



Carrefour

**SOCIAL  
AND ETHICAL  
CHARTER**  
FOR  
OUR  
SUPPLIERS





Dear Madam, Dear Sir,

Our ambition at Carrefour is simple but bold: we want to be the preferred retailer.

To achieve this ambition we must relentlessly strive to serve our customers and consumers better, at great value and in a responsible way, to help them enjoy better quality lives every day.

We capitalize on all the assets available to us: our stores, our products and our teams.

We also rely on our suppliers so that we can develop responsible trade together. In this respect, the protection and observance of the social rights of our employees and those of our suppliers, as well as observance of our ethical principles, are a priority.

In 2000, we published the “Carrefour Social Charter” in collaboration with the International Federation for Human Rights (FIDH) in order to encourage Carrefour and its suppliers to apply and observe the social rights for the benefit of our employees and our customers.

This year, we decided to draw up the “Carrefour Social and Ethical Charter for our Suppliers” to ensure that social and ethical responsibility was at the heart of our trading activity and relations.

In this way, we stress that Carrefour undertakes to observe human rights throughout the entire value chain, and make sure that others observe these rights. Carrefour also undertakes to develop fair, transparent and honest trading practices.

We are, of course, counting on all our suppliers to act along the same lines, as social and ethical conduct in our business activities is the basis of our shared success and our responsible commitment.

This is why such observance of the principles set out in our charter is an essential criterion when selecting our suppliers. We want each supplier to understand them, adhere to them, and implement them. We therefore offer assistance for this purpose, particularly in the area of social rights. We thus carry out audits followed by the implementation of corrective action plans with a view to helping them bring their social practices into line wherever necessary.

We are counting on your involvement and your commitment on this very important matter. This is how we will gain sustainable recognition from consumers and civil society and build together long-term relationship.

Lars Olofsson  
Chairman & Chief Executive Officer

# CARREFOUR'S COMMITMENT **FOR RESPONSIBLE TRADE.**

## CARREFOUR' SOCIAL AND ETHICAL RESPONSIBILITY

The Carrefour group, in regular contact with millions of customers and thousands of suppliers in the countries where it operates, is aware, since its origins, of the economic and social impact of its activities. Carrefour's responsible commitment is central in the Group's strategy and relies on two main lines: the respect of Human Rights throughout its supply chain and the ethical conduct in its operations.

### A COMMITMENT RESPECTING INTERNATIONAL REFERENCES

Carrefour's approach relies on the respect and promotion of universally recognized international references, in particular: the Universal Declaration of Human Rights, the International Labour Organisation (ILO) Declaration on the fundamental labour standards, as well as the pertinent conventions of the ILO such as the eight fundamental ILO conventions and the OECD guidelines.

Carrefour is committed to respect and promote respect of such international legal standards in its field of activity by acting therefore with due diligence in the conduct of its activities, by taking into consideration the country and local contexts where it operates; by evaluating and addressing impacts generated by its activities and by avoiding, particularly, any complicity in human rights abuses via their relationships with business partners, entities in its value chain, States and non-State actors.

CARREFOUR ALSO  
COMMITTS TO UPHOLD  
THE 10 PRINCIPLES OF  
THE UN GLOBAL  
COMPACT:

## HUMAN RIGHTS

- Principle No. 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle No. 2:** make sure that they are not complicit in human rights abuses.  
Labour

## LABOUR

- Principle No. 3:** Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining;
- Principle No. 4:** the elimination of all forms of forced or compulsory labour;
- Principle No. 5:** the effective abolition of child labour; and
- Principle No. 6:** the elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

- Principle No. 7:** Businesses are asked to support a precautionary approach to environmental challenges;
- Principle No. 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle No. 9:** encourage the development and diffusion of environmentally friendly technologies.

## ANTI-CORRUPTION

- Principle No. 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Carrefour supports the further development of internationally agreed legal standards related to corporate responsibility to respect human rights. Carrefour also actively supports the harmonisation and convergence of voluntary initiatives by companies to improve respect of existing international legal standards in the field of human rights, including labour rights.

CARREFOUR'S  
COMMITMENT  
TO  
**ETHICAL  
AND  
LEGAL TRADE.**

As the number one distributor in Europe and number two in the world, Carrefour's priority is to ensure that it carries on its trade in an ethical and legal manner. It therefore sets out principles for its employees and suppliers with a view to establishing responsible trading practices. Internally, Carrefour has begun deploying the "Carrefour Code of Business Conduct". In the case of its suppliers, Carrefour reiterates in this document the undertakings shared with its suppliers and that it expects from them in terms of commercial ethics.

### **THE CARREFOUR CODE OF BUSINESS CONDUCT FOR EXEMPLARY BEHAVIOUR**

Carrefour has formalised its commitments in the area of professional ethics in the "Carrefour Code of Business Conduct" out of a concern to develop a culture of trust and integrity at all levels of the company and with all its partners.

This code consists of 10 principles. It establishes the reference framework in which Carrefour and its employees carry out their trade on a day-to-day basis. In particular, it ensures that fair and transparent commercial practices are developed.

In order to ensure that this code is observed within the company, Carrefour has set up a Group Ethics Committee and also Ethics Committees for each country.

## THE 10 PRINCIPLES OF THE CARREFOUR CODE OF BUSINESS CONDUCT

- 1 Strictly respect the law
- 2 Contribute to a safe and healthy working environment
- 3 Commit to diversity and good working conditions
- 4 Protect the Group's assets and resources
- 5 Guarantee confidentiality
- 6 Avoid conflicts of interest
- 7 Refuse all forms of corruption
- 8 Develop loyal and transparent business practices
- 9 Provide reliable and accurate reporting
- 10 Be an ambassador of the Carrefour brand

### **FOCUS ON THE PRINCIPLE N°8 OF THE CARREFOUR CODE OF BUSINESS CONDUCT: DEVELOP LOYAL AND TRANSPARENT BUSINESS PRACTICES**

Carrefour respects the rules of competition law.

All of the Group's suppliers and service providers must be selected and treated objectively and loyally, in the context of transparent business practices and respect for the Group's commitments.

All employees are prohibited from engaging in agreements, or any other disloyal practices, that have as a consequence harm to free competition.



## **CARREFOUR AND ITS SUPPLIERS JOINTLY COMMITTED TO COMMERCIAL ETHICS**

Carrefour wishes to establish relations of trust and loyalty with its suppliers in all countries where it operates and in all concerned product and service categories.

These relations guarantee joint success, which can only be founded upon exemplary ethical and legal commercial practices.

CARREFOUR  
THUS EXPECTS ITS  
SUPPLIERS TO MAKE  
A COMMITMENT  
TO COMPLY WITH  
THE FOLLOWING  
5 PRINCIPLES IN  
ALL STAGES OF  
THE COMMERCIAL  
RELATIONSHIP:

### **1 • STRICT OBSERVANCE OF LEGALITY**

- Each supplier must ensure that it complies with the legislation in force in the country where its head office is located and with that of the countries in which its production sites are located.
- In particular, it must prohibit all business activity, behaviour, agreement or partnership that could directly or indirectly lead Carrefour or one of its employees into an illegal practice, and harm the image of Carrefour.
- Carrefour expects its suppliers to take all measures necessary to guarantee a safe and healthy work environment for its employees, while adhering to local and international regulations and through the implementation of best professional practices.
- In addition, each supplier undertakes to comply with all national laws and international treaties in force in relation to intellectual property, both

in the case of trademarks and patents, and particularly undertakes to refrain from any act of counterfeiting.

### **2 • PROHIBITION OF ANY OBSTACLE TO COMPETITION LAW**

- Competition law guarantees healthy and fair competition between companies, which is an important factor in growth and innovation.
- All suppliers are prohibited from participating in price-fixing agreements, production or sale quota agreements, and more generally any unfair practice hindering the free exercise of competition, particularly those intending to push a competitor out of the market or restrict access to the market for new competitors by illegal means.
- All suppliers must also ensure that they do not allow themselves to become excessively dependent on Carrefour.

### **3 • PREVENTING CONFLICTS OF INTEREST**

A conflict of interests is a business situation in which the ability of a Carrefour employee to make independent or honest decisions or assessments may be influenced or altered by personal considerations.

These situations may be derived from:

- direct or indirect links of friend and family between the representatives of the supplier and the Carrefour employees involved in purchasing, or likely to have an influence on purchasing,
- the involvement of former Carrefour employees who are now representatives of the supplier,
- the intervention of Carrefour employees or people close to them who are managers or direct or indirect shareholders of the supplier's company or one of its subsidiaries.

Any familiarity or personal link between the supplier and the individuals involved in the purchasing process or likely to influence the sale of products or services to Carrefour or one of its subsidiaries must therefore be avoided.

If a supplier is faced with a risk of a potential or clear conflict of interests, it must inform its contact at Carrefour.



#### **4 • REJECTING ALL ACTS OF CORRUPTION**

- Any direct or indirect reward for Carrefour employees involved in the purchasing relationship on any level (e.g. Consultant, Buyer, User, etc.) or having the power to influence the purchasing decision is strictly prohibited regardless of the purpose and form.
- All suppliers are prohibited from making offers or accepting requests from any Carrefour employee concerning financial benefits or provisions in the form of discounts, gifts, trips, invitations, loans, bonuses, or any other benefit as part of the sale of products and services to Carrefour or its subsidiaries.
- Invitations to Carrefour employees for research trips or seminars organised by the supplier may only be envisaged if these events are of a strictly professional nature and are directly related to the functions of the person concerned.

#### **5 • GUARANTY CONFIDENTIALITY**

- Any information disclosed by Carrefour must be deemed as confidential in relation to other current or potential customers of the supplier and its own suppliers, providers, or subcontractors.
- All information concerning the commercial relationship between the supplier and Carrefour may only be used in the strict scope of this relationship, and may under no circumstances be disclosed to third parties without the prior, written consent of Carrefour.
- Each supplier must ensure the proper implementation of and strict compliance with the confidentiality agreements by its employees or any involved stakeholder.

Each supplier undertakes to inform and promote the awareness of its employees in relation to compliance with these principles.

Most of the principles set out are governed by the national and international legislative and regulatory provisions accompanied by financial and judicial penalties, which may be potentially very substantial for the infringing companies and their managers.

Any supplier that does not comply with these principles risks being held liable and harm the image of its company.

Regardless of the quality and competitiveness of their products, they would also harm their chances of being selected as part of the call for tenders and their commercial relations with Carrefour could stop.

In order to ensure a chain of trust between all parties involved, Carrefour also expects its suppliers to take measures to inform and raise awareness, and implement reference frameworks on ethics and integrity, in relation to their own suppliers, providers, and subcontractors.



CARREFOUR'S  
COMMITMENT  
**TO HUMAN  
RIGHTS  
RESPECT IN  
ITS  
ACTIVITIES.**

# HISTORY OF THE COMMITMENT

## COOPERATION WITH FIDH

In 1997, Carrefour asked the International Federation for Human rights (FIDH), an international human rights NGO, to help Carrefour to establish a policy and instruments aiming at the respect of human rights, in particular of labour rights by suppliers, agents and subcontractors.

With the help of FIDH and as a result of two years of legal consultation and testing, Carrefour drew up a 'suppliers' charter and an audit document together with a user guide in order to design and put in place a methodology to monitor the respect of the charter. This methodology includes:

- An internal audit built into the business process ("First Party audit")
- An external unannounced audit carried out by professional independent audit firms selected by Carrefour ("Second Party audit"),
- The possibility of an unannounced visit conducted by FIDH or its local non-governmental partners since 2002.

## MORE THAN 4 000 SOCIAL AUDITS HAVE BEEN PERFORMED IN OUR SUPPLIERS' FACTORIES BY 2010 FOLLOWING THIS APPROACH.

FIDH and Carrefour have together created an advisory committee: INFANS, a statutory association. INFANS serves as a framework for cooperation and is run by two representatives of FIDH and one representative of Carrefour. This committee is in charge of monitoring Carrefour's overall approach and formulating recommendations to Carrefour.

INFANS contributes to organizing training courses for workers and management (middle and senior) on human rights at work. In Bangladesh this program, in collaboration with a local NGO, aims at creating the conditions which will enable workers to voice their complaints, particularly regarding issues related to safety, working hours or wages. In 2010, new trainings in collaboration with the Social Accountability International (SAI), an international organization, have been developed to help our Indian suppliers to build a socially responsible management system.

Those training programmes can eventually be adapted and given in other countries where Carrefour operates.

The development of international legal standards related to the corporate responsibility to respect human rights and their application is also one of the objectives of INFANS.

Upon recommendation of INFANS, Carrefour has declared itself in favour of the elaboration of international legal instruments and encourages its main counterparts to undertake similar positions. Since 2000, INFANS provides the framework for a reflection and the elaboration of tools to improve purchasing practices beyond audits and recommended corrective measures. INFANS thereby facilitates the development by Carrefour of direct operational relations with independent non-governmental actors where its production sites are located.

## THE PARTNERSHIP CONDITIONS

- Carrefour's global commitment: from a commitment to fight against child labour to a commitment to respect all human rights
- A formal commitment by Carrefour to respect and ensure respect of the international standards of the ILO and the UN in the field of human rights and labour rights;
- A commitment of taking "no commercial marketing advantage" from the cooperation,
- A commitment to be subjected to an independent audit mechanism: INFANS may carry out unannounced missions on the suppliers and, within a period of four months, make the conclusions of the missions public in the event the given recommendations are not followed;
- A commitment to work towards the strengthening of stakeholders capacity of action (unions, independent NGOs...), as one of the main objectives of the cooperation and essential to guarantee respect for labour rights;
- A commitment to share all internal documents required for the work of the advisory committee;
- A commitment to make human rights an integral part of the overall sourcing policy of Carrefour.

**PROMOTION  
OF SOCIAL  
RESPONSIBILITY**  
TO OUR  
PARTNERS AND  
REPRESENTATIVES.

**MANAGING CORPORATE SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN: A NON-COMPETITIVE CHALLENGE WHERE POOLING INDIVIDUAL EFFORTS SHOULD LEAD TO A GENERAL IMPROVEMENT IN EMPLOYEES' LIVING AND WORKING CONDITIONS.**

Carrefour has put in place a policy which aims to promote, respect and ensure respect for human rights by all its suppliers and its subcontractors.

Convinced of the need to go even further and aware that social audits are necessary but insufficient, Carrefour was very quickly persuaded of the importance of taking a joint approach with as many businesses as possible, and participated in the creation of ICS (Social Clause Initiative) through which French retailers have been sharing tools and audit results for 10 years.

In light of this experience and faced with the multiplication of audit standards, Carrefour launched along with its major worldwide competitors the Global Social Compliance Programme (GSCP) platform, which has also been joined by several major manufacturers. This platform aims at improving respect for human rights in the supply chain through the harmonisation of the social management systems used throughout the world, the elaboration of instruments for the implementation of international labour standards and through reflection on purchasing practices. It has already helped to bring greater transparency and comparability to audit codes and systems. Non-governmental organisations such as FIDH, WWF, CSR Asia, the InterFaith Centre on Corporate Responsibility, as well as the UN Office for Partnerships and unions (UNI-global union, fgtaFO) are represented in the GSCP Advisory Board.

Carrefour's social and ethical Charter now integrates the reference code drawn-up by the GSCP based on international legal standards and on the best practices of all its members.

## CARREFOUR'S COMMITMENT IN KEY DATES:

**1997**

Cooperation with FIDH (International Federation for Human rights)

**1998**

Creation of ICS (Social Clause Initiative)

**2000**

First 'Supplier' Charter

**2006**

Creation of GSCP (Global Social Compliance Programme)

**2008**

Member of the SAI (Social Accountability International) Advisory Board

**2010**

New 'Social and Ethical Charter for our suppliers': Adoption of the GSCP Reference Code



## CARREFOUR'S SUPPLIERS COMMITMENT TOWARD SOCIAL RESPONSIBILITY

Carrefour's suppliers must commit to respect the following fundamental legal standards:

1. Prohibition of forced, bonded, indentured and prison Labour: All work must be done on a voluntary basis and any kind of threat, penalty or sanction must be eradicated.
2. Prohibition of child Labour: not to employ children under the age 15.
3. Respect for freedom of association and effective recognition of the right to collective bargaining: to ensure workers have the right to organise themselves freely into unions and be represented by organisations of their choice so as to carry out collective bargaining.
4. Prohibition of discrimination, harassment and physical or psychological abuse: to respect equal opportunities from the recruitment to the employ termination by not practising any discrimination based on ethnic groups, colour, gender, political or religious convictions, belonging to a union or a specific social environment, or any other situation.
5. Health and safety: to guarantee that all the corresponding provisions are defined to cater for specific conditions and related hazards pertaining to their specific industries, in accordance with the relevant applicable health & safety principles.
6. Decent wages, benefits and terms of employment: to give workers remuneration which satisfies their basic needs and those of the members of their family who are directly dependent on them.
7. Working hours: to guarantee workers working hours which comply with international standards and local legislation and do not exceed 48 hours a week excluding overtime (maximum 12 hours of overtime per week, not on a regular basis).

These standards, detailed in the contract to be signed by the supplier, have also been adopted on a voluntary basis by other companies through their implication within the Global Social Compliance Programme (GSCP).

## IMPLEMENTATION AND RESPECT OF THE COMMITMENTS

Carrefour requires its suppliers to respect the fundamental principles and standards referred to hereafter regarding social rights and the suppliers commit to present to Carrefour all documents which enable it to ensure that the charter herein is being respected. The supplier also has the responsibility to ensure these commitments are respected by all its subcontractors.

Conscious that the respect of these commitments can only be fully realized through a collaborative relationship with its suppliers, Carrefour commits not to impose conditions on its suppliers that would prevent them from implementing these commitments. Carrefour further commits to accompany its suppliers, to the extent possible, in the implementation of those social principles, especially during the implementation of corrective action plans.

The implementation of those standards is the subject of an internal audit initiated by Carrefour, and an unannounced external audit carried out by independent audit firms selected by Carrefour. The INFANS advisory committee may also carry out ad hoc visits.

This ad hoc independent external control is carried out confidentially except if the committee, considering that its recommendations have not been satisfactorily implemented, and at the end of the maximum period of four months following their formulation, decides to make its observations public.







**Carrefour**

For more information on the Carrefour Group: [www.carrefour.com](http://www.carrefour.com)