

CANDIANI
1938

Sustainability Report

2025



Table of contents

Letter from Alberto Candiani	04
Introduction	05
Denim makers	10
Stakeholder engagement	15
Double materiality assestement 2025	18
Sustainability performance	22
Social	43
Governance	54



Starting in 2024, Candiani's Sustainability Report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD), following the European Sustainability Reporting Standards (ESRS) set by the European Financial Reporting Advisory Group (EFRAG). Given Candiani's previous reports, the parameters suggested by the Global Reporting Initiative, in line with the G4 Core guidelines, were also included. Performance indicators continue to be collected and analyzed annually.





The Italian cotton industry is currently dealing with a range of complex challenges that are proving difficult to address. Unfortunately, environmental conditions hinder its growth, particularly its competitiveness. Rising costs, especially energy expenses, present significant obstacles, especially in the absence of a well-structured national system designed to protect both companies and workers.

In this context, Candiani is evolving by expanding its yarn sourcing internationally while maintaining control over intellectual property and ensuring the quality compliance of its fabrics. The company places great emphasis on the origin of raw materials and their related certifications. Additionally, the dyeing, weaving, and finishing departments are continuously updated through ongoing research and development. This effort has recently led to the creation of new colors, constructions, weaves, texture effects, and technical enhancements, all aimed at improving denim fabrics while honoring their heritage.

We have developed nitrogen-based dyes as alternatives to indigo, resulting in a diverse denim color palette that includes vibrant green and brown hues, as well as traditional black and grey shades. Our research into natural fibers, such as linen, wool, and hemp, aims to provide alternatives to cotton and contributes to innovations in dyeing processes. We use these materials to create unique wefts for refined, innovative fabrics. Additionally, our research on industrial and post-consumer recycling is ongoing. Lastly, we are exploring the technical and hybrid sectors that may emerge from the development of bio-synthetic fibers, potentially leading to a new category of lightweight, high-performance fabrics.

The focus on product quality, research, and attention to detail remains a key strength of the dedicated Italian manufacturing sector. To achieve specialization and innovation, it is essential to embrace aesthetic appeal, select more sustainable materials, and continually improve processes in support of sustainability. This shift embodies the true essence of the industry: efficiency.

Alberto Candiani

01
INTRODUCTION



Candiani past

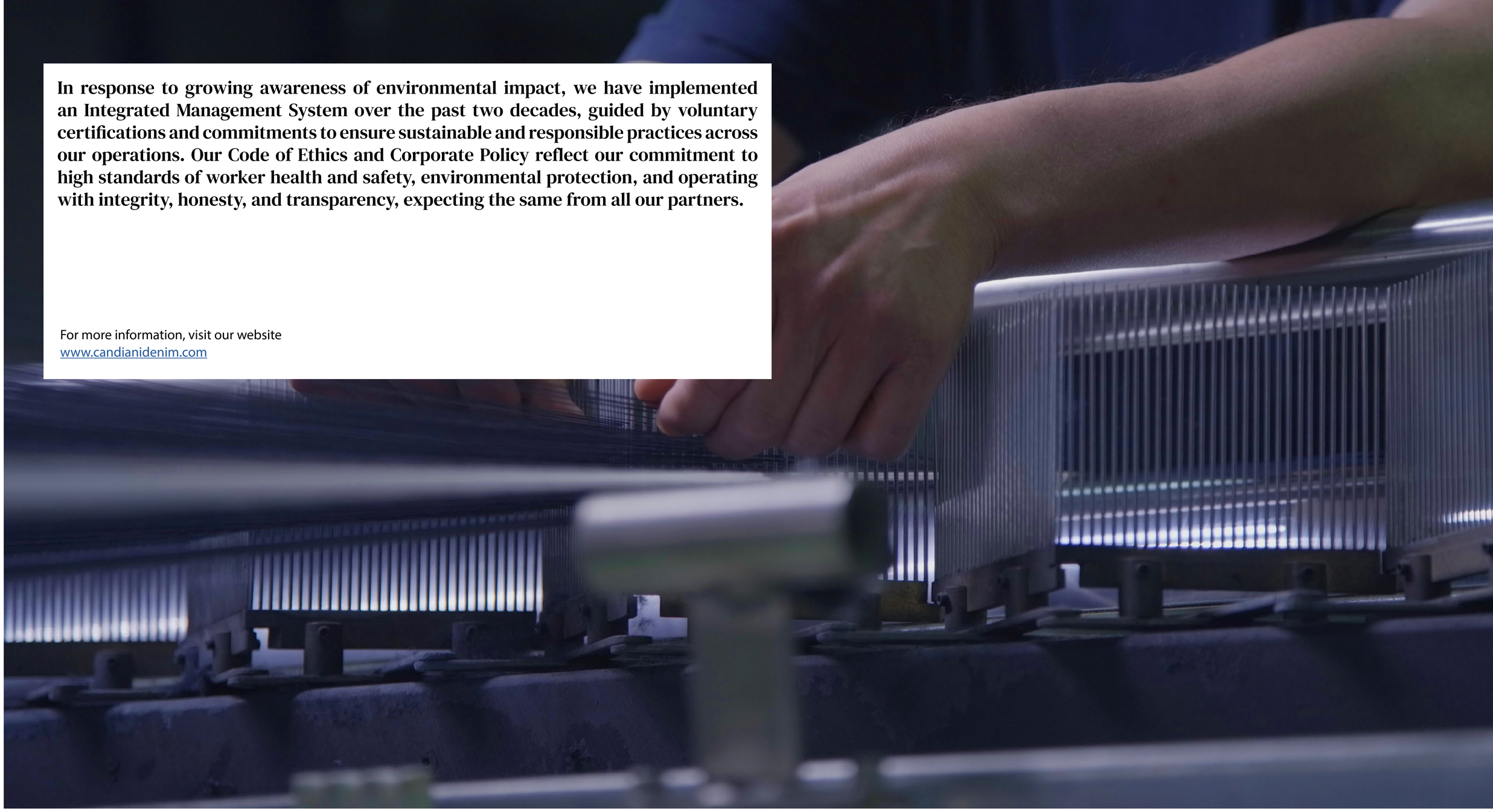
Founded in 1938 by Luigi Candiani in Valle del Ticino near Milan, Candiani S.p.A. began as a producer of Massawa workwear fabric, contributing to the region's textile heritage. In the 1960s, under Primo Candiani's leadership, the company shifted focus to denim, becoming fully vertically integrated.

By the mid-1980s, Candiani expanded internationally and pioneered stretch denim, a key innovation led by Gianluigi Candiani, which played a significant role in establishing the premium denim market. Now in its fourth generation, Candiani remains family-owned, with Alberto Candiani at the helm, blending the brand's heritage with sustainable innovations to set new industry standards.

Candiani present

Candiani has grown from humble beginnings into Europe's largest and most advanced denim mill, seamlessly blending distinct aesthetics with cutting-edge sustainable technologies. As a world leader in denim production, we supply and collaborate with prestigious international fashion brands.

With 90% of our output exported, our primary market outside Europe is North America, with expanding reach in South and East Asia. Sustainability has been at the core of our operations from the start. Located in the Ticino Valley nature reserve, we adhere to the industry's most stringent environmental regulations, viewing them as essential for thriving in a rapidly changing world.



In response to growing awareness of environmental impact, we have implemented an Integrated Management System over the past two decades, guided by voluntary certifications and commitments to ensure sustainable and responsible practices across our operations. Our Code of Ethics and Corporate Policy reflect our commitment to high standards of worker health and safety, environmental protection, and operating with integrity, honesty, and transparency, expecting the same from all our partners.

For more information, visit our website
www.candianidenim.com

Our core values

Made in Italy

The local area has an important textile heritage—skills and knowledge of a time-honored craft are passed down from generation to generation, growing in strength with time. The families of the local artisans, our most valuable assets, continue this legacy and make it possible to achieve the inimitable "Made in Italy" quality.

Innovation

Always striving to create a better, more sustainable fabric—we are relentless in our quest to explore and develop new techniques for our products and production processes. Like every "Made in Italy" company that strives for excellence, we aim to break boundaries and continually evolve, combining our experience and creativity with the latest technology.

Sustainability

At Candiani Denim, innovation equals sustainability. We endeavor to develop products and processes that are regenerative and impact-positive while continuing to challenge the industry standards. Developing new, sustainably focused technologies is crucial to the prosperity and quality of life for future generations and is central to our long-term business strategy.

Our pillars of sustainability



LASTING LEGACY

We are located in a nature reserve park, the Parco del Ticino, which is as rich in biodiversity as it is in textile heritage. The park's stringent regulations have influenced our need to continuously innovate our production practices. We are committed to preserving and respecting both the habitat that makes our home unique and the entire community of people that make what we do possible.



INTELLIGENT INGREDIENTS

Like any good recipe, quality denim starts with quality ingredients. We are committed to knowing our suppliers and ensuring traceability by sourcing as close to home as possible. We aim to use high-quality, innovative materials that respect people and the planet while tirelessly promoting responsible consumption of our natural resources.



TRAILBLAZING TECHNOLOGIES

Evolution is part of our DNA. We aim to continually push boundaries by continuing to develop and discover state-of-the-art solutions to reduce the environmental impact of our products and production while driving these changes industry-wide.



TRUSTED TRANSPARENCY

We want to tell the whole story of how denim is made. We have opened our doors for a firsthand look at our production. We are committed to informing and educating brands and end-consumers on what we consider sustainable denim production.

Candiani achievements in Innovation & Sustainability

PROCESS RELATED

RINA
CERTIFIED MANAGEMENT SYSTEM
SA 8000

Member of CISQ Federation
RINA IQNet
CERTIFIED MANAGEMENT SYSTEM
ISO 14001

Member of CISQ Federation
RINA IQNet
CERTIFIED MANAGEMENT SYSTEM
ISO 9001

Member of CISQ Federation
RINA IQNet
CERTIFIED MANAGEMENT SYSTEM
ISO 45001
Legislative Decree no, 231/01

ZDHC
CONTRIBUTOR

DETOX
GREENPEACE

Higg Index
Facility Environmental Module

PRODUCT RELATED

Global Recycled Standard
ICEA, GRS 2013-005

ORGANIC BLENDED content standard
ICEA, OCS 2018-010

GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·
ICEA, GOTS 2013-006

RECYCLED BLENDED content standard
ICEA, RCS 2019-021

better cotton

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100

EN13432-2000

regenagri
regenerative certified

CERTIFIED
cradle to cradle

PRIZES

WINNER OF
INNOVATION OF THE YEAR
2020

Drapers Sustainable Fashion Awards 2020

ITMA SUSTAINABLE INNOVATION AWARD 2019 | WINNER
Industry Excellence

ITMA 2023

TextilWirtschaft
FORUM-PREISE 2019

TextilWirtschaft TOP BRAND DENIM FABRICS 2023
2023

TextilWirtschaft TOP BRAND DENIM FABRICS 2019
2019

TextilWirtschaft TOP BRAND DENIM FABRICS 2017
2017

TextilWirtschaft TOP BRAND DENIM FABRICS 2015
2015

CNMI SUSTAINABLE FASHION AWARDS 2023

rivet 50 2019

rivet 50 2018

TO DO.IT



02
DENIM MAKERS



Our production

Candiani S.p.A., referred to as Candiani, specializes in producing selvedge and full-width denim fabrics ranging from 7oz to 16oz. Our headquarters in Robecchetto con Induno covers 101,420 square meters. With a production capacity of 16 million meters per year, our vertically integrated, large-scale operations distinguish Candiani as a leader in both Italy and Europe.

Our production process encompasses multiple stages, starting with the purchase of raw cotton, which then undergoes spinning, warping, dyeing, weaving, finishing, and quality control. As specialists in ring spinning, we employ state-of-the-art technologies and materials to produce both rigid and stretch yarns.

Our dyeing range accommodates both sulfur and indigo dyes. Additionally, our weaving facility is equipped with projectile looms, rapier looms, and vintage shuttle looms dating back to the late 1950s. In the finishing department, we offer a range of stabilizing processes and, if necessary, ennobling techniques to achieve diverse desired performance or aesthetic characteristics in our denim fabrics.

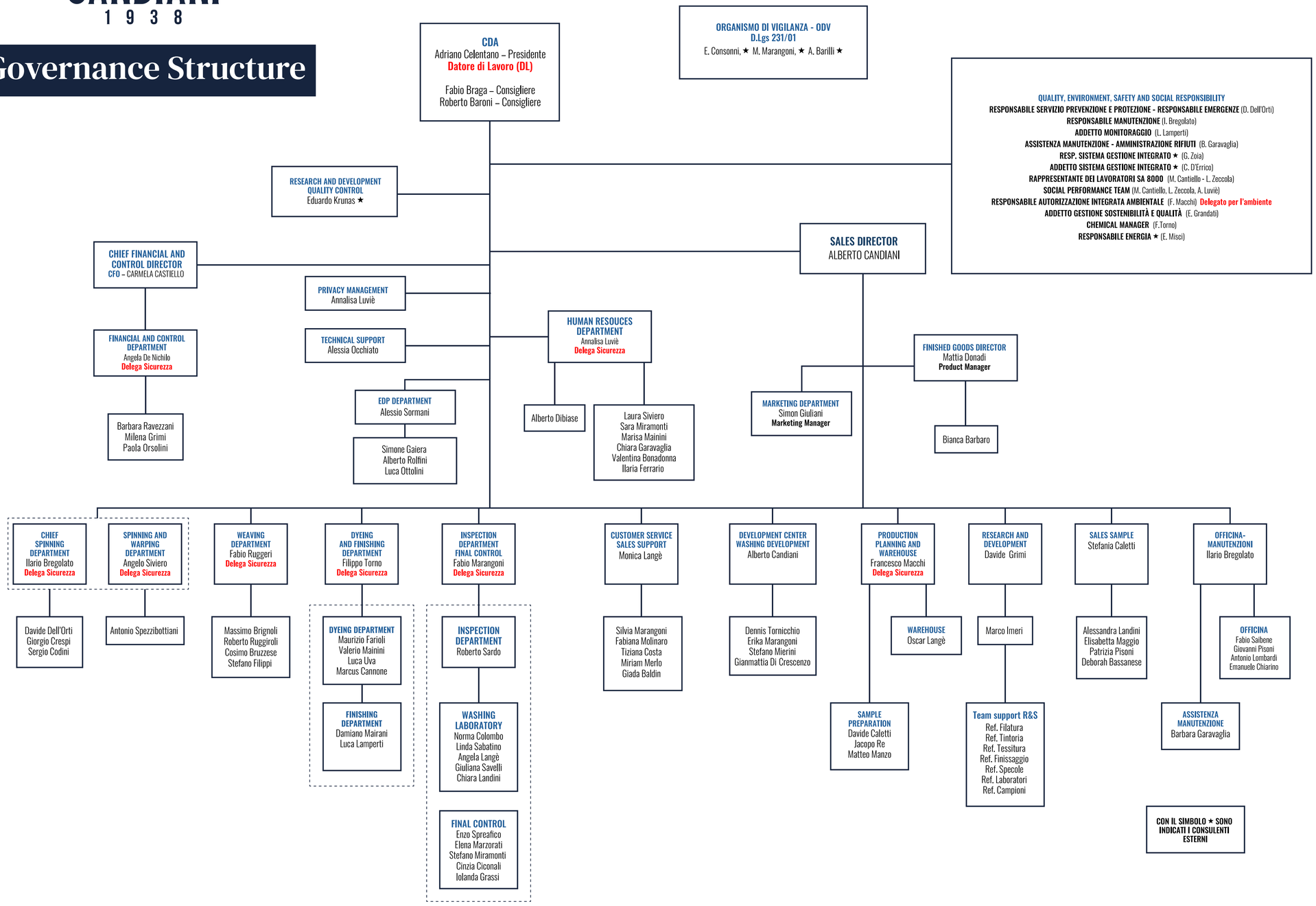
Research and development are at the core of our operations, consuming significant time, energy, and resources while profoundly influencing each production process. We are driven by a self-declared mission to elevate the sustainability standards within the denim industry continually. With every new product release, we strive to push the boundaries further and lead the way in sustainable denim innovation.

CANDIANI 1938

Governance Structure

Governance structure

The management of environmental and social responsibilities are distributed among a team whose primary roles also contain decision-making functions pertinent to the company's sustainability objectives. This team meets periodically, is responsible for implementing the sustainability strategy and policy, and supports with strategic guidance. Furthermore, the Sustainability & Quality Manager and Integrated Management Systems Manger ensure that Candiani's commitments are respected, specific, measurable, achievable, relevant, and time bound. They are also responsible for the continued monitoring and evaluation of progress and communicating the results with relevant stakeholders.



BLUE COLLARS

Blue Collars S.r.l. is the exclusive branding, marketing, and retail operations at Candiani S.p.A. Founded in early 2019, Blue Collars was created to support Candiani as they expand beyond their historic role as a leading ingredient brand to also encompass B2C pursuits.

The Candiani Denim Store, Candiani's first retail initiative, opened in 2019. Located in the heart of Milan, only a few steps from the Duomo, in the old city center, and away from the hustle and bustle of the nearby shopping district. In 2024, this hub dedicated to Italian jeans culture was expanded with a nearby space called Candiani Corner, which enhances the offering with ready-to-wear denim and a selection of multi-brand options.

CANDIANI CUSTOM

The micro-factory, opened in 2021 inside the Candiani Denim Store, offers a unique experience built on five pillars: personalization, transparency, sustainability, innovation, and Made in Italy. Candiani Custom showcases cutting-edge, sustainable denim technologies, producing on-demand, made-to-measure jeans. It embodies the principles of environmental and social sustainability, bringing the concept of "less is more" to life when less truly means better.

THE PRIMO JEAN

In 2025, Candiani launched its first e-commerce platform for jeans under its own brand. This initiative aims to directly connect consumers with the value of the Italian textile supply chain and to showcase Candiani's finest fabrics, which have been favored for decades by top luxury and premium brands.

The Primo Jean is not just an ordinary pair of jeans; it features the classic 5-pocket regular style that never goes out of fashion. When crafted to a high standard, it lasts a long time and improves with wear. We oversee every step of the process, from selecting cotton seeds to sewing, ensuring a vertical supply chain that delivers jeans directly from the producer to the consumer without intermediaries.




COME
CANDIANI
CUSTOM


CANDIANI
CORNER



03
STAKEHOLDER ENGAGEMENT



Given the modern concept of material topics, carved by the latest European regulations, engaging with relevant stakeholders remains crucial in identifying and evaluating our business priorities. By listening to their viewpoints, concerns, and expectations, we gain a comprehensive understanding of our operating context, allowing us to develop shared, sustainable, and practical strategies. Our stakeholder engagement process is structured in two phases:

Identification of relevant stakeholders

In the first phase, we identified the most relevant stakeholders—those whose interests are or could be influenced by our organization's activities. With input from management, we have identified 9 key stakeholder groups. These groups will be further analyzed in the next chapter.

Identification of involvement methods and implementation of engagement

In the second phase we defined the involvement methods to be adopted for the relevant stakeholder categories.

We engaged our stakeholders through:

INDIRECT ENGAGEMENT

Involved an analysis of documentary sources (eg. Sustainability Report, Transition Plan, ...) aimed at understanding the opinions and concerns of stakeholders regarding the company's priority topics. This approach concerned the categories of Customers, Institutions, Nature, Media, and Local Communities.

DIRECT ENGAGEMENT

Developed in two ways:

- By administering a materiality questionnaire that investigated the relevance of our material topics in terms of associated impacts, risks, and opportunitites. This approach concerned Customers, Partners, and Suppliers.
- By conducting direct interviews with the Governance and with our own workforce representatives.

CANDIANI'S KEY STAKEHOLDER

GOVERNANCE

SUPPLIERS

INSTITUTIONS

OWN WORK FORCE

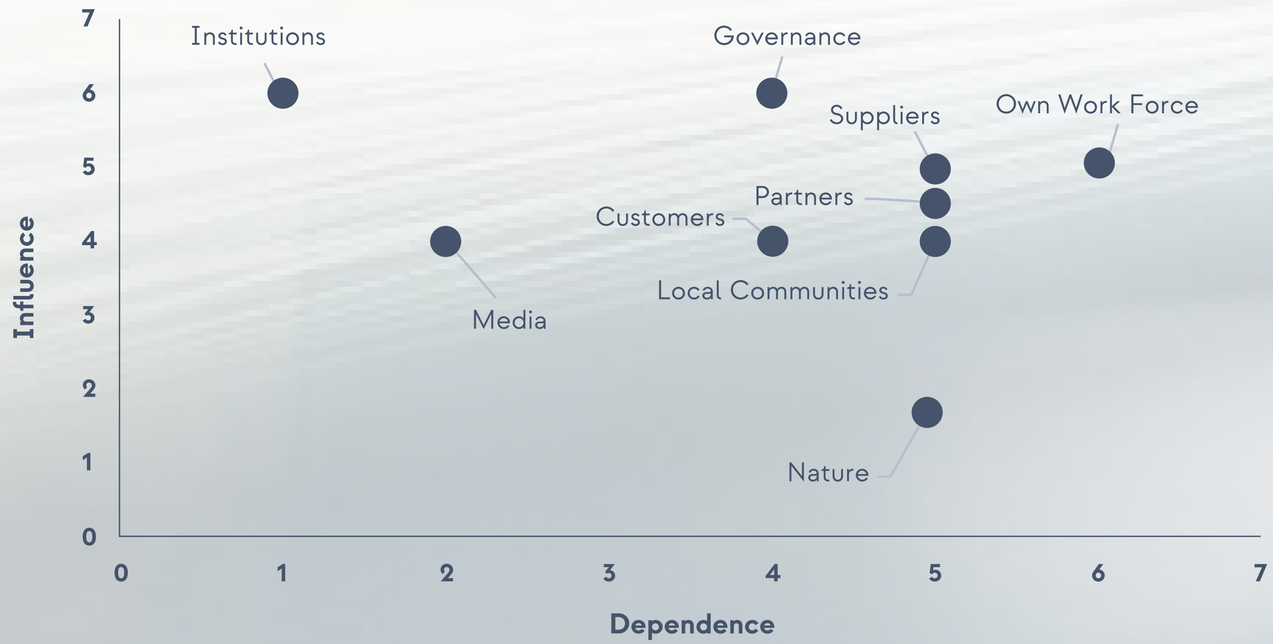
PARTNER

MEDIA

CUSTOMERS

LOCAL COMMUNITIES

NATURE

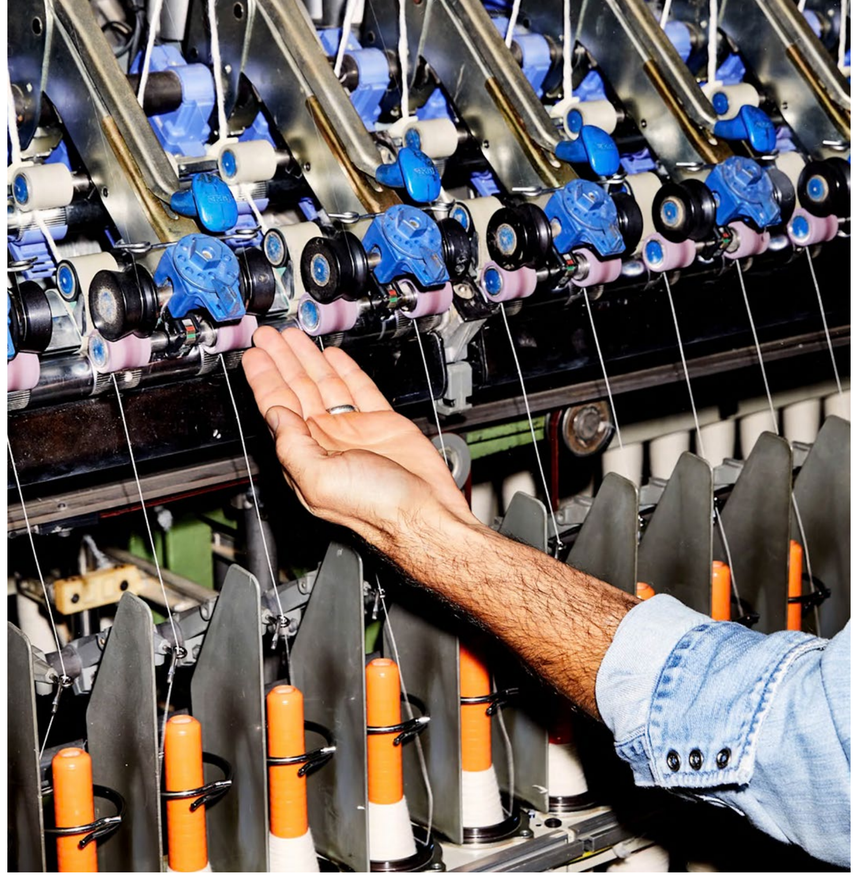




04
DOUBLE MATERIALITY ASSESSMENT

The ESRS (European Sustainability Reporting Standards) developed by EFRAG (European Financial Reporting Advisory Group) requires that the sustainability statement includes sustainability information related to material impacts, risks, and opportunities (IROs) identified through a materiality assessment process that applies the principles of double materiality:

- Impact materiality pertains to the material information about the undertaking's impacts on people or the environment related to a sustainability matter.
- Financial materiality refers to the material information about risks and opportunities related to a sustainability matter.



A sustainability matter is material from:

- An impact perspective when it pertains to the undertaking's material actual or potential, positive, or negative impacts on people or the environment over the short-, medium-, and long-term.
- A financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking.

A matter can also be material from both perspectives.



Material IROs related to environmental, social, and governance matters that are to be reported are those that arise in Candiani's own operations as well as in its upstream and downstream value chain. In order to identify these matters, the results of the Stakeholder Engagement phase were also taken into consideration.

In this assessment Candiani did not exclude any material IROs and therefore the sustainability statement includes them irrespective of whether actions have been taken, or are planned to be taken, to address them.

For reporting purposes, Candiani adopts the following definitions of the duration of periods:

- Short term: less than or equal to one year
- Medium term: up to five years
- Long term: over five years

Methodologies and assumptions applied

The impact materiality analysis was carried out using as a starting point the assessments that Candiani has been carrying out for decades to manage the environmental and social impacts of its activities through its integrated management system.

These assessments were integrated using the LEAP approach developed by the TNFD (Taskforce on Nature-related Financial Disclosures) and taking into account the indications provided by ISO14090:2019 and ISO14091:2021.

Through this approach, it is possible to develop the financial matrix in parallel, which considers risks of various types, such as:

- physical climate risks – identified following a scientific approach based on the evidence of the 6th IPCC Assessment Report (Chapter 12) and the indications of the European Taxonomy (Appendix A), taking into consideration all CIDs (Climate Impact Drivers) applicable to Candiani
- transition climate risks – associated with the shift to a lower-emitting economy
- environmental risks
- reputational risks
- technological risks – which include cybersecurity, technological obsolescence, and privacy security
- market (strategic) risks
- workers safety risks
- regulatory risks – associated with the possible introduction of regulations that increase the economic burden on the company

The significance of each of the impacts identified was determined, taking into consideration various variables based on the type of impact:

Actual positive – scope & scale

Positive potential – scope & scale & probability

Actual negative – scope & scale & irremediability

Potential negative – scope & scale & irremediability & probability

Similarly, the materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial effects.

Once the material matters were identified, we then assessed the information to be reported for each material matter based on the materiality of information, following the indication of ESRS 1 paragraphs 30, 31, 33, and 34.

Below is a list of significant IROs and their related sustainability matters identified as material in this Sustainability Report. During the annual management review, Candiani's IROs are evaluated and reexamined.



Candiani IROs 2025

ESRS Sustainability matter	IRO	Explanation	Significance	Action plan
E1 - Climate change mitigation	Risk (Regulatory)	Stricter European directives on emission mitigation	■■■■	Improving our Scope 1, 2 and 3 understanding, as first step of a CO2 reduction plan with science based targets, through specialized tools and consultancy
	Opportunity	Improving the understanding of CO2 emissions and follow a decarbonisation pathway	■■■	
	Impact (Actual negative)	CO2 emissions	■■■	
E3 - Water consumption	Opportunity	Improving water efficiency	■■■	Monitoring the water consumption and the effectiveness of the develop water saving technologies and practies
E3 - wastewater	Risk (Environmental, regulatory and reputational)	Effective industrial discharge treatment	■■■■	Internal treatment and participation in the local municipality wastewater treatment plant
	Opportunity	Reducing dangerous chemicals usage and discharge	■■■	ZDHC compliance and sustainable chemical management
E4 - Biodiversity loss	Impact (Actual positive)	Supporting regenerative agriculture	■■■	Regenagri's Chain of Custoy standard conformance
E5 - Circular economy	Impact (Actual negative)	Waste production	■■■	Maximaze the percentage of waste recovered and by-products reusing
	Impact (Actual positive)	Promoting best practies in circular fashion	■■■	Participation in the Circular Fashion Monitor
S1 - Own workforce	Risk	Monitor compilance with safety procedures	■■■■	ISO45001:2018 and SA8000 conformance;
	Risk	Injuries	■■■■	Workforce training
	Impact (Actual positive)	Listen to the problems identified by workers	■■■■	Whistleblowing
G1 - Business conduct	Opportunity	Improving Economic Value Retained	■■■	Supply chain due diligence and chemical sourcing assesment
	Opportunity	Improving Supply Chain Management	■■■	

05
SUSTAINABILITY PERFORMANCE



At Candiani, sustainability plays a crucial role in our company strategy and significantly impacts every aspect of our business. Our commitment is shaped by four pillars: Lasting Legacy, Intelligent Ingredients, Trailblazing Technologies, and Trusted Transparency. These pillars help us balance environmental, social, and economic performance while guiding our commitment to managing the company.

This commitment to sustainability allows us to manage business risks proactively and build long-term resilience, adapting to new challenges and opportunities. We recognize the importance of monitoring and reporting our performance, as it enables us to share our progress and identify areas for improvement with stakeholders, including customers, employees, investors, and the wider community.

By maintaining an open and transparent approach, we uphold our responsibility as sustainability leaders in the denim industry, fostering trust and credibility. Our goal is to lead by example, inspire positive change, and contribute to a more sustainable future for both our planet and society.



Environment

At Candiani, we prioritize the principles of Reduce, Reuse, Recycle, and Regenerate throughout our production and supply chain, from procurement to the creation of finished fabric. These core concepts guide our operations, helping us address key environmental issues like water consumption, energy efficiency, chemical management, and emissions.

By following these principles, we commit to managing our environmental impact and contributing to a more sustainable textile industry. Our commitment to these principles translates into concrete actions focused on creating a circular economy. We work to reduce waste, optimize resource use, and adopt innovative recycling methods to lower our environmental footprint.

This approach helps us preserve natural resources, protect ecosystems, and promote a sustainable future for generations to come. Throughout our production process, we balance crafting premium denim with our responsibility to protect the environment, solidifying our role as leaders in sustainable practices.

The following section will delve into key topics such as Climate Change, Energy Efficiency, Air Emissions, Chemical Management, Water Management, Biodiversity Protection, Eco-design & Circular Economy, and Raw Material Management.

Climate Change | ESRS E1

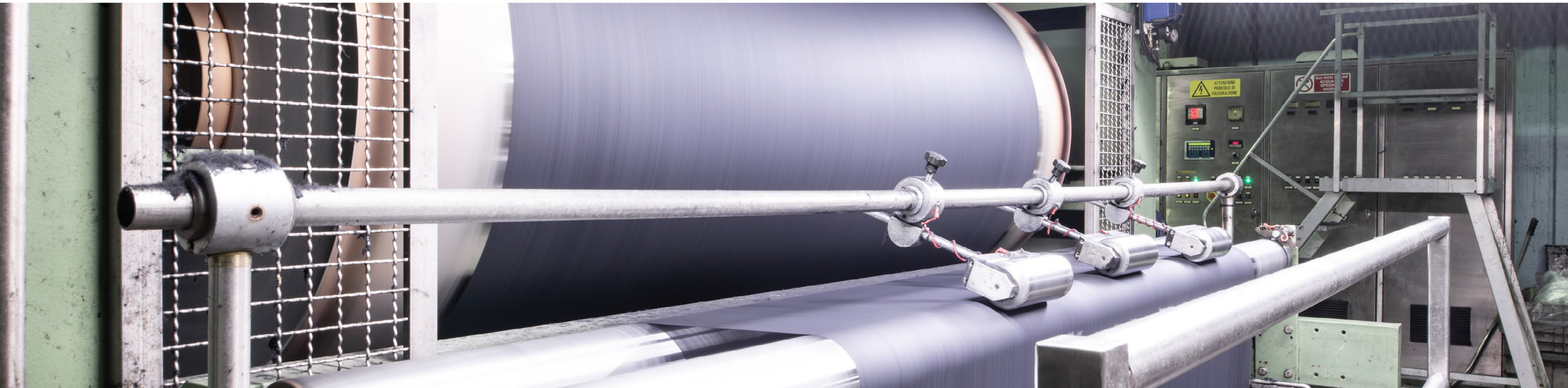
As the IPCC underlined in its sixth assessment report, the link between greenhouse gas (GHG) emissions and human-caused climate change is undeniable. As climate impacts worsen, it is crucial for our company to reduce emissions to protect vulnerable ecosystems and communities. In order to do so, we will improve the monitoring of our GHG emissions, including Scope 3, and we will set scientific targets alligned with the Paris Agreement in the near future.

The table below shows total GHG emissions, measured in CO2 equivalents. Scope 1 includes direct emissions from methane and diesel use, while Scope 2 covers indirect emissions from purchased electricity.

Table I. GHG Emissions and Intensity Overview

	2023	2024	2025
Total emission [ton CO2eq]	15983.21	15555.54	12840.17
Scope 1 [ton CO2eq]	6837.93	7929.42	7577.11
Scope 2 [ton CO2eq]	9145.28	7626.12	5263.06
GHG intensity based on net revenue*	0.006911	-	-

***Annual Statement of Accounts – Income Statement – entry 21; in the event of a loss for the financial year, the GHG intensity is not reported**



To promptly reduce on-site air emissions, we adopted a practice of redirecting our CO2 emissions to neutralize and oxidize our wastewater. Through this approach, the CO2 generated during production is recovered and directly introduced into wastewater storage tanks via insufflation, producing sodium bicarbonate and effectively lowering the pH of the discharged wastewater.

Table II. Recovered CO2 for Wastewater Treatment

YEAR	Total recovered CO2 in tons	Recovered CO2/ ton production
2023	1669.4	0.34
2024	1920.1	0.35
2025	1878.3	0.34

EU EMISSIONS TRADING

Since 2005, Candiani has participated in the CO2 emissions trading market (EUA) established under the Kyoto Protocol and Directive 2003/87/EC. As a result, the company has continuously monitored its greenhouse gas emissions, leading to a significant reduction.

In the emissions trading market, each ton of CO2 is assigned an economic value, known as a quota. In July 2023, Candiani Denim exited the scope of the Emission Trading Directive by reducing the installed capacity of its boilers, replacing them with lower-capacity models.

CARBON OFFSETTING

In 2021, Candiani took a significant step by investing in an international project to offset some of its CO2 emissions for the first time. To achieve this, we directly invested in a renewable energy project in Rio Grande do Sul, Brazil. This investment decision was driven by the fact that Candiani sources a substantial portion of its cotton from Brazil, making it a fitting place to invest in nature.

The project we invested in is the Santa Vitória do Palmar wind farm, which involves the construction of 201 wind turbines. Once fully operational, this project is projected to substantially reduce approximately 640,706 tons of CO2 eq emissions per year. Beyond its environmental impact, the project promotes sustainable development by enhancing the local economy through job creation. The United Nations Environmental Agency actively monitors the project's implementation and outcomes.

In line with our commitment, Candiani purchased certified emission credits, effectively offsetting 1000 tons of CO2. As a result, this initiative has led to a remarkable reduction, equivalent to approximately 7.7% of the total atmospheric emissions generated by the Robecchetto site in 2020.



TRANSITION PLAN - MITIGATING CLIMATE CHANGE

A sustainability transition plan is crucial for companies aiming to align with environmental goals, such as those outlined in the Paris Agreement. It helps businesses shift towards a low-carbon economy while maintaining financial stability and regulatory compliance.

In line with this philosophy, Candiani has set targets to support the development of a successful transition plan, outlined below. While the plan will be approved by the company's administrative and management bodies, GHG emission reduction targets are not currently linked to remuneration. As part of setting science-based targets, Candiani will introduce internal carbon pricing to better inform decision-making and guide the company's decarbonization strategy.

Table III. Candiani's Climate Mitigation Transition Plan

Target	Year	Intervention	Investment plan
Improve the monitoring and calculation of GHG scope 1 and 2 emissions	**2025-2028**	Partnership with Sustainable brand Platform	Setting and tune a dedicated platform for CO2 monitoring - more informations about the project can be found in the next slide
Calculation of GHG Scope 3 emissions	**2025-2028**	Partnership with Sustainable brand Platform	
Setting science-based reduction targets	**2027**	Set targets for 2030 and 2050, with annual monitoring	Dedicated consultancy

sustainable brandplatform®

DRIVING SUSTAINABLE TRANSFORMATION IN THE FASHION MANUFACTURING SECTOR

Sustainable Brand Platform (SBP) is the environmental solution to hit climate targets in fashion, enabling brands and manufacturing companies to measure, reduce, and report their environmental impact. In a regulatory landscape undergoing rapid evolution, SBP provides a data-driven infrastructure that supports the transition to low-impact, transparent, and resilient supply chains.

Rather than remaining passive data providers, manufacturers using SBP become strategic partners in sustainability, capable of embedding environmental metrics into both operational and long-term business planning.

The platform automates Corporate Carbon Footprint and Life Cycle Assessment (LCA) calculations. SBP's engine is based on the ISO14040 norm, GHG protocol, and the European Commission's PEF standard, providing the highest level of accuracy and transparency when assessing environmental impact and supports the development of detailed environmental performance profiles that can be shared with brand clients and stakeholders across the value chain.
SBP is fully aligned with emerging European regulatory frameworks - including the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the upcoming Digital Product Passport (DPP).
By adopting SBP, Candiani strengthen their position ahead of compliance deadlines, while simultaneously reducing the administrative burden of manual data reporting.

- Industrial Performance Improvement - Environmental performance is increasingly linked to operational efficiency and cost competitiveness. SBP highlights Candiani inefficiencies and waste across the production system, enabling targeted investments with high return potential. The platform also supports the shift toward circular economy models and strengthens long-term strategic resilience.
- Process Research & Development - SBP facilitates Candiani in the optimization of manufacturing processes by identifying high-emission or resource-intensive stages of production. The ability to compare alternative processing technologies fosters continuous improvement, driving reductions in energy consumption, material usage, and overall
- Material Innovation & Ecodesign - SBP enables Candiani to integrate material-level LCA into design and development processes. By evaluating environmental impact from raw material extraction to end-of-life, the platform supports innovation in sustainable materials while ensuring a balance between functional performance and environmental responsibility.
- Data-Driven Collaboration with Brands - As brands move toward lower-impact product design and greater supply chain accountability, SBP provides Candiani with a verified, structured way to share environmental data. This transparency enhances commercial relationships and reinforces the value of sustainability as a market differentiator.

Adopting SBP equips Candiani S.p.A with a scalable, future-ready platform that combines compliance-readiness, operational efficiency, and strategic environmental leadership. In an industry where regulatory pressure and market expectations are converging, SBP represents a foundational tool for delivering on both financial and climate-related objectives.

ENERGY

Over nearly a decade, Candiani has significantly invested in improving its energy efficiency. Methane is the primary energy source, mainly used to produce steam in the dyeing and finishing departments.

Electricity from the grid powers production plants, compressors, and air conditioning units. Currently, the company does not generate renewable energy on-site.

To optimize energy use, Candiani has implemented real-time automatic control systems for key applications and energy-intensive machinery.

For example, stenter machines on the finishing line are equipped with detectors to monitor energy consumption per unit of fabric.

Table IV. Energy Use per Ton of Fabric, by Source

	2023	2024	2025
Production [ton.]	4957.6	5546.1	5567.8
Electricity [Gi/ton.]	22.51	20.78	16.97
Methane [Gi/ton.]	26.96	27.55	23.68
Consumption intesity [Gi/ton.]	49.47	48.33	40.65

Table V.Energy consumption (MWh)

	2023	2024	2025
Electricity **	31001.0	32009.9	26249.7
From nuclear sources	3100.1	3201.0	2625.0
From renewable sources	11346.3	10147.1	8321.1
Methane	37126.4	42436.4	40085.5
Fossil fuels	0.396524	0.306921	0.418334
Total energy consumption	68127.7	74446.6	66335.6
Energy intensity based on net revenue* [MWh/eur]	0.029	-	-

*Annual Statement of Accounts – Income Statement – entry 21; in the event of a loss for the financial year, the GHG intensity is not reported

** The breakdown by sources was carried out on the basis of the energy supplier's specifications





Energy Efficiency Measures & Savings

Over a decade of energy efficiency efforts has resulted in significant savings, summarized below. Starting in 2027, our efforts will take a new direction as we develop a management system aligned with ISO50001 and certified by an accredited body. This new system will be integrated into our existing management framework and will become a key component of Candiani's operations.

Implementing an energy management system in compliance with the ISO50001 standard enables the company to systematically monitor and improve its energy performance while reducing energy consumption, operational costs, and emissions. It also promotes greater process efficiency, helps achieve energy targets, and strengthens the company's competitiveness through a structured approach to continuous improvement.

YEAR	UPDATE	SAVINGS
2013	Installed Loomsphere (Robecchetto con Induno)	78,000 kWh per year
2014	Replace outdated motors with more efficient IE3 electric motors in the weaving and finishing departments	102,000 kWh per year
SINCE 2014	The ongoing replacement of old bulbs with efficient LED lamps	50% of electricity and 30% better illumination
2016	Replaced rapier looms with energy-efficient projectile looms	1.516 Mwh in 2020 and 1.66 Mwh in 2021
2017	Upgrade thermal power plant with new high-efficiency compressors and a lead control unit	1,009.1 MWh and 92,000 Smc of natural gas
2019	Air-heat exchangers and efficient IE3 electric motors applied to the rameuse in the finishing department	90,300 Smc of natural gas
2021	Launch project to replace the fan heaters used for heating the production departments with heat exchange systems using steam recovery from the Bono boilers of the thermal plant	Will replace 6,325 KW of consumption
2022	We initiated the planning process to replace three boilers used for steam production, which have a combined installed thermal capacity of 25.1 MW, with two new boilers for a final total thermal power of 16 MW	Reduction of steam production capacity by 9.1
2023	We have installed two new boilers, for a total thermal output of 16 MW. This reduction in output means we are no longer subject to Emission Trading regulations	Phase out from Emission Trading regulations
2024	Relamping of one spinning line with LED lamps	2014 project continuation

Water Resources | ESRS E3

Water is essential for producing textiles like denim and is one of the planet's most valuable resources, often not managed sustainably. Candiani sources water from the local aqueduct and wells.

Despite not being located in a water-stressed region, according to an evaluation by the Water Risk Atlas, sustainable water management remains a top priority. We continually seek to implement the best technological solutions to improve the efficient use of this invaluable resource.

At Candiani, water is mainly used for dyeing and finishing processes, cleaning work areas, vehicles, and equipment, irrigating green areas, sanitary purposes, and fire safety. The dyeing and finishing processes are the most water-intensive, accounting for 57% of total water use and more than 90% of wastewater produced at our headquarters in Robecchetto con Induno. The following tables detail the total water withdrawal and a breakdown of water consumption by type.

Table VII. Water Use Breakdown

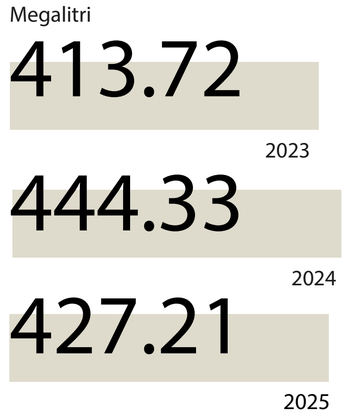
2023	Dyeing	Finishing	Steam	Other uses
Megaliter	162.16	123.95	13.28	87.12
% of total	42.10%	32.18%	3.4%	22.5%

2024	Dyeing	Finishing	Steam	Other uses
Megaliter	124.60	109.15	13.13	189.07
% of total	32.22%	24.61%	3.0%	43.4%

2025	Dyeing	Finishing	Steam	Other uses
Megaliter	111.22	103.18	12.65	199.56
% of total	26.07%	24.19%	2.97%	46.78%



Table VI. Total Water Withdrawn



WATER SAVING TECHNOLOGIES

Over the past decade, Candiani has developed a series of water-saving technologies aimed at reducing consumption in some of the most water-intensive processes within our production.

N-Denim - is a dyeing technology and is considered one of the most important recent innovations developed at Candiani Denim. This dedicated dyeing line was explicitly engineered to achieve denim with highly concentrated shades by increasing the penetration of dyeing agents into the yarn, using a fraction of water and chemicals. Its main benefits include:

- **Make an annual saving of approximately four tons of auxiliaries**
- **Eliminate the use of salts**
- **Reduce the use of chemical auxiliaries**
- **Reduce the number of dyeing baths from seven down to 1-2**
- **Enable lower dyeing temperatures reducing energy consumption**

Indigo Juice® - is a dyeing technique engineered to achieve a very superficial dye penetration. This allows dyes to easily be washed away during the laundry processes, creating an easy-to-achieve faded, vintage aesthetic while saving the water and chemicals typically needed. The fabrics dyed with Indigo Juice are engineered specifically to provide exceptional performance with sustainable laundry treatments such as laser, ozone, and ice. As a result, up to 70% fewer chemicals are used compared to typical stonewash processing.

Shaper - is a unique finishing technique developed in-house. It is a chemical and waterless process that creates highly elastic, high-performance fabrics achieving exceptional stability, elastic recovery, and Candiani's characteristic hand feel.

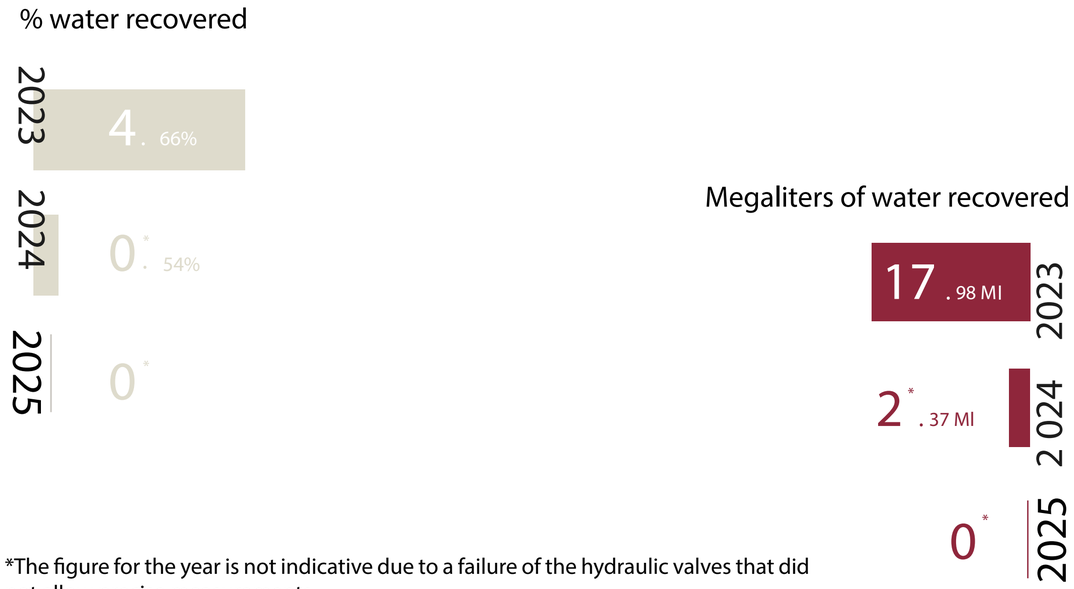
WATER RECYCLE AND RESUSE

Water recovery measures applied:

- **Closed-loop system of dye baths for continuous regeneration**
- **Water recovery from Sanfor machines is then re-directed for use in the dyeing department**
- **Replaced wash tank on mercerizing line to optimize water recovery**
- **Counter-current system on washing tanks**
- **A portion of the grey water produced is used to irrigate the permeable green area**

With these efforts, the percentage of water recovery compared to the total water withdrawn at the main site in Robecchetto equals:

Table VIII. Water Recovery



*The figure for the year is not indicative due to a failure of the hydraulic valves that did not allow precise measurements

EFFLUENTS

Located within the Valle del Ticino nature reserve, an area rich in rivers and wetlands, effective wastewater treatment is crucial. Our wastewater is returned to this ecosystem after thorough treatment.

To comply with local regulations, our discharged water undergoes weekly testing, with reports generated weekly, monthly, and semi-annually. These reports are accessible via an internal web portal for continuous monitoring and historical reference. Since 2019, all industrial sewage has been sent to an authorized external purifier, with no industrial discharges into the public sewer system.

Fluctuations in the total volume of discharged water and the ratio of discharged water to production are driven by product demand and customer orders, not changes in water management practices. Despite annual variations, the long-term trend shows a reduction in both the total volume and the ratio of discharged water.

Table IX. Water Balance: Discharge/Withdrawal (ML)

YEAR	Total water discharge	Water discharge per ton of fabric	Withdrawn water per ton fabric	% withdrawn to discharge
2023	282.24	56.90	83.50	68%
2024	346.30	62.40	80.10	78%
2025	285.09	51.40	78.40	66%



Ecologica Naviglio S.p.A.

In December 2015, Candiani acquired a majority stake (64%) in the local municipality wastewater treatment plant Ecologica Naviglio S.p.A. (EN). In this way, Candiani helps to support the economic and environmental activities of EN. This chemical-physical-biological wastewater treatment facility treats the effluents of 11 textile and tanning operations from the Municipality of Robecchetto con Induno. Benefits for all those involved include greater environmental control and reduced operating costs.

Yet, before being sent to EN, wastewater is treated in two ways. At the headquarters in Robecchetto con Induno, where all the company's wet processing is located, wastewater must be tested and undergo pre-treatment before leaving the site for further treatment.

Since March 2019, the main Robecchetto con Induno site has been connected to EN by a dedicated external sewage system. This efficiency measure allows for industrial wastewater to be treated separately from urban sewage and for both to be treated through separate dedicated plants.

Effluent limits for priority substances are established by the managing body of the Integrated Water System, which is aligned with the Robecco sul Naviglio purification plan. This plant receives the discharged water from EN, for final treatment, along with the wastewater of approximately thirty municipalities. This managing body has the right to reduce limits of non-dangerous parameters (such as BODS) and to give more restrictive limits for dangerous ones (such as nickel) than those in the table of Legislative Decree no. 152/2006. This is reflected in the MOD 07.01 Operational management of the plant: guiding values of the wastewater treatment outlet found in the Annex.

CERTIFICAZIONE DI SISTEMA AMBIENTALE DNV ISO 14001

CERTIFICAZIONE DI SISTEMA QUALITA' DNV ISO 9001

CERTIFICAZIONE DI SISTEMA SICUREZZA DNV ISO 45001

EMAS Gestione ambientale verificata IT-001588

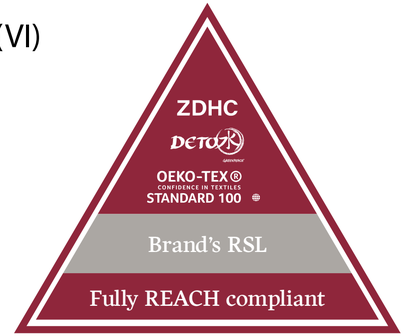




Our chemical management strategy is comprehensive and exceeds regulatory requirements. We begin by analyzing all incoming and outgoing water for chemicals, prioritizing the elimination of harmful substances at the source. This ongoing effort to reduce environmental impact has led us to adopt alternatives to commonly used pigments, dyes, and chemical auxiliaries.

We stopped using Greenpeace's eleven priority chemical groups well before officially committing to the Detox campaign

1. Alkylphenols & ethoxylates
2. Phthalates
3. Brominated and chiorinated flame retardants
4. Azo dyes releasing carcinogenic amines through reductive cleavage
5. Organotin compounds
6. Poly- and Perfluorinated chemicals
7. Chlorobenzenes
8. Chiorinated solvents
9. Chlorophenols
10. Short-chain chiorinated paraffins
11. Heavy metals: cadmium, lead, mercury and chromium (VI)



Our commitment to sustainable chemical management is demonstrated by these milestones:

- In 2015, we formalized our dedication by signing Greenpeace's Detox commitment and joining the Italian Detox Implementation Consortium
- In 2017, we advanced further by joining the Zero Discharge of Hazardous Chemicals (ZDHC) and adhering to its Manufacturing Restricted Substances List (MRSL)
- In 2019, we became ZDHC Contributors, allowing us to play a key role in shaping future chemical management protocols and driving positive industry change

Chemical Screening & Inventory

We have developed a new internal screening and storage procedure to enhance our chemical management practices. Before approving a new chemical product, we review its safety data sheet to ensure it complies with voluntary standards like GOTS (Global Organic Textile Standard) and ZDHC's MRSL (Manufacturing Restricted Substance List). Additionally, we now only purchase and use chemicals that conform to Levi's Restricted Substances List (RSL).

Upon arrival at the mill, all chemical products are entered into our new chemical management portal, labeled with product, lot, and expiry date, and stored in our warehouse. When needed for production, the required quantity is deducted, allowing real-time tracking of our chemical inventory. Safety Data Sheets are readily accessible to workers to prioritize their health and safety.

Chemical products are also uploaded on ZDHC's CleanChain and an InCheck report created. This inventory is updated every 3 months.

Protection of Biodiversity | ESRS E4

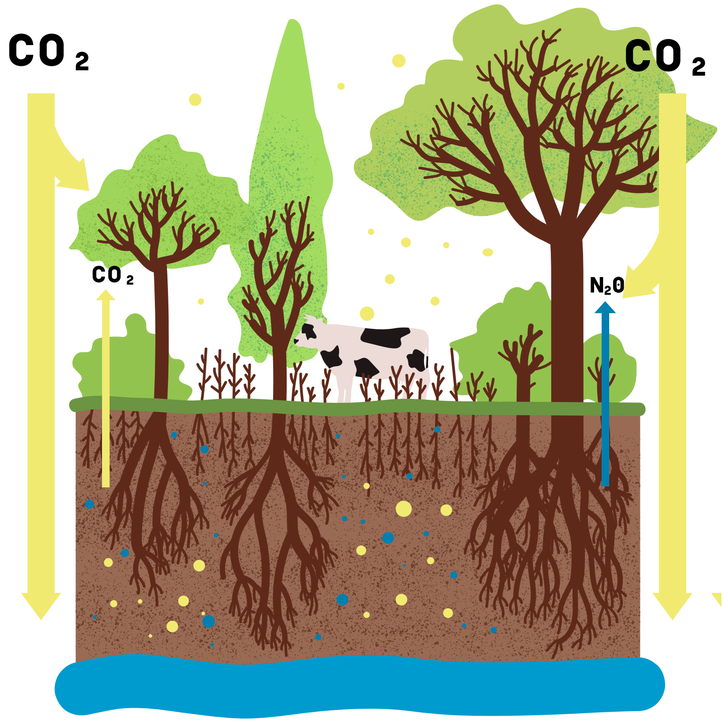
Biodiversity loss is a critical issue now recognized as being on par with the climate crisis. We also understand that biodiversity loss and climate change are inextricably linked. Action on one cannot adequately progress without action on the other.

BELIEVING IN A REGENERATIVE FUTURE

One way Candiani aims to addresses the climate crisis and biodiversity loss by investing in regenerative agriculture, which prioritizes soil health and offers several benefits (outlined in the graphic below). While regenerative agriculture practices are site- and context-specific, making a universal definition challenging, Candiani developed its own definition to guide sourcing and decision-making.

Regenerative Agriculture Makes Healthy Soil

- More biodiversity above and below ground
- More bio-productivity
- Improves nutrient efficiency
- Improves soil fertility and structure
- Increases soil organic matter
- Lowers evaporation, runoff, and erosion
- Improves hydrologic cycle
- Recovers groundwater levels
- Higher crop resistance and natural weed management
- More carbon sequestration
- Less emissions released in the atmosphere



"Regenerative agriculture aims to restore the natural functions of the land by improving soil health and rebalancing ecosystems. It is an ongoing continual improvement process in which practices differ based on soil properties and biological and climatic conditions. When taken as an aggregate, they have a net positive impact on the social, environmental, and economic needs of the farm/-ers' and the community at large."

As of November 2021, Candiani became the first company certified according to regenagri®'s Chain of Custody standard. The Chain of Custody proceeds the regenagri® Content Standard certification and confirms the regenerative fiber content in a finished product. In the case of Candiani, it refers to regeneratively grown cotton content in the finished fabric.

Candiani's regenagri® Content Standard certified fabrics must contain at least 40% regeneratively grown content.

The regenagri® standard focuses on the continuous improvement of environmental outcomes rather than maintaining a status quo. Importantly, it is a standard that meets farmers where they are while supporting farms and organizations with a complete solution to facilitate the continued adoption of regenerative farming methods.

Candiani believes this approach gets to the heart of regenerative agriculture. It makes the standard farmer-friendly and points to the potential for regenagri® to become a widely adopted standard and genuinely scalable solution to some of the world's most pressing problems.



THE PARCO NATURALE DELLA VALLE DEL TICINO

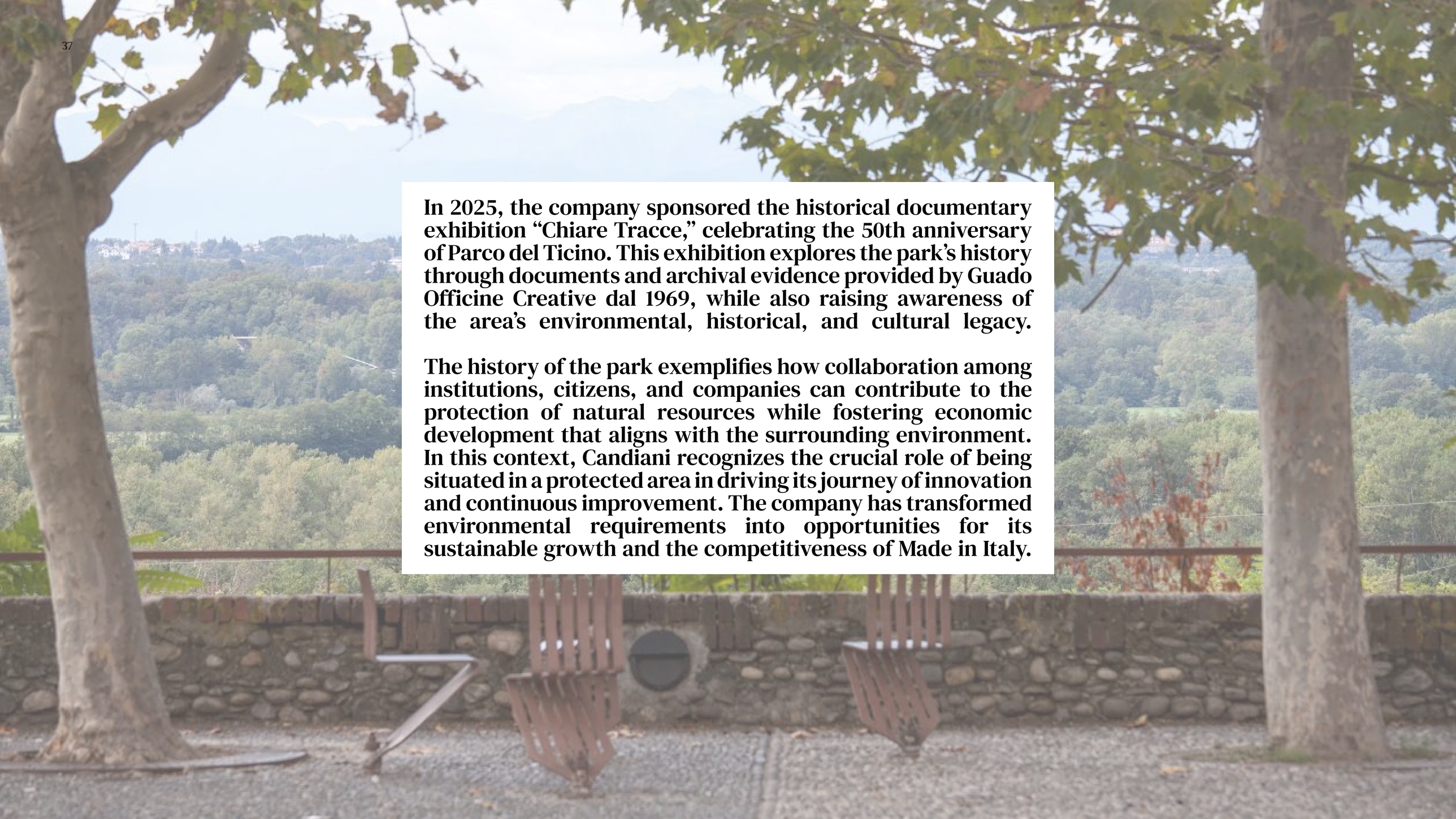
Candiani is uniquely located in a nature reserve, the Parco Naturale Della Valle Del Ticino (Parco del Ticino). In 2002, it was also internationally recognized as a Biosphere Reserve under the UNESCO Man and Biosphere (MAB) program. The Parco del Ticino is a protected terrestrial area, considered a Category V by the International Union for Conservation of Nature (IUCN).

Category V: Protected landscape/seascape

"A protected area where the interaction of people and nature over time has produced an area of distinct character with significant ecological, biological, cultural, and scenic value: and where safeguarding the integrity of this interaction is vital to protecting and sustaining the area and its associated nature conservation and other values."

LINK TO WEBSITE

As a manufacturing facility, this area means that Candiani has had to consider its direct impact on the immediate surroundings since the park's founding in 1974. Unlike others in the denim industry, we must adhere to strict protocols to offset any potential negative impacts on the local environment. For example, in 2016, a new parking structure was constructed in an area previously zoned for agricultural use. However, in agreement with local authorities, including the Lombardy Park Consortium of the Ticino Valley, Candiani was permitted to compensate for any potential negative impacts of the new construction by agreeing to reforest an area 3Xs larger in size.



In 2025, the company sponsored the historical documentary exhibition “Chiare Tracce,” celebrating the 50th anniversary of Parco del Ticino. This exhibition explores the park’s history through documents and archival evidence provided by Guado Officine Creative dal 1969, while also raising awareness of the area’s environmental, historical, and cultural legacy.

The history of the park exemplifies how collaboration among institutions, citizens, and companies can contribute to the protection of natural resources while fostering economic development that aligns with the surrounding environment. In this context, Candiani recognizes the crucial role of being situated in a protected area in driving its journey of innovation and continuous improvement. The company has transformed environmental requirements into opportunities for its sustainable growth and the competitiveness of Made in Italy.

Circular Economy | ESRS E5

In a circular economy, minimizing waste and exploring alternatives to landfilling are pivotal objectives. Though the ultimate goal is to optimize efficiency and reduce waste generation, achieving this immediately may not always be feasible.

Hence, Candiani diligently adheres to essential waste separation and collection protocols, with a primary focus on recovering (recycling or reusing) as many materials as possible.

Since 2023, Candiani recovers the by-products deriving from the weaving, spinning, warping, and dyeing processes, destined for reuse by external companies.

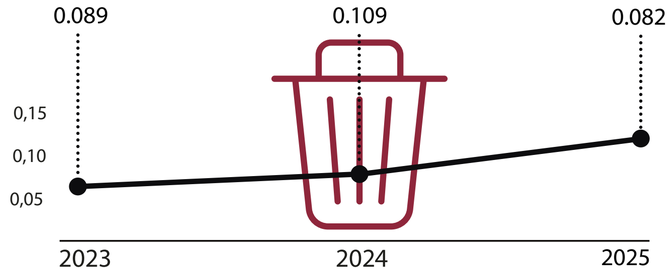
As seen in the following table, the total waste production varies from year to year. This is considered attributable to a range of processing requests by customers.



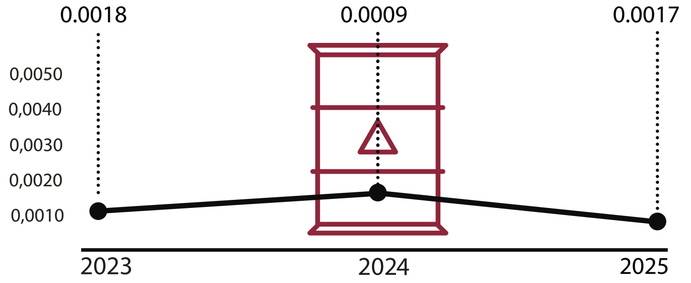
Table X. Waste per Ton of Fabric

YEAR	Total ton of waste per ton. of fabric produced	hazardous waste produced per ton of fabric produced
2023	0.089	0.0018
2024	0.109	0.0009
2025	0.082	0.0017

Graph I total waste produced



Graph II Total hazardous waste produced



UNDERSTANDING OUR WASTE STREAMS

**At Candiani, waste is efficiently separated at its source to ensure the maximum recovery of valuable materials.
The waste is categorized into different streams, and each stream undergoes specific collection and treatment procedures according to its respective protocol.**

Waste Stream	Treatment
Domestic waste is divided into several waste streams: paper, plastic, aluminum, food waste, and undifferentiated (landfill) waste	Each waste stream is sent to municipal urban collection at authorized local centers, where it is recycled or disposed of according to the type of waste. The Municipal Administration manages the activity in agreement with an official waste manager.
Green waste	The green waste from the mill grounds is collected and sent for recovery at a local authorized treatment center that transforms it into compost.
Non-hazardous industrial waste	These materials are subdivided into various waste streams and then collected for recovery or disposal at authorized waste treatment centers.
All waste deriving from jute bags, fibers, and semi-finished products	These materials are then processed and recycled by specialized external companies that transform them into various products (e.g., insulation material, flooring material, rags, etc.). They may also be used as rags for cleaning mechanical parts and absorption.
Hazardous waste	Hazardous waste produced in Candiani is evaluated weekly, then tracked and managed with the utmost care. All hazardous waste is stored indoors in a dedicated room accessible only by authorized personnel for a maximum duration of 3 months. Afterward, authorized operators come to collect, transport, and dispose of these materials correctly. Part of the hazardous waste can be recovered for reuse and is treated at dedicated recovery plants.

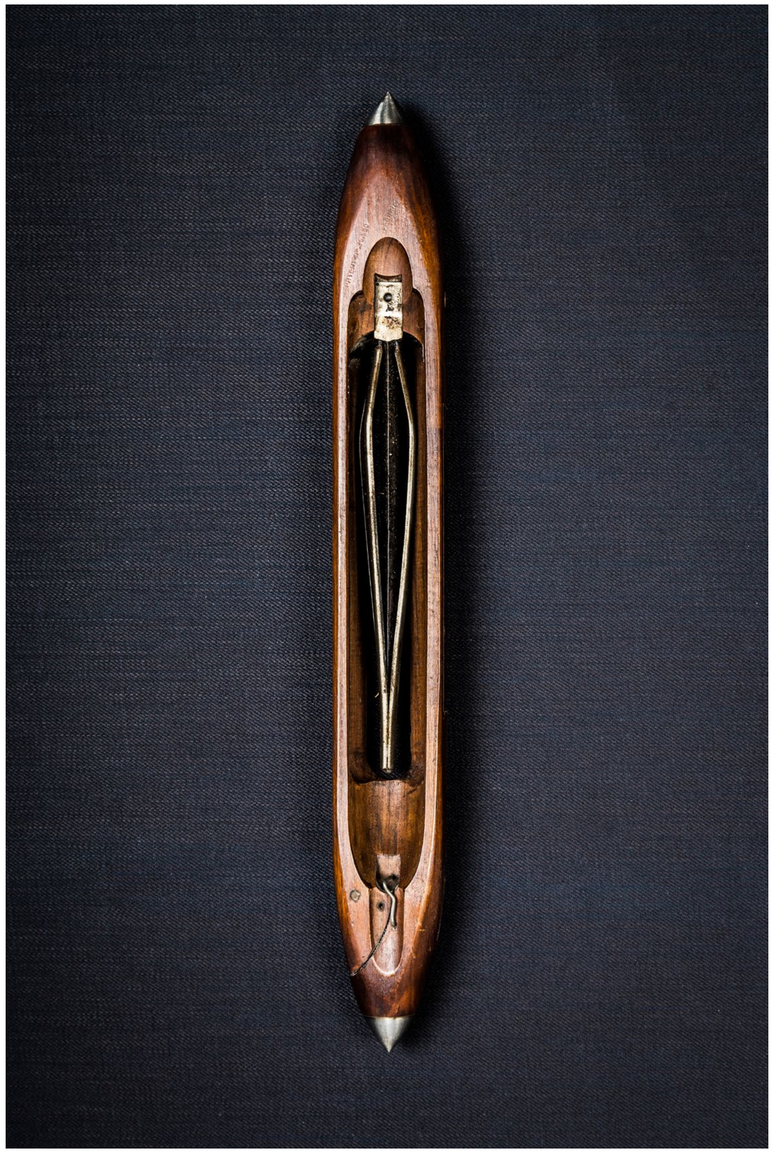


Waste Disposal and Recovery Rates

The following shows how much of the overall waste produced at Candiani is recovered or sent to landfill.

Table XI. Waste by Treatment Method (Tons)

	2023	2024	2025
Non-hazardous waste	434.74	599.48	444.22
Recovered non-hazardous waste	421.46	523.94	400.34
Disposed non-hazardous waste	7.14	75.54	43.88
Hazardous waste	9.04	5.09	9.64
Recovered hazardous waste	7.84	5.04	5.32
Disposed hazardous waste	1.20	0.05	4.32



SDA Bocconi
SCHOOL OF MANAGEMENT
SUSTAINABILITY LAB
MONITOR FOR CIRCULAR FASHION

The Monitor for Circular Fashion

The Monitor for Circular Fashion (M4CF) aims at disseminating the best practices of circular fashion and promote technical, managerial and scientific skills, especially those that contribute to the transition towards circular business models.





Activities of the Monitor for Circular Fashion 2025/2026

SDA BOCCONI EDUCATIONAL SESSIONS & EXPERIENCE

Training and brainstorming

Methodological sessions on circular fashion business models

Networking

SDA BOCCONI RESEARCH

SDA Bocconi survey

SDA Bocconi co-creation and strategic workshops

SDA BOCCONI CIRCULARITY PROJECTS

Teamwork along the value chain to design a circular product or a circular service

Guidelines and technical support in the application of the ecodesign principles and in the definition of the sustainability claim

CIRCULAR FASHION MANIFESTO

Participation in multi-stakeholder initiatives and calls to action, including:
- EC Textile Transition Pathway Call for commitments and pledges
- UNECE Community of Practice "Sustainability Pledge" on traceability and transparency

SDA BOCCONI C-FACTOR (third edition)

Selection of 13 circular fashion startups and SMEs to create a network among sustainability innovators and provide opportunities to multiple stakeholders of the fashion industry

#REFASHIONNOW INITIATIVE AND CIRCULAR FASHION TALK

Additional activities raising public awareness and educating SMEs and students on the positive impacts of sustainable and circular production and consumption:
- Ideathon 2025 part of MUSA Spoke 5
- "Circular Fashion Talks" Podcast (Second edition) by Monitor for Circular Fashion and Solo Moda Sostenibile

06
SOCIAL

Candiani's dedication to social sustainability encompasses a wide range of activities and initiatives aimed at creating a positive and inclusive work environment. By prioritizing the well-being of our employees, we guarantee fair and ethical treatment, leading to increased productivity, higher job satisfaction, and reduced turnover.

Moreover, our commitment extends beyond our own company walls. We understand the importance of fostering responsible practices throughout our supply chain. To achieve this, we work closely with our supply chain partners to ensure they adhere to ethical standards and uphold human rights. This collaborative effort allows us to build a robust network of suppliers who share our values of social responsibility and sustainability.

Through our integrated approach to social sustainability, we aim to make a meaningful impact not only within our organization but also within the broader community and industry. By continuously improving and expanding our efforts, we contribute to a more equitable and sustainable future for all stakeholders involved.



In the following section key topics including Health & Safety At Work, Ethical Supply Chain Management, Diversity & Inclusion, Protection of Human Rights in the Company, Employee Well-Being, Stakeholder Engagement, and Employee Training & Development will be discussed in detail. Please note that discussion of Stakeholder Engagement was omitted due to the low priority given during the materiality assessment.

Own Workforce | ESRS S1

Candiani places a fundamental focus on the health, safety, and well-being of its employees. In 2010, the company took a significant step by obtaining SA8000 Standard certification to formalize this commitment. By the end of 2021, Candiani worked to enhance its dedication even more, aiming to achieve certification according to the ISO45001:2018 Occupational Health and Safety Management Systems standard.

SA8000 is an international standard that defines voluntary requirements employers must meet in the workplace and includes workers' rights, workplace conditions, and management systems. The regulatory elements of the standard are based on national laws, international norms, undamental human rights, and ILO conventions.

It measures eight performance areas and aims to promote continuous improvement—that must be tracked, documented, and verified by an authorized third party.

SA8000 is founded on a two-way communication mechanism that ensures all workers at every level of the company can communicate directly with management. This anonymous system is facilitated by problem-reporting boxes located in every department. Complaints are collected and responded to via the department noticeboard and periodical reports. Candiani Denim then makes a verifiable commitment to take action to resolve any identified issues.

Another strength of the SA8000 is that its scope extends to a company's suppliers. Candiani Denim asks all suppliers to provide information about their commitment to social responsibility. Additionally, some suppliers also attend meetings to discuss technical and regulatory issues, verify compliance with current legislation and legal requirements, and share best practices in the field of sustainability.



In 2025, Candiani employed the Anker Methodology to estimate the living wage for workers in Lombardy.

A living wage is the income level that enables a worker and their family to meet essential needs, such as food, housing, education, healthcare, and transportation, while also allowing for some savings to cover unexpected expenses.

The Anker Methodology relies on a realistic assessment of the local cost of living, tailored to the socio-economic context of the specific geographical area. It draws on the most recent data available from institutional sources, including ISTAT and ARERA.

Calculations were conducted for both a standard family and an individual worker, based on a 40-hour work week. The results were then compared with the net salaries of Candiani's employees, who were categorized accordingly. It was determined that all employees earn above the estimated living wage, including those in single-salary families.

Candiani views the living wage as a crucial element of its ESG strategy, and the company plans to continue the following practices:

- Monitoring the cost of living and updating parameters annually
- Incorporating this topic into internal auditing and social due diligence processes
- Sharing results and updates transparently through regular reports





ISO45001:2018

Occupational safety plays a central role in the Integrated Company Management System. Periodic inspections are planned within the company and at its suppliers, and specific procedures and operating safety instructions are developed for each department. Consultation meetings and training activities are organized with a team of qualified personnel to guarantee and share guidelines and rules internally.

Communication initiatives and periodic involvement at various levels are always planned within the company. Employees are represented at regular meetings by times of involvement through five workers' representatives (RLS), two of which are actively involved in the functioning of the SA8000 Social Responsibility System.

Between 2022 and 2025, there were no reported cases of occupational diseases. During the same period, the number of accidents and their associated rates remained low, in line with the goals established by ISO certifications.

We noticed some fluctuations in the injury rate, and there has recently been a slight increase in the lost-day rate. This increase is mainly due to a higher number of minor injuries, which we have addressed through targeted corrective actions, including training and information dissemination. Additionally, approximately one-fifth of accidents occur while traveling to and from work.

Candiani is consistently working to update its safety procedures and improve monitoring and control measures to enhance safety performance.

Graph III. Safety and Injury Indices

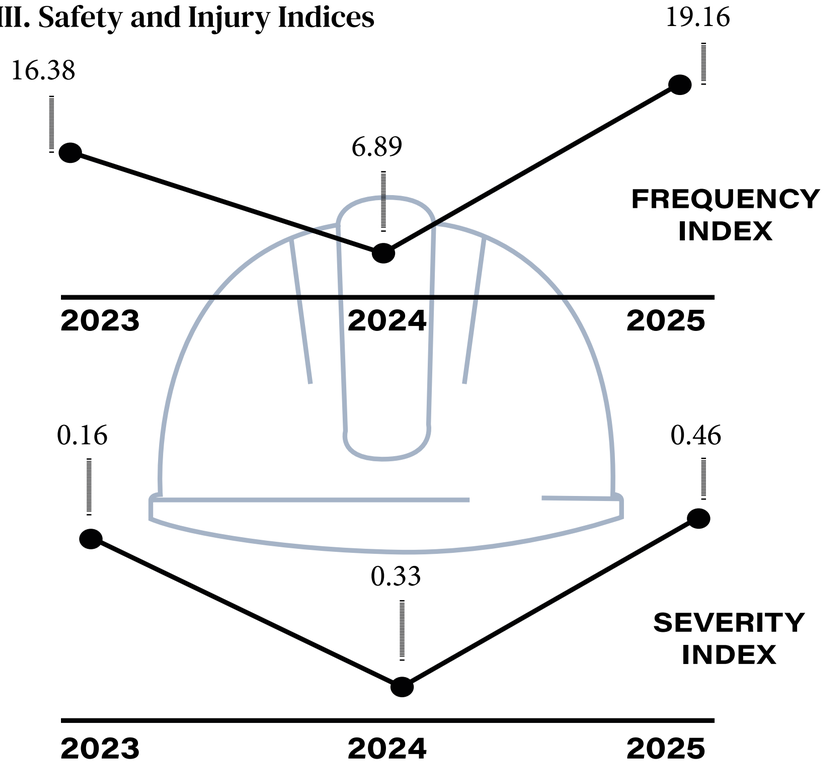


Table XII. Injury Rate

YEAR	N° Injuries	Injury rate
2023	9	16.38
2024	4	6.89
2025	11	19.16

Injury rate = (N° of accidents / total N° of hours worked) *1,000,000

Table XIII. Lost Day Rate

YEAR	Days lost	Total N° possible workable hours	Lost days rate
2023	91	549,307	0.16
2024	189	580,840	0.33
2025	266	581,074	0.46

Lost days rate = N° of days lost due to accidents at work x 1000/ N° of total workable hours

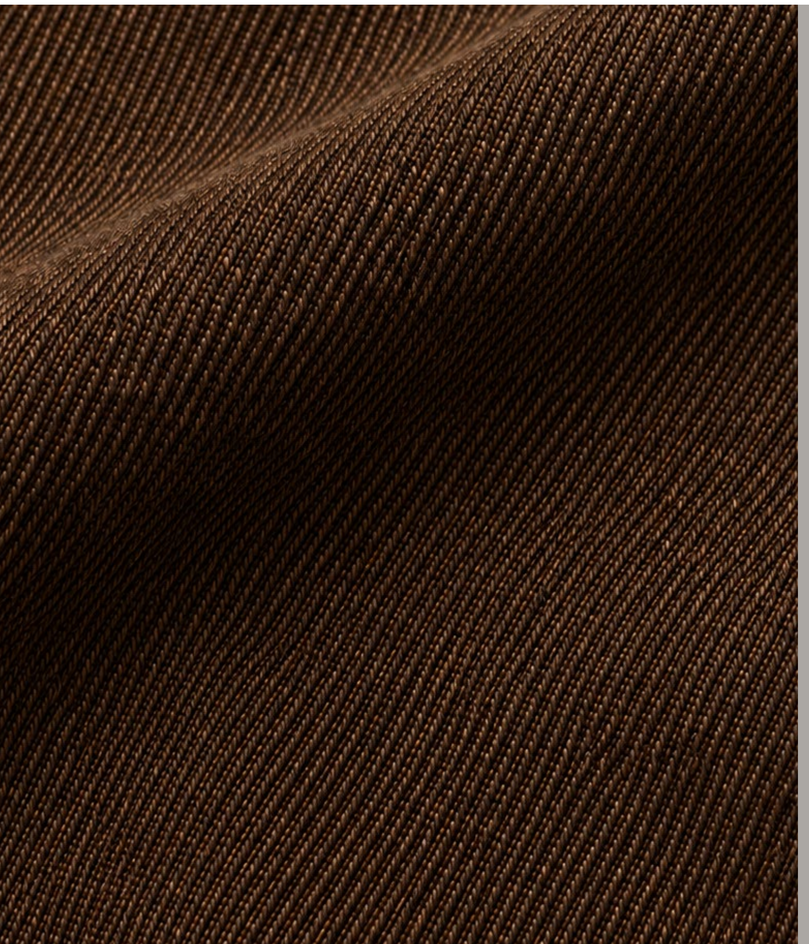
Health and Safety Internal Procedures

Below is a list of the main procedures (PG) included in the SA8000 management system and a brief description of their function:

- **Integrated surveillance management environment, safety, and social responsibility** - Defines the modalities for the implementation of integrated environmental, safety, and social responsibility surveillance through the organisation of periodic interventions and the updating of appropriate performance indicators that may be linked to improvement objectives.
- **Emergency management** - Defines a plan of practical standards for emergency, accident, and environmental risk management.
- **hild labour** - Defines the modalities and responsibilities for the recovery of child workers found working for suppliers.
- **Forced labour** - Defines the modalities and responsibilities with regard to the commitment not to use or favour (in any way and in any place) forced labour in the context of its business activities.
- **Managing freedom of collective association** - Defines the modalities and responsibilities to ensure the right of its staff to freedom of association and to national collective and company bargaining.
- **Discrimination management** - Verifies that Candiani S.p.A. does not discriminate on grounds of race, class, national origin, religion, disability, sex, trade union membership and political opinion, and any other condition that could give rise to discrimination.
- **Disciplinary procedures** - Ensure the correct application of disciplinary measures in accordance with the applicable regulations and in compliance with the SA8000 standard.
- **Working time management** - Ensures that Candiani S.p.A. complies with the principles set out in the SA8000 standard and the current legislation on working hours.
- **Remunerations** - Ensure that Candiani S.p.A. complies with the principles set out in the SA8000 standard and in current legislation with regard to staff remuneration.

- **Health surveillance** - Provides the criteria for the correct management of health surveillance of all workers at the Robecchetto plant for Candiani S.p.A. in order to assign workers with adequate fitness for work.

- **Whistleblowing** - Establishes the procedures through which to report unlawful conduct, commission, or omission that constitutes or may constitute a violation or inducement to violate laws and regulations, values and principles enshrined in the Code of Ethics of Candiani S.p.A., and internal control principles, procedures, and company rules.



EMPLOYEE TRAINING & DEVELOPMENT

At Candiani training and development are crucial for our employees' success and the overall growth of the company.

It enhances the skills and knowledge of our workforce, leading to increased productivity, job satisfaction, and improved performance. Additionally, it fosters a positive work culture, promotes employee retention, and helps the company stay competitive in a dynamic market.

There are dedicated staff within every department that are authorized workplace safety and competence trainers. This ensures the continuous development of internal skills, which always remain in line with certification requirements, not to mention current legislation.

EMPLOYEE WELLBEING

Candiani's strong connection with the local community is evident through its 80+ years of existence in Robecchetto con Induno.

Many workers living in the area have been an integral part of the company's growth and success for generations, giving it a familial atmosphere. This sense of family extends to our commitment to employee well-being, creating a positive work culture where everyone feels safe and valued.

Currently, 66 workers come from families that have worked at Candiani Denim for at least two generations, and nine families have now reached their third. Furthermore, 104 people—equal to 18,64% of the staff—have only ever worked at Candiani.



Employment Contracts

All personnel contractually refer to the National Collective Labor Contract of the textile industry, Section 35 (in Italian, “Contratto Collettivo Nazionale di Lavoro”).
The remuneration of newly hired employees, as for all Candiani employees, complies with the provisions of current legislation, without any distinction between gender, origin, or religion.

Health Surveillance

Regarding health surveillance, we offer free flu vaccines to all employees, and an on-site doctor conducts medical examinations upon request. These services are provided weekly in a dedicated room at no cost to the employees.

Diversity & Inclusion

Having a diverse and inclusive work environment brings numerous benefits, which we value highly at Candiani. By embracing diversity, we create a more innovative and creative atmosphere, where every employee’s unique perspectives contribute to our success. Moreover, inclusivity enhances employee engagement and morale, as everyone feels valued and respected for their individual contributions. We are committed to ensuring equal opportunities for professional growth and success for all individuals within our company, fostering an inclusive and empowering work environment that nurtures our employees’ potential and drives our collective achievements.

Gender Equality

Gender equality is a significant priority for our company, as evident from our almost equal gender distribution of employees. In 2022, we achieved a milestone where the number of women employed at Candiani surpassed that of men, marking a momentous step towards creating a more inclusive and diverse workforce. This achievement highlights our dedication to fostering an environment that empowers all individuals, regardless of gender, to thrive and succeed within the organization.



Table XIV.

EMPLOYEE BREAKDOWN

	Men	Women	
2023	281	288	Total 569

by

	Men	Women	
2024	222	225	Total 447

Gender

	Men	Women	
2025	219	217	Total 436

Table XV. Gender Breakdown per Employment Type

	2023	2024	2025
Total permanent contract	548	447	432
Permanent contract by gender	270 (M) 278 (D)	222 (M) 225 (D)	215 (M) 217 (D)
Total fixed term contract	21	0	3
Fixed term contract by gender	11 (M) 10 (D)	0 (M) 0 (D)	3 (M) 0 (D)
Apprenticeship	0	0	1
Job placement	0	0	0
TOTAL	569	447	436

Table XVI. New Hires vs. Dismissals per Gender

Nuove assunzioni	**2023**	**2024**	**2025**
Permanent contract | W	0	0	1
Fixed term contract | W	1	1	0
Permanent contract | M	1	0	0
Fixed term contract | M	1	0	4
Cessazione del rapporto di lav.	**2023**	**2024**	**2025**
Permanent contract | W	14	48	2
Fixed term contract | W	3	10	0
Permanent contract | M	15	39	5
Fixed term contract | M	5	11	0



Graph IV. Extra-EU employees

2023

569 Employees

7 of which are from outside EU

2024

447 Employees

4 of which are from outside EU

2025

436 Employees

4 of which are from outside EU

Training the Next Generation

As our workforce ages, Candiani recognizes the importance of cultivating a new generation of skilled workers in the textile manufacturing industry. We are committed to actively recruiting, supporting, and providing training opportunities for young adults who seek to pursue careers in this field. To further support their education and development, we offer scholarships to students enrolled in regional textile and chemical trade schools. By investing in the next generation of talent, we aim to ensure the continuity of expertise and innovation in our industry while creating opportunities for young individuals to build rewarding and sustainable careers in textile manufacturing.

Improved Work Opportunities for Vulnerable People

We understand the significance of fostering a more inclusive and supportive workplace for individuals from vulnerable groups. To achieve this, we are implementing a program designed to offer employment opportunities to individuals who may be vulnerable, disabled, or disadvantaged. By actively promoting diversity and providing meaningful work opportunities, we aim to create a more inclusive and equitable work environment that empowers and uplifts individuals from all backgrounds.

There were 12 employees with disabilities in 2025, representing 2,8% of employees.

Graph V

Employee Breakdown by age

Age	< 18	18-30	31-40	41-50	51-60	> 61
2023	-	55	56	220	229	10
2024	-	22	42	167	202	14
2025	-	21	30	152	210	22

Total employees without apprenticeships

06
GOVERNANCE

In this section, key topics including Quality & Safety of Products, Traceability of Raw Materials, Ethical Supply Chain Management, Relationships with Suppliers, Institutions and Local Community, Business Practices & Fair Competition, Transparent Governance & Anti-Corruption will be discussed in greater detail.





Condotta aziendale | ESRS G1

CULTURA AZIENDALE – QUALITÀ E SICUREZZA DEL PRODOTTO

Product quality and safety are critically important for the company and our key stakeholders. Throughout our operations we strive to invest in the highest quality and safety standards. We can drive positive change by placing customer care at the center of our work and utilizing technologies and techniques that respond to our client's specific needs.

Having established a Quality Management System (QMS) long ago, we decided to better document and formalize this work in our company processes thru the adoption of the ISO9001:2015 standard. With this, we hope to continue to provide products and services that improve customer satisfaction.

A robust QMS is built on seven principles that have also been included as part of the scope of the ISO9001:2015 certification: customer focus, leadership importance of top management, engagement of people, the process approach, improvement, evidence-based decision making, and relationship management. These principles form the backbone of Candiani's QMS and are the factors that will be continually evaluated and improved upon regularly.

Candiani undergoes an annual audit to ensure compliance with the ISO9001:2015 standard. Next year, the company will begin adjusting its QMS to align with the new version of ISO9001, which will be issued in 2026. The goal is to complete this adjustment before the next triennial recertification.

Seven quality management principles

CUSTOMER FOCUS

THE PROCESS APPROACH

LEADERSHIP IMPORTANCE OF TOP MANAGEMENT

EVIDENCE-BASED DECISION MAKING

RELATIONSHIP MANAGEMENT

ENGAGEMENT OF PEOPLE

IMPROVEMENT

TRACEABILITY OF RAW MATERIALS

Having greater visibility into our supply chain allows us to make better-informed sourcing decisions based on real data. Understanding the origin of our raw materials is a crucial first step in identifying and addressing environmental and social risks within the supply chain, promoting responsible sourcing practices. By mitigating these risks, we can avoid negative impacts on the environment and society. Moreover, we believe that this transparency helps build trust with our clients, their customers, and other stakeholders, reinforcing our commitment to sustainability and ethical business practices.

We commit to advancing traceability and transparency in the denim industry.

At Candiani, we commit to creating a network of suppliers aligned with our sustainable and responsible production aims while allowing us to maintain oversite of our supply chain. We select supply partners aware of our industry's social and environmental issues and who are committed to operating on a path of continual improvement. We establish long-lasting and mutually beneficial relationships with the growers and producers we work with to ensure we know exactly where our critical raw materials come from.

Learn more at
https://www.candianidenim.com/it/sostenibilita/tracciabilita

PRODUCT DNA

Product DNA specializes in supply chain mapping and blockchain-based product traceability. We want to offer our clients an easy way to verify the quality and origin of the fabrics they're sourcing from Candiani. Those interested in knowing where materials come from can access a virtual map that traces the entire supply chain. Understanding sourcing locations helps to reduce the risk of, or even prevent, environmental pollution and human rights violations.



Our value chain

Chemicals and auxiliaries: Archroma products including Denisol Pure Indigo - Spain; Pure Indigo - Pakistan; Stony Creek Colors – Tennessee, USA; Bluconnection PTE LTD – Singapore; Starch - Germany; Other auxilliary chemical suppliers - Italy

Cotton: Spain, Greece, Australia, Tanzania, Uganda, Cameroon, Ivory Coast, Texas, Tennessee, Brazil

It is important to underline that over 50% of the expenditure on suppliers and over 80% of Candiani's suppliers are located in Italy.



ETHICAL SUPPLY CHAIN MANAGEMENT & SUPPLIER RELATIONSHIPS

A commitment to ethical supply chain management is crucial for achieving our sustainability goals. It ensures that the materials used in our products are produced in a socially responsible and sustainable manner, avoiding any exploitation or harm to workers, communities, and the environment. By proactively managing risks and building stronger relationships with our supply chain partners, we can contribute to a more sustainable and equitable global economy.

New Specification for Suppliers

In 2021, as part of updating the Integrated Management System to the 9001 standard, Candiani introduced a new Specification for Suppliers, outlining environmental and social requirements. This specification, provided in both Italian and English, was sent to suppliers and will be reissued every three years along with an online evaluation questionnaire.

A survey was conducted on strategic suppliers to assess safety, environmental, social, and chemical management aspects, following ZDHC and HIGG standards. Based on the level of collaboration and strategic importance for Candiani S.p.A., further exploration of the SA8000 standard included elements related to personnel management of relevant suppliers.

In total, 171 questionnaires (64 responses so far) were sent to Italian suppliers, and 40 questionnaires (12 responses so far) were sent to foreign suppliers in 2022, with reminders for those yet to respond. The Register of Suppliers shows 73 responses to the request for subscribing to the principles of SA8000, with 17 confirmations, 45 requests for clarifications, and 11 denials.

Notably, out of the 45 suppliers requesting clarifications, 30 still signed the Supplier Specification, and five additional adhesions were received from the 11 suppliers who initially refused to subscribe.

Supplier management and involvement occur at both operational and strategic levels, with main suppliers periodically engaged during the materiality analysis process, critical for updating Candiani's Sustainability Report. For contractors, the PG 26 PROCUREMENT MANAGEMENT procedure involves department managers with support from the Maintenance Office, integrating the Candiani DUVRI format with references to environmental regulations and Legislative Decree 231/01.



Supply Chain Due Diligence

New company protocol requires that we:

- Ask each new supplier to sign our Code of Conduct
- Ask each new chemical supplier to complete a questionnaire and confirm their compliance with Levi's RSL and ZDHC MRSL
- Request that our strategic suppliers complete a questionnaire on a reoccurring basis
- Share this procedure on our internal company portal and update it accordingly

Chemical Sourcing Assessment

The evolution of our chemical management has also changed our chemical procurement procedure.

The first step in allowing a new chemical to be used in our production is to review its safety data sheet. Once approved, we conduct a cross-check to ensure that it is also compliant with Levi's RSL and with voluntary standards GOTS and ZDHC. Each new chemical supplier is also asked to:

1. Sign our Code of Conduct
2. Confirm their product adheres to ZDHC's MRSL and Levi's RSL
3. Evaluate their suppliers on an annual basis

Commercial Transaction

The purchase methods and the commercial transactions are regulated by a ISO9001 certified internal procedure, which identifies responsibilities and practices. Following the procedure, Candiani always contractualizes the payments' methods and deadlines with suppliers, ensuring no delayed payments and paying particular attention to small and medium enterprises needs.



CREATION AND DISTRIBUTION OF ECONOMIC VALUE

In the following section, we will evaluate how Candiani created and distributed wealth among its stakeholders from 2023 to 2025. It should be noted that Candiani did not participate in lobbying activities during the reporting period. In addition, the total monetary value of the financial and fringe political contributions made directly and indirectly by the company is zero.

Table XVII. Economic value generated and distributed

	2023	2024	2025
Production value	66,212,030	73,545,371	66,845,723
Financial Income	152,628	164,344	252,612
Economic value generated	66,364,658	73,709,715	67,098,335
Value distributed to suppliers	45,164,679	47,421,764	46,012,361
Value distributed to employees	18,580,894	19,649,900	17,765,244
Value distributed to capital providers	1,373,211	1,115,835	870,108
Value distributed to investors	-	-	-
Value distributed to the public administration	63,008	65,120	26,287
Economic value distributed	65,181,792	68,252,619	64,674,000
Economic value retained	1,182.866	5,457,096	2,424,335

The economic data presented above do not include fixed assets, write-downs, or inventory changes.





TRANSPARENT GOVERNANCE & ANTI-CORRUPTION

At Candiani, we prioritize establishing a transparent and accountable decision-making framework to manage risks, comply with laws, and promote a culture of integrity and responsibility. Additionally, we are dedicated to combating corruption by implementing strong anti-corruption measures, ensuring ethical business practices, and upholding human rights. Our commitment to these goals was formalized in 2011 when we adopted an Organizational Management and Control Model aligned with Italian Legislative Decree 231/01, which will be further explained in the following section.

BUSINESS PRACTICES & FAIR COMPETITION

Candiani believes that responsible business practices are crucial for creating a sustainable business and building trust among customers, employees, investors, and the community. We also advocate for fair competition to encourage innovation, efficiency, and overall industry growth. To reinforce our commitment, we have adopted an Organizational Management and Control Model in adherence to Italian Legislative Decree 231/01, ensuring internal systems for risk control and prevention of offenses.

Maintaining compliance in a demanding and complex regulatory context is a top priority for Candiani. We engage in regular discussions with local authorities and control bodies to address legal requirements and seek opportunities for improvement. Our central regulatory archive keeps track of environmental, workplace safety, labor law, and other applicable regulations, subject to periodic inspection by external third parties to ensure accuracy, efficiency, and transparency.

Fortunately, from 2020 to 2025, no cases of active or passive corruption or non-compliance related to our environmental, social, or economic performance were recorded, reflecting our continuous efforts to uphold responsible and ethical practices. In 2025, no training courses were carried out in this area.

SUPPORT OF INSTITUTIONS AND THE LOCAL COMMUNITY

Investing in and supporting local communities and institutions is vital for achieving greater sustainability, as it fosters positive and mutually beneficial relationships between Candiani and its surroundings. By doing so, we actively contribute to the economic and social development of the local area, creating a more resilient and thriving environment. Collaborating with local institutions also allows us to tailor our practices to meet the specific needs of the community, ensuring a sustainable and inclusive approach that benefits everyone involved.

Partnerships to Inspire Change

Transparency matters to the end consumer, but it's also crucial for the industry at large. To this end, we actively participate in several multi-stakeholder initiatives and pre-competitive partnerships to share our knowledge and experience to accelerate change industry-wide.

- Associazione Industriali di Legnano (ALI): Candiani has been a member of the General Assembly of the Associazione Industriali di Legnano since 2015. In 2016, Candiani Denim and ALI promoted and developed a synergetic association of companies and skills to research and develop more sustainable processes and products, coined the Denim Project 2.0.

- Confindustria Alto Milanese: In 2015, Candiani hosted the Confindustria Alto Milanese annual meeting. Thanks to this meeting, a change to the association's top management was ratified, and a signed agreement with the Regione Lombardia to finance a new industrial sewage system was finalized to improve waste management in the Robecchetto con Induno area.

- Sistema Moda Italia (SMI ATI): Candiani Denim has supported SMI ATI's agenda by providing information to manage various problems across the sector and supporting the manufacturing expertise of one of Italy's key industries. The relationship with SMI ATI was bolstered by Mr. Gianluigi Candiani's presence on the Board of Directors until 2018.

- Alberto Candiani joined the Transformers Foundation as part of the Founding Board. From farmers and chemical suppliers to denim mills and jeans factories, the Transformers Foundation is establishing itself as a primary point of reference for those who want to learn more about sustainable and socially responsible innovation to advance positive change in the denim industry.

- Since the end of 2019, we have acted as expert advisors to an ongoing multi-stakeholder initiative organized by the UNECE and UN/CEFACT, with support from the ITC and EU Commission, working to drive traceability and transparency for sustainable footwear and garment supply chains. In a second phase, we are taking what we've learned and applying it in a UNECE cotton blockchain pilot.

- In late 2020, we joined the Monitor for Circular Fashion, a joint initiative between SDA Bocconi's Sustainability Lab and Enel X. This ambitious, first-of-its-kind project aims to outline the state of the circularity in the Italian Fashion Industry by bringing together.

Education: Candiani Denim Bluniversity

Through Candiani's Bluniversity, we are always looking for new ways to transmit knowledge and understanding of denim fabric production, and not least the environmental impact related to this process.

We believe that if we can increase awareness of the fabric production processes, this will make the entire supply chain more efficient. A designer, buyer, or producer with a complete understanding of the product, from the cotton to the finishing technologies, is enabled to make decisive and responsible decisions in later production steps.

Continuous support for training has led Candiani to work with Italian and international textile and design schools and universities. The goal is to create an understanding of the production process through demonstrations that draw directly on industrial experience and everyday life. In this way, even people outside the sector can gain significant experience in textile production and make an essential contribution to the denim industry through increased awareness, efficiency, and waste reduction.

Local Support

Sports Clubs

Candiani Denim is committed to developing the local community by sponsoring six sports clubs, including football clubs, athletics companies, and rally racing teams.

Primo Candiani Foundation (a non-profit organization)

Ties with the local region are deeply engrained at Candiani. The Primo Candiani Foundation is an excellent example of this, whose activities are focused at a regional and local level. The foundation promotes cultural and social events dedicated to the territory and its history every year.

The foundation's activities include social and social-health care, education, training, amateur sports, the protection and enhancement of artistic and historical heritage, as well as the promotion of culture and art.

We work with students and educators from universities all over the world to share our knowledge and exchange opinions and new ideas:

- Amsterdam Fashion Institute (NL)
- Central St. Martins (UK)
- Fashion Institute of Design & Merchandising (USA)
- Fashion Institute of Technology (USA)
- Istituto Europeo di Design (ITA)
- Jean School (NL)
- Kingston University (UK)
- Milano Fashion Institute (ITA)
- Polimoda (ITA)
- Politecnico di Milano (ITA)
- Ravensbourne University (UK)
- SDA Bocconi (ITA)
- Shih Chien University (TWN)
- Sustainability Management School (ITA)
- Università Cattolica del Sacro Cuore (ITA)



PROSEGUIMENTO DEI NOSTRI OBIETTIVI STRATEGICI

Building on its past practices, Candiani S.p.A. will continue to prioritize its main strategic sustainability goals in the upcoming years. The ongoing goals related to business practices are as follows:

- **Expansion into new markets: Aim to capture new market shares in the denim industry through partnerships and collections tailored for specific countries**
- **PrintReleaf project in collaboration with Utax: Offset the environmental impact of printed paper consumption by supporting the reforesting of certified trees throughSGSInternational.Foreevery8,333printedpages,anewtreewillbeplanted**
- **Improving accessibility of safety data sheets for production departments: Implement the use of tablets and automated scanning to enhance the retrieval and reading of safety data sheets during loading and unloading operations**

During the upcoming annual management review, investment plans for the above strategic objectives will be defined, as well as the timelines for their implementation.





Index

LIST OF TABELS AND GRAPHS

Table I. GHG Emissions and Intensity Overview	pg. 24
Table II. Recovered CO2 for Wastewater Treatment	pg. 25
Table III. Candiani's Climate Mitigation Transition Plan	pg. 26
Table IV. Energy Use per Ton of Fabric, by Source	pg. 28
Table V. Energy Consumption (MWh)	pg. 28
Table VI. Total Water Withdrawn	pg. 30
Table VII. Water Use Breakdown	pg. 30
Table VIII. Water Recovery	pg. 31
Table IX. Water Balance: Discharge/Withdrawal (ML)	pg. 32
Table X. Waste per Ton of Fabric	pg. 38
Table XI. Waste by Treatment Method (Tons)	pg. 40
Table XII Injury Rate	pg. 47
Table XIII. Lost Day Rate	pg. 47
Table XIV. Employee Breakdown per Gender	pg. 51
Table XV. Gender Breakdown per Employment Type	pg. 52
Table XVI. New Hires vs. Dismissals per Gender	pg. 52
Table XVII. Economic value generated and distributed	pg. 60

Graph I. Total waste produced	pg. 38
Graph II. Total hazardous waste produced	pg. 38
Graph III. Safety and Injury Indices	pg. 47
Graph IV. Extra-EU employees	pg. 53
Graph V. Employee Breakdown by Age	pg. 53



CANDIANI
1938

The Fabric of your favorite jeans since 1938

CANDIANI

1938