

WATCH & JEWELLERY INITIATIVE 2030

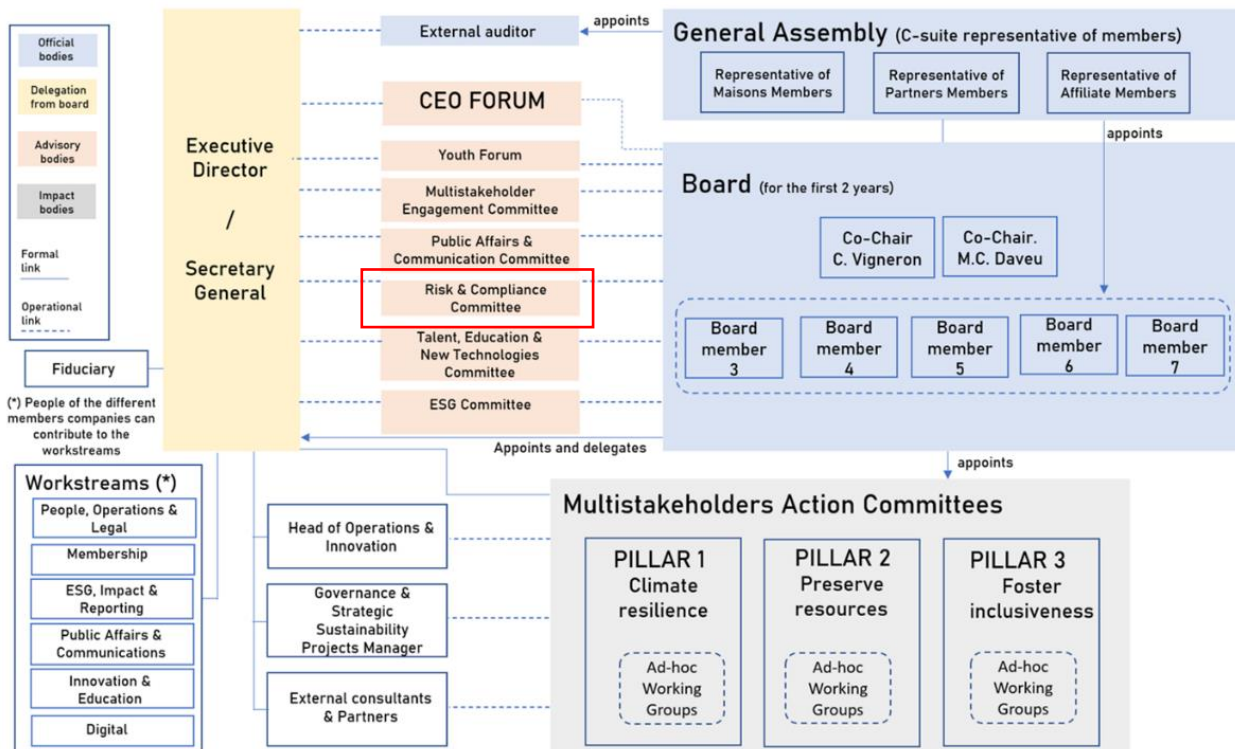
TERMS OF REFERENCE – RISK & COMPLIANCE COMMITTEE

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1. Introduction

- 1.1. Founded by Kering and Cartier, the Watch and Jewellery Initiative 2030 (“**WJI 2030**”) is a Swiss non-profit association guided by the Ten Principles of the United Nations Global Compact and the 17 Sustainable Development Goals (“**SDGs**”). WJI 2030 has set ambitious goals to accelerate positive impact in three areas: building climate resilience, preserving resources, and fostering inclusiveness, through the collective effort of Maisons, their suppliers and business partners and in collaboration with key stakeholders.
- 1.2. WJI 2030 will pursue its goals in accordance with its Statutes, Code of Conduct, Anti-trust policy and with any other policy it may develop and adopt from time to time.
- 1.3. As per Article 18 of WJI 2030's Statutes, to assist in the discharge of its role, the Board is entitled to delegate certain of its tasks to Committees. The Committees have the authority to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations.
- 1.4. As stated in Article 10 of the Statutes, dedicated Committees set up by the Board will not be considered as bodies of the Association.
- 1.5. The current Committees of WJI2030 in place are:
 - Multi-Stakeholder Action Committees on Climate Resilience;
 - Multi-Stakeholder Action Committees on Preserving Resources;
 - Multi-Stakeholder Action Committees on Fostering Inclusiveness;
 - Multi-Stakeholder Engagement Committee;
 - Public Affairs and Communication Committee;
 - Risk and Compliance Committee;
 - Talent, Education and New Technologies Committee; and
 - ESG Committee.

WATCH & JEWELLERY INITIATIVE 2030



2. Purpose

- 2.1. The purpose of the Risk and Compliance Committee (the "**Committee**") is to provide oversight and, where appropriate, provide advice and recommendations to the Board on the implementation and operation of WJI 2030's compliance framework.

3. Composition & Terms

A. Appointment

- 3.1. Members of the Committee are appointed by decision of WJI 2030's Board, after considering the recommendation of the Executive Director.
- 3.2. The Committee shall be made up of at least three members and up to a maximum of 5 members, one of whom will serve as Committee Chair.
- 3.3. The Board may designate the Chair and in the absence of any such designation by the Board, the Committee members themselves shall designate the Chair by majority vote.
- 3.4. Committee members shall be appointed in their personal capacity and not as representatives of an organization.
- 3.5. Committee members may not appoint alternates.
- 3.6. All Committee members are required to fully comply with the WJI 2030 Code of Conduct, including its Antitrust policy, and abide by WJI 2030's Charter governing data privacy, its

WATCH & JEWELLERY

INITIATIVE 2030

Conflicts of Interest Policy, as well as other relevant policies which may be applicable from time to time.

- 3.7. They shall exercise their duties as Committee members with loyalty and integrity towards WJI 2030, including by providing full and active participation and fulfilment of obligations.

B. Term

- 3.8. Terms are of two years. Terms are renewable with the approval of both the concerned Committee and the WJI 2030 Board, up to a maximum of three consecutive terms.

- 3.9. In case of resignation in the course of a term, a new member may be appointed for the remaining time of the term.

- 3.10. Members may be dismissed by a Board's resolution, at any time.

C. Selection Criteria

- 3.11. Committee members should have proven track record / experience in some of the following areas:

- Legal and/or Compliance;
- Due Diligence;
- Anti-money laundering and KYC;
- Auditing, investigation, grievance mechanisms; or
- Other matters important to the purpose or governance of WJI 2030.

4. Meetings & Procedures

A. General Principles

- 4.1. The Committee shall hold regular meetings, at least four times per year. Meetings will be coordinated by the WJI 2030 Secretariat, in collaboration with the Committee Chair.

- 4.2. All Committee meetings will include a clear anti-trust statement by the Chair at the beginning of each meeting.

- 4.3. The Committee may not delegate any portion of the Committee's authority, duties and responsibilities.

- 4.4. Committee members shall ensure all perspectives provided are free of any conflicting interest of a personal nature. The Committee members must ensure compliance with the WJI 2030 Conflict of Interest Policy at all times.

B. Participants and external observers

- 4.5. Meetings may include any participants deemed appropriate as observers, and it shall be of sufficient duration and scheduled at such times as the Committee deems appropriate to discharge properly its responsibilities. The Executive Director shall generally attend all regularly scheduled meetings of the Committee, as an observer.

WATCH & JEWELLERY

INITIATIVE 2030

- 4.6. The Committee may request that any Board members or employees of WJI 2030, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee as observer to provide relevant information.

C. Information, audits and external advice

- 4.7. The Committee shall receive information from and meet, as deemed necessary and appropriate, with the Executive Director and/or the Governance Manager, Board members or other persons. Such briefings and meetings may take place with the Committee Chair or individual Committee members, as appropriate.
- 4.8. The Committee may require management to conduct audits on compliance, regulatory and /or legal / other related concerns.
- 4.9. The Committee may, in compliance with the relevant internal policies of WJI 2030 (Grievance and Complaints Mechanism, Due Diligence Policy and Protocol, etc.) and with the Board's approval, request written or oral advice from external advisors, at WJI 2030's cost.

D. Compensation and funding

- 4.10. WJI 2030 shall provide for appropriate funding to compensate Committee members for reasonable time spent in the conduct of their duties as agreed individually with Committee members and will cover reasonable travel expenses where members are requested to attend in-person meetings.
- 4.11. WJI 2030 shall provide for appropriate funding, as determined by the Committee, for the payment of (i) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities and (ii) compensation to advisors retained by the Committee.

E. Reporting

- 4.12. The Committee shall keep written minutes of its meetings, which shall be maintained with the books and records of WJI 2030.
- 4.13. The Committee will report to the Board at the next Board meeting through an oral report from the Chair on those of its activities and decisions that should be brought to the attention of the Board.
- 4.14. On an annual basis, the Committee shall deliver a written report on its activities to the Board. This report shall also review and assess the performance of the Committee.
- 4.15. The Committee shall review and assess the adequacy of these Terms of Reference regularly and, if appropriate, recommend changes to the Board for approval.

F. Quorum & decisions-making

- 4.16. The quorum to hold a meeting of the Committee shall be the simple majority of its appointed members.

WATCH & JEWELLERY

INITIATIVE 2030

- 4.17. A resolution of the Committee must be passed by a simple majority of the votes cast by the Committee members entitled to vote on the resolution.
- 4.18. Each Committee member present in person is entitled to vote and has one vote. Committee members may not assign a proxy to another Committee member, nor are they authorized to be represented by an alternate. If on any resolution an equal number of votes is cast for and against the resolution, the Chair has a casting vote.

G. Attendance

- 4.19. Committee meetings will generally be conducted using electronic means to encourage broad and global participation.
- 4.20. The Committee Chair shall keep track of attendance during all meetings and advise the Executive Director if Committee members are absent on a consistent basis or are failing to abide by their obligations as Committee members. The Executive Director can advise the Board accordingly, who can ask the Committee member to stand down and be replaced.

5. Responsibilities

A. General Principles

- 5.1. As stated in Article 10 of the Statutes, the Committee will not be considered as a body of the Association. It has an advisory role to the Board.
- 5.2. While subject to the overarching guidance and supervision of the Board, the Committee is responsible for discharging its responsibilities and managing its activities, within the scope of the present Terms of Reference and shall (unless otherwise determined by the Board) be able to act without prior reference to the Board in relation to those matters.

B. Duties

- 5.3. In carrying out its responsibilities¹, the Committee shall, among such other activities it deems appropriate:
- 5.3.1. Oversee WJI 2030's compliance framework, including review of, with the appropriate members of management, the practices and procedures against industry standards and legal requirements.
- 5.3.2. Review and monitor the effectiveness of WJI 2030's Compliance framework and management's assessment of the effectiveness of the Company's compliance programs including and as necessary, organizational structure, staffing and adequacy of resources, implementation, and the adequacy of the resources for this framework.
- 5.3.3. Review WJI 2030's approach to, and results of, risk identification, assessment and mitigation plans for the principal compliance risks which WJI 2030 may face.

¹ To be refined after first year of operation.

WATCH & JEWELLERY INITIATIVE 2030

- 5.3.4. Oversee significant complaints and other matters raised through and in accordance with WJI 2030's Grievance and Complaints Mechanism.
- 5.3.5. Oversee significant Membership and other relevant matters raised during the due diligence process in accordance with WJI 2030's Due Diligence Policy and Protocol.
- 5.3.6. Immediately inform the Board if it considers that a matter does not fall within its remit.

C. *Authority*

- 5.4. The Committee may consider any matter which falls within the roles and responsibilities delegated to it by the Board, notwithstanding that the particular matter(s) may have been previously referred to and considered by another Board Committee. The Board delegates to the Committee the power to do all things necessary to perform its duties and fulfil its purpose.
- 5.5. However, the Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations and management functions.

Approved by the Board on : December 15th, 2022

Entry into force : December 15th, 2022