



Sustainability
Report

2007







“We’re responsible for our future”



Giulio Bonazzi,
President of Aquafil S.p.A.

Preparing to celebrate its 40th anniversary, the Aquafil Group is the undisputed European leader on the fiber and polyamide polymers market. This success has been achieved through a foresighted policy that combines innovation, product quality and efficient production systems. However, in addition to all this, we believe that the winning model for the future must also include Sustainability.

Sustainability, the new challenge of the future, will enable every company to grow and develop. And this applies even more to companies like ourselves, who are an “offspring” of the fossil fuels industry and a major consumer of energy.

By just looking around and reading the newspapers, it is easy to understand that the market is demanding Sustainability. For us, it is doing so through the important customers and suppliers we do business with and with whom we share our plans and measures for achieving improvement. The number of sustainable products that truly respect the environment and optimize its resources is growing at a pace I would call astounding.

The Sustainability model of the company we wish to be also includes relationships with local communities and safety in the workplace. Indeed, what would we be without ideas and work? A quality company cannot do without human resources and, as a result, must place great emphasis on having a relationship with the local area. For many years, in all our production facilities, we pay the highest degree of attention to safety, which sadly has been a problem in our country of late. The great deal of work we have done, the significant improvements in our statistics, and the investments we have made are a reason to be proud, but we know that the road to excellence in this field is still a long one.

It is with this spirit that we are publishing this first Sustainability Report of the Aquafil Group, which is a fundamental milestone on our path of success. It describes the many positive things we have done so far, but above all it formalizes the commitment of the entire organization to guaranteeing a better tomorrow for our stakeholders.





Aquafil. Sustainability Report 07

Our principles.

Being constantly sensitive to the suggestions offered by customers who make Sustainability their development strategy, as we are convinced that this is the path to follow if we are to strengthen our leadership.

Ensuring that our policy of eco-efficiency is concretely applied.

Choosing suppliers who offer the highest performance in terms of Sustainability.

Building and maintaining a connection to the communities where the Group is located and where it wishes to grow in the future.

Strengthening the roots the company has in the local area by paying constant attention to internal resources.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

*World Commission on
Environment and Development.
Our Common Future, 1987*





The process *in progress*

Our steps towards Sustainability.

The mid-1980s

The Lactamic Direct Recycling Process (LDR ®) is introduced to recycle the lactam water produced in the polymerization process.

The recovery of oil and spinning filters begins.

The late 1980s

Our factory at Rovereto begins operation. It is equipped with a new purifier.

The mid-1990s

A process is implemented for recovering scrap material (waste yarns) from within the Group for use in producing plastic.

1998

The Julon d.d. and Aquaset d.d. companies are awarded ISO 14001 certification.

2002

Aquafil S.p.A is awarded ISO 14001 certification.

2006

A cogeneration plant begins operating at the Arco facility.

2007

ECONYL 70 is created: scrap is transformed into top-quality yarn.

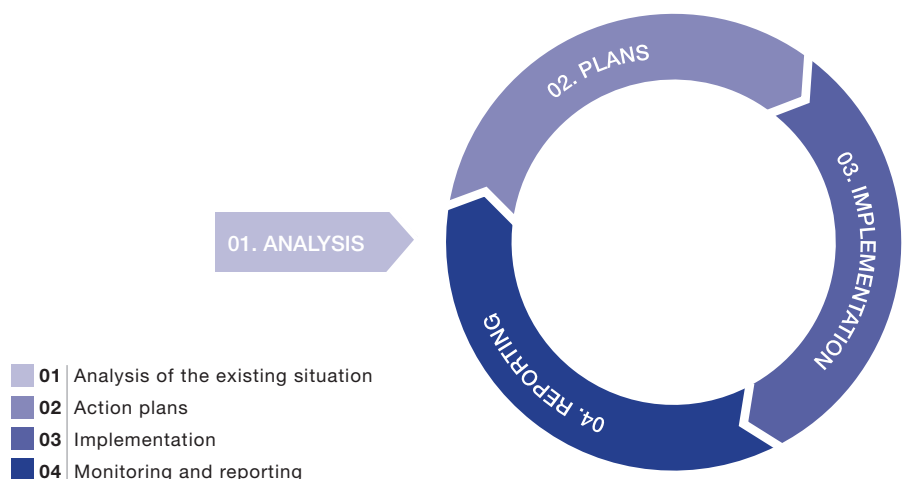
A project is begun entitled "Improving the Sustainability Profile of the Aquafil Group".

An "Environmental Team" is organized.

Design and construction of synoptic panel displaying environmental parameters.

We have always pursued goals of sustainable development. As early as the mid-1980s, we were already recycling lactam water (Lactamic Direct Recycling Process). After various intermediate stages in reaching a Sustainability policy, we formalized a structured, detailed plan in 2007 that identifies areas for possible improvement within our Group.

A breakdown of the plan begun in 2007



An *analysis of the existing situation* was carried out. In particular, we studied the Group's environmental profile and then developed a system for collecting data, which has already enabled us to highlight several areas of where improvement is possible.



Based on the conclusions of the analysis, the Executive Management Committee, which assumed responsibility for the project and for programs intended for improving the Group's Sustainability, outlined *action plans* in 2007. The goal is to reach the following objectives:

- *Increasing our ability to meet customers' demands for Sustainability.*
- *Directing research and development toward eco-compatible products with a high content of recycled material.*
- *Involving the incoming supply chain (suppliers) in improving the Sustainability profile of the products that are created*
- *Increasing the environmental performance of the Group by limiting energy consumption, the emission of greenhouse gasses, the production of waste and the consumption of water.*
- *Maintaining and increasing the attention paid to the safety and health of workers.*

To this end, several permanent Work Groups have been set up to begin implementing the relative plans and to define the specific *actions* to be taken. They will be responsible for choosing suitable means of *monitoring and reporting*, in order to constantly provide input to the improvement process for our Sustainability profile.



A profile *of this Report*

Starting with a message from the President and the shared principles of the Group, the 2007 Sustainability Report summarizes the economic, environmental and social results of the Aquafil Group as of 31/12/2007. Since this is the first Report of its kind, we have decided to supplement the activities carried out in 2007 with a description of a few projects that began before the period in question.

In this first document, the Aquafil Group has decided to provide a description of its operations and products, in order to help the readers better understand the industrial, operational and commercial aspects of the company.

In chapter 02, a great deal of space has been devoted to the relationships the Group has with its stakeholders. We have highlighted the relationships, programs and projects that create a link between the company and these interested parties.

Chapters 03 and 04 describe activities and performance in the environmental and social spheres, in order to give the readers a concise, yet comprehensive picture of what the company does in these areas and allow them to evaluate whether we have been consistent with our principles of Sustainability.

The Report concludes with a presentation of the goals and milestones that the Group has set for itself in the future.

The data and information contained in this document were gathered by the heads of the various departments. A total of 20 persons were involved.

In drafting and issuing this document, the Aquafil Group followed the GRI 2006 guidelines for Sustainability reporting (version 3.0).

Important events in early 2008.

Giulio Bonazzi was named President of Aquafil S.p.A.

The Borgolon company was acquired. It is a European leader in the production of polyamide colored textile yarns.



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The Aquafil Group and its Stakeholders: *working together for improved Sustainability.*



Innovation, product quality and advanced production systems.

That's the mission that Aquafil follows by evaluating the impact of each of its actions on the environment, on the conditions of its workers and on local communities. Sustainability is the crux of the dialogue between the Group and its customers, suppliers, employees and the local communities where it operates.

This goal is pursued with a synergy of intentions, constant dedication, intellectual creativity, and predisposition of the necessary investments.





The Aquafil Group

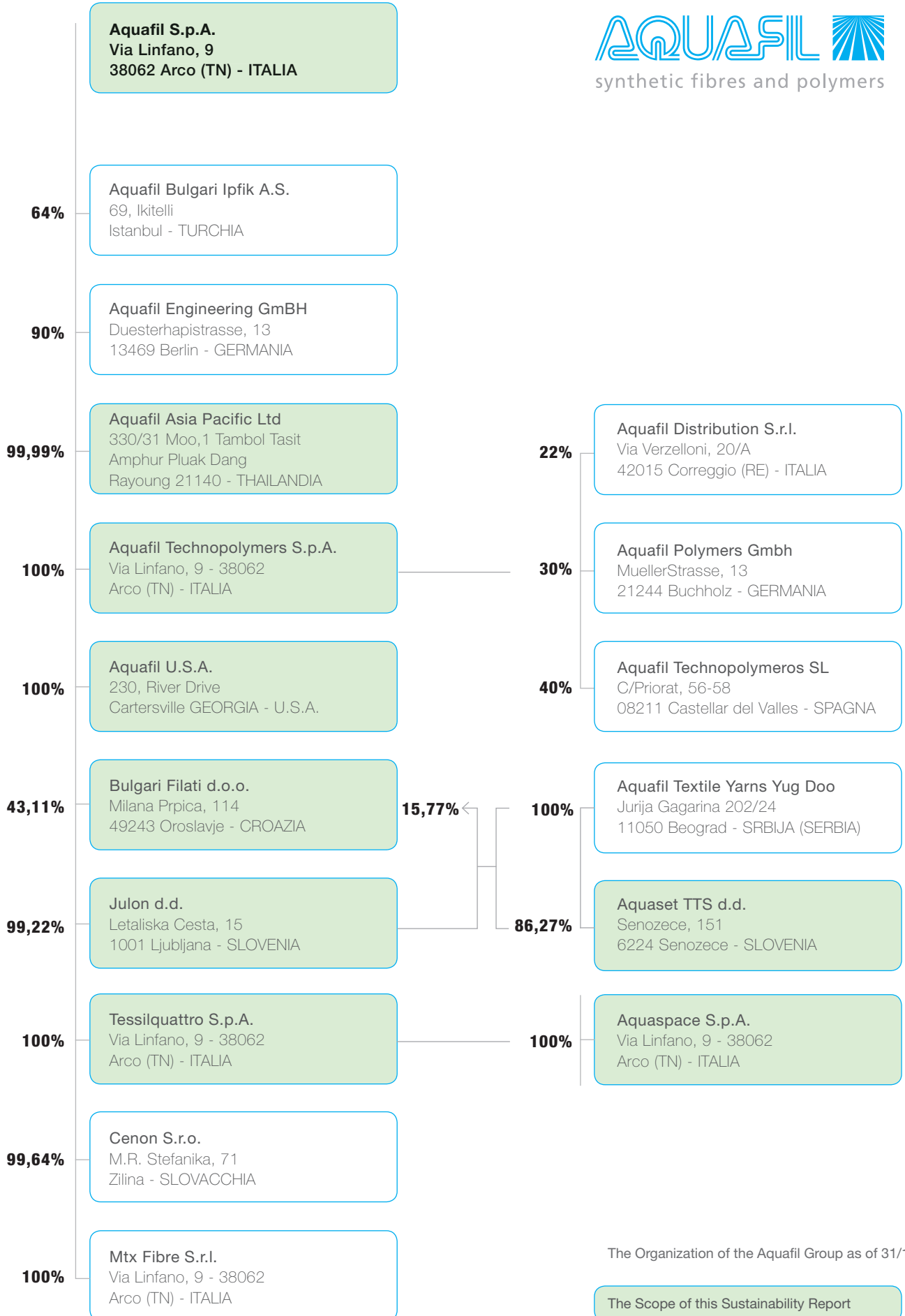
A force of 1,769 persons.

**Europe's leader in fibers for
carpets and furnishings**

Our Group specializes in the supply chain of nylon 6, and we are Europe's leader in its fibers for textile flooring. Also, we have gained significant experience in the sector of engineering plastics and the production of yarn for clothing. Even though we originally were producers of textile fibers, over time we have developed new operations that complete our supply chain, thanks to acquisitions of companies which enable us to be present both in Italy and abroad.



Aquafil's headquarters in Arco (province of Trento).



The Organization of the Aquafil Group as of 31/12/2007

The Scope of this Sustainability Report



A global presence.

Not included in the scope of this first Sustainability Report are service companies, distribution companies and companies that were not operational in 2007. These companies had no direct impact on the Group's business.

Our international character is illustrated by our eleven production facilities on three continents, with a total of 1,769 employees. We are principally active in Europe (with five factories in Italy, three in Slovenia and one in Croatia) and in the United States (Georgia). In 2007, we opened a factory in Thailand, which is also a logistics center for the Asia Pacific market, where products made in Europe and in the United States are reprocessed.





CROATIA

Oroslavje



TEXTILES

Air-entangling
Conventional covering
Twisting
Texturizing

GEORGIA

Cartersville



BCF

Spinning
Air-entangling
Twisting

ITALY

Cares, TN



BCF

Air-entangling
Twisting

Arco, TN



BCF

Polymerization
Spinning



EP

Polyamide and
masterbatch compounds

Rovereto, TN



BCF

Air-entangling
Dyeing with Superba
and Space technology

Asola, MN




TEXTILES

Logistics



SLOVENIA

Lubiana

-  **BCF/TEXTILES**
Polymerization
Compounds
-  Spinning
BCF/textiles
Twisting
Texturizing
Heatsetting

Store

-  **BCF**
Twisting
Heatsetting

Senozece

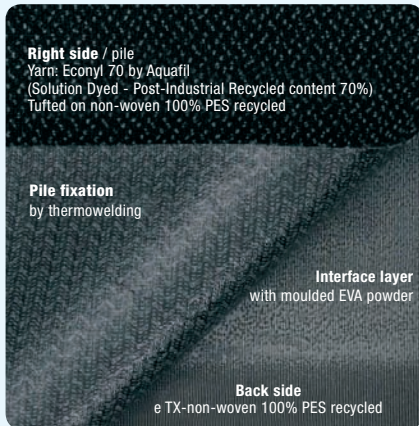
-  **TEXTILES**
Warping

THAILAND

Rayong- Bangkok

-  **BCF**
Air-entangling
Twisting
Logistics

- BCF** synthetic fibers for textile flooring.
- EP** engineering plastics.
- TEXTILES** synthetic fibers for clothing.



Econyl70

Closing the loop: our scrap is converted into top-quality yarn.

ECONYL 70 is a product made with "recycled" yarn that is recovered thanks to the combined efforts of the Aquafil Group and customers who use Alto Chroma BCF yarn.

In cooperation with Anker of Dueren (Germany), first prize for the "most innovative product" was awarded during the Hanover fair in January 2008 to a product made from our ECONYL 70 yarn.

The product consists of 70% material from *post industrial* scrap, and 30% virgin polymer for carrying the additives and pigments. Since ECONYL 70 retains the high performance of Alto Chroma, its functionality is comparable to 100% yarn from virgin polymer and is suited for highly demanding applications.

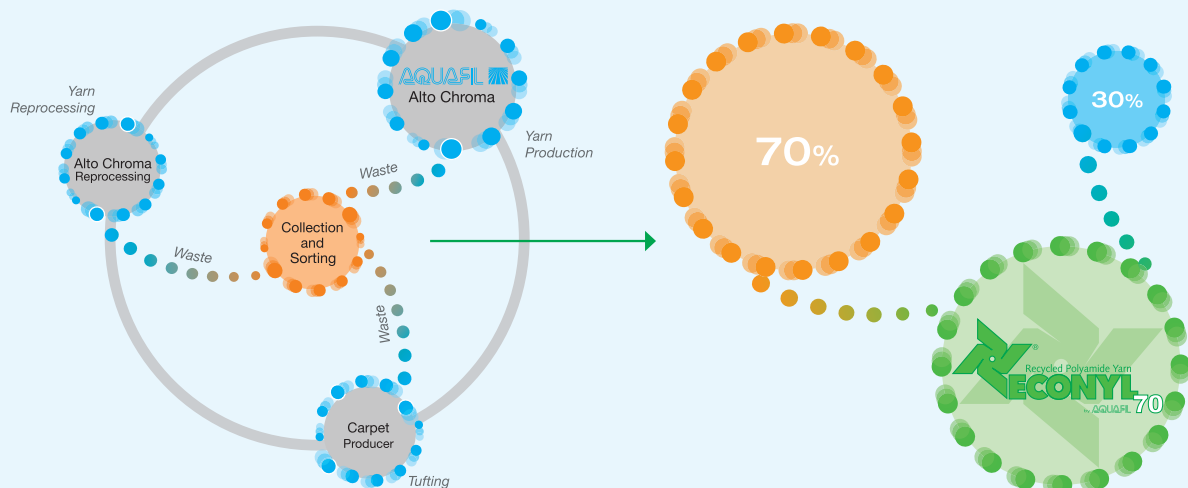
The "environmental" component of ECONYL 70 is expressed as:

- the high performance of the yarn, which provides the final product with a long service life; i.e. a carpet with a complete life cycle;
- the scrap (waste yarns) which is the principal raw material for the product is recovered from within the Aquafil Group and from the production processes of its customers. This reduces the environmental impact of the production cycles carried out by the Aquafil Group and by its customers;
- reductions in the percentage of products made from crude oil are proportional to the amounts of ECONYL produced.

The project, which began in 2007, will be further developed in 2008, when the Group, its customers and its interested partners will evaluate methods of collecting the scrap material.

Legend

- 70% Selected Alto Chroma waste
- 30% First grade virgin polymer





What we do.

The various companies in the Group are present in three principal markets: synthetic fibers for textile flooring, engineering plastics and textile fibers for clothing.

Synthetic fibers for textile flooring (BCF) is our main business, where we have lengthy experience in the manufacture of specialized synthetic fibers for flooring in the contract sector (hotels, offices, public areas), residential, automotive and furnishings. We are now Europe's leading producer of high-tech BCF nylon fibers. Our success is based on product differentiation, quality, customer service, research applied throughout the nylon 6 supply chain, ongoing innovation, and rigorous respect for the environment.

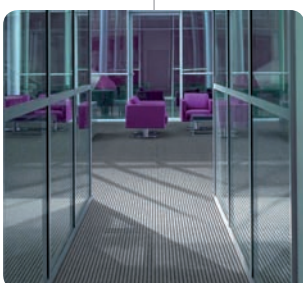
In particular, with its strong "environmental" component, ECONYL 70 yarn is the result of the ongoing commitment of our Research & Development team to setting up processes and creating innovative products.



Our line of BCF Products



Sector of Application
CONTRACT SOLUTION DYED



Sector of Application
CONTRACT RAW WHITE

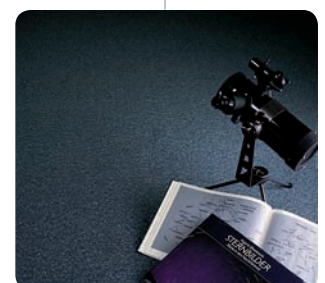


Sector of Application
RESIDENTIAL-AUTOMOTIVE



Sector of Application
CONTRACT

70% material from
"post-industrial" scrap





Engineering Plastics are technical composites made from polymers that were specifically created for the integrated production process for nylon. In this sector, the Aquafil Group boasts advanced technology that was developed through major synergy with the BCF and textile yarn spinning processes. On the one hand, this technology exploits scrap from the spinning process, and on the other it creates colorants and hiding substances for dyeing the thread (masterbatches). Ongoing research into the relative formulations has led to the development of new, specialized products that are specifically targeted for their final applications (the automotive, electrical and electronics sectors, packing and packaging, sports and leisure time, and uses for plastics in general).

Our products range from simple polymers for molding to products for applications with high added value, such as:

- *polymers for the electrical sector that resist flame and have superior electrical insulating capabilities, with UL94 type approval;*
- *reinforced high-modulus polymers for the automotive sector that resist heat and hydrolysis; applications include radiators, fans, cooling systems, and door hinges;*
- *polymers for furnishings and sporting goods, such as amorphous polymers and polymers that resist impact at low temperatures.*

This product line also includes products by recycling scrap material from the fiber production process. They are the result of significant research and development efforts, with the joint contribution of the experience and commitment of our three Business Units.



Our line of Engineering Plastics products





Synthetic fibers for clothing are the natural result of the Aquafil Group's vocation for quality and innovation. The skilled professionals in our organization develop ideas and synergy with the most demanding Italian and European clientele in the sectors of fashion, underwear and sportswear.

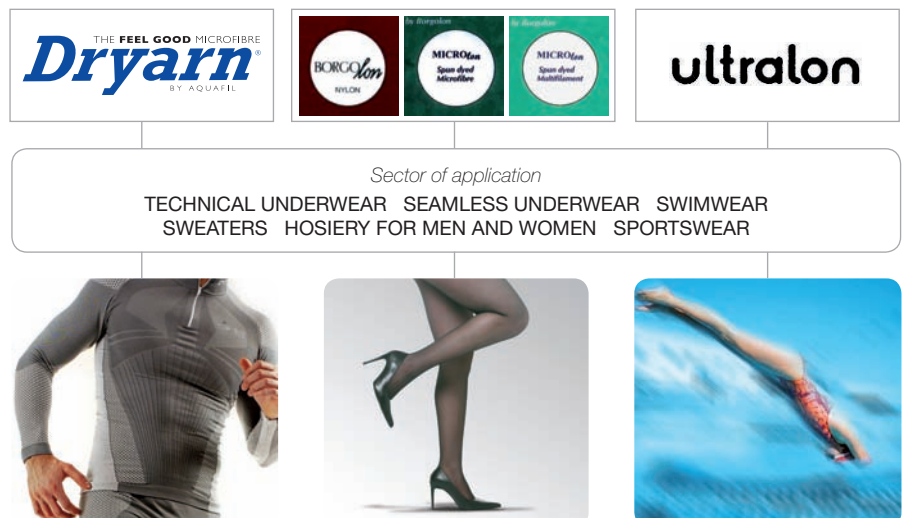
This story of success has been consolidated over the past few years. Our goal is to offer the excellence which the upper range of the textile industry continues to demand and manages to obtain only from a handful of suppliers.

In the bathing (swimwear) and underwear sectors, Aquafil nylon yarns have achieved absolute leadership in product quality, which has enabled the company to make the significant investments that are essential for meeting the growing demand of its customers. Special products such as Dryarn® and Microlon®* microfibers offer important, interesting prospects for development in many niches where the creativity of Italian and European textile industries continues to dominate. Furthermore, perfect harmony between the manufacturer of the fiber and the final brand is an indispensable requirement. Both of these microfibers are offered in a wide color card that meets the creative demands of the fashion industry as well its functional requirements.

Also worth special mention is the use of solution-dyed yarns, a process shared by Dryarn® and Microlon®* microfibers and by Borgolon®* yarn. This process eliminates the need to dye the thread, fabric or garment through a procedure that consumes a great deal of water and energy, and uses substances that are often difficult and expensive to dispose of.

*Microlon® and Borgolon® are trademarks of the Borgolon company, which became part of the Group in January 2008. Borgolon will be dealt with in the next Sustainability Report.

Our Line of Textile Products

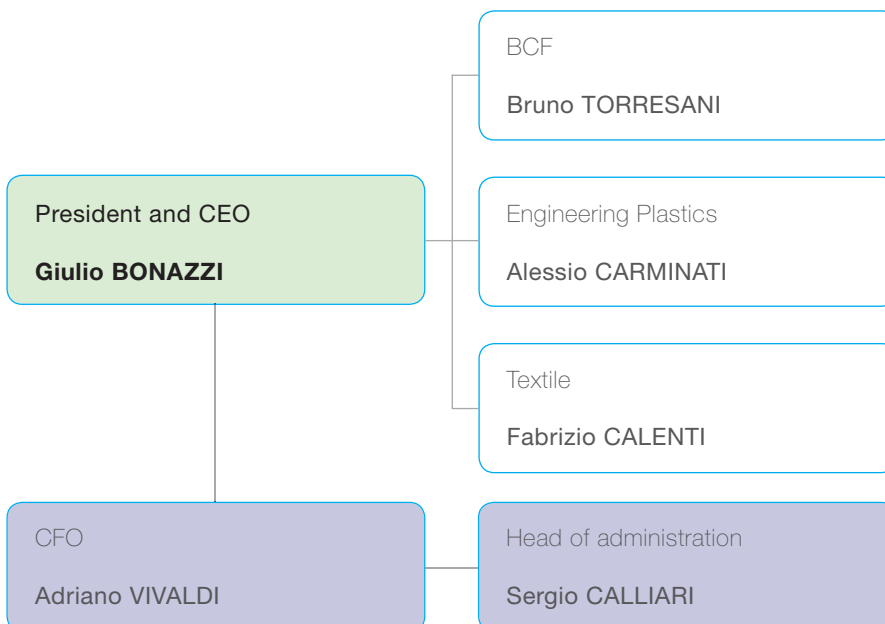




Our organizational structure.

We have implemented important changes in the recent past, particularly to respond to a significant growth in our size. This was due to diversification of our business operations through continuous acquisitions of companies operating along the supply chain, and to our proactive policy of internationalization.

With these important changes, we set up an organizational structure divided into Business Units that handle the separate business areas we operate in.



The system of Governance for the Group is overseen by two principal bodies: the Board of Directors of Aquafil S.p.A. (the group leader) and the Executive Management Committee.



Corporate Governance of the Aquafil Group.

The **Board of Directors of Aquafil S.p.A (the group leader)** directs the Corporate Governance system for the Aquafil Group. To ensure that the management policies of the Company and the Group are correct, the Board plays a primary role in setting the strategic guidelines and in supervising management activities. The Board has complete power to direct the administration as a whole toward fulfilling the company's purpose. In particular, the Board of Directors establishes the development strategies, direction, and investment plan for the Group, and evaluates the relative results.

The Board is currently composed of the following five members:

Giulio Bonazzi	<i>President and CEO</i>
Carlo Bonazzi	<i>Member of the Board</i>
Antonio Bonazzi	<i>Member of the Board</i>
Bruno Torresani	<i>Member of the Board</i>
Adriano Vivaldi	<i>Member of the Board</i>



The executive Management Committee of Aquafil Group.

To aid the Board of Directors in setting the strategic goals of the Group, streamlining the decision-making processes of the individual Business Units, and overseeing evolutionary developments on reference markets, Aquafil S.p.A. has created an **Executive Management Committee**. This board is charged with the task of supporting the Board of Directors by monitoring and elaborating the outcomes of strategic decisions that are made in response to changes occurring in the competitive scenario.

In particular, the Executive Committee is entrusted with taking the industrial, logistical and commercial measures that are necessary for reaching budget goals, and with outlining the organizational strategies for the entire Group. Also, Committee meetings are a forum for discussing the general trends of the Group, the creation of investment plans, and the Group's policies for safety in the workplace.

Since 2007, the Committee has been responsible for initiatives on Sustainability, which is being dealt with in a series of programmed meetings. The Executive Management Committee meets every fifteen days and is composed of:

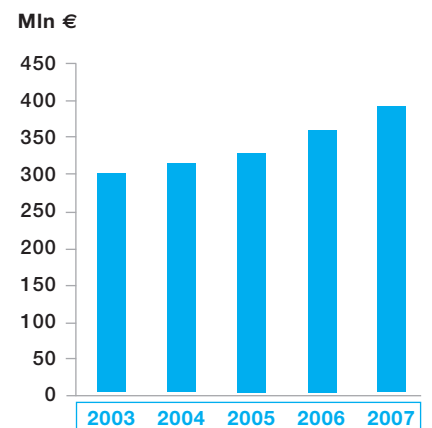
Giulio Bonazzi	<i>President and CEO</i>
Bruno Torresani	<i>Director of the BCF Business Unit</i>
Fabrizio Calenti	<i>Director of the Textile Yarn Business Unit</i>
Alessio Carminati	<i>Director of the Engineering Plastics Business Unit</i>
Adriano Vivaldi	<i>CFO</i>
Edi Kraus	<i>General Manager of Julon</i>
Franco Rossi	<i>General Manager of Aquafil USA</i>



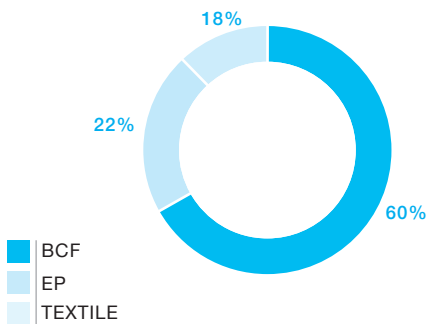
The reference market.

In 2007, we generated a consolidated turnover of 394 million euros, which represents an increase of approximately 10% over the last fiscal year. The greatest expansion was reported by the Business Units for Engineering Plastics and for BCF yarns for textile flooring, while the Business Unit for textile yarns turned in substantially the same showing as in 2006. 60% of turnover was generated by BCF yarns, approximately 22% by Engineering Plastics, and 18% by textile yarns. Overall, Ebitda exceeded 48 millions euros, a significantly higher figure than that of the last fiscal year. This level of growth was also evident in other economic indicators. Net fiscal indebtedness dropped to 149 millions euros, thus reaching our goal of 3.1 times the total value of Ebitda.

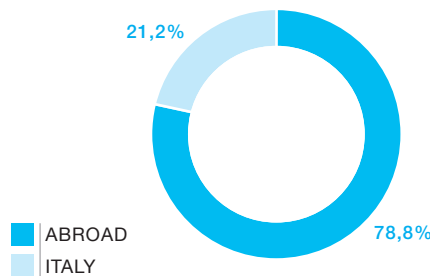
Consolidated Turnover (in Millions of €)



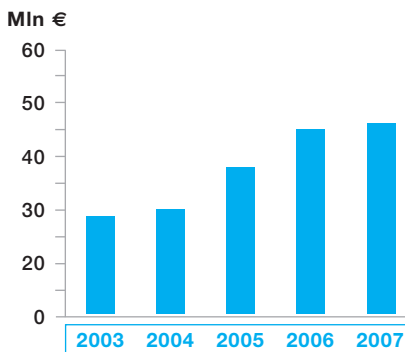
2007 Turnover by Business Unit



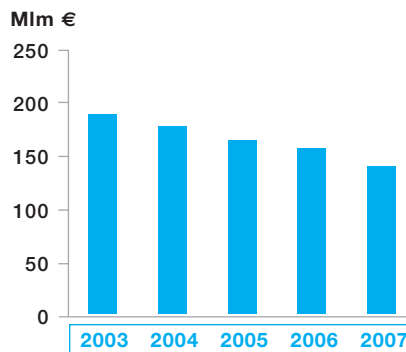
2007 Turnover in Italy and Abroad



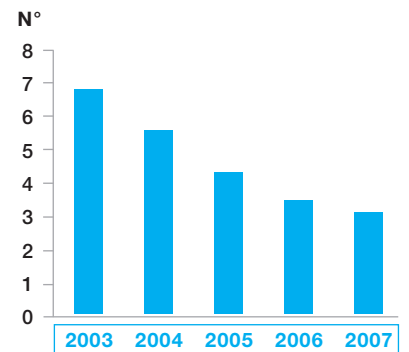
EBITDA (Mio €)



Net Financial Position (in Millions of €)



PFN/EBITDA



These results contributed to strengthening our position as a leader in the fibers and polyamide polymers market. They are the product of having a separate approach to each of the three markets we deal with, whose characteristics and peculiarities are quite different. Also, they reflect our continuous pursuit of the industrial synergy that enables us to meet the increasingly tough market demands for flexibility, quality and productivity.



A sector that is growing by leaps and bounds.

Our principal market, the **textile flooring sector**, has shown constant growth in production volumes over the past decade, but its evolution has not been uniform among the various geographic areas of the world.

This trend was confirmed in the United States and Canada, which are the principal markets in terms of production and consumption. Consumption in Europe, which is the second most important area, has gradually been falling, mainly in the segment of economical flooring. The Middle East and Asia, on the other hand, are areas that are historically less important, but are turning in the highest annual growth rates.



Headquarters of the German Parliament (Berlin): textile flooring made with Alto Chroma Aquafil yarn.

Of the various types of fibers used in textile flooring, BCF nylon accounts for most of the world's production. The Aquafil Group specializes in this sector and now has approximately a 7% share of its world market. The Group also is Europe's leader in this sector with around 30% of total sales, of which more than 70% is used in contract and automotive applications.

Innovation: the “lifeline” that guides us on the market.

This sector is nurtured and supported by ongoing product innovation, which is achieved by carrying out research on the properties and performance of polymers and yarns, and on spinning and textile reprocessing technologies. Unlike its competitors, the Group places extreme emphasis on innovation by seeking to anticipate trends and continuously developing new varieties of yarns and effects, in close cooperation with customers. Each year, we develop more than 2,500 new types of thread to continuously renew a product line of more than 7,000 active articles on average, which in turn are used to create over 1,400 collections for the customer.

We are physically close to the customer.

Integrated logistics for all phases of production and specialized production facilities in Europe, the United States and the Far East are the strong points that distinguish the Group from its competitors in the sector. They enable us to serve customers in the principal geographical areas of the world with a greater ability to react to their changing needs.



The **Engineering Plastics sector** is the second most important sector in terms of turnover. After years of economic growth, it is currently in a period of extreme specialization, which is in line with the general trend in the market.

In this situation, the strategy of the Aquafil Group is focused on three points:

- *paying close attention to customers through an extensive sales organization;*
- *development and innovation, with more than 1000 products created every year and an index of vitality exceeding 12%;*
- *quality and service, which the company handles through the Six Sigma approach.*

We produce approximately 45,000 tons of polymers a year, ranging from simple polymers for molding to products for applications with high added value (products that are flameproof, resistant to heat and hydrolysis, and impact resistant).

Finally, the third most important sector is the **textile fibers sector**, in which excellent companies in the fashion world are employing investments, genius, talent and innovation to counter a drastic reduction in European consumption over the past ten years.

Aquafil has based its strategy (and its success) on optimizing relationships with these companies. Many major producers of yarns and fibers are trying to sell great volumes of product and export large quantities to China and the Far East. However, Aquafil has concentrated on the more demanding Italian and European clientele, who are more interested in the upper and luxury areas of textiles and fashions.

It is a challenge we face on a daily basis, in which the quality and service required for even the simplest and most long-standing article in our product line do not permit even the slightest distraction.

However, it is a challenge that only a very few companies have been able to meet, and its outcome has completely redesigned the balance of forces and the ability to create value which existed in the sector up until only a few years ago.

A highly specialized market.



An increasing demand for Made in Europe quality.





Dialogue with *Stakeholder*

In accordance with our principles of Sustainability, we constantly maintain an active, profitable dialogue with stakeholders, and particularly with:

- *our customers, **because** they are the source and inspiration of innovation in products and processes;*
- *our suppliers, **because** they are an active part of the process of improving the life cycle of our products;*
- *our employees, **because** they are the foundation of our operation and of our will to improve our Sustainability profile;*
- *the local communities where we operate, **because** they constitute the environment where our resources are located and where we contribute to cultural and social growth.*



Awarding the "Pila" prize at our factory in Arco (province of Trento).



Tools and methods for open, profitable communication.

The methods we use to communicate with and involve our stakeholders vary with the people we are dealing with.

Customers.

Customers are the fulcrum for laying out our growth strategies and for sharing our actions and plans for improvement. We are always ready to receive their inspiration, particularly from customers who make Sustainability their guideline for growth.

To implement our philosophy of paying close attention to the market, we have adopted an organizational structure which includes business managers who are sensitive to customers and to the market.

Dialogue with our customers is managed by people at the top of the management hierarchy; that is, directly by the managers of the three Business Units.

Over the years, we have created a lasting, almost family relationship with customers that has been advantageous for us both. In certain cases, it takes the form of partnerships for the joint design of products and for providing assistance with their application. We regularly hold meetings with these partners to update them on our products and on the market, and particularly to discuss the sectors where we operate so that we are constantly informed of important changes that take place.

We pay close attention not only to our direct interlocutor, but also to our customer's customer by supporting co-marketing projects in the sales territory (involving architects and wholesalers, for example) to gain the confidence of and take full advantage of the entire supply chain.

Suppliers.

The great attention we pay to innovation and product quality by adopting efficient production systems has led us to establish a direct, continuous dialogue with our suppliers in ways that include regular meetings run directly by top management.

When we choose our suppliers, we exploit their concrete commitment to Sustainability by jointly designing solutions which allow us to obtain tangible results that are consistent with our policy of improvement. In 2007, we took actions together with several suppliers to make more efficient use of raw materials and packing materials.

The customer is our main focus.



Sustainability must be in every link of the supply chain.



We take our people and their families to heart, both inside and outside the company.

The company and the local area are linked by an unbreakable bond.

In the Province of Trento, we are the second largest company in terms of number of employees.

Employees

Our concern for our employees is demonstrated by the company's open, continuous dialogue with its internal resources. This relationship is handled through union representatives, the Human Resources Department and various initiatives that involve employees directly in life at the company and provide support for their families.

Union representatives (in Italy, Slovenia and Croatia) frequently meet directly with upper management, who are aided by the Human Resources Department.

Many activities have been developed to benefit our employees over the years. In particular, our attention has concentrated on:

- *raising employees' awareness of the need to safeguard their health and safety in the workplace;*
- *supplementing health care through special agreements with additional providers;*
- *offering social security programs;*
- *assisting children with their education and training;*
- *facilitating access to recreational and sports activities.*

Chapter 04 entitled *Social Indicators* contains additional information on several of these initiatives.

Local communities.

The Aquafil Group considers the "local community" to be the complex system of citizens, local governments, schools, universities, public and private institutions, and associations that exist and operate in the environment surrounding our production sites.

A bond between the company and the local area and its communities is part of the character of the Aquafil Group and can be understood as a *double link*.

On the one hand, we are well aware of the importance of the role we play, particularly in the Province of Trento and in Slovenia, where our companies are so large they are considered to be the major industry in the local industrial area (in Trentino, we are the second largest company in terms of number of employees), and as such they condition the local economy in a significant way. For example, our Italian staff make up 3.7% of the total number of people employed by the manufacturing industry in the Province of Trento. And, employees of Julon d.d. comprise 1.1% of the total number of industrial workers in the city of Lubiana, the capital of Slovenia.



Company and location	N° of employees	% of total n° of industrial employees
Aquafil Group in Trentino	853	3,4%
Aquafil Group in Lubiana	506	1,1%

Sources: Trento Chamber of Commerce; Slovenian Chamber of the Economy.

What's more, local institutions and governments recognize the role we play and, using the tools at their disposal, share our goals and strategies for development. Dialogue with local institutions and governments is handled directly by company management.

To this end, the Group participates actively in the social life of the communities where it operates. It does so not only by supporting sports activities and volunteer and cultural associations, but also by paying close attention to future generations by developing a close relationship with universities and training institutes.

For example, our Research and Development department has been carrying out research projects in close cooperation with several universities in Italy and abroad for quite some time. The purpose is not only to exploit the capabilities offered by these schools in the field of analytical instrumentation, but especially to be able to discuss, examine and comment on the results of the projects together with the schools. Furthermore, our relationship with and direct knowledge of the world of higher education provides our company with priority access to new graduates when we are hiring. The schools notify the company about promising undergraduates and new graduates who have the potential for being included in the industrial framework right away, because they have the specific training and technical preparation that meet our needs.

Several of these young people (some are still earning their doctorate) have received job offers from our companies, thus tightening the relationship between major industry and higher education. In 2007, twelve new graduates were hired by companies in our Group.

Intense involvement in our local communities of reference is the underlying principle we follow when we plan to open a new production facility. The last concrete example was the careful attention and care with which we inaugurated and started up our factory in Thailand in 2007.



The Ljubljanica River and the triple bridge in the center of Lubiana (Slovenia).

Aquafil and higher education: innovation, development and opportunity for talented young individuals.



Presentation of the Gianni Bettoni and Filippo Predaroli Scholarships.



Aquafil *Asia Pacific*

The grand opening of the factory in Thailand.

In October 2007, the Group opened a factory in Rayong (Bangkok), Thailand. It is used as a logistics center for the Asia Pacific market and also performs air-entangling operations on thread produced in plants in Europe and the United States.

When we opened this plant, it was a challenge for us to apply our philosophy of paying attention to local communities and involving them in company life, since we had to deal with cultures, religions and languages that were very different from those we are accustomed to in the West.

As we approached an environment that was so new and different, we wished to respect local customs as much as possible, so we inaugurated the plant with a Buddhist religious ceremony and built a Spirit House, as tradition dictates.

Officiating at the Buddhist ceremony were nine monks who prayed for fortune, happiness, success and protection from evil spirits. During the ceremony, the chief monk drew a symbol with gold petals on the main entrance of the facility to protect against negativity.

On the same day, a Spirit House was inaugurated with a special Brahman ceremony. The position in which this shrine is built and the time of day of the ceremony have symbolic importance. Aquafil Asia Pacific opened its Spirit House at 9:19 AM on October 30th, 2007 local time.

The Spirit House.

In Thailand, Spirit Houses (or San Phra Phum in Thai) (ศาลพระภูมิ) can be seen in the courtyards of houses and factories. The custom is to add a "guardian" Spirit House when a new industrial building is completed to protect the company and its employees from bad luck.



Blessing the Spirit House inside Aquafil Asia Pacific facilities.

Managing environmental impact: *a challenge for growth.*



Nothing can justify the failure of production systems to make progress in providing safer working conditions and taking more effective steps to reduce environmental impact.

The Aquafil Group has always believed deeply in this principle. No transitory economic conditions and no possible expedient motives will affect it.

Since the last two decades of the 20th Century, Aquafil has achieved important success in limiting its energy consumption, greenhouse gas emissions, waste production and water consumption.





Environmental Indicators

The Safety and Environment policy.

In 1998, the Aquafil Group adopted a Safety and Environment policy that outlines courses of action on safety in the workplace and on protecting the environment.



A view of Bohinj Lake, Slovenia.



The Sarca River, as seen from the Aquafil plant in Arco (TN).



The *Safety and environment Policy*



ISO 14001-2004 certification and environmental permits.

The following ISO 14001-certified factories in the Aquafil Group comprise 60% of the Group (in terms of personnel and sales volumes):

- Aquafil S.p.A. (Arco), certified in 2002, certifying agency: DNV.
- Julon d.d (Lubiana), certified in 1998, certifying agency: BVQI.
- Aquaset TTS d.d. (Store), certified in 1998, certifying agency: BVQI.

The three Environmental Management Systems are periodically verified (audited) by the relative certifying agencies.

Aquafil S.p.A. and Aquaspace S.p.A. obtained Integrated Environmental Authorization on 2nd September 2005 and 24th October 2007, respectively.

Julon d.d. is awaiting environmental authorization (May 2008), which it has officially applied for.



The Aquafil System of Environmental Management, 2005

Aquafil S.p.A. believes that its operations must include the important goals of achieving ongoing improvements in safety, the work environment, and protection of the natural environment.

Convinced that improving the work environment and reducing the risk of accident are a social obligation which the company must fulfill, and that the natural environment is a shared resource that is precious to everyone, Aquafil S.p.A. is thus committed to:

- obeying current laws on safety and the environment;
- creating and maintaining an organized Safety and Environmental Management System which provides constant supervision of company operations and minimizes the probability and the consequences of accidents, whatever their nature;
- reducing the environmental impact of company operations, processes and products to protect the environment, prevent all types of pollution, and optimize the use of natural resources.

To implement this policy, Aquafil S.p.A. is committed to:

- setting goals for improving safety in the workplace and reducing the environmental impact of company operations, processes and products;
- estimating in advance (and right up until the development phase) the possible impact of new processes and products on safety, the workplace and the external environment;
- improving the management of natural resources and energy;
- systematically verifying and documenting the efficiency of its Safety and Environmental Management Systems;
- promoting a safety and environmental culture at the factory by providing appropriate training and by communicating to all personnel the goals for improvement that are established from time to time. By doing so, the staff becomes fully involved in completing activities designed to effect improvement and in solving specific problems;
- ensuring that employees of outside companies working at the factory follow procedures and current laws regarding safety in the workplace and environmental protection.



Environmental glossary.

To aid in the correct interpretation of the environmental results we have obtained, here are the meanings of acronyms used later on:

CO	<i>Carbon monoxide, a toxic gas produced by the incomplete or partial combustion of fuels and combustible materials.</i>
CO₂	<i>Carbon dioxide, a gas that is naturally present in the atmosphere. It is produced by combustion, respiration, and the decomposition of organic material due to the oxidation of carbon.</i>
COD	<i>(Chemical Oxygen Demand) The oxygen consumed to oxidize organic and inorganic substances dissolved in water or in suspension. This parameter is mainly used to estimate the content of oxidizable compounds, and thus to evaluate the potential for polluting naturally occurring water and discharge water.</i>
CPL	<i>Caprolactam.</i>
NOx	<i>Nitrogen oxides. These gasses are mainly produced when atmospheric nitrogen is oxidized during normal combustion.</i>
OIL	<i>Oil fog.</i>
PM10	<i>A mixture of solid and liquid particles suspended in the air. Specifically, it is particulate material (PM) with an average aerodynamic diameter of less than 10 microns.</i>
SO₂/SOx	<i>Sulfur dioxide/sulfur oxides, which are produced by oxidation of sulfur during combustion of fossil fuels containing this element as an impurity.</i>
TOC	<i>(Total Organic Carbon) The quantity of carbon contained in an organic compound. This parameter is used as a water quality indicator and to evaluate the of tail gas produced by combustion processes.</i>
VOC	<i>(Volatile Organic Compounds) Hydrocarbons released into the environment by atmospheric emissions. The principal source of these emissions is the use of solvents.</i>



Results achieved.

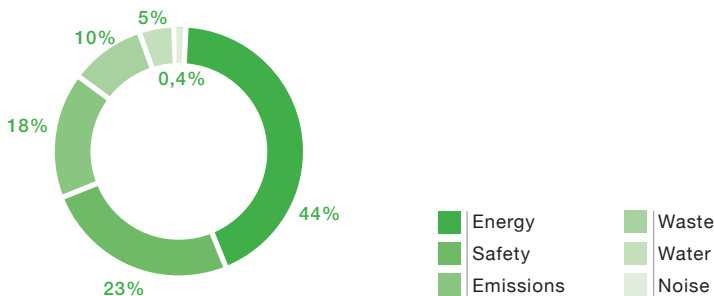
For our Group, environmental Sustainability means research into optimizing our production processes while simultaneously meeting the commitments we have made to the customer and to protecting the environment.

In fact, we are well aware that a healthy environment which protects the quality of human life is important - both to the people who work with us and to the local communities where we operate. And we are sensitive to respecting and conserving natural resources, to saving energy, and to safeguarding the water resources that surround us.

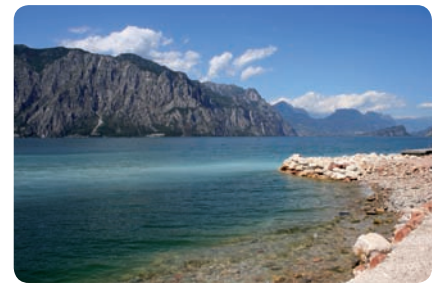
As an international group, we deal with different environmental situations and laws that require different adaptive approaches. Despite this difficulty, we feel it is important to adopt technologies and work methods (where operationally and economically feasible) that enable us to monitor and reduce the effects of our operations on the ecosystem even below the levels established by local law. Furthermore, we believe it is important to identify and duplicate the relative best practices within the Group.

In 2007, we invested a total of € 3,104,133 in reducing our environmental impact. 44% was earmarked for increasing energy efficiency, 23% for safety (in the workplace and of the environment), 18% for controlling emissions (in the atmosphere and in the workplace), 10% for the treatment of dangerous substances, 5% for managing water resources, and 0.4% for reducing noise.

Distribution of investments in environmental protection.



The human side of the environment.



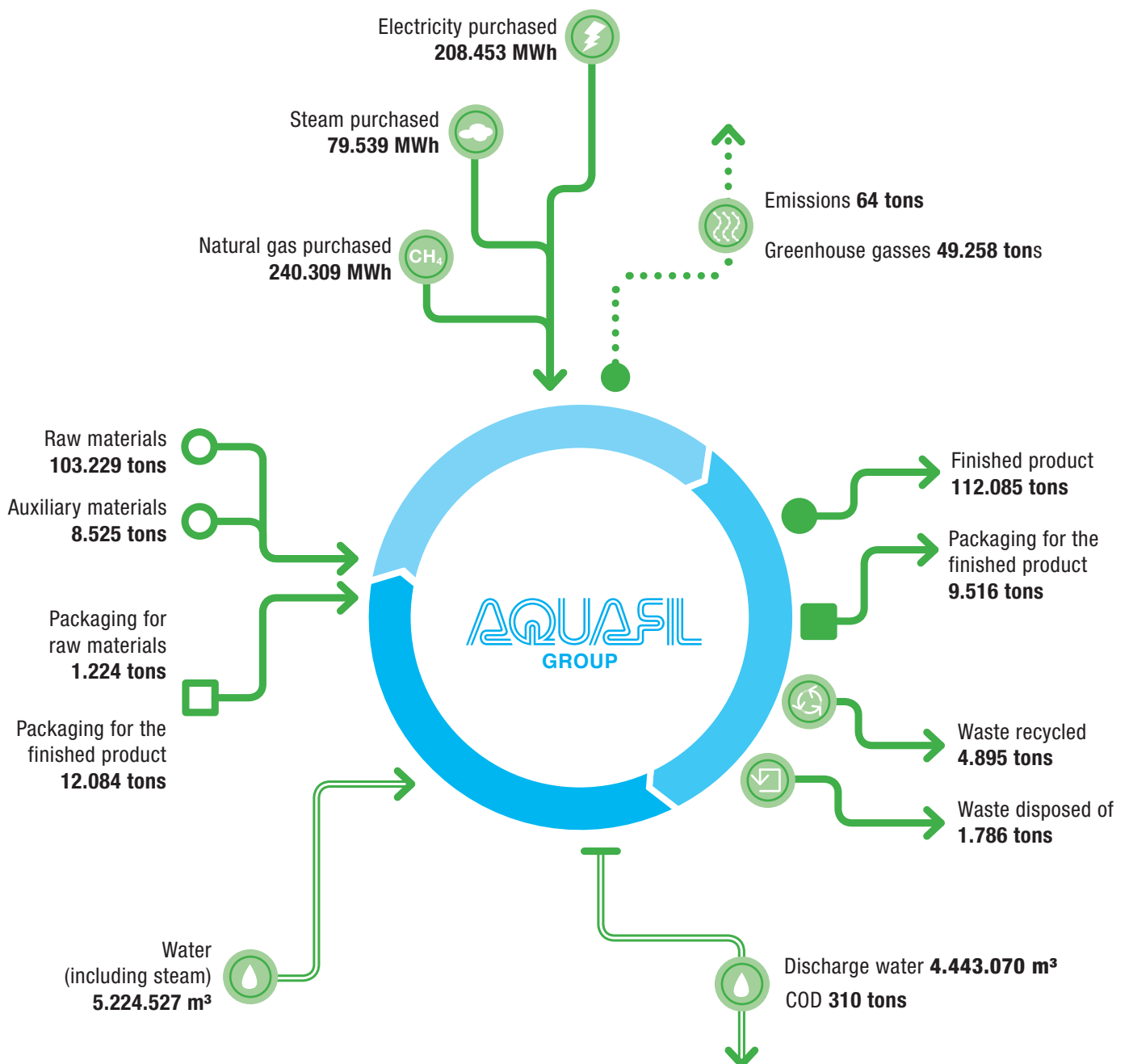
A view of Garda Lake.

We have the tools for monitoring the environment effectively.



Consolidated Environmental Balance Sheet as of 31/12/2007.

Note: these results are for the production sites at Arco, Cares and Rovereto (TN - Italy), Lubiana, Senozece and Store (Slovenia), Oroslavje (Croatia) and Cartersville (Georgia - USA).





Co-generation

The co-generation plant at the Arco facility.



When we designed our co-generation plant at Aquafil S.p.A., we decided to make energy efficiency and environmental friendliness the principal goals.

To this end, the plant was built with a pair of turbines of the latest generation that offer low environmental impact, with:

- reduced CO and NOx emissions;
- low noise levels during operation;
- high efficiency, which minimizes the consumption of fuel (natural gas).

The plant produces electricity at a nominal power level of 8.8 MWe and approximately 9 MWt of thermal energy for heating diathermal oil and for steam production.

The new plant offers the following advantages:

- internal production of 85 - 90% of the electricity required by the factory;
- optimized use of residual thermal energy to heat diathermal oil and produce steam and refrigerated water;
- isolated operation of the factory, which prevents production from being interrupted by power failure.

The energy efficiency of our plant is approximately 80%, where:

- the average electrical performance is 38.1%;
- the average thermal performance is 28.1%;
- the heat recovered from smoke before expulsion into the atmosphere is 14.5%.

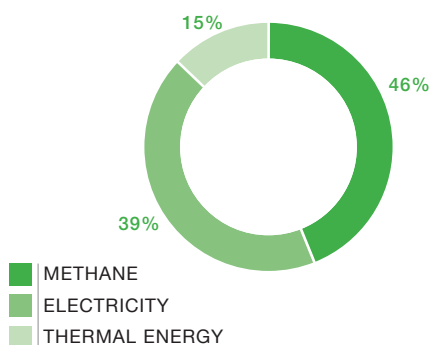


Energy: the quest for efficiency at all points in the production cycle.

Aquafil Group: energy purchases in 07

Methane	240.309 MWh
Electricity	208.453 MWh
Thermal energy	79.539 MWh
TOTAL	528.301 MWh

Sources of energy



The Aquafil Group's production process consumes a great deal of electrical and thermal energy.

To operate its production processes, the Group uses three sources of energy: natural gas (46%), electricity (39%) and thermal energy (15%). The consumption of diesel fuel is negligible (0.10% , equivalent to 514 MWh in 2007 for the internal production of steam and building heat, and to operate generators and vehicles).

A co-generation plant for producing electrical and thermal energy (steam) internally has been operating at the Arco facility since 2006. Thanks to this plant, the factory produces around 85% of the electricity and 100% of the heat required for its operations. The plant operates continuously throughout the year, except when it is shut down for regularly scheduled maintenance.

	Arco Facility	Purchased from outside sources	Produced internally by co-generation plant	TOTAL FOR 2007
Electricity		14.180 MWh	68.159 MWh	82.339 MWh
Thermal energy		-	69.798 MWh*	69.798 MWh

* Produced by co-generation plant and boilers fired with natural gas.

Since we are committed to optimizing the efficiency of co-generation, in 2007 we installed a system for recovering the heat generated by methane combustion. The recovered heat is employed to produce refrigerated water using an absorption unit, in a process that does not require electricity. Approximately 1,820 MWh of energy is saved with this solution.

In 2008, a series of measures are being taken to optimize energy consumption at all Group factories beginning with the facilities in Arco and Lubiana, which by themselves consume about 90% of the energy used by the Group. The following four steps will be taken at both sites:

- 1° using natural gas instead of electricity to produce heat;
- 2° redesigning utility systems (that produce compressed air, water used for cooling and conditioning, etc.);
- 3° identifying technologies that reduce the energy consumed by production lines;
- 4° extending the use of lighting systems that use less energy.

Eco-efficiency: great energy savings that will be listed as a budget item beginning in 2008.



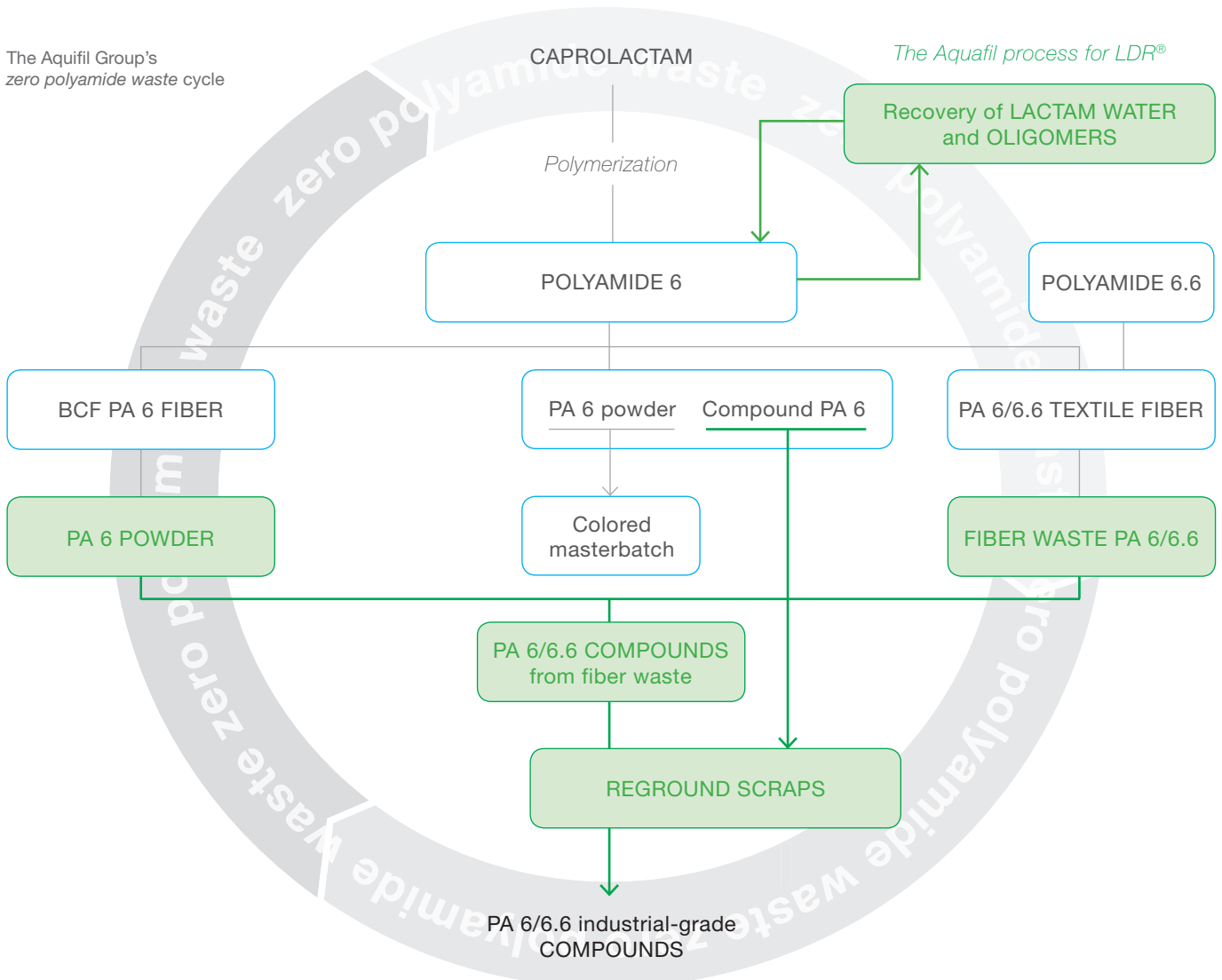
Waste: how we make it useful to the environment.

Solutions have been developed within the Aquafil Group that completely reuse waste from polymerization, spinning and general reprocessing cycles.

The polymerization process generates solid fragments of caprolactam and complex water solutions containing caprolactam, monomers and oligomers. During spinning and reprocessing of the yarn, the principal waste is a product that is not of sufficient quality to be placed on the market.

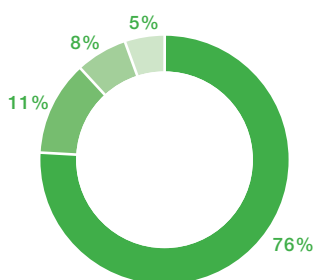


The Aquafil Group's zero polyamide waste cycle





Waste production by type



- Separated
- Non-separated
- Hazardous
- Sludges from water treatment

Thus, most of the waste produced by the Group is generated by office operations, general services and packaging for raw materials.

If internal recycling is excluded, 59.6 kg of waste is produced per ton of manufactured product, of which 73% is recycled. Most of this is non-hazardous, separated waste (42.6 kg/ton of product) that is produced during packaging and then completely recycled (plastic, wood and paper).

4.5 kg/ton of manufactured product is hazardous, separated waste, of which 23% is reused to produce thermal energy

On the other hand, 9.8 kg/ton is non-hazardous, non-separated waste that is equivalent to urban refuse. This waste is not separated internally and is sent to a landfill together with sludges from water treatment (2.7 kg/ton).

Type of waste	2007	Kg/ton produced	% recycled
Non-hazardous separated waste	4.779 ton	42,6 kg	100%
<i>Paper</i>	3.164 ton	28,3 kg	100%
<i>Plastic and wood</i>	1.615 ton	14,4 kg	100%
Hazardous separated waste	499 ton	4,5 kg	23%
<i>Residual organic substances comparable to fuels</i>	116 ton	1 kg	100%
<i>Oils and exhausted batteries</i>	383 ton	3,5 kg	0%
Non-hazardous non-separated waste	1.095 ton	9,8 kg	0%
Sludges from water treatment	308 ton	2,7 kg	0%
TOTAL	6.681 ton	59,6 kg	73%

We plan to reduce the impact of *non-separated waste*. In December 2007, a work group was created to better analyze its composition and determine priorities of action.

With regard to reducing the impact of *non-hazardous separated waste*, we are redesigning the packaging of our textile yarns, which is currently disposable. It will be replaced by a new solution whose components will be reusable for the most part. This will also enable us to optimize our shipping and simultaneously reduce the emission of greenhouse gasses.



The Aquafil Carbon *Footprint*



Atmospheric emissions have been reduced by 9,565 tons of CO₂ eq.

The effect of co-generation at the Arco facility.

In 2007, operation of the co-generation plant at Arco lowered atmospheric emissions by 9,565 tons of CO₂ eq (16%).

The total energy requirement of the Arco facility in 2007 was:

- 82,339 MWh of electricity;
- 69,798 MWh of thermal energy.

Thanks to the co-generation plant and a system of auxiliary boilers, we produced internally:

- 68,159 MWh of electricity;
- 69,798 MWh of thermal energy;

which reduced the amount of electricity obtained from outside sources to 14,180 MWh.

As a result, the direct emission of greenhouse gasses was 42,998 tons of CO₂ eq, and indirect emissions amounted to 7,530 tons of CO₂ eq*, for a total of 50,528 tons of CO₂ eq.

To meet the factory's energy needs without the co-generation plant, 16,371 tons of CO₂ eq of climate-altering gasses would have been generated in 2007 for direct production of thermal energy. 43,722 tons CO₂ eq* would have been generated by obtaining electricity from outside sources, for a total of 60,093 tons CO₂ eq.

* 1 kWh = 0.531 kg CO₂ eq (Enel).





Emissions: excellent results thanks to careful management.

The industrial operations of the Group generate a limited amount of atmospheric emissions that is well below legal limits.

With regard to the amount of climate-altering gasses produced by the Group, we have listed:

- the **direct** emission of greenhouse gasses, 87% of which is produced by the co-generation plant,
- the **indirect** impact of the purchase of electricity and steam from external sources,
- emissions generated by internal **movement** of goods and persons within the Group.

Emissions into the atmosphere	2007
TOC (CPL + OIL + VOC)	32,8 tons
NOx	19,7 tons
CO	7,6 tons
SO ₂ /SOx	-
Dust	3,9 tons
PM10	-
TOTAL	64 tons

Aquafil Group: emission of greenhouse gasses (CO ₂ eq)	2007	%
Direct	49.258 ton CO ₂ eq	29 %
Indirect*	125.796 ton CO ₂ eq	70 %
Generated by movement of goods and persons	2.228 ton CO ₂ eq	1 %
TOTAL	177.282 ton CO₂ eq	-

* Conversion coefficients:

1 kWh = 0,531 kg CO₂ eq (source: Enel)

1 kWh = 0,430 kg CO₂ eq (source: ELES and the Slovenian Ministry of Industry – Department of Energy),

1 kWh = 0,726 kg CO₂ eq (From the website: Southern Company - Georgia Power Company).

The positive contribution made by the co-generation plant for internal production of electricity must be taken into account when considering the total amount of greenhouse gasses produced (for further information, see: *Aquafil Carbon Footprint: the Effect of Co-generation on Emissions at the Arco Facility*).

Since the limit of 20 MW was exceeded after the co-generation plant was installed, the Arco facility is now subject to regulations on Emission Trading. Beginning in 2006, careful management of the systems at the factory has enabled us to use less CO₂ quotas than those assigned by the Ministry of the Environment.

Arco facility	Quotas assigned	Quotas used	Savings
2006*	43.098	36.259	16%
2007	51.788	42.998	17%

* The co-generation plant was installed in March 2006 (9 months of operation)



Water is a precious resource. And that's how we treat it.

Our industrial process uses water to cool production systems, produce steam, wash and dye certain special yarns, and condition and climatize the air.

We use 45.6 m³ of water per ton of manufactured product. 97% comes from wells, 2% from the public water system, 1% from rivers (for a total of approximately 5.1 million m³).

34.3 m³ of water per ton of manufactured product (87% of the total) are discharged into surface water, while 4.4 m³ of water of industrial origin (11%) and 0.8 m³ from public sources (2%) are sent to public consortiums for treatment.

Discharge into surface water has a limited effect (310 tons) on COD, which is below legal limits. Such discharge is monitored continuously at the Arco facility and at regular intervals at other sites.

Destination of discharged water	Volume of H ₂ O	Quantity of COD	Average concentration
Treatment	594.581 m ³	95 ton	160 mg/litre
Surface water	3.848.489 m ³	215 ton	56 mg/litre
TOTAL	4.443.070 m³	310 ton	-

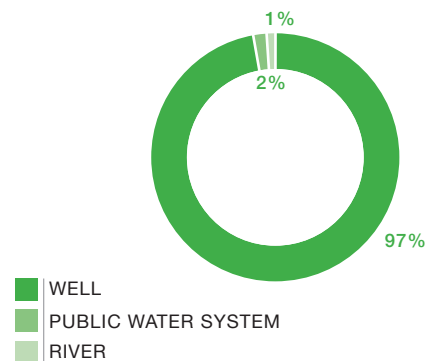
We have set a goal of reducing water consumption by modifying production processes. To this end, a work group was created in December 2007 to come up with plant systems that increase the amount of cooling water that is recovered and recycled.

During the year, an important project was completed in the Julon d.d factory, which had been using an unusual amount of water from public sources. Consumption from the public water system was reduced by 83% - an annual savings of around 50,000 m³ - thanks to a thorough analysis of the distribution system, with identification of leaks and inefficient areas.

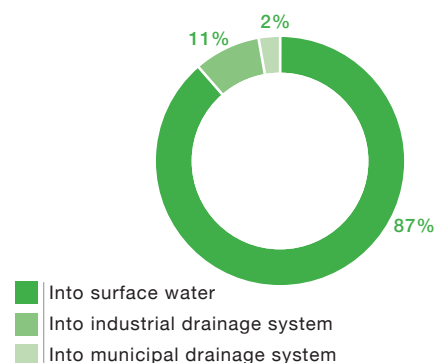


The water treatment plant in Rovereto (Trento).

Sources of water



Types of discharge



All growth by the Group *is social growth*



In pursuing Group objectives, our men and women produce goods that generate income and prosperity for the families of our employees and for the communities in which we operate.

At Aquafil, people are everything.

We protect our human resources and promote their professional, cultural and social growth.

Aquafil has traditionally established a solid bond with its people and with the local area, through initiatives that range from accident prevention to professional training, from social security supplementation to scholarships, from sponsoring recreational activities to interacting with local communities.





Social Indicators

In describing our social commitment, we are above all addressing the people who work with us, their professional growth and their prosperity. In a broader sense, we are speaking to the communities where our employees live, and ultimately to society in general, to whose development the Aquafil Group wishes to offer a substantial contribution.



Exchanging Christmas greetings at the Arco facility (Trento).



Our commitment to employees.

We draw upon the skill and professionalism of 1,769 people (of whom 32% are women) who work at our facilities in Italy (in the Province of Trento: Arco in Trento, Cares and Rovereto), Slovenia (Lubiana / Senozece / Store), Croatia (Oroslavje), Georgia USA (Cartersville) and Thailand (Rayong - Bangkok). The average age of our employees is 39.

	MEN	WOMEN	TOTAL	
Aquafil Group	1.201	568	1.769	
	MEN	WOMEN	TOTAL	%
ITALY	637	216	853	48,2%
SLOVENIA	443	195	638	36,1%
CROATIA	15	94	109	6,2%
USA	100	57	157	8,9%
THAILAND	6	6	12	0,6%

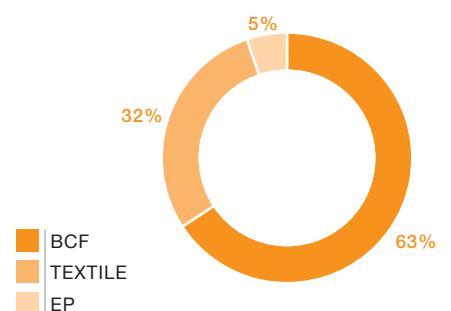
The Group has maintained its mainly Italian character and leadership (83% of managers are Italian), but pays close attention to employing people in the communities where it operates and to the development of local human resources, as shown by the decision to employ qualified personnel from the local area (64% of middle management are of foreign origin).

	ITALY		ABROAD		TOTAL
	Men	Women	Men	Women	
Executive	18	1	4	0	23
Managerial	35	5	54	17	111
Clerical	100	79	35	49	263
Workers	484	131	471	286	1372

The BCF sector is the company's core business and absorbs 63% of staff.



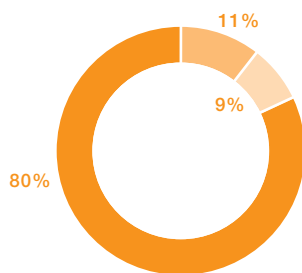
Subdivision of personnel by Business Unit



TOTAL EMPLOYEES 1,769

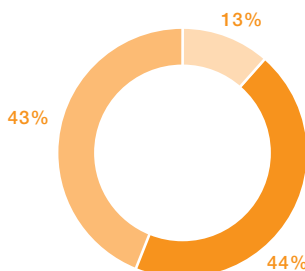


Distribution of hours of training by content (Italy and Slovenia/Croatia)



- Technical
- Health and safety
- Foreign languages

TOTAL TRAINING IN ITALY 8,984



- Technical
- Health and safety
- Foreign languages

TOTAL TRAINING IN SLOVENIA AND CROATIA 2,300

Our commitment to employees is expressed in practical terms by an ongoing process of organizing work in the best possible way that is compatible with industrial requirements, by our attention to employees' growth, by our protection of their health and safety, and our interest in promoting their social life inside and outside the company.

For example, we have a multifaceted system of work shifts that allows us to effectively meet the needs of workers. This is particularly true for the female members of our staff, who predominate at the production facilities of Tessilquattro S.p.A. in Cares and Bulgari d.o.o in Croatia.

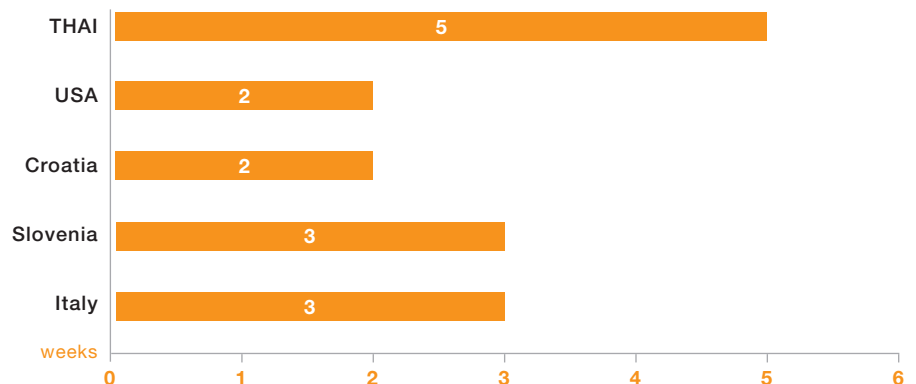
Professional development.

To enhance the skills of our human resources, we feel it is important both to maintain and to further develop the training program we offer, which supplied a total of 11,284 hours of instruction in 2007. Although technical training accounts for the lion's share of the program, a great deal of opportunity is provided for studying foreign languages, which reflects the proactive approach to internationalization that distinguishes the Group.

We pay special attention to training new employees in introductory programs that assign new staff to department foremen.

The duration of these programs depends on the activities performed at the production facility in question. Specifically, our factory in Thailand requires a longer training program because the skills we require are not available in the local area.

Duration of introductory programs for new employees





Health and safety of workers.

We believe that a commitment to ensuring safety and health in the workplace is not just a question of obeying the law, but is also based on creating a relationship with employees. Thus, in addition to doing everything we can to evaluate risks, we took a proactive approach during the year and scheduled inspections, audits, and a host of training sessions. In doing so, we followed the principles and guidelines of OHSAS 18001 regulations on worker health and safety.

The work we have done and the investments we have made have significantly raised the awareness of all our staff and resulted in greater control over internal processes, thus initiating a virtuous cycle of improvement that has reduced the frequency and seriousness of accidents over the years.

Particularly for factories in the BCF sector (Arco, Cares, Lubiana, Rovereto, USA), 2007 was a year of significant expansion of production systems to handle a sharp increase in operations. On the one hand, this created the need to hire a large number of people in a short time. On the other, it increased the complexity of our organization. The values for the frequency and gravity of accidents as compared with the preceding year reflect this situation.



	no. of hours worked (including temps)*		no. of accidents with lost time > 3 days		no. of days lost > 3 days	
	2006	2007	2006	2007	2006	2007
Aquafil Group	2.577.923	2.887.834	61	94	1.323	2.296

* total hours worked in factories and offices.

	IF		IG		IR	
	2006	2007	2006	2007	2006	2007
Aquafil Group	23,66	32,55	0,51	0,80	12,14	25,88

IF (Index of frequency):
 (no. of accidents with lost time > 3 days) × 1,000,000 / hours worked.

IG (Index of gravity):
 no. of days lost > 3 days) × 1,000 / hours worked.

IR (Index of risk): IF × IG

To respond to this situation, we are placing even greater emphasis on prevention, training and information.

Broader and better structured training programs will be developed for newly hired workers. We plan to further extend initiatives that directly involve employees, since they are primarily responsible for ensuring their own safety.



We develop the commitment of future generations

2007 was the 6th anniversary of the untimely deaths of colleagues Gianni Bettoni and Filippo Predaroli, who lost their lives in an aircraft accident that occurred at Milan's Linate Airport on October 8th, 2001.

To honor their memory, the Aquafil Group set up five scholarships in 2001.

They are awarded every year to five children of manual and clerical personnel in Aquafil Group Italy who achieve a minimum grade of 80/100 in their final high school examination. Each student is given 5,165 euros to invest in their education.

In 1998, we introduced an award for *Prevention of Accidents among Aquafil Workers* (PILA) which rewards workers in Aquafil Group Italy who lost the least time because of accidents. Similarly, the Group ran a contest called *Goal for 2007: Zero Accidents on the Job* at the Lubiana facility in 2007. This type of contest is run every year.

Initiatives for employees.

Since we feel it is important to promote the social life of our employees both inside and outside the company, we have launched numerous initiatives in this regard over the years.

The Trentino Alto Adige region has a great sporting tradition, which the Aquafil Group has taken on by promoting and supporting recreational and sports activities for its workers, and even exporting this tradition abroad. In Slovenia, we sponsor an employee team that participates in an indoor soccer tournament held by the city of Lubiana. Also, a team of ours traditionally participates in a yearly national ski race that is reserved for employees of companies in the textile sector.

Our concern doesn't stop with our employees, but also extends to their families, to further strengthen the bond between company and employee which we feel is one of our major strengths. During the year, we plan events where we meet the families of our employees, such as our summer party, where people enjoy board games and participate in soccer, volleyball and basketball tournaments. The Christmas party at Julon d.d. is reserved for young children. Santa Claus is always there, along with gifts we give to the kids.

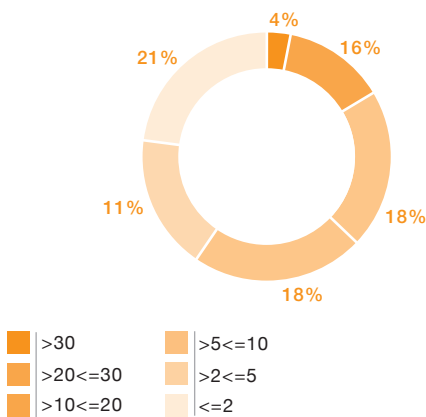
In 2006, we signed an agreement with the Ge.Si.s. Foundation of Arco on promoting dental health with the "Help with a Smile" project. Italian employees and their family members can use a primary dental service at no additional charge. Employees of Julon d.d. can join a private pension fund on an individual, volunteer basis; besides organizing and promoting this initiative, we also pay part of the annual premium. In 2007, 347 employees signed up for the fund, and a total of 113,546 was contributed by the company.

Finally, with an eye on future generations, we recognize the scholastic efforts of our employees' children who have distinguished themselves with the highest grades in school. They are rewarded with scholarships bearing the names of Gianni Bettoni and Filippo Predaroli.

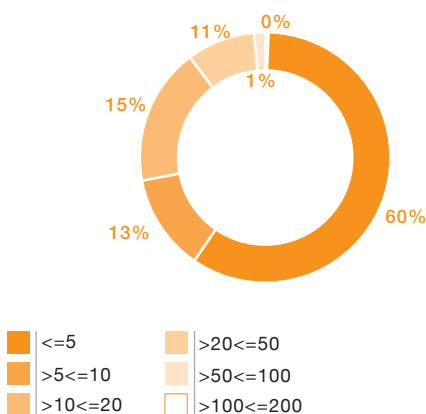


**The company and local people:
a happily married couple.**

Seniority at Group companies



Distance between home and office in the Group



Our commitment to local communities.

Being rooted in the local communities where we operate is one of the elements that strongly set us apart from the rest, as evidenced by the low turnover among Group employees over the past few years (approx. 5% in Italy during 2007) and their advanced seniority (38% of employees have been with the company for at least 10 years). The bond between company, employee and local community is also indicated by the physical “closeness” of our staff: 73% live 10 km or less from their place of employment.

Reason for turnover in Italy	2005	2006	2007
Death	1	1	2
Resignation	19	18	17
Emigration	0	2	0
End of work contract	2	0	5
Termination	2	1	1
Retirement	9	8	15
Transfer to other Group company	2	4	2
TOTAL	35	34	42

Since we seek to strengthen and consolidate our bond with the social milieu where we operate, we continuously come up with activities that support local communities. Our initiatives range from donations and monetary sponsorships, to agreements with universities and institutes of professional training.

In 2007, we sponsored the Sports Association of Arco, organized a half marathon event, and supported local non-profit agencies, associations and organizations with a total amount of around € 50,000.

In Slovenia, we sponsor the SILA association that promotes charity programs through accredited embassies in Lubiana. We deal directly with the Italian Embassy. We also support sports events, cultural organizations, local agencies and volunteer associations. Our commitment in 2007 amounted to € 42,000.



Training Programs

The "Alternating in the Fourth Year" project.

Our ties with the university system.

We consider it vitally important to maintain close ties with universities and research centers, both in Italy and abroad, since they are sources of - and provide incentive for - innovation and development. Here are some of the institutes and universities with which we have a working relationship:

- *University of Trento;*
- *University of Alessandria;*
- *University of Padua;*
- *Laboratory for Fire Research;*
- *ITCF, Denkendorf - Germany;*
- *TFI, Aachen - Germany;*
- *University of Maribor, Slovenia, in cooperation with the Ministry of Defense;*
- *University of Lubiana, Slovenia;*
- *National Institute of Chemistry in Lubiana, Slovenia.*

In 2007, the Human Resources Department of the Aquafil Group, in cooperation with ENAIP (a professional training organization) of Trentino, helped design a program at the Professional Training Center in Arco that trains technical personnel for maintaining automated plant systems.

The training program for 2007/2008 alternates modules of classroom training with periods of practical experience at company facilities.

The core feature of the agreement is a program at the Aquafil Group that is personalized for students who are accepted (three students were admitted in 2007/2008). Their direct involvement in a total of 500 hours of organizational activities and production procedures is guaranteed.

Fundamental to the agreement is the role of Company Tutor, who assists students during their time at the company by spelling out their training goals, identifying and assigning the duties they will perform, and helping them solve any problems they may encounter.

In 2007/2008, the Company Tutor is the maintenance chief at the Arco facility.



We are working *for a better tomorrow.*



Encouraged by the positive results achieved thus far, the Aquafil Group is determined to continue on the path it has taken.

That's why we have established clear, measurable goals that are pursued according to precisely programmed plans. And that's why we work with customers and suppliers who share our commitment to achieving Sustainable Development - a milestone we are all interested in reaching.

So that in the relay race of human progress, whoever receives the baton can experience the joy of doing his part to the greatest extent possible, from generation to generation.





Future

Commitment

Our programmed commitment.

Applying a study we performed on the most important themes in Sustainability, we plan to concentrate on projects that further reduce our environmental impact and improve our safety performance, beginning in 2008. Emphasis will be placed on:

- increasing energy efficiency;
- reducing the amount of waste generated per ton of manufactured product;
- controlling emissions into the atmosphere to a greater extent than required by law;
- limiting water consumption;
- supervising more closely the activities that raise awareness of workplace safety and accident prevention.



A view of Torbole and the plain north of Lake Garda.



A plan for the future.

GOAL	ACTIONS	TIMING
IMPROVING ENERGY EFFICIENCY	Bringing to full operating capacity our plants that produce thermal energy (which is necessary in polymerization and spinning processes) from natural gas instead of electricity, which is currently used for this purpose.	2008-2009
	Replacing refrigeration units with the latest machines that consume less energy.	2008
	Reorganizing the production and distribution of industrial cooling water.	2008-2010
	Optimizing the production of compressed air by maximizing the efficiency of existing machinery and installing new machines that are more cost-effective.	2008-2010
	Identifying the necessary technological changes, and updating machinery, to reduce the consumption of compressed air (which is essential for producing synthetic fibers) while maintaining the high quality of the yarns produced.	2008-2010
	Completely replacing the lighting systems in all BCF twisting and heatsetting departments with systems that consume less energy.	2008
	Installing new production lines with improved energy balance (Aquafil Tecnopolymers).	2008-2010
REDUCING WASTE	Achieving a 25% reduction in non-separated waste production, particularly at the Arco, Cares and Cartersville facilities.	2008
	Achieving a 20% reduction in the quantity of separated waste generated by packaging materials for textile yarns.	2008-2009



GOAL	ACTIONS	TIMING
REDUCING EMISSIONS INTO THE ATMOSPHERE	Implementing a rigorous system that monitors emissions more often than the frequency required by law and helps identify effective actions for improving performance in this area.	2008
	Achieving a 15% reduction in the tons of CO2 equivalents generated by the movement of textile yarns.	2009
	Implementing a new system for extruders that collects and filters off gas (Aquafil Tecnopolymers).	2008
	Studying how to produce energy by using alternative sources of energy.	2008
REDUCING WATER CONSUMPTION	Achieving a 15% annual reduction in water consumption in the Aquaspace facility.	2008
	Achieving a 20% annual reduction in the consumption of polymer cooling water used in autoclaves in the Arco facility.	2008-2010
RAISING AWARENESS OF SAFETY AND PREVENTING ACCIDENTS IN THE WORKPLACE	Increasing a 15% of the training hours devoted to health and safety.	2008
	Performing a FMEA analysis (Failure Modes and Effects Analysis) in the compounds production department at Aquafil Tecnopolymers.	2008
	Completing an upgrade of the firefighting systems in all production facilities.	2008-2009

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