



Making Nylon Sustainable

Sustainability Report 2017-2020

Taking the Next Step

Sustainability at NILIT

As the largest global producer of PA6.6 yarn (Nylon 6.6), we have long recognized our responsibility for creating a business that treats sustainability not merely as an add-on but also as a fully integrated part of our corporate culture and business practice. Although this report is our first formalized way of presenting our achievements and ambitions in this area, sustainability has been a guiding value at NILIT since its dawn. When Ennio Levi founded the company in 1969, he knew that any business's responsibility is to give back to the communities it serves and honor the people that make its success possible to begin with. Recognizing this interdependent relationship, Ennio and his son Michael (our present Chairman of the Board) have since then made sure to set up projects in all of the communities around NILIT's operations and create a positive impact beyond the confines of the organization itself. This strife has also laid the foundation for an internal culture at NILIT that puts our employees and customers at the heart of what we do and care for.

As a company, we have always aimed big. **Our vision is to be the world's most innovative and sustainable nylon producer, creating solutions that transform businesses as well as lives.** Excellence is what we believe will get us there and is why one of our key focuses is to build a corporate culture that inspires excellence in all endeavors and at every level. It is also the key theme running through our sustainability strategy, which encompasses our strife for Product Excellence, Manufacturing Excellence, Social Excellence, Supply Chain Excellence, and Partnership Excellence. In many of those areas, we have already made great strides that we are immensely proud of. Guided by our tireless quest for creating innovative product solutions, we recently launched our **Total Product Sustainability** collection, the result of dedicated research into bio-based raw materials and recycled and biodegradable products. Beyond this, we have also made several investments into our manufacturing processes over the past few years, reducing our environmental harm significantly and improving the health and safety of our employees.

However, we also recognize that committing to sustainability as a business foundation means that there are always ways to improve, and we realize that there are areas where we have not yet done nearly enough. That is why we felt the need to produce this report – the first of its kind – and hold ourselves accountable to the standard of excellence and integrity we aspire to as a company. This report will share our sustainability strategy 2025, encompassing our guiding principles, future ambitions, and present accomplishments.

In difficult times like these, where we all seek to understand how to best deal with the Covid-19-crisis, we feel a particular urgency to demonstrate to you how we look to contribute to a



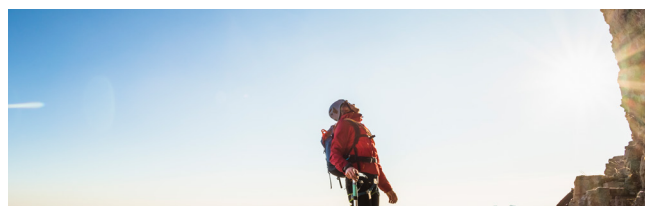
more sustainable and equal global community. In addition to our entire management team, many others were involved in producing this report. Not least, of course, also our employees without whom none of our sustainability achievements and goals would be possible in the first place. As a company, we are truly proud to say that we have a multicultural and multi-ethnic workforce – especially in Migdal Ha'Emek, but also globally. The value such diversity adds is unmeasurable. We extend a heartfelt thank you for the continuous support to all of our employees and partners, especially during the past few months.

Sharing this first sustainability report with you truly marks the next step for us as a company, one of many to follow. We are excited that this moment has finally arrived. Enjoy the read!

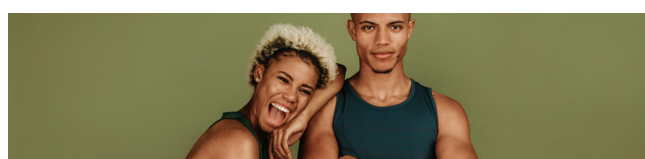
**Ilan Melamed, General Manager
Migdal Ha'Emek, May 2021**



List of Content



At a Glance

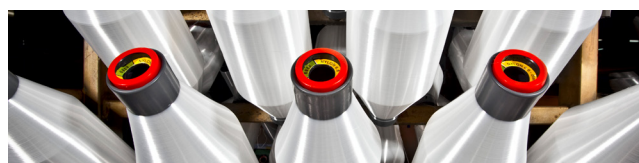


Our Sustainability Strategy



Product Excellence

At a Glance	4
Our Promise	6
Our Sustainability Strategy	12
Product Excellence.....	18
Manufacturing Excellence.....	24
Social Excellence	32
Sustainability Results	36
Operations, Materiality and Management.....	40
Appendix 1. Material Sustainability Topics	48
Appendix 2. GRI Index	49



Manufacturing Excellence

At a Glance

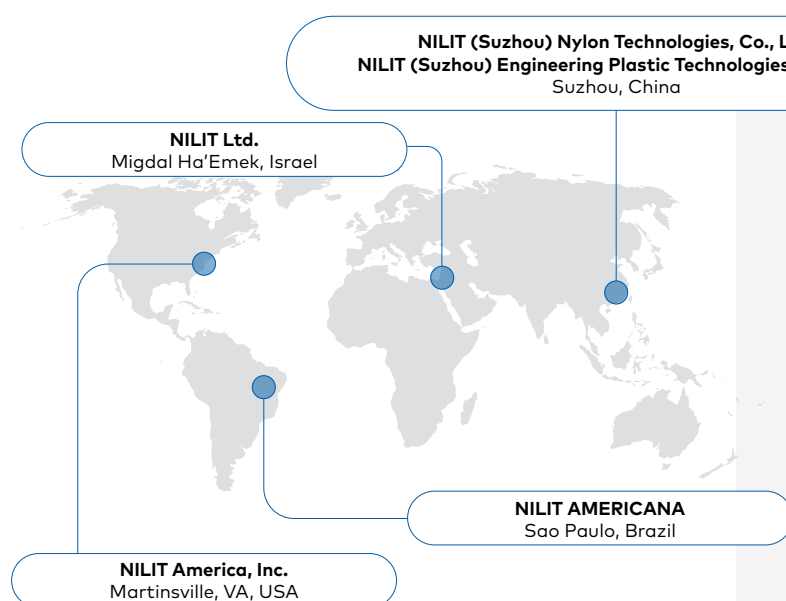
Founded in 1969 by Ennio Levi, NILIT is committed to creating innovative, customized Nylon (polyamide) 6.6 solutions.

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 PA 6.6

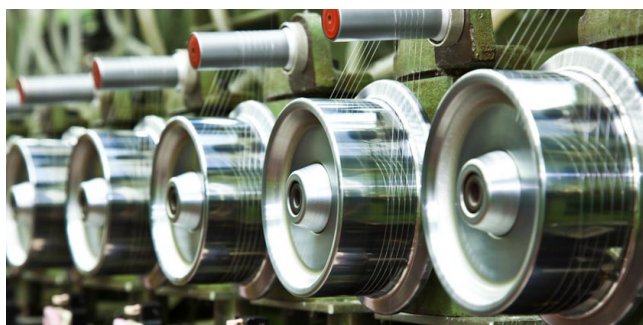
Broadest offering of Sustainable Nylon.

45,000 Tons / Annum

Largest global producer of filament Nylon 6.6 yarn.

700 Active Customers

Solution provider beyond products.



TPS (Total Product Sustainability)

Manufacturing according to annual audits confirming to:

- » Continuation of Carbon footprint reduction.
- » Continuation of Energy savings in processes.
- » Towards Zero waste management.
- » Continuation of Water conservation activities.
- » Safety and respectful working environments.

Circularity Approach

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

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 co-ordination and daily management of the sustainability strategy.



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.

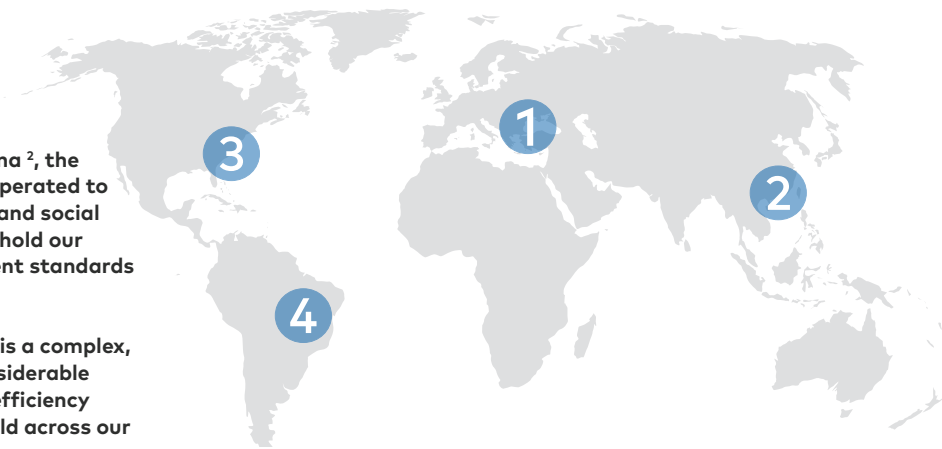
- » We will provide a **healthy & safe, respectful working environment** free from harassment, discrimination, and health hazards and thereby aiming to maintain and exceed all applicable regulatory requirements.
- » Our corporate culture will inspire employees at every level to fulfil their potential 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 will continue to do business with these partners in a **collaborative and honest way**, engendering innovation, quality, and market credibility.
- » We will 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 will set the standard for **corporate social responsibility** and **transparency** and work to influence the polymer, fiber, and textile industries in a positive manner.
- » **We will 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 will be operated to the highest principles of quality, environmental and social responsibility, and excellence. We will always uphold our corporate standards meeting all local government standards and regulations.

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

- » We will use valuable water resources responsibly. We will **preserve water** through recycling, new cooling and filtration recovery procedures, and reverse osmosis. Plus, we will 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 will lessen our burden on the environment and **shrink our carbon footprint**.
- » With **zero process waste** as the immediate goal, we will minimize pollution and waste by reducing, recycling, reusing, and repurposing.
- » We will 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 will share our commitment to the environment and join us in the continuous improvement of our mutual impact on people and the planet.
- » We will seek independent, **third-party certifications** to validate our management approach and operating procedures to increase transparency and quality.
- » Our service will be **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 will 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 Assessment** will help guide product decisions and ensure our products align with our values and sustainability commitments.
- » We will continually seek to partner and collaborate with customers, suppliers and brands who share our values, goals, and perspective of **Total Product Sustainability**.
- » We will 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 will contribute to **longer usable product lifetimes** and reduce the textile waste burden on landfills and oceans.
- » Our products will offer **relevant environmental benefits** that minimize impacts on land, water, oceans, and natural habitats. We will 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.

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

Copyright © 2021 NILIT. All rights reserved. Sensil® is a registered trademark of NILIT.

**Long-lasting, exceptionally made,
easy-care products will contribute
to longer usable product lifetimes
and reduce the textile waste
burden on landfills and oceans.**





NILIT talk

with Tal Oren



Tal, you have achieved a lot here in Migdal Ha'Emek and also at your other locations globally. What has been the driving force for you and your teams?

– As a leading company, we feel the responsibility to take a meaningful part in actively shaping the future of our industry in a sustainable way, to guarantee a better future for ourselves and the next generation.

The driving force at NILIT is to follow the Total Product Sustainability (TPS) initiative, whereby we approach product development and production with consideration of all aspects of a product's impact on the planet throughout its production, useful life, and disposal.

Which of the projects was the most challenging?

– In an attempt to put our sustainability approach into action, the most challenging project NILIT recently implemented was its conversion to cleaner energy from a new, on-site cogeneration power plant using natural gas at our HQ manufacturing facility in Migdal Ha'Emek.

The cogeneration steam is specially engineered to allow NILIT to derive energy that fits its particular needs, but this custom engineering comes with the complexity of having to constantly make adjustments to ensure consistent energy. Courtesy of the steam, NILIT's plant is able to lower the use of natural gas by up to 75 percent, while also reducing carbon dioxide emissions by 40 percent. This plant model also fully eliminates emissions of harmful gases, including sulphur dioxide.

You also have a project for a global management system for health and safety underway. What will be the benefits of the global approach?

– During times like these, especially following the Covid-19 pandemic, the importance of keeping our employees safe and healthy is of utmost importance.

In addition to the welfare of our employees, ensuring that a global safety and health plan is underway at all sites, will guarantee production continuity and timely delivery of all goods to our customers worldwide.

The plan takes into consideration all the needed safety and health maintenance measures, followed by all local governments' guidance and regulations, to allow our production people and office staff to work in a secure environment throughout our global sites.

Tal Oren

Vice President Global Resources

Our Portfolio

Recycling and Waste Reduction

NILIT constructed its 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, Water Preservation, Life Span Extension, and Life Cycle Planning.

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 based **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 **Sensil® Aquarius, BodyFresh, Heat, and Innergy**.

» 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 **Sensil® BioCare** will reduce the persistence of nylon microfiber pollution in the Oceans and nylon accumulation in landfills. A newly

**From Upstream to Downstream,
From Raw Material to Apparel,
NILIT Offers the Broadest
Sustainable Portfolio.**

developed **BioBased** yarn will provide a solution to use bio-waste as the intermediate material for our polymers.

With responsible 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.



Sensil® Sustainable Nylon

recycled

ECOCARE

OCEANCARE

biodegradable

BIOCARE

water preservation

WATERCARE

well-being

BODYFRESH

INNERGY

BREEZE

HEAT

AQUARIUS

Copyright © 2021 NILIT. All rights reserved. Sensil® is a registered trademark of NILIT.

Life Span Extension

As a critical component of sustainability, we cannot undervalue quality. 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 extended life 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 **performance, distinction, and durability** 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.
- » We believe that nylon is the most sustainable synthetic yarn; Our R&D efforts are to add additional performance attributes such as the **High-Elasticity functionality**, that will make fabrics more sustainable, reducing elements such as Elastin, making the fabrics recyclable.
- » All our performance, fashion, and well-being products are incredibly strong and long-lasting with embedded properties within the yarn such as Sensil® Innergy infused with revitalizing minerals, Sensil® BodyFresh, with a silver-based additive that prevents the bacteria growth, Sensil® Breeze, 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 is 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 Duelle, DuoMix, TrioMix**, among others, allow extreme comfort and wearability at the same time they are 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—up to 20,000 liters per ton of fabric. If not properly treated, wastewater from the process can significantly pollute fresh and saltwater bodies. **Sensil® WaterCare** 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.

Our Sustainability Strategy

"We are proud of our sustainability initiatives and products. Our vision shows how deeply committed and dedicated to sustainability we are".

Our Vision

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

To achieve this, we have committed to a set of values that guide 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 reflect our values.

- » Social and environmental responsibility.
- » Responsible manufacturing processes.
- » Integrity and transparency.
- » Drive for excellence.
- » Quality.
- » Collaboration.

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° sustainable promise within our manufacturing facilities towards continuation of carbon footprint reduction, continuation of energy savings processes, zero waste management, continuation of water conservation activities. All in a safe and respectful working environment.

Integrity and Transparency

For us at NILIT, integrity and transparency mean honesty, trust, and credibility. It forms the basis of all relationships with our employees, our customers, and our suppliers.

Drive for Excellence

We believe that achieving our goals depends on the individual 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.

Elements of Our Sustainability Strategy



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 by, wherever possible, applying foresight to new engagements and projects.

Collaboration

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 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 acknowledgment of values and principles amongst our employees as well as to initiate engagement and support for the 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:



Product Excellence	Manufacturing Excellence	Social Excellence	Supply Chain Excellence	Partnership Excellence
» Sustainable Products.	» Environment.	» Health & Safety (also partially belongs to manufacturing excellence). » HR-Human Resources. » Community Outreach.	» Sustainable supply chain management.	» Regulations and partnerships.

Our Work Towards Sustainable Development Goals

Strategic Area	Project	Goal - by 2025 ¹	SDG ²
Sustainable products	Product stewardship	Implement a product stewardship program by 2021.	12
	Recycled polymer (pre-consumer) Sensil® EcoCare, 65% recycled content	Recycle 90% of our nylon waste within our own manufacturing.	12 15
	Recycled polymer (post-consumer, non-apparel) Sensil® OceanCare	Increasing capacity by 25% on an annual basis.	12 13 14 15
	Recycled polymer (post-consumer, apparel)	Prove a working technology that has a reduced carbon footprint and is cost-effective.	12 13 15
	Biodegradable Nylon 6.6 Sensil® BioCare	Increasing capacity by 25% on an annual basis. Reporting global waste reduction impact on an annual basis coming from degradation.	14 15
	Water preservation 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).	6 12
	Biobased polymer	To develop an efficient and economic biobased yarn solution.	12 13 15
Environmental	Global ISO 14001 system and certification	Certified by the end of 2021.	7 12 13 14 15
	Energy conservation	Save 15% electricity (normalized). Reduce fuel use by 10% (normalized). Reduce greenhouse gas (GHG) emissions by 20% (normalized).	7 12 13
	Water/Wastewater management	Save 10% freshwater (normalized per product or employee). Separation of Titanium dioxide from wastewater (Migdal).	14 15
	Waste management	Implement a holistic waste management concept, by 2021. 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%.	15
	Air improvements	Improve air emissions.	13
	Chemicals management	Implement a chemicals management program as part of the ISO 14001, by 2022.	12
Healthy & Safety	Health & Safety management system	Global certification according to ISO 45001.	3
HR – Human Resources	Excellent employee program	Implement and train a Global Code of Conduct, by 2021.	1 2 3 5 8 10
		Increase employee retention by 10%.	8
		Increase gender diversity by 50% at top management levels.	5 10
		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.	3 8 10 5
	Well-being	Employee well-being: Preventive health program. Sport animation.	3
	Good deeds day	Annual good deeds day at all production locations.	1 2 3 4 5 8 10

Strategic Area	Project	Goal - by 2025 ¹	SDG ²
Sustainable supply chain management (SSCM)	SSCM Procedure	By 2022: 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.	1 2 3 5 8 10
Community outreach	Community projects	Continuing with the wealth of community projects.	1 2 3 4 5 8 10
Partnerships	SAC (Sustainable Apparel Coalition)	Becoming a member in 2021.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17
	Ellen MacArthur Foundation	Evaluate membership by 2022.	12 13 14 15

¹ Quantitative goals have a deadline of 2025 unless anything else is stated.

² Sustainable Development Goal.

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 first 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 and the Synthetic Yarn and Fabric Association. In 2021, NILIT will furthermore join the Sustainable Apparel Coalition (SAC). In future sustainability reports we will discuss more in depth our progress in the areas of Partnership Excellence and Supply Chain Excellence.

NILIT talk

with Bernardo Staiano

– Innovation has always been part of our DNA and now we are reaching new levels with our **Total Sustainable Products**, for example our water preservation product line **Sensil® WaterCare**, says Bernardo Staiano.



Bernardo Staiano

Chief Technologies and Innovation Officer

Nylon 6.6

Highly Resistant to
scratches and abrasion.



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.

Facts About Nylon 6.6

General Information

- » Synthetic plastic.
- » Thermoplastic.
- » Strong and lightweight.
- » Stretchable and durable.
- » Derived from crude oil.
- » Dries quickly and is easy to clean.
- » Resistance to abrasion and chemicals.
- » Does not absorb moisture well.

History

- » Synthetic plastic.
- » Thermoplastic.
- » Strong and lightweight.
- » Stretchable and durable.
- » Derived from crude oil.
- » Dries quickly and is easy to clean.
- » Resistance to abrasion and chemicals.
- » Does not absorb moisture well.

Products

- » Active wear, swimwear, seatbelts, underwear or other technical performance garments.
- » Highly resistance to scratches and abrasion.
- » Different kind of nylon have different properties.

Manufacturing (Nylon 6.6)

- » Similar to the production of polyester.
- » Made from non-renewable resource (oil) in an energy intensive process.
- » Intensive chemical process and condensation leads to highly compacted molecular structure.

Environmental Benefits

- » Excellent Durability and useful stretch properties.
- » High quality nylon lasts long and is hard wearing.
- » Not damaged by oils, solvents or alcohol.
- » Infinitely recyclable.

Environmental Issues

- » Not biodegradable.
- » Large amounts of water during manufacturing process.
- » Producing nylon creates nitrous oxide that is 300 more potent than carbon dioxide.

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.

Recycling and Waste Reductions

We are excited about the immense range of opportunities that these principles open up for NILIT and its 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 the NYLON 6.6 filament yarns enables us to support and shape the Textile market to develop finished products with these

Water Preservation

Life Span Extension

environmental principals. Our ongoing release of new sustainable products, teaming with the large brands and retailers is a strong step in achieving our goals.

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

Pre-Consumer Recycling

NILIT has implemented a process to recycle polymer within the manufacturing process, so-called pre-consumer recycling. Our Sensil® EcoCare product is made out of recycled polymer, thereby saving 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 within our plants and is 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

The SCS certificate is applicable for other counts as well.



Recycled Polymer

Post Consumer, Non-Apparel

The next level of recycling is the recycling of post-consumer nylon waste, non-apparel. NILIT is developing technologies of mechanical recycling to provide recycled yarn from post-consumer nylon waste. The nylon waste comes from industrial uses, carpets, fishing nets and others.



NILIT is developing technologies for mechanical recycling to provide recycled yarn from post consumer nylon waste.

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 as soon as possible.

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



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 per ton of fabric – our most precious natural source.

Biodegradable Nylon 6.6

One interesting new path towards sustainability is biodegradability. NILIT is developing yarns that have biodegradable properties. These yarns have been prepared by adding a biodegradability agent to the yarn in the spinning process.

The benefits are that products made with Sensil® BioCare fibers when becoming waste reduce the persistence of plastic microfiber pollution in the oceans and plastic accumulation in landfills and create an improved environmental impact.

Sensil® BioCare is the newest addition to our more sustainable products.



Biobased polymer

One of the disadvantages with any synthetic fiber, and therefore also with the nylon fiber, is the fact that it originates from crude oil. NILIT has decided to also offer biobased nylon. To this extent, we are co-developing with partners a biobased nylon polymer that the yarns and fabric made from will have the same softness and strength as our conventional polymer yarns.



Anti-Bacterial & 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 Betacoronavirus 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.

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.

Manufacturing Excellence



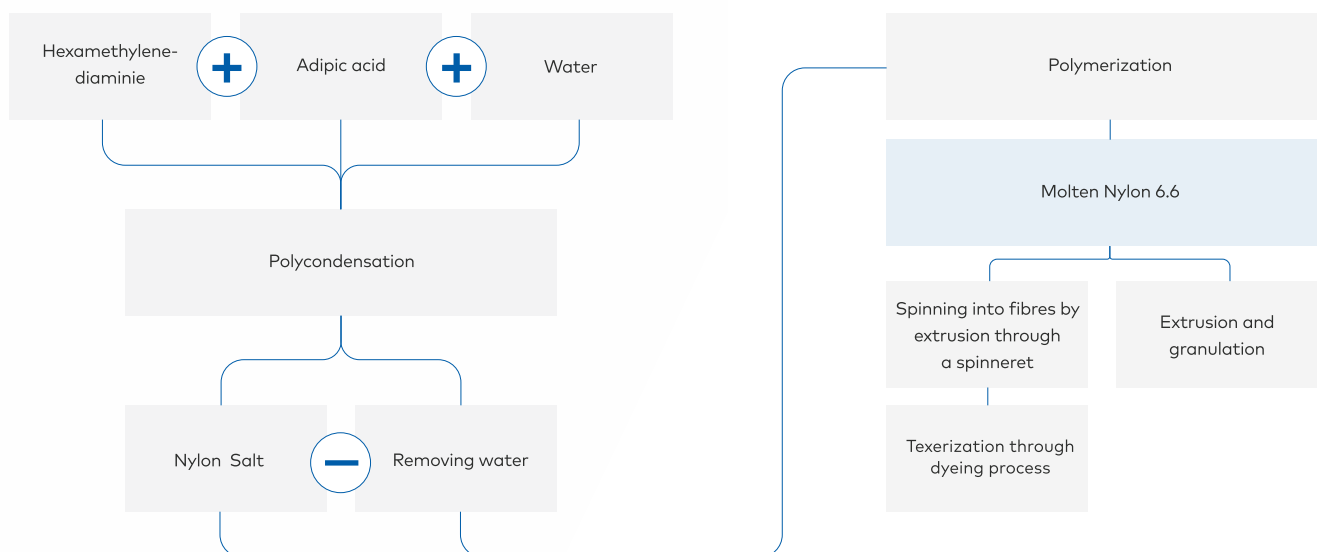
Molten Nylon 6.6 has been spun here through a spinneret.

Nylon 6.6

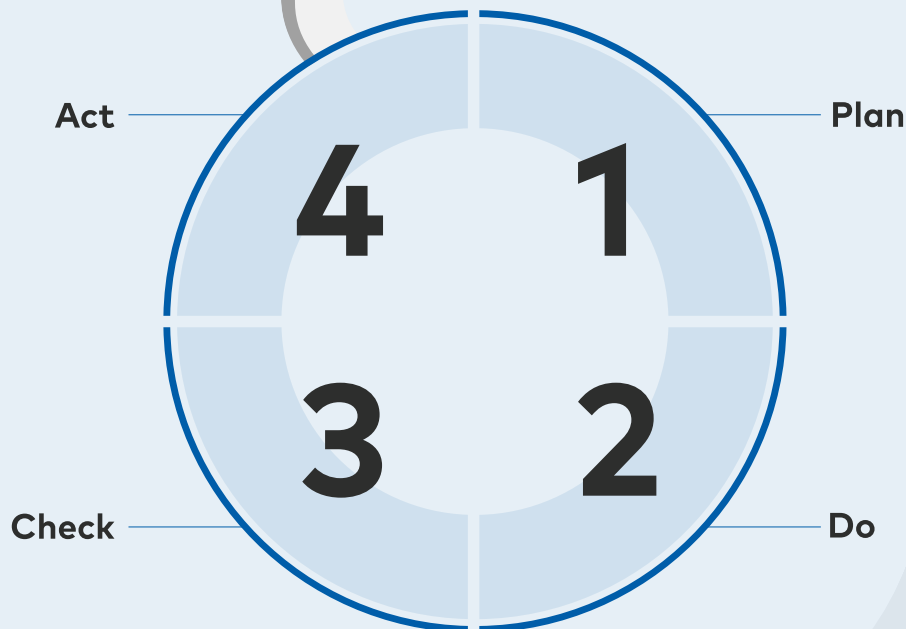
At NILIT we are committed to Manufacturing Excellence – not least because Manufacturing Excellence also directly impacts the health and safety of our workers and thus interlinks with our strife for Social Excellence. Beyond this, Manufacturing Excellence for us means minimizing the environmental impact across our four operations as much as possible. This we try to drive 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, we at NILIT have decided to implement both an ISO 14001 for environment and an ISO 45001 for health and safety at all our four manufacturing locations: Israel, China, Brazil and North America.

Our plan is to be certified for ISO 14001 by the End of 2021 and for ISO 45001 by the End of 2025.



Within the certification, we intend to develop and implement 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 the path that our founder Ennio Levi laid out when he founded the company. From the very beginning Ennio Levi emphasized how important safety for the workers is.

We are proud to continue on this heritage.

Migdal Ha'Emek



Reducing Environmental Impacts

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

- » Polymerization.
- » Spinning.
- » Texturizing.

Energy consumption

Consumption / year	2017	2018	2019	Savings from 2017 to 2019	2020
Total electricity consumption [GWh]	155	143	135	20 (12.9 %)	102
Total heating consumption [GWh]	144	135	118	26 (18.1 %)	97
Total cooling consumption [GWh]	1,107	1,008	88	1,019 (92.1 %)	61
Total steam consumption [GWh]	388,260	354,248	347,411	40,849 (10.5 %)	84,157
Total energy consumption [GWh]	389,666	355,534	347,752	41,914 (10.8 %)	84,417

As we can see in the table above the total energy consumption has decreased significantly from 2017 to 2019. In 2020, the energy consumption decreased significantly as well. However, in 2020, due to the global Covid-19 situation, the production volume was lower and therefore a comparison with previous years would not be relevant.

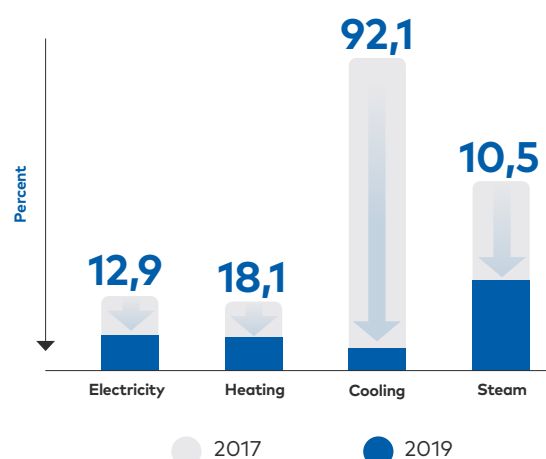
Water Consumption

Consumption / year	2017	2018	2019	Savings from 2017 to 2019	2020
Total water consumption [Million liters]	741.5	801.4	696.4	45.1 (6.1%)	617.8

Similarly, as for energy, the water consumption was reduced between 2017 and 2019.

In Migdal Ha'Emek we have made significant investments over the past few years to reduce our environmental impact. Below we have included an illustration that shows the various reductions we have achieved from 2017 to 2019:

NILIT's consumption savings year 2017-2019 in percent



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. Thereby all steam boilers were shut down. This will lead 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 will lead 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 will lead 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.



Global Efforts of Manufacturing Excellence

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:

- » Installed two new chillers in 2019, thereby saving energy.

NILIT AMERICANA Sao Paulo, Brazil

The Brazil manufacturing site is located in São Paulo.

The processes are:

- » Texturizing yarns and Covering.

In São Paulo we have implemented the following environmental measures:

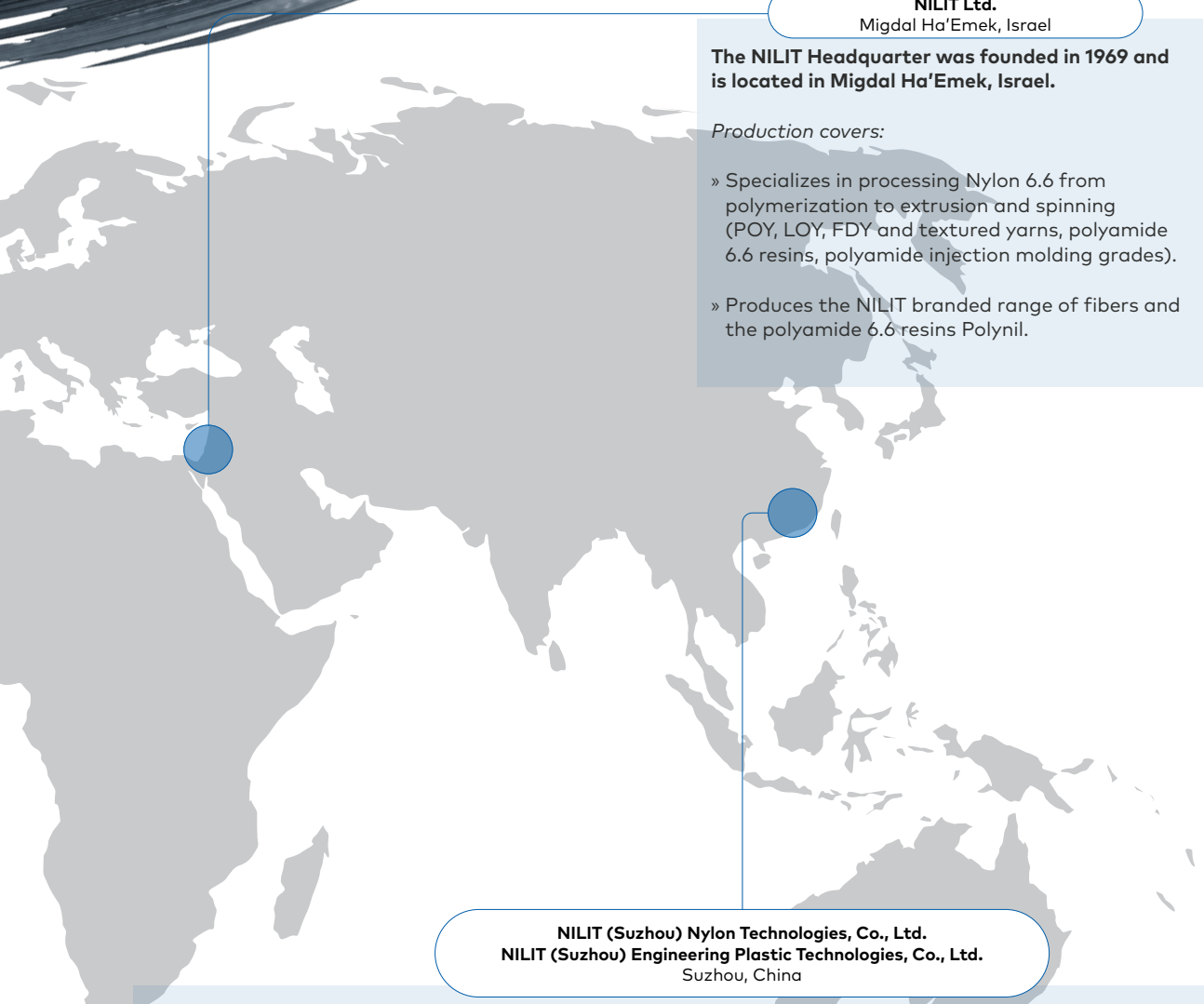
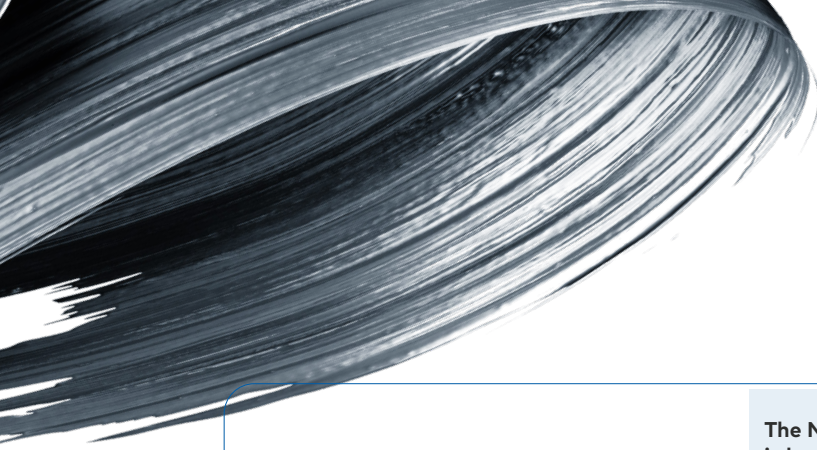
- » Energy. Replaced oil with natural gas.
- » Intensified the use of video conferences.
- » Fully installed LED lights in the facility at the end of 2020.
- » Recycling 100% of our polymer and yarn (waste) directly into the process.
- » Packaging material such as paper, cardboard and tubers are recycled. 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.

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:

- » Creation of Health & Safety committees, as well as an executive safety steering committee.
- » Preparation of uniform safety reports.
- » Implementation of a new emergency procedure.
- » Conduction of first aid courses.



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.

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:

- » 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.

Social Excellence

A photograph of three young children smiling and hugging each other. The child on the left has blonde hair and is wearing a denim shirt. The child in the middle is wearing a pink and white patterned headscarf and a light blue shirt with small star patterns. The child on the right has dark hair and is wearing a blue and white plaid shirt. They are all smiling broadly at the camera.

"We are proud of our sustainability initiatives and products. Our vision shows how deeply committed and dedicated to sustainability we are".

Our strife for Social Excellence is part of NILIT's origin 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 that NILIT operates in and celebrating the various religious holidays our diverse workforce enjoys are just two of many examples how we try to honor the people that 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, which has

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. Below a list of several activities in different areas are described.

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.

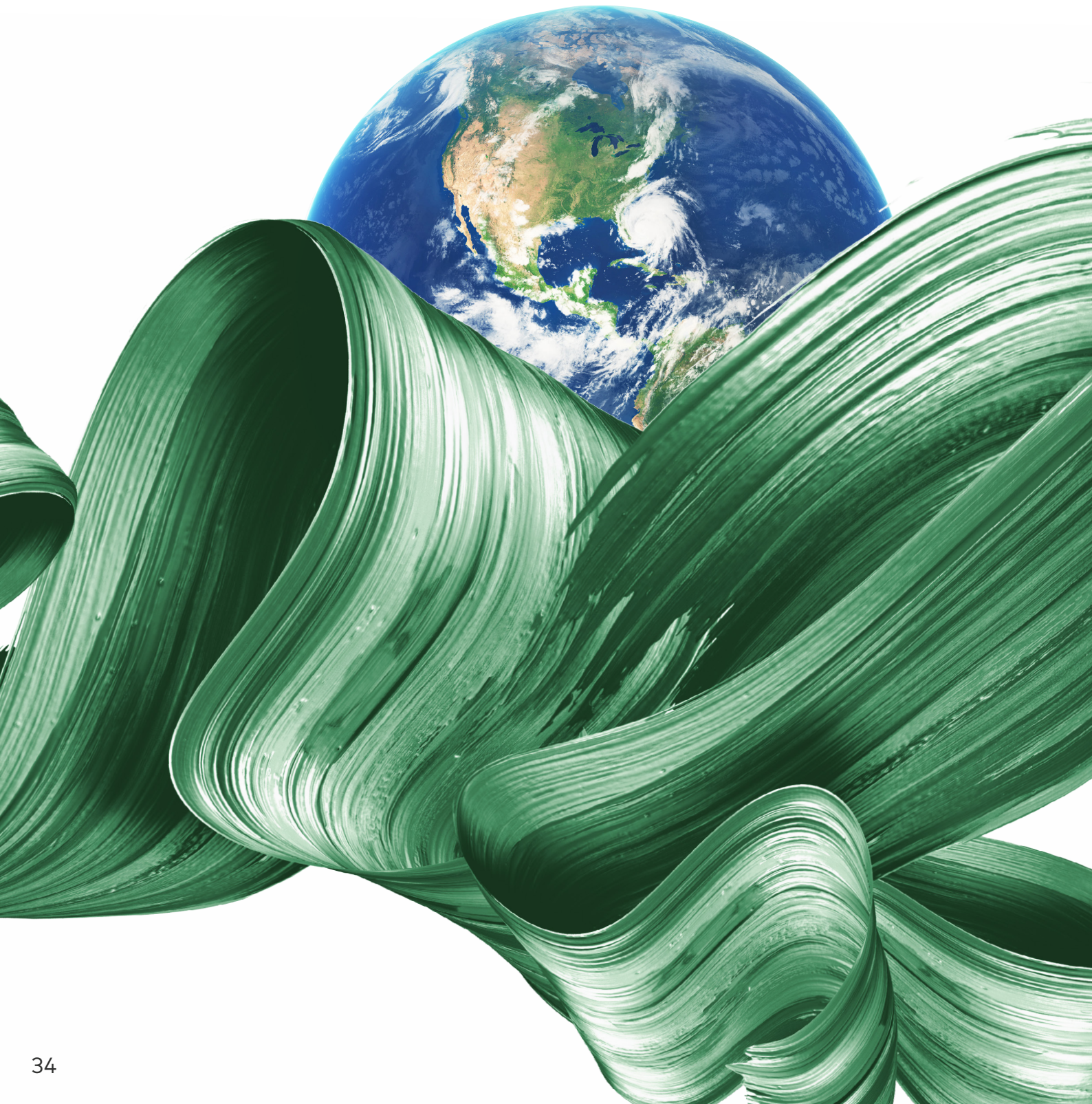
In the following pages we have included a summary of a few projects.

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 unlock 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.



OCTOBER

Breast Cancer Awareness

October marks the 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.



Good Deeds Day

On Good Deeds Day, NILIT incorporates community activities at all of its global sites. For example, in 2019 NILIT Israel volunteered to help kindergartens, for children with special needs, with the "refresh" and organization of their outdoor play yards.



Celebrating Holidays

We mark and encourage celebrations for the holidays of all religions, whether it is Christmas, the New Year, Easter, Carnivals, Eid al-Fiter 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.

NILIT talk

with Raya Hoffman

– Right from the beginning our founder Ennio Levi emphasized how important the community is. He and his son Michael Levi (our present Chairman of the Board) have always focussed on building strong projects in the nearby community of NILIT. Just to name a few examples: our "Good Deeds Day" and our celebrations of the various religious holidays our diverse workforce.



Raya Hoffman

Head of Global HR



Sustainability Results

Environmental Data

Global Impact

		Global			
Indicator	Reporting Requirement	2017	2018	2019	2020
	GRI 302 Energy				
	302-01 c. In joules, watt-hours or multiples:				
302-01	1. Total electricity consumption. [GWh] (10 ⁹ Wh)	155	143	136	102
	2. In joules, watt-hours or multiples: Total heating consumption. [GWh] (10 ⁹ Wh)	146	137	120	97
	3. Total cooling consumption [GWh] (10 ⁹ Wh)	1111	1011	91	61
	4. Total steam consumption. [GWh] (10 ⁹ Wh)	388 264	354 253	347 414	84 157
	GRI 303 Water				
	303-03-a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:				
303-03	5. Third-party water [ML]	147	169	198	94
	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:				
	5. Third-party water [ML]	887	977	842	798
303-04	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:				
	Total water discharge to all areas in megaliters. [ML]	309	336	355	301

Impact per location

		Migdal Haemek, Israel				Martinsville, America				Suzhou, China				Sao Paulo, Brazil			
Indicator	Reporting Requirement	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
	GRI 302 Energy																
	302-01 c. In joules, watt-hours or multiples:																
302-01	1. Total electricity consumption. [GWh] (10 ⁹ Wh)	154.9	142.9	135.5	101.63	0.25	0.25	0.04	0.03	0.03	0.03	0.3	0.03	0.04	0.04	0.04	0.002
	2. In joules, watt-hours or multiples: Total heating consumption. [GWh] (10 ⁹ Wh)	144.50	135.00	118.0	97.08	N/A	N/A	N/A	N/A	0.07	0.07	0.8	0.08	1.44	1.64	1.52	N/A
	3. Total cooling consumption [GWh] (10 ⁹ Wh)	1107.00	1008.00	88.30	61.17	N/A	N/A	N/A	N/A	0.00	0.00	0.00	0.00	3.55	2.98	2.95	0.0024
	4. Total steam consumption. [GWh] (10 ⁹ Wh)	388 260	354 248	347 411	84 157	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.20	5.04	3.41	N/A
	GRI 303 Water																
	303-03-a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:																
303-03	5. Third-party water [ML]	N/A	N/A	N/A	N/A	59.2	63.1	94.3	94.1	N/A	N/A	N/A	N/A	87.5	106.2	103.6	54.3
	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:																
	5. Third-party water [ML]	741.5	801.4	696.4	617.8	N/A	N/A	N/A	N/A	145.6	175.6	145.1	180.2	N/A	N/A	N/A	N/A
303-04	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:																
	Total water discharge to all areas in megaliters. [ML]	222.3	240.4	208.9	185.3	42.9	42.9	94.3	94.1	N/A	N/A	N/A	N/A	43.8	53.1	51.8	21.7

Social Data

Global Impact

Reporting Requirement		Global			
Indicator		2017	2018	2019	2020
GRI 102 General Disclosures					
102-8	102-08 a. 1. Total number of employees by employment contract permanent, by gender.				
	Female [Total Number]	290	291	263	214
	Male [Total Number]	871	809	766	608
	102-08 b. 1. Total number of employees by employment contract permanent, by region.				
	[Total Number]				
	All [Total Number]	1163	1100	1029	822
	102-08 b. 2. Total number of employees by employment contract temporary, by region.				
	[Total Number]				
	Female [Total Number]	0	0	0	3
	Male [Total Number]	0	0	0	8
	102-08 c. 1. Total number of employees by employment type full-time, by gender.				
	Female [Total Number]	290	292	249	207
	Male [Total Number]	879	822	786	589
GRI 404 Training and Education					
404-03	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%
	Male. [%]	100%	100%	100%	100%
	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%
	e.g. Middle Management, Administrative. [%]	100%	100%	100%	100%
GRI 413 Local Communities					
413-01	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. [%]	N/A	N/A	N/A	75%
	4. Local community development programs based on local communities' needs. [%]	100%	100%	100%	100%
	8. Formal local community grievance processes. [%]	100%	100%	100%	100%
GRI 102 General Disclosures					
102-41	102-41 a. Percentage of total employees covered by collective bargaining agreements. [%] [Percentage of total employees]	N/A	N/A	N/A	40%

Impact per location

		Migdal Haemek, Israel				Martinsville, America				Suzhou, China				Sao Paulo, Brazil				
Indicator	Reporting Requirement	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	
102-8	GRI 102 General Disclosures																	
	102-08 a. 1. Total number of employees by employment contract permanent, by gender.																	
	Female [Total Number]	127	132	110	75	77	75	72	63	50	47	45	48	36	37	36	28	
	Male [Total Number]	588	528	509	374	54	56	48	54	72	81	76	75	157	144	133	105	
	102-08 b 1. Total number of employees by employment contract permanent, by region. [Total Number]																	
	All [Total Number]	715	660	619	449	131	131	120	117	124	128	121	123	193	181	169	133	
	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	0	0	0	0	0	0	3	
	Male [Total Number]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	
	102-08 c. 1. Total number of employees by employment type full-time, by gender.																	
Female [Total Number]	119	126	100	68	85	82	68	63	50	47	45	48	36	37	36	28		
Male [Total Number]	578	520	499	355	72	77	78	54	72	81	76	75	157	144	133	105		
404-03	GRI 404 Training and Education																	
	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%	100%	100%	100%	100%	100%	100%	
	Male. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	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%	100%	100%	100%	100%	100%	100%	
413-01	e.g. Middle Management, Administrative. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	GRI 413 Local Communities																	
	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%	100%	100%	100%	1 program ¹	1 program ¹	1 program ¹	1 program ¹
	4. Local community development programs based on local communities' needs. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
102-41	8. Formal local community grievance processes. [%]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
	GRI 102 General Disclosures																	
	102-41 a. Percentage of total employees covered by collective bargaining agreements. [%]																	
	[Percentage of total employees]	69%	67%	64%	60%	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	

¹ 1 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 and the polyamide 6.6 resins Polynil®.



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 Sao Paulo, Brazil.
- » Produces Textured, Air Jet Textured, Covered nylon 6.6 yarns.



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 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).



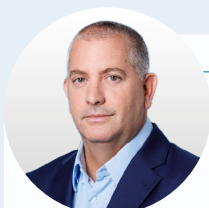
William Ghitis

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



Pierugi 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



Bernardo Staiano

Chief Technologies
& Innovation Officer
(CTO)



Shirley Azar

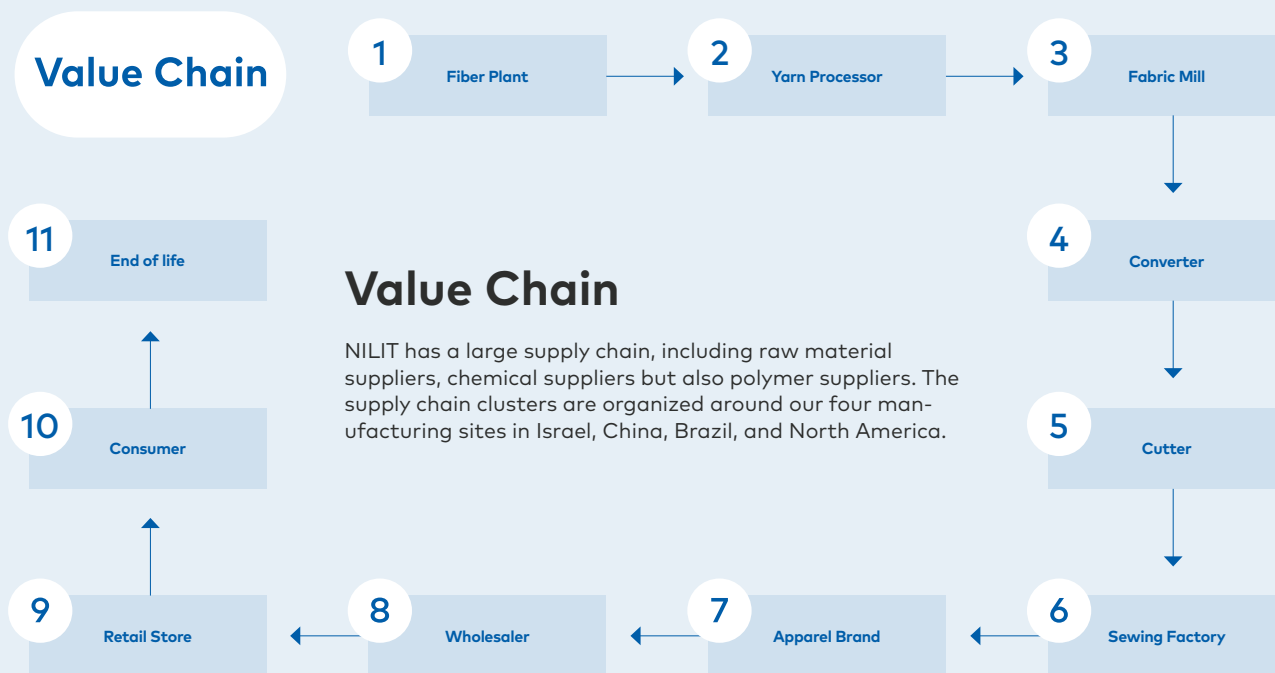
Head of Global
Purchasing
Department



Sagee Aran

Head of NILIT Global
Marketing Department

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 (please see 102-9 Supply 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 brand:

- » 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

The results of the materiality assessment show that NILIT does have several elements of a Sustainability program and has covered some important aspects. Furthermore, in the environmental area NILIT already has several projects that have been implemented or are in planning and implementation.

Nevertheless, we also identified significant risks and opportunities. One risk (if not started), but also an opportunity, is the start of the sustainability journey. However, it should be acknowledged that NILIT has a good range of different projects and initiatives in place and a strong commitment from top management and owners. The competition has a good deal of initiatives in place, both at corporate level and at product level.

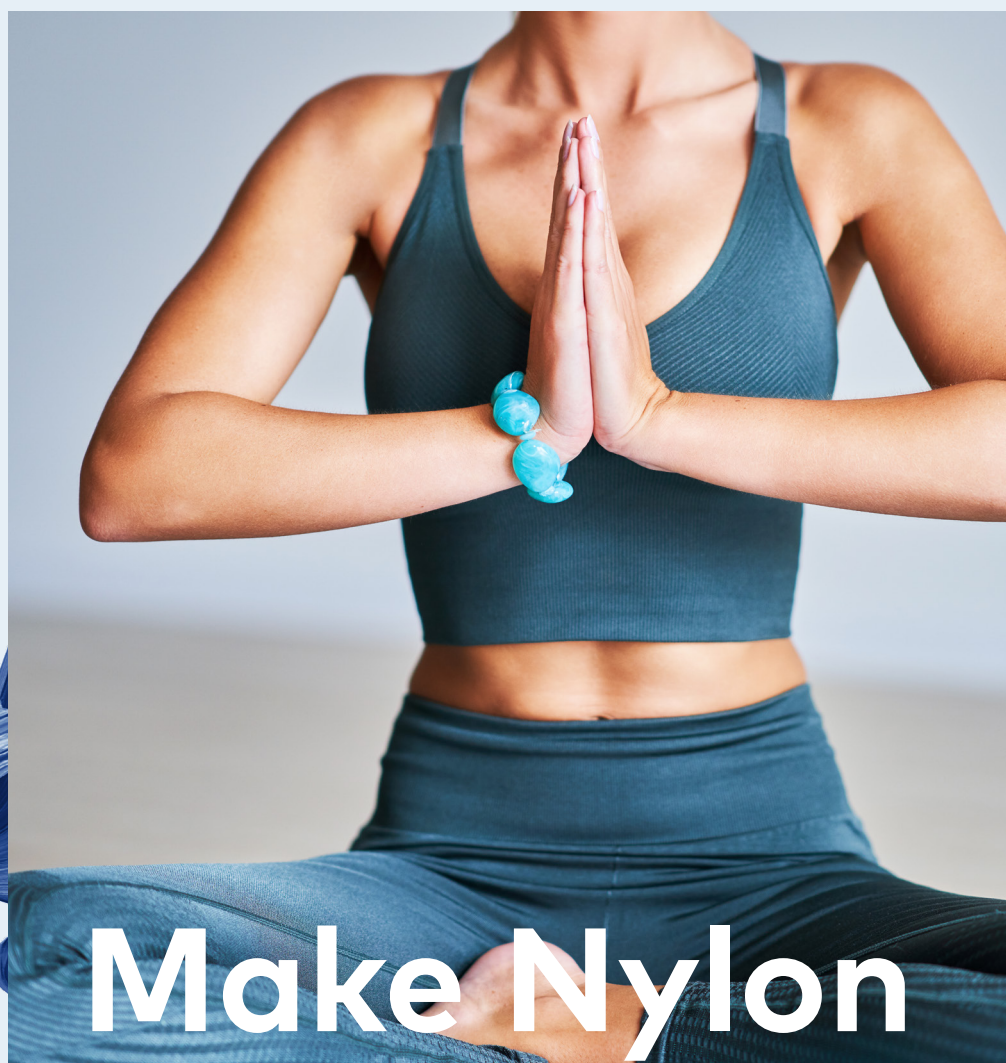
Furthermore, we see a pull from brands in regard to sustainability. Brands are increasingly asking for more. We see that company reputation is important, but so are sustainable products and therefore a good mix of both perspectives.

Regarding product and process – we see three core areas of concern and opportunity. On the one hand, there is very high degree of uncertainty in terms of technical complexity and market development:

- » Raw materials.
- » Recycling.
- » Biodegradability.

On the other hand, there are lots of opportunities for collaboration and partnerships, engagement and certifications.

The detailed results further show that there are several important topics, such as management systems, energy, waste, chemicals management, microplastics, workplace conditions, human resources, community outreach and collaboration, to just name a few.



Make Nylon Sustainable

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 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.

In our approach to stakeholder engagement, we also adhere to AA 1000 Stakeholder engagement standard.

Key topics that stakeholders raise are: Work-Life balance, community outreach, employer responsibility, health and safety, environmentally preferable fibers, recycling, biodegradability. 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.
- » 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 brand'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 into the report.

A thorough examination of the GRI disclosures and their requirements led to the revelation of which principles appeared matching to 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 fundament for NILIT to strive to apply the Core option in 2021 or 2022.

The reporting period includes the calendar years of 2017, 2018, 2019 and 2020.

NILIT intends to publish a bi-annual sustainability report.

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

The next report will be published in 2023.

If you have questions or input related to the report, please reach out to Amy Holzer, amyh@nilit.com.

Production

Copywriting: Leadership & Sustainability and NILIT Ltd.

Design: The Tribe Lounge AB.

Photos: NILIT Ltd., iStock.

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

Appendix 2. GRI Index

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

GRI 100 – Universal Standards

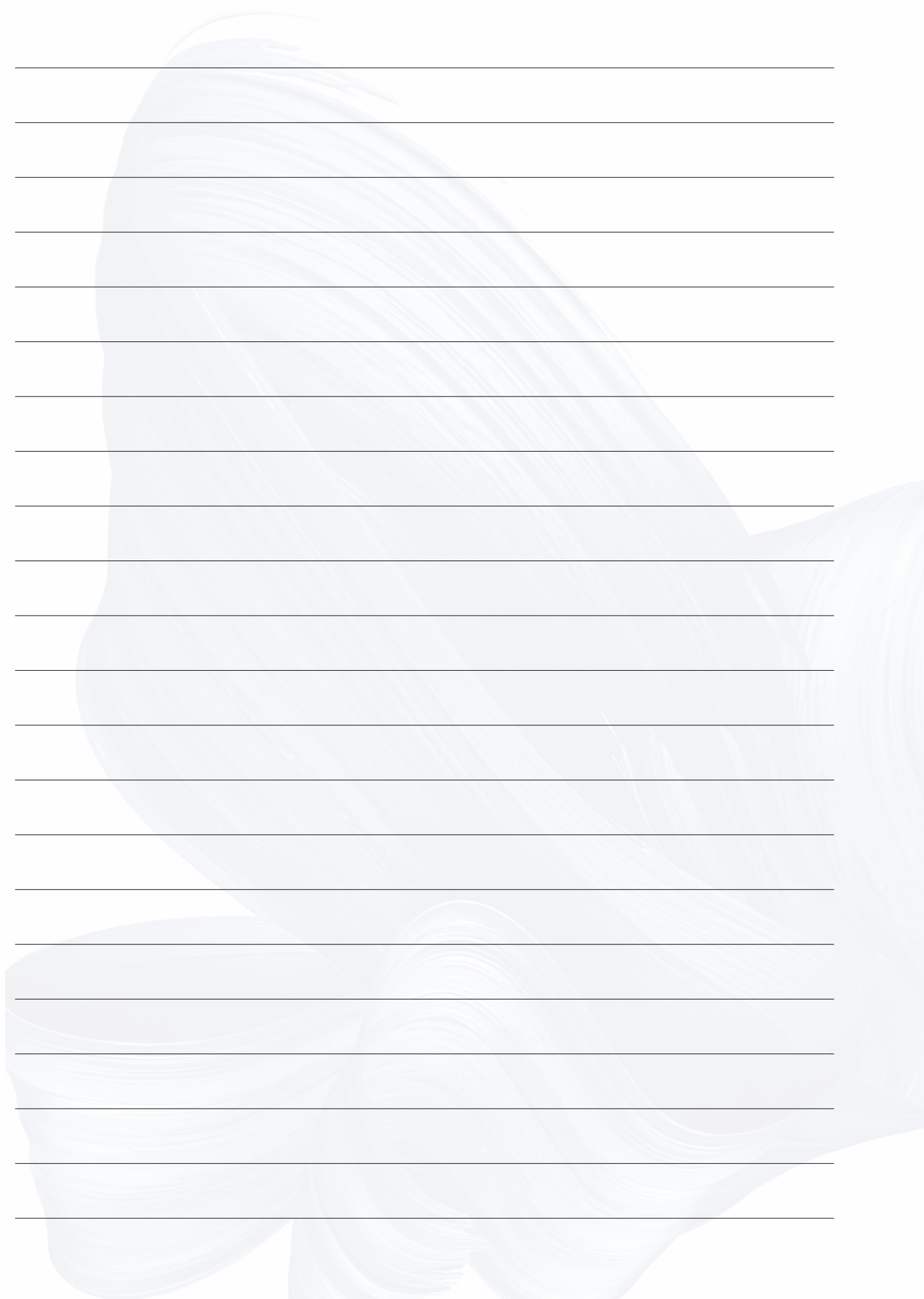
GRI Standard	Disclosure	Page
Organizational Profile		
GRI 102 – General Disclosures 2016	102-1 Name of the organization	1
	102-2 Activities, brands, products, and services	4
	102-3 Location and headquarters	5
	102-4 Location and operations	5
	102-5 Ownership and legal form	5
	102-6 Markets served	5
	102-7 Scale of the organization	5
	102-8 Information on employees and other workers	38
	102-9 Supply chain	44
	102-10 Significant changes to the organization and its supply chain	41
	102-11 Precautionary Principle or Approach	13
	102-12 External initiatives	14, 16, 35
	102-13 Membership of associations	17
Strategy		
GRI 102 – General Disclosures 2016	102-14 Statement from senior decision-maker	2
	102-15 Key impacts, risks, and opportunities	45
Ethics and Integrity		
GRI 102 – General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	13
Governance		
GRI 102 – General Disclosures 2016	102-18 Governance structure	5
Stakeholder Engagement		
GRI 102 – General Disclosures 2016	102-40 List of stakeholder groups	46
	102-41 Collective bargaining agreements	39
	102-42 Identifying and selecting stakeholders	46
	102-43 Approach to stakeholder engagement	46
	102-44 Key topics and concerns raised	46
	102-46 Defining report content and topic Boundaries	47
	102-47 List of material topics	48
	102-48 Restatements of information	N/A
	102-49 Changes in reporting	N/A
	102-50 Reporting period	47
	102-51 Date of most recent report	N/A
	102-52 Reporting cycle	47
	102-53 Contact point for questions regarding the report	47
	102-54 Claims of reporting in accordance with the GRI Standards	47
	102-55 GRI Content Index	49
	102-56 External assurance	N/A
Management Approach		
GRI 103 – Management Approach 2016	General requirements for reporting the management approach	46
	103-1 Explanation of the material topic and its Boundary	45
	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46

GRI 300 – Environmental Topics

GRI Standard	Disclosure	Page
GRI 301 – Materials 2016		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	20
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
GRI 302 – Energy 2016		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	29
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
Topic-Specific Disclosures		
GRI 302 – Energy 2016	302-1 Energy consumption within the company	37
	302-4 Reduction of energy consumption	37
GRI 303 – Water and Effluents 2018		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	29
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
Topic-Specific Disclosures		
GRI 303 - Water and Effluents 2018	303-3 Water withdrawal	37
	303-4 Water discharge	37

GRI 400 – Social Topics 2016

GRI Standard	Disclosure	Page
GRI 403 – Occupational Health and Safety 2018		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	26
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
Topic-Specific Disclosures		
	403-1 Occupational health and safety management system	26
GRI 403 – Occupational Health and Safety 2018	403-6 Promotion of worker health	30, 33, 35
	403-8 Workers covered by an occupational health and safety management system	26
404 – Training and Education 2016		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	34
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
Topic-Specific Disclosures		
	404-3 Percentage of employees receiving regular performance and career development reviews	38
GRI 413 – Local Communities 2016		
Management Approach		
	103-1 Explanation of the material topic and its Boundary	35
GRI 103 – Management Approach 2016	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
Topic-Specific Disclosures		
GRI 413 – Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	38



Make Your Notes



Founded in 1969 by Ennio Levi, NILIT is committed to creating innovative, customized Nylon 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 Ltd.

Maurizio Levi Rd., P.O. Box 276
Ramat Gabriel, Migdal Ha'Emek
2310201 ISRAEL

nilit.com