

# 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 (**see Appendix II**).
- 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 (see Appendix III).

### 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 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 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.

### 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...).

- 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 will consult its L'OREAL contact discuss the conditions of such offer in line with L'OREAL'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.

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

## 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 below in **Appendix IV**, 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 included in **Appendix V**.

In a spirit of transparency, the full Audit questionnaire is available in **Appendix VI**.

### 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 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.

See **Appendix VII** on how to 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.izard@loreal]. Ultimately, you can make a whistleblowing report to L'ORÉAL's SVP & Chief Ethics 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

## APPENDIX I Acceptance Form

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

- I confirm that [redacted] (name of corporation) has been given access to and has knowledge of L'OREAL's Code of Ethics
- I confirm that [redacted] (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 reasonable due diligence as set out in same letter
- I understand that the terms of this letter apply to all work, services or goods provided by [redacted] (name of corporation) and/or any of its subsidiaries to any of the L'ORÉAL entities worldwide
- I understand that [redacted] (name of corporation) must inform L'OREAL promptly should any issues with regards our shared ethical standards within our own operations or our supply chain that could negatively impact our or L'OREAL's reputation as an ethical company be discovered
- I understand that while L'ORÉAL is willing to support [redacted] (name of corporation) in meeting our shared ethical standards, L'ORÉAL will be entitled to end its relationship with [redacted] (name of corporation) in case of non-compliance with such standards if [redacted] (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 UK English version of the Mutual Ethical Commitment Letter is the reference document

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[redacted] [Print name],  
[redacted] [Title] duly authorized for the purposes hereof<sup>1</sup>.

Signature

Executed at [redacted] [location]

Date [redacted] [date]

[redacted] [Company seal if applicable]

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<sup>1</sup> Please send this document duly completed and signed to your L'ORÉAL Buyer

**APPENDIX II**  
**Young Worker Waiver Request Form**

On behalf of ..... (name of corporation), .....(legal form), I hereby inform ..... (name of L'Oréal entity) that .....(name of corporation) currently employs and wishes to continue employing young workers aged under the age of 16 where legally acceptable.

**CURRENT SITUATION**

Number of employees aged under 16 (as of **date**): \_\_\_\_\_

Age of youngest employee (as of **date**): \_\_\_\_\_

% working as part of an apprenticeship scheme: \_\_\_\_\_

% still attending school: \_\_\_\_\_

**COMMITMENTS**

We confirm that employees aged under 16:

- Are not/will not be working with hazardous substances or machinery
- Are/will be paid the same wage as employees aged over 16
- Do not/will not work overtime
- Have/will have a designated supervisor who is in charge of ensuring that this work does not affect their health and safety and, if applicable, their regular attendance at school
- Benefit/will benefit from training adapted to take into consideration their young age.

If employees aged under 16 are finishing work after dark, measures are/will be taken to ensure that they get home safely (e.g. written confirmation from their parents that an adult will pick them up from work, taxi fare home to be paid by the company if the adult cannot come and pick up the employee, etc..).

If employees aged under 16 are still attending school, measures are/will be taken to ensure that this work will not affect their regular attendance at school (e.g. only hired during school holidays, if hired to work during the week only a couple of hours after school and with limited travel time so they have time to do their homework and get enough sleep).

We also confirm that we will be able to produce, upon L'ORÉAL's request, documented evidence of the statements made above including a list of the names of all such employees indicating their date of birth, date of hire and name of their designated tutor

..... [Name & position of the company representative] duly authorized for the purposes hereof<sup>2</sup>.

Signature

Executed at [location]

Date [.....]

[Company seal]

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



**APPENDIX III**  
**Prison Labour Notification Form**

On behalf of [redacted] (name of corporation), [redacted] (legal form), I hereby inform [redacted] (name of L'ORÉAL entity) that [redacted] (name of corporation) currently uses/wishes to use prison labour.

Description of how the prison labour will be involved in the provision of goods/services:  
[redacted]

Type of waiver requested (permanent or temporary):  
[redacted]

Number of prisoners:  
[redacted]

Name and address of prison facility:  
[redacted]

We confirm that these prisoners:

- Carry out such work voluntarily
- Receive compensation
- Will benefit from this work experience as part of their rehabilitation program

We also confirm that we will be able to produce, upon L'Oréal's request, documented evidence of the statements made above.

\_\_\_\_\_

[redacted] [Name & position of the company representative] duly authorized for the purposes hereof<sup>3</sup>.

Signature

Executed at [redacted]

Date [redacted]

[redacted]

<sup>3</sup> Please send this document duly completed and signed to your L'ORÉAL Buyer

## APPENDIX IV List of suppliers subject to an Initial Audit

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

To do so we will need to carry out an audit of your facilities 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>4</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)

We will pay for this Initial Audit and you will of course receive the audit findings. Further information on this mandatory Initial Audit process is included in Appendix V. In a spirit of transparency, the full audit questionnaire is available in Appendix VI. The list of products and/or services as well as the list of countries is subject to regular updates that will be communicated to you by your L'OREAL Buyer if necessary.

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<sup>4</sup> See attached list of countries. This list may be regularly updated.

**APPENDIX IV**  
**List of suppliers subject to an Initial Audit**

**LIST OF AUDIT COUNTRIES**

The Audit Countries List is based on assessments conducted by Verisk-Maplecroft<sup>5</sup>.

*Please note that the list is regularly reviewed and modifications added whenever new information become available*

APAC	Afghanistan
APAC	Azerbaijan
APAC	Bangladesh
APAC	Brunei
APAC	Cambodia
APAC	China
APAC	East Timor
APAC	India
APAC	Indonesia
APAC	Kazakhstan
APAC	Kyrgyzstan
APAC	Laos
APAC	Malaysia
APAC	Maldives
APAC	Marshall Islands
APAC	Mongolia
APAC	Myanmar
APAC	Nepal
APAC	North Korea
APAC	Pakistan
APAC	Palau
APAC	Papua New Guinea
APAC	Philippines
APAC	Singapore
APAC	Solomon Islands
APAC	Sri Lanka
APAC	Taiwan
APAC	Tajikistan
APAC	Thailand
APAC	Tonga
APAC	Turkmenistan
APAC	Uzbekistan
APAC	Vietnam

BRAZIL	Brazil
HZ	Argentina
HZ	Belize
HZ	Bolivia
HZ	Chile
HZ	Colombia
HZ	Costa Rica
HZ	Cuba
HZ	Dominican Rep.
HZ	Ecuador
HZ	El Salvador
HZ	Guatemala
HZ	Guyana
HZ	Haiti
HZ	Honduras
HZ	Jamaica
HZ	Mexico
HZ	Nicaragua
HZ	Panama
HZ	Paraguay
HZ	Peru
HZ	Surinam
HZ	Uruguay
HZ	Venezuela

Europe	Albania
Europe	Belarus
Europe	Bulgaria
Europe	Czech Rep
Europe	Greece
Europe	Kosovo
Europe	Romania
Europe	Russia
Europe	Turkey
Europe	Ukraine

<sup>5</sup> The Verisk-Maple croft list is used extensively by leading corporations across all sectors, UN agencies and international non-governmental organizations

**APPENDIX IV**  
**List of suppliers subject to an Initial Audit**

AME	Algeria
AME	Angola
AME	Bahrain
AME	Benin
AME	Burkina Faso
AME	Burundi
AME	Cameroon
AME	<i>Central Afr. R.</i>
AME	Chad
AME	Comoros
AME	Congo
AME	Djibouti
AME	DR Congo
AME	Egypt
AME	Equatorial Guinea
AME	Eritrea
AME	Ethiopia
AME	Gabon
AME	<i>Gambia</i>
AME	Ghana
AME	Guinea
AME	<i>Guinea B.</i>
AME	Iran
AME	Iraq
AME	Israel
AME	<i>Ivory Coast</i>
AME	Jordan
AME	Kenya
AME	Kuwait
AME	Lebanon
AME	Lesotho
AME	Liberia

AME	Libya
AME	Madagascar
AME	Malawi
AME	Mali
AME	Mauritania
AME	Morocco
AME	Mozambique
AME	Niger
AME	Nigeria
AME	Oman
AME	Qatar
AME	Rwanda
AME	Saudi Arabia
AME	Senegal
AME	Seychelles
AME	Sierra Leone
AME	Somalia
AME	South Africa
AME	South Sudan
AME	Sudan
AME	Swaziland
AME	Syria
AME	Tanzania
AME	Togo
AME	Tunisia
AME	Uganda
AME	United Arab Emirates
AME	Yemen
AME	Zambia
AME	<i>Zimbabwe</i>

## APPENDIX V

### Description of the Initial Audit process

#### Auditors

Audits are conducted by an independent specialised audit firm selected by L'OREAL.

Your L'OREAL Buyer will provide you the auditor's contact details and will organise the audit for you.

#### Audit time period

You will define with your L'OREAL contact the 30-day period in which the audit will take place. Within this 30-day period, the auditor will come unannounced.

#### Main Stages in the Auditing Process

##### 1. Introductory letter

Once you have been given the auditor's contact details and audit time period, your L'Oréal Buyer will provide you with an introductory letter template which you must complete and send to the auditor. This letter grants auditors access to the sites to be audited.

##### 2. Pre-audit questionnaire

To ensure that the audit runs smoothly, the auditor will send you a pre-audit questionnaire. This questionnaire lists the documents that must be made available for inspection, and collects information necessary for planning the audit. You must return this pre-audit questionnaire to the auditor.

We also recommend that you also complete the Full Audit Questionnaire (see Appendix VI) and send it to the auditor.

##### 3. The audit

The audit begins with an opening meeting with your company's on-site representative(s) (e.g. the factory manager). The auditor will visit the buildings, review documentation and hold confidential interviews with workers. The audit concludes with a meeting with your company's on-site representative(s) during which they will be given feedback and discuss on any observed non-compliance and suggested corrective actions.

##### 4. Audit report

The Auditor sends the audit report to your L'Oréal Buyer and you will receive a copy at the same time.

**Please note: Within the agreed 30-day period, the auditor will arrive unannounced. You must allow the Auditor access in order to ensure the audit can be fully carried out.**

## APPENDIX V Description of the Initial Audit process

### Corrective Action:

The audit report will use 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 16, presence of forced labour, unauthorised prison labour<sup>6</sup>, workers subjected to physical abuse and/or sexual abuse, severe health and/or safety violations which could result in imminent serious injury to persons, attempt to corrupt the auditor
- Access Denied : the auditor was unable to carry out the audit as planned and/or no or partial access to documents was provided

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 will be carried out at your expense, by the auditor chosen by L'Oréal.

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<sup>6</sup> See Appendix III

**APPENDIX V**  
**Description of the Initial Audit process**

Result of Factory Audit	Follow-up Actions
<p><b>4 - SATISFACTORY</b> Factory found to be in compliance with L'Oréal ethical standards</p>	<p>Business can be awarded by L'Oréal. In case of an already existing relationship, the relationship with the supplier and production at the audited site can continue.</p> <p>Another audit will take place within a period of 3 years, the cost of which will be borne by L'Oréal.</p>
<p><b>3 - NEED CONTINUOUS IMPROVEMENT</b> Minor or isolated non compliances identified</p>	<p>Business can be awarded by L'Oréal. In case of an already existing relationship, the relationship with the supplier and production at the audited site can continue subject to the supplier communicating to the L'Oréal Buyer a corrective action plan, including the timeframes involved. The L'Oréal Buyer must be informed about the implementation of this corrective action plan.</p> <p>Another audit will take place within a period of 3 years, the cost of which will be borne by L'Oréal to verify the implementation of the corrective action plan.</p>
<p><b>2 - NEED IMMEDIATE ACTION</b> Severe or recurrent non-compliances identified</p>	<p>No business can be awarded unless:</p> <ul style="list-style-type: none"> <li>• the supplier provides a documented Corrective Action Plan</li> <li>• the compliance % in the Initial Audit report is <math>\geq 50\%</math></li> </ul> <p>In case of an already existing relationship, production at the audited site must be suspended unless:</p> <ul style="list-style-type: none"> <li>• the supplier provides a documented Corrective Action Plan</li> <li>• the compliance % in the Initial Audit report is <math>\geq 50\%</math></li> <li>• the compliance % in the Follow-up Audit report is <math>\geq 60\%</math></li> </ul> <p>A Follow-Up audit will be organized once the corrective action plan has been implemented. The cost of the Follow-up audit is borne by the supplier. The audit is carried out by the same auditor who carried out the Initial audit to ensure consistency.</p> <p>In case the compliance % is <math>&lt; 50\%</math>, the "ZERO TOLERANCE" rules below are applied.</p>
<p><b>1 - ZERO TOLERANCE</b></p> <ul style="list-style-type: none"> <li>• Presence of child labour under the age of 16 years.</li> <li>• Presence of forced labour</li> <li>• Unauthorised prison labour</li> <li>• Presence of physical and/or sexual abuse</li> <li>• Severe health and/or safety violations which could result in imminent serious injury to persons,</li> <li>• No knowledge of appropriate behavior in case of accidental pollution</li> <li>• Attempt to corrupt auditors</li> </ul>	<p>No business can be awarded.</p> <p>In case of an already existing relationship, production at the audited site must be immediately suspended. The relationship and/or production may only be resumed after a Follow-up audit which results in a "SATISFACTORY" or "NEED CONTINUOUS IMPROVEMENT" or "NEED IMMEDIATE ACTION with compliance % <math>\geq 60\%</math>" classification.</p> <p>In case of child labour, the supplier is required to provide evidence of remedial action (e.g. return of the worker to school, job offered to an adult family member, individual follow-up, etc.)</p> <p>The cost of the Follow-up audit is borne by the supplier. The audit is carried out by the same auditor who carried out the Initial audit to ensure consistency.</p> <p>The final decision to resume or not the business relationships must be approved by the Corporate Sourcing Director.</p>
<p><b>0 – ACCESS DENIED</b></p>	<p>If the auditor cannot access to all or part of the site and/or information, the L'Oréal Buyer will re-schedule another audit immediately, at the supplier's expense. If the second audit result is "ACCESS DENIED", the "ZERO TOLERANCE" rules below are applied.</p>

## APPENDIX VI Audit Questionnaire



Appendix VI - Audit  
questionnaire



## APPENDIX VII 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 by an external third party accredited by SAAS, according to the BSCI, SMETA 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.

Once an Equivalence is granted, it is valid for a 3-year period starting from the date of the audit mentioned in the report submitted by the supplier to obtain an equivalence.

To apply for an Equivalence, please:

- **complete the attached form**
- **provide<sup>7</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 will inform 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, an audit will be organised, the cost of which will be borne by L'ORÉAL.

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<sup>7</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

**APPENDIX VII**  
**Audit Equivalence Request Form**

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

**ADMINISTRATIVE CRITERIA**

	Mandatory criteria	Comments
<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"/> SMETA <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>If there is a previous L'Oréal audit report</b>	Result was: <input type="checkbox"/> S or NCI (Please state Assessment No):	