

Environmental Policy of Lanificio Nova Fides SpA

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Management Commitment

The management of **Lanificio Nova Fides SpA** is firmly committed to environmental protection and the pursuit of sustainable development in all its activities. We view environmental and social sustainability as an opportunity and a fundamental challenge for the company. Through this Environmental Policy, management formalizes its commitment to integrating environmental protection into decision-making and operational processes, ensuring continuous improvement of environmental performance and compliance with all applicable regulations.

As evidence of this commitment, Nova Fides adopts sustainable practices and invests in technologies related to its core business of recycled fabrics. The company specializes in the production of high-quality fabrics made from both pre- and post-consumer recycled materials, thus reducing the need for virgin raw materials and the amount of textile waste. To reduce its carbon footprint, Nova Fides uses a **photovoltaic panel system** that covers a large portion of the factory's energy needs, significantly reducing CO₂ emissions.

Nova Fides' recycled textile production is certified according to the **GRS (Global Recycled Standard)**, guaranteeing the traceability of the materials used and compliance with rigorous environmental and social criteria throughout the production chain. Nova Fides also adheres to the **4sustainability program**, following a roadmap divided into six key areas (Materials, Chem, Trace, People, Planet, Recycle) that guide the company towards the use of lower-impact materials, the elimination of toxic chemicals, traceability and monitoring of the supply chain, improved organizational well-being, conscious use of resources, and the development of reuse, recycling, and sustainable design practices.

The Company's management assumes ultimate responsibility for implementing this policy and guides its implementation, promoting the following guiding principles: respect and protection of the environment in every decision and activity; pollution prevention and **eco-efficiency** as key elements of management and competitiveness; strict compliance with applicable environmental legislation; and involvement of employees, suppliers, customers, and the community in pursuing shared sustainability goals.

Environmental Legal Compliance

Lanificio Nova Fides guarantees full compliance with all applicable environmental laws, regulations, and other provisions, constantly updating itself with the most current environmental legislation (until 2025 and beyond). We are committed to meeting **all local, national, and EU environmental legal requirements**, including those related to waste management, air emissions, water discharges, chemical use, and soil protection. We operate in compliance with Legislative Decree 152/2006 (the "Consolidated Environmental Act") and subsequent amendments, as well as with industry-specific regulations (e.g., the European **REACH regulations** on chemicals).

Furthermore, we ensure we possess and comply with all **environmental permits** required for our operations (emissions, discharges, waste management, etc.), ensuring we always operate within the limits set by the competent authorities. We go **beyond** mere compliance: Nova Fides voluntarily adheres to standards and certifications that often exceed legal requirements, as demonstrated by our certifications (e.g., GRS, RWS, GOTS, BCI) and our participation in international sustainability initiatives. We constantly monitor regulatory developments and, in the event of new requirements, promptly update our operating procedures, thus ensuring continuous alignment between company practices and current environmental regulations.

Measurable Environmental Objectives

To translate this commitment into concrete action, Nova Fides sets **specific and measurable environmental goals** in key areas of its impact. These goals are periodically reviewed and updated, and progress is constantly monitored. Currently, the company's main environmental goals include:

- **CO₂ Emissions:** Reduce direct and indirect greenhouse gas emissions (Scope 1 and 2) by *30% by 2030* (compared to 2020) through streamlining production processes, using renewable energy, and optimizing transportation. Looking ahead, the company is committed to contributing to global efforts to combat climate change, aiming for **carbon neutrality** (net-zero emissions) by 2050.
- **Waste:** Minimize waste generation and maximize material recovery. The goal is to **eliminate landfill disposal** of textile production waste by *2025*, *recycling or reusing at least 95% of the waste generated in our processes*. Nova Fides promotes a **circular economy** model: fabric scraps and offcuts are reintroduced into the internal production cycle or sent to specialized partners to be transformed into new raw materials or products (e.g., insulation or padding), thus preventing them from becoming waste. Unsold or end-of-life textile products are also recovered where possible in subsequent collections or through dedicated projects (such as the *"2ND Chance"* initiative for the recycling of used clothing).
- **Water Resources:** Reduce water consumption in production processes by *20% by 2025* (compared to 2020) through water-saving technologies and practices. This includes optimizing dyeing and finishing cycles to use less water, reusing process water where possible, and installing rainwater collection and reuse systems. The use of regenerated fibers and innovative processes (for example, the use of undyed **Lana Moretta wool**) already allows for significant water savings compared to traditional production—up to thousands of liters of water saved for each batch of fabric—and we intend to further improve this performance.
- **Energy:** Improve energy efficiency and increase the use of energy from renewable sources. We have installed a **photovoltaic system** that covers a significant portion (over 50%) of the company's electricity needs; we aim to increase this share and cover *100% of our electricity consumption* with renewable energy by 2030 (through the expansion of the solar system and/or the purchase of certified green energy). Meanwhile, we have set a goal of reducing total energy consumption (electrical and thermal) by *15% by 2025* compared to 2020, thanks to efficiency improvements (higher-efficiency machinery, LED lighting, optimization of production cycles) and by raising staff awareness of responsible energy use across all departments.

Roles and Responsibilities

Responsibility for the implementation of this Environmental Policy involves all levels of the organization, with specific tasks assigned to each:

- **Corporate Management:** provides strategic guidance and support for the entire environmental initiative. Management approves the Environmental Policy, allocates the necessary resources for its implementation (human, financial, and technical), and ensures that the objectives are integrated into corporate plans. It periodically reviews the implementation status of the policy and related objectives, intervening where necessary. Management sets an example with decisions and behaviors consistent with sustainability principles.
- **Environmental/Sustainability Manager:** internal position appointed by Management to coordinate environmental management. Their role is to monitor legislative compliance, implement environmental programs, and ensure the achievement of objectives (e.g., reduction of emissions, waste, and consumption). They manage environmental records, conduct internal audits, raise staff awareness of environmental procedures, and regularly report to Management on results and any potential improvements.
- **Department Managers and Supervisors:** ensure that environmental procedures and instructions are implemented in their respective operational areas (production, maintenance, warehouse, offices, etc.). They integrate environmental objectives into daily activities, train and raise awareness among their employees on good environmental practices, and promptly report any critical issues or opportunities for improvement in their respective processes to the Environmental Manager. In this way, each company function actively contributes to the implementation of the policy.
- **Employees and Collaborators:** Every Nova Fides worker is expected to contribute to the achievement of environmental objectives through their daily behavior. All employees are required to follow environmental guidelines and operating instructions (for example, on proper waste separation, efficient energy and water use, and compliance with environmental safety procedures for the use of chemicals) and to commit to reducing waste and emissions within their duties. The company encourages **active participation**: workers are invited to propose ideas and solutions to improve environmental performance and are recognized and valued for their contributions.

All levels—from management to the lowest employee—are therefore aware of their role and importance in the success of the Environmental Policy. A clear definition of roles and responsibilities ensures that the principles set forth in this document are effectively implemented and supported in daily operations.

Monitoring and Continuous Improvement

continuous improvement approach to environmental management, inspired by the Plan-Do-Check-Act cycle. **Key environmental performance indicators** (KPIs) are identified to monitor critical areas—for example, quantity of waste generated and recycling rate, energy and water consumption per unit of product, tons of CO₂ emitted, and legal compliance (absence of sanctions)—and these indicators are measured and recorded on a regular basis.

We conduct **periodic monitoring** and internal audits to verify the implementation of environmental procedures and compliance with established standards. Monitoring results are reviewed by Management and the Environmental Manager (for

failure to achieve a target, we analyze the causes and define **corrective or preventive actions** to return to established parameters. For example, if an abnormal increase in water or energy consumption is observed, the causes (faults, inefficiencies, etc.) are identified and corrective measures (extraordinary maintenance, technological updates, targeted staff training) are implemented to improve performance.

The company also engages with **industry best practices** and international environmental management standards (such as ISO 14001) to refine its management system. While we are not currently ISO 14001 certified, we draw inspiration from these principles to structure our internal processes and controls. Furthermore, Nova Fides participates in **external** sustainability assessments (such as the EcoVadis rating and Higg FEM index) to obtain independent feedback on its environmental performance and identify further areas for improvement. This ongoing monitoring process, combined with internal and external feedback, allows us to continually update our environmental strategies and foster a virtuous cycle of continuous improvement.

Staff Training and Engagement

We believe that a shared corporate culture on environmental issues is essential to achieving our sustainability goals. For this reason, staff **training and awareness-raising** are a cornerstone of Nova Fides' Environmental Policy. We regularly plan training programs for employees at all levels, aimed at increasing their knowledge and awareness of environmental impacts and the correct practices to adopt. The training content covers, among other things, the management and safe disposal of waste (with an emphasis on separate waste collection and recycling), the efficient use of energy and water resources, pollution prevention, as well as company procedures to comply with environmental regulations. Additionally, staff are trained on the requirements of the main voluntary standards we adhere to (such as the **GRS guidelines** for recycled materials or the **4sustainability protocols** for sustainable chemistry and traceability), to ensure these principles are understood and applied in their daily work.

In addition to formal training, we actively promote employee **involvement** in environmental initiatives. We organize internal awareness campaigns (e.g., environmental awareness days, regular noticeboards with "green" tips, internal competitions for the best waste reduction ideas) and share data on the company's environmental performance transparently, so everyone can see the progress made and feel part of the improvement process. Each employee is encouraged to contribute suggestions for reducing the environmental impact of their own activities or the company as a whole; these suggestions are evaluated by management and, if feasible, implemented. We recognize and value individual and team commitment: virtuous behaviors (such as focusing on energy conservation or avoiding material waste) and excellent environmental results are positively recognized and, where possible, rewarded. In this way, we cultivate a work environment where everyone feels responsible and proud to actively contribute to environmental protection, and where staff's environmental skills are constantly growing.

Public Communication and Accessibility of Policy

Nova Fides is committed to ensuring external **transparency regarding its environmental commitments and results, making this Environmental Policy and related information easily accessible to all interested parties. The Environmental Policy is published on the company website** and distributed through our official channels so that customers, suppliers, partners, and the community can freely review it. Upon request, we provide a copy in electronic or paper format to any interested stakeholder.

The Environmental Policy is widely **disseminated throughout the organization** to all staff. The document is posted on

new hires during initial training, ensuring each employee clearly understands the company's environmental principles and commitments.

In addition to publishing the policy document, Nova Fides **publicly communicates its** environmental progress. We produce periodic reports or updates (e.g., an annual sustainability report or press releases/newsletters) detailing key environmental indicators and the degree to which we have achieved our objectives. This transparency exercise allows us to demonstrate performance developments over time and maintain the trust of our business partners and the local community. Our environmental and product certifications (GRS, RWS, GOTS, BCI, etc.), as well as our participation in voluntary initiatives (4sustainability, Higg Index, EcoVadis), are also communicated externally—for example, through product labels, marketing materials, and rating platforms—to concretely demonstrate our commitment and environmental accountability throughout the entire supply chain.

Environmental communication also includes **dialogue with stakeholders**. Nova Fides is open to discussions with customers who are particularly attentive to sustainability, with strategic suppliers in the textile supply chain, with authorities, and with the local community, with a view to collaborating to improve the sector's overall environmental performance. We maintain a collaborative relationship with suppliers to ensure they also meet high environmental standards, and we share best practices and expectations with them (for example, through our Supplier Code of Conduct and periodic sustainability audits along the supply chain). In short, we make communication and stakeholder engagement an essential tool to strengthen and enhance the credibility of our environmental sustainability journey.

Periodic Review of the Policy

Nova Fides adopts a **process of periodic review** of this Environmental Policy to ensure its timeliness, relevance, and effectiveness over time. Management, in collaboration with the Environmental Manager, reviews the policy at least **annually** or whenever significant changes occur in the company's operations, organization, regulatory environment, or objectives.

During the review, the following are evaluated:

- the continuous alignment of policy with Nova Fides' mission, corporate values, and sustainability strategy;
- the appropriateness of the declared objectives and commitments, in light of the results achieved, new needs of interested parties or new technological and market opportunities;
- any regulatory or voluntary standard updates (e.g., new environmental laws, EU regulatory developments, EcoVadis requirements) that make a policy change appropriate.

Any changes or additions to the Environmental Policy are approved by Management and promptly communicated to all staff and stakeholders, following the same procedures used for initial dissemination (publication on the website, sending to key partners, and internal training). Each updated version includes the revision date, ensuring historical traceability. This periodic review mechanism ensures that the Policy remains a **living and continually improving tool**, capable of effectively guiding the company towards its desired environmental objectives and proactively responding to changes in the external environment.