



# Making Nylon Sustainable

Sustainability Report 2021



# List of Contents

- Accelerating Sustainability .....4**
- Letter from our Management .....5**
- At a Glance .....6**
- Our Planet Promise ..... 10**
- Our Sustainability Strategy ..... 16**
- Product Excellence..... 24**
- Manufacturing Excellence..... 28**
- Social Excellence ..... 36**
- Sustainability Results ..... 42**
- Operations, Materiality  
and Management..... 48**
- Appendix 1. Material  
Sustainability Topics ..... 56**
- Appendix 2. GRI Index .....57**



Page 10

## Our Planet Promise



Page 16

## Our Sustainability Strategy



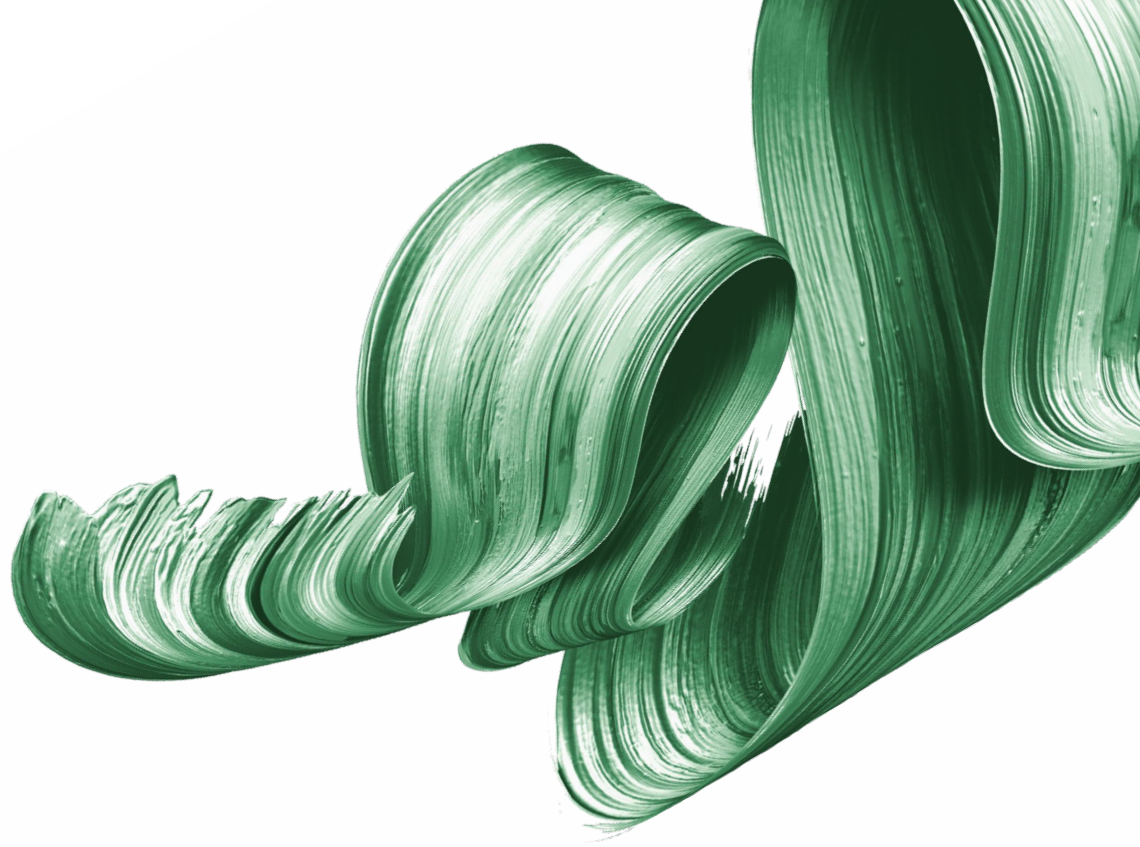
Page 28

## Manufacturing Excellence



Page 36

## Social Excellence



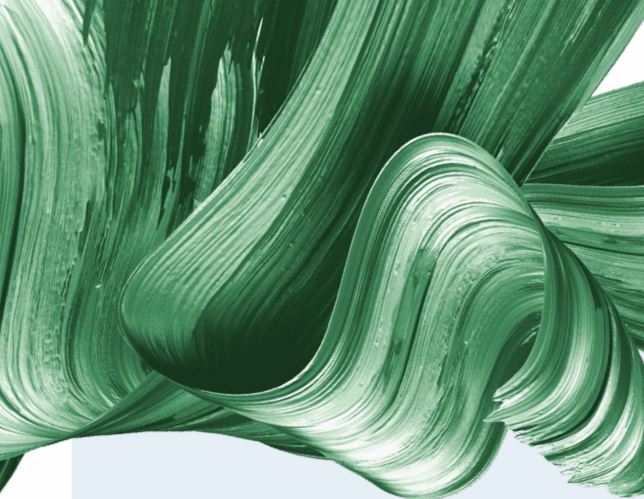
# Accelerating Sustainability

Sustainability has long been a guiding principle at NILIT. Instilled in our corporate culture by the founders many years ago, it is embraced today by Michael Levi, our Chairman of the Board.

We work every day to incorporate the complex ideals of environmental, social, and business sustainability into every product we make, every facility we operate, and every partner interaction we undertake.

Our position as a market leader is a responsibility we take very seriously and consider it a valuable platform for encouraging positive progress toward a more sustainable textile and apparel industry for all.





We feel a strong sense of urgency about our industry's need to rapidly and significantly improve the impact it has on the planet. As the world's largest producer of Nylon 6.6 (PA6.6), we believe it is our obligation to establish a positive example for our sector and to challenge long held assumptions and practices that limit us. To achieve this, we aspire not only to be the largest producer but also the most innovative and the most sustainable, constantly raising the bar that we set for ourselves and others.

Since our last corporate sustainability report, we have made substantial changes at the senior leadership level to support these objectives. We created a new position, Chief Innovation and Sustainability Officer, and appointed a seasoned NILIT executive, Sagee Aran, to the post. We also recognize the importance of trade and consumer marketing to advance our sustainability initiatives and brought in an apparel executive, Michelle Lea, as our new Vice President of Global Marketing. These executives will further hone our focus on sustainability and help prepare the market for successful adoption and commercialization of more sustainable textiles.

The company's heavy investment in product innovation has resulted in several new premium products that truly elevate the sustainability profile of Nylon 6.6. Several have been launched for the textile and apparel markets. For example, SENSIL® ByNature is the first Nylon 6.6 to be made with Biomass Balance technology that uses renewable feedstocks. Biodegradable SENSIL® BioCare responds directly to concerns about micro textile waste persistence in our oceans.

We have also broadened our perspective to seek out like-minded partners in the industry and beyond. Our new partnership with The Ocean Foundation's Blue Resilience Initiative is a good example. Through this important partnership,

we invest in the restoration and preservation of coastal marine ecosystems that protect our environment and support the world's people with food and economic benefit. Plus, we are working closely with several brands across market sectors to incorporate our new sustainable fibers into their apparel lines.

We declared some aggressive goals in our first corporate sustainability report and I am very pleased to provide in this report an update on those initiatives. Our Sustainability 2025 strategy, which we published just over a year ago, focuses on Product Excellence, Manufacturing Excellence, Social Excellence, Supply Chain Excellence, and Partnership Excellence and is proving to be an effective approach. Examining our business through these five lenses has helped us target our efforts and achieve significant goals, frequently well ahead of schedule. We realize that the journey to sustainability does not end in 2025 but requires constant self-evaluation and continuous improvement in perpetuity. We embrace that challenge as a fundamental aspect of our culture of excellence that puts people at the heart of everything we do.

I am extremely proud of and grateful to the NILIT employees and partners who contributed to the sustainability successes we attained over the past year. Their passion, intellect, and commitment are apparent in the achievements shared on the following pages. There is always more to do but we are absolutely following the right path to accelerate sustainability now.

Join us on this mission!

**Ilan Melamed**  
General Manager

Migdal Ha'Emek, July 2022

# At a Glance

Founded in 1969 by Ennio Levi, NILIT is committed to creating innovative, customized Nylon (polyamide) 6.6 solutions.

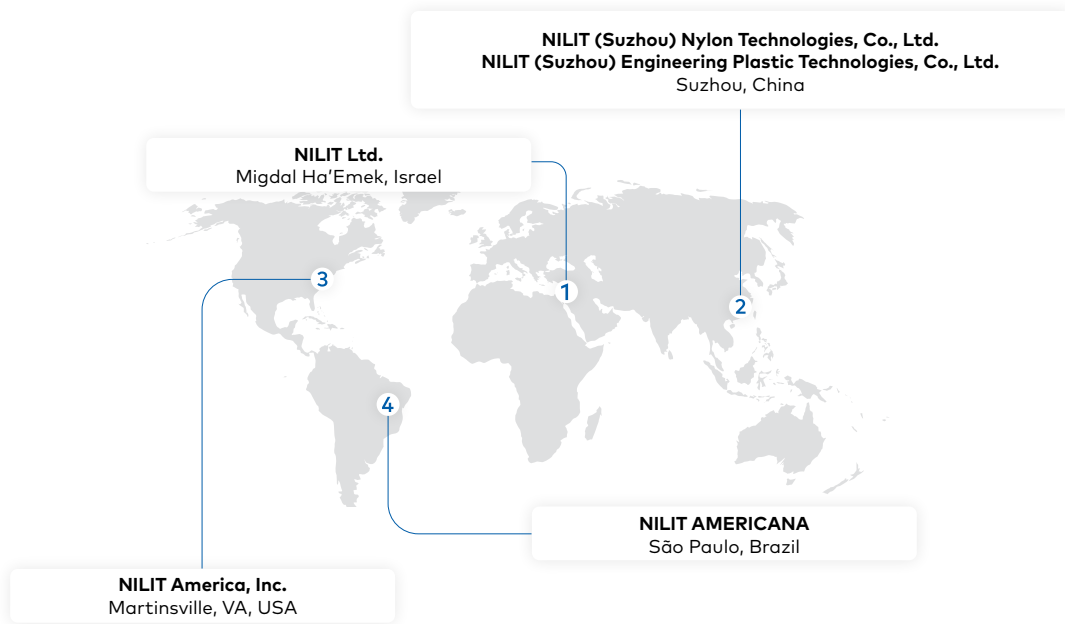
With expertise in polymerization, as well as spinning and texturing, NILIT offers a comprehensive range of quality products and services for apparel applications, polyamide injection molding and extrusion grades.

Operating in more than 70 countries, our motto is "no customer is too small, too big or too far away." NILIT has the broadest portfolio of sustainable premium Nylon products available, and the company's R&D efforts are focused on creating additional environmentally responsible products for the SENSIL® sustainable collection of yarns and fabrics.





# Four Manufacturing Entities Globally



## Sustainable Nylon 6.6

Broadest offering of Sustainable Nylon.

## 50,000 Tons / Annum

Largest global producer of filament Nylon 6.6 yarn.

## Serving Leading Brands Around the World

Sustainable solution provider beyond products.

## Downstream Sustainable Approach

- » Internal – creation of products from our own waste
- » External – actively being involved in garment/fabric to garment/fabric recycling
- » Nature – From nature (bio-mass solutions) to nature (bio-mass solutions)



## TPS (Total Product Sustainability)

Manufacturing according to annual audits confirming the:

- » Continuation of carbon footprint reduction
- » Continuation of energy savings in processes
- » Towards zero waste management
- » Continuation of water conservation activities
- » Safe and respectful working environments

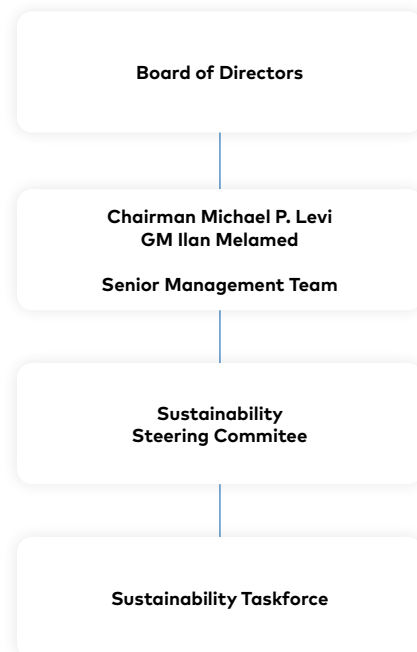


## Governance

NILIT is governed by the Board of Directors who oversees the Senior Management Team. The Senior Management Team is led by the Chairman Michael P. Levi and the General Manager Ilan Melamed.

A sustainability strategy steering committee has been established that oversees the overall strategy development, implementation, and follow-up. The committee consists of all members of the senior management. Within the steering committee a sustainability taskforce takes care of the coordination and daily management of the sustainability strategy.

In 2021, NILIT augmented the leadership team to elevate and accelerate progress against the organization's sustainability priorities, NILIT created the position of Chief Innovation and Sustainability Officer and appointed a seasoned executive, Sagee Aran, to the post. NILIT also brought an apparel executive, Michelle Lea, to lead NILIT's Marketing and focus on sustainability Initiatives with Brands, Customers and Consumers around the world.



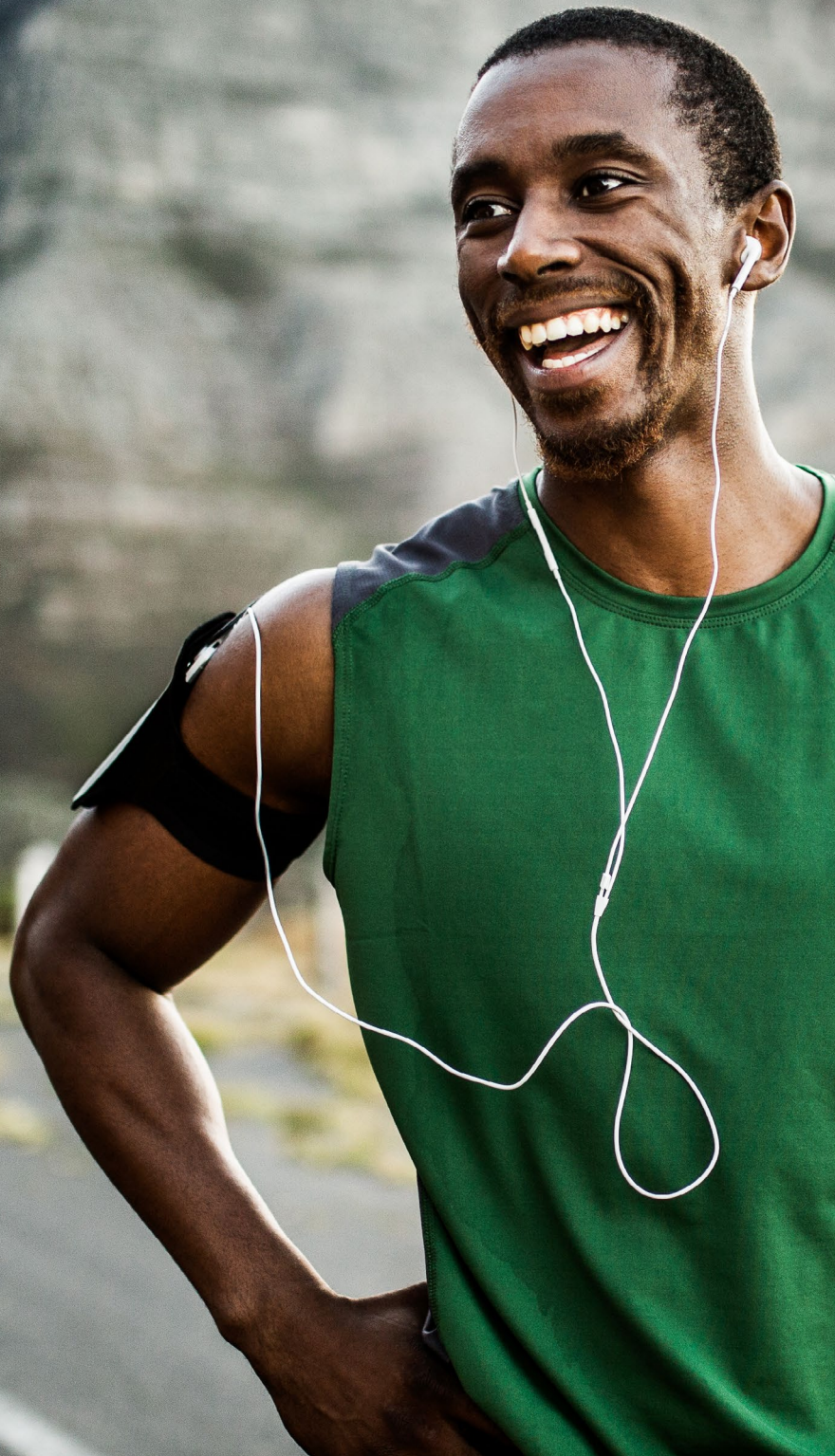




# From the fiber

Actively Shaping the Future of the Textile, Sportswear and Fashion Industries in a Responsible and Sustainable Way.





# Our Planet Promise

We build our long-term strategy upon an enduring foundation that encompasses the three key segments of NILIT's Planet Promise: Communities, Operations, and Products.



For over fifty years, NILIT has operated according to a stringent code of corporate conduct that activates our core values and commitment to ethical global citizenship, market-leading product quality, and operations standards that set the industry's bar.

## Communities

We are committed to protecting and supporting the development of the people engaged in our businesses, including employees, vendors, customers, and the end user of our products. Our responsibility also extends to the communities in which we operate around the world.

- » We provide a **healthy, safe and respectful working environment** free from harassment, discrimination, and health hazards and thereby aiming to maintain and exceed all applicable regulatory requirements.
- » Our corporate culture inspires employees at every level to fulfill their potential and contribute meaningfully to our shared goals of excellence and sustainability.
- » Our relationships with our suppliers and customers around the world are some of our most valuable assets. We continue to do business with these partners in a **collaborative and honest way**, engendering innovation, quality, and market credibility.
- » We engage with the communities where we operate with **integrity and empathy**. Our presence will be beneficial for the people and environment around us.
- » As an industry leader, we set the standard for **corporate social responsibility** and **transparency** and work to influence the polymer, fiber, and textile industries in a positive manner.
- » **We promote and engage with education and knowledge sharing** with leading institutes in the community on responsible textiles.



## Operations

Our four manufacturing locations in Israel (1), China (2), the United States of America (3), and Brazil (4) are operated to the highest principles of quality, environmental and social responsibility, and excellence. We always uphold our corporate standards meeting all local government standards and regulations.

We recognize that environmental responsibility is a complex, dynamic challenge. We concentrate our considerable engineering talents on continuously increasing efficiency and minimizing our footprint on the natural world across our operations.

- » We use valuable water resources responsibly. We **preserve water** through recycling, new cooling and filtration recovery procedures, and reverse osmosis. Plus, we work to lessen water use in production.
- » The **efficient use of energy** to fuel our production is imperative. It requires an emphasis on clean energy sources, energy recycling, and other innovative approaches, such as onsite co-generation, to minimize dependence on non-renewable sources.
- » Recycling and repurposing effluents and reducing emissions lessen our burden on the environment and **shrink our carbon footprint**.
- » With **zero process waste** as the immediate goal, we minimize pollution and waste by reducing, recycling, reusing, and repurposing.
- » We select and manage our material and chemical inputs carefully, emphasizing those that are **clean, recycled, recyclable, and non-toxic** to employees, customers, and the environment.
- » Through **education and collaboration**, our partners share our commitment to the environment and join us in the continuous improvement of our mutual impact on people and the planet.
- » We seek independent, **third-party certifications** to validate our management approach and operating procedures to increase transparency and quality.
- » Our service is **exemplary and responsive** in support of our customers' businesses.

## Products

Our products are the tangible manifestation of our values and beliefs. They are the touchpoints with our customers and the people who ultimately enjoy and rely on our products.

- » We approach product development and production from the perspective of **Total Product Sustainability** with consideration of all aspects of a product's impact on the planet throughout its production, useful life, and disposal.
- » **Life Cycle Assessments** help guide product decisions and ensure our products align with our values and sustainability commitments.
- » We continually seek to partner and collaborate with customers, suppliers, and brands who share our values, goals, and perspective of **Total Product Sustainability**.
- » We create remarkable products that provide **comfort, performance, beauty, durability, quality, and a sense of well-being** to our customers and the end consumer.
- » Long-lasting, exceptionally made, easy-care products contribute to **longer usable product lifetimes** and reduce the textile waste burden on landfills and oceans.
- » Our products offer **relevant environmental benefits** that minimize impacts on land, water, oceans, and natural habitats. We continuously seek innovative methods to improve the carbon footprint, performance, lifespan, laundering performance, biodegradability, and recycled content of the products we provide to the global market.
- » We seek out novel raw materials to **reduce use of fossil feedstocks** to lessen carbon footprint and natural resource depletion while delivering excellent performance, quality, durability, and value.

*NILIT is fully committed to the continuous campaign to improve our company's sustainability performance and the markets we serve. We focus our talents on the cultivation of innovative operations, responsible product development, and collaborative relationships that make the world safer and cleaner for us and for the generations that will follow us.*





## Longer usable product lifetimes

Brilliantly crafted, exceptionally made, easy-care products will stay looking like new and endure as consumer favorites for years, reducing the textile waste burden on landfills and oceans.



# Our Portfolio

NILIT founded our Planet Promise on the three key cornerstones of **Communities, Operations, and Products**. We believe that our products are the materialization of our corporate values and commitments. Therefore, we care deeply about what we design and how we manufacture. Our portfolio is structured to provide significant added value that enhances sustainability and performance and contributes to the planet's health and well-being.

Through careful evaluation, we have constructed our corporate NILIT Planet Promise: **Product Perspective** to focus on the environmental parameters on which we can have a substantial positive impact. Through our **Total Product Sustainability** approach and the **Life Cycle Assessments** we conduct for our products, we believe we can be most influential in **Recycling and Waste Reduction, Life Cycle Planning, Life Span Extension, and Water Preservation**.

## Recycling and Waste Reduction

**Reduce, reuse, recycle.** In support of the imperative to improve sustainability and reduce our product and manufacturing footprints, initiatives in these areas will contribute most significantly to attaining our goals. Within the context of NILIT operations, our major thrusts will be moving swiftly to zero process waste, resource recycling, and considerably increasing the recycled ingredients we use in the manufacture of all our products.

- » NILIT's newest sustainable fiber, **SENSIL® ByNature**, is an Industry-first innovation that utilizes a biomass balanced polymer feedstock created from organic waste reclaimed from landfills. **SENSIL® ByNature** provides the performance, comfort, and longevity that people expect from **SENSIL®** but with a markedly lower carbon footprint. NILIT introduced this biomass balanced polymer technology to the apparel market and is working closely with partners to quickly commercialize this important product.
- » The **SENSIL® EcoCare** line of products uses recycled nylon from operations. The process to reclaim waste nylon is highly efficient, and the use of recycled inputs further reduces the carbon footprint and water and energy consumption. The **SENSIL® EcoCare** concept applies to other established product lines, especially our collection of well-being and performance products. We have introduced **SENSIL® EcoCare** Breeze and we are working diligently to expand the EcoCare technology to our other products like our higher abrasion resistant fiber Nilit® Toughtex.
- » Other NILIT products feature additional recycling and waste reduction elements such as **SENSIL® Heat** that uses recycled coffee bean shell residue to retain body heat naturally.
- » We are actively investigating additional sources of recycled inputs, such as polymer made from plastic waste, to support cleaner ecosystems and reduce the use of virgin materials.

## Life Cycle Planning

We apply **Life Cycle Assessment** thinking and a **Total Product Sustainability** approach to anticipate the impact of our products on the planet once they reach the end of their useful life. We prefer our products to have as long a life as possible, being used and enjoyed for many years. However, if disposal occurs, we want to do our part to limit the risk of harming the environment.

- » We guarantee that our products are free from hazardous chemicals that could harm people or the planet should they end up in the landfill or the incinerator, not to mention during the textiles' production and use.
- » We fully acknowledge that textile composting infrastructure is not yet fully developed but, when that time does come, we will be prepared with products that will help eliminate the burden discarded textiles impose on precious land and water resources. Our new **SENSIL® BioCare**, featuring technology proven to substantially accelerate biodegradation in seawater and soil, will reduce the persistence of nylon microfiber pollution in the oceans and nylon accumulation in landfills.
- » With responsibly engineered products that care for the Earth and heighten consumer well-being, every **SENSIL®** product offers quality and value-added benefits **that raise the entire industry's environmental responsibility bar**. At NILIT, we will continue to innovate and identify new ways to advance sustainable life cycles for all of our products and to incorporate even more premium advantages that amplify the environmental benefits of our products and the satisfaction of the people who use them.



## Longevity

As a critical component of sustainability, we cannot undervalue quality as a meaningful remedy to the global textile waste issue. The concept of “fewer but better”, which clearly resonates with the growing market of conscious consumers, is entirely dependent on the quality of every component of a product. By creating yarns and fabrics of outstanding quality used in the production of textile and apparel designs, we contribute to an item’s longevity and the postponement or elimination of its end-of-life impact. Our specifically designed products are manufactured to the highest standards to provide meaningful value-added benefits that result in long term ownership, enjoyment, and use.

- » Our remarkable performance and fashion products inject **functionality, distinction, and longevity** into textiles and apparel items. Carefully selected benefits inspire brilliant designs that provide incredible look and feel and **comfort and well-being** for years. Items like these are lovingly used season after season rather than ending up in the landfill or incinerator after a short time, like so many lesser quality products.
- » Our R&D efforts focus on developing nylon with the best sustainable attributes by adding additional performance properties, such as the **High-Elasticity functionality**, that will make fabrics more sustainable, reducing elements such as Elastane, making the fabrics recyclable.
- » All our performance, fashion, and well-being products are incredibly strong and long-lasting with embedded proper-

ties within the yarn such as **SENSIL® Innergy** infused with revitalizing minerals, **SENSIL® BodyFresh**, with a silver-based additive that prevents bacterial growth, and **SENSIL® Breeze** with refreshing properties.

- » Premium quality, easy-care, long-lasting products can help reverse the escalating rate of clothing disposal. The EPA (US Environmental Protection Agency) estimates that 14 million tons per year in the US alone are disposed of, twice the quantity from just a decade earlier. Our fashion fibers with visual effects like mélange, heather, and different lusters, dots, and stripes like **ColorWise, Arafelle, Pastelle and Duella, DuoMix, TrioMix**, among others, allow extreme comfort and wearability at the same time that products stay looking like new for years.

## Water Preservation

Of all the planet’s natural elements, water may be the most affected by the production and use of textiles and apparel. Excess consumption, pollution, and waste are not tolerable in a sustainable environment. In combination with the continuous improvement of our operations, our product development efforts will result in products that embody full consideration of this most valuable natural resource.

- » The textile dyeing process can be highly detrimental to water resources and aquatic ecosystems. The traditional 100 year-old processes still in use today require incredible volumes of water—more than 24,000 liters per ton of fabric. If not properly treated, wastewater from the process can significantly pollute fresh and saltwater bodies. **SENSIL® WaterCare** produced with dope-dye technology means that the water-intensive dyeing process can be eliminated, conserving substantial quantities of water and removing the risks of potentially harmful dyes and pigments.

- » The care of textiles and apparel is another source of water use and potential water pollution. Our fibers and yarns are crafted to the highest standards, resulting in easy-care, durable fabrics that clean well in high-efficiency machines and do not degrade in the laundry. We designed our **Full-Dull luster** yarns to fully absorb dyestuff materials so that no excess pigments are released to the environment, protecting the sustainable process in the downstream activities.



# SENSIL Sustainable Premium Nylon 6.6

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# Our Sustainability Strategy

"We invest in sustainability to protect the planet that nurtures us today and the generations that will come after us."



## Our Vision

Actively shaping the future of the textile, sportswear and fashion industries in a responsible and sustainable way.

To achieve this, we have committed to a set of values that guides the way we operate and work at NILIT.

## Our Values

The following values form the foundation of NILIT's corporate culture and our sustainability strategy as a whole: All our activities, how we conduct ourselves, and offerings that reflect our values.

- » Social and environmental responsibility
- » Responsible manufacturing processes
- » Integrity and transparency
- » Drive for excellence
- » Quality
- » Diversity and Teamwork

## Social and Environmental Responsibility

NILIT is fully committed to the continuous efforts to improve sustainability within our company, the communities where we operate, and the markets we serve. We focus our talents on the cultivation of innovative operations, responsible product development, and collaborative relationships that make the world safer and cleaner for us all and for the generations that will follow us. Next to an adherence to sound manufacturing processes and strict environmental protection programs, NILIT also supports corporate responsibility programs, such as volunteer projects in the community and scholarships for local youth.

## Responsible Manufacturing Process

Our TPS (Total Product Sustainability) initiative leverages our 360° sustainability promise within our manufacturing facilities towards continuation of carbon footprint reduction, energy savings processes, zero waste management, and water conservation activities. All of these initiatives are achieved in a safe and respectful working environment.

## Integrity and Transparency

For us at NILIT, integrity and transparency mean honesty, trust, and credibility. These ideals form the basis of all relationships with our employees, our customers, and our supply chain partners.

## Drive for Excellence

We believe that achieving our goals depends on the individual

## Elements of Our Sustainability Strategy



performance of each employee. As a result, NILIT has built a corporate culture that inspires excellence in all endeavors and at every level, from line workers to senior engineers.

## Quality

At NILIT, we believe that quality pays for itself. Therefore, we constantly strive for excellence in both product and service quality. All NILIT manufacturing facilities are certified and compliant with the most stringent, relevant ISO standards. We also adhere to the precautionary principle wherever possible by applying foresight to new engagements and projects.

## Diversity and Teamwork

We believe in diversity, the power of global teamwork, and that by working as one we can deliver exceptional outcomes, do great things together, and leverage our collective talents. At NILIT, we believe that our key competitive advantage is our people and our innovation power. We work closely with our customers to provide the right solutions and bring real value.

# Our Commitment to Sustainable Development Goals





Our Strategic Goals are also guided by the Sustainable Development Goals. In the table below we have listed our Sustainability Goals for 2025 according to each strategic area.

We have also indicated how each goal links to the Sustainable Development Goals (SDG) set forward by the United Nations. All quantitative goals are measured against the baseline year of 2018.

## Policies

Without policies in place, values remain elusive. That is why we have developed several guidelines and enrolled in various certification programs that provide the overarching framework for achieving our sustainability goals. These include:

- » Environment Health and Safety Policy: At NILIT, we emphasize that natural resources not only belong to the public and local community, but also to the global community and future generations. We therefore ensure that all activities with an impact or potential impact to the environment comply with applicable laws and regulations.
- » Product quality certifications: GRS (Global Recycling Standard), OEKO-TEX, and the most stringent ISO standards such as ISO 14001 for environment, ISO 9001 for quality, and ISO 45001 for health and safety.
- » CSR Policy and Code of Conduct.
- » Ethical Guidelines for suppliers: Ethical Code.
- » Through NILIT's extended focus on sustainability, internal communication aspires to generate a common acknowledgement of shared values and principles with our employees as well as to encourage engagement and support for the company's sustainability strategy.

## Our Strategic Goals







































When it comes to achieving our vision and sustainability goals, we believe that **excellence** will get us there. To this end, we have split our sustainability goals into **five strategic sustainability areas**, with the ambition of achieving excellence in each:

- » Sustainable Product Excellence
- » Responsible Manufacturing Excellence
- » Social Excellence
- » Supply Chain Excellence
- » Partnership Excellence


























































The illustration below shows our sustainability areas:



# Our Work Towards Sustainable Development Goals

Strategic Area	Project	Goal - by 2025 <sup>1</sup>	SDG <sup>2</sup>
Sustainable products	<b>Product stewardship</b>	Implemented a product stewardship program by 2021.	
	<b>Recycled polymer (pre-consumer)</b> SENSIL® EcoCare, 65% recycled content	Recycle 90% of our nylon waste within our own manufacturing.	 
	<b>Recycled polymer (post-consumer, apparel)</b>	Prove a working technology that has a reduced carbon footprint and is cost-effective.	  
	<b>Biodegradable Nylon 6.6</b> SENSIL® BioCare	Increasing capacity by 25% on an annual basis. Reporting global waste reduction impact on an annual basis coming from degradation.	 
	<b>Water preservation</b> with Nylon 6.6 dope dyed SENSIL® WaterCare	Report the global water preservation impact on an annual basis (24,000 l per ton of fabric).	 
	<b>Biomass balance polymer</b>	Developing yarns with lower carbon footprint using reduced non-fossil resources.	   
	<b>Bio-based polymer</b>	Developed an efficient and economic biobased yarn solution.	  
Environmental	<b>Global ISO 14001 system and certification</b>	Certified by 2025.	    
	<b>Energy conservation</b>	Save 15% electricity (normalized). Reduce fuel use by 10% (normalized). Reduce greenhouse gas (GHG) emissions by 20% (normalized).	  
	<b>Water/Wastewater management</b>	Save 10% freshwater (normalized per product or employee). Separation of Titanium dioxide from wastewater (Migdal).	 
	<b>Waste management</b>	Implement a holistic waste management concept. Reduce amount of hazardous waste by 10%. Continue to ensure that hazardous waste is treated properly. Recycle packaging, tubes, etc. Reduce packaging of finished products by 10%.	
	<b>Air improvements</b>	Improve air emissions.	
	<b>Chemicals management</b>	Implemented in 2021 a chemicals management program as part of the ISO 14001.	
Healthy & Safety	<b>Health &amp; Safety management system</b>	Global certification according to ISO 45001 achieved in 2021.	
HR – Human Resources	<b>Excellent employee program</b>	Implemented a Global Code of Conduct and training, by 2022.	     
		Increase employee retention by 10%.	



Strategic Area	Project	Goal - by 2025 <sup>1</sup>	SDG <sup>2</sup>
HR – Human Resources		Increase gender diversity by 50% at top management levels.	 
	Excellent employee program	Process in place from 2021: Qualification assessment. Develop a global pipeline of high-potential employees (Talent management). Cross-Training between different sites. Develop HR metrics for Global Operations.	   
	Well-being	Employee well-being: Preventive health program. Sport animation.	
	Good deeds day	Annual good deeds day at all production locations.	     
Sustainable supply chain management (SSCM)	SSCM Procedure	By 2023: Develop and implement a sustainable procurement procedure, potentially using Higg FEM and FSLM. Roll out the procedure to core suppliers. Define metrics to measure performance among the suppliers.	     
Community outreach	Community projects	Continuing with the wealth of community projects.	      
Partnerships	SAC (Sustainable Apparel Coalition)	Continuous improvement of HIGG measurements according to the HIGG index	                
	The Ocean Foundation Blue Resilience Initiative	Support project to conserve and restore aquatic ecosystems that mitigate climate change, feed the world, and protect coastal economies and communities.	     
	C.L.A.S.S.	Joined association that powers the dissemination of data and information about sustainable textiles in order to more quickly advance an environmentally responsible industry.	   
	Ellen MacArthur Foundation	Evaluate membership by 2022.	   

In the next sections we will look more closely at where we stand and what programs we have implemented to drive excellence in our strategic areas. Since two of our strategic areas, Supply Chain Excellence and Partnership Excellence, are still in their infancy (yet with clear future targets, see table above), we will focus in this report on the following three strategic areas:

- » Product Excellence
- » Manufacturing Excellence
- » Social Excellence

Nevertheless, we want to briefly mention here that NILIT is already a member of the National Council of Textile Organizations<sup>3</sup> and Americas Apparel Producers Network<sup>4</sup>. In future sustainability reports, we will discuss more in depth our progress in the areas of Partnership Excellence and Supply Chain Excellence.

<sup>1</sup> Quantitative goals have a deadline of 2025 unless anything else is stated.

<sup>2</sup> Sustainable Development Goal.

<sup>3</sup> <http://www.ncto.org/>

<sup>4</sup> <https://www.aapnetwork.net/>

## NILIT talks

With Sagee Aran

### **You were recently appointed to the new position of Chief Innovation and Sustainability Officer. Why did NILIT create this position?**

– NILIT recognizes that challenging the status quo, both internally and externally, is critical for continuous improvement. When we committed to accelerating the pace in our sustainability programs, we determined that creating this new position would better focus us on innovation and commercialization. Now with an officer tuned in exclusively to these important aspects, we expect to see our development timelines decrease and our market adoption rates grow substantially.

### **How important is marketing to attaining NILIT's sustainability goals?**

– In order to redirect the market to a more responsible position, we must work to educate brands and retailers on the benefits of investing in sustainable products. That also requires educating and influencing consumers to shop for more environmentally responsible products. NILIT recently invested in the new position of Vice President of Global Marketing and hired Michelle Lea, a highly experienced and well-respected apparel executive, to lead the marketing efforts that will result in the expansion of our sustainable SENSIL® premium Nylon products to retailers and consumers.

### **What do you see as NILIT's most important sustainability successes in 2021?**

– We are thrilled with the additions to our SENSIL® portfolio, the largest collection of Sustainable Nylon 6.6 products in the market. SENSIL® BioCare is an exciting innovation that incorporates technology proven to rapidly advance biodegradation in seawater and soil.

This special fiber addresses two key sustainability issues: 1) Any SENSIL® BioCare microfibers that are released into the environment during use will quickly decompose. And second, when garments made with SENSIL® BioCare fabrics reach the end of useful life, they will swiftly biodegrade rather than persist as textile waste. SENSIL® BioCare directly addresses an important environmental issue for the apparel industry. It follows the introduction of SENSIL® WaterCare pre-dyed yarns and paves the way for our latest, SENSIL® By Nature, the first Nylon 6.6 made with biomass balanced feedstocks in place of fossil-based ingredients.

I am also proud of our company's partnership with other environmental advocates such as The Ocean Founda-



**Sagee Aran,**  
Chief Innovation and Sustainability Officer

tion's Blue Resilience Initiative and C.L.A.S.S. Material Hub. Through the Blue Resilience Initiative, we foster the conservation and restoration of critical aquatic ecosystems that protect our oceans, our environment, and our coastal economies and communities. The C.L.A.S.S. Material Hub helps amplify the sustainable textile message and makes locating and adopting these important innovations easier.

### **What is your outlook for 2022?**

– NILIT is well into multiple ongoing projects to minimize our manufacturing footprint through process improvements and energy generation innovations.

New product development has been 100% focused on creating new, more sustainable premium Nylon 6.6 options that collectively improve the textile industry's impact on the environment. We fully recognize that effective sustainability initiatives must be undertaken aggressively if we hope to substantially mitigate the industry's contributions to climate change and ecosystem degradation in our lifetimes. The status quo is intolerable and a gradual improvement is unacceptable. We must all work together now to rapidly improve the impact we make as an industry. We made tremendous progress in the past four years and have no intentions of letting up on the expectations we hold for ourselves, our supply chain, and the total marketplace.





# 100 % focus

"We must all work together now to rapidly improve the impact we make as an industry."





# Product Excellence

In this section we will discuss our approach to Product Excellence and what we at NILIT undertake to create more sustainable Nylon solutions.



# Product Stewardship

Our business is about producing a whole range of different Nylon 6.6 – based products. To drive Product Excellence, we have put product stewardship at the heart of our product management strategy, which means that we are applying a life cycle approach to managing environmental impacts of our products and our production.

We assess all our products for their environmental impacts and seek to reduce and minimize the impact as much as possible. By applying environmental principles, we have developed several different products that are more environmentally friendly.

We are excited about the immense range of opportunities that these principles open up for NILIT and our customers.

However, we also realize that many of these opportunities still need a lot of research in order to be technically viable.

Furthermore, being the leader manufacturer in Nylon 6.6 filament yarns enables us to support and shape the textile market to develop finished products with these environmental principles. Our ongoing release of new sustainable products and teaming with large brands and retailers are strong steps in achieving our goals.

We will now present some of the processes and products we have developed to drive excellence in this area.



## Biomass Balance Nylon 6.6

SENSIL® ByNature is the industry first premium Nylon 6.6 that replaces part of the fossil feedstock with biogas from organic waste from landfills through a Biomass Balance Approach.

Compared to conventional Nylon yarn made from fossil feedstock, in this approach renewable resources such as biogas derived from organic waste is used as a feedstock in the very first steps of the production process.

The biofeedstock amount is then allocated to specific products sold by means of the certified method. The technology considerably improves a garment's Product Carbon Footprint and takes the apparel industry closer to a more sustainable position by saving 900 Kg of CO<sub>2</sub> eq. per ton of standard Nylon 6.6 fabric.

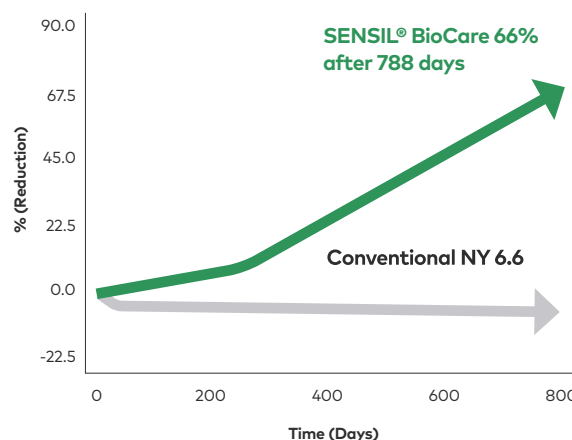


## Biodegradable Nylon 6.6

SENSIL® BioCare is a new addition to our sustainable products portfolio. Enhanced with a technology that enables rapid biodegradability, SENSIL® BioCare significantly reduces the persistence of plastic microfiber waste in oceans and protects vulnerable aquatic habitats.

Initial testing at an independent lab according to **ASTM D6691 Standard Test Method For Determining Aerobic Biodegradation Of Plastic Materials In The Marine Environment** and **ASTM D5511 Standard Test Method for Determining Anaerobic Biodegradation of Plastic Materials Under High-Solids Anaerobic-Digestion Conditions** indicates that SENSIL® BioCare yarns will break down in oceans and landfills more rapidly than conventional NY 6.6.

The illustration shows the results for SENSIL® BioCare compared to conventional Nylon 6.6.





# Our technologies

NILIT is developing infrastructure technologies that reduce carbon footprint and the impact of waste and microplastics on the environment.





NILIT proudly partners with The Ocean Foundation's Blue Resilience Initiative to restore and conserve the coastal sea grass meadows and other ecosystems that feed the world, capture CO<sub>2</sub> from the atmosphere, and provide economic support for communities around the globe.



## Pre-Consumer Recycling

NILIT has made good progress in commercializing **SENSIL® EcoCare**, a new product made of polymer recycled within the manufacturing process, a pre-consumer recycling initiative. SENSIL® EcoCare products save significant energy and water resources because the energy and water intensive polymerization step can be omitted. Further, there are no carbon emissions from shipping and transport activities as the waste is accumulated and recycled within the plant itself.

Our recycled polymer is certified according to GRS, the Global Recycling Standard and Scientific Certification Systems (SCS).



MINIMUM 65% RECYCLED CONTENT  
PRE-CONSUMER



## Recycled Polymer Post-Consumer, Apparel

Circular economy can only happen if we can close the loop of product creation. To do so, actual apparel products need to be recycled into new products. However, this is not an easy task, and a lot of research is still needed. Mostly, Nylon is blended with other fibers in the final consumer product, which makes it very difficult to separate. There are currently no ready-made solutions for the collection and recycling of Nylon apparel products. However, NILIT is continuously researching in this area and will be offering this recycling option in the coming years.

The benefits of recycled Nylon apparel products are lower energy consumption, lower water usage, fewer chemicals, no waste.

## Anti-Bacterial and Anti-Viral Polymer and Yarns

We originally developed **SENSIL® BodyFresh** with antibacterial and anti-odor properties to provide consumers with outstanding freshness. Fabric made with SENSIL® BodyFresh demonstrated a 99.85% reduction in viral activity when tested according to ISO 18184:2019 criteria against Beta coronavirus 1 (OC43), an enveloped, positive-sense, single-stranded RNA virus. The antimicrobial additive embedded in the SENSIL® BodyFresh yarn provides long-lasting protection that does not deteriorate with laundering, indicating that the additive is not washed out of the fabric. With these new antiviral test results, our business partners can expand their SENSIL® BodyFresh product concepts beyond comfort and aesthetics to include enhanced protection and a positive sense of well-being.

## Water Conservation Solutions

Our new line of **SENSIL® WaterCare** yarns eliminates one of the most important contributors to environmental degradation - the dyeing process. With these solutions we can save more than 24,000 liters of water per ton of fabric and conserve our most precious natural source.

## Outlook

The range of more sustainable Nylon fibers and products is quite significant, and we will continue to explore all these options in our own research as well as follow all other research in this area to continuously drive product excellence.

<sup>3</sup><http://www.nilit.com/fibers/brands-nilit-ecocare.asp>

<sup>4</sup><http://www.nilit.com/fibers/brands-nilit-ecocare.asp>

# Manufacturing Excellence

"Manufacturing Excellence for us means minimizing the environmental impact across our four operations as much as possible."

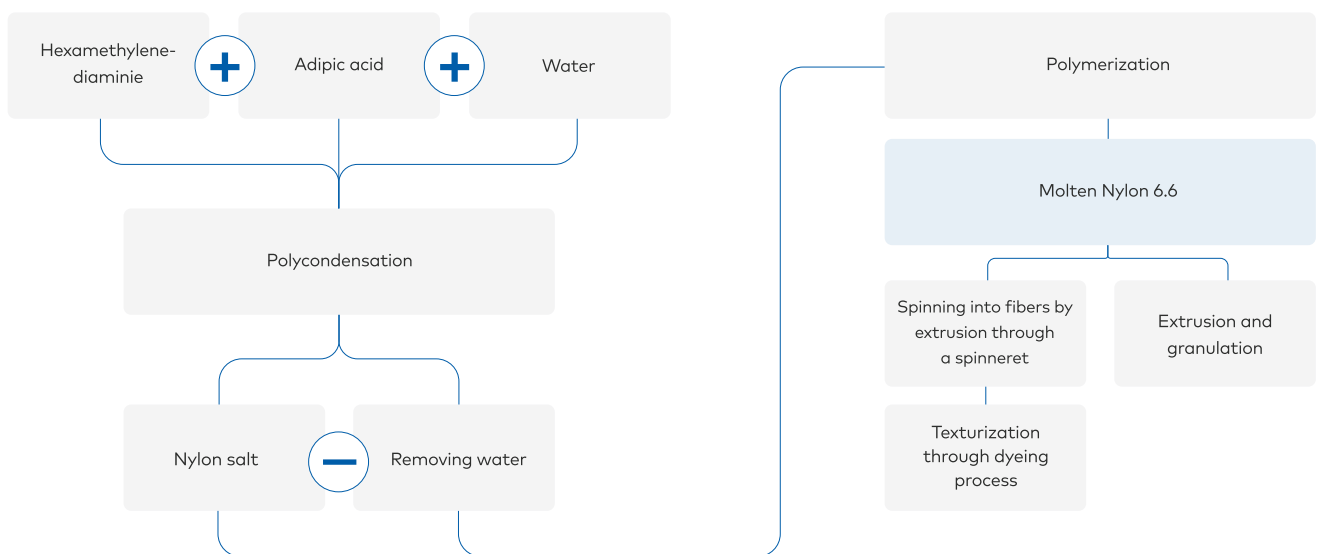


At NILIT, we are committed to Manufacturing Excellence, not least because Manufacturing Excellence also directly impacts the health and safety of our workers and thus interlinks with our goals of Social Excellence. Beyond this, Manufacturing Excellence for us means minimizing the environmental impact across our four operations as much as possible.

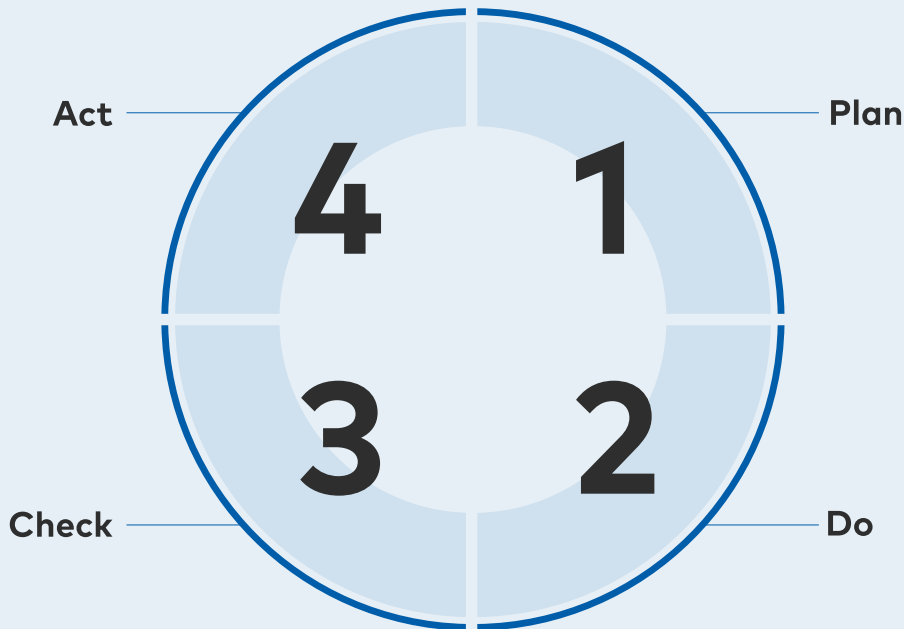
We drive Manufacturing Excellence forward with different systems and programs, which we will outline in this section.

For a better understanding of our operations, we have included the following illustration of the manufacturing process for Nylon 6.6.

# Manufacturing Process of Nylon 6.6



# NILIT's Way to New ISO Standards



## ISO Management System Certifications

The International Organization for Standardization (ISO) has published several certifiable management system standards that support an organization in the entire process of "Plan – Do – Check – Act", giving a structure to any topic.

To achieve excellence in the management of our operations, NILIT implemented in 2021 both an ISO 14001 for environment and an ISO 45001 for health and safety in its chemical manufacturing plant. NILIT is in the process of upgrading our system in view of a future ISO 50001 certification for energy management system.





Within the ISO certifications, we have developed and implemented the following measures:


- » Environmental management of all aspects: Energy, water, waste, chemicals, air emissions, etc.
- » Build a health and safety culture
- » Safety and steering committees
- » Compliance with laws/regulations
- » Safety training courses - work at height, safety trustees, first aid, emergency staff
- » Risk and hazard assessments
- » Observations in plants and projects
- » Emergency drills
- » Monitoring quantitative data

**ISO 14001**

*Environment*

**ISO 45001**

*Health and safety*



By implementing the ISO standards for environment and health and safety, we continue forward on the path that our founder Ennio Levi laid out when he founded the company. From the very beginning Ennio Levi emphasized the importance of worker safety.

We are proud to continue this heritage.



# Migdal Ha'Emek





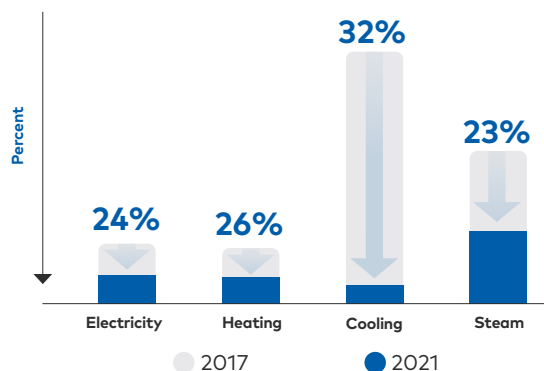
# Reducing Environmental Impacts

Migdal Ha'Emek is our largest manufacturing site and encompasses several processes:

- » Polymerization
- » Spinning
- » Texturizing

In Migdal Ha'Emek we have made significant investments over the past few years to reduce our environmental impact. To the right we have included an illustration that shows the various reductions we have achieved from 2017 to 2021<sup>7</sup>:

<sup>7</sup>In 2021 some of the data reported in the 2020 report were corrected.



## Energy consumption

Consumption / year	2017	2018	2019	2020	2021	Savings from 2017 to 2021
Total electricity consumption [GWh]	155	143	135	102	118	37 (24%)
Total heating consumption [GWh]	144	135	118	97	107	37 (26%)
Total cooling consumption [GWh]	111	101	88	61	75	36 (32%)
Total steam consumption [GWh]	108	98	97	84	83	25 (23%)
Total energy consumption [GWh]	518	477	438	344	383	135 (26%)

As we can see in the table above the total energy consumption has decreased significantly from 2017 to 2021. However, in 2020 and in 2021, the manufacturing volume decreased significantly due to the global Covid-19 situation, the production volume was lower and therefore a comparison with previous years is not fully representative.

Similarly, as for energy, the water consumption was reduced between 2017 and 2021. However, in 2020 and in 2021, due to the global Covid-19 situation, the production volume was lower and therefore a comparison with previous years is not fully representative.

## Water Consumption

Consumption / year	2017	2018	2019	2020	2021	Savings from 2017 to 2021
Total water consumption [Million liters]	741.5	801.4	696.4	617.8	661.3	80 (11%)

# Environmental Highlight Projects

In Migdal Ha'Emek we have implemented the following environmental projects:

- » Installing dual burners in the steam boilers and the thermal oil burner and changing over from the use of heavy oil to natural gas, thereby decreasing emissions.
- » In 2020, NILIT started to use waste steam from a new external cogeneration plant. All steam boilers were shut down. This leads to a 70% reduction in the use of carbon fuels.
- » Installing reboilers to produce the necessary steam classes with the steam from the new external cogeneration plant.
- » Installing a steam turbine to produce compressed air. The steam is generated in the new external cogeneration plant. This leads to reduced electrical consumption of up to 2.5 MWh.
- » Installing two new absorption chillers to produce cold water, again with the steam from the new external cogeneration plant. This leads to reduction of the electrical consumption of up to 1.6 MWh.
- » Installing thermal cleaning ovens to ensure BAT, Best Available Technology, in the thermal cleaning process.
- » In Migdal Ha'Emek we have implemented several other projects, such as waste stream management projects and chemical management projects.
- » To improve wastewater treatment, NILIT has installed a centrifuge that separates titanium dioxide from the wastewater. Titanium dioxide is used in order to improve the properties of Nylon 6.6.

**NILIT Ltd.**  
Migdal Ha'Emek, Israel

**The NILIT Headquarter was founded in 1969 and is located in Migdal Ha'Emek, Israel.**

*Production covers:*

- » Specializes in processing Nylon 6.6 from polymerization to extrusion and spinning (POY, LOY, FDY and textured yarns, polyamide 6.6 resins, polyamide injection molding grades)
- » Produces the NILIT branded range of fibers and the polyamide 6.6 resins Polynil

*The environmental measures taken in Migdal Ha'Emek are described in the section above.*

**NILIT America, Inc.**  
Martinsville, VA, USA

**The US manufacturing site was acquired in 2009 and is located in Martinsville, VA, USA**

*Production covers:*

- » Partially Oriented Yarn (POY), Fully Oriented Yarn (FOY), and Low-oriented Yarn (LOY), with 3 processes. 8 extruders POY. 4 extruders FOY. Spinning process – LOY

*In Martinsville the following environmental measures have been implemented:*

- » New 7 bar Air Compressor Project implemented in 2021
- » Installed two new chillers in 2019, thereby saving energy

**NILIT AMERICANA**  
São Paulo, Brazil

**The Brazil manufacturing site is located in São Paulo.**

*The processes are:*

- » Spinning, Texturizing yarns and covering, POY.

*In São Paulo we have implemented the following environmental measures:*

- » Eliminated 90% of chemical products for industrial water treatment for cooling towers using membrane filtration system
- » Created the Nilit Brazil Committee of Sustainability to develop action plan and implement it
- » Intensified the use of video conferences

- » Fully installed LED lights in the facility at the end of 2020
- » Recycling 100% of our polymer and yarn (waste) directly into the process
- » Packaging material such as paper, cardboard and tubers are recycled. Practically 100% is reused or recycled
- » In 2017 - replaced the water system from ionic exchange to reversed osmosis
- » Received the green certificate from the government in São Paulo, certified for excellence in environmental sustainability

**NILIT (Suzhou) Nylon Technologies, Co., Ltd.**  
**NILIT (Suzhou) Engineering Plastic Technologies, Co., Ltd.**  
Suzhou, China

**The China manufacturing site is located in Suzhou.**

*The processes are:*

- » Spinning and texturizing (modifying the texture, the surface of the yarn, to change the properties of the yarn)

*In Suzhou we have implemented the following environmental measures:*

- » Recycling the waste yarn with granulation process to produce raw material for engineering plastic
- » Implemented a wastewater recycling process that is utilizing all our process wastewater through filtering process to allow us to reuse the water in our toilets and green watering systems
- » Recycle all the process water from our process to 100%, excluding the domestic water

- » Shifted from disposable packages to metal packaging that can be fully recyclable
- » Started a process to use our waste yarns to make plastic bobbins instead of carton bobbins and in addition we started recycling our carton bobbins up to 10 times
- » Reusing all wooden pallets that we get from suppliers
- » Implemented low energy consumption lighting in the production, LED lighting
- » Implemented heating isolation to preserve the energy in our texturizing machines – 30% completed
- » Asking our suppliers to move to bulk deliveries with the objective to save plastic packaging
- » Installed waste separation trash bins all over the plant



# Global Efforts of Manufacturing Excellence



## Health & Safety at All Sites

All our manufacturing sites have a whole range of activities related to improving our health & safety culture and results.

Some of them are:

- » Safety reports standardization
- » KPI definition and calibration
- » Safety First Program to improve safety culture and mindset
- » Creation of Health & Safety committees, as well as an executive safety steering committee
- » Implementation of a new emergency procedure
- » Conducted first aid courses

### Evolution of health and safety indicators globally

Indicator / year	2018	2019	2020	2021
Lost time	19	12	7	3
First Aid	76	45	42	55
Near Miss	293	253	189	270
Hazards <sup>8</sup>	1484	3207	3176	4843

<sup>8</sup>Hazards identified in the manufacturing entities.

Hazard identification is measured at the basis of the Safety pyramid, used to strengthen the company for a safety culture. Hazard identification is part of the process used to evaluate if any particular situation has the potential to cause harm. The Hazard Identification is an Important KPI to prevent a major KPI – Lost Time Accident.

### Main Results Observed

- » Positive trend in reduction of Lost Time Cases
- » First Aid had some fluctuation, due to the definition calibration among the sites
- » Near Miss had some fluctuation, due to the definition calibration among the sites
- » Hazard Identification is a powerful tool to improve safety performance and after Safety First Program implementation we saw a big improvement. In addition, this program will be used to help improve the safety culture in the organization, mainly with so many new employees after COVID



# Social Excellence

People are the reason for everything we do. We are deeply committed to our employees and their families, the communities where we operate, our business partners, and, ultimately, the consumers who enjoy our products.



Our pursuit of Social Excellence is part of NILIT's original story and forms the basis of our corporate culture. Inspired by the values and example set by our founder Ennio Levi, sustainability at NILIT has always been especially about serving people.

Setting up projects in the communities where NILIT operates and celebrating the various religious holidays our diverse workforce enjoys, are just two of many examples of how we try to honor the people who make us who we are.

Our long history of social engagement with our employees and nearby communities is truly what we are most proud of and we will continue to strive for excellence in this area. NILIT serves as a co-existence model between all religions and nationalities.

NILIT's long standing commitment to the community in Migdal Ha'Emek was outlined by the Levi family, who have

been involved in public service in the city ever since the first days of the company's establishment. Today, too, NILIT is a central donor in the city, particularly in the areas of education and sports. Among other areas, NILIT contributes to the "After Me" organization for the encouragement of leadership among youth in the periphery. The lists below describe our activities in several different areas.

#### Professional Human Resources

*At a professional human resources level we drive:*

- » Performance evaluation and development
- » Succession planning
- » Many different training opportunities. For example, for mentors or in communication
- » Team building activities
- » Promoting a diverse workforce
- » Promoting a strong culture, a "One NILIT" culture
- » Providing the possibility to do internships for students, with a potential path to employment

#### Employees

*Beyond this, we also organize a whole range of other activities with our employees:*

- » Scholarships for employees' children
- » Holiday celebrations
- » Activities and workshops about different topics
- » Health seminars
- » Sports days. For example, the annual Gabriel Maurizio Levi Tennis Tournament that has been held for more than 35 years
- » Celebrations of anniversaries, veterans, and outstanding employees
- » Visiting amusement parks with employees and their children
- » Giving schoolbags to employees' children who start school
- » Supporting employees' children with their schoolwork
- » Giving female leaders and women in operations the opportunity to be portrayed in different channels
- » Celebrating International Woman's Day
- » Our own internal newsletter where employees and projects are presented to the entire global workforce

#### Community

*At the community level, we are active by:*

- » Supporting nearby schools and universities with financial and in-kind donations
- » Volunteering in rescue and fire brigades
- » Donating to the Salvation Army
- » Participating in the "Annual Day of Good Deeds", when for example kindergartens in the vicinity get support with refreshing their playgrounds and other projects
- » Supporting orphans and teaching them basic skills

In the following pages we have included a summary of a few projects.

## One NILIT

One NILIT is a continuous improvement culture, which we started in NILIT in November 2016. This culture is sustained by adopting best practice on all levels: safety, work environment, energy, recycling, cost reduction, reduction of waste, production, and more. NILIT implements this culture of continuous improvement among all employees at all levels, including NILIT's factories around the world.

One NILIT is a transformation that unlocks the full potential of operations, sustained by building institutional capabilities and adding agility. We develop the change management

process to achieve engagement and change mindset and behaviors. We have set up the implementation management process and tools to ensure focus on execution and fast resolution of roadblocks.

Furthermore, we deploy a full capability-building strategy across the enterprise that spans functional capabilities and transformation skills, and we engage all levels of the organization, from the change agent team to the executive council, in execution to create ownership.

## Good Deeds Day: NILIT Ltd.

On Good Deeds Day, NILIT incorporates community activities at all of our global sites. For example, in 2021 NILIT Israel volunteered to help kindergartens for children with special needs refresh and organize their outdoor play yards.

Furthermore, in Nilit Israel Migdal Ha'Emek we purchased 6 benches, painted them with graffiti art, in collaboration

with our employees and donated them to 2 youth clubs, in Migdal Ha'Emek and in another town where our employees reside.







# Celebrating holidays

We mark and encourage celebrations for the holidays of all religions, whether it is Christmas, the New Year, Passover, Carnival, Eid al-Fiter, Chinese Spring Festival or Eid al-Adha.

In a pleasant atmosphere, we annually hold a festive banquet with traditional food or sweets, symbolic and relevant to the specific holiday occasion.



## Good Deeds Day: NILIT America, Inc.

In NILIT America, we supported the largest nursing home in Martinsville, VA with items needed by their residents, who have not been able to see their loved ones since the Covid-19 pandemic began.

*"We, the staff and residents, of Mulberry Creek Nursing and Rehab were honored to be selected as the recipients of 'Good Deeds Day' sponsored by Nilit. We are a 300 bed Nursing Home and it has been a tough year for both residents and staff of all nursing facilities.*

*Therefore, any opportunity to put a smile on the face of the residents is welcomed and appreciated. The recent pandemic brought lots of uncertainty and heartache into the lives of many but with the generosity and thoughtfulness of people like you, we have survived and hope to rebound stronger than before. Again, THANK YOU from the bottom of our hearts."*

**The residents and staff of Mulberry Creek Nursing & Rehab**



## Breast Cancer Awareness

October marks Breast Cancer Awareness Month and its prevention.

Each year, at all sites, NILIT conducts a special activity dedicated to this important topic. A woman who recovered from breast cancer comes to speak with the women at NILIT and presents her own personal experience with coping with the disease.

In addition, we also enable those women who are interested to undergo a clinical breast exam, performed on-site by a breast surgeon specialist.



# NILIT talks

With Camila Ibarra

– Since starting operations in Brazil, NILIT has always supported the integration of the company with employees and their families. For example, the company reuses fabrics to create employee gifts for festive days like Mother's Day, Father's Day, and Children's Day. NILIT gives school bags to the children of employees in their first year of school. The company hires apprentices and interns from the community, many of whom choose to join the company for their permanent employment. NILIT also works to accommodate any employee's special needs to ensure they are fully integrated into the organization.

### **These programs are all examples of NILIT's commitment to Social Excellence. What are some of the new programs we can look forward to seeing at NILIT in Brazil?**

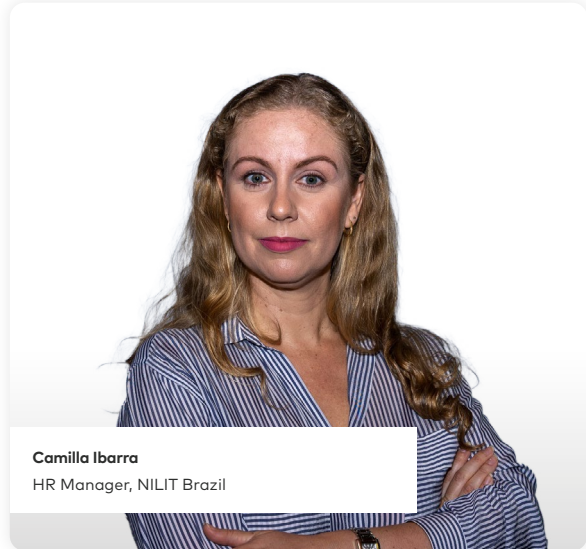
– We can expect more sustainability actions in general, such as campaigns focused on preserving nature within NILIT itself, actions to improve the communities surrounding the company, as well as HR policies that aim to promote better quality and safety for employees in the execution of their activities. We are also working to promote greater equality of people, eliminating any obstacles of gender, generation, race, or sexual orientation.

### **How important is a diverse workforce to achieving the "One NILIT" vision at NILIT Brazil?**

– We value the unique contributions that are made possible by the diversity of our employees. Employees are appreciated for their different ways of thinking, seeing, relating and interacting. We promote respect, humility, teamwork, transformation, knowledge exchange and self-realization, encouraging everyone to be focused on and directed toward the same objectives.

### **As the HR Manager, what are your priorities for programs to further support NILIT employees at your facility?**

– Throughout the year, we hold several celebration lunches to which all employees are invited. These gath-



**Camila Ibarra**  
HR Manager, NILIT Brazil

erings provide a forum where employees can voice their concerns, clarify information and make suggestions. The Site Manager and I are committed to addressing and handling any issues raised, in addition to giving feedback directly to the employee. We use Connecteam to inform all employees about it. At the end of lunch, we carry out a climate survey and check employee satisfaction with the company.

### **In addition to the employee programs, what does NILIT do to support Social Excellence in the communities in which it operates?**

– Our future plan is to enable employees to contribute with voluntary actions in the recovery of schools, town squares and other public assets. Employees always participate in the campaigns we promote for the community, such as collecting food, clothing, or other necessities for those in our communities who are in need.





# Sustainability Results



# Environmental Data

## Global Impact

Indicator	Reporting Requirement	Global				
		2017	2018	2019	2020	2021
<b>GRI 302 Energy</b>						
<i>302-01 c. In joules, watt-hours or multiples:</i>						
302-01	1. Total electricity consumption. [GWh] (10 <sup>9</sup> Wh)	261	247	236	183	212
	2. In joules, watt-hours or multiples: Total heating consumption. [GWh] (10 <sup>9</sup> Wh)	149	140	122	100	109
	3. Total cooling consumption [GWh] (10 <sup>9</sup> Wh)	114	104	91	63	78
	4. Total steam consumption. [GWh] (10 <sup>9</sup> Wh)	112	103	100	84	83
<b>GRI 303 Water</b>						
<i>303-03-a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</i>						
303-03	5. Third-party water [ML]	147	172	198	79	152
	<i>303-03-b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</i>					
303-04	5. Third-party water [ML]	887	977	842	798	884
	<i>A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</i>					
	Total water discharge to all areas in megaliters. [ML]	325	359	355	286	306

In 2020 and in 2021, the manufacturing volume decreased significantly due to the global Covid-19 situation, the production volume was lower and therefore a comparison with previous years is not fully representative.

## Impact per location

Indicator	Reporting Requirement	Migdal Haemek, Israel					Martinsville, America					Suzhou, China					São Paulo, Brazil				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
<b>GRI 302 Energy</b>																					
<i>302-01 c. In joules, watt-hours or multiples:</i>																					
302-01	1. Total electricity consumption. [GWh] (10 <sup>9</sup> Wh)	154,9	142,9	135,5	101,63	118,32	38,71	39,99	35,08	27,71	29,98	28,62	28,21	29,31	31,10	34,32	38,43	36,04	35,78	22,19	29,00
	2. In joules, watt-hours or multiples: Total heating consumption. [GWh] (10 <sup>9</sup> Wh)	144,50	135,00	118,0	97,08	106,76	N/A	N/A	N/A	N/A	N/A	3,34	3,11	2,84	2,53	2,72	1,44	1,64	1,52	N/A	N/A
	3. Total cooling consumption [GWh] (10 <sup>9</sup> Wh)	1107,00	1008,00	88,30	61,17	75,40	N/A	N/A	N/A	N/A	N/A	0,00	0,00	0,00	0,00	0,00	3,55	2,98	2,95	2,00	2,61
	4. Total steam consumption. [GWh] (10 <sup>9</sup> Wh)	388,260	354,248	347,411	84,157	82,68	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,20	5,04	3,41	N/A	N/A
<b>GRI 303 Water</b>																					
<i>303-03-a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</i>																					
303-03	5. Third-party water [ML]	N/A	N/A	N/A	N/A	NA	59,2	63,1	94,3	94,1	77,9	N/A	N/A	N/A	N/A	N/A	87,5	106,2	103,6	54,3	73,6
	<i>303-03-b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</i>																				
303-04	5. Third-party water [ML]	741,5	801,4	696,4	617,8	661,3	N/A	N/A	N/A	N/A	N/A	145,6	175,6	145,1	180,2	222,4	N/A	N/A	N/A	N/A	N/A
	<i>A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</i>																				
	Total water discharge to all areas in megaliters. [ML]	222,3	240,4	208,9	185,3	198,4	42,9	42,9	94,3	94,1	77,9	N/A	N/A	N/A	N/A	N/A	43,8	53,1	51,8	21,7	29,4

# Health and Safety Data

## Global Impact

Indicator	Reporting Requirement	Global				
		2017	2018	2019	2020	2021
<b>GRI 403 Occupational Health and Safety</b>						
<i>403-09 a. For all employees:</i>						
	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	0	0	0	0	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	127	17	68	0	3
	3. The number and rate of recordable work-related injuries. [Number and Rate]	89	102	43	46	42
	4. The main types of work-related injury. [Main Types]	0	0	0	0	0
403-09	5. The number of hours worked [Number of Hours]	2,661,761	2,312,006	2,052,369	1,742,743	1,614,348
<i>403-09 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>						
	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	0	0	0	0	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	6	2	4	0	0
	3. The number and rate of recordable work-related injuries. [Number and Rate]	6	2	1	1	3
	4. The main types of work-related injury. [Main Types]	0	0	0	0	0
	5. The number of hours worked	89,581	92,789	114,508	58,241	73,799
<i>403-10 a. For all employees:</i>						
	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	0	0	0	0	0
403-10	<i>403-10 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>					
	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	0	0	0	0	0

## Impact per location

Indicator	Reporting Requirement	Migdal Haemek, Israel					Martinsville, America				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
<b>GRI 403 Occupational Health and Safety</b>											
<i>403-09 a. For all employees:</i>											
	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	17 (with absence)	17 (with absence)	11 (with absence)	4 (with absence)	3	127	17	68	0	3
	3. The number and rate of recordable work-related injuries. [Number and Rate]	80	77	39	28	40	89	102	43	46	42
	4. The main types of work-related injury. [Main Types]	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	0	0	0	0	0
403-09	5. The number of hours worked [Number of Hours]	1,492,509	1,320,201	1,228,073	905,184	944,703	338,880	311,036	193,627	214,863	N/A
<i>403-09 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>											
	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	0	0	0	0	0	0	0	0	0	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	6	2	4	0	0	6	2	4	0	0
	3. The number and rate of recordable work-related injuries. [Number and Rate]	6	2	1	1	2	6	2	1	1	3
	4. The main types of work-related injury. [Main Types]	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	0	0	0	0	0
	5. The number of hours worked	23,400	23,400	23,400	12,601	23,348	89,581	92,789	114,508	58,241	73,799
<i>403-10 a. For all employees:</i>											
	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	None	None	None	None	None	0	0	0	0	0
403-10	<i>403-10 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>										
	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	None	None	None	None	None	0	0	0	0	0



Indicator	Reporting Requirement	Suzhou, China					São Paulo, Brazil				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
	<b>GRI 403 Occupational Health and Safety</b>										
	<i>403-09 a. For all employees:</i>										
	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	0	0	0	0	0	0	0	0	N/A	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	0	1	3	0	0	0	0	0	N/A	0
	3. The number and rate of recordable work-related injuries. [Number and Rate]	1	2	1	2	2	1	1	1	2	0
	4. The main types of work-related injury. [Main Types]	Trip while monitoring equipments	slip from DTY operate trolley	slip from DTY operate trolley	sprain/fingers cut	Traffic accident on the way to work.	Forearm cut	Head cut	N/A	fingers cut	N/A
	5. The number of hours worked [Number of Hours]	369,686	349,881	299,442	375,114	375,114	460,686	330,888	331,227	247,582	294,531
	<i>403-09 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>										
403-09	1. The number and rate of fatalities as a result of work-related injury. [Number and Rate]	0	0	0	0	0	0	0	0	0	0
	2. The number and rate of high-consequence work-related injuries (excluding fatalities). [Number and Rate]	0	0	0	0	0	0	0	0	0	0
	3. The number and rate of recordable work-related injuries. [Number and Rate]	0	0	0	0	0	0	0	0	0	1
	4. The main types of work-related injury. [Main Types]	None	None	None	N/A	None	Cut in the forearm	Head hitting against trolley; Falling materials on forklift handling, sharp object injury.	Cut in the finger, Forklift small collision, Falling materials in forklift handling, Fire Principle	N/A	finger cut - no stitches/suture
	5. The number of hours worked	N/A	N/A	27,328	28,360	31,011	53,090	55,080	45,000	17,280	19,440
	<i>403-10 a. For all employees:</i>										
	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	None	None	None	None	None	None	None	None	None	N/A
	<i>403-10 b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:</i>										
403-10	1. The number of fatalities as a result of work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	2. The number of cases of recordable work-related ill health. [Number]	0	0	0	0	0	0	0	0	0	0
	3. The main types of work-related ill health. [Main Types]	None	None	None	None	None	None	None	None	None	N/A

# Social Data

## Global Impact

Indicator	Reporting Requirement	Global				
		2017	2018	2019	2020	2021
	<b>GRI 102 General Disclosures</b>					
	102-08 a. 1. Total number of employees by employment contract permanent, by gender.					
	Female [Total Number]	290	291	263	214	229
	Male [Total Number]	871	809	766	608	695
	102-08 b. 1. Total number of employees by employment contract permanent, by region. [Total Number]					
	All [Total Number]	1163	1100	1029	822	924
102-8	102-08 b. 2. Total number of employees by employment contract temporary, by region. [Total Number]					
	Female [Total Number]	0	0	0	3	21
	Male [Total Number]	0	0	0	8	30
	102-08 c. 1. Total number of employees by employment type full-time, by gender.					
	Female [Total Number]	290	292	249	207	223
	Male [Total Number]	879	822	786	589	680
	<b>GRI 404 Training and Education</b>					
	404-03 a. 1. Percentage of total employees who received a regular performance and career development review during the reporting period, by gender.					
	Female. [%]	100%	100%	100%	100%	100%
	Male. [%]	100%	100%	100%	100%	100%
404-03	404-03 a. 2. Percentage of total employees who received a regular performance and career development review during the reporting period, by employee category (Level and Function).					
	e.g. Senior Management, Production. [%]	100%	100%	100%	100%	100%
	e.g. Middle Management, Administrative. [%]	100%	100%	100%	100%	100%
	<b>GRI 413 Local Communities</b>					
	413-01 a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:					
	1. Social impact assessments, including gender impact assessments, based on participatory processes. [%]	100%	100%	100%	100%	100%
	4. Local community development programs based on local communities' needs. [%]	100%	100%	100%	100%	100%
	8. Formal local community grievance processes. [%]	100%	100%	100%	100%	100%
	<b>GRI 102 General Disclosures</b>					
102-41	102-41 a. Percentage of total employees covered by collective bargaining agreements. [%]					
	[Percentage of total employees]	59%	57%	55%	49%	52%

## Impact per location

Indicator	Reporting Requirement	Migdal Haemek, Israel					Martinsville, America				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
	<b>GRI 102 General Disclosures</b>										
	102-08 a. 1. Total number of employees by employment contract permanent, by gender.										
	Female [Total Number]	127	132	110	75	78	77	75	72	63	64
	Male [Total Number]	588	528	509	374	422	54	56	48	54	68
	102-08 b. 1. Total number of employees by employment contract permanent, by region. [Total Number]										
	All [Total Number]	715	660	619	449	500	131	131	120	117	132
102-8	102-08 b. 2. Total number of employees by employment contract temporary, by region. [Total Number]										
	Female [Total Number]	0	0	0	0	0	0	0	0	0	5
	Male [Total Number]	0	0	0	0	0	0	0	0	0	9
	102-08 c. 1. Total number of employees by employment type full-time, by gender.										
	Female [Total Number]	119	126	100	68	72	85	82	68	63	64
	Male [Total Number]	578	520	499	355	407	72	77	78	54	68
	<b>GRI 404 Training and Education</b>										
	404-03 a. 1. Percentage of total employees who received a regular performance and career development review during the reporting period, by gender.										
	Female. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Male. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
404-03	404-03 a. 2. Percentage of total employees who received a regular performance and career development review during the reporting period, by employee category (Level and Function).										
	e.g. Senior Management, Production. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	e.g. Middle Management, Administrative. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	<b>GRI 413 Local Communities</b>										
	413-01 a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:										
	1. Social impact assessments, including gender impact assessments, based on participatory processes. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	4. Local community development programs based on local communities' needs. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	8. Formal local community grievance processes. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	<b>GRI 102 General Disclosures</b>										
102-41	102-41 a. Percentage of total employees covered by collective bargaining agreements. [%]										
	[Percentage of total employees]	69%	67%	64%	60%	64%	0%	0%	0%	0%	0%



Indicator	Reporting Requirement	Suzhou, China					São Paulo, Brazil				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
	<b>GRI 102 General Disclosures</b>										
	<i>102-08 a. 1. Total number of employees by employment contract permanent, by gender.</i>										
	Female [Total Number]	50	47	45	48	49	36	37	36	28	38
	Male [Total Number]	72	81	76	75	86	157	144	133	105	119
	<i>102-08 b. 1. Total number of employees by employment contract permanent, by region. [Total Number]</i>										
	All [Total Number]	124	128	121	123	135	193	181	169	133	157
102-8	<i>102-08 b. 2. Total number of employees by employment contract temporary, by region. [Total Number]</i>										
	Female [Total Number]	0	0	0	0	9	0	0	0	3	7
	Male [Total Number]	0	0	0	0	10	0	0	0	8	11
	<i>102-08 c. 1. Total number of employees by employment type full-time, by gender.</i>										
	Female [Total Number]	50	47	45	48	49	36	37	36	28	38
	Male [Total Number]	72	81	76	75	86	157	144	133	105	119
	<b>GRI 404 Training and Education</b>										
	<i>404-03 a. 1. Percentage of total employees who received a regular performance and career development review during the reporting period, by gender.</i>										
	Female. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Male. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
404-03	<i>404-03 a. 2. Percentage of total employees who received a regular performance and career development review during the reporting period, by employee category (Level and Function).</i>										
	e.g. Senior Management, Production. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	e.g. Middle Management, Administrative. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	<b>GRI 413 Local Communities</b>										
	<i>413-01 a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:</i>										
413-01	1. Social impact assessments, including gender impact assessments, based on participatory processes. [%]	100%	100%	100%	100%	100%	1 program <sup>1</sup>	1 program <sup>1</sup>	1 program <sup>1</sup>	1 program <sup>1</sup>	1 program <sup>1</sup>
	4. Local community development programs based on local communities' needs. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	8. Formal local community grievance processes. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	<b>GRI 102 General Disclosures</b>										
102-41	<i>102-41 a. Percentage of total employees covered by collective bargaining agreements. [%]</i> [Percentage of total employees]	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%

<sup>1</sup> program with a non-profit organization.

# Operations, Materiality and Management





## **NILIT Ltd.**

- » Founded in 1969
- » NILIT's headquarters located in Migdal Ha'Emek, Israel
- » Specialized in processing Nylon 6.6 from polymerization to extrusion and spinning (POY, LOY, FDY, and textured yarns, polyamide 6.6 resins, polyamide injection molding grades)
- » Produces the NILIT branded range of fibers including the SENSIL® consumer brand and the Polynil® polyamide 6.6 resins



## **NILIT America, Inc.**

- » Acquired in 2009
- » Located in Martinsville, VA, USA
- » Produces POY, FOY, and LOY-DT Nylon 6.6 yarns



## **NILIT (Suzhou) Nylon Technologies, Co., Ltd. NILIT (Suzhou) Engineering Plastic Technologies, Co., Ltd.**

- » Founded in 2007
- » Located in Suzhou, China
- » Produces POY, Textured Nylon 6.6 yarns



## **NILIT AMERICANA**

- » Acquired in 2014
- » Located in São Paulo, Brazil
- » Produces Textured, Air Jet Textured, Covered Nylon 6.6 yarns, POY



# Management and Ownership

## Board of Directors

NILIT's Board of Directors comprises highly accomplished executives from a wide range of industries and disciplines, all committed to strong corporate governance and business practices.



**Michael P. Levi**

Chairman of the Board

Michael P. Levi manages the Levi family companies which include NILIT and MCA Ltd., the sole importer and distributor of Fiat, Lancia and Alfa Romeo in Israel. He is also Chairman of HN Fibers, a joint venture with Hanesbrands, Inc., UNF Industries, a joint venture with Unifi

Manufacturing Inc., and PNF a joint venture with Pompea S.p.A. In 2008, Michael was awarded the title Cavaliere Del Lavoro by the President of Italy in recognition of his contributions to benefit society.

In keeping with his philanthropic concerns, Michael is a member of the Board of Directors of Tel Hashomer Medical Research, Infrastructure and Services Ltd and a member of the Board of Governors of Tel Aviv University.

He holds a Doctorate in Political Science from the University of Milan.



**Hans Van de Sanden**

Member

Joannes Christianus Lamberthus (Hans) Van de Sanden serves on the Board of Directors of NILIT BV. A veteran long time executive at Citco, he has held numerous positions and responsibilities at Citco in key locations around Europe. Most recently and currently, he is actively involved with Citco projects from The Netherlands, Luxembourg and Vilnius.

Hans specializes in strategy definition and change management, and places specific focus on people, service and quality.

He has a Bachelor's degree in Mechanical Engineering, a Master's degree in Business and a Doctorate in Business Economics from the Erasmus University in Rotterdam.



**Carlo Hassan**

Member

Carlo Hassan is a member of the NILIT Board of Directors. He provides international tax assistance related to reorganization projects, mergers and acquisitions, effective tax rate optimization, cash repatriation to large international companies and other issues. Carlo frequently participates in roundtables and lectures on international tax issues.

Carlo has a degree in Economics cum laude from Bocconi University in Milan, Italy. He is an Italian chartered tax advisor (Dottore Commercialista) and Certified Public Accountant (CPA).



**William Ghitis**

Member

For more than 30 years, Bill enjoyed a successful business career at Du Pont de Nemours and Invista/Koch Industries, ultimately serving as their President of Global Apparel. He presently is the founder and owner of BIAN International LLC, a global advisory company that specializes in

Business Growth Strategies and Innovation. He advises a limited number of CEO's and business owners in the Americas and Europe with a record of adding value by leveraging his unique experiences, capabilities and insights.

Bill, who lives in the US, has also become involved in youth centric philanthropy. He serves on the Board of Directors of Silent Victims of Crime, a non-profit organization that assists children of incarcerated parents. In addition, on a yearly basis, he provides scholarships to deserving university students at the Fashion Institute of Technology in New York City.

Originally from Italy and fluent in five languages, Bill has a BSc in Engineering from the University of Massachusetts, a Post-Graduate Degree in Textile Industries from Leeds University and an MA in Chinese Studies from New York University.



**Avraham Ortal**

Member

Dr. Avraham Ortal recently joined the NILIT Board of Directors. He is CEO of Leumi Partners, the investment banking arm of Leumi Group.


Prior to joining Leumi, Dr. Ortal spent many years in various roles in the private equity sector, including as chairman and board member of private equity firm Sky Fund. Before that, he was CEO of U.S. based aerospace company Limco-Piedmont, and a partner in one of Israel's top law firms, managing its international M&A and private equity practice.

Dr. Ortal holds an MBA from Northwestern University's Kellogg School of Business, and LLB, LLM and SJD degrees from Duke University. He is a member of the Israel and New York State bars.




## Senior Management


NILIT's management team brings together highly experienced executives with in-depth familiarity with our industry and markets. Their commitment to strong corporate governance and business practices sets an ethical tone from the top that serves the interests of our customers and employees.



**Michael P. Levi**  
Chairman




**Ilan Melamed**  
General Manager



**Elad David**  
Chief Financial Officer




**Tal Oren**  
VP Global Resources  
and GM Polynil  
Business Unit




**Iris Kohen**  
Chief Internal  
Auditor



**Pierluigi Berardi**  
Vice President  
General Manager  
EMEA




**Manuel Guerra**  
Vice President  
General Manager  
North America




**Shay Kastoriano**  
Vice President  
General Manager Asia




**Paulo DeBiagi**  
Vice President  
General Manager  
Latin America




**Hadas Lavi Benderman**  
General Counsel and  
Corporate Secretary




**Shirley Azar**  
Head of Global  
Purchasing  
Department



**Sagee Aran**  
Chief Innovation and  
Sustainability Officer

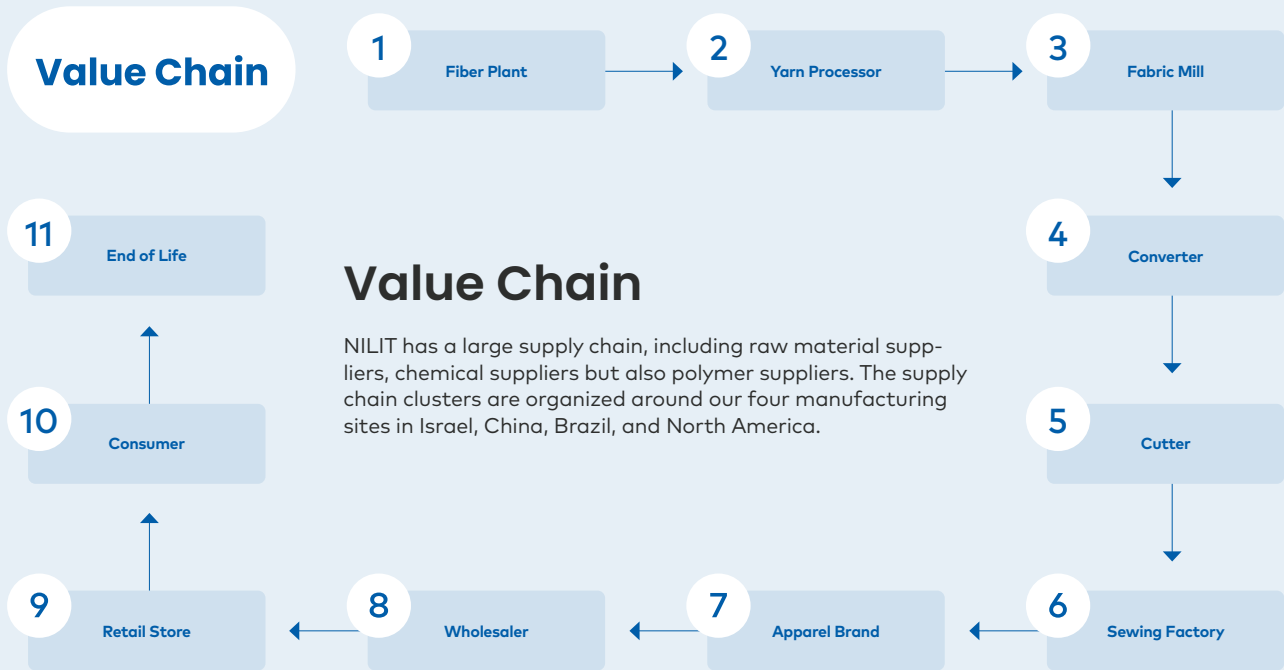


**Richard Marcet**  
Global R&D Director



**Michelle Lea**  
VP Global Marketing

NILIT Ltd. is a privately owned corporation, and the number of employees is around 900.



Fabric manufacturing, Garment manufacturing, Brands and Consumer / End of Life are external parts of the NILIT value chain.

## Materiality and Assessment of Impacts, Risks and Opportunities

To evaluate NILIT's key sustainability impacts, risks, and opportunities, a materiality matrix has been customized to NILIT's entire value chain. Within the eleven business segments, the following sustainability aspects have been defined as relevant factors of the sustainability assessment while detecting key impacts, risks, and opportunities for the company:

- » Environment
- » Health and Safety
- » Social
- » Business Ethics
- » Community Outreach
- » Collaboration

The listed sustainability aspects are classified into categories with corresponding subtopics. Environment, for instance, includes Management, Resources, Emissions, Chemicals, Product and Process as categories. Under these, more specific parameters are defined to ensure a thorough assessment of the respective sustainability aspects along the value chain. Appendix 1 includes a comprehensive list of all sustainability topics that we consider material in our sustainability strategy work.



# Key Sustainability Impacts, Risks and Opportunities

Our materiality assessment confirms that the initiatives we have implemented, the projects in progress, and future plans impact the most important aspects of our sustainability program. We recognize that our sustainability efforts are ongoing and we have committed to regular progress assessments and updates to ensure we continue to lead our industry to a more environmentally responsible position. This pledge is fully supported throughout NILIT from our board of directors and senior management through to our employees across the world.

As sustainability continues to drive the decisions made by brands, retailers, and consumers, we are well positioned to take advantage of these opportunities. We will provide the high quality, responsibly made, environmentally considerate Nylon products they require. We invite partnership with all of our supply chain colleagues to more rapidly advance this critical endeavor. We applaud the sustainability contributions made by our competitors because we understand that meaningfully and rapidly reducing our industry's environmental impact requires involvement from the entire value chain.

Brands are increasingly asking for more and we are responding. Our strategies and our actions substantiate our deep commitment to sustainability and establish us as leaders in the sustainability movement. We offer a full assortment of

relevant sustainable technologies with a broad perspective touching on elements of product quality and longevity, waste elimination, reduction of microplastics in oceans, natural resource and ecosystem preservation, and, ultimately, consumer satisfaction and well-being.

The long-term outlook for our vision hinges on our ability to commercialize additional new sustainable fiber technologies and to influence industry infrastructure that drastically improve the Life Cycle Analysis of all products, specifically:

- » Additional non-fossil solutions
- » Recycling of finished garments
- » Finishing processes

While there are inevitably risks associated with the market and industry factors that are beyond our control, we will continue to advance the internal initiatives that make us a more sustainable entity overall. These include ongoing investment in quality control, process improvements, and product development; collaborative engagement with our business partners; and operating and communicating with integrity in a transparent manner with employees, partners, customers, and consumers.

## Stakeholder Engagement

NILIT's stakeholders are both internal and external stakeholders. Among internal stakeholders count Shareholders, Owners and Board of Directors, and Employees. External stakeholders are Suppliers, Customers classified as indirect (brands and retailers) and direct (mills), Consumers, Government/ Authorities, Society (or Community), NGOs and Initiatives as in multi-stakeholder initiatives and other programs.

Throughout our work to identify stakeholders, we are guided by the AA 1000 Stakeholder engagement standard and the AA 1000 accountability principles of inclusivity, materiality, and responsiveness. We have identified our core stakeholders and engage with them on a continuous basis.

Key topics that stakeholders raise are: Work–Life balance, community outreach, employer responsibility, health and safety, environmentally preferable fibers, recycling, bio-degradability. These topics align with the topics we have identified in the materiality assessment process described further above.



## Management Approaches

*Our management approach to all sustainability aspects can be described as follows:*

- » The sustainability steering committee includes all members of the management team.
- » A small team from the steering committee manages the ongoing coordination and operation of the sustainability strategy.
- » Our Chief Innovation and Sustainability Officer oversees and coordinates the sustainability strategies and programs.
- » Locally, we have persons responsible for every single area covered in the sustainability strategy.
- » We regularly review our goals (see the section "Our Sustainability Strategy"), our projects and our impacts, risks, and opportunities and adjust as needed.
- » We will be evaluating our management approach and its effectiveness on a regular basis, addressing monitoring results, our own judgment of our success, and any input from stakeholders.
- » We engage the entire company in the roll-out of the strategy.



# About This Report

To define the report content and topic boundaries, NILIT followed the reporting principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. Within those principles, relevant material topics have been identified by first exploring and reviewing the company's needs and value chain, followed by a detailed materiality assessment, identifying impacts, risks, and opportunities.

Furthermore, the work on the sustainability strategy and the results, as well as a significant number of environmental and social results according to the list of material aspects, have been included in the report.

A thorough examination of the GRI disclosures and their requirements led to the revelation of which principles appeared to match NILIT's reporting status quo. In accordance with this, NILIT follows the GRI guidelines as far as available information can be provided for selected indicators of the general management as well as environmental and social disclosure indicators. This approach establishes a foundation for NILIT to strive to apply the more comprehensive option in 2022 or 2023.

The reporting period includes the calendar year of 2021.

NILIT intends to publish a bi-annual sustainability report. The next full report will be published for 2022 and 2023 with an interim 2022 update.

This report references the GRI standards as listed in Appendix 2. GRI Index.

If you have questions or input related to the report, please reach out to:

Amy Holzer, Marketing Communications Manager  
amyh@nilit.com

## Production

**Copywriting:** Leadership & Sustainability and NILIT Ltd.

**Design:** The Tribe Lounge AB.

**Photos:** NILIT Ltd., iStock, Getty images.

# Appendix 1. Material Sustainability Topics

The following table provides an overview of the material topics delineated through sustainability aspects.

Sustainability Aspect	Head Topics and Subcategories
Environment	<b>Management</b>
	» Local/global standard
	» Legal situations
	» EMS (ISO 14001)
	» ISO 9001
	» Plant Infrastructure
	<b>Resources</b>
	» Raw Materials
	» Energy Consumption
	» Water Use
	<b>Emissions</b>
	» GHG Emissions
	» Wastewater Discharge
» Waste	
» Air Emissions; Noise	
» Soil and groundwater contamination	
<b>Chemicals</b>	
» Chemicals management & RSL/MRSL	
» Antibacterial treatments	
<b>Process</b>	
» Recycling	
» Bio based materials	
» Biodegradability	
» Packaging (excl. product)	
<b>Health &amp; Safety Management Systems (OHSAS 18001; ISO 45001)</b>	
Social	<b>Labor compliance (supply chain)</b>
	» Working conditions (ILO conventions)
	<b>Human Resources</b>
	» Diversity
» Training & Development	
» Work-life balance	
Business Ethics	<b>Corporate Governance</b>
	<b>Ethical guidelines</b>
	<b>Anti-corruption</b>
	<b>Fair competition</b>
	<b>Responsible political involvement</b>
	<b>Consumer interests</b>
» Product Safety	
<b>Community Outreach</b>	
Collaboration	



## Appendix 2. GRI Index

The following table includes the GRI index and indication where the respective disclosure and indicator can be found.

### GRI 2 – General disclosures 2021

GRI Standard	Disclosure	Page
<b>The organization and its reporting practices</b>		
	2-1 Organizational details	7, 50
GRI 2 – General disclosures 2021	2-2 Entities included in the organization's sustainability reporting	7
	2-3 Reporting period, frequency and contact point	55
	2-4 Restatements of information	55
<b>Activities and workers</b>		
GRI 2 – General disclosures 2021	2-6 Activities, value chain and other business relationships	7, 12, 52
	2-7 Employees	36
<b>Governance</b>		
	2-9 Governance structure and composition	50
	2-10 Nomination and selection of the highest governance body	50
	2-11 Chair of the highest body	50
GRI 2 – General disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	50
	2-13 Delegation of responsibility for managing impacts	54
	2-14 Role of the highest governance body in sustainability reporting	54
	2-17 Collective knowledge of the highest governance body	50
<b>Strategy, policies and practices</b>		
	2-22 Statement on sustainable development strategy	18
	2-23 Policy commitments	18
GRI 2 – General disclosures 2021	2-24 Embedding policy commitments	18
	2-25 Process to remediate negative impacts	18
	2-26 Mechanisms for seeking advice and raising concerns	54
	2-27 Compliance with laws and regulations	18
	2-28 Membership associations	20
<b>Stakeholder engagement</b>		
GRI 2 – General disclosures 2021	2-29 Approach to stakeholder engagement	54
	2-30 Collective bargaining agreements	46


## GRI 300 – Environmental Topics

GRI Standard	Disclosure	Page
<b>GRI 301 – Materials 2016</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	24
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>GRI 302 – Energy 2016</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	32
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>Topic-Specific Disclosures</b>		
GRI 302 – Energy 2016	302-1 Energy consumption within the company	32, 43
	302-4 Reduction of energy consumption	32, 43
<b>GRI 303 – Water and Effluents 2018</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	32
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>Topic-Specific Disclosures</b>		
GRI 303 - Water and Effluents 2018	303-3 Water withdrawal	32, 43

## GRI 400 – Social Topics 2016

GRI Standard	Disclosure	Page
<b>GRI 403 – Occupational Health and Safety 2018</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	30
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>Topic-Specific Disclosures</b>		
	403-1 Occupational health and safety management system	30
GRI 403 – Occupational Health and Safety 2018	403-6 Promotion of worker health	40, 41
	403-8 Workers covered by an occupational health and safety management system	30
<b>404 – Training and Education 2016</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	38
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>Topic-Specific Disclosures</b>		
	404-3 Percentage of employees receiving regular performance and career development reviews	46
<b>GRI 413 – Local Communities 2016</b>		
<b>Management Approach</b>		
	103-1 Explanation of the material topic and its Boundary	54
GRI 103 – Management Approach 2016	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54
<b>Topic-Specific Disclosures</b>		
GRI 413 – Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	46



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