

# L'ORÉAL

## MUTUAL ETHICAL COMMITMENT LETTER

Dear business partner,

In accordance with our [Code of Ethics](#), our [Human Rights policy](#) 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, labour rights, environmental stewardship and business integrity.

This MECL constitutes the common foundational set of standards that are applicable to L'Oréal business partners and that we apply in our own entities throughout the world. It is based on international standards<sup>1</sup> and may therefore evolve according to the changes made to these standards. Should this MECL be revised by L'Oréal for any reason, said modifications would be notified to you. The revised MECL would be deemed tacitly agreed, should you not provide your feedback within thirty days upon notification.

We do not ask from you what we are not willing to do ourselves. We expect you to have in place or, at a minimum, to evidence that you are actively putting in place appropriate and robust processes to uphold our standards. This namely includes that you take appropriate measures to select and work with suppliers and sub-contractors who also respect, including through cascading, our shared ethical standards.

We also expect to collaborate effectively with you to jointly address problems as they arise within our common supply chains.

We do realise that ensuring high ethical standards within your own operations and supply chain can be challenging, which is why we are committed to supporting you in meeting these standards if this is not yet the case, by providing appropriate assistance.

In cases where our efforts fail, due to your unwillingness to improve or the occurrence of irremediable impacts, we may, as a last resort, end the relationship. In such a case, we aim for a responsible exit (eg. reasonable notice and mitigation measures).

In order for us to work together, you agree to the following:

### 1. OUR SHARED ETHICAL STANDARDS

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#### Respect of Local and International Laws

- Your company takes necessary measures to ensure it conducts its activities in compliance with all national and international laws and regulations applicable to its own operations, and to remain abreast of recent and ongoing legal developments.
- Your company takes necessary measures to work with supply chain partners that share this commitment.
- 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,

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<sup>1</sup> International standards include International Bill of Human Rights, ILO Core Conventions, etc.

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 15, whichever is higher. Your company commits to have taken necessary measures to ensure this policy is respected including, for example, mandatory age checks upon hiring.
- Your company prohibits persons under the age of 18 from carrying out hazardous work (e.g. involving heavy loads, dangerous substances or machinery) or night work.
- In the unlikely case that child labour is identified within your own operations despite the measures you have taken to avoid this, your company takes immediate remedial action and preventive measures to avoid future cases, in the best interest of the child and their family (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). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### 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 have recourse to prison, indentured or bonded labour, or other forms of forced labour
- Your company does not require payment or any monetary deposits from employees as a condition of employment.
- Your company bears the cost of all recruitment fees and related costs, including 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.
- In the unlikely case that forced labour is identified within your own operations despite the measures you have taken to avoid this, your company takes immediate remedial action and preventive measures to avoid future cases (e.g. restitution of employees' personal documents, reimbursement of recruitment fees, etc. ). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### Health & Safety

- Your company provides employees, including contracted workers working in your premises, with a clean, safe and healthy workplace and takes 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 employees 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, slips and falls, ergonomics of workstations, 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 15 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.
- Your company also ensures that safe drinking water, clean and functional toilets, and adequate handwashing facilities are accessible to all workers during working hours. Employees are informed about proper hygiene practices, and facilities are regularly maintained to ensure cleanliness and usability.
- In the unlikely case that unhealthy or unsafe working conditions are identified within your own operations despite the measures you have taken to avoid this, your company takes immediate remedial action and preventive measures to avoid future cases (e.g. replace defective equipment, provide employees with personal protective equipment, etc.) If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### **Non-Discrimination**

- Your company prohibits and takes necessary measures to avoid any discrimination in hiring, remuneration, access to training, promotion, discipline, 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. When such testing is legally mandatory, your company does not use the test or the result as a condition of employment.
- In the unlikely case that discrimination is identified within your own operations despite the measures you have taken to avoid this, your company takes timely remedial action and preventive measures to avoid future cases (e.g. reintegrate affected employees, provide appropriate remedy, update anti-discrimination policies, train your employees, etc.). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### **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, staff representatives' concerns, 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.
- In the unlikely case that freedom of association and / or collective bargaining issues are identified within your own operations despite the measures you have taken to avoid this, your company takes lawful and timely remedial action and preventive measures to avoid future cases (e.g. Stop all retaliatory actions and interference, reinstate unjustly dismissed workers with back pay, facilitate dialogue with worker representatives, train management on worker rights, etc.). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### 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 and abuse.
- Your company pays employees at least the minimum wage required by local law or the appropriate prevailing wage in absence of minimum wage, compensates employees at overtime hourly rates greater than regular hourly rates 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 is voluntary, 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 any deductions for disciplinary reasons for non-managerial workers.
- In the unlikely case that indecent working conditions are identified within your own operations despite the measures you have taken to avoid this, your company takes timely remedial action and preventative measures to avoid future cases (e.g. formalize working relationship, monitor working hours for relevant employees, ensure rest periods and breaks are respected, etc.). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### Environmental Stewardship

- Your company has put into place systems to avoid accidental pollution of the air, soil, surface and underground water in the production and storage processes, including waste water, 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.
- In the unlikely case that environmental damage is identified within your own operations despite the measures you have taken to avoid this, your company takes timely remedial action (e.g. set up systems to avoid accidental pollution, train employees, etc.). If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate mitigation and remediation actions.

### 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 linked to products and/or services delivered to L'OREAL if another scientifically satisfactory method of obtaining the result sought, not entailing the use of an animal, is reasonably and practically available.
- In the unlikely case that animal welfare issues are identified within your own operations despite the measures you have taken to avoid this, your company takes preventative measures to avoid future cases. If such a case were to occur in your supply chain, we expect you to immediately address the issue within your supply chain, and to make your evidenced best efforts to obtain appropriate actions.

### Business Integrity

- Your company complies with all applicable laws relating to anti-trust, data privacy and international economic sanctions (embargos...).
- 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'OREAL officer, director, employee or agent, your company consults its L'OREAL contact to discuss the conditions of such offer in line with L'OREAL's Gift and Entertainment policy and does not offer gifts/entertainment exceeding such amount.
- Your company promptly discloses 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.

**We kindly request you to sign and return the attached Acceptance form (Appendix I).**

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

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We expect you to have in place or to be actively putting in place robust and appropriate due diligence processes to uphold our standards. With regards to your supply chain, we expect you to take appropriate measures to select and work with suppliers and sub-contractors who also respect, including through cascading, our shared ethical standards.

### Audits and risk-identification systems

For its social audit program, L'Oréal is a member of SEDEX, a global organization supporting responsible sourcing and human rights due diligence in supply chains. SEDEX allows its members to standardize supplier requirements by using their social audit standard, SMETA.

If your company provides any of the products and/or services listed by L'Oréal in **Appendix II**, you need to carry out a SMETA 4-pillar audit of your facilities before we begin working together.

Business partners are in charge of the audit process and are free to use the audit output to meet the requirements of their other customers. Further information on this mandatory audit process is included in **Appendixes III and IV**.

For specific needs in most at-risk areas of your own operations and upstream supply chains, we recommend the use of complementary risk assessment tools. These tools may include Human Rights Impact Assessments, stakeholder engagement collaborations, effective grievance mechanisms, etc.

Your company undertakes to provide safe ways to raise concerns and grievances for your employees and to ensure that they are aware of and can use those accessible mechanisms to raise reports of issues, including suspected incidents of Human Rights abuse and/or unethical behaviours. Confidentiality and protection from retaliation must be guaranteed to those who use these mechanisms in good faith. Grievances should be addressed promptly, using an understandable and transparent process that provides timely feedback to those concerned.

### Equivalence System

If you are subject to an initial audit or if your previous L'OREAL 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 according to the standards accepted by L'Oréal in the past 12 months (cf. **Appendix IV**). Fully announced audits are not accepted for equivalence, unless under strict exceptional circumstances, on a case-by-case basis.

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

See **Appendix IV** for further information on how to apply for this Initial or subsequent audit equivalence is available for our business partners.

### Remediation

Certain non-compliances or issues may arise following social audits or risk identification tools at your company's site(s). L'OREAL may work with you to define remedial actions as explained previously (cf. supra).

In cases where our efforts fail, due to the business partner's unwillingness to improve or the occurrence of irremediable impacts, we may, as a last resort, end the relationship. In such a case, we shall aim for a responsible exit (eg. reasonable notice and mitigation measures).

## Transparency

In case you discover any issues with regards to the compliance with our shared ethical standards in your own operations or your supply chain in the course of our commercial relationships, you will inform us promptly. Transparency towards L'Oréal is expected.

Such issues include, without limitation, information concerning (i) specific sectors, ingredients, or components used in cosmetics, or (ii) mentions of your name or L'Oréal's or its brands' names, even without precise substantiation or the naming of a specific partner. Any related tangible documentation must be promptly transmitted to L'Oréal.

We will also inform you promptly should we discover such issues or receive or be informed of any allegations with regards to our shared ethical standards within your own operations or your supply chain.

In both cases, you undertake to respond promptly and transparently to any requests we may have for information, including when necessary, documentation to assess and investigate such allegations. This may include information and requests about actions taken to remedy the situation.

If applicable, in the context of mitigation and/or remediation action plans mentioned in Section 1 above, you commit to being transparent with L'Oréal in sharing progress made and remaining challenges on:

- a) policy implementation to your staff and potentially affected stakeholders;
- b) actual and potential adverse impacts in your own operations, with your suppliers, and in sourcing regions and;
- c) actions being taken to address such risks.

We may also ask you to allow us to organise an ad-hoc on-site audit and/or other types of risk assessments, at our expense.

In such a case, we fully associate you with the audit and/or assessment process, keep you informed in a timely manner, and provide you with the audit and/or assessment 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 business partners in a mutually supportive and open manner. Our 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 business partners also receive a detailed guidebook on how to live up to these commitments.

In particular, L'ORÉAL business partners are selected based on our global scorecard that includes quality, CSR, innovation, supply chain and competitiveness. All business partners 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 business partners 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 business partners' 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 Purchasing Officer** ([lorealcpo@loreal.com](mailto:lorealcpo@loreal.com)). Ultimately, you can make a whistleblowing report to the **Global Chief Ethics Officer** in application of our Speak Up policy, available at [www.lorealsspeakup.com](http://www.lorealsspeakup.com). We are committed to responding in a timely and professional manner. No business partner 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.

**APPENDIX I**  
**Acceptance Form**

On behalf of ..... [name of corporation], ..... [legal form], with its registered office located at ..... [address of registered office], registered in the Trade and Companies Register of ..... under the number .....

- I confirm that ..... [name of corporation] has been given access to and has knowledge of L'OREAL's Code of Ethics.
- I confirm that ..... [name of corporation] shares the same ethical standards as set out in L'ORÉAL's Mutual Ethical Commitment Letter.
- I agree to allow L'ORÉAL to exercise due diligence as set out in the same letter.
- I understand that the terms of this letter apply to all work, services or goods provided by ..... [name of corporation] and/or any of its subsidiaries and to any of the L'ORÉAL entities worldwide.
- I understand that L'Oréal's Mutual Ethical Commitment Letter is subject to updates. Each update will be communicated to you in advance, ensuring you are provided with thirty (30) days upon receipt to express your feedback before the MECL is considered tacitly approved.
- I understand that ..... [name of corporation] must inform L'OREAL promptly should any issues with regard our shared ethical standards within our own operations or our supply chain be discovered.
- I understand that while L'ORÉAL is willing to support ..... [name of corporation] in meeting our shared ethical standards, L'ORÉAL will be entitled to end its relationship with ..... [name of corporation] in case of non-compliance with such standards if ..... [name of corporation] is unwilling or unable to take corrective action and/or if ..... [name of corporation] has intentionally failed to disclose to L'ORÉAL such non-compliance.
- I understand that the English version of the Mutual Ethical Commitment Letter is the reference document.

..... [Signatory name],  
..... [Title], duly authorized for the purposes hereof<sup>2</sup>.

..... [Insert Signature]

Executed at ..... [location],

On ..... [date].

[Company seal if applicable]

<sup>2</sup> Please send this document duly completed and signed to your L'ORÉAL Buyer

## **APPENDIX II**

### **List of suppliers subject to an Initial Audit**

L'OREAL wishes to exercise due diligence to ensure that the suppliers we work with share and respect our ethical standards.

To do so we need to carry out an audit of your facilities (or the supplying production sites if you are a trader/distributor/integrator) before we begin working together if your company provides any of the below domain of products and/or services regardless of where your facilities involved in the provision of products and/or services to L'OREAL are situated:

- Contract-Manufacturing for any products (Suppliers producing cosmetics for L'OREAL)
- Supplier of co-packing (in the POS Services family) sometimes names "Subcontractors" or "Co-Packers"
- Externalized Distribution Center providers (excluding transportation services)

If your facilities involved in the provision of products and/or services to L'OREAL are situated in an Audit Country<sup>3</sup>:

- Packaging components (Suppliers of packaging used to produce cosmetics in L'OREAL facilities)
- Raw Materials (Suppliers of ingredients used to produce cosmetics in L'OREAL facilities or distributors)
- Cosmetic Electronic devices (Suppliers of electronic devices)
- Industrial equipment: Capex-equipment suppliers (skids, filling machines, etc.)
- Promo (Suppliers of promotional items like print, bags etc. through a trader, an outsourcer or directly)

The list of products and/or services as well as the list of countries is subject to regular updates that are communicated to you by your L'OREAL Buyer if necessary.

### **LIST OF AUDIT COUNTRIES**

The Audit Countries List is based on assessments conducted by a trusted third party.

Please note that the list is regularly reviewed and modifications added whenever new information become available. Consult this [link](#) for the latest available list.

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<sup>3</sup> C.f. infra for the list of countries. This list may be regularly updated.

## APPENDIX III

### Description of the Audit Process

As part of the L'OREAL social audit program, suppliers are expected to go through the following steps:

- Registration on the SEDEX platform
- Preparation for the social audit
- Scheduling and performing the audit, and sharing the report with L'Oréal
- Following up on and closing out identified non-compliances

#### Registration on the SEDEX platform

You can create your membership by clicking on this link: <https://www.sedex.com/become-a-member/supplier-membership/>, which includes all information about SEDEX services and support.

#### Preparation for the social audit

Once you are registered on the SEDEX platform, to prepare for the audit, you have access to:

- The Self-Assessment Questionnaire
- E-learning on the SMETA and additional information: [Visit the SMETA Audit Academy](#)

#### Scheduling and performing the audit

You are required to perform a **SMETA 4-pillar audit**. These audits are conducted by an independent specialized audit company. Only audit companies which are **authorized by SEDEX** to perform audits are accepted by L'OREAL. The list of Affiliate Audit Companies is available [here](#).

The SMETA needs to be performed on a **semi-announced basis**. This means that a timeframe (following the minimum SEDEX standard at least) during which the audit takes place needs to be defined between you and the audit company. Within this period, the auditor(s) come unannounced.

Suppliers are expected to cover the cost of the audit and may use the output of the audit for the requirements of any of their other customers without any further approval from L'OREAL. The transactional and financial relationship is between the supplier and the audit company.

Once the audit is performed, L'OREAL must be provided with access to the full audit report and supporting documentation from the audit.

You must allow the Auditor access in order to ensure the audit can be fully carried out.

## Following up on and closing out identified non-compliances:

SMETA non-compliances can have one of the following levels of criticality:

- Minor
- Major
- Critical
- Business Critical
- Collaborative Action Required

L'OREAL bases the result and associated audit consequences on the criticality of identified non-compliances, as determined by SEDEX, and their number.

The audit report uses the following classifications:

- **Satisfactory**
- **Need Continuous Improvement:** minor or isolated non-compliances
- **Need Immediate Action:** major and recurrent non-compliances
- **Zero Tolerance:** this includes presence of child labour under the age of 15, presence of forced labour, workers subjected to physical, psychological and/or sexual violence systemic instances of employees working without payment, severe health and/or safety violations which could result in imminent serious injury to persons or their death, attempt to corrupt the auditor
- **Access Denied:** the auditor was unable to carry out the audit as planned

For each category, L'ORÉAL has established a formal response. These are detailed in the table below.

You are responsible, with your company's on-site representatives and, if applicable sub-contractors, for taking any corrective actions within the defined timeframe as well as to notifying your L'ORÉAL Buyer in writing once these actions have been implemented.

Where the Initial audit results are 'Needs Immediate Action' 'Access Denied' or 'Zero Tolerance', a follow-up audit is carried out to verify the implementation of the corrective actions. L'OREAL follows the verification method as advised through the SMETA audit to determine if the verification of non-compliances can be done via a desktop review or requires an on-site follow up audit. In cases where our efforts fail, due to the supplier's unwillingness to improve or the occurrence of irremediable impacts we can, as a last resort, end the relationship. In case we have to end the relationship, we aim for a responsible exit.

AUDIT TYPE	SCORING RULE	AUDIT RESULT	BUSINESS IMPACT	NEXT AUDIT
INITIAL OR REAUDIT (PERIODIC AUDIT)	0 non-compliances	Satisfactory	<b>OK BUSINESS</b> Business can be started by L'OREAL. In case of an already existing relationship, the relationship with the supplier and production at the audited site can continue.	<b>3 YEARS (REAUDIT/ PERIODIC AUDIT)</b>
	At least 1 Minor AND up to 5 major	Needs Continuous Improvement		
	Between 1 and 5 Critical OR more than 5 major	Needs Immediate Action		<b>1 YEAR (FOLLOW UP AUDIT)</b>
	1 Business Critical OR more than 5 Critical	Needs Immediate Action and Zero Tolerance	<b>NO BUSINESS FOR NEW SUPPLIER</b> No business can be awarded unless: <ul style="list-style-type: none"> <li>The supplier implemented the corrective actions and improved the situation.</li> <li>The supplier has undergone a Social Audit and obtained an improved rating.</li> </ul> <b>BUSINESS UNDER PROBATION FOR EXISTING SUPPLIER</b> In case of an already existing relationship, the business with the production site is put on probation. The supplier is required to implement an adequate action plan to remediate the situation and provide proof of this remediation. As long as the supplier is committed to and capable of coming into compliance with our requirements, we will restart the production and continue to work with and support this supplier. However, in case the supplier is unwilling to commit to a robust corrective and remediation action plan, we might have to end the relationship.	<b>SPECIFIC TIME (FOLLOW UP AUDIT)</b>
	Full Access Denied	Access Denied	<b>NO BUSINESS</b> If the auditor cannot access the site at all, a new audit will need to be scheduled immediately.	<b>As soon as possible (INITIAL)</b>

AUDIT TYPE	SCORING RULE	AUDIT RESULT	BUSINESS IMPACT	NEXT AUDIT
FOLLOW UP AUDIT	0 non-compliances	Satisfactory	<b>OK BUSINESS</b> Business can be started by L'OREAL.	<b>3 YEARS (REAUDIT/ PERIODIC AUDIT)</b>
	Only Minor AND up to 3 major	Needs Continuous Improvement	In case of an already existing relationship, the relationship with the supplier and production at the audited site can continue.	<b>1 YEAR (FOLLOW UP AUDIT)</b>
	1 Critical OR 4 or 5 major	Needs Immediate Action	<b>OK BUSINESS - NO NEW RFQ</b> Only existing production can continue. No new orders can be placed for the supplier.	<b>1 YEAR (FOLLOW UP AUDIT)</b>
	Between 1 and 5 Critical OR more than 5 major	Needs Immediate Action	<b>BUSINESS UNDER PROBATION FOR EXISTING SUPPLIER</b> In case of an already existing relationship, the business with the production site is put on probation. The supplier is required to implement an adequate action plan to remediate the situation and provide proof of this remediation. As long as the supplier is committed to and capable of coming into compliance with our requirements, we will restart the production and continue to work with and support this supplier. However, in case the supplier is unwilling to commit to a robust corrective and remediation action plan, we might have to end the relationship.	<b>SPECIFIC TIME (FOLLOW UP AUDIT)</b>
	1 Business Critical OR more than 5 Critical	Needs Immediate Action and Zero Tolerance		
	Full Access Denied	Access Denied	<b>NO BUSINESS</b> If the auditor cannot access the site at all, a new audit will need to be scheduled immediately.	<b>As soon as possible (INITIAL)</b>

**APPENDIX IV**  
**Audit Equivalence Request Form**

Given your company's high ethical standards, you may be able to qualify from our Equivalence System.

This Equivalence system is available for companies that have signed the MECL and have been audited according to the BSCI, WCA or SA8000 standard in the past 12 months and the facility has never been audited for L'Oréal or the previous L'Oréal Social Audit rating was S or NCI. Fully announced audits are not accepted for equivalence, unless under strict exceptional circumstances, on a case-by-case basis.

Once an Equivalence is granted, it is valid for a 3-year period.

To apply for an Equivalence, please:

- **complete the attached form**
- **provide<sup>4</sup> a complete audit report for the facilities for which you are seeking an Equivalence and send the form and report(s) to your L'ORÉAL Buyer**

Your L'ORÉAL Buyer informs you in a timely manner if your Equivalence Request has been granted. Please note that L'ORÉAL reserves the right to refuse to grant or to revoke an Equivalence at its discretion. Should the Equivalence Request not be granted, a SMETA 4 pillar audit will have to be organized.

<b>Date of equivalence request</b>	
<b>Name of L'Oréal Buyer)</b>	
<b>Supplier Company name</b>	
<b>Supplier Facility name</b>	
<b>Supplier Facility address</b>	
<b>Supplier Facility country</b>	

**ADMINISTRATIVE CRITERIA**

	<b>Mandatory criteria</b>	<b>Comments</b>
<b>Date of previous audit</b>	__/__/__ Maximum 12 months ago <input type="checkbox"/> Yes	
<b>Previous audit type</b>	<input type="checkbox"/> SA 8000 <input type="checkbox"/> WCA <input type="checkbox"/> BSCI	
<b>Sending of whole audit report (minimum) if possible other documents (Cap, photos)</b>	<input type="checkbox"/> Yes	
<b>Previous audit is semi-announced or unannounced</b>	<input type="checkbox"/> Yes	
<b>If there is a previous L'Oréal audit report</b>	Result was: <input type="checkbox"/> S or NCI (Please state Assessment No):	

<sup>4</sup> Please ensure that you are the owner of this report. If this report belongs to another client or third party, please ensure you have been authorized by them to share the report