

# L'ORÉAL

## MUTUAL ETHICAL COMMITMENT LETTER

Dear Supplier,

In accordance with our [Code of Ethics](#) and as a supporter of the [United Nations Global Compact](#), L'ORÉAL actively seeks out and favours business partners who share our ethical standards with regards to human rights, working conditions, environmental stewardship and business integrity. We are committed to supporting business partners in meeting these standards whilst having the courage, if necessary, to end relationships with those who are unwilling to meet them.

We do realise that ensuring high ethical standards within your supply chain can be challenging. We do not ask from you what we are not willing to do ourselves and we are willing to support you in reaching such standards if this is not yet the case. The ethical standards described below are the same as those applied in our own entities throughout the world.

### 1. IN ORDER FOR US TO WORK TOGETHER, PLEASE CONFIRM THE FOLLOWING:

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#### Respect of Local Laws

- Your company takes necessary measures to ensure it conducts its activities in compliance with all laws and regulations relating to anti-trust, data privacy and international economic sanctions (embargos...).
- If such laws and regulations require a higher standard than those set out in the present letter, they will apply. If the ethical standards set out in this letter provide for a higher standard, then they shall supersede local laws and regulations, unless this results in illegal activity in the countries in which you operate.

#### Prevention of Child Labour

- Your company's policy prohibits employing workers under the legal minimum hiring age, the compulsory schooling age or the age of 16, whichever is higher, and you have taken necessary measures to ensure this policy is respected including, for example, mandatory age checks upon hiring. If your company's policy allows for the employment of persons under this age, please let us know so we can review this together. You may be eligible for a waiver for apprenticeships or for children carrying out light work if this work does not affect their health and safety or their regular attendance at school
- Your company does not require persons under the age of 18 to carry out hazardous work or night work.
- In the unlikely case that child labour is identified within your operations despite the measures you have taken to avoid this, your company would take immediate remedial action (e.g. enable the employee to return to school and if possible offer the same job to an adult family member if the return to school causes the employee's family financial hardship).

#### Prevention of Forced/Bonded Labour (Including Modern Slavery)

- Your company does not coerce or compel employees to work by the use of threat of force
- Your company does not retain employees' passports. Unless legally obliged, your company does not retain employees' personal documents (working papers etc.).

- Your company acknowledges the right of employees to freely leave employment, subject to their notice period. If letters of release or other documents are needed for the employee to leave employment, such letters are issued without delay.
- Your company does not require payment or any monetary deposits from employees as a condition of employment.
- Your company bears the cost of employment eligibility fees, including recruitment fees, and any required work visas, for all employees, including migrant workers.
- If your company uses security personnel, their only responsibility is to ensure the safety of employees and assets and they are namely not involved in disciplining employees. We encourage you to carry out background checks of security personnel to ensure they have not been involved in human rights violations and to ensure they are trained on the proper use of force.
- Employees are free to move about their workplace (except in areas restricted for safety or confidentiality reasons), are able to use the toilet at any time, can take breaks, and have access to safe drinking water and, if necessary, to cooling areas.
- If your company has recourse directly or indirectly to prison labour, you will let us know so we can review this together. In principle, we are not opposed to prison labour, so long as the prisoners carry out such work voluntarily, that they receive compensation and it is part of an official rehabilitation program

### Health & Safety

- Your company provides employees, including contracted workers working in your premises with a clean, safe and healthy workplace. Based on your risks analysis you take all necessary steps to prevent accidents and injury. This includes having systems to detect, avoid and respond to potential risks to the safety and health of all persons present in your premises and the surrounding communities due to the following events and risks, as relevant given your activity and location:
  - + Risks related to buildings and the use of equipment including the solidity of buildings, use of Motorized Forked Machines (MFM) and AGV (Automatic Guided Vehicles) and injuries that can be caused by the interface between workers and machines
  - + Risks related to energy sources, materials and raw materials including exposure to sources of energy, fluids and dangerous emissions such as electricity, pressure, fluids, steam, hot water, high temperature, fires resulting from flammable products and materials or electrical installations, exposure of people to dusts and dangerous chemicals by inhalation, ingestion or skin contact and exposure of people to a high noise level
  - + Risks related to people's activity including entry into confined spaces and / or risks of anoxia, isolation for long period, slips and falls, ergonomics of workstations exposed to handling of loads, construction work and work at height.
- Your company ensures that your employees and contracted workers are informed of and understand emergency evacuation procedures that safe evacuation routes are accessible, that first aid kits are available in all workplaces and that sufficient first aiders are trained in emergency procedures.
- Where relevant, your company puts in place special health and safety precautions for new, expectant and nursing mothers, employees with disabilities, employees working at night, young employees namely aged between 16 and 18 and other vulnerable groups
- If accommodation and catering facilities are provided for your employees, they are clean, well-lit, healthy and safe, with access to safe drinking water, changing rooms, food storage, and clean toilet facilities.

### Non-Discrimination

- Your company prohibits and takes necessary measures to avoid any discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on skin colour, gender, disability, family situation, gender identity, sexual orientation, age, political or

philosophical opinions, religion, union membership, role as a staff representative, or ethnic, social, cultural or national origin (e.g. indigenous people).

- Your company does not carry out any pre-hire pregnancy or HIV tests that are not legally mandatory.

### **Freedom of Association and Collective Bargaining**

- Your company respects employees' freedom of association and right to collective bargaining. In situations or countries where independent trade unions are discouraged or restricted, your company allows employees, if they so wish, to gather independently to discuss work-related problems and/or to voice grievances.
- If employees wish to be represented by authorised staff representatives, such staff representatives are elected without company interference.
- Subject to the company's legitimate confidentiality interests and safety rules, your company allows such staff representatives access to the workplace, employees, collective bargaining agreements as well as to relevant company documentation as needed to fulfil their duties.

### **Working Conditions**

- Your company has put in place and communicated to employees fair, reasonable and legal disciplinary practices.
- Your company prohibits and takes necessary measures to avoid sexual, verbal, physical and psychological harassment.
- Your company pays employees at least the minimum wage required by local law, compensates employees at overtime hourly rates greater than regular hourly rates when legally applicable, and provides them with legally mandated benefits, including holidays and leave, and severance when employment ends.
- Given that excessive working hours can lead to accidents and other health and safety issues, your company's normal workweek, for employees whose working time is subject to monitoring, is limited to 48 hours (or fewer if provided by national law, collective agreement or industry standards). Overtime does not exceed the level set by local law and in any case 12 hours per week or 36 hours per month. Employees are allowed at least 24 consecutive hours rest in every seven-day period or 48 consecutive hours of rest in every fourteen-day period.
- Employees are informed of their terms of working, preferably through a contract written in a language they understand.
- Your company does not allow pay deductions or other financial sanctions not allowed by law and avoids deductions for disciplinary reasons.

### **Environmental Stewardship**

- Your company has put into place systems to avoid accidental or gradual pollution of the air, soil, surface and underground water in the production and storage processes, including wastewater, as well as pollution during the transport of hazardous materials.
- Your company ensures that they make employees aware of how to behave in case of an environmental incident.

### **Animal welfare**

- Your company does not use any raw materials derived from protected animals or plant species.
- If your company uses products or raw materials derived or obtained from animals, you seek to ensure that the well-being of the animals in question is maintained across your supply chain
- Your company does not use products or raw materials involving animal testing if another scientifically satisfactory method of obtaining the result sought, not entailing the use of an animal, is reasonably and practically available.

### Business Integrity

- Your company complies with all applicable laws relating to anti-trust, data privacy and international economic sanctions (embargos etc.).
- Your company prohibits and takes necessary measures to avoid any bribery or corruption when dealing with public officials or individuals in the private sector.
- Your company does not permit employees to engage in any activities that could serve the purpose of money laundering or embezzlement.
- Your company prohibits giving undue advantages such as a position within your Company to any government officials or their family members, or to any of L'ORÉAL's employees, officers, directors, agents or their family members as "kick-backs".
- Monetary gifts (cash or gift cards) of any amount are forbidden. L'ORÉAL cannot accept any gifts/entertainment during bidding periods. Before offering gifts/entertainment to a L'ORÉAL officer, director, employee or agent, your company will consult its L'ORÉAL contact discuss the conditions of such offer in line with L'ORÉAL's Gift and Entertainment policy and will not offer gifts/entertainment exceeding such amount.
- Your company will promptly disclose to L'ORÉAL any situation of which it has knowledge that could be considered as a real or perceived conflict of interest in the provision of services to L'ORÉAL, including any relationship between officers, directors, employees, agents and/or subcontractors of your Company and officers, directors and/or employees of L'ORÉAL who may influence the business relationship between your Company and L'ORÉAL.

### Supply Chain

- Your company takes necessary measures to select and work with suppliers and sub-contractors who also respect our shared ethical standards.

## 2. WE EXERCISE REASONABLE DUE DILIGENCE TO ENSURE THAT THE BUSINESS PARTNERS WE WORK WITH SHARE AND RESPECT OUR ETHICAL STANDARDS

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### Audits

If your company provides any of the products and/or services listed, we will need to carry out an audit of your facilities before we begin working together.

We will pay for this initial Audit and you will receive the audit findings. Further information on this mandatory Audit process is available.

In a spirit of transparency, the full Audit questionnaire is available.

### Equivalence System

If you are subject to an initial Audit or if your previous L'ORÉAL Audit was rated 'Satisfactory' or 'Need Continuous Improvement', you may be eligible to benefit from our Equivalence System.

The Equivalence System is available for companies that have been audited by an external third party accredited by SAAS, according to the BSCI, SMETA or SA8000 standard in the past 12 months.

Your eligibility is subject to your company sharing your full audit results with L'ORÉAL.

You can apply for this Initial or subsequent Audit equivalence.

### Remediation

We recognize that our ethical standards are high and that our suppliers may find them challenging. Remediation timelines shall therefore be reasonable and defined.

As long as a supplier is committed to and capable of coming into compliance with our requirements, we will continue to work with and support this supplier.

If a supplier is unwilling or unable to improve, as a last resort we may decide to terminate our relationship with that supplier.

### Responding to allegations

In case you discover any issues with regards to the compliance with our shared ethical standards in the course of our commercial relationships that could negatively impact your or our reputation as an ethical company you will inform us as rapidly as possible.

We will also inform you promptly should we discover any issues or be informed of any allegations with regards to our shared ethical standards within your own operations or your supply chain that could negatively impact your or our reputation as an ethical company.

In such case, you undertake to respond promptly and transparently to any requests we may have for information with regards such allegations.

We may also ask you to allow us to organise an on-site audit. We will inform you within a reasonable time frame, and you will be fully associated to the audit process.

We will pay for this Ad Hoc audit and you will receive the audit findings.

### 3. YOU ARE ALSO ENTITLED TO HAVE HIGH EXPECTATIONS OF L'ORÉAL

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We are proud of our reputation for dealing with suppliers in a mutually supportive and open manner. Our supplier relationships are based on our 4 Ethical Principles - **Integrity**, **Respect**, **Courage** and **Transparency**.

All L'ORÉAL employees receive a personal copy of our [Code of Ethics](#) and all employees in contact with suppliers also receive a detailed guidebook on how to live up to these commitments.

In particular, L'ORÉAL suppliers are selected based on our global scorecard that includes quality, CSR, innovation, supply chain and competitiveness. All supplier offers are compared fairly and without favouritism. We are transparent about our bidding process and give honest, sensitive feedback to failed bids based on objective elements and respecting the confidentiality of the offers we receive.

The legitimate invoices of our Suppliers shall be paid in accordance with the agreed terms. The respect of these terms implies that our suppliers send their invoices in a timely manner and if possible electronically.

We protect our suppliers' confidential information according to the same standards that we use for our own.

If you feel that we are not living up to our own high ethical standards, we encourage you to raise any concerns you may have. We offer you a choice of different avenues to raise your concerns. Your L'ORÉAL contact is, of course, one option but if you consider it more appropriate, you can raise your concern with the Group Chief Direct Purchasing Officer, Mrs. Séverine THERY-CAVE [Severine.Thery-Cave@loreal.com] or the Group Chief Indirect Purchasing Officer, Mrs Audrey IZARD [Audrey.lizard@loreal]. Ultimately, you can make a whistleblowing report to L'ORÉAL's Chief Ethics, Risk & Compliance Officer in application of our Speak Up policy, available at [www.lorealpeakup.com](http://www.lorealpeakup.com). We are committed to responding in a timely and professional manner. No supplier will suffer retaliation from a L'ORÉAL employee for having made a Speak Up report or participated in its handling.

We are looking forward to a successful and mutually rewarding relationship.

Yours Sincerely