

ALBINI GROUP



We liberate
the creative potential
of fashion brands,
tailors and designers
worldwide.

Made to Inspire

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The Chairman’s Letter

The Albin Group has published its first sustainability report, a document that bears witness to the values of ethics and transparency that the company has been handing down since 1876, the year it was founded. First of all, I wish to express my gratitude and appreciation to all Albin Group employees: their constant commitment and contribution to the company’s activities is fundamental and stimulates us to move forward.

Sustainability is an approach that translates into an ongoing commitment along all the stages of the production chain. More than 15 years ago, the Albin Group began to concentrate its efforts on research and sustainable development in all areas: products, services, investments and ethical and environmental policies. The report we are presenting today is a synopsis of our commitment and of our outlook on the future, focusing especially on involving stakeholders, first and foremost, our collaborators, as fellow companions in the company’s evolutionary process.

Humanity today lives unsustainably: limited resources are exploited more rapidly than the ecosystems can regenerate them, resulting in climate change and depletion of resources and pollution. This is why many companies, ours included, are paying greater attention to the use of natural resources and saving energy. The Albin Group report emphasises the importance of an economy based on circularity, recycling and optimising energy costs. Regarding this last point, the Albin Group has invested significantly in renewable energy and energy efficiency, reducing its environmental impact. In the energy sector, inflationary pressure is decreasing even if geopolitical risks persist which generate instability in several areas of the world, threatening supply chains and negatively

influencing global production chains. The reduction of pressure on prices in 2023 can be attributed to various factors, such as a greater stability in the costs of raw materials, an increase in energy originating from alternative sources and more effective price management policies.

We have invested heavily in these years to develop products with organic or recycled raw materials and sustainable production processes. We continue along the path we have undertaken with determination, obtaining product certifications and participating in international projects to reduce the use of hazardous chemical productions (such as ZDHC), increasing the procurement of certified raw materials and investing in research and innovation. Lastly, we have embarked on a new path to guarantee the total traceability of the supply chain, from mapping suppliers to directly collaborating with agricultural companies in the United States. Life Cycle Assessment studies have proven that the production of raw materials generates the greatest impact; it is therefore crucial to work to implement the best practices directly at the source. We firmly believe that the Albin Group must continue on its path of continuous improvement and that the efforts we are making will be well received and appreciated by our customers, in particular our youth, who are showing that they favour more sustainable and aware purchases and behaviour.

Mr Stefano Albini
Chairman of Cotonificio Albini S.p.A.



The sustainability report is a synopsis of our commitment and of our outlook on the future, with special focus on involving stakeholders, first of all our collaborators, as fellow companions in the company’s evolutionary process.

01

ABOUT US

The origins of the Albini Group date back to 1876, with the founding of the Cottonificio “Z. Borgomanero &C.” in Albino in the Bergamo province. Today the Cottonificio Albini S.p.A., parent company of Europe’s leading manufacturer of shirting fabrics.

Foresight, a strong connection with the local area and a shared ethical commitment are the key values that motivate the Albini family, which has been at the helm of the company for five generations. The bond with the local area is a fundamental part of the business strategy, which has chosen to keep the headquarters and part of the production chain in Italy.

The Albini Group is a benchmark company that creates superior quality fabrics and yarns, mainly for the garment industry.

The company operates on a worldwide level and promotes manufacturing with respect for the environment, safety and people in all its plants.

Fully aware of the textile industry’s consequential impact on the environment, the company is committed to adopting an approach that is attentive to sustainability and oriented towards continuous improvement in environmental, social and governance practices. The key elements of the company’s strategic vision are scientific and certified traceability, transparency as well as product and process innovation.

For the Albini Group, every stage in creating a fabric becomes an opportunity for innovation: from cultivating in the fields, designing the composition, the choice of dyes and on to the finishing and final treatments.

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History

1876 – Zaffiro Borgomanero founds the company “Z. Borgomanero & C.” in Desenzano sul Serio, in the town of Albino (Bergamo).

1890 – Giovanni Albini, grandson of Zaffiro, inherits the company and establishes himself on the local economical scene.

1930 – The Albini family consolidates the company’s reputation through new organisational structures and investments in production facilities.

1984-1990 – The fifth generation of the Albini family, composed of Silvio, Stefano, Fabio and Andrea, gradually enters the company. In these years a great international development begins, accompanied by important investments to modernise the manufacturing structure.

1992 – Three historic English brands are acquired: Thomas Mason, David & John Anderson and Ashton Shirtings, along with a historical archive of over 700 volumes.

1996 – The path of vertical integration starts with the acquisition of the Brebbia finishing plant in the province of Varese.

2000 – The Albini Group starts to take shape in these years. Manifattura di Albiate and Dietfurt S.r.o. weaving mill in the Czech Republic are purchased.

¹ The Albini Yarns Hungary Kft. spinning in Hungary is excluded from the reporting boundary of this Sustainability Report due to its recent acquisition. The company Tessitura di Mottola S.r.l., under liquidation, was also excluded.

1876
1890
1930
1984–1990
1992
1996
2000
2004
2008
2009–2010
2011
2012
2013–2014
2019
2022

2004 – The plant in Mottola (Taranto) for preparation and weaving is constructed.

2008 – The new Logistics Hub is built in Gandino (Bergamo), which also carries out final inspections and chemical-physical tests on finished fabrics.

2009-2010 – The Mediterranean Textile S.a.e. weaving mill and the Delta Dyeing S.a.e. plant, both in Egypt, become operational. In 2010 Albini Group begins the innovative project of cultivation of the finest cotton in Egypt called Giza 87 and Giza 45.

2011 – Albini (Shanghai) Trading Ltd. is founded.

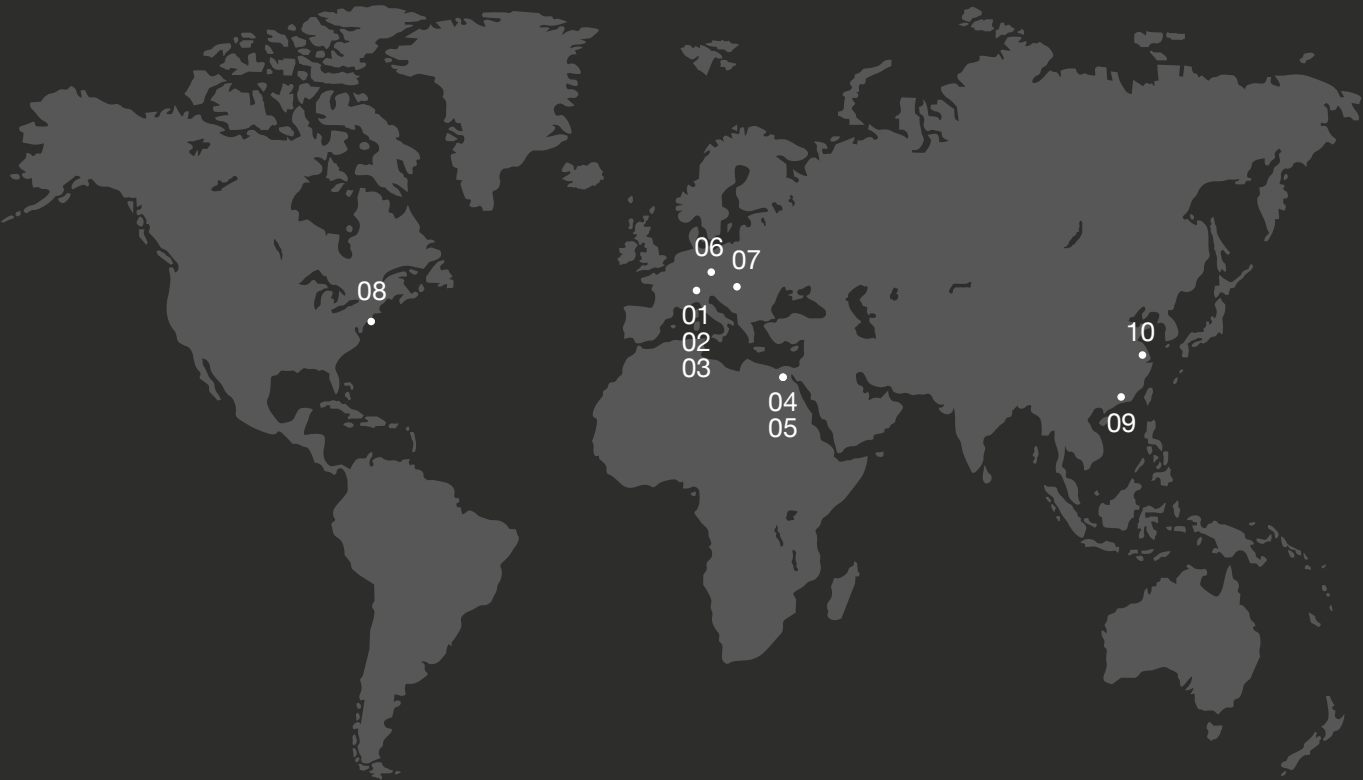
2012 – Albini Energia S.r.l. and ICA Yarns (I Cotoni di Albini S.p.A.) are founded.

2013-2014 – Albini Group becomes an increasingly worldwide reality and opens two new sales offices, one in Hong Kong and one in New York.

2019 – ALBINI_next, the Albini Group think tank devoted to accelerating ideas and the technological transfer between science and industry, is inaugurated.

2022 – Albini Group consolidates its European production platform with the majority shareholding of Maclodio KFT Spinning Mill in Hungary, later renamed Albini Yarns Hungary Kft¹.

Business model



01	Cotonificio Albini S.p.A. Albino (IT)
	Logistics and Quality Hub Gandino (IT)
	Finishing Brebbia (IT)
	ALBINI_next Innovation Hub Stezzano (IT)
02	ICA Yarns (I Cotoni di Albini S.p.A.) Albino (IT)
03	Albini Energia S.r.l. Albino (IT)

The Albini Group has a ramified structure with eight plants located in **Italy, Egypt, the Czech Republic and Hungary**.

The headquarters of the Albini Group’s operational parent company, **Cotonificio Albini S.p.A.**, is located in Albino, Bergamo. Several steps in the production process take place here, including yarn dyeing, weaving, sample production and the inspection of raw fabrics.

I **Cotoni di Albini S.p.A.**, known on the market as ICA Yarns, is also located in Albino. This is the Albini Group’s subsidiary specialising in producing and selling high-end yarns made from fine natural materials, dedicated to the fashion, hosiery, sports and furnishings sectors.

The Brebbia plant in Varese, acquired in 1996 by Cotonificio Albini S.p.A., is an important asset in the Albini Group’s verticalisation process which improves its capacity for innovation, quality and service. Here, fabric finishing is carried out.

Cotonificio Albini S.p.A. also owns the Logistics Hub in **Gandino**, Bergamo, where raw yarns, raw fabrics and finished fabrics are stored, with an additional area dedicated to the laboratory where finished fabrics are analysed and checked.

The **ALBINI_next** Innovation Hub located at the Kilometro Rosso in Stezzano, Bergamo, aims to experiment with new products and production processes in the field of the textile industry.

The **Mediterranean Textile S.a.e.** weaving mill and the **Delta Dyeing S.a.e.** plant are both located in Borg El Arab.

Letohrad in the Czech Republic is the location of the **Dietfurt S.r.o.** weaving mill where yarn-dyed fabrics and jacquard fabrics are produced.

In Hungary, **Albini Yarns Hungary Kft** is the company specialising in the production of yarns that consolidates the verticalised production chain.

The Albini Group **sales network** has several offices in various parts of the world:

- Cotonificio Albini S.p.A. in Albino, in the Bergamo province;
- Albini USA Corporation in New York;
- Albini Hong Kong Ltd;
- Albini (Shanghai) Trading Co. Ltd.

Renewed each season, its rich product offering includes over 13,000 fabric variants. This allows the company to satisfy a variety of needs and markets: whether high-end clothing fabrics or innovative solutions for the fashion industry, the Albini Group offers high-quality **fabrics** that meet the needs of a diverse and constantly evolving market.

Lastly, to diversify the business, support the companys’ energy transition and give further substance to its sustainability mission, the Albini Group founded **Albini Energia S.r.l.** Located in Albino, the company deals in consultancy and energy system design and engineering to reduce the environmental impact in any industrial situation.

The Albini Group has a ramified structure with eight plants located in Italy, Egypt, the Czech Republic and Hungary.

The Albin Group’s fabric offering is divided into three brands, differing in style yet linked by a shared DNA rooted in an outstanding manufacturing tradition. Albin 1876, Thomas Mason and Albiate 1830 inspire the finest designers, tailors and shirtmakers in the world.

• **Albin 1876** is the Albin Group’s historic brand, a symbol of unparalleled excellence, elegance, and craftsmanship. Since 1876, it has been creating fine fabrics with an incomparable Italian style which are able to accentuate creativity with impeccable taste. The essence of Albin 1876 fabrics is distinguished by the unique combination of innovation, class and Italian craftsmanship: these are the values that each of the brand’s creations brings with it.

• Since 1796, the **Thomas Mason** brand has been synonymous with revolutionary style, uniting contemporary flair with bold style and timeless British elegance. Vibrant colours and premium-quality yarns are the result of the finest raw materials and cutting-edge technologies. With its legacy of eccentricity and refinement, the Thomas Mason brand was born to inspire.

• **Albiate 1830** is the casualwear brand which, owing to experimentation, contamination and creative evolution, opens up new paths and trends in the fashion world, without ever losing sight of its great manufacturing tradition. Innovative spirit and research are the key ingredients for Albiate 1830 fabrics and denims, perfect for shirting and other applications with a contemporary style and adventurous heart.

The Albin Group’s fabric offering is divided into three brands, differing in style yet linked by a shared legacy rooted in an outstanding manufacturing tradition.





Each new collection is the product of intense research conducted by the design team, combined with the accurate selection of raw materials and the study of new yarns, new dyeing and finishing techniques.

The fabric offerings created by Albin Group brands are:

- **Seasonal collections:** each season, the brands renew their proposals offering new products that are the result of the style team's research. New raw materials, new yarns, new dyeing and finishing techniques combine with a study of the season's trends, creating collections where each brand's features are accentuated to the utmost.
- **Continuous collections:** these include the most iconic and classic fabrics always in stock, available to customers. These are more than ten continuous collections designed to meet the need to quickly receive the best of Albin Group's textile production, for every style: from classic and performance fabrics, to casualwear and patterns.
- **Exclusive collections:** these are customised fabrics made upon the specific demand of a single customer, developed by specialised designers and a dedicated sampling department, allowing customers to select

the designs directly on the fabric. This valuable service allows for unique premium customisations.

- **Cut-to-length fabric collections:** it offers the best tailors and shirtmakers a broad selection of fabrics from which to choose. The product offering is composed of two distinct lines: Albin Su Misura (Made-to-Measure), which proposes elegant fabrics with a sophisticated Italian style, and Thomas Mason Bespoke, which represents the true elegance of English flair.

Each season, both lines offer a collection of limited-edition fabrics which reflect the trends of the season, to meet the tailoring needs of the clientele.

The "cut-to-length" service is available in more than 80 countries, also through our e-commerce digital platform which allows customers to order directly online. The fabrics are delivered cut-to-length in 24/48 hours from the moment they are ordered.

An exclusively dedicated team oversees all the requests for a more efficient and direct collaboration.

Brand promise and values

Be inspiring

We are committed to inspiring enthusiasts of well-made high-quality fashion, creating products that stimulate creativity and arouse wonder.

Be inventive

We continuously challenge the status quo to improve and innovate products, production processes, practices and services.

Be resourceful

Our dedication to excellence inspires us to offer unique solutions and extraordinary performances. More than 147 years of experience and creative vision guide us in creating products and proposing services that exceed expectations, as a reflection of our commitment to achieving perfection.

We lead innovation in the worldwide textile industry developing state-of-the-art products and collections of extraordinary quality, combining the love of beauty, outstanding performances and respect for people and the environment.

Be proud

Custodians of a long-standing tradition, ours is an Italian story of family passion handed down from generation to generation. With dedication, we carry on this legacy, proudly creating the world’s most extraordinary products and fabrics.

Be responsible

Ethics are the cornerstone of our success. We value people and are committed to reducing our environmental impact for a sustainable future, working with integrity, respect and trust.

Be trustworthy

Our word is our pledge. We are reliable partners who dedicate themselves with passion to creating product offerings and services that exceed expectations. Our every product represents a commitment to excellence and uncompromising quality.

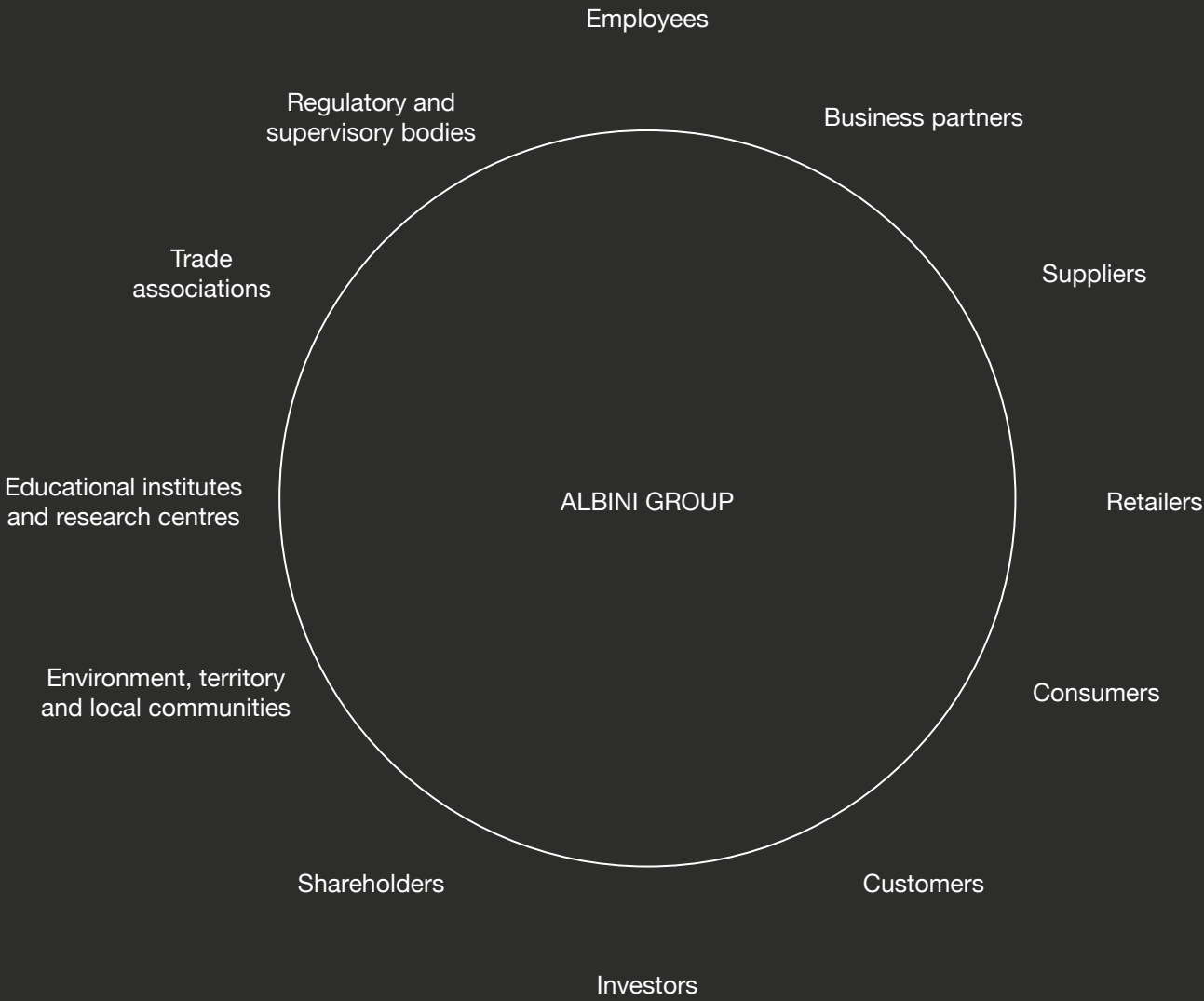
Relations with stakeholders

Involving stakeholders is a crucial aspect for capturing expectations regarding the company. **The Albini Group is committed to creating stable and effective relations in order to generate value and to effectively pursue its goals of development.** Stakeholder expectations are considered part of the strategy, which is elaborated through direct or indirect dialogue with them.

In order to consolidate a relationship of **reciprocal trust, transparency and collaboration**, the company aims to ensure active and constant dialogue with all its stakeholders in order to nurture the value of the specificity of each category identified through the activation of engagement modes and

communication channels tailored to the needs of individual stakeholders. It is on the basis of these findings that the company's top management provides reviewing and updating of the sustainable development strategies.

Involving stakeholders in the company is essential in the sustainability report drafting process through the materiality analysis and the identification of relevant ESG issues to be monitored and reported. Developing a process for discussion with our stakeholders is the basis for understanding the level of expectation and for singling out new issues on which to concentrate resources.



Stakeholder involvement is an essential aspect for creating stable and effective relationships that generate value.

Albini Group materiality analysis

The **materiality analysis** explains, for concrete topics, how the concept of sustainability and value creation in a company’s daily operations are applied. Material topics are indeed the environmental, social, economic and product issues that generate risks or opportunities for the company.

Aiming to promote transparent and effective communication with its stakeholders and simultaneously consolidate internal awareness, in 2023 the Albini Group defined the materiality analysis in compliance with the terms of the latest version of the **Global Reporting Initiative Sustainability Reporting Standards** (abbreviated as “GRI Standards”). To date, they are the most widely used

and applied standards on domestic and international levels for defining the content to be included in reporting and rigorously describe the company’s sustainability commitment and performance.

The identification of **material topics** subject to reporting is linked, according to the Standard’s requirements, to the identification of significant **impacts**, generated or likely to be generated by the company on the economy, the environment and people, also including impacts on human rights, through all company activities and business relations.

The materiality analysis explains, for concrete issues, how the concept of sustainability and value creation in the daily operations of a company are applied.

The dedicated corporate work group has conducted the materiality analysis in four different phases:

- **Understanding the context** in which the company operates: analysis of the industry taking into consideration different categories of sources, both internal and external to the company.
- **Identification of the company’s actual and potential impacts**: actual impacts are those that have occurred over time, while potential impacts might occur in the future.
- **Evaluation of the significance and materiality of impacts**: all impacts are evaluated by way of a process of assessing the degree of significance developed in line with the criteria indicated in the Standard. The significance of an actual impact is determined by its severity, while the relevance of a potential impact is determined by the severity and likelihood of the impact occurring. In particular, the severity of an impact is assessed taking three aspects into consideration:
 - 1) Scale of severity: how severe the impact is and the external context in which the impact takes place, including the geography;
 - 2) Scope: how widespread the impact is along the company’s value chain;
 - 3) Irremediable² character: how difficult it is to repair

the damage generated by the impact. The likelihood of the potential impacts was evaluated instead by considering the policies, procedures and activities the company implemented to prevent and mitigate the identified negative impact.

- **Prioritising the most significant impacts** for reporting: the most significant impacts are prioritised and the impacts deemed most relevant guide the identification of the material topics included in this Sustainability Report.

In order to validate the impacts identified and the significance assigned to each of them, a dedicated workshop was held involving the main company departments.

The following is a list of the material topics, associated to the relative GRI Disclosures, which emerged following the identification and aggregation of the impacts that proved to be material³.

² Irremediable character was considered solely for evaluating the negative impacts and not for positive impacts, as indicated by the 2021 GRI Standards. In the following chart, negative impacts are indicated with (-), and positive ones with (+).

³ Impacts considered material are those that have been assigned a “very relevant”, “relevant” and “moderate” significance by the assessments conducted. Impacts that proved to be “negligible” were excluded.



MATERIAL TOPIC AND IMPACT DESCRIPTION (+) = positive impact (-) = negative impact	STATISTICAL SIGNIFICANCE	GRI TOPIC SPECIFIC DISCLOSURE
THE FIGHT AGAINST CLIMATE CHANGE		
1. High energy consumption (-) High energy consumption is mainly linked to the production and processing stages of raw materials, including fibre preparation, spinning, dyeing, weaving and finishing. Production cycles in the textile sector are in fact long and often continuous, with a constant expenditure of energy. Albini Group mitigates the negative impact through the work of its technical department, which is dedicated to monitoring and collecting energy consumption data, as well as defining KPIs for improvement, in coordination with Albini Energia S.r.l.	Very relevant	GRI 302: Energy
2. Release of climate-changing gases into the atmosphere (-) The upstream processes of the Albini Group’s value chain, as well as its core business activities, contribute to worsening climate change due to the release of large amounts of GHG emissions. In particular, the direct activities require high energy consumption which contributes significantly to the overall emissions. GHG emissions are also connected to agricultural activities, logistics activities, across the entire value chain, and end-of-life management of textiles and unsold products. The Albini Group mitigates its impact by adopting energy efficiency systems, adopting environmental management systems and procuring raw materials from organic and regenerative agriculture.	Very relevant	GRI 305: Emissions
3. Release of pollutant emissions into the atmosphere (-) Atmospheric emissions are mainly due to the printing, dyeing, and finishing of fabrics, which require the use of chemical solvents and dyes, and are heated during production processes, releasing pollutants. These emissions adversely affect air quality and can be harmful to the health of the personnel involved in the production processes. The Albini Group monitors and reduces the impact by adopting chemical management systems for wet processes, including the ZDHC protocol, and air purification systems inside the production sites.	Relevant	GRI 305: Emissions
4. Contribution to the energy transition (+) By way of its subsidiary Albini Energia S.r.l., the Albini Group contributes to the energy transition of companies in the textile and fashion industry, to which it offers design services for energy recovery plants and photovoltaic systems, as well as energy diagnosis services, technical consultancy for energy efficiency and access to incentives and tax breaks.	Relevant	GRI 302: Energy

SUSTAINABLE AND CIRCULAR MANAGEMENT OF PRODUCTS AND PROCESSES		
1. Production and inefficient management of waste and textile scraps (-) Industries in the sector are responsible for producing waste along the entire value chain: upstream in agricultural activities, which require the use of pesticides and chemical fertilisers; in manufacturing, which entails the production of numerous textile scraps and the use of hazardous chemicals; and finally, in the disposal of end-of-life garments and the management of unsold items. Waste mismanagement generates serious negative environmental impacts, contributing to the pollution of soil, air and groundwater, and subsequently damaging biodiversity and local communities. The Albini Group expresses its commitment through its environmental policy which promotes the circular economy and aims to reduce the waste produced, enhancing the value of manufacturing scraps and making quality products which are characterised by greater durability. It is committed to producing circular economy projects where by-products are used to create new yarns, fabrics or other kinds of product.	Very relevant	GRI 306: Waste
2. Impoverishment of natural resources caused by raw material exploitation (-) The procurement of raw materials from intensive agriculture and the failure to manage production waste in a circular logic can lead to the impoverishment of ecosystems and natural resources, damaging biodiversity and local communities and contributing to soil, air and groundwater pollution. The Albini Group guards against the potential impact by procuring part of the cotton used from organic and regenerative agriculture, with product certifications such as GOTS (Global Organic Textile Standard), OCS (Organic Textile Certification), BCI (Better Cotton Initiative) and Regenagri. Additionally, concerning linen products, the raw material is certified European Flax®, which guarantees that the fibre comes from European cultivations, and Masters of Linen®, which guarantees the traceability of the entire production chain and that the product was processed in European countries.	Very relevant	GRI 301: Materials
WATER RESOURCE MANAGEMENT		
1. Exploitation and impoverishment of water resources (-) The textile industry is responsible for consuming large amounts of water, used both for agricultural activities, in particular for the cultivation of cotton and, to a lesser extent, flax, and for the management of dyeing processes, in what is known as “wet dyeing”. Further water consumption is linked to finishing activities, which serve to ennoble the fabric, giving it a final sheen and softness. Inefficient management of water resources contributes to an increase in the local water stress and a reduction in availability of the resource, generating an impact that cannot be reversed. The Albini Group mitigates the impact by relying on, wherever possible, growers using precision irrigation systems in plantations, and through water efficiency activities in manufacturing processes, in wkeeping with the environmental management systems adopted.	Very relevant	GRI 303: Water and effluents

2. Water resource pollution (-)

The use of chemicals in both the agricultural and manufacturing stages requires advanced wastewater purification systems to be adopted to prevent groundwater pollution, with consequent damage to ecosystems and local communities. The impact is relevant due to the significant discharges linked to the dyeing and finishing activities conducted in its plants. Furthermore, washing the raw material contributes to water pollution, if only indirectly for the company, as it is an external activity carried out upstream.

The Albini Group works to monitor and reduce the negative impact by selecting raw materials from organic and regenerative farming, by integrating management systems for the chemicals used in wet processing, including the adoption of the ZDHC protocol, as well as adopting purification systems for the processing waters installed at Cotonificio Albini S.p.A.’s Brebbia and Albino plants.

Relevant

GRI 303:
Water and
effluents

SUSTAINABLE SUPPLY CHAIN

1. Limited supply chain tracking and integration (-)

For companies in the textile and fashion industries, tracking one’s production chain now proves to be essential, becoming aware of the origin and production transformations the raw materials have undergone. In fact, situating production chains in developing countries, where human rights and the environment are guaranteed little protection, as well as the numerous intermediate transformations to which the raw material is subjected, expose companies in the industry to serious reputational and economic risks.

The Albini Group monitors the risk through progressive integration of the production chain, as well as by defining social and environmental requirements for suppliers, made official in the Charter of Sustainability Values for the supply chain. Furthermore, it uses a portal to manage its suppliers to ensure a more transparent mapping of their master data and the certifications they hold. Lastly, it scientifically verifies the origin of American cottons in collaboration with Oritain™.

Very relevant

NON GRI

2. Ineffective process for selecting suppliers with ESG criteria (-)

In addition to tracing one’s production chain, it is now essential to select suppliers according to ESG criteria for companies in the textile and fashion industries. It involves assessing the environmental and social aspects of one’s suppliers, to be given more attention in the event of developing countries, and the subsequent monitoring of performance through audits and self-assessment questionnaires.

The Albini Group monitors the environmental and social requirements of its suppliers through the 4sustainability assessment of the Supply Chain Report, which collects information on suppliers to monitor their level of implementation of good sustainability practices. Cotonificio Albini S.p.A. adopted the “4S Trace” protocol in 2022 for assessing the quality of suppliers in terms of ESG. However, the fact that the management systems the company has provided are not integrated and do not guide supplier selection with rewarding criteria significantly reduces their effectiveness.

Relevant

GRI 308:
Supplier
environmental
assessment

GRI 414:
Supplier
social
assessment

3. Nearshoring and selecting suppliers with proximity criteria (-)

Nearshoring, or rather procuring and selecting suppliers according to their territorial proximity criteria, is a growing phenomenon amongst companies in the industry. This practice makes it possible to limit the risk of supply chain interruptions and delays in deliveries, as well as reputational risks due to human rights violations by suppliers located in developing countries. It also allows for greater control over suppliers by sharing a similar corporate culture.

The Albini Group has progressively integrated its production chain in terms of nearshoring, with manufacturing sites in Italy, Egypt, the Czech Republic and Hungary. Furthermore, suppliers are selected both centrally and for each plant on the basis of proximity criteria. The company collaborates with historic suppliers with whom a trusting relationship has been established.

Relevant

GRI 204:
Procurement
practices

4. Inadequate monitoring regarding human rights and workers along the production chain (-)

In manufacturing companies with plants located in developing countries, the risk of running into labour rights violations, inherent to occupational health and safety, work shifts, wages and working conditions, is greater. The risks reported by industry associations also include modern slavery, forced labour and child labour. The impact must be carefully monitored in consideration of reputational risks and the risk of supply interruptions to which companies expose themselves, as well as in terms of the legal responsibilities to be introduced in the future.

The Albini Group monitors the risk through the integration of the production chain and the adoption of process and product certifications that also cover social requirements, such as GOTS, BCI and GRS. Workers employed in plants located abroad are guaranteed the same level of protection as those working in Italy.

Very relevant

GRI 407:
Freedom of
association
and collective
bargaining

GRI 408:
Child
labour

GRI 409:
Forced or
compulsory
labour

PROTECTING AND EMPOWERING HUMAN CAPITAL

1. Incidents of discrimination and failure to promote equal opportunities in the workplace (-)

Failure to respect diversity and equal opportunities inside the company can lead to instances of discrimination due to factors such as gender, sexual orientation, religion and ethnicity, with a negative impact on human capital. The topic is particularly relevant for all companies in the industry, due to the high rate of women employed and the presence of production sites in developing countries. The commitment required of companies in the industry to promote equal opportunities in company management is also significant.

Cotonificio Albini S.p.A. prevents incidents of discrimination and failure to promote equal opportunities by applying its Code of Ethics. Its adoption by all the group’s companies has been planned for.

Very relevant

GRI 406:
Non-
discrimination

2. Reduced workplace health and safety protection (-) Failure to comply with health and safety regulations and shortcomings in preventive procedures and actions could lead to an increase in the rate of workplace accidents which, in the most serious of cases, may result in the death of the worker. In terms of human health associated with the textile industry, one of the most significant problems is chemical exposure due to the processing and dyeing of fabrics and/or yarns. In addition to this, there may be cases of occupational diseases related to the manual handling of loads and adopting incorrect postures while working, as well as inappropriate use of textile machinery. The Albini Group is committed to complying with the regulations regarding health and safety in the workplace. It guards against the impact by guaranteeing a Health and Safety Officer for each plant who verifies the training needs on Occupational Health and Safety. Furthermore, the various Health and Safety Officers work in collaboration to update and make the risk assessment statement more effective and efficient.	Very relevant	GRI 403: Occupational health and safety
3. Insufficient development of employee skills (-) An adequate number of hours of training positively influences the health and safety of employees, and the possibility of developing professional and personal skills and product quality. Providing for appropriate training plans increases company employee retention and attraction. In addition, raising awareness of the downstream stage of the value chain, especially that of the end customer, has positive impacts in terms of developing an overall culture of circularity and sustainability. The Albini Group contributes to the professional development of its employees through training activities based primarily on specific employee requests. The sole existing specific training plan regards occupational health and safety issues. Work is underway on setting up an annual training plan for growing skills and an Academy pathway dedicated to training with technical modules regarding the textile industry has also been launched.	Very relevant	GRI 404: Training and education
4. Low company attractiveness due to ineffective welfare and career development plans (-) Transparency in personnel selection criteria and the availability of career development plans and rewarding remuneration policies contribute to increasing the commitment employees put into their jobs, as well as to the company's ability to attract and retain talent and to creating a healthy working environment and company culture. The Albini Group contributes to the well-being of its employees through measures aimed at improving the well-being of workers, including the provision of supplementary health insurance for its employees. However, there are currently no official procedures for evaluating candidates, and career and professional development plans.	Moderate	GRI 401: Employment GRI 402: Labour and union relations management

PRODUCT QUALITY AND CONSUMER PROTECTION		
1. Damage to consumer health caused by non-conformity of products on the market (-) Leading companies proactively integrate sustainability into their business models through greater transparency in the technical data sheet of the raw materials they use: more specifically, by remaining compliant with mandatory data sheet declarations and reporting as much optional information as possible. Transparency in declarations must also take into consideration the variety of regulations in force in the countries where the products are marketed. The Albini Group mitigates the negative impact through its ongoing commitment to respect the requirements of the Reach Regulation, to protect the health of consumers and the environment. The characteristics of the fabrics placed on the market are explained in the technical sheets shared with the customers, who are then responsible for writing the labels on the finished products. Additionally, the Albini Group is able to monitor the quality of the fabrics by carrying out periodic tests on the products, conducted in the Gandino plant, in order to identify any non-conformities.	Moderate	GRI 416: Customer health and safety
2. Non-conformity of information and consequential damage to the economic system and to consumers (-) The dissemination of advertising claims and labelling that are not supported by sufficient scientific evidence can expose the company to litigation and financial penalties for unfair competition and failure to protect consumers. Growing attention on the issue in the market and the recently introduced legislative requirements expose the company to serious reputational risks. The Albini Group oversees the issue through its Marketing Department and by adopting product certifications that guarantee product quality and compliance with environmental and social criteria along the production chain. Nonetheless, the lack of an internal legal department poses a high-risk factor.	Relevant	GRI 417: Marketing and labelling
3. Monitoring customer satisfaction (+) Consumer satisfaction is an important tool in deciding on corporate priorities and policies, being one of the main criteria on which to assess a company's attractiveness to investors. It represents the company's ability to detect customer needs in terms of product quality, delivery times, customer service and compliance with market demands. Therefore, it reflects the quality of the experience (in terms of service and product) the company offers and is a key element for economic success in a context based on competition and competitiveness. For the Albini Group, customer satisfaction also depends on choosing sustainable raw materials, on which front the company is working to always remain compliant with standard ISO 9001. In addition, qualitative research on customer satisfaction was conducted in 2023.	Moderate	NON GRI

SUSTAINABLE GOVERNANCE

1. Failure to comply with regulations, standards, principles of ethics and conduct (-) The textile and fashion industries are affected by an increasing number of ESG laws, which, on the European level, are covered by the Sustainable and Circular Textiles Strategy, whose goal for 2030 is to put sustainable and repairable textile products on the European market, made with recycled fibres, free of hazardous substances and produced so as to protect human rights and the environment. Non-compliance with these regulations exposes the company to serious risks, such as loss of market share and credibility with regard to business partners and possible economic sanctions. In order to protect itself against these risks, the Albinì Group collaborates with an external law firm and is a member of several associations including Confindustria, Camera Nazionale della Moda Italiana (National Chamber of Italian Fashion), Sistema Moda Italia, AFIL (Associazione Fabbrica Intelligente Lombardia), Textile Exchange, the non-profit ZDHC, Sustainable Apparel Coalition and ASSOESCO through its subsidiary Albinì Energia S.r.l..	Relevant	GRI 2-7: Compliance with regulations
2. Generating and distributing value to stakeholders (+) The company generates and distributes economic value directly and indirectly through its activities. More specifically, the company can have a significant positive impact through its hiring and procurement policies, a responsible financial administration and by promoting initiatives in support of the local communities. The Albinì Group is a point of reference for the places in which it operates. In collaboration with the governments, institutions and the main regional organisations, it supports projects within the community and with youth: cultural and artistic events, academic events and conferences, collaborations with various universities and technical institutions.	Relevant	GRI 201: economic performance
3. Incidents of corruption and consequential damage to the economic system (-) The possibility of company representatives committing illicit acts linked with incidents of corruption can lead to economic and reputational damage for the company. The latter, during operations and through the procurement of raw materials and semi-finished products, may encounter corrupt practices and money laundering. Where adequate policies and procedures are lacking, misallocation of proceeds from resources, abuse of democracy, human rights and political instability may occur. Cotonificio Albinì S.p.A. monitors the risk by adopting its Code of Ethics and Organisational Model 231, which are distributed to employees and suppliers. Furthermore, the company undertakes to revise its Code of Ethics upon specific customer request.	Relevant	GRI 205: Anti-corruption

RESEARCH AND DEVELOPMENT

1. Process innovation, researching and developing new products (+) The research and development activities of the industry leaders aim at promoting forms of circular economy by extending the life of garments, reducing waste in the production and product design stages, in searching for innovative materials with a reduced environmental impact and in the technological improvement of production phases. Research and development is pursued by the Albinì Group through the Research and Development department of the Style and Product Development Function and the Open Innovation centre “ALBINI_next”, which operates at Kilometro Rosso in Bergamo. Here, new fibres are developed, alternative dyes and green chemistry solutions are experimented, and the recycling of production waste is studied in the perspective of circularity and virtuous reuse, also through strategic partnerships.	Very relevant	NON GRI
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The 8 material topics which refer to the Albinì Group’s impacts are:

- The fight against climate change
- Sustainable and circular management of products and processes
- Water resource management
- Sustainable supply chain
- Protecting and empowering human capital
- Product quality and consumer protection
- Sustainable governance
- Research and development

02

RESPONSIBLE MANAGEMENT

Corporate governance

The Albini Group’s success is for the most part due to the governance structure that expresses a long-term vision that results in the achievement of challenging and far-sighted strategic goals.

At the top of the group’s organisational framework, we find **Albini Group S.p.A.**⁴, a holding company with no operational power over the business, whose shares are held entirely by members of the Albini family.

⁴ The compositions of the holding company’s highest governing bodies are defined below:

Composition of the Board of Directors of the Albini Group S.p.A. as at 31.12.2023

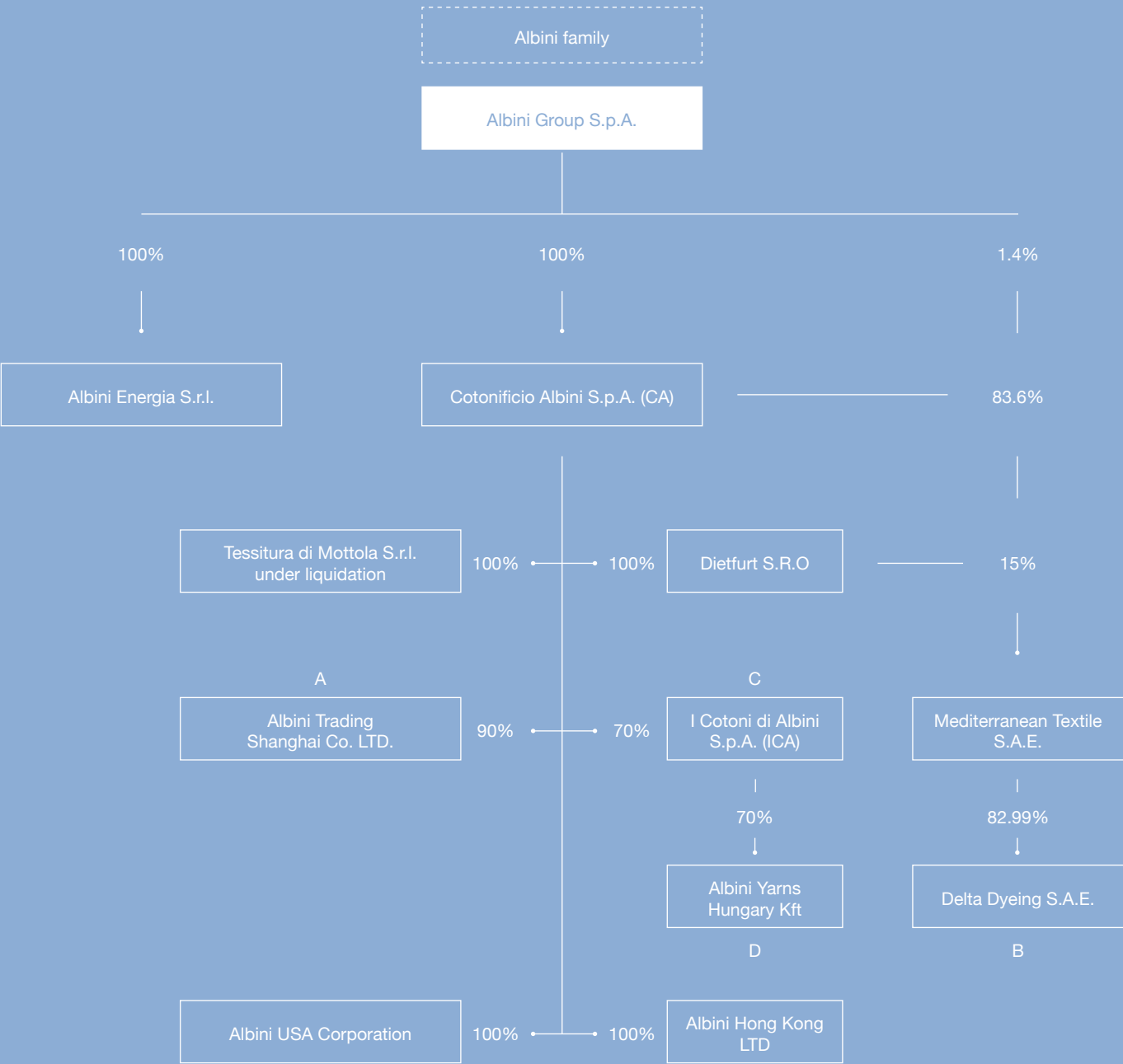
CHAIRMAN	Fabio Albini
VICE-CHAIRMAN	Andrea Albini
DIRECTOR	Monica Albini
DIRECTOR	Giulio Guffanti Pesenti
DIRECTOR	Giovanni Carlo Albini

Albini Group S.p.A holds 100% of the shares of the following companies:

- **Albini Energia S.r.l.:** a company dedicated to energy and engineering services;
- **Cotonificio Albini S.p.A.:** operating and holding company and parent company of all other group companies, including Mediterranean Textile S.a.e., Delta Dyeing S.a.e. and I Cotoni di Albini S.p.A..

Composition of the Board of Statutory Auditors of the Albini Group S.p.A. as at 31.12.2023

CHAIRMAN	Danilo Arici
STATUTORY AUDITOR	Fabrizio Lecchi
STATUTORY AUDITOR	Lorenzo Gelmini
SUBSTITUTE AUDITOR	Laura Bertacchi
SUBSTITUTE AUDITOR	Maria Speranza Crippa
EXTERNAL AUDITOR	KPMG S.p.A



A Essence Trading Co. Ltd 10%

B Sectore Spinning 8.17% - Alba Beteiligungs immobilien AG 8.84%

C Modern Nile Cotton Co. 30%

D Best Yarn Srl 30%

Over 145 years of entrepreneurial history

The corporate bodies of **Cotonificio Albini S.p.A.**, the operating parent company and controller of all other companies in the group, are the Board of Directors, the Board of Statutory Auditors and the Shareholders’ Meeting. In order to consolidate a relationship of trust and collaboration, the company aims to guarantee active and constant dialogue with all its **stakeholders** in order to nurture the value of the specificity of each category identified through activated engagement modes. It is on the basis of these findings that the company’s top management annually provides for reviewing and updating its strategies, policies and targets regarding the Company’s sustainable development. The management of corporate governance is based on the principles of **fairness** and **transparency** in order to guarantee the interests of its stakeholders.

The **Board of Directors** of Cotonificio Albini S.p.A. (hereinafter referred to as 'BoD') is the Company’s highest body. All corporate functions report to the Managing Director, who is a member of it. The parent company’s BoD is appointed by the Shareholders’ Meeting and is in charge of managing the company, as well as assuming economic, environmental and social responsibilities. Lastly, the Board of Directors defines the strategic guidelines and undertakes to assess the proper management of the company, also regarding the definition and measurement of activities on sustainability. Members of the Board of Directors are appointed every three years by the Shareholders’ Meeting. The role of the Board of Directors is fundamental in identifying and pursuing the Company’s strategic objectives: it has the power to

perform all acts and operations it deems appropriate for implementing and fulfilling the corporate purpose in full compliance with the relevant regulations.

The Board members’ authority and integrity is guaranteed by their specific managerial skills and knowledge on ESG⁵ issues, as well as by the application of the provisions of the **Code of Ethics and of the 231 Organisational Model** pertaining to preventing conflicts of interest. The presentation and approval of the Sustainability Report ensures that members of the Board of Directors are constantly updated on ESG matters.

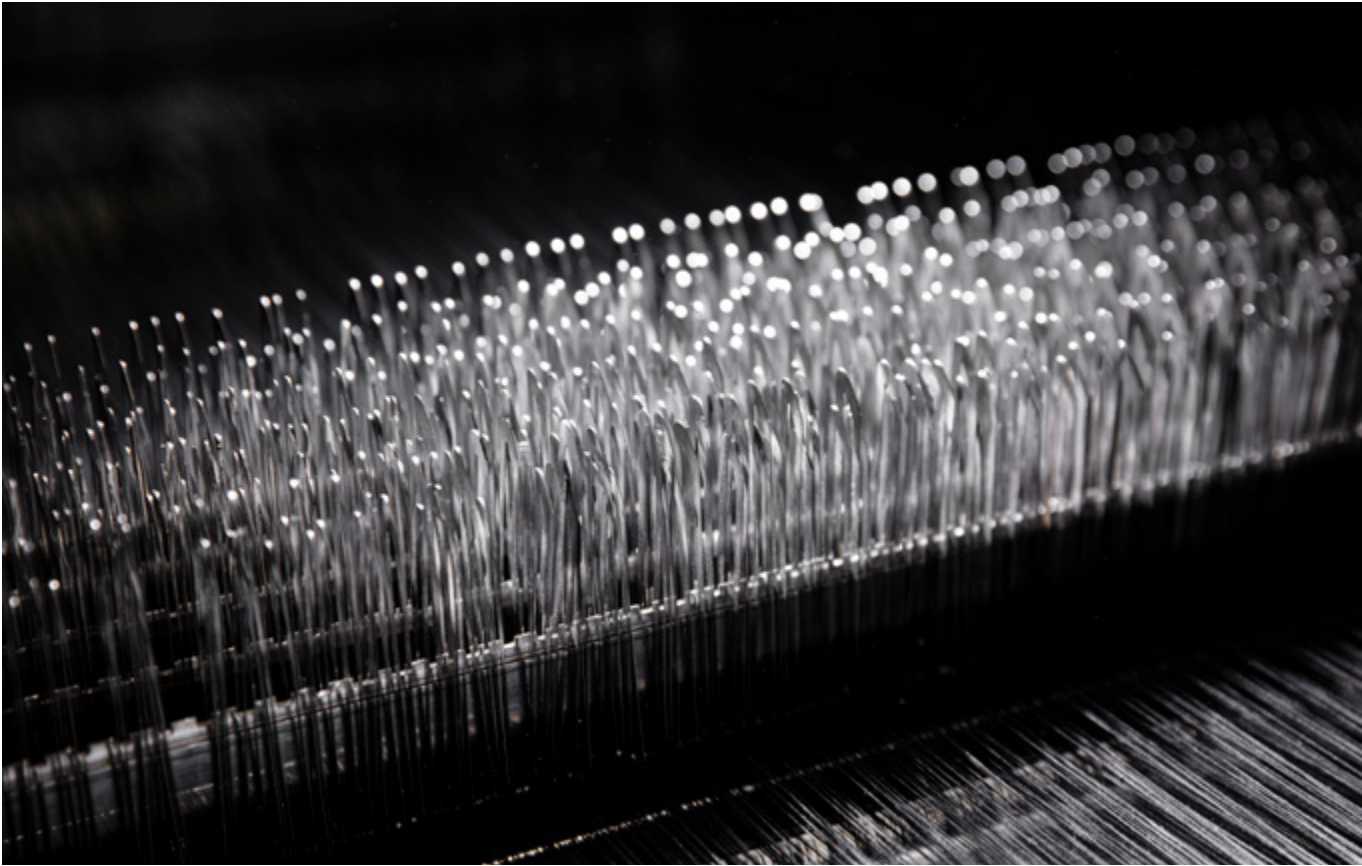
Mr. Stefano Albini, in addition to being Chairman of the Board of Directors of Cotonificio Albini S.p.A., is also Accountable Manager of the Administration and Finance area of the same. The measures for preventing and managing conflicts of interest applied in this regard are provided for in the Code of Ethics.

In accordance with what has been decided together with the Board of Directors and through the corporate structure, the Managing Director implements economic, environmental and organisational decisions. Through periodic meetings, the analyses conducted internally are then shared with the entire Board of Directors, which assesses the general performance of operations, taking into consideration, in particular, the information received from the Executive Committee, periodically comparing the results obtained with those planned.

Composition of the Board of Directors of the Cotonificio Albini S.p.A. as at 31.12.2023

CHAIRMAN	Stefano Albini
DIRECTOR AND MANAGING DIRECTOR	Giuseppe and Antonio Simplified Limited Liability Company in the person of Fabio Tamburini
DIRECTOR	Fabio Albini
DIRECTOR	Andrea Albini
DIRECTOR	Giovanni Carlo Albini
DIRECTOR	Monica Albini
DIRECTOR	Giovanni Terzi Albini

⁵ No system of evaluation of the governing body with regard to the management of economic, environmental and social impacts has been provided for. What is more, at the moment, there are no MBOs linked to achieving ESG objectives.



Composition of the Board of Statutory Auditors as at 31.12.2023

CHAIRMAN	Danilo Arici
AUDITOR	Lorenzo Gelmini
AUDITOR	Fabrizio Lecchi
SUBSTITUTE AUDITOR	Maria Speranza Crippa
SUBSTITUTE AUDITOR	Laura Bertacchi

Composition of the Shareholders’ Meeting as at 31.12.2023

Andrea Albini
Fabio Albini
Giovanni Carlo Albini
Laura Albini
Monica Albini
Stefano Albini
Elena Guffanti Pesenti
Giulio Guffanti Pesenti
Laura Guffanti Pesenti
Margherita Guffanti Pesenti
Stefano Guffanti Pesenti
Industrie Riunite Filati S.p.A.
Giovanni Terzi Albini

The **Board of Statutory Auditors** of Cotonificio Albini S.p.A. is responsible for monitoring compliance with the law, the Articles of Association, compliance with the principles of proper administration and the adequacy of the organisational, administrative and accounting structure. In addition to the members mentioned below, there is also the Auditing Company, which is in charge of checking that the company’s accounts are properly kept, that the Financial Statements correspond to the accounting records, and that the regulations established by the Civil Code for assessing the company’s assets are observed. Each year, the Auditing Company is responsible for informing the Shareholders’ Meeting of the results of the activities it has carried out.

The Shareholders’ Meeting of Cotonificio Albini S.p.A. is instead in charge of appointing the members of the Board of Directors and the Board of Statutory Auditors, also determining their remuneration in keeping with the legal provisions and in consideration of the Articles of Association, as well as approving the Financial Statements.

Integrity, transparency and anti-corruption

Inspired by a modern corporate concept that calls for a tight correlation between ethics and business, Cotonificio Albini S.p.A. has adopted the principles dictated by legislation and has adopted its own **Organisation, Management and Control Model** and a **Code of Ethics**, which all managers and employees and those who, directly or indirectly, establish relations or relationships with the company are expected to comply with.

The Code of Ethics is a fundamental tool of corporate governance as it defines the context of social, environmental and business responsibility that the personnel and the entire value chain must respect and strive for, as well as being the main tool through which the risk of conflicts of interest is prevented.

In order to guarantee responsible business conduct in all its activities and business relations, the Code of Ethics, as with the other policies adopted, is made available to stakeholders through publication on the corporate website and is communicated to all employees at the same time and in the same manner. Implementation of all the adopted policies is entrusted to the department managers, who are responsible for ensuring their correct application by their respective departments. Given its strategic importance, the Code of Ethics will be gradually adopted by all the Albini Group subsidiaries.

The Code stipulates that activities are conducted following the principles of honesty, integrity, fairness and good faith, respecting the legitimate interests of the stakeholders and the communities with which Cotonificio Albini S.p.A. comes into contact. Customers or third parties must be protected from any collusive or abusive conduct; furthermore, it is crucial to verify that the entire value chain is free of phenomena such as child labour or forced labour,

while internally any kind of discrimination and attempt to corrupt is rejected.

The **Supervisory Body** (SB) has also been established at Cotonificio Albini S.p.A., as a collective body, which is in charge of monitoring the functioning of the Model, guaranteeing its effectiveness and adequacy and seeing to its periodic updating. The Organisation, Management and Control Model adopted by Cotonificio Albini S.p.A. has the objective of ensuring compliance with the principles of fairness and transparency in conducting business and company activities and, simultaneously, preventing unlawful conduct from being committed, expressly provided for by Legislative Decree no. 231/01, by its managers, employees and collaborators.

All recipients are required to promptly report to the Cotonificio Albini S.p.A. Supervisory Body any violation or presumed violation of the Code of Ethics and/or of the Organisational Model, as well as any element indicating the possibly committed crimes.⁶

Annually, the Supervisory Body is responsible for preparing a written report on the activities carried out for the Board of Directors and the Board of Statutory Auditors. For the year 2023, no critical issues or breaches of regulations were reported against the Albini Group companies either by the Supervisory Body or by external authorities.

Cotonificio Albini S.p.A. has different types of communication channels, adapted according to the relative stakeholders. These include the reporting channels made available to employees and the customer complaint mechanisms through which the company collects and deals with any critical issues raised. Critical issues that may significantly influence the smooth running of the company's business are brought to the attention of the members of the Board of

Directors. The main reporting channel is represented by the **digital “Whistleblowing” platform**, publicly available on the Albini Group website, which allows reports to be sent in an effective and confidential manner.⁷

Reports made through the Whistleblowing platform are then forwarded directly to the Company's Supervisory Body, which verifies the validity of the facts in strict observance of the principles of confidentiality. It should be stressed that reports submitted anonymously are also accepted.

The full awareness and sharing of the values pursued is fundamental, which is why from the latter months

of 2022 until March 2023, training courses on Model 231 and the Company Code of Ethics were held in the three Italian Cotonificio Albini S.p.A. plants, provided through an e-learning platform and in asynchronous mode. The recipients of the training activities were 202 employees, including managers and office workers.

As demonstration of the effectiveness of the prevention tools, the management of none of the companies comprising the corporate group has been involved in corruption cases in the last three years.



⁶ Any reports may be submitted to the e-mail address odv.cotonificioalbinispa@albinigroup.com or by written communication addressed to: “Organismo di Vigilanza (Supervisory Body) of Cotonificio Albini S.p.A., Via Dr. Silvio Albini no.1 – 24021 Albino (BG)”.

⁷ The platform for making reports can be reached through the following link: <https://digitalroom.bdo.it/albini>.

Risk management

Effective risk management plays a crucial role in preserving the value of the Albin Group over time. Monitoring of key risks is focused on Cotonificio Albin S.p.A. and the companies that have also invoiced external customers such as I Coton di Albin S.p.A., Albin Energia S.r.l., Delta Dyeing S.a.e., Albin Hong Kong Ltd. and Albin (Shanghai) Trading Ltd. The other Group companies almost exclusively carry out work commissioned by Cotonificio Albin S.p.A.

The various companies comprising the Albin Group conduct continuous and systematic assessment activities of their specific risks and the ensuing elimination of those deemed unacceptable, in accordance with the regulations in force in the various countries where the manufacturing sites are located.

The main risks identified, in connection with the issues considered relevant to the business, can be traced back to four macro-areas: **Environment, Health and Safety, Product and Supply Chain**.

With regard to business risks linked to **textile products**, which by their nature require the presentation of annual collections, created on the basis of uncertain and subjective trends, the Albin Group over time has developed a production method aimed at mitigating them. This calls for intense research and development, to which substantial resources are designated; sales and marketing managers are continuously involved in monitoring the market and its signals; a close stylistic collaboration with key customers, which has proven to be extremely beneficial to both parties. Since the company operates in a global context, great attention is paid to diversification over a wide range of customers, both geographically and in terms of the segments in which they operate. Particular attention is paid to emerging markets, where sales are growing and where there will be the highest rates of development. Lastly, considering the professional

relationships maintained with important players in the industry, much attention is paid to the reputational risk, connected in particular to the high quality of the product. Given the importance of the issue, this is kept under constant control by monitoring and obtaining certifications, on products and along the entire production chain, and thanks to the accurate analyses conducted by the internal Quality Laboratory, which is ACCREDIA certified.

In order to guarantee high product quality and to counter risks linked to procurement that have characterised the recent years, it is fundamental to closely monitor its **supply chain**. Raw materials are at the top of the list amongst the operational risks where this issue is applied. This issue is largely controlled owing to the close relations with cotton and linen producers and the deep-rooted presence in the spinning business, both factors that make it possible to have a profound knowledge of the procurement markets and their trends. We also have increasingly closer collaborations with several strategic yarn suppliers. Owing to its broad and versatile product offering and control of its production chain, the Albin Group is able to meet diverse market needs, thus positioning itself as a benchmark company for different types of customers: designers, fashion brands, retailers and tailors all over the world.

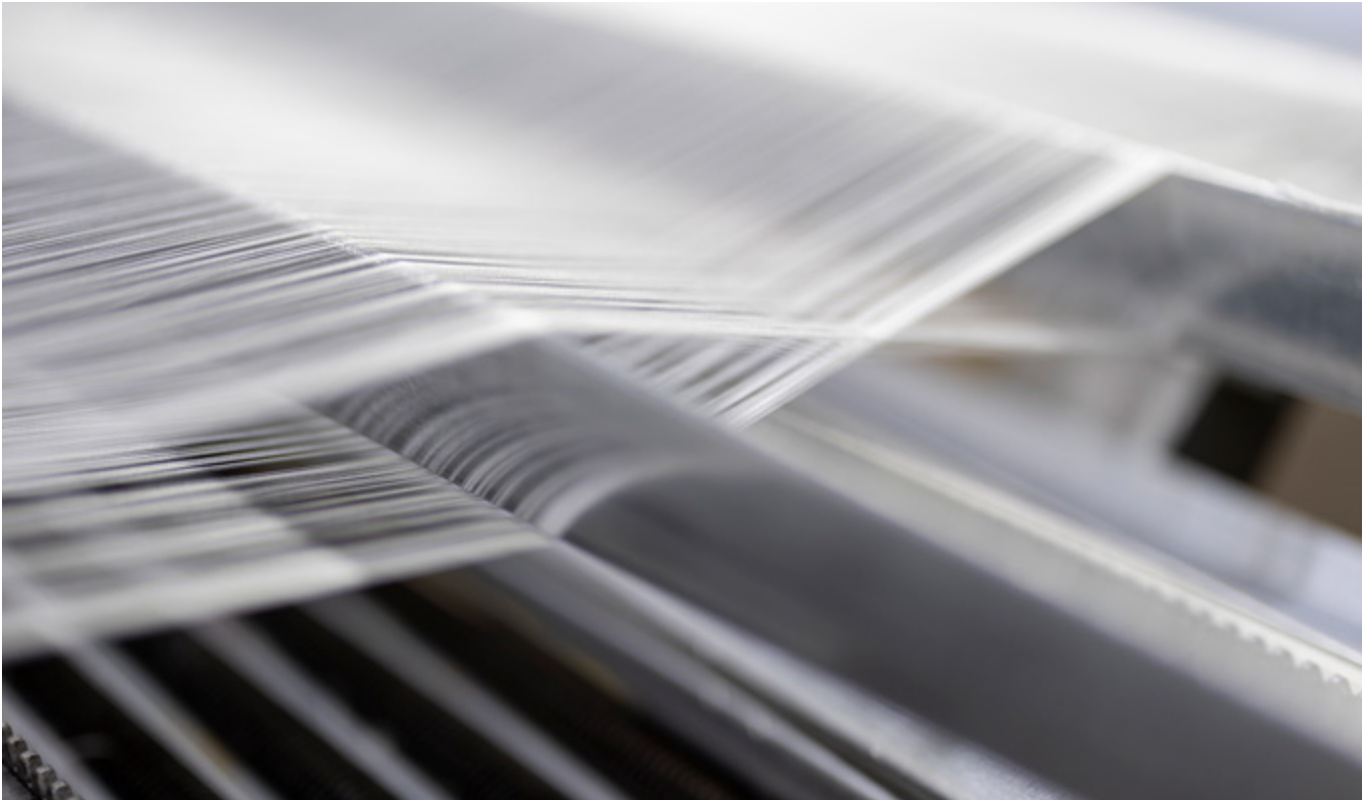
However, the main risks inherent to occupational **health and safety** originate from the production nature of the group's factories. In order to deal with every eventuality and as provided for by Legislative Decree 81/08, a Prevention and Protection Service Manager has been appointed. The activities envisaged for carrying out his or her duties are the identification of company risk factors, the assessment of these and of workplace safety and health measures, creating and controlling safety procedures for the

various company activities, and finally, distributing information on risks and company safety procedures to workers.

While the Albin Group is not subject to **cyber risks** related to the processing of sensitive data, the issue is nevertheless under control; the privacy of stakeholders is a crucial point in the digitisation process since unique models and designs, also covered by intellectual property rights, are stored on the company servers. That is why a monthly audit by an external company has been introduced, concerning the solidity of the company systems' IT protections.

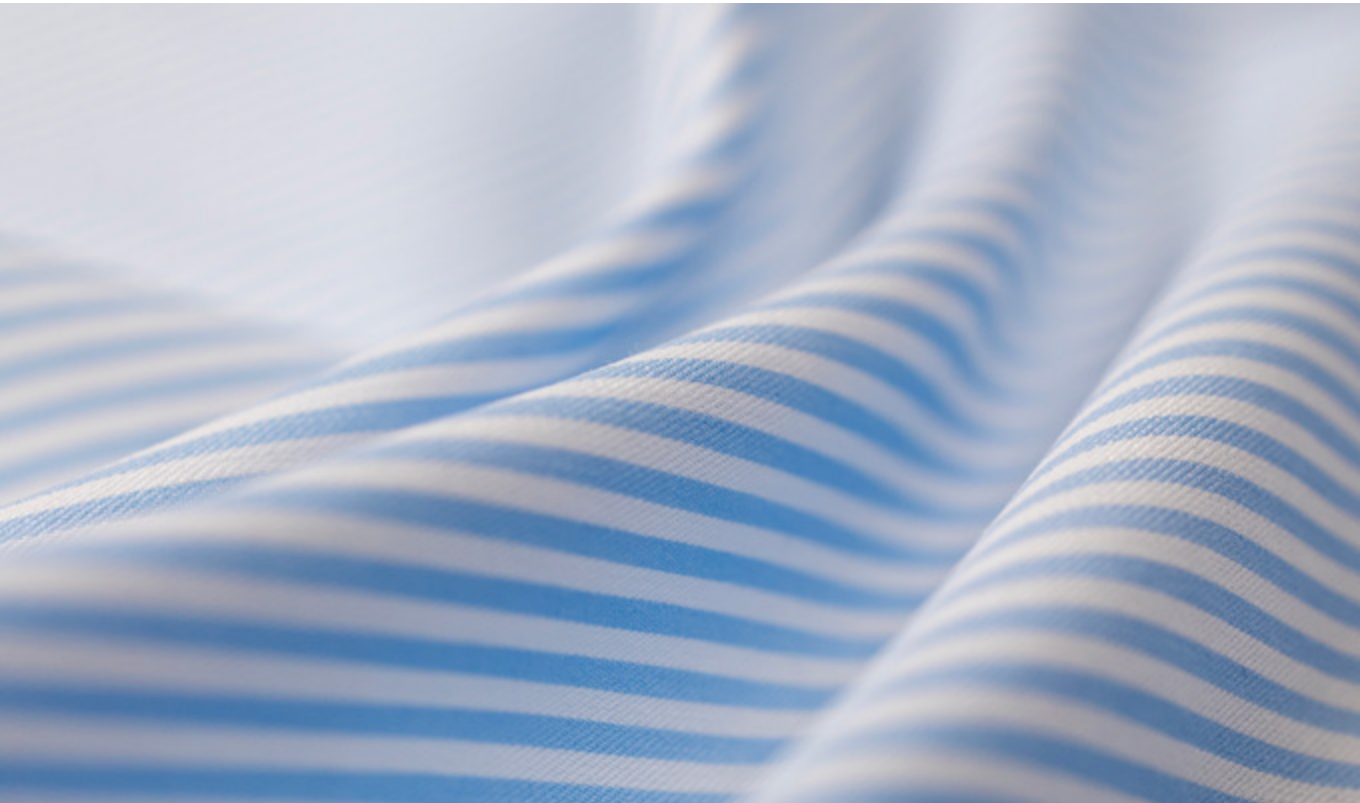
Lastly, the Albin Group, with regard to the risks generated by its **environmental impact**, recognises those that are related to water and energy consumption, discharges into the soil and emissions of pollutants into the air. The production and commercial processes of the companies comprising the group are designed and carried out with the utmost respect for the environment, and with an attentive process that gradually reduces the impacts generated by its activities. This is certified by **ISO 14001:2015** on environmental management systems (EMS), which was obtained by Cotonificio Albin S.p.A.'s plants in Albino, Gandino and Brebbia.

Strong emphasis is given to diversification across a wide number of customers, both geographically and in terms of the segments in which they operate.



Value generated and distributed

The Albin Group adopts a **sustainable and transparent fiscal approach** to promote corporate ethics, social responsibility and to improve relations with its stakeholders. With this approach, the company not only ensures compliance with tax laws, but also builds a positive reputation, which



The economic value distributed by the Albin Group in 2023 amounted to more than 158 million euros.

GRI 201-1: Economic value generated and distributed		€ (thousands)
Economic value generated		164,860
Production revenues		164,401
Revenue from shares		-
Other financial income		459
Extraordinary income		-
Economic value distributed		158,831
Operating costs		118,631
Costs for raw materials		70,493
Costs for services		40,255
Use of third-party assets		1,292
Changes in raw material inventories		6,363
Various operating expenses (net of tax)		228
Extraordinary expenses		-
Value distributed to employees		34,480
Personnel expenses		34,480
Value distributed to capital lenders		4,359
Interest and other financial expenses		4,359
Value distributed to P.A.		1,106
Income taxes (current and prepaid)		593
Various operating expenses (only the value of taxes)		513
Value distributed to shareholders		-
Dividends distributed		-
Value distributed to the community.		255
Donations		7
Sponsoring		48
Membership fees		200
Withheld economic value		6,091
Profit (or loss) for the year (net of dividends)		521
Depreciation and amortisation / Provisions / Write-downs / Write-ups		5,570

03

**RAW MATERIALS
AND PRODUCTION
CHAIN
SUSTAINABILITY**

Production cycle: integration and traceability

The Albini Group stands out because it directly and integrally manages the entire production chain, from the cultivation of raw materials to the production of the finished fabric. This integrated approach to the value chain allows it to offer greater transparency to both its customers as well as its end consumers.

The production process begins with **spinning**. The various stages of the process are oriented towards achieving a high-quality, regular, strong yarn with minimal shedding. The first step consists of opening the bales, in order to clean and blend the cotton. After, the cotton is placed in loaders for deflaking.

The flakes that have been cleaned of external agents are then carried to the carding machine. The fibres begin to be parallel and the first semi-finished product is created: the sliver. The gradual refining of the sliver results in yarn.

The journey of raw yarn begins in the **dyeing plant**: using dyes, the raw yarn is transformed into coloured yarn. The process takes place inside autoclaves where the dye is absorbed by the fibre, going from water-soluble to insoluble.

The fabric is created during the **weaving** stage. The preparation process begins with spooling, during which the yarn is wound onto cylindrical or conical

tubes to prepare the warp and the weft. Through the warping, the warp threads are placed next to each other on the creel and wound onto the reel to be loaded onto the beam which, by threading, is in turn loaded onto the loom. The warp is then ready for weaving, where it will intersect the weft thread to create the fabric. This process takes place on highly technological looms in a controlled environment, where the process is carefully monitored to detect and manually correct any defects in the fabric.

After checking for raw fabrics, these are sent to **finishing** where they are treated to obtain their final colour, hand and appearance. This process requires a combination of human experience and technology to ensure the highest quality product. The fabric finishing is done in Italy at the Brebbia plant, acquired in 1996 by the Albini Group with the aim of directly controlling one of the most delicate stages of the entire production process. This marked an important step in the process of verticalising and integrating the supply chain.

Once the finishing phase is completed, the fabrics are checked again at the Logistics and Quality Hub at Gandino, where visual inspections and physical and chemical tests are carried out to ensure durability and strength.

Raw materials and certifications

The quality of Albin Group fabrics begins with research and responsibly choosing the finest and most sustainable natural raw materials, rigorously selected and cultivated with respect for the environment and people.

In order to improve the direct and complete control over the production chain, the Albin Group founded I Cotoni di Albin S.p.A. in 2012 (now known as ICA Yarns), a company that arose from the experience of selecting raw materials and spinning know-how. Owing to the important research work done and the selection of the finest raw materials, direct control of the production chain and strong partnerships established with farmers, ICA Yarns creates and sells yarns not only for Cotonificio Albin S.p.A. but for other customers on the market as well. ICA Yarns products offer high performances and superior quality, made by applying cutting-edge spinning techniques which fully respect the environment.

The raw materials selected by Albin Group are the result of a journey of research around the world.

• **Egyptian cotton**

Egyptian cottons are amongst the most valuable in the world, exceptional for the fineness and strength of their fibres. These include the rare **Giza 45**, considered the “queen” of Egyptian cotton species. Grown in a small area east of the Nile Delta, its fibres are very long which makes it the best amongst extra-long staple cottons.

Giza 87 is the brightest of the extra-long staple cottons, exceptional for creating fine, resistant fabrics, with an extraordinarily soft and silky hand.

• **West Indian Sea Island Cotton**

It is one of the world’s oldest and rarest varieties, discovered at the beginning of the 18th century in the British West Indies. Production is now concentrated mainly in Barbados and Jamaica, areas that constitute a true climatic paradise. Sea Island sets itself apart from all other cotton species because of its unique

characteristics: the considerable length of the fibre, the high resistance and the high percentage of uniformity. This extraordinary combination results in fabrics that are silky to the touch, cool and which come back to life after every wash.

• **Supima® Cotton**

This is an extra-long fibre renowned for its particularly white colour and long and fine fibres. Cultivated mainly in California, Arizona, Texas and New Mexico, its identifying characteristics include an absence of fibre pollution due to mechanical harvesting and a remarkable resistance to pilling. Its particularly clean and lively white fibre makes Supima® ideal for producing white fabrics. Supima® cotton traceable through forensic science.

• **Linen**

It is a fibre with exceptional qualities, including very high resistance, high moisture absorption capacity, insulating and thermoregulatory properties, hypoallergenic characteristics.

The Albin Group selects flax from Normandy and collaborates with Terre de Lin, the largest linen cooperative in Europe, certified by European Flax® for its linen of 100% European origin.

• **TENCEL™ Lyocell**

It is a cellulosic fibre of botanic origin. Naturally smooth and voluminous, the natural structure of TENCEL™ Lyocell fibre gives fabrics a surprising softness, offering a feeling of comfort and naturalness on the skin.

• **BIOFUSION® Cotton**

The product of a unique and exclusive project, it came into being as a blend of American organic cottons, specifically Supima® and Upland, a long-staple cotton of the highest quality. The Albin Group directly manages and controls the cultivation of BIOFUSION® with the aim of ensuring full compliance with regulations, high quality standards

and production chain traceability. Furthermore, BIOFUSION® is scientifically traceable by Oritain™, a third-party certifier and world leader in forensic science, to guarantee the origin of the cotton in all stages of the production process. Today, all the traceable organic cotton sold by Albin Group can be found in BIOFUSION®. The fabrics made with this cotton are accompanied by the Organic Content Standard (OCS) certification and the Global Organic Textile Standard (GOTS) certification.

As confirmation of the GOTS and OCS certifications, the Albin Group autonomously conducts its own tests, at its own expense, to verify the possible chemical contamination of its organic cotton.

These tests involve sample checking 3% of the cotton bales and checking 100% of the incoming batches of organic cotton yarn. This is yet another measure that demonstrates the Albin Group’s attention in selecting and managing raw materials, aimed at ensuring maximum transparency and reliability to its customers.





• **REGENERATIVE BIOFUSION®**

Owing to the know-how gained and strong partnerships with growers, the Albin Group has pushed the project to yet a higher stage and in 2023 presented REGENERATIVE BIOFUSION®: an organic, traceable cotton grown with regenerative agriculture methods. The new challenge, however, is to ensure the lowest possible environmental impact while contemporaneously regenerating terrain fertility. Through regenerative organic agriculture, in fact, plants are adequately nourished without impoverishing the soil but rather regenerating it, reducing emissions and the impact on biodiversity.

Regenerative agriculture is a holistic method based on specific principles in order to revitalise:

- soil;
- ecosystems and biodiversity;
- relationships between living beings;
- ancient know-how

There are many agricultural practices that can be applied to achieve these 4 objectives.

The main ones, applied by Albin Group and its partners, are:

1. Reduced soil tillage

Regenerative tillage works only on the topsoil layer, to reduce CO₂ emissions and limit soil stress and impoverishment, unlike conventional tillage techniques which penetrate in depth.

2. Soil cover for cultivation

By covering the soil, agricultural land is not left exposed, promoting biodiversity and reducing the dependence of agroecosystems on external inputs. Cover crops bring several benefits, such as nitrogen supply, disease and insect suppression,

soil moisture conservation, prevention of erosion and weed reduction. Examples of plants that are complementary to cotton include peas, clover and ryegrass.

3. Waste reduction and reuse

Resources are rationalised to do better, with less. This means nourishing the plants correctly, without depleting the soil but regenerating it and not altering the normal process of ecosystems.

4. Intercropping

It consists of the simultaneous and close cultivation of plants of different species on the same land, with the objective of promoting biodiversity and reducing the risks of monoculture (soil impoverishment and exposure to diseases and parasites). Intercropping allows the complex interactions between plants to be enhanced.

5. Integration of multi-species grazing

This agricultural technique calls for the introduction of animals on agricultural land, reducing the use of machinery for tillage and carrying out this operation in a natural and more superficial way. What is more, multi-species grazing improves terrain fertility, weed control and the spread of pests.

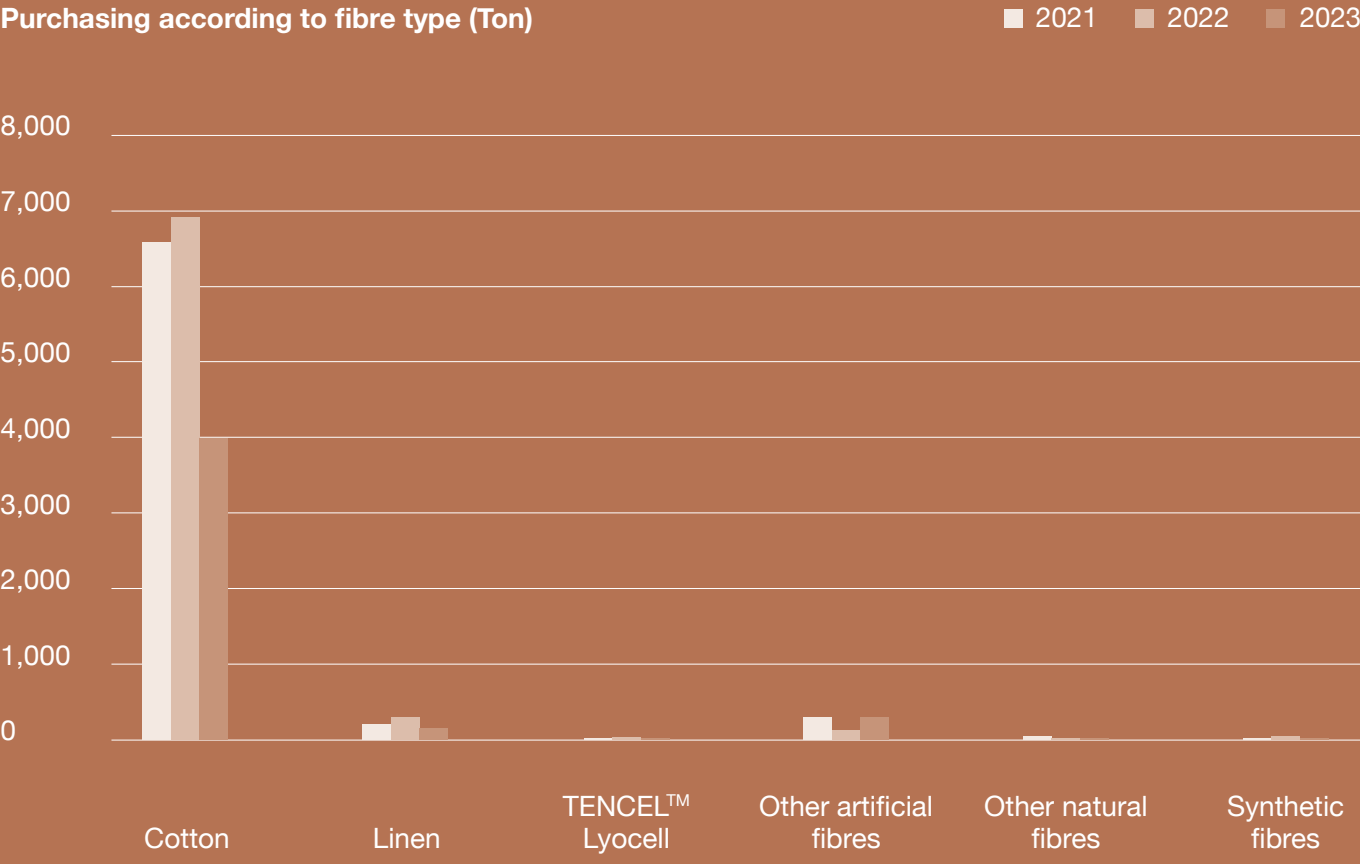
6. Use of modern scientific knowledge

Satellite images and drones are used for remote monitoring of crop health, through the processing of indices such as vigour, water stress, and chlorophyll level.

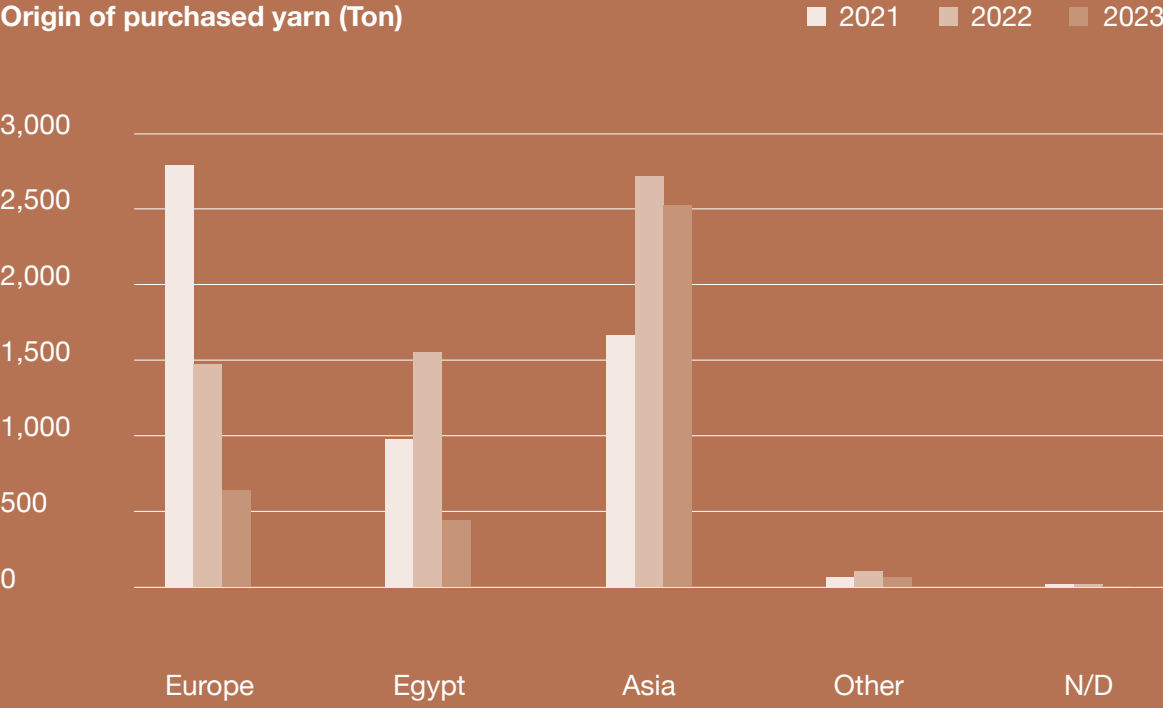
Furthermore, forecasting models are adopted which, by analysing environmental data and allowing for targeted interventions, optimise the use of various inputs, such as water.

The new challenge, however, is to ensure the lowest possible environmental impact while contemporaneously regenerating soil fertility.

Purchasing according to fibre type (Ton)



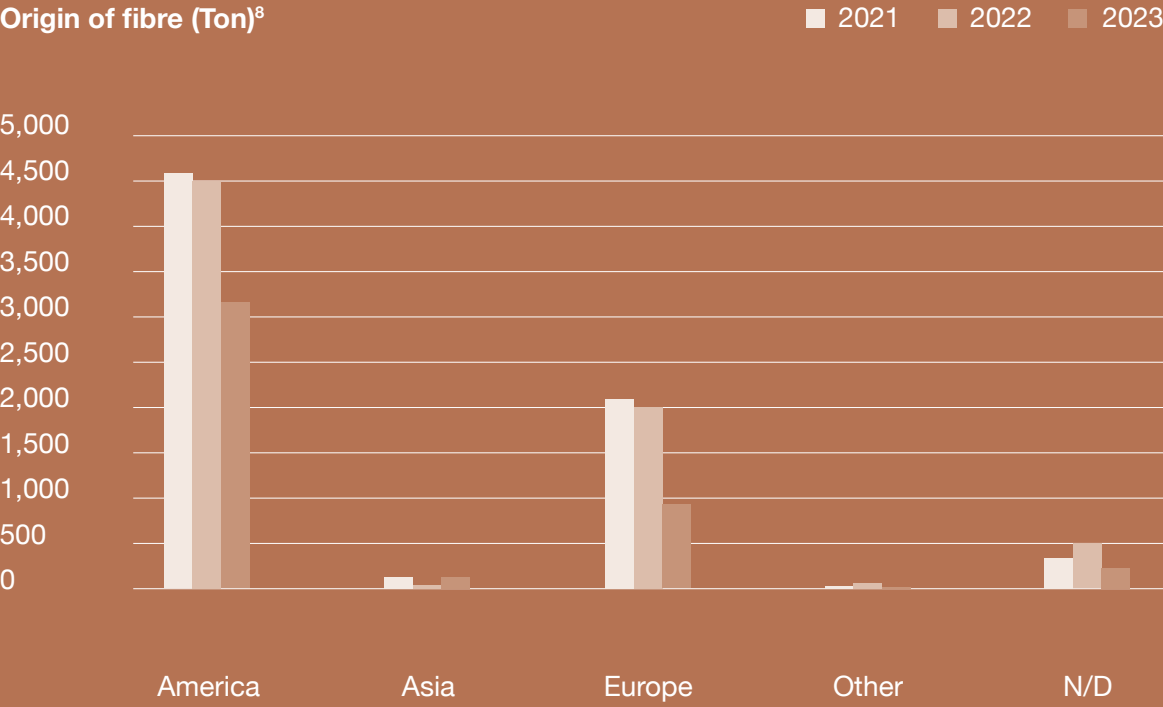
Origin of purchased yarn (Ton)



In the three years of reporting, an increase in purchases of Asian yarn can be noted as collaborations have been created with local spinning mills, known for their expertise and quality production. Please note that the yarn purchased is made with fibre purchased and/or controlled directly by the Albini Group.

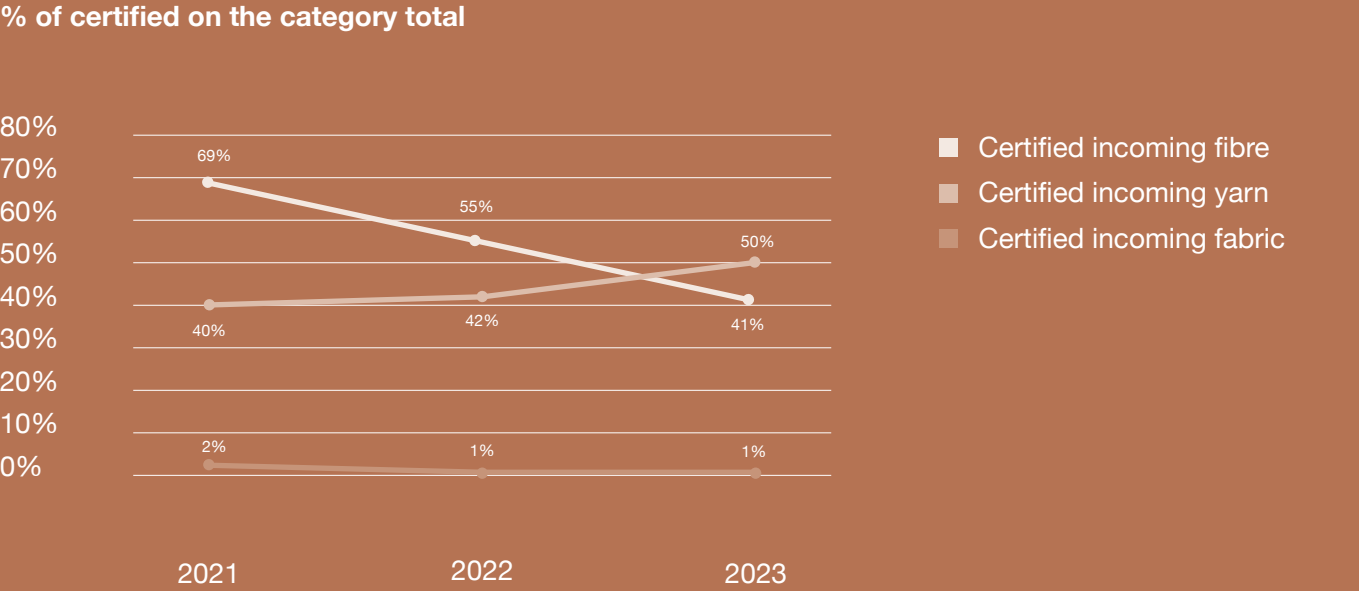
To further integrate the production chain and consolidate its European production platform, in 2022 Albini Group purchased Albini Yarns Hungary Kft. This operation will bring many advantages such as direct control over the processing of raw materials, an increase in European production, efficient logistics and nearshoring, fundamental elements for excelling in a rapidly changing sector.

Origin of fibre (Ton)⁸



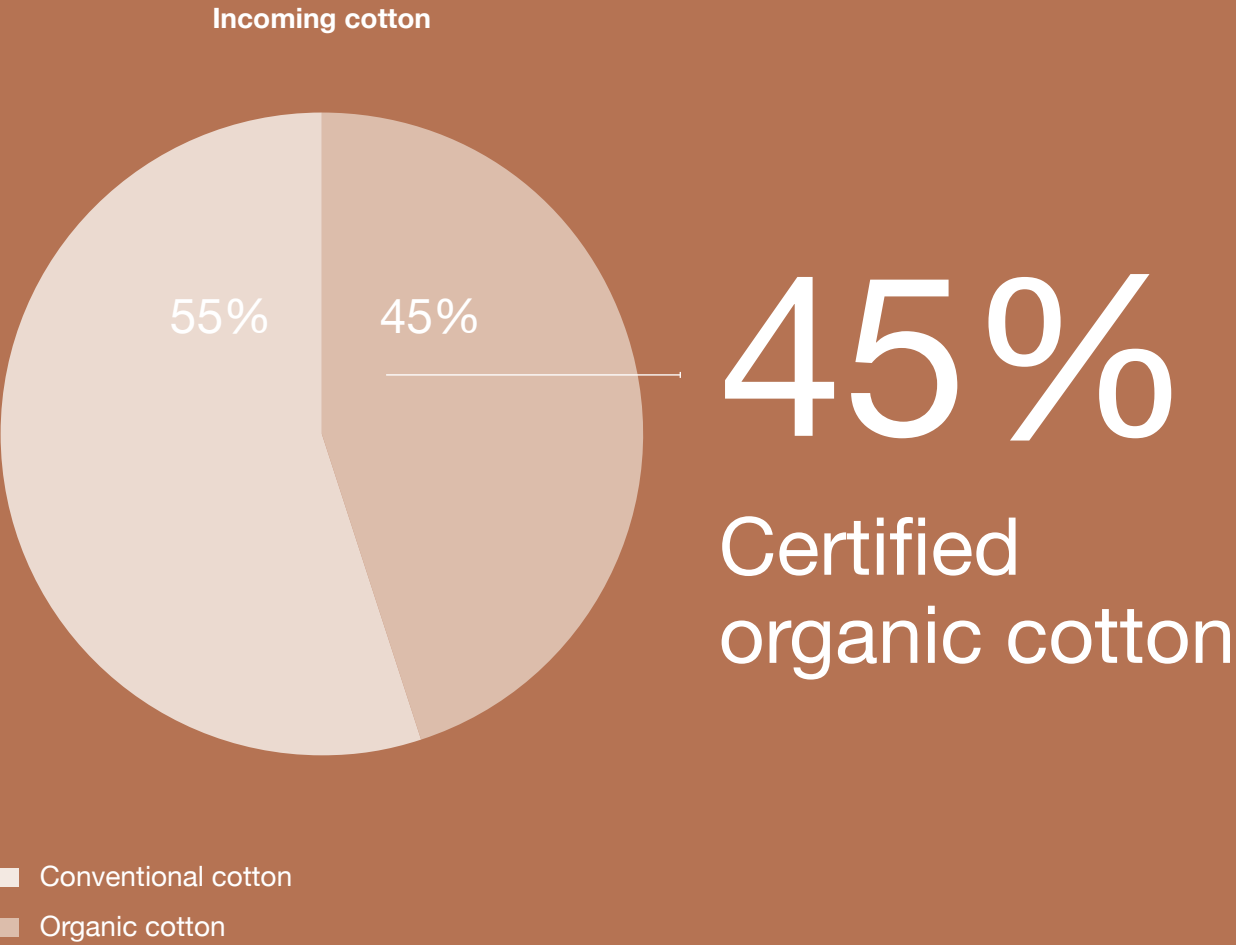
The fibre is purchased mainly in the United States because the use of high quality and traceable Supima® cotton fibre is favoured. Organic Supima® fibre is also part of the blend with which Albini Group creates its own organic and traceable BIOFUSION® cotton.

% of certified on the category total



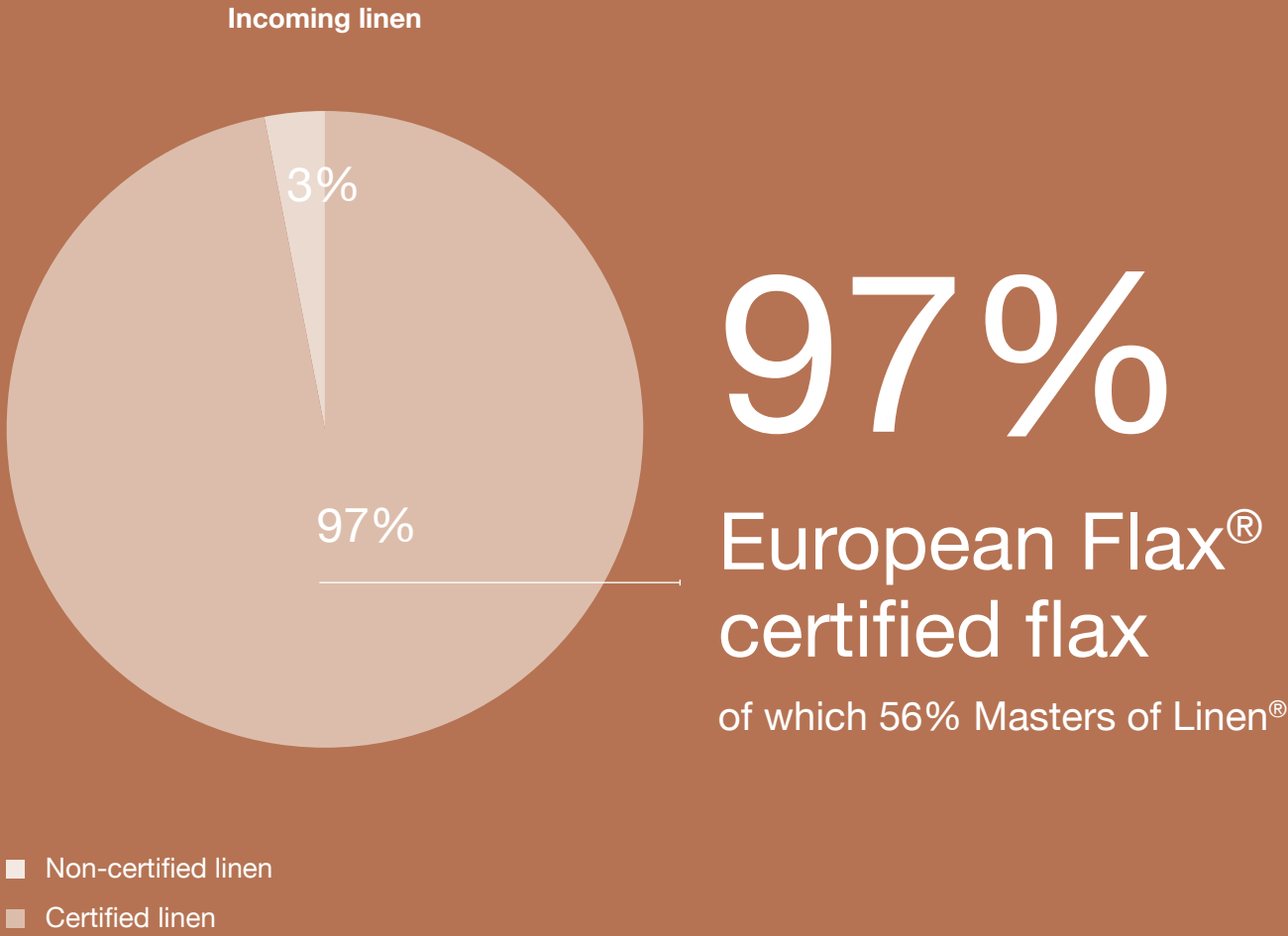
The percentage of incoming certified yarn registers an increase of 10% which corresponds to an increase in sales of organic finished product. The percentage of incoming certified fibre, on the other hand, is decreasing as purchases were greater than sales in 2021, creating a warehouse reserve that made further purchases superfluous in subsequent years. Please note that the fibre is purchased two years before the fibre itself is used.

⁸ The graph shows the origin of the fibre (which includes both the fibre purchased and resold and the fibre that comprises the yarn) used by Cotonificio Albini S.p.A., ICA Yarns and Mediterranean Textile S.a.e..



The diagrams show the distribution in percentage of purchases of certified fibre, yarn and fabric divided into the various certifications: GOTS, OCS, European Flax®, Masters of Linen®. The percentage of cotton products from certified organic farming is currently

equal to 45% of the cotton purchased annually by the Albin Group, while the percentage of flax products certified by European Flax® is equal to 97% of the total.



Our certifications:

	GOTS (Global Organic Textile Standard) is the most important standard for the sustainable production of garments and textile products made with natural fibres from organic farming, ensuring a production of biological textile products which comply with strict environmental and social criteria applied on all production levels.
	OCS (Organic Content Standard) is the certification that verifies the presence and percentage of certified natural fibres derived from organic farming contained in a fabric. This guarantees compliance with the requirements of the relevant international regulations and the consequent truthfulness of the declarations issued.
	BCI (Better Cotton Initiative) is a global no-profit organisation which aims to improve the social and environmental impact of worldwide cotton cultivation, spreading more sustainable farming practices to many farmers in different countries in the world. Consequently, farmers who join the programme guarantee a sustainable production method for the environment and for communities.
	Regenagri Content Standard is a certification that verifies the quantity of cotton grown through regenerative agriculture practices found in a product, applying this control along the entire supply chain. (It must be specified that the process for obtaining certification began in 2023 and was successfully completed in January 2024).

The Albini Group adopts numerous certifications, as proof of its commitment to complying with high-quality standards throughout the entire supply chain, aware that certifications are a starting point for constant improvement.

	European Flax® is the standard that certifies the exclusively European origin of flax fibre, guaranteeing its quality and enhancing the value of its intrinsic and non-transferable origin and know-how.
	Masters of Linen® is the certification that verifies the European origin of flax fibre, ensuring that all steps of the production chain have been carried out in plants on the European territory. Its goal is to promote European textile companies engaged in a supply chain of excellence.
	OEKO-TEX® is an international control and certification system for the absence of chemical substances that are hazardous to consumer health. It applies to raw materials, semi-finished products and finished products in the textile sector at every level of processing.
	ZDHC (Zero Discharge of Hazardous Chemicals) certifies the reduction or replacement of the use of hazardous chemicals along the entire supply chain, implementing a management protocol of chemicals and its relative maintenance, training of the personnel involved and the control and qualification of all suppliers.
	GRS (Global Recycle Standard) is the certification that guarantees the presence of pre-consumer and post-consumer recycled material in a product and along the entire production process.

GOTS
OCS
BCI
RegenAgri
European Flax®

Masters of Linen®
OEKO-TEX®
ZDHC
GRS

Supply Chain

Its vertically integrated industrial structure allows the Albini Group to respond promptly to market needs and fluctuations while maintaining high standards of quality and reliability. From the selection of raw materials, through the industrialisation process and on to creating collections, each phase is managed with the aim of promoting constant improvement in corporate processes through practices that are increasingly attentive to sustainability all the while maintaining scrupulous attention on the quality of the final product. Compliance with quality standards, protecting human rights and environmental safeguarding along the supply chain are first and foremost guaranteed by the high degree of integration of the supply chain inside the Albini Group. This is due to the presence of companies that guarantee the monitoring of all processing stages from spinning to checking the finished fabric. Moved forward by the company management since the 1990s, this strategic choice has guaranteed that in 2023, 63% of the goods sold was processed internally by Albini Group⁹ companies. As regards the Albini Group's external suppliers, this takes place first of all through the approval during the stipulation of contracts of Cotonificio Albini S.p.A.'s Code of Ethics, where values are established to which all suppliers must abide by in conducting contractual activities. Values such as honesty, transparency, innovation and social responsibility represent the identity of the Albini Group, originating from the entrepreneurial style of its founders and today led by the fifth generation. The Code, prepared according to the main regulations, guidelines and documents on human rights and corporate social responsibility and corporate governance, brings to the attention of all those who work with Cotonificio Albini S.p.A. its shared values, principles and rules. All managers and employees, and those who, directly or indirectly, establish relationships with the company, are expected to comply with the Code of Ethics.

Having adopted the document throughout the supply chain consolidates the company's reputation as a business that is attentive and oriented towards respecting ethical principles and linked

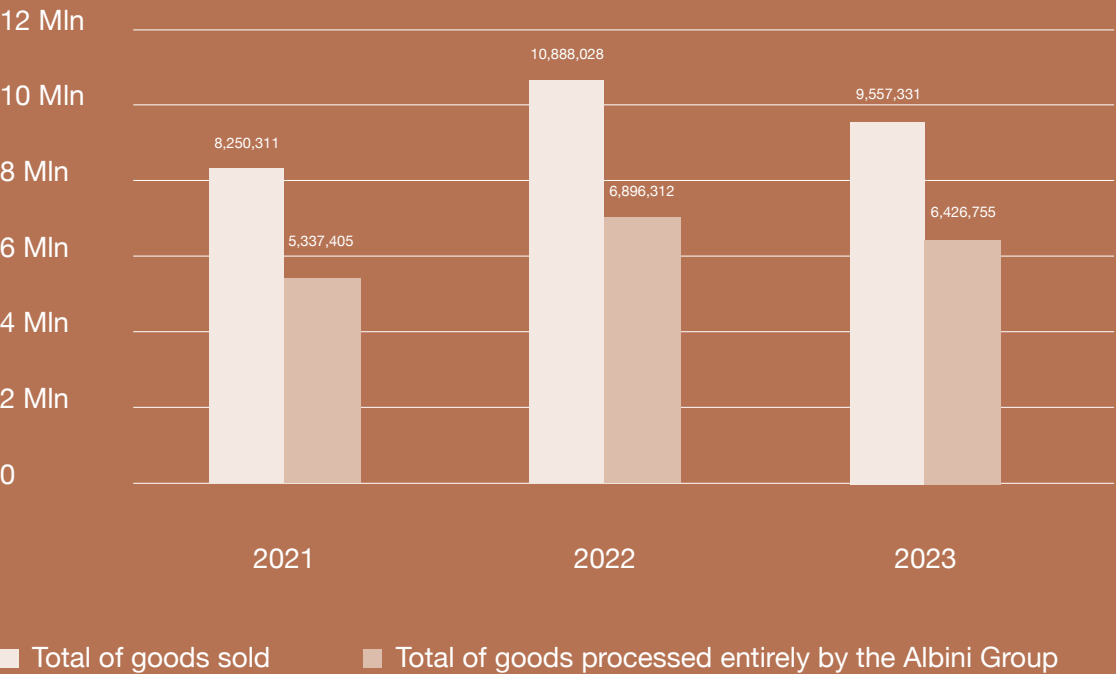
⁹ "Goods processed internally by the Albini Group" refers to goods which are woven and finished internally by Cotonificio Albini S.p.A., Dietfurt S.r.o., Mediterranean Textile S.a.e., Delta Dyeing S.a.e.

¹⁰ The criteria used by the AMFORI tables to identify country risk take into consideration the following indicators: Voice and Accountability; Political stability and Absence of violence/terrorism; Government effectiveness; Regulatory quality; Rule of Law; Control of Corruption.

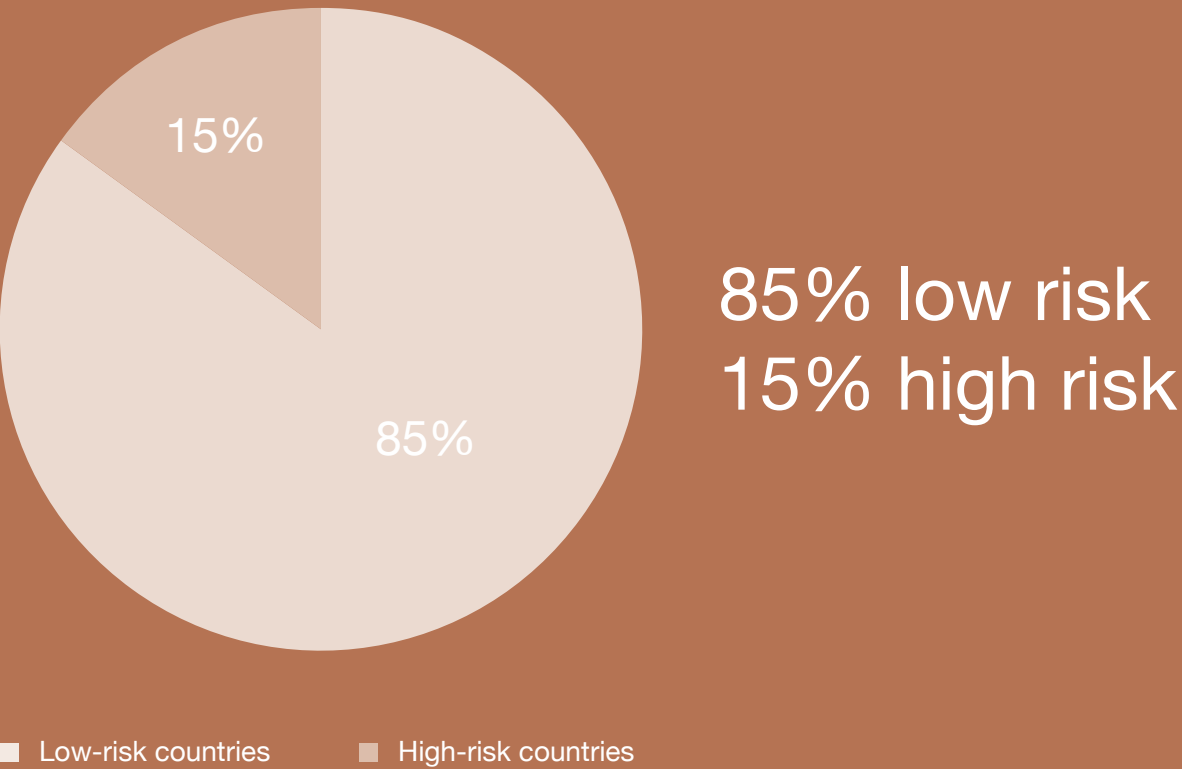
to an increasingly greater sustainable transition. Furthermore, in order to increase the awareness of the production chain's ESG characteristics, Cotonificio Albini S.p.A. has joined the **Trace 4sustainability**[®] protocol. The ultimate goal of this protocol is to create a structured internal monitoring system that will define a supplier sustainability rating, in order to know its supply chain through assessment, tracking, monitoring and improvement of the environmental and social sustainability conditions in which production takes place. Implement a controlled and responsible supply chain management system is the way forward and is only possible in the presence of high levels of transparency shared by all. Through an internal monitoring system set up to define a supplier sustainability rating, strategic partnerships and a data collection system are created that allow access to useful information for strategic decisions. The collected data, functional to identifying the level of implementation of good practices by suppliers, regard the main sustainability issues.

From the assessment made on Cotonificio Albini S.p.A.' suppliers, it emerged that approximately 70% of these and over 90% of the purchase values originate in Europe, while the remaining part is delocalised in geographical areas at a greater distance. Another fundamental piece of information emerges from the mapping, namely the country risk¹⁰ connected to the places where the suppliers are located. The analysis highlights a virtuous approach as 85% of the total suppliers come from low-risk countries. For the remaining 15% of the suppliers who are located in countries with high geographical risk, targeted risk management tools have been set up. The latter result in constant audits and monitoring by distributing questionnaires. The main issues addressed in the questionnaires regard social and environmental aspects. Suppliers who do not have certifications are also subject to audits. The objective of the audits is to reduce the likelihood of violating the quality standards set by the group.

Internal processing (mt)



Cotonificio Albini S.p.A. suppliers' country risk



04

RESPECTING AND PROTECTING THE ENVIRONMENT

Aware of the textile industry’s high environmental impact, the Albini Group has engaged for many years in actions that control and mitigate its ecological footprint with the aim of maintaining a leading position also in the transition process towards a more sustainable fashion industry.

To manage and reduce environmental impacts related to the use of energy and water resources and the production of polluting and greenhouse gases, each of the Albini Group companies operates independently according to its own corporate model for managing and organising activities, complying with local laws on environmental protection, whilst remaining coordinated by the parent company Cotonificio Albini S.p.A..

More specifically, Cotonificio Albini S.p.A. **adopted an Environmental and Sustainability Policy in 2020** with the aim of guiding its activities towards solutions that provide for greater environmental protection and a pursuit of reduced consumption levels.

In detail, the document sets out the following objectives:

- To operate in compliance with environmental legislation and internal regulations defined by contractual agreements stipulated with third parties, adopting design and management solutions that guarantee compliance with legal limits on environmental matters;
- To evaluate environmental impacts right from the design stage of the finished product;
- To reduce the impact from using chemicals that are harmful to humans and the environment, according to the state of advancement of technical knowledge on the subject, along the entire production chain by adopting the MRSL Manufacturing Restricted Substance List) of the ZDHC reference standard - Zero Discharge of Hazardous Chemicals - and the implementation of a chemicals management system;
- To adopt international and industry standards with the goal of implementing integrated management systems and certifying Made in Italy products;
- To search for production and organisational solutions aimed at saving natural and energy resources through training and information meetings, ensuring satisfactory competence of the personnel involved;

¹¹ For more details on checking and selecting suppliers, refer to Chapter 3 “Raw material and production chain sustainability”.

- To promote and maintain a relationship of maximum collaboration and transparency with the community, institutions, control bodies and with all parties interested in environmental protection;
- To select a network of qualified suppliers, selected on the basis of the professionalism and the quality of the products and services offered, accentuating the value of the aspect of territorial proximity so as to contain transport and indirectly fuel consumption and pollution produced by vehicular traffic;
- To mitigate climate change by adopting and maintaining more efficient secondary energy generation systems that allow pollution and emissions to be reduced;
- To sponsor product and process innovation, actively incentivising and supporting scientific and sector research.

Aware of the textile industry’s environmental impacts, the Albini Group commitment to reducing its environmental footprint extends to actively involve suppliers and industry players along the supply chain. From being attentive on the use of chemicals and dyes, and selecting and checking suppliers¹¹, to offering fabrics certified according to environmental protocols and promoting circular economy projects for reusing and recycling materials.

Albini Energia S.r.l. was founded in 2012 to promote business aimed at reducing environmental impacts in the manufacturing sector. Thanks to the know-how and skills acquired by the group’s companies, this energy services company offers integrated engineering for the implementation and management of interventions aimed at reducing primary energy, mainly for companies in the textile supply chain.

The company offers specialistic consulting for energy efficiency interventions on existing plants and designing and building new high-efficiency plants, as well as for constructing plants for energy self-production and innovative solutions for monitoring and accounting for energy consumption. Since its foundation to the present, it has contributed significantly to the decarbonisation process of numerous companies in the field.

Aware of the textile industry’s high environmental impact, the Albini Group has engaged for more than fifteen years in actions that control and mitigate its ecological footprint.

The fight against climate change and consumption efficiency

In the Albini Group, energy efficiency initiatives are established following the evaluation of energy consumption through monitoring systems, maintaining constant control over consumption and prompt metering. What is more, **energy efficiency interventions** have been implemented in most of the factories which in 2022 have made it possible to achieve the objective of reducing electricity and natural gas consumption by 20% compared to the 2010 baseline, such as:

- Installation of cogeneration systems at the Albino and Brebbia plants;
- Integration of heat recovery systems on wastewater and discharge rivers at the Albino and Brebbia plants;
- Introduction of electronic frequency regulation systems (inverters);
- Modernisation of air conditioning systems in the weaving and preparation departments;
- Overhauling the diathermic oil evaporators in the company’s textile finishing department;
- Replacement of electronic ballast luminaires with LED lighting;
- Gradual replacement of obsolete machinery and constant maintenance of existing ones.

Additional investments have been made to **build photovoltaic systems** in Cotonificio Albini S.p.A.’s plants. Self-production in the Italian plants started in 2023.

The energy consumption of the group’s companies is correlated to the consumption of natural gas for

heating and for plant operation, fossil fuels mainly for the company fleet and electricity.

Compared to 2022, the group’s energy consumption decreased by 29% due to the reduction in fuel consumption for the company fleet (-15%), electricity consumption (-15%) and natural gas consumption (-38%).

Installation of the systems made it possible to partially reduce energy purchases, in favour of self-production, in line with the objective of greater independence for the energy supply. **In 2023, the photovoltaic systems installed at the plants in Albino, Brebbia and Gandino, together with the production of the cogeneration systems, made it possible to generate 14,821 GJ, 89% of which was consumed internally.** Specifically, in the above mentioned production sites, the percentage of self-produced electricity was 61% for Albino, 12% for Brebbia and 32% for Gandino, demonstrating the interest in the objective of increasing self-production of energy in the manufacturing sites.

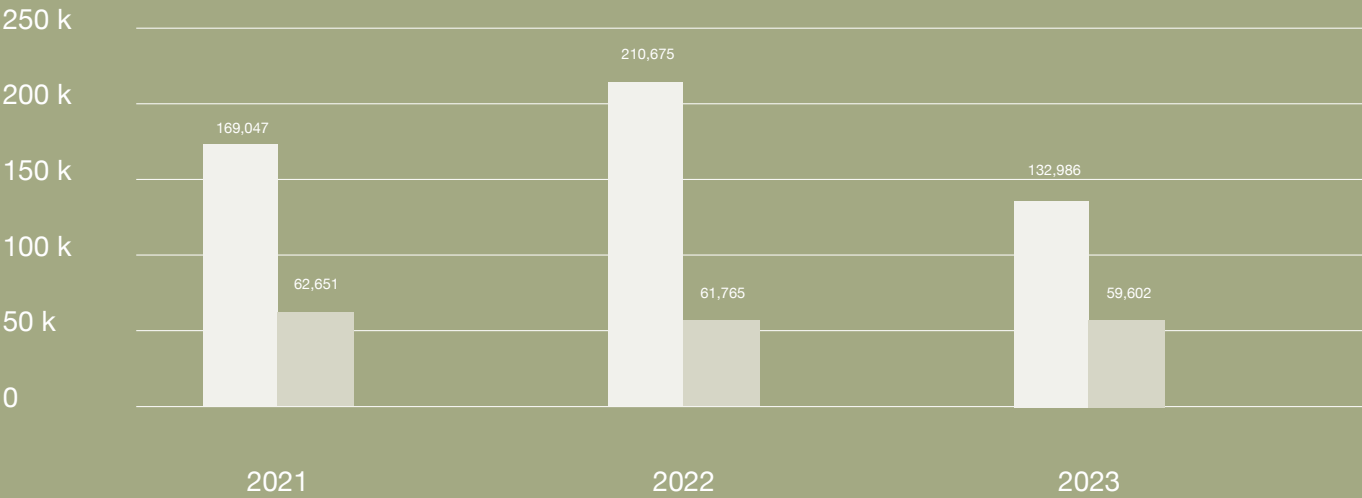
Since the 1990s, the group has also had two **cogeneration** systems at the Albino and Brebbia facilities, renovated in 2019 and 2013 respectively to maintain their performance levels. These plants have an efficiency level higher than 80% and allow high percentages of the thermal energy produced at the facilities to be recovered, thus contributing to a significant reduction in energy consumption and CO₂ emissions.

Consumption (GJ)



Energy consumption (GJ)

Fuels from non-renewable sources Indirect electricity consumption

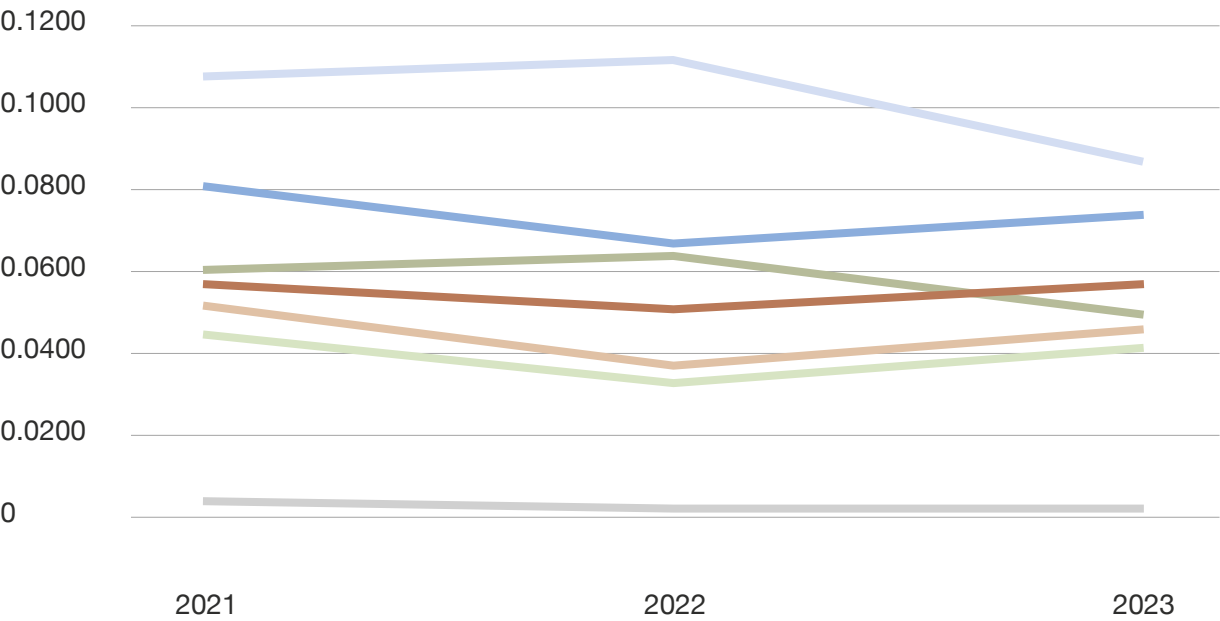


Energy consumption monitoring is done through various meters installed on the main electrical distribution lines and on the machinery, which are in turn connected to a continuous monitoring system. Reporting and verification of energy consumption is a process that is carried out on a monthly basis and leads to the generation of performance KPIs that serve to demonstrate the effectiveness of the actions put

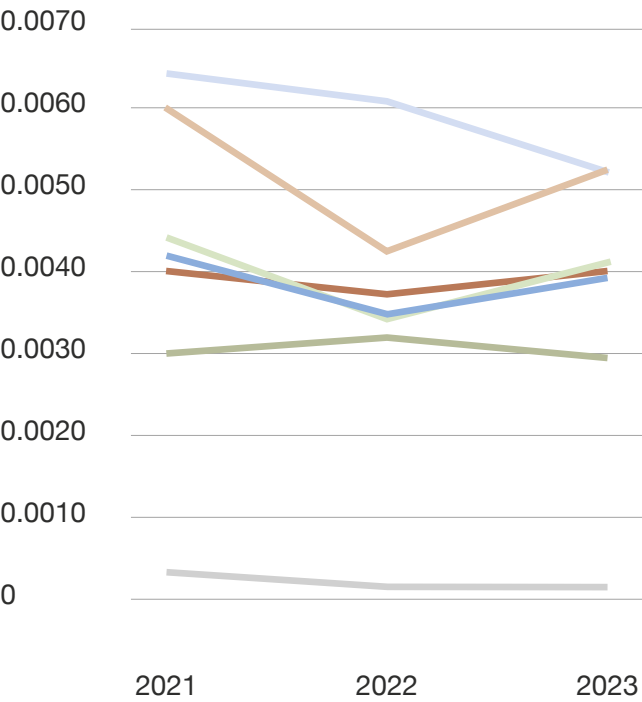
into practice to control critical consumption for each department and plant performance in compliance with specific consumption reduction targets (kWh/mt or kg) and energy efficiency. Monitoring by department is done in consideration of their intrinsic characteristics, as the activities linked to dyeing and weaving require a greater energy consumption compared to the others.

-29% energy consumption in 2023 compared to 2022

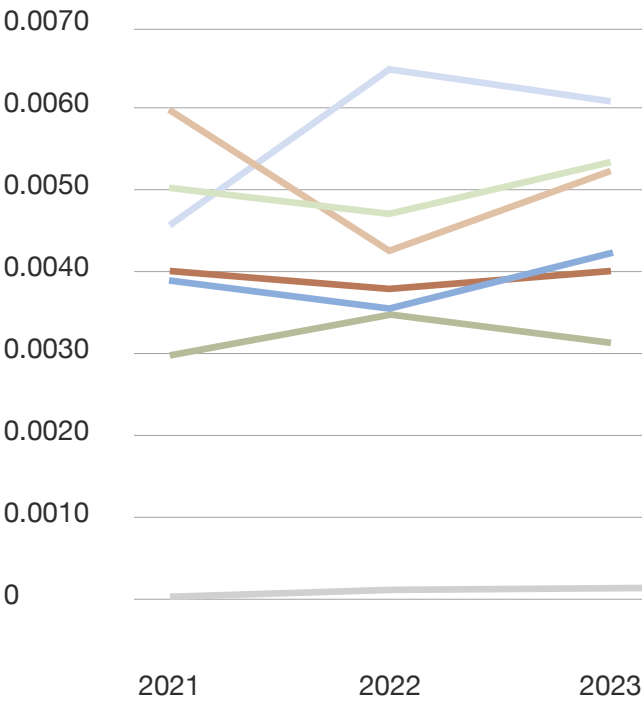
Energy intensity (GJ/Kg produced)



Emission intensity - Location based (TonCO₂/ Kg produced)



Emission intensity - Market based (TonCO₂/ Kg produced)



-37%

Fuel from non-renewable sources in 2023 compared to 2022

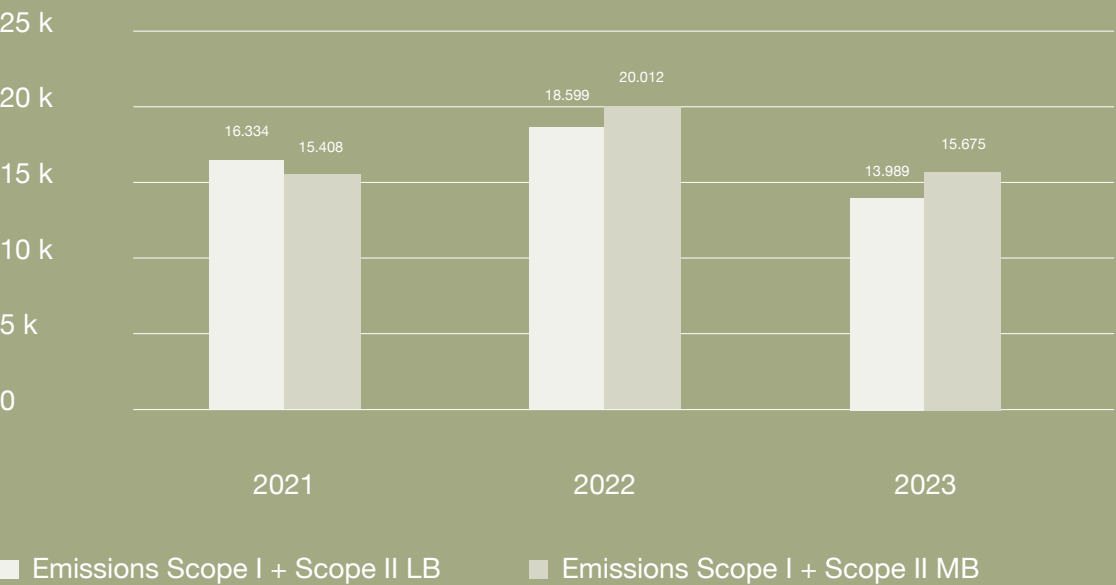
-36%

Direct GHG emissions of Scope 1 in 2023 compared to 2022

Direct **GHG emissions** (Scope 1), associated with gas and fuel consumption, amounted to 6,954 tonnes CO₂ in 2023, registering a decrease of 36% from the previous year. The reduction is also significant when considering the emissions related to purchased

electricity (Scope 2): the overall emission impact (Scope 1 and Scope 2), in fact, is lower compared to the year 2022 considering both the location-based (-25%) and market-based (-22%) methods.

GHG emissions (Scope 1 + Scope 2)



Responsible water consumption management

In all processing stages, the Albin Group constantly monitors its performance with KPIs defined according to international reporting principles and constantly working to reduce its water consumption.

For the activities carried out within the Albin Group, water is used mainly in the fabric dyeing and finishing phases. In particular, the dyeing process is one of the most demanding in terms of water consumption and can have a significant impact on the availability of the resource for the surrounding area. For this reason, the Albin Group monitors water consumption regarding all company activities and mitigates the effects of its activities through the application of strict internal controls on compliance with national and industry regulations. The most impactful in terms of water consumption are the wet processes, which are carried out in the Albino, Brebbia and Borg El Arab plants. Of these plants, the only one located in a high water-risk area (WWF water risk filter, basin physical risk 3.88) is the Egyptian production site of Borg El Arab, which each year accounts for approximately 45% in terms of extractions considering the total extractions of the group. The entire finishing process is carried

out in the Brebbia plant, which has a medium water risk (WWF water risk filter, basin physical risk 3.06).

The city of Borg El Arab in **Egypt** is supplied with drinking water through a purification station at kilometre 40 of the Alexandria/Cairo desert road, connected to the water network which in this area is 476 kilometres long. The wastewater drainage and purification are managed directly by the public sewerage network of the Public Sanitation Authority, to which the Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. plants are connected.

Considering the hydrological characteristics of the surrounding area, the egyptian plants manage the water resource by conducting timely analyses of their consumption, in order to make the use of the resource more efficient and evaluate the impacts of the extraction on local communities. The risk monitoring and assessment system connected to the consumption of the resource allows for annual efficiency objectives to be defined and to identify the activities that require improvement interventions promptly.

The same attention is paid to the water discharges of the companies based in Egypt, which are subject to an annual assessment, certified by third parties who issue a report to ensure compliance with legal requirements. This report is based on daily, monthly and half-yearly tests on wastewater, conducted to ensure compliance with national regulations and the wastewater guidelines of the international ZDHC framework, of which the Albin Group has been an official Contributor since 2018.

While not being located in areas that risk water stress, the Cotonificio Albin S.p.A. plants in **Italy** implement actions to reduce overall water consumption, in particular drinking water, throughout the entire production process.

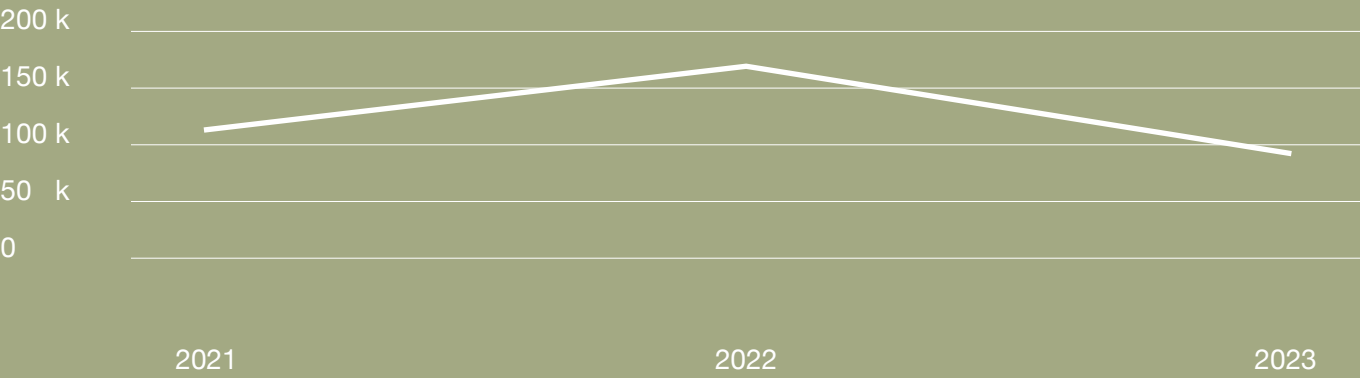
Water is extracted at the Albino plant mainly by way of an aqueduct and two underground wells. A small percentage is extracted from the Comenduna canal, a surface body of water of about 4 km derived from the River Serio. The water is used not only for offices,

but also for the dyeing and sizing processes and in air conditioning plants. The processing wastewater is collected in an equalisation tank and sent to the consortium situated in Ranica, in the province of Bergamo.

In Brebbia, the water is drawn from a well and from the River Bardello, which flows into Lake Maggiore. The extracted resource is treated with sand filters and then softened and used in the production processes of preparation, washing, mercerising and finishing. Once these stages are completed, the water is treated with a special purifier for internal biological treatment and discharged into the surface body of water of the River Bardello.

The production plants in the **Czech Republic** are supplied by a well and the municipal water network. The wastewater is purified by a consortium collector two kilometres away from the company and conveyed through drainage channels.

Drinking water used for Egyptian plants (m³)



DYEING PROCESS IN THE ALBINO PLANT

All Cotonificio Albin S.p.A.'s machinery for dyeing yarn is able to set wash cycles according to the quantity of yarn to be dyed and can dye with a reduced bath (using a reduced water quantity in the machine) according to the dye used. This allows water to be saved inside the cycle, using the minimum necessary for the dye bath requirements.

The dyeing plants have also been studied to recover the water used to cool the machines; this water is stored in storage tanks to be used by the machinery itself, reducing consumption of electricity to bring the water to the dyeing temperature.

Use of chemicals and purifying wastewater

Starting in 2018, the stimulus received from the market together with its clear vision of sustainability have prompted the Albini Group to become an **official Contributor of ZDHC** (Zero Discharge of Hazardous Chemicals), an international voluntary program aimed at protecting the health and environment of consumers and workers, owing to a holistic approach to managing chemicals inside and outside companies in the textile and fashion industry.

Adoption of the standard has prompted them to integrate activities and controls into their production cycles aimed at gradually eliminating the presence of toxic and harmful chemicals and improving the quality of wastewater, with the goal of protecting human beings and the environment. It is precisely beginning with these objectives that Cotonificio Albini S.p.A., in particular in the Brebbia and Albino plants, has built a structured path for adopting the **Chemical Management 4sustainability® protocol**, aimed at aligning production sites with wet processes with ZDHC guidelines. In fact, the process of eliminating chemicals that are toxic and harmful to human health and the environment passes through control over the entire production cycle: from the introduction of raw materials into the company (input) and the various stages of production (process), to the management of effluents and putting the product on the market (output). Cotonificio Albini S.p.A. has decided to adopt Chemical Management 4sustainability® in partnership with the Process Factory company as the protocol implements a method based on the ZDHC framework, referring specifically to the MRSL (Manufacturing Restricted Substance List) and the ZDHC wastewater guidelines, orienting the company towards gradually achieving shared objectives through a single management system and regular training and refresher courses and with constant monitoring of the level of application over time. In 2023, the Albino and Brebbia plants achieved the 4sustainability chem excellence¹² implementation level.

¹² The data is public and available at the following link: 4Sustainability - Cotonificio Albini report.

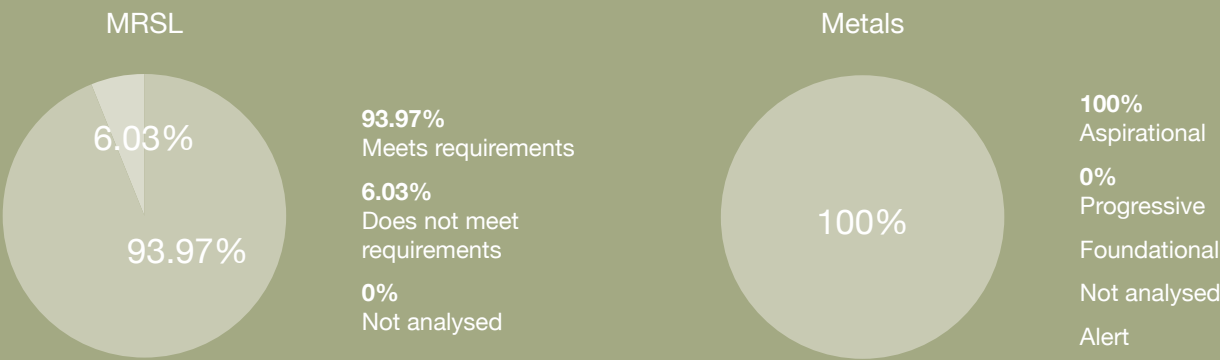
The **Brebbia** site operates in compliance with the provisions of the Integrated Environmental Authorization (AIA) by analysing and monitoring discharges, as required by applicable legislation and in compliance with the ZDHC standard wastewater guidelines. The system is subject to strict controls to ensure the best quality of wastewater and limit the environmental impacts of discharges. The most restrictive limits regard phosphorus, nitrogen and surfactants, monitored daily. The wastewater from the plant, before being released into the environment, undergoes a series of treatments such as screening, pH equalisation and neutralisation, denitrification, oxidation and a final sand filtration.

The **Dietfurt S.r.o.** plant deals with discharges through a company authorised to dispose of wastewater and which is responsible for carrying out periodic checks on compliance with the reference regulatory parameters.

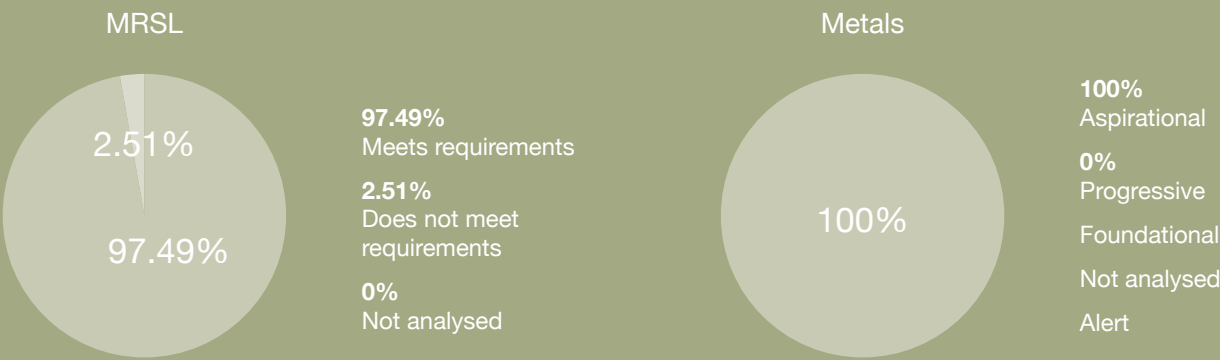
The **Delta Dyeing S.a.e.** plant in Egypt operates in compliance with the relevant territorial legislation and the ZDHC guidelines for managing processing chemicals and wastewater controls. Its compliance is verified every six months. In particular, the water pH is monitored daily and is the limit with the greatest priority, to ensure compliance with the legal limits. Every month, the COD (Chemical Oxygen Demand) is checked, meaning, the quantity of oxygen needed to chemically degrade the organic substances found in the water through an oxidation process.

For the Albini Group, reducing the environmental impact caused by production discharges is a priority and that is why, in addition to the standard legislative controls, the discharges are analysed in compliance with the ZDHC guidelines for wastewater. The 2023 Clear Stream reports showed the following result.

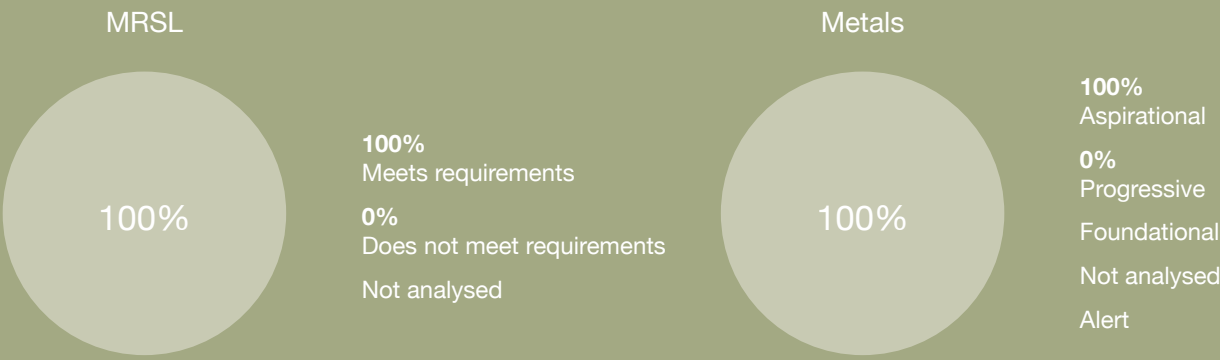
Cotonificio Albini S.p.A. - Albino¹³



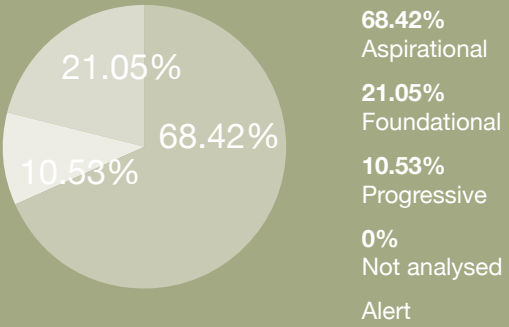
Delta Dyeing S.a.e.



Cotonificio Albini S.p.A. - Brebbia



Conventional and Anions



100% compliance with MRSL parameters has been achieved by the Brebbia production site, the other sites are working to reach 100%.

Waste and by-product management

In the production sites, there are many essential resources used for production, including packaging, yarns and chemicals. Outputs include finished products as well as by-products generated in the production process.

The Albin Group's policy includes conformity with environmental compliance obligations and implicitly responsible waste management through the assignment to authorised disposal companies, who are required to declare that disposal has taken place or that recovery has begun, in compliance with legislative obligations. Data on waste is collected and monitored by Cotonificio Albin S.p.A. through the corporate operating system, which enables tracking.

The Albin Group is committed to identifying specific strategies for reducing, **reusing and recycling various types of materials, in the spirit of circularity**. This is why processing by-products are sold to specialised waste mills, which use the resource to create new products. What is more, plastic waste is managed separately, by entrusting it to a specialised company that reprocesses it to create new products aimed at the group's suppliers. As further demonstration of the Albin Group's commitment in this area, the

ALBINI_next innovation hub worked in a perspective of circularity on projects where recycling is in the spotlight: Retwist+, Futura, Materico e Weav3d. These will be illustrated in detail in Chapter 7 of this Report.

In 2023, the Albin Group produced 833,220 kg of waste, registering a 31% drop compared to 2022. The waste produced in the plants mainly consists of paper and cardboard, packaging and textile fibres. Only approximately 5% of the waste produced is classified as hazardous and is managed, transported and delivered to authorised disposal companies in compliance with current regulations.

In 2023, approximately 75% of the waste produced was diverted from landfilling. The majority of both hazardous and non-hazardous waste was managed in 2023 by recycling.

In pursuit of continuous improvement, Cotonificio Albin S.p.A. implemented an environmental management system in 2021, obtaining UNI EN ISO 14001 certification, and it will be implemented in all Albin Group production sites by 2030.

In 2023, approximately 75% of the waste produced by the group was diverted from landfilling. The majority of both hazardous and non-hazardous waste was dealt with by recycling.



05

THE VALUE OF HUMAN CAPITAL

Respect, equity and inclusion

The Albin Group builds its business daily thanks to 1,063 people¹³ located all over the world and this makes it possible to translate the company vision into concrete actions and results on a global scale. The key values on which the personnel management policy is based are all-round respect and appreciation for the individual. These elements have always characterised the company and remain the fundamental pillars for long-term success. The Albin Group offers all its collaborators, in each of its production and management sites, a work environment that respects the dignity and needs of individuals, where there is room for each worker's initiative and contribution. The workforce is characterised by a prevalence of male workers, with a coverage of 53% of the total population in 2023. This overall figure includes both

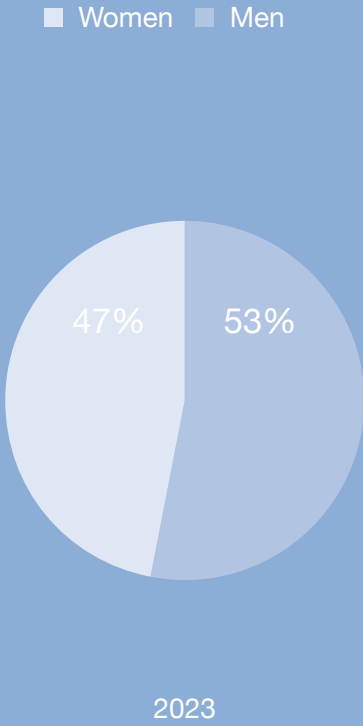
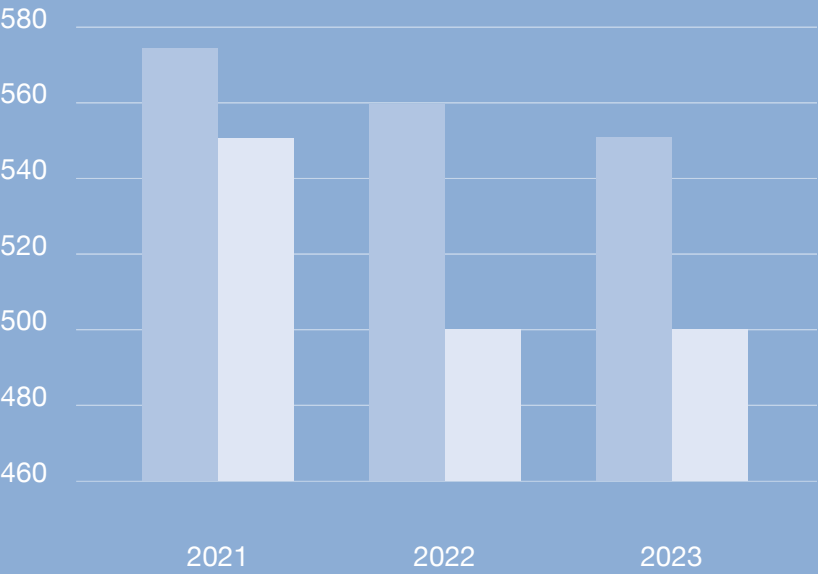
the production part and that which is related to service activities.

The presence of women is supported by a long-standing benefit that offers new mothers the possibility of requesting to work part-time upon returning from maternity leave until the child is three years of age.

The adoption of the Cotonificio Albin S.p.A Code of Ethics aims to meet the legitimate needs and expectations of all internal and external interlocutors, in order to consolidate the company's image as a transparent entity. The company is oriented towards respecting the ethical and behavioural principles and intends to distinguish itself through its style characterised by excellence and reliability.

¹³ For further details on the boundary of the staff data, see the Methodology Note.

Employees in the three-year period



GRI 2-7: Workers divided by gender and type of contract				
		2021	2022	2023
Employees with permanent contracts	Total	771	695	705
	Men	272	247	251
	Women	499	448	454
Employees with fixed-term contracts	Total	355	359	348
	Men	303	311	302
	Women	52	48	46
Total employees		1126	1054	1053
		2021	2022	2023
Full-time employees	Total	1057	997	988
	Men	569	554	549
	Women	488	443	439
Part-time employees	Total	69	57	65
	Men	6	4	4
	Women	63	53	61
Total employees		1126	1054	1053
GRI 2-8: Non-employee workers				
		2021	2022	2023
Trainees, self-employed workers and continuous collaboration contract workers	Total	11	7	10
Total (employees and outsourced workers)		1137	1061	1063

The Albin Group is committed to promoting an inclusive and respectful work environment, in which the selection and evaluation process does not depend on characteristics related to gender, age, ethnicity, religion, disability, sexual orientation or any other personal characteristic.

Cultural diversity is one of the Group's distinctive elements, evident not only in its international offices and plants, but also within the workforce: the composition of the staff reflects a multicultural environment, in which different nationalities can find space. The value that

Albin Group attributes to diversity is demonstrated by its active promotion of professional growth towards top roles of professional figures from the different sites with the aim of capitalising on the wealth that such diversity can bring.

Regarding the type of employment relationship, the majority of the staff works with permanent contracts, to guarantee individual stability as well as business continuity.

Staff turnover over the three-year period was influenced by a series of factors, both internal and external to the company. In some cases, it was a spontaneous phenomenon, in others it was due to incentive actions promoted by the company through early retirement. Furthermore, the period in question was characterised by a succession of significant economic challenges following the spread of COVID-19. This global event had a profound impact on multiple sectors, leading to a contraction in turnover which consequently led to a staff reduction.

The company places particular emphasis on the aspects of people's **well-being** that transcend mere contractual relationships. These features are proven first and foremost in the stability of the workforce from one year to the next, with limited variations in absolute terms.

Regarding the issue of reconciling personal lives and work, a structured agile-working policy was introduced in 2022, which permanently includes around seventy employees with duties in keeping with this work organisation, which was supported by specific training activities for the correct use of the institution aimed at both managerial figures and collaborators participating in the project.

All employees of the Italian locations and the Dietfurt S.r.o. plant are covered by a national collective agreement. Individual agreements based on Labour Law 12/2003 in force in Egypt apply to the staff of Mediterranean Textile S.a.e. and Delta Dyeing S.a.e., which provides for the affiliation of all workers to general unions.

In Italy, Cotonificio Albini S.p.A. offers an additional benefit to its employees, executives and managers which consists of a policy to protect against professional and extra-professional accidents. Managers are also given a life insurance policy in the event of death or permanent disability, a supplementary benefit of the FASI fund, a life annuity LTC policy in the event of non-self-sufficiency and a mission policy for healthcare assistance during business trips abroad.

All workers abroad benefit from national healthcare insurance. In Egypt, through the country's national insurance and the policy, all healthcare needs are covered such as emergency room, hospitalisation, specialist visits and tests and urgent return to Italy. On the other hand, expatriate employees are instead guaranteed ad hoc policies.

The company places particular emphasis on aspects of people's well-being that transcend a mere contractual relationship. These features are proven first and foremost in the stability of the workforce from one year to the next, with limited variations in absolute terms.



Attracting and empowering talents

The development of skills, empowering and caring for talent make it possible to pursue the values of quality, innovation and excellence on which the Albini Group bases its activity. They are also essential factors for increasing employee satisfaction and motivation, reducing turnover and maintaining a stable and attractive working environment.

In 2022 and 2023, training needs were gathered in various areas in order to create a **training plan** that identified technical needs and took into account the new corporate challenges. Built on the areas of linguistic, technical and managerial competence, the plan also took into account the professional growth and development paths within the group. In particular, a training intervention on sustainability was held which mainly involved managers and their direct collaborators at the Albino site during 2022.

The desire to **provide ESG training courses** is closely bound to the path that the Albini Group has undertaken towards a widespread culture that promotes all-encompassing sustainability. In light

of the Albini Group’s international vocation, 2022 and 2023 witnessed the continuation of **foreign language courses** which, following the tradition, did not only concern the commercial part but embraced all company functions. Halfway between the two years, a managerial development path was provided that aimed at the first and second line, bringing the topics of evaluation, delegation and management of collaborators into the classroom. Some top professional figures benefitted from an **individual coaching activity**. Also in 2023, Lean Management and the culture of project management were introduced through a training path and a mentoring activity for around fifteen people in the company. At the end of 2023, a development path was undertaken on the topic of communication through the MBTI tool which will continue in 2024 and which contrasted staff members with different roles, promoting team building and knowledge between colleagues in the different areas.

Planning was begun again at the end of 2023 on

the launch of a training course with purely technical modules regarding textile materials. The programme, called Academy, will involve internal staff and the teaching will be administered by employees with highly specific knowledge. This initiative, which is expected to be particularly impactful in terms of the number of people and quantity of company functions involved, will be able to respond well to the desire to spread sector skills inside the group and at the same time create excellent opportunities for sharing professional experiences between colleagues.

In 2023, the hours of provided training amounted to 5,681, including both professional courses and mandatory courses on Occupational Health and Safety. Since 2021, a **performance evaluation** system has been active which has involved the figures of employees, managers and executives and some equivalent figures. The objective is to

work on building a culture of feedback, to start up a clear and shared process whose purpose is to orient collaborators towards successful attitudes. The process also facilitated the introduction of the first structured assessments on individual growth and development paths.

Lastly, an incentive system based on objectives (**MBO**) was introduced starting in 2022, involving around fifty people between the first and second lines.

The training provided to employees is not limited to covering topics such as health and safety but also more strictly corporate issues regarding company compliance with the organisation, management and control model pursuant to Legislative Decree 231/2001, code of ethics and whistleblowing.

GRI 404-1: Average hours of training per capita by gender ¹⁴				
Average hours of training per capita by gender	UdM	2021	2022	2023
Total hours of training	h	13,643	8,696	5,681
Hours per capita	h	12.43	16.10	5.51
Women per capita	h	3.08	4.25	3.95
Men per capita	h	19.56	31.20	5.07
Average hours of training per capita by category		2021	2022	2023
Executives per capita	h	0	0	0
Middle Managers per capita	h	1.29	2.69	9.63
Office workers per capita	h	2.84	3.86	5.43
Workers per capita	h	13.05	17.31	3.62

¹⁴The training hours reported refer only to the Cotonificio Albini S.p.A., Dietfurt S.r.o., Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. plants. It should also be noted that for the year 2023, the hours of training on health and safety at the Cotonificio Albini S.p.A. sites are included. For further details, please refer to the Methodology Note.

Worker health and safety



Occupational health and safety are fundamental components for the well-being and productivity of Albini Group collaborators.

The subject is coordinated by the Health and Safety Officers (1 HSO for the Albino and Gandino site, 1 HSO for the Brebbia site), who collaborate to standardise the processes in the various sites and ensure the satisfaction of specific training needs in each area of expertise.

The main types of risks are linked to production and warehouse activities and include risks related to the use of semi-automatic equipment, manual handling of loads, and the use of chemicals. The first factor in preventing accidents is the correct application of behavioural safety, meaning the total awareness of workers on the risks to which they are exposed in carrying out their tasks and their professionalism in managing them through appropriate operational and behavioural methods.

Workplace monitoring takes place at all levels of the company organisation.

On the operational level, properly trained supervisors supervise work activities, ensuring that the received directives are implemented and monitoring that workers comply with safety and company regulations. When assigning tasks to workers, supervisors take into consideration the specific training and skills of the workers themselves; they also prevent workers from being subjected to serious risks to their health, informing them of the risks that are present and the protective measures to be adopted and providing

them with instructions in the event of an emergency. The supervisors report to their Officers and to the Occupational Health and Safety Department any dangerous situation found in the work environment and the deficiencies/anomalies of systems, equipment and personal protective equipment.

The Occupational Health and Safety Department carries out periodic inspections on work environments, in order to identify any risk factors that are present there and the relative measures to reduce or eliminate them, so that the work activity is carried out safely and in a healthy environment.

The Health Service assists the Occupational Health and Safety Department and:

- Implements the health surveillance provided for employees based on the job performed (integrated by any instrumental tests, spirometry, audiometry, etc.). The Health Surveillance Plan is updated annually by the Occupational Health Physician;
- Carries out periodic inspections in all work environments accompanied by the Occupational Health and Safety Department and the Workers' Health and Safety Representative;
- Prepares the workers' risk folders in collaboration with the Occupational Health and Safety Department;
- Examines the instrumental investigations carried out by the Occupational Health and Safety Department (phonometric, vibrometric, chemical, etc.);
- Prepares an annual report as specified in art. 40 paragraph 1 of Legislative Decree 81/2008.

Regarding accidents and near-misses, the Occupational Health and Safety Department analyses the event, in collaboration with the worker's supervisor and any witnesses at the time of the incident. The information collected allows the causes that determined the event to be identified and to define the prevention and protection measures to be implemented to prevent the circumstances from repeating.

The data relating to accidents that occurred during the year are collected in the "Accident Report" which constitutes the elaboration of the statistical analysis of the events that took place in the company, except those that occurred en route to and from work. The drafting of this document allows for a comprehensive and analytical monitoring of the company accident situation, pointing out the type, origin and severity of the accidents, thus allowing the repetitiveness of certain critical issues to be detected and therefore to remediate them. Medical treatment that does not require a visit to the emergency room and does not result in days of absence of the worker is also considered an accident, and therefore treated as such.

With regard to near-miss accidents, each worker is to be informed on reporting them promptly through a dedicated form or by directly contacting their supervisor and the Occupational Health and Safety Department.

After having verified the significance of the report, the Occupational Health and Safety Department proceeds with the analysis of the incident involving the

interested parties and collaborating in the definition of appropriate prevention measures. A report is used to analyse accidents and near-misses, compiled by the Occupational Health and Safety Department in collaboration with the parties involved and approved by the Employer and for consultation by the Workers' Health and Safety Representative.

The documentation relative to each machine is kept, depending on the case, in hard copy or computerised format. The area manager/supervisor verifies that the equipment is correctly installed and used and is subject to proper maintenance.

The maintenance of the equipment efficiency is carried out through ordinary and extraordinary maintenance work. Periodic safety checks are carried out by qualified internal personnel or assigned to external companies through specific assignments. The performance of control interventions is registered.

For equipment not requiring periodic inspection, the maintenance of efficiency is the responsibility of the user who, before using, verifies that the equipment is not damaged or malfunctions and reports any problems to his/her supervisor. A specific "Training Plan" is drawn up annually for safety issues. The goal of training is to develop and keep updated the safety knowledge of all workers. The Plan contains the types of courses planned for during the year for the professional figures referred to in Legislative Decree 81/08 and for the professional figures subject to specific risks (for example basic and refresher courses for forklift drivers, personnel working at heights, etc.).

The training is provided, depending on the case, by specialised external companies, selected according to the topics covered, or directly by the Occupational Health and Safety Department, possibly in collaboration with the company health service.

In the event of new training needs reported or for changes to current legislation, the course planning will be updated.

The training takes place mainly:

- On the job, through the support of other expert personnel and using dedicated information material, illustrated and explained by the contact person for the area in which the worker works;
- In the classroom, through the participation of the worker in specific courses held by internal staff or by consulting firms specialising in occupational health and safety.

At the end of classroom training, the level of learning of the participants is verified by filling in evaluation questionnaires, information material on the course is made available and a certificate of attendance is distributed. Training is periodically repeated to

allow for constant updating on regulatory aspects and in the event of substantial changes in the risk assessment document.

Training enables workers to learn the correct use of equipment, systems, chemicals and personal protective equipment. The supervisor fills in a specific form to formalise the training.

The Albinì Group has set up an emergency management system aimed at reducing the consequences due to the occurrence of events that are hardly or by no means predictable. In particular, as regards the emergency team, the service was organised using properly trained employees belonging to different areas so as to guarantee total coverage.

Evacuation drills are held at least once a year; the emergency team members actively participate during the drills, collaborating with the Occupational Health and Safety Department in the proper execution of the operations. At the end of the activity, the Occupational Health and Safety Department prepares a summary report emphasising points for improvement to be implemented in subsequent drills.

GRI 403-9: Accidents at work ¹⁵				
	UdM	2021	2022	2023
Hours worked by employees ¹⁶	h	1,474,357.5	1,657,973	1,556,696.5
Total number of registrable accidents at work, including fatalities	no.	20	27	21
Rate of registrable accidents at work ¹⁷	no.	13.56	16.28	13.49
Rate of accidents at work with serious consequences ¹⁸	no.	0	0	0

¹⁵ The data relating to the indicators on accidents regard the Cotonificio Albini S.p.A., ICA Yarns (I Cotoni di Albini S.p.A.), Albini Energia S.r.l., Dietfurt S.r.o., Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. plants. For further details, please refer to the Methodology Note.

¹⁶ The hours worked by employees at the ICA Yarns and Albini Energia S.r.l. plants were estimated for the entire three-year period using the following formula: 8*235*number of employees present as at 12/31.

¹⁷ The accident frequency index was calculated as follows: Frequency index = number of accidents / hours worked * 1,000,000.

¹⁸ The severity index was calculated as follows: Severity index = number of accidents with serious consequences / hours worked * 1,000,000.



06

**CUSTOMER
CARE**

Quality and customer safety

The Albin Group follows a holistic approach in controlling the production stages, ensuring constant monitoring of the production process in all its parts. Each stage, from the cotton field to the finished fabric, goes through a series of strict, planned inspections. The inspections are carried out through visual, chemical and physical tests conducted by the internal laboratory to guarantee a high-quality product that reflects the group’s high standards. **The inspections conducted during the acceptance stage of raw materials** are essential in order to verify their quality and origin.

Owing to the supply chain’s vertical integration, the Albin Group can provide in-house documentation on the path the product takes in the production process. Additionally, for those who request it, it is able to create an entirely traceable fabric with the forensic science method through its long-standing partnership with Oritain™, an industry leader. The latter analyses the chemical properties of several cotton samples at the origin, providing a unique fingerprint for each product. This way, the fabric can be monitored at

every stage of the supply chain to ensure that it is in accordance with the original fingerprint and that it has not been replaced or altered, being able to trace back to the cotton’s country of origin.

Secondly, **inspections are done on the yarn** during the acceptance stage. A raw yarn is not admitted to the manufacturing process if it does not pass the established parameters. The inspections include checking the moisture, the count (which indicates the fineness of the yarn), the twist (which determines the firmness and resistance of the yarn), the tensile strength, the elongation (which measures the ability of the yarn to stretch before breaking) and the regularity (which refers to the consistency of the yarn in terms of thickness, colour and structure). The tests ensure that only the best quality yarns enter the production process.

The inspections continue **on the colour** after the yarn dyeing process to ensure that the fabrics maintain consistent quality. The tests are crucial to ensuring the uniformity of the tone on each individual cone and to guarantee that the colour remains constant over time

and resistant to rubbing. Every day, approximately 40 to 50 dye baths are inspected.

The fabric is checked at the inspecting machines in two different stages. The first takes place after weaving, when the raw fabric is visually checked to identify and remove any small defects in the fabric, which are often found when dealing with natural raw materials. This activity is carried out in the Raw Fabric Control department in the Albino plant.

The second check takes place after the finishing stage, when the finished fabrics are **re-examined** for a visual inspection at the inspecting machine and **undergo physical and chemical testing** in the Gandino laboratory, Italy’s first internal textile laboratory to be acknowledged by ACCREDIA¹⁹ according to the UNI CEI EN ISO/IEC 17025 standard.

Through **chemical testing**, the properties of the fabric are examined in different conditions of use: including checking the colour fastness when exposed to dry rubbing, wet rubbing and distilled water, colour resistance to acid or alkaline perspiration and to washing with detergents or perborate. The chemical

tests are completed with the hydrolysis of reactive colours, the oxygenation of the stinging agent and by checking the pH.

Physical testing, instead, focuses on the strength of the fabric, which must be such as to guarantee the correct manufacturing and use of the finished garment. Characteristics such as seam resistance, tear resistance, abrasion resistance and laceration resistance are verified. Finally, the ability of the fabric to be ironed and its dimensional stability, when washed as well as steamed, are certified.

¹⁹ ACCREDIA is the only national body authorised to conduct accreditation activities and has officially acknowledged the competence of the Gandino plant laboratory in conducting specific tests on fabrics in order to ensure their compliance with national and international standards.

The inspections are carried out through visual, chemical and physical tests conducted by the internal laboratory to guarantee a high-quality product that reflects the group’s high standards.

Customer satisfaction

In 2023, Albini Group conducted a marketing survey to assess **customer perception** of its products, engaging 12 business partners. The aim was to analyse the **level of satisfaction with the service** provided to customers, in order to identify **areas for improvement**.

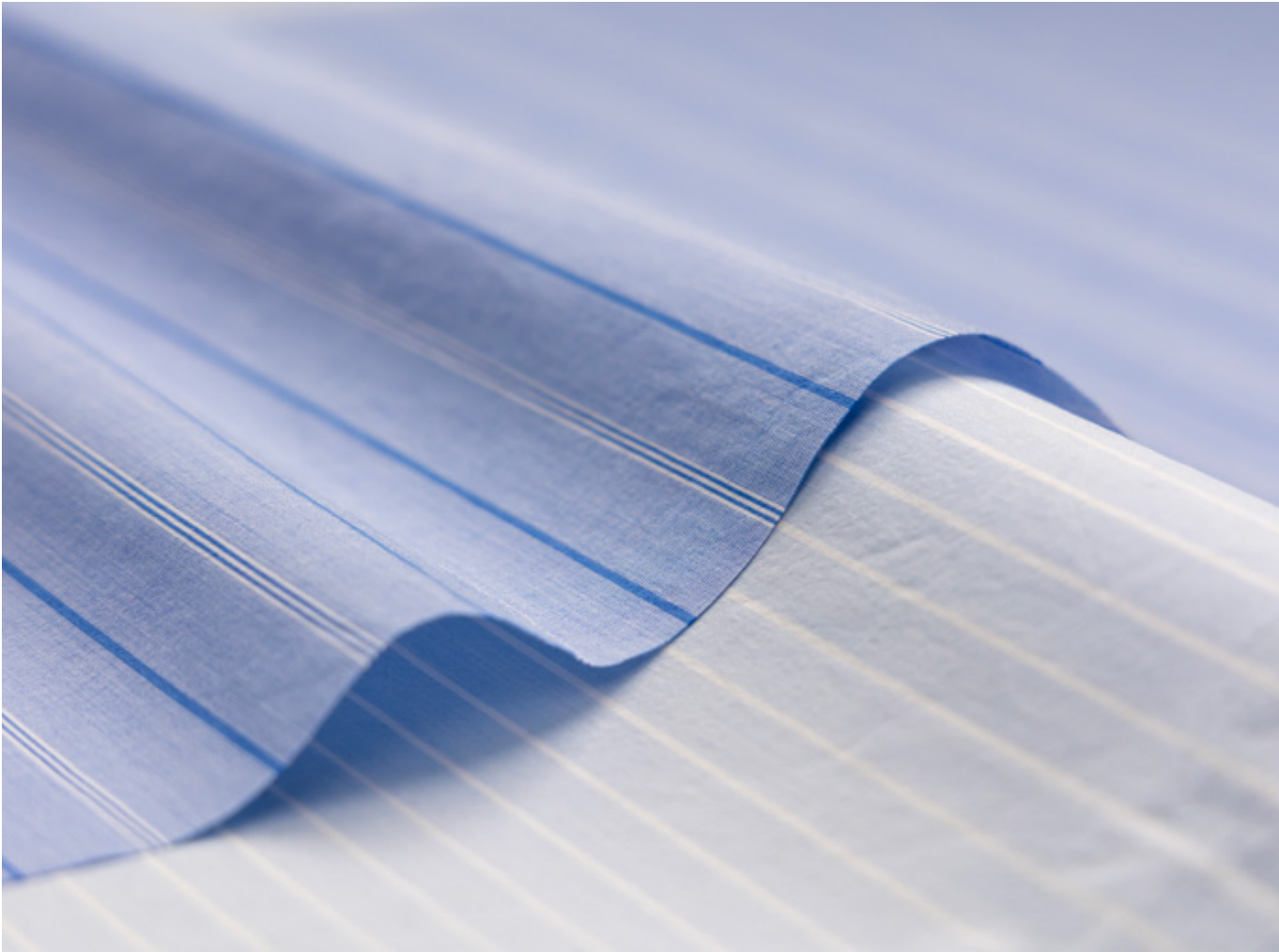
The survey revealed that trends in the fashion industry are influenced not only by technological innovations but also by consumer needs, which impact the choice of raw materials. For example, the GOTS certification is greatly appreciated, especially by Italian customers, as demonstrated by 51% of positive responses. What is more, 88% of the participants consider the Made in Italy origin of the products to be important. Another emerging trend is the interest in product customisation, with 80% of customers considering the variety of Albini Group's product offering satisfactory.

Quality, innovation, digitalisation and organisation are some of the strengths that emerged from the research, positioning the company among the main reference suppliers. In particular, logistics stand out for the qualitative compliance of the products delivered, with 50% of participants satisfied and 45% very satisfied with the performances. The growth of the online channel offers advantages such as range of choice, price comparability and convenience, with

e-mail remaining the preferred method for sales. The ability to build strong relationships and offer tutorial support are essential elements for customer satisfaction, with 91% appreciating the quality of the relationship with agents and their reliability.

The areas for improvement have already been the subject of specific projects. For example, Cotonificio Albini S.p.A.'s cut-to-length service offers a wide selection of fabrics with fast deliveries (24/48 hours) and a digital platform for customising choices of fabrics, colours, styles and details. 85% of this service's customers, meaning tailors and shirtmakers, prefer this platform as a communication channel. This service provides features that simplify and customise the purchasing experience, such as updates on availability, quick order entry and monitoring order status.

Finally, the Albini Group's focus on quality and transparency prevented non-compliance in information and product labelling and services, as well as in marketing communications, in the period 2021-2023 period. Marketing and communications were approved by 94% of the survey participants, confirming the effectiveness of the adopted strategies.



A fundamental aspect that has emerged from research is the increase in consumer interest in customisation, a trend which must be responded to through continuous product innovation.

07

INNOVATION

Product design and R&D

Innovation, research and development are the cornerstones of the Albin Group strategy. These allow not only high-quality fabrics to be created, but also the ability to deal with market fluctuations and to guarantee its customers a diversified offering abounding with sustainable products

Product design is assigned to **3 creative groups**, for a total of over 30 people, who every six months design new base fabrics for the Albin 1876, Thomas Mason, and Albiato 1830 collections, drawing inspiration from research trips around the world and from their own priceless historical archives. In addition, there is also an **Exclusives team**, which is responsible for studying ad hoc fabrics for customers with specific needs.

The creativity of the textile designers is supported by a designated division dedicated to **research and development** activities, which gathers the internal and external needs of the company and plays the role of facilitator. In particular, the role of the R&D division is aimed at researching the textile market for solutions that are already on the market but not yet adopted by the Albin Group, and making them available to its stylistic teams and customers.

The activities carried out by the R&D department focus on the **research and development of existing solutions** that allow for yarns or fabrics with new

performances to be produced; for example, new yarns with innovative and sustainability characteristics have been tested, such as recycled or bio-based yarns, partly offered by the market, partly made by ICA Yarns and sometimes in collaboration with ALBINI_next, the Albin Group’s innovation hub. Additionally, the Research and Development division is in charge of researching and adopting new finishing solutions made by its partners and third parties, to obtain new fabric performances or respond to specific needs on sustainability issues.

In the perspective of **reducing waste** and improving effectiveness and efficiency, the Style and Product Development Function and the R&D division have collaborated to improve the Albin Group product offering, optimising the number of base fabrics developed for each collection and the number of colours used, going from a palette of 200 colours to the current one of around 100.

The commitment towards circularity and ecodesign flows into the design of fabrics. In the 2022 and 2023 reporting years, respectively 84% and 83% of the fabrics produced are composed of 100% cotton, 100% linen or a blend of the two plant fibres. From a circularity standpoint, using monofibre or fibres with the same nature significantly increases the possibilities of recyclability of fabrics at the end of their life cycle.



Innovation, research and development are the cornerstones of the Albin Group strategy. These allow not only high-quality fabrics to be created, but also the ability to deal with market fluctuations and to guarantee its customers a diversified offering abounding with sustainable products.



Furthermore, Albini Group fabrics are made with the finest raw materials available, namely long and extra-long staple cottons such as Supima®, Giza and Sea Island and fine linens from Normandy. This special quality increases **durability**, another important concept for the sustainability of the products. Finally, to confirm its commitment to circularity and ecodesign, the company has set the goal of increasing

the percentage of recycled raw materials used for producing fabrics. In this direction, a streetwear line was created for the Albiate 1830 brand, made with mechanically recycled yarn. In 2022, the line offered 10% of base fabrics in recycled yarn. In 2023, the offering increased by 17%.

CIRCULAR ECONOMY AND ECODESIGN

The circular economy is a production and consumption model that involves sharing, lending, reusing, repairing, reconditioning and recycling materials and products for as long as possible. Thus, their life cycle is extended, helping reduce waste to a minimum.

Ecodesign is a model that falls under the circular economy and applies to the entire life cycle of a product, meaning, its conception, design, production and on through to its use and disposal. Making a product according to the ecodesign model means respecting these principles:

- 1. Use of sustainable, recycled and recyclable materials that have been produced sustainably and with clean energy.
- 2. Energy saving and reduction of consumption in production processes.
- 3. Product quality and durability, which must be made to last.
- 4. Create, thinking about the second life that the product might have, as a function and/or as a material.
- 5. Use of materials that are as similar as possible in order to simplify their disassembly and recycling.
- 6. Use of renewable and possibly local resources.

The archive tells a story of fabrics, colours and surprising designs, and represents an inexhaustible source of inspiration for Albini Group designers and their customers.

As mentioned before, the creativity of the stylistic teams also draws from the past. In 1992, with the acquisition of the Thomas Mason brand, the entire historical archive was also acquired, consisting of over seven hundred volumes dating back to the 19th century, now preserved at the company headquarters in Albino. The archive tells a story of fabrics, colours and surprising designs, and represents an inexhaustible source of inspiration for Albini Group designers and their customers.

In order to safeguard this intangible heritage, work is being done on a project that includes the digitalisation of the archive as well as the digital archiving of the

prints developed by the Exclusives team, allowing creatives to enrich their inspiration and research with a digital channel. The company is also studying fabric digitalisation with 3D modelling starting from both fabric shots as well as CAD. Once visible in the pattern books stored in the archive in hard copy format, each fabric will be available online and searchable by tag, making stylistic research quicker and significantly reducing the use of paper for collection studies.

This digital archive will potentially be usable as a tool for distributing products in the event of projects managed in collaboration with various stakeholders.

ALBINI_next, Textile Innovability

The cornerstone of innovation in Albini Group is ALBINI_next, the think tank that experiments with innovative ideas not yet on the market and makes them industrial.

Founded in 2019 inside Kilometro Rosso, one of Europe's top innovation districts in Stezzano (Bergamo), ALBINI_next produces projects in the spirit of **open innovation**, collaborating with start-ups, universities, research centres and other stakeholders such as customers, suppliers or important companies even in industries far from textiles. The goal is to propose solutions that can increase the sustainability of processes and products through **technology transfer**, that is, transforming what is still in the form of an idea or scientific research into a product or industrial process or a new business model.

The projects arise through the identification of new market opportunities or specific customer needs. This is followed by an important scouting phase in which the actors to be involved are identified, usually an innovator, meaning, a person with an idea, and a customer who embraces the project and decides to finance it, in part or in full, thus establishing a triangular mechanism. This is followed by the first phases of laboratory testing, the pre-industrial scale-up and the industrialisation phase, to then reach the product launch or process on the market. Innovation is sometimes included in the collections of the Albini Group brands, other times it is considered an

exclusive for selected customers. Since its founding to the present, ALBINI_next has come into contact with more than 120 companies and has industrialised 12 projects. It currently has 70 in the pipeline and in the development phase. The ALBINI_next team is comprised of heterogeneous professional figures under 35: young engineers with various specialisations, a biotechnologist, an agronomist and a fashion designer expert in 3D printing. In addition, in 2021 two different research doctorates were funded, one in biotechnology for the study of biogenic dyes, meaning those from microorganisms and another in management engineering.

ALBINI_next innovation works on three main branches of research:

1. **New materials:** imagining and creating new and unusual materials created with waste or elements in the textile supply chain.
2. **Alternative dyes:** experimenting with the use of plant ingredients, minerals and microorganisms to obtain the colourings of the future.
3. **Green chemistry:** researching and industrialising chemical processes and products that can reduce environmental impact and improve the performances of the textile supply chain.

2023 witnessed new projects being created, some still in the embryonic phase while others have already been started up and tested.



ALBINI_next projects completed in 2023



Research area:	New materials
Status:	Industrialised
Partner:	Natural Hue

An.Ti.Co. is a project created to study the development of yarns with cottons that grow naturally coloured.

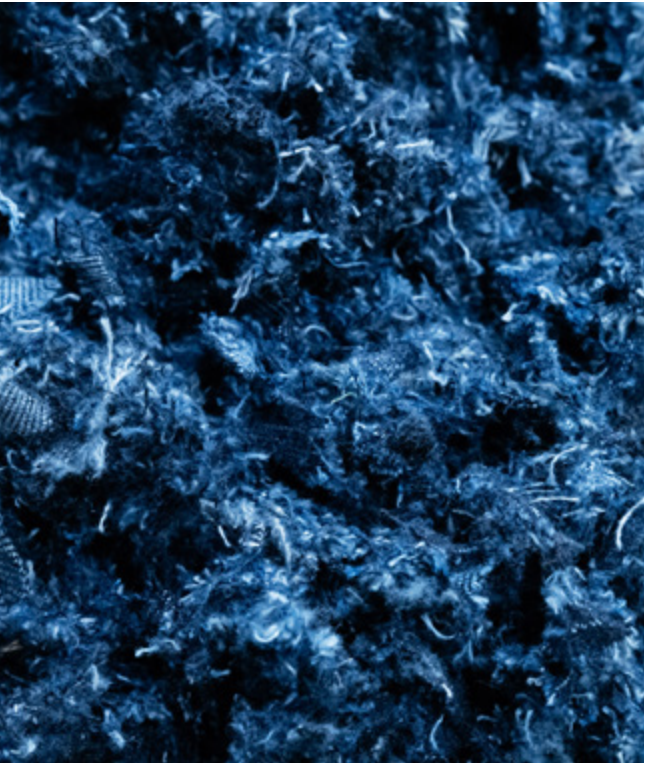
ALBINI_next and Natural Hue, which operates in cotton cultivation in Arizona, have selected two types of coloured cotton, brown and green, obtained by crossing ancient seeds known to produce naturally coloured fibres, and a white fibre Pima cotton seed (non-GMO), which made the fibre longer and stronger. The use of coloured cotton has allowed the Albin Group to avoid the usage of chemical dyes during textile production, reducing the environmental impact linked to this production process.

After the cotton was harvested, ALBINI_next collaborated with the ICA Yarns yarn division for the processing of the fibres, managing to obtain two different yarn counts (Ne 30/1 and Ne 10/1) for each of the colours. In the end, these yarns were used by Albin Group brands for several fabrics in their collections.

An.Ti.Co

ICA Yarns also contributed to the development of the **Novus** project, creating with ALBINI_next yarns composed of an innovative fibre from chemical recycling blended with organic Supima® cotton, linen and wool. After two years of study, the team developed yarns with different counts, from Ne 30/1 to Ne 50/1. These were created by blending the above natural fibres with a solution patented by Renewcell, a Swedish textile recycling company, which has developed a process technology for the production of Circulose® pulp created entirely from process waste. The pulp is obtained through a chemical recycling process and then transformed into artificial cellulose fibre used for producing fabrics and yarns.

Research area:	New materials
Transversal topic:	Circular economy
Status:	Industrialised
Partner:	Circulose®



Novus



Research area:	Alternative dyes
Transversal topic:	Biotechnologies
Status:	Pilot
Partner:	Colorifix

Exteria - Dyes from bacteria is a pioneering project that represents an important step forward towards sustainable and ecological fashion, because it aims to facilitate the transition from synthetic dyes to colours obtained from engineered microorganisms. Backed by the Albin Group and the Kering Material Innovation Lab (MIL), together with Colorifix, the project was developed with the objective of creating dyed fabrics using bacteria engineered through synthetic biology practices.

To treat the engineered microorganisms used, Albin Group equipped itself with a fermenter and a bio-lab, installed at the Albino plant. These microorganisms are grown inside the fermenter, where they feed on renewable raw materials such as simple sugars, salt and plant by-products. Once the peak of pigment production is reached, the colouring liquid in the fermenter can completely replace the water used for dyeing, with a significant reduction in consumption. The liquid is then transferred to specific machinery for standard dyeing, together with the yarn.

In particular, the project used two bacterial strains capable of producing different colours depending on the dyeing parameters and the chosen fibre. The first pigment, commonly found in soil and deep-sea sediments, enabled ALBINI_next to dye cotton a beige colour and wool a camel colour. The second pigment, derived from silk production process waste allowed a bright purple colour to be obtained on 100% cotton yarns.

Exteria - Dyes from bacteria

Bayome aims to industrialise a dyeing process that uses dyes originating from non-GMO microorganisms. Using the tools made available by biotechnology, the KBCols start-up has optimised the natural production of microbial pigments to extract dyes in a ready-to-use formulation. ALBINI_next has efficiently industrialised the formula for dyeing different bio-colours on a scale suitable for the needs of an industrial context.

Research area:	Alternative dyes
Status:	Industrialised
Partner:	KBCols

Bayome

With **Weav3d**, ALBINI_next began exploration on biopolymer composite materials as a solution for recycling textile fibres, creating unique blends of bio-based and/or recyclable polymers combined with textile fibre of plant origin. These new materials have a wide range of applications, including 3D printing, and can give rise to new sustainable and innovative products. As of today, ALBINI_next has developed two polymers blended with cotton fibre. The first polymer was chosen for its flexibility and recyclability, while the second is a stiff, bio-based and recyclable polymer. Adding textile fibres makes the polymeric material stiffer and, thanks to the plant-based nature of the fibres, gives it a unique appearance. Furthermore, the colour of the finished product is derived from the original colouring of the waste used and therefore does not require further dyeing. To conduct these studies, the company created a partnership team composed of three players: Mixcycling, a company active in the field of bioplastics, Nazena, an Italian start-up involved in recycling textile fibres and PSCT Digital Lab, a “digital tailor shop” Made in Italy.



Weav3d



Research area:	New materials
Transversal topic:	Circular economy
Status:	Under development
Partner:	Mixcycling, Nazena. PSCT Digital Lab



Nazena collaborated with ALBINI_next to create **Materico**, whose purpose is also to find solutions to reuse textile waste. A new material came into being from this study, used to create structural panels for packaging in various sectors. Also in this case, the colour of the materials created is derived from the initial colour of the waste, in order to avoid additional consumption of resources and energy for dyeing. The Albin Group used it to create the supports for its fabric presentation catalogues.

Research area:	New materials
Transversal topic:	Circular economy
Status:	Under development
Partner:	Nazena

Materico



Research area:	New materials
Transversal topic:	Circular economy
Status:	Industrialised
Partner:	Belda Llorens

Futura is the name of the paper created by recycling textile waste. It was developed by the R&D department of Fedrigoni, European leader in the production of special papers. This collaboration resulted in a paper made with 25% fibres that were obtained from textile waste from Albini Group plants. This way, the quantity of virgin cellulose normally used in paper manufacturing is reduced and the production waste destined to be disposed of is recovered. The fibre is obtained from textile waste in the sampling, quality control and weaving departments. Usually destined for disposal, these scraps are thus recovered and optimised in the spirit of up-cycling. The paper was used to build the presentation supports for the Albiate 1830 brand Denim collection and Service Program.

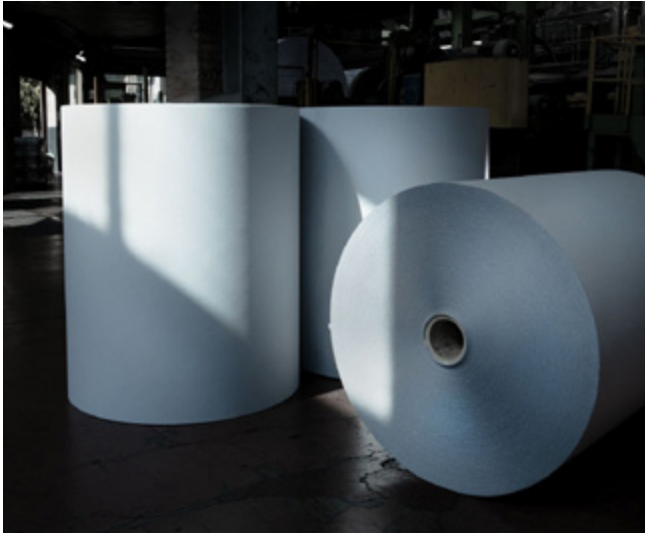
Futura

In 2023, ALBINI_next’s offering dedicated to the textile-clothing industry was compiled in a dedicated catalogue: **EX NATURA**, which presents a selection of fabrics created through research and experimentation with new materials, the colours of the future, circular economy and sustainable chemistry.

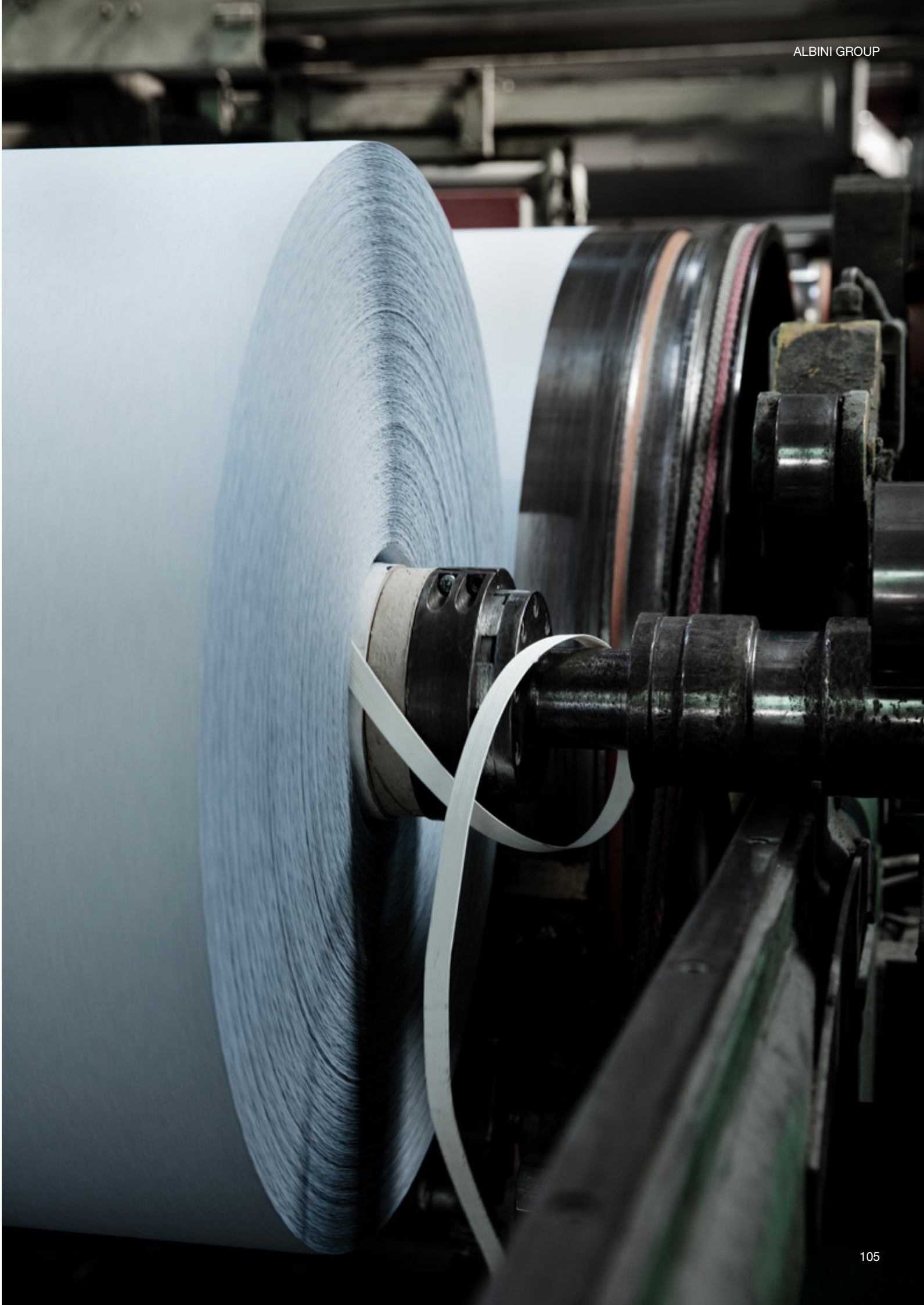
The attention to nature transcends the projects presented and is also expressed through their container. The EX NATURA catalogue box set, in fact, is made by upcycling textile waste from the Albini Group production cycle.

Retwist+ Closing the Loop is a yarn that was created from recovered left-over denim fabric and is used to create new fabrics in the Albiate 1830 collection. The left-over 100% cotton denim was unravelled and transformed into fibre. Afterwards, a study was conducted to assess the best blend for obtaining good-quality recycled yarn: this led to the new blend yarn Retwist+, composed of recycled cotton and virgin cotton. Using solely denim fabrics made it possible to obtain an already dyed finished product, characterised by a pale indigo nuance, thus eliminating the entire dyeing stage with a consequential reduction in the use of water and resources during the production process. The project involved various company teams and required almost a year of development.

Retwist+



Research area:	New materials
Transversal topic:	Circular economy
Status:	Industrialised
Partner:	Fedrigoni



08

REPORTING CRITERIA

Appendix

Raw materials purchased

Disclosure GRI 301-1: Materials purchased by weight or volume				
Raw materials	UoM	2021	2022	2023
Cotton	Kg	6,593,043	6,864,152	3,910,745
Linen	Kg	293,523	364,149	215,026
TENCEL™ Lyocell	Kg	43,260	64,985	15,684
Other artificial fibres	Kg	303,060	154,311	303,427
Other natural fibres	Kg	76,311	53,196	65,737
Synthetic fibres	Kg	68,837	115,112	52,276
Total renewable raw materials	Kg	7,309,197	7,500,793	4,510,619
Total non-renewable raw materials	Kg	68,837	115,112	52,276
Total incoming raw materials	Kg	7,378,034	7,615,905	4,562,895

Percentage of material subject to certification			2021	2022	2023
Total incoming fibre			1,597,048	1,201,262	682,589
Of the total incoming fibre, how much is covered by the following certifications:	Organic cotton (GOTS or OCS)	Kg	1,100,973	663,079	280,207
Percentage of purchased fibre certified		%	69%	55%	41%
Total incoming yarn			5,556,315	5,914,759	3,669,338
Of the total incoming yarn, how much is covered by the following certifications:	Organic (GOTS or OCS) ²⁰	Kg	1,728,001	1,908,545	1,492,318
	European Flax®	Kg	273,323	351,903	209,358
	Masters of Linen®	Kg	195,002	190,794	117,827
	GRS	Kg	2,003	3,860	1,515
Percentage of purchased fibre certified		%	40%	42%	50%

²⁰ The GOTS and OCS certifications apply to both linen and cotton yarns.

Percentage of material subject to certification			2021	2022	2023
Total incoming fabric			218,543	499,884	211,432
Of the total incoming fabric, how much is covered by the following certifications:	With organic cotton	Kg	5,456	5,350	2,946
Percentage of purchased fabric certified		%	2%	1%	1%

Energy Consumption

Energy consumption, purchasing and production		UoM	2021	2022	2023
Consumption of fuel from non-renewable sources			169,047	210,675	132,986
Natural gas		GJ	161,152	202,646	126,157
Petrol		GJ	258	258	258
Gas oil		GJ	5	5	5
Consumption of fuel for the fleet	Diesel	GJ	3,031	3,017	2,668
	Petrol	GJ	4,600	4,749	3,897
Indirect electricity consumption			62,651	61,765	59,602
Electric energy purchased		GJ	62,651	61,765	59,602
	of which from a renewable source	GJ	14,890	-	-
Electric energy produced		GJ	17,795	30,004	14,821
of which was consumed		GJ	17,726	24,245	13,129
	From photovoltaic system	GJ	-	165	5,177
	From cogenerator	GJ	17,726	24,080	7,952
of which was sold		GJ	68	5,758	1,692
	From photovoltaic system	GJ	-	67	1,692
	From cogenerator	GJ	68	5,692	-
Total		GJ	231,698	272,441	192,588

CO ₂ emissions - Scope 1	UoM	2021	2022	2023
Consumption of fuel from non-renewable sources				
Natural gas	ton CO ₂ eq.	8,199	10,275	6,410
Diesel	ton CO ₂ eq.	216	214	187
Gas oil	ton CO ₂ eq.	0	0	0
Petrol	ton CO ₂ eq.	325	335	279
F-Gas	ton CO ₂ eq.	72	78	77
Total Scope I	ton CO ₂ eq.	8,812	10,903	6,954
CO ₂ emissions - Scope 2	UoM	2021	2022	2023
Electricity consumption				
Consumption of purchased electricity and steam - Location Based	ton CO ₂ eq.	7,522	7,696	7,035
Consumption of purchased electricity and steam - Market Based	ton CO ₂ eq.	6,596	9,109	8,721
Emissions Scope I + Scope II LB	ton CO ₂ eq.	16,334	18,599	13,989
Emissions Scope I + Scope II MB	ton CO ₂ eq.	15,408	20,012	15,675

	Energy intensity			Emission intensity (location)			Emission intensity (market)		
	GJ/Kg products			Ton CO ₂ / Kg produced			Ton CO ₂ / Kg produced ²¹		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Albino (dyeing plant)	0.0797	0.0658	0.0733	0.0042	0.0034	0.0039	0.0039	0.0035	0.0042
Albino (weaving mill)	0.1059	0.1101	0.0854	0.0064	0.0061	0.0052	0.0046	0.0065	0.0061
Brebbia	0.0587	0.0634	0.0490	0.0031	0.0033	0.0027	0.0029	0.0034	0.0031
Gandino	0.0040	0.0022	0.0022	0.0003	0.0002	0.0002	0.0001	0.0002	0.0002
Mediterranean Textile S.a.e.	0.0508	0.0363	0.0446	0.0059	0.0042	0.0052	0.0059	0.0042	0.0052
Delta Dyeing S.a.e.	0.0552	0.0505	0.0565	0.0040	0.0037	0.0040	0.0040	0.0037	0.0040
Dietfurt S.r.o.	0.0443	0.0328	0.0403	0.0044	0.0034	0.0041	0.0049	0.0046	0.0054

²¹ For the Delta Dyeing S.a.e. and the dyeing facilities of Cotonificio Albini S.p.A. (Albino plant), the kg of product being dyed were considered.

Water consumption

Water extraction (m³)	UoM	Total extractions 2021	Total extractions from water stress areas 2021	Total extractions 2022	Total extractions from water stress areas 2022	Total extractions 2023	Total extractions from water stress areas 2023
Total extraction from surface water, including the use of rainwater	m³	345,571	-	472,750	-	290,965	-
Total extraction from underground water (e.g. wells)	m³	121,777	-	155,374	-	122,778	-
Total extraction from third parties (e.g. waterworks)	m³	116,377	113,282	73,773	167,621	50,572	94,293
Total water extraction	m³	583,725	113,282	701,897	167,621	464,315	94,293

Water discharge (destination)	UoM	2021	2022	2023
Towards surface waters	m³	322,067	347,030	279,090
Towards underground waters	m³	-	-	-
Towards marine waters	m³	-	-	-
Towards third-party waters	m³	279,278	292,487	191,035
Total water discharge (destination)	m³	601,345	639,517	470,125

Waste produced and disposed of (Kg)

	2021			2022			2023		
	Total generated	of which taken to the landfill	% taken to the landfill	Total generated	of which taken to the landfill	% taken to the landfill	Total generated	of which taken to the landfill	% taken to the landfill
Hazardous waste	24,154	1,974	8%	40,695	8,949	22%	39,793	7,303	18%
Packaging materials	18,350	-	0%	24,090	-	0%	30,821	-	0%
Oils	3,422	215	6%	6,494	4	0%	280	20	7%
Sludges	110	110	100%	120	120	100%	-	-	-
Filters	229	173	76%	303	163	54%	369	185	50%
Aqueous solutions and liquids	-	-	-	1,265	962	76%	3,953	3,748	95%
Batteries	-	-	-	2,740	2,740	100%	477	-	0%
Pipes	110	110	100%	257	150	58%	256	-	0%
Other	1,933	1,366	71%	5,426	4,810	89%	3,637	3,350	92%
Non-hazardous waste	828,477	64,940	8%	1,159,926	324,930	28%	793,427	206,400	26%
Paper	163,088	-	0%	173,585	-	0%	151,310	-	0%
Plastic	54,344	-	0%	77,340	-	0%	63,863	-	0%
Wood	71,180	-	0%	74,715	-	0%	66,120	-	0%
Glass	-	-	-	-	-	-	-	-	-
Metal	23,400	-	0%	41,145	-	0%	35,535	-	0%
Waste from textile fibres	156,190	-	0%	168,898	-	0%	169,862	-	0%
Biodegradable waste	4,540	-	0%	2,250	-	0%	1,210	-	0%
Organic waste	-	-	-	-	-	-	180	180	100%
Batteries	-	-	-	44	-	0%	-	-	-
Filters	2,780	2,780	100%	4,060	2,460	61%	3,010	140	5%
Other	352,955	62,160	18%	617,889	322,470	52%	302,337	206,080	68%
Total	852,631	66,914	8%	1,200,621	333,879	28%	833,220	213,703	26%

Non-hazardous waste	UoM	2021	2022	2023
To be recycled	Kg	756,907	827,556	583,247
To be reused	Kg	0	0	0
To be composted	Kg	6,630	7,440	3,780
To be disposed of at the landfill	Kg	64,940	324,930	206,400
To be incinerated	Kg	0	0	0
Total	Kg	828,477	1,159,926	793,427

Hazardous waste	UoM	2021	2022	2023
To be recycled	Kg	21,898	31,379	32,324
To be reused	Kg	282	367	166
To be composted	Kg	0	0	0
To be disposed of at the landfill	Kg	1,974	8,949	7,303
To be incinerated	Kg	0	0	0
Total	Kg	24,154	40,695	39,793

People

GRI 405-1: Number of employees by category and gender							
Executives							
		2021		2022		2023	
		n	%	n	%	n	%
Gender	Men	2	100%	2	100%	2	100%
	Women	0	0%	0	0%	0	0%
Total		2	0%	2	0%	2	0%
Middle Managers							
		2021		2022		2023	
		n	%	n	%	n	%
Gender	Men	17	89%	17	89%	17	89%
	Women	2	11%	2	11%	2	11%
Total		19	2%	19	2%	19	2%
Office Workers and Middle Managers							
		2021		2022		2023	
		n	%	n	%	n	%
Gender	Men	105	41%	111	43%	115	42%
	Women	149	59%	149	57%	159	58%
Total		254	23%	260	25%	274	26%
Workers							
		2021		2022		2023	
		n	%	n	%	n	%
Gender	Men	451	53%	428	55%	419	55%
	Women	400	47%	345	45%	339	45%
Total		851	76%	773	73%	758	72%
Total employees		1126		1054		1053	

GRI 405-1: Number of employees by category and age							
Executives							
		2021		2022		2023	
		n	%	n	%	n	%
Age	< 30 years	0	0%	0	0%	0	0%
	30 ≤ x ≤ 50	1	50%	1	50%	1	50%
	> 50 years	1	50%	1	50%	1	50%
Total		2	0%	2	0%	2	0%
Middle Managers							
		2021		2022		2023	
		n	%	n	%	n	%
Age	< 30 years	0	0%	0	0%	0	0%
	30 ≤ x ≤ 50	11	58%	10	53%	10	53%
	> 50 years	8	42%	9	47%	9	47%
Total		19	2%	19	2%	19	2%
Office Workers and Middle Managers							
		2021		2022		2023	
		n	%	n	%	n	%
Age	< 30 years	30	12%	34	13%	36	13%
	30 ≤ x ≤ 50	151	59%	150	58%	160	58%
	> 50 years	73	29%	76	29%	78	29%
Total		254	23%	260	25%	274	26%
Workers							
		2021		2022		2023	
		n	%	n	%	n	%
Age	< 30 years	106	12%	104	13%	93	12%
	30 ≤ x ≤ 50	492	58%	445	58%	429	57%
	> 50 years	253	30%	224	29%	236	31%
Total		851	76%	773	73%	758	72%
Total employees		1126		1054		1053	

Methodology note

This document constitutes the **first Sustainability Report** (hereinafter also referred to as “Report” or “SR”) of **the Albin Group**, whose operating parent company, Cotonificio Albin S.p.A. is based in Albino (BG) in via Dr. Silvio Albin 1, drawn up with the purpose of transparently communicating the company’s commitment towards sustainable development and a business model that respects the social, environmental and economic reality in which the company operates.

The Report, prepared annually and published on 28 October 2024, regards the fiscal year 2023 (1 January to 31 December) and, in order to enable a comparison and the comparability of the company’s performance over time, contains data for the 2021 and 2022 fiscal years. The document has been prepared in accordance with the GRI Sustainability Reporting Standards (hereinafter GRI Standards), updated in 2021 by the GRI - Global Reporting Initiative, according to the “with reference” option.

This Report is not subject to external assurance nor was it necessary to restate data regarding previous reporting periods, as it is the first report published by the Albin Group.

Reporting boundary

As per the reporting boundary, Albin Group’s Sustainability Report is aligned with the reference boundary of the Consolidated Financial Statement closed on 31 December 2023²², which includes the data of the subsidiaries listed in the following table:

Sustainability Report 2023 boundary				
ITALY	CZECH REP.	EGYPT	UNITED STATES	CHINA
<ul style="list-style-type: none">• Cotonificio Albin S.p.A.• ICA Yarns (I Coton di Albin S.p.A.)• Albin Energia S.r.l.	<ul style="list-style-type: none">• Dietfurt S.r.o.	<ul style="list-style-type: none">• Mediterranean Textile S.a.e.• Delta Dyeing S.a.e.	<ul style="list-style-type: none">• Albin USA Corporation	<ul style="list-style-type: none">• Albin Hong Kong Ltd• Albin (Shanghai) Trading Co Ltd

In addition to what is stated in the previous paragraph, the boundary of the environmental data has provided for the limitation of the boundary with the exclusion of the companies Albin Energia S.r.l., I Coton di Albin S.p.A. and the commercial offices of Albin USA Corporation, Albin Hong Kong Ltd and Albin (Shanghai) Trading Co Ltd. The environmental impacts of these companies were not considered significant by virtue of the commercial activity they conduct.

As regards the boundary of the data relating to training, the data of the Cotonificio Albin S.p.A., Dietfurt S.r.o., Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. facilities were collected. In addition, health and safety training hours are excluded due to the unavailability of data for 2021 and 2022 for all the facilities in the reference boundary. The data relating to the information on health and safety instead regard the Cotonificio Albin S.p.A., ICA Yarns (I Coton di Albin S.p.A.), Albin Energia S.r.l., Dietfurt S.r.o., Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. facilities.

Contents of the Report

- From an operational point of view, the drafting of the Report initially involved an impact analysis phase (whose methodology is described in detail in paragraph “1.5 The materiality analysis of the Albin Group” in Chapter 1 of this document) in order to report the issues that emerged as relevant in relation to the economic, social and environmental impacts and which therefore influence the decisions of stakeholders. The Report was drawn up according to the general principles indicated by the GRI Standards (GRI 1 – Foundation):
- **Accuracy:** the information is reported correctly and in sufficient detail to allow an assessment of the Company’s impacts;
 - **Balance:** positive and negative impacts are presented objectively and fairly and the information provided allows users to see trends in impacts year by year
 - **Clarity:** the choice of clear and accessible language and the use of tables and charts to represent the Company’s performance make this Report usable and easy to understand for stakeholders;
 - **Comparability:** the indicators presented in the

- Report refer to the three-year period 2021-2023 and their performances over the years are always commented on in such a way as to allow comparison and comparability of performances over time;
- **Completeness:** the information provided is sufficient to allow an assessment of the organisation’s impacts during the reporting period;
 - **Sustainability context:** the information relating to the organisation’s impacts is reported in the broader context of sustainable development;
 - **Timeliness:** this document is drawn up on a regular basis so that the information is available in time to allow data users to make decisions;
 - **Verifiability:** the data must be collected, registered, compiled.

Accuracy
Balance
Clarity
Comparability

Completeness
Sustainability context
Timeliness
Verifiability

²² With the exception of the companies Tessitura di Mottola S.r.l., under liquidation, and Macloadio KFT Yarns (now Albin Yarns Hungary Kft), acquired in 2022.

The Albini Group material topics

MATERIAL TOPIC	GRI DISCLOSURES
Sustainable governance	201: Economic Performances
	205: Anti-corruption
Protecting and empowering human capital	403: Occupational health and safety
	404: Training and education
	405: Diversity and equal opportunity
	406: Non-discrimination
Product quality and consumer protection	417: Marketing and labelling
Sustainable supply chain	204: Procurement practices
	308: Supplier environmental assessment
	414: Supplier social assessment
	407: Freedom of association and collective bargaining
	408: Child labour
	409: Forced or compulsory labour
Water resource management	303: Water and effluents
Sustainable and circular management of products and processes	301: Materials
	306: Waste
The fight against climate change	302: Energy
	305: Emissions

Main calculation criteria

The methodological indications regarding the calculation methods of some indicators reported in the Non-Financial Statement are listed below.

Energy consumption

Albini Group’s energy consumption (natural gas, electricity, diesel, petrol) were calculated in Giga Joule (GJ). In order to standardise the different energy carriers, the conversion factors in the table "UK Government GHG Conversion Factors for Company Reporting - Fuel properties" of the UK Department for Environment, Food & Rural Affairs (DEFRA) were used, for the years 2021, 2022 and 2023.

Direct (Scope 1) and indirect (Scope 2) emissions relating to the years 2021, 2022 and 2023

Greenhouse gas emissions were calculated in keeping with the standard published by The Greenhouse Gas Protocol Initiative in terms of CO₂ equivalent.

The following sources for emission factors were used to calculate direct emissions (Scope 1):

• **Fuels (Natural gas):** “UK Government GHG Conversion Factors for Company Reporting – Fuel properties” from the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2021, 2022 and 2023 from the “Fuels” table

Fuels (Petrol) “UK Government GHG Conversion Factors for Company Reporting – Fuel properties” from the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2021, 2022 and 2023 from the “Fuels” table

Fuels (Gas oil) “UK Government GHG Conversion Factors for Company Reporting – Fuel properties” from the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2021, 2022 and 2023 from the “Fuels” table

Fuels (Diesel) “UK Government GHG Conversion Factors for Company Reporting – Fuel properties” from the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2021, 2022 and 2023 from the “Fuels” table

• **F-Gas:** “UK Government GHG Conversion Factors for Company Reporting” from the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2021, 2022 and 2023 from the “Refrigerant & other” table

To calculate **indirect emissions (Scope 2)**, electricity consumption was converted according to the Location-based and Market-based approaches using the following sources for the emission factors:

• For the **Location-Based** approach, calculated according to the percentage composition of the national mix of each country (Italy, Czech Republic and Africa), the emission factor reported in “Table 49 - Main socioeconomic and energy indicators”, published by Terna in the International Comparisons section, in the most recent version published in 2020, was used for the data relative to the years 2021, 2022 and 2023;

• For the **Market-Based** approach: for the European locations, the document “European Residual Mixes 2023” published in 2024 by the Association of Issuing Bodies (AIB) was used for the 2023 data, and the versions published in 2023 and 2022 for the 2022 and 2021 data respectively. For Egypt, no residual mix was available, so the location-based factor reported in the Terna tables was used conservatively.

Energy and emission intensity

In order to calculate the energy and emission intensity of the Cotonificio Albini S.p.A., Albino plant, the energy consumption attributable to the dyeing and weaving activities carried out in the plant was considered, taking into account the following parameters:

- **Electricity:** using meters installed on the production machines, the overall electricity consumption (kWh) was divided between the dyeing and weaving departments according to the following chart:

	2021		2022		2023	
Dyeing	1,125,418.16	25%	812,180.24	20%	1,058,000.00	27%
Weaving	3,330,732.64	75%	3,302,883.26	80%	2,816,700.00	73%
Total	4,456,150.80	100%	4,115,063.50	100%	3,874,700.00	100%

- **Thermal Energy:** The thermal energy extraction in the production departments is monitored by meters installed on the main lines. However, as per remote heating consumption, since there are no specific meters to measure the thermal energy used separately in the departments, it was decided to divide the overall remote heating consumption between the dyeing and weaving departments according to their surface areas. The total surface area of the plant is 21,575 m², of which 52% is allocated to the western section where the dyeing department is located (11,165 m²) and 48% to the eastern section where the weaving department is located (10,410 m²). As a result, the distribution of thermal energy consumption was done proportionally, as shown in the following table:

	2021		2022		2023	
Dyeing	5,565,644.08	77%	4,031,104.95	71%	5,110,356.44	69%
Weaving	1,680,454.09	23%	1,646,077.05	29%	1,833,146.56	31%
Total	7,246,098.17	100%	5,677,182.00	100%	5,943,503.00	100%

- **Natural Gas:** starting from the total consumption of electricity (both purchased and self-produced) and thermal energy, the consumption of natural gas used to power the cogenerator and boiler was divided between the two departments.

Water consumption

The water data regarding ICA Yarns, unlike the other environmental indicators, were included because it is the only environmental data considered significant for the group.

Health and safety

The hours worked by employees at the I Cotoni di Albini S.p.A. and Albini Energia S.r.l. offices were estimated for the entire three-year period using the following formula: 8*235*number of employees present as at 12/31.

The accident frequency rate is calculated as the ratio between the total number of registrable accidents (excluding those en route to and from work) and the number of hours worked in the same period, multiplied by 1,000,000.

The serious accident frequency rate is calculated as the ratio between the total number of accidents resulting in a number of days of absence greater than

180 and the number of hours worked in the same period multiplied by 1,000,000.

Employees

The data relating to employees are represented as the workforce at 31 December of the reference periods, and not as FTE (Full-time equivalent) data.

To calculate the hiring and termination rate, the following formulas were used:

Rate of new staff hiring = new hirings / total workforce x 100

Rate of outgoing staff turnover = departures / total workforce x 100

Information and contacts

For information and further details on the Albini Group’s sustainability strategy, as well as the contents of this Report, you may send an e-mail to the following address: info@albinigroup.com

GRI Content Index

Declaration of use	Albini Group has submitted a report with reference to the GRI Standard for the period 01.01.2023 - 31.12.2023
GRI 1 used	GRI 1 - Fundamental Principles - 2021 version
Relevant GRI Sector Standards	N/A

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2 - General Disclosures (2021 version)	2-1 Organisational details	1.1 History
	2-2 Entities included in the organisation’s sustainability reporting	Methodology note
	2-3 Reporting period, frequency and contact point	Methodology note
	2-4 Review of information	Methodology note
	2-5 External assurance	Methodology note
	2-6 Activities, value chain and other business relationships	1.2 Business model
	3.1 Production cycle: Integration and traceability	3.1 Production cycle: Integration and traceability
	2-7 Employees	5.1 People
	2-8 Non-employee workers	5.1 People
	2-9 Governance structure and composition	2.1 Corporate governance
	2-10 Appointment and selection of the highest governing body	2.1 Corporate governance
	2-11 Chairperson of the highest governing body	2.1 Corporate governance
	2-12 Role of the highest governing body in overseeing impact management	2.1 Corporate governance
	2-13 Delegation of responsibility for impact management	1.5 Materiality analysis

	2-14 Role of the highest governing body in sustainability reporting	2.1 Corporate governance
	2-15 Conflict of interest	2.1 Corporate governance
	2-16 Communication of critical issues	2.1 Corporate governance
	2-17 Collective knowledge of the highest governing body	2.1 Corporate governance
	2-18 Performance evaluation of the highest governing body	2.1 Corporate governance
	2-22 Sustainable development strategy statement	1.5 Materiality analysis
	2-23 Commitment in terms of policy	2.3 Risk management Methodology note
	2-24 Integration of commitments in terms of policy	2.3. Risk Management
	2-25 Processes for remediating negative impacts	1.5 Materiality analysis
	2-26 Mechanisms for requesting clarification and raising concerns	2.2 Integrity, transparency and anti-corruption
	2-27 Compliance with laws and regulations	2.3. Risk Management
	2-28 Membership in associations	1.3 Mission and vision 1.4 Relations with stakeholders
	2-29 Approach to stakeholder involvement	1.4 Relations with stakeholders
	2-30 Collective contracts	5.1 People
Material topics		
GRI 3 - Material topics (2021 version)	3-1 Material topic determination process	1.5 Materiality analysis
	3-2 List of material topics	1.5 Materiality analysis Methodology note
	3-3 Material topic management	1.5 Materiality analysis Methodology note
Material topic: Sustainable governance		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 2.4 Value generated and distributed
GRI 201- Economic performance	201-1 Direct economic value generated and distributed	2.4 Value generated and distributed

GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 2.2 Integrity, transparency and anti-corruption
GRI 205 - Anti-corruption	205-3 Confirmed incidents of corruption and measures taken	2.2 Integrity, transparency and anti-corruption
Topic: The fight against climate change		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 4.1 The fight against climate change
GRI 302 - Energy	302-1 Energy consumption inside the organisation	4.1 The fight against climate change
	302-3 Energy intensity	4.1 The fight against climate change
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 4.1 The fight against climate change
GRI 305 - Emissions	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	4.1 The fight against climate change
	305-2 Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2)	4.1 The fight against climate change
	305-4 GHG emission intensity	4.1 The fight against climate change
Topic: Sustainable and circular management of products and processes		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 3.2 Raw materials and certifications
GRI 301 - Materials	301-2 Materials used based on weight or volume	3.2 Raw materials and certifications
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 4.2 Responsible resource management
GRI 306 - Waste	306-1 Waste generation and significant waste-related impacts	4.2 Responsible resource management
	306-2 Management of significant waste-related impacts	4.2 Responsible resource management
	306-3 Generated waste	4.2 Responsible resource management
	306-4 Waste not sent to landfill	4.2 Responsible resource management
	306-5 Waste sent to landfill	4.2 Responsible resource management

Topic: Water resource management		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 4.2 Responsible resource management
GRI 303 - Water and effluents	303-1 Interaction with water as a shared resource	4.2 Responsible resource management
	303-2 Management of impacts related to water discharge	4.2 Responsible resource management
	303-3 Water extraction	4.2 Responsible resource management
	303-4 Water discharges	4.2 Responsible resource management
Topic: Protecting and empowering human capital		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 5.3 Workers' health and safety
GRI 403 - Occupational health and safety	403-1 Occupational health and safety management system	5.3 Worker health and safety
	403-2 Identification of hazards, risk assessment and investigation of accidents	5.3 Worker health and safety
	403-3 Professional health services	5.3 Worker health and safety
	403-4 Worker participation and consultation on occupational health and safety programmes and relative communication	5.3 Worker health and safety
	403-5 Occupational health and safety employee training	5.3 Worker health and safety
	403-6 Promoting workers' health	5.3 Worker health and safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	5.3 Worker health and safety
	403-8 Workers covered by an occupational health and safety management system	5.3 Worker health and safety
	403-9 Accidents at work	5.3 Worker health and safety
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 5.2 Skills development

GRI 404 - Training and education	404-1 Average hours of training per year per employee	5.2 Skills development
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 5.1 People
GRI 405 - Diversity and equal opportunity	Diversity in governance bodies and amongst employees	5.1 People
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 5.1 People
GRI 406 - Non-discrimination	406-1 Incidents of discrimination and adopted corrective measures	5.1 People
Material topic: Sustainable supply chain		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 3.3 Supply chain
GRI 308 - Supplier environmental assessment	308-1 New suppliers that have been selected using environmental criteria	3.3 Supply Chain
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 3.3 Supply chain
GRI 414 - Supplier social assessment	414-1 New suppliers that have been selected using social criteria	3.3 Supply Chain
Material topic: Research and development		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis Innovation
Material topic: Product quality and consumer protection		
GRI 3 - Material topics (2021 version)	3-3 Material topic management	1.5 Materiality analysis 6.1 Quality and safety of customers and consumers
GRI 417 - Marketing and labelling	417-1 Requisites regarding labelling and information on products and services	6.1 Quality and safety of customers and consumers
	417-2 Incidents of non-compliance regarding labelling and information on products and services	6.1 Quality and safety of customers and consumers
	413-3 Cases of non-compliance regarding marketing communications	6.1 Quality and safety of customers and consumers

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