

Code of Ethics

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Introduction

Ethics in business is a fundamental approach required in order for a company to operate smoothly and maintain credibility in the eyes of shareholders, customers, suppliers and, more generally, the entire social and economic landscape in which CANDIANI S.p.A. operates.

CANDIANI S.p.A. intends to turn knowledge and an appreciation of the ethical values that fuel it into an advantage.

CANDIANI S.p.A. manufactures, transforms and sells textile products in general. This includes yarn, clothing and textile accessories.

Regulatory changes, namely those arising from Italian Legislative Decree 231/01 on companies' administrative responsibility concerning crimes committed by its representatives, employees, and associates, have made it essential to codify the principles of legitimacy, legality, honesty and transparency; the behaviour of all individuals who work with and for the company must comply with said principles.

To this end, CANDIANI S.p.A. has adopted a Code of Ethics (hereinafter referred to as the Code). This document is an official and organic collection of the company's behaviour principles as regards its main stakeholders, in compliance with current regulations. It serves as a guide for various individuals on the behavioural guidelines to be followed or avoided and identifies responsibilities and eventual consequences (e.g. disciplinary actions).

The company's organisational model and internal procedures adopted for business purposes fully comply with the rules set out in this Code.



SCOPE AND ADDRESSEES

The principles set out above and the provisions of this Code are binding for Directors, people connected to CANDIANI S.p.A. by means of a subordinate relationship, and those who work with the company, whatever the relationship, hereinafter referred to as the "Addressees".



GENERAL PRINCIPLES

3.1 Respect of laws and regulations

For CANDIANI S.p.A., the respect of current laws and regulations is of paramount importance.

Every company employee is therefore required to respect such rules.

Furthermore, this commitment to compliance also applies to consultants, suppliers, customers, and anyone else who has a relationship with the company, as specified in further detail in the previous chapter.

Therefore, CANDIANI S.p.A. will not enter into a relationship with anyone who does not intend to align themselves with said principles.

CANDIANI S.p.A. must ensure the availability of a suitable on-going training and awareness programme on the critical issues laid out in the Code of Ethics; in addition to their direct superiors, company employees and associates are invited to contact CANDIANI S.p.A.'s Supervisory Body in case of any doubts or further clarifications required on the observation or interpretation of the provisions of the Code of Ethics.

CANDIANI S.p.A. rejects any behaviour that violates the law, current regulations, or the guidelines set out in the Code, including behaviours performed in its favour.

Behaviours that oppose or circumvent current or internal regulations are not permitted, even if requested by customers.

Customer requests that violate professional dignity or the provisions of this Code cannot be accommodated.

3.2. Fairness and honesty

In its work, CANDIANI S.p.A. respects professional ethics and internal regulations. The pursuit of the company's interests can never justify behaviours that violate the principles of fairness and honesty; because of this, any form of benefit or gift, whether received or offered, that might be understood as a tool to influence the independent judgement or behaviour of those involved, will be rejected.

Gifts of modest value and other ordinary entertainment expenses, including toward public authorities, provided that they comply with the limits and methods set out in the Organisational, Management and Control Model as per Italian Legislative Decree 231/2001, are permitted.

In case of doubts relating to specific gifts as per the above, before accepting it employees must inform the Supervisory Body, who will offer its binding opinion on the matter.

3.3. Impartiality

In its interactions with all counterparts, the company avoids any discrimination based on age, race, ethnicity, nationality, political leanings, religious beliefs, gender, sexual orientation, or health status.

3.4. Professionalism and utilisation of human resources

CANDIANI S.p.A. guarantees an appropriate level of professionalism in executing the tasks assigned to its associates.

3.5. Conflicts of interest

In all of its work, CANDIANI S.p.A. focuses on avoiding all conflicts of interest, whether real or even potential.

In addition to the scenarios set out by law, a critical conflict of interest may occur in any case in which an individual acts to satisfy an interest other than that of the company or its shareholders, acting instead to obtain an advantage for themselves or third parties.



Anyone who learns of a conflict of interest as described above must report it promptly to the company.

3.6. Transparency and completeness of information

The information shared by CANDIANI S.p.A. is truthful, complete, transparent, and understandable, so as to allow recipients to make informed decisions on how to interact with the company.

3.7. Diligence and good faith

Every employee and/or associate must act legally and in good faith, respecting contractual obligations and guaranteeing the required services. They must furthermore become familiar with and observe the provisions of this Code of Ethics, modelling their behaviour after respect, cooperation, and mutual collaboration.

3.8 Documentation of activities

All of the company's activities, transactions and operations must be:

- a) completed in respect of current laws, honest management, completeness and transparency of information, and formal as well as substantial legitimacy;
- b) carried out according to instructions and procedures, and within the powers granted and the budgets approved by the Management; they must also be legitimate, coherent and compliant.

Individuals that learn of omissions, changes or falsification of accounting records or the respective supporting documentation, are required to promptly inform their superior, namely the manager of the respective business function and the Supervisory Body.



PROTECTION OF HEALTH, SAFETY AND THE ENVIRONMENT

Health and safety

The Addressees of this Code contribute to the process of risk prevention and the protection of occupational health and safety, save for the individual responsibilities set out under applicable laws.

They must also maintain an environment of mutual respect that reflects the dignity, honour and reputation of every person in respect of the existing organisation within the company.

Environment

CANDIANI S.p.A. promotes a policy of company awareness of social/environmental and regional issues through its business. In line with its focus on environmental issues, CANDIANI S.p.A. has implemented the following initiatives:

- update the technologies used in its plants, aimed at guaranteeing the reduction of environmental pollution factors, where possible;
- make targeted purchase and disposal efforts, where possible, to recover/reuse raw materials in compliance with cost-effectiveness standards.



MANAGEMENT OF COMPANY INFORMATION AND DOCUMENTS

Use and storage of company information

With reference to any information they may learn of through their role, all Addressees are required to guarantee maximum confidentiality in order to safeguard CANDIANI S.p.A.'s technical, financial, legal, administrative, management-related and sales-related know-how.

In particular, each individual is required to:

- acquire and process only the information or data necessary as it relates to their role or necessary to perform said role;
- acquire and process only the information or data necessary that falls strictly within the relevant adopted procedures;
- store data and information in such a way so as to prevent it from exposure to unauthorised individuals;
- transmit data and information in compliance with internal procedures or upon authorisation from their superiors, and, in any case, in the event of doubt or uncertainty, having confirmed that specific information for a given case can be shared (after speaking to superiors or confirming that it objectively complies with company practices);
- ensure that there are no absolute or relevant constraints on sharing data or information pertaining to third parties, whatever their connection to the company, and, if necessary, obtaining consent.

CANDIANI S.p.A. commits to protect the confidentiality of all information, whatever its nature or purpose, that it may come to possess through its business, and to avoid the improper or inappropriate use of said information.

Use of digital information

Digital and IT resources are an essential tool for the proper and competitive function of a company, ensuring speedy, full and proper flows of information necessary to efficiently manage and control CANDIANI S.p.A.'s business.

All of the digital and IT information present in our company's computer and IT systems, including emails, are to be used for the sole purpose of conducting company business, according to the methods and in line with the limitations set out in CANDIANI S.p.A.'s internal procedures.

In full compliance with Italian Legislative Decree 196/2003 (Code on the protection of personal data, a.k.a. the Privacy Code), CANDIANI S.p.A. furthermore commits to protecting any personal data acquired or processed as part of its business.



COMPANY MANAGEMENT PRINCIPLES

Administration and financial statements

Addressees involved in administration and accounting activities must follow internal procedures, legal provisions and accounting principles with care. In particular, accounting information and documents are based on precise, thorough and traceable information, and they reflect the nature of the operation through which they are produced. They must therefore be carefully stored in the event of audits.

Addressees who come to learn of omissions, errors, or falsification of accounting records must inform their superior, or, based on the gravity, the Supervisory Body. When preparing financial statements, Addressees must act with care, relying upon accounting techniques or following relevant sector specifications, and, in any case, employing the diligence required of experts in the field.

Illegal behaviours

CANDIANI S.p.A. states that Addressees must abstain from issuing or promising sums of money or other benefits to third parties in any form or method, even indirectly, to promote or favour the company's interests, even if illegally pressured.

They cannot accept, for themselves or on anyone else's behalf, said sums and/or benefits to promote or favour third-party interests in interactions with CANDIANI S.p.A. Gifts of significant value are not permitted; gifts of modest value must relate only to acts of mutual courtesy as part of honest business relations. Furthermore, Addressees are prohibited from stating false facts, omitting information, or withholding data in direct or indirect violation of regulatory principles and internal rules, with a view to deceive third parties with said information.

Any actions encountered that violate the ethical and behavioural principles set out in this Code must be promptly reported to the Supervisory Body.



INTERACTIONS WITH ADDRESSEES OF THE CODE

Interactions with shareholders

In its interactions with shareholders, CANDIANI S.p.A. commits to protecting company assets through sound, prudent management criteria.

Interactions with employees

Employees must observe the principles of protection of the human person, legality, dignity, morality, honesty in personal interactions, interdepartment integration and collaboration, and a sense of responsibility and respect toward interactions with superiors and other departments.

CANDIANI S.p.A. keeps its employees continuously up-to-date on company directives through the appropriate information channels.

Interactions with customers

CANDIANI S.p.A. states that Addressees must adopt behaviours aimed at satisfying customers' legitimate needs, with the goal of strengthening relationships in compliance with current law.

Interactions with suppliers

CANDIANI S.p.A. carefully selects its suppliers according to the principles of transparency, impartiality and honesty, determining the effective technical and professional skills and tools/means necessary to the take on the task it has been set with.

CANDIANI S.p.A. has opted to insert express termination clauses in supplier contracts as regards serious violations of the Code's provisions.

Interactions with public authorities

CANDIANI S.p.A.'s interactions with the public authorities, whether domestic or foreign, are characterised by the strict observation of laws and regulations, in line with the nature of public office. CANDIANI S.p.A. states that Addressees are prohibited from promising or issuing sums of money to public officials or employees of public authorities in any form, whether direct or indirect, to encourage or facilitate an official act or an act that is contrary to the official duties of public authorities to promote the interest or a benefit of CANDIANI S.p.A. Anyone who receives explicit or implicit requests for benefits of any nature from a public authority, including by means of illegal pressure, must inform the Supervisory Body.

Addressees must not unduly draw any other type of profit, whether for themselves, CANDIANI S.p.A. or third parties, to the detriment of the public authorities, through plays or fraud.

CANDIANI S.p.A. therefore states that Addressees may not, under any circumstance:

- unduly obtain for CANDIANI S.p.A. contributions, financing, or other disbursements from public authorities through the use or presentation of false or fraudulent documents, or through the omission of required information;
- use contributions, funding or financing destined for CANDIANI S.p.A. for purposes other than that for which they were issued.

With reference to any act that constitutes a crime, the Addressees must in any case inform the competent legal authority.



DISCIPLINARY ACTIONS

The provisions of this Code are an integral part of the contractual obligations taken on by the Addressees or individuals who have a business relationship with CANDIANI S.p.A.

Any violation of the Code may constitute an act of non-compliance with contractual obligations, resulting in legal consequences, including termination of the contract or assignment and possible compensation for damages.



CANDIANI S.p.A.'s COMMITMENT TO WHISTLEBLOWERS

“Whistleblowing” refers to reporting any suspicious behaviours that violate the provisions of the 231 Organisational Model adopted by the company and Code of Ethics. No negative consequence can result for anyone who made a report in good faith. Their identity is also protected, in accordance with the provisions of art. 6, para 2-*bis* of Italian Legislative Decree 231/2001. In order to facilitate whistleblowing, the dedicated whistleblowing channel is the same as the one created for communications with the Supervisory Body (odv@candianidenim.it), in accordance with the SA8000:2014 standard and management procedure PG 07, “Management of non-conformities and complaints” (“Gestione delle non conformità e dei reclami”).

CANDIANI S.p.A. commits to operating ethically, and it asks and expects its i) employees and directors, ii) consultants and associates, iii) third-party partners, such as contractors, suppliers, etc., as well as iv) the members of company boards and bodies, to adopt behaviours in line with:

- the Code of Ethics
- the values on which the company is based;
- the Organisational, Management and Control Model as per Italian Legislative Decree no 231 of 8 June 2001;
- Applicable laws and regulations.

To this end, CANDIANI S.p.A. has instituted a whistleblowing system to guarantee a safe, confidential information channel for reporting violations to ethics norms, CANDIANI S.p.A. principles, or applicable laws and regulations. These rules only apply to cases where the informant has acted in good faith and has reason to believe that one of the following events has occurred, is in the process of occurring, or is likely to occur:

- business affairs are managed in such a way as to constitute a crime or legal violation (ex. fraud, bribery, extortion, or theft);
- failure to comply with occupational health and safety laws;
- failure to comply with environmental laws;
- verbal or physical abuse, sexual harassment, racism, discrimination, or any other type of immoral behaviour or conduct;
- discrimination based on gender, race, disability or religion;
- nepotism;
- any other serious irregularity, including as concerns the provisions of the Organisational, Management and Control Model set out by Italian Legislative Decree 231/2001;
- intentional concealment of one of the events described above.

This procedure can never be used for:

- personal disputes;
- baseless accusations.



CANDIANI S.p.A. encourages open speech and guarantees confidentiality against damages or retaliation. However, should an informant believe it appropriate to keep communications anonymous, they can make an anonymous whistleblowing report. CANDIANI S.p.A. takes into consideration and analyses anonymous reports based on:

- the gravity of the raised issue;
- the credibility of the disputed issue;
- how probable it is that the raised issue can be confirmed by reliable sources.

In any case, anonymity is guaranteed insofar as the informant's identity can be legally protected.



PUBLICATION OF THE CODE

This Code was approved by the Board of Directors on 04/01/2021.

CANDIANI S.p.A. will inform all Addressees on the provisions and scope of the Code of Ethics and will recommend that it be observed.

In particular, by means of the relevant business functions, the company will:

- publish the Code of Ethics, making copies for distribution to the Addressees;
- provide interpretations and clarifications on the provisions of the Code of Ethics;
- verify that the Code of Ethics is observed;
- provide future updates and implement new provisions of the Code of Ethics, based on needs as they arise.

The Code of Ethics is also published and clearly visible at www.candianidenim.it.

Any future updates made due to regulatory compliance or changes in society's sensibilities will be approved by the Board of Directors and promptly distributed to all Addressees.

Robecchetto con Induno, 04/01/2021

Candiani SpA
Board of Directors

