

MADE IN MILAN  
ITALY  
SINCE 1938

Candiani  
DENIM

# Sustainability Report

20  
24



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*As in previous years, Candiani's Sustainability Report was created according to the parameters suggested by the Global Reporting Initiative following the G4 Core guidelines. This document is the seventh edition of Candiani's Sustainability Report. It describes initiatives and activities carried out during the calendar year 2024. Performance indicators continue to be gathered and analyzed on an annual basis.*



## LETTER from the PRESIDENT

2024 was a challenging period for the denim industry, marked by global geopolitical instability and economic uncertainties that have impacted every part of the supply chain—from raw materials to textiles, brands, and retail. In this environment, price has often become the dominant factor in purchasing decisions, leading many companies, across both fast fashion and premium sectors, to reduce or abandon their investments in sustainable and innovative materials in favor of cheaper alternatives.

At Candiani, however, we have chosen a different path. We remain deeply committed to sustainable innovation and continuous improvement in our processes and efficiency. We believe that true value lies not just in creating denim that is beautiful or high-performing, but in producing fabrics that are cleaner, eco-compatible, and respectful of our planet. This conviction drives every decision we make and every product we develop.

In 2024, we proudly introduced several important advancements that showcase our leadership in sustainable denim. Our new natural indigo has been warmly received, and the success of K-NEW—a revolutionary indigo dyed using chitosan and ultrasound technology—has set new benchmarks for eco-friendly coloration methods.

Our renewed RECYCLONE program offers a range of solutions for incorporating recycled materials into our fabrics, further reducing environmental impact. We are also excited to report that regenerative cotton now represents 30% of our production, with projections to exceed 40% in 2025.

Moreover, we have taken important steps toward enhanced traceability and transparency by integrating cutting-edge technologies such as SPB, ensuring that every stage of our supply chain is visible and accountable.

Sustainability is not a passing trend for us; it is the foundation of innovation, quality, and responsibility. Together with our partners and customers, we are shaping a future where denim is not only durable and stylish but also sustainable and regenerative.

Thank you for your trust and support as we continue this important journey.

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](http://www.candianidenim.com)



## Our core values

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### 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

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### 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 only high-quality, innovative materials that are better for people and the planet while constantly promoting the 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-art solutions to minimize 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 Denim Achievements in Innovation & Sustainability

## PROCESS RELATED



## PRIZES



## PRODUCT RELATED





# What's new in 2024

## **Sustainable Brand Platform (SBP)**

Candiani adopted SBP to collect reliable performance data, enhance our environmental impact, and ensure advanced supply chain traceability and transparency.

## **Retex Green**

Retex.Green is an Italian consortium dedicated to advancing a circular fashion industry. Candiani has partnered with Retex.Green to responsibly collect and manage our production waste.

## **Ticino Park's 50th Anniversary**

Candiani sponsored the historical-documentary exhibition "Chiare Tracce" in celebration of this important milestone.

# 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.

# PRESIDENT & OWNER

Alberto Candiani

## Commercial, Marketing, Style, Research and Product Development

Davide Grimi  
Simon Giuliani  
Mattia Donadi

## DLgs 231/01 Supervisory Body

Ermes Consonni, Marco Marangoni, Arnaldo Barilli

## Social Security Environmental Management

**RSPP / Emergency Manager** Davide Dell'Orti  
**Monitoring Officer** Luca Lamperti  
**Maintenance Assistance and Waste Administrator** Barbara Garavaglia  
**Integrated Management System Manager** Gabriele Zoia  
**Integrated Management System Office Manager** Claudio D'Errico  
**RLSA8000** Maria Pia Cantiello, Luigi Zeccola  
**Social Performance Team** Maria Pia Cantiello, Annalisa Luvì, Luigi Zeccola  
**Environmental Manager** Francesco Macchi  
**Sustainability Manager** Simon Giuliani, Enea Grandati  
**Energy Manager** Ernesto Misci

## Privacy Management

Annalisa Luvì

## Department Heads & OHS Sercurity Managers

**Human Resources and Concierge**  
Annalisa Luvì

**Weaving**  
Fabio Ruggeri

**Finishing Dyeing**  
Filippo Torno

**DC & Laundry**  
Ilario Bregolato

**Finished Product Warehouse & IT**  
Francesco Macchi

**Spinning**  
Ilario Bregolato

**Quality Control**  
Fabio Marangoni

**Administration Finance**  
Angela De Nichilo

## 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 inaugural retail space, 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. This new venture continues our efforts for transparent storytelling and further elevates Candiani as an iconic ingredient brand.



## CANDIANI CUSTOM

The micro-factory, opened in 2021 next to the Candiani Denim Store, offers a unique experience built on five pillars: personalization, transparency, sustainability, technology, 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.

## CANDIANI CORNER

Candiani Corner, is a new multi-brand store that opened at the end of 2024. Conceived by President Alberto Candiani, with art direction by Paolo Bertacchi (La Ferramenta) and interiors by Luca Piccinno, the space features exclusive Candiani Denim collaborations alongside a curated selection of apparel and accessories reflecting La Ferramenta's style. Large windows open the store to the energy of the surrounding neighborhood.

Located next to Candiani Custom, our made-to-measure denim micro-factory, Candiani Corner is part of a growing hub celebrating Italian denim innovation and craftsmanship in the heart of Milan. Located next to Candiani Custom, our made-to-measure denim micro-factory, Candiani Corner is part of a growing hub celebrating Italian denim innovation and craftsmanship in the heart of Milan. It completes the product offering in Piazza Mentana and, like the other spaces, serves as a hub to promote product culture with the goal of educating the consumer.





# 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.

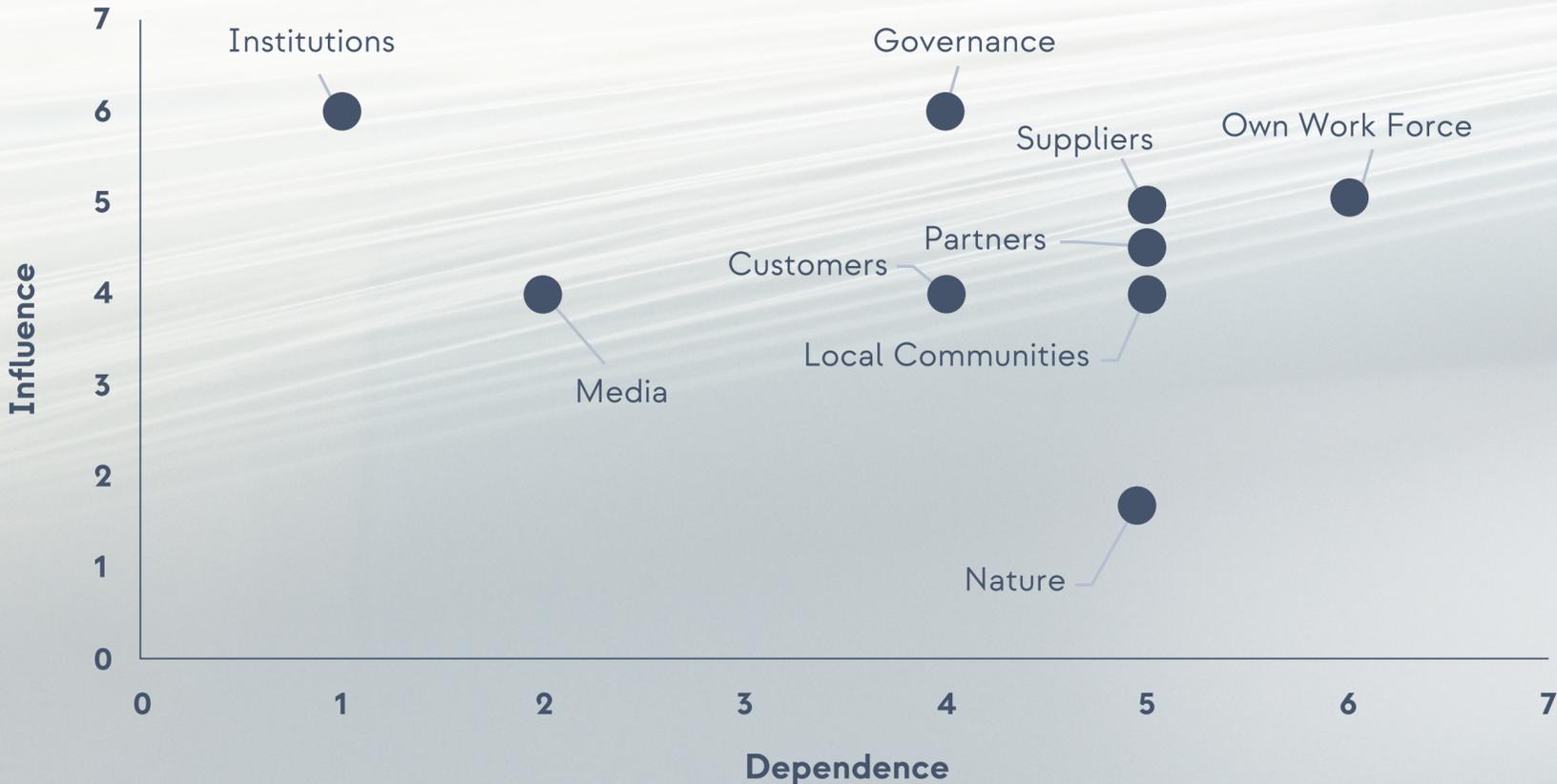
For the reporting year 2024, we engaged our stakeholders through:

**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 opportunities. This approach concerned Customers, Partners, and Suppliers.
- By conducting direct interviews with the Governance and with our own workforce representatives.

**CANDIAN’S KEY STAKEHOLDERS:**





# 04 DOUBLE MATERIALITY ASSESSMENT 2024

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 the significant IROs for the reporting period 2024, with the related sustainability matter identified as material and discussed in this Sustainability Report.



# Candiani IROs 2024

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 the 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 developed water saving technologies and practices
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 conformance and sustainable chemical management
E4 - biodiversity loss	Impact (Actual positive)	Supporting regenerative agriculture	■■■□	regenagri's Chain of Custody standard conformance
E5 - circular economy	Impact (Actual negative)	Waste production	■■■□	Maximize the percentage of waste recovered and by-products reusing
	Impact (Actual positive)	Promoting best practices in circular fashion	■■■□	Participation in the Circular Fashion Monitor
S1 - own workforce	Risk	Monitor compliance with safety procedures	■■■■	ISO45001:2018 and SA8000 conformance; workforce training
	Risk	Injuries	■■■■	
	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 assessment
	Opportunity	Improving Supply Chain Management	■■■□	

# 05 SUSTAINABILITY PERFORMANCE

At Candiani, sustainability is at the core of everything we do, guiding 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, ensuring a positive impact both in our operations and on the world around us.

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 aim to minimize our environmental impact and contribute to a more sustainable textile industry. Our commitment to these principles translates into concrete actions focused on creating a circular economy. We work tirelessly 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 aligned 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

	2022	2023	2024
<b>Total emission [tonCO2eq]</b>	25,716.04	15,983.21	15,555.54
<b>Scope 1 [tonCO2eq]</b>	11,612.37	6,837.93	7,929.42492
<b>Scope 2 [tonCO2eq]</b>	14,103.70	9,145.28	7,626.12
<b>GHG intensity based on net revenue*</b>	0.17323	0.006911	0.0117848

\*Annual Statement of Accounts – Income Statement – entry 21



To promptly reduce on-site air emissions, we adopted a practice of redirecting our CO<sub>2</sub> emissions to neutralize and oxidize our wastewater. Through this approach, the CO<sub>2</sub> 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 CO<sub>2</sub> for Wastewater Treatment

<b>Year</b>	<b>Total recovered CO<sub>2</sub> in tons</b>	<b>Recovered CO<sub>2</sub>/ ton production</b>
<b>2022</b>	1,432.0	0.17
<b>2023</b>	1,669.4	0.34
<b>2024</b>	1,920.1	0.35

## **EU EMISSIONS TRADING**

Since 2005, Candiani has participated in the CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub>. 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

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

## 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 Denim 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 Denim 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 Denim 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 Denim 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 Denim 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

	Unit of Measure	2022	2023	2024
<b>Production</b>	ton	8,468.8	4,957.6	5,546.1
<b>Electricity</b>	Gj/ton	20.32	22.51	20.78
<b>Methane</b>	Gj/ton	26.80	26.96	27.55
<b>Consumption intensity</b>	Gj/ton	47.12	49.47	48.33

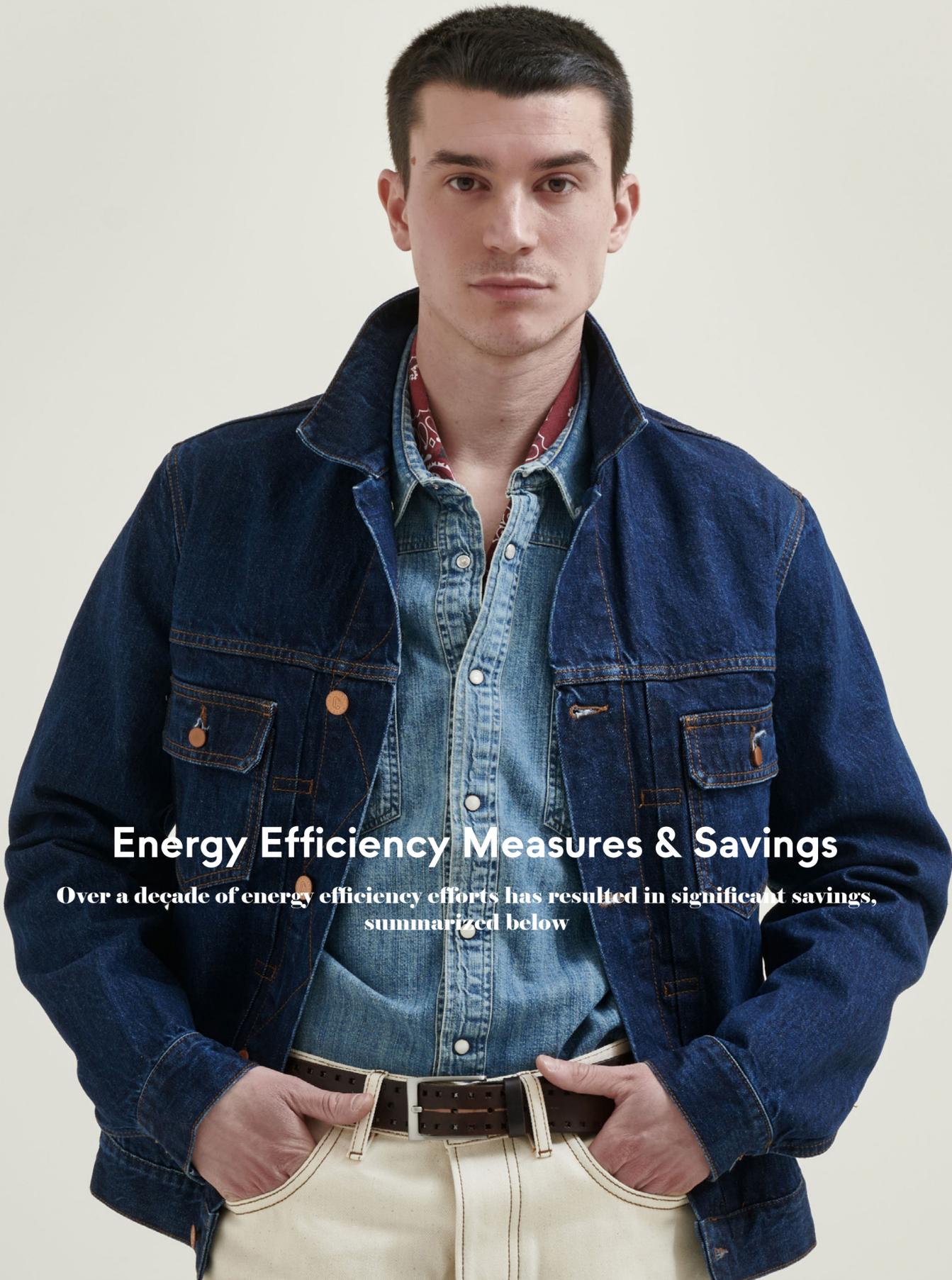
Table V. Energy Consumption (MWh)

	2022	2023	2024
<b>Electricity**</b>	47,809.1	31,001.0	32,009.9
<b>from nuclear sources</b>	4,780.9	3,100.1	3,201.0
<b>from renewable sources</b>	12,860.7	11,346.3	10,147.1
<b>Methane</b>	63,049.1	37,126.4	42,436.4
<b>Fossil fuels</b>	0.389666	0.396524	0.3069207
<b>Total energy consumption</b>	110,858.7	68,127.7	74,446.6
<b>Energy intensity based on net revenue* [MWh/eur]</b>	0.747	0.029	0.056

\*Annual Statement of Accounts – Income Statement – entry 21

\*\* 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

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
FROM 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 MW
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 the Water Risk Atlas, sustainable water management remains a top priority. We continually seek the best technological solutions to ensure the most sustainable and 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

2022	Dyeing	Finishing	Steam	Other uses
Megaliter (ML)	117.39	229.58	25.46	207.02
% of total	20%	40%	4%	36%

2023	Dyeing	Finishing	Steam	Other uses
Megaliter (ML)	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 (ML)	124.60	109.15	13.13	189.07
% of total	32.22%	24.61%	3.0%	43.4%



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.

- 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*<sup>®</sup> - 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.

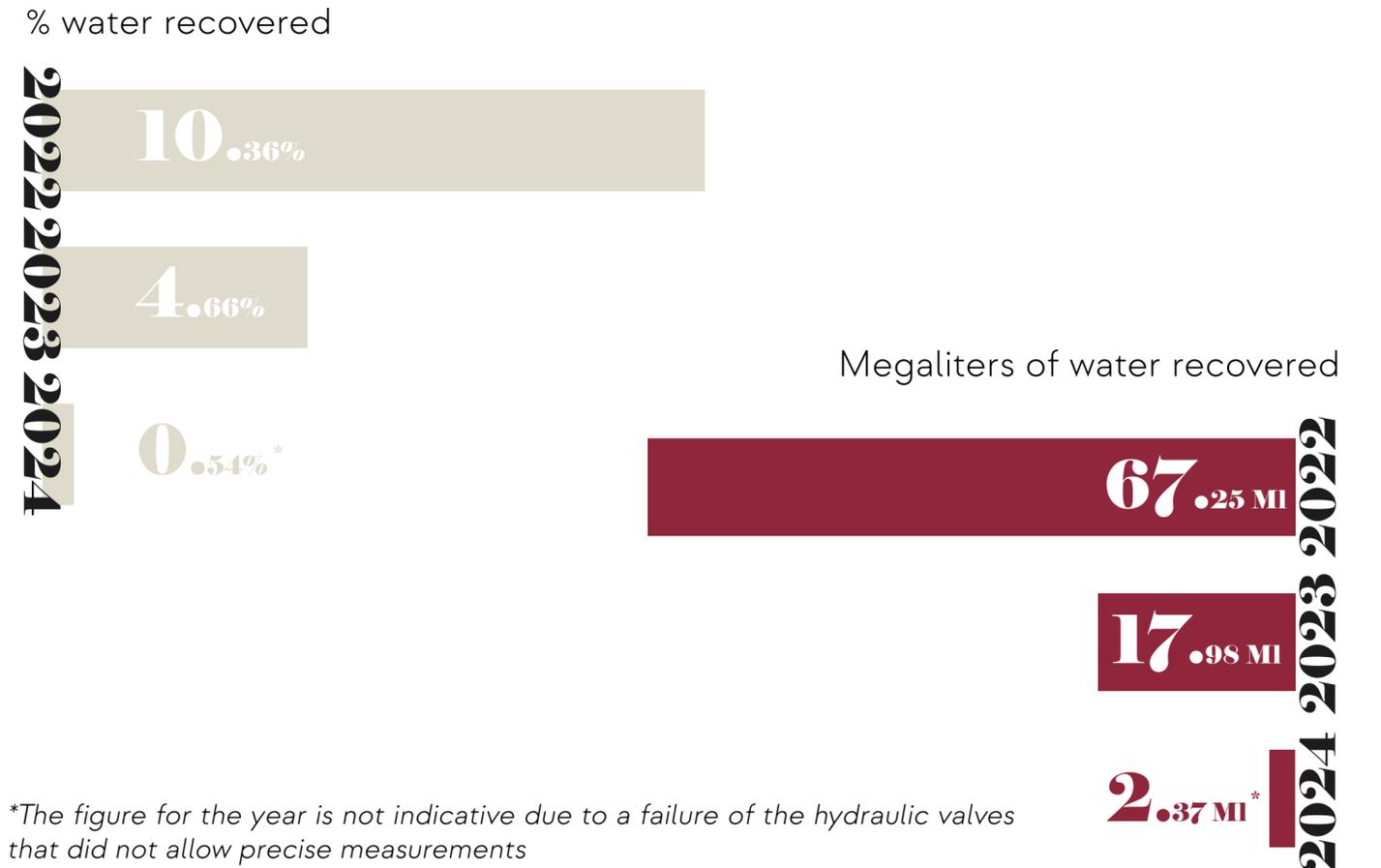
## WATER RECYCLE AND RESUSE

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)

<b>Year</b>	<b>Total water (ML) discharge</b>	<b>Water discharge (ML) per ton of fabric</b>	<b>Withdrawn water (ML) per ton fabric</b>	<b>% withdrawn to discharge</b>
<b>2022</b>	332.86	39.30	82.9	47%
<b>2023</b>	282.24	56.9	83.5	68%
<b>2024</b>	346.30	62.40	80.1	78%



## 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.



## CHEMICAL MANAGEMENT

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 chlorinated flame retardants
4. Azo dyes releasing carcinogenic amines through reductive cleavage
5. Organotin compounds
6. Poly- and Perfluorinated chemicals
7. Chlorobenzenes
8. Chlorinated solvents
9. Chlorophenols
10. Short-chain chlorinated 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

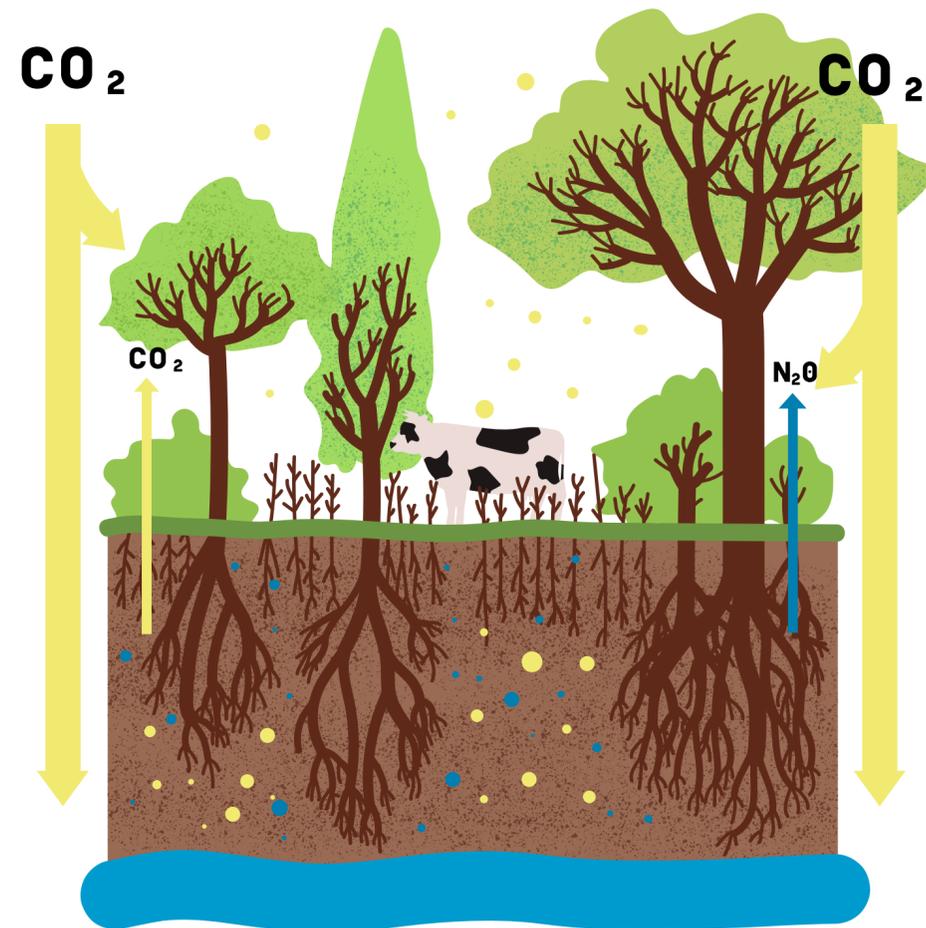
Biodiversity loss is a critical issue now recognized as being on par with the climate crisis. We also understand that biodiversity loss and climate change are inextricably linked. Action on one cannot adequately progress without action on the other.

### BELIEVING IN A REGENERATIVE FUTURE

One way Candiani aims to address 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.

## 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.

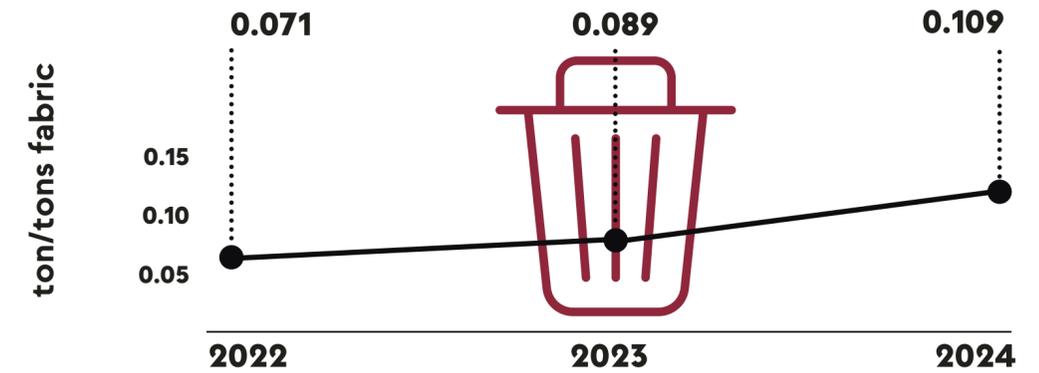
As seen in the following table, the total waste production varies from year to year. This is considered attributable to a range of processing requests by customers.



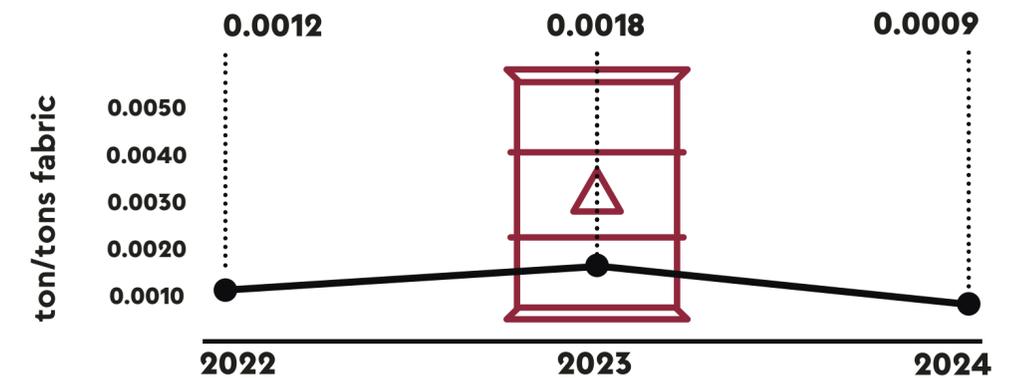
Table X. Waste per Ton of Fabric

Year	Total ton of waste per ton of fabric produced	Hazardous waste produced per ton of fabric produced
2022	0.071	0.0012
2023	0.089	0.0018
2024	0.109	0.0009

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)

	2022	2023	2024
<b>Non-hazardous waste</b>	593.39	434.74	599.48
<b>Recovered non-hazardous waste</b>	533.52	421.46	523.94
<b>Disposed non-hazardous waste</b>	59.87	7.14	75.54
<b>Hazardous waste</b>	9.92	9.04	5.09
<b>Recovered hazardous waste</b>	9.50	7.84	5.04
<b>Disposed hazardous waste</b>	0.42	1.2	0.05



## 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 2024/2025

## SDA Bocconi Education Sessions & Experience

Training and brainstorming

Methodological sessions on  
circular fashion business models

Networking

## SDA Bocconi Research

SDA Bocconi ESG survey to  
identify the industry specific  
KPIs, trade-offs, challenges and  
opportunities, technologies and  
solutions in circular fashion

SDA Bocconi co-creation 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 to  
multi-stakeholder initiatives and  
call to actions, including:

- EC Textile Transition Pathway Call for commitments and pledges
- UNECE Community of Practice "Sustainability Pledge" on traceability and transparency

## SDA Bocconi C-Factor (Second edition)

Selection of 15 circular fashion  
startups and SMEs to create a network among  
sustainability innovators and provide  
opportunities to multiple stakeholders of the  
fashion industry

## Circular Fashion Management Book & Podcast

Additional activities dedicated to  
specific research topics to create  
awareness and education for the  
industry stakeholders:

- "Circular Fashion Management" book published by EGEA - Bocconi University Press
- "Circular Fashion Talks" Podcast (first edition) by Monitor for Circular Fashion and Solomodasostenibile

## 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, fundamental 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.





### **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.

## HEALTH AND SAFETY PERFORMANCE

Between 2022-2024, there were no reported cases of occupational diseases. At the same time, there has been a steady decrease in the number of accidents.

However, during the same period, we observed fluctuations in the injury rate, and recently, there has been a slight increase in the lost day rate. This increase is mainly attributed to a higher number of minor injuries, which we have addressed through targeted corrective actions like training, information dissemination, safety procedure updates, and better monitoring and control measures.

Graph III. Safety and Injury Indices

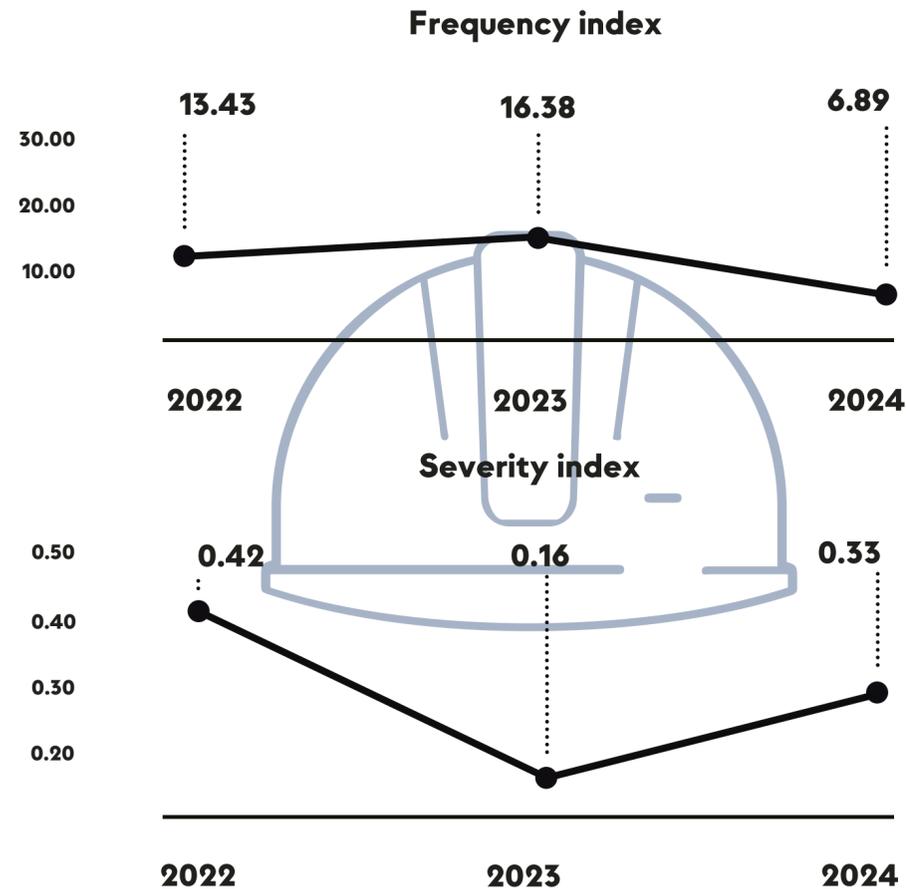


Table XII. Injury Rate

Years	N° Injuries	Injury rate
<b>2022</b>	10	<b>13.43</b>
<b>2023</b>	9	<b>16.38</b>
<b>2024</b>	4	<b>6.89</b>

$$\text{Injury rate} = (\text{N}^\circ \text{ of accidents} / \text{total N}^\circ \text{ of hours worked}) * 1,000,000$$

Table XIII. Lost Day Rate

Years	N° accidents	Days lost	Total N° possible workable hours	Lost days rate
<b>2022</b>	10	324	767,948	<b>0.42</b>
<b>2023</b>	7	91	549,307	<b>0.16</b>
<b>2024</b>	5	189	580,840.7	<b>0.33</b>

$$\text{Lost days rate} = \text{N}^\circ \text{ of days lost due to accidents at work} \times 1000 / \text{N}^\circ \text{ of total workable hours}$$

## 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.

**Child 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.

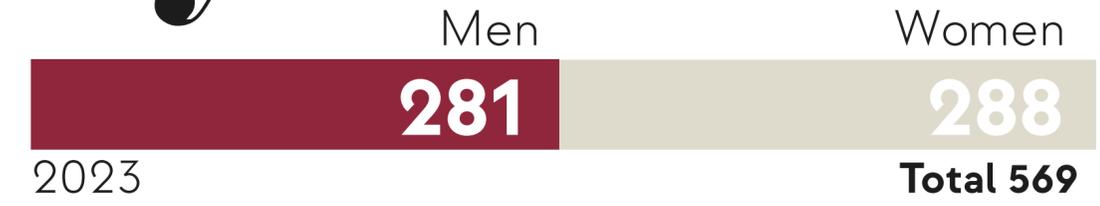


Table XIV

# Employee Breakdown



by



# Gender

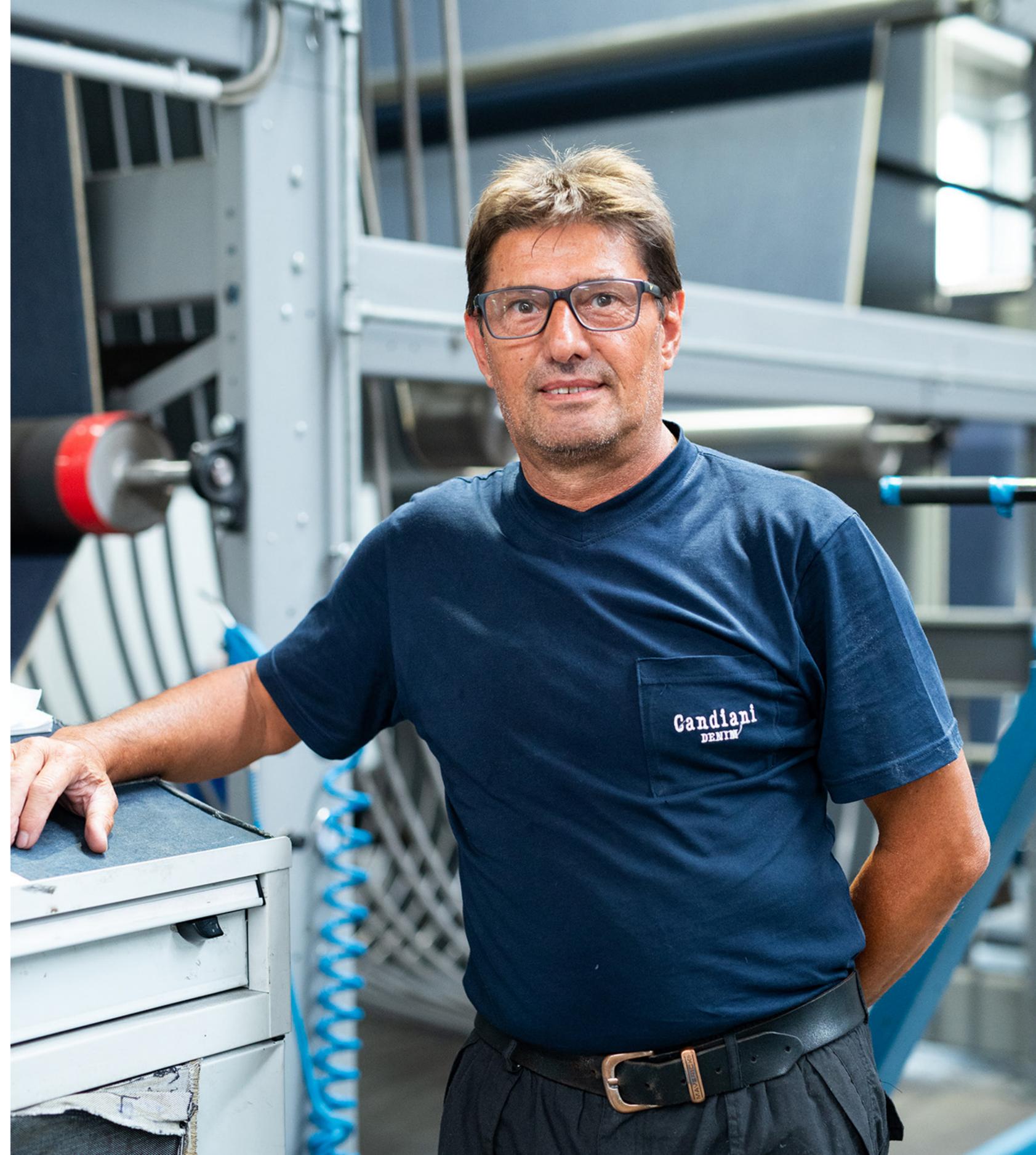


Table XV. Gender Breakdown per Employment Type

	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total permanent contract</b>	490	548	447
<b>Permanent contract by gender</b>	246 M 244 W	270 M 278 W	222 M 225 W
<b>Total fixed term contract</b>	95	21	0
<b>Fixed term contract by gender</b>	47 M 48 W	11 M 10 W	0 M 0 W
<b>Apprenticeship</b>	-	-	-
<b>Job placement</b>	-	-	-
<b>TOTAL</b>	585	569	447

Table XVI. New Hires vs. Dismissals per Gender

<b>New hires</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Women permanent contract</b>	3	0	0
<b>Women fixed term contract</b>	61	1	1
<b>Men permanent contract</b>	1	1	0
<b>Men fixed term contract</b>	57	1	0
<b>Dismissals</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Women permanent contract</b>	16	14	48
<b>Women fixed term contract</b>	9	3	10
<b>Men permanent contract</b>	20	15	39
<b>Men fixed term contract</b>	9	5	11



Graph IV. Extra-EU employees



### 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.

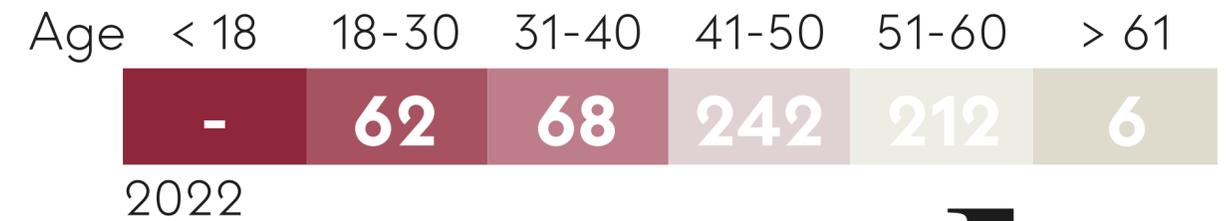
### Improved Work Opportunities for Vulnerable People

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.

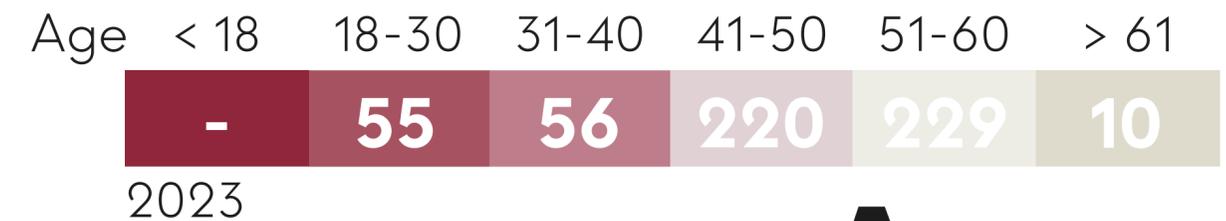
**There were 17 employees with disabilities in 2024, representing 3,8% of employees.**

Graph V.

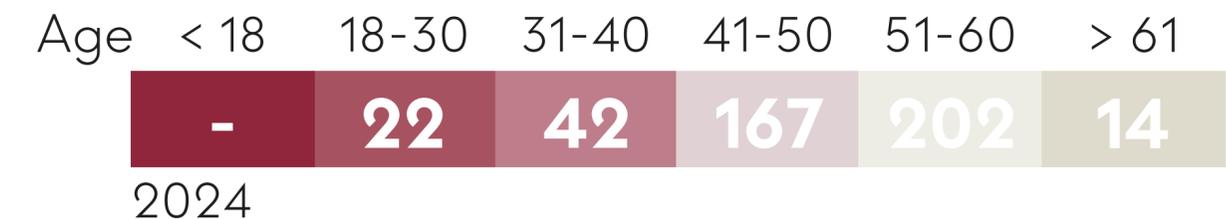
# Employee Breakdown



by



Age



# 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.





## Business Conduct | ESRS G1

### BUSINESS CULTURE - PRODUCT QUALITY

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.

In the first ISO9001:2015 certification audit, the auditors did not find any non-compliances. However, several observations were made as areas for improvement, which we began working to implement. Candiani was re-audited in 2024 to confirm compliance with ISO 9001:2015.

### Seven Quality Management Principles

# QMS 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 Denim, we commit to creating a network of suppliers aligned with our sustainable and responsible production aims while allowing us to maintain oversight 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/en/sustainability/traceability>

## 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 auxiliary 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 2022 to 2024. 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

	2022	2023	2024
<b>Production Value</b>	120,124,718	66,212,030	73,545,371
<b>Financial Income</b>	962,829	152,628	164,344
<b>Economic Value Generated</b>	<b>121,087,547</b>	<b>66,364,658</b>	<b>73,709,715</b>
<b>Value Distributed to Suppliers</b>	97,606,198	45,164,679	47,421,764
<b>Value Distributed to Employees</b>	23,381,534	18,580,894	19,649,900
<b>Value Distributed to Capital Providers</b>	388,231	1,373,211	1,115,835
<b>Value Distributed to Investors</b>	-	-	-
<b>Value Distributed to the Public Administration</b>	60,876	63,008	65,120
<b>Economic Value Distributed</b>	<b>121,436,839</b>	<b>65,181,792</b>	<b>68,252,619</b>
<b>Economic Value Retained</b>	<b>-349,292</b>	<b>1,182,866</b>	<b>5,457,096</b>



## **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 2024, 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 2024, 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.

### **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)*



## CONTINUING OUR STRATEGIC OBJECTIVES

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 the business practices are as follows:

- Monitoring of the supply chain with second-party audits - from 2 audit annually to 4 audit annually, investing in expert consultants and training two internal figures to become auditors
- Transparency and anti-corruption training – from 0 hours to 2 hours of training for at-risk functions, managers, and relevant administrative bodies
- Pursuing improved profitability – pushing for an increase in the economic value retained
- Sustained efforts to enhance the traceability of raw materials – confirming or renewing the product catalog on the Product DNA platform, through the work of internal workers
- Focusing on extensive research and development to enhance product innovation – with an annual devoted R&D budget

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



# Annex



QR  
candiani  
denim  
made in italy  
R9510  
DRIVE  
CRISPY  
100% Cotton  
P00000012

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MADE IN MILAN  
ITALY  
SINCE 1938

Candiani  
DENIM

*The Fabric of  
your favorite jeans  
since 1938*



Candiani  
DENIM