



FERRE

Empowering circular fashion since 1947

Sustainability report
2020

FERRE

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01

About this report

At Hilaturas Ferre, transparency is fundamental to maintain trust-built relationships with our stakeholders. This is why the report has the aim of showing all of our stakeholders and interested parties how Hilaturas Ferre creates value and contributes to sustainable development.



This report presents the information related to our activity during 2020, with the valuable contribution of our team: Human Resources, Marketing, Production, Quality and Finance.

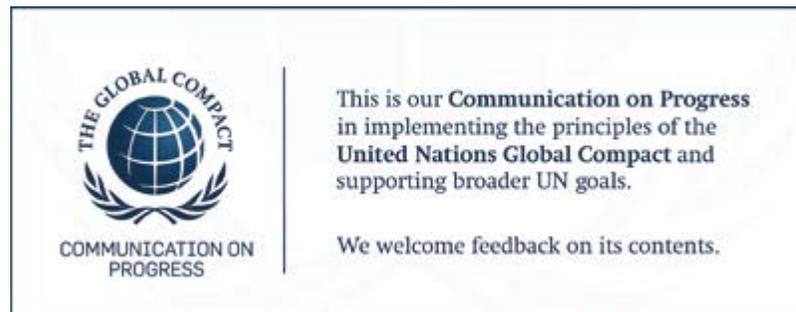
This report has been created according to the **“Global Reporting Initiative Standards (GRI): Option Essential”**. In this sense, this report addresses the economic, environmental and social impacts of our activity: manufacturing and marketing recycled yarns for the textile and fashion industry, in our production facilities, located in Banyeres de Mariola.

Hilaturas Ferre is committed to the 10 Principles of the United Nations Global Compact on Human Rights, Labor Standards, Environment and the Fight against Corruption, being part of the Spanish Global Compact Network since 2011. In this sense through this report, we communicate our willingness to renew our commitment to the United Nations Global Compact initiative.

In addition, to show our commitment towards a sustainable development model, we have aligned our strategy with the United Nations 2030 Agenda, meaning that we uphold our commitment towards the attainment of the Sustainable Development Goals (SDGs).

To identify our contribution to the SDG and Principles of the Global Compact, in the GRI contents table, we show the correlation between both and the GRI indicators.

We invite you to take a closer look into the activities that we conducted at Hilaturas Ferre during a year with a historical stamp on it, such as the pandemic caused by COVID-19.



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Letter from
our CEO

Dear friends,

Firstly, allow me to introduce myself. My name is Luis P. and I joined the Ferre team in September of 2020. I come from the world of textile fashion, having worked for brands such as Inditex, H&M and Zalando over the last few years. Ferre is a project that I am passionate about, for being in my homeland, because of the opportunity I have to make my contribution in the best possible way in our textile industry and the focus on sustainability that our products offer.

2020 was a very intense year for everyone, including ourselves. On one hand, a new path has been taken by Recover™, our brand of fibre, as an independent business, that will lead to an ambitious expansion of recycled cotton fibre to the leading textile producers in the world. At Ferre, we maintain our passion, which is aiding our clients in becoming sustainability leaders and creating the best recycled yarns with the lowest environmental impact in the market.

On the other hand, it has been a complicated year due to the impact of Covid on textiles. Luckily, we have not had to stop the activity for more than the necessary days and we have been able to keep our staff, but we have noticed a decrease in activity and sales that have affected us.

At Ferre, we journey into the future with bright expectations. We find ourselves in a market that is demanding more and more products that come from a sustainable source, and laws and regulations are being imposed to regulate the need to reuse and recycle. Recycled yarn is fast becoming the benchmark alternative material and at Ferre, with our 74 years of experience, we are ready and motivated to become the pioneers in the global quality recycled yarn market. We have the passion; we have the knowledge and an excellent and fully prepared human team.

This is a time for change, from which we want to emerge stronger than ever and continue to contribute our bit to improve our industry and take care of the environment.

We wish for you to join us on this journey.

My sincerest regards to all,

Luis Pita de la Vega
CEO Ferre



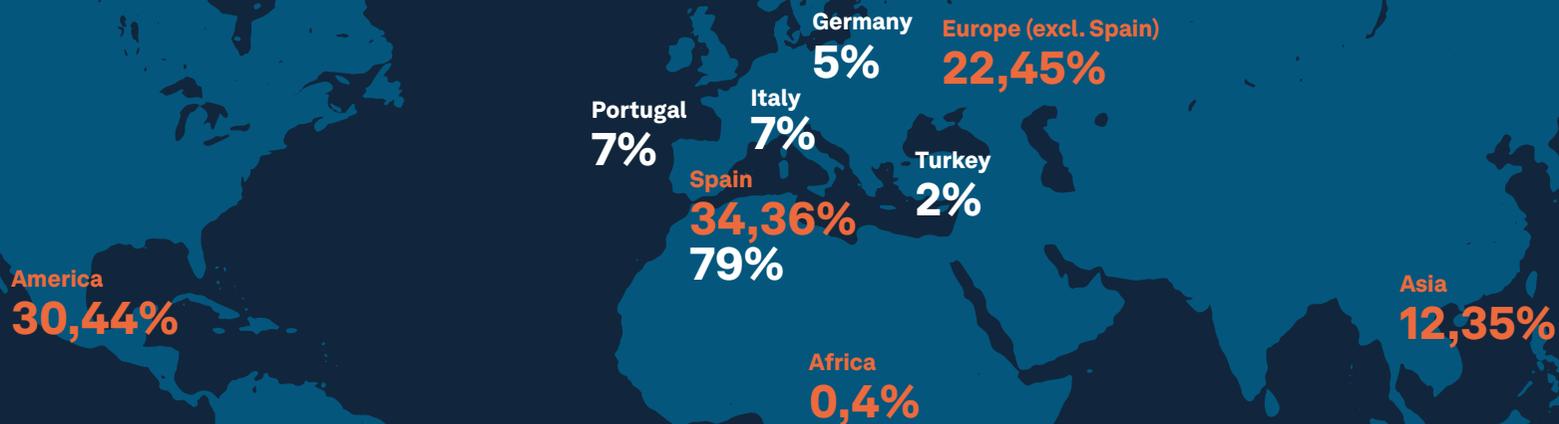
03

About Hilaturas Ferre



HILATURAS FERRE IN FIGURES

ECONOMIC 2020



Volum of business and results
(millions of €)

Sales 14,07 €

Sales
per geographical area (%)

Purchases
per geographical area (%)

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to people

ENVIRONMENT, ETHICS AND DIVERSITY 2020

ENVIRONMENTAL



↑ 374%
Sustainability Investment



↓ 19%
Energy consumption (kWh)



↓ 24,3%
Fuel consumption (litres)



↑ 40,8%
Water consumption (m³)



↓ 1.564,30
CO₂ emissions
(tons of CO₂)



↓ 6,16
Kg of valuable waste/
unit of production

SOCIAL

96 Staff members



9
Women



87
Men



6
Nationalities



1.965
Staff training hours



0
Cases of corruption a/o bribery

0

Cases of discrimination



↓ 4,2%
Accidents in the workplace
(hours)



Our History

Our company, HILATURAS FERRE, S.A. was established in 1947 and has been manufacturing and marketing yarns for the textile market ever since. It is purely a family-run business with activity in the textile market which dates to the beginning of the 20th century, when HIJOS DE ANTONIO FERRE, S.A. was founded in 1914 manufacturing fabrics for home textile. At present, both in the shareholders and in their management positions there are members of the fourth generation of the family.



Banyeres de Mariola,
Alicante - Spain

FERRE

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The peculiarity of our company is not in the manufacture of the yarn itself, but in the origin of the raw materials that we use, since, for the most part, they have their origin in waste of textile products, for four generations we have been applying the concept of



Our Strategic Plan reflects, as one of the important activities to develop, the communication of our values to our clients, suppliers, internal and external collaborators, and other stakeholders involved in our project. The SUSTAINABILITY value is, without a doubt, the most outstanding element in our company, since it is an essential part of our business model, as our yarns are mainly manufactured from textile waste.

We understand that partnerships and association make us stronger. We belong to various associations and technological institutes that give us access to research, knowledge, and new ideas and at the same time, learn about the society and market tendencies.

Since its foundation, we have tried, with the maximum involvement of our staff, to give the best service every day and to achieve the satisfaction of our customers.

We also collaborate with non-profit associations, where we believe that we contribute to improve the situation of those most disadvantaged and, to whom we cannot help directly. These are the most relevant associations and entities to which we currently belong to or collaborate with at the moment:

- AITEX
- ATEVAL
- CENTRAL COMPRAS
- ASOCIACIÓN VALENCIANA DE EMPRESARIOS
- COLEGIO DEL ARTE MAYOR DE LA SEDA
- INSTITUTO TECNOLÓGICO DE INFORMÁTICA



As well as this, we collaborate with various local associations, and participate in promoting regional events. We provide support and promote local institutes and associations that allow us to aid those who work in our closest environment, where the majority of our employees work and where we shrug off our company image. We believe that this method of contribution better the quality of life in our closest environment.



The search for zero impact

A continuous journey



Humble beginnings

Antonio Ferre opens a textile factory in his native Banyeres de Mariola, a small town in Alicante, Spain. Ferre manufactures jute and other bast-fiber fabrics and sells bags for fertilizers in economically depressed Spain while most of Europe's countries are involved in World War I.

1914

First great technological innovation: The self-acting mule. The incorporation of the self-acting mule is a definite boost to the mechanization of spinning, as this automated spinning machine allows multiplying the production capacity with the labor of a single person.

Open-end spinning technology introduced

A technological innovation that allows us to increase the productivity and quality of our yarns.



We get the perfect color. It's sustainable.

Ferre creates its own system to achieve color matching accuracy without using water or chemicals. This perfection in color breathes new life into the business while bringing us closer to zero impact.

The Ferres start recycling cotton

Faced with another shortage of supplies during the difficult Spanish post-civil war years, a second generation of Ferres has a huge vision and a game changing innovation: turn textile waste into yarn.

1947

1957

1974

1982

1985



The "Diablo" is here
Our circular spirit is reflected in this super machine that will allow us to convert large amounts of textile waste into the best recycled fiber.

We grow

The company's productive capacity grows: we open Factory 2 and inaugurate the first automated fiber blending boxes.

1996
1999

2005

2002

2000



2008

The launch of the first ever 100% recycled yarn with recycled cotton and recycled polyester from PET bottles.

Second subsidiary, in Mexico

We open our second subsidiary, located in Mexico, to supply the Latin American market.



Standing up for sustainability

After more than 50 years recycling, Ferre dares to use the term "recycled" to refer to its products when nobody else did and becomes a leader of change.



2000 We keep growing
We inaugurate Factory 3 and the smart warehouse, which takes logistics to another level.
From local to global, we open our first subsidiary in America
We take a giant leap towards the global market and we open our first subsidiary, Ferre Hickory, in North Carolina.

2014

2015

2020

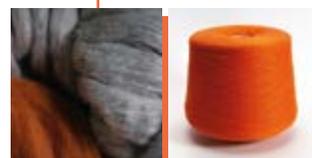
Global launch of Recover™

The Recover™ brand encompasses Ferre's most sustainable products and quickly becomes a world reference for quality recycled yarns.



State-of-the-art technology

We open Factory 4 with state-of-the-art technology that allows us to improve productivity and versatility and make all kinds of yarns.



Recover™ starts its own journey

The fiber and yarn businesses separate. Recover™ begins a new journey as a leading global brand in mechanical cotton fiber recycling and Ferre continues to be the best recycled yarn spinner, capable of unlocking the full potential of Recover™ recycled fiber. Ferre and Recover™ become strategic partners in the sustainable value chain.

Mission Vision Values



Mission

To continue helping our clients to become the leaders in sustainability, creating the best recycled yarn with the lowest environmental impact on the market.



Vision

To be the reference partner in the global market for quality recycled yarns.



Values

- Empathy
- Sustainability
- Transparency
- Innovation
- Quality and Expertise
- Legacy

Corporate management FERRE



CEO
Luis P.



Communication within the company

The highest governing body is the Board of Directors, chosen by the stakeholders, who supervise the company's evolution and make decisions regarding the strategic priorities that the company must follow. Each member has an equal vote, regardless of gender.

The Board of Directors has direct responsibility of economic, social and environmental performance.

How do we maintain the flow of direct communication with the Management Body? ↓↓

The communication of the decisions made by the *Board of Directors* is through the **Management Committee**, which is formed by representatives from all areas of the organisation.



The employees depend on the **Work Council**, as a means of formal communication, enabling them to direct their opinions and issues towards management and the direct contact to those in charge of human resources, with whom they have close and continuous contact. Additionally, there is a **Health and Safety Committee** that ensures the compliance of the Labour Risk Prevention Law.



Additionally, the heads of **Human Resources and the Prevention of Working Risks** are in charge of managing the relationships and working situation of the business on a daily basis. They have close and regular contact with the staff and together, form the perfect body to measure the working environment in the company.



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Ethical and responsible management

We have created a document where we define our ethical values and principles, and we establish our behavioural guidelines that are to be followed by all that form part of our organisation. They are titled, **“OUR ETHICAL AND PROFESSIONAL BEHAVIOUR GUIDELINES”**



Behavioural guidelines

FOR STAFF AT HILATURAS FERRE:

- Hiring of the staff and internal promotion
- Gifts and invitations
- Use of technologies and networks
- Commitment to the confidentiality of information
- Personal life and work balance
- Health, hygiene and safety in the workplace
- Respect among company staff
- Conflicts of interest

FOR CLIENTS:

Hilaturas Ferre is committed to offering its clients excellence, quality and transparent communication with them.

We are committed to a company where everyone's involvement is essential:

- We build trust and confidence
- We stick to our commitments
- Be aware of possible infractions before they occur.
- Always rigorously comply with deadlines and product quality and simply provide a GOOD SERVICE
- Respect and comply with legislation applicable and promote it in and around the whole company.



FOR SUPPLIERS:

The Ferre Group has a lawful, respectful and ethical relationship with its suppliers. The activity in terms of purchasing and sourcing is based on the company's good practices.

As a preventive measure, we have an anonymous reporting channel for suspected misconduct.



Our Compliance Officer against corruption



Within our team of staff, we have a Compliance Officer/Director of Regulatory Compliance, who is present with the purpose to prevent any criminal acts that could occur in our sector.

We are completely against any acts of this nature and strive for transparency and fair business ethics:

- The situation and climate of trust from our employment policy that the company breathes, assures staff that they have the trust of the executives and managers. To date, we have not needed to address this issue or found a need to employ anti-corruption mechanisms.
- As a company, we reject the participation of

any sort of financial transaction that might carry illegal or corrupt implications.

- As the company accounts are controlled and justified, any corrupt activity could be easily spotted.
- All cases of corruption will be investigated and analysed. To date, there have been zero.

What is our aim here?



With the intention of forcing the rules upon our company, we aim to soon produce a Crime Prevention Manual, and train all staff training in the use of our internal complaints system.



Relationship with stakeholders

In order to identify our stakeholders and groups of interest, we have taken the following into account:

- The effect that our activity has whilst taking social, environmental and economic aspects into account.
- Determine how to influence or how we can influence each stakeholder and study the capacity that they have to directly or indirectly offer our company activity.
- The needs and expectations of each group.
- Define adequate channels of communication in each case ensuring that there is always feedback present.



Process of relevance

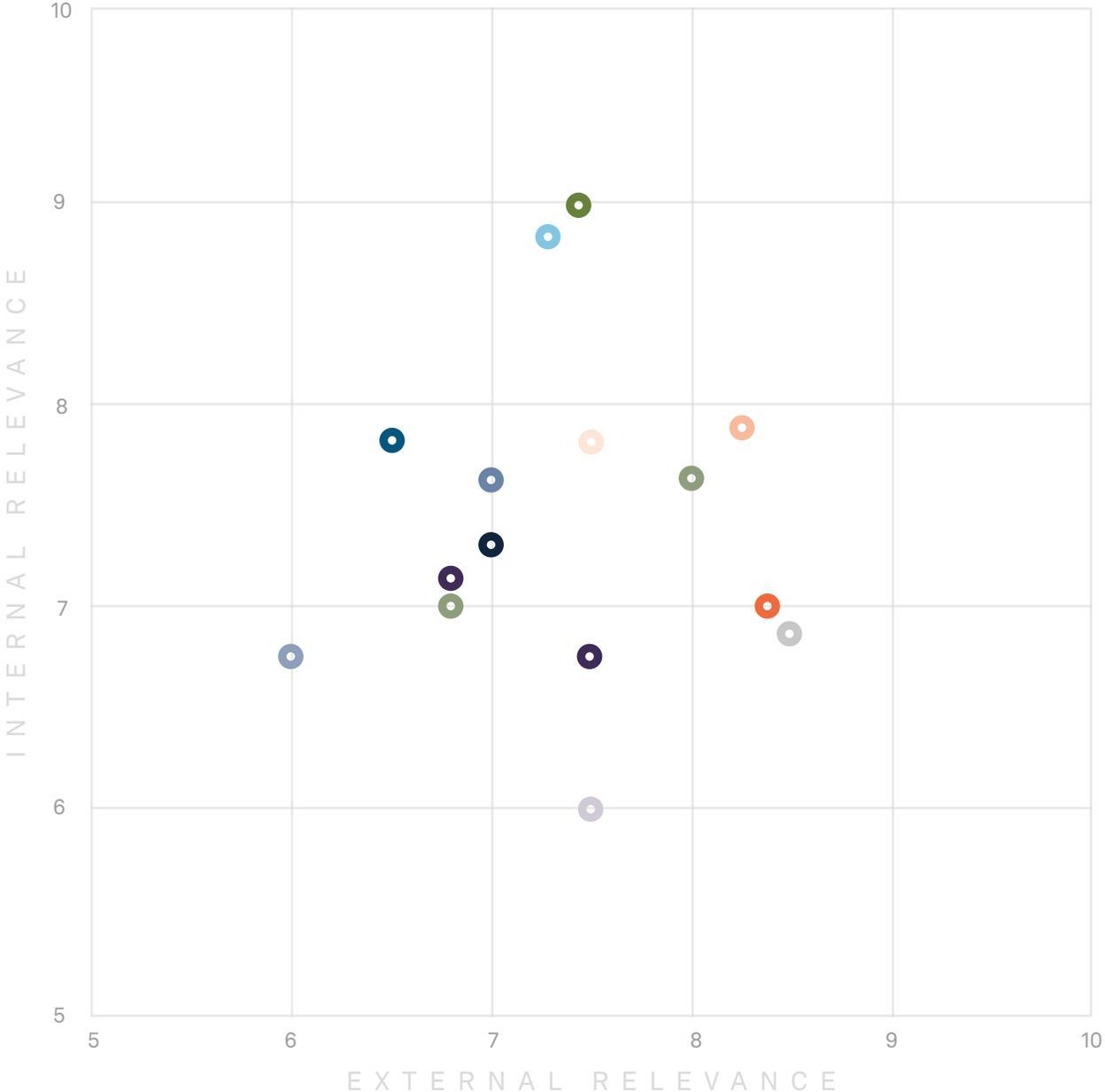
We have used the process of relevance as a tool to identify the areas that most concern or interest our stakeholders and it has been carried out via meetings and surveys within the company. An initial estimate was proposed to our stakeholders, focusing on the groups inside the business, with whom we have a direct relationship with, in order to establish a dialogue that allowed us to identify aspects which have a major impact and consequently cover more relevance for both the business and stakeholders.

The table below contains the 21 most relevant areas for our stakeholders and is a result of the participation from both the Management and other areas of the business:

GRI (INDICATOR)	ASPECT	Business	Stakeholders	Cover	
				INT.	EXT.
205	Fight against corruption	7,5	6	X	X
301	Materials	8,6	6,9	X	X
301	Closing the recycling process/supporting recycling	7,4	9	X	X
303	Energy	7	7,6	X	X
303	Water	6,5	7,8	X	X
305	Emissions	7,3	8,8	X	X
306	Effluents and waste	8,5	7	X	X
402	Relationship between staff and management	8,4	7,9	X	
403	Healthy and safety in the workplace	7,5	8	X	X
404	Training and education	8	7,7	X	
405	Diversity and equal opportunities	7	7,4	X	X
405	Equal pay for men and women	6,8	8,1	X	
406	Non-discrimination	7,5	6,8	X	X
407	Freedom of association and collective bargaining	8,2	6,5	X	X
408	Child labour	8,9	6,9	X	X
409	Forced labour	8	7	X	X
412	Evaluation of supplier work practices	7,3	7,4		X
413	Local communities	6,6	7,5		X
416	Client health and safety	6,9	7		X
416	Product monitoring (Analysis)	6,9	7,1	X	X
417	Product labelling and services	6	6,8		X

PROCESS OF RELEVANCE TABLE HILATURAS FERRE

- 205 Fight against corruption
- 301 Materials
- 301 Closing the recycling process/
supporting recycling
- 303 Energy
- 303 Water
- 305 Emissions
- 306 Effluents and waste
- 402 Relationship between staff and management
- 403 Healthy and safety in the workplace
- 404 Training and education
- 405 Equal pay for men and women
- 406 Non-discrimination
- 407 Freedom of association and collective bargaining
- 408 Child labour
- 409 Forced labour
- 412 Evaluation of supplier work practices
- 413 Local communities
- 416 Client health and safety
- 416 Product monitoring (Analysis)



Our products

Driving fashion with zero impact

HILATURAS FERRE is a cotton spinning mill with open-end technology and the specialised know-how in the production of colour yarn, using recycled cotton fibres. The company produces yarn for international textile markets.

The majority of the recycling process is carried out in our facilities and leads to the consumption of over four million kilograms of recycled cotton fibre a year. Along with the recycled cotton, we also add in fibres such as

polyester, virgin or recycled, acrylic, organic cotton, recycled wool, polyamide, etc.

We produce high quality recycled yarns for all types of fashion products, accessories and home textiles. Our products are made with **Recover™**, the recycled cotton fibre with the lowest **impact in the global market**, according to the Higg MSI index.

<https://apparelcoalition.org/the-higg-index/>



Higg Index

The Higg MSI index (Materials Sustainability Index) helps manufacturers measure and **score the environmental impact of the materials that they use in the production of their textiles**, compare their products with the rest of the industry and make better decisions about how to use materials.

Recover™ recycled cotton fiber generously outperforms virgin equivalent fibers, conventional cotton and organic cotton, across all 5 impact categories: **Global warming potential, Eutrophication, Water scarcity, Fossil fuel depletion and Chemistry.**

Our products

FERREYARNS

FUNO



A family of recycled yarns that blend recycled cotton with virgin synthetic fibers for specific performance, versatility and value.

BLUE



A 100% recycled blend of Recover™ recycled cotton and rPET bottles, with accurate and unique colors, designed for all types of fashion products.

EARTH



A natural blend of Recover™ recycled cotton and organic cotton, in soft colors designed for comfort and durability.

WOOL



A natural tri-blend of recycled wool, rPET bottles and polyamide, designed for maximum comfort and softness.

JEANS



The state of the art in recycled garments. A natural blend of Recover™ recycled cotton from post-consumer denim and organic cotton.

TECH



A high-performance blend of Recover™ recycled cotton and rPET bottles designed for high performance products.

TRES



A super soft and sheer tri-blend of Recover™ recycled cotton, rPET bottles and Tencel™, for fashion garments.

RESULTS

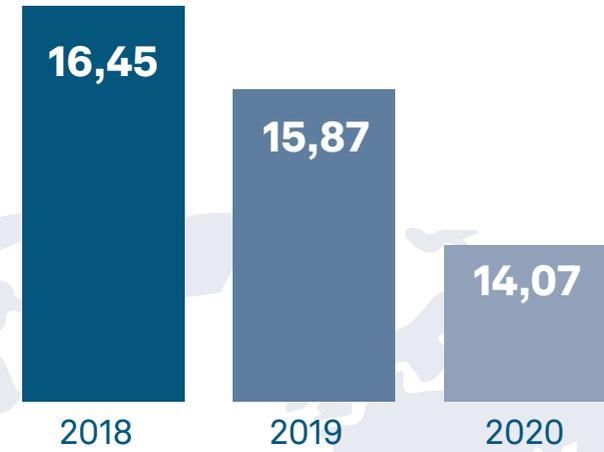
SALES

The 2020 turnover was 14.07 million euros, which represents a decrease in sales compared to 2019 of 11.32%.

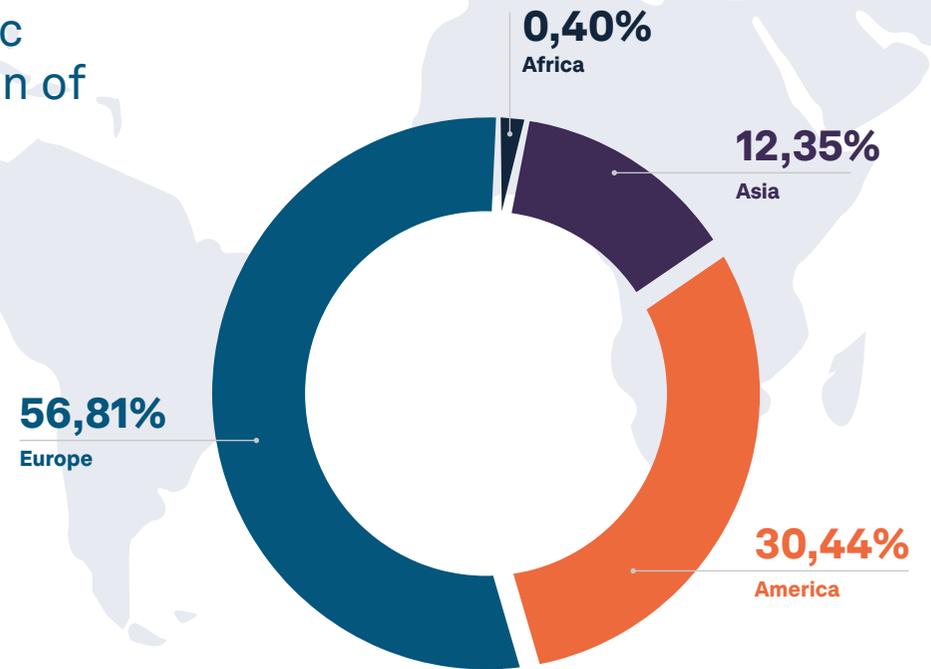
The COVID-19 pandemic and the measures adopted by the government to close shops, reduce working hours and limit capacities, as well as travel limitations have affected the results obtained by our operations in 2020.



Evolution of turnover (in thousands of €)



Geographic distribution of sales



04

4. Working towards a more sustainable model: Looking for a better future



Our policy on corporate **SOCIAL RESPONSIBILITY**



ENVIRONMENT

- Comply with legal requirements and regulations that apply to us.
- Maintain preventative measures that favour the environment.
- Promote initiatives that encourage greater environmental responsibility.
- Favour the development and widespread use of environmentally friendly technology.
- Encourage and improve environmentally friendly practices in our company.
- Make purchases and investments with sustainability in mind.



Principles 7, 9, 12, 13 and 15 of the United Nations Global Compact

QUALITY

- Guarantee our clients a high standard of products and services.
- Maintain a close and professional relationship with our clients and promote continuous improvements in all procedures.
- Promote training and collaboration and professionalism of the organisation.
- Be innovative in procedures, in the development of products and in the areas of marketing and communication.



Principles 4, 8 and 9 of the United Nations Global Compact

HUMAN RIGHTS

- Neither using, nor supporting child labour.
- Neither permitting, nor using any form of forced labour.
- Working hours must comply with Textile Agreement Regulations.
- Facilitate the relevant instruments so that staff can get acquainted freely and negotiate collectively.
- Completely disregard all discrimination based on race, nationality, religion, disability, gender, sexual orientation, participation in unions, political views, age, upon employing, paying, training, promoting, firing or retiring employees.
- Guarantee that the minimum wage always meets legal standards and requirements established by each respective industry, ensuring that it is sufficient to cover all basic needs of the personnel.



Principles 3, 5 and 10 of the United Nations Global Compact

LABOUR PRACTICES AND DECENT WORK

- Establish a safe and healthy working environment and carry out necessary procedures in order to prevent accidents and harm to health in the workplace and during working hours, reducing all risk in the working environment to a minimum as feasibly as possible.
- Guarantee that all employees, including new recruits, receive regular and documented training and information regarding health and safety at work for each position.
- Establish systems to detect, avoid and respond to any potential health risks and staff safety.
- Maintain hygienic conditions under optimal sanitation to cover all basic staff needs in the workplace.



Principles 3 and 4 of the United Nations Global Compact



HILATURAS FERRE'S CONTRIBUTION TO THE **SDG'S**



OBJECTIVE 1: **NO POVERTY**

Hilaturas Ferre has participated in “Circular Fashion” in collaboration with Cáritas, a united and ecological project that starts with gathering textiles from shopping centres and offices, where we contribute to the process whereby raw material finds its way back into the textile circuit.

The Project contributes to the insertion of people in the working world, employing those at risk of social exclusion.



OBJECTIVE 2: **ZERO HUNGER**

To aid this goal, the company is collaborating with associations and charities that have this goal as a priority.



OBJECTIVE 3: **GOOD HEALTH**

We highly support training in the workplace safety for all employees, so that we can guarantee their **maximum safety**. We promote healthy eating and we have initiatives to incorporate training in nutrition to employees. In 2019, we installed a coffee machine with 100% natural coffee (without unroasted beans) and we provide 100% skimmed milk with no added sugar.



OBJECTIVE 4: **QUALITY EDUCATION**

We train our employees and promote **continuous training** to encourage their personal and professional development.



OBJECTIVE 5: **GENDER EQUALITY**

We whole-heartedly believe in creating a workplace based on ethical and respectful behaviour that promotes **equal opportunities** between men and women in all areas.



OBJECTIVE 6:
CLEAN WATER AND SANITATION

Through the use of recycled products being the raw material in our production process, we **reduce the amount of water** that is necessary, in comparison to traditional methods, to produce the same quantity of products.



OBJECTIVE 7:
AFFORDABLE AND CLEAN ENERGY

The company has installed photovoltaic panels, calculated its carbon footprint and has **reduced its carbon emissions** thanks to working with a green energy supplier.



OBJECTIVE 8:
GOOD JOBS AND ECONOMIC GROWTH

We support ethical and inclusive growth. We offer decent salaries, have **fair, inclusive and equal pay policies** and working conditions and ensure there is no child or forced labour at any point in our chain of values.



OBJECTIVE 9:
INDUSTRY, INNOVATION AND INFRASTRUCTURE

We continuously invest in whatever can deliver economic benefits, workplace safety, energy efficiency and production improvement. We have had a hand in **developing new machinery**, technologically innovating to be more competitive and efficient.



OBJECTIVE 10:
REDUCED INEQUALITIES

We believe in ethical and inclusive growth and reject any kind of **discrimination** based on gender, nationality, beliefs or any other kind of personal or social stance. Our team is made up of people from 6 different nationalities at present.



OBJECTIVE 11:
SUSTAINABLE CITIES AND COMMUNITIES

Recycling, which is the second life that we give leftover textiles that would otherwise end up as waste that increases landfill levels, makes for more sustainable communities.

Upon employing new staff, one of the key factors that comes into play is the distance between the person's home and workplace, which helps us to reduce commutes and promote **sustainable mobility**.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



OBJECTIVE 12:

RESPONSIBLE CONSUMPTION

We believe in a **circular economy**: the majority of our raw material comes from clothes and scraps of textiles (pre-consumer), discarded material and reusable plastic. We give these materials a second life and prevent them from ending up in landfills and the use of them as raw material produces significant savings when it comes to the consumption of water, energy and CO2 emissions.

We put value into most of our waste and promote responsible consumption in the day to day running of the business: in energy consumption, transport, the use of paper, water and so on.

13 CLIMATE ACTION



OBJECTIVE 13:

CLIMATE ACTION

HILATURAS FERRE wishes to contribute more and more to the environment, which is why we have calculated our **carbon footprint**, and obtaining the "Calculate and Reduce" certificate in 2019.

Thanks to the very positive results over the last few years, we will continue to do our very best to reduce our CO2 emissions, and keep working on the steps stated in the Carbon Footprint Reduction Plan.

14 LIFE BELOW WATER



OBJECTIVE 14:

LIFE UNDER WATER

The use of **recycled plastic** in the production process reduces the amount of plastic that ends up in landfills which in turn contaminates the sea.

15 LIFE ON LAND



OBJECTIVE 15:

LIFE ON LAND

We reduce the amount of plastics that ends up in landfills upon incorporating it into our production process. We also **reduce the impact on the ecosystem**, as this lowers the consumption levels of water, energy and emissions into the atmosphere, which are normally greater when using non-recycled raw material.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



OBJECTIVE 16:

PEACE, JUSTICE AND STRONG INSTITUTIONS

We have implemented the **Code of Conduct** titled "*OUR ETHICAL AND PROFESSIONAL BEHAVIOUR GUIDELINES*" where we define our ethical values and principles and the type of behaviour and attitude that one must follow upon forming part of our organisation. As a precautionary measure we have an **anonymous channel** to handle any reports of suspicions of bad conduct in the workplace.

17 PARTNERSHIPS FOR THE GOALS



OBJECTIVE 17:

PARTNERSHIPS FOR THE GOALS

We form alliances with those in our field to reach the following common goals:

- We adhere to the **United Nations Global Compact**, the biggest international initiative promoting Social Responsibility.
- We belong to several **technological associations and institutes**, where we seek to unite our efforts in improving production efficiency, product quality and efficient environmental management.
- We have collaborated with **The University of Valencia** to carry out a study in the environmental savings obtained through the use of recycled materials.

Innovation and development

Our commitment to modernization, energy saving, productivity improvement, cost savings and improvement of the final product, among others, are backed by economic investments that, for us, are of a very considerable magnitude.

In recent years, the value of the investments made amounts to 4.37 million euros, the most significant investments in recent years being the following:

INVESTMENTS IN 2020

LIFE-REWEART “A 100% real circular economy process for vegan-organic-recycled footwear”

INVESTMENTS IN 2019

INew LED lighting system

INVESTMENTS IN 2018

Our R&D project for the search of developing new processes to obtain yarn for fashion and home textiles.

Our “Business Intelligence” project.

The investments made over the last few years have allowed us to modernise our machinery, improve product quality, reduce the energy consumed per unit of production, complete orders faster, gain more production flexibility and meet clients’ needs more effectively, which in turn stops us from having to put so much into storage and produce exactly what the client wants.

In addition to the investment in machinery, we have invested our time, capital and efforts into backing the University of Valencia en their “Environmental impact of Recover cotton in textile industry” study, detailed in the section titled **“OUR NEW PRODUCTION AND CONSUMPTION MODEL: A CIRCULAR ECONOMY”**.

At Hilaturas Ferre, we understand that to be leaders in our sector, we must support technological innovation in processes and products



Awards and Recognition



2020

National Fashion Industry Award, which is promoted by the Spanish Ministry of Industry, Commerce and Tourism, *in the Leading Industry category*.

2018

AITEX Business Award, in the sustainability category.

2017

Innovative Company Award, awarded by the Spanish Cotton Textile Foundation.

2016

Finalist Triodos Company Awards, which recognize the positive social impact of companies.

2002

Family Business Award, awarded by the Valencia Chamber of Commerce.



05

Our new production and consumption model:
A CIRCULAR ECONOMY



FROM WASTE
TO YARN
**A CIRCULAR
PROCESS**

FROM WASTE TO YARN A CIRCULAR PROCESS

The limitation of available resources in our sector forces us to think about more efficient alternatives with the environment in mind. One of these alternatives is reusing leftover material generated as inputs or raw material in the same or in other industries.

In this sense, the circular economy concept has awoken the interest of organizations and businesses around the world. For Ferre, after more than seven decades supplying yarn to the clothing industry, circular is a word that runs in our blood. Recycled raw material, zero chemical products, zero water and the lowest possible CO2 emissions. The circular economy models have always had a positive effect and influence in our efficient manufacturing of yarn and have helped us to reduce our impact on the environment.

01 Textile waste is our raw material

We use pre and post consumer textile waste as a main source of raw material. Upon doing so, we prevent this waste from heading to landfills or to incineration plants, as well as being less dependent on virgin or finite raw material.



02 Cotton fibre recycling

Recover™, our strategic partner in the sustainable supply chain, transforms textile waste into new recycled cotton fibre, ensuring the very best quality and longevity. According to the Higg MSI index, Recover™ and its recycled cotton fibre has the lowest environmental impact in the entire worldwide market.



03 The creation of low impact mixtures

The Recover™ ColorBlend system mixes recycled cotton fibre without dyeing Recover™ but with other support that have been dyed with less impact (recycled PET, wool and nylon and organic cotton), to create new recycled fibres with accurate and unique colours, without the use of a single drop of water or chemicals.



04 The mixtures

Low impact fibre mixtures are carried out at an industrial level and then put through minor processes in the mixing rooms until the perfect combination of colour precision and performance is reached.



05 Yarn

The recycled cotton fibre mixtures are turned into premium yarn with low impact on the environment and can be used for all types of clothing, accessories and home textiles, in a massive range of accurate and unique colours.



A family of yarns inspired by the contemporary promise with sustainability and circular fashion

We manufacture high quality recycled yarn for all types of clothing products, accessories and home textiles. Our products are made with Recover™, the recycled cotton fibre with the lowest impact on the environment in the entire market, according to the Higg MSI index.

Using recycled materials makes our products sustainable as they contribute to reducing waste in landfills, greenhouse gases and a general impact on the environment when compared to products made with non-recycled raw material.



To progress with this theme, we have started up the following projects:

The LIFE REWEART Project

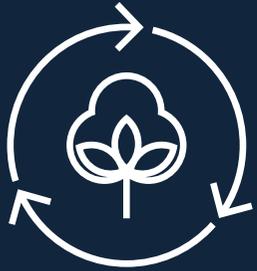
The objective of this project is to generalise the use of proactive management of waste and material in its design stage whereby we reduce the environmental impact they have when used in footwear. This gives us the chance to produce a new business model and tools, which when used in the design stage, allow for the best selection of materials and processes to create new footwear that uses organic and recycled material.

The W-FREE Project

This project enables the study, definition and functionalisation of yarn products via water free technology, with sustainable production values to be applied to end products in clothing and home textile.

To develop this Project, we have obtained funding through the Centre for the Development of Industrial Technology – CDIT, in conjunction with the European Regional Development Fund – ERDF, thanks to the Multiregional Operational Programme for the Growth of Intelligence.

This results in high quality recycled yarn, used to create sustainable clothing: **“Sustainable fashion is possible”**



The University of Valencia attests to the positive impact on the environment through the use of recycled cotton

In 2016, a study was published that was carried out by the University of Valencia called, “*Environmental impact of Recover cotton in textile industry*”. This study with which HILATURAS FERRE has collaborated with, analyses the environmental advantages of the life cycle of products that are made through the use of recycled cotton as the raw material in our manufacturing process compared to the use of natural cotton.

This new and much more rigorous study, updated and backed by the University of Valencia, allows us to show estimated data related to the amounts we have saved on: water, energy, polluting materials, greenhouse gases and waste that does not reach dumps, by using recycled natural materials as raw material in the manufacturing process.

This study analyses the manufacturing process of a garment made from natural cotton compared to one made from recycled cotton. The use of recycled cotton allows us to avoid various phases of the manufacturing process, such as farming, ginning and dyeing and the study even mentions the advantages that come from the transport process. The most important conclusions of the study reveal that the use of recycled cotton against farmed cotton produces some considerable savings that benefit the environment.

ESTIMATION OF SAVINGS PER TON OF RECYCLED COTTON USED VS VIRGIN COTTON



13980
Kg of CO₂ saved



320
Kg of SO₂ saved



15,594,000
litres of water (máximum amount) saved



2487
M² of farmland



55700
Kwh of energy saved



1000
Kg of waste that doesn't go to landfills

According to this study, **for every 1 Kg of Recover™ fibre used, we can save up to 15,000 litres of water.**

As well as the use of recycled cotton, we also use polyester that comes from recycled PET bottles, which is plastic that we give a second life to and would otherwise end up in a landfill or even in the sea.

According to the research that we have, as an example, by comparing, we can see the positive impact that the use of our **FBlue yarn has (52% recycled cotton, 48% RPET)**, compared to the use of conventional yarn (50% cotton – 50% polyester):

Estimation of saving produced per **Kg of**



FBLUE



7.762
litres of water saved



1.3
m² of farmable land preserved



500
g of cotton reused



29
kwh of energy saved



20.2
PET bottles given a second life



11.9
kg less CO₂ emitted into the atmosphere



0.59
kg fewer polluting products used (Pesticides, fertiliser, etc)



FBLUE

What environmental saving did we achieve with our products in their full life cycle in 2020?

Metrics that matter

We use the Life Cycle Assessment (LCA) methodology to measure the environmental footprint of all of our products from cradle-to-grave. For this, we observe metrics such as the carbon footprint, the water footprint, the use of chemicals and others. This assessment of the environmental impact of our products has been third-party reviewed by AITEX, Universitat de València and UNESCO, to ensure transparency.

We share our metrics with manufacturers and brands because this is not just about reducing our impacts, this is also about creating sustainable supply chains and meeting consumer demand for true transparency in fashion.

Our environmental savings in 2020



28

billion liters of water saved



40.2

million kg of CO₂ emissions saved



2.1

million kg of chemicals saved



1.9

million kg textile waste recycled



102.7

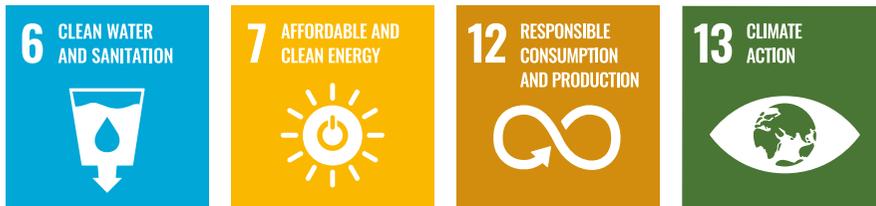
million kWh of energy saved



5.8

million PET bottle units saved

Our sustainable environmental management



What we base our sustainable environment management on

We work with natural and recycled fibres

We turn waste into products. We prevent waste from ending up in landfills

We recycle materials to give them value and a second life

We are committed to reducing CO2 emissions

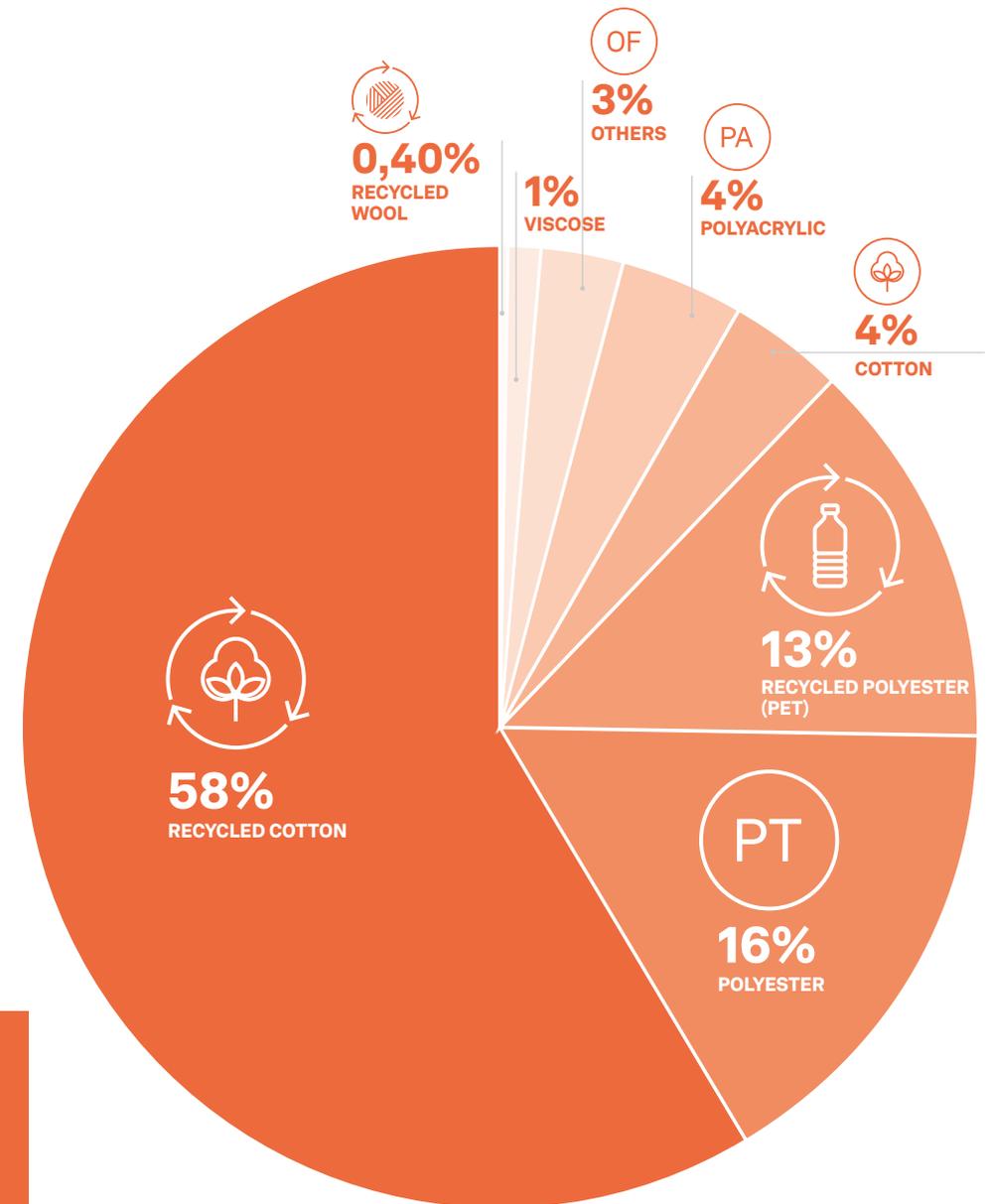
Being aware of our responsibility of the conservation of the environment and the rational use of natural resources, sustainable environment management of our activities is of the utmost importance at Hilaturas Ferre.



Raw material

The total amount of metres of yarn produced in 2020 reached 118,572 million metres, from which most of the raw material used came from recycled fibres:

72% of the raw materials consumed to produce our yarns come from recycled fibers



Fibre consumption 2020 (%)

Consumption



Year	Electricity (kWh)	Fuel (litres)	Water (m³)
2018	14.864.243	24.647	23.608
2019	14.747.668	23.050	18.088
2020	11.947.044	13.637	29.197

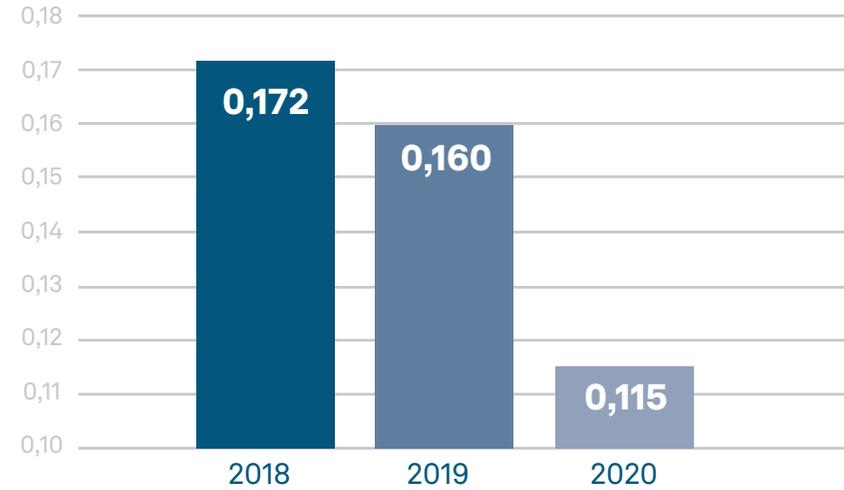
↓ **19%**
↓ **24,3%**
↑ **40,8%**

If we compare previous date by the *unit of production* (*), we get the following ratios:

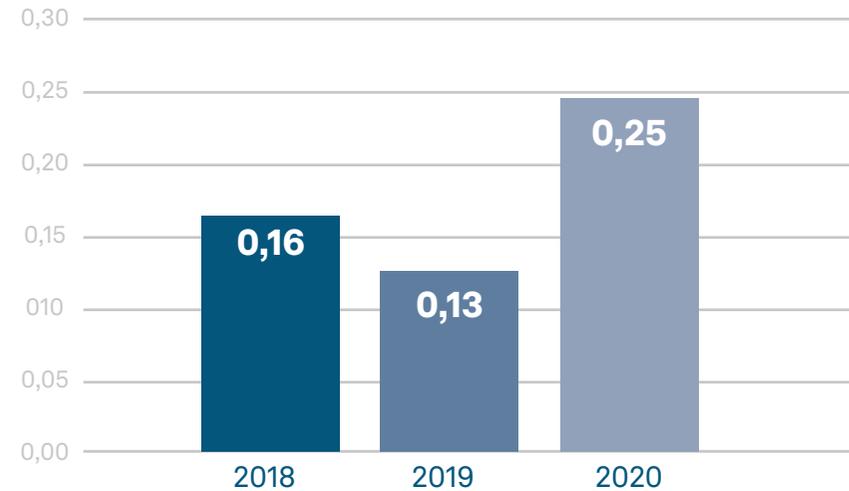
Electricity (kWh) / unit of production



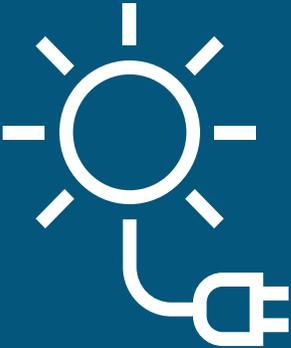
Fuel(litres) / unit of production



Water (m³) / unit of production



(* Unit of production = 1000Km of yarn)



Emissions

HILATURAS FERRE in its interest in raising its contribution to improving the environment, decided to start calculating its carbon footprint. So, in 2016, we calculated the carbon footprint that the company is responsible for, corresponding to the year 2015 within the scope of 1 and 2 (Fuel and electricity consumption). We proceeded to voluntarily enrol in the National Carbon Footprint Register of the Ministry of Environment. They have obliged us to make the necessary calculations of current environmental greenhouse gas emissions and also come up with a plan to reduce them over the forthcoming years.

CALCULATING THE CARBON FOOTPRINT: A COMMITMENT IN THE FIGHT AGAINST CLIMATE CHANGE

In 2017, upon calculating the carbon footprint, we realised that the reduction plan was having a real effect. It is for this reason we are increasing our efforts and calculating data from 2013 and 2014 to retrospectively apply for the 2016 REDUCTION stamp of approval and the 2017 and 2018 CALCULATE stamp of approval and for 2019, the "CALCULATE AND REDUCE" stamp.



↓ **98,78%**

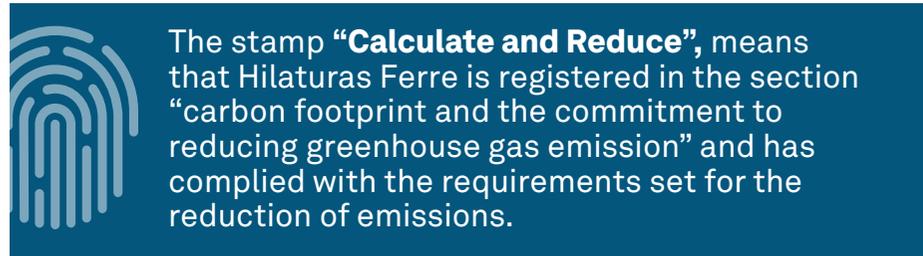
In 2019 CO2 emissions were reduced by 98.78%, thanks to ALDRO ZERO GREEN ENERGY



One of the objectives set was the **reduction of emissions produced by electrical consumption** via sustainable energy suppliers, drastically reducing our Carbon Footprint.

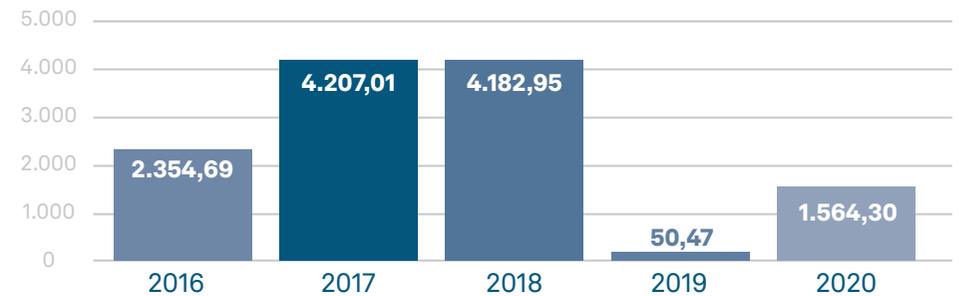


In 2019, we contracted the services of ALDRO, who certify that the energy that they supply us comes exclusively from renewable sources.



However, the results from 2020 show an estimation of 1,564.30 tons of CO₂. The increase in 2020 is mainly due to the fact that only 50% of the electric consumption came from a renewable source, compared to 2019, when we were able to depend on a 100% origin of renewable energy source, putting us in line with the national and European standards that seek carbon neutrality for 2050.

Carbon Footprint (Tons of CO₂ eq)



Good practices to minimise our carbon footprint

- Obtaining clean electrical energy thanks to the **installation of solar panels**.
- Continuous commitment through investing in innovative technology to increase **the quality and efficiency of our processes**.

The favourable results from past years motivate us to continue making an effort to keep reducing our CO₂ emissions and work on the proposed practices in the Plan to Reduce the Carbon Footprint, putting us in line with the national and European policies to obtain carbon neutrality by 2050. In light of this, we will keep searching for renewable energy suppliers.





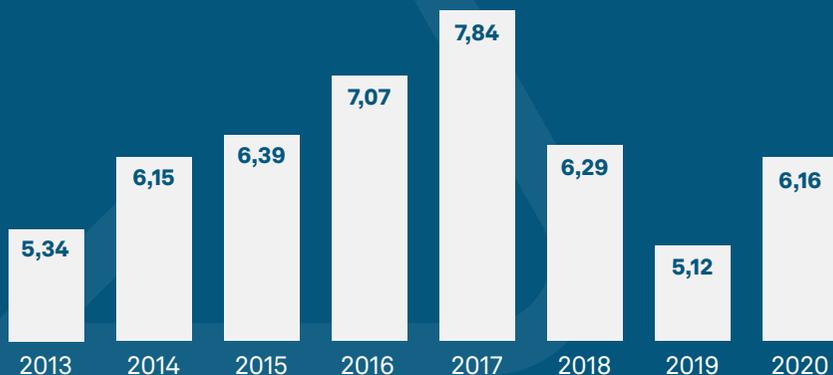
Waste management

We deal with our waste management very efficiently, both in its separation and its treatment. We aim to raise the amount of valuable waste, which means prolonging its life and making it reusable, to prevent it ending up in landfills.

The total amount of valuable waste in 2020 was 730,918 kg, which is a 1.07% less than in 2019. Having said this, should we compare the amount of valuable waste in terms of production, with each unit of production accounting for 1000 km of yarn, this has risen from 2019.

KG VALUABLE WASTE / UNIT OF PRODUCTION

unit of production = 1.000 km of yarn



In 2020, we gave value to **99.86%** of all waste generated

Packaging

The packaging we use to deliver yarn spools is bags, pallets and cardboard boxes. Some of the pallets distributed are returned, while the bags and boxes are converted into waste in our clients' facilities.

We are aware that forests give us a great number of benefits for the environment and help prevent climate change. Due to this,

In 2020, 100% of the new pallets that we acquired came with PEFC certificate, a forestry certificate that guarantees sustainable origins of our packaging.



This certification guarantees through The Chain of Custody, the traceability of forestry products, promoting sustainable management of forests in order to achieve social, economic and environmental balance.

However, we believe that there is still work to do regarding the implication and awareness of clients and their prevention of generating this kind of waste.

What is our goal?



- Make clients aware of environmental responsibility as a part of our business chain.
- Reduce the usage of bags and study the possibility of using bags made from more ecological sources.

06

Product quality
and safetySUSTAINABLE
SOURCING

The production of our high-quality recycled yarn wouldn't be possible without those that form our supply chain.

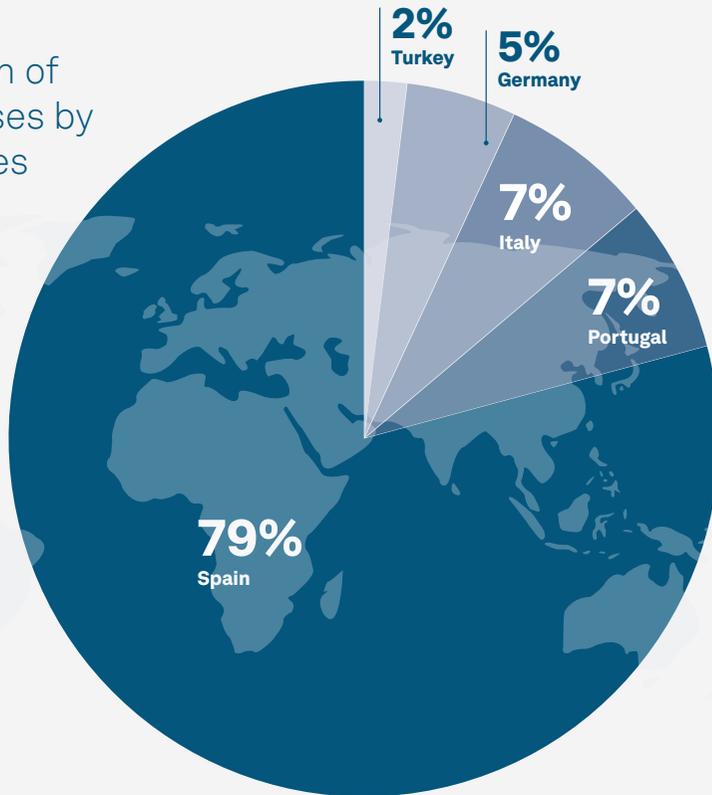
In order for us to be proud to say that our products have intangible value that comes from our values and ethical principles, our suppliers, which make up the link prior to our product chain of value, must be aware of said values and principles. Hence always seeking partnerships that benefit both parties, always with a lawful, ethical and respectful relationship.





We aim to contract local suppliers, boosting the local economy and reducing environmental impact

Volumen of purchases by countries 2020



In 2020, **79%** of sales were to **Spanish** suppliers and **98%** to those in the **European Union**

One of the company policies to improve this is looking at suppliers that possess an ISO 9001:2015 certificate, which ensures that there are supplier evaluations, which in turn means that there is an evaluation of the chain throughout the entire product life cycle.

We are certain that none of the suppliers in our commercial network pose a threat to Human Rights in any working practice law, including forced or coerced work. As well as this, we stand totally against discriminatory practices at work and against child labour. We would break ties with anyone at the first sign of this.

What are our goals when evaluating suppliers?



To promote deals with suppliers that hold the same values and ethical principles that we do, meaning that we request they adhere to the United Nations Global Compact and at the same time, review their own suppliers. In order for the supply chain to adhere to these principles, each link in this chain must influence the previous one.

The adherence to the United Nations Global Compact signifies a commitment to the adoption of a series of working practices and essential human rights. When it comes to suppliers that do not wish to adhere to the Global Compact, we request a declaration that accredits their compliance with the Compact's requirements and working practices under Spanish law.

COSTUMER HEALTH AND SAFETY

The client is the final destination of our product and when we mention the end user, we do not think of a machine using our yarn, but of whoever uses garments made from our yarn.

We are happy to believe that the end product will satisfy the needs of those that have bought it without causing any detrimental effects. It's because of the clients that we believe in providing our products with the highest quality, subjecting them to the strictest of checks, hence holding the OEKO-TEX 100 and GRS certifications.

These certificates oblige the company to carry out analyses and methodical checks that guarantee the quality and safety of our products. The quantity of articles subjected to tests has progressively risen, reaching the current figures, of which we are very proud.

99.9% of Hilaturas Ferre's yarn holds the **OEKO-TEX STANDARD 100**



98.9% of total production is certified with the **Global Recycled Standard (GRS)**



Also, 100% of our products comply with the labelling regulations of the market. They leave our facilities identified correctly and comply with the certifications that each article carries.

The safety and quality of the product is the foundation of our work



This is why we will continue to comply with the rules and regulations applicable to product safety and labelling.



CERTIFICATES

The quality and safety of our products is a very important aspect for us. That's why we put them to demanding verification tests on an annual basis, such as the **OEKO-TEX 100** certificate, the **GLOBAL RECYCLE STANDARD (GRS)** and the **OCS BLENDED (Organic content standard)**.

OEKO-TEX 100

Through the OEKO-TEX 100 regulation, we can affirm that our products contain zero harmful substances.

This is a special regulation for the textile sector and has a list of over 300 products that can be harmful to one's health or damage our environment. In this regard, we study all Safety Labels on all of the new products incorporated since the latest renewal of the certificate, whether they come from new suppliers or habitual ones.

Based on this study, we can determine what kind of analysis must be done, what raw material and what quantity, with the aim to guarantee that our yarn is devoid of any harmful substances. This procedure also helps us evaluate suppliers, new supplies and also as a way to demand the highest levels in this aspect from our current suppliers.

By complying this regulation, we attest to complying the requirements of annex XVII of the REACH regulation (including the use of azos, nickel, etc.) and the criteria from America regarding the amount of lead that the children's clothing contains.



GLOBAL RECYCLE STANDARD (GRS)

This certificate guarantees that all of our yarn is from mostly or entirely recycled raw material. It's a very prestigious certificate in the world of textiles and we are immensely proud to have obtained it.

The GRS certificate is dedicated to companies that are especially in the sector of textiles that manufacture or sell products with recycled contents. This certificate applies to the whole company supply chain and focuses on traceability, environmental principles, social and communicational aspects and brand.

This certificate does not only guarantee that our products come from recycled material and that they benefit the environment, but also that they are produced while respecting social and environmental principles and necessities.

Every year we are audited by a third party, totally independent from our organisation, who check and prove that we comply with all of the mentioned requirements.



OCS BLENDED ORGANIC CONTENT STANDARD

Ferre is OCS certified. The Organic Content Standard (OCS) applies to any non-food product containing 5-100 percent organic material. It verifies the presence and amount of organic material in a final product. Further OCS tracks the flow of a raw material from its source to the final product. This process is then certified by an accredited third party.



07

Committed to people





OUR EMPLOYEES

The manufacturing of our recycled yarn would simply not be possible without the people that work at Hilaturas Ferre. The experience, talent and commitment of over 90 people that work in our organisation have made the continuous growth and success of Hilaturas Ferre possible all these years.

This is why one of the most important factors in our company is the people in it. Hence providing the very best opportunities and continuous training as fundamentals in their professional development, creating a workplace based on ethical behaviour, respect and equal opportunities for all. We provide optimal conditions to ensure that this development is carried out in the safest way imaginable.

At Hilaturas Ferre, we believe in employment with guarantees:
93% of our staff have a **permanent contract**



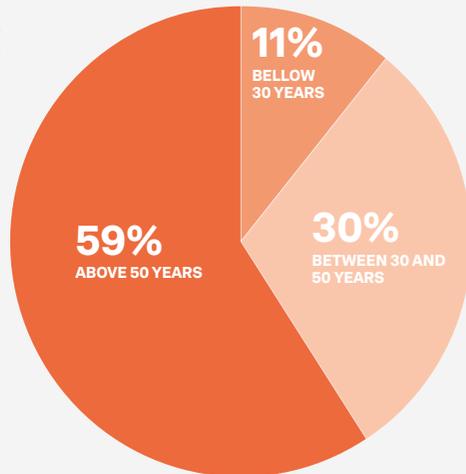
96 PEOPLE

Staff Distribution

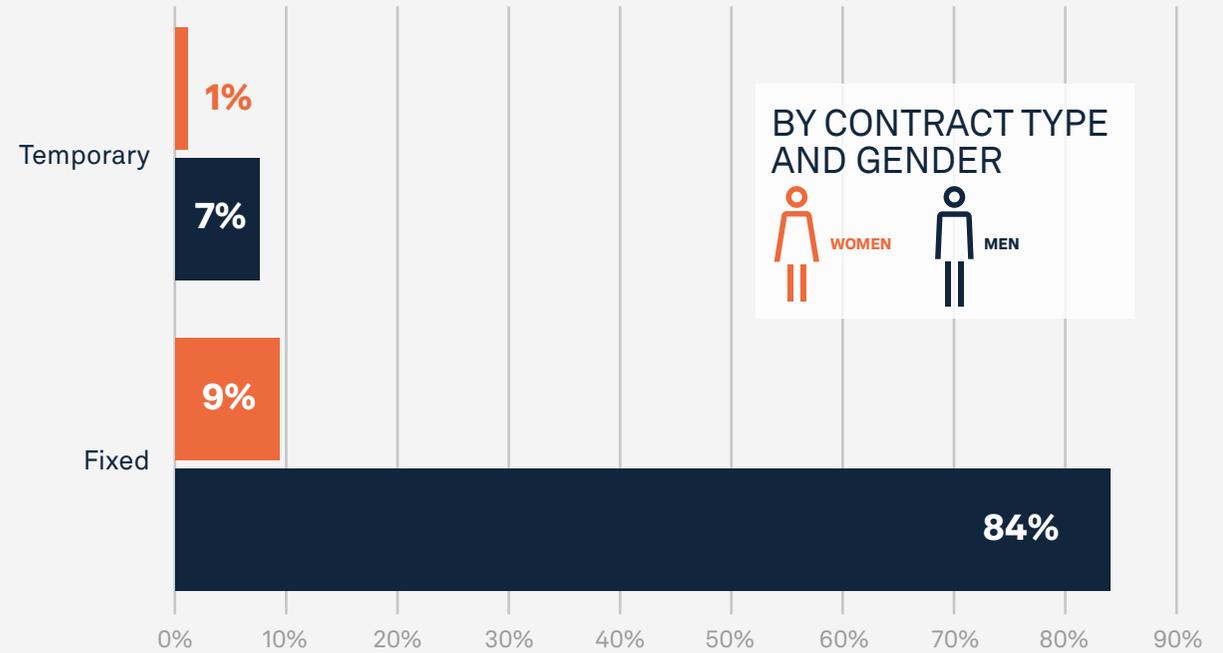
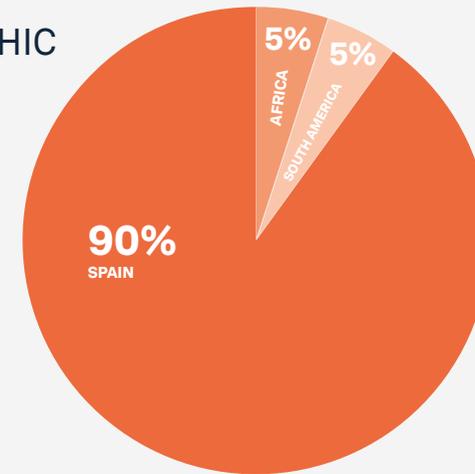
BY GENDER



BY AGE



BY GEOGRAPHIC AREA



Proximity of place of residence

Within the characteristics of recruitment, factors such as proximity to the workplace have been prioritised with the intention of helping out with a work and personal life balance and promote economic growth in the area. At the same time, we can aid the reduction of the amount of greenhouse gases that are produced from commuting.

COMMUNITY	AVERAGE STAFF	KM FROM WORK
BANYERES (Alicante)	34,75	1,00
ALCOY (Alicante)	46,22	21,00
ALICANTE (Alicante)	2,70	70,00
BENEIXAMA (Alicante)	1,42	14,00
BOCAIRENT (Valencia)	2,50	13,00
CANYADA (Alicante)	1,00	17,00
CASTALLA (Alicante)	0,33	26,00
COCENTAINA (Alicante)	2,00	32,00
ELDA	0,33	50,00
IBI (Alicante)	1,00	20,00
ONTINYENT (Valencia)	1,25	20,00
VILLENA (Alicante)	2,87	28,00

At Hilaturas Ferre, we promote sustainable movement: **91.5%** of our staff live less than **22km** from work



Health and safety in the workplace

One of our main concerns is the safety of our employees in their job roles, as is providing the best possible conditions for them to work in.

This is where the Health and Safety Committee comes into play, through whom we analyse, identify and evaluate the health and safety risks in the workplace. It gives us the necessary experience and education in how to become a company that operates at 100% safety, which in turn gives our staff peace of mind and enables them to enjoy their work to the fullest.



Throughout 2020, hours of absenteeism from **work accidents** was reduced by **4.2%**

TRAINING AS A FUNDAMENTAL ELEMENT FOR PROFESSIONAL DEVELOPMENT

At Hilaturas Ferre, we know that continuous training helps to grow professional development in our staff. The training that we offer to our staff provides the necessary tools to carry out their jobs with a higher level of safety, diligence and efficiency.

Training in the prevention of labour risks

The training in the prevention of labour risks and safety at work has the objective of teaching the staff about all risks and preventative measures that they can encounter at work.

Training on the job

All staff that come in to form part of our company receive intense training for their specific role and

during a period of no less than 15 days, they are assigned a tutor that takes charge of supervising the work they do.

100% of our employees have undergone this initial training period and in 2020, all of the newly incorporated operators received training on the job.



OUR STAFF TRAINING

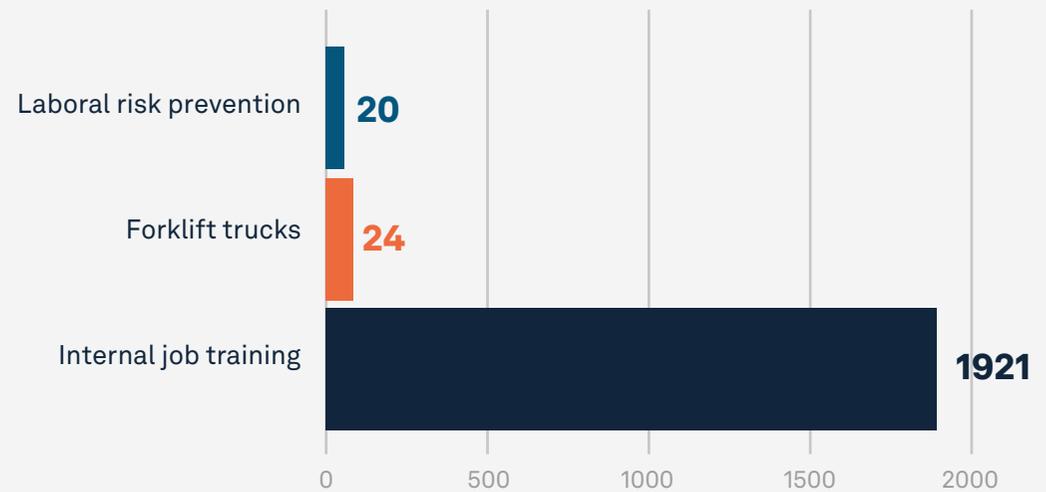
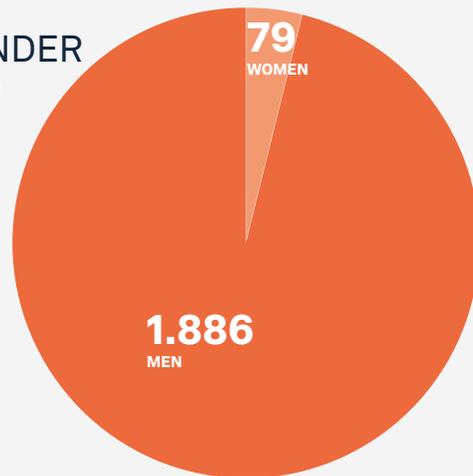
1,965 hours of training
AVERAGE AMOUNT OF TRAINING



BY PROFESSIONAL CATEGORY (hours)



BY GENDER (hours)



EQUALITY, DIVERSITY AND NON-DISCRIMINATION

We believe it's vital we promote a workplace that radiates ethical behaviour, equality and respect between all members of staff.

Gender equality and equal opportunities

Our company is characterised by its support for equal opportunities, valuing the abilities and professionalism of each person.



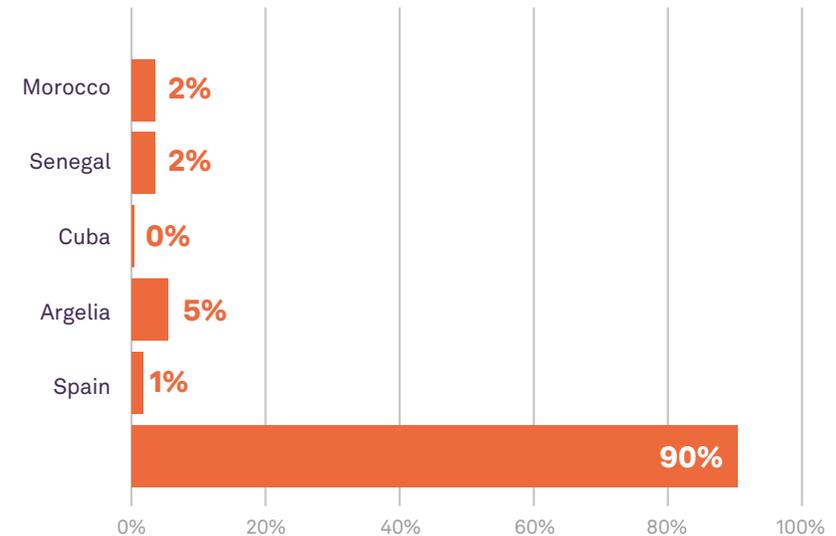
· We guarantee equal opportunities for both **hiring and promotion**, regardless of their gender, origin, beliefs or any other reason for discrimination.

· We promote a healthy work and personal life balance for everyone in our team. Among our **reconciliation measures**, we can highlight: flexible start and finish times and a shorter workday on Fridays for office staff.

· We guarantee **equal pay terms** for roles on the same level.

Non-discrimination and diversity

Our team of staff, made up of 96 people, represent a total of 6 different nationalities:



What is our objective in creating a business culture based on equal opportunities?



Our objective for 2021 is to develop and implement the 1st Equal Opportunity Plan between men and women at Hilaturas Ferre.



In collaboration with:



Financed by:



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