

NILIT[®] | **50** years

Impact Report 2022-23





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Who
we are

Leading the change

Welcome to our Impact Report—an overview of NILIT's effort in shaping the sustainability landscape of the textile industry. As pioneers in customized Nylon 6.6 solutions, our goal is to go beyond mere production and supply **to build tangible impacts today, not tomorrow.**

With the name "Impact Report" we want to express our dedication to effective, immediate, measurable changes while anticipating forthcoming sustainability challenges. In addition to investing in product development and aiming for tangible and concrete results, we are proactively getting ready for the future Corporate Sustainability Reporting Directive (CSRD), reinforcing our commitment to adhere to its rigorous standards.

With our Impact Report, we wish to share our journey, outlining our strides towards a sustainable tomorrow while highlighting the steps we have taken today **to create a lasting impact within our industry and beyond.**



In our role as the global market

leader in the

apparel industry, and a producer of high quality Nylon 6.6, in the past two years we have confirmed our dedication to actively shape the narrative of sustainability in the textile industry, by channeling our energies and commitments into setting the bar higher and inspiring positive change across the sector.

We feel that the time to act is running out quickly and we are enacting change in our day-to-day business. We have developed many new products that are improving each phase of the products' life cycle: we offer raw materials circularity as well as biomass and biodegradable contents that are available now to minimize environmental impacts. In 2022 we launched SENSIL® ByNature, a pioneering innovation that uses renewable polymer feedstocks made from organic waste through mass balance application. With SENSIL® WaterCare, our technology saves 100% of the water used during the wet dyeing process while maintaining the highest product quality.

Considering our holistic impact approach, we are also strongly committed to lowering the carbon footprints of the manufacturing processes in our four plants in Israel, China, Brazil and the USA. Considerable investments have been

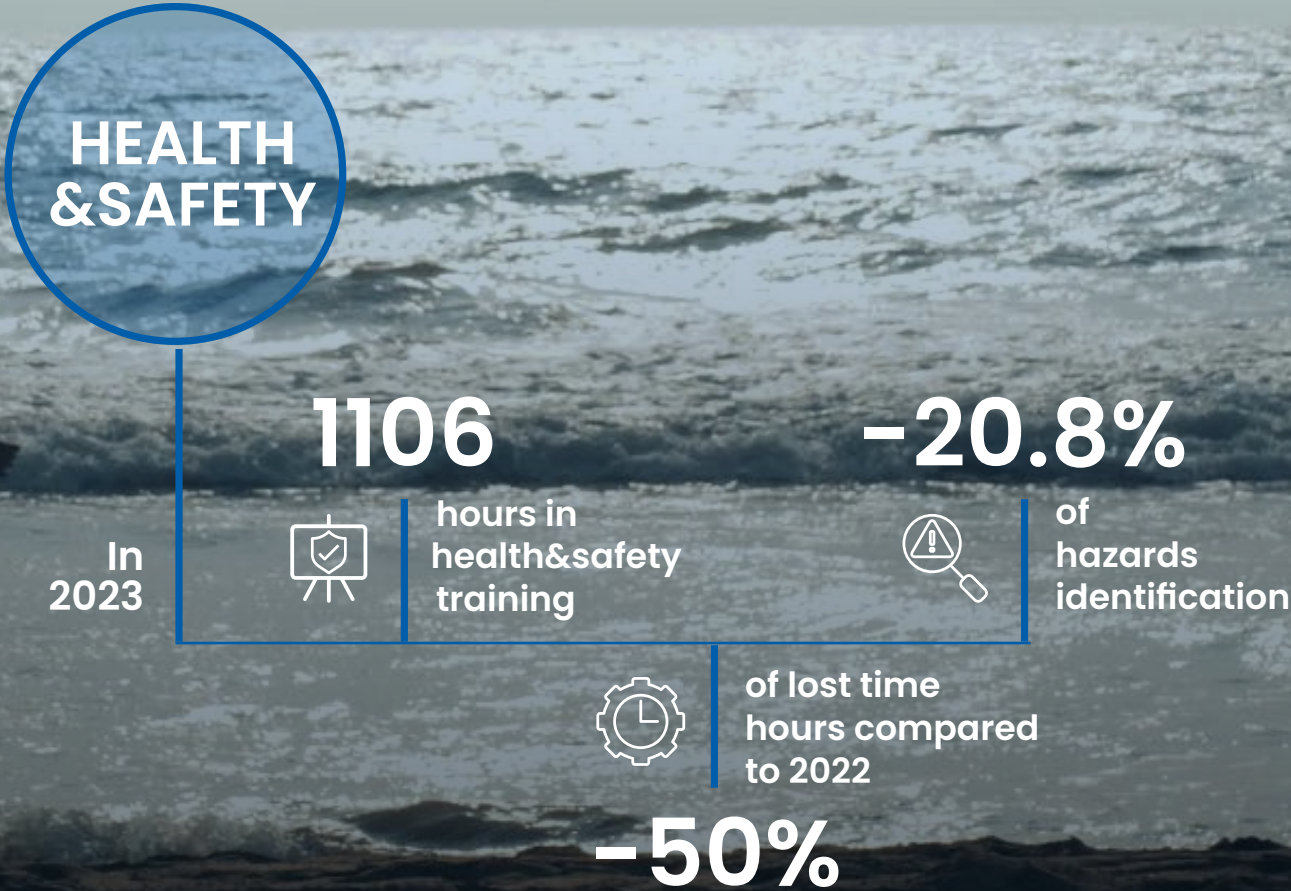
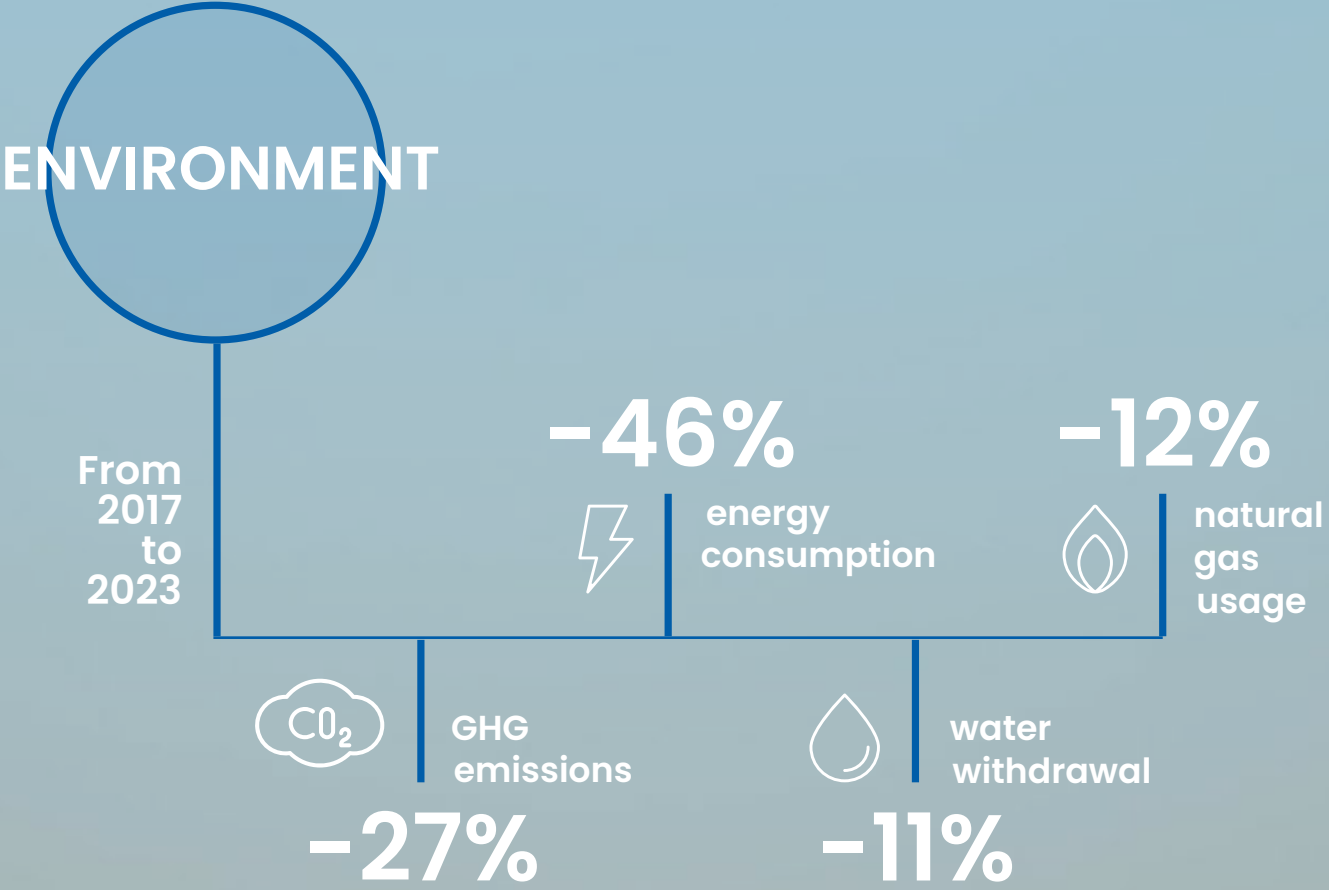
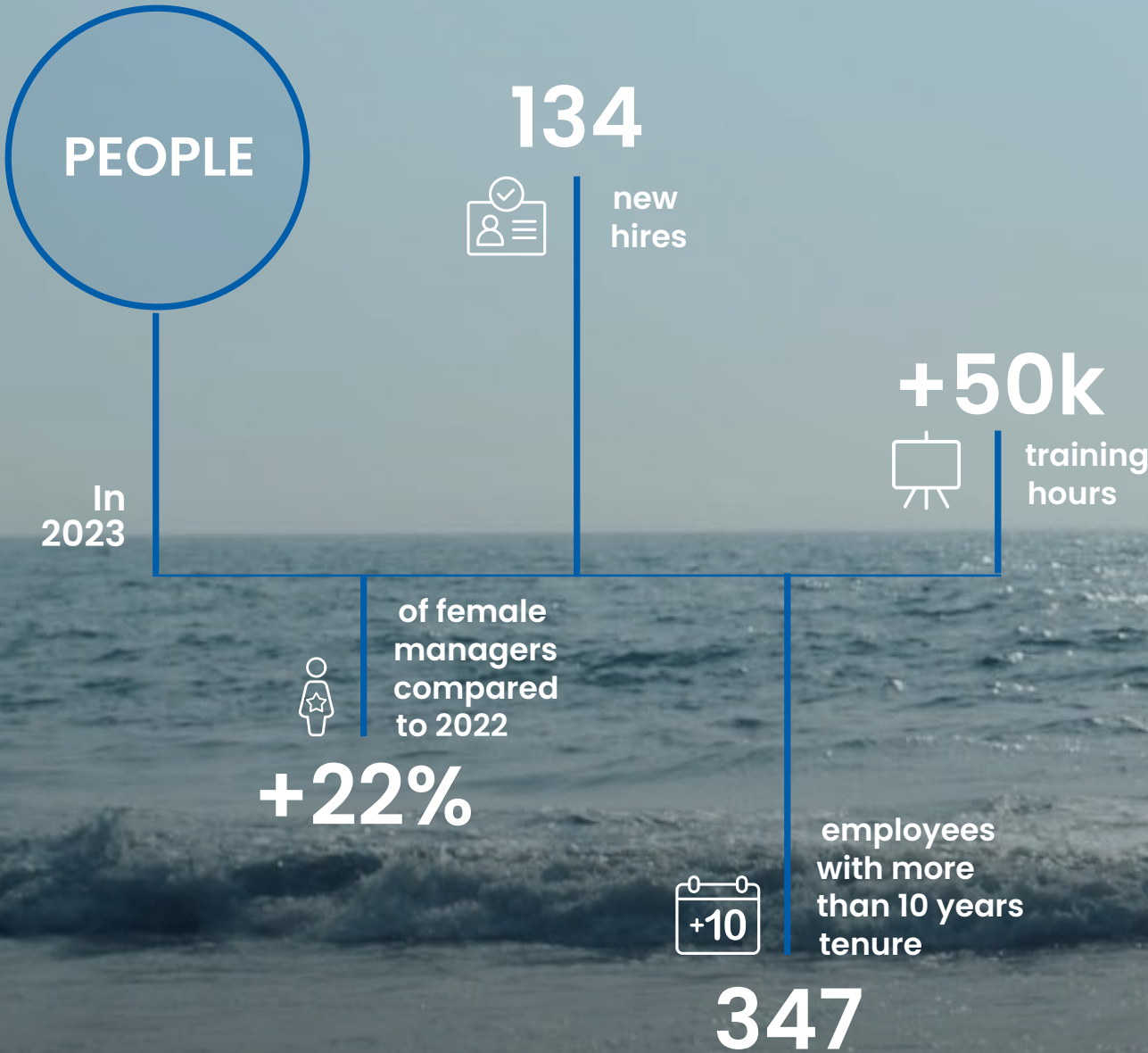
made to increase renewable energy sources and energy efficiency and to lower water consumption. We are aiming towards excellence by implementing additional projects and processes to measure our efforts and increase transparency and accountability. We serve our goals of creating positive change in the textile industry by building solid and lasting partnerships with our customers and suppliers. We are committed to delivering them value, innovations and awareness while we walk together on our collaborative sustainability journey.

Our ambitions are getting bigger and by sharing our perspectives, challenges and expertise, we are working to influence fashion stakeholders on improving the legacy of the market for future generations. As we approach our 50th year anniversary, we acknowledge that our path towards excellence has only been possible thanks to NILIT's passionate employees who have embraced our company values by acting and working through them. The achievements shared in this Impact Report are the result of their intuitions and commitment. I am very thankful and proud of what we have attained over the past years and excited about what the future will hold. We are just getting started.

Ilan Melamed
General Manager

Migdal Ha'Emek, February 2024

Our results



Our identity

Since 1969 we have produced and delivered Nylon 6.6 (PA 6.6) yarns and filaments to give innovation to the textile industry. Through the guidance of Ennio Levi and Michael P. Levi, for more than 50 years we have been providing tailor-made solutions to our partners and customers. And we continue to do so.

Combining our polymerization, spinning and texturing know-how with constant investments in research and development, NILIT can offer a wide selection of products defined by quality, care, awareness and low impact: SENSIL® is our sustainable premium collection of yarns where our holistic approach defines our outputs.

We will not stop there. We will expand the broadest sustainable portfolio available on the market with new low-impact products with the goal of improving the textile industry.

Our history

1969

NILIT foundation in Migdal Ha’Emek, Israel, where the headquarters is still located today.

1974

Production begins in Migdal Ha’Emek facility.

1988

NILIT’s 5 denier yarn has been declared the world’s finest nylon yarn.

2008

Set-up of NILIT Nylon Technologies in Suzhou, China.

2009

Acquisition of NILIT America, in Martinsville, VA, USA.

Launch of SENSIL® EcoCare, recycled product.

2014

Acquisition of NILIT AMERICANA, in São Paulo, Brazil.

2021

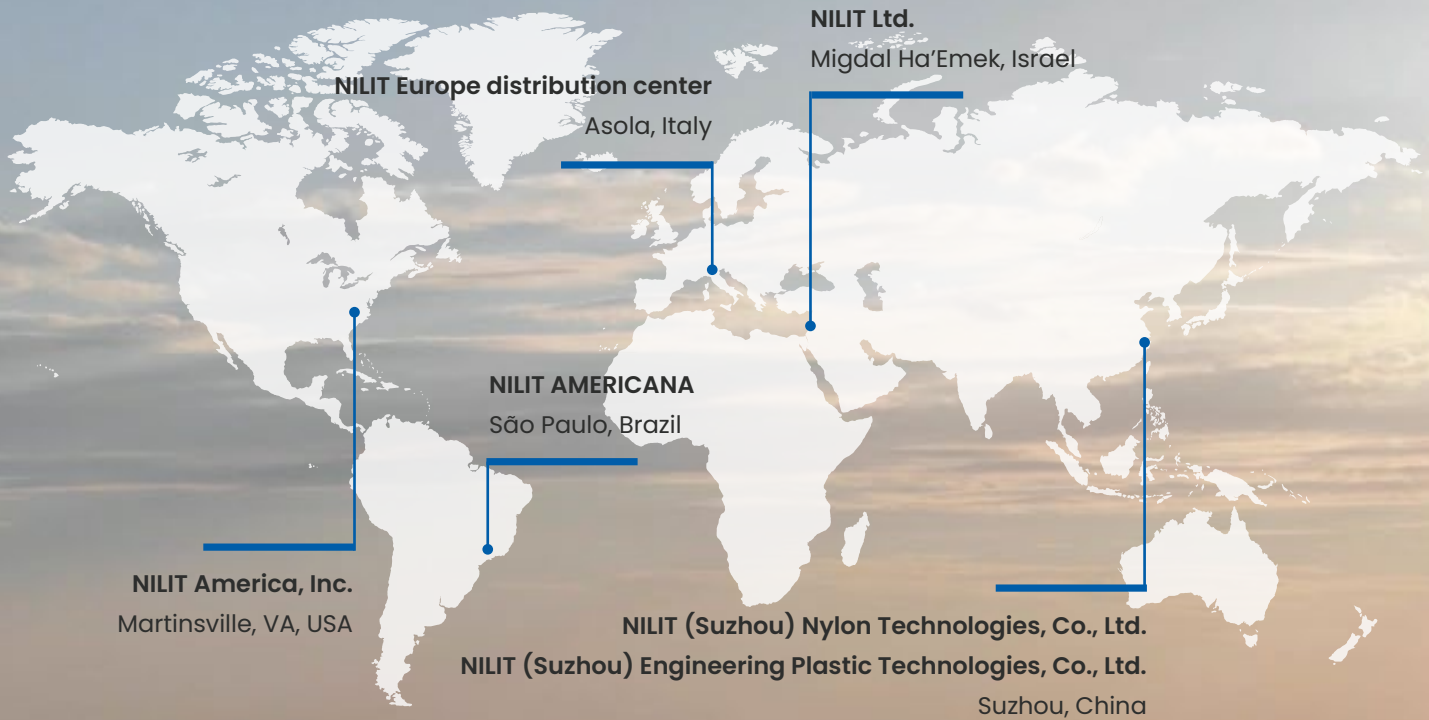
Introduction of SENSIL® BioCare breakthrough in marine environmental protection

2022

Launch of SENSIL® ByNature–first nylon yarn using non fossil biomass under the mass balance approach.

Where we are

We are globally distributed to optimize and always improve our manufacturing and logistic process: **we are never too far from our customers and leading brands around the world.**



Our numbers

 | 4

Our Manufacturing plants, to guarantee products where they are needed.

 | 50+

The Countries where we are operating: serving leading brands around the world.

 | 500+

The number of customers and partners we provide solutions to and meet their needs.

 | ~900

Our employees in 2023, working every day with passion and competency.

 | 50k

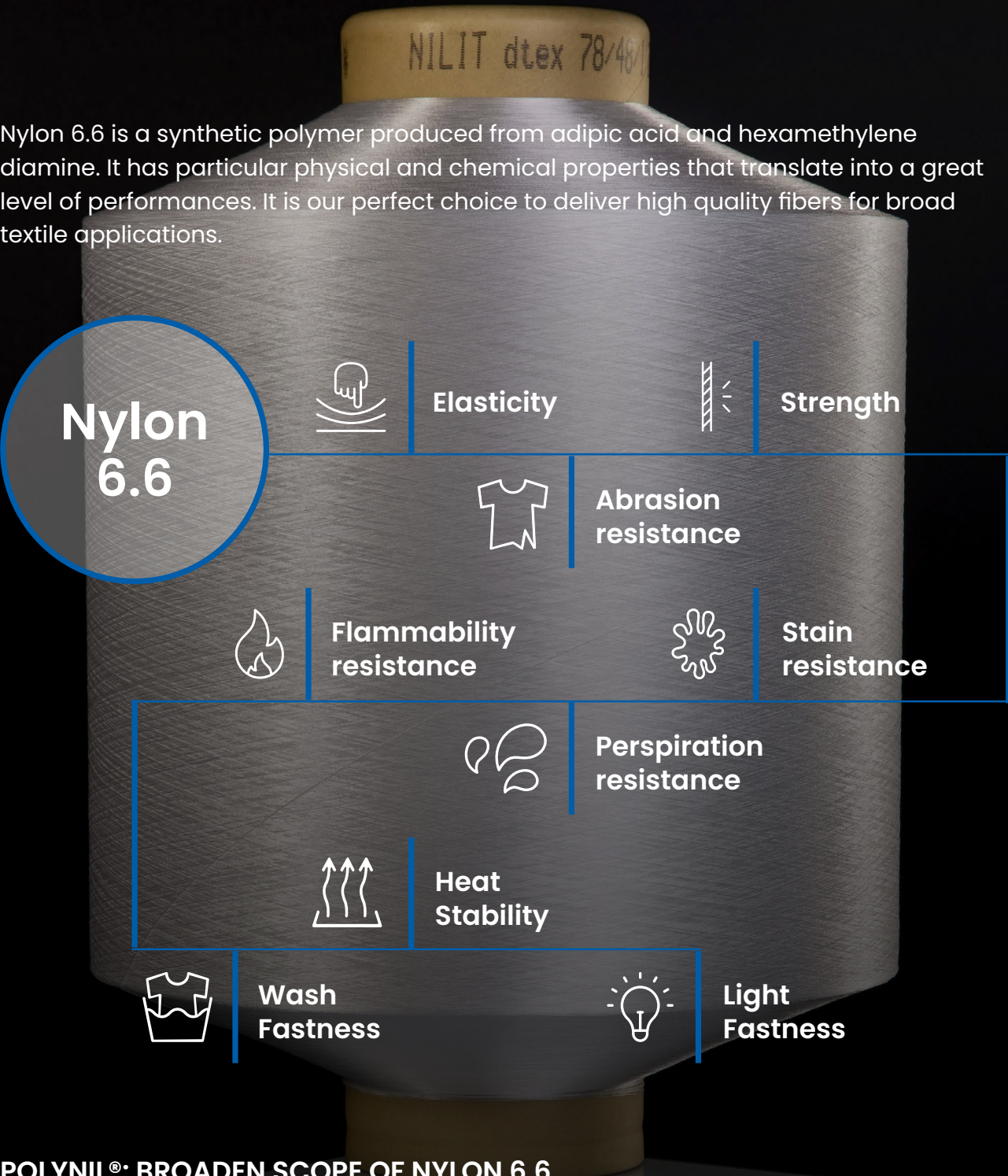
Tons per year of Nylon 6.6 capacity. We are the biggest filament producer worldwide for the apparel industry.

 | 13

The number of family products in SENSIL® portfolio, where smart design meets lower impact.

Nylon 6.6: the best feelings in one fiber

Nylon 6.6 is a synthetic polymer produced from adipic acid and hexamethylene diamine. It has particular physical and chemical properties that translate into a great level of performances. It is our perfect choice to deliver high quality fibers for broad textile applications.



POLYNIL®: BROADEN SCOPE OF NYLON 6.6

Through our POLYNIL® division we provide our Nylon 6.6 expertise also to different sectors: our POLYNIL® offerings are certified to produce ISCC+ compliant, recycled and Biomass balance polymers to the market. Some of our custom-made products for the monofilament business includes polymers made with 50% postindustrial recycled yarns.

Governance: inspired leadership

NILIT's board of Directors defines our values and vision. It is committed to achieving quality and excellence and mastering innovation with the application of our holistic approach that combines the best customer experience with a low environmental impact.

The Board of Directors supervises the Senior Management Team, which includes General Managers and executives from the group's multiple operational business areas. NILIT's devotion to sustainability and reduction of environmental and social impact affects all the group's departments and is considered within the group's decision-making process.

All members of the Senior Management Team are also part of the sustainability strategy steering committee, that has been set up to overlook the implementation of the sustainability strategy and the Global Goals.

A sustainability taskforce is dedicated to managing the daily operation of the group's ongoing activities.





**What
we believe
in**

Living our values every day



Leading the change
Commitment to make concrete changes in the textile industry

At NILIT, our values are deeply ingrained in every facet of our operations and in each element of our strategy.

These values shape our identity and guide our actions, influencing our daily conduct towards our vision.



Reliability and transparency



Multiculturalism and cooperation



Diversity

Innovation and sustainability



Our values



Innovation and sustainability

As pioneers in customized Nylon 6.6 solutions, we advance our product innovation to address our environmental impact today. We empower ourselves by constantly investing in non-fossil raw materials, new manufacturing technology, and inventive solutions—such as end-of-life product strategies and dye-free processes—to effect immediate and significant change within the textile industry.

Creating more recyclable products in the textile world is a considerable challenge; however, enhancing circularity is essential to improve the positive environmental impact of our industry. For this reason, we are committed to prioritizing recyclable processes and materials along our entire supply chain, from water, energy, and waste management to product innovation.



Reliability and transparency

At NILIT, we believe that reliability and transparency are the foundation of all successful relationships. Whether communicating with our employees, customers, suppliers or partners, we prioritize providing accurate and honest information, ensuring our current data are precise. This commitment fosters mutual respect and trust with our stakeholders, allowing us to cultivate enduring and robust partnerships that last over time.



Multiculturalism and cooperation

NILIT stands as a global community—a convergence of diverse cultures, religions, and nationalities interacting daily, regardless of external conflicts. We believe everyone is part of the same family and deserves acceptance and respect. Embracing this diversity makes us unique: we acknowledge and commemorate all holidays and religious observances of our employees to foster an environment of cooperation and mutual respect where all differences are embraced and celebrated, ultimately transcending cultural boundaries.



Diversity

At NILIT, we prioritize gender equality as a pivotal value within our multinational, multicultural, and diverse workplace. We embrace this value by actively promoting and enhancing women’s leadership, a commitment reflected in our extended management team, where a majority of positions are held by women. This focus emphasizes our commitment to fostering diversity and guaranteeing equal opportunities on all company levels.

Walking the talk

Our core values and commitments are strongly embedded in everything we do, from the products we make, to how we operate within and outside of our organization.

Our products are the results of our responsible and ethical management to guarantee the highest level of **quality, excellence** and experience for our customers and consumers.

We are enthusiastic to share our **Social and Environmental Responsibility** journey and we continue to do so in order to lead the change by spreading knowledge and awareness.

We are also determined to keep building impact by applying the values of **collaboration** and **integrity** among employees and partners relationships.

We aim to contribute to a cleaner and safer world to ensure a better future for the next generations. This is why our approach to product development and production is rooted in the philosophy of **Total Product Sustainability** and **Life Cycle Assessment**.

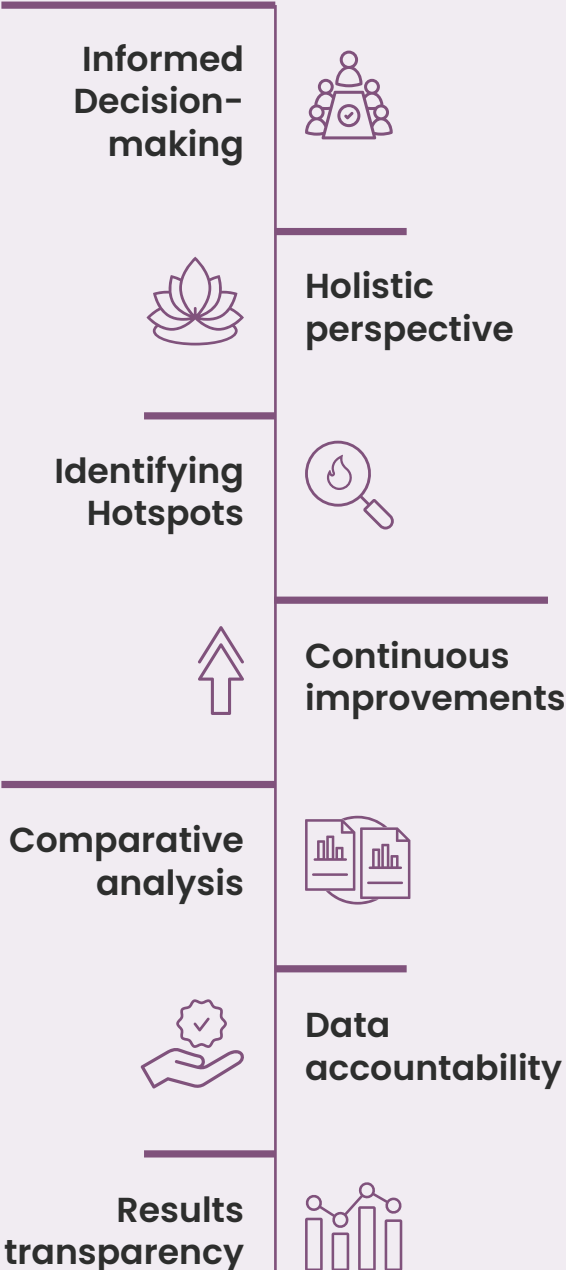
Our Total Product Sustainability (TPS) program is an internal initiative that harnesses our values across every aspect of our manufacturing process. This entails an ongoing focus on reducing our carbon footprint, implementing **energy-efficient processes**, adopting **zero-waste** management practices, and **engaging in water conservation activities**.

The Life Cycle Assessment methodology is guiding us to make informed decisions, harnessing our choices through data analysis to ensure accountability and transparency of results for us and our partners. There is more to come.

Total Product Sustainability Program



Life Cycle Assessment application benefits




Our portfolio: values becoming products


Our **SENSIL®** portfolio, dedicated to our sustainable premium Nylon 6.6 products, is the tangible outcome of our values, combining Total Product Sustainability and Life Cycle assessment criteria, to focus on real positive impacts and performances.

Our portfolio is focused on a solutions-based approach, with products contributing to specific needs.


REDUCED
FOSSIL
FUEL


SENSIL.
BYNATURE


WATER
PRESERVATION



SENSIL.
WATERCARE

RECYCLED
CONTENT



SENSIL.
ECOCARE


REDUCED
TEXTILE
WASTE



SENSIL.
BIOCARE



SENSIL.
FOLLOW


Performance
& Well-Being


SENSIL.
BREEZE



SENSIL.
HEAT



SENSIL.
INNERGY



SENSIL.
BODYFRESH


SENSIL.
AQUARIUS


Fashion
Fibers


SENSIL.
COLORS


SENSIL.
SHINE


SENSIL.
SOFTEX

High-
Abrasion
Resistance


SENSIL.
TOUGHTEX

Reducing energy, water, content, waste: when less is more

In 2022 we launched **SENSIL® ByNature**, a disruptive sustainable fiber that stands as a *première* innovation. This remarkable product utilizes a biomass-balanced polymer feedstock derived from organic waste diverted from landfills. SENSIL® ByNature not only delivers the expected performance, comfort and durability synonymous with SENSIL® quality but also boasts a substantially reduced carbon footprint.

Our commitment continues with **SENSIL® EcoCare** that incorporates recycled nylon from operations, making the process more efficient in terms of raw materials, water and energy needs.

With **SENSIL® WaterCare** we address the environmental impact of water-intensive dyeing processes, saving significant amounts of water and energy from use and reducing the risk of pollution to oceans, lakes and rivers. I think we should take out the last part of the sentence as it might be assumed all other products are polluting oceans.

Care after disposal: reducing textile waste

We design and imagine our products to have the longest life possible, but we want to maintain the lowest impact even at the end of use: with **SENSIL® BioCare** we deliver innovation through technology that allows faster textile waste degradation in seawater and soil, fighting, as leader of the textile industry, the consequences of increasing garments in landfills and microplastics ocean pollution.

Technology for performance and well-being

Our developments and innovations have also been driven towards reaching the best fiber performance in terms of comfort and well-being for users:

- With **SENSIL® INNERGY**, a natural mineral additive converts the human body's thermal energy into Far Infrared Rays (FIR) that reflects back to the body to cause deep but soft heating that invigorates the body and enhances blood's circulation and oxygen flow;
- **SENSIL® HEAT** manages body heat through coffee charcoal and oxide added to the yarn to capture body heat while absorbing and neutralizing body odors;
- **SENSIL® BREEZE** supports cooling during warm weather by reducing body temperature, thanks to particular properties that allow the transfer of heat;
- **SENSIL® BODYFRESH** delivers permanent odor protection and bacteria elimination thanks to a special additive that gives the microfiber yarns the capacity to prevent bacterial growth and viral activity;
- **SENSIL® AQUARIUS** guarantees moisture management and perspiration and odor resistance through multiple technologies: triple-T cross section to increase surface area for rapid absorption, micro-channels to create capillary effects and wick moisture, hydrophilic properties to promote quick evaporation.



Products certifications

We develop a culture centered on quality by promoting awareness and granting responsibility to all stakeholders, encouraging them to effectively address the company's needs and expectations.

Our certifications serve as a testament to our commitment to elevate our quality standards, showcasing our performance for the benefit of both customers and partners.



Shedding light on what matters

Sustainability has become a relevant element of every relationship and choice and still, much more clarity is needed around the topic. Our world is driven by innovation and sustainability, and NILIT stands as a beacon of commitment to its core values.

Our values are not just words on paper. As a leading force in the textile industry, we actively strive to enlighten the value chain, through our experience and knowledge.

In an ever-evolving landscape, we believe that education is empowerment. In these years we have driven our efforts through informative initiatives and events as we aim to elevate the industry as a whole, with well-informed stakeholders, brands and consumers that are inspired to make more conscious choices, being able to focus on what really matters. Leading the change.



in SENSIL® Nylon 6.6 and our pioneering efforts in developing sustainable yarns, where we combine eco-design and production process to lower product impacts, in terms of waste, energy and water consumption and CO₂ emissions.

In the past months we have been protagonists and speakers at many events, industry fairs and sustainability panels: we live with enthusiasm and the responsibility of our role in the market, and we will continue to do in the future.

We confirmed our presence at **DORBIN GFC**, the global fiber congress dedicated to innovation, circularity, recycling and technology solutions that took place at Dorbin, in Austria from the 13th and 15th of September 2023: we brought our experience with Pierluigi Berardi, EMEA General Manager to discuss our innovative solutions



In March '23, we had the pleasure to participate in **SMART VOICES**, a virtual programme where ideas and innovations are shared and promoted to accelerate change in the fashion system. It is organized by C.L.A.S.S, an eco-platform that aims, as NILIT, to bring meaningful values to the textile industry.

For the **International Water Day**, we have joined other like-minded people to discuss solutions to solve the water health crisis. With SENSIL® BioCare yarns, microplastics degradation in ocean water is much faster compared to conventional Nylon

6.6 (86% after 1278 days) contributing to a significant reduction of textile waste in sea water and protecting our oceans.

At **ISPO Munich**, one of the main global sportswear and outdoor wear gatherings, with SENSIL® we presented our largest portfolio of sustainable Nylon 6.6 products, as a commitment to fight and adapt to the most difficult environmental challenges. As speakers, on the 29th of November we shared the Sustainability Hub stage with BASF and Fashion Network for a panel discussion on how to diminish reliance on fossil resources using the biomass balance approach.





**What
we do**

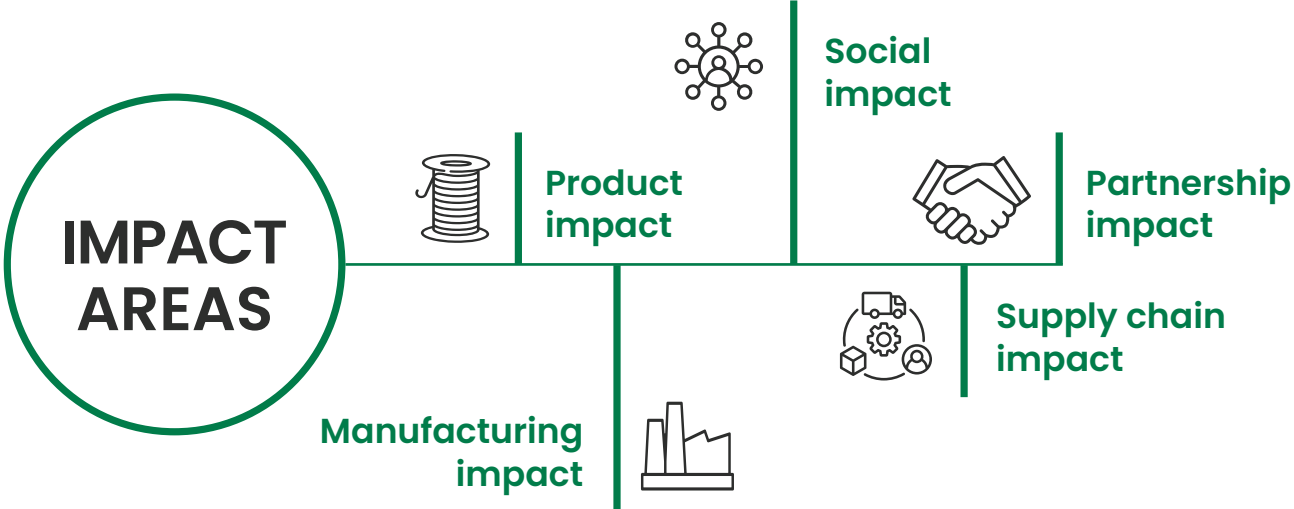
Our impact approach

At NILIT we are fully committed to our vision: crafting and building the change in the textile, sportswear and fashion industry, by prioritizing the positive impact we can do with our activities.

We do put impact first when we gather ideas and design new products, improve our manufacturing processes and reduce consumption.

We want to leverage our positive impact when we invest in renewable materials, when we challenge our value chain with environmental and social criteria, when we team-up with partners to share know-how or spread sustainability education and awareness in the market.

This is why we have split our global goals into five strategic areas to maximize our impact and spread the change in our sector:



Our global goals



Product impact



WHAT

Dedicated innovation efforts to support ongoing product development embedded with a solution-based approach that focuses on:

- **Waste reduction** – recycled, reduced microfiber pollution, circularity
- **Renewable inputs** – reduced dependency on fossil fuels
- **Water preservation** – with a focus on downstream processes
- **Longevity** – comfort and performance

HOW

Repurposing waste:

- Recycling 100% of our spinning extrusion waste 
- Recycling 100% of our POY yarn waste 
- Recycling 100% of our finished yarn waste by 2025;

Technical improvements:

- Offering a 100% recyclable closed loop solution with our new comfort stretch technology and mono component solution by 2025;
- Providing the market with a Nylon 6.6 yarn that breaks down by at least 90% in marine and landfill environments by 2024;
- Growing by 100% per year our offering of yarns that contribute to the reduction of microplastics in the oceans;

- Partnering with innovative companies who share the same values and purpose;
- Reducing dependency on fossil feedstock and providing the market with a solution to use more Biogenic carbon instead of fossil by means of Mass Balance;
- Growing by 100% per year our solutions based on Biomass Balance (BMB) approach;



Manufacturing impact

WHAT

Aiming for excellence in production sites with constant developments and stronger accountability

HOW

Investing in energy from renewable resources for our plants' needs:

- All offices and non-manufacturing buildings will get energy from 100% renewable sources by 2027;

Increase energy efficiency on sites;

Reduce Internal waste;

Decrease water consumption:

- By 2027, 90% of water used in Israeli production plant will be from regenerated sources;



Social impact

WHAT

Fostering NILIT employees' well-being and development and connecting with local communities to share social positive impact

HOW

Succession planning processes focused on inclusion and diversity;

Lower numbers of accidents with Global Safety Program;

Increase of training hours and skills development;

Support of local, cultural and sport events;



Supply chain impact

WHAT

Partnering with suppliers and customers to build positive transformation and promote active environmental and social responsibility

HOW

90% of suppliers to sign our new supplier Code of Conduct to spread sustainable processes across our value chain;

Integrate environmental and social criteria in the procurement process;

Increase of non-fossil raw materials sourcing;

Optimization of logistic processes;



Partnership impact

WHAT

As a key driver of sustainability, we want to spread our impact approach in the textile industry, to foster pivotal changes in the system

HOW

Collaboration with brands, recyclers and mills to introduce more circular solutions;

Co-development of renewable raw-materials;

Stronger downstream relationships to increase material resourcing and regeneration;

Leading more sustainability talks and events, being an active member of sector associations and collaborating with brands, recyclers and mills to introduce circular solutions.



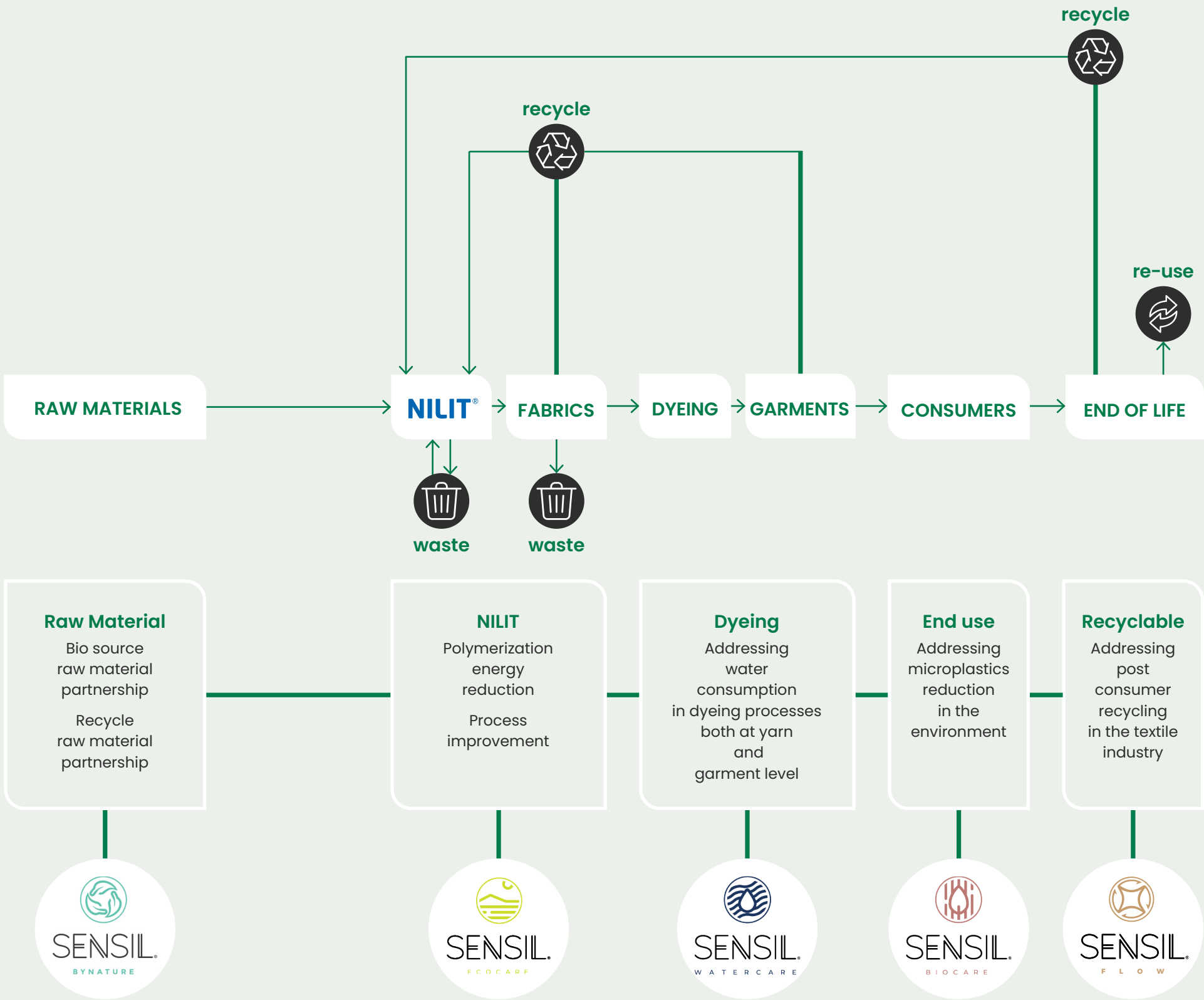
Product impact

Our company is the worldwide leader in the production of a broad range of products based on Nylon 6.6. As part of our commitment to leading the change in the textile industry, we have developed over the years our SENSIL® portfolio, that combines differentiated sustainable and premium solutions by emphasizing life cycle and impact approach, to address positive impacts in each phase of our fibers' production processes. We thoroughly evaluate the environmental effects of all our products and actively strive to minimize their impact wherever possible.

Our processes play a crucial role in the textile chain, positioned between the initial monomers production stage and the final disposal of garments. The impact of NILIT's processes, products and influence extends significantly throughout the entire chain.

Our expertise in polymerization of polyamide 6.6 allows us to be flexible and to adapt the process to the use of different monomers that could come from bio sources or recycled garments. Our Polymers formulation includes additives that guarantee the highest quality while allowing several process improvements along the products production and use: water and chemical reduction in dyeing phases, lower pilling to tackle the microplastics issues in the textile industry.

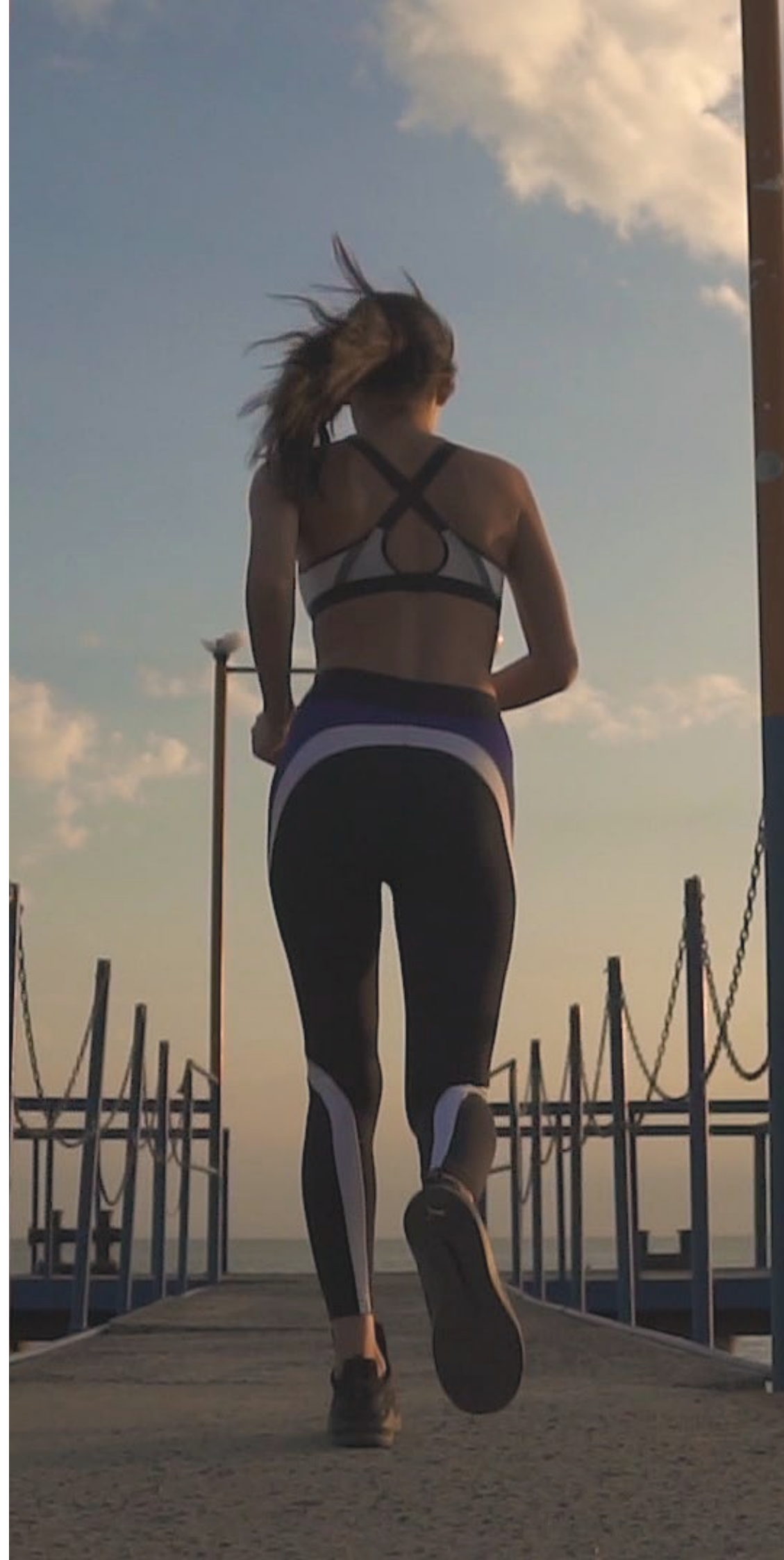
Circular supply chain



We also take a distinctive approach in the spinning phase of the processes, leading to additional product differentiation. In addition to engineered polymers, a considerable array of additives is introduced during spinning to impart additional benefits to the yarns. Through master batch addition, yarns offer diverse properties to the final garment, such as UV protection, enhanced sport performances, pre-dyed yarns that minimize the environmental impact of fabric dyeing and garments with accelerated natural degradation in marine environments.

Also, in our final step we deliver innovation: in yarn texturing, NILIT employs various technologies including air and friction texturing, to introduce a new level of differentiation. By combining innovative polymers with specific process conditions, we produce new yarns capable of providing the best comfort and elasticity to the final garment even without the use of spandex, contributing to the final recyclability of the products. In addition, through unique texturing parameters, we offer yarns that promote faster body cooling, efficient water management and superior comfort. We are enthusiastic about the numerous opportunities that our technologies allow, both in terms of innovation and environmental impacts.

There is more to come, since our Research and Development department is always focused on new solutions or processes that could deliver positive impacts. For instance, we want to highlight a new product development, a new range of yarns that will be able to provide significant contribution to the whole textile value chain, focused on the dyeing and finishing stage under our SENSIL® WaterCare family of products. We are so excited about the results our technologies have achieved so far but we are also committed to do more: more for the environment, more quality, more satisfaction for our partners, more collaborations, more positive impacts. Our commitment is evident as we mark significant progress towards achieving our objectives. In the following sections, we will showcase some of the products we have developed to expand our impact in our industry.



SENSIL® ByNature: the road to reduce the dependency on fossil feedstocks



With the launch of SENSIL® ByNature, NILIT is a pioneer in the textile industry. SENSIL® ByNature is the industry – first premium Nylon 6.6 on the market that requires a lower fossil fuels use for its production.


SENSIL® ByNature is a revolution, a product that enhances apparel sustainability by considering life cycle analysis results. Through the certified Biomass Balance (BMB) process, NILIT replaces a portion of fossil fuels in the production of the raw materials with renewable feedstocks, reducing greenhouse gasses emissions and decreasing dependence on non-renewable resources.

Compared to conventional Nylon yarns, this method utilizes renewable resources, specifically biogas sourced from organic waste, that are used as feedstock at the initial stages of production. The quantity of bio feedstock is subsequently assigned to specific products through the certified process. SENSIL® ByNature is ISCC+

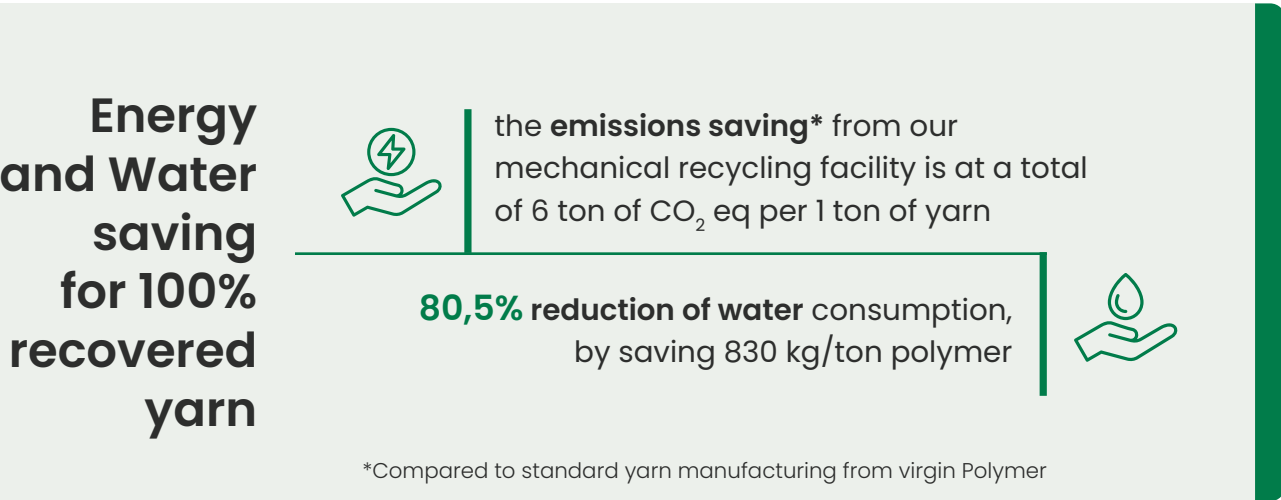
certified, that is an independent sustainability certification program confirming the controlled use of renewable feedstocks throughout a supply chain. SENSIL® ByNature fabrics provide consumers with a meaningful opportunity to reduce their carbon footprint while maintaining the comfort, well-being, performance and durability expected from SENSIL® products.

This revolutionary project has the goal of leading the change that NILIT is pushing in the textile industry. By lessening reliance on fossil fuels, with SENSIL® ByNature we can achieve a reduction of 1800 Kg of CO₂ eq. per ton of standard Nylon 6.6 fabric, minimizing impacts for brands while maintaining the same mechanical and physical properties as NILIT's traditional SENSIL® Nylon 6.6 and promoting the use of renewable raw materials. This solution technology is available today for high volume programs.

SENSIL® EcoCare: the road to pre-consumer waste




Made from pre-consumer waste, SENSIL® EcoCare reduces environmental impact as it is created from extrusion and spinning waste within the manufacturing process in NILIT facilities. The production process of SENSIL® EcoCare recycled yarns is highly efficient, significantly reducing CO₂, energy and water consumption while realizing high quality fabrics. These fabrics and garments are not only eco-friendly but also offer the same level of comfort, softness and resilience.



This result has been possible through NILIT mechanical recycling advanced technology that allows the reduction of the polymer waste into small pieces that can be fed in our extruders. The polymer waste is entering again in the production process, to be then transformed into new yarns. SENSIL® EcoCare contributes to substantial savings in energy and water resources since it avoids the polymerization step, which is both an energy and water intensive process. SENSIL® EcoCare has the lowest impact also from a Life Cycle Assessment perspective, since there are no carbon emissions related with transport activities of the recycled materials used. The waste is collected and recycled in the plant itself, to maximize the circularity approach of the process. The recycled polymer used in SENSIL® EcoCare is certified in accordance with the Global Recycling Standard (GRS) and Scientific Certification Systems (SCS), ensuring a commitment to rigorous recycling standards and sustainable practices.

SENSIL® WaterCare: the road to water and soils preservation



SENSIL® WaterCare, introduced on the market in 2020, has gained global recognition as a groundbreaking concept to eliminate the dyeing process in the downstream stage of garment production. By incorporating natural coloring agents in the extrusion stage, with SENSIL® WaterCare is possible to eliminate the dyeing activities in the downstream of the garment, with a saving up to 60,000kg of water per ton of fabric while maintaining high quality fabrics and long-lasting colors.

Sustainable colors are achieved through environmental pigments like charcoal and coffee bean shells, providing coloration that resonates with the natural world. Expanding on the WaterCare concept, at NILIT we are actively developing new technologies at the yarn level to address various aspects of water conservation and environmental impact in the dyeing process. These advancements aim to reduce the water required for dyeing, minimize the volume and chemical oxygen demand (COD) of wastewater, thereby mitigating potential risks in the event of spillage into soil and aquifer reservoirs, and enhance the productivity of the dyeing process.

The **upcoming technology**, patent pending, will not only lower the amount of dyestuff needed to achieve the desired color but also reduces the residual dyestuff in wastewater. Since many dyes are known to be toxic, their removal from wastewater is a critical

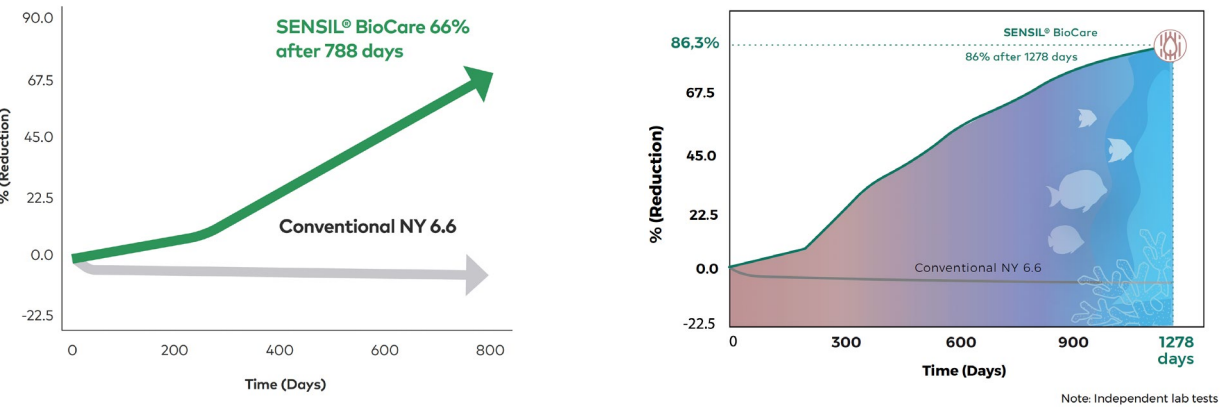
environmental consideration and potentially a great achievement to pursue. These new yarns will contribute to more effective wastewater treatment, thereby reducing the risk of freshwater eutrophication and supporting an overall lower environmental impact.

SENSIL® BioCare: the road to reduction of microplastics



SENSIL® BioCare is a fiber specifically designed with a technology that accelerates its degradation in ocean water and landfill. During use, if any SENSIL® BioCare microfibrils are released into the environment during washing or wearing, they decompose faster than conventional Nylon 6.6 thanks to the integrated technology. With this product we want to tackle the release of microplastics in water and protect marine ecosystems. This is one of the main challenges that the textile industry faces and one that is gaining consumer attention and increasing international regulation (such as the newly approved European regulation 2023/2055/UE that will restrict the use of intentionally added microplastics).

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



As each SENSIL® products, also SENSIL® BioCare maintains its best quality of strength, durability and comfort.



SENSIL® Flow: the road to real circularity



SENSIL® Flow represents a significant shift towards true circularity in textile design. Imagining the possibility of designing durable garments that last multiple lives while maintaining the same level of quality and also lowering their impact on the planet. The idea is to create clothing that is not only durable but also able to enter the recyclable process at various stages of the supply chain, with a lower impact compared to garments made from virgin material. SENSIL® Flow is how we envision the transition from a linear to circular design for textile products.

This premium Nylon 6.6 product enables a monocomponent comfort stretch fabric that has elasticity, beautiful color absorption. Unlike apparel blends that pose recycling challenges, SENSIL® Flow garments seamlessly re-enter the textile production process. Garments will flow from one life to another, while consumers can keep enjoying enduring softness, styles and durability of Nylon 6.6 and fostering longer lifespan of their purchases.

In response to the growing need for sustainable practices, SENSIL® Flow aligns with the EU's eco-design framework, emphasizing durability, repairability and recycled content. As a key component in NILIT's comprehensive circular apparel system, SENSIL® Flow reflects a commitment to eliminating waste, reducing resource consumption, and promoting responsible, sustainable practices throughout the fashion industry.

The launch of SENSIL® Flow, in 2024, marks a significant step towards a more responsible textile production process. It represents a new example of how we put our values into practice by collaborating with partners that share our vision and purposes for a more ambitious textile market.

Traceability in NILIT

The value of traceability at NILIT comes from transparent reliability of the information coming from a traceable system. When material sources and production techniques are verifiable, third-party certifications are able to confirm any claims being made. These are extremely useful as supply chains continue to increase in complexity, with nearly all products requiring the collaboration of multiple businesses to complete the development of raw materials into final goods.

Third-party certifications add trust to an otherwise opaque system from the consumer's view. They allow businesses and their customers to unite behind common goals and values, which in turn can significantly increase brand value. Certification makes sure the identity of the content is maintained from feedstock to final product.

One of the certificates used to govern traceability is The International Sustainability and Carbon Certification (ISCC), a certification for circular materials whose traceability is ensured through the whole supply chain. ISCC also verifies that the certified companies meet precise environmental and social standards.

Further, NILIT has an internal world renowned textile lab that certifies traceability of final fabrics and garments to their yarn content and to the intermediate products used to manufacture them.

NILIT talks

with
Richard Macret
Global R&D Director



Richard, could you please describe your current role at NILIT?

My role at NILIT is to create innovative products that differentiate NILIT from the competition, help increase productivity and reduce production costs by reducing energy and raw material consumption. Additionally, I work on expanding NILIT's know-how and intellectual property protection through compiling all new results and filing innovative patents. I also represent NILIT in technical discussions with customers and suppliers.

Which is the role of innovation in NILIT's growth and how it is embedded with sustainability?

NILIT's amazing products and solutions are revolutionizing the textile supply chain by promoting sustainability through the use of low-carbon raw materials, reducing impact on specific steps of the chain and recycling products.

Could you highlight the successes in product stewardship for 2022 and 2023?

In 2022 and 2023, we successfully launched patented products with a lower life cycle assessment (LCA). These innovations contribute to the sustainability of the textile chain by enabling product recyclability and reducing the LCA of specific steps, such as the dyeing process.

What is NILIT's focus on R&D and product development for the next years?

We will continue on the same path, contributing to make the entire textile cycle more sustainable. We are looking forward to sharing with our partners, clients and stakeholders what our impact approach and ongoing efforts have achieved.

Which is your vision of the textile industry in 10 years? How will it change in terms of innovation?

In the next decade we will see an increase in recycled products, bio-based raw materials and lower LCA for textile chain steps. At the same time there will likely be a reduction in natural fibers, with a preference for food production in available landfills as potential renewable source of raw materials.

Manufacturing impact

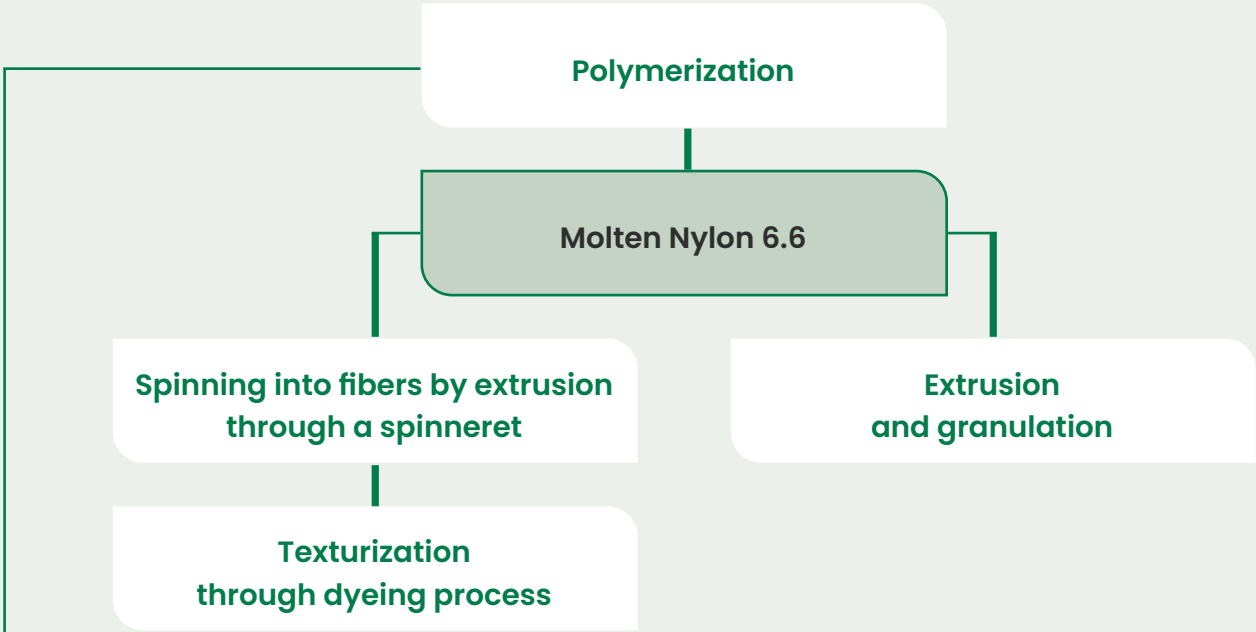
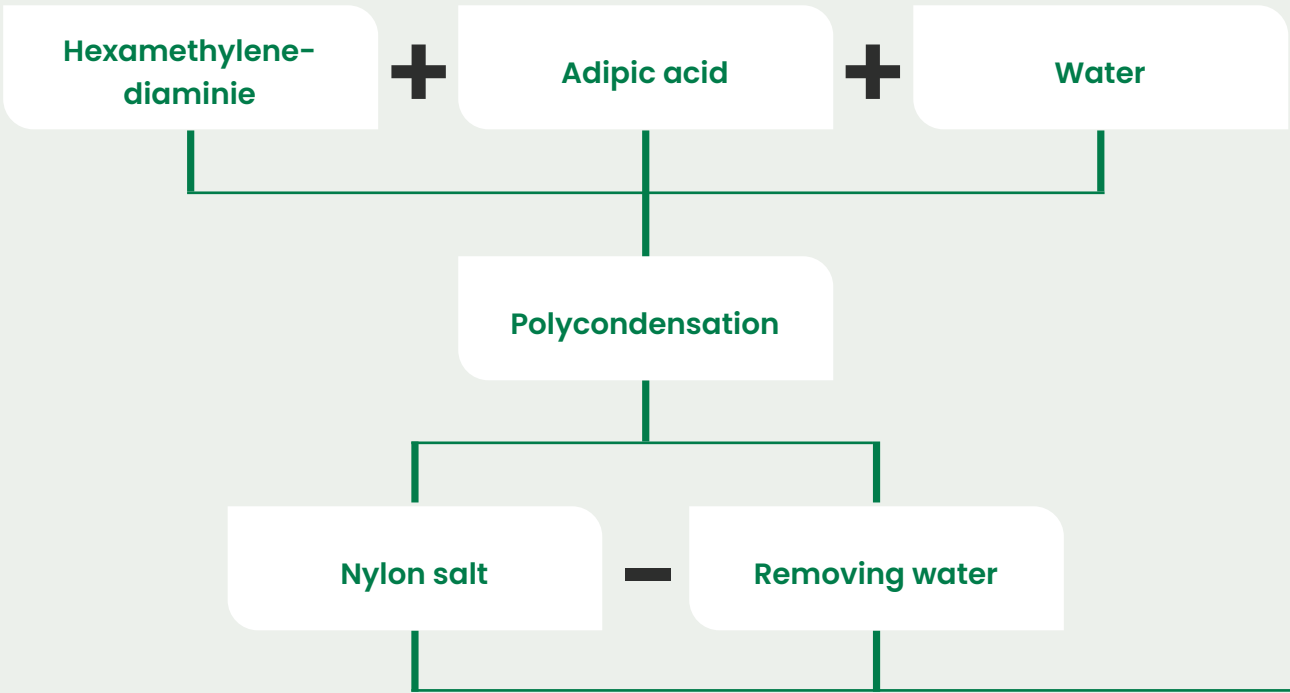
At NILIT, the tangible application of our values passes through the experience, technical knowledge and innovation that we put into our manufacturing processes.

As part of our holistic approach towards impact, we are committed to keep exploring further improvements, to lower the environmental impact of our production activities while maintaining the same high level of efficiency, quality and optimization. As part of our impact approach, we chase each small impact of our processes chain and we progress by tackling them, one by one, we go for them.

The same mindset is defined when our focus on the Health&Safety of NILIT’s workers: our care is constant and our commitment to lower the number of accidents is shown by the global safety program set-up that will be described in this section. In our plants, the manufacturing and social impacts are intertwined in the goal on delivering positive impacts, for people and the planet.



Manufacturing Process of Nylon 6.6





ISO Management System Certifications

In order to qualify the excellence of our manufacturing processes and plants, since 2021 NILIT has been adhering to the ISO certification criteria and management implementation, obtaining the **ISO 14001** and **ISO 45001** certifications in its chemical manufacturing plant in Israel by applying the environmental and health&safety management system.

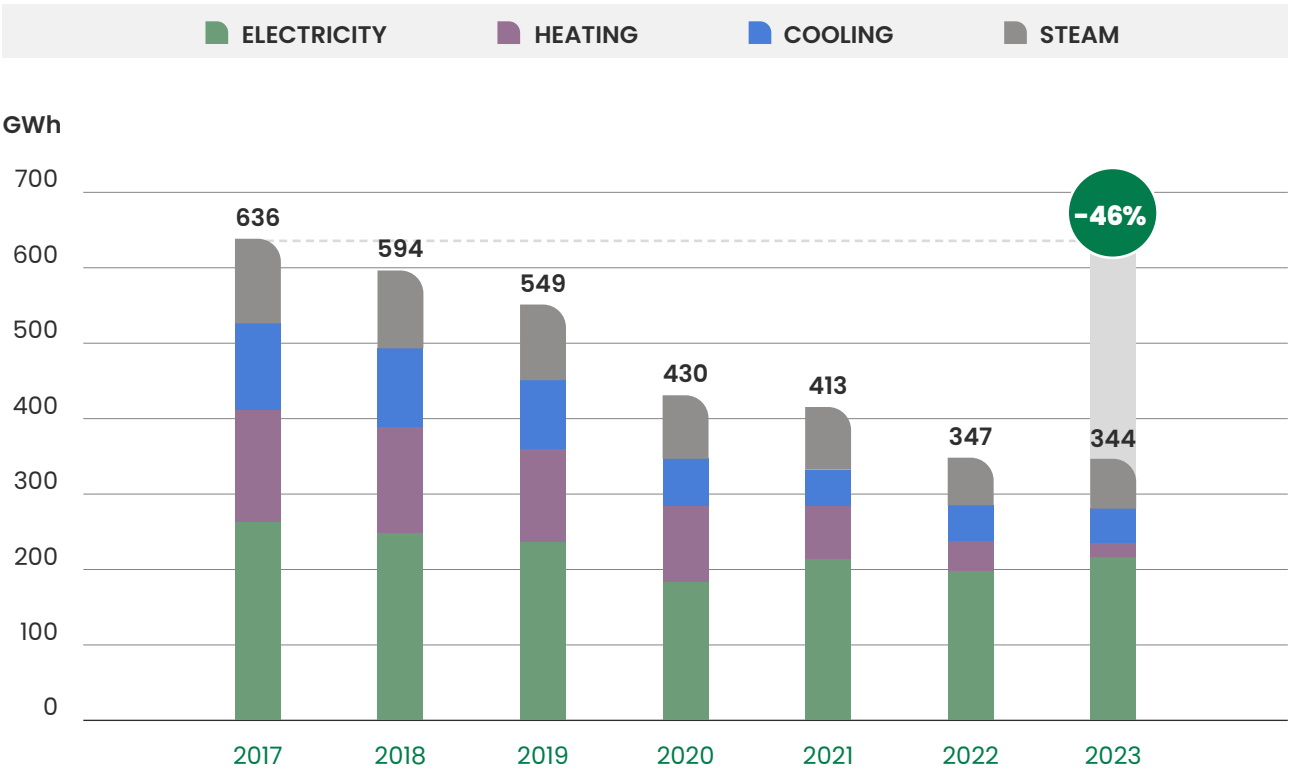
For the same plant during 2023 we have also obtained the **ISO 50001** dedicated to the implementation of an energy management system.

Our Global progress: environmental impact

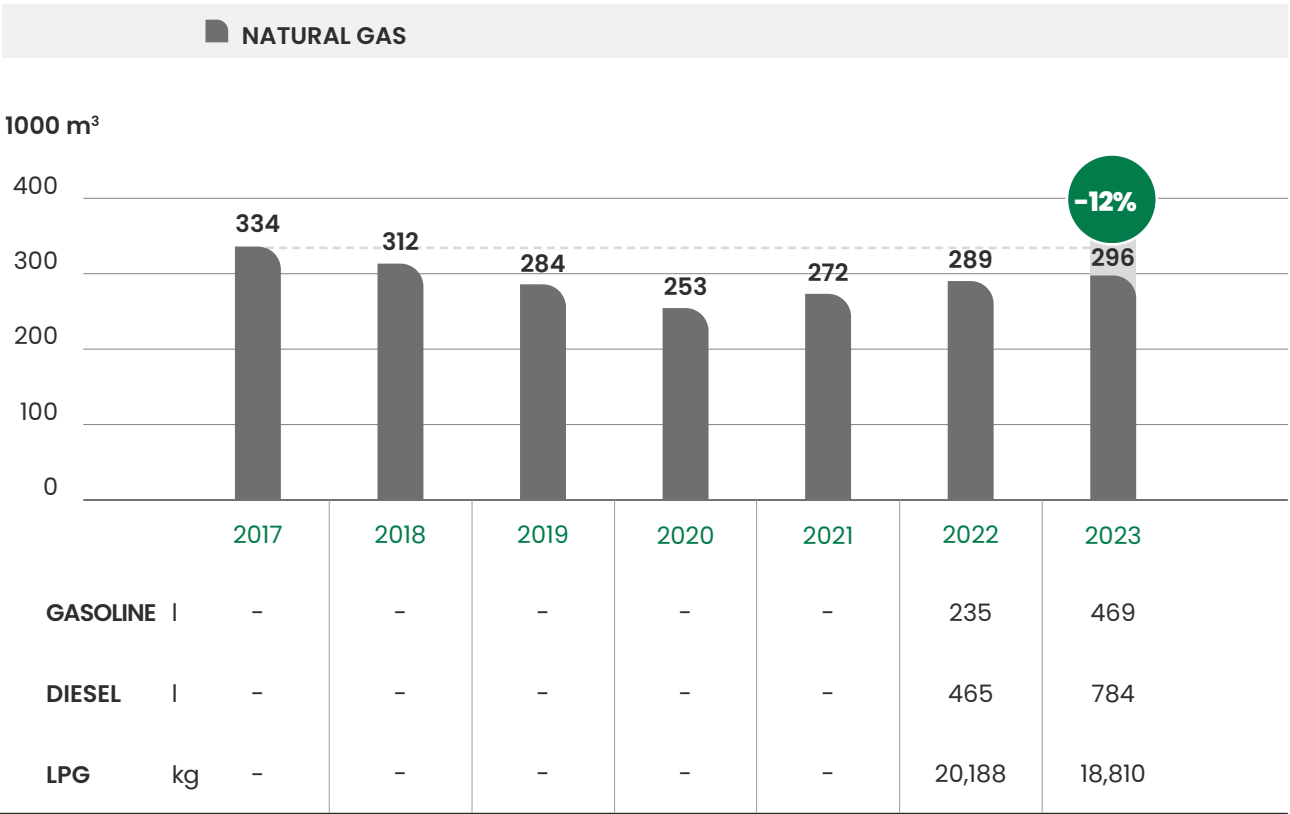
During 2017 – 2023 time frame, NILIT as a Group managed to reduce their demand of energy and main fossil fuels employed, consequently reducing Greenhouse Gasses (GHG) emissions (Scope 1 and Scope 2). More in detail, **energy consumption decreased by 46% from 2017 to 2023, natural gas dropped by 12% and GHG emissions fell by 27%.**

GHG emissions belong almost entirely (more than 99%) to Scope 2, for purchasing of electricity, thermal energy and steam. Scope 1 emissions are almost entirely due to natural gas consumption in the Chinese plant.

NILIT Global energy consumption

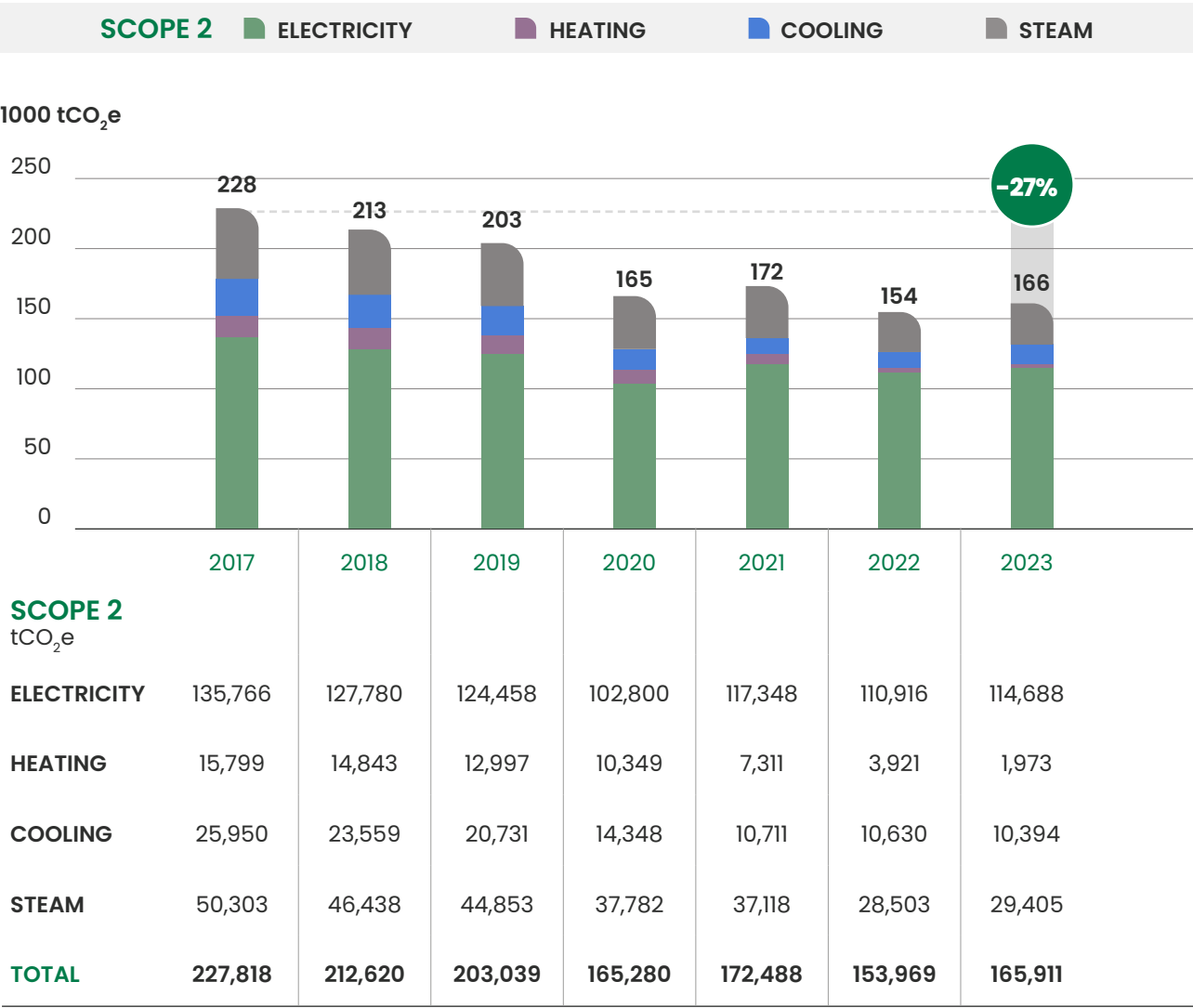


NILIT Global fuel consumption



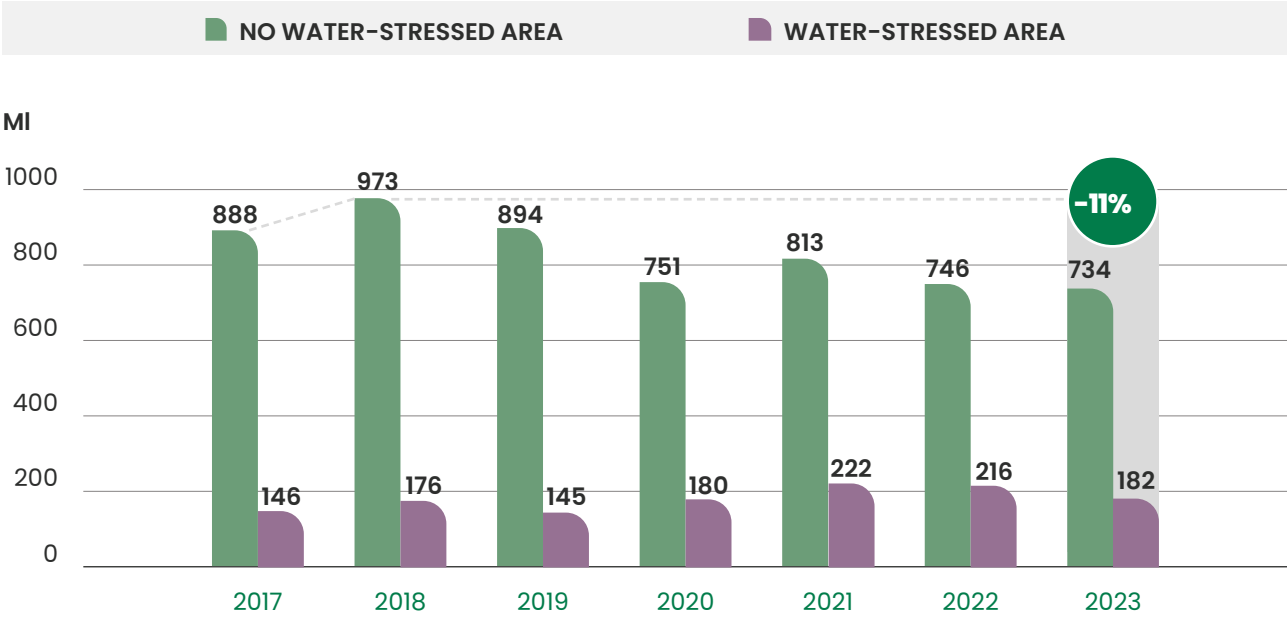
NILIT Global Scope 1 and Scope 2 GHG emissions

	2017	2018	2019	2020	2021	2022	2023
SCOPE 1 tCO ₂ e							
LPG	0	0	0	0	0	35	32
PETROL	0	0	0	0	0	1	1
DIESEL	0	0	0	0	0	2	3
NATURAL GAS	862	803	733	653	701	660	735
TOTAL	862	803	733	653	701	697	771



Water withdrawal as well has decreased in 2023 compared to 2017 (by 11%), however with a less steady trend as energy flows. The Chinese plant, responsible for withdrawal from water-stressed area, kept water withdrawal almost constant over the period.

NILIT Global water withdrawal



Specific information per plant will be provided in the next paragraphs for energy, GHG emissions, water and waste categories.





NILIT, Migdal Ha'emek, Israel

Migdal Ha'emek is our main manufacturing plant where all the processes of Nylon 6.6 take place, from polymerization to extrusion and spinning (Partially Oriented Yarns (POY), Lower Oriented Yarns (LOY), Fully Drawn Yarns (FDY) and textured yarns, polyamide 6.6 resins, polyamide injection molding grades).

In this location we produce the widest range of products, such as the POLYNIL (trademark) polyamide 6.6 resins but especially the SENSIL® portfolio of sustainable premium fibers.

Environmental impacts: our progress

Energy

Migdal Ha'Emek plant runs on electricity, thermal energy and steam. The former is used for both manufacturing processes and plant services (lighting, water and space heating/cooling), while the latter two are used only for manufacturing processes. The above-mentioned energy flows are supplied almost entirely by a neighboring co-generation power plant, located in the same industrial area as the NILIT plant. This facility, which produces electrical power, runs on natural gas. As a by-product of electrical manufacturing there is excess of steam. NILIT is using this steam to generate several energy products such as compressed air, secondary steam and cold water.

The internal boilers previously used by NILIT were hence shut down. However, those can still be used as backup if necessary. While not directly under control of NILIT, the shift to a co-generation power plant translates into a reduction of fuel consumption. In addition, any residual steam not directly used is redirected for reboiling to generate usable steam. It is also employed in a series of energy-exchanging processes to produce cold water and compressed air, constituting a cost-effective and environmentally friendly energy-saving process, preventing its release into the atmosphere without exploiting its residual energy content. From 2022, PV panels were installed on Migdal Ha'Emek rooftop, allowing the production of a small fraction of electricity needed.

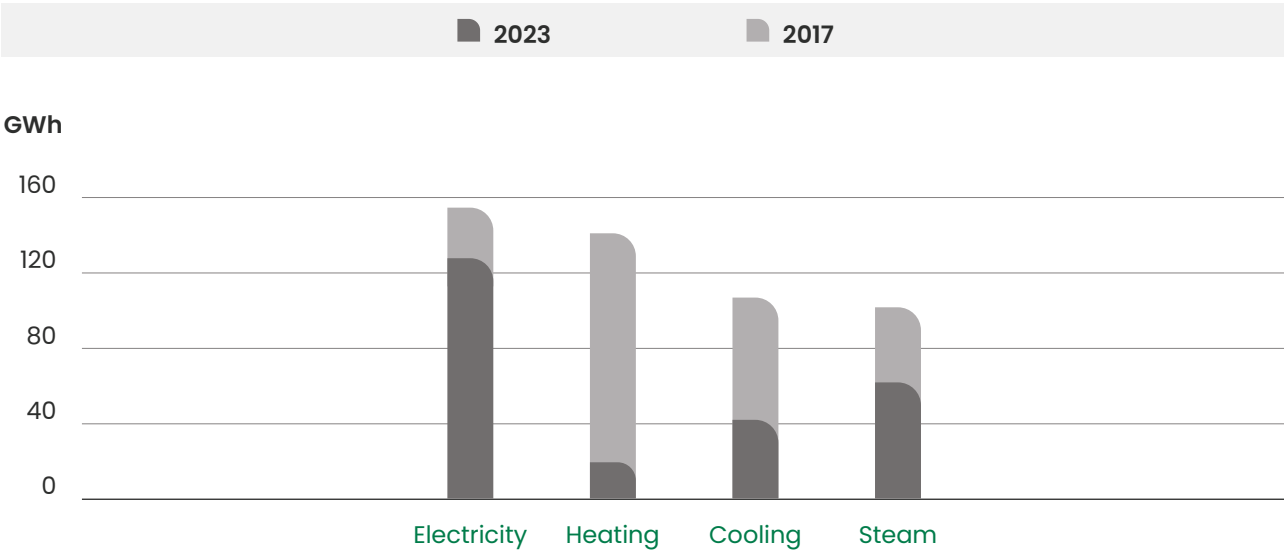
Energy consumption flows are reported in the table below, providing a breakdown of energy carriers employed by Israel plant, for the reference time frame:

Energy consumption, NILIT Israel

		2017	2018	2019	2020	2021	2022	2023
Total ELECTRICITY consumption	GWh	154.90	142.90	135.50	101.63	118.32	112.22	128.28
Total HEATING consumption	GWh	144.50	135.00	118.00	97.08	68.58	36.78	18.51
Total COOLING consumption	GWh	110.70	100.80	88.30	61.17	44.30	44.00	42.77
Total STEAM consumption	GWh	107.85	98.40	96.50	84.16	82.68	63.49	65.50

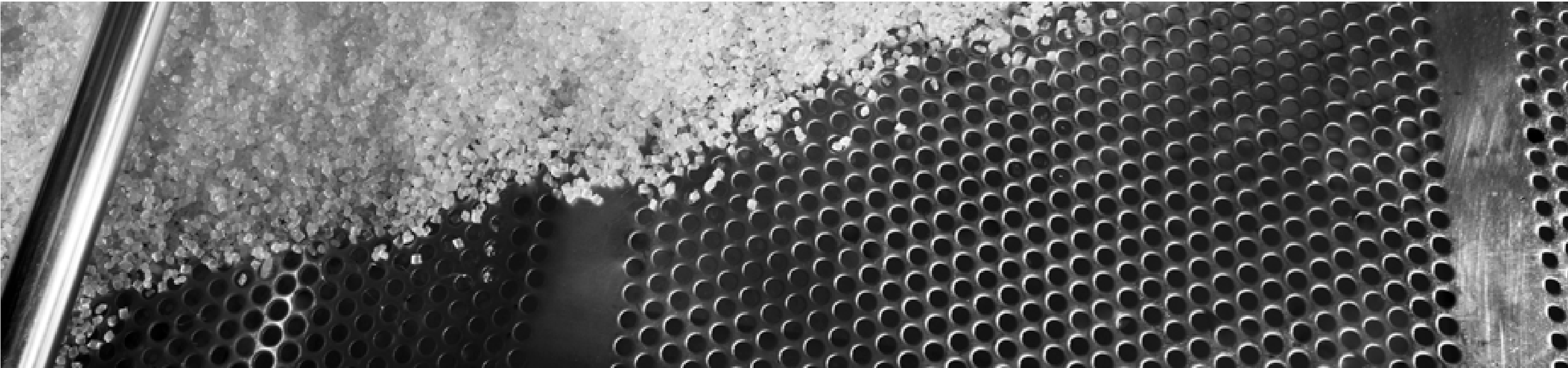
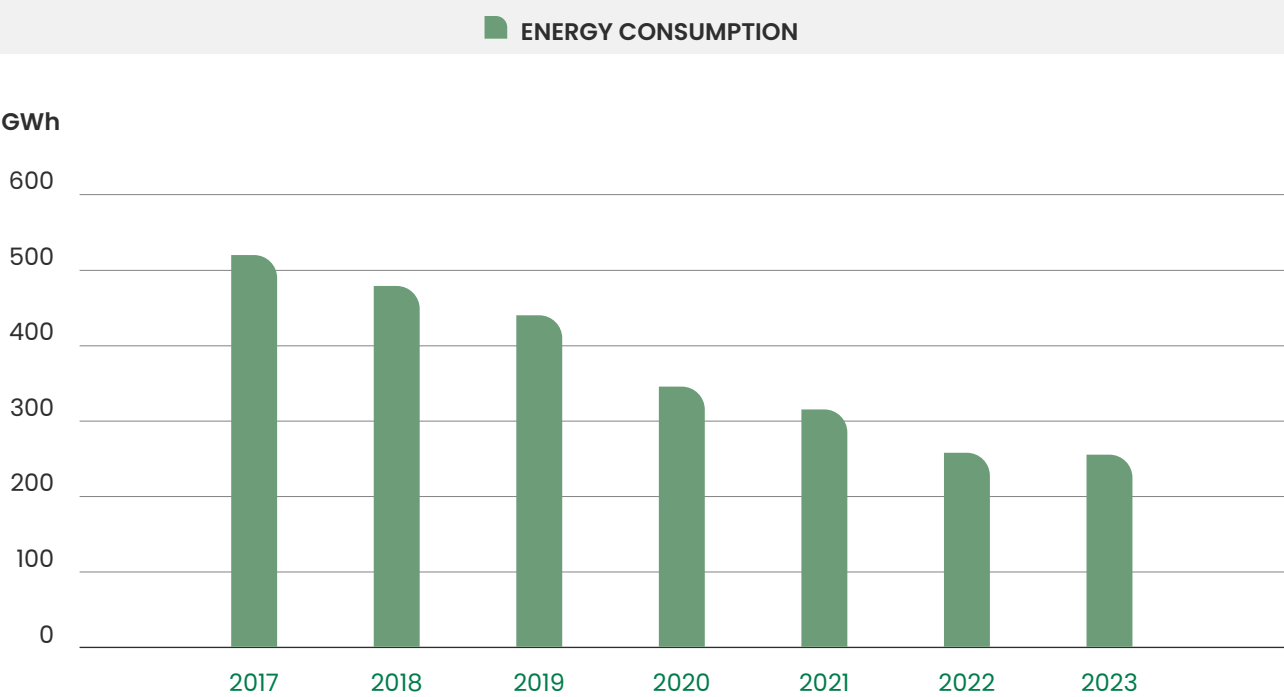
Below, a graph showing the different energy flows reduction from 2017 to 2023. All of them were decreased during the time frame, ranging **from 17% reduction for electricity to almost 90% for heating**, the latter thanks mainly to external purchase of steam.

2017 - 2023 Israel plant energy reduction



Looking more in detail at the yearly trends, considering the overall energy consumption, it is possible to clearly see the constant reduction over the years, as a result also of the energy efficiency improvements carried out by NILIT.

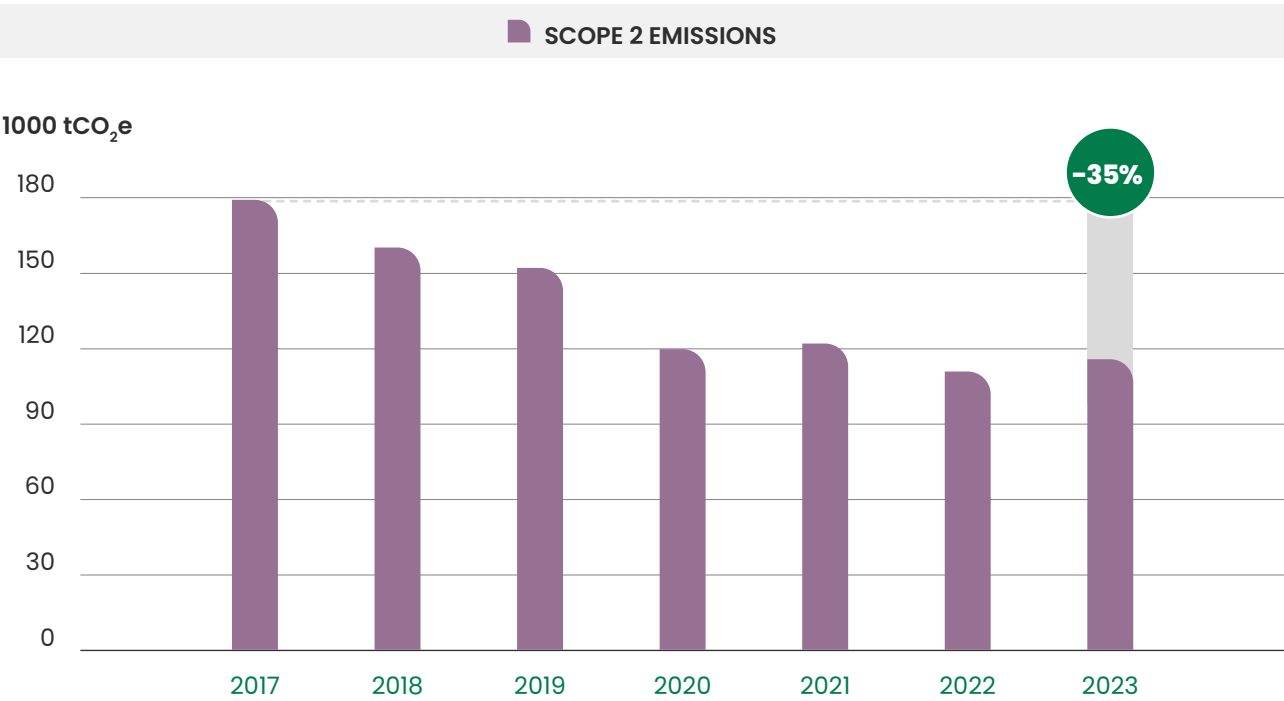
Energy consumption, NILIT Israel



Emissions

GHG emissions trend over time reflects the energy consumption trend, showing a **reduction during 2017-2023 of ca. 35% (as indicated in the graph below)**. In Israel plant only Scope 2 emissions are present, since all energy flows are purchased and generated in the external plant and no fuels are directly burnt by NILIT. The purchase of energy with lower carbon footprint from 2020 (shifting to NG as primary energy source and energy product from co-generation as previously explained) helped as well to reduce the emissions.

GHG emissions, NILIT Israel



In the following table, GHG emissions per energy flow are reported.

GHG emissions per energy flow, NILIT Israel

		2017	2018	2019	2020	2021	2022	2023
ELECTRICITY	tCo ₂ e	89,641	82,697	78,415	58,814	68,471	64,942	74,235
HEATING	tCo ₂ e	15,404	14,392	12,579	10,349	7,311	3,921	1,973
COOLING	tCo ₂ e	24,973	22,740	19,920	13,800	9,994	9,926	9,649
STEAM	tCo ₂ e	48,417	44,175	43,322	37,782	37,118	28,503	29,405

In 2023, electricity was the highest contributor accounting for 65% of GHG emissions, followed by steam with 25%. Heating and cooling are responsible respectively for 2% and 8% of GHG emissions.

This behaviour is representative also for previous years, where however electricity had a lower relevance due to a higher contribution from heating/cooling.

Water

Water is extensively used in Migdal Ha’Emek plant, required for Nylon 6.6 production. This plant shows indeed higher water extraction values compared with other NILIT plants. due to polymerization activities.

100% of water used comes from municipal water supplies (tap water). In Israel, tap water is produced by desalination of sea water. Hence, **NILIT water demand does not contribute to the water stress issue Israel territory faces.**

More in detail, water is used for the polymerization process, primarily for the preparation of monomer solutions (referred to as “nylon salt”), to generate steam for heating evaporators, to facilitate purging between reaction batches and as cooling water. Additionally, a significant portion of water is employed for air conditioning for the spinning process.

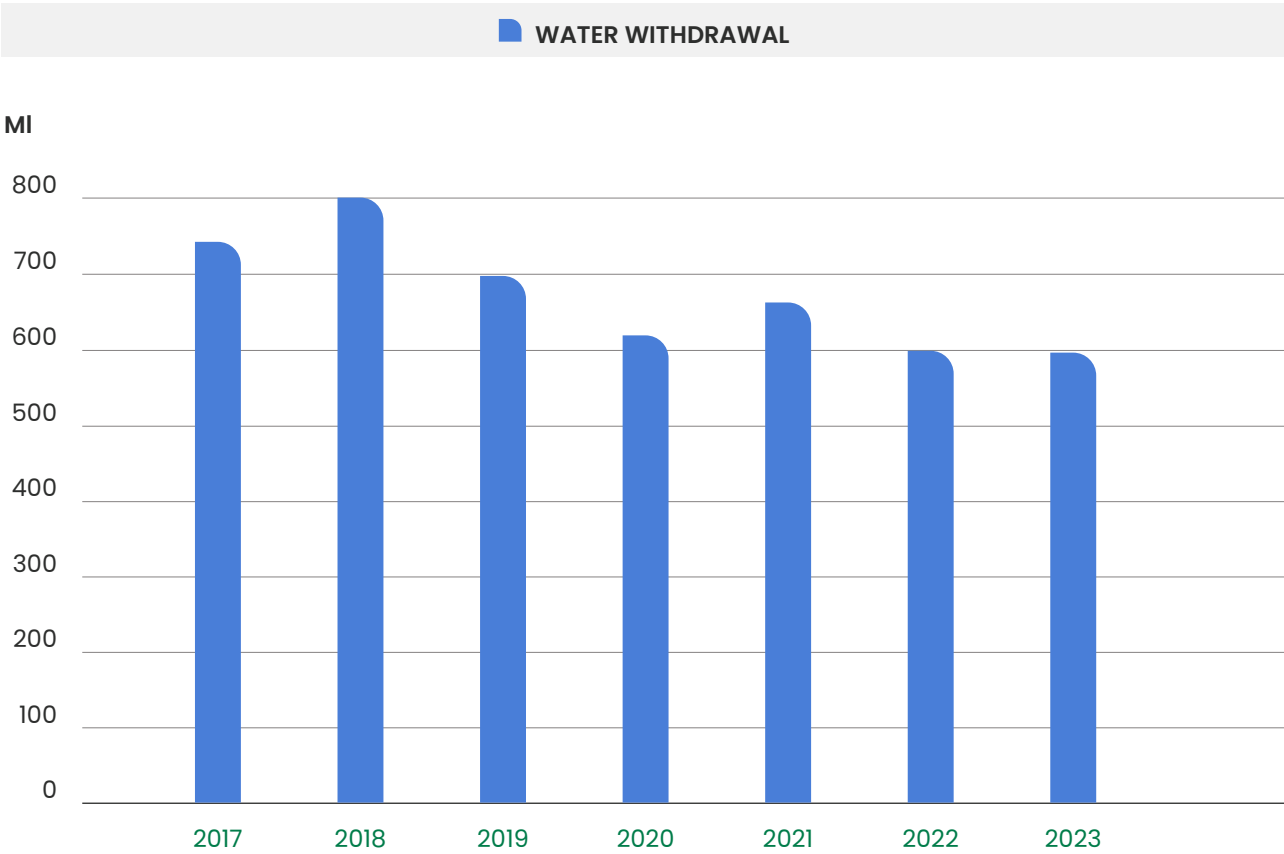
Not all the water extracted is discharged again to the environment. This is because part of the water used in the polymerization process is either absorbed in the product or it evaporates at the end of the chemical process. 30% of the drawn water is discharged back in the environment in liquid form, as a constant value in 2017 – 2023 period.

Water withdrawal experienced a reduction over the considered time frame, almost 20% lower in 2023 compared to 2017.

Water withdrawal and discharged, NILIT Israel

		2017	2018	2019	2020	2021	2022	2023
TOTAL WATER WITHDRAWAL	MI	741.5	801.4	696.4	617.8	661.3	605.5	595
TOTAL WATER DISCHARGED	MI	222.3	240.4	208.9	185.3	198.4	222.7	179

Water withdrawal, NILIT Israel



Waste

NILIT puts all efforts to recycle whatever waste it is possible to recycle. There is a thorough separation between different waste flows, allowing high recycling rates (almost 85% in 2023 and 66% in 2022) thanks to the homogeneity of waste flows. All waste that cannot be diverted to recycling either internally or externally at third party facilities is disposed at either chemical waste dump site or at a municipal landfill.

With the goal of being more aware of our impacts NILIT has recently started a thorough waste data collection, so only 2022-2023 data are available. In addition, many waste flows can be present only in a specific year, for renewals, purchase or decommissioning of machines or any other extraordinary activity in the plant. The variety of cases does not allow a proper trend analysis for waste flows.

However, we can highlight a strong decrease of waste generated in 2023 compared to 2022 (-28%), while for both years the most relevant waste flow is the polyamide waste from all processing units. The entire amount of polyamide waste is sent to recycling.

Waste Category		2022			2023		
		Waste generated	To recycling	To disposal	Waste generated	To recycling	To disposal
ELECTRICAL APPLIANCES	kg	5,178	5,178		1,120	920	
SLUDGES	kg	44,940		44,940	51,620		51,620
SPENT CHEMICALS	kg	61,124		260	10,280		10,280
SPENT LUBRICANT OILS	kg	35,544	35,544		11,300	11,300	
VARIOUS DANGEROUS WASTE	kg	59,344		59,344	17,400		5,480
VARIOUS WATERY WASTE	kg	1,040		1,040	4,220		4,220
GLASS	kg	480	480		200	200	
METALS (IRON, ETC)	kg	12,160	12,160		27,740	27,740	
PAPER	kg	633,900	633,900		295,707	295,707	
PLASTIC	kg	2,355,800	2,355,800		2,472,885	2,472,885	
WOOD	kg	152,236	152,236		108,556	108,556	
OTHER	kg	1,160	1,160		27,671	7,520	
CHEMICAL PROCESS WASTE	kg	25,160		25,160	9,500		9,500
MUNICIPAL WASTE	kg	328,540		328,540	360,840		360,840
SLUDGES FROM WASTEWATER TREATMENT	kg	494,380		494,380	43,660		43,660
WASTE FROM CHEMICAL PROCESS (NOT HAZARDOUS)	kg	705,436	705,436		54,150		54,150
TOTAL	kg	4,862,558	3,196,458	1,659,100	3,496,849	2,924,828	539,750

Environmental projects

We improve our impact today and we plan the future

We have established a strong collaboration between Migdal Ha'emek plant and the power plant located in the proximity of the facility that provides all the electricity and energy that our production requires. For the past 2 years we have been supporting each other by compensating their surplus production of steam by buying it instead of using our boilers, **avoiding then an increase of direct energy consumption on our side and their direct emissions in the atmosphere of useful steam;**

Since 2022 the plant has had a **photovoltaic roof**, which produces a small amount of renewable electricity directly used by the plant itself;

In 2023 we have proceeded with the **installation of a scrubber**, a system designed to condense the waste steam produced along the process in order to avoid emitting steam through the chimneys and to reduce the particles during the evaporation in the atmosphere;

As our next step we are exploring is the possibility of **recycling the waste steam condensed through the scrubber and reusing it** in our current production, as a way to explore further actions towards lowering our water consumptions;

We are exploring the potential energy storage options with the **installation of batteries in order to optimize consumption during peak load;**

Since 2022 we have also **gradually transitioned from fluorescent lamp to LED** and we have established an energy monitoring team to evaluate impacts and potential improvements.

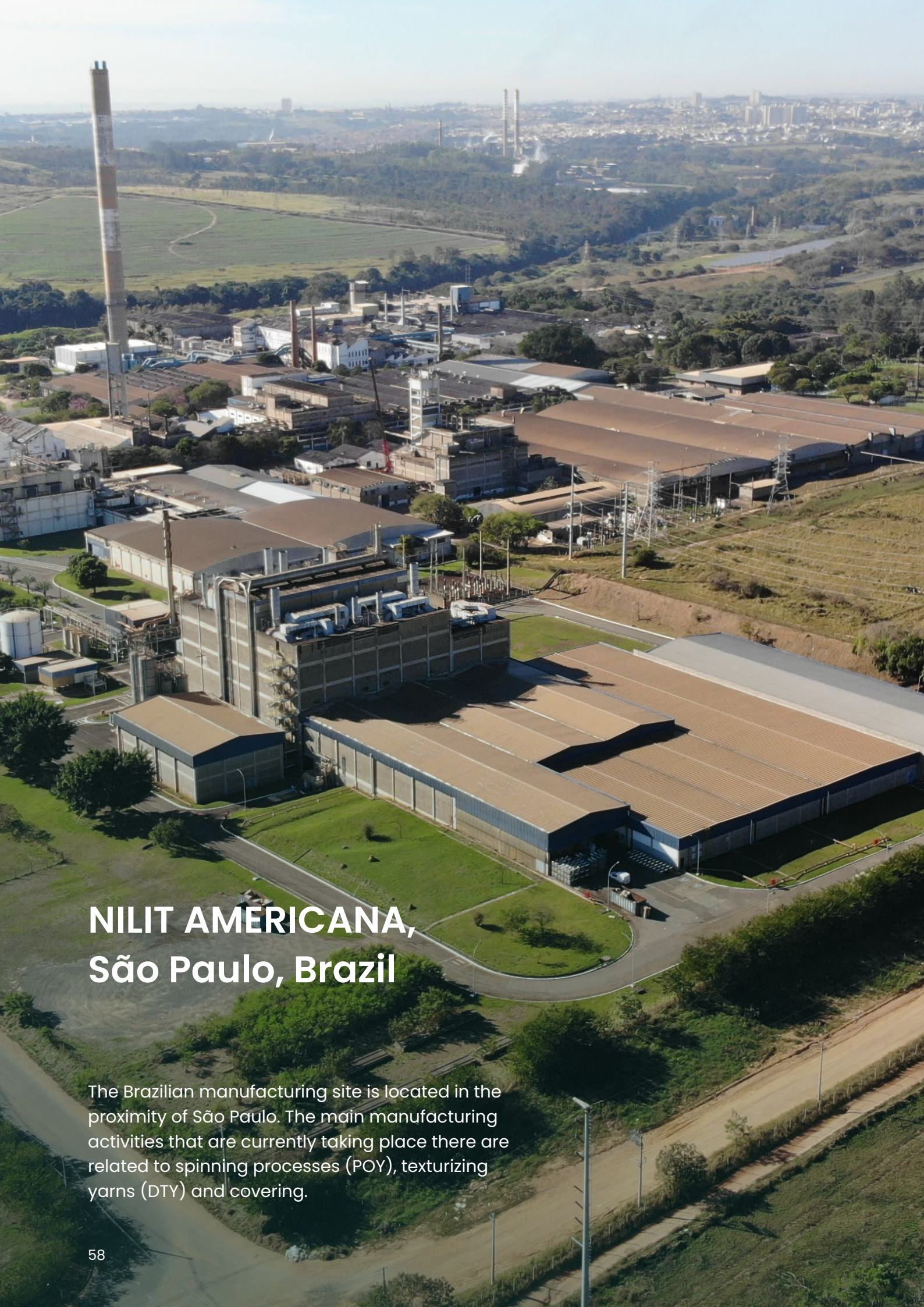
"Nice and sustainable industry" Awards



In 2022 NILIT, and specifically the Migdal Ha'emek plant has won the competition being held by the **"Manufacturers Association of Israel"** where we won a prestigious award as a recognition of our dedication to the values of nurturing the environment and looking after the appearance of the NILIT facility.

We are very proud that our efforts are noticed and taken as an example by the manufacturers category in our country.





NILIT AMERICANA, São Paulo, Brazil

The Brazilian manufacturing site is located in the proximity of São Paulo. The main manufacturing activities that are currently taking place there are related to spinning processes (POY), texturizing yarns (DTY) and covering.

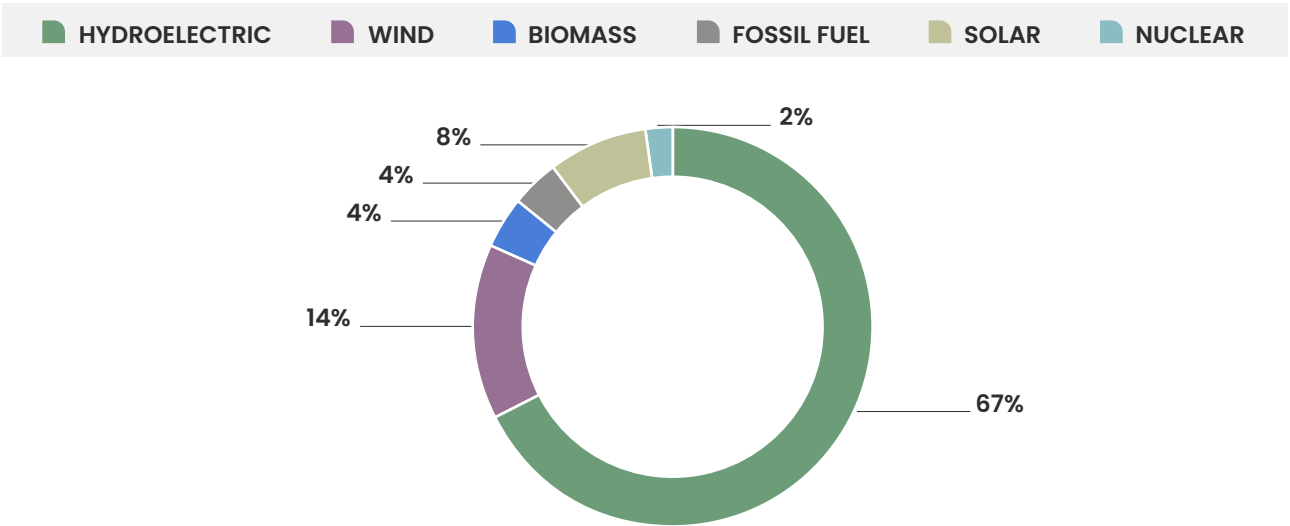
Environmental impacts: our progress

Energy

Brazilian plant only relies on electricity as energy flow. In 2023, the electricity provider produced electricity nearly half in southeast and central-east regions, where São Paulo is located.

As shown in figure below, more than 90% of electricity is generated via renewable sources (hydro, wind, biomass and solar). Hydro power itself is responsible for almost 70% of electricity generation. Fossil fuels and nuclear energy account for only slightly more than 5%.

Brazil plant electricity mix 2023



Not only is electricity employed as an energy carrier for the manufacturing processes, but it is also used for domestic water and space heating/cooling in the plant.

In the Brazilian plant, fossil fuels are employed only for internal logistic operations, such as fuels for forklifts, trucks, and cargo cars. LPG is the most extensively fuel used, along with gasoline and diesel. However, the energy embodied in such fuels is less than 1% of the plant's overall energy demand, that is indeed covered almost entirely by electricity from the grid.

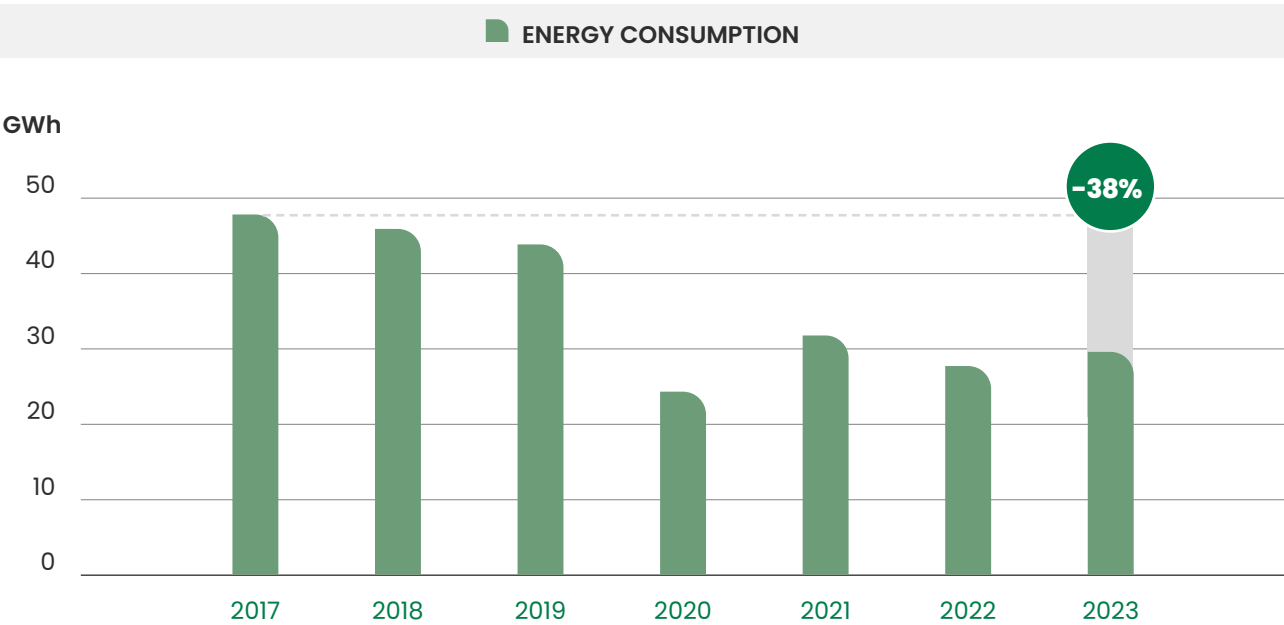
Electricity consumption flows employed by Brazil plant are reported in the table below, providing a breakdown among the different carriers for the reference time frame. As already mentioned, cooling energy is obtained by electric chillers.

Energy consumption, NILIT Brazil

		2017	2018	2019	2020	2021	2022	2023
Total ELECTRICITY consumption	GWh	38.43	36.04	35.78	22.19	29.00	25.01	26.73
Total HEATING consumption	GWh	1.44	1.64	1.52	0.00	0.00	0.00	0.00
Total COOLING consumption	GWh	3.55	2.98	2.95	2.00	2.61	2.56	2.71
Total STEAM consumption	GWh	4.20	5.04	3.41	0.00	0.00	0.00	0.00

In 2017 – 2023 time frame, a 38% reduction of electricity consumption was obtained.

Energy consumption, NILIT Brazil



A relevant decrease in electricity consumption was experienced in 2020, compared to 2019. 2022 and 2023 electricity consumption numbers are similar and lower than 2021, an indication of the plant’s commitment to reducing consumption.

Emissions

Both Scope 1 and Scope 2 GHG emissions are present because of the fuels used by machinery. Tables below report, separately, Scope 1 and 2 GHG emissions per energy carrier.

Scope 1 Emissions, NILIT Brazil

		2017	2018	2019	2020	2021	2022	2023
PETROL	tCo ₂ e	-	-	-	-	-	< 1	1
DIESEL	tCo ₂ e	-	-	-	-	-	2	3
LPG	tCo ₂ e	-	-	-	-	-	35	32

Scope 2 Emissions, NILIT Brazil

		2017	2018	2019	2020	2021	2022	2023
ELECTRICITY	tCo ₂ e	10,562	9,905	9,834	6,099	7,970	6,874	7,346
HEATING	tCo ₂ e	395	451	417	0	0	0	0
COOLING	tCo ₂ e	977	819	811	549	717	704	745
STEAM	tCo ₂ e	1,885	2,263	1,531	0	0	0	0

Scope 1 emissions, almost entirely due to LPG consumption are lower than 1% of total GHG emissions. Because of this, GHG emissions reflect the electricity consumption trend, showing a reduction during 2017-2023 of about 41% (as indicated in the graph in the next page). In 2023, electricity for



cooling purposes accounted for only 10% of Scope 2 GHG emissions, the rest being electricity for manufacturing process and plant services.

GHG emissions, NILIT Brazil



Water

The water source used in the São Paulo plant is the Vicunha station. Underground water is withdrawn from a private company that collects water from the river Piracicaba, treats it for industrial purposes and sends it to NILIT. After industrial processes, NILIT sends back Vicunha wastewater to be treated, to properly discharge it into the river.

The water discharged has the same or better quality as the river’s water.

The area where NILIT Brazil plant is located is not considered an area of water stress. There was only one event in 2021–2022 when the river water was decreased to a critical level. However, at NILIT we were able to secure the water we needed thanks to the huge water reservoir of the country, located near the plant.

As per Israel plant, not all the water extracted is discharged again into the environment. This is because part of the water evaporates in the cooling tower (around 40–50%).

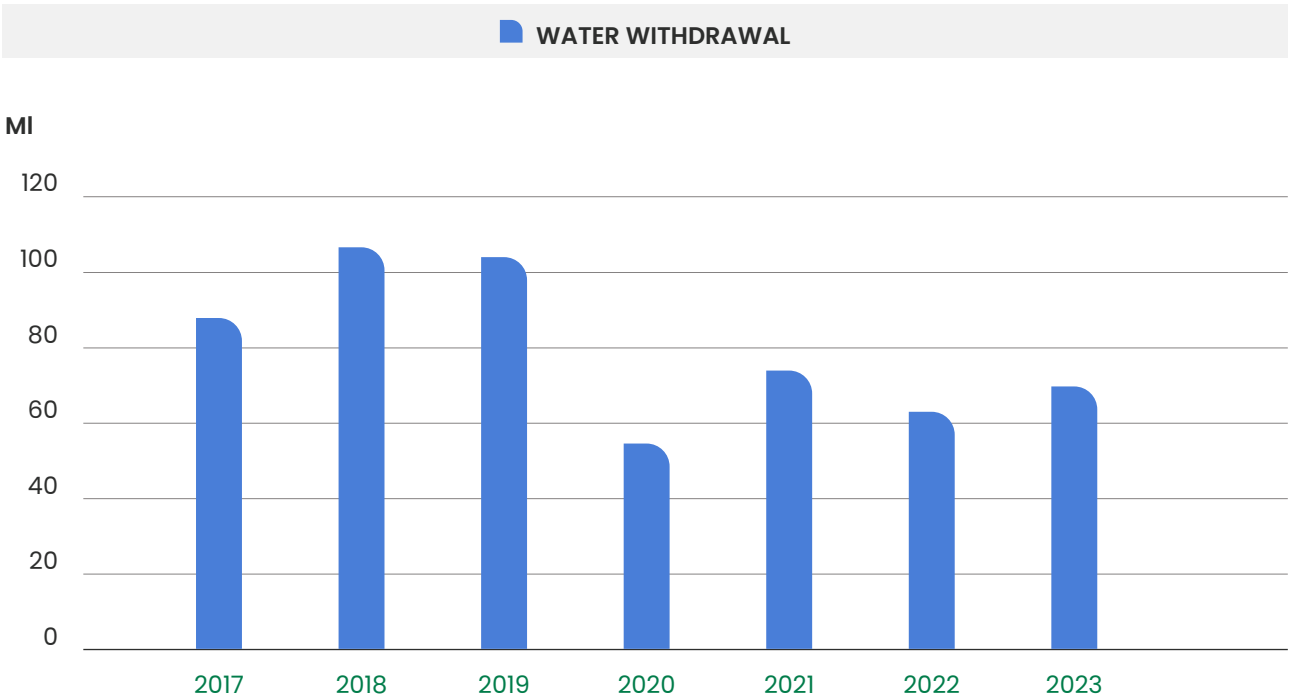
Due to Brazil’s hot weather, the cooling tower works 24 hours per day to reduce plant air temperature (for conditioners) and equipment temperature (e.g., engine for compressed air). For 2022 – 2023, around 60% of water was not discharged directly back into the river due to the above-mentioned reasons.

Compared to 2017, water withdrawal experienced a significant reduction, more than 25% lower in 2023.

Water withdrawal and discharged, NILIT Brazil

		2017	2018	2019	2020	2021	2022	2023
TOTAL WATER WITHDRAWAL	MI	87.5	106.2	103.6	54.3	73.6	62.7	69.4
TOTAL WATER DISCHARGED	MI	43.8	53.1	51.8	21.7	29.4	25.1	26.8

Water withdrawal, NILIT Brazil



Waste

NILIT puts every effort into recycling whatever waste it is possible to recycle. There is a thorough separation between different waste flows, allowing high recycling rates thanks to the homogeneity of waste flows. More than 95% of all waste flows generated in Brazil plant are indeed sent to recycling. This figure was kept constant between 2022 and 2023.

Only 2022-2023 data are available. In addition, many waste flows can be present only in a specific year, for renewals, purchase or decommissioning of machines or any other extra-ordinary activity in the plant. Hence, a thorough trend analysis is not possible for waste flows.

2023 overall waste flows decreased around 15% compared to 2022.

		2022			2023		
		Waste generated	To recycling	To disposal	Waste generated	To recycling	To disposal
LEAD BATTERY	kg	232	232		142	142	
SPENT FILTER COATS	kg	524		524	414		
SPENT LUBRICANT OILS	kg	15			15		
GLASS	kg	500	500				
METALS (IRON, ETC)	kg	3,700	3,700		7,820	7,820	
PAPER	kg	455,680	455,680		404,283	404,283	
PLASTIC	kg	56,320	56,320		49,968	49,968	
WOOD	kg	233,000	233,000		162,150	162,150	
OTHER	kg	10,176	10,176		12,185	12,185	
TOTAL	kg	760,147	759,608	524	636,976	636,547	0

Environmental projects

We improve our impact today and we plan the future

Chiller operation optimization: during 2022 and 2023 we did some utilization optimization of this tool that operates for the cooling of water. According to the seasons, we have been reducing the level of operation of the chiller when the outside temperature was lower than inside the plant; through this optimization of use, we have increased our energy efficiency in order to reduce our energy consumption;

Automation of pump-cooled water to the cooling tower: through the installation of an inverter we have been able to better control the flow and the actual utilization of the pump-cooled tower, that in the past was running 100% of the time and at 100% of its capacity. With this implementation project we can level the operation and reduce the energy consumption due to a lower pump usage.

Air compressor machines use optimization: by better optimizing the production plan, we have been able to use our air compressor machines in a more efficient way by producing higher quantities of products that require air jet texturizing process and then building a good amount of stock. In a longer range of time, we are able to produce what we need and avoid the frequent usage of those machines for shorter operations. With this optimization we have been able to increase our energy efficiency.

Energy monthly meeting: since 2021 we have set-up energy council monthly meetings, to discuss several alternatives to save energy and brainstorm potential news ideas. People representing different departments are joining the meetings, from the general and financial managers to the production, maintenance, and energy leaders; we are building our bank of ideas in order to implement the best ones and try to tackle every relevant impact. So far, our meetings over the past two years have lead to a 20% savings in energy consumption for the Brazilian plant. **The goal is to set-up these meetings in each plant.**

Sustainability monthly council: sustainability monthly meetings have been established to monitor all recycling activities, water quality check and proper waste management;

Waste management: we have started a collaboration with some local companies to repurpose the wooden pallets containing raw materials from Israel, and with this intervention are diverted from disposal.



NILIT Nylon Technologies, Suzhou, China

The Chinese manufacturing site is located in Suzhou, in the west area of Shanghai. The main manufacturing activities that are currently taking place there are related to spinning (POY) and texturizing (DTY) processes.

Environmental impacts: our results

Energy

NILIT Chinese plant relies on both electricity and thermal energy to run its operations, both for manufacturing processes and plant services.

Electricity is supplied by the Chinese national grid, while thermal energy (in form of heat and steam) is generated by internal boilers powered by natural gas. Steam is used for the POY process. However, the consumption of steam was not provided directly as primary data.

Electricity consumption flows employed by Chinese plant are reported in the table below, providing a breakdown among the different carriers for the reference time frame.

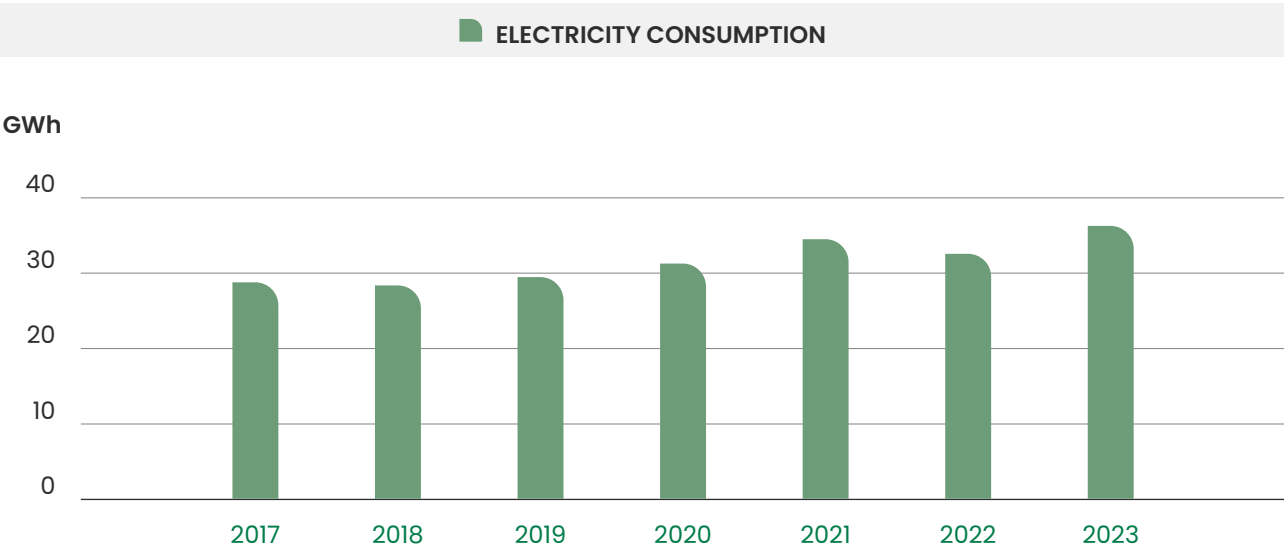
Energy consumption, NILIT China

		2017	2018	2019	2020	2021	2022	2023
Total ELECTRICITY consumption	GWh	28.62	28.21	29.31	31.10	34.32	32.39	36.08
Total HEATING consumption	GWh	3.34	3.11	2.84	2.53	2.72	2.56	2.85
Total COOLING consumption	GWh	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total STEAM consumption	GWh	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The graph in the next page shows the yearly trend. Over the years, electricity consumption experienced a slight but constant increase, due to the implementation of production processes in the plant.

However, compared to 2021, 2022–2023 electricity consumption has not changed considerably.

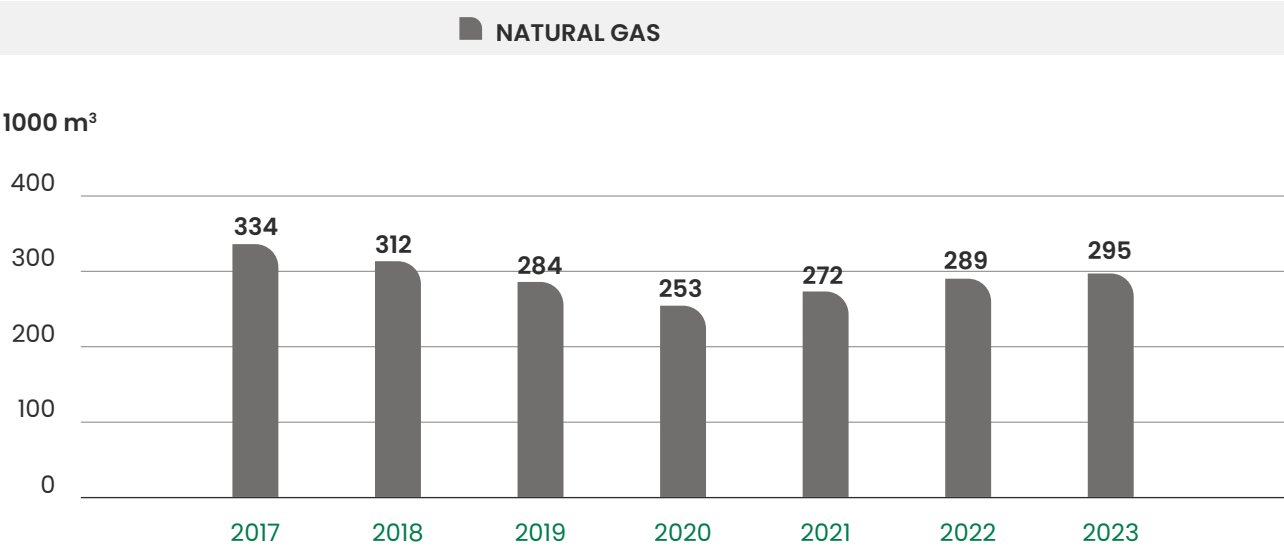
Electricity consumption, NILIT China



Unlike electricity consumption, natural gas consumption was reduced during the reference period, about 11% lower in 2023 compared to 2017.

However, from 2021 natural gas consumption has been constant.

Natural gas consumption, NILIT China



Emissions

As the Brazilian plant, Scope 1 GHG emissions are also present at the Chinese plant due to the natural gas consumed by internal boilers. Tables below report, separately, Scope 1 and 2 GHG emissions per energy carrier.

Scope 1 Emissions, NILIT China

	2017	2018	2019	2020	2021	2022	2023
NATURAL GAS tCo ₂ e	862	803	733	653	701	660	735

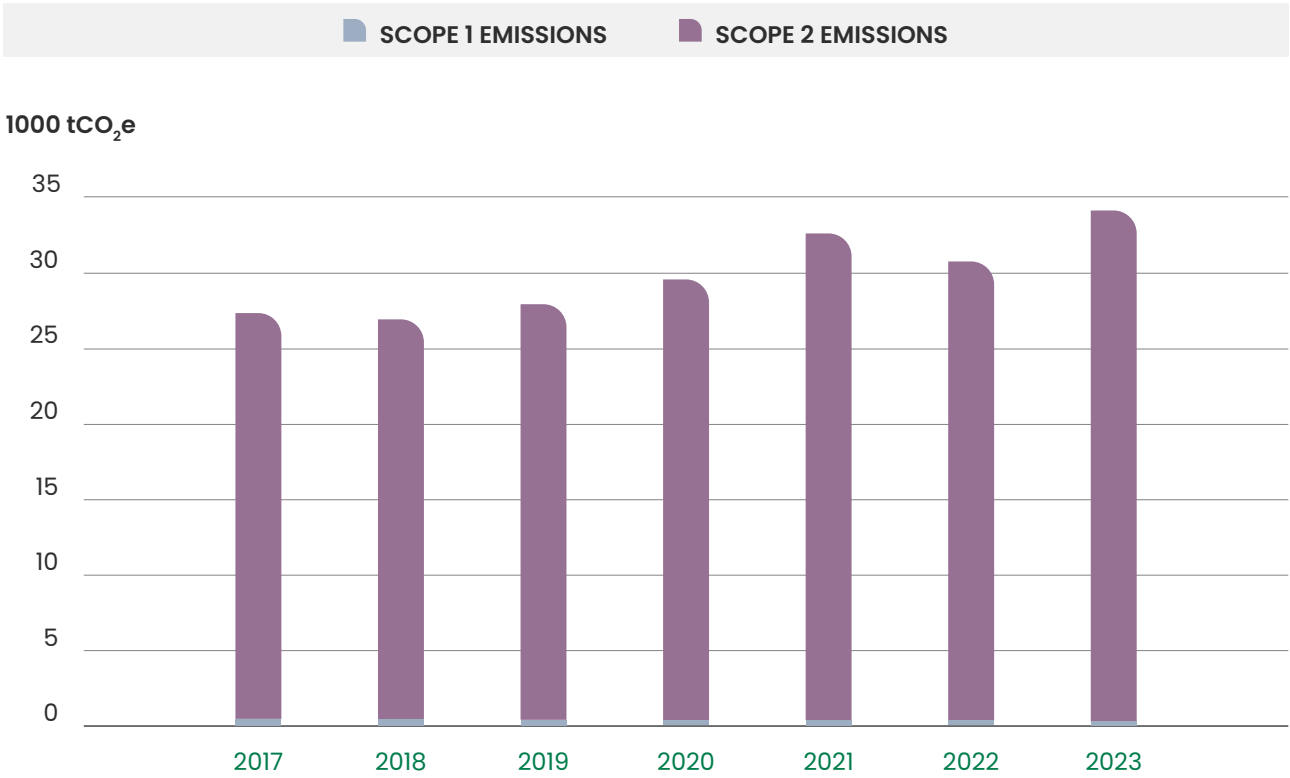
Scope 2 Emissions, NILIT China

	2017	2018	2019	2020	2021	2022	2023
ELECTRICITY tCo ₂ e	26,834	26,449	27,481	29,159	32,178	30,371	33,828

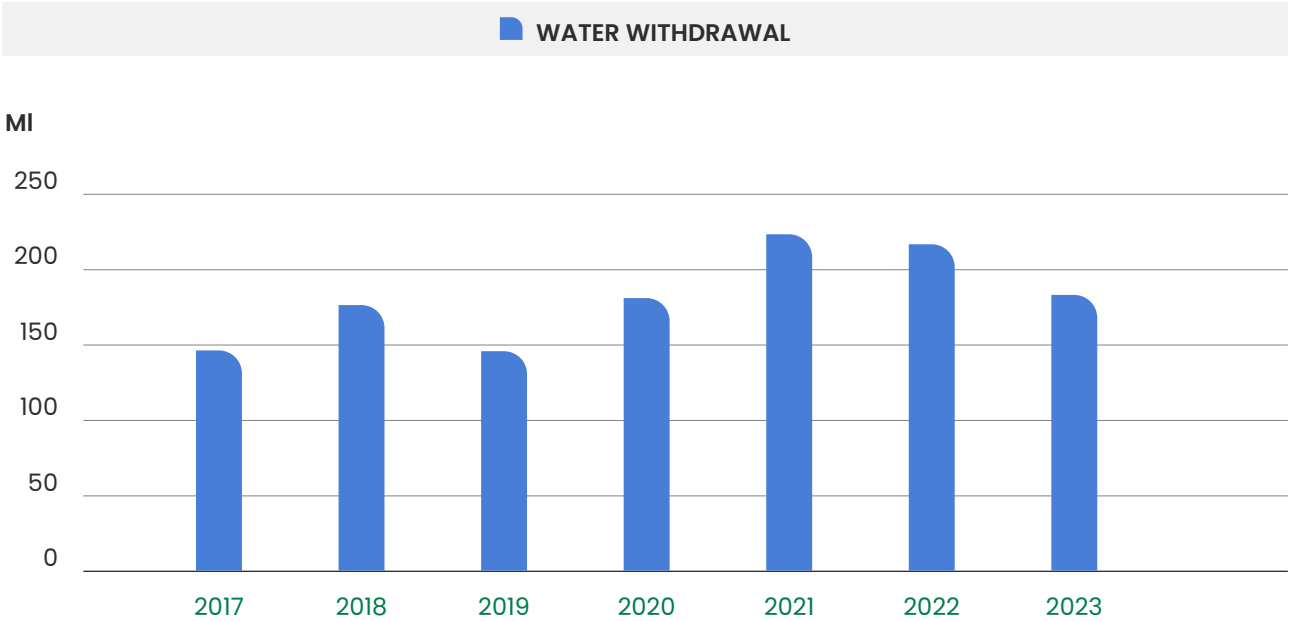
Scope 1 is responsible of around 3% of total GHG emissions. Because of this, GHG emissions reflect the electricity consumption trend.



GHG emissions, NILIT China



Water withdrawal, NILIT China



Water

Water consumed by the plant comes from municipal supplies. Unlike electricity and natural gas, water consumption does not show a regular trend over 2017-2023, as shown in the picture in the next page.. 2020 to 2021 were the years where more water was consumed.

From 2022 however water withdrawal started to decrease, with 2023 value being 15% and 18% lower, compared respectively to 2022 and 2021.

Water withdrawal and discharged, NILIT China

		2017	2018	2019	2020	2021	2022	2023
TOTAL WATER WITHDRAWAL	MI	145.6	175.6	145.1	180.2	222.4	215.8	182.3
TOTAL WATER DISCHARGED	MI	32.0	31.3	32.2	33.6	37.0	35.0	28.4



Waste

In NILIT China plant there is a thorough separation between different waste flows as well, allowing high recycling rates thanks to the homogeneity of waste flows. Around 50% of all waste flows generated in Chinese plant is sent to recycling. This figure was kept constant between 2022 and 2023.

As for the Israeli and Brazilian plants, only 2022-2023 data are available. In addition, many waste flows can be present only in a specific year, for renewals, purchase or decommissioning of machines or any other extraordinary activity in the plant. Hence, a thorough trend analysis is not possible for waste flows.

2023 overall waste flows increased around 20% compared to 2022, probably due to the increase of production volumes. Moreover, in 2023 a new device (as DTY VOCs), responsible for fat oils waste flow generation, was installed. Such waste flow is responsible of about 3% of 2023 overall waste flows generation.

		2022			2023		
		Waste generated	To recycling	To disposal	Waste generated	To recycling	To disposal
FAT OIL	kg				4,700		4,700
SPENT FILTER COATS	kg				16,080		16,080
SPENT LUBRICANT OILS	kg	2,500		2,500	2,500		2,500
VARIOUS DANGEROUS WASTE	kg	442		442	503		503
VARIOUS WATERY WASTE	kg	78,140		78,140	88,850		88,850
PAPER	kg	91,563	91,563		104,112	104,112	
PLASTIC	kg	8,120	8,120		9,322	9,322	
OTHER (MEAL WASTE)	kg	4,500	4,500		4,500	4,500	
MUNICIPAL WASTE	kg	19,000			19,000		
TOTAL	kg	204,265	104,183	81,082	249,567	117,934	112,633

Environmental projects

We improve our impact today and we plan the future

- Water optimization system:** in the past year we have focused on maintenance activities and fixing leakages, with steady improvements in weater consumption, driving the reduction of 120,000 ton of water consumption per year;
- Metal packaging:** in the past years we have decided to switch the usage from carton boxes to metal packaging leading to the reduction in consumption of 720 sets of cartons per year;
- Reuse of steam:** by recycling steam generated by the production process and using it to heat our boilers, we have reduced energy consumption and now recycle 1,050,000 liters of water per year.
- Carbon filters:** a VOC system has been implemented in the past year in the spinning and DTY processes, with the goal of capturing air pollution and also collecting quantitative data. Through this improvement activity we have seen a reduction of 6.33t/year in VOC emissions.
- Recycling of spinning bobbins:** 456,000 reused bobbins in 2023;
- Recycling of plastic covers:** saved 180,000 plastic cover each month;
- Recycling of wooden pallets:** saved about 6,000 wood pallets each month;
- Optimization of process activities:** in the past years some changes have been implemented in order to optimize activities and reduce shipping costs by setting up a local supply chain for the polymerization process, that previously was only implemented in the Migdal Ha'emek plant, with higher shipping costs.

The new facility

In the past years significant investments have been made by NILIT in order to build and establish the new Suzhou facility, with great characteristics to lower the environmental impact of NILIT productions:

- The new facility has been developed and built considering the installation of a photovoltaic panel system with an energy production capacity of 1,000 kWh, that would potentially lead us to reduce our fuel consumption of 16,900 liter per year and our environmental impact;
- A new warehouse has been imagined and constructed with eco-friendly design principles, with wide windows to incorporate ample natural light. The new warehouse will be very close to the production plant and there will be no need to continue using the current remote warehouse. As a positive consequence, we will look forward to strongly reduce the number of trucks that we currently operate between the production plant and the warehouse, with a positive impact both on the environmental and the economical aspect.

The new facility started its new production activities at the end of 2023 and we look forward to next year's reports to disclose the environmental improvements that we will experience.



NILIT talks

with
Bin Zhang
Plant Manager



Could you please describe your role in NILIT?

I am Bin Zhang and I am the Plant manager of NILIT Suzhou since 2021

Major progresses have been central to NILIT's growth and sustainability: which have been the main investments in Suzhou plant in 2022 and 2023?

In 2023 Suzhou facility has strongly invested in new Drawn Textured Yarn (DTY) machine and matched utility devices in order to increase our production efficiency to produce more with less energy.

How do you envision NILIT expansion in China in the near future?

According to the plan we already have, NILIT will continue to expand its production capacity in China in next few years. NILIT will create NILIT China as a hub to serve all Asia region downstream brands in North America and EMEA.

What is Suzhou plant's focus for the next five years?

At NILIT China we have three clear goals for the next five years. Firstly, our main goal will be related to the increase of production capacity while developing resilience and flexibility. Secondly our efforts will be dedicated to workers training, in order to build stronger expertises in the production process and also managerial skills. Last but not least, we want to improve our environmental impact, by increasing energy efficiency and by reducing our product carbon footprint per kg of manufactured product.

What are the Suzhou plant's main mid-term challenges and how NILIT is going to address them?

The main challenge for the Suzhou plant is that as production capacity and flexibility increase, the factory becomes increasingly complex, and the requirements for management team become higher and higher. As a response plan, we need to supplement capable talents on one hand, and train our management team on the other hand to improve the abilities of each management team member and to achieve the overall goal of becoming more efficient and reducing the carbon footprint of products and as an organization.



NILIT America, Martinsville, VA, North America

The North American manufacturing site is located in Martinsville, in the state of Virginia, US. The main manufacturing activities that are currently taking place there are related to Partially Oriented Yarns (POY), Fully Drawn Yarn (FDY) and Low-Oriented Yarn (LOY).

Environmental impacts: our results

Energy

Martinsville NILIT plant runs on electricity, purchased from the grid. Natural gas is consumed for the internal boilers.

Energy consumption, NILIT America

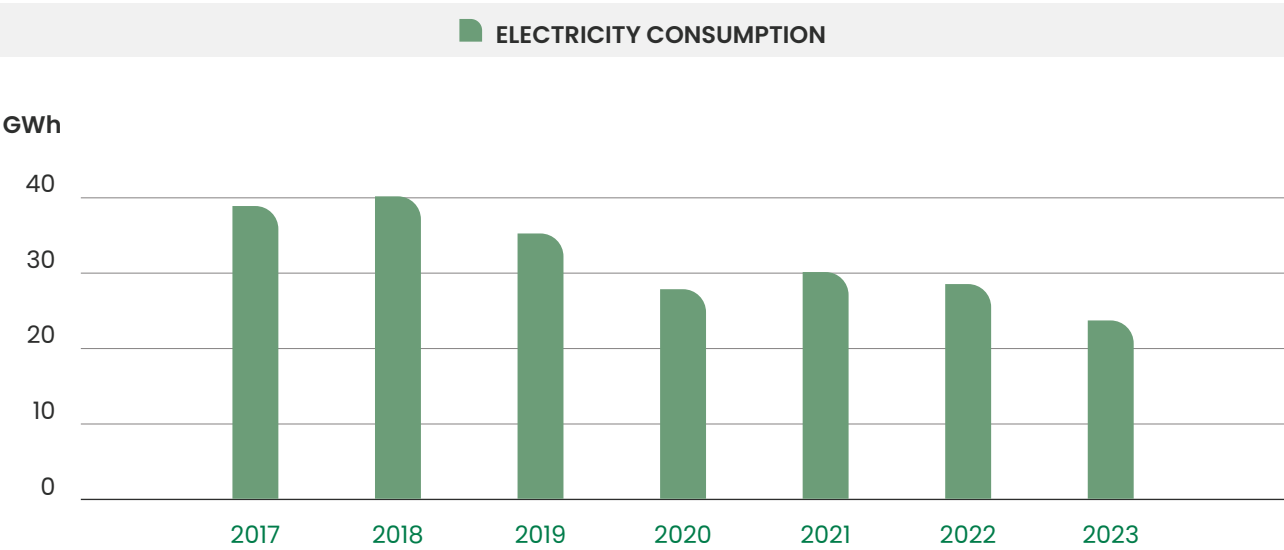
		2017	2018	2019	2020	2021	2022	2023
Total ELECTRICITY consumption	GWh	38.71	39.99	35.08	27.71	29.98	28.39	23.58

Graph below shows the electricity consumption over 2017 – 2023 time frame: **over the years, a 40% reduction of electricity demand was accomplished.**

These results have been possible thanks to the energy efficiency projects implemented: for instance, replacing the chiller water system and shutting down the high pressure air compressor by replacing the string up sucker guns devices.



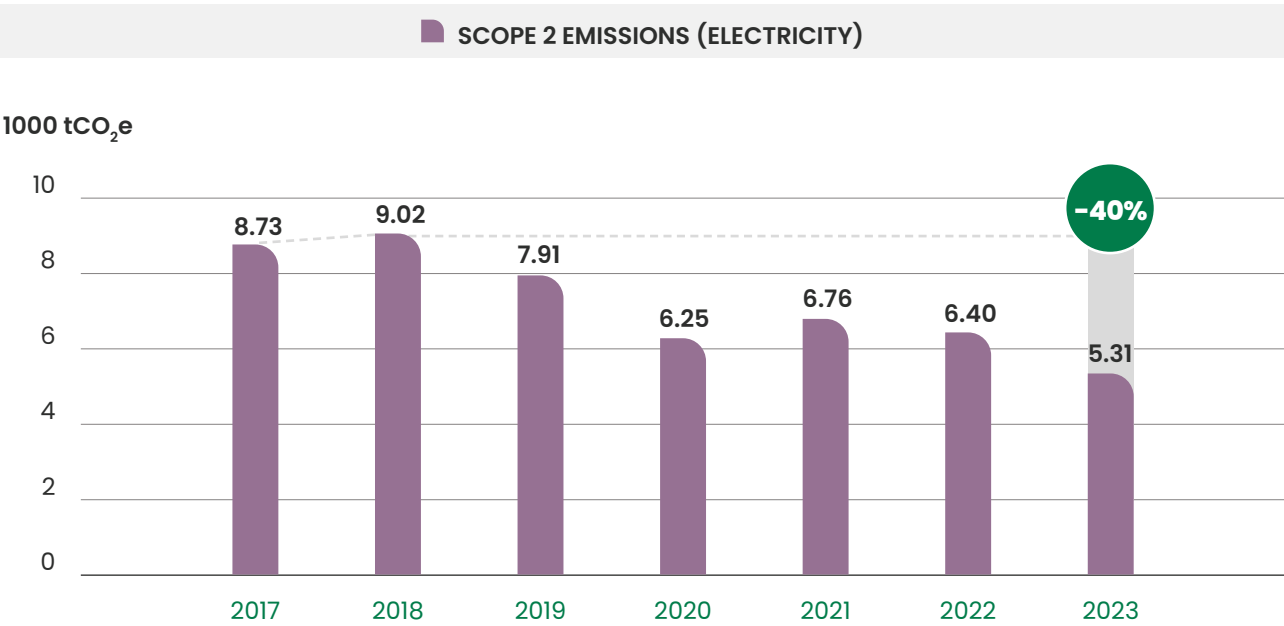
Energy consumption, NILIT America



Emissions

GHG emissions trend over time reflect the energy consumption trend, showing a **reduction during 2017-2023 of about 40%** (as indicated in the graph below). In USA plant only Scope 2 emissions can be calculated, related to electricity purchased from the grid.

GHG emissions, NILIT America

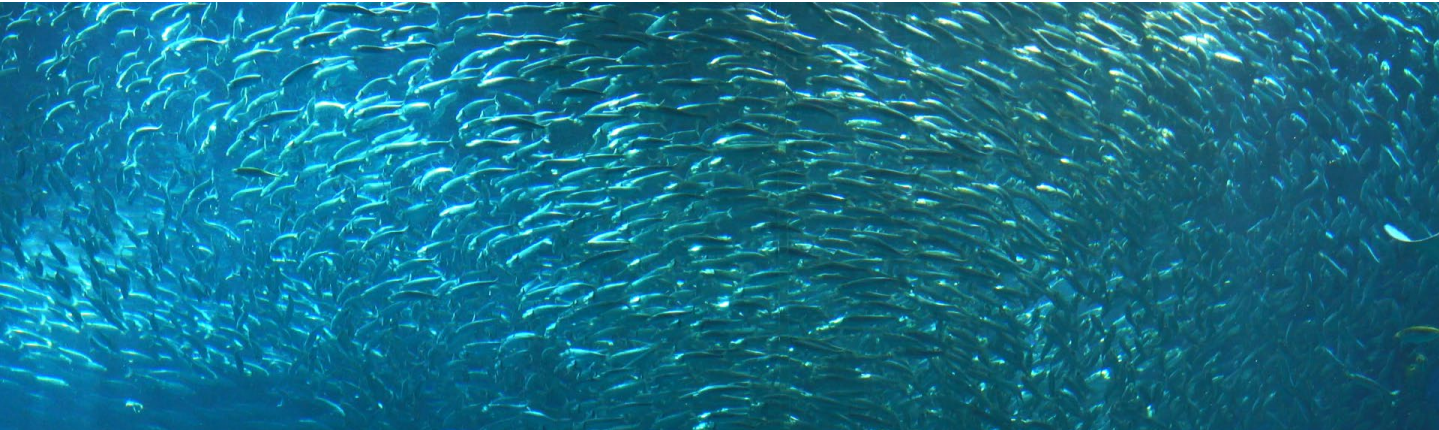
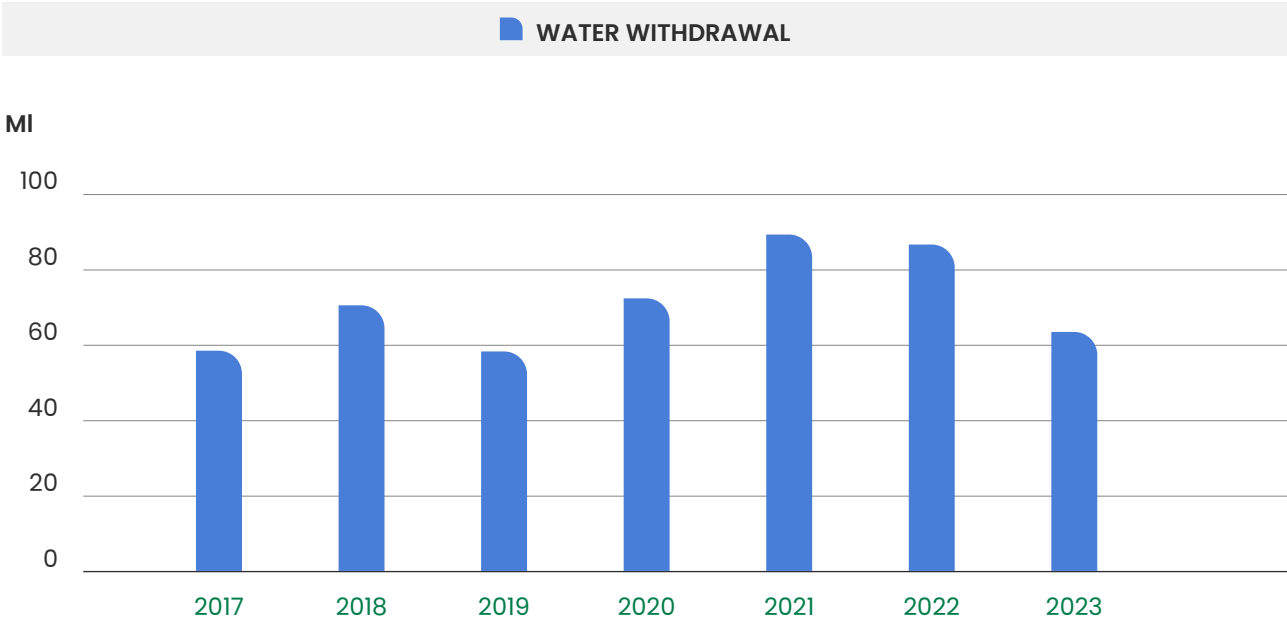


Water

Water in Martinsville plant is used for two main purposes: for the boilers-steam generation and to prepare the finish oil solutions. Water is provided by the municipality supplier and NILIT returns it to municipal water treatment station. Additionally, rainwater is collected free of contaminants and is addressed in a containment pond.

Water is not reused in the plant and there is no total mass flow meter for discharge. Only an input mass flow meter is present. It is assumed that the output equals the input. Unlike electricity consumption, water demand has constantly increased over years. 2023 consumption is around 20% higher than 2017. However, since 2020, water consumption decreased steadily: 2023 water consumption is around 10% lower than 2022.

Water withdrawal, NILIT America



Environmental projects

We improve our impact today and we plan the future

We have undertaken several projects aimed at reducing energy consumption in terms of energy unit consumption for the same level of production:

New Air Bar Compressor and new string up gun: in the past two years we have done some strong optimization projects in order to reduce energy consumption: we have switched to string up guns and new bar compressors characterized by a lower pressure that translate into less air pressure and less energy consumption.

Flat area improvements: modernization efforts were implemented in the flat area to save electricity and minimize waste.

Less paper: Our products are sold in pallets with each pallet having a big box and cardboard to cover the box. We stopped using lateral cardboard for partial pallets in order to save paper.

Reused tubes: in order to emphasize sustainability and the importance of lowering the environmental impact, we are working on encouraging the reuse of bobbins tubes, by asking customers to send back tubes.

Optimization of shipping activities: in 2023 we have upgraded our availability of products made in US, leading to a reduction of imports from Israel, with lower shipping costs and lower emissions due to transportation.

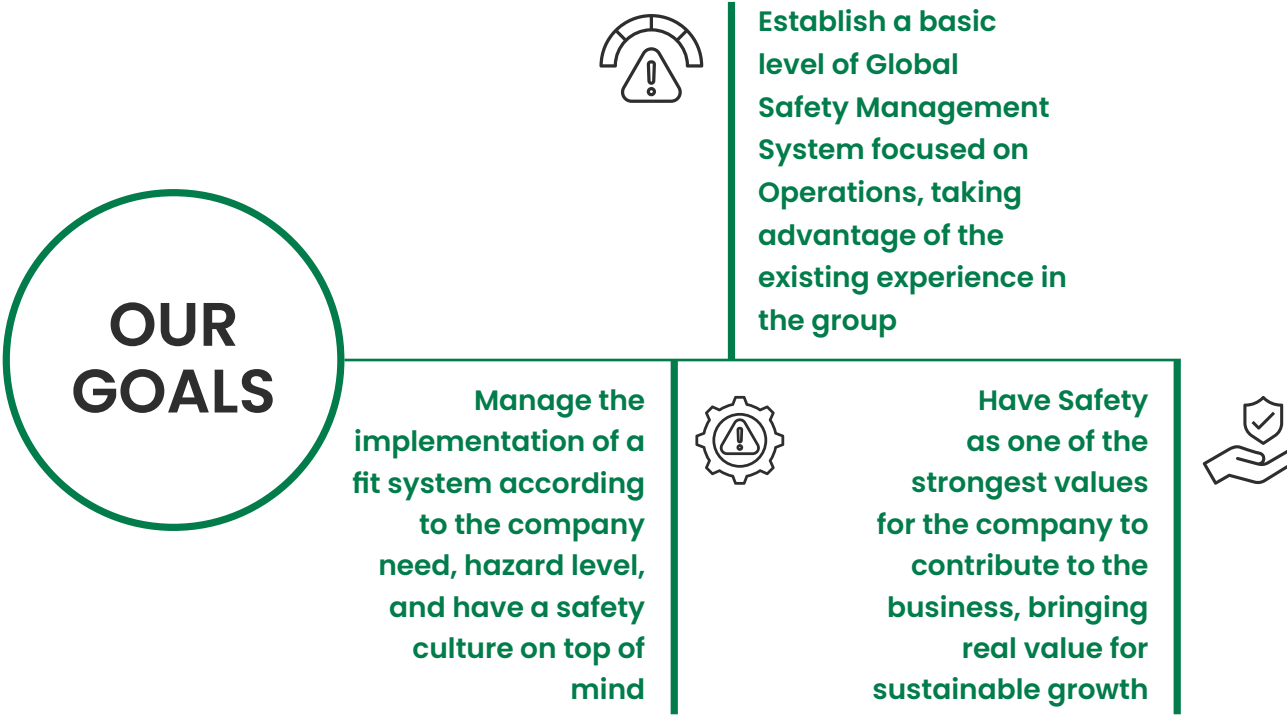
EcoCare: since 2023 we have been able to produce EcoCare fibers in the US, leading to the possibility of reusing polymer waste in our facility.

Health&Safety in the workplace: our Global Safety Management System

At NILIT, we are dedicated to providing a healthy and safe environment for the well-being of our employees, visitors, contractors, and the community. This commitment is integral to our sustainable and profitable growth, **aligning with our corporate social responsibility principles.**

To translate our commitment into concrete actions, we adopted a **Global Safety Management System (GSMS)** in 2019 in one plant (Israel) then extended to all our plants since 2022.

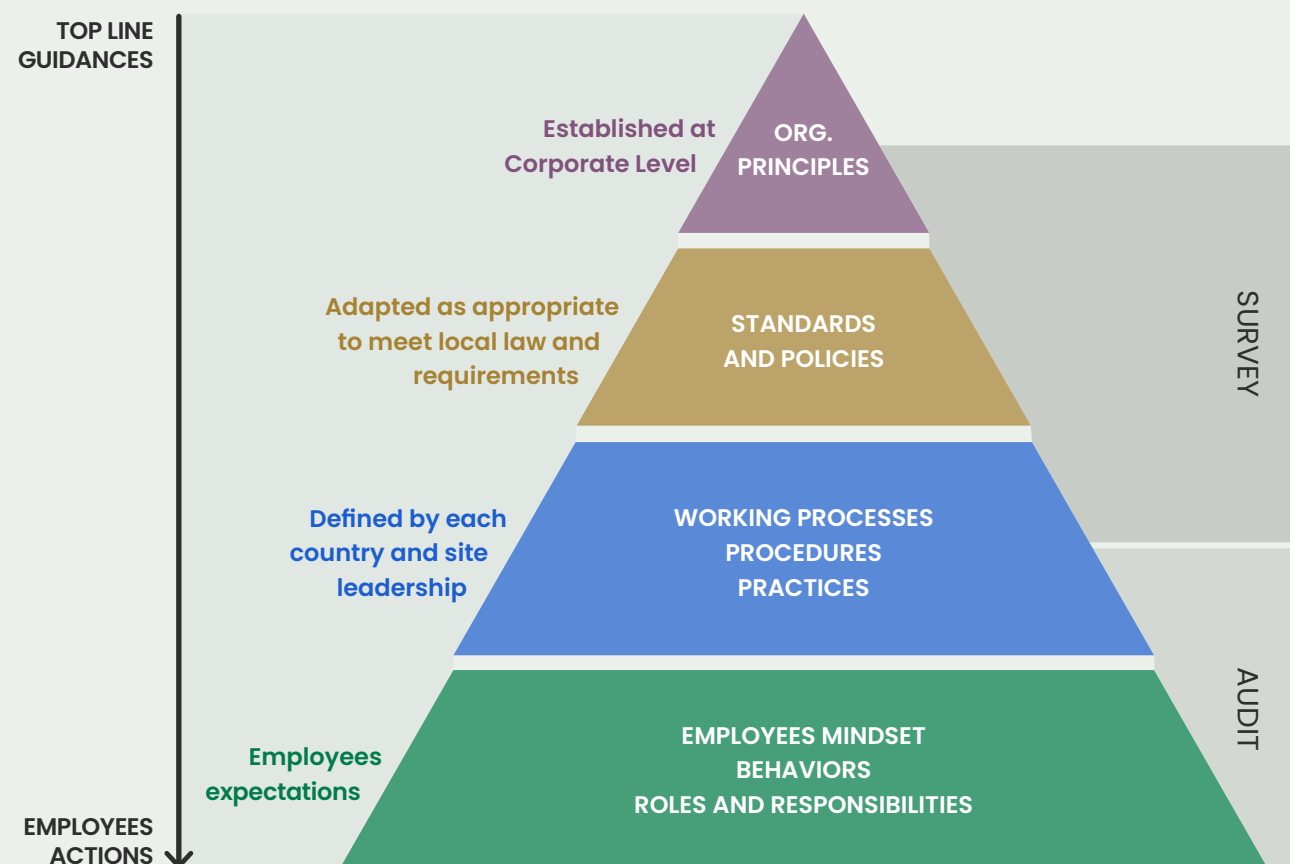
Thanks to the GSMS, we continually enhance our work processes, adopting best practices and behaviors to ensure a safe operational environment free from accidents.



Our Safety Pyramid

Our Global Safety Management System was initially established at the top management level.

After that, we adapted our health and safety policies to comply with all relevant laws and regulations, **integrating the GSMS into all aspects of our business activities**, from the corporate level down to our employees.



To meet the health and safety standards of our GSMS, we keep track of the following **metrics**: Lost Time Cases, Non-Lost Time Cases (First Aid), Incidents/Near Misses, and Hazard Identification, **which provides us with essential data to monitor the safety level in our production plants worldwide.**

For each of these metrics, every plant must:

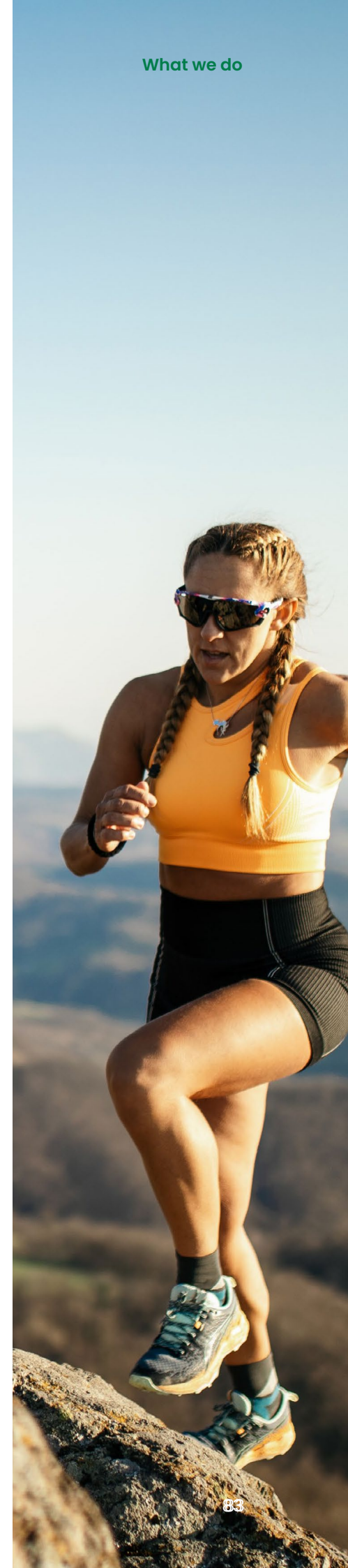
- Create, within 48 hours of the event, a Standard Accident Report in accordance with the official guidelines.
- Execute a training program to cover newcomers and a refresh program to ensure all operators have time to review concepts and hazard operations/processes (training material must be under the responsibility of the Safety Leader of each plant).
- Establish an Action plan that must cover the root cause prevention and possibly include the communication plan when convenient.

At the same time, to reinforce the effectiveness of our GSMS, we have adopted the following actions:

- Implementation of the Global Safety Committee, that is composed of site managers and safety technicians;
- Set-up of periodic gatherings to discuss, review and learn from all the registered accidents in the company;
- Established monthly meetings focused on Safety Programs and KPIs results;
- Safety Survey done in 2018 that will be revalidated in 2024.

Overall, we have built a safety culture that is growing among employees and worldwide. People at NILIT are strongly encouraged to report every hazard they experience and witness and they are trained to easily recognize potentially dangerous situations before the risks become real.

Hazard identification is at the base of our pyramid as a powerful exercise to make people more aware of potential improvements to the work environment.



Our GSMS trend

The Health Indicators data below identify trends related to our global GSMS application. The tables highlight the numbers of fatalities, high-consequence work-related injuries and hours worked both for NILIT employees and not-employed workers in our plants, because in NILIT we care about everyone’s safety. The slight increase in 2022 injuries is mostly due to high workers turnover in 2020 and 2021 that needed a fair amount of time to be safety trained. 2023 data are showing overall progress, leading to a very positive trend for the next years.

Health&Safety Key numbers



Healt&Safety data – Employees

	2017	2018	2019	2020	2021	2022	2023
Fatalities	0	0	0	0	0	0	0
High-consequence work-related injuries	127	17	68	0	3	7	6
Recordable work-related injuries	89	99	52	46	56	73	62

Healt&Safety data – non Employees

	2017	2018	2019	2020	2021	2022	2023
Fatalities	0	0	0	0	0	0	0
High-consequence work-related injuries	6	2	4	0	0	1	0
Recordable work-related injuries	6	2	1	1	3	0	1

	2018	2019	2020	2021	2022	2023
Lost time	19	12	7	3	8	4
First Aid	76	45	42	58	67	50
Near Miss	293	253	189	270	499	412
Hazard identification	1,484	3,207	3,176	4,843	11,395	9,027

GSMS start
Implementation

The above chart shows additional data also related to lost time from work, hazard, near-misses and Non-Lost Time Cases (first aid) after GSMS implementation.

We highlight the sharp increase in hazard identification that started strongly from 2019 as a result of prevention GSMS training and increased awareness of workers.

Also, the stable numbers of first aid and near misses are the consequences of the employees’ incentivation to share cases in order to learn from them and share knowledge in all plants. We also remark that 2022 Lost Time cases was impacted by the COVID pandemic, with a recovery of the trend in 2023.



Social impact

At NILIT, our commitment to delivering social impact is not just a concept; **it is ingrained in the very fabric of our identity**. Our company stands as a family, and in times of challenges, the well-being and safety of our employees take precedence above all.

We achieve this by engaging daily with our employees and nearby communities in a shared effort to foster a culture of mutual support, care, and resilience. Together, we create an environment where everyone feels valued and secure as a member of NILIT's family.

Our Social Impact in numbers



Our code of conduct

In line with the principles of Corporate Social Responsibility, we are committed to maintaining the highest standards of ethical conduct, integrity, and accountability in every activity of our organization. For this reason, we have created a Code of Conduct that outlines the principles and guidelines that all employees are expected to follow in their interactions with colleagues, customers, suppliers, business partners, and stakeholders.

Compliance with Laws and Regulations

We make sure to adhere to the laws and regulations in the countries of operation, ensuring legal compliance and ethical conduct.

Ethical Conduct

All NILIT employees must conduct themselves with integrity, honesty, and fairness in all business transactions.

Confidentiality

Confidentiality is imperative for safeguarding NILIT's business interests and fostering trust within our relationships.

Fraud

We unequivocally prohibit all forms of fraud, encompassing misrepresentation, forgery, embezzlement, and other deceptive practices.

Whistleblower Protection

At NILIT, we promote a culture of reporting any unethical behavior, violations of laws, or breaches of this Code of Conduct, fostering an environment where employees feel secure in raising concerns without the fear of retaliation.

Environmental and Social Responsibility

NILIT is devoted to reducing its environmental footprint and upholding human rights. For this reason, all employees are expected to conduct business responsibly, considering the social and environmental implications of their actions.

One NILIT

In the ever-evolving landscape of social responsibility, we decided to establish a lasting culture that embodies our commitment to excellence across all operations. To

achieve this, in 2016 we launched “ONE NILIT,” a collective approach that integrates social and environmental responsibility into our daily practices.

ONE NILIT is the framework that supports our commitment to social excellence. It enables us to put our shared values into practice through tangible actions, which are implemented daily across all levels of the organization and in NILIT’s sites worldwide. From employees’ programs and benefits to diversity and gender promotion, ONE NILIT helps us unite our multicultural, international family as a whole, where members feel seen, understood and recognized into one welcoming culture, NILIT’s culture. Here are some examples of our ONE NILIT culture in action as we work together with our communities and employees.

Good Deeds Day giving back to our communities

Good Deeds Day is an annual international day of community service that is set-up by NILIT to encourage people to take positive action. This initiative provides us with an opportunity to give back to the communities where we operate, and we celebrate it by actively participating in local activities that create small but significant changes in the well-being of the people and the urban spaces around us. Over the years, we have been involved in many local community activities, from promoting culture and health among kindergartens to donating valuable items to nursing homes. Today, more than ever, we believe in taking concrete, positive actions for those who need it the most, laying the foundation for a better future.



In 2022, as part of the Day of Good Deeds in March, NILIT volunteers helped kindergartens in Migdal Ha’Emek and Yafia cultivate the garden yard.



In 2023, employees of NILIT Brazil were involved in the maintenance toys activity at the Americana children’s school.



At NILIT Migdal Ha’emek in Israel, with our employees’ collective effort, we have renovated two kindergartens in the respective towns where our staff resides.



NILIT AMERICA received donations from its employees for the local animal shelter that were subsequently integrated with a corporate donation. The donations included food, beds, mats, and money to be used by the shelter. This Good Deed was particularly appreciated as the employees were able to see the concrete positive impact of their contributions.

NILIT’s donations



We firmly believe that sports play a crucial role in shaping characters and children and teenagers’ education. For this reason, for the past 39 years we have been sponsoring the Gabriel Maurizio Levi tennis tournament, which is part of the annual round of competitions organized by the Israel Tennis Association.



To support those in need, NILIT has been providing financial aid to Chag Saveah, a nationwide campaign that supplies food for families and children.



NILIT is actively contributing to the community by daily donating surplus food from our cafeteria to support the local community, minimizing waste, and promoting a sustainable approach.



Recognizing the importance of empowering the younger generations, NILIT is proud to support Krembo Wings, a youth movement promoting awareness, social accessibility, and the well-being of children with disabilities for children with and without special needs.

Employee programs and benefits

At NILIT, our commitment to Social Impact extends to our employees through various programs and benefits.

Employees Education Initiatives

We prioritize the educational pursuits of our employees and their children by offering scholarships and financing academic studies to enhance their career prospects. At the same time, we provide language courses to advance their communication skills.



Communication and Collaboration



Our internal communication tool, ‘Connecteam,’ facilitates seamless connection for NILIT’s people, with the possibility to share events and organizational structure changes among employees while also providing a safe space to

collect anonymous suggestions and complaints for all employees. In addition, ‘Round tables’ opens a forum for informal discussions between management and employees, fostering a sense of community, which we believe to be particularly important during challenging times.

Training Initiatives

All our new employees receive personalized onboarding sessions to emphasize our company culture, where doors are always open for guidance. Tailored training programs and global HR procedures further help to facilitate the entrance of new employees all over the world.

In the past two years, NILIT has significantly increased its investments in employees’ development, resulting in a 103% growth of hours dedicated to training sessions compared with the previous year.

Here’s a detailed table that shows the number of training hours for each category, along with the percentage of increased hours compared to 2022.

Hours of training and categories

	2022	2023	% increase compared with 2022
Managerial training	531	878	+65.4%
Professional training	10,460	34,309	+228%
Linguistic training	35	55	+57%
Training on Code of Ethics	248	407	+64%
Health&Safety training	969	1,106	+ 14%
Other	13,133	14,910	+13.5%
Total	25,374.5	51,665	+103%

Thanks to our dedication in offering a diverse range of benefits and programs for all our employees globally, the ratio of our employees’ seniority remains high in time, with 40% of our people being employed at NILIT for more than ten years in 2023. We value our employees, and we know how to keep them happy to stay.

Employees seniority

	2022			2023		
	Man	Women	Total	Man	Women	Total
>30 years	54	6	60	46	4	50
>20<=30 years	93	28	121	86	21	107
>10<=20 years	146	55	201	141	49	190
>5<=10 years	112	52	164	94	48	142
>2<=5 years	117	36	153	97	38	135
<=2 years	162	68	230	175	65	240
Total	684	245	929	639	225	864

Safety training

At NILIT, we are committed to properly train all employees on health and safety work procedures, ensuring that everybody complies with NILIT's Safety and Hygiene policy and worldwide safety standards: **we have increased the number of training hours by 14% over 2022.**

Additionally, to celebrate and reinforce our safety culture, our Safety Manager annually leads a ceremony recognizing the employee or team that has made the most significant contributions or improvements to our safety protocols. This prize is awarded across all our sites and aims to encourage our workers to follow strict safety measures daily.

Employees Well-being

In line with our commitment to employees' well-being, our plants are equipped with an occupational doctor. Medical professionals play a vital role in various aspects of NILIT's operations, including the treatment of workers with long-term illnesses and providing professional opinions for their return to work. The doctor also manages the treatment of workers returning from work accidents, conducts medical inquiries, and oversees long-term leave of absence cases.



Diversity Assurance

As a global and international company, we are dedicated to creating a secure and respectful work environment for all, and our safety initiatives go beyond just accident prevention.

We have put in place comprehensive measures to address harassment and discrimination and ensure a safe working environment for everyone.

For instance, we have established an anonymous suggestion/complaint channel, which is open to all employees in the "Connecteam" application. Additionally, we share information about the federal laws against discrimination in the workplace with our USA employees.

Diversity & Gender Promotion

As a global and multicultural community, diversity and gender promotion are two essential core values of our social excellence. To enforce these values, we dedicate time and energy to fostering an environment where everyone is heard and valued.

Celebrating all holidays

At NILIT, our commitment to Social Excellence extends to fostering Diversity and promoting gender inclusivity within a diverse workforce that includes individuals from various religious backgrounds.

This exceptional diversity is exemplified by our inclusive celebration of all holidays and religious cultures observed by our employees, whether it is Christmas, the New Year, Passover, Carnival, Eid al-Fiter, Chinese Spring Festival, or Eid al-Adh, creating a unique environment of integration and respect.

Breast Cancer awareness

Since 2012, every October we take concrete action for Breast Cancer Awareness Month. In every site, a lecture by a woman who has navigated this journey serves as a source of inspiration, encouraging our female workforce to prioritize regular check-ups. At the same time, we want to go beyond awareness by bringing in a breast surgeon who offers immediate on-site clinical breast exams for those women who are interested.



Female leadership

With a goal to empower female leaders and women in operational roles, we actively provide opportunities for their portrayal across different channels, recognizing and amplifying their contributions. Notably, we commemorate International Women's Day, celebrating the achievements of women within our organization. As part of our ongoing efforts to increase gender diversity, we have seen a remarkable **+22,2% increase in female managers** compared to the previous year, with women comprising 26% of our total workforce. In the Martinsville facilities in the US, the number of women in managerial positions doubled in 2023 compared to the previous year. We strive to bridge this gap, ensuring equal opportunities and representation for women at every level.

Affirmative Action Program

As an Equal Opportunity Employer, we actively encourage women and minorities to apply to our Affirmative Action Program, a set of policies and initiatives designed to address systemic discrimination within the workplace. The goal is to promote equal opportunities for individuals from underrepresented groups, such as minorities and women, who have faced discrimination in the past.

NILIT talks

with
Anat Felix
Deputy site and Quality Manager



In the textile industry, women are still strongly underrepresented. As a multi-national, multi-religion, and multi-gender reality, NILIT is trying to change this by empowering female leaders and women in operational roles.

Anat, could you share what your career development has been like at NILIT?

I started working at NILIT in 2012 as a process engineer at one of the company’s plants. My responsibilities included monitoring product performance, process improvement, and product improvement. In 2017, I joined a new team at ONE NILIT, which was established to lead a comprehensive process improvement throughout the site with the support of the McKinsey consulting company. In 2019, I became the quality manager at NILIT Israel. This role includes overseeing the leading laboratories in production, regulation, and standards, handling customer and supplier complaints, and managing quality on the site. In 2023, I was promoted to deputy site manager while maintaining my quality manager position. This new role has expanded my responsibilities to other areas, such as operations, HR, and the excellence team.

What has been NILIT’s evolution in embracing diversity as a corporate value, especially gender diversity?

I think NILIT has made significant efforts to promote women to top-level positions globally. Management appreciates the vast knowledge and expertise of female employees in creating promotion processes.

As a member of NILIT’s senior management team, which messages and encouragements would you like to share with NILIT’s female employees?

I think the most important thing is to believe in yourself and know that you can achieve anything you want. I am convinced that gender does not determine anyone’s ability to succeed in any field one chooses. This is how I strive to live my life, and I hope to pass on this message to my family and to all of the female employees at NILIT.

How do you expect NILIT to grow in terms of diversity inclusion? What are the next steps for NILIT?

I expect that NILIT will make an effort to integrate women into a wider variety of positions across the organization. In particular, there are departments where more women can be integrated into operational roles.

As the only female manager in Israel operations management, how is the relationship with your male colleagues?

I must say that during my time at NILIT, I never felt any different from my colleagues. I was always valued for my knowledge and professionalism, regardless of the fact that I am a woman, and received equal opportunities for promotion and personal development in the company.



NILIT talks

with
Ana Musialak
Technical Service Representative



Ana, could you share which has been your career development in NILIT Brazil?

I joined NILIT in 2019 as a Management Engineer Intern at NILIT Americana (NIB). During this initial phase, I had the privilege of exploring various areas within the company and showcasing my work to the management team, receiving valuable feedback. After that, I moved to the US and started in NILIT America in 2022 as a Technical Service Intern, working part-time. Despite the part-time arrangement (10 hours a week), I was fully immersed in my role, actively participating in relevant discussions and meetings. This experience significantly accelerated my professional development. When I transitioned to a full-time role as a Technical Service Representative in May 2023, I was well-prepared to provide enhanced services, having gained substantial insights about the market and the company, and skipping a considerable amount of training.

What has been NILIT's evolution in embracing diversity as a corporate value, especially gender diversity?

Over the course of my career at NILIT America, I have had the privilege of working with other companies, and what sets NILIT apart is the distinctive and inclusive environment. Whether during my time at NILIT America or previously at NILIT Brazil, NILIT has consistently fostered a friendly and welcoming atmosphere. This culture plays a crucial role in allowing individuals to connect, breaking down prejudices, and recognizing people for their abilities and determination.

As a female professional, the emphasis on competence over gender is particularly significant to me. It's unfortunately common for opportunities to be influenced by gender in some workplaces, but at NILIT, I have experienced firsthand the commitment to providing opportunities based on merit. This approach creates a level playing field and empowers individuals to thrive based on their capabilities and dedication.

Moreover, I've witnessed a positive trend at NILIT with an increasing number of women occupying higher positions, including Senior Managers. This is not only a testament to the company's dedication to gender diversity but also a promising aspect for the future.

As a member of NILIT's senior management team, which messages and encouragements would you like to share with NILIT's female employees?

The supportive and friendly environment at NILIT, highlighted by the absence of gender-based prejudices, has been crucial in my professional growth, especially in a role and environment with such small number of females across companies. I want to assure our female colleagues that competence and dedication are the key factors in our organizational culture, and management provides avenues for success based on merit.

I am proud to be part of a company where gender diversity is not just a buzzword but a tangible reality. As you navigate your career paths at NILIT, know that your capabilities are valued, and there is a genuine commitment to your growth and success.

How do you expect NILIT to grow in terms of diversity inclusion? What are the next steps for NILIT?

Looking ahead, I expect NILIT to be committed to furthering diversity and inclusion initiatives. Our focus should be on continuous improvement, ensuring that diversity is part of our organizational culture. The next steps for NILIT involve ongoing training, mentorship programs, and initiatives that actively support the career advancement of individuals from diverse backgrounds. I want to highlight the commendable efforts of the human resources team in approaching diversity at NILIT. Their current practices are exemplary, and I encourage the ongoing provision of training to ensure they remain well-versed in understanding the diverse needs and experiences of our employees. By fostering an environment that not only accepts but celebrates diversity, NILIT can continue to thrive as an inclusive workplace.



Supply chain impact

Creating a sustainable supply chain in the textile industry can represent a significant challenge as vendor choices are not always within our control, and limited options demand a delicate balance between economic viability and sustainability. However, at NILIT we want to push for a major change in our industry and by embracing national and international environmental and social objectives, we invite companies and suppliers worldwide to collaborate in a joint effort to rethink traditional practices, foster transparency, and prioritize eco-friendly alternatives.

For this reason, over the last few years, our procurement department has integrated sustainability into its core procedures. On the one hand, we engage in periodic meetings with vendors, emphasizing our commitment to sustainable practices and actively asking our suppliers what activities they are implementing in to address their environmental and social performance.

These dialogues are essential to inspire collaborative ideas on developing sustainable products and enhancing our positive impact along the supply chain. On the other hand, we focus our efforts on product development by prioritizing recycling initiatives, such as increasing recycled content in packaging and transparent communication about materials. We have a very complex supply chain and we are working with leading companies that are also focused on sustainable activities.



Impact awareness

We believe awareness to be the first indicator of an impactful relationship.

To formalize our suppliers' commitment to sustainability and ensure that we share the same values, we require both new and long-term suppliers to **sign our Supplier Ethical Code periodically.**

This is the first essential step in creating a more sustainable supply chain, as it gives us the confidence that our partners are aligned with our goals and oriented towards building a better world for the next generations, just like us.



Environment

NILIT seeks environmentally conscious suppliers, requiring compliance with laws, promoting awareness, and implementing corrective plans.



Health and safety

All suppliers must ensure a safe, clean, and healthy work environment for their employees, adhering to safety and health laws.



Human rights

NILIT requires suppliers to commit to human rights and lawful employment practices, refraining from hiring underage workers or employing individuals without proper wages and avoiding involvement with forced labor, prisoners, or enterprises engaging in non-compensated work.



Employees wellbeing

NILIT is dedicated to upholding the rights of its employees, prioritizing fair and respectful treatment. This commitment extends to our suppliers, whom we expect to adhere to relevant labor laws and uphold employees' rights in their operations.



Compliance with the law

Suppliers commit to compliance with all relevant laws, regulations, industry standards and agreements, ensuring the validity of required licenses, including business and manufacturing licenses.



Business integrity

Suppliers are expected to prioritize NILIT's best interests, demonstrating business integrity through a commitment to avoiding conflicts of interest, refraining from bribery, ensuring accurate record-keeping, and upholding principles of free and fair competition in compliance with all relevant laws.

Hangtags

To increase the use of **recycled materials** and **transparent communication** among our value chain, NILIT has been focusing on communicating product benefits on Hangtags, to guarantee the authenticity and high-quality of our ingredients to consumers.

Through this initiative, all apparel products meeting SENSIL® Certification Program standards can receive eco-friendly hangtags crafted from recyclable materials to communicated consumer education content.

In this way, suppliers and brands are encouraged to reinforce and promote their commitment to both performance and sustainability.

Example of HangTag – SENSIL® BioCare



Product composition

Through a collaboration between our Quality and Purchasing Departments, in 2023 at NILIT we have started a comprehensive review of the packaging supply chain. With this initiative we are reaching out to all our packaging vendors and asking them to provide detailed composition information on their supply packaging materials. Despite the absence of readily available data, we persisted in our quest for transparency.

Thanks to this initiative, we can now present to our partners a detailed breakdown of our packaging composition. This includes insights into the proportion of recycled materials used and the recyclability potential of each component. This achievement marks a significant step in our commitment to **transparency, accountability, and informed decision-making** across our supply chain.



Preparing for the new CSRD

In 2022, the new **Corporate Sustainability Reporting Directive (CSRD)** was approved, which paved the way towards the next step of our impact journey. The new CSRD mandates companies to disclose data related to upstream emissions (Scope 3) and failing to do so could result in negative assessments. This represents a great challenge that we are ready to embrace since we thrive on building even more open and honest relationships with our suppliers.

In light of this, we are actively engaging with our vendors, especially those crucial to our supply chain, to facilitate data sharing and prepare for the future requirements of CSRD.

Partnerships impact

At NILIT, honesty, trust, and credibility are the cornerstones of our relationships with **like-minded partners** across the value chain. Through education and collaboration, our partners share our commitment to the environment, actively participating in the ongoing improvement of our **collective impact** on people and the planet.

We are also committed to **educating consumers and the fashion industry**, a goal we pursue through partnerships with brands and retailers. This underscores the importance of our relationships with our partner brands, as consumer awareness and behavior change are critical for a more sustainable fashion industry. “How can we do this together?” is the question that drives our efforts to create a **more sustainable fashion industry**.

In the next pages a few examples of the winning collaborations that we have developed in the past years.



Live! SENSIL® EcoCare



LIVE! is not just an activewear brand; it’s a lifestyle movement born in the vibrant heart of Brazil in 2002. On a mission to make a difference and embrace sustainability as a core value, LIVE! integrates eco-friendly practices into every aspect of their production process. From recycled materials to innovative solutions like SENSIL® EcoCare and SENSIL® Innergy, LIVE! is paving the way for ethical and environmentally conscious fashion.

Over the past three years, LIVE! has introduced several SENSIL® solutions, beginning with the recycled SENSIL® EcoCare in their Fit Green collection, followed by SENSIL® Innergy, and now advancing with SENSIL® Innergy ByNature, a collection set to debut in all LIVE! stores in May 2024 with reduced CO₂ emissions. Fueled by a passion for fitness and fashion, LIVE! continues to inspire and empower individuals to lead active, healthy lifestyles while looking and feeling their best.

The partnership between LIVE! and SENSIL® is about more than just products. It’s about a



shared commitment to empowering individuals to live a healthier and more active life. Through initiatives like LIVE! Run, an annual flagship event that draws thousands of runners nationwide, both brands are inspiring a community of fitness enthusiasts to reach their goals while proudly wearing t-shirts made with SENSIL® technology.

ZARA-BASF-NILIT collaboration

NILIT has partnered with ZARA, the Spanish fashion brand and with BASF, the chemical company, to introduce an innovative polyamide capsule collection.

Launched in March 2023, the “NILIT&BASF x ZARA” collection features our SENSIL® ByNature, with three garments whose fibers include raw materials derived from biomass, a shift from the traditional production methods of using fossil resources. In this collaboration, BASF sources biogas from the methane of organic waste, such as food waste.

This initiative has been developed in the Sustainability Innovation Hub of Inditex and represents a significant step towards impactful textile practices, potentially able to change to industry.



C.L.A.S.S. Material hub



C.L.A.S.S. is an **eco-platform** that aims to promote an environmentally responsible textile industry by disseminating data and information about sustainable textiles. In 2023, we participated in SMART VOICES, a virtual program where we had the pleasure of **sharing ideas and innovations on how to accelerate change in the fashion system.**

On International Water Day, we joined like-minded individuals to discuss solutions for addressing the water and water health crisis, showcasing our SENSIL® BioCare yarns as an example of a product that **reduces microplastics in water ecosystems.**

Breakthrough Innovation Awards Lululemon



It is so inspiring when our company's innovation is recognized and celebrated also by our partners. This is why NILIT was honored to receive the "Breakthrough Innovation Awards" by Lululemon.

On this occasion, we had the chance to reflect on the profound impact of collaboration and innovation within our industry. The receipt of this award holds special significance as it symbolizes the collective efforts of our team and underscores the vital role of partnership.

ISPO Textrends Awards

In an exciting partnership with our mill collaborators, NILIT is thrilled to announce its triumphant recognition with **three prestigious ISPO Textrends Awards for the Fall/Winter 25/26 season:**

- **SENSIL® BioCare by Pontetorto:** NILIT enters the top 10 in the second layer category with Pontetorto's 9154/M/Bio, a masterpiece crafted from eco-friendly and biodegradable SENSIL® BioCare
- **SENSIL® BioCare by Eusebio:** In the Base Layer Selection, NILIT stands out with Eusebio's Kimmy Bio fabric, which incorporates the environmentally friendly and biodegradable SENSIL® BioCare
- **SENSIL® ByNature by Cifra:** Cifra's B90MF fabric for Street Sports Selection is crafted using SENSIL® ByNature, an innovative premium Nylon 6.6. This revolutionary material uses biogas derived from recycled organic waste to substitute traditional fossil feedstocks, marking a significant step forward in sustainability.

Circularity 2023

In 2023, NILIT actively engaged in the Circularity 2023 event, a prominent gathering dedicated to the promotion of circular initiatives in the field of sustainability. The event brought together professionals from diverse fields, fostering the exchange of insightful keynotes, cutting-edge solutions, and actionable breakout sessions. Through an established collaboration with our partner BASF, we participated in a panel session during the event, to discuss the challenges and opportunities of the biomass balance approach, as an innovative tool to replace fossil fuel feedstock with bio-based one.

The participation at Circularity 23 was a great chance to showcase our SENSIL® ByNature solutions.



**Additional
data**

Environmental data

Energy consumption, NILIT Global

		2017	2018	2019	2020	2021	2022	2023
ELECTRICITY	GWh	261	247	236	183	212	198	215
HEATING	GWh	149	140	122	100	71	39	19
COOLING	GWh	114	104	91	63	47	47	45
STEAM	GWh	112	103	100	84	83	63	66
TOTAL	GWh	636	594	549	430	413	347	344

Fuel consumption, NILIT Global

		2017	2018	2019	2020	2021	2022	2023
GASOLINE	l	-	-	-	-	-	235	469
DIESEL	l	-	-	-	-	-	465	784
LPG	kg	-	-	-	-	-	20,188	18,810
NATURAL GAS	m³	334,312	311,731	284,335	252,944	271,766	288,682	295,525

Social data

Global employees gender

	2022	2023
MEN	684	639
WOMEN	245	225
TOTAL	929	864

Employees gender by area

	ISRAEL		USA		CHINA		BRASIL	
	2022	2023	2022	2023	2022	2023	2022	2023
MEN	400	366	86	65	89	117	109	91
WOMEN	77	74	82	63	50	56	36	32
TOTAL	477	440	168	128	139	173	145	123

Global type of contracts

CONTRACT	2022					2023				
	Full-time		Part-time		TOTAL	Full-time		Part-time		TOTAL
	MEN	WOMEN	MEN	WOMEN		MEN	WOMEN	MEN	WOMEN	
INDEFINITE OR PERMANENT	664	233	18	10	925	590	208	17	8	823
TEMPORARY AND FIXED TERM	0	0	2	2	4	31	7	1	2	41
TOTAL	664	233	20	12	929	621	215	18	10	864

Global gender diversity per each role

	2022			2023		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
SENIOR EXECUTIVES, DIRECTORS & GENERAL MANAGERS	13	4	17	12	4	16
MANAGERS	56	16	72	55	20	75
CLERICAL	52	46	98	51	46	97
WORKERS	563	179	742	521	155	676
TOTAL	684	245	929	639	225	864

Global age range per each role

	2022				2023			
	<30	30–50	>50	TOTAL	<30	30–50	>50	TOTAL
SENIOR EXECUTIVES, DIRECTORS & GENERAL MANAGERS	0	10	7	17	0	5	11	16
MANAGERS	1	41	30	72	2	41	32	75
CLERICAL	2	56	40	98	3	58	36	97
WORKERS	157	375	210	742	116	358	202	676
TOTAL	160	482	287	929	121	462	281	864

Average hours of training per category, Global

	2022	2023
EMPLOYEES	27.31	59.80
FEMALE EMPLOYEES	39.49	68.72
MALE EMPLOYEES	24.11	54.51
SENIOR EXECUTIVES, DIRECTORS & GENERAL MANAGERS	20.24	33.88
MANAGERS	24.35	24.31
CLERICALS	14.08	16.36
WORKERS	29.51	70.58

Work related injuries for employees and not employees, Israel

Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	N/A	N/A	N/A	N/A	N/A	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	17 (with absence)	17 (with absence)	11 (with absence)	4 (with absence)	3	7	6
RECORDABLE WORK-RELATED INJURIES	80	77	39	28	40	45	36
MAIN TYPES OF WORK-RELATED INJURIES	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash Burn	Laceration, Sprain, Burn, Chemical Splash Burn	Laceration, Sprain, Burn, Chemical Splash Burn	Cuts, "Dry hits", fractures, "other"

Not Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	6	2	4	0	0	1	0
RECORDABLE WORK-RELATED INJURIES	6	2	1	1	2	0	1
MAIN TYPES OF WORK-RELATED INJURIES	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash	Laceration, Sprain, Burn, Chemical Splash Burn	Laceration, Sprain, Burn, Chemical Splash Burn	Laceration, Sprain, Burn, Chemical Splash Burn	Laceration

Work related injuries for employees and not employees, USA

Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	0	0	N/A	0	0	0
RECORDABLE WORK-RELATED INJURIES	7	19	11	14	14	28	21
MAIN TYPES OF WORK-RELATED INJURIES	Laceration	Laceration	Slip, trip, fall	Hands	Hands	Hands	Hands

Not Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	0	0	0	0	0	0
RECORDABLE WORK-RELATED INJURIES	0	0	0	0	0	0	0
MAIN TYPES OF WORK-RELATED INJURIES	None	None	None	N/A	N/A	N/A	N/A

Work related injuries for employees and not employees, China

Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	1	3	0	0	0	0
RECORDABLE WORK-RELATED INJURIES	1	2	1	2	2	0	5
MAIN TYPES OF WORK-RELATED INJURIES	Trip while monitoring equip-ments	slip from DTY opera-te trolley	slip from DTY opera-te trolley	sprain/finger-cut	Traffic accident on the way to work.	N/A	Hands & Foot

Not Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	0	0	0	0	0	0
RECORDABLE WORK-RELATED INJURIES	0	0	0	0	0	0	0
MAIN TYPES OF WORK-RELATED INJURIES	None	None	None	N/A	None	None	None

Work related injuries for employees and not employees, Brazil

Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	N/A	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	0	0	N/A	0	0	0
RECORDABLE WORK-RELATED INJURIES	1	1	1	2	0	0	0
MAIN TYPES OF WORK-RELATED INJURIES	Forearm cut	Head cut	N/A	fingers cut	N/A	N/A	N/A

Not Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES	0	0	0	0	0	0	0
HIGH-CONSEQUENCE WORK-RELATED INJURIES	0	0	0	0	0	0	0
RECORDABLE WORK-RELATED INJURIES	0	0	0	0	1	0	0
MAIN TYPES OF WORK-RELATED INJURIES	Cut in the forearm	Head hitting against trolley; Falling materials on forklift handling, sharp object injury.	Cut in the finger, Far-klift small colision, Falling materials in forklift handling, Fire Principle	N/A	finger cut - no stitches/ suture	N/A	N/A

Work related ill health, Global

All Employees	2017	2018	2019	2020	2021	2022	2023
FATALITIES DUE TO WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0
CASES OF RECORDABLE WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0
MAIN TYPES OF WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0
ALL WORKERS WHO ARE NOT EMPLOYEES	0	17 (with absence)	11 (with absence)	4 (with absence)	3	7	6
FATALITIES DUE TO WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0
CASES OF RECORDABLE WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0
MAIN TYPES OF WORK-RELATED ILL HEALTH	0	0	0	0	0	0	0

Percentage of total employees, by gender and category, who received a regular performance and career development review

	2017	2018	2019	2020	2021	2022	2023
FEMALE	100%	100%	100%	100%	100%	100%	100%
MALE	100%	100%	100%	100%	100%	100%	100%
E.G. SENIOR MANAGEMENT, PRODUCTION	100%	100%	100%	100%	100%	100%	100%
E.G. MIDDLE MANAGEMENT, ADMINISTRATIVE	100%	100%	100%	100%	100%	100%	100%

Percentage of operations with implemented local community engagements

	2017	2018	2019	2020	2021	2022	2023
1. SOCIAL IMPACT ASSESSMENTS, INCLUDING GENDER IMPACT ASSESSMENTS, BASED ON PARTICIPATORY PROCESSES	100%	100%	100%	100%	100%	100%	100%
4. LOCAL COMMUNITY DEVELOPMENT PROGRAMS BASED ON LOCAL COMMUNITIES' NEEDS	100%	100%	100%	100%	100%	100%	100%
8. FORMAL LOCAL COMMUNITY GRIEVANCE PROCESSES	100%	100%	100%	100%	100%	100%	100%



Appendix 1

Ownership and management

NILIT Ltd. is a privately owned corporation, and the Board of Directors comprises highly accomplished executives from a wide range of industries and disciplines, all committed to strong corporate governance and business practices. The Board of Directors are listed in the table below.

NILIT Group Chairman	Michael P. Levi
Members	Hans Van de Sanden Ron Ben Haim William Ghitis Carlo Hassan

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.

NILIT Group Chairman	Michael P. Levi
General Manager	Ilan Melamed
Chief Financial Officer	Zohar Houri
Chief Internal Auditor	Iris Cohen
Chief Operation Officer, GM Polynil Sales	Tal Oren
Chief Marketing and Sustainability Officer	Michelle Lea
Senior Vice President and General Manager Asia	Shay Kastoriano
Chief Business Officer, South America	Paulo De Biagi

Chief Commercial Officer	Sagee Aran
Head of Global Purchasing Department	Shirley Azar
Global R&D Director	Richard Macret
General Counsel and Corporate Secretary	Hadas Levi Benderman

Impact management

- Our management approach to all sustainability aspects can be described as follows:
- The sustainability steering committee includes all members of the management team;
 - Our Chief Innovation and Sustainability Officer oversees and coordinates the definition of the impact strategy and programs;
 - A small group from the steering committee manages the ongoing coordination and operation of the impact strategy, while locally there are people responsible for every area covered in the strategy;
 - We regularly review our goals (see the section “Our Impact Strategy”), our projects and our impacts, risks, and opportunities and adjust as needed;
 - We evaluate 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.

Materiality and Assessment of Impacts, Risks and Opportunities

NILIT has evaluated key sustainability impacts, risks and opportunities through a materiality assessment that considers the entire textile value chain. The following sustainability aspects have been defined as relevant while detecting key impacts, risks, and opportunities for the company:

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

The listed material topics are classified into categories with corresponding subtopics. Under these, more specific parameters are defined to ensure a thorough assessment of the respective sustainability aspects along the value chain. The comprehensive list is included in Appendix 2.

Key Sustainability Impacts, Risks and Opportunities

Our materiality assessment confirms that the initiatives we have implemented, the projects in progress and future plans match our impact program. We recognize that our efforts are ongoing, and we have committed to regular assessments and updates to ensure we continue to lead the change in the textile industry. The materiality results are fully supported and approved by our board of directors and management team.

As sustainability continues to drive the decisions made by brands, retailers, and consumers, we are well positioned to take advantage of these opportunities. We are providing the high quality, responsibly made, environmentally considerate Nylon products they require, and we strive for continuous improvements. We cultivate partnerships with 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.

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 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, biodegradability. These topics align with the topics we have identified in the materiality assessment.

Methodological Framework

The reporting period of this Impact Report includes calendar year 2022 and 2023. Report contents and topic boundaries have been defined by following 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 impact 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.

NILIT's impact report follows the "with reference" approach to the GRI Standards (Global Reporting Initiative), one of the most used standards in sustainability reporting. The

examination of GRI disclosures has defined the matches between GRI topics and requirements with the initiatives, projects and results we want to disclose.

By following the “with reference” approach, in this report the GRI environmental, social and governance indicators disclosed have been expanded, thanks to the set-up of a dedicated team to collect and elaborate more data especially about energy, emissions and waste.

This approach establishes a preparatory activity and a more solid foundation for NILIT to welcome in the next future the compliance to the ESRS standards.
GRI topics and disclosures are listed in Appendix 2 (GRI Index).

The contents of this report, as the material topics defined has been reviewed and approved by the management team and Members of the Boards of Directors.
For further information about this report, please reach out to: noaml@nilit.com

Appendix 2

Material Sustainability Topics

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

SUSTAINABILITY ASPECTS	HEAD TOPICS AND SUBCATEGORIES
Environment	Management <ul style="list-style-type: none">Local/global standardLegal situationsEMS (ISO 14001)ISO 9001Plant Infrastructure
	Resources <ul style="list-style-type: none">Raw MaterialsEnergy ConsumptionWater UseWaste
	Emissions <ul style="list-style-type: none">GHG EmissionsWastewater DischargeAir Emissions; NoiseSoil and groundwater contamination
	Chemicals <ul style="list-style-type: none">Chemicals management & RSL/MRSLAntibacterial treatments
	Process <ul style="list-style-type: none">RecyclingBio based materialsBiodegradabilityPackaging (excl. product)

SUSTAINABILITY ASPECTS	HEAD TOPICS AND SUBCATEGORIES
Health & Safety Management Systems	Management <ul style="list-style-type: none">OHSAS 18001; ISO 45001
Social	Labor compliance (supply chain) <ul style="list-style-type: none">Working conditions (ILO conventions)
	Human Resources <ul style="list-style-type: none">DiversityTraining & DevelopmentWork-life balance
Business Ethics	Corporate Governance
	Ethical guidelines
	Anti-corruption
	Fair competition
	Responsible political involvement
Community Outreach	Consumer interests <ul style="list-style-type: none">Product Safety
	Donations
	Volunteering activities
Collaboration	Partnerships with Brands and Mills

GRI

Content index

Statement of use	NILIT has reported the information cited in this GRI content index for the period 1.1.2022-31.12.2023 with reference to the GRI Standard.
GRI used	GRI 1: Foundation 2021
Relevant GRI Sector Standards	GRI Sectors Standard for NILIT sector are not currently available.

GRI 2: General Disclosures 2021		
GRI STANDARD	LOCATION	NOTES AND KEY WORDS
The organisation and its reporting practices		
2-1 Organizational details	1.3 Our Identity	
2-2 Entities included in the organization’s sustainability reporting	1.3 Our Identity	
2-3 Reporting period, frequency and contact point	Appendix 1	
Activities and employees		
2-6 Activities, value chain and other business relationships	1.3 Our Identity 3.2 Product impact 3.6 Partnership Impact	#valuechain
2-7 Employees	3.4 Social Excellence 4. Additional data	#employeesdata

GRI STANDARD	LOCATION	NOTES AND KEY WORDS
Governance		
2-9 Governance structure and composition	1.3 Our Identity Appendix 1	
2-11 Chair of the highest governance body	1.3 Our Identity Appendix 1	
2-12 Role of the highest governance body in overseeing the management of impacts	1.3 Our Identity Appendix 1	#governance #boardcomposition #boardsknowledge
2-13 Delegation of responsibility for managing impacts	Appendix 1	
2-17 Collective knowledge of the highest governance body	Appendix 1	
Strategy, policies and practices		
2-22 Statement on sustainable development	1.2 Letter to stakeholders	
2-23 Policy commitment	3.4 Social Impact 3.5 Supply chain impact	#valuesandethics #reputation
2-24 Embedding policy commitments	3.4 Social Impact 3.5 Supply chain impact	#policies #transparency #conductintegrity #riskmanagement #corruption
2-27 Compliance with laws and regulations	Appendix 2	In 2022 and 2023, we did not experience instances of non-compliance with law and regulations
2-28 Membership associations	2.2 Walking the talk 3.6 Partnership impact	#memberships

GRI STANDARD	LOCATION	NOTES AND KEY WORDS
Stakeholder engagement		
2-29 Approach to stakeholder engagement	Appendix 1	#materiality #stakeholdersengagement
2-30 Collective bargaining agreements	3.4 Social excellence	#employeescontract
Material Topics		
GRI 3: Material topics – 2021		
3-1 Process to determine material topics	Appendix 1	#materiality
3-2 List of material topics	Appendix 1	
GRI 302: Energy – 2016		
302-1 Energy consumption within the organization	3.3 Manufacturing impact	#energyefficiency #renewableenergy
302-4 Reduction of energy consumption		
GRI 303: Water – 2018		
303-3 Water withdrawal	3.3 Manufacturing impact	#watermanagement #wateruse
303-4 Water discharge	3.3 Manufacturing impact	
GRI 305: Emissions – 2016		
305-1 Direct (Scope 1) GHG emissions	3.3 Manufacturing Impact	#GHGemissions #emissionsreduction
305-2 Energy indirect (Scope 2) GHG emissions	3.3 Manufacturing Impact	

GRI STANDARD	LOCATION	NOTES AND KEY WORDS
GRI 306: Waste – 2020		
306-3 Waste generated		
306-4 Waste diverted from disposal	3.3 Manufacturing Impact	#waste #wastemanagement
306-4 Waste directed to disposal		
GRI 302: Energy – 2016		
403-1 Occupational health and safety management system	3.4 Social excellence	
403-2 Hazard identification, risk assessment, and incident investigation	3.4 Social excellence	
403-3 Occupational health services	3.4 Social excellence	
403-4 Worker participation, consultation, and communication on occupational health and safety	3.4 Social excellence	
403-5 Worker training on occupational health and safety	3.4 Social excellence	#employeeswellbeing #employeeswelfare #training #professionaldevelopment
403-6 Promotion of worker health	3.4 Social excellence	#healthandsafety #accidents #lostworkedhours
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.4 Social excellence	
403-8 Workers covered by an occupational health and safety management system	3.4 Social excellence	
403-9 Work-related injuries	3.4 Social excellence	
403-10 Work related ill health	3.4 Social excellence	

GRI STANDARD	LOCATION	NOTES AND KEY WORDS
GRI 404: Training and education – 2016		
404-1 Average hours of training per year per employee	4. Additional data	#training #professionaldevelopment
404-3 Percentage of employees receiving regular performance and career development reviews	4. Additional data	#performancereview
GRI 405: Diversity and equal opportunity– 2021		
405-1 Diversity of governance bodies and employees	4. Additional data	#diversity #equalopportunity
GRI 413: Local communities – 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	4. Additional data	#vulnerablecommunities #relationswithcommunity #communitycontributions

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