

ALCANTARA



Sustainability
Report 2024

NEEDS IN BALANCE

To shape
a better future

Fiscal Year:
1 April 2023 - 31 March 2024

A MESSAGE FROM OUR CEO



Dear stakeholders,
it has been 15 years since Alcantara published its first Sustainability Report. For Alcantara, sustainability is not a trend or a temporary need but an absolute necessity. We have a responsibility to safeguard future generations by limiting climate change and preserving non-renewable resources.

For these reasons, Alcantara began its sustainability journey in 2009, well before the topic became widely debated and before the increase in consumer awareness and customer demand started pushing in this direction. With a pioneering approach, from that point on, Alcantara obtained the Carbon Neutrality certification, which is based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects, following the measurement and management of the Company's climate impact. While acknowledging that offsetting is not the definitive solution, nevertheless we believe it is an effective way to finance actions to combat climate change, beyond our value chain.

To address the global challenges related to sustainability, it is essential to consider and balance a wide range of needs and priorities. The path towards true sustainability, comprised of commitment, efforts, and research, is certainly long and challenging and requires

transparency, clarity, and foresight. These are the three pillars that guide Alcantara's continuous work, leading to ongoing improvement year after year.

We are aware that there is still a long way to go. Therefore, we have organised all future activities by building an action plan focused on energy efficiency, circular economy, and supply chain efficiency to significantly reduce impact before offsetting. Consequently, promoting a balance between social, economic, and environmental needs is essential today to guarantee everyone's future.

I hope you enjoy the read.

A handwritten signature in black ink, appearing to read 'Eugenio Lolli'.

Eugenio Lolli
CEO and General Manager
of Alcantara S.p.A.

METHODOLOGY

REFERENCE GUIDELINES

Sustainability Report
of Alcantara S.p.A.

PERIOD
OF REFERENCE
1 April 2023
31 March 2024
(Annual Report):
Fiscal Year 2024.

Alcantara S.p.A. has decided not to print the Sustainability Report 2024. By offering the Report only in a digital format and in a printed pocket version, we aim to conserve resources and minimise waste, reflecting our commitment to sustainability.

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 and social impact, as well as employees, human rights and anti-corruption, all useful topics for understanding the Group's activities, performance, results and impact. The report is prepared following 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 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;
- 'FY 2024' or 'Fiscal Year 2024' refers to the period from 1 April 2023 to 31 March 2024;

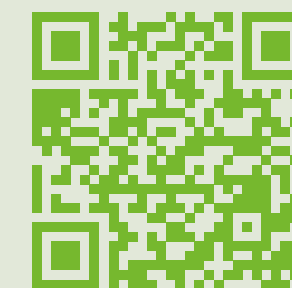
EXTERNAL AUDIT

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).

We would like to thank the entire internal work group and all staff involved in the development and production of this Sustainability Report 2024, prepared and coordinated by Alcantara S.p.A.

Alcantara S.p.A.'s Sustainability Report 2024 may be consulted in interactive format on the dedicated micro-site <https://sustainabilityreport.alcantara.com>. For further information, contact: alcantarasustainability@alcantara.com. All comments and suggestions are welcome.

Discover more



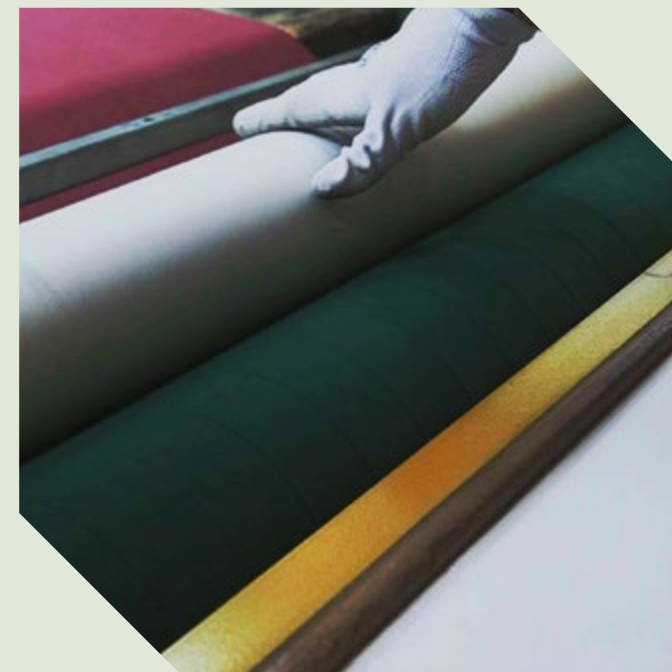
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IDENTITY AND GOVERNANCE



NEED FOR BALANCE

To address the global challenges related to sustainability, it is essential to consider and promote a balance among social, economic, and environmental needs to secure a future for everyone.

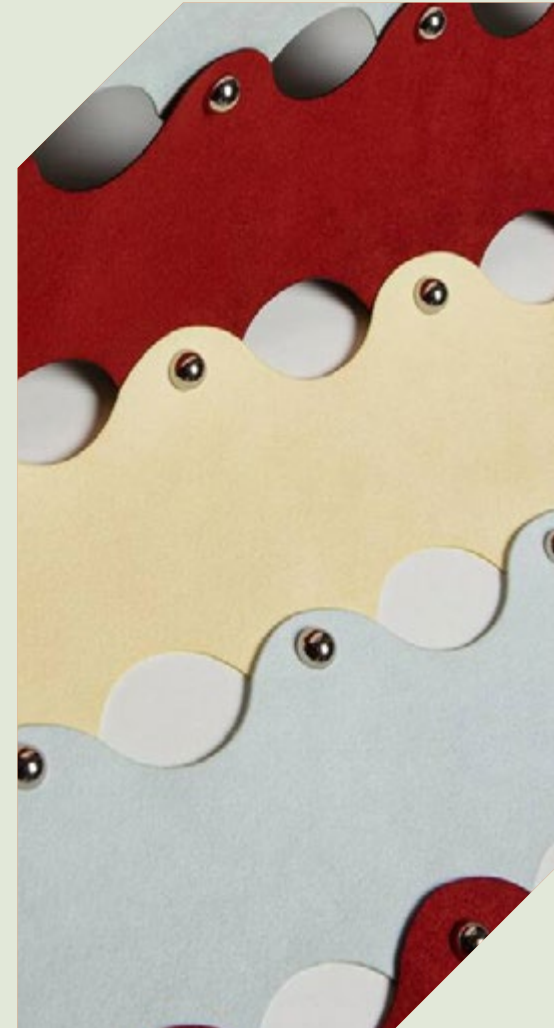
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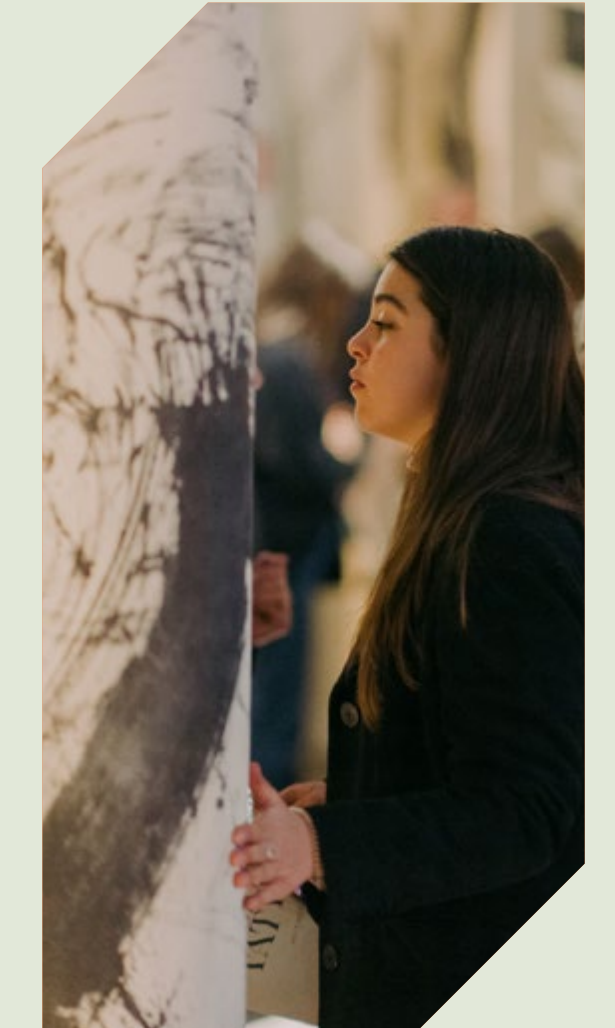
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IDENTITY AND GOVERNANCE:
2022-2025 TARGETS

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.

Alcantara is a unique and innovative material

used to cover any surfaces and shapes. It is the result of a proprietary technology, protected by several patents, and it provides a unique combination of functional and emotional values. Its great versatility allows it to be adopted in countless different ways for countless applications, making it a source of inspiration for avant-garde creatives of today and tomorrow.

Alcantara is the only world's company

that manufactures and markets the original Alcantara® material worldwide. The Company is fully based in Italy, where its two operational sites are located: headquarters in Milan and production plant and Research and Development centre in Nera Montoro (Terni).

Alcantara® is the registered proprietary trademark

of Alcantara S.p.A., a trusted lifestyle partner of leading global brands that operates in the high-end segment of the market and across multiple industries. It defines the contemporary lifestyle of those who want to fully enjoy something cool, contemporary and committed to sustainability.

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



Global brand



Made in Italy



Tailor-made approach



Relationship with art, design and creativity



Commitment to sustainability

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

Over time, we have progressively increased our focus on sustainability, making it our strength. Sustainability lies at the centre of our decision-making processes and our pursuit of business objectives, 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 for reporting on business trends and on the progress of key projects.

Every year Alcantara accurately measures CO₂ emissions related with the products and Company's activities from the cradle to the grave. Residual emissions, which current technologies cannot

further reduce, are offset through the acquisition of carbon credits from the voluntary market, by participating in verified and certified offset projects. While we are aware that this is not the ultimate solution and that efforts to reduce emissions need to be intensified, we are also convinced that offsetting is an inevitable tool to accelerate the fight against climate change beyond our value chain and to measurably reduce global emissions by financing vital climate action projects around the world that would otherwise go unfunded.

Alcantara is certified Carbon Neutral¹. Furthermore, the Company is actively engaged in raising the awareness of its suppliers, encouraging them in turn to embark on a path towards Carbon Neutrality, and verifying respect for universal human rights principles, for labour standards, for the environment and for the fight against corruption. 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 ensuring 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, including through audits and the availability of whistleblowing mechanisms that protect the anonymity of the whistleblower.

¹ Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits from certified and verified offsetting projects - See paragraph 5.3



The Company's international success is mainly attributable to the creation of Alcantara, a unique material developed in 1970 using techniques that still enable a high-performance material to be obtained to this day. Below are the milestones that we have reached along our growth path.

OUR STORY



THE 1970s

Alcantara's story began in 1970, when the 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 still remains the one and only plant in the world where Alcantara is produced, while the Company's headquarters were established in Milan. In 1973, ANTOR S.p.A. became IGANTO S.p.A. (acronym of Italia Giappone ANIC Toray) to seal the partnership between the two countries and respective companies.



THE 1980s

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

THE 1990s

In 1994, the CSA (Centro Sviluppo Applicazioni, Application Development Centre) was established, developing ad hoc technical solutions and applications in-house, demonstrating the importance placed on a tailor-made offering. The following year, the Toray Group acquired 100% of the Company's shares, selling 30% to the Mitsui Group.

THE 2000s

The start of the new millennium saw the first initiatives aimed at stylistic diversification, and the completion of the second phase of the project aimed at doubling production capacity, following the completion of the first in 1998. In 2009, the Company was certified Carbon Neutral².

THE 2010s

In 2010, Alcantara prepared and published its first Sustainability Report, initiating the increasingly structured and transparent reporting of non-financial impacts. Environmental responsibility became a fundamental part of Alcantara's business strategy. In 2015, the Company completed the industrial-scale testing phase of a project aimed at developing a water-based production process,

capable of further reducing environmental impacts and energy consumption. Research into raw materials from renewable sources (bio-based polymers) was also launched. In 2017, the IACI (Increase Alcantara Capacity Installed) project was announced, an expansion plan aimed at doubling the Company's production capacity once more within five years.

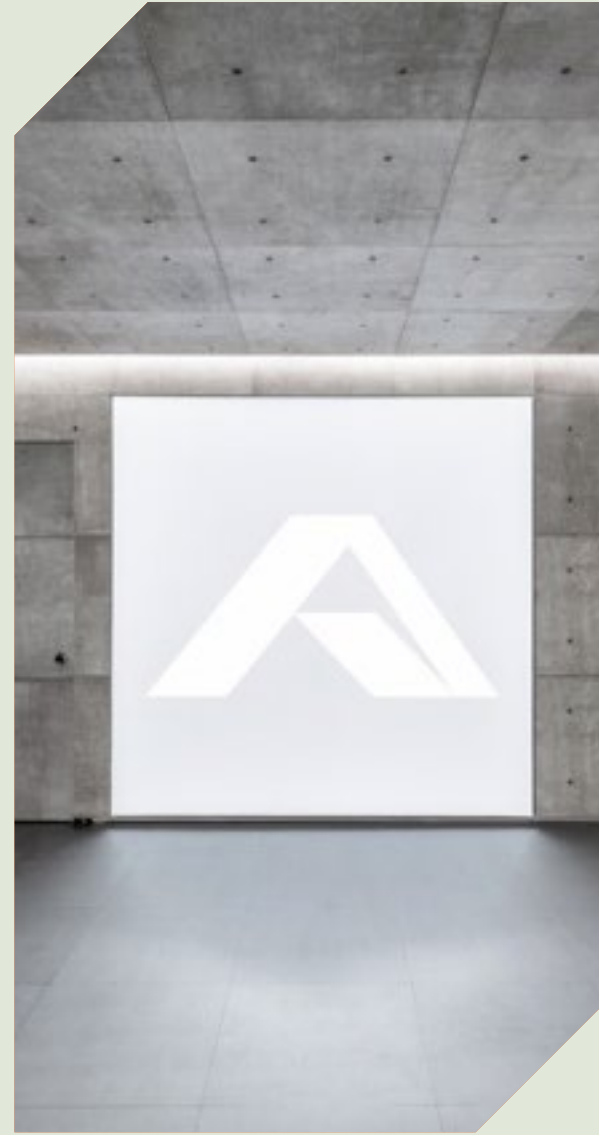


² Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits from certified and verified offsetting projects - See paragraph 5.3

THE 2020s

In the current decade, Alcantara renewed its membership of the UN Global Compact and of the Global Compact Network Italy Foundation for the seventh consecutive year (2024). At the same time, the Complex Manufacturing Department was established, a special unit able to develop extreme customisations, combining complex technologies to provide the customer with the upholstery-ready finished product.

In 2021, the Company won the Budgetary Performance High Honour under the INDUSTRIA FELIX AWARD as 'Best company in the fashion sector for management performance and financial reliability'. The recognition is certified by Cerved³ and given to selected competitive, reliable and sustainable companies with a registered office in the Lombardy region. In parallel, the 6th International Sustainability Symposium was organised in Venice together with the Venice International University (VIU) and with the assistance



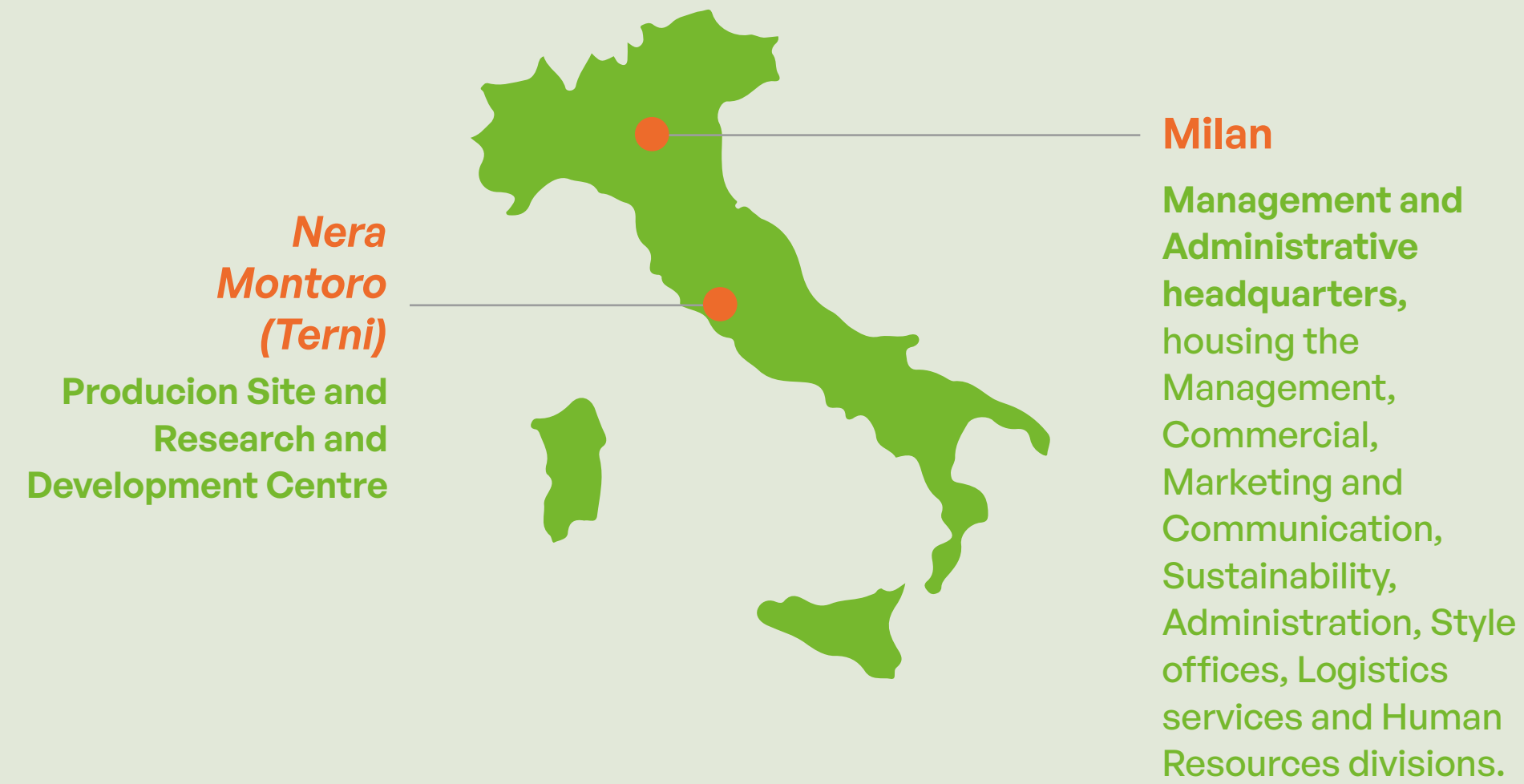
the relationship between Alcantara and the world of arts and creativity. On December 2023, the sixth edition of the 2023 Automobile Awards ceremony took place in the prestigious setting of the Automobile Club de France in Paris, bringing together more than 50 brands and car manufacturers who competed in the 23 categories. Alcantara won the 'Coup de Coeur LR 66' award, for standing out in the automotive world in terms of innovation and high performance, thanks to the uniqueness of a material that combines its technical characteristics with aesthetics and emotion.

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 the special version of Alcantara containing 68% of certified recycled polyester. As for creative and art-related projects, Alcantara added a significant contribution, by presenting its first book, 'Alcantara La Materia dell'Arte' (i.e. 'The Material of Art'), published by Skira. The book narrates the origins and the evolution of



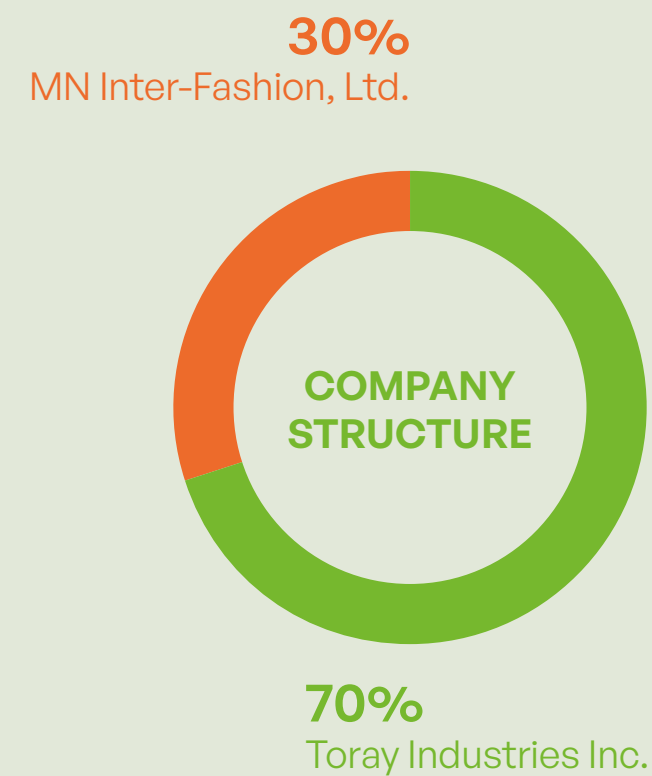
³ Cerved, a leading Information Provider in Italy and one of the major rating agencies in Europe.

CORPORATE STRUCTURE

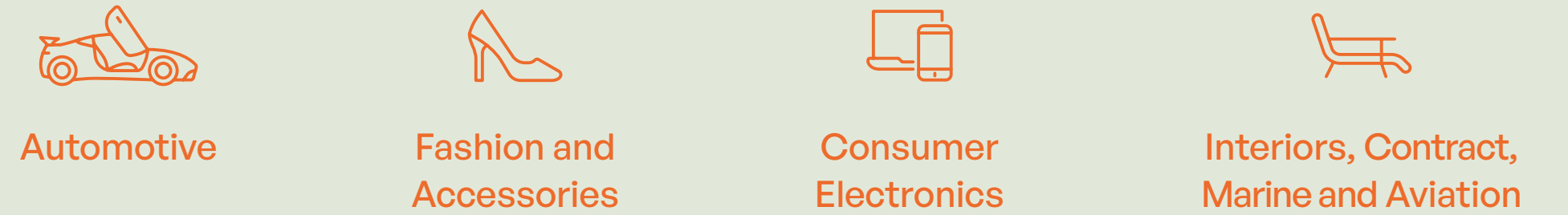


The share capital comprises ordinary shares of €1 each. As of 31 March 2024, the subscribed and paid-in share capital of Alcantara was €10,800,000, broken down as follows:

	% PROPERTY	NUMBER OF ORDINARY SHARES FY 2024
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

The automotive world is a part of Alcantara's DNA. Alcantara highlights and enhances the characteristics of every vehicle through its interiors, making it stand out as entirely unique. Alcantara is a must that accompanies the development of the design and technology of the automotive industry. Over the years, the Company has designed the interiors (seats, steering wheels, dashboards, door panels) of many successful models produced by the biggest automotive brands, adding extra value to the most iconic vehicles. With expert craftsmanship,

it fulfils customer requests for all kinds of vehicles, from the most exclusive to limited editions. Alcantara is the ideal partner for transforming vehicle interiors into exclusive and comfortable spaces that meet the highest sector standards (see paragraph 6.1).

Fashion and Accessories

Fashion is yet another face of the versatility of Alcantara. Every single creation is entirely custom-designed, and combines tradition and innovation with the Italian lifestyle.

The strength of fashion lies in its mutability, in its ability to reinvent itself, and in today's world, invention and progression are inseparable. Fashion too has learned to expand its horizons by researching new advancements in the world of materials. Because of this, simply unable to miss out on the potentially infinite possibilities offered by Alcantara, from its lightness to its ductility, designers have used it for clothing as well as accessories, such as bags, shoes and belts (see paragraph 6.1).

Consumer Electronics

The technological products wrapped in Alcantara bring together design and comfort, to create a strong aesthetic impact. Thanks to these characteristics, the Company has established itself as a partner of major producers around the world who operate in the telephony and personal computer sectors and in the manufacturing of audio, video and photography devices (see paragraph 6.1).

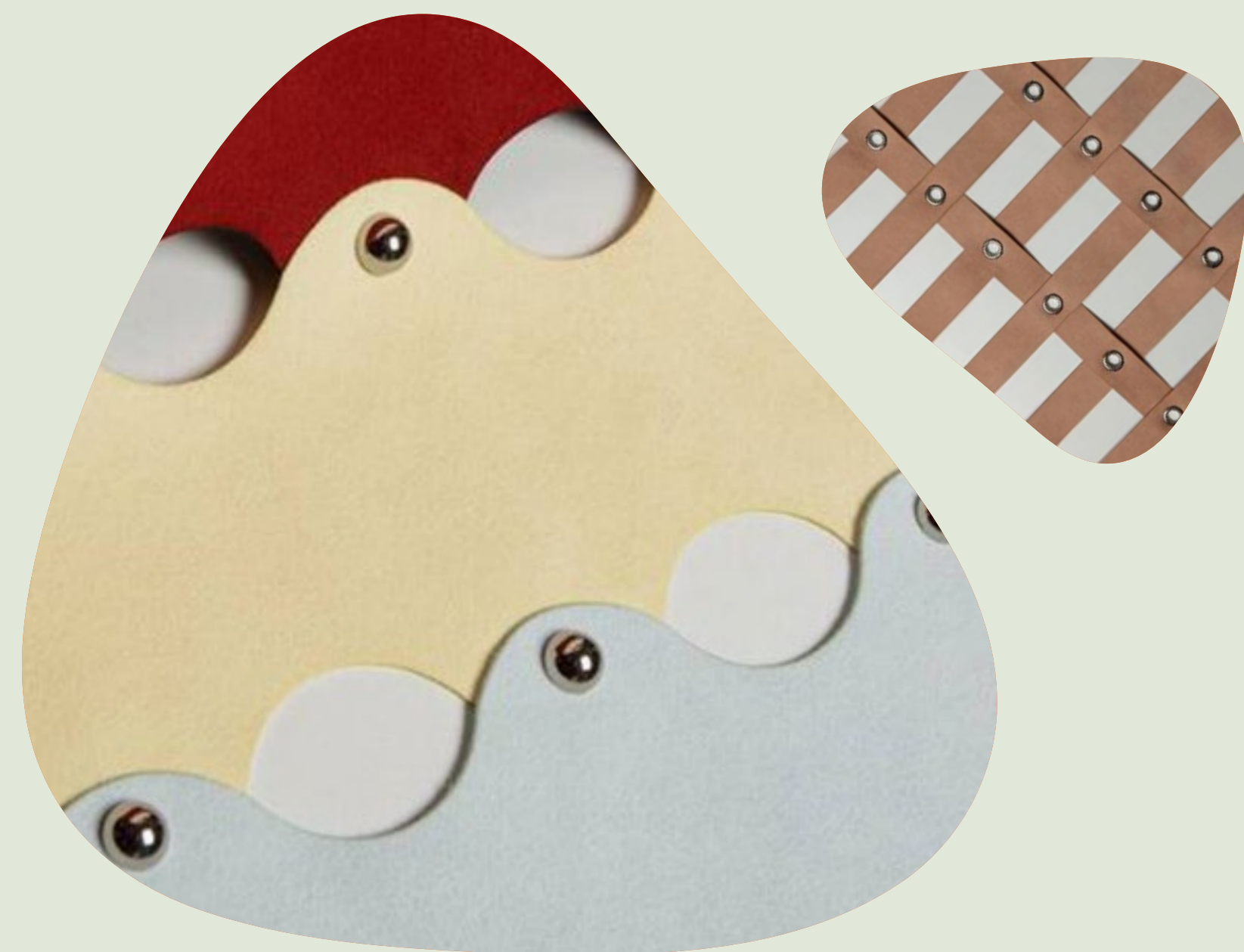
Interiors, Contract, Marine and Aviation

Alcantara fills out interior design spaces with inimitable allure, which translates into softness, brightness, comfort and timeless elegance. Sofas, armchairs, chairs, lamps, carpets and even walls.

Alcantara decorates yachts and boats, finding application in indoor and outdoor furniture, where it is appreciated for both its aesthetic and sensory qualities, as well as its exemplary performance in terms of breathability, lightfastness, and resistance to weather conditions and salt water. From the sea to the air: Alcantara is also the ideal in-flight partner, furnishing the internal spaces of private jets, airplanes and helicopters (see paragraph 6.1).



1.2 GOVERNANCE MODEL



GOVERNANCE STRUCTURE

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

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

As at 31 March 2024, the Board of Directors was composed as follows⁴:

BOARD OF DIRECTORS ⁵	APPOINTMENT
Andrea BORAGNO – Chairman & President of the Executive Committee	Assembly 29/06/2023
Eugenio LOLLI – Chief Executive Officer and General Manager	Assembly 29/06/2023
Yasuhiro TAKAGI – Member of the Executive Commission	Assembly 29/06/2023
Satoshi YANAGISAWA – Member of the Executive Commission	Assembly 29/06/2023
Masao HIRAI	Assembly 29/06/2023
Masahiro YAMADA	Assembly 29/06/2023
Kei KOAKIMOTO	Assembly 29/06/2023
Hiroshi ENOMOTO	Assembly 29/06/2023

EXECUTIVE COMMITTEE ⁶	APPOINTMENT
Andrea BORAGNO – Chairman and President of the Executive Committee	Assembly 29/06/2023
Eugenio LOLLI – Chief Executive Officer and General Manager	Assembly 29/06/2023
Yasuhiro TAKAGI – Member of the Executive Commission	Assembly 29/06/2023
Satoshi YANAGISAWA – Member of the Executive Commission	Assembly 29/06/2023

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 – Alternate auditor	Assembly 28/06/2022
Luca CAPOANO – Alternate auditor	Assembly 28/06/2022

⁴ In June 2024, before the publication of this report, the Ordinary Shareholders' Meeting and the Board of Directors were held, and the following corporate offices were defined:

- Chairman of the Board of Directors and President of the Executive Committee: Eugenio Lolli
- Chief Executive Officer and Managing Director: Eugenio Lolli

⁵ For members, the term of office is until approval of the budget as of 31/03/2024.

⁶ For members, the term of office is until approval of the budget as of 31/03/2024.

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 of the Board of Directors and of the Executive Committee defines and supervises the strategic directions and objectives to strengthen sustainability as a value of the Company, strengthening its competitive position. 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. He also develops and implements strategies for achieving the Company's sustainability objectives, making use of the support of the various corporate functions and using logic and methods as a team leader of cross-functional working groups.

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 impacts within the firm. Corporate management reports to the CEO and General Manager, in monthly and quarterly

coordination meetings, on business performance, industrial management, research and development, personnel management and on health, environmental and safety aspects, including product safety. The relationship with its stakeholders is another fundamental element characterising Alcantara's operations. In fact, despite the absence of specific communication channels that allow the stakeholders to interact directly with

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

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

1. creating value in a sustainable way 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 ASSISTMENT

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

During the Fiscal Year 2024, the Company continued to monitor its processes to ensure the compliance with the GDPR. Specifically, the following activities started in the previous years were carried on:

- updating of the corporate organisational privacy chart through the appointment of privacy representatives and updating of the appointments of internal privacy managers and data processors;
- updating of the register of personal data processing carried out by Alcantara as data controller, including in light of the start of new personal data processing;
- management of relations with clients, suppliers and employees in terms of privacy;
- where necessary, designation of suppliers as external data processors;
- updating the information systems regulation and providing privacy and GDPR training courses for employees (including training courses for privacy representatives);
- updating and monitoring of the technical and organisational measures implemented;
- ensuring of 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 procedures relating to hardware and software IT equipment of the corresponding privacy notices and key labour law documentation;
- organisation/management of data deletion requests.

ADDITIONAL CORPORATE SOCIAL RESPONSIBILITY TOOLS

With reference 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. These bodies 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. During the Fiscal Year 2024, in accordance with the development of the relevant legislation, the whistleblowing procedure (Whistleblowing Policy) was updated. The procedure was disseminated both inside and outside the company and is accessible to the public via the company's website. An IT platform for collecting reports has been implemented and made available. The Organisational Model in which the procedure is integrated is periodically subject to 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. According to our procedure, a whistleblowing team was set up, consisting of the Supervisory Board, the Personnel Director and the external legal advisor. The team plays a central role, as it is identified as the first autonomous and independent recipient of the reports and responsible for conducting the preliminary investigation in relation to

the reported facts. To date, we have not received any whistleblowing reports. 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.

As part of the SA8000 certification, a communication channel is established for SA8000 workers' representatives at the Milan headquarters and at the Nera Montoro plant. Anonymous reports can also be delivered through the mailboxes at the headquarters and at the plant. A well-developed system of industrial relations is active in our Company, where the union has the opportunity to confront and request clarifications at all levels, having the possibility of official and unofficial interlocution with Personnel management and meeting, at least once a year, with the CEO.

SUPPORTING THE UN GLOBAL COMPACT



The 10 Principles of the UN Global Compact

We reconfirm our support for the United Nations Global Compact for the 7th year in a row⁹. In the Fiscal Year 2024, 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).



⁹ At the time the Report was written, Alcantara adhered to the UN Global Compact Network Italia's Manifesto 'Imprese per le Persone e la Società' (Businesses for People and Society).

OPERATING STRUCTURE

The results achieved are due 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

Alongside the functional/hierarchical internal organisational structure, 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 cross-functional team work groups for specific topics. Within each team, an internal organisation is defined that allows each member to contribute

through their specific skills and knowledge necessary to achieve the objectives in order to achieve:

- greater focus on the Company’s strategic objectives;
- an increase in engagement and motivation,

above all among middle management;

- improvement of communication and alignment processes;
- development of a sense of belonging and sharing;
- improvement in the quality of the response and in the actions taken.

1.3 THE RISK MANAGEMENT SYSTEM

Alcantara has implemented an internal system for the prevention of identified risks that allows it to ascertain, measure, manage and monitor the main critical issues of the business, 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.

OUR CERTIFICATIONS

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

SYSTEM CERTIFICATIONS				
Standard	Quality management system	Body	Date of first release	Valid until
UNI EN ISO 9001:2015	Quality management system	TÜV SÜD	September 1993	December 2026
UNI EN ISO 14001:2015	Environmental management system	TÜV SÜD	May 2000	July 2025
IATF 16949:2016	Automotive quality management system	TÜV SÜD	February 2004	December 2026
SA8000®	Social accountability	TÜV SÜD	October 2008	July 2026
PAS 2060:2014 (replacing CMS Standard GHG 41)	Neutrality Statement of Greenhouse Gas	TÜV SÜD	June 2014 (June 2009)	Renewed every Fiscal Year
ISO 45001:2018 (replacing BS OHSAS18001)	Occupational health and safety management system	TÜV SÜD	September 2021 (April 2013)	October 2024
ISO 50001:2018	Energy management system	Bureau Veritas	February 2017	February 2026
TISAX LABEL	Information security	TÜV SÜD	November 2022	November 2025

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; renewal year by year
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; renewal year by year
Contract sector: certification for CPD construction products according to European Directive 89/106/EC (valid for individual brands/families)	Obtained and maintained since 2011; renewal year by year
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 in 2023; renewal year by year

⁸ Discover more: www.alcantara.com/downloads/certifications/

1.4 THE 2022-2025 SUSTAINABILITY PLAN

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

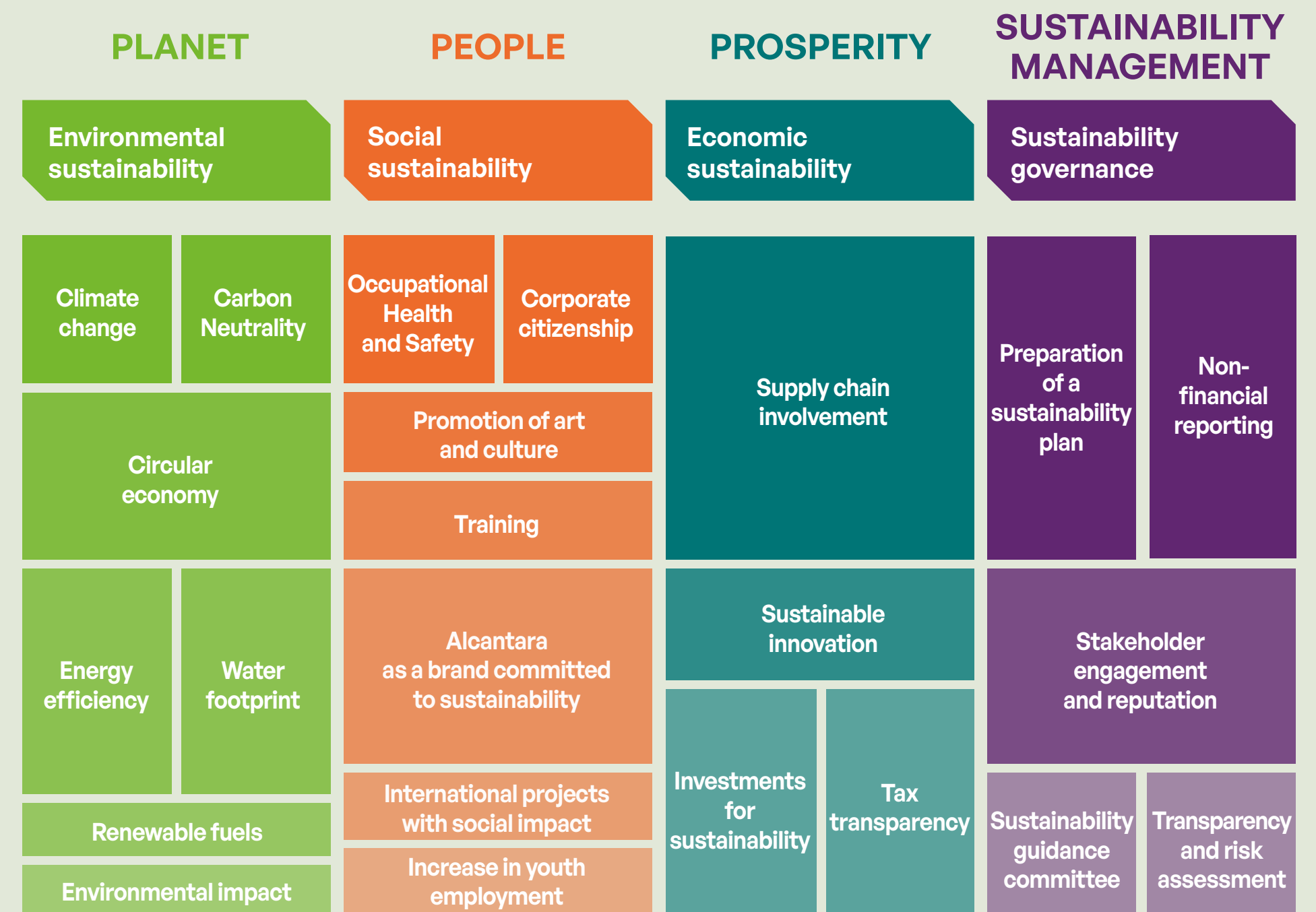
Actions, targets and achievements are updated every year to keep track of our improvements or to review our course of action. The Strategic Plan is an important tool for outlining and planning the Group's identity, its underlying targets and the tools for achieving them over the medium-long term.



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.

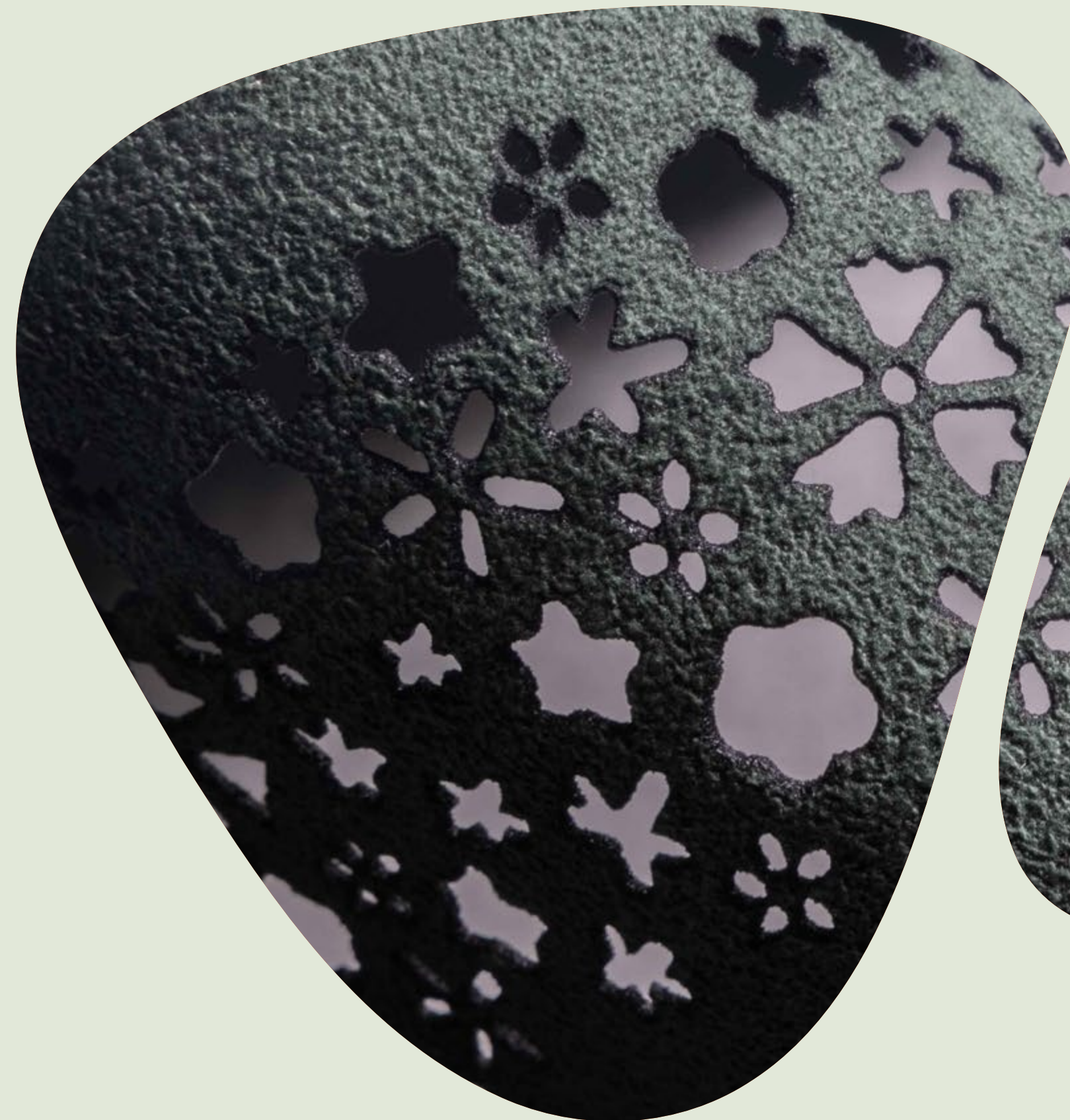
According to the European Environment Agency (EEA), in 2020¹⁰, the consumption of textiles in Europe had on average the fourth greatest impact on the environment and on climate change from a product life cycle perspective.

In light of this situation, and in line with the Green Deal, the European Commission decided to publish the EU Strategy for Sustainable and Circular Textiles¹¹, aimed at minimising such impacts and waste, motivating, promoting and raising awareness in the market with concrete actions. Within this context, for several years we have been organising initiatives, and defining policies and measures aimed at integrating circularity

principles into our business models and at minimising our environmental footprint, including:

- using recycled polyester and partially bio-based polyester (see paragraph 6.2);
- obtaining Carbon Neutral¹² status (see paragraph 5.3);
- reusing wastewater in production processes (see paragraph 5.4);
- promoting more sustainable consumption models and organising special events to promote a culture and a deeper awareness among the main stakeholders regarding the current environmental challenges (see paragraph 4.2).

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.

Union reach an agreement, EU Member States will be required to implement the directive into national law within 24 months and proceed to apply the measures within 36 months. The proposed Green Claim Directive will complement and operationalise the ban on greenwashing recently adopted by the European Parliament under the ‘Empowering Consumers for the Green Transition’ Directive¹³.

On March 2024, the European Parliament adopted this position, providing its view on claims covered, expectations on the operationalisation of rules and the implementation timeline. The Directive will be taken up further after the recent European Parliament elections and if the European Parliament and Council of the European

¹⁰ Source: Textiles and the environment: the role of design in Europe’s circular economy – European Environment Agency (europa.eu)

¹¹ 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)

¹² Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits from certified and verified offsetting projects - See paragraph 5.3

¹³ https://eur-lex.europa.eu/legislation-content/EN/TXT/HTML/?uri=OJ:L_202400825

MAPPING STAKEHOLDERS

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

with the aim of creating shared value. During the Fiscal Year 2024, we continued 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 Neutrality 	<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

STAKEHOLDER	KEY TOPICS	STAKEHOLDER EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
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)
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

STAKEHOLDER	KEY TOPICS	STAKEHOLDER EXPECTATIONS	MAIN ENGAGEMENT ACTIVITIES
LOCAL COMMUNITY	<ul style="list-style-type: none"> • Activities-investments and value creation in the community • Environmental and quality of life protection and Carbon Neutrality • Respect for human rights • Transparency and completeness in communicating with the media and the local community • Support for research and development, education, art and culture initiatives • Communication with its stakeholders on the awareness and the importance of sustainability 	<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 or students living in the area around the plant • 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

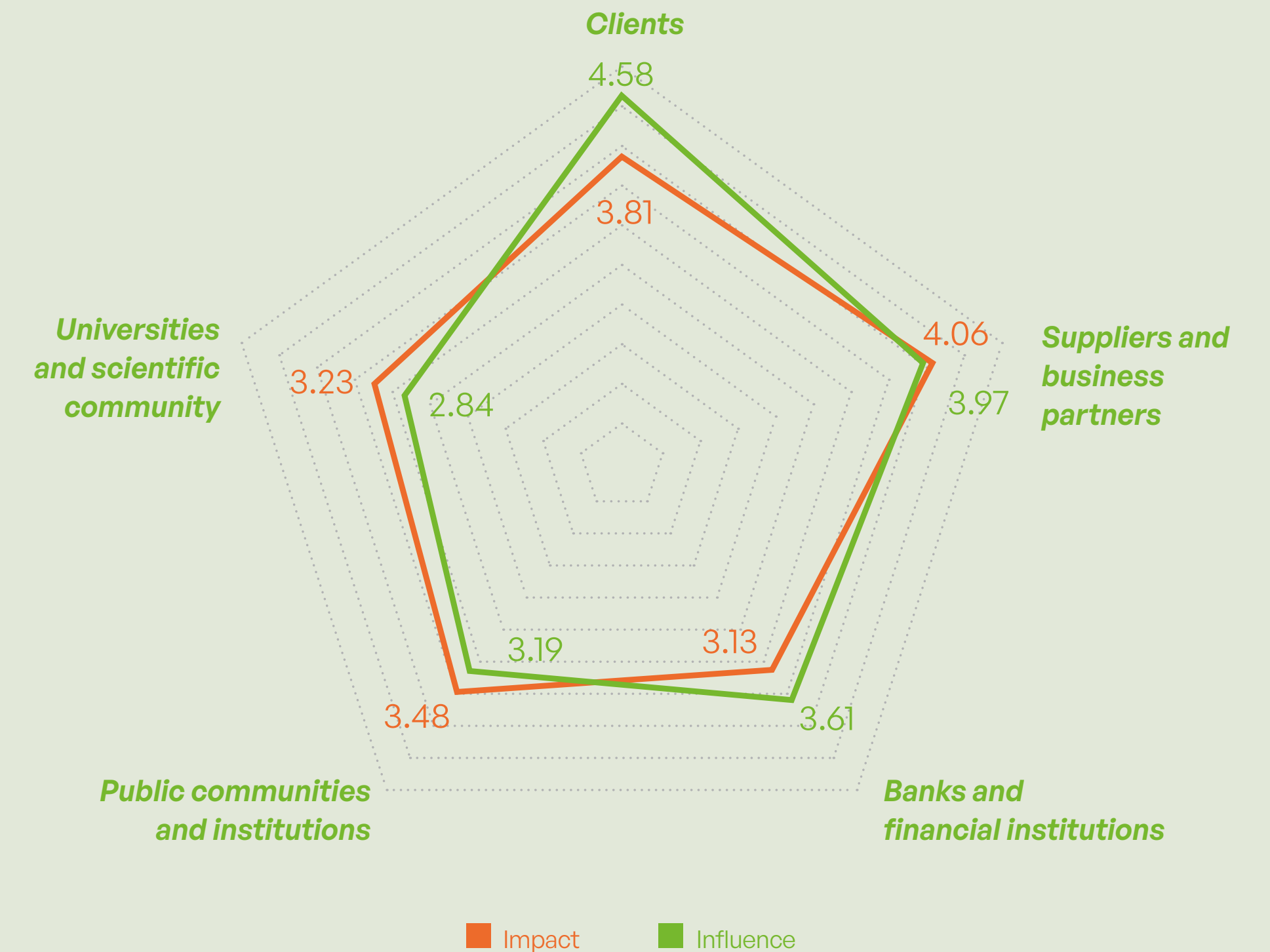
The internal stakeholder mapping analysis we conducted involved internal Company representatives and consisted of two main stages:

- 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 the 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



MATERIALITY ANALYSIS

As an introductory activity for the preparation of the Sustainability Report 2024, we updated the materiality assessment process, aimed at identifying ESG (Environmental, Social and Governance) topics considered important and relevant for the Alcantara business and stakeholders.

In the Fiscal Year 2024 the approach to conduct the materiality analysis was adapted as 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 inside-out approach;
- a pilot assessment aimed at identifying the risks and opportunities that may arise from sustainability issues and that may have negative or positive, actual or potential, short or long-term impacts on the organisation's economic and financial performance, in accordance with an outside-in approach.

With this approach, Alcantara started engaging in double materiality analyses (i.e. the combination of impact materiality and financial materiality) in anticipation of the mandatory requirements of the European Sustainability Reporting Standards (ESRS) issued by the European Financial

Reporting Advisory Group (EFRAG).

This double materiality approach would lead to define ESG topics as 'material':

- if their management generates the most significant impact on society and on environment; and/or
- if they have a significant impact on Alcantara enterprise value (in terms of risks and/or opportunities).

As for impact materiality, the benchmark analysis on a sample of comparable and competitor companies, aimed at verifying and updating the context and at assessing the coverage of ESRS topics, confirmed the list of potentially material issues for Alcantara.

In light of this desk analysis, which in the absence of new subjects or emerging trends confirmed the results achieved in the previous reporting period, it was decided to validate, with respect to the impact materiality perspective (inside-out approach) the

impacts generated by Alcantara and identified in the previous assessment. As for financial materiality, for each of the potentially material issues, the most relevant risks and opportunities for the business were identified, considering the dependencies on natural and social resources.

Dependencies on natural and social resources can, in fact, be sources of financial risks or opportunities, leading to affect the enterprise's ability to continue to use or obtain the resources needed in its business activities, as well as the quality and prices of those resources and to rely on the relationships needed in its business activities on reasonable terms.

To determine the materiality of the risks and opportunities identified, the financial effects they may have on the Income Statement and on tangible and intangible assets were assessed, as outlined in the official EFRAG Guidelines on Double Materiality.

This combined approach led to the addition of three material topics (highlighted in bold in the following table).

AREA	MATERIAL TOPICS	IMPACT MATERIALITY	FINANCIAL MATERIALITY
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	●	●
	CARBON NEUTRALITY AND GHG EMISSIONS		●
	TACKLING CLIMATE CHANGE AND MITIGATION OF CLIMATE-RELATED RISKS		●
PRODUCT RESPONSIBILITY	PRODUCTS SAFETY AND QUALITY	●	
	CUSTOMER SATISFACTION AND RESPONSIBLE MARKETING		●
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 18 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 2024.

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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> • Risk of sanctions and onset of legal liability • Loss of trust on the part of stakeholders • Loss of market share 	<p>Anti-corruption (GRI 205-1, GRI 205-2, GRI 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) • 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 • Select participants to build and plan a working group on sustainability, including external representatives with relevant expertise





Certifications




Commitment to provide products with certified and tested features, characterised by recognised quality and performance.




POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> • Loss of customer trust • Possible legal sanctions • Risk of product withdrawal from the market 	<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 2009¹⁰ • Water Footprint report since 2014 • ISO 50001 energy certification since 2017 • Recycled Claim Standard certification for specific product categories • Oeko-Tex Standard 100

¹⁰ Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits from certified and verified offsetting projects - See paragraph 5.3



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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> • Risk of sanctions and onset of legal liability • Risk of asset freezing <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Increase in reputation • Increase in stakeholders’ trust 	General Disclosures (GRI 2)	<p>POLICIES</p> <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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 behavior 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 <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> • 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 	<p>RISKS</p> <ul style="list-style-type: none"> • Loss of trust from stakeholders • Impact on company operations • Risk of sanctions and onset of legal liability <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Increase in reputation • Increase in stakeholders’ trust 	General Disclosures (GRI 2) Economic performance (GRI 201-2)	<p>POLICIES</p> <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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS <ul style="list-style-type: none"> •Employment stability •Positive market presence resulting in jobs creations and employment opportunities for members of local communities NEGATIVE IMPACTS <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 	RISKS <ul style="list-style-type: none"> •Risk of sanctions and onset of legal liability OPPORTUNITIES <ul style="list-style-type: none"> •Increase in reputation •Increase in stakeholders trust •Opportunities to develop and improve new products 	General Disclosures (GRI 2)	POLICIES <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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS <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 NEGATIVE IMPACTS <ul style="list-style-type: none"> •Production of poor-quality products resulting in economic harm to the customer and early generation of waste 	RISKS <ul style="list-style-type: none"> •Regulatory non-compliance and onset of legal liability •Reputational damage •Loss of market share OPPORTUNITIES <ul style="list-style-type: none"> •Customer loyalty •Increase in market share •Creation of trust 	Customer Health and Safety (GRI 416-1, 416-2)	POLICIES <ul style="list-style-type: none"> •Oeko-Tex Standard 100 for specific product categories •Code of Ethics •ISO9001 certification OVERSIGHT TOOLS <ul style="list-style-type: none"> •Continual investments in the sustainable development of production (reduction in manufacturing impact, health and safety, etc.)





Customer satisfaction and responsible marketing Adoption of a marketing strategy based on transparency and aimed at spreading information and awareness about the quality of the products and their impact on the environmental and social spheres. Attention to the degree of customer satisfaction and their needs.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS •Availability of products and services with high environmental/social performance •Effective contribution to the satisfaction of real customer’s needs/requirements NEGATIVE IMPACTS •Greenwashing and unclear communication with stakeholders •Loss of trust toward Alcantara as a result of uncertain and misleading information	RISKS •Loss of customers and market share •Reputational damage OPPORTUNITIES •Opportunities to develop and nurture new products and services, placing customer needs at the centre	Marketing and Labeling (GRI 417-1, 417-2, 417-3) Customer privacy (GRI 418-1)	POLICIES •Code of Ethics •SA8000 certification •ISO9001 certification OVERSIGHT TOOLS •Critical evaluation of qualitative performance indicators (complaints, service level, client assessment reports) •Examination of failure cases Technical and Design meetings with clients

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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS •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 NEGATIVE IMPACTS •Permanent and irreversible damages to the health of local communities •Depletion of natural capital and degradation of the environment •Damages to the water resource	RISKS •Possible sanctions for pollution due to any discharges into seas/oceans •Contribution to the waste of resources and inefficient use of materials •Loss of market share OPPORTUNITIES •Water savings in the production process •Reduction of costs related to proper and established material recycling activities	Waste (GRI 306-2, 306-3, 306-4, 306-5) Water and Effluents (GRI 303-2, 303-3, 303-4, 303-5)	POLICIES •Health, Safety and Environment Policy ISO 14001 •Energy Policy ISO 50001 •SA8000 certification •Recycled Claim Standard certification for specific product categories OVERSIGHT TOOLS • Project for reusing wastewater • Identification of improvement areas in the production process to reduce water consumption • Annual updating of water footprint analysis •Definition of waste reduction targets



Energy efficiency and renewable sources Contribution to the mitigation or prevention of climate change effects through efficient use of energy.  				Circular economy Commitment to create products which eliminate waste and pollution by design. Adoption of secondary raw material.  			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS	POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> •Exposure to fossil fuel price fluctuations •Excessive and inefficient energy consumption •Inability to adapt to any future regulatory requirements regarding ecological transition <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Optimisation of consumption and savings on energy costs •Development of innovative renewable technologies and resulting competitive advantage 	Energy (GRI 302-1, 302-2, 302-3, 302-4, 302-5)	<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"> •Definition of decarbonisation targets for Scope 1+2 •Increase of the use of Recycled Polyester in substitution of virgin polymer •Reduction in energy used in production (water-based process) •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 •Use of renewable fuels •Expansion/doubling of cogeneration plant 	<p>POSITIVE IMPACTS</p> <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 <p>NEGATIVE IMPACTS</p> <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 	<p>RISKS</p> <ul style="list-style-type: none"> •Contribution to the waste of resources and inefficient use of materials •Supply risk due to shortages and price fluctuations of virgin raw materials <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Efficient use of resources and cost reduction •Increase in market share (sustainability-conscious customers) 	<p>Materials (GRI 301-1, 301-2, 301-3)</p> <p>Waste (GRI 306-2, 306-3, 306-3, 306-4, 306-5)</p>	<p>OVERSIGHT TOOLS</p> <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 partially bio-basedand recycled polyester in substitution of virgin polymer •Selection of technologies for product end-of-life recycling

Carbon Neutrality and GHG emissions Management of the GHG emissions related with business activities. 			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> •Protection of biodiversity and natural resources which underlie economic and social system in which Alcantara operates (e.g., in terms of air quality, soil quality, water bodies, etc.) •Well-being and prosperity of key stakeholders (ex: local communities, business partners, etc.) •Availability of products and services with high environmental characteristics <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> •Exposure of local communities to extreme weather events (e.g., flooding, hurricanes, desertification, etc.) •High levels of atmospheric pollution near Alcantara production facilities and damage to local communities 	<p>RISKS</p> <ul style="list-style-type: none"> •Possible sanctions for pollution, with consequent associated legal costs and reputational damage •Risk of interruption of activities due to a decision by the Public Authority <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Improvement of reputation •Increase in regulatory and legal compliance 	Emissions (GRI 305-1, 305-2, 305-3)	<p>POLICIES</p> <ul style="list-style-type: none"> •Health, Safety and Environment Policy ISO 14001 •Energy Policy ISO 50001 •Carbon Neutrality certification (by TÜV SÜD) <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) •Formulation of a medium-to-long-term working programme (2030-2050) for a further reduction of GHG emissions associated with Alcantara’s product and operations, before offsetting

Tackling climate change and mitigation of climate-related risks Commitment to meet global CO ₂ reduction targets by seeking solutions to reduce Alcantara’s climate footprint. 			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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.) •Prosperity of local communities, whose economic activities depend on the materials, energy and water resources •Health and well-being of local communities, which depend on the quality of air, soils, and water bodies <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> •Permanent and irreversible damages to the health of local communities •Permanent and irreversible damages to the environment, depletion of resources (e.g., water resources) 	<p>RISKS</p> <ul style="list-style-type: none"> •Risk of sanctions •Reputational damage and loss of market share •Difficulty in accessing investment capital •Exposure to physical risks related to climate change <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Tax incentives and green financing •Possibility of issuing green certificates •Improvement of reputation •Increase in market share (sustainability-conscious customers) 	Emissions (GRI 305-1, 305-2, 305-3) Waste (GRI 306-2, 306-3, 306-4, 306-5)	<p>POLICIES</p> <ul style="list-style-type: none"> •Health, Safety and Environment Policy ISO 14001 •Energy Policy ISO 50001 •Carbon Neutrality certification (by TÜV SÜD) <p>OVERSIGHT TOOLS</p> <ul style="list-style-type: none"> •Formulation of a medium-to-long-term working programme (2030-2050) for a further reduction of GHG emissions associated with Alcantara’s product and operations, before offsetting



ECONOMIC RESPONSIBILITY			
ESG screening of the supply chain			
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.).			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <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.) <p>NEGATIVE IMPACTS</p> <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 	<p>RISKS</p> <ul style="list-style-type: none"> •Possible sanctions due to violations of laws and regulations by suppliers, with further possible reputational damage and/or loss of market share <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Improvement of reputation •Enhancement of risk identification and management capabilities •Cost reduction and increased efficiency 	<p>Supplier environmental assessment (GRI 308-1, 308-2)</p> <p>Freedom of association and collective bargaining (GRI 407-1)</p> <p>Child labour (GRI 408-1)</p> <p>Forced and compulsory labour (GRI 410-1)</p> <p>Supplier social assessment (GRI 414-1, 414-2)</p>	<p>POLICIES</p> <ul style="list-style-type: none"> •SA8000 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 •Promoting the use of renewable energy in our supply chain •Collection of LCA ‘primary’ data from our main suppliers



Carbon neutrality of the supply chain			
Responsible supply chain management in particular with respect to environmental issue, with the aim of reducing supply chain-related emissions.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
<p>POSITIVE IMPACTS</p> <ul style="list-style-type: none"> •Elimination of GHG emissions along the supply chain •Availability of products and services with high environmental performance <p>NEGATIVE IMPACTS</p> <ul style="list-style-type: none"> •Irreversible damages to Earth climate and the environment 	<p>RISKS</p> <ul style="list-style-type: none"> •Negative impacts along the value chain with possible interruptions to business continuity •Reputational damage •Risk of sanctions and onset of legal liability <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> •Increase in market share •Enhancement of reputation 	Emissions (GRI 305-3)	<p>INITIATIVES AND ACTIONS</p> <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 •Promoting the use of renewable energy in our supply chain •Collection of LCA ‘primary’ data from our main suppliers



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's stakeholders.			
POSITIVE AND NEGATIVE INSIDE-OUT IMPACTS – IMPACT MATERIALITY	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> • Interruption of business continuity <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Stakeholder loyalty • Expansion into foreign markets 	<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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	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 	<p>RISKS</p> <ul style="list-style-type: none"> • Increased operating costs associated with dependence on geographically distant suppliers • Vulnerability to geopolitical events and greater risk of delays in production processes <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Increase in trust with the local community • Reduction of environmental impact • Improvement of production flexibility in response to changes in demand • Reduction of transportation costs 	<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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS <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 his or her potential NEGATIVE IMPACTS <ul style="list-style-type: none"> Mental and physical discomfort of employees Lack of work-life balance among corporate staff members 	RISKS <ul style="list-style-type: none"> Risk of sanctions and onset of legal liability Reputational damage Disruptions to business continuity OPPORTUNITIES <ul style="list-style-type: none"> Increase in productivity, attractiveness, and retention Improvement of reputation 	Employment (GRI 401-1, 401-2, 401-3)	POLICIES <ul style="list-style-type: none"> Health, Safety and Environment Policy Code of Ethics OVERSIGHT TOOLS <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	OUTSIDE-IN APPROACH RISKS AND OPPORTUNITIES – FINANCIAL MATERIALITY	MATERIAL TOPIC RELATED GRI DISCLOSURE	POLICIES, INITIATIVES AND ACTIONS
POSITIVE IMPACTS <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 NEGATIVE IMPACTS <ul style="list-style-type: none"> Serious and frequent accidents High levels of work-related stress 	RISKS <ul style="list-style-type: none"> Risk of sanctions and exposure to legal action; slowdown in productivity Increased costs (workers' compensation, increased insurance premiums, legal and criminal costs, etc.) OPPORTUNITIES <ul style="list-style-type: none"> Increase in productivity, attractiveness, and retention Improvement of reputation 	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)	POLICIES <ul style="list-style-type: none"> Health, Safety and Environment Policy OVERSIGHT TOOLS <ul style="list-style-type: none"> Transition from OHSAS 18001 to ISO 45001 certification





**IDENTITY AND GOVERNANCE:
2022-2025 TARGETS**

**PREPARATION OF A
SUSTAINABILITY PLAN**

- Optimise and improve KPI monitoring
- Building an action plan focused on energy efficiency, circular economy, and supply chain efficiency to significantly reduce impact before offsetting

NON-FINANCIAL REPORTING

- Planning the transition to the new EU Corporate Sustainability Reporting Directive
- 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

- Put the ESG targets at the core of Company strategic decisions

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**

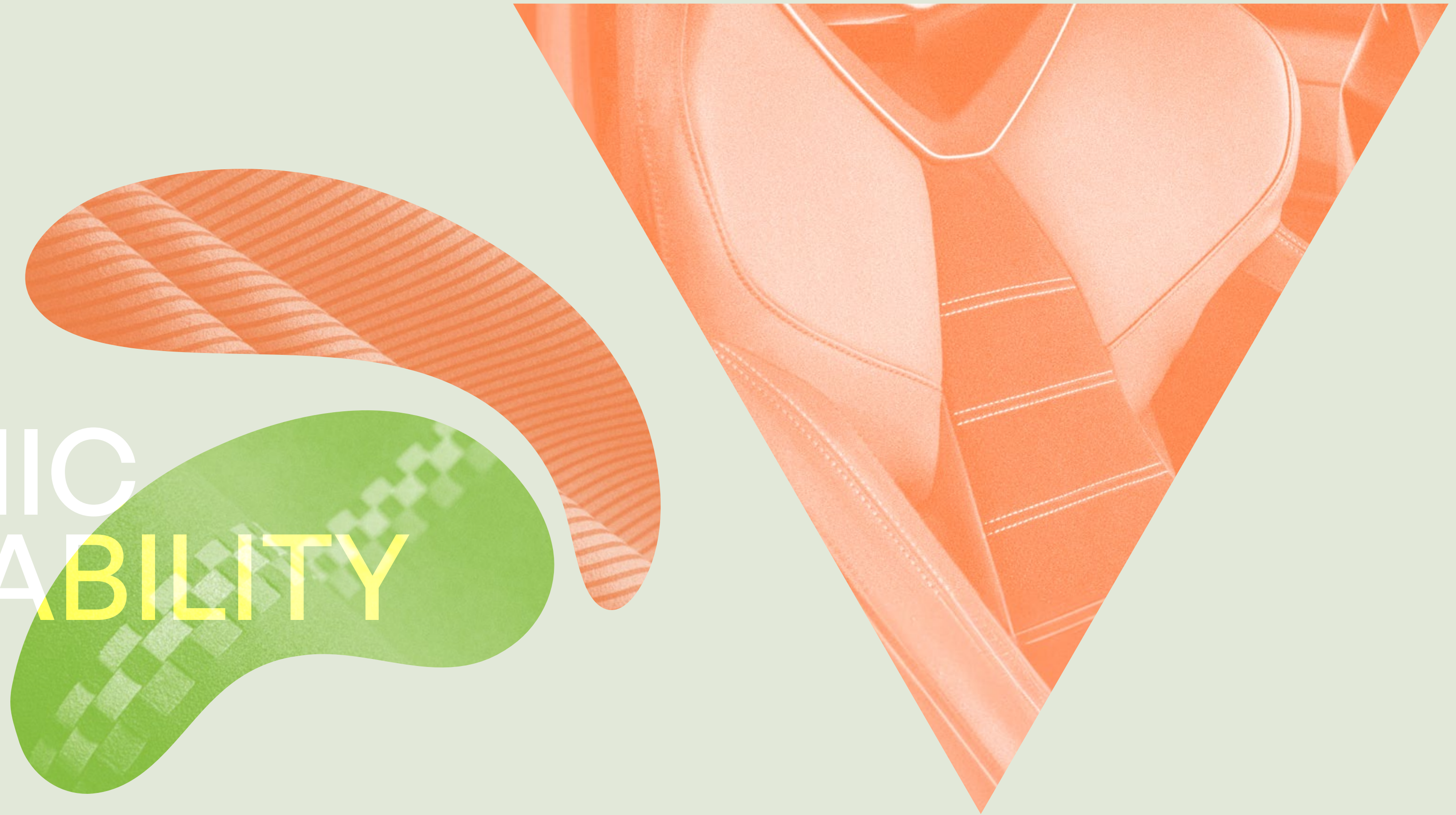


2nd
need

ECONOMIC SUSTAINABILITY

NEED FOR RESILIENCE

We continue to run our business despite the complex scenario, relying on our strict accountability standards and establishing a strong cooperation with our supply-chain.





The numbers provided in this section are rounded to the nearest thousand Euros.

CHAPTER OVERVIEW

ECONOMIC INDICATORS



- Main economic indicators
 - Added value
- Distributed added value
 - Alcantara and Toray: together for the community
 - Investments
- Expected investments for the Fiscal Year 2025
 - Sustainability loans
- Business performances

SUPPLIERS AND 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 2024 was marked by the persistence of a crisis situation that saw, on the one hand, the prolongation of the Russian-Ukrainian conflict that began with the Russian Federation offensive on Ukrainian territory, and on the other hand, the Middle East crisis that culminated with the Israeli military action in the Gaza Strip. These dramatic events caused a sense of uncertainty that was reflected in the prices of raw materials, due to the partial closure and subsequent restriction on the use of the Suez Canal, and of utilities, particularly methane gas, especially in the first part of the current Fiscal Year.

KEY FINANCIAL DATA (€ thousands)	FY 2022	FY 2023	FY 2024
Short-term assets	141,953	180,095	206,312
Fixed assets	554,384	548,758	540,782
TOTAL BALANCE SHEET ASSETS	696,337	728,853	747,094
Short-term liabilities	154,325	187,189	246,551
Medium- to long-term liabilities	132,384	127,308	91,845
TOTAL LIABILITIES	286,709	314,497	338,396
Shareholders' equity	409,628	414,356	408,698
TOTAL BALANCE SHEET LIABILITIES	696,337	728,853	747,094
Net financial position	(205,330)	(240,391)	(246,685)

Moreover, the aforementioned context also had an impact on the Company's outlet markets, which saw a significant slowdown starting from the end of the Calendar Year, to be accentuated in the last quarter of the Fiscal Year. The significant increase in short-term assets is essentially related to the increase in tax credits deriving from the Company's purchase of tax credits generated by construction works that can be offset through the F24 form. Compared to the previous Fiscal Year, short-term

liabilities show a significant increase of €59,362,000, which is mainly attributable to higher indebtedness to banks and to the increase of 'other payables', mostly due to the debt to contractors incurred in the transactions related to the purchase of the tax credits illustrated above. The net financial position, considering the increase in short-term liabilities and the impact of the acquisition of tax credits generated by construction projects, decreased slightly compared to the previous Fiscal Year.



ADDED VALUE

The two calculation statements and the distribution of added value reclassify the items in the income statement, as per the method suggested by the Study Group for the Social Report, to express 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 2022	FY 2023	FY 2024	Δ% FY 2023 - 24
A) Production value	175,338	227,485	199,212	(12.4%)
B) Intermediate production costs	116,217	168,294	137,595	(18.2%)
GROSS ORDINARY ADDED VALUE	59,120	59,191	61,617	4.1%
C) Accessory and special components	712	(293)	4,548	(1,652.2%)
GROSS GLOBAL ADDED VALUE	59,832	58,898	66,165	12.3%

Recent geopolitical tensions and the negative impact of inflation significantly affected both the value and cost of production in the Fiscal Year 2024. In detail, the value of production saw a €28,273,000 decrease, which can be traced back mainly to the reduction in sales revenue for the above mentioned reasons. To cope with the decrease in sales, the Company implemented a cost containment policy, regarding services for the most part, that resulted in a decrease in production

costs to approximately €30,700,000. This last action determined an increase of the gross ordinary added value equal to €2,426,000 with respect to the previous year. The gross global added value increased by €7,267,000, thanks to an increase in ancillary and extraordinary components of €4,841,000. In detail, the increase is related to the purchase of tax receivables for €3,683,000, which was discussed in the previous paragraph.

DISTRIBUTED ADDED VALUE

GROSS GLOBAL ADDED VALUE (€ thousands)	FY 2022	FY 2023	FY 2024	Δ% FY 2023 -24
A) PERSONNEL REMUNERATION	37,638	38,831	41,077	5.8%
Employees	35,610	36,797	38,829	5.5%
wages and salaries	24,485	25,234	26,544	5.2%
social security contributions	7,839	8,222	8,601	4.6%
severance pay	1,830	1,912	1,908	(0.2%)
other expenses	1,456	1,429	1,776	24.3%
Non-employees	2,028	2,034	2,248	10.5%
B) PUBLIC ADMINISTRATION REMUNERATION	(5,943)	(16,778)	(7,544)	(55.0%)
Direct and indirect taxes (net of financing and tax credits)	(5,079)	(5,906)	(6,105)	3.4%
Financing from public administration	(864)	(10,872)	(1,439)	(86.8%)
C) DEBT CAPITAL REMUNERATION	1,771	3,428	8,409	145.3%
Short-term capital charges	1	82	460	461.0%
Long-term capital charges	1,770	3,346	7,948	137.5%
D) RISK CAPITAL REMUNERATION	-	-	-	0%
Distributed share of profit for the year	-	-	-	0%
E) COMPANY REMUNERATION	26,241	33,303	24,118	(27.6%)
Share of profit allocated to reserves	93	4,728	(5,657)	(219.6%)
Amortisation	26,148	28,575	29,775	4.2%
F) LOCAL COMMUNITIES (DONATIONS AND SPONSORSHIPS)	124	114	105	(7.8%)
GROSS GLOBAL ADDED VALUE	59,831	58,898	66,165	12.3%

Staff remuneration, which accounts for 62% of the annual value, shows an increase over the previous Fiscal Year of 5.8%, which can essentially be attributed, as in the previous Fiscal Year, to an increase in the number of employees.

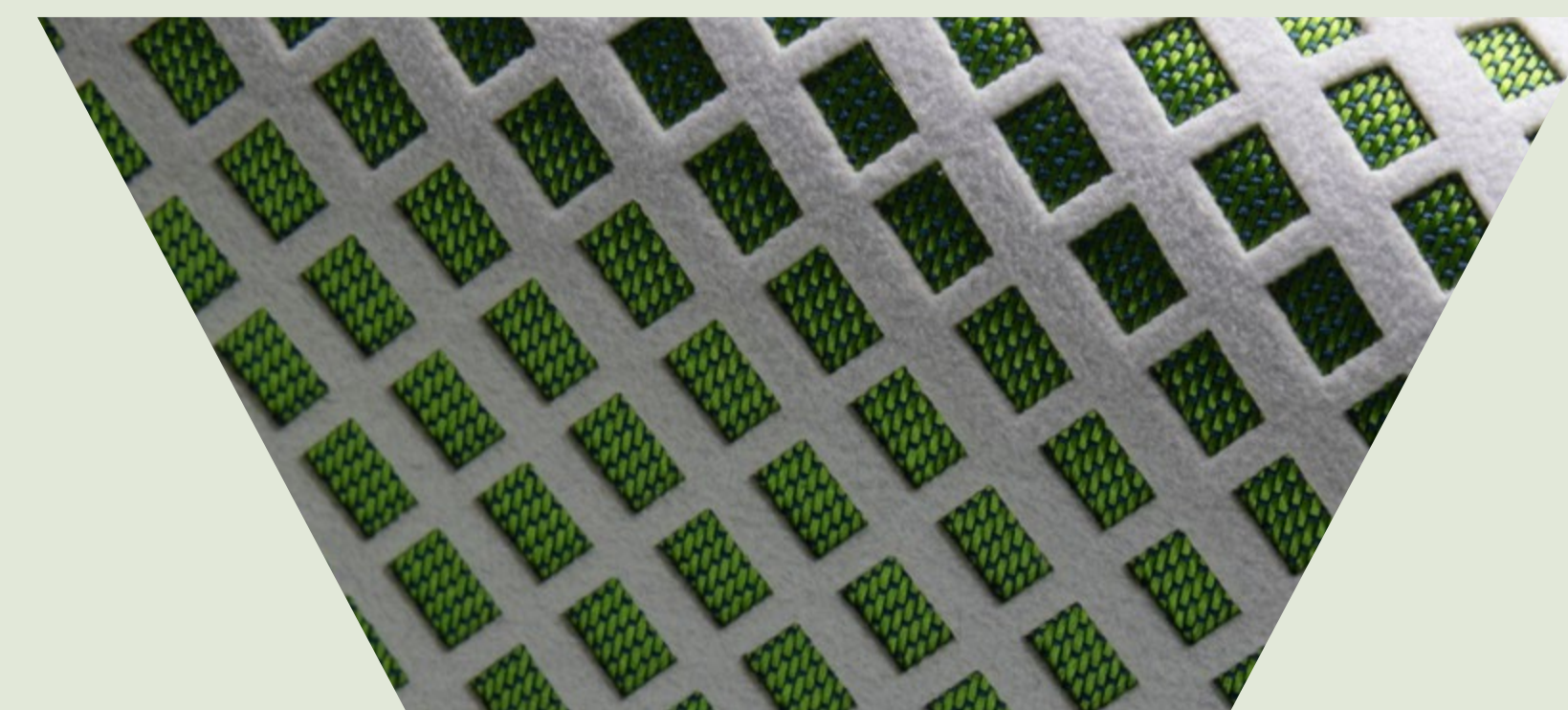
Compared to the previous Fiscal Year, public administration value has been halved. The main factor is to be found in the reduction in the current

Fiscal Year of the subsidies paid out by the State in the previous Fiscal Year, in order to cope with rising energy costs and the ongoing Covid-19 pandemic.

The increase of the debt capital remuneration is related to the increase in bank debt.

More details on the €105,090 allocated to communities are given in the following table.

TURNOVER ALLOCATED TO COMMUNITIES	AMOUNT € – FY 2024
Membership fees	73,252
Culture	25,013
Social	6,825
TOTAL	105,090



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 caused by the Covid-19 pandemic and the start of 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

A total of €21.8 million were invested in the Fiscal Year 2024. Of these, €2.5 million relate to intangible fixed assets and €6.1 million relate to the capitalisation of internal costs, attributable to the cost of staff in the maintenance department, in the technical design and research office

and in warehouse picking. €5,903,000 (about 27% of total investments) were devoted to the protection of health, safety and the environment. Investments were higher than the expected expenditure and are broken down as follows:

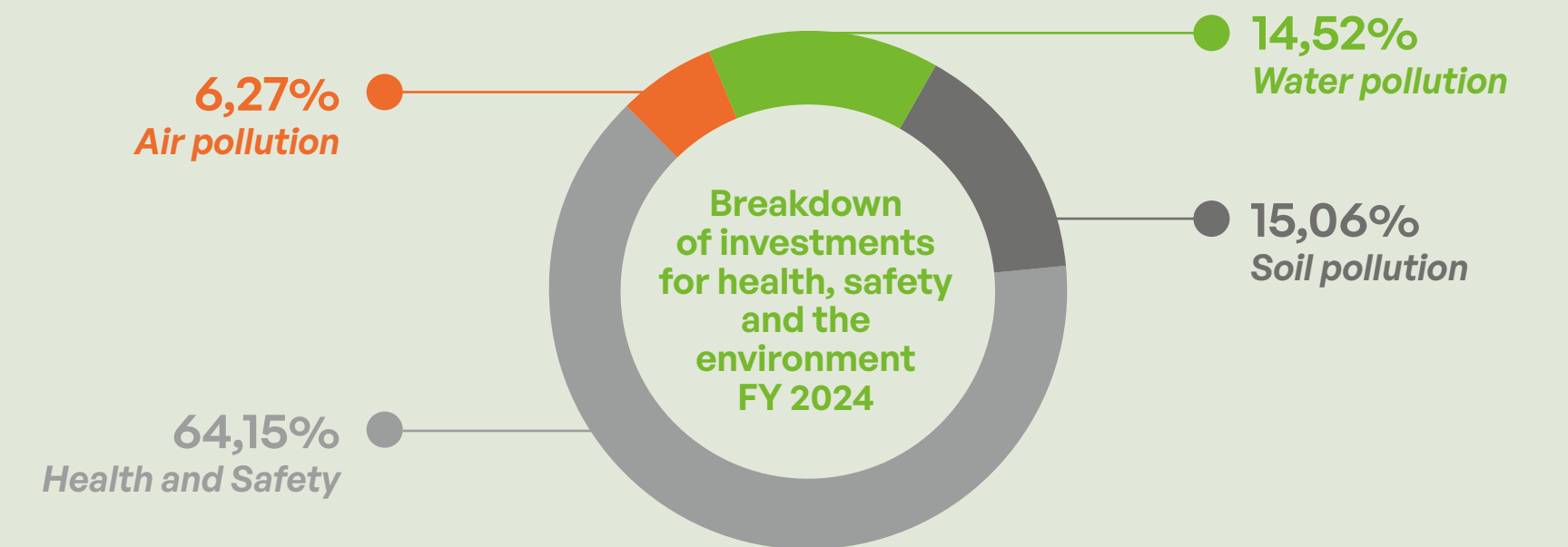
Health and Safety
€ 3,787,000

Environment
€ 2,116,000



In the Fiscal Year 2024, environmental protection investments were aimed at:

- reducing impacts and preventing air pollution (€370,000);
- reducing impacts and preventing water pollution (€857,000);
- reducing impacts and protecting the subsoil (€889,000).



EXPECTED INVESTMENTS FOR THE FISCAL YEAR 2025

For the Fiscal Year 2025, we have reconfirmed our commitment to health, safety and the environment through investments aimed at strengthening the measures adopted and at continuously improving the standards achieved, in order to limit our impact on the environment and safeguard worker safety.

INVESTMENT PLAN 01/04/2024 - 31/03/2025	AMOUNT (€ thousands)
Construction and maintenance of plants and quality standards	11,131
Health, safety and the environment	4,892
Research and development	481
Information system, commercial facilities and others	1,580
New project for environmental improvement	5,039
New project to increase production capacity	10,456
TOTAL	33,579

SUSTAINABILITY LOANS

The loan taken out for the original value of €40 million with Intesa Sanpaolo includes the achievement of environmental parameters. Sustainability loans are characterised by the possibility of obtaining a benefit rate upon the occurrence of two specific events: the introduction of procurement policies that integrate environmental criteria and the development of employee welfare programmes. Regarding the first point, Alcantara

has introduced an internal policy among its procurement procedures that concerns environmental considerations, encompassing purchases, transport, and energy supplies. As for the second point, the Company has allocated 1.0% of its annual turnover, that is a total of €1,952,000, for employee welfare.

BUSINESS PERFORMANCES

In the Fiscal Year 2024, we continued our business growth programme, in part thanks to the development of local partnerships, enriching our offering with increasingly innovative, sustainable and competitive products and focusing on the diversification of international markets. To that end, the sales area was further strengthened through the consolidation of 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, through visits and presentations of material and consultancy on projects. 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 (77%);
- Fashion and Accessories (10%);
- Interiors, Contract, Marine and Aviation (5%);
- Consumer Electronics (2%);
- Others (6%).

TURNOVER OVERVIEW (€ thousands)				
	FY 2022	FY 2023	FY 2024	Δ FY 2023 - 24
End-product turnover	161,389	196,792	193,048	(3,744)
Turnover from by-products and other materials	1,876	2,878	2,245	(633)
TOTAL NET TURNOVER	163,266	199,671	195,293	(4,378)

TURNOVER BY GEOGRAPHICAL AREA (€ thousands)								
	FY 2022	%	FY 2023	%	FY 2024	%	Δ FY 2023 - 24	
Italy	12,385	7.5%	27,859	14%	28,765	15%	906	+ 3%
Other EU countries	78,613	48.2%	90,932	45.5%	97,588	50%	6,656	+ 7%
North America	14,965	9.2%	22,857	11.4%	12,159	6%	(10,698)	(47%)
BRICS	33,020	20.2%	36,23	18.1%	24,676	12.6%	(11,560)	(32%)
Others	24,284	14.9%	21,787	10.9%	32,104	16.4%	10,317	47.4%
TOTAL NET TURNOVER	163,267	100%	199,671	100%	195,293	100%	(4,378)	(2%)

Overall, the Company recorded a 2% decrease in sales compared to the Fiscal Year 2023, due to a reduction in sales in non-European countries which was not offset by a significant increase in sales in the European market. The automotive industry, by far the most important for our business, continued to recover, but global sales are still below

pre-pandemic levels. Positive results were achieved in the European market due to increased penetration in key OEMs, resulting in higher sales compared to the previous two Fiscal Years. During the Fiscal Year 2024, the fashion industry recorded a significant growth in the accessories and footwear sector,

which expanded through the acquisition of substantial new projects. The interior and consumer electronics industry suffered a decrease in sales, mainly due to a general slowdown in the relevant sectors. China covers a share of 96% of the total turnover of the BRICS area.

TURNOVER IN THE MAIN EUROPEAN COUNTRIES (€ thousands)					
	FY 2022	FY 2023	FY 2024	Δ FY 2023 - 24 (€ thousands)	Δ FY 2023 - 24 %
Germany	38,468	25,688	26,992	1,304	5%
France	12,491	15,024	13,375	(1,649)	(11%)
Portugal	10,132	10,311	13,931	3,620	35%
Spain	4,470	5,931	5,545	(386)	(7%)

2.2 SUPPLIERS AND PARTNERS

For Alcantara, responsible supply chain management is of strategic importance, given our commitment to ensuring that our products meet the highest quality, safety and compliance standards.

The Company's supplies of materials, products and services feed the manufacturing processes that take place at the Nera Montoro production plant. The organisational and distribution processes are managed at the Milan headquarters. Some special raw materials, semi-finished products, machinery and equipment are imported by the Company. In some specific cases, these are manufactured by Toray Industries, Inc., in others, the supply chain downstream of Alcantara is differentiated based on the market sector in question. Our automotive and consumer electronics clients, for instance, transform the product

and adapt it making it suitable for 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.

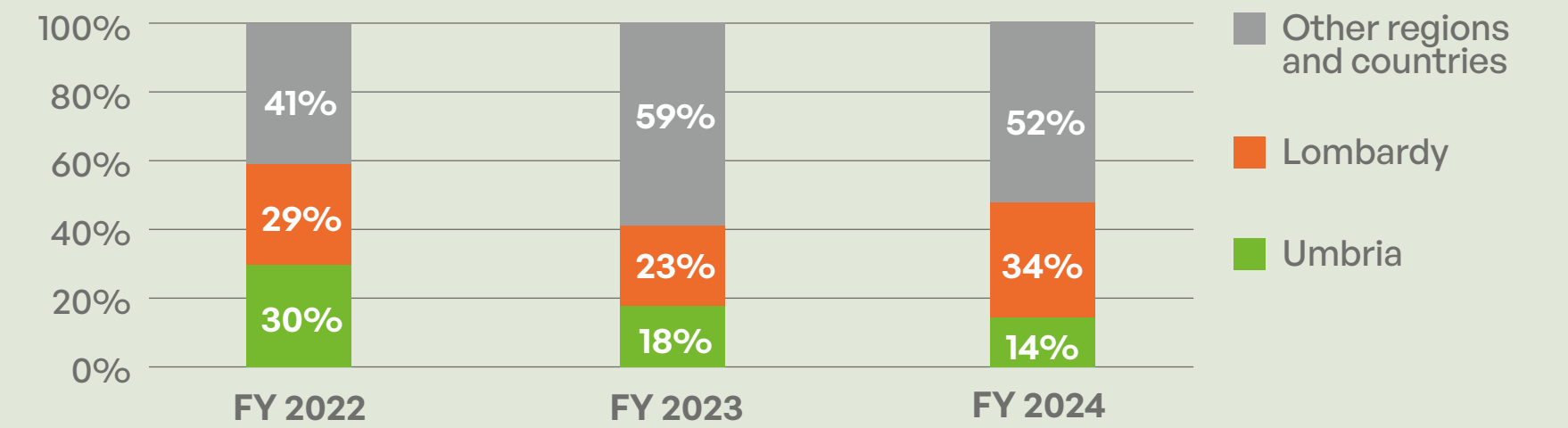
LOCATION

Over 76% of the technical area and outsourced maintenance services for the Nera Montoro plant are provided

by local companies based and operating in Umbria, while product processing, also outsourced, is entrusted to specialised

third-party companies, with over 99% of services provided in Italy.

Percentage of costs by provenance of suppliers

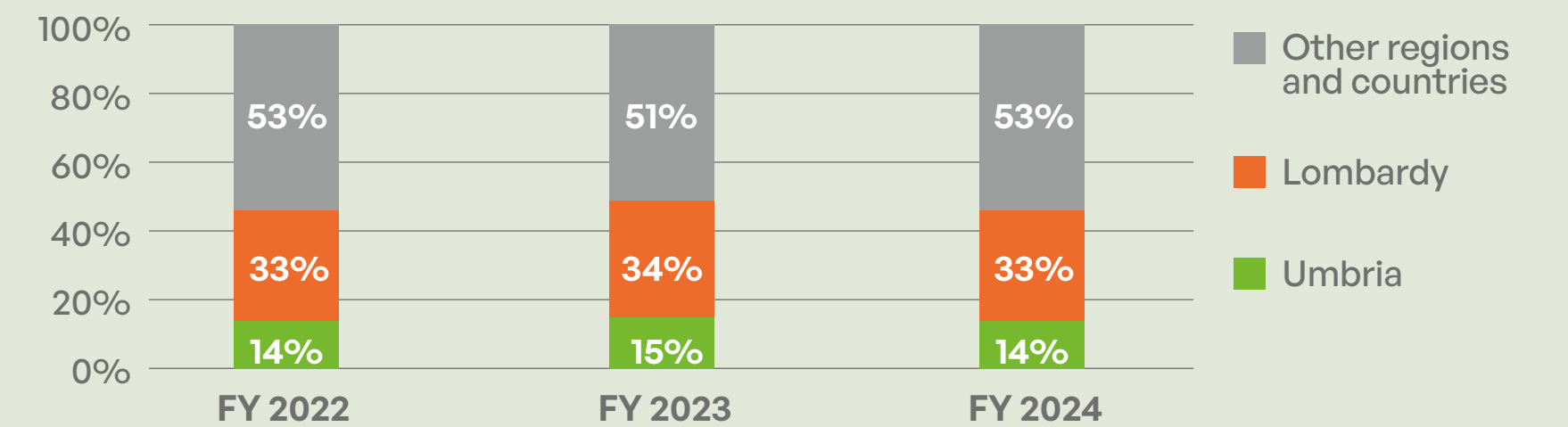


With specific reference to the location of suppliers, the closer they are to the Company's sites (by province or region), the more positively they are assessed. 47% of the

total number of suppliers at the two Italian corporate sites in Milan and Nera Montoro are local (706 out of 1,491). The high percentage of local suppliers allows us to significantly reduce

transport costs, and therefore mitigate the environmental impact of our operations. Outside Europe, the main suppliers are based in Japan.

Number of suppliers by provenance



SUPPLIERS	FY 2022			FY 2023			FY 2024		
	Number	% of total	% of costs	Number	% of total	% of costs	Number	% of total	% of costs
Italy	1,187	85%	81%	1,125	85%	82%	1,278	86%	83%
Other countries	212	15%	19%	203	15%	18%	213	14%	17%
TOTAL	1,399	100%	100%	1,328	100%	100%	1,491	100%	100%

Alcantara only purchases raw materials authorised by EU regulations, subjecting each new product to rigorous assessments of its environmental impact and consumer safety before starting the production process.

SUPPLIER QUALIFICATION

We pay particular attention to the selection and management of suppliers through the implementation of a series of measures and procedures that are aimed at ensuring 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 optimise waste management.

The Company verifies that the programmes are correctly implemented through objective documentary evidence and through technical/organisational audits at suppliers;

- updated mapping of suppliers based on the identification of 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 work and services contracts, within the contracts signed, who undertake to comply with the principles referred to in the SA8000® standard and to observe, for the purposes of the execution of the tasks conferred, the General Part of the Organisational Model (as per Italian Legislative Decree no. 231/2001)

and the Alcantara Code of Ethics;

- promotion, among its suppliers (and sub-suppliers), of transparent and ethical conduct, and responsible management paths, in compliance with the principles of environmental protection, human rights, labour standards and the fight against corruption;
- sharing of the guidelines issued by Alcantara to improve sustainability performance along the supply chain.

In the last three Fiscal Years, we conducted 70 audits, 31% of which with external auditors. The audits assessed seven main impact areas, including transparent corporate governance and ESG aspects, such as respect for the environment, human rights and the community.

AREA INVESTIGATED IN FY 2022 - FY 2024	ASSESSMENT	RATING PER AREA
Commitment to responsible management and transparency	HIGH	91%
Fair business practices	HIGH	93%
Market and consumers	GOOD	86%
Working practices and human rights	HIGH	89%
Environment	GOOD	84%
Supply chain and suppliers	GOOD	86%
Community and local region	GOOD	77%
Media	GOOD	87%

After the second-party audits, we provide suppliers with an assessment report and improvement plan, which suggests possible measures for improving 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 2022 - FY 2024	FY 2022	FY 2023	FY 2024	TOTAL
Commitment to responsible management and transparency	7	5	9	21
Fair business practices	1	2	1	4
Market and consumers	-	1	1	2
Working practices and human rights	3	-	-	3
Environment	5	5	7	17
Supply chain and suppliers	6	2	6	14
Community and local region	2	-	1	3

Within our supply chain, 126 suppliers are considered priority suppliers, as the goods or services they provide have a mutually significant economic impact and support activities with effects that may influence stakeholder assessment. 46 of these are so-called ‘super core’ suppliers (as they operate continuously on our premises or in production process and distribution partnerships), while the remaining 80 are so-called ‘core’ suppliers (as they perform some

non-continuous services on corporate premises or can become production process partners). New suppliers formally affirmed as priority in the Fiscal Year 2024 are included in our long-term evaluation programme. Two out of eight suppliers involved in the CSR audits in the Fiscal Year 2024 are in fact new to this process. This involves, among other things, an assessment of environmental and social criteria relating to workers’ human rights. 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.

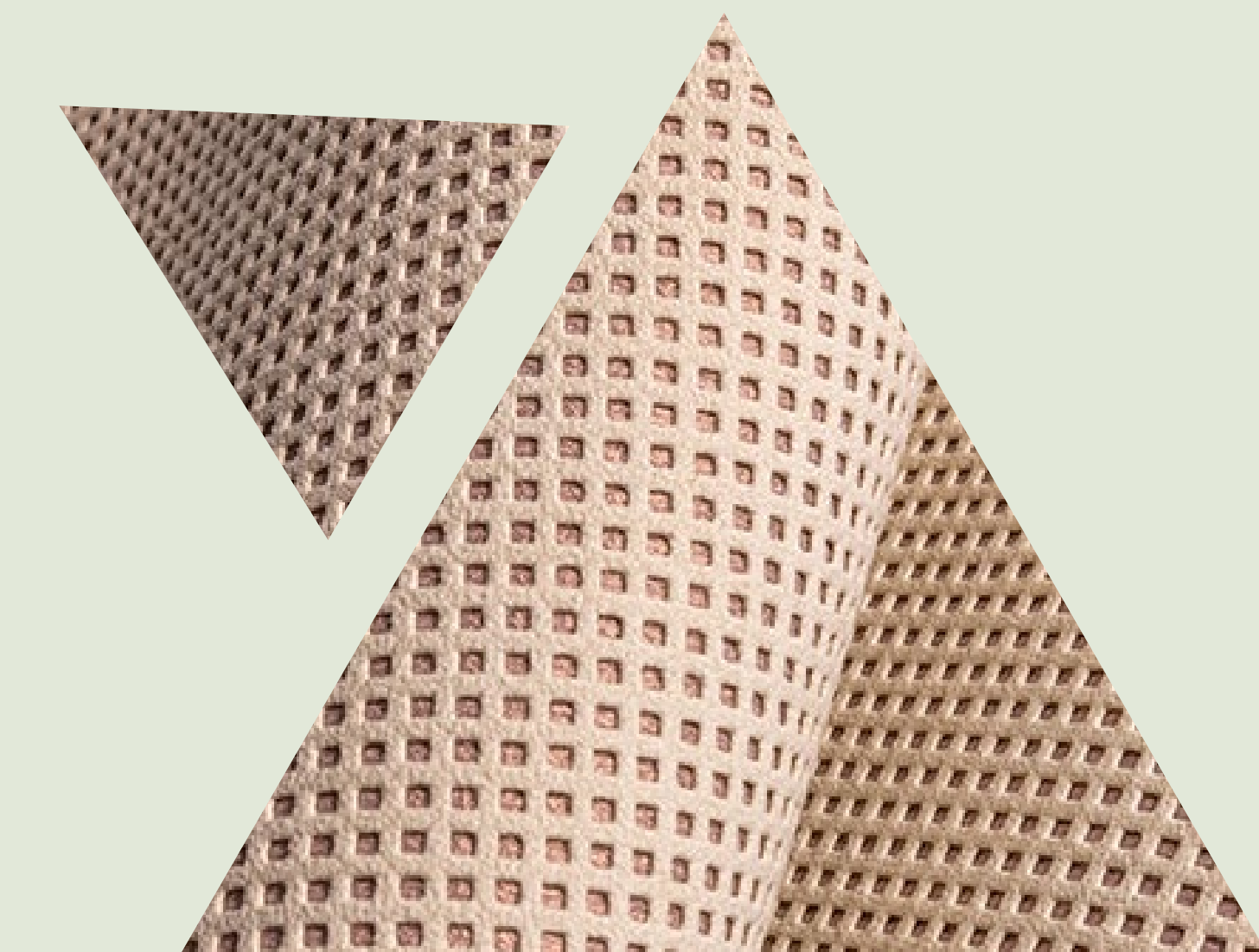
CSR Supplier Assessment

TYPE OF SUPPLY	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL as at 31/03/2024
Product processing and ennobling	1	3	-	-	-	-	1	-	-	5
Contracting and logistics services	3	6	5	5	4	1	-	-	2	26
Services/performance/waste	-	1	2	-	-	-	2	-	-	5
Raw materials/packaging	1	-	-	2	1	4	5	6	6	25
TOTAL AUDITS	5	10	7	7	5	5	8	6	8	61

As at the end of the Fiscal Year 2024, the number of accredited suppliers equalled 61. 74% of super-core suppliers were

accredited super-core suppliers in the Fiscal Year 2024 (compared to 76% in the Fiscal Year 2023), while the percentage of

accredited core suppliers amounted to 34% (compared to 26% in the Fiscal Year 2023).



Sustainability Standard Accreditation Status as at 31/03/2024

	SUPER-CORE	CORE	TOTAL
Total priority suppliers	46	80	126
Accredited suppliers	34	27	61
Accredited as a % of total priority suppliers	74%	34%	48%

During the Fiscal Year 2024, 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:

- an additional chemical/auxiliary supplier, for a total of 11 raw material suppliers participating in compensation;

- a total of 13 logistics service providers participating in compensation;
- one industrial services supplier participating in compensation.

The balance of offset credits from our suppliers is verified during the Carbon Neutrality audit (see paragraph 5.3). In terms of the supply of goods and services in the Fiscal Year 2024, the amount of CO₂ offset by these suppliers totalled 20,924 tons¹.

During the Fiscal Year 2024, Alcantara continued to communicate with suppliers and share the steps taken in

terms of sourcing energy from renewable sources, through a survey regarding the importance of carbon footprint in the supply chain. To evaluate the actual impact, we asked each supplier to provide the cradle-to-gate carbon footprint assessment of their product supplied to Alcantara. We have then implemented a complete and detailed mapping of indirect emissions along our value chain through these data, in order to possibly reduce the residual amount of emissions generated by Alcantara.

¹ The total includes CO₂ emissions deriving from raw materials, manufacturing, and transport. The amount of CO₂ offset, calculated by each individual supplier, is collected and verified during carbon neutrality audit.

SA8000®

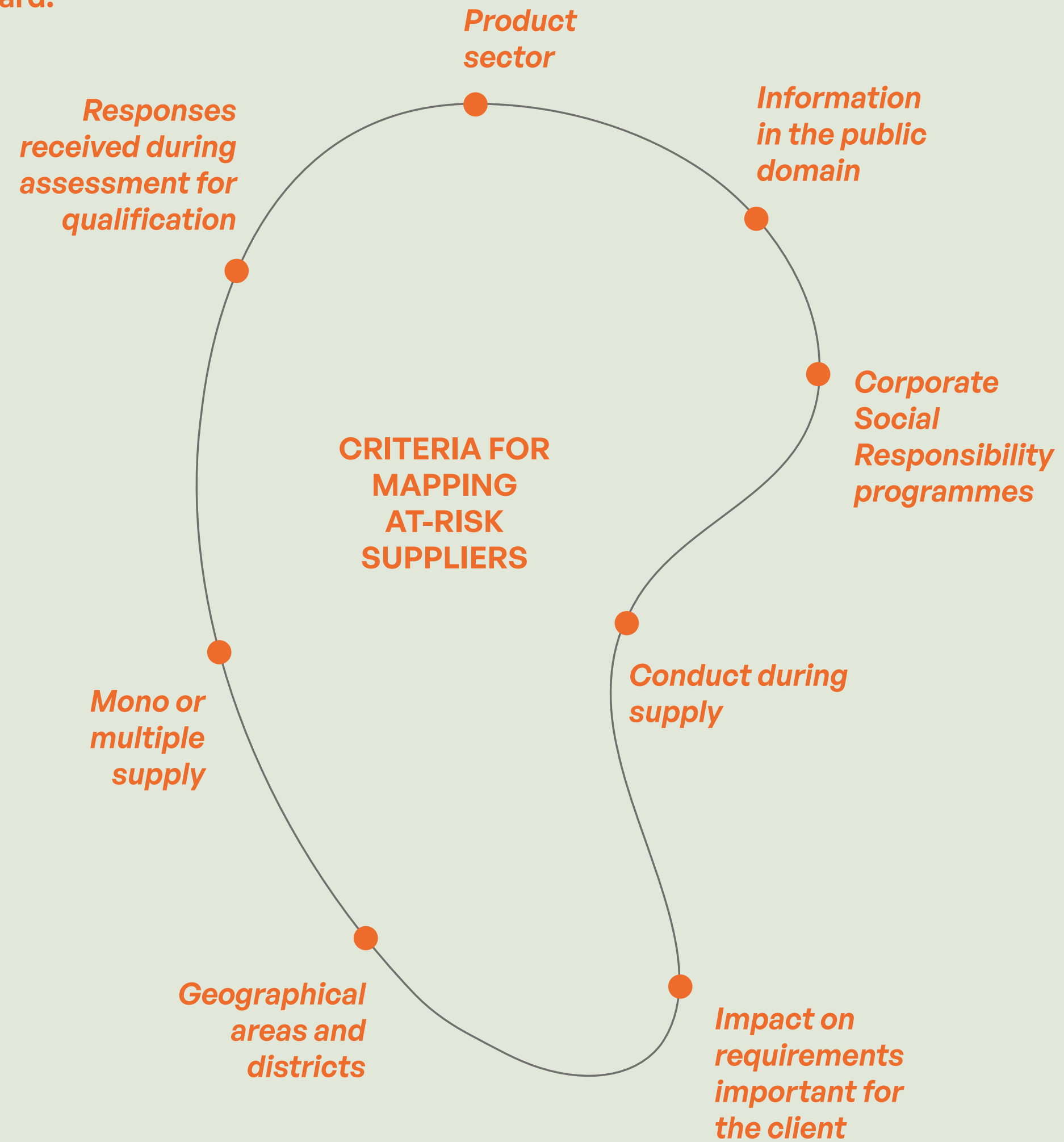
Further evidence of the commitment of our suppliers of goods and services to adhere to our sustainability guidelines is the agreement, that has been in place since 2007, to maintain compliance with the SA8000® standard.

This agreement entails a schedule of visits to core and super-core suppliers. Qualified experts and the SA8000® manager verify our commitment, so as to ensure compliance with the standard on social responsibility and to identify any risk scenarios that could prejudice workers' rights. One instance of nonconformity and other findings classified as 'minor' were registered during the Fiscal Year 2024: suppliers were required to implement a corrective action plan (and close 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 principles 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 an 'alert status'. In addition, corrective action plans were formulated, together with suppliers, in relation to the areas identified as having potential for improvement. Following the audits carried out in the last three Fiscal Years (44 audits in total, comprising 22 CSR audits and 22 SA8000® audits), 37 action plans were launched. Of these, 10 were implemented in the Fiscal Year 2024 (84% of the visits were followed up with an improvement plan), for a total of 95 findings

(64 CSR findings and 31 SA8000® findings) and corresponding corrective actions. In the Fiscal Year 2024, we reviewed the mapping of suppliers in order to update the multi-year audit programme until the Fiscal Year 2026. 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.



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- 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, also involving universities in projects aimed at developing a connection between public and private research.

With regard to the transfer of value to the state and local bodies through the payment of direct and indirect taxes and other levies, it should be noted that the resulting net amount corresponded to a negative value, (€6,405,000), mainly due to IRES (corporate income tax), which was negative itself (€6,871,000). As a consequence, this should not be considered as a transfer to the state, but from the state, albeit involving a combination of events. This is mainly due to the fact that the Fiscal Year 2024 also ended with a tax loss for IRES purposes.

FINANCIAL RELATIONS WITH LOCAL AUTHORITIES AND THE STATE (€ thousands)			
LOCAL AUTHORITIES	FY 2022	FY 2023	FY 2024
IRAP (regional business tax)	(135)	(162)	105
Waste disposal charge	36	36	46
Taxes and surcharges on utilities	44	39	40
ICI/IMU (municipal share of local property taxes)	220	260	229
Advertising tax	9	9	9
Sundry tax charges	31	29	32
TOTAL	205	211	461
STATE	FY 2022	FY 2023	FY 2024
IRES (corporate tax)	(5,579)	(6,493)	(6,871)
Customs charges	29	15	12
IMU (State share of local property tax)	177	256	203
VAT on gifts	37	57	34
Registration tax and government concessions	6	6	7
Sundry tax charges	46	42	49
TOTAL	(5,284)	(1,617)	(6,566)
TOTAL LOCAL AUTHORITY EXPENSES	(5,079)	(5,906)	(6,105)

TRANSPARENT APPROACH TO TAXATION

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

TAXES FOR THE FISCAL YEAR (€ thousands)	IRES (corporate tax)	IRAP (regional business tax)	TOTAL
Current taxes	-	-	-
Relating to previous Fiscal Years	-	(44)	(44)
Deferred and Prepaid	(6,875)	153	(6,722)
TOTAL	(6,875)	109	(6,766)

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

TAXES FOR THE FISCAL YEAR AND RECONCILIATION OF ACTUAL AND THEORETICAL TAX BURDEN	IRES (corporate tax)		IRAP (regional business tax)		TOTAL
	%	€ thousand	%	€ thousand	%
PROFIT BEFORE TAX		(12,424)		(12,424)	
Tax credits		(1,045)		(1,045)	
Labour and similar costs		(60)		2,972	
ACE(Allowance for Corporate Equity)		(2,035)		-	
Super/hyper Amortisation		(13,657)		-	
Other permanent differences		577		5,221	
TOTAL		(28,644)		(5,276)	
Theoretical tax charge	24.00%	(6,875)	3.90%	(206)	27.90%
Temporary differences					
- Deductible in subsequent Fiscal Years		9,825		1,093	
- Reversal of temporary items from previous Fiscal Years		(6,317)		(4,913)	
TAXABLE INCOME		(25,136)		(9,096)	
Current taxes for the Fiscal Year	24.00%	-	3.90%	-	27.90%
Prepaid taxes on losses	24.00%	(6,033)		-	
Deferred taxes for the Fiscal Year	24.00%	(842)	3.90%	149	27.90%
Deferred and prepaid taxes for previous Fiscal Years		4		-	
Current taxes for previous Fiscal Year		-		(44)	
TOTAL TAXES FOR THE FY 2023 AND RELATIVE TAX BURDEN ON PRE-TAX PROFIT	55.30%	(6,871)	(0.84%)	105	54.46%
Higher/lower tax burden	31.30%	-	(4.74%)	-	26.56%

FUNDING FROM PUBLIC ADMINISTRATION

During the Fiscal Year 2024, monitoring of subsidy opportunities continued, in view of the high volume of

investments required for the project of increasing 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 2022	FY 2023	FY 2024
Contribution for energy-intensive enterprises	-	-	-
Tax credit for research and development	(647)	(564)	(375)
Tax credit for new capital investments (as per super-amortisation)	(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)	(629)
Covid-19 sanitisation bonus	(19)	(13)	-
Development agreement contribution (industrial research and experimental development) ³	-	-	(436)
TOTAL CONTRIBUTIONS TO OPERATING COSTS	(1,792)	(10,872)	(1,440)
Development agreement contribution (production investment) ⁴	-	-	(2,591)
TOTAL CONTRIBUTION IN CAPITAL ACCOUNT	-	-	(2,591)

Further information in terms of grants or fundings received during the Fiscal Year 2024 is available in the Statutory Financial

Statements and, in detail, in the Tax Benefits section below. Such economic advantages are received under an aid

scheme accessible to all businesses fulfilling certain conditions on the basis of predetermined general criteria.

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 (ex art.1, c 37-45 law no. 190 of 23 December 2014 ‘Stability Law’, amended by decree-law no. 3 of 24 January 2015 and converted by law no. 33 of 24 March 2015).	During the Fiscal Year 2023, the company had filed a new application for the five-year period 01.04.2020-31.03.2025. However, the regulatory framework redefined the rules for calculating the benefit, resulting in a much reduced benefit for the company compared to the original formulation of the benefit. Following comparative evaluations between the Patent Box benefit and the Research and Development Credit benefit, the company opted to waive the Patent Box benefit in October 2023, since the latter was more convenient than the first one.
Tax credit for investments in new capital goods (and Art. 1, paragraphs 1051-1063 of Law 178 of 30 December 2020, as amended) ex. Super depreciation.	The tax credit for investments in capital goods is intended to support and incentivise companies that invest in new tangible and intangible capital goods excluding technologically advanced goods in accordance with the Impresa 4.0 National Plan. In the Fiscal Year that just ended, this benefit was not renewed.
INDUSTRY 4.0. Hyper-Amortisation (Art. 1 cc 9-14, Annex A and Annex B - Law of December 11, 2016, No. 232), later modified as a tax credit for investments in capital goods (Art. 1 paragraphs 184-194, Law of December 27, 2019, No. 160 of 12.27.2019 and Art. 1 paragraphs 1051-1063 of Law No. 178 of December 30, 2020, and subsequent amendments).	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.
ACE – Allowance for Corporate Equity (Art. 1 - Law of December 6, 2011, No. 201, also known as ‘Manovra Monti’ or ‘Salva Italia’ and Art. 7 - Law of April 24, 2017, No. 50).	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 set periodically by the government, which in recent years was of 1.3%. Ordinary ACE at 24% of €2,035,000.
R&D tax credit Art. 1 paragraphs 198-209 of the Law of December 27, 2019, No. 160 (previously Art. 3 of the Law of December 23, 2013, No. 145, and subsequent amendments, see most recently Art. 1 paragraph 1064 of Law No. 178 of December 30, 2020).	Tax credit 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 €375,000 (see table in the section ‘Financing from the Public Administration’) in the form of a tax credit.

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 project necessary for the development of the process on a pre-industrial scale. The eligible project cost related to the investment portion amounts to €108.2 million (the project has been adjusted downwards due to market slowdowns linked to macroeconomic factors). The recognized cost for the experimental research and development project is €7.2 million. Following Invitalia’s verification in February and March 2023 on the second report, contributions were recognised for: • Investment project: €2,591,000; • Experimental research and development project: €436,000. These contributions have been received for 90% of the total. Currently, preparation is underway for the third and final report of the investment project, while the experimental research and development project is completed.
Energy Tax Credits • 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 credits established by the Government as urgent measures in favor of companies to contain the effects of increases in energy prices. Specifically, these measures allowed Alcantara to access two types of benefits. The first was aimed at energy-intensive businesses, also known as ‘energy-intensive’, while the second targeted businesses referred to as ‘non gas-intensive’. These benefits were exhausted by the second quarter of 2023, impacting the income statement as follows: • €356,000 for energy-intensive companies • €283,000 for non gas-intensive companies.
Other Tax Credits • 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 quarter • Law 29/12/2022 No.197 Budget Law	

PARTICIPATION IN TRADE ASSOCIATIONS

We participate – through both our membership fees and direct attendance – in the work of numerous associations and institutions, in order to support business representation and benefit from association services.⁵

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 (German consumer association)

⁵ Alcantara has never made donations for political ends and no such projects are planned for the future.

ECONOMIC SUSTAINABILITY: 2022-2025 TARGETS

Supply chain involvement

- Promote good sustainability and engagement practices along the supply chain, regarding the environment, the commitment to responsible management and transparency, fair business practices, market and consumers, human rights, community and local region
- Monitor the supply chain’s environmental impact

Sustainable innovation

- Continue sustainable innovation of the product and the production process

Investments in sustainability

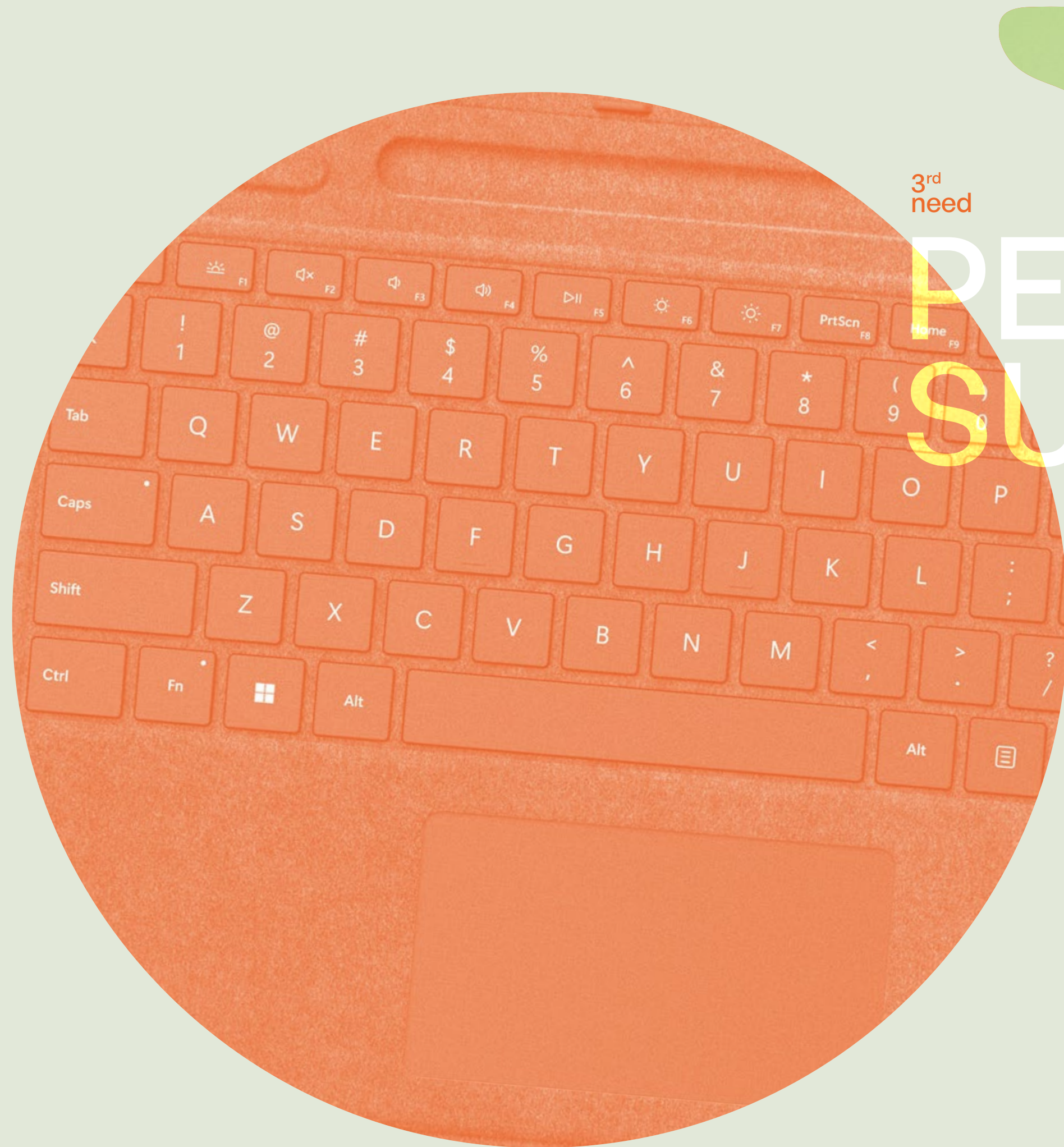
- Expand the cogeneration plant with the goal of reducing environmental impact
- Continue investments for production capacity increase, coherently with sustainability targets

Tax transparency

- Maintain transparent disclosure on Alcantara’s approach to taxation for communication in the Sustainability Report

REFERENCE SDGs





3rd
need

PEOPLE SUSTAINABILITY



NEED FOR PEOPLE

It is only thanks to the commitment, professionalism and skills of its employees that Alcantara is able to create economic, social and environmental value for the business and its stakeholders.

Our people are the foundation of our success, driving innovation and ensuring that we meet our sustainability goals.



CHAPTER OVERVIEW

PEOPLE, DIVERSITY AND INCLUSION



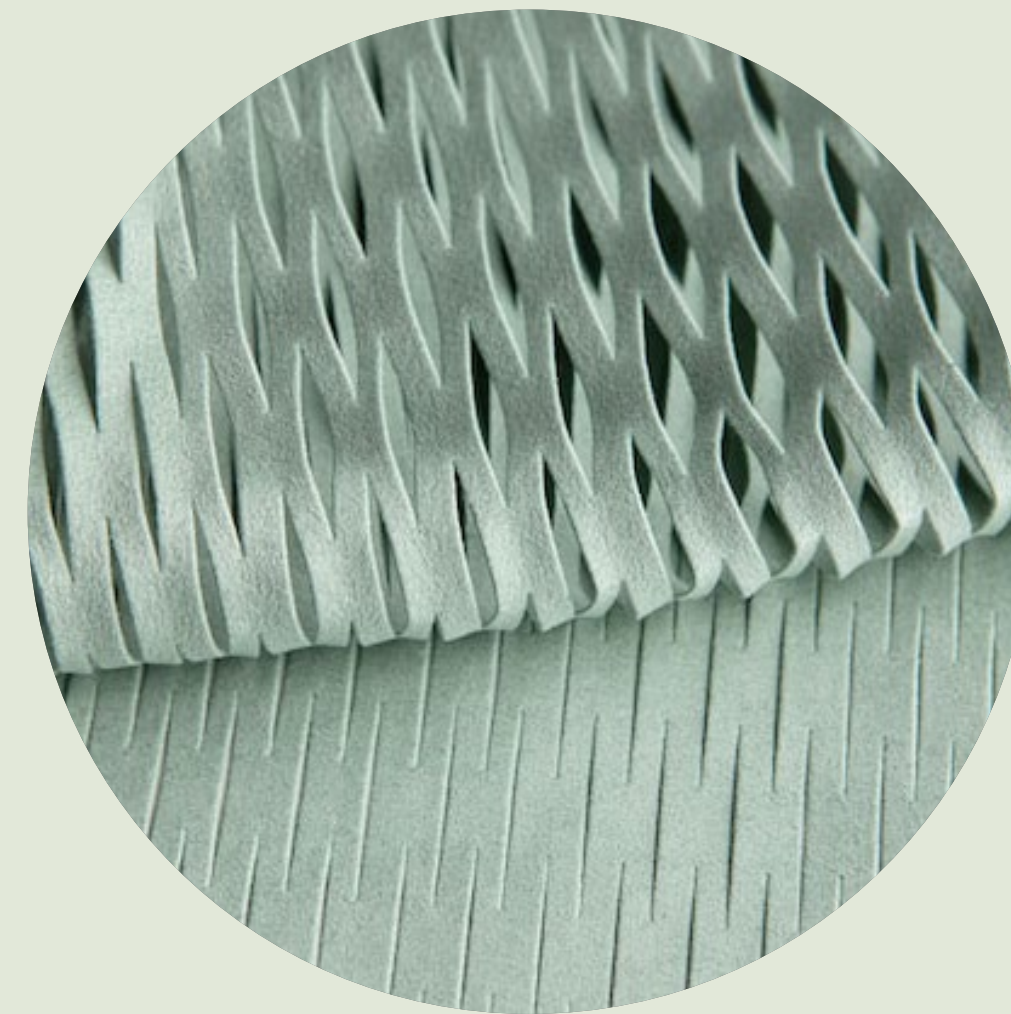
- Management policies and breakdown of personnel
- Incentives and remuneration
- Diversity and respect for human rights

TRAINING AND PROFESSIONAL DEVELOPMENT



- Training plan
- Training opportunities
- Training quality assesment

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: this is the core assumption that lies at the heart of our personnel management policy, which aims at promoting 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 staff growth and motivation are:

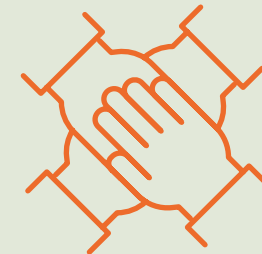
Communication and sharing of corporate, individual and team objectives



Teamwork and understanding of business processes



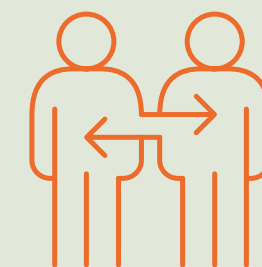
The implementation of remuneration policies that ensure internal fairness, competitiveness with the market and recognition of achievements



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



Control and feedback on the results obtained



As at 31 March 2024, the Company had a total of 650 employees, 560 working at the Nera Montoro production plant and Research and Development centre, and 90 working at the Milan headquarters.

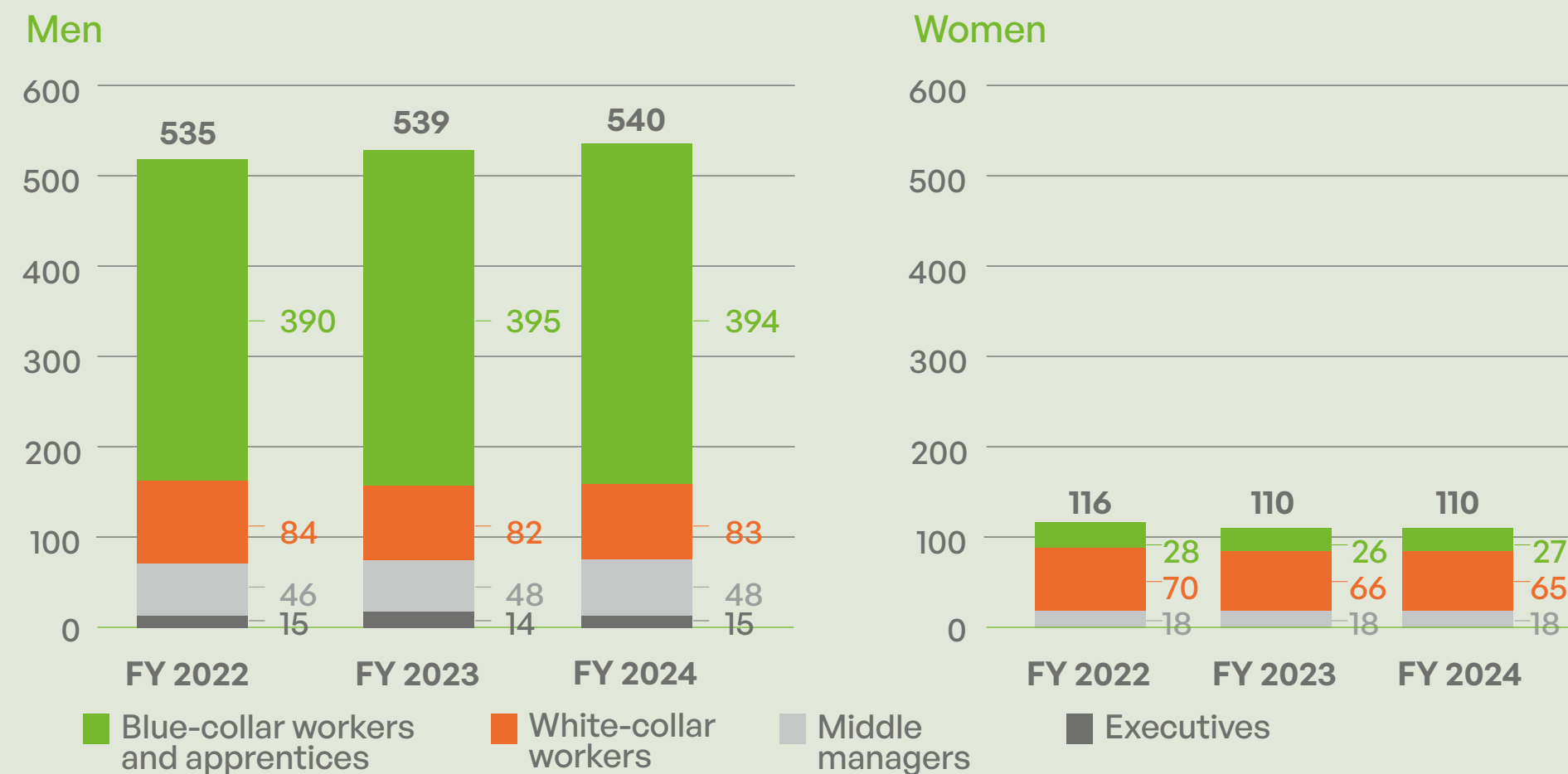
One of the latter group of employees works for the Representative office in China. The average number of people employed during the Fiscal Year 2024 equalled 665, an increase of 19 workers compared to the

average number of people employed in the previous Fiscal Year, which was as high as 646. In the last 10 years, Alcantara's personnel experienced a 41.3% growth: the Company has employed 190 more people since 2014.

Number of employees by professional category

PERSONNEL	FY 2022 (AS AT 31 MARCH)		FY 2023 (AS AT 31 MARCH)		FY 2024 (AS AT 31 MARCH)	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Executives	15	-	14	-	15	-
Middle managers	46	18	48	18	48	18
White-collar workers	84	70	82	66	83	65
Blue-collar workers and apprentices	390	28	395	26	394	27
% of total	82%	18%	83%	17%	83%	17%
TOTAL	651		649		650	

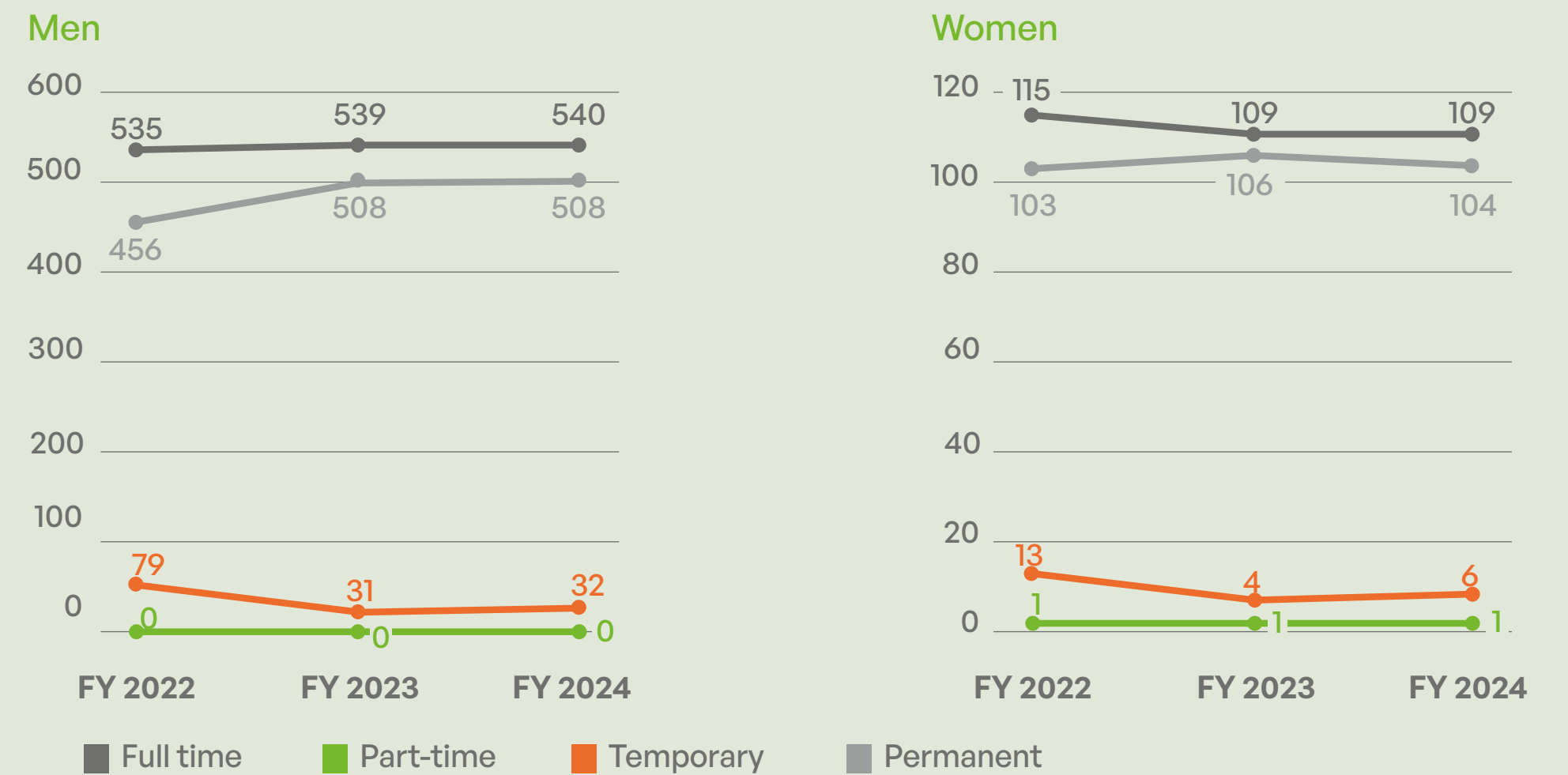
Employees by category



Number of employees by contract type

PERSONNEL	FY 2022 (AS AT 31 MARCH)		FY 2023 (AS AT 31 MARCH)		FY 2024 (AS AT 31 MARCH)	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
PERMANENT VS TEMPORARY						
Permanent employees	456	103	508	106	508	104
Temporary employees	79	13	31	4	32	6
FULL TIME VS PART TIME						
Full-time personnel	535	115	539	109	540	109
Part-time personnel	-	1	-	1	-	1

Employees by contract type



Number of employees by region

BREAKDOWN OF PERSONNEL BY EMPLOYEE CATEGORY AND BY REGION	FY 2024 (AS AT 31 MARCH)	
	ITALY	CHINA
Executives	14	1
Middle managers	66	-
White-collar workers	148	-
Blue-collar workers and apprentices	421	-
% of total	99.85%	0.15%

BREAKDOWN OF PERSONNEL BY REGION AND CONTRACT TYPE	FY 2024 (AS AT 31 MARCH)	
	ITALY	CHINA
FULL TIME VS PART TIME		
Full-time personnel	648	1
Part-time personnel	1	-
PERMANENT VS TEMPORARY		
Permanent employees	611	1
Temporary employees	38	-

In order to guarantee employment stability, 94.15% of personnel have permanent contracts. As for the remaining 5.85%, 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 2024, no employee leasing arrangements were made,

neither at the Nera Montoro plant and Research and Development centre, nor at the Milan Headquarters. During the last quarter of the period of analysis, due to temporary and contingent situations connected to the global macro-economic and geo-political framework, recourse was made to the ordinary redundancy fund on a rotating basis, for 38,194 hours and involving 610 workers at the two company sites.

The lay-off period ended on 31 March 2024 with normal resumption of production activities. As for the employees' place of origin, the majority resides in the areas surrounding the workplace: 91.4% of personnel at Nera Montoro live in the province of Terni, while 65.6% of the personnel working at the headquarters live in the province of Milan. As regards managerial staff, 53.8% of senior managers

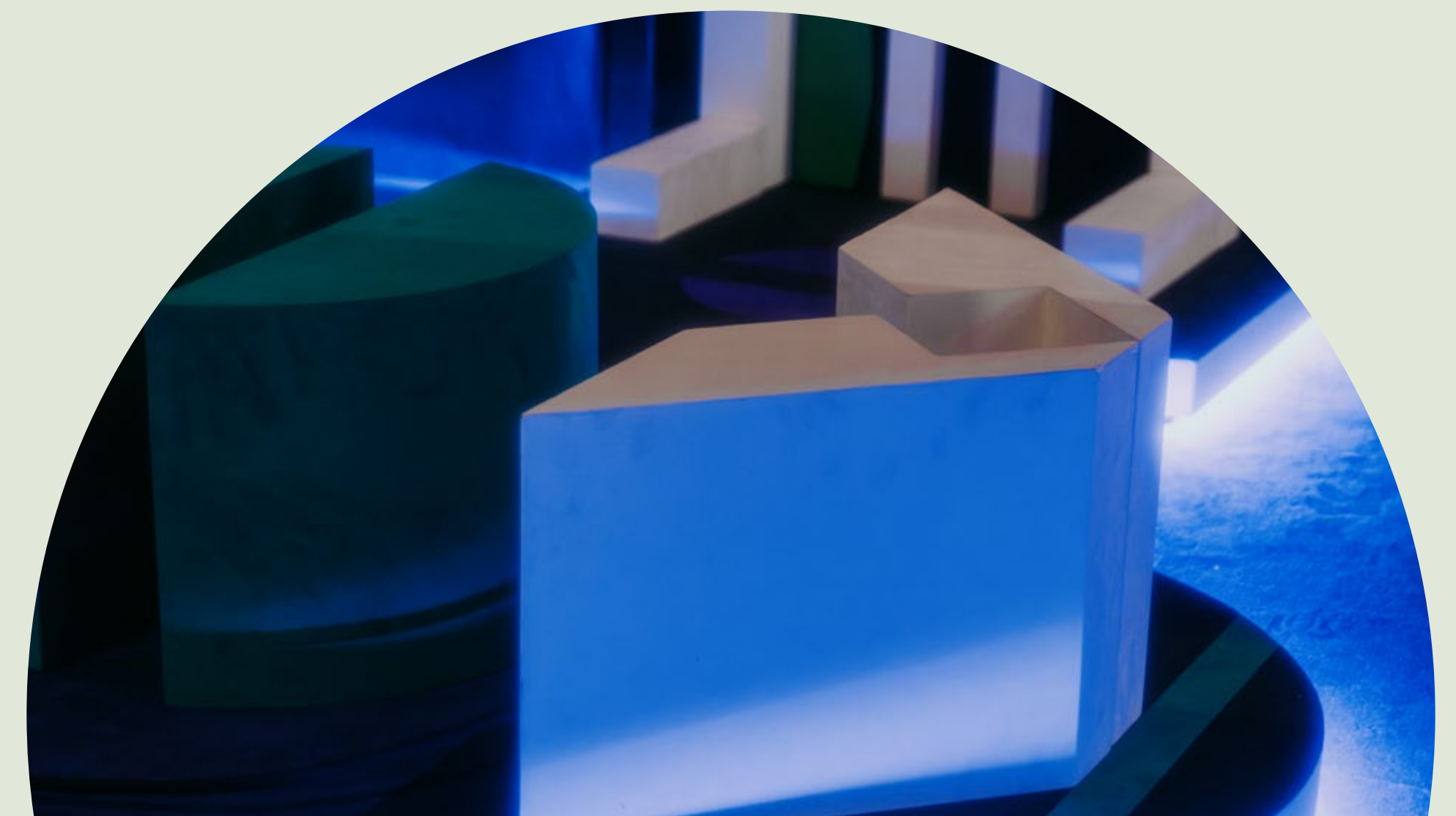
at the headquarters reside in the province of Milan, while 100% of senior managers at the industrial unit of Nera Montoro live in the surrounding province of Terni. In terms of age, in the Fiscal Year 2024, 67.85% of overall employees fell between the 30-50 age range.

The average age corresponded to 44.8 at the Milan headquarters (45.1 in the Fiscal Year 2023) and 42.79 at the Nera Montoro production plant and Research and Development centre (slightly increased compared to 42.1 in the Fiscal Year 2023). Despite

this, it remains clear that a significant percentage of employees, equal to 23.54% of the Company's population, is over 50 years of age.

Number of employees by age group

AGE OF EMPLOYEES	FY 2022	FY 2023	FY 2024	BOARD OF DIRECTORS
> 50	124	137	153	6
30-50	467	461	441	2
< 30	60	51	56	-
TOTAL	651	649	650	8



As the tables below show, during the last Fiscal Year, the Company hired 75 new employees (19 women and 56 men), 42.6% of whom were

under 30 years of age. This results in a recruitment rate of 11.53%, about 4.9% higher than in the previous Fiscal Year (6.62%). On the other

hand, the termination rate in 2024 reached 14.3%, more than 70% of which was due to the expiry of fixed-term contracts.

RECRUITMENTS ¹						
	FY 2022		FY 2023		FY 2024	
	Number	Rate	Number	Rate	Number	Rate
MEN	59	9.06%	39	6.01%	56	8.61%
WOMEN	15	2.3%	4	0.62%	19	2.92%
TOTAL	74	11.36%	43	6.62%	75	11.53%

TERMINATIONS ¹						
	FY 2022		FY 2023		FY 2024	
	Number	Rate	Number	Rate	Number	Rate
MEN	17	2.61%	33	5.08%	73	11.2%
WOMEN	9	1.38%	10	1.54%	20	3.1%
TOTAL	26	3.99%	43	6.62%	93	14.3%

FY 2024	RECRUITMENTS		TERMINATIONS	
	Number	Rate	Number	Rate
< 30 years	32	42.6%	31	33.3%
30-50 years	40	53.4%	53	57%
> 50 years	3	4%	9	9.7%

During the Fiscal Year 2024, Alcantara hosted 9 interns at the Nera Montoro site, 3 of which for school-to-work alternation programmes and 6 for internships carried

out in collaboration with the Higher Technical Institute. The Milan office also hosted 4 interns with extracurricular traineeships, 2 of which were transformed into 24-month

apprenticeship contracts in the Fiscal Year 2024 and 1 transformed with effect from the Fiscal Year 2025.

INCENTIVES AND REMUNERATION

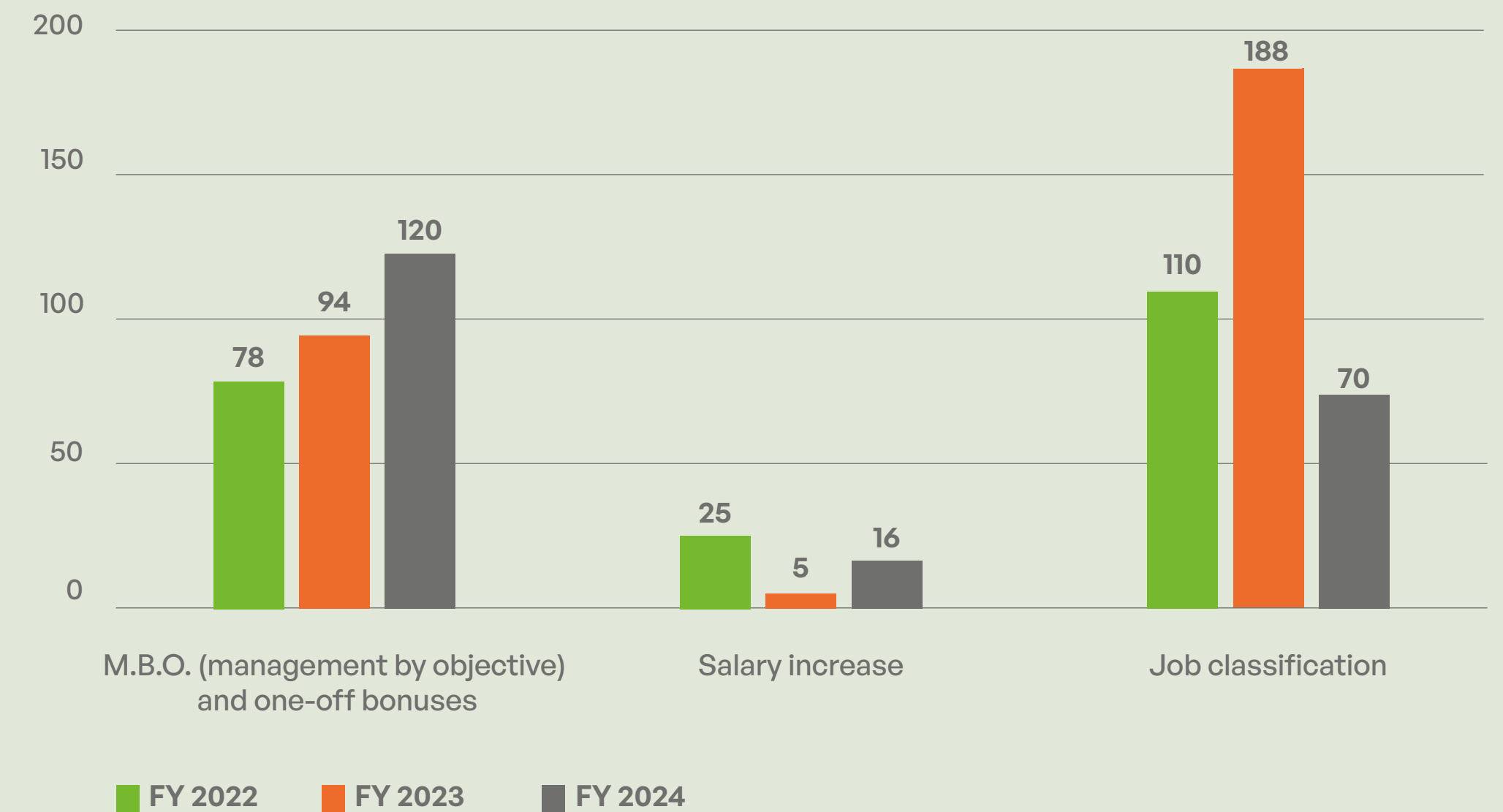
Incentive measures

With its policies, incentive and development tools, Alcantara aims at enhancing and retaining talents, while also 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 graph.

Number of people affected by incentive measures



¹Data 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 year.

Variable remuneration

The variable remuneration system, which was further strengthened in the Fiscal Year 2024, is linked to the achievement of economic and performance objectives defined at both individual and team level. This system makes it possible to assess the performance 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. During the Fiscal Year 2024, 25% of the variable remuneration of the senior management was connected with the achievement of sustainability related targets;
- 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

During the Fiscal Year 2024, 99.2% of personnel underwent at least one performance assessment carried out by their manager.

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 0.76 for executives and managers, 0.98 for white-collar workers and

apprentices, and 1.01 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 is equal to 5.15, and the increase of the median salary is 2.9%.

Carpooling

As part of the environmental and social sustainability project carried out by Alcantara, an incentive system for carpooling and the use of own non-polluting vehicles (bicycles and electric micro-mobility) was activated in December 2023 for the Nera Montoro production plant and the Milan headquarters. The project involves the provision of a specialised digital platform, UP2GO,

which enables employees to plan their trips, offering or asking for a lift to colleagues in the case of carpooling, through an app that can be used on any smartphone. The platform makes it possible to monitor the number of trips agreed, the kilometres travelled, the CO₂ saved, assigning credits to individual users, also in order to activate a reward system with the recognition of an economic incentive, on a quarterly basis.

The 25,302.04 km travelled by project participants in the period 1 December 2023 - 31 March 2024, resulted in emission savings estimated by UP2GO at 7,689.32 kg CO₂ equivalent. In the aforementioned period, prizes were awarded to the first three users of carpooling and to the first user of own non-polluting vehicles.



In support of our commitment to personnel and the focus we place 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 2014, Alcantara has

seen a 61.7% increase in female employees (compared to the 47% total increase), reaching a total of 110 women within the workforce in the Fiscal Year 2024.

Leave

During the Fiscal Year 2024, 174 employees (139 men and 35 women, approximately 18.4% more compared to the 147 in the previous year) went on maternity

or paternity leave (both compulsory and optional) or on parental leave, to assist relatives with disabilities (according to Italian Law no. 104). 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 2024, people belonging to protected categories made up 7.08% 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 2022	FY 2023	FY 2024
No. of employees belonging to protected categories	45	48	46
% protected categories out of total employees	6.91%	7.39%	7.08%
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 graph, all personnel is informed and periodically updated on the principles and values of the standard, through trainings 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® system².

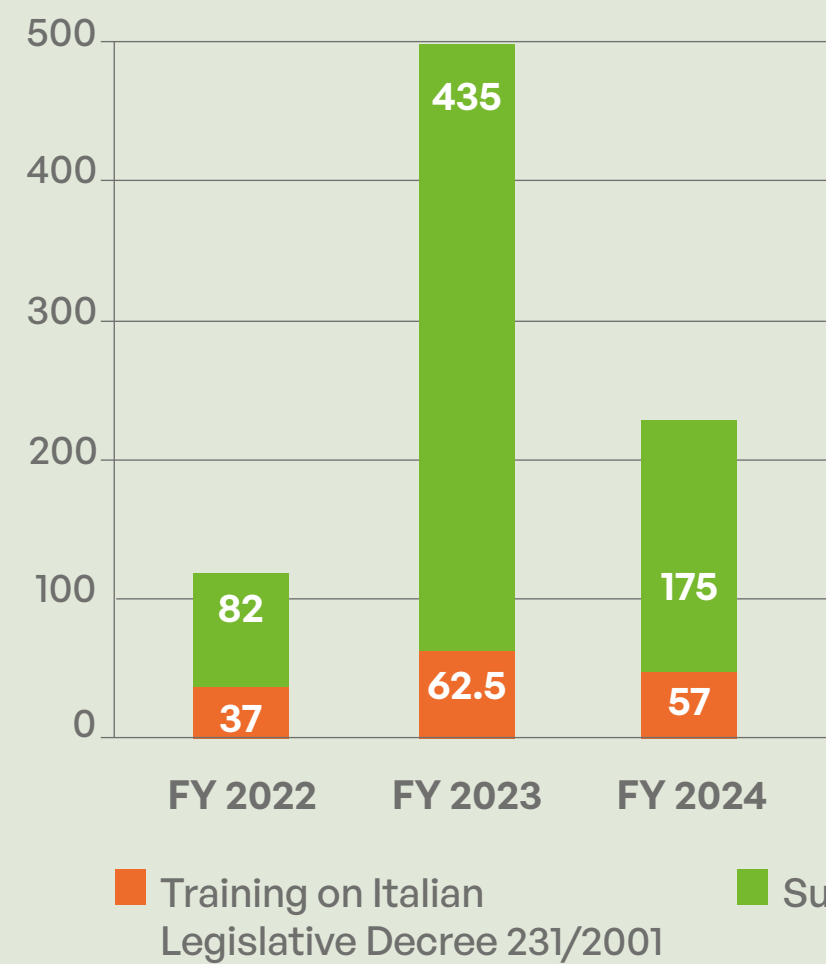
Internal communication

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

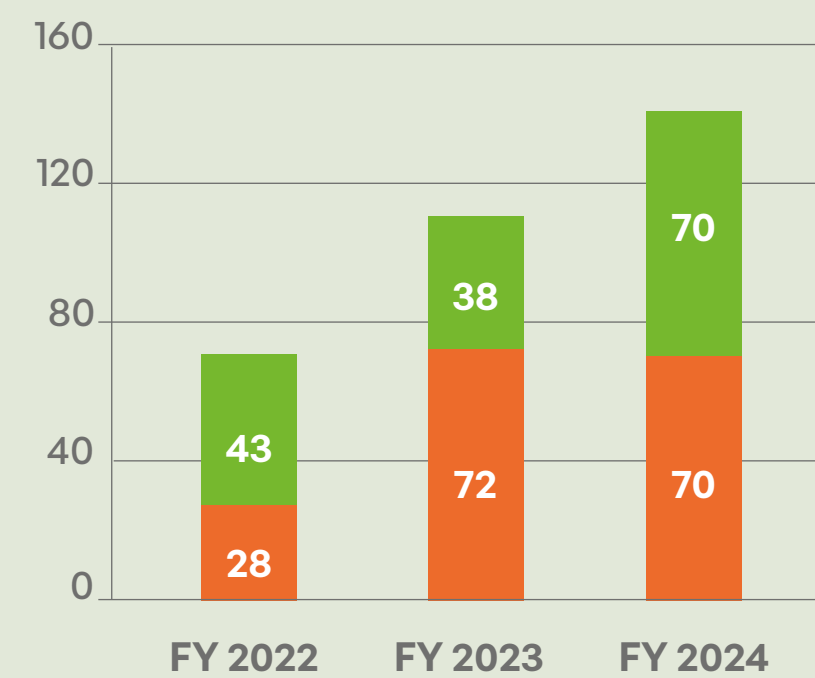
work environment, we promote various listening and dialogue activities with workers, so as to establish relationships of mutual collaboration between people, thereby increasing the sense of belonging and promoting

the dissemination of the Company's values and culture.

Training hours



Trained workers



² For the Fiscal Year 2023, sustainability projects included a training on-the-job provided to an intern.

Workers' benefits

Personnel is 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 2024, we devoted 1% of revenues to worker's benefits, including:

- scholarships for employees' children;
- bonuses provided for the Zero Accident Project (details on page 64);
- '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;
- 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: by paying a minimum monthly fee, it is possible to join a fund largely financed 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;
- 24-hour company 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

- maintenance personnel;
- ordinary and extraordinary maintenance of green areas and restyling of various offices and meeting rooms;
- Alcantara's welfare plan: for the fifth consecutive year, each employee has had the right to choose whether to convert part or all of the profit-sharing bonus into welfare credits. These can be used on the Company's website to take advantage of goods and services in the fields of health, sport and well-being, education, culture and entertainment, and also for the benefit of family members, while obtaining a tax advantage at the same time;
- bonuses for the Carpooling project (details on page 56).

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;
- 'Inside', the corporate newsletter published every six months and distributed in paper form to all personnel at the headquarters and production plant.

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 smart working 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 2024	
	MEN	WOMEN
Managers	7,167.48	4,257.75
White-collar workers	4,979.75	13,636.22
Apprentices	1,068.93	948.2
TOTAL	13,216.16	18,842.17

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.

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	383	100.0%
Blue-collar workers	Women	22	100.0%
White-collar workers	Men	82	98.8%
White-collar workers	Women	63	96.9%
Managers	Men	48	100.0%
Managers	Women	17	94.4%
Apprentices	Men	11	100.0%
Apprentices	Women	4	80.0%
Executives	Men	-	-
TOTAL		630	99.2%

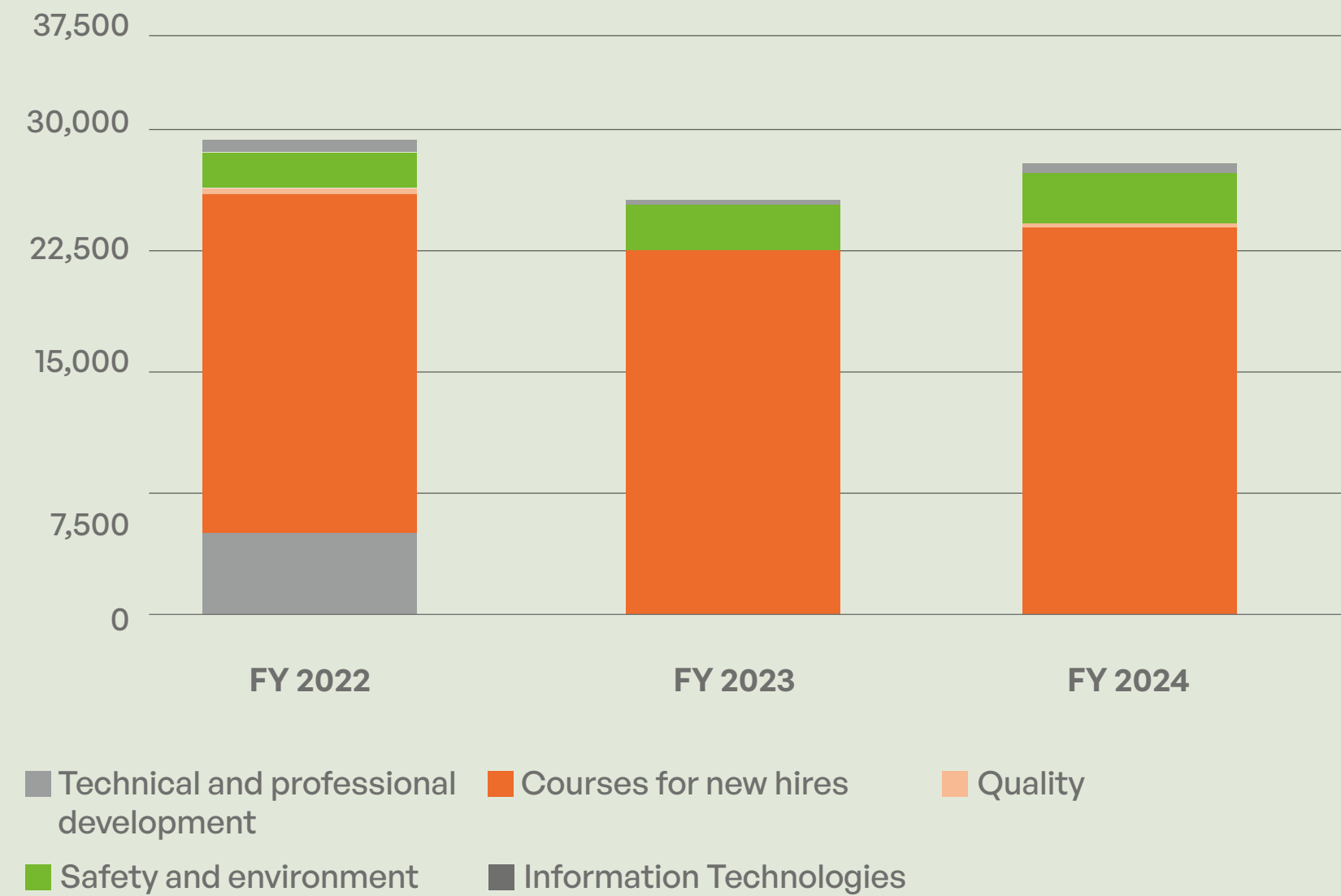
Of the 32,066 training hours provided in the Fiscal Year 2024, 74.46% were dedicated to onboarding courses for new hires, 12.7% to the development of professional technical skills, and 9.98% to safety and the environment.

TRAINING PROVIDED	FY 2022	FY 2023	FY 2024
Average hours per capita (hours/person)	44	44	43.5
Costs (€)	15,534	24,394	76,965
Total number of training hours provided for:	28,703	28,438	32,066
• Technical and professional development	5,129	3,468	4,073
• Courses for new hires	20,579	22,432	23,879
• Quality	662	335	309
• Safety and environment	2,334	2,014	3,201
• Information Technologies	662	189	604

AVERAGE NO. OF TRAINING HOURS PROVIDED FY 2024	NERA MONTORO		MILAN		TOTAL
	MEN	WOMEN	MEN	WOMEN	
Blue-collar workers	57.4	128.9	21	-	61.2
Apprentices	135.3	23.5	157.3	62.8	108.1
White-collar workers	33.2	23.7	30.7	16.9	27.2
Middle Managers	20.7	30.7	9.2	9.3	17.2
Executives	5.5	-	4.8	-	4.8

In addition, during the Fiscal Year 2024, a total of 251.8 hours of HSE training was delivered to 27 people falling into the interns and external personnel categories (for example, other firms' employees).

Training hours



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. 42% of the workforce at the Nera Montoro production plant and 40% at the Milan headquarters is directly involved in the Health and Safety system.

WORKERS INVOLVED IN THE HEALTH AND SAFETY SYSTEM – FY 2024	NERA MONTORO	MILAN
Total employees	560	90
Work permits	155	2
Supervisors	150	30
On call	11	-
PPS (Risk prevention and protection service)	4	1
Emergency Team	96	7
Total positions held	416	41
Total personnel involved	237 (42%)	36 (40%)

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 2024 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 in the dedicated section);
- TORAY Group Safety Summit and international audits. In the Fiscal Year 2024, in-person activities resumed following the end of the Covid-19 pandemic;
- 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 (firefighting vehicle, ambulance, infirmary with daily medical service and available 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)³, entered in the ISO 45001 certified health, safety and environment management system. In the Fiscal Year 2024, no accidents were recorded, neither at the Nera Montoro production plant nor at the Milan headquarters, with the exception of a commuting accident at the Nera Montoro production plant.

³ This procedure is in accordance with Presidential Decree No. 1124 of June 30, 1965.

Nera Montoro Fiscal Year 2024 statistics

NUMBER OF RECORDABLE ACCIDENTS (MORE THAN 3 LOST DAYS)			HOURS WORKED			RATE OF RECORDABLE INJURIES	
MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
-	-	-	748,821	96,087	880,908	-	-

EMPLOYEES	FY 2024		
	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
Of which: commuting accidents	1	-	1
Recordable work-related injuries (n.)			
Recordable work-related injuries (more than 3 lost days)	-	-	-
Occupational illness (n.)			
Cases of recordable occupational illnesses	1	-	1
Death due to occupational illnesses	-	-	-
Days absent (n.)			
Lost working days (accidents, strikes, illnesses-excluding holidays, leave, etc.)	3,973	457	4,430
Lost working days Only due to accidents and/or occupational illnesses	15	-	15
Hours worked (h.)			
Workable hours	964,026	121,761	1,085,787
Hours actually worked	784,821	96,087	880,908

Milan Fiscal Year 2024 statistics

NUMBER OF RECORDABLE ACCIDENTS (MORE THAN 3 LOST DAYS)			HOURS WORKED			RATE OF RECORDABLE INJURIES	
MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
-	-	-	72,841.20	72,457.14	145,298.3	-	-

EMPLOYEES	FY 2024		
	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)	-	-	-
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.)	139	226,5	365,5
Lost working days Only due to accidents and/or occupational illnesses	-	-	-
Hours worked (h.)			
Workable hours	87,344.00	94,518.00	181,862.00
Hours actually worked	72,841.20	72,457.14	145,298.34

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 16 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 as prevention and training activity to increase risk awareness.

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 2022	17	50	172
FY 2023	23	122	230
FY 2024	23	215	352

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).

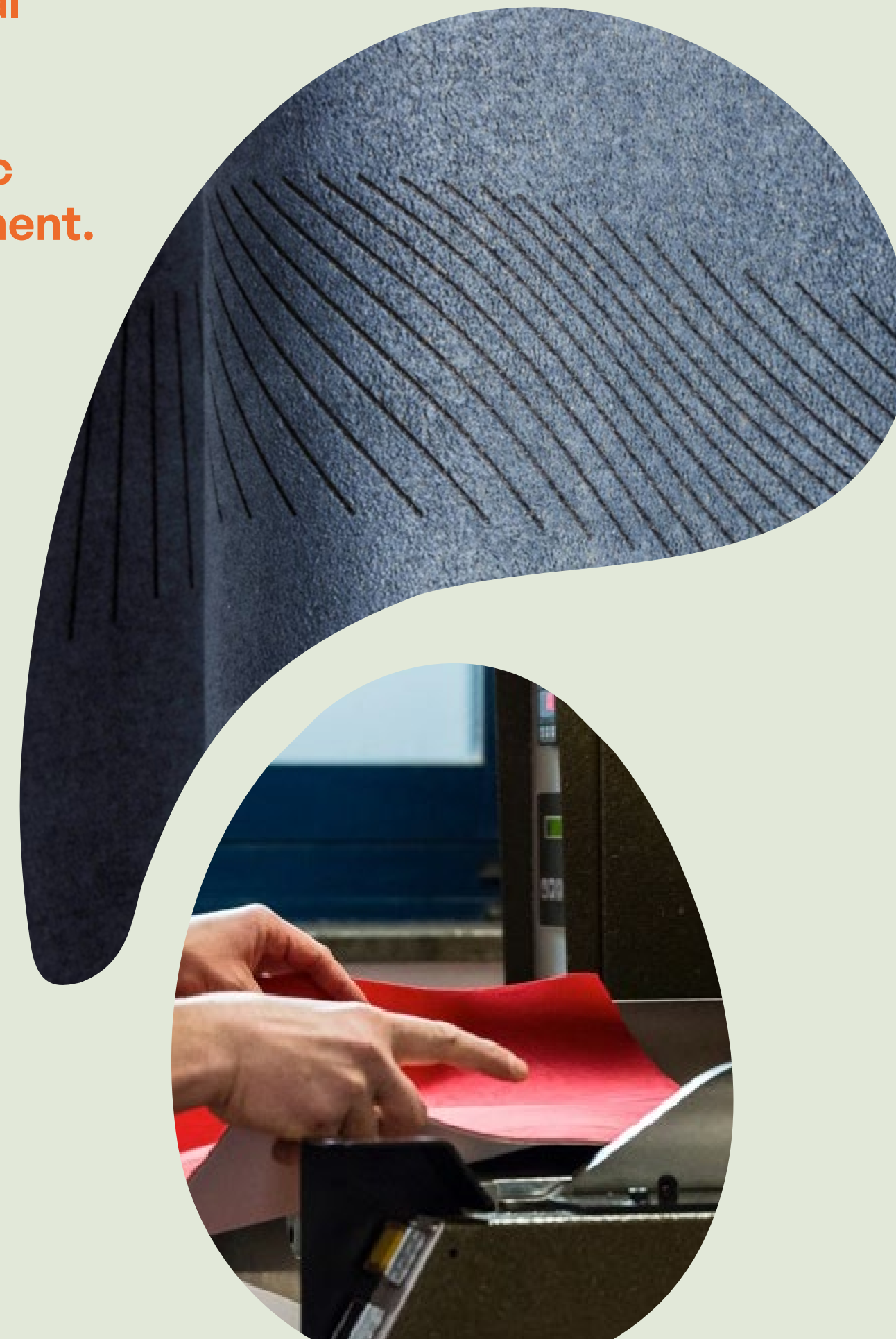
MEETINGS WITH REPRESENTATIVES

During the Fiscal Year 2024, 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: a schedule of periods of stoppage at the production plant and closure at the headquarters was defined and shared periodically with the RSUs (trade union representatives), in relation to market trends and related production structures, especially with regard to international markets and our industry;
- organisation of the production plant: at regular intervals and in relation to demand-production trends, factory layouts deemed best to guarantee safety, quality, production efficiency and work-life balance mechanisms were defined through union agreements. Trade union agreements have also been defined with a view to a virtuous use of flexibility, understood both as work flexibility and flexibility at work, the latter especially through the sharing and implementation of training

- plans aimed at increasing the flexible use of resources and their professionalism;
- Company Observatory and Technical Committees: at the plant, additional moments of confrontation between the company and the RSU have been established in order to maintain and, where possible, develop a positive and constructive process of trade union information and consultation with particular regard to the most important phases of change involving the Company and the workers and an open and transparent dialogue, productive and useful in preventing conflict and in the search for appropriate solutions compatible with the needs of the market and good employment. These meetings, although not of a negotiating nature, are aimed at sharing further information on specific matters or of a general nature in order to increase active participation in company issues;
- training: training activities were shared with trade unions and organised on Operations management and Smart Manufacturing for managers of production

areas, on the development of training strategies in the HR area, and on MES software for technical personnel operating on the Industry 4.0 network. In addition, self-learning training on the professional use of Excel and foreign languages, as well as training on new legislation introduced in all areas of SSA impact was defined. Over the past 10 years, thanks to second-level bargaining and the shared objective of enhancing human resources through education, it has been possible to finance training plans worth a total of about €480,000 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 2024. The production and economic results for the Fiscal Year 2024 enabled the achievement of 77.99% of the target set, despite the difficult international context. The agreement stipulated provides additional €50 on the retirement fund of each employee and €200 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 11 years, the Participation Bonus has brought workers a total amount of about €17,390, 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

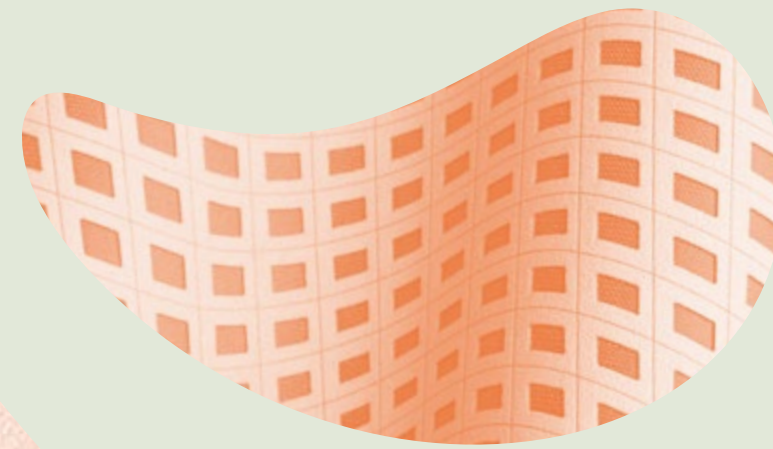


4th
need

SOCIAL SUSTAINABILITY

NEED FOR ENGAGEMENT

By engaging all our stakeholders in our mission, we aim to foster collaboration and ensure that our efforts toward sustainability are embraced and supported across all levels of our organisation and beyond.



22 EVENTS AND CO-BRANDING ACTIVITIES

in the Fiscal Year 2024

55 PROJECTS

aimed at generating energy from renewable sources, raising awareness on sustainability and improving social conditions for the communities involved

158
press releases

SOCIAL SUSTAINABILITY HIGHLIGHTS

€105,000
allocated to local communities

28.4 MILLION VIEWS
on YouTube

271,333 FOLLOWERS
on the main social media platforms worldwide

50 SCHOLARSHIPS
awarded

CHAPTER OVERVIEW

MANAGEMENT OF THE RELATIONS WITH THE COMMUNITY



- Local community initiatives
- 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 2024, we have assigned approximately €105,000 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. In January 2024, the TURN Urban Re-Generation Terni-Narni business network was the first in Italy to achieve the ISO 37101 certification for 'Sustainable management of communities'.

Scholarships: our commitment to education continued with 50 scholarships offered in the Fiscal Year 2024. 15 were awarded to most deserving students residing in the municipality of Narni and the remaining 35 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 10th edition, with an ever-increasing participation. Over the years, students in the municipality of Narni have been awarded 137 scholarships valued at a total of over €40,000, while children of employees have received 240 scholarships totalling about €58,000.

'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 2024, 9 awards were disbursed totalling €4,000. Since the launch of the initiative in 2015, a total of 66 families have received the award.

Training for schools: six curricular internships were activated at the I.T.S. Umbria (Innovation Technology and Development), and three school-to-work programmes at the Istituto Tecnico Tecnologico in Terni, totalling nine internships. From 2013 to date, 24 people have been hired after serving an internship. In the Fiscal Year 2024, we hosted 17 students and 2 teachers from the University of Viterbo.

Loyalty bonus: 21 employees who have reached 25 years of service in the Fiscal Year 2024 were awarded a loyalty bonus consisting of fuel vouchers worth a total of €1,050.

Corporate nursery: on 24 November 2012, inter-company nursery CIPÌ opened its doors to children of employees and families residing in the areas surrounding the Alcantara plant. Five children of Alcantara employees used the nursery in the Fiscal Year 2024. Since the opening of the nursery, 40 children of employees have been enrolled, and nearly €35,000 have been devoted for these enrollments.



**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. During the Fiscal Year 2024, we supported 2 certified and verified offsetting projects, based on independent certification standards (see paragraph 5.3), which are listed below.

<p>2009 ● EL OCOTA: HYDROELECTRIC VCS PALMERSTON NORTH: WIND GOLD STANDARD MYSORE STATE: HYDROELECTRIC VCS</p>	<p>FY 2016¹ ● CHONBURI PROVINCE: BIOMASS VCS KAFEATE AND PRONY: WIND GOLD STANDARD KAMPALA: COOKING STOVES GOLD STANDARD YOUSHUI RIVER (YOUYANG COUNTY): HYDROELECTRIC VCS</p>
<p>2010 ● IZMIR: WIND GOLD STANDARD HUKOU: HYDROELECTRIC VCS MAHARASHTRA: GEOTHERMAL VCS</p>	<p>FY 2017 ● CHONBURI PROVINCE: BIOMASS VCS CHAMPASAK PROVINCE: HYDROELECTRIC GOLD STANDARD GOLD STANDARD BAJA CALIFORNIA SUR: PHOTOVOLTAIC VCS TAMIL NADU: WIND VCS GANSU PROVINCE: PHOTOVOLTAIC GOLD STANDARD CHANGBIN AND TAICHUNG: PHOTOVOLTAIC GOLD STANDARD</p>
<p>2011 ● HAIKOU: HYDROELECTRIC VCS SARABURI: BIOMASS VCS TOCANTINS: BIOMASS VCS</p>	<p>FY 2018 ● TAMIL NADU AND KARNATAKA: WIND (2 PLANTS) VCS RAWSON: WIND VCS ZOBA DEBUB: HYDROELECTRIC VCS DONGDONGTAN: PHOTOVOLTAIC GOLD STANDARD</p>
<p>2012 ● NAIROBI: DRINKING WATER PRODUCTION GOLD STANDARD TRA LINH: HYDROELECTRIC VCS WANGKUI: BIOMASS VCS</p>	<p>FY 2019 ● RAWSON: WIND VCS ZOBA DEBUB: SAFE WATER GOLD STANDARD DONGDONGTAN: SOLAR PV GOLD STANDARD KARNATAKA: WIND VCS</p>
<p>2013 ● CHANGBIN E TAICHUNG: WIND GOLD STANDARD TALCA: HYDROELECTRIC VCS ACCRA: COOKING GOLD STANDARD</p>	<p>FY 2020 ● DACCA: COOKING STOVES GOLD STANDARD NOUAKCHOTT: COGENERATION VCS CHUNGCHONGNAM-DO: WIND VCS</p>
<p>2014 ● QIABUQIA: HYDROELECTRIC VCS GUJARAT: WIND VCS HAIJING AND YIXING: PHOTOVOLTAIC (2 PLANTS) GOLD STANDARD</p>	<p>FY 2021 ● DAPEIN RIVER: HYDROELECTRIC CDM ANDHRA PRADESH: WIND VCS HAINAN: BIOGAS GOLD STANDARD ULAN BATOR: COOKING STOVES GOLD STANDARD</p>
	<p>FY 2022 ● LAPSEKI: WIND GOLD STANDARD ULUABAT: HYDROELECTRIC VCS CHARANKA: SOLAR VCS ALTAY: HYDROELECTRIC CDM BUJAGALI: HYDROELECTRIC CDM</p>
	<p>FY 2023 ● FUXIN: WIND CDM THANH HÓA: HYDROELECTRIC CDM ASAHAN RIVER (SUMATRA): HYDROELECTRIC CDM</p>
	<p>FY 2024 ● BATUMI: HYDROELECTRIC VCS HAICHENG: LANDFILL GAS POWER VCS</p>

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

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: a foundation established 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 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 Carbon Unit). VCS is the most widely used voluntary Carbon Standard in the world.



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



Automotive

In the automotive sector, we continued our communication activities with well-known brands such as BMW, Czingier, Alfa Romeo, Toyota, just to name a few.

In addition, Alcantara presented the 2023 Automotive Concept Book, inspired by a journey through styles representing three different visions of the future. In these three different interpretations, Alcantara is transformed into different textures with a recipe for style that combines creative suggestions, advanced technologies and craftsmanship, in the name of Made in Italy.

Fashion and Accessories

In the Fiscal Year 2024, Alcantara presented two collections, both previewed at LINEAPELLE, the most important international exhibition dedicated to the leather, accessories, components and fabrics sectors:

- the Autumn 2024 collection, which took inspiration from the tribal world contaminated by the irreverence typical of street art. At the centre of the narrative are decisive, modern colours such as yellow, pink and blue and soft lines that contrast with designs that recall primordial art told through three-dimensionality, light and touch;
- the Spring/Summer 2025 collection, inspired by the woody atmosphere of the

first light of dawn, evoking the awakening of nature. The colour palette, deep and sophisticated, sees lilac as the predominant colour harmonised with shades of brown and green in all their nuances.



AWAWARE

Interior, Contract, Marine and Aviation

The Aurora interior collection was inspired by one of the most fascinating natural phenomena occurring on the globe: the beauty of

the Northern Lights. The collection unprecedentedly features eight pieces in three colour areas, ranging from the warm colours of the earth and the warm morning sun, to cold colours reminiscent of Nordic landscapes, to neutral, mineral-inspired shades.

NESSES

INITIATIVES

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 2024, 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.



VICE MINISTER VALENTINI'S VISIT

@ Nera Montoro (Terni), Italy
5 April 2023

On 5 April 2023, Deputy Minister of Enterprises and Made in Italy Valentino Valentini visited the production plant.

During his speech, he said: "The distinctive character of Alcantara lies in the ability to use advanced technologies to produce a material that is unique in

the world while maintaining the attention to detail which is typical of craftsmanship combined with a managerial culture and sustainable production aimed at

reducing environmental impact".

ALCANTARA AT MILAN DESIGN WEEK 2023

@ Milan, Italy
17 - 23 April 2023

Alcantara was the main character of the Milan Design Week with five creative installations that told about its relationship with the worlds of design and art.

Through Alcantara. The Beauty of Innovation

'Through Alcantara. The Beauty of Innovation' was the name of the installation on show at the ADI Design Museum in Milan inaugurated on 18 April 2023, on the occasion of the 2023 Car Design Awards.

This award ceremony was first organised by magazine Auto & Design in 1984, and has since been honouring projects that have contributed significantly to the evolution of automotive design.

The opening event saw the participation of the design community as well as the trade press and personalities from the automotive world.



Tale of Wonder

'Tale of Wonder' was the name of the project developed in collaboration with Studiopepe: three large doorways opening to the city of Milan and the Design Week. Piazza Gae Aulenti, Via Palestro and Via Croce Rossa were the locations selected for the three installations, each characterised by its own symbolism: the celebration of the horizon of the new Milan, the link between art and nature and the focal point of the Fuorisalone districts.



Archiproducts - 'Inspired by Earth'

Alcantara was among the companies selected by Studiopepe for the special set-up in the Archiproducts space at Via Tortona 31 that debuted during Design Week 2023. 'Inspired by Earth', the set up allowed visitors to live a sensorial and chromatic experience, and admire curtains, upholstery and other decorative details crafted in Alcantara that were inspired by and paid homage to our Earth.



Wish Tree - Vanity Fair Social Garden



Alcantara took part in the Vanity Fair Social Garden 2023, a programme of workshops and talks open to all and dedicated to Green change. For the occasion, the soft touch material was transformed into leaves on which guests left their messages, before hanging them on the large Wish Tree.

Tactile Visions

During the Milan Design Week 2023, the Exhibition Hall of IULM University hosted some exclusive works of art from Alcantara's artistic archive.

Four masterpieces that recounted the relationship between Alcantara and the world of Art (collected in the book 'Alcantara The Material of Art')

retraced some of the stages that have seen Alcantara involved in the co-production of artistic events around the world for over ten years.



ALCANTARA AT AUTO SHANGHAI 2023

@ Shanghai, China
18 - 27 April 2023

'Embracing a New Era of the Automobile Industry' was chosen as the theme for the 20th edition of Auto Shanghai, at which innovation, customisation and sustainability took centre stage.

Alcantara, which has always kept in step with these important evolutions, proved to be the first choice of major Chinese car manufacturers such as Red Flag, Geely and Chery, who recognise

the material's unrivalled aesthetic, technical and sensory qualities that offer a fundamental competitive advantage.



ALCANTARA DRESSES THE BMW XM

@ Milan, Italy
19 April 2023

Following the success of the BMW M4 Competition model, BMW and Alcantara returned to collaborate on the new XM, creating a balance between driving pleasure and functionality by sharing common values such as style, creativity and avant-garde.

The sculptural roof cladding of the cabin features a three-dimensional prism structure in Alcantara, embellished with a hundred LEDs. Framing the intense blue of the roof cladding are Alcantara inserts in a surprisingly warm aubergine shade, that give it a very personal and elegant touch.



ALCANTARA - MAXXI PROJECT: SEED BED

@ Venice, Italy
19 May 2023

For its 12th edition, the Alcantara-MAXXI Project left the halls of the museum and found space in the open air for the first time ever, marrying the Certosa Island with the work 'Seed Bed' by Studio Ossidiana. The architectural structure crafted in Alcantara by the Rotterdam-based Italian artistic duo, protects celebrates and cultivates nature.

For the realisation of the work, in line with the Company's sustainability plans, two versions of Alcantara were chosen. The first one was obtained from a partially bio-based polymer content. The other, used for the first time in the design field, was made from post-consumer recycled polyester that has obtained the Textile Exchange's

Recycled Claim Standard (see paragraph 6.2). Following this circular economy context, at the end of the exhibition cycle, the material used for the installation was regenerated for the first time thanks to the support of gr3n SA, an innovative startup with the mission to eliminate plastic waste on a global scale. The material from the

installation was regenerated with gr3n technology allowing its effectiveness to be confirmed on a pilot scale and beyond, as well as the quality of the monomers recovered (see paragraph 6.2).

BEHIND THE DESIGN: ALCANTARA AND MICROSOFT FOR THE NEW SURFACE PRO SIGNATURE KEYBOARD

@ Milan, Italy
27 May 2023

The collaboration between Alcantara and Microsoft for the Surface range, which began in 2017, has continued into the Fiscal Year 2024.

A partnership under the banner of innovation that guarantees sophisticated product aesthetics, unique performance and sustainability in a circular economy perspective. In fact, the new Microsoft Surface Pro Signature

keyboard has been made with a partially bio-based Alcantara version consisting of at least 12% renewable content derived from sugar cane waste (see paragraph 6.2).



BEYOND THE SURFACE: UNFOLDING DIMENSIONS

@ Singapore
6 June 2023

Alcantara brought Made in Italy to Singapore with 'Beyond the Surface: Unfolding Dimensions', the first lifestyle event in Southeast Asia.

The concept told a story of unprecedented innovation, characterised by the brand's ability to unite cutting-edge technology and traditional craftsmanship, also demonstrating how its enduring relationship with the world of art, innovative know-how and attention to aesthetics are an added value.



ALCANTARA



ALCANTARA DRESSES THE ECCENTRICA CONCEPT CAR

@ Milan, Italy
6 July 2023

Unveiled on 6 July in Milan, the Eccentrica concept car, a 'restomod' based on the 1990s Diablo, features Alcantara interiors.

The wrap-around seats in leather and copied blue Alcantara tell the story of the 1990s. The squared design of the seats is divided by horizontal lines, featuring the double crossed C logo embossed repeatedly to form a decorative line.

The side panel of the seat is also made of Alcantara, guaranteeing the rider good grip when cornering, and breathability, while giving the seat a timeless refinement.



ALCANTARA AT GCOTY 2023

@ Alsfeld, Germany
18 July 2023

Alcantara is back for the second time in Germany as a partner of the ‘German Car Of The Year’ (GCOTY). The contest was created to celebrate excellence and innovation in the automotive sector in which the Made in Italy brand is an undisputed protagonist.

On this occasion, Germany’s most influential media came into contact with the uniqueness and innovation of Alcantara thanks to a three-dimensional installation that highlighted

the soft touch of the material and its infinite customisations. In addition, the guests were able to touch a seat upholstered in Alcantara, created in cooperation with the Alpina brand for the exhibition.

ALCANTARA & CZINGER PARTNER FOR THE 21C BLACKBIRD EDITION

@ Monterey, USA
18 August 2023

Alcantara and Czinger have collaborated again for the 21C Blackbird edition, with an exclusive customised Alcantara interior, unveiled for the first time at ‘The Quail, A Motorsports Gathering’ during Monterey Car Week in August 2023.

After the first collaboration in 2022 at the Goodwood Festival of Speed, the Alcantara design team developed a special interior exclusively for Czinger to enhance the dynamic feel of the 21C Blackbird edition. The hypercar pairs

perforated black Alcantara with orange backings creating a powerful interior, as the design pushes the boundaries of Alcantara’s automotive applications.





ALFA ROMEO CHOOSES ALCANTARA FOR THE INTERIOR OF THE LEGENDARY 33 STRADALE

@ Milan, Italy
8 September 2023

An icon of the 1960s, considered by many to be one of the most beautiful cars ever, the one-off 'Alfa Romeo 33 Stradale' offers an unprecedented level of personalisation, with production limited to only 33 units.

Two set-ups: 'Tributo' and 'Alfa Corse'. The dashboard and central tunnel, inspired by aviation, use materials such as aluminium, carbon fibre, leather and Alcantara. In the 'Tributo' version, Alcantara is used starting from the beltline, up to the

inside of the roof, framing the high console and covering the pillars. The 'Alfa Corse' version, on the other hand, features interiors in carbon fibre and Alcantara, both with different combinations of colours and finishes to

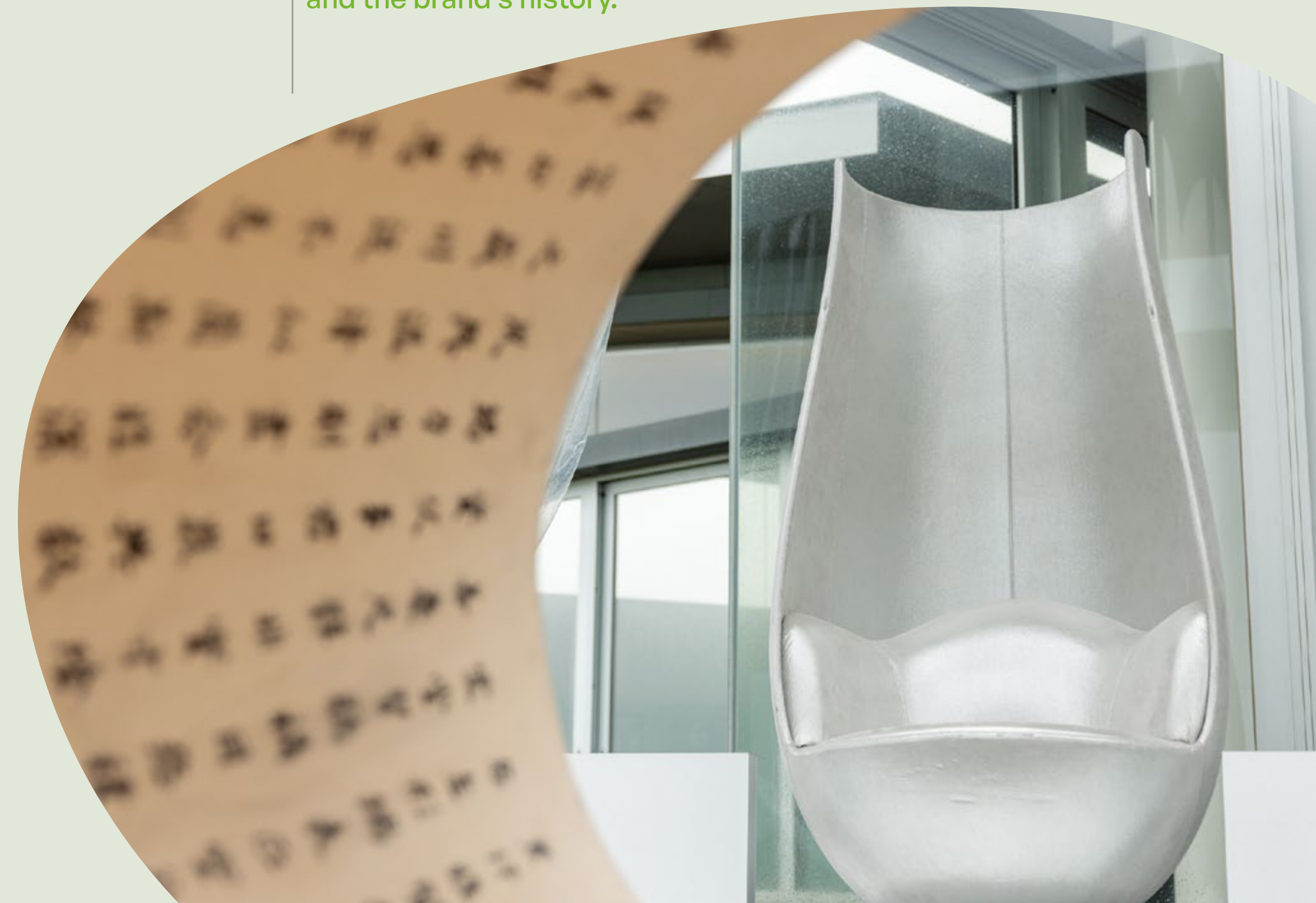
enhance the car's sporty character. The upholstery of the seats, dashboard, door panels and central tunnel mix Alcantara and leather in multiple shade combinations, including black, red/black or blue/black.

ALCANTARA LE ICONE: AN OPEN SKY MUSEUM AT THE BRIDGE VII

@ Bridgehampton, USA
22 September 2023

For the second consecutive year, Alcantara was a partner of The Bridge VII event, one of the most exclusive occasions in the American automotive world, set in the beautiful green setting of the former Bridgehampton race circuit, now The Bridge golf club, in the Hamptons.

For this special occasion Alcantara presented 'LE ICONE': an open-air museum that took guests on a journey through time and the brand's history.



LE CASE DI CARTA: ALCANTARA & MARIE CLAIRE MAISON

@ Milan, Italy
16 -19 November 2023

On the occasion of the celebration of the 20th anniversary of ‘Marie Claire Maison’ - the design and lifestyle magazine published by Hearst Italia - Alcantara was the main partner of ‘Le Case di Carta’, an exhibition under the patronage of the Municipality of Milan, curated by Domitilla Dardi and set up by DWA Design Studio.

The exhibition consisted of an itinerary set up in the halls of Mudec Photo in Milan, that traced the changes that have taken place in the world of interior design over the last twenty years through iconic objects, images and the most emblematic covers of Marie Claire Maison.



AUTOMOBILE AWARDS 2023: ALCANTARA RECEIVES THE ‘COUP DE COEUR LR66’ AWARD

@ Paris, France
14 December 2023

In December 2023, the prestigious ‘Automobile Club de France in Paris’ hosted the Automobile Awards 2023 ceremony.

This sixth edition brought together more than 50 brands and car manufacturers who competed in 23 categories. Alcantara was honoured with the ‘Coup de Coeur LR66’ award, as the brand that best interprets the technical and stylistic trends of the automotive market.



ALCANTARA: BEYOND BOUNDARIES

@ Seoul, Korea
21 February 2024

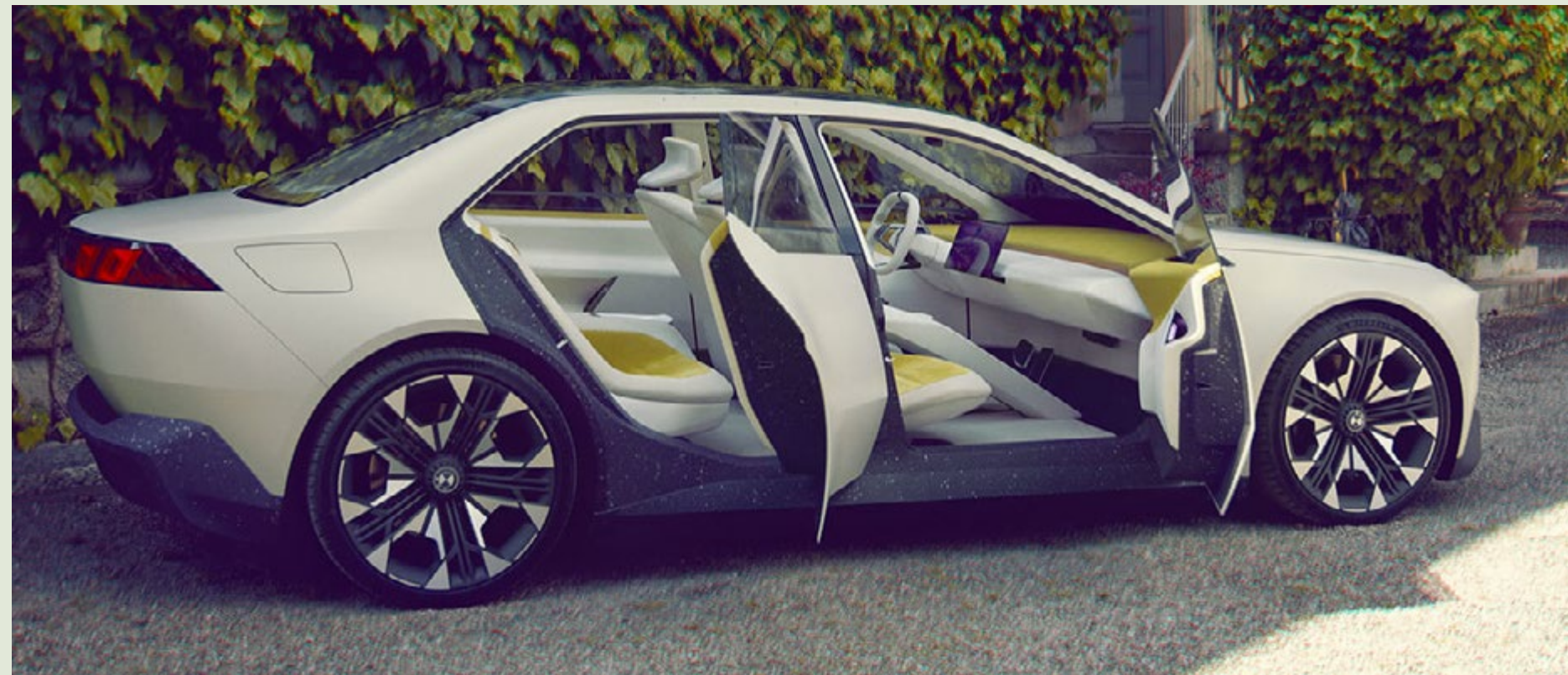
Alcantara returns to Korea with ‘Alcantara. Beyond Boundaries’, an exclusive exhibition celebrating the great encounter between Eastern and Western artistic culture and Alcantara’s historical relationship with the world of art and design.

The exhibition, curated by Jeon Sang Un, director of Platform-L, was divided into two themes that welcomed visitors in an immersive experience through Eastern and Western art.

The exhibition showcased

a selection of works of art from the Company’s archive, created by a number of artists who have accompanied Alcantara on its journey through the creative world. In addition to that, four sculpture

garments crafted by designer Cho Sung-Min as a result of the joint collaboration between Alcantara and Jaden Cho were also on display.



ALCANTARA DRESSES THE INTERIOR OF THE BMW VISION NEUE KLASSE

@ Milan, Italy
12 January 2024

The ‘BMW Vision Neue Klasse’ was presented to the world public for the first time at the 2023 IAA MOBILITY in Munich to great acclaim. With this latest project, BMW is describing what the next generation of BMW brand vehicles could look like.

The Vision vehicle has a clear and essential design language, with wide surfaces and some striking lines, as well as a pioneering information display spanning the entire width of

the windscreen. Alcantara, recognised for its high quality, was chosen in the colour cream for some interior details, giving the interior a fresh and sporty feel.



ALCANTARA AT THE I.C.E. ST. MORITZ

@ St. Moritz, Switzerland
24 February 2024

Alcantara collaborated with 'The I.C.E. St. Moritz', one of the most eagerly awaited automotive events set in an unconventional location: the snowy peaks of the Alps in St. Moritz. A special exhibition that featured luxury classic cars with the unique vibe of a Concours d'Elegance.



The event, which was supposed to take place on the frozen lake at the foot of the Engadin mountains, was changed to its usual location due to the extreme weather conditions. The audience of collectors, car, design and lifestyle enthusiasts who had come to St. Moritz from all over Europe spent the day admiring the glorious cars lined up in the Serletta garage, where the atmosphere of a vintage car museum with an adventurous character was recreated.



ALCANTARA COLLABORATES WITH MASSIMO OSTI STUDIO

@ Milan, Italy
15 February 2024

Chapter 1 of Massimo Osti Studio presents a collection of five products made of Alcantara, which bears witness to the experimental approach that distinguishes both brands, through cross-sectoral contaminations and the exploration of new technological and design horizons.

From outerwear to accessories, each Chapter 1 product exalts not only the versatility and multifaceted nature of the Alcantara material, but also its ability to combine aesthetic sensuality and

performance, technology and craftsmanship. A unique process through which the soft-touch material redefines the language of contemporary lifestyle.

MEDIA RELATIONS

Traditional media

During the Fiscal Year 2024, we consolidated our communication strategy in the global lifestyle world through the work of our

3 Italian and 7 International press offices (USA, France, Germany, China, Japan, UK and South Korea).

From 1 April 2023 to 31 March 2024, through public relations and media relations agencies, we achieved:

• **158 PRESS RELEASES** distributed as shown in the map

• **SIX PRESS VISITS** (Venice Biennale, Milan Design Week Bridgehampton, Singapore and Nera Montoro twice) organised for Italian and International media;

• **46,182 ARTICLES** across all reference publications worldwide, offline and online, which represented the entire media coverage generated by our communication activities.



Digital Communication

Alongside communication through traditional media, we continued to implement our web marketing campaigns relying on our existing social profiles.

As at 31 March 2024, the figures for our social channels were:



SOCIAL SUSTAINABILITY: 2022-2025 TARGETS

Local and International projects with social impact

- Join National and International sustainability initiatives

Alcantara as a brand committed to sustainability

- Continue to participate to the voluntary Carbon Disclosure Project (CDP) and other self-assessment surveys
- Organisation of meetings between Alcantara’s Sustainability Department and clients’ material engineering divisions

Promotion of art and culture

- Organise events related to culture, art and beauty

REFERENCE SDGs





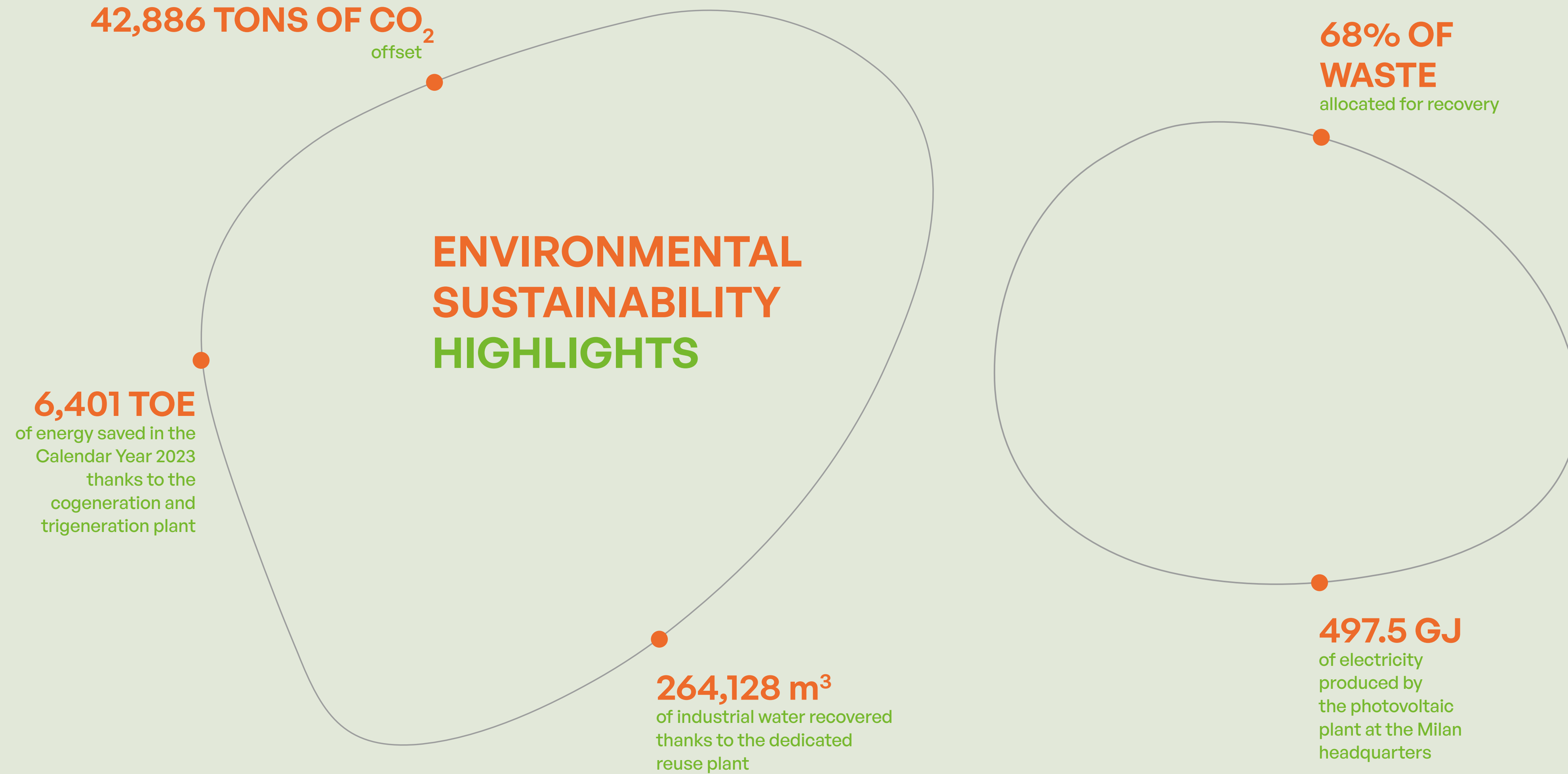
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ENVIRONMENTAL SUSTAINABILITY



NEED FOR CLIMATE ACTION

We organise all future activities by building an action plan focused on energy efficiency, circular economy, and supply chain efficiency. In the meantime, we will maintain our Carbon Neutrality status, as we are convinced that offsetting too is an unavoidable tool for the acceleration of the fight against climate change beyond our value chain.



CHAPTER OVERVIEW

ACTIONS FOR CLIMATE CHANGE



- Overview
- Certifications

ENERGY REQUIREMENTS AND SAVINGS



- Overview
- Energy efficiency
- Energy consumption

CARBON NEUTRALITY



- Overview
- CO₂ offsetting projects
- Life cycle analysis
- Calculation of emissions
- Carbon Disclosure Project
- Deep dive: Financing climate action with certified carbon credits

WATER REQUIREMENTS



- Water withdrawal, discharge and consumption
- Water treatment initiatives
- Water footprint

WASTE MANAGEMENT



- Overview

ENVIRONMENTAL SUSTAINABILITY:
2022-2025 TARGETS

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 also 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.

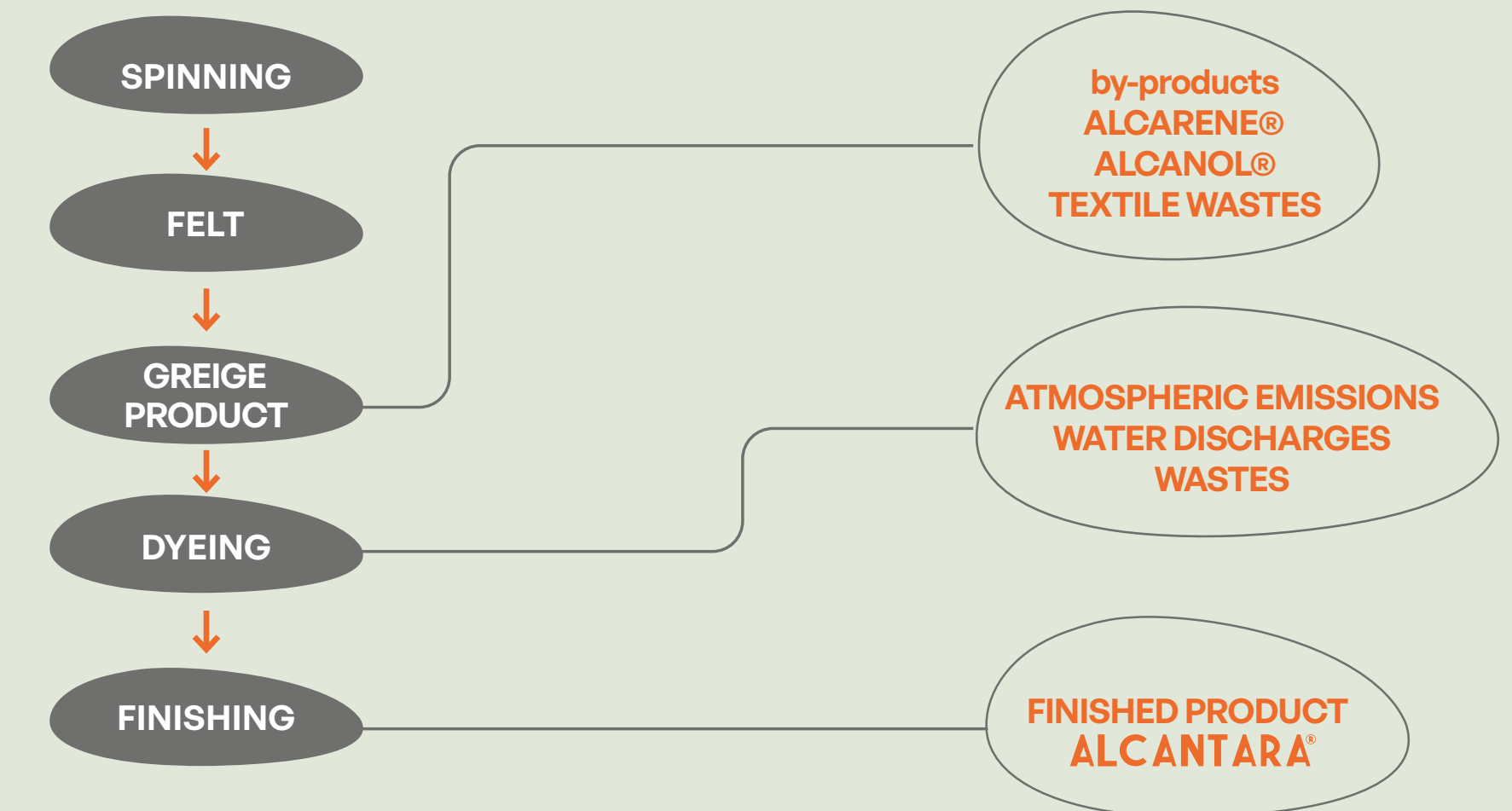
Alcantara is created using a complex and still unrivalled production process that typically combines textile operations such as spinning, carding, dyeing and finishing, involving specifically developed chemical processes. The entire cycle takes place in-house, at the Nera Montoro site. As shown in the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

In order to limit potential negative impacts on the environment and the surrounding area, and in accordance with the provisions of our ISO14001 certified Environmental Management System (see paragraph 1.3), 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.

Alcantara® production processes



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. For more information, see paragraph 1.3.

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.



1998-2002

- Total renewal of plant machinery.

FROM 2008

- Exclusive use of electricity from renewable sources was introduced for the entire share acquired from the electricity grid.

2013

- Commissioning of the new high-efficiency cogeneration plant for the production of a significant share of the steam and electricity used at the Nera Montoro plant.

FY 2016

- Optimisation of ambient temperatures in the greige and fibre departments;
- Installation of power factor correction systems in the production departments and new air conditioning system in the greige department.

FY 2018

- Installation of the trigeneration plant for the combined production of chilled water, heat and electricity;
- Continuation of the reporting to the GSE of the energy savings resulting from the new water-based production process;
- Transition from the use of chilled water to tower water at the water-based PVA distillation plant.

FY 2020 - FY 2021

- Construction of a plant for the recovery of heat from the steam emerging from the condensate collection tank in the fibre department;
- Research related to filtered water saving methods in the cooling towers.

FY 2023

- Optimisations of the energy saving process included: the improvement of air compressed flow at buffing line, the insulation of the spooner dryer at the greige department, the reduction of steam consumption in the distillation department, the decrease of pressure set point for compressed air network, a decrease in the ambient temperature of the departments over the winter, an increase in the set point of the chilled water temperature.

2000

- Partnership with a local producer for the exclusive supply of steam from a cogeneration plant.

2010

- Investments for further reduction of plant energy consumption.

2014

- Installation of a new screw compressor for wastewater treatment;
- Start of gradual transition to LED lighting.

FY 2017

- Installation of a new cooling tower and a new high-efficiency cooling unit;
- Installation of a greige air treatment unit with energy recovery;
- Attainment of Energy Efficiency Certificates (TEEs) as a result of the energy savings generated by the water-based process.

FY 2019

- Installation of a system for the recovery of heat from steam rising from the condensate collection tank in the Distillation department.

FY 2022

- Continuation of discussions with technology partners and suppliers to assess possible interventions to reduce the GHG emissions associated with energy consumption. In light of the gradual renewal of the Company's vehicle fleet, in March 2022, the installation of a 114 kW photovoltaic plant, to be used primarily for powering electric car recharging stations was completed at the headquarters in Milan.

FY 2024

- Replacement of an old thermal oil boiler with a new, more efficient one, insulation of the drying ovens in the Fibre department, and installation of a 300 kW photovoltaic system at the Nera Montoro plant. The PV system was commissioned in December 2023 and has produced 24.2 MWh of self-consumed energy.

FY refers to Fiscal Year

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 environmental impact of production. With the intention of ensuring that our production system is capable of efficiently utilising energy resources while minimising the generation of GHG emissions as much as possible, over the years, we have invested in the following decarbonisation measures¹.

Cogeneration and trigeneration plant

The cogeneration plant is capable of supplying steam with a maximum contractual capacity of 48 t/h and electricity up to approximately 50,000 MWhe/year. The contract with ENGIE has been maintained since 2013.

In the Fiscal Year 2024, the cogeneration plant supplied 207,935 MWh of thermal steam and 46,546 MWh of electricity, providing considerable energy, environmental and economic benefits. As a matter of fact, the cogeneration plant has reduced energy consumption by about 5,300 tons of oil equivalent per year.

The following table, which shows the figures for each calendar year, quantifies the actual benefits generated by the cogenerator, 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;
- tax benefits for the methane supplied to HEC qualified power stations;
- 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 ²													
	UM	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Saved gas	MWh	51,034	61,148	58,166	56,661	66,329	71,018	66,030	53,512	63,152	64,913	64,586	676,548
	TOE	4,389	5,259	5,002	4,873	5,704	6,108	5,679	4,602	5,431	5,583	5,554	58,183
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	13,141	137,113

The trigeneration plant, built in 2019, has an annual production capacity of 21,050 MWh of electricity, 10,697 MWh of cogenerated thermal energy without additional fuel input, and 8,174 MWh of refrigeration. Over the past five years, the trigeneration plant has allowed us to obtain approximately

940 Energy Efficiency Certificates (EEC) per year. In the Calendar Year 2023, compared to the separate production of electricity, heat, and refrigeration, we avoided the emission of 2,003 tons of CO₂ and saved 9,844 MWh of energy.

TRIGENERATION PLANT	UM	2023
Natural gas saved	MWh	9,844
	TOE	847
CO ₂ avoided	tons	2,003

¹ Aggregate types of mitigation actions, such as energy efficiency, electrification, fuel switching, the use of renewable energy sources, product modification, and supply chain decarbonisation, in line with the company's specific actions.

² Figures are calculated by ENGIE and validated by GSE.

Photovoltaic plants

The photovoltaic system installed at the Milan headquarters in the Fiscal Year 2023 produced 114 MWh of electricity in the Fiscal Year 2024, 94% of which were used for self-consumption and 6% were fed back into the grid. This allowed covering 17.3% of the site's electricity demand

with self-produced renewable energy. Additionally, the installation of a 300 kW photovoltaic system at the Nera Montoro plant was completed. The PV system has been operating since December 2023 and has generated 24.2 MWh of self-produced energy.

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.

³ This information encompasses both the Nera Montoro plant and the Milan headquarters.
⁴ During the Fiscal Year 2024 Alcantara also purchased 106 kWh of electricity produced from photovoltaic solar systems.

ENERGY CONSUMPTION WITHIN THE COMPANY	TOTAL TJ FY 2022	TOTAL TJ FY 2023	TOTAL TJ FY 2024
MILAN			
Natural gas	1.246	0.560	0.603
Of which: for heating	1.246	0.560	0.603
Electricity	2.338	2.314	2.235
Of which: Purchased	2.338	1.946	1.848
Of which: Self-produced from photovoltaic plant	-	0.368	0.387
Diesel	1.520	1.144	1.421
Of which: for business travel by company cars	1.520	1.144	1.421
NERA MONTORO			
Natural gas	85.594	79.556	77.569
Of which: for the canteen	0.46	0.278	0.284
Of which: for the productive plant	85.548	79.278	77.285
Diesel	0.420	0.391	0.441
Of which: for production processes	0.131	0.094	0.156
Of which: for business travel by company cars	0.243	0.297	0.284
Electricity	318.503	318.461	321.024
Of which: self-produced from cogeneration plant	248.114	235.866	234.756
Of which: purchased from national grid	70.237	82.594	86.181
Of which: self-produced from photovoltaic plant	-	-	0.087
Other	839.495	804.640	778.150
Steam	839.495	804.640	778.150

The total³ amount of electricity purchased from renewable sources in the Fiscal Year 2024 and certified with Guarantee of Origins, is equal to 88.029 TJ, broken down as follows:

ELECTRICITY FROM RENEWABLE SOURCES ⁴	TJ FY 2024
Wind	85.387
Hydropower	2.642
Total	88.029

The following table summarises the most relevant categories of energy consumption outside the company.

CONSUMPTION OUTSIDE OF THE COMPANY	MJ FY 2024
Energy to transport products and by-products	17,588,148
Energy to transport raw materials	24,799,005
Energy on business air travel	3,828,772
Energy on employee commutes	26,663,070
TOTAL CONSUMPTION OUTSIDE OF THE COMPANY	72,878,995

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 over 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 yet allow to eliminate them. This allows us to provide our clients with a Carbon Neutral product, according to the PAS 2060:2014 standard.

RESIDUAL GHG EMISSION FY 2024 ⁵	Tons of CO ₂ e	%
Diesel	11.590	0.03%
Use of assets and services	34.488	0.08%
Business trips	413.440	0.96%
External processing	1,273.883	2.97%
Water	498.504	1.16%
Electricity	682.581	1.59%
Product use & end of life	208.686	0.49%
Work-home commute	1,920.043	4.48%
Product and by-products transport	1,892.163	4.41%
Waste transport and disposal	3,449.093	8.04%
Natural gas	3,823.775	8.92%
Fugitive GHG	322.552	0.75%
Raw material (including transport)	28,355.234	66.12%
TOTAL RESIDUAL GHG EMISSIONS	42,886.031	100.00%

The total emissions offset amount to 42,886.031 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.

⁵ 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.

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 100). Credits acquired

during the Fiscal Year 2024 are related to the production of electricity from hydropower and landfill gas (methane gas naturally generated from the decomposition of organic waste). These initiatives led to a total of 42,886 tons of CO₂e offset.

PROJECT	TYPE OF PROJECT	STANDARD	LOCATION	QUOTAS	%
Haicheng Landfill Gas Power	Landfill Gas	VCS	Haicheng City	30,627	71
Chorokhi hydro power plant project	Hydroelectric	VCS	Batumi	12,259	29

Haicheng landfill gas power

Increasing energy output while decreasing emissions and dealing with the country’s growing stream of waste are huge and complex challenges for China, the world’s largest consumer goods economy. This project, located in Yushu Village, Haicheng City, aims to deal with all of these issues by capturing methane emissions released by landfill waste

and converting it into renewable electricity. The energy produced is transferred to the Northeast China grid, powering homes and businesses throughout the region. Additionally, the project replaces energy that would otherwise have been generated by fossil fuels, reducing emissions from multiple angles. The annual power

generation is expected to be 16,000 MWh. The annual emission reduction is expected to be 80,000 tons.



Chorokhi hydro power plant project

The Chorokhi hydro power plant project generates approximately 410.8 GWh of electricity each year, decreasing the amount of energy produced at thermal plants, thus reducing Georgia’s CO₂ emissions. A key aim of the project is to demonstrate the viability of private hydropower plants to support energy security, improve air quality and local livelihoods, and

sustainable renewable energy industry development. What’s more, Georgia is turning to hydropower plants to increase its renewable energy generation and lower its reliance on both imports and thermal power generation. The total reduction of tCO₂e per year will be 423,245–225,312 for Georgia and 197,933 for Turkey, respectively. Most of the generated electricity will be fed

into Georgia’s national grid while a portion will be exported to Turkey. With hydropower currently generating more electricity than all other renewable technologies combined, this goes a long way in helping Georgia commercialise the use of grid-connected renewable energy technologies through private investments.

LIFE CYCLE ANALYSIS

In the Fiscal Year 2024, 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-mails and conference calls;
- 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 and trigeneration plant, the impact in terms of CO₂ in the Fiscal Year 2024 equalled to 64,876.39 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

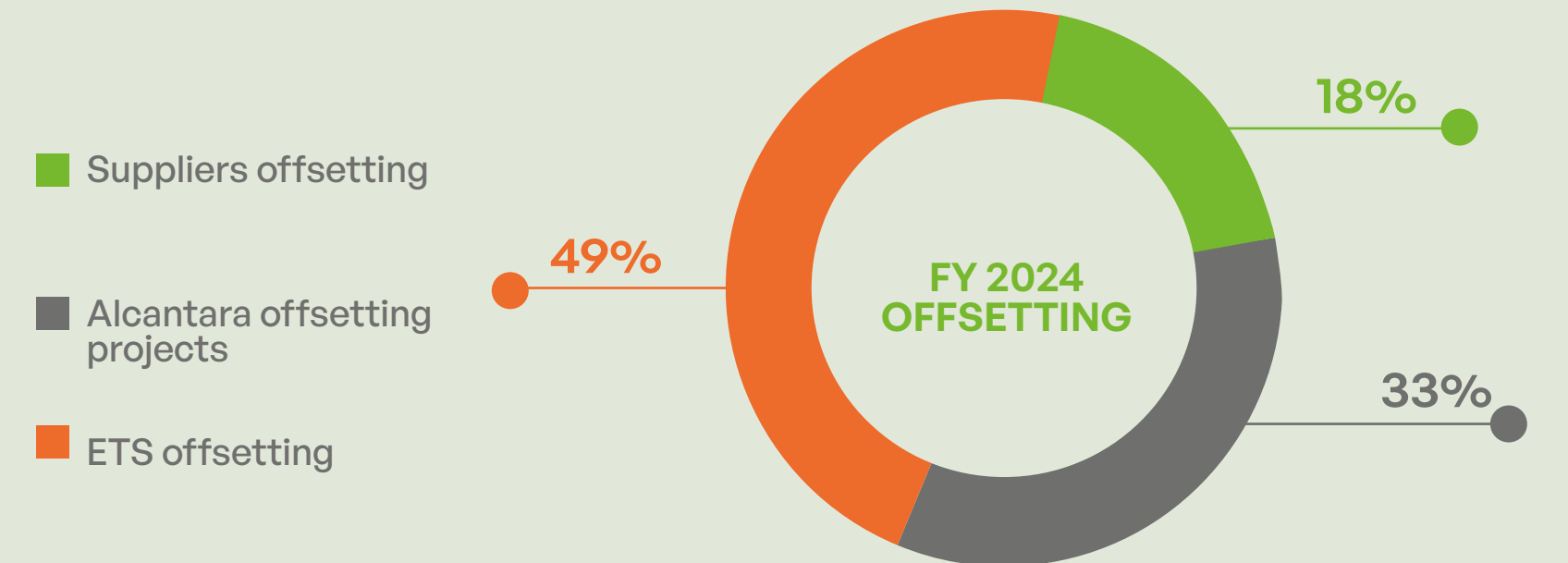
is produced by plants that exploit renewable energy sources. The origin of the electricity drawn from renewable sources is certified through the purchase and cancellation of guarantee of origin certificates (GO certificates). Values of carbon dioxide emissions, verified by TÜV SÜD and expressed in tons of CO₂ equivalent are summarised in the following table. Note that categories 3, 4 and 5 equal Scope 3 emissions have been calculated since the Fiscal Year 2023. Compared to the Fiscal Year 2023:

- there was a 3.6% decrease in Category 1 - Direct emissions, despite the 2.5% increase in production

volumes, thanks to the energy saving activities described in chapter 5.2 and the purchase of Renewable Gas Guarantees of Origin (RGGOs) for an amount of 3,400 MWh of biomethane. The RGGO certificates ensure that the amount of fuel associated with them is 'green,' meaning it comes from a renewable source;

- total company emissions decreased by 5.8%, with a reduction in each of the Categories.

RESULTS OF CORPORATE INVENTORY (ton CO ₂ e)	FY 2022	FY 2023	FY 2024
Total category 1 – Direct emissions	74,181	71,715	69,160
Total category 2 – Indirect GHG emissions from imported energy	522	714	683
Total category 3 – Indirect GHG emissions from transportation	56,804	6,245	6,145
Total category 4 – Indirect GHG emissions from product used by organisation		57,373	52,974
Total category 5 – Indirect GHG emissions associated with the use of products from the organisation		3,880	2,883
Total corporate	131,507	139,927	131,845
Suppliers offsetting	20,171	20,924	24,082
Electricity and thermal energy offsetting from ENGIE Cogeneration (ETS offsetting)	69,059	66,921	64,876
Total tons of CO ₂ to be offset/neutralised (total corporate emissions net of suppliers and ETS offsetting)	42,277	52,083	42,886



	BIOGENIC CO ₂ EMISSIONS AND REMOVALS [TONS CO ₂ e] FY 2023-24					
	CAT 1	CAT 2	CAT 3	CAT 4	CAT 5	TOTAL
CO ₂ biogenic emission	671.73	14.35	29.35	3,622.27	186.43	4,524.13
CO ₂ biogenic uptake	-	13.65	29.11	3,324.76	89.60	3,457.12

We defined an internal action plan focused on energy efficiency and renewable fuels with the goal to reduce Scope 1 + Scope 2 emissions over 40% by the Fiscal Year 2031, compared to the Fiscal Year 2022.

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 2022	FY 2023	FY 2024
NOx nitrogen oxides	Kg	18,965	3,887	1,599
Dust	Kg	608	1,104	680
COV (volatile organic compounds)	Kg	5,635	6,926	4,716

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 2023 and is amongst 44% of companies that reached Management level in the 'Light Manufacturing' Activity Group.



DEEP DIVE⁶: 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 2030⁷, 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 margin⁸. 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 ton 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'.

⁶ This deep dive has been written in collaboration with Carbonsink, a South Pole Company.

⁷ The evidence is clear: The time for action is now. We can halve emissions by 2030, IPCC.

⁸ 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 2024, we also supplied ENGIE with the industrial water necessary for the production of steam, for a total of 264,128 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 2024, the amount of water withdrawn equalled to 1,853,288 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. 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.

WATER WITHDRAWAL BY SOURCE	UM	FY 2022	FY 2023	FY 2024
Nera River via artificial reservoir	m ³	1,852,513	2,150,411	1,790,046
Nera River direct withdrawal	m ³	808	49,590	30,320
Plant groundwater wells	m ³	53,258	30,616	30,579
Terni Province municipal supply	m ³	2,193	1,747	2,343
TOTAL WITHDRAWALS	m³	1,908,772	2,232,364	1,853,288
Water discharge into the Nera River	m ³	1,945,777	2,001,383	1,739,391



TOTAL WITHDRAWAL FROM ALL AREAS BY SOURCE	UM	FY 2022	FY 2023	FY 2024
Surface water	MI	1,853	2,200	1,820
Groundwater	MI	53	31	31
Seawater	MI	-	-	-
Water produced	MI	-	-	-
Third-party water resources	MI	2	2	2
TOTAL WITHDRAWALS	MI	1,909	2,232	1,853
of which: fresh water (≤1,000mg/l total dissolved solids)	MI	1,909	2,232	1,853
of which: other types of water (>1,000mg/l total dissolved solids)	MI	-	-	-

TOTAL DISCHARGES FROM ALL AREAS BY SOURCE	UM	FY 2022	FY 2023	FY 2024
Surface water	MI	1,946	2,001	1,739
Groundwater	MI	-	-	-
Seawater	MI	-	-	-
Third-party water resources	MI	-	-	-
TOTAL	MI	1,946	2,001	1,739
of which fresh water (≤1,000mg/l total dissolved solids)	MI	1,946	2,001	1,739
of which other types of water (>1,000mg/l total dissolved solids)	MI	-	-	-

WATER CONSUMPTION	UM	FY 2022	FY 2023	FY 2024
Total water consumption in all areas	MI	(37)	231	114
Total water consumption in all water-stressed areas	MI	(37)	231	114
Change in water storage (if this appears to have a significant impact on water use)	MI	1	-	-

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	5000	≤ 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	0.0	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	0.0	Acceptable
Average value in 2023-2024 test	7.3	7	17.8	79.6	<0.03	<0.02	0.36	1.1	<0.10	<0.10	8	Acceptable

WATER TREATMENT INITIATIVES

Phyto-treatment

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 allowed for an overall environmental improvement of the landfill area, by interrupting the cycle

that leads to the production of waste and by opening new destinations for the biological sludge produced by the water treatment system. Over the years, the phyto-treatment plant has proven its usefulness with regard to its initial objectives, by managing 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, approved by the Umbria Region in 2022 and completed in May 2023.

Wastewater treatment plants

From 2021 there are two plants to treat dyeing machine effluents 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 came into operation in June 2023.

Water reuse plant

The water reuse plant downstream of the wastewater

treatment plant has been operational since January 2021.

As at 31 March 2024, it had recovered 168.901 m³ of industrial water.

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 2023 and 2024. When comparing the analysis results with those of the previous year, it is important to note that:

- during the washing phase in the product use stage, only water input was considered in the Fiscal Year 2023, whereas in the Fiscal Year 2024, water output sent for treatment was also considered;
- in the Fiscal Year 2024, the impact assessment was carried out taking into account the primary data related to the ENGIE cogeneration plant.

⁹ 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. ¹⁰ The value has been calculated by subtracting from the total WSF that related to the dyeing process only.

WATER FOOTPRINT - AWARE 1.05 Method	(m ³ e)		(m ³ e/Kg)		(m ³ e/m ²)	
	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024
Alcantara average total	66,553,880	47,728,265	31.0	22.7	10.1	7.1
Alcantara average dyeing process only ⁹	27,488,086	28,084,766	12.8	13.4	4.2	4.2
Alcantara average excluding dyeing process ¹⁰	39,065,794	19,643,498	18.2	9.3	5.9	2.9

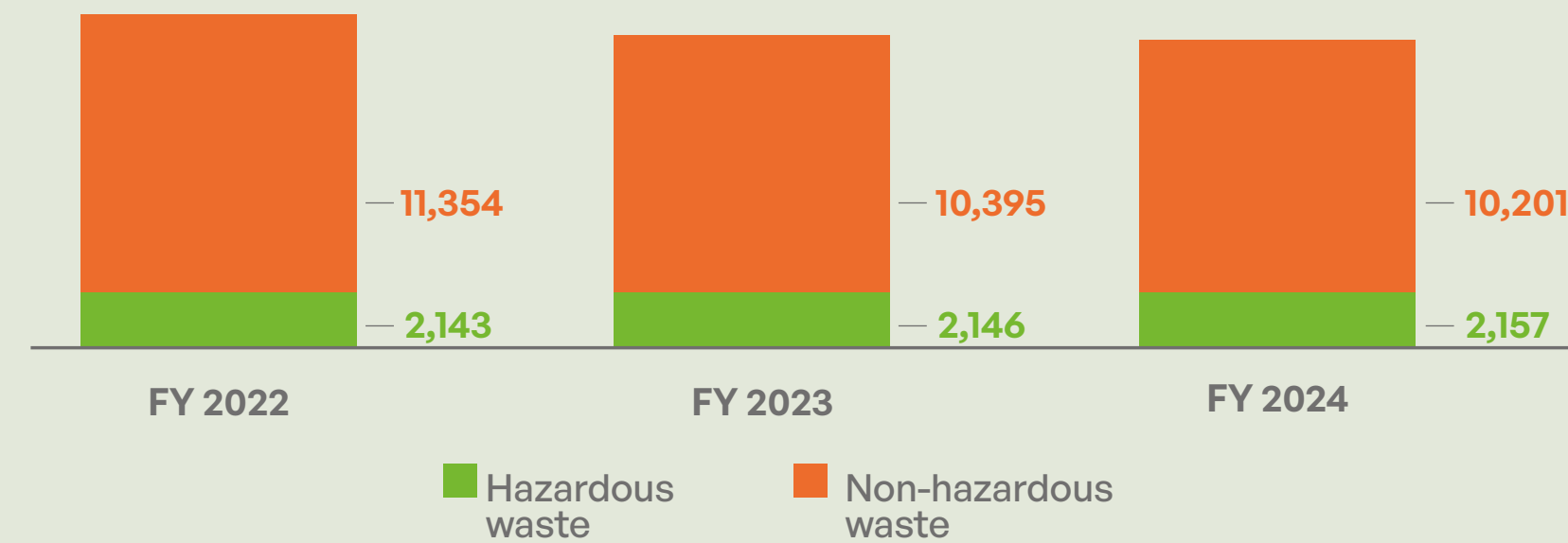
5.5 WASTE MANAGEMENT

Our waste is subject to off-site recovery or disposal. In the Fiscal Year 2024, we generated 12,357.6 tons of waste; 82.55% of the waste produced was non-hazardous. The main types of

non-hazardous waste were sludge from on-site wastewater treatment (40% of non-hazardous), waste chemicals (11%). Hazardous waste represents 17.45% of the total, of which 39%

refers to organic waste containing hazardous substances, 6% to filter cakes and spent absorbents and, lastly, 13% to packaging containing hazardous substance residue.

Total waste produced (tons)



WASTE FY 2024	UM	QUANTITY (TONS)	OF WHICH DIVERTED FROM DISPOSAL	OF WHICH DIRECTED TO DISPOSAL
Total waste generated	Tons	12,357.6	8,392.4	Recovery operations 3,965.2
Of which: hazardous waste	Tons	2,156.7	1,275.8	Recovery or Regeneration 880.9
Of which: non-hazardous waste	Tons	10,200.9	7,116.6	Recovery 3,084.3
				Disposal operations Other Landfill or other

Specific waste production decreased progressively over last 3 years.

SPECIFIC PRODUCTION OF WASTES ¹¹	FY 2022	FY 2023	FY 2024
Kg/m	3,1	2,7	2,6

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 2024. All waste is sent to locations within Italy. With respect to the previous Fiscal Year, differences of quantities allocated to D1, D9 and D13 categories, were determined mostly by technical and economic reasons.

WASTE PRODUCED AT THE NERA MONTORO PLANT					
WASTE MANAGEMENT METHODS FY 2024	UM	HAZARDOUS	NON-HAZARDOUS	TOTAL	% TOTAL
Regeneration	Tons	-	-	-	-
Recycling	Tons	-	-	-	-
Compost	Tons	-	-	-	-
Recovery, including energy recovery	Tons	1,275.8	7,116.6	8,392.4	68%
Incineration	Tons	-	-	-	-
Deep aquifer injections	Tons	-	-	-	-
Landfill	Tons	-	1,572.5	1,572.5	12.7%
Other	Tons	880.9	1,511.8	2,392.7	19.3%
TOTAL	Tons	2,156.7	10,200.9	12,357.6	100%

¹¹ The indicator is calculated by the borrower in good faith dividing the total waste produced at the Nera Montoro production plant by the total production of Alcantara® products. All waste present in the Waste Identification Forms and declared in the MUD form are included (MUD stands for Modello Unico di Dichiarazione ambientale, according to Italian Law n. 70 of January 25th 1994).

DESTINATION CODE	DESTINATION DESCRIPTION	NON-HAZARDOUS (kg)	HAZARDOUS (kg)	TOTAL (kg)
D1	Deposit on the ground or underground (for example, landfill)	1,572,480	-	1,572,480
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.)	332,560	17,100	349,660
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)	1,179,208	863,773	2,042,982
TOTAL DISPOSED OF	kg	3,084,248	880,873	3,965,122
	Percentage of total waste generated	25%	7%	32%
R1	Primary use as fuel or other means of producing energy	-	-	-
R2	Regeneration/recovery of solvents	-	-	-
R3	Recycling/recovery of organic substances which are not used as solvents (including composting and other biological transformation processes)	-	-	-
R5	Recycling/recovery of other inorganic substances	-	-	-
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	139,780	-	139,780
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)	6,976,808	1,275,802	8,252,610
TOTAL RECOVERED	kg	7,116,588	1,275,802	8,392,390
	Percentage of total waste generated	57.6%	10%	68%
TOTAL WASTE	kg	10,200,836	2,156,675	12,357,512
	Percentage of total waste generated	82.5%	17.5%	100%

ENVIRONMENTAL SUSTAINABILITY: 2022-2025 TARGETS

Carbon Neutrality

- 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 promptly shared with Arpa
- Identify areas for improvement in the production process to reduce water consumption

Energy efficiency

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

Renewable fuels

- Assess the possibility of using renewable fuels

REFERENCE SDGs



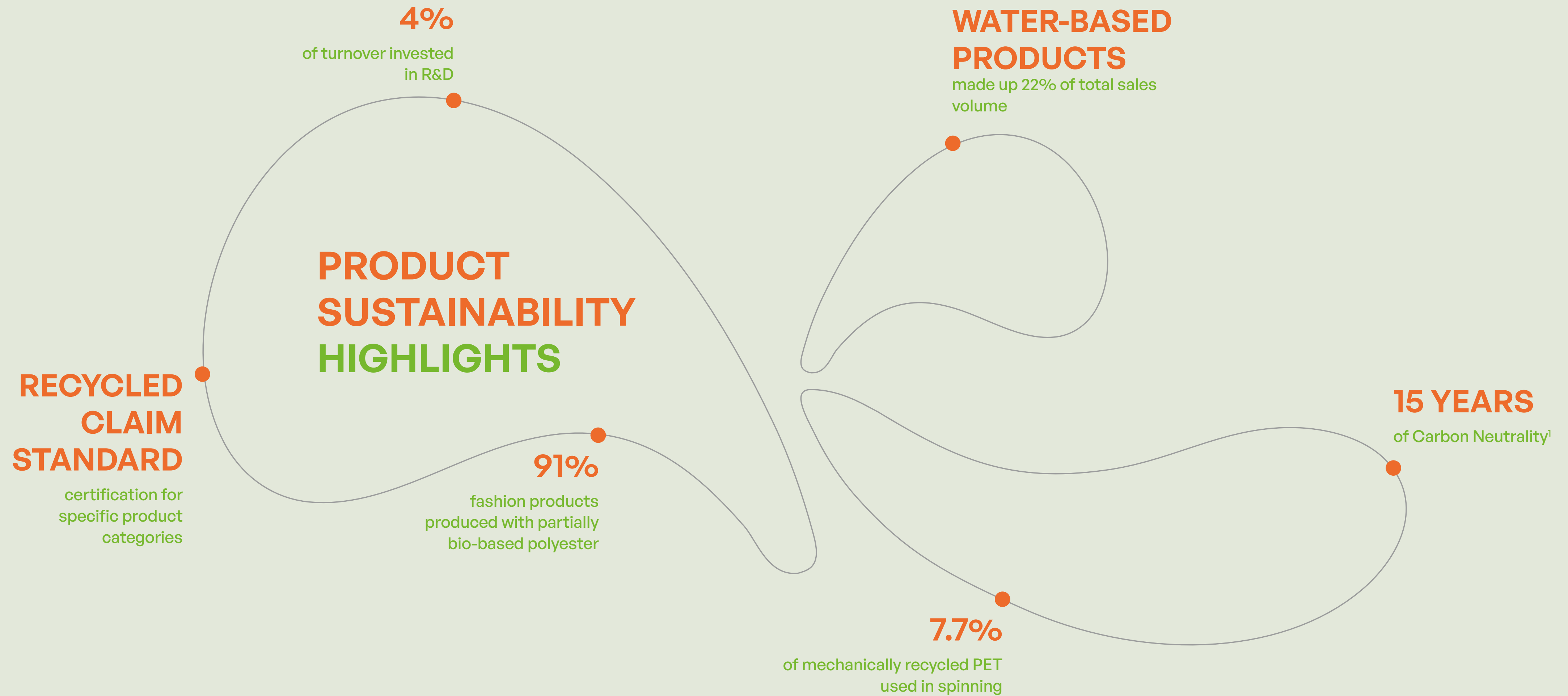
6th
need

PRODUCT SUSTAINABILITY

NEED FOR INNOVATION AND CIRCULARITY

By developing new technologies and adopting circular business practices, we can preserve resources for future generations.

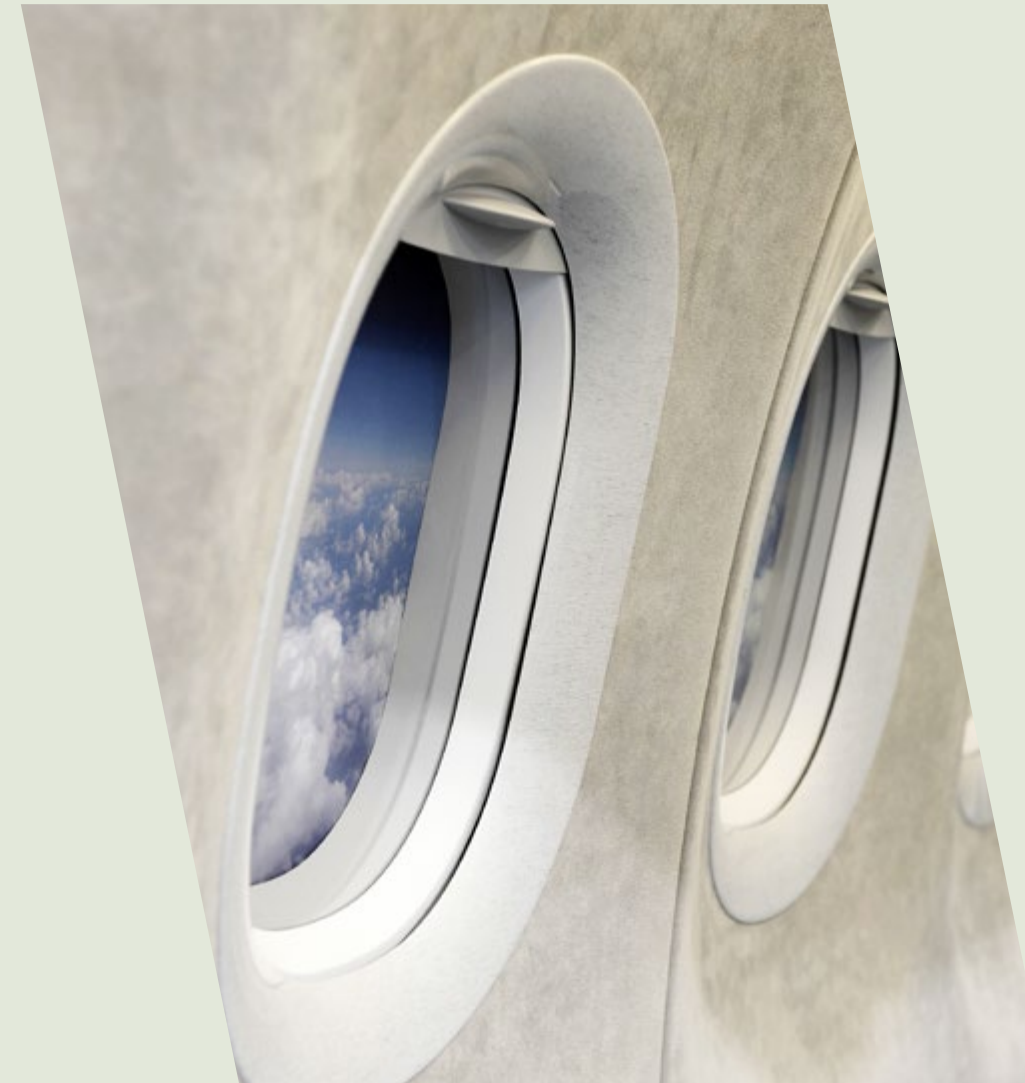




¹ Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects - See paragraph 5.3.

CHAPTER OVERVIEW

SECTORS OF APPLICATION



- Automotive
- Fashion and accessories
- Consumer electronics
- Interior, contract, marine and aviation
- Dialogue and client satisfaction

SUSTAINABILITY AND PRODUCT SAFETY



- Summary
- Product and process safety
- Sustainable innovation
- Research and Development

USE OF RAW MATERIALS



- Summary
- Criticalities

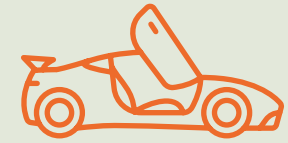
PARTNERSHIPS WITH UNIVERSITIES AND RESEARCH CENTRES



- Summary

PRODUCT SUSTAINABILITY:
2022-2025 TARGETS

6.1 SECTORS OF APPLICATION



AUTOMOTIVE

The products and services we offer are particularly highly valued in the automotive industry. Alcantara has established itself over the years as the ideal partner for transforming car interiors into exclusive and special environments, always guaranteeing full compliance with the strictest quality standards and offering excellent technical performance.

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 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. In addition, the Carbon Neutrality² certification, and the more recent availability of products made from recycled raw materials (see paragraph 6.2) are highly valued

by Original Equipment Manufacturers (OEMs). During the Fiscal Year 2024, major car manufacturers adopted the new special version of Alcantara made from recycled polyester. The precise recycled polyester content varies from product to product and is stated in the technical specifications for each product, as well as documented by internal evidence (see paragraph 6.2). In accordance with the Recycled Claim Standard, that tracks recycled materials from source to end product, this special version of the material has obtained the RCS certification.



² Carbon Neutrality certification is also based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects - See paragraph 5.3.

In the Fiscal Year 2024, we have maintained a significant frequency of in-person meetings with our clients. We held several meetings with different departments - including sustainability, material engineering, and colour & trim - of major clients in the industry, to present sustainability initiatives, as well as the new generation of products based on recycled raw materials, and especially post-consumer recycled polyesters (see paragraph 6.3). In the field of product development, despite a contraction compared to the previous Fiscal Year, there has been a strong push for the homologation of new product codes with various customers. These codes are based on the new version of the product that utilises post-consumer recycled polyester. The work conducted with OEMs in these engagement initiatives has been invaluable, and they have supported us in effectively communicating the quality of Alcantara interiors.

ADVANTAGES ALCANTARA BRINGS TO THE AUTOMOTIVE INDUSTRY

- **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 meet 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 Neutrality**, which is also based on offsetting of greenhouse gas emissions through carbon credits deriving from certified and verified offsetting projects, following the measurement and management of the Company's climate impact.



THE AUTOMOTIVE CONCEPT BOOK

A key component of the style offering for the automotive market was the presentation of the 2023 Automotive Concept Book. As past collections, the new offering was presented both in-person and remotely to several Design and Colour & Trim Offices, obtaining excellent feedback from customers.

Divided into three books, the collection is inspired by a journey through styles and tells about three different visions of the future. These were masterfully represented using established technologies, such as electro-welding and laser drilling, and new and more complex ones, such as invisible embroidery and parametrically developed patterns. As in previous Fiscal Years, customers were given access to a multimedia presentation via a dedicated website, in order

for them to review what had been presented and select samples of interest. Alcantara is also working on the preparation of the 2024 Collection, which will be completed and presented in the next Fiscal Year.



FASHION AND ACCESSORIES

In the fashion and accessories industry, Alcantara is projected towards luxury creations. That is because the constant search for contemporary elegance and attention to detail are elements that are enhanced by the material's exclusive textures and patterns.

In the Fiscal Year 2024, our Fashion and 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. During the Fiscal Year 2024, the new generation of Alcantara made from recycled polyester was also introduced to the fashion market, with the goal of largely substituting the current product in the coming years.

ADVANTAGES ALCANTARA BRINGS TO THE FASHION & ACCESSORIES INDUSTRY

- **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. **In the Fiscal Year 2024, 91% of supplied products were produced with partially bio-based polyester (see paragraph 6.2); in addition 2% of volumes supplied included R-Pet product (see paragraph 6.2).**
- **Our brand's standing**, appreciated by the most well-established global brands, delivers additional value to end products.



CONSUMER ELECTRONICS

The combination of high-tech and Italian craftsmanship make Alcantara a unique and competitive product, allowing the Company to also operate in the consumer electronics sector. Widely developed in Asia and the United States of America, this industry reaches peaks of excellence in design and technology in Europe too, where Alcantara is recognised as a leading brand.

Alcantara has developed expertise and created highly customised solutions over the years, making the product available for innovative applications and satisfying the growing trend of tactile surfaces used in consumer electronics products.

In the Fiscal Year 2024, further progress was made in design.

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 of becoming

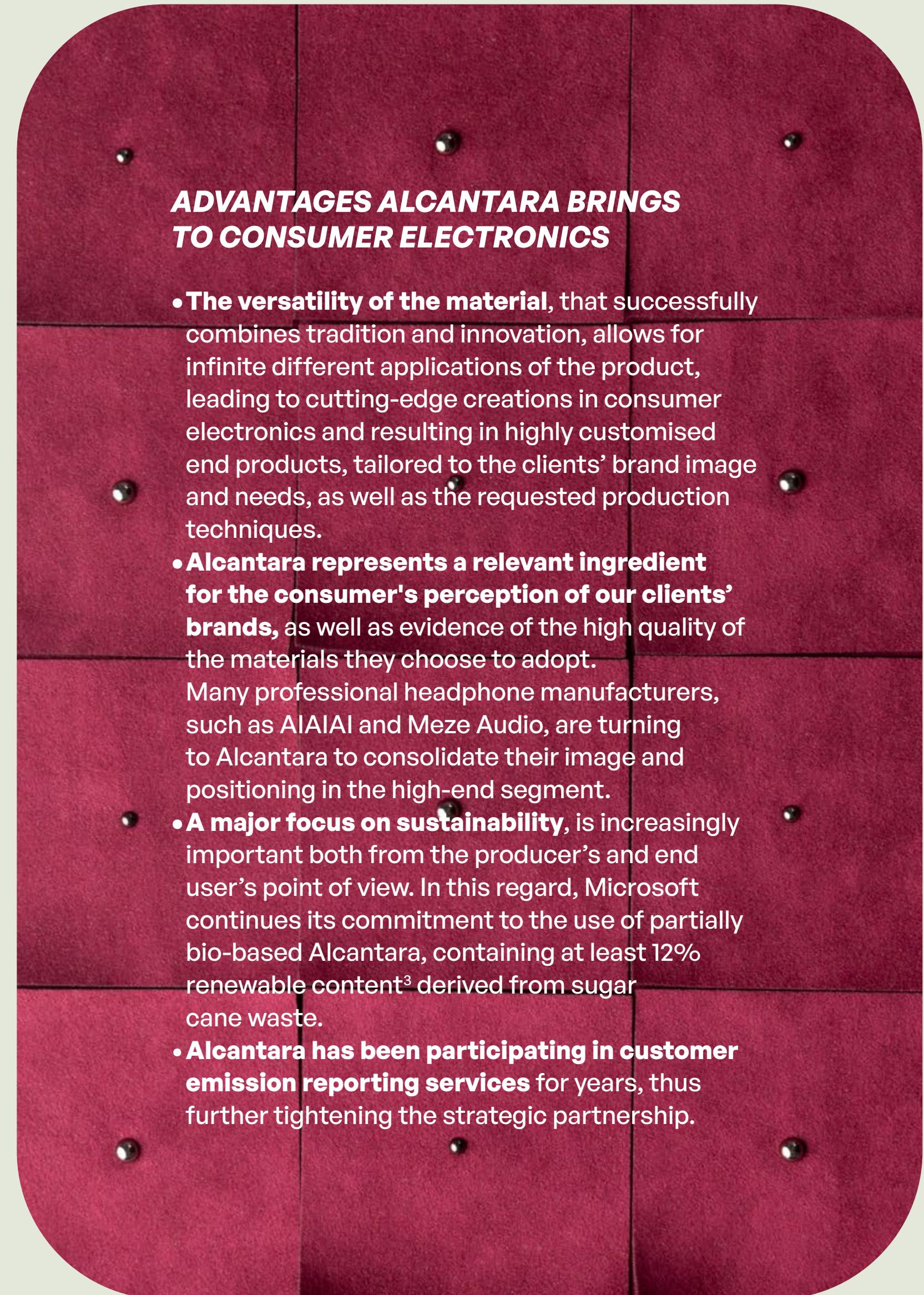
carbon neutral or climate positive, and are increasingly investing in environmental protection, starting from product design.

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 have been 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 2024, partnerships and collaborations with traditional clients were strengthened. In addition, we increased our presence in new areas such as luxury HI-FI and next-generation MP3 players.

³ Percentage of modern carbon according to ASTM-D6866.



ADVANTAGES ALCANTARA BRINGS TO CONSUMER ELECTRONICS

- **The versatility of the material**, that successfully combines tradition and innovation, allows for infinite different applications of the product, leading to cutting-edge 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 the consumer's perception of our clients' brands**, as well as evidence of the high quality of the materials they choose to adopt. Many professional headphone manufacturers, such as AIAIAI and Meze Audio, are turning to Alcantara to consolidate their image and positioning in the high-end segment.
- **A major focus on sustainability**, is increasingly important both from the producer's and end user's point of view. In this regard, Microsoft continues its commitment to the use of partially bio-based Alcantara, containing at least 12% renewable content³ derived from sugar cane waste.
- **Alcantara has been participating in customer emission reporting services** for years, thus further tightening the strategic partnership.



INTERIOR, CONTRACT, MARINE AND AVIATION

In these sectors, Alcantara is recognised as a valuable material with unique characteristics, capable of enhancing the appearance and functionality of the finished product, with high adaptability to the most particular applications.

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 specialised furniture agents and manufacturers who interface with the world of general contractors;
- 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 components and seats manufacturers through a worldwide collaboration with a specialised distributor.

During the Fiscal Year 2024, we experienced an increase in demand of high-end contract projects and a decrease in demand from industrial customers. The market is undergoing a significant change, as a result there is an increasing need to satisfy the consumers' search for experiences. Alcantara is exploring and finding new spaces in

sectors such as hospitality, thanks to its aesthetic and sensory characteristics and the high quality of its material. Driven by this trend, the Aviation and Marine markets have also grown. The difficulties related to the energy crisis have necessitated an additional effort in the proposal to the market. The response from the USA market was excellent. In the Asian market, product support measures were implemented, which had a positive impact on customers and the company's margin. In Europe, a reorganisation of the distribution network started.

Many factors contributed to restoring confidence in the market: stabilisation of the offer in terms of product and conditions; distinctiveness and design of the current collections, together with the focus on sustainability. These elements are confirmed by the new distribution requests received in the final part of the Fiscal Year. The division works on short to medium-term goals:

- on the introduction to the key customers of the new generation of product, based on recycled PET;
- on the improvement of the offer and speed of response to the market also through digital tools.

ADVANTAGES ALCANTARA BRINGS TO THE INTERIORS, CONTRACT, MARINE AND AVIATION SECTORS

- The option of customising the material's surface** using specific technologies, while keeping the functional characteristics almost unchanged. This allows the development of collections that enrich the basic product range and stimulate designers' interest in experimenting further.
- Aesthetics and sensorial qualities**, which can convey an immediate sense of luxury and comfort.
- Commitment to sustainability**, which is increasingly important for consumers and for the many producers who are creating sustainable lines.
- In the marine sector** specifically, Alcantara's functional characteristics, such as its resistance to the elements of the marine environment, air permeability and excellent breathability ensure that even the most demanding passengers will enjoy their journey.
- In the aviation sector**, Alcantara offers comfort and lightness: a level of style and elegance that make it the ideal complement for the interiors of private jets and helicopters, as well as aircrafts of major airlines.

For these sectors, the materials used for our product collection are tested and approved according to various industry regulations.

DIALOGUE AND CLIENT SATISFACTION



and optimising programmes related to end-user support and communication. 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

Alcantara places the client's well-being at the centre of both internal production processes and marketing and communication, creating innovative and personalised solutions

careful examination of failure cases, involving area managers, project managers, plus product development and quality personnel. This evaluation process is accompanied by a series of direct

•design meetings, starting with the presentation of ideas and materials, and moving on to 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. During the Fiscal Year 2024, 106 meetings were held with Design and Colour & Trim offices of automotive customers, mainly focused on the presentation of the 2023 Automotive Concept Book. 59% of these meetings took place outside of Europe.

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;

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. In terms of recycling, at end of life Alcantara products can technically be downcycled⁴ into non-woven fabrics, insulating panels or reconstructed foams.

To enable true circularity, the Company has started a research and development plan aimed at identifying a technology to recycle the Alcantara material at the end of its life through depolymerisation and chemical recycling, despite the heterogeneous composition of starting products.

Thanks to the collaboration with gr3n, an innovative start-up company with a mission to eliminate plastic waste problems on a global scale, we have obtained laboratory-scale confirmation that it is possible to fully recover the polyester component of the material at the end of its life.

gr3n's patented technology allows for PET plastic and polyester fiber waste to be upcycled into virgin-quality PET using MADE - Microwave Assisted DEpolymerization technology. This technology was recently applied to recover the Alcantara material at the end of the Seed Bed exhibition, which brought the BioGrounds concept to Certosa Island, in Venice, for the 12th edition of the Alcantara-MAXXI project. The material from the installation was regenerated using the gr3n technology, thus confirming the effectiveness on a pilot scale and beyond, as well as the quality of the monomers recovered.

⁴ Downcycling consists in producing recycled materials with 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. For more information, please see paragraph 5.4. The safety of our products is ensured by tests commissioned to 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 follow any new or updated regulations in case of specific substances.

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. All purchasing orders with the main suppliers involve the commitment to the applicable restricted substances requirements.

In the Fiscal Year 2024, there was only one reported case, related to a sample product that had not yet been put on sale. Relevant mitigation actions were put in place to prevent recurrence⁵. Non-compliance was determined by pH values slightly exceeding the limit permitted by the OEKO-TEX® Standard 100 class II, registered as a result of an anomaly that occurred during the washing process. Consequently, the number of controls during the production process was increased.

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

- OEKO-TEX® label⁶, which covers specific product categories, assures end users that no toxicological risks exist in products that can be categorised as 'Decorative material' (Class IV) or 'Material in direct contact with skin' (Class II), by complying with the requirements of STANDARD 100 by OEKO-TEX®. This also ensures compliance with EU textile legislation (Annex XVII to REACH), U.S. legislation on lead content in children's clothing (CPSIA) and Chinese standard GB 18401:2010;
- when preparing the technical supply specifications, or the contract, we provide the customer with all the required information about our products (composition, washing instructions, long-term care and maintenance, specifications, fact sheets, etc.) and the necessary training for proper use.

During the initial development of a new product, along with its technical and performance requirements, mandatory and customer-specific product safety specifications are implemented and spread among the various levels of the Company through system documentation.

⁵ No fines or penalties were imposed following the reported case.

⁶ 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 and 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 polyesters⁷. **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 from 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 2024, the proportion of polymers used in spinning equalled to 11.50% of the total production of partially bio-based PET and 7.70% of mechanically recycled PET. Our goal is to gradually increase these proportions in the coming years while reducing the consumption of polymers derived from fossil fuels. We defined the internal target to increase the use of recycled PET in spinning over 50% in the Fiscal Year 2031.

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 according to the Textile Exchange GRS⁸ (Global Recycled Standard). In addition, for laminated products, we promoted the use of textile backing containing recycled raw materials, favouring post-consumer recycled raw materials and GRS-certified suppliers where possible.

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 and accessories industries, 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, measuring the percentage of 'modern carbon' as per ASTM D6866 (American Society for Testing and Materials) standards. Such evaluations are performed monthly on every batch of incoming polymer and for every kind of material produced. The percentage is reported in the product's technical specifications. No standard laboratory methods are currently available to accurately define the presence and quantity of recycled polyester in the end product.

In the Fiscal Year 2024, the certification of recycled raw material content was renewed, in accordance with the Textile Exchange Recycled Claim Standard⁹ (RCS), that checks recycled material and tracks it from source to final product.

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 TCE¹⁰ and DMF¹¹ solvents, (more details in paragraph 6.3), to be eliminated and replaced with water, while reducing the energy consumed during the production process. This water-based product is currently being supplied to some major clients in the car and consumer electronics markets, while Research and Development are continuing its diversification, waiting for approval by new clients and with the goal to extend to further markets. In the Fiscal Year 2024, our water-based product made up 22% of the total sales volume.

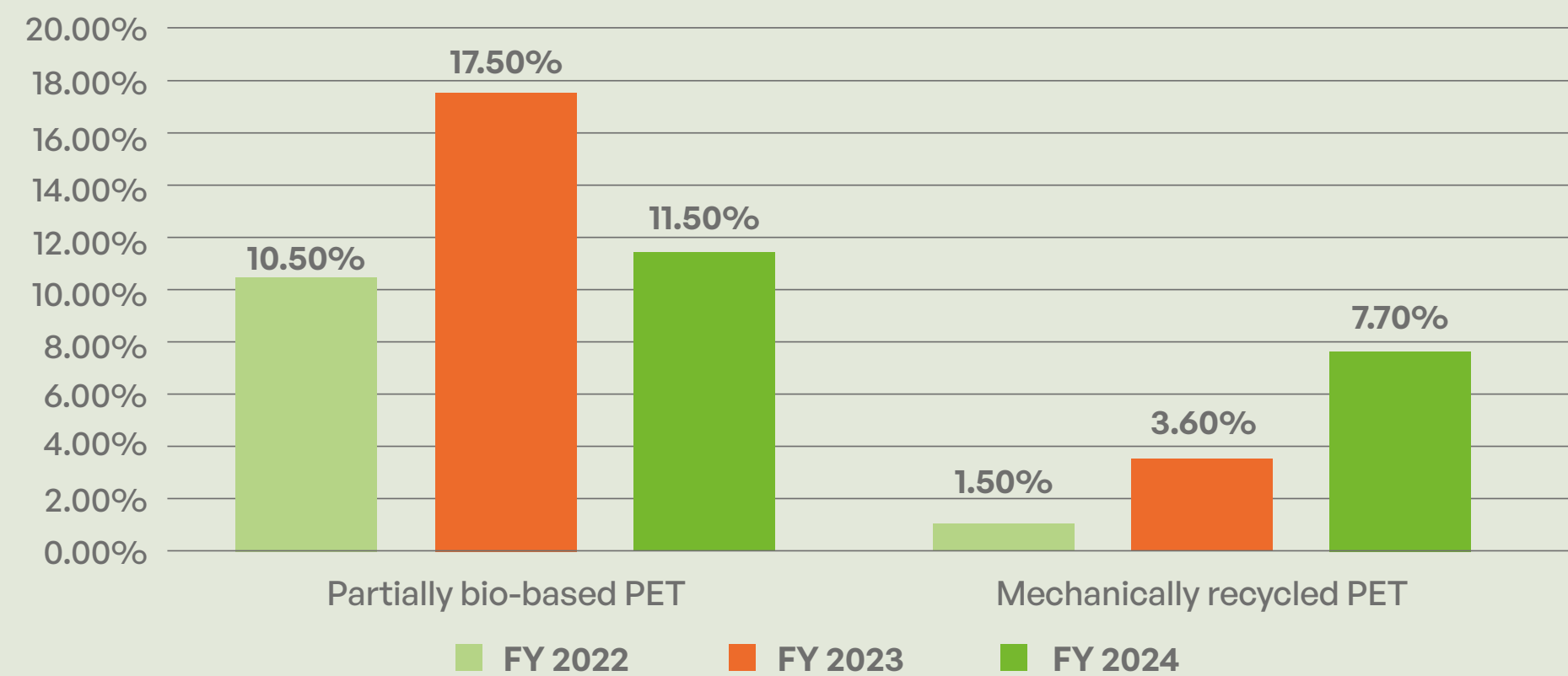
⁸ Scope Certificate Number ICA-RCS-22-2862/00C, for more information see <https://textileexchange.org/find-certified-company/> and https://icea.sixtemacloud.it/icea_public_search.php?lang=it.

⁹ 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.

¹⁰ Trichloroethylene CAS n. 79-01-6

¹¹ Dimethylformamide CAS n. 68-12-2

Polymers used in spinning
% of total production



⁷ 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.

RESEARCH AND DEVELOPMENT

Annually, we invest an average of 3% to 5% of turnover in Research and Development. In the Fiscal Year 2024, we devoted 4% of turnover to Research and Development.

We have a Research and Development Centre that is unique in Europe, dedicated to the development and improvement of our products and processes and fitted with equipment and laboratory facilities with pilot projects, services and dedicated labs. Original know-how has allowed to develop skills on polymer processing, textile and chemical processes, application technologies and ennobling. Research and Development employs approximately 50 people, including PhDs, technical graduates and specialist operators.

Their design approach involves on-demand logic,

aimed at satisfying the specific needs of clients and reference markets, and on-proposal logic, directed at the development and offering of exclusive new solutions, capable of stimulating the creativity of the client.

The Fiscal Year 2024 saw a continued 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. The increase in the complexity of the offer led to a significant increase in both operating personnel and turnover. The number of people employed in our Complex Manufacturing department grew to 44 in the peak operating period.



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.

As mentioned above, Alcantara intentionally uses TCE and DMF solvents in the traditional production process. These solvents are included in the list of SVHC (Substance of Very High Concern) substances and are not adopted in the new water-based process.

Other SVHC substances are present as minority components of raw materials or chemicals used in the process.

SUBSTANCES	CAS	EC	NOTES
Dimethylformamide (DMF)	68-12-2	200-679-5	Pure
Trichloroethylene (TCE)	79-01-6	201-167-4	Pure
Glutaral	111-30-8	203-856-5	In mixture as a component
1,4-Dioxan	123-91-1	204-661-8	In mixture as a component
Octamethylcyclotetrasiloxane (D4)	556-67-2	209-136-7	In mixture as a component
Decamethylcyclopentasiloxane (D5)	541-02-6	208-764-9	In mixture as a component
Dodecamethylcyclohexasiloxane (D6)	540-97-6	208-762-8	In mixture as a component

All of the substances listed above were already in use at the time when SVHC was introduced and do not remain on the finished product in amounts greater than 0.1%, as also verified as part of the annual renewal analysis of the STANDARD 100 by OEKO-TEX® certification mentioned in paragraph 6.2: consequently, no precautions for use are applicable for the professional user nor the end consumer, who are not exposed to any risk. For solvents used intentionally and as they are, the safety precautions taken within the production site are, in addition to the closed loop already described in previous editions of the Sustainability Report, those prescribed by the Authorisation issued

by ECHA for TCE and by REACH-Annex XVII for DMF. For substances present in formulations, the precautions taken are evaluated and implemented by our competent functions in line with the indications of the Safety Data Sheets of formulations, in turn prepared by suppliers in accordance with the CLP Regulation, which we always keep up to date. TCE and DMF solvents applied in production are used in a closed circuit, recovered, regenerated, and reused in the production process. In accordance with the REACH regulation, Alcantara was authorised by the European Commission to use TCE in its production process (closed system). 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.

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 2024, total raw material consumption remained in line with that of the previous Fiscal Year, with an increase in packaging and textile substrates and a decrease in nitrogen, solvents, adhesives and binders.

USE OF MATERIALS PER LINEAR METRE OF ALCANTARA® PRODUCT	NON-RENEWABLE RESOURCES ¹²	FY 2022	FY 2023	FY 2024
Nitrogen		1,007.1	1,027.6	936.4
Thermoplastic polymers	X	1,091.5	1,130.3	1,102.7
Dyes and auxiliaries		935.9	839.3	893.8
Packaging (cardboard, plastics, etc.)		242.4	209.7	278.5
Textile backing		127.6	120.0	137.2
Raw materials for polyurethane	X	456.5	423.6	446.0
Adhesives and sizing	X	270.3	244.0	223.9
Post-treatment auxiliaries		133.5	120.1	129.1
Solvents	X	43.3	56.9	47.8
Abrasive paper		4.8	3.3	3.4
Steel needles		0.5	0.2	0.2
Stainless-steel splitting blades		0.6	0.4	0.3
TAC-TAS Oils & Chemicals		1,249.1	1,195.9	1,210.6

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

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), for the period August 2017 to August 2022.

		MONITORING PERIOD APRIL-AUGUST 2022	MONITORING PERIOD APRIL 2023-MARCH 2024
Specific energy savings	TOE/ km ALC® FANS	1.02	1.17
Emissions avoided	ton CO ₂ e / km ALC® FANS	4.49	2.58
Note:		Recognised by the GSE (National Energy Services Manager) through the issuing of Energy Efficiency Certificates	Internal estimation based on the same monitoring and calculation scheme used for GSE ¹³

¹³ Monitoring of energy saving and emissions avoided proceeded internally, even after the deadline of GSE incentives

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®: 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.
 •ALCARENE®: 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 ¹⁴	UNITS	FY 2022	FY 2023	FY 2024
Alcanol®				
Quantity produced and sold on the market	Kg	662,378	564,601	447,416
Product percentage compared to the raw material	%	64.8%	59.50%	50.39%
Alcarene®				
Quantity produced and sold on the market	Kg	1,121,893	1,260,619	1,119,942
Product percentage compared to the raw material	%	87.88%	73.51%	83.11%
Alk-Fill FI e Alk-Fill FE (textile waste)				
Quantity produced and sold on the market	Kg	158,045	123,236	155,937
Alk-Fill Buff (buffing powder)				
Quantity produced and sold on the market	Kg	3,700	5,444	3,300

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

¹⁴ The percentages reported in the table are calculated in relation to the raw materials actually used in production.

6.4 PARTNERSHIPS WITH UNIVERSITIES AND RESEARCH CENTRES

In the Fiscal Year 2024, we continued to promote partnerships with prestigious research centres and universities throughout Italy, with the goal of 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.

- In order to increase knowledge of the Company, the material, and our approach to sustainability, informative talks and workshops were held with students within the framework of the Master in Premium Design Management and the Master in Sensorial Surface Design of PoliDesign, a consortium company of the Polytechnic University of Milan. A workshop was also held with students from the Kingston School of Art in London as part of the 'Workshop & Studio Practice' module.
- A Company testimony was given on 'Sustainability and Supply Chain' as part of the sixth edition of the IPSOA School of Education's ESG Master.
- A partnership started with the German University for Technical Textiles in Aachen in order to develop new types of textiles to be used in the production process.
- We continued our partnership with APM (Advanced Polymer Materials S.r.l.) on a research programme aimed at optimising ISO and ASTM methods for virgin PET and recycled PET (rPET). The partnership is also directed at providing assistance for inter-laboratory controls on polymer analysis method issues and for the preliminary characterisation of flakes and granules from new suppliers in order to select reliable sources for post-consumer mechanical recycling PET.
- We have also established partnerships with the University of Turin (Department of Applied Science and Technology) and the University of Naples (Department of Chemical Sciences) for further investigations to determine the effect of impurities in post-consumer mechanical recycling of PET on the spinning process.
- 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 field, especially in the area of thermal and rheological analysis of polymers.

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 Research and Development aimed at identifying technologies that allow to recycle the products at end of life

Environmental impact

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

REFERENCE SDGs





GRI CONTENT INDEX

STATEMENT OF USE	Alcantara S.p.A. has reported in accordance with the GRI Standards for the period 1 April 2023 – 31 March 2024.
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
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GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 2: General disclosures 2021	2-1	Organisational details	Methodology	
	2-2	Entities included in the organisation'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	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	A message from our CEO	
	2-23	Policy commitments	1.1, 1.3	
	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 labour collective agreement	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	4.1; 6.4	
	203-2	Significant indirect economic impacts	2.1	

GRI STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	2.2	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1.2; 1.3	
	205-2	Communication and training about anti-corruption policies and procedures	1.2; 1.3	
	205-3	Confirmed incidents of corruption and actions taken		No incidents occurred
GRI 206: Anti-competitive 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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 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 in this topic that is not material
	304-3	Habitats protected or restored		None
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable
GRI 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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 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: Labour – 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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 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 STANDARD TITLE	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	PARAGRAPH	NOTES
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 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 products 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		
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No complaints received





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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. (also the "Company") for the year ended on March 31st, 2024.

Responsibilities of the Directors 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 identified by them as reporting standards.

The Directors are responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatements, whether due to frauds or errors.

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 independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express, based on the procedures performed, our conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established 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 that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically, we carried out the following procedures:

- analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different *stakeholder* categories and to the internal validation of the process results;
- 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 performed interviews and discussions with the management of Alcantara S.p.A. and limited analysis of documentary evidence in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, taken into consideration the activities and the characteristics of the Company:

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

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, 2024 is not prepared, in all material respects, in accordance with the GRI Standards, as stated in the paragraph "Methodology" of the Sustainability Report.

Milano, August 5th, 2024

BDO Italia S.p.A.

Signed in the original by:
Andrea Meneghel
Partner



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