



**2023 SUSTAINABILITY AUDIT
REPORT**

FENDI

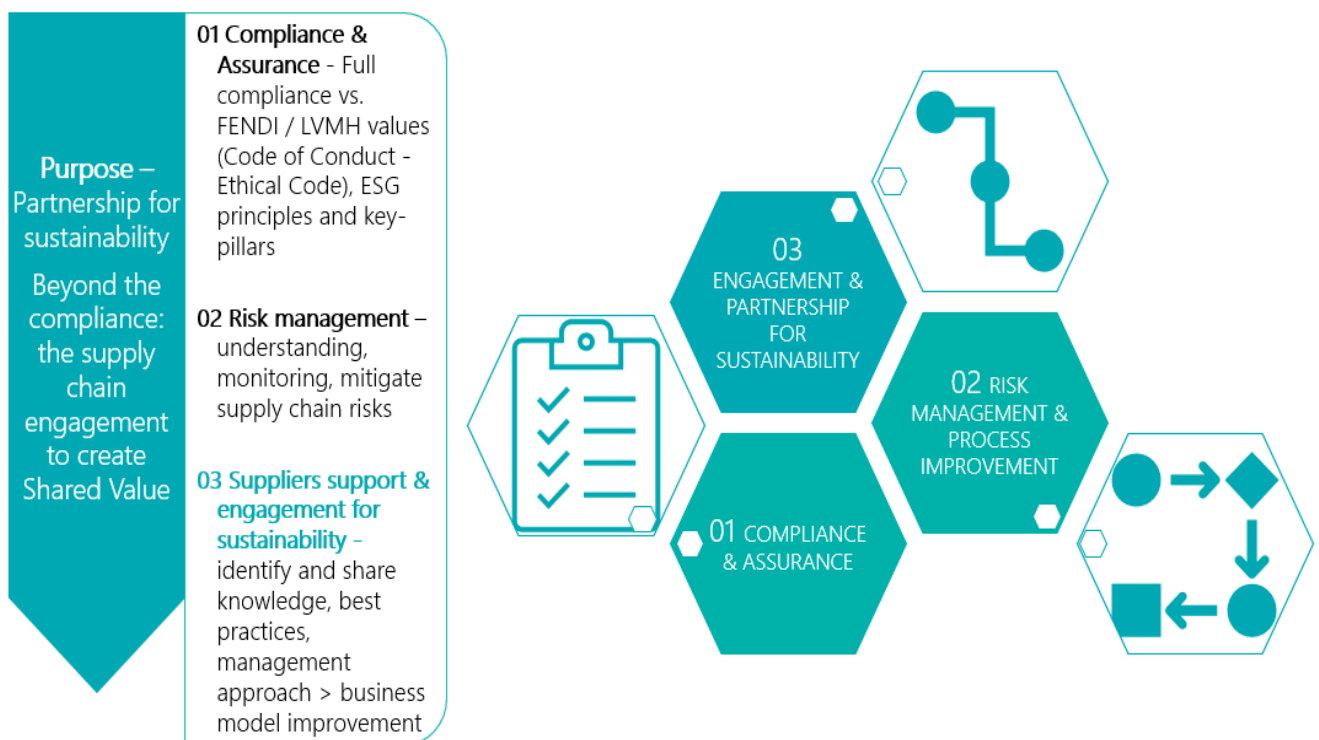
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AUDIT SERVICES FOR
MANUFACTURING SUPPLY CHAIN

FENDI ESG Auditing Program: creating shared value, beyond compliance

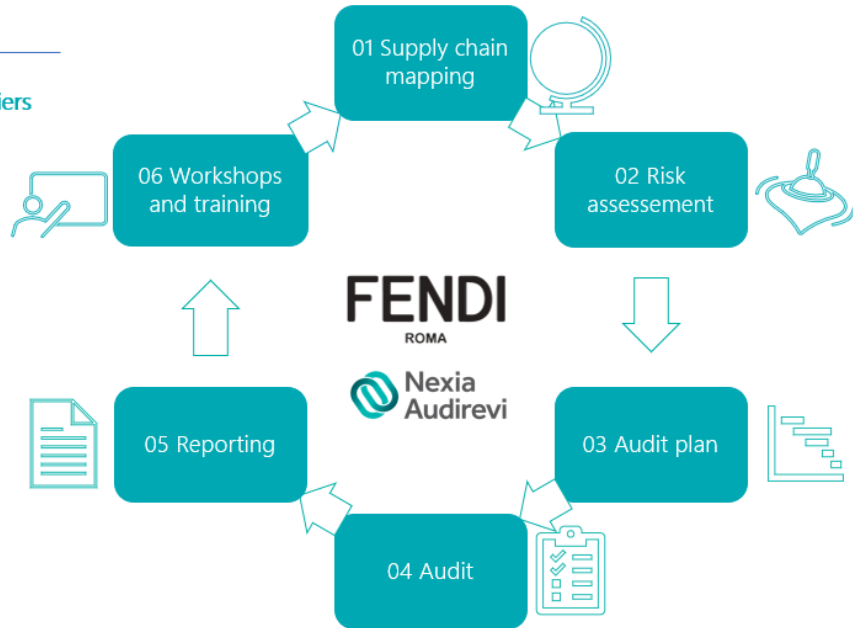
The objective of FENDI's supply chain audit process is to **create value**, through:

- **Compliance** - Independent feedback on the consistency of suppliers with the [Supplier Code of Conduct](#): a substantial **assurance**;
- **Opportunities for improvement** - identify and share with suppliers objectives and plans to improve, map best practices and be consistent with the FENDI model, ensuring cohesion to the supply chain and increasing the degree of inclusion and further partnership opportunities;
- **Risk management** - mitigate reputational risks and other types of risk deriving from the non-compliance of its suppliers with respect to the requirements that FENDI requires and subject to the control points provided.



The audit approach & process

A continuous process supporting the Fendi suppliers and value chain



Engagement: methods of intervention

Suppliers

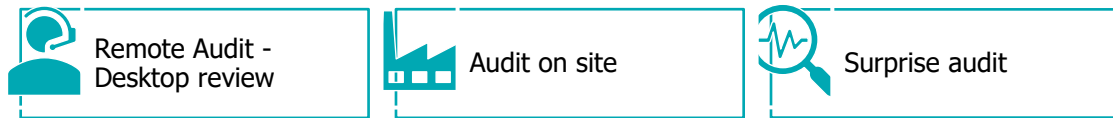
The audit plan involves, according to a three-year rotation plan, over 1,000 suppliers, from all FENDI production divisions. The audits are also extended to sub-suppliers (beyond Tier 1 level), in Italy and abroad, in order to guarantee a progressive coverage of the entire supply chain.

The Nexia Audirevi team – ESG management team

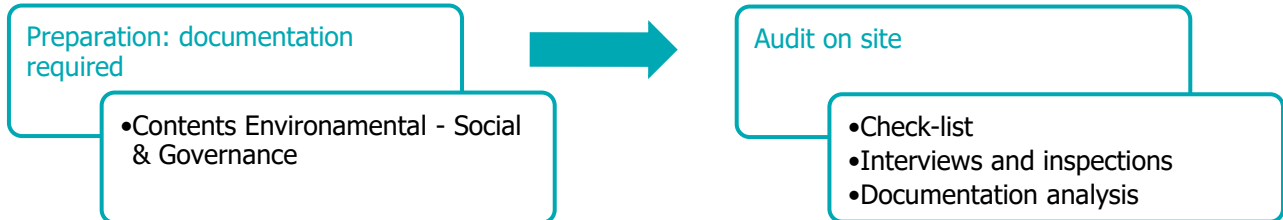
The Working Group has been designed to ensure a high level of seniority, expertise and coordination skills of complex projects, ensuring the co-presence of expert figures on the main ESG issues.



Interventions



The methods: preparation and realization



People: meetings, interviews and sharing of goals

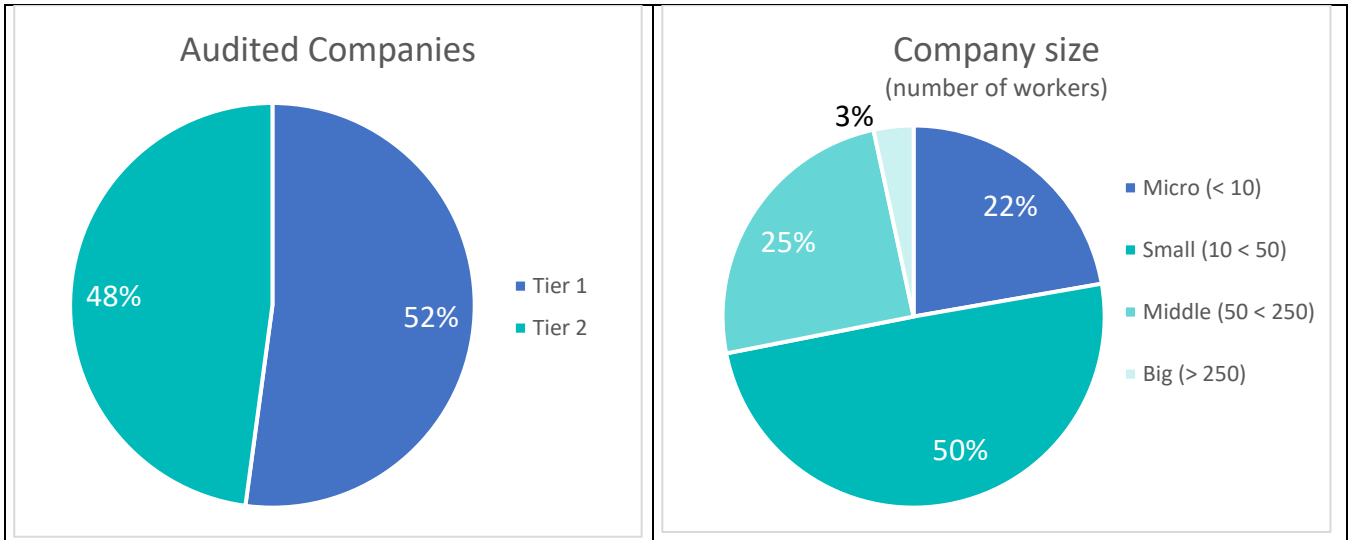
ESG projects (and also ESG audits) require the **involvement and participation of Top Management and all internal - and possibly external** - company functions in charge and involved, in the management of sustainability issues, both large companies and small artisan laboratories. During the audits, interviews are planned with a number of workers equal to 10% of the workforce (for small companies), 5% (medium-sized) and (2% large).



The results

Audirevi manages the Audit Services for Manufacturing Supply Chain assignment with Fendi starting from the last Quarter of 2021 and in the period **January-December 2023** the following activities were carried out:

- **239 on-site** supplier audits and follow-ups;
- **20 on-site** supplier full environmental audits;
- **7 on-site** suppliers audited on the cotton management;
- **179 remote** analyses (Follow-up of previous audits).



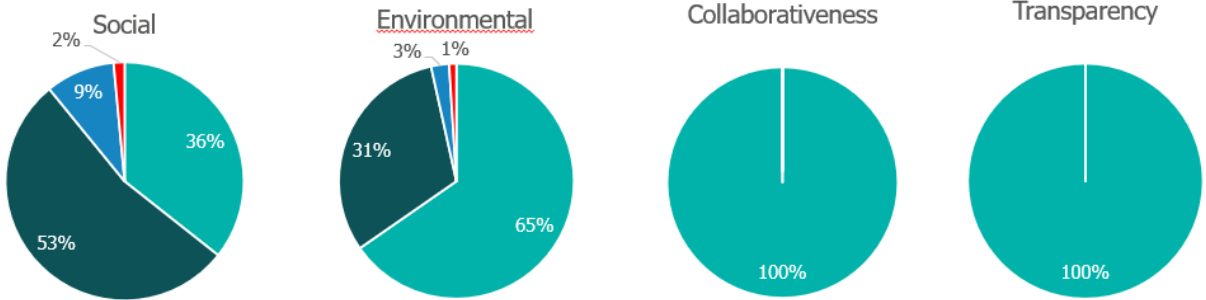
The Corrective Action Plan: the commitment to improvement

At the end of each intervention, the Corrective Action Plan, reporting a summary of the results of the verification, is shared with each supplier; in particular, the document indicates requirements and needed actions to improve the processes, recommendations, suggestions and timing of implementation for each of the 4 pillars subject to audit (**Social, Environmental, Transparency and Collaborativeness**).

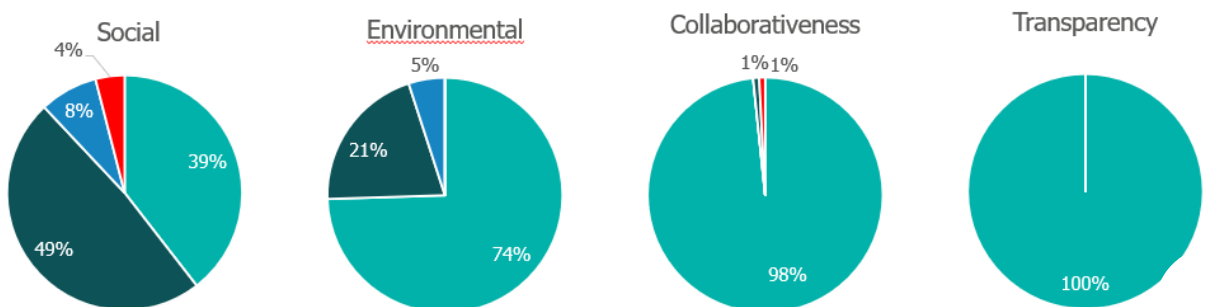
Suppliers Tier 1 Level: full audit and follow-up performed in 2023 for **232** Fendi direct contractors.

Suppliers Beyond Tier 1 Level: full audit and follow-up performed in 2023 for **213** Fendi subcontractors.

Overview Last Rating Suppliers Tier 1 level



Overview Last Rating Suppliers beyond Tier 1 level



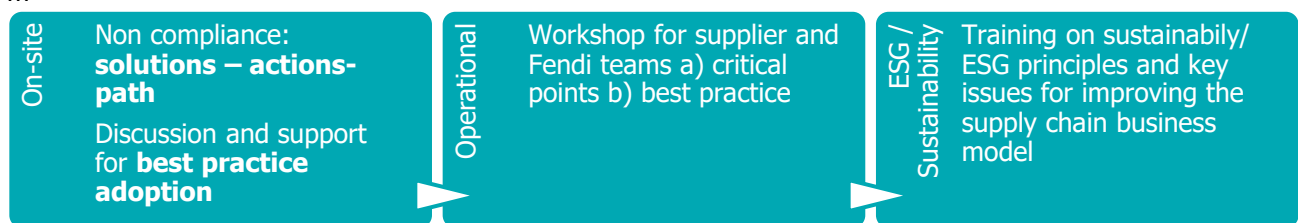
Best practices: sustainability as a business driver

On-site visits are also necessary for the mapping of supply chain best practices in the ESG field: adoption of adequate governance models, management systems and process and product certifications, good practices, adherence to international codes of conduct, innovation, management and enhancement of human resources and relations with stakeholders. In the event of a positive result of the audit (best practice), FENDI provides for a wider scheduling of subsequent intervention (after 24 months).

Training & Workshop: knowledge

The sharing of knowledge and the dissemination of an ESG approach to business is a fundamental moment in the supply chain audit process and takes place at different points in the process:

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Moments of meeting and exchange of knowledge (May 2023)

- Supplier Workshop suppliers 2023 (53 participants)
- Audit Team Presentation
- Presentation of the main HSE compliance key factors
- Focus on the most recurring non-conformities