



Candela Corporation

Business Ethics Program



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Letter to Employees

Dear Fellow Employees:

At Candela Corporation we believe that conducting business ethically is critical to our long-term success. To emphasize this philosophy, we have developed the Candela Corporation Code of Business Conduct and Ethics Program. Since we live and work in an ever-changing society, it is necessary to review and update this Code on a periodic basis.

The following information reflects the Company's ethics stance:

- The Candela Mission Statement
- The Candela Quality Policy
- An updated Code of Business Conduct and Ethics
- A Statement of Values

To be an ethical company, everyone must exercise standards in order to ensure we live up to our desired goal. This Code can be used as a guide for conducting ourselves in all aspects of our time at work.

Candela's reputation is dependent on each of us. With this Code of Business Conduct and Ethics as a guide, we can ensure we continue to enhance our reputation with our customers and suppliers, our employees and in our communities.

Gerard E. Puorro

Gerard E. Puorro
President and
Chief Executive Officer



Candela Mission Statement

To work as a team to produce superior, high-quality products that enable customers to achieve their maximum potential while providing employees with a supportive, ethical environment that encourages them to strive for excellence in every aspect of their work. We seek to enhance shareholder value while operating ethically with our employees, business partners and communities. In everything we do, we strive to act honestly, fairly and with integrity.



Candela Quality Policy

To work as a team, within a quality management system to meet or exceed our customers' needs and expectations in terms of the quality of products and services that we provide.

To continue to develop our capabilities to address the changing demands of our customers.

To conform to the requirements of ISO 9001/EN 46001/ISO 13485, the FDA's Quality System Regulations (QSR and other applicable regulations).

To place particular importance on the contributions that employees make to quality and to work with them to provide the necessary information, training, and support to enable them to achieve the highest levels of competence.



Objectives

At Candela Corporation (“Company”), we believe that conducting business ethically is critical to our long-term success. We expect every director, officer and employee to practice the highest standards of conduct in every business relationship within the Company and with our customers, business partners and competitors. To that end, the Company has adopted this Code of Business Conduct and Ethics (“Code”), which is designed to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;
- full, fair, accurate, timely and understandable disclosure in the reports and documents that the Company files with, or submits to, the United States Securities and Exchange Commission (“SEC”) and in the Company’s other public communications;
- compliance with applicable laws, rules and regulations;
- the prompt internal reporting of any violations of this Code; and
- accountability for adherence to this Code.

This Code is not a comprehensive manual that covers every situation you might encounter. This Code creates no contractual rights.

If you have any questions about the provisions of this Code or about how you should conduct yourself in a particular situation, you should consult your supervisor or department head, the Company’s Compliance Officer whose identity is posted at all times on the Company’s intranet and/or bulletin board, or the Company’s legal counsel whose identity is also posted at all times on the Company’s intranet and/or bulletin board.



Application of the Code

This Code applies to all directors, officers and employees of the Company and its subsidiaries.

Candela Corporation and each of its subsidiaries are firmly committed to conducting business in full compliance with the law and other accepted standards of business conduct. The following standards of conduct are to be used as a guide when representing the Company. These standards and the entire Code of Business Conduct and Ethics represent a compliance and integrity program that is supported by our Board of Directors and all officers of the Company, and are to be applied to conduct on a worldwide basis.



Work Environment

Candela is committed to providing a workplace that is safe and one that promotes teamwork, diversity and trust. This includes a strong commitment to providing equal opportunities for all employees without regard to a person's race, color, religion, sex, age, national origin, sexual orientation, disability, citizenship status, marital status, or any other legally protected status including accommodation for an employee's religious beliefs and practices.

To have a working environment that will build teamwork and trust, it must be free of any form of harassment. Candela has zero tolerance of any form of sexual harassment which can include any form of sexual advances, requests for sexual favors, unwanted physical contact or repeated and unwelcome sexual suggestions. Also prohibited is conduct involving offensive racial, ethnic, religious, age-related, or sexual jokes or insults, displaying or distributing offensive pictures or cartoons, using voicemail, e-mail or other electronic devices to transmit derogatory or discriminatory information. Employees are encouraged to familiarize themselves with the Candela Harassment Policy and the Candela "Corporate Internet Mail and Access Policy."

For more specific information regarding these issues, please refer to the Candela "Sexual and Other Non-Harassment Policy" and the Candela "Corporate Internet Mail and Access Policy."



Drugs and Alcohol

Completing high quality product requires clear thinking and the ability to react quickly for the safety of all employees. To accomplish this, an individual cannot be under the influence of alcohol or drugs of any kind. Candela strictly forbids the abuse of drugs and alcohol; any violations of these rules are taken very seriously.



Conflicts of Interest, Gifts and Entertainment

We must ensure that any financial, business or other activities in which we are involved outside the workplace are free of conflicts with our responsibilities to the Company. A “conflict of interest” may occur when our private interest in any way interferes or even appears to interfere with the Company’s interests.

A conflict of interest can arise when a person has interests that may impair the objective performance of his or her duties to the Company. Conflicts of interest may also arise when a person (or a family member) receives improper personal benefits as a result of his or her position in the Company.

We must disclose any matter that we believe might raise doubt regarding our ability to act objectively and in the Company’s best interest. The following is a non-exhaustive list of examples of situations involving actual or potential conflicts of interest that should be disclosed:

- any Company loan to any director, officer, or employee, or Company guarantee of any personal obligation;
- employment by, or acting independently as a consultant to, a Company competitor, customer or supplier;
- directing Company business to any entity in which a director, officer, employee or close family member has a substantial interest;
- owning, or owning a substantial interest in, any Company competitor, customer or supplier;
- using Company assets, intellectual property or other resources for personal gain; and
- giving or accepting anything of more than nominal value -- such as gifts, discounts, or compensation – to (from) an individual or entity that does or seeks to do business with the Company. Gifts must not be given (accepted) if:
 - The value of any gift offered (received), including the value of tickets to sporting events, is more than nominal in value.
 - The gift is offered (accepted) as a condition to doing business with a supplier or customer.
 - The gift in any way violates a Company policy or any governmental law.

Directors and officers shall disclose all actual or apparent conflicts of interest to the Compliance Officer *and* to the Nominating Committee. Employees who are not officers shall disclose all actual or apparent conflicts of interest to a supervisor or department head, or to the Compliance Officer. All supervisors and department heads who receive such reports must forward them promptly to the Compliance Officer.



We owe a duty to the Company to advance its legitimate interests. Thus we may not

- (i) take for ourselves corporate opportunities that are discovered through the use of Company property, information or position without first offering such opportunities to the Company;
- (ii) use corporate property, information, or position for personal gain; or
- (iii) compete with the Company.

In addition, directors and officers must adhere to their fundamental duties of good faith, due care, and loyalty owed to all shareholders, and act at all times with the Company's and its shareholders' best interests in mind.

Directors, officers, and employees must obtain necessary approvals before accepting any position as a director or officer of any outside business concern or a not-for-profit entity, in each case if

- (i) the Company has, or foreseeably may have, a business relationship with the concern or entity;
- (ii) the concern or entity is, or foreseeably may become, a competitor of the Company; or
- (iii) the concern or entity has an expectation of financial or other support from the Company.

Directors must obtain such approvals from the Board of Directors; Officers must obtain such approvals from the Nominating Committee; other employees must obtain such approvals from the Compliance Officer. Directors, officers, and employees who have obtained such approvals must promptly notify the appropriate persons specified above in the event of any change in the nature of such business concern's or entity's relationship with the Company or if such concern or entity later becomes a competitor of the Company.



Unfair Business Practices

Candela is dedicated to high standards of business conduct. We view free and fair competition as building blocks benefiting companies and societies. We will not engage in any activity that unfairly or illegally impacts our customers, suppliers or competitors. We believe in using sound business fundamentals, innovation and hard work to maintain our leadership position in the industry.

As Candela employees we must act fairly, honestly, and in good faith in any dealings on behalf of the Company with its customers, suppliers, competitors, employees, and all others. We may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

In some countries certain laws prohibit conduct related to making irregular payments; those laws may not be enforced in practice. Despite the lack of enforcement of these practices or other local laws regarding this type of payment, those payments are illegal in the United States and are not acceptable under Candela policy.

We must comply with all applicable laws and regulations of the countries and communities in which we do business.



Full, Fair, Accurate, Timely and Understandable Disclosures

The Company strives to ensure that all business records and financial reports are full, fair, accurate, timely, understandable, complete and not misleading. The Company is committed to complying with applicable laws, rules and regulations requiring the fair and timely disclosure of material information and ensuring the accuracy of publicly disseminated information. To that end, the Company maintains internal controls and procedures designed to provide reasonable assurance of the safeguarding and proper management of the Company's assets; the reliability of its financial reporting in compliance with generally accepted accounting principles; and compliance with applicable laws, rules, and regulations. The Company is committed to maintaining disclosure controls and procedures designed to ensure that financial and non-financial information is collected, analyzed, and timely reported in full compliance with applicable laws, rules, and regulations.

If we, as employees, obtain information causing us to believe that the Company's books or records are not being maintained or that its financial condition or results of operations are not being disclosed in accordance with these controls and procedures, we must report the matter directly by any of the means indicated under "Reporting and Enforcement Mechanisms" section below.

For more specific information regarding this issue, please refer to the Candela "Whistleblower Policy."



Protection and Proper Use of Company Assets

We have an obligation and responsibility to investors to protect Candela assets. We must work together to ensure that Company assets are protected against theft or misuse.

We must protect and seek to ensure the efficient use of the Company's assets. We should protect against the improper disclosure, theft or misuse of the Company's intellectual and physical property. Company assets should be used only for the Company's legitimate business purposes.

The use of electronic communications by fax, voice or network transmissions continues to grow in importance throughout all company entities. With this growth comes the need to emphasize the following guidelines for all users.

No one may display, store, send, receive or print discriminatory, harassing or other inappropriate material; electronic communication must be used only with discretion as to time consumption and business needs.

The content of the Company's electronic communication infrastructure (e-mail, voicemail, Internet access, etc.) is not protected by any right of personal privacy, and the Company can access and monitor it at any time without notice.

For more specific information regarding this issue, please refer to the Candela "Corporate Internet Mail and Access Policy."



Compliance with Laws, Rules and Regulations

The Company is committed to compliance with all applicable laws, rules and regulations. The Company also maintains separate, detailed policies regarding such matters as whistle blowing, insider trading, fair employment practices and sexual harassment that can be obtained through the Compliance Officer.

Each and every director, officer and employee must comply with applicable laws, rules, and regulations. Questions or concerns about compliance issues should be raised by any of the means indicated under the “Reporting and Enforcement Mechanisms” section below.

For more specific information regarding this issue, please refer to the Candela “Whistleblower Policy.”



Confidential Information, Intellectual Property and Copyright

Copyright and patent laws protect many materials we use in the course of performing our work. We respect the owners' rights to these materials and do not make unauthorized copies of or modifications to copyrighted materials or disseminate intellectual property of others. In addition, there is intellectual property belonging to Candela that must be protected from dissemination to others.

We must maintain the confidentiality of sensitive business, technical, or other information entrusted to us by the Company, its customers or business partners except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company, its customers or business partners if disclosed. This obligation is in addition to the requirements of any confidentiality agreement that may have been entered into with the Company.



Insider Trading

Candela's Insider Trading and Quiet Period Policy limits trading in the company stock for employees and other insiders. As approved by the Board of Directors, the Company's Quiet Period Policy is as follows:

“Quiet Period” shall be the period beginning 15 calendar days prior to the end of a fiscal quarter and ending 24 hours immediately following the public announcement of the Company’s earnings for such quarter (provided that such 24-hour period includes a full trading day or portions of two trading days that together add up to a full trading day).

For more specific information regarding this issue, please refer to the Candela “Insider Trading and Quiet Period Policy.”



Reporting and Enforcement Mechanisms

Among our most important responsibilities in the Company are the obligations

- to comply with this Code and all applicable laws, rules and regulations
- report any situation or conduct we believe may constitute a possible violation of this Code or applicable laws, rules or regulations

If we should learn of a potential or suspected violation of the Code, we have an obligation to report the relevant information to one of the persons listed below:

- a supervisor or department head;
- the Compliance Officer; or
- the Company's legal counsel.

As employees of Candela we may also address questions about ethics issues and raise any concerns about a possible violation of the Code or applicable laws, rules or regulations to any of the persons listed above. A supervisor or department head will usually be in the best position to resolve the issue quickly. However, we may also raise any question or concern with any of the other persons listed above. We may do so orally or in writing.

If the issue or concern relates to questionable accounting or auditing matters, we should immediately report any such concern pursuant to the procedures outlined in the Company's Whistleblower Policy.

For more specific information regarding this issue, please refer to the Candela "Whistleblower Policy."



Protection from Retaliation

The Company has established procedures to prevent retaliation against employees for raising, in good faith, a concern or for participating in the investigation of a concern. These procedures are outlined in the Company's Whistleblower Policy.

For more specific information regarding this issue, please refer to the Candela "Whistleblower Policy."



Penalties for Violations

The Company is committed to taking prompt and consistent action in response to violations of this Code. Any person who violates this Code is subject to disciplinary action including immediate termination. The Company will promptly investigate reports of suspected violations. It will evaluate suspected violations on a case-by-case basis and apply an appropriate sanction including, in its sole discretion, reporting the violation to authorities.



Waiver/Amendments

Only the Board of Directors may waive application or amend any provision of this Code. A request for such a waiver should be submitted in writing to the Board of Directors, or a Committee of the Board of Directors designated for this purpose, for its consideration. The Board of Directors will promptly disclose to investors, in accordance with applicable laws, rules and regulations, all substantive amendments to the Code as well as all waivers of the Code granted to directors or officers including the reasons for such waivers.