

# **ANNUAL REPORT ON SUPPLY DUE DILIGENCE**

**FOR COPs 3, 6, 7 & 27**

**Year 2023**

**FAGGI ENRICO S.P.A.**



## COP 3: REPORTING

### Contact Information

COMPANY NAME: FAGGI ENRICO S.P.A.  
DATE: 01.10.2024  
REPORTING PERIOD: 01.01.2023 – 12.31.2023  
CONTACT: Ianni Claudia e-mail [claudia.ianni@faggi.it](mailto:claudia.ianni@faggi.it)

---

### ISSUES

Faggi Enrico S.p.A. will be providing details on the following Via Majorana 101, 103 Sesto Fiorentino (FI – ITALY) identified during our due diligence activities.

Key activities such waste containing gold or palladium inspection and laboratory testing process, gold and palladium waste containing recovery, gold and palladium purchasing process, supply chain risk assessment, refinery, storage, packaging, inventory, and products delivery were verified and audited.

The number of gold and palladium supplying counterparties is mainly confirmed having the same characteristics, with the following percentages:

Supplying Counterparties	Gold	Palladium	Rhodium	Platinum	Silver
Industrial mining operations (large or small scale)	-	-	-	-	-
Artisanal mining operations	-	-	-	-	-
Traders / brokers	-	-	-	-	-
Recycled material	91%	94%	73%	95%	97%
Industrial scrap providers			-	-	-
Others:	9%	6%	27%	5%	9%

The company has developed the integrated management system (IMS) policy regarding due diligence for supply chain of gold, palladium, rhodium, platinum and silver in compliance with COP RJC. This policy is published in the company web site available to public [www.faggi.it](http://www.faggi.it)

The policy reviewed on 28.08.2023 provides an overview of the management system governing the due diligence policy for gold silver and PGM supply chain. Trainings for key persons as well as management team are also provided. The Company has assigned person responsible for the implementation of due diligence, a compliance officer, implemented internal and external communications provisions.

The Company has established and applies a procedure for the gold, silver and PGM supply within its Integrated management system according also to Know Your Customer principle.

The Company ensure that suppliers commit to a supply chain policy consistent with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In order to do this, the company:

1. Establish, where practicable, long-term relationships with suppliers as opposed to short-term or one-off contracts in order to build leverage over suppliers.
2. Only accepts conflict free gold traceable from refiners or banks on the current LBMA Good Delivery List.
3. Only accepts conflict free palladium traceable from RJC chain certified companies and recycled palladium traceable from companies qualified according to OECD guidelines criteria on KYC and Due Diligence.
4. Communicate to suppliers expectations on responsible supply chains of minerals from conflict-affected and high-risk areas, and incorporate the Company Policy and the Ethical code into commercial contracts and/or written agreements with suppliers

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As a part of our due diligence activities since 2022 we have reported the Green House Gas (GHG) according to UNI EN ISO 14064-1:2019 standard, the GHG report has been certified by Certiquality. The Organization has completely offset the GHG emissions of the plant in Via Majorana 101 in Sesto Fiorentino relating to the year 2022 through the purchase from Carbonsink of certified carbon credits from a European project for the production of renewable energy through a hydroelectric plant. The project aims to meet the growing demand for electricity in a more sustainable way, reduce air pollution caused by grid-connected power plants, which are mostly powered by fossil fuels. The company's intention is to repeat the compensation of its GHG emissions also for the year 2023. Starting from 2022, the organization will only use electricity produced from renewable sources both through the purchase of certified "green" electricity and thanks to production with its own photovoltaic system.

Faggi Enrico S.p.A. have identified the following SDGs as relevant to our business:



As a company we have already taken action regarding the above SDGs. These actions includes: use of recycled precious metals, self production of energy by renewable sources (Photovoltaic system), training on relevant issues, such as human rights for employees within your supply chain and proper storage methods for hazardous substances.

## COP 6 & 7: HUMAN RIGHTS & DUE DILIGENCE

### Contact Information

COMPANY NAME: FAGGI ENRICO S.P.A.  
DATE: 01.10.2024  
REPORTING PERIOD: 01.01.2023 – 12.31.2023  
CONTACT: Ianni Claudia e-mail [claudia.ianni@faggi.it](mailto:claudia.ianni@faggi.it)

---

### COMPANY MANAGEMENT SYSTEMS

Faggi Enrico S.p.A. have the following policies in place:

- Company Policy<sup>1</sup>
- Responsible sourcing Policy<sup>2</sup>

The policies detail our commitment to respect human rights throughout our supply chain and our supply chain due diligence on the following minerals: gold, silver, platinum group metals (platinum, palladium and rhodium) non originating from conflict-affected and high-risk areas. Faggi Enrico S.p.A. endorse these policies to our suppliers and stakeholders by distributing them via e-mail, these policies can also be accessed by our internal stakeholders and externally via web ([www.faggi.it](http://www.faggi.it)).

To support supply chain due diligence, we have implemented the following internal measures:

- Communication of Policy and Ethical Code to internal and external stakeholders
- Competence of involved personnel
- Adoption of documented procedures within the integrated management system
- Defining roles, allocating responsibilities and accountabilities, and delegating authorities to ensure the effectiveness of the integrated management system and their procedures
- Record keeping procedure
- Training of involved personnel

The senior manager responsible for overseeing supply chain due diligence is the Commercial Manager Mrs Roberta Pasquini. To aid us in identifying our human rights impacts we have developed and implemented a Management System which allows us to respect human rights in accordance with the Universal Declaration of Human Rights and the Fundamental Rights at Work of the International Labor Organization. According to this commitment:

- we do not engage in or condone active or passive bribery, money laundering or terrorist financing.
- we do not provide direct or indirect support to illegal armed groups.
- we set up processes through which the parties involved can express problems relating to the supply chain of our products.
- We do not source precious metals from conflict-affected or high-risk areas.

---

<sup>1</sup> <https://www.faggi.it/wp-content/uploads/2023/12/COMPANY-POLICY-21.06.2022.pdf>

<sup>2</sup> [https://www.faggi.it/wp-content/uploads/2023/12/RESPONSIBLE-SOURCING-POLICY\\_ENG\\_2023.pdf](https://www.faggi.it/wp-content/uploads/2023/12/RESPONSIBLE-SOURCING-POLICY_ENG_2023.pdf)

We have the following human rights policy in place: Responsible sourcing Policy which can be downloaded on the Company's website ([www.faggi.it](http://www.faggi.it)) . The senior manager responsible for overseeing our human rights impacts is the Commercial Manager Mrs Roberta Pasquini.

Faggi Enrico S.p.A. have established a system of controls and transparency over our supply chain, which include our approach for identifying suppliers and sources of our materials according to relevant internal procedures of the Management System.

As a company we communicate our expectations regarding human rights and supply chain due diligence by this Annual report and through the Company policies. In addition to this, we also take following steps to strengthen our engagement with suppliers by communicating them our commitment and asking them to respect our procedure and ethical and behaviour codes. The outcome of doing so has been an increased awareness in our suppliers. As a result of our strength some supplier joined us in the RJC certification.

Our grievance mechanism for internal or external stakeholders can be accessed via the whistleblowing page on the Company website. The term Whistleblower refers to the person who, having become aware of potentially illicit acts or facts in their work context, decides to report them using confidential and independent internal channels, specifically provided for by the company.

FAGGI ENRICO S.p.A. has always been committed to promoting a corporate culture based on ethical behavior and good corporate governance and has adopted an internal system for reporting violations which aims to safeguard the confidentiality of the identity of the whistleblower and protect him from retaliatory conduct resulting from the report, in line with the legislation issued on whistleblowing at European and national level (most recently Legislative Decree no. 24 of 15 March 2023, which implements Directive (EU) 2019/1937 into Italian law).

The reporting system is formalized in an internal Procedure, the extract of which is shown on this page.

It is possible to make reports relating to:

- 1) significant illicit conduct pursuant to Legislative Decree. 231/01 and violations of the organisation, management and control model drawn up pursuant to Legislative Decree. 231/01;
- 2) violations of the European Union regulations indicated in the art. 2 c.1 letter a) points 3),4),5),6) of the Legislative Decree. 24/2023.

Reports must be submitted using the "Legality whistleblowing" IT platform accessible via the LINK below:

<https://faggi.segnalazioni.net/>

In case of alleged violations of the provisions on the protection of privacy and confidentiality, you can send an email to [privacy@faggi.it](mailto:privacy@faggi.it)

Anyone who intends to raise concerns about:

- Potential impacts or effects on human rights and the environment;
- customers and suppliers for whom a reasonable risk has been identified of contributing to conflicts, money laundering, terrorist financing and serious human rights violations such as torture, cruel, inhuman and degrading treatment, any form of forced labor and mandatory, illegal and / or unacceptable forms of child labor;
- forms of discrimination based on origin, nationality, religion, race, sex, age or sexual orientation, or the exercise of any type of verbal or physical harassment;
- any practice or behavior deemed not in compliance with the provisions of the code of conduct, or even illegal;
- declarations of origin of the products supplied by the company;

Can send an e-mail to [info@faggi.it](mailto:info@faggi.it) or fill out the appropriate form in the contact section of the website [www.faggi.it](http://www.faggi.it). While in the event of alleged violations of the provisions on privacy protection and confidentiality, you can send an e-mail to [privacy@faggi.it](mailto:privacy@faggi.it). In case of violation of the organizational model pursuant to Legislative Decree 231/01, it is possible to send a report to [odv231@faggi.it](mailto:odv231@faggi.it) for appropriate action.

## IDENTIFIED & ASSESSED RISKS

We assess our own and supplier's due diligence practices and those relating to human rights within the risk's assessment process using the RJC Risk Assessment Toolkit and our internal procedure PRSGA 28: "Business Partners" developed according to EOCB Guide Line.

The Company supply only recycled materials from the European area therefore no materials comes from or through conflict areas. In application of the aforementioned procedures, the Organization has not detected risk indicators even taking into account that the supply of precious materials is limited to: banks, waste from the pharmaceutical and galvanic industries, waste from the production of high fashion houses and to a minimal extent by other certified refiners according to the due diligence.

Our risk assessment findings are received by CEO Mr Gianni Faggi.

Faggi Enrico S.p.A. communicate to our stakeholders regarding our due diligence activities and efforts to prevent human rights risks. This communication is in the form of web publication, coordination meetings and document exchange (for example: DUVRI, POS, PSC, DURC, etc.) by e-mail. When a human rights risk is identified we communicate the risk and how we are addressing it to potentially affected stakeholders by e-mail.

Since our last report no grievances have been raised regarding human rights risks or our supply chain due diligence.

## CARRY OUT A THIRD PARTY AUDIT

Faggi Enrico S.p.A. has joined the RJC in 2015 (Certified Member N. 3430) and has since achieved number 9 years of certifications. In support of our continuous improvement journey, our latest third-party RJC audit took place within our organisation against the RJC COP 2019 on early November 2023.

## COP 27: NATURAL RESOURCES

### Contact Information

COMPANY NAME: FAGGI ENRICO S.P.A.  
DATE: 01.10.2024  
REPORTING PERIOD: 01.01.2023 – 12.31.2023  
CONTACT: Ianni Claudia e-mail claudia.ianni@faggi.it

---

### BUSINESS PRACTICES & MATERIAL ISSUES

Faggi Enrico S.p.A. have identified the water and energy providers. As a business we monitor our use of energy and water throughout our supply chain on a monthly basis by means of meters and invoices details; and have found that we used 1.124 MWh of energy and 4365 m<sup>3</sup> of water. All the provided electric energy has been produced with renewable resources with cancellation statement that provides the proof of origin.

### ACTIONS & OUTCOMES

Faggi Enrico S.p.A. have the following actions in place to address our use of water use including our supply chain:

- Rationalization of treatment processes and awareness courses.
- Monthly monitoring of water consumption.

All the provided electric energy has been produced with renewable resources with cancellation statement that provides the proof of origin.

Throughout our business we have taken the following steps to reduce our consumption of energy and water: minimising use of hot water (only boiling as much as you need); turning off lights and electrical equipment when not in use; printing less (using less paper); efficient lighting; timing systems; fixing leaking pipes and taps, switching to renewable energy sources.

Since water and energy are supplied for our business process their use has increased along with the production.

Mrs Claudia Ianni as Environmental Department Manager is responsible for reviewing Faggi Enrico S.p.A. water and energy consumption.

Since 2022 we have reported the Green House Gas (GHG) according to UNI EN ISO 14064-1:2019 standard, the GHG report has been certified by Certiquality. The Organization has completely offset the GHG emissions of the plant in Via Majorana 101 in Sesto Fiorentino relating to the year 2022 through the purchase from Carbonsink of certified carbon credits from a European project for the production of renewable energy through a hydroelectric plant. The project aims to meet the growing demand for electricity in a more sustainable way, reduce air pollution caused by grid-connected power plants, which are mostly powered by fossil fuels. The company's intention is to repeat the compensation of its GHG emissions also for the year 2023. Starting from 2022, the organization will only use electricity produced from renewable sources both through the purchase of certified "green" electricity and thanks to production with its own photovoltaic system.

Sesto Fiorentino, 01.10.2024

*Claudia Ianni Faggi*