

# CODE OF CONDUCT

Dear Sir or Madam,

Linz Textil is an international company in the textile industry. We are innovative and leaders in technology. As a reliable partner, we also behave responsibly towards our customers, suppliers and employees. The present Code of Conduct brings together for the first time in one document the basic rules and principles that are important to us, and which are already applicable for us and will continue to be binding for us in the future. The Code of Conduct applies equally for each one of us – for the board, our managers and for each individual employee in the Linz Textil Group.

Our employees are an important component of our success, thus forming an essential part of our customers' confidence in us and the good reputation we enjoy. Precisely for this reason it is necessary to set down clear principles in regard to ethics and morality in business life. By doing so we are supporting our employees in the performance of their business activities under their own responsibility. With each individual employee putting these principles into practice in their daily work, the Code of Conduct should become a fundamental component of our corporate culture.

*Linz, November 2017*

**The Board of Directors**

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## **1. Observance of laws and other external and internal regulations**

We observe the statutory norms and official regulations of the countries in which we operate.

All employees are encouraged to inform themselves fully concerning the laws and other regulations and internal guidelines and rules that are applicable for their respective area of responsibility. In cases of doubt employees should consult their manager.

Unlawful behaviour is not only unethical, it also leads to serious loss of reputation. Such behaviour can give rise to sanctions and lead to compensation for damages and loss of orders. Employees who act in contravention of laws must expect to face criminal prosecution of themselves as individuals, which can lead to consequences under labour law ranging from a warning to dismissal.

## **2. Capital market regulations**

Information which, in the event that it becomes publicly known, is likely to significantly influence the Linz Textil share price (insider information) may not be passed on to third parties. Such information includes, for example, unpublished sales figures and results, significant incoming orders in the near future, information about planned corporate acquisitions and important product innovations which have not yet been publicly announced.

Exceptions apply only if employees need the information in question in the context of their operational activity. However, this knowledge may not under any circumstances be used for share transactions, either directly or indirectly through third parties.

Blocking periods which are specified by the management in accordance with the law on stock companies, in particular those relating to managers and employees in "confidentiality areas", are to be strictly observed (see separate "Issuers Compliance Guideline").

### 3. Fair competition

Transparent and fair behaviour on the market ensures the interests of both the company and the employees on a permanent basis. Consequently, we do not coordinate our actions on the market with competitors, and we adhere strictly to the laws on the protection of competition. Any restriction of free competition, and any violations of competition and antitrust regulations, are incompatible with the corporate philosophy and culture of Linz Textil.

Violations of national or international antitrust regulations can have serious consequences for Linz Textil and the employees concerned. In particular, such violations can lead to fines and compensation payments in large amounts, and in some countries even to imprisonment. Verbal agreements and coordinated practices are prosecuted in the same way as written agreements.

In particular, all employees must observe the following guidelines on behaviour in the context of their business activity:

- No agreements on business matters may be concluded with competitors which determine or influence competitive behaviour. This applies in particular in regard to agreements which have as their aim or ultimate effect the fixing of prices or production capacities, the dividing up of markets or customers, or the boycotting of a customer or other market participants.
- No unfair business practices may be applied and no pressure may be exerted on intermediaries in order to market products at a defined price.
- No agreements may be reached for the issuing of sham offers.

Employees of the Linz Textil Group are prohibited from speaking about confidential matters (such as prices and conditions of sale, costs, production capacities, warehouse stocks and similar) in the course of conversation and contact with competitors.

#### **4. Corruption/bribery**

In adherence to the existing statutory provisions, all employees are prohibited from directly or indirectly offering or accepting benefits if the intention thereby is to exert an illicit influence on business transactions, or even if merely the impression of such an intention could arise.

Commission and fees received by dealers, agents or consultants may only be paid in respect of permissible services which have actually been provided, and must be in due proportion to the services in question.

#### **5. Conflicts of interest**

Situations in which a personal or financial interest is in conflict with the interests of the company should be avoided.

In particular, conflicts of interest can arise in the following cases:

- Ancillary activities which are contrary to the interests of the company, e.g. consultancy agreements.
- Participations in companies and other legal entities (such as partnerships or corporations), the operation of enterprises, and the agreement of co-operations of any kind which go against the interests of the company.

Conflicts of interest are not always avoidable, and must therefore be fully disclosed wherever they are identifiable or foreseeable. The employee's manager is to be informed concerning conflicts of interest, and transactions and activities are not to be undertaken before the consent of the manager has been obtained.

## **6. Assets and resources**

The company's assets and operating resources should be used and handled efficiently and carefully. Alongside unlawful acts such as theft, carelessness and wastefulness can also have negative effects on company success. Operating assets and resources are to be used for legitimate operational purposes. Any private use must be approved by the employee's manager.

## **7. Respect and integrity**

Based on the foundations of the United Nations Charter and the European Convention for the protection of human rights and basic freedoms, human rights are regarded as fundamental values which are to be respected and observed by all employees. Consequently, Linz Textil does not tolerate any kind of discrimination in any form whatsoever.

## **8. Ban on child labour**

Child labour may not be used in any phase of the supply chain. The minimum age should not be less than the age at which general compulsory school attendance ends, and may not in any case be less than 15 years.

## **9. Avoidance of hazards to persons and the environment**

We make every effort to ensure a safe working environment. Accident prevention regulations are to be strictly observed and continually reviewed to ensure their efficacy. Defects must be immediately notified and rectified. Special responsibility rests with the responsible managers in this regard.

Linz Textil ensures the observance of the applicable provisions and standards on protection of the environment as these affect its respective operations, and acts in an environmentally aware manner at all sites. We avoid damaging effects on the environment. We are economical in the use of natural resources, and this is also our aim in regard to our products.

## **10. Donations**

Linz Textil has a tradition stretching back over 175 years. Its sites are rooted in the local social environment. We therefore regard it as appropriate to accept a share of social responsibility. We give donations and provide other forms of social commitment in the company's interest. We do not give any financial donations to political parties or candidates for public office.

## **11. Corporate communication**

All verbal and written announcements and press releases touching on the interests of Linz Textil are issued exclusively by the respective Board of Directors or managers, and in exceptional cases through the Supervisory Boards. This is the case with conventional and also with digital communication.

The passing on of personal data, both within the company and to persons outside the company, is permissible only within the framework of the statutory provisions.

Confidential information of any kind which is obtained in the course of professional activity (including information outside of the employee's immediate area of activity) may not be used for the pursuit of the employee's own interests, and also may not be made accessible for use by third parties. It is to be ensured that company information of any kind is always preserved securely.

## **12. Data protection, information security**

The protection of personal data (particularly data of employees, customers and suppliers) is important to Linz Textil. A regulation has therefore been concluded between the company management and the employees in a separate works agreement, setting out methods for handling personal IT-based data.

### **13. Implementation, contact partner**

Each individual employee is personally responsible for the observance and implementation of the Code of Conduct. In the event of uncertainty or queries, each employee can seek advice and help in decision-making from his direct manager. In addition, the Compliance Office of Linz Textil can be contacted. The Compliance Office also receives reports concerning any violations of the Code of Conduct that have been observed, and treats such reports confidentially.

The following contact person and email address are available for this purpose:

Mag. Otmar Zeindlinger, telephone number 0732-3996-538 or  
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