

# Supplier Code of Conduct of Breitling

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# 1 Introduction

This Supplier Code of Conduct (the “**Code of Conduct**”) is based on Breitling's (the “**Company**”) values and commitments to social responsibility, environmental protection, business ethics and integrity.

The Company is committed to promoting equivalent ethical, sustainable and responsible practices throughout its entire supply chain. This approach aims to generate a positive overall impact and to contribute to the excellence and sustainability of the watch industry as a whole.

The Code of Conduct sets out the principles and practices that the signatory supplier (hereinafter the “**Supplier**”) must undertake to adhere to and require from its suppliers and subcontractors.

The Supplier also undertakes to comply with all applicable local and international regulations.

## 2 Governance

### 2.1 Human rights

#### **Definition and overall commitment**

Human rights are defined by the United Nations as “*rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status.*”<sup>1</sup>.

Respect for human rights by the Supplier, at all times and in all places, is a fundamental core commitment.

#### **Due diligence**

The Supplier must exercise due diligence to identify, prevent or mitigate the risks and impacts associated with its activities or supply choices, in accordance with the recommendations of the OECD Guidelines.

On the basis of the United Nations Guiding Principles on Business and Human Rights, the Supplier undertakes to assess the risks of human rights violations in its supply chain, taking into account the impact of the materials and resources used on people and populations. The Supplier undertakes to take all necessary measures to eliminate or, if this is not possible, reduce such risks as far as possible.

#### **Supply of ores and metals**

The Supplier who is faced with risks within its ores and metals supply chain due to mining, trading or processing conditions must exercise due diligence to ensure that the mining, trading, processing and export of the ores and metals concerned are not linked to risks of impacts on human rights.

#### **Security providers**

The Supplier undertakes to take all reasonable measures to ensure that the actions of its security providers respect human rights. In this respect, the Supplier shall take into account the *Voluntary Principles on Security and Human Rights*.

### 2.2 Transparency and accountability

The Supplier is committed to a transparent and responsible supply chain.

The Supplier guarantees the origin of the products (such as the places of extraction, breeding and cultivation) by means of the appropriate documents and/or certificates. In particular, it undertakes to present, at the Company's request, certificates and/or information relating to the origins of the materials

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<sup>1</sup> <https://www.un.org/en/global-issues/human-rights>

used and the stages of manufacture of the products (including intermediate stages), while respecting any business secrets.

With regard to the supply of natural diamonds, in addition to the laws in force, the Supplier undertakes to comply with the *Kimberley Process* certification scheme and the system of warranties of *the World Diamond Council*.

In the event of the supply of materials and products of animal origin, the Supplier undertakes to comply with *CITES*.

In addition, the Company may have its own additional material requirements with which the Supplier must comply.

## 2.3 Competition

The Supplier undertakes to take all necessary measures to prevent illegal commercial conduct likely to hinder, restrict or distort competition, as well as any unfair or deceptive practice.

Compliance with competition law includes the prohibition of abuse of a dominant position and the prohibition of entering into horizontal or vertical agreements (binding or non-binding agreements, concerted practices) which aim to or result in an unlawful restriction of competition (price fixing, market allocation, boycotts limiting the production of certain products or tender manipulation).

## 2.4 Conflicts of interest

The Supplier undertakes to implement all necessary measures to prevent the occurrence of situations creating a real, apparent or potential conflict of interest.

## 2.5 Corruption

The Supplier undertakes to comply with all applicable laws and regulations relating to the fight against corruption.

The Supplier undertakes to adopt ethical conduct and to integrate it into its organisation and its business activities. It shall put in place measures to combat corruption, in particular extortion, bribery and any other form of undue advantage, in accordance with the *United Nations Convention against Corruption* and *The Ten Principles of the United Nations Global Compact*.

## 2.6 Money laundering and terrorist financing

The Supplier undertakes to put in place appropriate measures to ensure compliance with the rules applicable to the fight against money laundering. In particular, it shall put in place procedures to verify the identity of its customers, suppliers, subcontractors, partners and other business relations (hereinafter, together, the "**Partners**") and shall ensure the filtering of transactions, taking into account the applicable thresholds, the means of payment and the origin of payments.

## 2.7 Sanctions, trade restrictions, embargoes

The Supplier undertakes to adopt appropriate measures to comply with embargoes and restrictive measures imposed on certain countries. It must exercise due diligence to avoid any transaction or partnership with a person or entity subject to sanctions. This due diligence includes the implementation of internal procedures to regularly verify the status of Partners, their transactions and their commercial activities.

## 2.8 Protection of personal data

On the basis of the principle of the security of personal data, enshrined in particular in the *GDPR*, the Supplier undertakes to implement appropriate technical and organisational measures, guaranteeing *inter alia* the integrity, security, confidentiality and availability of the personal data it processes.

## 2.9 Combating counterfeiting

The Supplier must comply with the laws on counterfeiting and establish a process to prevent, detect and eliminate counterfeit products.

## 2.10 Whistleblowers and reporting mechanism

The Supplier undertakes to make available to its employees and Partners a reporting procedure which, in particular, protects whistleblowers (internal and external) from any retaliation.

The reporting mechanism must be able to guarantee the anonymity of whistleblowers while avoiding misuse. Whistleblowers must be asked to provide sufficiently detailed information and, if necessary, to cooperate with investigators on a confidential basis.

# 3 Social rights

## 3.1 Forced labour

### **Forced labour**

The *ILO Forced Labour Convention* defines forced or compulsory labour as “*all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily*”<sup>2</sup>.

The Supplier undertakes to prohibit the use of forced labour and, by extension, all forms of slavery, as well as illegal, clandestine or undeclared work.

### **Personal documents and financial deposits**

The Supplier shall ensure that no personal documents of its employees (such as identity documents, work permits) may be confiscated, destroyed, concealed or pledged against financial deposits.

### **Freedom to leave the employer**

The Supplier must be able to guarantee employees the freedom to leave their employment at any time, without penalty or constraint, provided that reasonable notice is given in accordance with contractual and/or legal provisions.

## 3.2 Child labour

The Supplier undertakes to prohibit the use of child labour, in particular in accordance with the *ILO Minimum Age Convention* and the *ILO Worst Forms of Child Labour Convention*.

The minimum age for admission to employment is 15 years or the legal school-leaving age, whichever is higher, unless specifically provided for in the *ILO Minimum Age Convention*.

The Supplier shall put in place appropriate mechanisms to verify the age of employees and workers<sup>3</sup>, thereby ensuring compliance with established age standards.

In the event of the identification of children working in the supply chain in violation of the said conventions, the Supplier shall, as soon as possible, inform the Company in order to implement an action plan.

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<sup>2</sup> Art. 2 para. 1 of the said Convention.

<sup>3</sup> In this Code of Conduct, "employees" means the employees of the Supplier and "workers" means any person other than employees carrying out an activity on behalf of the Supplier.

### 3.3 Freedom of association and the right to collective bargaining

#### ***Right to form or join a trade union***

The Supplier recognises and respects the fundamental right of its employees to freedom of association. In accordance with local laws and international labour standards, the Supplier shall fully respect the right of each employee to form or join trade unions of their choice, to engage in collective bargaining and to engage in peaceful assembly.

#### ***Right to communicate and express concerns***

Where local legislation restricts freedom of association and the right to collective bargaining, the Supplier undertakes to allow its employees to freely elect their own representatives. These representatives must have the right to communicate openly and express their concerns regarding working conditions and management practices.

#### ***Protection against discrimination as a result of trade union membership***

The Supplier shall ensure that its employees who are members of a trade union or involved in employee representation are not subject to discrimination, harassment, intimidation or retaliation as a result of their membership.

### 3.4 Health and safety

#### ***Protective measures***

The Supplier undertakes to maintain a safe and healthy working environment. It shall put in place all necessary measures to protect the health of its employees, ensure their safety and prevent occupational accidents and illnesses.

It shall also ensure that its employees and any person authorised to work in a work area with an identified risk have free individual protective equipment that is suitable and in good condition.

#### ***Risk Assessment***

The Supplier must assess the risks that could affect the health and safety of employees and workers in the performance of their activities. The Supplier shall take action to eliminate these risks or, if this is not possible, to reduce them as far as possible.

As part of the risk assessment, the Supplier must identify and include categories of employees at risk, such as minors, pregnant women, people with disabilities or with proven health problems.

#### ***Staff training***

The Supplier shall ensure that all employees and workers are informed in an accessible, sufficient and appropriate manner of the risks to which they are exposed in the course of their work.

The Supplier undertakes to train its employees in health and safety matters. This training must be provided in a language understood by the employees, before the start of their assignment, and repeated on a regular basis.

#### ***Sanitary facilities and accommodation***

The Supplier shall provide employees and workers with adequate sanitary facilities, in accordance with the regulations in force, properly and regularly cleaned and safely accessible.

Insofar as the law permits, when employees and/or workers are required to be accommodated by the Supplier, the latter undertakes to guarantee them clean and safe accommodation that meets their basic needs.

### 3.5 Wage conditions

#### ***Decent wages and standard of living***

As part of its commitment to respecting the fundamental rights of its employees, the Supplier must in particular guarantee its employees decent pay for the work performed. To this end, the Supplier

undertakes to comply with the *ILO Minimum Wage Fixing Convention*, any other more stringent applicable local regulations and mandatory collective agreements.

The Supplier shall ensure that the wages allocated for a standard working week meet the legal standards in force in the sector, including minimum wage standards, where applicable. Remuneration must be sufficient to cover employees' basic needs, including health, food, clothing and accommodation.

#### **Regular remuneration, overtime and other compensatory payments**

The Supplier must ensure that wages are paid on a regular basis, with a minimum monthly frequency. In addition, it shall ensure that overtime is paid at a premium rate or recovered, in accordance with the *ILO Hours of Work Convention* and applicable local laws and collective agreements.

The Supplier undertakes to make documented payment of wages, including overtime and other compensatory allowances. For each remuneration period, employees must receive a comprehensible pay slip containing detailed information on the remuneration for the work performed.

#### **Protection against penalty deductions**

The Supplier shall not make any deductions from wages for disciplinary purposes, unless this is expressly permitted by national law and/or provided for in an applicable collective agreement. In this case, the Supplier shall ensure that any disciplinary deduction of wages remains exceptional.

### 3.6 Working time

#### **Applicable regulations**

With regard to working hours, the Supplier shall comply with applicable local and international regulations and in particular with the *ILO Hours of Work Convention*.

#### **Working week and minimum rest period**

The working week, including overtime to be worked on a non-routine basis, shall not exceed sixty (60) hours. If local legislation imposes a lower limit, the Supplier must respect this limit.

The Supplier shall ensure that a minimum rest period of at least twenty-four (24) consecutive hours per week is respected. The Supplier may agree to different arrangements, in consultation with trade unions or other employee representatives, in accordance with the laws in force in the country, industry standards or collective agreements.

### 3.7 Equality of treatment and non-harassment

#### **Equal treatment**

The Supplier complies with the principle of equal treatment, promotes the inclusion of employees and equal opportunities. It protects its employees against all forms of discrimination, whether based on social or ethnic origin, sex, age, political opinion, religious beliefs, disability, nationality, sexual orientation, or any vulnerable status, such as that of migrant workers.

In particular, the Supplier undertakes not to tolerate any discrimination in recruitment, remuneration, training, promotion, the performance of work, maternity protection or dismissal.

#### **Prohibition of harassment and abuse**

The Supplier undertakes to treat its employees and any other worker in a respectful manner, strictly prohibiting any form of punishment, mental or physical coercion or verbal abuse. It tackles all forms of harassment and violence, including negative stereotyping (e.g. based on racism, sexism or physical appearance), inappropriate contact and sexual advances.

### 3.8 Participation in community development

The Supplier shall use its best endeavours to encourage social, environmental and economic development and initiatives favourable to the communities in which it operates.

## 4 Environment

### 4.1 General

#### **Protection of the environment**

The Supplier undertakes to comply with all applicable environmental laws and regulations and to analyse the environmental risks associated with its activities.

The Supplier shall cooperate with the Company by sharing any useful information on its environmental practices.

The Supplier shall endeavour to integrate environmental considerations into the design of its products and/or services.

#### **Precautionary principle**

In accordance with the precautionary principle, the Supplier shall take all possible measures to minimise environmental risks and prevent serious damage to the environment.

#### **Reduction of the environmental footprint**

The Supplier undertakes to reduce its environmental footprint across all its activities and to promote, among other things, the reduction of harmful emissions, energy efficiency, waste reduction, recycling, the management of pollutants, the reduction of water consumption, the optimisation of means of transport and the protection of biodiversity.

#### **Environmental training**

The Supplier undertakes to train its employees on environmental issues. In this way, the Supplier ensures that its employees understand the importance of adopting responsible practices and actively contribute to them.

### 4.2 Climate change

#### **Carbon footprint analysis**

The Supplier undertakes to draw up an annual report in accordance with the *GHG Protocol* including an analysis of the emissions corresponding to "scope 1" and "scope 2" of the *GHG Protocol* in relation to its activities.

Suppliers with a greater impact on the Company's carbon footprint will be required to draw up, within eighteen (18) months of signing the Code of Conduct, an analysis of the other emissions corresponding to "scope 3" of the *GHG Protocol*. The Supplier concerned will be informed by the Company.

#### **Reduction of greenhouse gas emissions**

The Supplier undertakes to reduce its greenhouse gas emissions by implementing a concrete action plan in line with the *Paris Climate Agreement*.

The Supplier encourages the players in its supply chain to implement actions aimed at reducing the most significant greenhouse gas emissions, in particular on the basis of the *Carbon Disclosure Project*.

#### **Adaptation to climate change**

The Supplier endeavours to develop, on a regular basis, risk analyses and adaptation plans relating to the most significant risks, which take into account the potential effects of climate change on its operations. Similarly, the Supplier undertakes to identify and exploit opportunities arising from the transition to a low-carbon economy.

### 4.3 Energy management

The Supplier shall put in place policies and processes to reduce its energy consumption, promote more efficient use of energy and undertake an energy transition to renewable energy sources.



## 4.4 Air, soil and noise pollution

### ***Air pollution***

The Supplier undertakes to ensure that its operations comply with applicable regulations on air emissions. The Supplier shall put in place the appropriate control and treatment measures for all materials, emissions or substances likely to constitute a risk to air quality.

### ***Soil pollution***

The Supplier shall monitor its operations to identify, control and treat materials potentially harmful to soil quality, in accordance with applicable regulations. It encourages responsible management practices aimed at preventing soil contamination, preserving soil and rehabilitating it after use.

### ***Noise pollution***

The Supplier undertakes to implement appropriate measures to reduce noise pollution and its impact on the quality of life of employees, local communities and wildlife.

## 4.5 Water management

The Supplier shall implement a water management policy and programme documenting, identifying and monitoring the risks associated with water (supply, use and discharge). The Supplier shall endeavour to collect data on its water consumption, discharges and quality.

Waste water must also be identified, monitored and treated effectively and regularly before discharge, in accordance with applicable regulatory requirements.

## 4.6 Waste management

### ***Measurement and management system***

The Supplier shall implement an effective waste management system to control all types of waste generated. The Supplier shall endeavour to collect and analyse waste data on a regular basis in order to measure the performance of its waste management.

The Supplier pays particular attention to waste that poses a risk to health or the environment and requires appropriate treatment.

### ***Reduction, recycling and recovery***

The Supplier undertakes to reduce, recycle and recover its waste, through the implementation of concrete action plans, with the aim of preserving resources and limiting the production of waste, in particular incinerable waste.

### ***Reduction and optimisation of packaging***

The Supplier undertakes to reduce and optimise packaging, avoiding materials that are difficult to recycle. With regard to plastics used to package, protect, preserve, store or transport goods, the Supplier must ensure that the resulting plastic waste is reduced, recycled or that the plastic is replaced, as far as possible, by an alternative that has less impact on the environment.

## 4.7 Chemicals

### ***Management system for hazardous chemicals***

The Supplier undertakes to comply with the bans and restrictions on hazardous substances and materials required by the applicable regulations and, where applicable, by the Company, both in products and in manufacturing processes.

In the event of imposed or voluntary changes concerning the composition or manufacture of the products delivered, the Supplier undertakes to inform the Company immediately. It also undertakes to send, with the products delivered, any necessary documentation mentioning the chemical risk and the preventive measures to be taken when using these products.

### **Security practices**

The Supplier undertakes to comply with regulatory requirements to reduce the impact of the use of chemicals when handling, storing, transporting and disposing of these products.

Where practicable, the Supplier shall endeavour to use alternatives to hazardous chemicals in its manufacturing and commercial processes in order to protect the health of employees and consumers and the environment.

## 4.8 Biodiversity and ecosystems

### **Conservation of biodiversity**

The Supplier undertakes to implement initiatives aimed at having a net positive impact on biodiversity. The Supplier is attentive to the conservation of endangered species and ecosystems and refers to the legal framework set by *CITES* and the *IUCN Red List*.

### **Development of environmentally-friendly infrastructures**

The Supplier undertakes to ensure that its infrastructures incorporate the conservation of local ecosystems and the improvement of biodiversity, such as the creation of varied habitats, the sustainable management of green spaces and the enhancement of local flora.

## 5 Compliance

### **Compliance requirements**

The Supplier shall require its Partners and any other workers to comply with this Code of Conduct. In the event of practices contrary to this Code of Conduct, the Supplier undertakes to take appropriate measures. In particular, it may use the Company's reporting mechanism.

The Supplier undertakes, in particular, to apply a zero tolerance policy in the event of violations of human rights (including forced and illegal labour, child labour) and of rules relating to competition, conflicts of interest, corruption, money laundering and embargoes, within its company and in its supply chain.

### **Implementation support**

The Company may provide support to the Supplier in defining and implementing its action plans, by promoting transparency, dialogue and the sharing of best practices. The purpose of this support is to ensure effective compliance of the Supplier's practices with this Code of Conduct.

### **Monitoring and auditing**

The Company reserves the right to monitor compliance with the principles set out in this Code of Conduct, in particular by conducting compliance audits at the Supplier's premises and throughout its supply chain. These audits may be carried out by the Company or by any mandated third party, subject to a period of notice agreed with the Supplier. The Supplier shall provide all necessary information and facilitate access for compliance audits.

## 6 References

### **GOVERNANCE**

- *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* ("OECD Guidance");
- *United Nations Guiding Principles on Business and Human Rights*;

- *Voluntary Principles on Security and Human Rights;*
- *Kimberley Process;*
- *World Diamond Council;*
- *Convention on International Trade in Endangered Species of Wild Fauna and Flora (“CITES”);*
- *United Nations Convention against Corruption;*
- *The Ten Principles of the United Nations Global Compact;*
- *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“GDPR”).*

**SOCIAL RIGHTS**

- *Convention no. 29 on Forced Labor of the International Labour Organisation (“ILO Forced Labour Convention”)*
- *Convention no. 138 on the Minimum Age for Admission to Employment of the International Labour Organisation (“ILO Minimum Age Convention”);*
- *Convention no. 182 on the Worst Forms of Child Labour of the International Labour Organisation (“ILO Worst Forms of Child Labour Convention”);*
- *Convention no. 131 on Minimum Wage Fixing of the International Labour Organisation (“ILO Minimum Wage Fixing Convention”);*
- *Convention no. 1 on Hours of Work (Industry) of the International Labour Organisation (“ILO Hours of Work Convention”).*

**Environment**

- *The Greenhouse Gas Protocol (“GHG Protocol”);*
- *International Climate Change Treaty of 4 November 2016 (“Paris Climate Agreement”);*
- *The Carbon Disclosure Project;*
- *Convention on International Trade in Endangered Species of Wild Fauna and Flora (“CITES”);*
- *Red List of Threatened Species of the International Union for Conservation of Nature (“IUCN Red List”).*

**\* \* \***

*By signing this document, the Supplier acknowledges having read it and undertakes to implement it.*

Supplier's company name: .....

Supplier's address: .....

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Place and date: .....

Name and title of authorised representative(s): .....

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Signature(s): .....

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