



COTONIFICIO
ALBINI S.P.A.

CODE OF ETHICS AND
ENVIRONMENTAL
RESPONSIBILITY

LETTER FROM THE PRESIDENT AND THE CEO

It is with pride mixed with nostalgia that we return to the words written by our President Silvio Albini upon introducing our Code of Ethics in 2012, in order to renew and reinforce this fundamental component of our Group's culture and life with the updating of some of its passages.

The culture of quality and the excellence of the products - values that have distinguished our manufacturing enterprise since 1876 - combined with honesty and attention to the individual and to the environment are summarised in this Code of Ethics and Environmental Responsibility.

Through the development of our companies and the satisfaction of our stakeholders, we intend to strengthen our leadership in the sincere promotion of sustainable development at a national and international level.

This is why it is fundamental that, through our work, we promote the diffusion of a "business culture" based on human capital, on the value of territorial rapports and roots and on the respect for the environment, inspired by the principles of integrity and transparency.

The choice to share with our stakeholders the values in which we believe and the principles and rules that inspire our work, responds to this prerequisite and is embodied in the respect and promotion of our Code of Ethics and Environmental Responsibility, as a point of synthesis and reference.

In particular, we believe that building a positive relationship with our employees and managing rapports with customers and suppliers are crucial aspects for the success and growth of all Group Companies, hence we intend to continue investing in such areas. The formalisation of our conduct and the enhancement of our approach to corporate activities shall contribute to strengthening the relationships therein and thus the well-being of our employees, along with the rapports with the various operators in our target market.

The dissemination and sharing of this vision within the Company thus represents a fundamental step towards concretising our strategies into actions and encouraging the consolidation of a path of growth that allows our Group to continue generating value over time.

All of us must be familiar with and thus respect that contained in the Code. Hence, we invite you to read it carefully and to share the fundamental values that inspire not only Cotonificio Albini S.p.A.'s way of being and doing but that of all companies belonging to the Albini S.p.A. Group.

Fabio Tamburini
Chief Executive Officer



Stefano Albini
President



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INTRODUCTION

Since 1876, our commitment and ambition has been to create the most beautiful fabrics in the world.

Thanks to our collaborators, we design and manufacture our products for the international market, with the aim of providing our customers with style, innovation, quality and service - values that distinguish the best tradition of Made in Italy.

Cotonificio Albini S.p.A. (“the Company”) is one of the largest international manufacturing companies specialised in the production of high-quality fabrics.

In order for the conduct of those operating within the Company’s sphere of influence to conform with our values and principles, we have decided to express within this Code of Ethics and Environmental Responsibility the ethical commitments and responsibilities in conducting the business and corporate activities.

The Code has been drafted in accordance with the main regulations, guidelines and documents existing at a national and international level on human rights, corporate social responsibility and corporate governance. The aim is to gather and raise awareness amongst all who work with the Company regarding the values, principles and regulations, shared throughout the 140+ years of history and tradition behind us, which are marked by the Company’s deeds and activities. The adoption of this document aims to meet the legitimate needs and expectations of all internal and external interlocutors, so as to consolidate the image of Company as a transparent enterprise, oriented towards respecting the ethical and behavioural principles set out below, with the intention of standing out due to its style characterised by excellence and reliability.

The guiding principles¹ of the document are:

- the United Nations Universal Declaration of Human Rights
- the Italian Constitution
- the Charter of Business Values of the Istituto Europeo per il Bilancio Sociale (European Institute for Social Reporting)
- the Core Labour Standards covered by the Organizzazione per la Cooperazione e lo Sviluppo Economico (OECD - being the Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises
- The 2030 Agenda for Sustainable Development - Sustainable Development Goals (SDGs)

¹ For a complete review of the principles outlined, please refer to the website www.albinigroup.com

PREMISE

About the Code of Ethics

Approved by the Board of Directors, the Code of Ethics and Environmental Responsibility is a document that summarises the principles of conduct in the Company's dealings, as well as the respective obligations and responsibilities of administrators, managers and all employees. Through this Code, the Company intends to affirm the importance of the values, principles and rules of conduct.

Recipients of the Code of Ethics

Compliance with this Code is required by all those with whom the Company operates, each within the scope of their functions and role.

In no way may acting for the benefit of the Company justify the adoption of conduct contrary to the regulations and rules of conduct set out herein. All recipients are required to ensure that these standards and regulations are correctly applied both within the Company and, in general, by its interlocutors.

Where to find the Code of Ethics

The Code of Ethics and Environmental Responsibility is brought to the attention of all concerned through special communications and is available on the website: <http://albinigroup.com>.

References

The appointed body within the Company has been assigned the role of supervising and monitoring the compliance and proper implementation of the Code.

Communications to the aforementioned body (such as alleged infringement reports, requests for clarification) may be sent by the addressees and all other interlocutors to: vigilanzacodiceetico@albinigroup.com

THE CHARTER OF VALUES

Integrity, impartiality and honesty

In covering the various roles, our conduct is inspired by the principles of **moral integrity** and **transparency** combined with the values of **honesty**, **fairness** and **good faith**.

We do not accept any form of discrimination based on sexual orientation, race, origin, nationality, religion, language, political opinions or disability.

Within the context of their individual activities, each party undertakes to enforce the applicable laws, internal regulations, and the Code of Ethics and Environmental Responsibility.

Under no circumstances may the pursuit of the Company's interest justify unfair conduct.

A culture of quality for a product of excellence

In pursuing and achieving the highest standards of quality, we are committed to creating products of excellence by sharing the same goals as our customers.

For us, quality means a careful selection of the **finest raw materials**, controls throughout the production process, the use of high-performance machinery and the contribution of competent employees.

Our products combine fine yarns with a unique and innovative creative vision.

It is the style and the pursuit of excellence across all phases of production that make the difference.

We create fabrics that represent the perfect synthesis of function and emotion.

Research and innovation

We believe in research as a tool for continuous improvement and the evolution of our products and processes.

Through our staff's in-depth technical and scientific knowledge along with constant research in the field of technology and investments, we are able to generate innovation.

Service that generates value

The service is a serious commitment to our Customers. We are committed to presenting our products with **reliability, timeliness and flexibility**. This is achieved thanks to the vertical integration that permits complete control of the supply chain and to an impressive and branched industrial structure.

Our aim is to be the point of reference for our Customers in terms of the real **value** of our **service**.

Efficiency and effectiveness

The Company's solidity is protected through a prudent and careful policy that safeguards and promotes managerial **effectiveness and efficiency**, observing high standards of good corporate governance, safeguarding its value and reputation. This also encourages the maintenance of high level of economic competitiveness.

Family entrepreneurship and territory

The active presence of entrepreneurs forms the basis of a broad view of corporate success, not limited merely to profit. **Entrepreneurial continuity** guarantees a long-term orientation, a strong affection for the product and a shared ethical commitment. This continuity also forms part of our **connection to the territory**, with its expertise, cultures and manual skills handed down through the generations.

We stem from **solid roots** in building the future of the Company and its collaborators.

Ethical responsibility

Attention paid to people and the environment is the guiding principle of all our actions. We strongly believe in the **enhancement of employees**, both internal and external to the Company, in the belief that dependability, sharing and trust are essential components of the Company's success. Respect is maintained for the values of this Code of Ethics and Environmental Responsibility also in terms of external enterprises, in order to guarantee the best and most gainful relationships.

We strongly believe in the respect for and protection of people and the environment, striving each day to increase safety and reduce environmental impact.

Sustainability

We believe in close interaction amongst employees, suppliers and customers, with the aim of achieving development based on the principles of sustainability and the construction of a real value chain.

We intend to actively pursue the objectives of the UN 2030 Agenda, through the design and development of corporate strategies inspired to *Sustainable Development Goals*.

For the Group, sustainability represents the starting point for the creation of shared values that result in a path of growth towards continuous improvement.

All those to whom the Code is addressed are to pro-actively contribute, within their competency, to operating in order to facilitate the achievement of the objectives that lead to the realisation and complete expression of the aforescribed values.

1. 1. RULES OF CONDUCT

The rules of conduct are the means by which the Company intends to have stakeholders comply with the ethical standards set out herein, in order to streamline all relations between the parties and ensure complete compliance with the Code of Ethics and Environmental Responsibility.

1.1. Employees

The Company is aware that elements such as the enhancement, motivation and professionalism of its employees are strategic and essential factors for the development of the Company itself. By virtue of this, it is committed to promoting a serene and collaborative working environment, rejecting any behaviour contrary to the principles of this Code. The Company protects the physical and moral integrity of its employees by guaranteeing the right to working conditions that are respectful of personal dignity.

The Company does not employ persons under the minimum working age established by the regulations within the location in which the work is performed. In addition, it undertakes not to establish or maintain business rapports with suppliers who employ child or forced labour.

The Company requires that everyone - within their competences and responsibilities - maintains a climate of mutual respect in the workplace, acting with honesty, transparency and loyalty, in complete compliance with the law and with corporate procedures.

Selection and enhancement of employees

Evaluations of candidates during recruitment shall be carried out exclusively on the basis of the alignment between the attributes sought after and those presented, as well as in consideration of transparent and verifiable merit.

The Company shall take appropriate measures to prevent any form of discrimination and favouritism. In line with internal Company procedures, the selection process is undertaken in a transparent way, protecting the privacy of candidates. The entire selection process is effectively laid out. In addition, candidates are required to declare any previous collaborative relationship with the Authorities. The training process, being fundamental for employee development, is aimed at combining the need for business growth with the training needs expressed by the same.

Employee management

Across all levels of the Company hierarchy, the selection, recruitment, supervision, training, career paths and remuneration are to respond exclusively - without discrimination - to objective considerations concerning the professional and personal characteristics necessary to carry out the work to be completed and the skills demonstrated in the fulfilment thereof, without reference to race, religion, country of origin, physical disability, age and gender. The Company is committed to developing its employees' skills, capacity and talent, following a policy based on merit and equal opportunities. Any harassment (physical or psychological) that violates the dignity of the person, both inside and outside the workplace, is prohibited.

Any violent conduct carried out by one or more individuals towards another, prolonged over time and detracting from the personal and professional dignity, is considered equally unacceptable.

Employee duties

Within their respective roles, employees must adopt conduct in accordance with criteria of transparency, honesty and ethical integrity, rejecting any form of illegal practice whilst motivating their decisions and behaviour by the Company's interest. Each employee must personally contribute to promoting a climate of mutual respect by paying the utmost attention to the rights, personality and sensitivity of their colleagues and third parties.

Health and safety

The Company undertakes to maintain a work environment in compliance with current health and safety regulations and to ensure all necessary prevention measures against workplace accidents and illness.

Moreover, it undertakes to properly train and inform each employee regarding the risks he or she may encounter in carrying out their specific professional activities, in compliance with current legislation.

In line with this objective, each employee is called upon to contribute and maintain a healthy and safe work environment in which to operate and collaborate, within the framework of their respective roles and responsibility, to eliminate or progressively reduce risks from their outset and improve working conditions.

Information management

In line with corporate policies and in complete compliance with the relevant legislation, employees must treat all confidential information and personal data with the absolute respect confidentiality and the protection of privacy.

Each employee is called upon to ensure the truthfulness, transparency and accuracy of the documentation and information provided in the carrying out his/her activity.

Every employee is responsible for ensuring that the documentation within their competency is kept and stored, easily found and filed in an orderly and logical manner and in compliance with corporate directives. In addition, each employee is required to protect the Company's know-how and uphold the duty of confidentiality.

Protection of corporate capital goods

The Company undertakes to provide its employees with the necessary tools to carry out their work activities. Each worker shall be responsible for storing, conserving and safeguarding the Company's assets entrusted to them as part of their activities and shall use such in a suitable manner in accordance with the corporate interest, impeding any misuse in violation of current regulations or which may prove to be harmful or contrary to the Company's interests.

In addition, all employees are not to violate and must verify compliance with legislation on the rights of third parties regarding intellectual property and must not make reproductions that are un-authorized and/or not permitted by licensing agreements with suppliers of software or other copyrighted materials. Thus, copyrighted software and databases cannot be reproduced even for personal use, with the exception of copies made for the purpose of back-ups.

Each employee is authorised to use the Company's computer media and Internet connections only for purposes related to their own role, with the prohibition of storing on computers or other electronic media any documents of a personal nature or programs whose installation has not been authorised, is contrary to the law or violates third-party intellectual property rights.

Conflict of interest

Employees are obliged to avoid any situation that could result in their own interests being in conflict with those of the Company and, in particular, those between personal economic and financial activities and those of family members and the roles covered within the Company.

Any situation that may constitute or result in - even if only potentially - a conflict of interest must be promptly communicated to his or her superior, who is obliged to inform the Governing Body for decisions on the case.

By way of non-exhaustive example, situations that generate a conflict of interest could be:

- svolgimento, da parte di un collaboratore, di attività lavorative, di qualsiasi tipo, presso fornitori, clienti, concorrenti, consulenti;
- an employee carrying out work activities of any kind, with suppliers, customers, competitors and consultants;
- a family member of an employee having a key role with a supplier, client, competitor or consultant;

1.2. The institutions

Rapports with the Authorities are exclusively reserved to employees authorised to conduct such, in compliance with the roles and functions assigned according to the law, with the utmost collaboration and in compliance with the principles of transparency, fairness and accuracy, ensuring clear conduct that cannot be interpreted by the parties involved as being ambiguous or contrary to current regulations. In any case, relations with Authorities must not in any way compromise the integrity and reputation of the Company.

Such persons are required not to engage in unlawful conduct, including the provision of money or other benefits and not to improperly influence the decisions of representatives of the Authorities.

If the Company uses a consultant or a third party to be represented in relations with the Authorities, such must formally accept the principles of this Code. In any case, the Company will not be able to be represented in relations with the Authorities by third parties whereby such may represent a conflict of interest, even if only potentially.

Fairness in negotiation

Illicit behaviour is considered as being any act contrary to applicable regulations, including the use of altered or falsified declarations or documents, the omission of information or the undertaking thereof generally in order to obtain concessions, authorisations, financing and contributions, including from the European Union, the State or other public entity.

Each Company employee shall diligently keep records of the operations, transactions and activities in which the Company has come into contact with the Authorities, to ensure maximum transparency and traceability of all relevant information.

It is forbidden to alter the functioning of a computer or telematic system of any public entity, to manipulate the data contained therein so as to obtain an unfair profit or otherwise falsify, alter or omit data and/or information in order to obtain an undue advantage or any other benefit to the Company.

Negotiation

Throughout business negotiations, requests or institutional rapports with representatives of the Italian or foreign Authorities, the Company strives not to undertake - directly or indirectly - the following actions:

- in any way propose employment and/or commercial opportunities that may directly or indirectly benefit the representatives of the Authorities in a personal capacity;
- solicit or obtain confidential information that could compromise the integrity or reputation of one or both parties;
- carry out any other act aimed at inducing the representatives of the Authorities (Italian or foreign) to complete or fail to complete any act in violation of the applicable laws in force;
- abuse one's position or powers to induce or force someone to improperly promise money or other benefits to them or others.

Collaboration

In the event of investigations or verifications by representatives of the Authorities, the conduct of each Company employee is to be based on the principles of transparency and non-opposition.

The Company undertakes to abstain from conduct that could be misinterpreted or in any case, from attempts at corruption, and refrains from directly or indirectly granting or promising benefits.

It is considered a violation of this Code, in addition to the law, to solicit any person with violence, threats or an offer or promise of money or other benefits, not to make declarations or to make false declarations to the judicial authority.

1.3. Customers and Suppliers

Customer relations

The Company aims to meet its Customers' expectations whilst maintaining high standards of quality, performance and reliability in presenting its products.

Contracts entered into with Customers are to be based on the criteria of simplicity, clarity and comprehensibility, avoiding the use of any misleading practices, so as to create a solid relationship inspired by the general values of fairness, honesty and professionalism.

It is forbidden to request and/or accept any benefit that favours a Customer in the erogation of products.

It is absolutely prohibited to directly or indirectly offer Customers gifts and/or benefits (money, objects, services, provisions, favours or other benefits) such as to be interpreted by an impartial observer as being aimed at obtaining an advantage - even non-economic - contrary to mandatory statutory rules, regulations and the principles of this Code.

It is forbidden to violate Customer industrial property rights.

We hope that our Customers will share in and respect the principles and values that inspire this Code of Ethics and Environmental Responsibility.

Supplier relations

In selecting independent third parties such as suppliers, consultants, external collaborators of a various nature and, in general, all providers of goods and services, the Company must verify that such parties respect that contained in this Code and ensure compliance with corporate directives.

The Company undertakes to not select suppliers in order to reap benefits other than the professional performance of the supplier and to request, where appropriate, additional requirements (such as regards workplace health and safety and the environment) and compliance with legislation pertinent to the contractual relationship.

The Company is committed to ensuring a productive and peaceful atmosphere in regards to suppliers, within a work environment that complies with current safety and health regulations through a continuous exchange of information with the same.

The Company expects that its Suppliers adopt conduct that is proper, diligent and compliant with legal

provisions, with particular attention focused on good practices and procedures in the protection of workplace health and safety and respect for the environment.

In particular, Suppliers working with the Company must meet the same standards and guarantee safe working conditions and fair treatment for employees in terms of wages, working hours and health, in compliance with local regulations.

The Company undertakes to have its Suppliers respect (including through contractual clauses that may result in the termination of the Contract) current legislations on environmental and workplace protection, with particular reference to compliance with the regulations regarding child labour and the legal provisions on occupational health and safety.

The Company requires its Suppliers to adopt in turn, when it comes to their own business partners, to promote compliance with good practices regarding the safeguarding of workplace health and safety and respect for the environment, according to the principles contained in this Code.

Gifts and gratuities

In any relationship with customers and suppliers, favours or acts of hospitality are permitted whereby they are such, by nature and value, that cannot be interpreted by an impartial observer as aimed at obtaining preferable treatment.

It is forbidden to accept, promise or offer money, material benefits or other advantages of any kind - other than acts of commercial courtesy, such as gifts or forms of hospitality of modest value and, in any case, such as not to compromise the integrity or reputation of any party - by persons, companies or entities that have established or intend to enter into a business relationship with the Company.

Anyone who receives - directly or indirectly - gifts, preferential treatment or requests for such from third parties in this regard must reject such and immediately inform their superior and the Supervisory Body.

1.4. Community, Competition and Media

Community

The Company operates in accordance with the principles of sustainability whilst promoting the socio-economic and cultural development of the territories within which it operates, aware that its decisions can have significant impacts on the local communities.

It also undertakes to contribute - as far as possible - to supporting social, sports and cultural initiatives that facilitate the promotion of the corporate values and principles and which are aimed at promoting the quality of life and the socio-economic development of the communities in which it operates.

In any eventual donations and granting of gifts, priority is to be given to initiatives that offer a guarantee of quality and stand out due to the ethical message transmitted.

The Company does not make direct or indirect contributions to political parties, movements, committees or political and trade union organisations, nor to their representatives, with the exception of its own representative association.

Fair competition

The Company recognises the value of free, open and fair competition. Thus, each employee commits to compliance with the relevant laws.

It is forbidden to obtain information regarding competitors via means that are unlawful or contrary to ethical standards.

It is prohibited to violate third-party industrial property rights.

Media

Any external communication of data or information must be truthful, transparent and complete whilst also reflecting the image and behaviour of the Company in a homogeneous manner, favouring accord with the corporate policies.

In any case, the information relative to the Company and directed to the mass media may be disclosed only by duly-delegated internal employees, in compliance with corporate procedures.

1.5. Environmental Protection and Sustainable Development

The Company acts in the conviction that the environment is a patrimony to be safeguarded in the interests of all and for future generations, recognising the extreme value of environmental protection, in the sustainable development of the territory in which it operates.

The Company pursues its strategy for sustainability through traceability and quality, in regards to raw materials and manufacturing processes, reducing waste and inefficiencies, and through the constant monitoring of consumption.

It is also actively involved in eliminating hazardous chemicals from its production cycles, replacing such with alternative products that have a reduced environmental impact.

For many years, the Company has been actively pursuing energy savings and production from renewable energy sources, resulting in the establishment of a Company (Albini Energia S.r.l.) dedicated to research and development in this field for the Group and for third parties.

The Company undertakes to ensure that each collaborator, in carrying out his or her duties, acts to respect and safeguard the environment.

Through training and informative actions, it also undertakes to involve and motivate all employees on such issues.

The Company requires employees, suppliers and customers alike to actively participate in the definition of sustainable development strategies, sharing in their common objectives and rendering such an integral part of their activities, with a view to respecting people and the environment.

1.6. Accounting

Financial resources

The procurement and issuance of financial resources, as well as their administration and control, must always be in compliance with corporate approval and authorisation procedures.

Transparency in the accounting records

Every employee is required to cooperate, within the context of their position, so as to ensure that the administrative factors are correctly and promptly represented in the accounting records.

In preparing and filing such documents, each employee must comply with the principles of transparency, fairness and truthfulness.

Each accounting record shall accurately reflect that which is described in the supporting documentation and must be complete and subject to verification.

In accordance with the criteria set forth by the law and on the basis of applicable accounting standards, any operation or transaction must be legitimate, authorised, verifiable, consistent and reasonable.

2. Implementing Regulations

Without distinction or exception, all Company employees (including those acting in the name or on behalf of and in the interests of the Company) undertake to observe and enact the principles of this Code.

Compliance with the principles of the Code must be considered as an essential part of the contractual obligations of its recipients towards the Company pursuant to and for the purposes of regulations in force.

The Company is committed to enforcing this Code also through the appropriate application of sanctions, in accordance with the disciplinary system set out by the applicable National Collective Bargaining Agreements or the contracts of reference entered into with the relevant counterparties.

2.1 Supervision and Monitoring of the Code's Implementation

The Company shall provide the adequate tools, processes and in-house bodies necessary for the respect and proper implementation of that declared in this Code of Ethics and Environmental Responsibility.

As such, the Entity shall:

- discuss with the relevant functions to stimulate appropriate training courses;
- clarify any interpretative doubts and situations of ethical dilemma;
- receive reports of alleged infringement;
- ensure that appropriate investigations are carried out, reporting the outcome to the competent functions and ensuring that any penalties are imposed;
- ensure confidentiality of the identity of the reporting agent, protecting them from any possible retaliation;
- offer updates to this Code.

All communications (such as an alleged infringement report, a request for clarification or an opinion)

must preferably be made in a non-anonymous form and may be sent by the addressees and all other interlocutors to: vigilanzacodiceetico@albinigroup.com.

The Company undertakes to guarantee that the reporter's identity remains confidential and to protect those who, in good faith, report alleged violations of the Code against any intimidation or retaliation, pursuing disciplinary actions where applicable on a case-by-case basis.

This Code shall enter into force on 5th July 2019, being the date of approval by the Board of Directors. It is available on the Company's website and distributed to the recipients in the manner considered most suitable for its effective dissemination at the time.

Any revisions of this Code are to be carried out upon the resolution of the Board of Directors, taking into account the observations received from the addressees, the changes in legislation and experience gained in the application of the Code itself.

Changes to the Code shall be published and made available via suitable means.