficiency

System. This plant 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 maintain the 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.

Over the last three years, this plant has

allowed us to obtain about 900 Energy Efficiency Certificates (EECs). In the Calendar Year 2022, compared to the separate production of electricity, heat and refrigeration, we avoided the emission of 2,526 tons of CO₂ and saved 12,483 MWh of energy.

TRIGENERATION PLANT	UM	2022
Natural Gas saved	MWh	12,483
	TOE	1,074
CO ₂ avoided	tons	2,526

In addition, following the positive outcome of the Environmental Impact Assessment in May 2021 and after obtaining ENGIE's authorisation, the construction of an additional cogeneration plant has been planned and will begin soon.

In the Fiscal Year 2023, the cogeneration plant supplied 214,576 MWh of thermal steam and 46,632 MWh of electricity (53% of the total electricity needs of the Nera Montoro plant), providing considerable energy, environmental and economic benefits. As a matter of 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 derived from white certificates, i.e. negotiable documents certifying that savings in the end-use of energy have been achieved through measures and projects directed at improving energy efficiency (one certificate is awarded for every Ton of Oil Equivalent (TOE) saved);
- 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:

- 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 ¹												
	UM	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL
Saved gas	MWh	51,034	61,148	58,166	56,661	66,329	71,018	66,030	53,512	63,152	64,913	552,536
	TOE	4,389	5,259	5,002	4,873	5,704	6,108	5,679	4,602	5,431	5,583	52,630
Benefits	EECs	5,780	6,926	6,588	6,420	7,510	8,039	7,474	6,058	7,148	7,350	69,293
CO ₂ avoided	tons	10,399	12,499	11,921	11,315	13,418	14,370	13,301	10,833	12,780	13,136	123,972

¹ Figures are calculated by ENGIE and validated by GSE.

ENERGY CONSUMPTION

Energy consumption recorded in the commercial and administrative offices at the Milan headquarters is related for the most part 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;
- diesel fuel.

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 under maintenance. Both supplies are derived from renewable sources.

In order to calculate Scope 1 emissions, we also monitor the fuel consumption of the corporate fleet across both sites.

ENERGY CONSUMPTION WITHIN THE COMPANY	TOTAL TJ FY 2021	TOTAL TJ FY 2022	TOTAL TJ FY 2023
MILAN			
Natural gas	2.256	1.246	0.560
Of which: for heating	2.256	1.246	0.560
Electricity	1.748	2.338	2.314
Of which: Purchased	1.748	2.338	1.946
Of which: Self-produced from photovoltaic plant	-	-	0.368
Diesel	0.079	1.520	1.144
Of which: for business travel by company cars	0.079	1.520	1.144
NERA MONTORO			
Natural gas	70.458	85.594	79.556
Of which: for the canteen	0.296	0.46	0.278
Of which: for the productive plant	70.162	85.548	79.278
Diesel	0.227	0.420	0.391
Of which: for production processes	0.131	0.131	0.094
Of which: for business travel by company cars	0.096	0.243	0.297
Electricity	278.329	318.503	318.461
Of which: self-produced from cogeneration plant	223.356	248.114	235.866
Of which: purchased from national grid	54.973	70.237	82.594
Other	721.067	839.495	804.640
Steam	721.067	839.945	804.640

The total electricity produced from renewable sources in the Fiscal Year 2023 amounts to 84.908 TJ, broken down as follows:

ELECTRICITY FROM RENEWABLE SOURCES	TJ FY 2023
Wind	83.037
Solar	1.267
Gaseous biomass	0.605
TOTAL	84.908

CONSUMPTION OUTSIDE OF THE COMPANY	MJ
Energy to transport products and by-products	21,465,948
Energy to transport raw materials	24,915,548
Energy on business air travel	1,798,414
Energy on employee commutes	25,919,901
TOTAL CONSUMPTION OUTSIDE OF THE COMPANY	74,099,811



5.3 Carbon *Neutrality*

Alcantara was one of the first industrial companies in the world, and the first in Italy, to become Carbon Neutral in 2009. The certification was awarded by 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.

Financing climate action with certified carbon credits is a key part of our strategy, testifying to the Company's willingness to promote and implement a sustainable and innovative business strategy.

Every year, we measure 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.

Residual emissions are offset, as current technology does not allow to eliminate them yet. This allows us to provide our clients with a **Carbon Neutral product, according to the PAS 2060:2014 standard.**

RESIDUAL GHG EMISSION FY 2023 ²	Tons of CO ₂ e	%
Diesel	7.008	0.01%
Use of assets and services	33.461	0.06%
Business trips	242.123	0.46%
External processing	312.414	0.60%
Water	584.562	1.12%
Electricity	714.115	1.37%
Product use and end of life	1,403.899	2.70%
Work-home commute	1,867.591	3.59%
Product transport	2,178.151	4.18%
Waste transport and disposal	4,628.124	8.89%
Natural gas	4,680.051	8.99%
Raw material (including transport)	35,431.529	68.03%
TOTAL RESIDUAL GHG EMISSIONS	52,083.028	100.00%

² These are the residual GHG emissions, downstream of the existing compensations in the supply chain and the reduction actions implemented. These emissions are then offset directly by Alcantara through carbon credits deriving from certified and verified offsetting projects.



The total emissions offset amount to 52,083.028 tons of CO₂e and consist of corporate emissions, excluding cogeneration plant emissions, offset according to the EU-ETS system pursuant to the PAS 2060:2014 standard, and of those compensated by suppliers, related to raw materials, outsourced processing, and transportation.

CO₂ OFFSETTING PROJECTS

Thanks to the quantification of emissions for each Fiscal Year, the Company is able to offset the residual CO₂ emissions through the financing of 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 (see Deep Dive at page 156).

Credits acquired during the Fiscal Year 2023 are related to the production of electricity from wind power and hydroelectric sources. **These initiatives led to a total of 52,083 tons of CO₂ equivalent offset.**

PROJECT	TYPE	STANDARD	COUNTRY	QUOTAS	%
Huaneng Liaoning Fuxin	Wind	CDM	China	11,724	23%
Asahan 1 Hydroelectric	Hydro	CDM	Indonesia	10,657	20%
Ba Thuoc 2 Hydropower	Hydro	CDM	Vietnam	29,703	57%

Huaneng Liaoning Fuxin Phase II Wind Farm Project, China

				TYPE OF PROJECT	COUNTRY	QUOTAS	%
				Wind	China	11,724	23%

The proposed project is located in Fumeng County, Fuxin City, Liaoning Province. The project consists of 200 wind turbines with an aggregate capacity of 300MW. The wind turbines are estimated to generate 639,490 MWh of electricity annually and the operation of the project will lead to a reduction in emissions of approximately 659,993 tonnes of CO₂e per year during the first crediting period. The proposed project thus helps the local government in promoting economic development

and improving air quality. The project assists China in stimulating and accelerating the commercialisation of grid-connected wind power technologies and markets, which are important goals for the Chinese government. The project therefore helps reduce GHG emissions compared to the high-growth coal-dominated business-as-usual scenario. Furthermore, the project improves air quality and local livelihood, and promotes the development of the sustainable renewable energy industry.

The project promotes local sustainable development through:

- the reduction of CO₂, SO₂ and NOx emissions;
- the creation of local employment opportunities during the assembly and installation stages of wind turbines, and then later to allow them to operate;
- the reduction of other particulate pollutants resulting from the fossil fuel fired power plants compared with a business-as-usual scenario.

Asahan 1 Hydroelectric Project, Indonesia

				TYPE OF PROJECT	COUNTRY	QUOTAS	%
				Hydro	Indonesia	10,657	20%

The project is located in Indonesia's North Sumatra province and uses the flow of the Asahan River, which in turn receives water from its own natural source, Lake Toba. The main objective is to provide modern, reliable and sustainable power to the Sumatera Grid, located on the island of Sumatra.





This network is currently carbon-intensive and highly impactful, and it still is not connected to the power grid of other islands, e.g. Java, Kalimantan.

The project promotes local sustainable development through:

- +180 MW of power capacity

- +600 new working opportunities for local communities
- Construction of resilient infrastructures to enhance innovation
- +940,000 tCO₂e annual reduction and concrete contribution to mitigation of climate changes.

Ba Thuoc 2 Hydropower Project, Vietnam

				TYPE OF PROJECT	COUNTRY	QUOTAS	%
				Hydro	Vietnam	29,703	57%

The Ba Thuoc 2 Hydropower Project activity entails the construction and operation of a run-of-river hydropower project that utilises water resources from the Ma River in the Thanh Hoa Province of Vietnam. This run-of-river hydropower plant has a small run-of-river reservoir and consists of a weir and spillway dam, a penstock, a powerhouse (containing turbines and generators) and a tailrace.

This project will decrease the combustion of thousands of tonnes of fossil fuels which are used to generate electricity for the Vietnam electricity grid, resulting in emission reductions. In doing so, this project will help preserve non-renewable resources by promoting the use of renewable resources, where the contribution of renewable energy to overall electricity reduces year by year.

The project promotes local sustainable development through:

- 80MW installed capacity
- 284,504 MWh approximal generation of power to the national grid annually by using water turbines
- 137,860 tCO₂e annual estimated reduction in emissions during the first seven-year crediting period
- new working opportunities for local communities.

LIFE CYCLE ANALYSIS

In the Fiscal Year 2023, the annual analysis of the product life cycle 'from cradle to grave', which was conducted for the first time in 2011, was carried out following the 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. 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 14064-1:2018 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:
 1. employee business trips and employee transport from/to the workplace;
 2. e-mail and conference call;
 3. leased assets;
 4. direct and indirect activities for the production and transportation of raw materials, tertiary processing activities on the finished product, the production and transportation of the finished product to the gates of the receivers in the next stage of processing;

5. packaging, forming and washing at the industrial user's place;
6. end of life (landfill, incineration, recycling);
7. waste transportation and disposal.

- 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:
 1. 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;
 2. Scope 3: 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;
 3. packaging and shaping at industrial users;
 4. end of life (landfill, waste-to-energy, recycling).

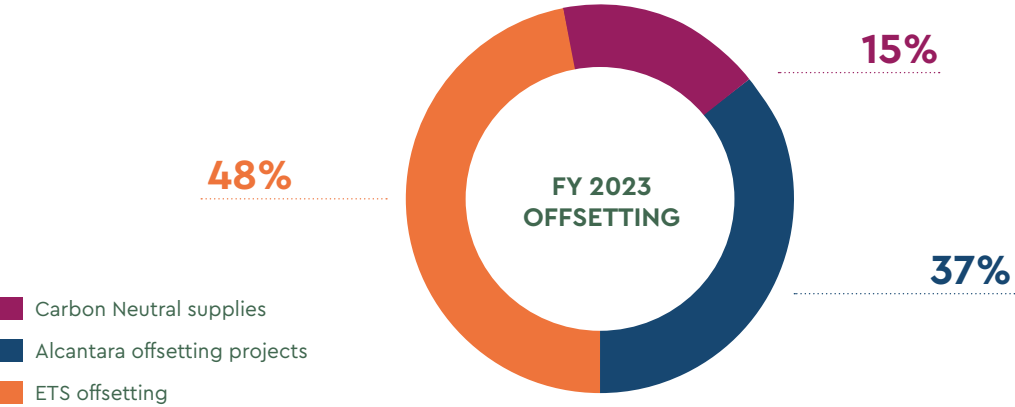
CALCULATION OF EMISSIONS

For the high-efficiency cogeneration plant, the impact in terms of CO₂ in the Fiscal Year 2023 equalled to 66,920.51 tons. These 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). Values of carbon dioxide emissions, verified by TÜV SÜD and expressed in tons of CO₂ equivalent are summarised in the table below. Note that categories 3, 4 and 5 equal Scope 3 emissions calculated in the Fiscal Years 2021 and 2022.

RESULTS OF CORPORATE INVENTORY (ton CO ₂ e)	FY 2021	FY 2022	FY 2023
Total category 1 – Direct emissions	65,864	74,181	71,715
Total category 2 – Indirect GHG emissions from imported energy	422	522	714
Total category 3 – Indirect GHG emissions from transportation			6,245
Total category 4 – Indirect GHG emissions from product used by organisation	31,680	56,804	57,373
Total category 5 – Indirect GHG emissions associated with the use of products from the organisation			3,880
Total Corporate	97,966	131,507	139,927
Supplier offsetting	18,107	20,171	20,924
Electricity and Thermal Energy offsetting from ENGIE Cogeneration (EU Allowances)	61,743	69,059	66,921
Total tons of CO ₂ to be offset/neutralised (total corporate net of carbon neutral supplies – ETS offsetting)	18,116	42,277	52,083



Compared to the Fiscal Year 2022:

- there was a 3.3% decrease in Category 1 – Direct emissions, despite the 3.0% increase in production volumes, thanks to the energy saving activities described in chapter 5.2;
- total corporate emission increased due to the alignment with ISO 14064-1:2018 and related non-exclusion of by-products (9,376 tons CO₂e), whose contribution was deducted in the past years. If the same criterion of deducting

by-products had been considered for this fiscal year as well, the total corporate emissions would amount to 130,551 ton CO₂e, i.e. with a minor reduction against past fiscal years despite the increase of production volumes;

- as reported in the Fiscal Year 2022, in comparison to the Fiscal Year 2021 and previous years, an increased consumption of energy was registered due to air conditioning at the new premises, built as part of the project to increase production capacity

(the volume of plant buildings increased by approximately 25% over the Fiscal Year 2021).

The table below provides data regarding other emissions of pollutants into the atmosphere from IEA authorised emission points (abatement installation flues, hoods, etc.). The pollutant SO₂ 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 2021	FY 2022	FY 2023
NOx (nitrogen oxides)	Kg	2,553	18,965	3,887
Dust	Kg	532	608	1,104
VOC (Volatile Organic Compounds)	Kg	6,157	5,635	6,926

CARBON DISCLOSURE PROJECT

Alcantara is reporting its environmental and GHG emission performance through the Carbon Disclosure Project (CDP). CDP is a not-for-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions, to manage their environmental impacts (see <https://www.cdp.net/en/info/about-us>).

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

Alcantara received a “B-” ranking for CDP 2022, and is amongst 52% of companies that reached Management level in the “Other materials” Activity Group.

DEEP DIVE⁴: FINANCING CLIMATE ACTION
WITH CERTIFIED CARBON CREDITS

To meet the Paris Agreement 1.5°C objective, the world needs to reach net-zero emissions by 2050, achieve a reduction of 43% in comparison with 2019 levels by 2030⁵, and make sure global emissions peak in 2025. The current global actions are far from sufficient and the Intergovernmental Panel on Climate Change (IPCC) and the global scientific community expects that emissions cuts will miss the 1.5°C target by a large margin⁶. Current levels of climate investment need to increase at least sevenfold by the end of this decade: governments cannot achieve this alone and the private sector plays a key role in this. The Voluntary Carbon Market remains one of the most viable, near-term, credible options for companies to accelerate their climate action beyond their value chain and measurably reduce global emissions. Buying carbon credits allows businesses to fund vital climate action projects around the world that would not get funded otherwise. These climate action projects don't just reduce emissions, they also offer a host of social benefits such as improving health, offering better education and building sustainable communities.

HOW DOES IT WORK?

Around the world, climate action projects reduce or avoid (i.e. prevent the release of) greenhouse gas emissions. These certified projects generate emission savings that translate into 'carbon credits': each credit is a certificate with a unique serial number, vouching that 1 metric tonne of carbon dioxide equivalent (1 tCO₂e) has been avoided or reduced. Companies can then buy these carbon credits to compensate for the equivalent number of emissions to those in their carbon footprint. Every carbon credit is stored in a public registry; as soon as it is sold, it is removed (or 'retired'), to make sure that it can only be used once, so there is no risk of double counting. High-quality carbon credits have gone through a strict verification: this is because the project they come from is registered with a world-class verification standard, approved by the ICROA (the organisation promoting best practices within the Voluntary Carbon Market), like the Clean Development Mechanism, Verra or the Gold Standard. This standard sets strict criteria and arranges independent reviews to vet the project, making sure the carbon reduction is permanent and additional to what would happen without the project being in place. It also requires

the project to support sustainable development in the Global South, as populations located there are the most vulnerable to climate change.

A KEY TOOL TO ACCELERATE
COMPANIES' CLIMATE
STRATEGY

When it comes to climate finance, there is no time to lose. Of course, the single most important action a company can take to combat climate change is to reduce its carbon footprint within its value chain. But buying carbon credits isn't separate from this strategy, it's a key part of it. Any company operating today, even the most committed to decarbonising, will be left with leftover emissions – officially known as 'unavoidable' or 'residual' emissions. Compensating residual emissions by buying the equivalent number of certified carbon credits means that a company is doing everything in their power for the environment. This is recognised by the Paris Agreement, particularly in Article 6.4, and by the Science Based Targets initiative (SBTi), which recommends that companies 'take immediate action above and beyond their science-based targets to contribute to reaching global net-zero through beyond value chain mitigation'.

⁴ This deep dive has been written in collaboration with Carbonsink, a South Pole Company.
⁵ The evidence is clear: The time for action is now. We can halve emissions by 2030, IPCC.
⁶ Climate Change 2022: Mitigation of Climate Change, IPCC.



5.4 Water *Requirements*

The primary source of water for the industrial operations at the Nera Montoro plant 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 sources used include groundwater wells and the municipal supply. We are particularly careful with regard

to the quantity of drinking water that is drawn from the municipal supply, in order to enable greater consumption by local communities and new production sites in the area.

WATER WITHDRAWAL, DISCHARGE AND CONSUMPTION

In the Fiscal Year 2023, we also supplied ENGIE with the industrial water necessary for the production of steam, for a total of 264,176 m³. The values in the table (both withdrawal and discharge) do not include

the water managed by ENGIE's Turbogas plant. Overall, in the Fiscal Year 2023, the amount of water withdrawn equalled to 2,232,364 m³. As detailed in the table below the main sources are the Nera River,

wells and the municipal supply. 100% of the water used is withdrawn from and discharged in water-stressed areas.

WATER WITHDRAWAL BY SOURCE	UM	FY 2021	FY 2022	FY 2023
Nera River via artificial reservoir	m³	1,626,994	1,852,513	2,150,411
Nera River direct withdrawal	m³	-	808	49,590
Plant groundwater wells	m³	59,666	53,258	30,616
Terni Province municipal supply	m³	2,957	2,193	1,747
TOTAL WITHDRAWALS	m³	1,698,617	1,908,772	2,232,364
Water discharge into the Nera River	m³	1,667,748	1,945,777	2,001,383

TOTAL WITHDRAWAL FROM ALL AREAS BY SOURCE	UM	FY 2021	FY 2022	FY 2023
Surface water	MI	1,627	1,853	2,200
Groundwater	MI	60	53	31
Seawater	MI	-	-	-
Water produced	MI	-	-	-
Third-party water resources	MI	-	2	2
TOTAL WITHDRAWALS	MI	1,690	1,909	2,232
of which: fresh water (≤1,000mg/l total dissolved solids)	MI	1,690	1,909	2,232
of which: other types of water (>1,000mg/l total dissolved solids)	MI	-	-	-

TOTAL DISCHARGES FROM ALL AREAS BY SOURCE	UM	FY 2021	FY 2022	FY 2023
Surface water	MI	1,668	1,946	2,001
Groundwater	MI	-	-	-
Seawater	MI	-	-	-
Third-party water resources	MI	-	-	-
TOTAL	MI	1,668	1,946	2,001
of which fresh water (≤1,000mg/l total dissolved solids)	MI	1,668	1,946	2,001
of which other types of water (>1,000mg/l total dissolved solids)	MI	-	-	-

WATER CONSUMPTION	UM	FY 2021	FY 2022	FY 2023
Total water consumption in all areas	MI	22	(37)	231
Total water consumption in all water-stressed areas	MI	22	(37)	231
Change in water storage (if this appears to have a significant impact on water use)	MI	-	1	-

Wastewater from the production process and on-site processes, as well as the first rainwater from the discharge area at the warehouse, are subject to purification. 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, it 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

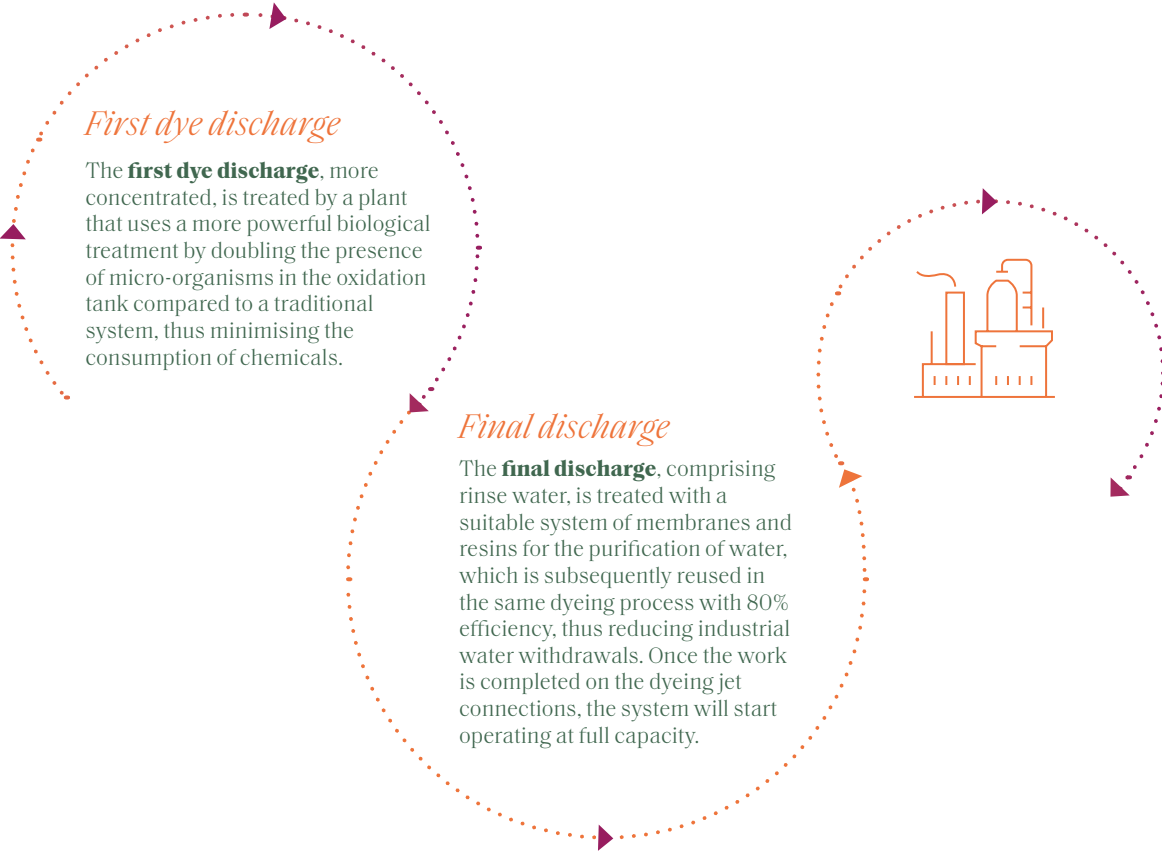
wastewater quality parameters are well below the limits established by the current legislation, keeping values within an extremely safe range. In addition, the acute toxicity tests carried out on the wastewater have always given results below the set limits. The table below shows the average values of the main pollutants with the greatest environmental impact, compared with the legal limits.

QUALITY OF INDUSTRIAL WASTEWATER: ANNUAL AVERAGE VALUES FOR THE MAIN POLLUTANTS												
Parameter	pH	Suspended solids	BOD ₅	COD	Chrome VI	Nitrous nitrogen	Ammoniacal nitrogen NH ₄	Total surfactants	Organic nitrogen solvents	Chlorinated solvents	Escherichia Coli	Acute Toxicity Assay
UM	-	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
Average value in 2022–2023 test	8.4	1.5	8.1	27.5	<0.01	<0.05	0.11	0.88	<0.05	<0.5	0	Acceptable

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 intervention carried out will allow for an overall environmental improvement of the landfill area. It will also 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. After eleven years the phyto-treatment plant has proven its usefulness with regard to its initial objectives, by managing of sludge leachates in safe and legal conditions.

Following few adverse events (fungus and frosts), with the aim to restore the full functionality of the vegetation, Alcantara appointed the University of Tuscia to prepare a replanting project, which is now in progress, as it was approved by Regione Umbria.



In the Fiscal Year 2021, two new plants were installed for the treatment of water discharges from dyeing jets. The water reuse plant downstream of the wastewater treatment plant has been operational since January 2021. As at 31 March 2023, it had recovered 141,117 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 come into operation in June 2023.

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 raw materials, the plant's direct water consumption and auxiliary materials. The table below shows the results of the evaluation of the AWARE water footprint, calculated in the Fiscal Years 2022 and 2023. It should be noted that data for the Fiscal Year 2022 were recalculated using the AWARE 1.05 method to enable comparison with the Fiscal Year 2023, calculated using the same method.

WATER FOOTPRINT - AWARE 1.05 Method	(m³ eq)		(m³ eq/Kg)		(m³ eq/m²)	
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Alcantara average total	58,591,412	66,553,880	28.3	31.0	9.2	10.1
Alcantara average dyeing process only ⁷	29,005,208	27,488,086	14.0	12.8	4.5	4.2
Alcantara average excluding dyeing process ⁸	29,586,204	39,065,794	14.3	18.2	4.6	5.9

⁷ To 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.
⁸ The value has been calculated by subtracting from the total WSF that related to the dyeing process only.

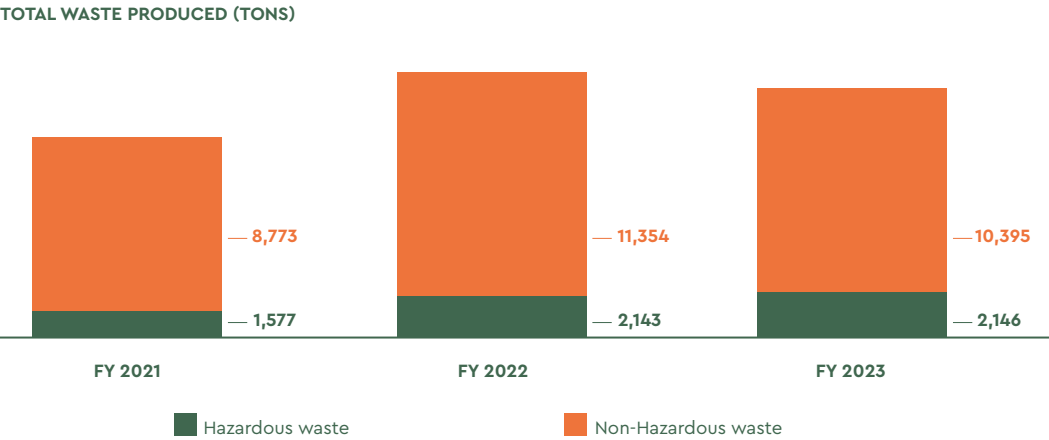
5.4 Waste *Management*

Our waste is subject to off-site recovery or disposal.

In the Fiscal Year 2023, we generated 12,541 tons of waste; 83% of the waste produced was non-hazardous. The main types of non-hazardous waste

were sludge from on-site wastewater treatment (75% of non-hazardous waste), waste chemicals (25%). Hazardous waste represents 17% of the total, of which 61% refers to

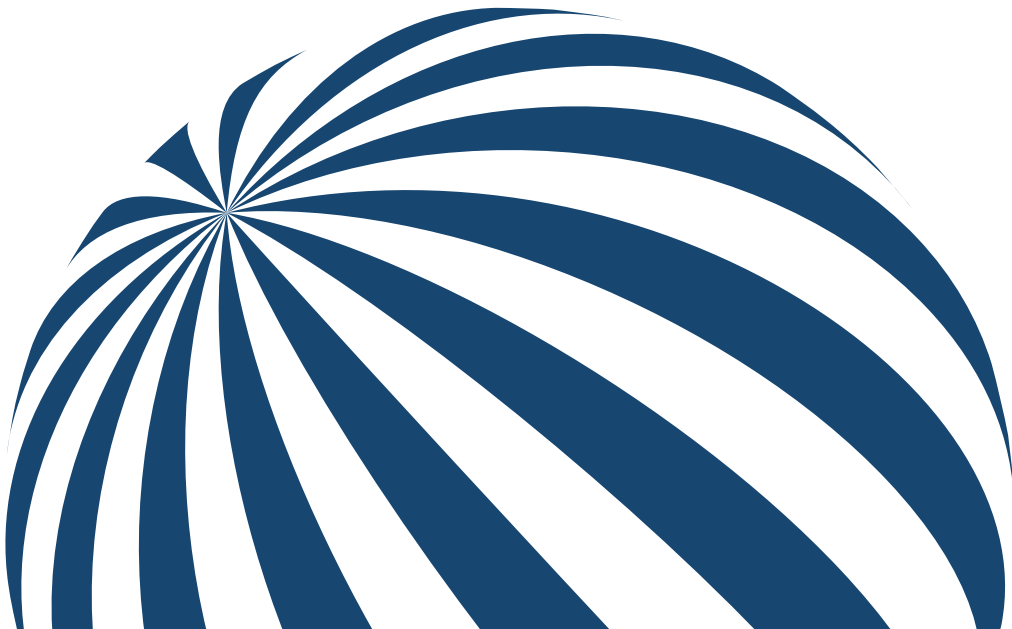
organic waste containing hazardous substances, 17% to filter cakes and spent absorbents and, lastly, 21% to packaging containing hazardous substance residue.



WASTE FY 2023	UM	QUANTITY (TONS)	OF WHICH DIVERTED FROM DISPOSAL		OF WHICH DIRECTED TO DISPOSAL	
Total waste generated	Tons	12,541	5,674	Recovery operations	6,866	Disposal operations
Of which: Hazardous waste	Tons	2,146	1,226	Recovery or Regeneration	919	Other
Of which: Non-hazardous waste	Tons	10,395	4,447	Recovery	5,947	Landfill or other

The following tables show, by type and volume, the list of waste produced and disposed of at the Nera Montoro plant only, as no waste was produced at the Milan headquarters in the Fiscal Year 2023. All waste is sent to locations within Italy.

WASTE PRODUCED AT THE NERA MONTORO PLANT					
WASTE MANAGEMENT METHODS FY 2023	UM	HAZARDOUS	NON-HAZARDOUS	TOTAL	% TOTAL
Regeneration	Tons	55.8	-	55.8	0.44%
Recycling	Tons	-	-	-	-
Compost	Tons	-	-	-	-
Recovery, including energy recovery	Tons	1,171	4,448	5,618	44.80%
Incineration	Tons	-	-	-	-
Deep aquifer injections	Tons	-	-	-	-
Landfill	Tons	-	601	601	4.79%
Other	Tons	920	5,346	6,266	49.96%
TOTAL	Tons	2,146	10,395	12,541	100%



DESTINATION CODE	DESTINATION DESCRIPTION	NON- HAZARDOUS (kg)	HAZARDOUS (kg)	TOTAL (kg)
D1	Deposit on the ground or underground (for example, landfill)	601,020	-	601,020
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.)	3,956,100	22,740	3,978,840
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)	1,390,146	896,914	2,287,060
TOTAL DISPOSED OF	kg	5,947,266	919,654	6,866,920
	Percentage of total waste generated	47.42%	7.33%	54.75%
R1	Primary use as fuel or other means of producing energy	-	-	-
R2	Regeneration/recovery of solvents	-	55,800	55,800
R3	Recycling/recovery of organic substances which are not used as solvents (including composting and other biological transformation processes)	-	-	-
R5	Recycling/recovery of other inorganic substances	423,900	-	423,900
R7	Recovery of the products used to capture pollutants	-	-	-
R12	Exchange of waste prior to subjecting it to one of the procedures indicated under R1-R11	133,240	-	133,240
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)	3,890,451	1,170,904	5,061,355
TOTAL RECOVERED	kg	4,447,591	1,226,704	5,674,295
	Percentage of total waste generated	35.46%	9.78%	45.25%
TOTAL WASTE	kg	10,394,857	2,146,358	12,541,215
	Percentage of total waste generated	82.89%	17.11%	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 processes and products
- Define absolute and intensity decarbonisation targets

Water Footprint

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

Energy Efficiency

- Define a procedure to analyse the investments made in terms 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

6TH COMMITMENT

Product
Sustainability

CREATE INNOVATION

We evolve our material on a constant basis by conceiving special versions with increasing amounts of bio-based polymers and post-consumer, certified recycled polyester.



Product
Sustainability
Highlights

14 years
of Carbon Neutrality¹

Launch on the market of an
**Innovative
product**
made with post-consumer
recycled polyester

**Recycled Claim
Standard**
certification for specific
product categories

94%
Fashion products produced
with partially bio-based polyester

Water-based products made up
**19.1% of total
sales volume**

Over 4%
of turnover invested in R&D

Chapter overview

Sectors of *Application*



- Automotive
- Fashion & Accessories
- Consumer Electronics
- Interior, Contract, Marine and Aviation

Dialogue and Client Satisfaction

Sustainability and *Product Safety*



- Summary
- Product and Process Safety
- Sustainable Innovation
- The Research Centre and New Products

Use of *Raw Materials*



- Summary
- Criticalities
- Significant Data

Partnerships with *Universities and Research Centres*



- Partnerships with Universities and Research Centres

PRODUCT
SUSTAINABILITY:
2022-2025
TARGETS

6.1 Sectors of *Application*



The automotive industry is where most of our operations are based. In recent years, the global car industry has experienced a major business switch, partly dictated by changes to EU regulations on tackling climate change and circular economy.

Sustainability is considered a key 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, etc. Moreover, various manufacturers have publicly announced Carbon Neutrality and circular economy targets. In order to reach these, the use of recycled raw materials in the end product,

which is now considered a competitive factor, is required. We have responded to this scenario through an approach to sustainability that has naturally evolved into a primary strategic asset, also from a business perspective.

ADVANTAGES BROUGHT BY ALCANTARA TO THE SECTOR

- **Technical characteristics** in terms of grip, breathability and durability, ideal for a sporty driving style in high-performance cars.
- **Aesthetic and sensorial features** that offer the driver a unique experience behind the wheel, especially in elegant, luxury sedans.
- **Lightness**, which helps manufacturers to reduce car weight and therefore achieve their performance and sustainability targets.
- **Italian craftsmanship**, which ensures safety and reliability adhering to the strict standards that Italian manufacturers must comply with.
- **A very high level of customisation**, which can be tailored according to the car model and version for which Alcantara has been chosen. We are gradually expanding our offering of products made by Complex Manufacturing and the service of performance and stylistic samples for one-offs has also increased.
- **The Alcantara brand**, which has been a differentiating factor for all manufacturers for decades.
- **Carbon Neutrality²**.

² Carbon Neutrality certification is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects – See chapter 5.

In the Fiscal Year 2023, thanks to the gradual lifting of pandemic restrictions, we have enhanced in-person meetings with our clients.

It is also worth noting that the strong push to add new product codes for parts (trimmed components) to our product portfolio, has led to the addition of over 60% of new codes for the automotive sector, along with the acquisition of new clients, especially among emerging

manufacturers. Additionally, several electric vehicles manufactured using Alcantara products have been launched on the market (EV mostly in China and PHEV in Europe), confirming adherence to the brand's values.

At the same time, we held several meetings with different departments of the major industry clients - such as sustainability, material engineering, and colour & trim - to present

sustainability initiatives and the new generation of products based on recycled raw materials, especially post-consumer recycled polyesters (see section 6.3). The work conducted with OEMs (Original Equipment Manufacturers) in these engagement initiatives has been invaluable, and they have backed us in communicating the quality of Alcantara interiors effectively.

The Automotive *Concept Book*

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 solutions aimed at diversifying products, at steering the various levels of positioning, and at developing the use of established technologies, either by adopting new and cutting-edge processes or by combining Alcantara with innovative or unique materials. The 2022 Automotive Concept Book is divided into three books - Cosmic, Biomorph and Virtual - showing how different combinations of colours and technologies can generate infinite opportunities to personalise the material. Among the most successful techniques,

it is worth mentioning consolidated methodologies such as electrowelding and 3D embossing, as well as new solutions, such as invisible embroidery, which creates three-dimensional shapes, durable screen printing with colour gradient, and ribbon or cord embroidery solutions to achieve surface light vibrations.

This Automotive Concept Book was presented to 96 Design Departments and the suggested processing techniques aroused significant interest.

We also created a multimedia presentation that clients can access on the website, in order to take another look at the content and to select samples.

In the second half of 2022, our innovative product line deriving from certified post-consumer recycled polyester was used and presented by one of the most prestigious Italian car makers in an iconic model. For more information, see page 188 on Sustainable Innovation.



Fashion and Accessories

In the Fiscal Year 2023, our Fashion & Accessories department reconfirmed partnerships with major European luxury fashion clients producing accessories, clothing and footwear.

These companies manufacture their products themselves or have them manufactured by contractors under their supervision. Europe remains the main market, particularly thanks to France and Italy,

where the global top luxury fashion houses are concentrated. Usually, we approach this market through direct contact with such brands, sometimes assisted by a network of agents that

oversee the region. **In the Fiscal Year 2023, 94% of the supplied products were produced with partially bio-based polyester.**

ADVANTAGES BROUGHT BY ALCANTARA TO THE SECTOR

- **Product customisation**, which allows for the development of exclusive and sophisticated solutions, satisfying the technical and design requirements of various clients, as products can adapt to any shape and surface, in compliance with the strict industry standards.
- **Approach to Sustainability as a pillar of production processes** is increasingly important to fashion brands and end consumers. Moreover, the introduction of materials partially derived from non-fossil sources has further enhanced our offering.
- **Our brand's standing**, appreciated by the most well-established global brands, delivers additional value to end products.



Clients of the Consumer Electronics department are the world's leading OEMs operating in the mobile, personal computer, audio, video, photo and gaming equipment markets.

We stay true to our commitment to sustainability in this industry too.

Various brands have announced their intention to develop plans with the goal to become carbon neutral or climate positive, and are increasingly investing in environmental protection, starting from product design.

Indeed, a carbon neutral circular economy approach requires major innovations both in terms of process and end product, and we are continuously investing resources to introduce

cutting-edge solutions. Besides introducing materials derived from non-fossil sources, we are focusing on the introduction of recycled materials capable of maintaining Alcantara's distinctive design, aesthetics and functionality.

Alcantara's converters treat the material in order to make it suitable for the various stages of processing, including cutting, laminating and final assembly of the component, which is then mounted on the device before sale.

In the Fiscal Year 2023, a particularly difficult one for the sector following a period of strong growth, partnerships and collaborations with traditional clients have been reinforced. Furthermore, we strengthened our presence in DJ apps, consolidating partnerships with professional headphone manufacturers.

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 logistical issues.

**ADVANTAGES
BROUGHT BY
ALCANTARA TO
THE SECTOR**

- **The versatility of the material**, successfully combining tradition and innovation, allows for infinite different uses of the product, leading to innovative creations in consumer electronics and resulting in highly customised end products, tailored to the clients' brand image and needs, as well as the requested production techniques.
- **Alcantara represents a relevant ingredient for consumer perception of our clients' brands** and evidence of the high quality of the materials they choose to adopt. Numerous headphone manufactures, such as Rode or Beyerdynamics, are turning to Alcantara to enhance their market positioning.
- **A major focus on sustainability**, is increasingly important both from the producer's and end user's point of view. In this regard, Microsoft recently launched two new colourways of the Microsoft Surface Pro Signature Keyboard, Forest and Sapphire. These are made with a partially bio-based Alcantara material, containing at least 12% of renewable content³ derived from sugarcane waste. For the next years, we are planning to introduce important technical innovations, so as to achieve higher bio-based product percentages and foster sustainability through circular economy.

³ Percentage of modern carbon according to ASTM-D6866.

*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** with complex logistics in remote regions or areas that cannot be accessed easily and directly to be reached for the production of accessories and limited series.



Interior, Contract, Marine and Aviation

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 leading manufacturers of yachts and pleasure boats;
- for the development of products for the aviation market, we deal with design studios, airlines and

component and seat manufacturers.

During the Fiscal Year 2023, we recorded an increase in business volume thanks to higher demand from industrial clients. The post-pandemic market recovery has seen our products among the leading market players: the demand for **Alcantara's aesthetics, sensorial features and quality is high**, with many people having chosen to renovate their living spaces. Distributors have managed

to balance out difficulties related to the energy crisis by implementing high level projects, especially in the aviation and marine sector. Many factors helped bringing back confidence to the market: stabilisation of supply in terms of product and conditions; distinctiveness and design of current collections, along with attention to sustainability. These elements are confirmed by new distribution requests received in the latter part of the year.

ADVANTAGES BROUGHT BY ALCANTARA TO THE 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 range and stimulate designers' interest in experimenting further.
- **Breathability, colour fastness and resistance to marine and atmospheric agents**, are key strengths in the marine sector, as well as the growing outdoor market.
- **Lightness and strength**, which enable aviation sector clients to reach efficiency targets in terms of weight, energy consumption and durability.
- **Aesthetics and sensorial qualities**, which can convey an immediate sense of luxury and comfort.
- **Approach to sustainability**, which is 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

Alcantara places the client's well-being at the centre of both internal production processes and marketing & communication, creating innovative and personalised solutions and optimising programmes related to end-user support and communication.



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

- technical meetings, with the aim of identifying product or application requirements in order to develop tailor-made solutions;
- design meetings, starting with the presentation of ideas and materials, and followed by the development of tailor-made solutions based on specific needs. This dialogue results in a process of continuous improvement of procedures, interfaces and response times.



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



During the Fiscal Year 2023, as travel restrictions implemented due to the pandemic were gradually lifted, we increased the frequency of in-person meetings with clients. Out of 96 meetings held with clients of the Design Departments, 71 were attended in person. Such events were partly focused on the presentation of the 2022 Concept Book.

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 strict EU standards, in terms of environmental impact and the production process, are equally important.



This is demonstrated by Alcantara's conformity with clients' supply specifications and the certifications required by the reference markets. We have played a pioneering role, as **our products have now been Carbon Neutral⁵ for 14 consecutive years**, i.e., since 2009, far before the development of more recent trends. That means that, after carbon offsetting, Alcantara products have net-zero balance of green house gas emission from cradle to grave, across all stages, from raw material supply to the production process, from product use to end of life.

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 bring tangible social benefit to the impacted territories, while offsetting all CO₂ emissions produced.

For more details see paragraph 5.3.

When it comes to end-of-life recycling, Alcantara products can technically be recycled at end of life through downcycling⁶, producing non-woven fabrics, insulating panels or reconstructed

foams. However, such practices would require the separation and collection processes to be centralised, a practice that is not sufficiently widespread yet. In order to make recycling more efficient, and allow the recovery of mixed materials, the Company has launched a research & development plan on several levels, aimed at reusing waste and end-of-life products to create alternative materials, or at reproducing the original raw materials, despite the heterogeneous composition of starting products. To this end, the Company succeeded in the confirmation that depolymerisation and chemical recycling of internal industrial waste and end-of-life products are feasible in laboratories.

During the Fiscal Year 2023, we have confirmed the Memorandum of Understanding with GR3N, an innovative start-up with the mission to eliminate plastic waste issues on a global scale. After a positive test at their pilot facility, we have decided to extend our collaboration, with the aim to give new life to both post-industrial and post-consumer materials.

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

For more details see paragraph 5.2.

The 114 kW photovoltaic system completed in March 2022 at our headquarters in Milan, aimed at powering electric car charging points, has allowed to progressively upgrade the Company's car fleet with plug-in hybrid and full electric vehicles. While the latter process is ongoing, the completion of the construction of charging stations is currently planned. This measure will also allow employees to recharge their EV during work hours.

In addition, a new solar photovoltaic system has been installed at the plant of the new department of Complex Manufacturing. The 289.8 kWp system could provide 37% of the department's energy requirements.

⁵ Carbon Neutrality certification is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects – see chapter 5.

⁶ 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, while also increasing product performance.

Two new plants were installed for the recovery and treatment of wastewater from the dyeing plant:

- the first dye discharge, the most concentrated one, is treated at a new plant that uses a more powerful biological treatment than a traditional plant, thus minimising the consumption of chemicals by enhancing the concentration of active

oxidation sludge. After its installation the plant is working continuously;

- 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. We have just completed the test phase in this plant and it will become operational next year.

The safety of our products is ensured by tests commissioned by independent laboratories, which check the compliance of materials with the regulations governing the restricted substances. These assessments take place at least once a year 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, 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) every year. 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 THE FISCAL YEAR 2023, NO CRITICAL EVENTS OR REPORTS FROM THE MARKET WERE RECORDED REGARDING PRODUCT SAFETY ISSUES.

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

- the **Oeko-Tex label⁵**, which relates to specific product categories, guarantees end users that no humantoxicological risks exist in products that can be categorised 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 for 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.

⁵ Updated certificates are publicly available on the Oeko-Tex website <https://www.oeko-tex.com/en/buying-guide>

SUSTAINABLE INNOVATION

In line with the sustainability and circular economy programmes we invested in, in recent years we have intensified research & development of 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, we created new products containing **increasing amounts of partially bio-based polymers and recycled polyesters**⁶.

• Bio-based polymers are defined as polymers that at least partly consist of material generated from biomass. At Alcantara,

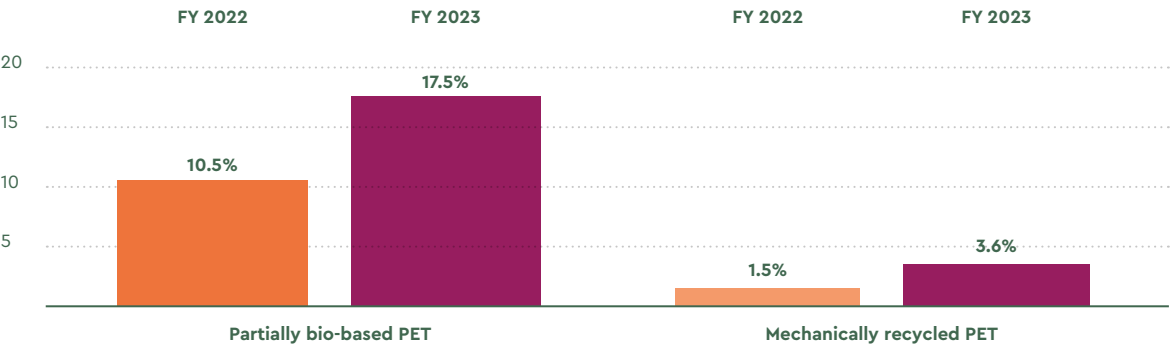
we use a partially bio-based polyester polymer, in which one of the two monomers, ethylene glycol, is produced from sugar industry waste.

• 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 post-consumer waste, mechanically recycled without using chemical

processes, thus minimising the carbon footprint.

In the Fiscal Year 2023, the percentage of polymers used in spinning equalled to 17.5% of the total production of partially bio-based PET and 3.6% of mechanically recycled PET, a significant increase compared to the Fiscal Year 2022. Our goal is to gradually increase these proportions in the upcoming years, while reducing the consumption of polymers from fossil fuels.

INCREASE IN POLYMERS USED IN SPINNING
(% of total production)



For the fashion and interiors sectors, we replaced our regular 0.8 product and those derived from it with a new generation of products, made from partially bio-based polyester.

At the same time, we continued the industrialisation of all products obtained from spinning recycled polyester for the manufacture of the microfibre of which Alcantara is made. This method uses a 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.

The new product generation based on this polymer has

been presented to numerous customers, attracting considerable interest and leading to the activation of several development projects in the automotive sector, and the first market introduction by prestigious OEMs.

Analysis and certification activities aimed at ensuring the effective content of these materials to customers have been undertaken. Analytical

assessments of the percentage of bio-based polymers content were introduced, analysing the percentage of "modern carbon" as per ASTM D6866 (American Society for Testing and Materials) standards. Such evaluations are performed every month on every batch of incoming polymer and for every kind of material produced. The percentage is reported in the product technical specifications. No standard laboratory methods are currently available to accurately identify the presence and quantity of recycled polyester in the end product. In April 2022, we obtained the certification of recycled

raw material content with the Recycled Claim Standard (RCS) of Textile Exchange⁷. 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 attracted interest from numerous clients and is now leading to the launch of a variety of development projects in the car industry.

Back 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 water-based process enabled TCE⁸ and DMF⁹ solvents, mentioned in section 6.3, to be eliminated and replaced with water, while reducing the energy consumed during the production process. It is currently being supplied to some major clients in the car and consumer electronics markets, while Research & Development are continuing its diversification, waiting for approval by new clients and with the goal to extend to other markets.

In the Fiscal Year 2023, our water-based product made up 19.1% of the total sales volume.

THE RESEARCH CENTRE AND NEW PRODUCTS

Annually, **we invest an average of 3% to 5% of turnover in Research & Development**. In the Fiscal Year 2023, we devoted 4% of turnover to R&D.

We have a Research & 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. Original know-how has allowed to develop skills on polymer processing, textile and chemical processes, application technologies and ennobling. R&D employs approximately 50 people, 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.

The Fiscal Year 2023 saw the continuing growth in technology at the 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 and prototyping

lines were installed in support of both development projects and productions regarding ongoing manufacturing projects. These new lines are based on the technology of mechanical cut with numeric control, on the single part and the roll.

In particular, both prototyping activities in support of development projects and productions related to projects already at the industrial stage, have significantly increased. The number of people employed at our Complex Manufacturing department has grown to 32 and is expected to rise further during the next fiscal year.

⁶ 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.
⁷ Scope Certificate Number ICA-RCS-22-2862/00B-01, for more information see <https://textileexchange.org/find-certified-company/> and https://icea.sixtemacloud.it/icea_public_search.php?lang=it.
⁸ Trichloroethylene CAS n. 79-01-6.
⁹ Dimethylformamide CAS n. 68-12-2.

6.3 Use of *Raw Materials*

Alcantara ensures that all the raw materials used in the production process comply with the principles dictated by 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.

TCE¹⁰ and DMF¹¹ 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 authorised 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 current legal limits in Italy. The operating conditions and risk management measures currently adopted at the Alcantara site have been deemed 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 does not contain any TCE nor traces thereof.



¹⁰ Trichloroethylene CAS n. 79-01-6.
¹¹ Dimethylformamide CAS n. 68-12-2.

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. During the Fiscal Year 2023, there was a general decrease in the consumption of raw materials, particularly for dyes and auxiliaries, packaging, adhesives and binders, and post-treatment auxiliaries. The use of PET from renewable sources (BIO-PET and R-PET) also increased substantially.

USE OF MATERIALS PER LINEAR METRE OF ALCANTARA® PRODUCT	NON-RENEWABLE RESOURCES ¹²	FY 2021	FY 2022	FY 2023
Nitrogen		1,331.1	1,007.1	1,027.6
Thermoplastic polymers	X	703.0	1,091.5	1,130.3
Dyes and auxiliaries		811.2	935.9	839.3
Packaging (cardboard, plastics, etc.)		246.7	242.4	209.7
Textile backing		160.9	127.6	120.0
Raw materials for polyurethane	X	304.8	456.5	423.6
Adhesives and sizing	X	254.7	270.3	244.0
Post-treatment auxiliaries		182.5	133.5	120.1
Solvents	X	49.3	43.3	56.9
Abrasive paper		4.4	4.8	3.3
Steel needles		0.3	0.5	0.2
Stainless-steel splitting blades		0.3	0.6	0.4
TAC-TAS Oils e Chemicals		1,183.0	1,249.1	1,195.9

The production based on the previously mentioned new water-based process has led to a reduction in CO₂ emissions and to primary energy savings, against the average values of the three year period 2012–2014. Such reduction was recognised by the GSE (Gestore Servizi Energetici – National Energy Services Manager) through the issuing of Energy Efficiency Certificates (Titoli di Efficienza Energetica – TEE).

MONITORING PERIOD APRIL 2021 – MARCH 2022		
Specific energy savings	TOE/ km ALC® FANS	2.03
Specific emissions avoided	ton CO ₂ e / km ALC® FANS	5.60

Data for the period from April 2021 to March 2022 were confirmed and verified by the GSE. Data for the Fiscal Year 2023 are listed below but are to be considered temporary, pending the verification of the body (GSE) expected in the year 2023.

MONITORING PERIOD APRIL 2022 – MARCH 2023		
Specific energy savings	TOE/ km ALC® FANS	1.21
Emissions avoided	ton CO ₂ e / km ALC® FANS	4.13

¹² X stands for resources that cannot be regenerated within a short timeframe, such as minerals, metals, oil, gas, carbon, etc.

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

ALCANOL®	ALCARENE®
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.	A thermoplastic polymer, 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.

PRODUCTS AND BY-PRODUCTS SOLD ON THE MARKET ¹³	Units	FY 2021	FY 2022	FY 2023
ALCANOL®				
Quantity produced and sold on the market	Kg	528,819	662,378	564,601
Product percentage compared to the raw material	%	73.67%	64.8%	59.5%
ALCARENE®				
Quantity produced and sold on the market	Kg	2,993,781	1,121,893	1,260,619
Product percentage compared to the raw material	%	371.9%	87.88%	73.51%
ALK-FILL FI AND ALK-FILL FE (TEXTILE WASTE)				
Quantity produced and sold on the market	Kg	142,921	158,045	123,236
ALK-FILL BUFF (BUFFING POWDER)				
Quantity produced and sold on the market	Kg	1,980	3,700	5,444

All quantities of Alcanol® and Alcarenene® produced were marketed through sales agreements and/or spot requests.

¹³ The percentages reported in the table are calculated in relation to the raw materials actually used in production.



GRI
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6.4 Partnerships with Universities and Research Centres

In the Fiscal Year 2023, we continued to promote partnerships with prestigious research centres and universities throughout Italy, 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 who are able to provide important contributions 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 Premium Design Management and in Sensorial Surface Design at the **Politecnico of Milan**.
- The partnership with the **University of Bologna** aimed to implement an artificial intelligence system to assist specialist inspectors in the detection of visual defects on inspection tables, focused on the identification of geometric defects, which are more difficult to find, and led to the development of an initial prototype. Due to high costs, the subsequent activity of developing an industrial prototype has been temporarily suspended.
- We continued the partnership with **APM** (Advanced Polymer Materials S.r.l.) on a research programme directed at optimising ISO and ASTM methods for virgin PET and recycled PET (rPET) and aimed at providing assistance for inter-laboratory controls on issues related to polymer analysis methods.
- Finally, to continue optimising the water-based process, partnerships are periodically established with the **University of Perugia**, which provides technical and analytical support in this area. During the reporting period, a collaboration with the university built from the interest in participating in the project "Vitality – Ecosystem of Innovation (PNRR) in Umbria", a project that envisages the creation of an interregional innovation ecosystem, which involves Umbria, Marche and Abruzzo.

Product Sustainability: 2022-2025 Targets

Corporate Citizenship

- Expand partnerships with the main national and international universities to train and raise awareness on sustainability among young people 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 that allow to recycle the products 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



STATEMENT OF USE	Alcantara S.p.A. has reported in accordance with the GRI standards for the period 1 April 2022 – 31 March 2023
GRI 1 used	GRI 1: foundation 2021
Applicable GRI Sector Standard	No applicable GRI sector standard
Material Topics	Listed in section 1.5

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 2: General Disclosures 2021	2-1	Organizational details	Methodology	
	2-2	Entities included in the organization's sustainability reporting	Methodology	
	2-3	Reporting period, frequency and contact point	Methodology	
	2-4	Restatements of information	5.2, 5.4	
	2-5	External assurance	Methodology	
	2-6	Activities, value chain and other business relationships	1.1, 2.2, 6.1	
	2-7	Employees	3.1	
	2-8	Workers who are not employees	3.1	
	2-9	Governance structure and composition	1.2	Information required by disclosure 2-9 c is unavailable
	2-10	Nomination and selection of the highest governance body		Omission: information unavailable
	2-11	Chair of the highest governance body		Omission: information unavailable
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2	
	2-13	Delegation of responsibility for managing impacts	1.2	
	2-14	Role of the highest governance body in sustainability reporting	1.2	
	2-15	Conflicts of interest		Omission: information unavailable
	2-16	Communication of critical concerns	1.2	
	2-17	Collective knowledge of the highest governance body	1.2	
	2-18	Evaluation of the performance of the highest governance body	1.2	
	2-19	Remuneration policies		Omission: this information is not publicly disclosed due to confidentiality concerns
	2-20	Process to determine remuneration		Omission: this information is not publicly disclosed due to confidentiality concerns
	2-21	Annual total compensation ratio	3.1	
	2-22	Statement on sustainable development strategy	A message from our Chairman	
	2-23	Policy commitments	1.1, 1.3	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	1.1, 6	
	2-25	Processes to remediate negative impacts	1.5, 5.1	
	2-26	Mechanisms for seeking advice and raising concerns	1.2, 1.4	
	2-27	Compliance with laws and regulations		No significant instances of non-compliance occurred
	2-28	Membership associations	2.3	
	2-29	Approach to stakeholder engagement	1.5	
	2-30	Collective bargaining agreements		The entire staff is covered by the National Labor Collective Agreement
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.5	
	3-2	List of material topics	1.5	
	3-3	Management of material topics	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 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.2	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.2; 1.3	
	205-2	Communication and training on 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 Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		None
GRI 207: Tax 2019	207-1	Approach to tax	2.3	
	207-2	Tax governance, control, and risk management	2.3	
	207-3	Stakeholder engagement and management of concerns related to tax	2.3	
	207-4	Country-by-country reporting	2.3	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	6.3	
	301-2	Recycled input materials used	6.3	
	301-3	Reclaimed products and their packaging materials	6.3	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	5.2	
	302-2	Energy consumption outside of the organisation	5.2	
	302-3	Energy intensity	5.2	
	302-4	Reduction of energy consumption	5.2	
	302-5	Reductions in energy requirements of products and services	5.2	
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	5.4	
	303-3	Water withdrawal	5.4	
	303-4	Water discharge	5.4	
	303-5	Water consumption	5.4	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 304: Biodiversity 2016	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
	304-2	Significant impacts of activities, products, and services on biodiversity		No biodiversity studies have been conducted on 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 305: Emissions 2016	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	
	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	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	5.5	
	306-3	Waste generated	5.5	
	306-4	Waste diverted from disposal	5.5	
	306-5	Waste directed to disposal	5.5	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.2	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.2	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	3.1	
	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
GRI 403: Occupational Health and Safety 2018	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	
	403-4	Worker participation, consultation, and communication on occupational health and safety	3.3	
	403-5	Worker training on occupational health and safety	3.3	
	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	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	3.2	
	404-2	Programs for upgrading employee skills and transition assistance programs	3.2	
	404-3	Percentage of employees receiving regular performance and career development reviews	3.2	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity of governance bodies and employees	3.1	
	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 Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	2.2	
GRI 409: Forced and Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	2.2	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures		None
GRI 411: Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples		No violations occurred
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	1.5; 4.1	
	413-2	Operations with significant actual and potential negative impacts on local communities	4.1; 5.1	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.2	
	414-2	Negative social impacts in the supply chain and actions taken	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 Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	6.2	All product categories are assessed
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents of non-compliance occurred
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	6.2	
	417-2	Incidents of non-compliance concerning product and service information and labelling		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

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. for the year ended on March 31st, 2023.

Directors' responsibility for 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 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 behaviour.

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 Alcantara Sustainability Report were based on our professional judgement and included inquiries, primarily with Alcantara S.p.A. 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.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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In particular, we have performed the following procedures:

1. 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;
2. comparison of economic and financial data included in the specific paragraph of the Sustainability Report with those included in the Financial Statements of Alcantara S.p.A.;
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.

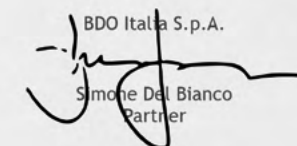
Furthermore, for the most important information, taken into consideration the activities and the characteristics of Alcantara S.p.A.:

- a) 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;
- b) 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, 2023 is not prepared, in all material respects, in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as stated in the paragraph "Methodology" of the Sustainability Report.

Milan, July 28th, 2023

BDO Italia S.p.A.

Simone Del Bianco
Partner

This report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.



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sustainabilityreport.alcantara.com

