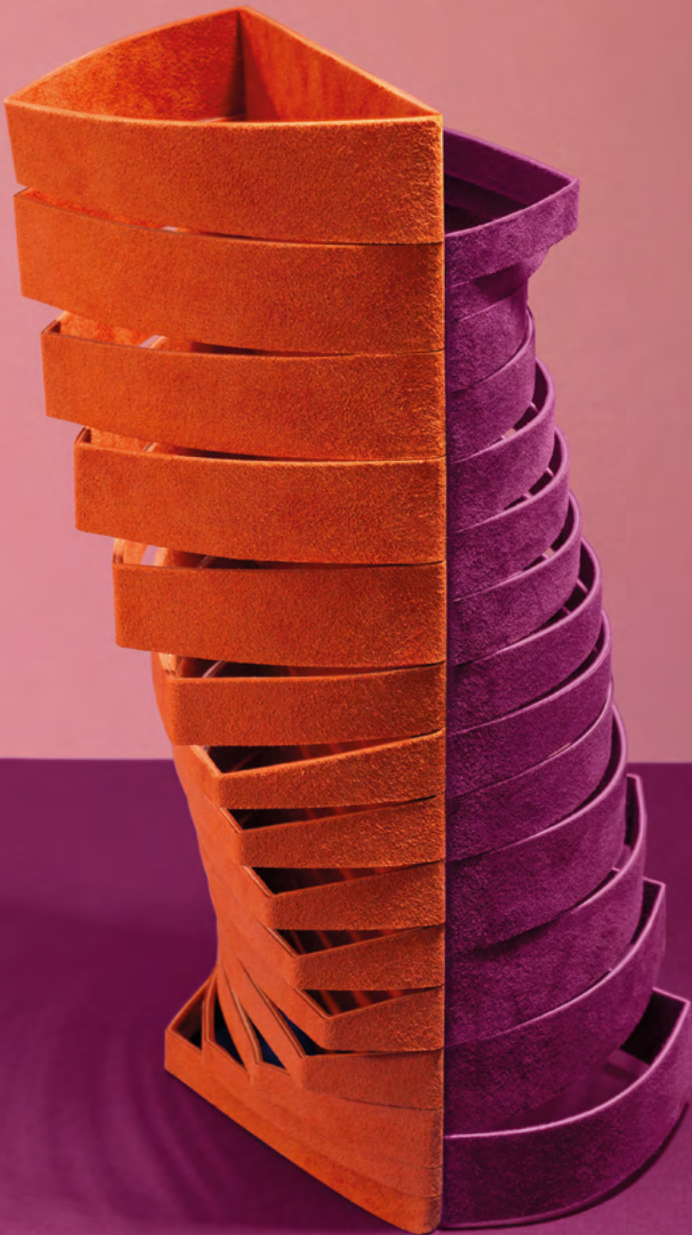


1ST COMMITMENT

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.



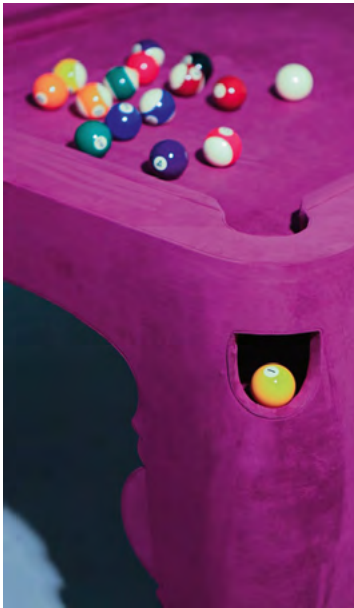
Chapter overview

About
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- Mission, Value and Sustainable Strategy
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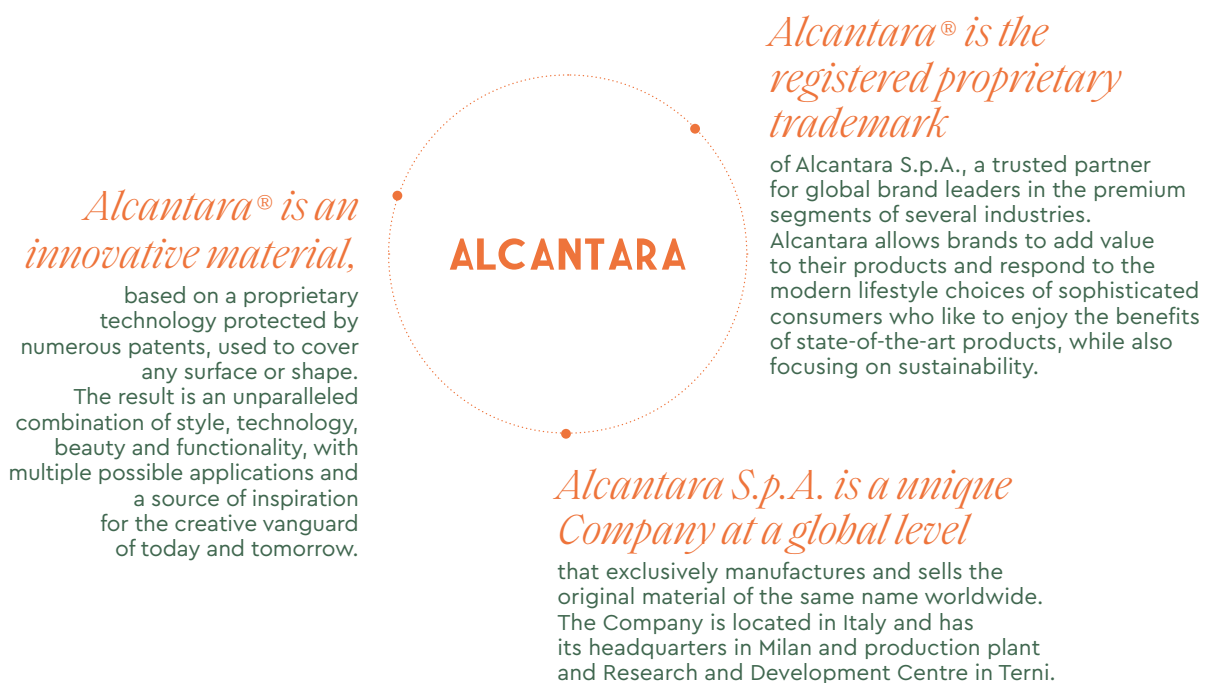
- The Context
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SUSTAINABILITY
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1.1 About *Alcantara*

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

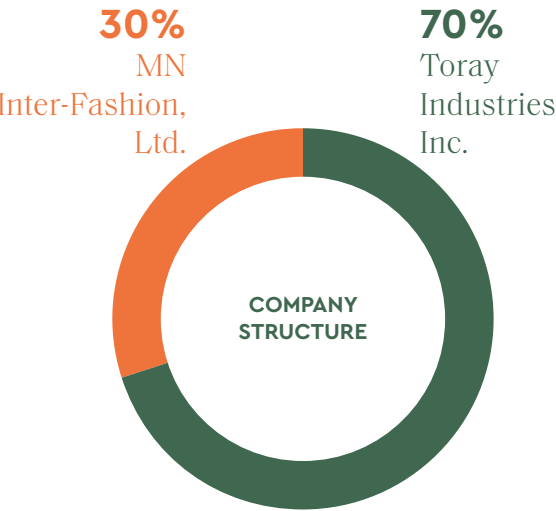
In the current decade, Alcantara renewed its support to the UN Global Compact and of the Global Compact Network Italy Foundation for the sixth consecutive year (2023). Around the same time, the Complex Manufacturing Department was established, a special unit able to develop extreme customisations, combining 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

Standard (RCS), a standard set to track recycled materials from the source to the final product: the actual content of recycled polyester differs by product and is indicated in the technical specifications of each product, as well as being documented by internal evidences (see paragraph 6.2).

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.

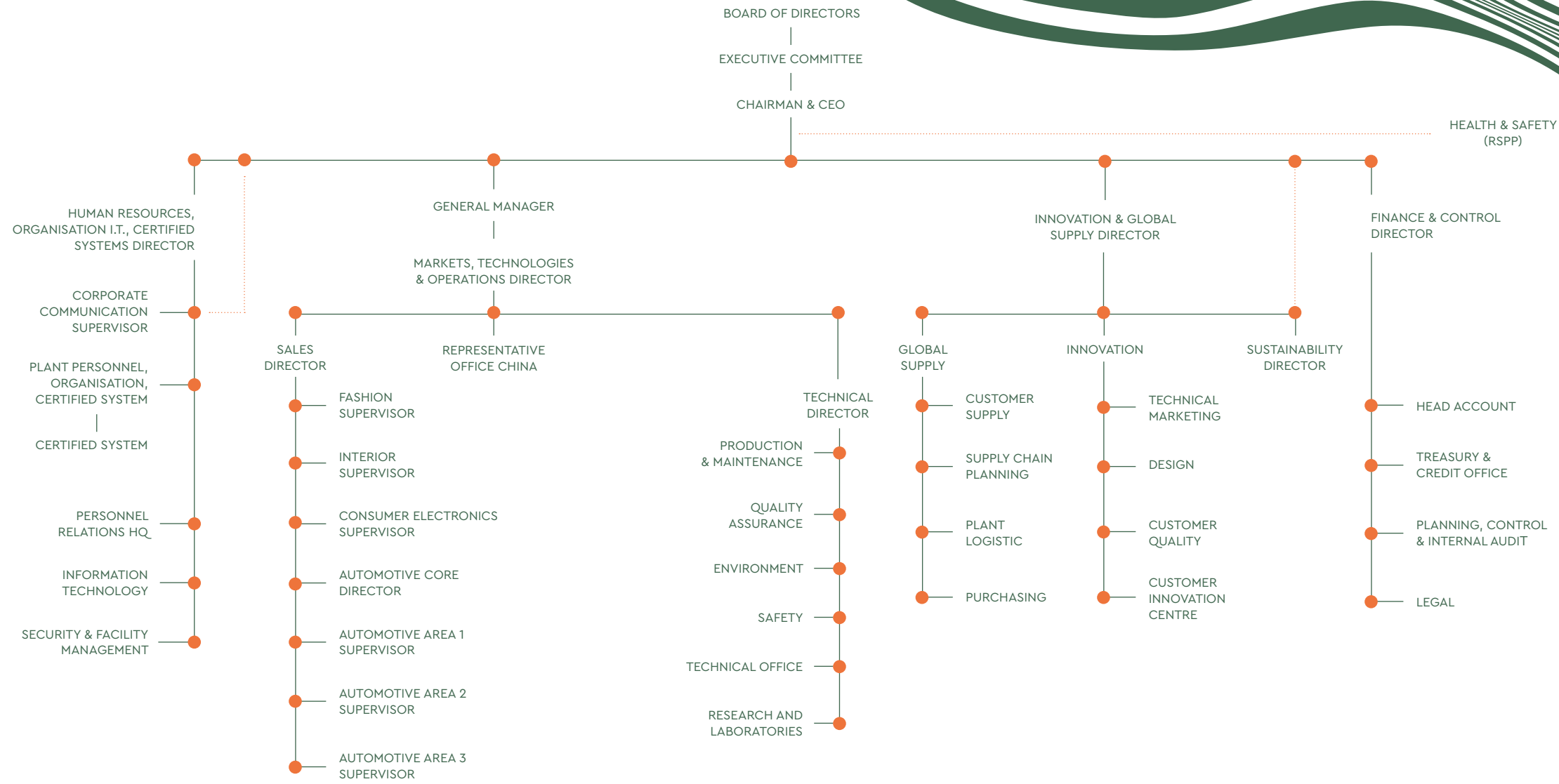
In the area of Social Responsibility, as part of the SA8000 certification, a communication channel is established for workers' representatives for SA8000 at the Milan Headquarters and at the Nera Montoro Plant. Anonymous reports can also be submitted through the communication mailboxes at the Headquarters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

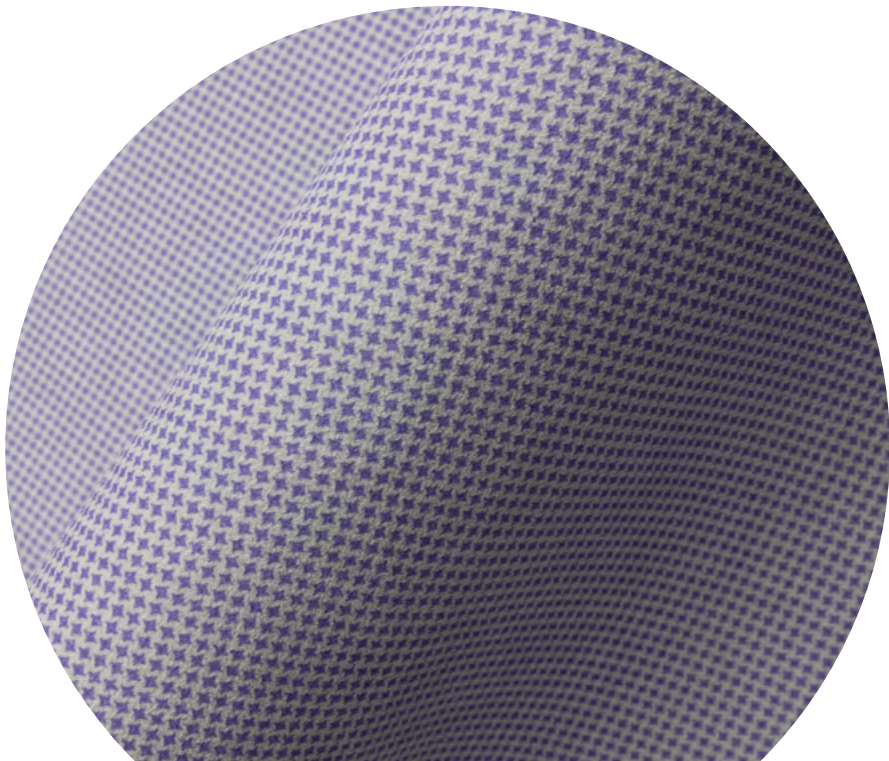
Alcantara has implemented an internal system for the prevention of identified risks that allows to ascertain, measure, manage and monitor the main critical issues, in line with its strategy of sustainable business development at economic, social and environmental level.

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.

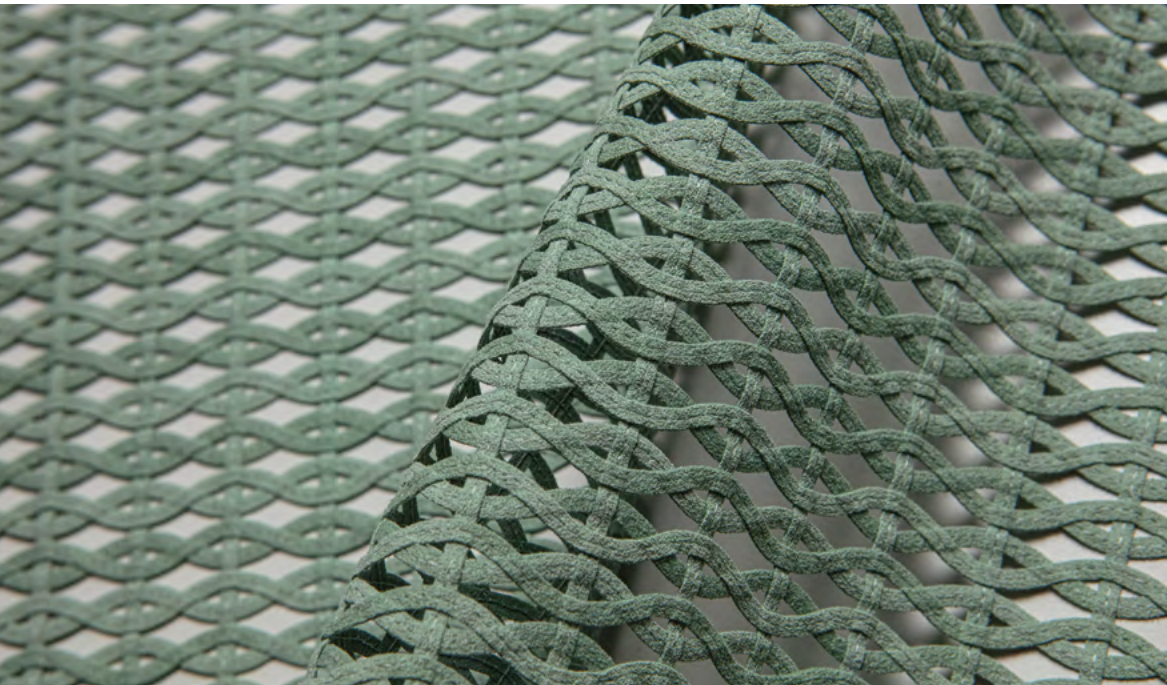
The Plan confirms the organisation along strategic guiding principles built around 4 pillars:

• 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:

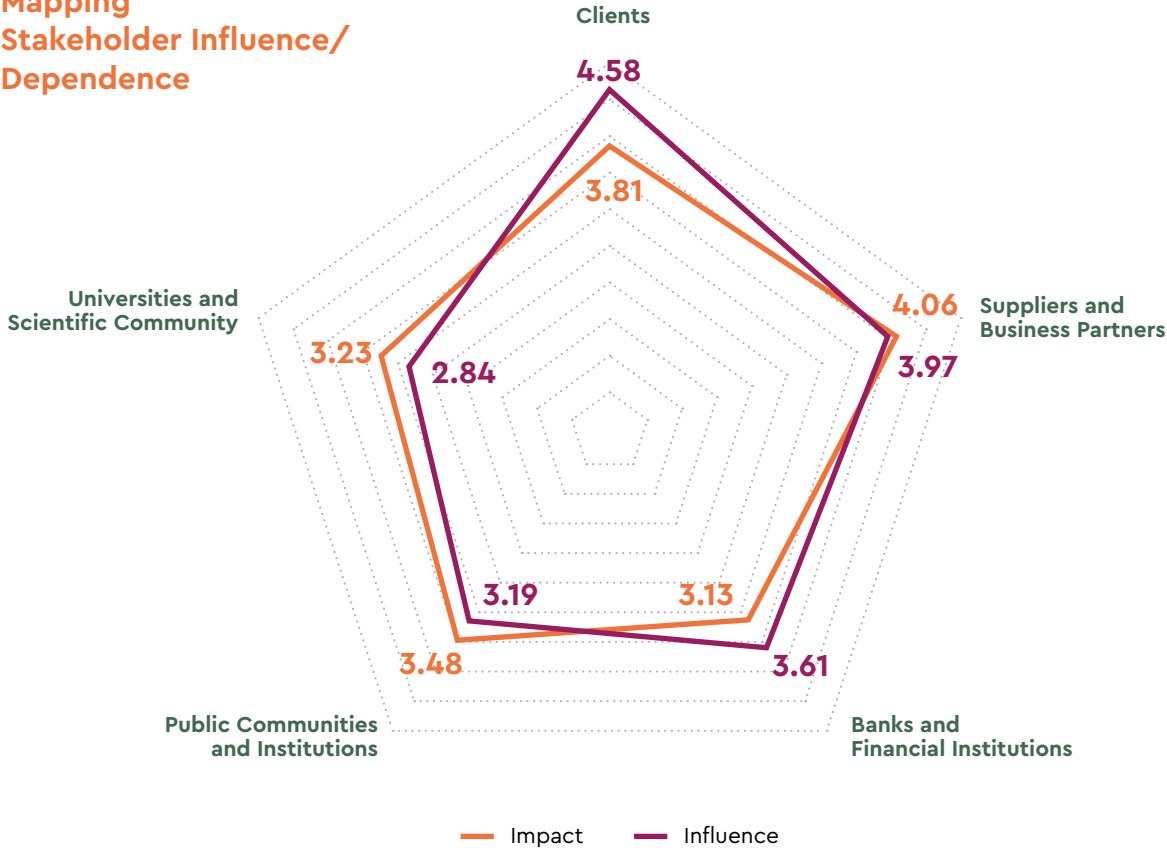
- identification of the main Alcantara stakeholders;

- 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.			
<div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</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
<p>POSITIVE IMPACTS</p> <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 <p>NEGATIVE IMPACTS</p> <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	<p>Anti-corruption (GRI 205-1, 205-2, 205-3)</p> <p>Anti-competitive behaviour (GRI 206-1)</p>	<p>POLICIES</p> <ul style="list-style-type: none">• Code of Ethics• Organisation and management model 231• Global compact (UNGC)• SA8000 certification <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none">• Preparation of a plan for engaging stakeholders external to Alcantara on sustainability aspects (implementation pending)• Promotion of good sustainability and engagement practices in the supply chain• Assessment of an institutional communications campaign focused on sustainability content (implementation pending)• ESG impact risk assessment on business in the medium to long term and integrate various analyses into the ERM (implementation pending)• Consolidate, optimise and improve presence in sustainability indices (implementation pending)• Monitoring of identified KPIs, based on the corporate system already in place (implementation pending)• Start of reporting for the Global Compact (communication on progress)• Adoption of new GRI standards for reporting on non-financial information (GRI Universal Standard 2021)• Select participants to build and plan a working group on sustainability, including external representatives with relevant expertise
<p>Certifications</p> <p>Commitment to provide products with certified and tested features, characterised by recognised quality and performance.</p>			
<div>8 DECENT WORK AND ECONOMIC GROWTH</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
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none">• Availability in the market of products with high quality standards, tested and certified characteristics <p>NEGATIVE IMPACTS</p> <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	<p>General Disclosures (GRI 2)</p> <p>Customer Health and Safety (GRI 416-1, 416-2)</p>	<p>CERTIFICATIONS and ACTIONS</p> <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					
	<p>POSITIVE IMPACTS</p> <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.) <p>NEGATIVE IMPACTS</p> <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			
	POLICIES <ul style="list-style-type: none">• Code of Ethics• Organisation and management model 231• Global compact (UNGC)• SA8000 certification					
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					
	<p>POSITIVE IMPACTS</p> <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

