

SUSTAINABLE PROCUREMENT POLICY

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DEFINITIONS

Sustainable procurement

The procurement of goods and services is considered sustainable when it addresses social and environmental impacts while meeting quality, scheduling and cost requirements. These criteria must be considered all along the supply chain and throughout the entire life cycle of the good or service procured, considering its global economic impact.

Sustainable procurement unites all stakeholders as it plays a key role in our shared journey toward sustainability. This process requires that buyers and suppliers alike comply with regulations and observe sustainable practices according to Rolex's Sustainable Development Charter and Code of Conduct.

Supply chain

Process encompassing a company's activities as well as those of all economic operators that provide goods and services and are involved in transporting, extracting and processing materials or components as well as incorporating them into a finished product.

Supplier

Person or company that provides certain goods or services to Rolex.

Corporate social responsibility (CSR)

Strategy and action plan implemented by a company together with its stakeholders to manage its environmental and social impact and contribute to sustainable development initiatives.

GOALS

In terms of procurement, Rolex's mission is to guarantee the acquisition of goods and services necessary for the company to function in keeping with its ethics and values: the perpetual quest for quality, the spirit of innovation and the pursuit of excellence. This mission is also fully in line with the brand's sustainability strategy.

This Sustainable Procurement Policy is based on Swiss¹ and European² regulations as well as Organisation for Economic Co-operation and Development (OECD) Guidance³. It also draws from the Sustainable Development Charter signed by Rolex's suppliers as well as Rolex's internal Code of Conduct for employees.

¹ Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor of December 3, 2021 (version as of January 1, 2022)

² Regulation (EU) 2017/821

³ OECD Due Diligence Guidance of April 2016 for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including annexes and addenda

It aims to:

- gather and list sustainable procurement practices;
- formalize the inclusion of environmental and social aspects in the company's procurement decisions;
- internally promote procurement strategies with a positive environmental and social impact;
- reaffirm Rolex's commitments to its suppliers;
- perpetuate the quality of the brand's relationships with its suppliers.

PUBLICATION AND UPDATES

This policy may be updated to reflect changes in regulations, industry practices, internal processes and Rolex's strategy and will be republished after each update.

ROLEX'S COMMITMENTS

Within the framework of its procurement policy and in its relationships with its suppliers, Rolex undertakes to directly and indirectly contribute to the United Nations Sustainable Development Goals (SDGs) by 2030, which aim to:

- eradicate forced labor, modern slavery, human trafficking and child labor in all its forms;
- efficiently use the world's natural resources without degrading the environment and reduce waste generation through prevention, reduction, recycling and reuse;
- raise awareness about climate change, accelerate decarbonization, invest in sustainable solutions and fight against all climatic risks;
- promote inclusive employment that guarantees all women and men, including young people and persons with disabilities, decent work and equal pay for work of equal value;
- improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials;
- protect labor rights and promote safe and secure working environments;
- use water resources sustainably.

Rolex's actions are traditionally guided by concerns of quality, scheduling and cost. Added to this now are sustainability requirements, for which Rolex undertakes to:

- comply with relevant local, national and international legislation;
- comply with the Universal Declaration of Human Rights and the fundamental labor conventions of the International Labour Organization (ILO);
- comply with the United Nations Convention on the Rights of the Child as well as the ILO's Minimum Age Convention (No. 138) and Worst Forms of Child Labour Convention (No. 182);

- follow the reference framework of OECD Guidance;
- comply with the principles set out in Rolex’s Sustainable Development Charter and Code of Conduct;
- use sustainable resources;
- ensure that the brand’s suppliers carry out their activities responsibly.

As such, each of Rolex’s buyers must:

- be proactive in anticipating and adequately responding to the needs of the company;
- work in close collaboration with suppliers to achieve the highest quality indicator required by internal customers and users;
- build and maintain a panel of reliable suppliers to guarantee the brand’s reputation;
- ensure that suppliers, as well as their goods and/or services, comply with Rolex’s Sustainable Development Charter;
- avoid any risk of supply or service interruption;
- guarantee fair and equitable acquisitions.

Rolex undertakes with its suppliers to:

- foster collaboration with each of them;
- support innovation;
- support actions to reduce the negative environmental and social impact of their supply chains;
- maintain a transparent, quality relationship that is committed in the long term;
- guarantee the confidentiality of interactions.

If a supplier refuses to sign Rolex’s Sustainable Development Charter or provide information about its own supply chains, Rolex reserves the right to not enter into business relations with the supplier or to terminate said relations if already initiated.

If moderate or high risks are identified for a supplier with which Rolex has business relations, the brand can also request that an audit be carried out by independent third parties to ensure that the supplier addresses said risk.

IMPLEMENTATION

Rolex strives to uphold and enforce its sustainability strategy across all of its supply chains. In practice, this commitment involves implementing systematic processes for assessing the risks of human rights and environmental abuses, processes that also guide the assessment and selection of the brand's suppliers.

Managing supply chain risks

Rolex has established a matrix for assessing the probability and severity of risks of human rights and environmental abuses along its supply chains.

The matrix aims to identify the CSR risks inherent to each of the company's procurement categories. Rolex updates this matrix annually to reflect the latest geopolitical, media and industry developments.

Due diligence and risk management are exercised for all of Rolex's purchases, with a particular focus on child labor and minerals and metals sourced from conflict-affected areas (gold, tin, tantalum and tungsten). To this end, the brand follows OECD Guidance and its reference framework.

Specific internal governance has been implemented to address this subject through a Strategic Ethics and Compliance Committee that meets annually and a Steering Committee that meets at least ten times per year. These two committees represent the stakeholders involved and inform them of any decisions made regarding supply chain risk management.

Other risks are also assessed annually, such as those related to cybersecurity, scheduling, supply interruption, supplier relations, dependency, market conditions and financial matters.

Evaluating suppliers

Rolex has also implemented a supplier risk attenuation program to ensure they are following best practices. Suppliers should be transparent and provide any information Rolex may need to map out the provenance of the materials used, the sites, the processes used to manufacture its goods and the locations of its services. Based on their level of risk, Rolex organizes audits, either announced or unannounced, carried out by third parties on sites of production, processing or raw material extraction.

Rolex gives its suppliers six months to achieve compliance for any minor non-conformities (documentation review) and requests an immediate action plan for any major non-conformities identified on-site. Each progress plan is monitored and assessed and must bear proof of its effectiveness.

Although Rolex accompanies its suppliers in their risk management, the brand reserves the right to terminate business relations if the risk is well-established and too significant to be completely controlled.

Selecting new suppliers

For high-risk groups, the Ethics and Compliance team systematically follows a due diligence procedure before allowing a new supplier to enter the Rolex database. This procedure follows CSR criteria, ensuring a rigorous selection of ethical suppliers.

Each supplier must also sign Rolex's Sustainable Development Charter, which allows the group to ensure that all of its partners are aligned with its core values and commitments.

Alert system

A report system, available on rolex.com, allows Rolex to take into account the concerns of its stakeholders regarding any potential violation along its supply chains of this Sustainable Procurement Policy, of the Sustainable Development Charter and of international law. The brand uses a third-party platform to guarantee the anonymity and confidentiality of the reporter's personal data.

Transparency

The company regularly addresses the evolution of the supply chain risk management system internally through its intranet and through communication channels specifically for management. Rules and best practices are regularly communicated to stakeholders.

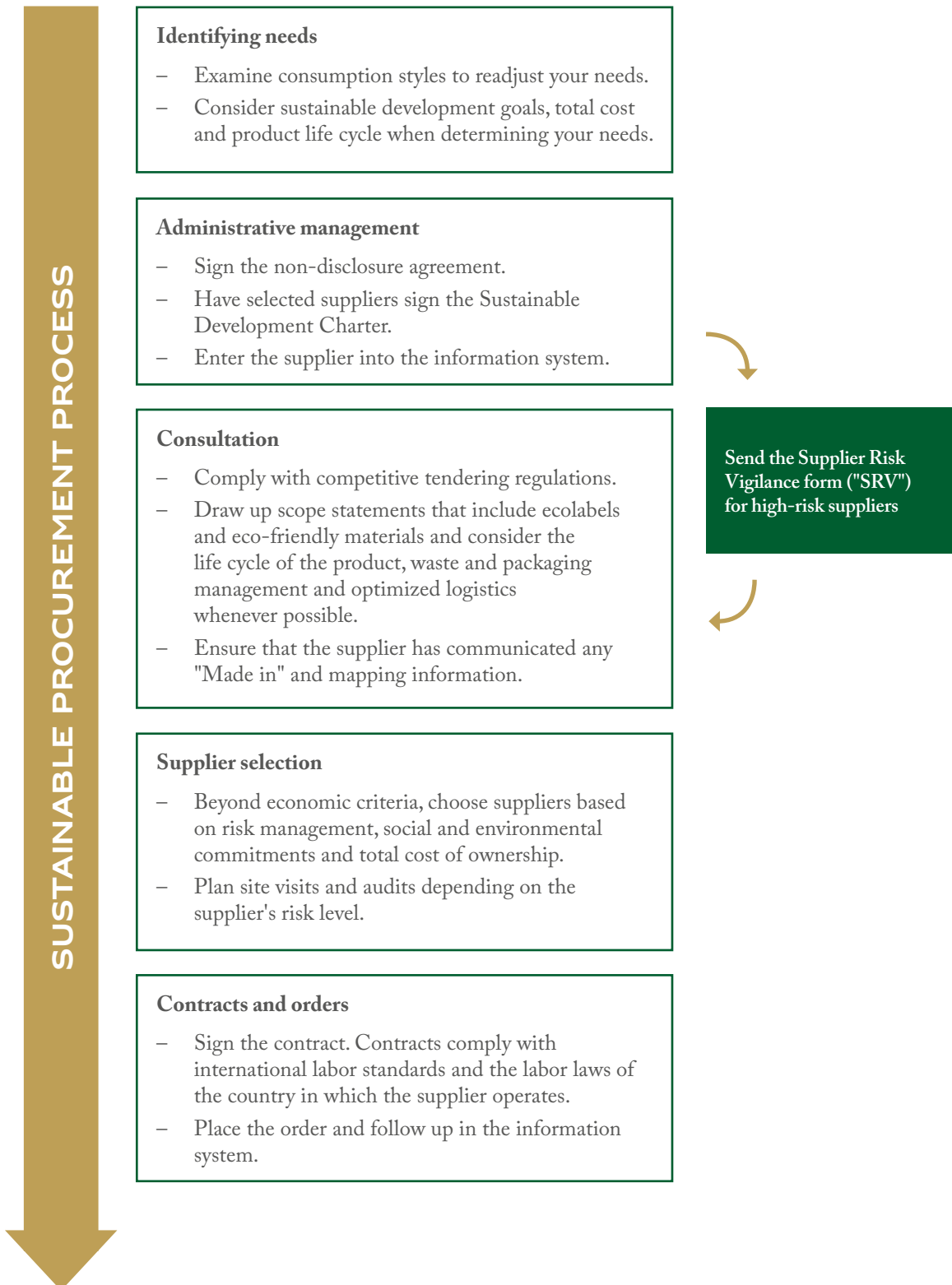
Rolex will also make this information public each year.

Third-party audit of internal practices

The company's compliance management system is audited annually by an independent, certified auditor.

PROCESS

For every new order or new search for supply sources, buyers and their internal clients must follow the procurement steps below:



VERSION

1

DATE

May 2024

MODIFICATION(S)

Initial procurement policy.