



CID

CONSORZIO ITALIANO
IMPLEMENTAZIONE
DETOX

Gestione della sostenibilità delle imprese della filiera del sistema moda

CODE OF ETHICS ITALIAN CONSORTIUM DETOX IMPLEMENTATION

INTRODUCTION

Nowadays sustainability in its environmental, economic, and social dimensions is an aspect that characterizes all product sectors and is increasingly relevant for end consumers; it is a fundamental requirement for the fashion sector, too.

In 2015, UN published the 2030 Agenda for Sustainable Development which is an action program for people, planet, and prosperity. In September 2015, the governments of the 193 UN member states signed up to this program. The agenda includes 17 Sustainable Development Goals (SDGs) in a comprehensive action program with a total of 169 targets or goals that signatory countries have committed to achieve by 2030.

The EU Strategy for sustainable and circular textiles was also approved on 30/03/2022. This is a complex document that addresses many issues and tries to design a path to support the textile and fashion industry towards a real and important transition.

The sustainable textile production

Sustainability is the result of the behaviours of individuals and organizations that make a conscious effort to achieve significant and lasting results. The term sustainability derives from the verb 'to sustain' and implies the process aiming to maintain a certain state over time.

Therefore, for CID and its members, Sustainability Management in the companies of the Fashion System supply chain is a production system that is based on logics of collaboration among companies, research organizations, universities, non-profit organizations, schools, and professionals who are committed to:

- producing solutions that respect the environment where we all live.
- producing solutions that are economically and financially self-sustaining.
- developing 'quality of life' by accepting and implementing shared models of sociality such as, among others, respect for human rights, gender equality and protection of the differently abled people.

We can therefore, as individuals and as a community, act on the production and consumption of energy, on the emission of substances harmful to the environment (land, water, and atmosphere) and on the quality of individual and social life in conscious and efficient ways. In other words, we can act on the three pillars that support the globally recognized principles of sustainability: the environmental, economic, and social ones

CID- Consorzio Italiano Implementazione Detox (Italian consortium for Detox)

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implementation)

The consortium deals with sustainability management in Italian fashion supply chain companies. It resulted from the need for some textile manufacturing companies to change the way they operate in order to implement Greenpeace's Detox commitment. Initially coordinated by Confindustria Toscana Nord, the companies involved in Detox founded the Italian Consortium for Detox Implementation, to better manage their common path to achieve the goal of eliminating the presence of hazardous substances in their water discharges by 2020. CID operates nationally and internationally through its activities, with a scientific approach and with the aim of providing practical support to companies through surveys and research, operational support, training, promotion, national and international collaborations, development of eco-design and circular economy initiatives. CID also provides support to companies involved in the virtuous process of textile fibre recycling towards a holistic approach to circularity.

CID members are textile-clothing manufacturing companies that, through the consortium, continue their commitment to eliminate chemicals from their production cycles according to the Detox commitment promoted by Greenpeace. CID members, through the consortium, represent a network of companies that support the development of projects, analysis, research, paths, and sustainable choices for corporate business through collaboration with analysis laboratories, research centres, universities. Founded in 2016 by member companies of Confindustria Toscana Nord, CID embraces the set of values, principles and commitments of the Code of Ethics and the associative values of Confindustria, the Italian Industrial Federation.

To strengthen the consortium's founding principles of sustainable textile production, it was decided to provide CID with its own code of ethics, i.e., a charter of rights, duties and values that defines the ethical, social, and environmental responsibility of all those participating in the life of the consortium.

CID undertakes to make this Code widely known both internally and externally through all communication channels, by publishing it on its website so that each stakeholder can have access to it and become aware of it.

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THE CODE OF ETHICS OF CID

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1. Ethics and Code of Ethics

1.1) Ethics

Ethics expresses the set of rules of conduct - both public and private - followed by a person or a group of people. It is a word used in many contexts and indicates a thinking about rules and principles to be observed in practical life. The scope of ethics, therefore, while referring to an abstract universe (made up of principles and values), is anything but theoretical: it concerns everyday life and results in norms of behaviour.

1.2) Corporate Ethics

When thinking about ethics shifts from individual action to a broader organizational and business sphere, the concept of individual responsibility and awareness is inevitably linked to that of 'Corporate Social Responsibility'. For associated companies, Corporate Social Responsibility is defined as the ability to integrate their business activities with the respect and protection of the interests of all partners and individuals with whom they interact, with the protection of environmental resources and their preservation for future generations.

1.3) Ethics of Information

The communication of associated companies and members is above all based on information, which must be accurate, fair, correct, objective, not ambiguous or misleading, documented, and documentable. The information must be created and disseminated in compliance with the provisions governing the subject.

1.4) Code of Ethics

In a business context, it is therefore evident the value of a Code of Ethics aiming to reaffirm that in no way can the conviction of acting for one's own benefit or that of the company justify the adoption of behaviours in conflict with shared principles and values. The following document does not intend to increase the compliance with the law or the reputation of members or associated companies, because legal responsibility, compliance with the law and fairness are a prerequisite for the very existence of the company and for civilized coexistence among people, and therefore they cannot be considered objectives of a Code of Ethics. On the other hand, the primary objective of the Code of Ethics is to make the values in which members and associated companies identify be shared and widespread. The target group of the Code of Ethics are the associated companies and their collaborators, the members of the consortium bodies, employees and collaborators and suppliers.

2. General Values of the Code of Ethics

CID accepts and recognizes the following general values as fundamental and unavoidable:

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- **Honesty:** CID is committed to fostering and promoting honesty in its behaviours, as a fundamental and unavoidable principle that must standardize all the Consortium's activities, communications, and reports. The behaviour of the target group of the Code of Ethics must be inspired by honesty and fairness and by the ethics of responsibility when managing the consortium.
- **Legality:** in its daily operations and management choices, CID accepts as a fundamental principle the respect of all the laws and regulations in force in the Italian legal system. Each member of the bodies and employee of CID must take steps, to the extent of his/her competence, to ensure compliance with the rules in force, just as the target group of the Code, in the performance of their duties and in the exercise of their activities, are required to comply with the rules in force. It is forbidden for the target group of this Code of Ethics to establish or pursue any relationship with any person who does not intend to comply or demonstrates that he/she does not comply with this principle.
- **Integrity and impartiality:** CID bases its conduct on canons of moral integrity and transparency and on the values of honesty, fairness, and good faith. Therefore, CID shall not take part to or continue any type of relationship with anyone whose behaviour does not comply with the provisions of this specific point of the Code of Ethics.
- **Respect for the dignity of the person:** CID respects the fundamental rights of the person, protecting his/her moral integrity and guaranteeing equal opportunities. In its internal and external relations, CID rejects any discrimination based on religious beliefs, racial or ethnic origins, nationality, age, sex, political and trade union opinions, sexual orientation, state of health, marital status, state of disability, physical appearance, economic-social condition and, in general, any individual characteristic of the person.
- **Responsibility towards the community:** towards the community CID takes on the responsibilities that may arise from the performance of its activities and recognizes the values of solidarity and dialogue as its own. CID promotes social, economic and employment development in full respect of internationally recognized rights, with regard specifically to the protection of working conditions, trade union rights, health, and safety in the workplace, as well as the respect of the principle of fairness and correctness in the calculation of working hours and remuneration.
- **Trust:** CID believes that mutual trust is a prerequisite for effective and beneficial relationships, both internally and externally. CID acknowledges the central role of human resources and the importance of establishing and keeping relations with them based on cooperation.



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- **Sharing:** CID encourages the sharing of information, knowledge, experience, and professional skills, both internally and externally.
- **Teamwork:** teamwork and collaboration in achieving common goals characterize CID actions, being aware that the consortium's success is largely based on the added value provided by the synergy of its staff.
- **Information transparency and exhaustiveness:** CID complies with the principles of transparency and exhaustiveness of information in carrying out its institutional activities, in managing financial resources and in the consequent reporting and/or accounting records, as well as in drafting all documents concerning the Consortium's activities.
- **Protection of the environment:** in consideration of the Consortium's particular aims, the Consortium's primary mission is to safeguard the environment and it considers environmental protection as an important objective of its activities. The Consortium is therefore committed to ensuring strict compliance with national and international environmental protection laws, regulations, and provisions, working to ensure that the same aims are also pursued by all third parties with whom it has relations of any kind.

The ethical principles of associated companies and their employees.

Companies that subscribe to this Code of Ethics believe in ethics based on loyalty and fairness in business and professional relations. Today, it is necessary to go on with all this to be aware that, in a more responsible and mature industrial system, it is necessary to compete in an honest way. Sharing and applying the principles in this document leads to defining the 'style' of associated companies.

Members' employees represent a fundamental resource to develop their activities. Employees ensure that all their activities are carried out in the interest of their employer, and they must avoid any situation of conflict of interest between personal or family economic activities and the job they hold, such as to compromise their independence of judgement or choice.

The practical implementation of ethical values can be translated into guidelines that can be a useful reference regarding the behaviour to be adopted and can be extended to all employees.

3. Criteria for conduct

3.1) Competition

The free market implies the autonomy of its actors in self-determination and in the pursuit of corporate goals.

Associated companies must perform their activities in compliance with the requirements of

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competition laws. The protection legislation (so-called Antitrust) lays down precise rules in this respect and specifically it strictly affects those who accept agreements that restrict competition or abuse their dominant position.

Associated companies condemn any behaviour contrary to the principles of competition and undertake to comply with these principles by taking appropriate measures to prevent association meetings from becoming, even unintentionally, the occasion for anti-competitive behaviours.

With this in mind, the associated companies and their employees must not be involved either personally or through third parties in initiatives or contacts among competitors (for example, but not limited to: discussions on prices or quantities, market sharing, production or sales limitations, agreements to share customers, exchanges of price information, etc.), which may be perceived as violations of competition and market protection regulations.

The behaviour of the Members towards the market and competitors must be characterized by utmost correctness.

3.2) Freedom of association and rejection of any relationship with criminal organisations

The associated companies and their representatives acknowledge, as one of the consortium's founding values, the rejection of all relations with criminal or mafia organizations and with individuals who behave in a manner that violates the law, in order to oppose and to limit the forms of control of companies and their collaborators that effectively alter free competition.

The associated companies with their representatives and all members reject and oppose all forms of extortion, usury or other types of crime perpetrated by criminal or mafia organizations, and they cooperate with the police and the institutions by denouncing all episodes of illegal activity they are the victims of.

3.3) Correctness in relations with Consortium members

In compliance with the laws and regulations in force, CID complies with the principles of fairness and transparency in managing relations with associated companies, avoiding preferences and unequal treatment.

Each consortium associated company is required to correctly fulfil all consortium obligations laid down by the law, regulations, bylaws, and by this Code of Ethics.

3.4) Confidentiality of processed data

Members are obliged to respect the value and ownership of the information they become aware of, as well as information of any nature and in any form gathered or processed during the activities of the association, and they are obliged not to disclose it without the authorization of the respective owner, unless required to do so for legal or ethical reasons.

To this end, Members:

- must use due caution when employing information obtained during the activities of the association;

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- must not use the obtained information either for personal benefit or in a manner that is against the law or detrimental to the purposes and values of CID.

4. Internal and external relations

4.1) Relationships with employees

In managing labour relations and collaboration, CID is inspired by the respect for workers' rights and the full enhancement of their contribution, with a view to promoting their development and professional growth. CID is committed to ensuring a serene working environment within its organization, where everyone can work in compliance with laws, principles, and shared ethical values. CID ensures that its employees and collaborators behave and are treated with dignity and respect, in accordance with the applicable laws. CID does not accept any form of isolation, exploitation, harassment, or discrimination, for personal or work-related reasons, by any manager, employee or collaborator towards another manager, employee, or collaborator. CID forbids the application of disciplinary sanctions against employees or collaborators who have legitimately refused a work service unduly requested from them by any person linked to the Consortium.

CID is against any kind of discrimination for the reasons indicated in point 4 of this Code, as well as the granting of privileges on the same grounds. CID does not allow "undeclared work", child labour, or any other conduct that could, even in theory, be considered as an offence against the person.

4.2) Mass media relations and information management

CID and its associated companies in their relations with the press, the means of communication and information and, more generally, with external partners, commit to respecting the ethical and sustainability principles shared and subscribed to in the Detox Commitment and in the Articles of Association. The contents of the communication of CID and its associated companies must comply with the legal provisions governing the subject matter. Any request for news by the press or the communication and information media concerning the activities that CID directly carries out or the activities of CID associated companies, must be agreed upon and communicated to the respective individuals responsible for external communication, before undertaking to respond to the request. The external communication of CID and its associated companies must comply with the shared principles of truthfulness, fairness, transparency, and prudence. Relations with the mass media must be characterized by compliance with the law, the code of ethics, the relevant protocols. Any form of investment, whether direct or through an intermediary, that finds its source in confidential company news, is prohibited.

4.3) Relations with suppliers, collaborators, consultants, business partners, consortium members and customers

The management of relations with suppliers, collaborators, consultants, business partners,



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consortium members and customers is based on the principle of the pursuit of high-quality standards, in compliance with the laws and regulations that rule the activities of CID and its associated companies, and it must also comply with the criteria of professionalism, fairness, respect of the rules of impartiality and fair competition.

To this end, CID makes every effort to ensure that the choice of its suppliers, collaborators, consultants and business partners, as well as the purchase of goods and services, is made exclusively on the basis of transparent and documentable selection methods and according to objective parameters of quality, convenience, price, capacity, efficiency, avoiding agreements with unreliable contractual counterparties, taking into account, for example, the respect for the environment, working conditions and/or human rights.

CID and its associated companies do not accept and ensure that suppliers, collaborators, business partners, consortium members or customers do not receive any unlawful pressure to perform services that are not contractually provided for or due. CID requires its suppliers, collaborators, consultants, business partners, consortium members and customers to behave in compliance with the law, in an ethical manner, in line with internationally recognized standards and principles concerning the treatment of workers, with particular regard to the safeguard of fundamental human rights, the prohibition of discrimination, the protection of children, the prohibition of forced labour, the protection of trade union rights, the protection of health and safety in the workplace, respect for working hours and the principle of fair pay and respect for the environment. Behaviours that differ from those described constitute a serious breach of the duties of correctness and good faith in the execution of the contract, they imply the compromising of the fiduciary relationship and constitute a just cause for the cancellation of contractual relations.

CID undertakes to examine and, if necessary, promptly accept suggestions and complaints made by consortium members, business partners and, if need be, customers or recognized associations.

CID and its associated companies require that suppliers, collaborators, business partners, consortium members or customers behave in accordance with the principles of this Code of Ethics, about which they must be duly informed.

4.4) Relations with public institutions and associations

Relations with the system of public institutions must be based on the respect of the essential purposes of the laws and rules laid down to protect the public interest.

CID Members must refrain from the "instrumental" use of formal aspects of the laws to gain advantages not connected with their real competences or, worse, to create "artificial or pretextual" difficulties or obstacles for other parties involved in the provision of services, as may happen, for example, during negotiation procedures with private companies or public bodies or public tenders.

Lobbying and pressure actions must be carried out not only with lawful methods, but also with the utmost transparency, correctness, and spirit of cooperation for the improvement of the economic and social system of the country where they operate, in its public and private dimensions.

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Besides, CID undertakes to:

- establishing effective channels of communication with institutional counterparts at international, EU, national and territorial levels;
- representing its interests and opinions in a transparent, rigorous, and consistent manner, avoiding collusive attitudes;
- coordinating relations with institutional partners in order to ensure the utmost clarity in relations;
- taking appropriate measures to prevent offences against the public administration.

It adopts behaviours in line with the purpose and guidelines of the associations representing interests in which it participates.

4.5) Relations with the users of its services

CID members undertake to make explicit for the users of their services and to comply with the Self-Regulatory Codes as well as the agreements and memoranda of understanding signed together with public bodies and private associations. The codes must comply with the principle of transparency and accountability.

5. Relationship with the environment and the community and commitments to sustainability

CID associated companies base their way of working on respect for the environment and the territory, operating in full compliance with current environmental protection regulations.

The role of Members in the supporting structure of the Company entails the obligation to take into account, in its own development programs, the needs of the community in whose territory the company operates with the aim of contributing to its economic, social and civil development.

Members shall carry out their activities by using the best available technologies, by promoting and developing activities aimed at enhancing natural resources and preserving the environment and in compliance with laws and regulations concerning environmental protection.

By joining CID, associated companies, specifically, recognize themselves in the sustainability values and commitments described below:

- Adoption of sustainability-oriented policies for industrial productions, starting from managerial choices that lead to the elimination of hazardous chemicals from their production cycles according to the methods and timeframes described in the Detox commitment signed by each CID member and published on their respective company websites.
- Commitment to transparency of information: to communicate in a transparent manner, via their own company websites or specially created public portals, or other means of communication, their Detox commitment, the results of the



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monitoring carried out and the evolution of their respective company's commitments as far as sustainable production is concerned.

- Improvement of environmental performance: starting from the verification of regulatory compliance, the commitment to manage resources with the aim of reducing environmental impact and the continuous improvement of company performance.
- Eco-design: design of long-lasting quality products and of production processes that reduce impacts on ecosystems to a minimum. Product design complies with the principles of eco-design, traceability of processes and materials, with the aim of minimising environmental and social impact, with a focus on reducing wastes and processing scraps and considering the product's end-of-life, too.
- Choice of raw materials with high environmental and social value, with traced production and lower environmental impact of production or with respect for animal welfare.
- - Education: sharing, dissemination and enhancement of sustainability values and responsible consumption styles also through collaborations with institutional partners, universities, and training institutes with the aim of spreading a culture of sustainability.

6. Members' commitment and enforceability of the code of ethics

The Code of Ethics is an integral part of CID Articles of Association. By joining the Consortium, Members undertake to respect and to promote the principles and the rules established in the Code. The members of the Consortium Bodies undertake to disseminate and to promote the Association's resolutions exclusively through the official documents drawn up by the Consortium. The members of the Bodies also undertake to maintain the utmost confidentiality on the topics under discussion.

This Code of Ethics comes into force on the date of its approval in all its parts by CID Shareholders' Meeting and may be subject to revisions and updates to be approved by the Shareholders' Meeting from time to time.

7. Transitional rule

This Code of Ethics, in its first version, will be applicable as of 6 December 2022.

Prato, 6/12/2022

THE CHAIRMAN

(Architect Mr. Andrea Cavicchi)