As a leading food retailer and a key player in the global economy, Carrefour is well aware of its social responsibilities. Carrefour’s retail approach and business model are closely linked to the renewability of natural resources, the quality and quantity of agricultural production, the engagement of its employees and the confidence of consumers and all its stakeholders.

For the past 20 years, Carrefour has demonstrated its commitment to the protection of human rights, health and safety, and the environment through partnerships with major NGOs working in these areas, including the WWF for environmental protection (1998), UNI Global Union for working conditions and fundamental freedoms (2001), and the FIDH International Federation for Human Rights (2000-2018) (2000-2018). Carrefour has been a signatory of the United Nations Global Compact since 2001.

It is also one of the pioneers in implementing practical initiatives to improve environmental and social practices in global supply chains. Such initiatives include its membership of the Initiative for Compliance and Sustainability and the sustainability self-assessment tool for suppliers. These commitments are relayed internally across Carrefour’s own business operations and more widely among its external stakeholders.

Carrefour has thus long been committed to preventing the risk of violations of human rights and fundamental freedoms, the risk of serious harm to people’s health and safety, and the risk of damage to the environment – the areas addressed by the French duty of care law no. 2017-399 of March 27, 2017.

This document both describes the Carrefour Group’s Duty of Care plan required by the new law and constitutes a report on its effectiveness. It details the processes and methods used by Carrefour, the additional measures taken as part of the Compliance Plan and the policies, initiatives and performance measures implemented to deploy this plan.

This approach is based on Carrefour’s Ethics Principles, a Code of Conduct which defines the framework for the day-to-day behaviour and actions of its employees. The Supplier Charter and Ethical Standards Charter serve to instil these principles throughout Carrefour’s global value chain; both form an integral part of all purchase contracts for goods and services in all the countries in which Carrefour operates. This commitment is in evidence throughout the Group’s various business activities in the form of many other initiatives, including partnerships, dialogue with stakeholders, CSR strategy, and social dialogue. It takes shape through the commitment of the women and men who make up the Carrefour group.
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1. DUTY OF CARE RISK MAPPING AND GOVERNANCE

1.1. Producing the risk map for the duty of care

1.1.1. Risk analysis methodology

Mapping risks associated with the duty of care provides the countries and the relevant internal functions with a shared a structured approach and an ordered view, and enables them to adopt a harmonised approach in response to current regulatory requirements. It is carried out in two main stages:

1. an initial identification stage, which aims to identify as comprehensively as possible the risks that the Group poses to the environment and its stakeholders;
2. a second stage that involves assessing these risks in terms of the probability of their occurring and the severity of their potential impacts. The assessment of a risk is based on a combination of its importance (Carrefour Group’s footprint) and its frequency (recurrence of risk situations).

The risks identified by Carrefour as part of its duty of care fall into three categories:

- risks associated with Carrefour’s various businesses;
- risks associated with the business sectors with which Carrefour interacts on a regular basis;
- risks associated with the countries in which Carrefour operates or with certain materials used by Carrefour.

Carrefour relies on its own or shared reference frameworks, which are regularly updated, enabling it to draw up an exhaustive risk map, including:

- the CSR risk reference framework: a generic breakdown of the various compliance challenges associated with CSR issues, based in particular on the main ILO human rights conventions. With regard to environmental protection, the risks identified are, for example, the contribution to global warming, water pollution or uncontrolled waste management;
- the third-party database: identification and classification of stakeholders into 14 categories, such as public officials, intermediaries, shareholders, employees, media, etc.

Identifying risks associated with the duty of care therefore combines several approaches which are summarised in the diagram below.
Identifying risks therefore involves several approaches:

1. the business approach involves cross-referencing the Carrefour process risk map (more than 400 processes listed) with the CSR compliance risk database in order to identify “sensitive processes” and describe the high-risk situations encountered in these sensitive processes;

2. the geographical approach involves identifying country risks based on recognised external public indicators;

3. the sector approach (based on the “NAF” business sector classification used in France). This approach involves reviews of impacts already encountered by the Group, internal and external consultations and assessments, and thematic sector studies.

This combination of approaches is supplemented by cross-referencing with other information sources, including:

- a regularly updated list of known human rights or environmental violations by companies operating in the retail industry or in comparable or related sectors;

- consultations with NGOs actively involved in environmental and human rights issues and a documented analysis of known actions taken by NGOs that campaign for human rights and the environment in order to identify and cross-reference issues of interest and the main countries concerned.

Each risk situation is therefore assessed for its inherent risk based on the probability of occurrence and the severity of its potential impacts. Severity is assessed on the basis of five types of potential impact on the Group or its stakeholders: business, financial, legal, human/social and reputation. Rating scales and assessment indicators are assigned to each of the two assessment criteria. After assessment, the risk situations and related risks are then ranked in order of importance using a risk classification and ranking grid (minor risks, significant risks or major risks, according to a combination of probability and severity).

To conduct this duty of care risk analysis, Carrefour’s teams not only consult their own internal teams, but also draw on the expertise of their partners – FIDH, WWF and the trade unions – to identify high-risk situations.

1.1.2. Consulting stakeholders and updating the risk analysis

The duty of care risk mapping process, defined and implemented by the Group’s Risk Management Department in 2017, aims to provide Group management with an objective and comprehensive overview of the challenges and risks associated with the duty of care. It addresses risks related to Carrefour’s business operations and activities in all countries where it operates or sources products.

This risk mapping process is monitored and updated on a regular basis. In 2019, the duty of care risk map was updated and now involves, for identifying and reviewing the main risks, Carrefour’s internal and external stakeholders, depending on their areas of expertise. Updating the risk map therefore involved consultations with external experts, NGOs and trade unions that are all Carrefour stakeholders. In 2019, the risk severity and probability ratings were updated by these stakeholders in order to update the risk map.

The risks associated with health, safety and human rights for the Group’s employees were in particular assessed by the trade unions within the framework of the European Information and Consultation Committee (CICE). These results were used to update the risk map and gave rise to several discussions within the CICE Steering Committee throughout the year.
1.2. Identified priority risks

92 risks were identified and assessed using the method detailed above. For example, the priority risks for Carrefour concerning the environment, health, human safety and human rights are the following:

### Risks for the environment

- Environmental impact resulting from production methods and raw materials selected by direct suppliers
- Environmental impact of introducing non-recyclable packaging onto the market, particularly plastics
- Food and non-food wastage due to the generation and non-recovery of waste in warehouses and stores
- Environmental impact of site, store and warehouse energy consumption (electricity, gas and fuel oil)
- Lack of traceability of the raw materials and ingredients used in the composition of the products distributed (geographical origin, production methods, etc.)
- Greenhouse gas emissions resulting from refrigeration and air conditioning equipment (insufficient renewal of installations, use of gases with high global warming power, etc.)

### Risks related to health, safety and human rights

- Wage disparities between the lowest and highest wages
- Insufficient commitment to skills development
- Psychosocial risks related to people’s jobs and how their work is structured (stress, “bore out”, “burn out”, etc.)
- Uncivilised behaviour in the workplace
- Inadequate representation of women, especially in decision-making positions
- Lack of recognition of employees’ union involvement
- Insufficient consideration of the arduous nature of work
- Lack of clarity in the way in which tasks are defined
- Sexual harassment
- Insufficient representation and/or discriminatory treatment in relation to disability, particularly regarding hiring
- Moral harassment
- Obstacles to the creation of associations by non-salaried third parties (consumers, producers, etc.) such as cooperatives or collectives
- Lack of recognition of individual performance, particularly in terms of remuneration
1.3. Governance of the duty of care plan

Governance of the duty of care plan is shared between the various departments involved in the process, from risk definition to implementing action plans and measuring their effectiveness and performance. Certain bodies play a key role in this governance:

- the Board of Directors’ CSR Committee validates the duty of care plan and assesses its implementation once a year;
- a Risk and Sourcing Committee was set up in 2019: It analyses the risks related to Carrefour’s sourcing practices and devises strategies for dealing with them. It draws up and circulates the Group’s purchasing rules. The Committee reports to the Group Secretary General and the CSR Committee. Its members are drawn from the Group’s Audit & Risk, CSR, Own-brand, Fresh Produce, Legal Affairs, Quality and Merchandise departments. It meets twice a year;
- the International European Consultation Committee (CICE): The duty of care plan and risk mapping process relating to human rights and employee health and safety are devised in conjunction with and submitted on a regular basis to the European International Consultation Committee. In 2019, it was the subject of four discussions specifically listed on the agenda and one risk consultation process.

2. GENERAL FRAMEWORK

Carrefour is committed to constantly improving working conditions and protecting human rights among its suppliers. For this purpose, Carrefour has put in place a set of purchasing rules, tools and procedures for monitoring its suppliers and helping them achieve compliance. To promote CSR within its supply chains, Carrefour has also devised solutions that make it easier to collaborate with its suppliers.

2.1. Ethics principles: Code of professional conduct

**Application: Carrefour employees**

All employees are given a copy of the Ethics Principles, which new employees are asked to sign. The purpose is to establish the ethical framework governing the day-to-day activities of all employees.

This frame of reference, with which every employee must be familiar and to which they must all adhere, includes the commitments contained in the Universal Declaration of Human Rights, the eight fundamental conventions of the International Labour Organisation (ILO), the guiding principles of the OECD, the UN Global Compact and the international agreement with UNI which was renewed in 2015.

The ethics principles are as follows: respect diversity, contribute to a safe and healthy working environment, ensure high-quality employee relations, ban all forms of harassment and discrimination, select and treat suppliers with objectivity and loyalty, develop transparent commercial relationships, uphold partner commitments, refrain from all unfair agreements and practices, ensure the safety of people and property, safeguard the company’s resources and assets, guarantee confidentiality, protect the environment, act with integrity both individually and collectively, provide accurate and reliable reporting, avoid conflicts of interest and refrain from any form of corruption.

2.2. Commitment charters

**Application: Own brand suppliers, national brands and franchise partners**

The Supplier and Service Provider Commitment Charter, updated in 2018, is an integral part of purchasing contracts in all countries. The charters for other Carrefour partners (suppliers of national brand products, franchisees) have been designed on the same basis.

The Supplier Commitment Charter has been drawn up with Carrefour’s partners in compliance with international fundamental principles (see Ethics Principles above). It consists of nine chapters focusing on human rights, ethics and the environment: prohibition of forced or compulsory labour, prohibition of child labour, freedom of association and effective recognition of the right
to collective bargaining, prohibition of all forms of discrimination, harassment and violence, workers’ health and safety, decent wages, benefits and conditions of employment, working hours, ethics principles, and respect for the environment.

The charter prohibits clandestine or undeclared subcontracting, and has a cascade effect by requiring suppliers to demand the same social compliance standards of their own suppliers. In a spirit of reciprocal commitment, the charter does not allow Carrefour to impose any conditions on suppliers that would prevent them from complying with the charter.

2.3. Purchasing rules

Application: Own brand suppliers

The Purchasing Rules provide the framework for the social and environmental compliance of purchases of all certified products. In other words, all products purchased by Carrefour, whether or not for retail sale, food or non-food, must meet specifications defined by Carrefour and undergo specific quality checks. Updated in 2018, they apply to all Group entities and all production countries, in line with their risk levels established during country risk mapping.

The rules specify the following: all suppliers must sign a Commitment Charter; the process and compliance rules for social audits; all of the Group’s purchasing entities must appoint a person in charge of social and environmental compliance; and an action plan to bring sensitive production phases and raw materials into compliance with specific purchasing rules.

Procurement opportunities and purchasing rules depend on the level of risk assigned to each country on the country risk map.

2.4. Joint initiatives and partnerships

In addition to strong restrictive frameworks like the purchasing rules, Carrefour has set up voluntary initiatives and partnerships with its own-brand and national brand suppliers. Some examples are included below.

2.4.1. Sustainability self-assessment: getting SME suppliers involved

Since 2007, Carrefour has provided all of its suppliers with an online sustainable development self-assessment test, developed in conjunction with the World Wildlife Fund (WWF®) and based on the ISO 26000 social responsibility standard. In France, at the request of suppliers and in collaboration with four supplier associations, Carrefour has shared with its suppliers the know-how it has acquired over the last ten years in conducting self-assessment tests and has helped to roll out a test for the entire sector, supported by the same standard, Valorise. The first shared self-assessment campaign was conducted in 2017 in French and English. The test was translated into German and Spanish in 2018, It is used by nine retailers.

2.4.2. CSR rating of at-risk own-brand suppliers

Application: Own brand distributors

In 2019, clothing supplier assessments began incorporating a CSR rating in addition to the usual commercial, quality, and delivery (supply chain) ratings. This CSR rating includes the results of social audits, environmental assessments and alerts, management of suppliers’ suppliers, component traceability, supplier certifications and good CSR practices (in addition to mandatory compliance). Carrefour’s local teams meet with the evaluated suppliers to share best practices and areas for improvement and they take this rating into account when selecting suppliers. A CSR rating will also be developed and applied to suppliers from other sectors in 2020.

2.4.3. The “food transition for all” pact: getting the national brands on board

Application: Suppliers of national brands

After making commitments in relation to its own-brand products, Carrefour is now rallying all of its suppliers around a pact for the food transition for all. The aim of the pact is to commit our suppliers to supply us with products and in-store tests that meet our commitments to the food transition: packaging, biodiversity, climate, traceability and responsible products. The first volunteer candidates under the pact must present an ambitious action plan in the first quarter of 2020. Once this has been validated by Carrefour, the candidates will join the group of partners who have signed up to the pact. In return for reporting on their programme using performance
indicators, they will get access to an exclusive testing programme in all our European stores and will be able to attend a Food Transition Week in September 2020.

2.5. Carrefour Foundation initiatives to protect fundamental freedoms

Created in 2000, the Carrefour Corporate Foundation has a public interest mission to promote the food transition in the societies in which it operates. It does this by working in three areas: tackling wastage, promoting sustainable and solidarity-based agriculture and upholding its societal commitment in relation to local stakeholders. These projects serve the general interest and round out Carrefour’s actions in countries and regions where the Group or its direct and indirect suppliers are present.

Leveraging Carrefour’s staff and their skills, the Foundation focuses on facilitating access to sustainable food for all. The Foundation’s work is aligned with Carrefour’s food transition strategy as it helps the weakest and most vulnerable members of society, both in France and abroad, to live with more dignity and to have access to a healthier, balanced and diversified diet.

In 2019, it invested a total of €7,481,652 to support 74 projects in the following areas: 43% to support the agricultural industry’s transition over to a more sustainable and inclusive form of agriculture; 33% to support anti-waste projects that involve making use of products that are unfit for sale and making them available to the neediest; and 24% to support food-related social commitments.

3. ASSESSMENT AND MEASURES TO MITIGATE DUE OF CARE RISKS

This section describes two distinct areas of risk: those relating to serious environmental damage and those relating to human rights, health and safety. Measures for assessing, preventing and mitigating these risks are presented in three sections: at Carrefour; among suppliers and for customers.

3.1. Serious environmental damage

3.1.1. At Carrefour

The measures taken to prevent and reduce serious environmental damage within Carrefour’s direct scope cover store-related and e-commerce activities. The aim of these measures is to:
- reduce food waste generated by activities;
- reduce the environmental impact of packaging;
- reduce and recycle waste generated by activities;
- reduce energy and refrigerant consumption in order to limit the impact of operations on the climate;
- reduce water consumption;
- optimise logistics flows, distribution activities and non-retail activities to limit their environmental impact;
- reduce the impacts of construction and renovations on biodiversity.

Assessing the situation

Environmental reporting: Deployment of an annual reporting system for Carrefour sites to ensure an effective assessment of the Group’s response to its environmental challenges.
### Key prevention and mitigation measures introduced

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<th>Key prevention and mitigation measures</th>
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| **Tackling food waste**               | - Adopting a more professional in-store approach to waste: improving stock and order management, partnership with the Too Good to Go app, development of donations, discounts for products close to their use-by and best-before date, recycling as biowaste and biomethane.  
- Finding solutions with suppliers to extend use-by and best-before dates.  
- Promoting the issue among customers. |
| **Reducing the impact of packaging and reducing and recycling waste** | - Transforming the customer experience by developing reusable packaging solutions (organic cotton bags, Loop initiative, etc.).  
- Reducing packaging at source and finding alternatives to plastics which are difficult to recycle (non-packaging solutions, replacement of polystyrene and plastic packaging, etc.).  
- Improving the recyclability of packaging in alignment with national recycling infrastructure (developing sorting processes).  
- Working with customers to improve collection and sorting of recyclable packaging (experimenting with money-back solutions). |
| **Reducing energy consumption and combating climate change** | - Teams in Group host countries have been issued with a list of five priority in-store action and technology recommendations: phasing out high-impact HFC refrigerants for cooling systems, installing doors for cooling systems to limit coolant fluid leaks, use of electronic speed controllers, low-power LED lighting and sub-metering systems.  
- The Group has committed to replacing all coolant fluid with lower-emission CO2 in Europe by 2030. In France, this represents an investment in cooling systems of approximately €80 million over 15 years.  
- The Group is also increasing its production of renewable energy for its own consumption. In France, more than 30 hypermarkets will be fitted with solar power production facilities in 2020, meeting 10% of the energy requirements (24 GWh) of these stores.  
- In France, Italy and Belgium, the integrated stores are ISO 50001 certified. |
| **Reducing greenhouse gas emissions resulting from goods transport** | - Optimising logistics arrangements, distribution activities and non-retail activities to limit their environmental impact.  
- In France, Carrefour is modernising its fleet of 400 trucks (as of the end of 2019) which are now PIEK certified, run on biomethane and generate less pollution and noise (under 60 dB).K. |
| **Reducing water consumption and the impact of construction on biodiversity** | - In-store water consumption is monitored by the stores and optimised in order to limit the impact of activities on water resources.  
- Within the framework of Carrefour Property’s and Carmila’s real estate business, the Group has introduced a sustainable construction policy aligned with BREEAM Construction certification standards in France, Italy and Spain to ensure that buildings are designed and built in line with a commitment to safeguarding the environment, ensuring occupant health and safety, and preserving biodiversity. |
To find out more:

**2019 universal registration document - See sections:**
- 2.2.2.2 Limiting the environmental impact of our sites
- 2.2.2.1 Combatting food waste
- 2.2.2.3 Developing eco-design and the circular economy for packaging
- 2.2.2.4 Combating and preparing for climate change

**Carrefour.com and CSR report:**
- Summary of targets and extra-financial performance
- Limiting pollution at our sites and restoring biodiversity
- Combatting food waste
- Committing to eco-design and a circular economy for packaging
- Fighting and preparing for climate change

### 3.1.2. At Carrefour’s direct suppliers

Carrefour’s supplier listing and responsible purchasing policy is strengthened each year to cover the main ecosystems under threat and gradually encourage all stakeholders, especially those involved in the supply chain, to adopt responsible manufacturing processes. The measures taken to prevent and reduce serious environmental damage among our suppliers include:
- promoting and developing agricultural practices with a low environmental impact;
- specific supplier management for sectors or geographies at risk;
- reducing the climate impacts of Carrefour’s purchases of goods and services.

**Assessing the situation**

Environmental audits: Carrefour’s teams are in the process of determining their suppliers’ vigilance level and methods in terms of overall environmental compliance, based on action already taken. Environmental audits are performed at the premises of suppliers that manufacture labelled or certified Carrefour-brand products, and where certain production facilities or key processes may present environmental risks.

Climate accounting: Introduction of an annual climate accounting system along the whole length of the supply chain to determine the highest-emission items and sources.

**Key prevention and mitigation measures introduced**

| Promotion and development of sustainable agriculture | ・ Developing the organic offering and making it affordable for everyone (target of achieving sales of €4.8 billion in 2022): long-term contracts, support for transitioning to organic farming, developing organic stores, developing product ranges by incorporating more nationally produced organic products, sold loose without any packaging.  
・ Promoting agroecology via Carrefour Quality Lines: including agroecology in product specifications, support through progress plans.  
・ Providing financing solutions: financial services for the agricultural industry, creation of a food transition fund, showcasing transition projects on crowdfunding platforms, commitment of the Carrefour Foundation to sustainable agricultural practices. |
| --- | --- |
| Developing local projects | ・ Incorporating environmental requirements into the Good Factory Standard.  
・ IPE project to assess the environmental performance of factories in China;  
・ Clean Water Project in Asia (to prevent or counteract industrial pollution risks). |
| Climate commitments | Carrefour is seeking the commitment of its own brand and national brand suppliers to cut their CHC emissions. After analysing the practices of 50 of its largest national-brand suppliers, Carrefour has set itself a double target: it wants its ten largest to have adopted an approach that is consistent with the Science Based Targets initiative and its 30 biggest to have committed to targets to tackle climate change by 2025. |
To find out more:

**2019 universal registration document - See sections:**
- 2.2.1.2 Promoting and developing sustainable agriculture
- 2.2.1.2 Raw material supplies at risk
- 2.2.2.4 Combating and preparing for climate change
- 2.2.4.1 Managing our supply chain

**Carrefour.com and CSR report:**
- Promoting and developing sustainable agriculture
- Promoting sustainable fishing and aquaculture
- Protecting forests and biodiversity
- Committing to ecodesign and a circular economy for packaging
- Fighting and preparing for climate change
- Managing the supply chain

### 3.2. Serious violations of human rights, health and safety

Carrefour’s policies cover activities related to stores, e-commerce, head offices and the manufacture of products by suppliers. They address the following topics:

- non-compliance with the universal declaration of human rights (discrimination related to gender, sexual orientation, ethnic origin, forced labour, child labour, etc.);
- non-compliance with the principles of the International Labour Organisation (ILO) (social dialogue, trade union rights, collective agreements, fair remuneration and decent wages, structuring of working time, etc.);
- damage to the health and safety of employees (working conditions, occupational illnesses, accidents at work, etc.);
- consumer health and safety issues (quality, compliance and product safety).

#### 3.2.1 At Carrefour

**Assessing the situation**

Social reporting: Deployment of an annual reporting system for Carrefour sites to ensure an effective assessment of the Group’s response to its labour challenges.

Health and safety audits in stores and warehouses: Audits relating to the health and safety of employees in stores and warehouses are carried out by the internal control team. The purpose of these audits is to monitor the implementation of procedures concerning health and safety at work and the use of best practices, as well as compliance with regulatory requirements.
### Key prevention and mitigation measures introduced

| Robust, constructive social dialogue | - Negotiations and collective agreements:  
  - international level: Agreement between the International Federation of Trade Unions and UNI Global Union guaranteeing respect for basic rights in the workplace;  
  - European level: Agreement to create the European Works Council, the European Consultation and Information Committee (ECIC) signed with the FIET (part of UNI Global Union since 2011);  
  - country level: Local collective agreements govern social dialogue.  
- Discussions and consultations with employee and trade union representatives that go beyond legislative requirements and standards.  
- Presence of employee representatives in the Group’s activities. |
| --- | --- |
- Group-level and national collective bargaining agreements negotiated with trade unions.  
- Programmes developed under the auspices of international bodies.  
- Cooperation on the ground with associations in Brazil, France and Romania.  
- Gender parity in the workplace: equal pay policy, access to training for all, arrangements to facilitate work-life balance, Women Leaders programme, signature in 2013 of WEPs (Women’s Empowerment Principles) in certain countries, GEEIS (Gender Equality European and International Standard) certification.  
- Combating all forms of discrimination, particularly more effective integration of people with disabilities in the workplace: signature of an agreement on the employment of people with disabilities in French hypermarkets. Participation at events such as European Disability Employment Week, which has been organised for the past 22 years by ADAPT, and the Free Handi’se Trophy intercompany challenge.  
- Support for people who have difficulty accessing the job market. |
| Health and safety policy | - Preventing workplace accidents and occupational illnesses: compliance with existing regulations, anticipating changes in regulatory requirements, implementing strict procedures, preventive training on subjects such as in-store safety and posture and movements, employee awareness campaigns, etc. In France, a dedicated body for workplace health and safety has existed since 2012 and a Health and Quality of Life in the workplace agreement has been signed. A Workplace Health and Safety management training programme has been set up for site managers and the Es@nté tool promotes the occupational risk prevention approach and facilitates administrative management of workplace accidents and occupational illnesses.  
- Prevention of musculoskeletal disorders: massive investment in handling assistance equipment (automatic pallet wrapping machines, stocking carts, etc.), in-depth studies on workstation ergonomics (200 by the end of 2018), adaptation of furniture, and gym sessions to prepare employees before they start work, etc.  
- Stress and psychosocial risk prevention: stress management training, a free remote listening and psychological support system, etc. In France, employees have had access to a support service with a toll-free number since 2015.  
- The Group wants all countries to draw up an action plan for health, safety and quality of life in the workplace by the end of 2020. |
3.2.2. At Carrefour’s direct suppliers

In accordance with the duty of care act, the measures detailed in this section apply to Carrefour’s subcontractors and direct suppliers, i.e. those with whom a commercial relationship has been established.

Assessing the situation

Supplier social audits: In countries where a risk has been identified, Carrefour’s ultimate aim is to perform social audits on all production facilities that manufacture Carrefour-brand products. These audits are performed by third parties in line with ICS or BSCI standards. The process comprises several steps:

- a preliminary review by Carrefour of the facility’s compliance with social, environmental and basic quality requirements;
- an initial audit, preferably unannounced, performed by an independent firm selected by Carrefour, based on a standard shared with other brands, to determine whether the facility can be listed;
- unannounced follow-up audits performed periodically by an independent firm to validate actions taken;
- specific audits may be performed by an external company or by partners to review specific or one-off incidents involving the facility or the audit firms’ practices and procedures.

For suppliers located in low-risk countries, the inspection system is adapted to take the business, local problems and on-site practices into account, as external audits are not performed systematically.

Health and safety issues and water treatment are covered by Carrefour’s social compliance audit process.

Key prevention and mitigation measures introduced

Carrefour’s approach is based on country-by-country risk and identified issues, and is adjusted as these evolve. It is based on the overall reference frameworks set out in Section 2.3.2.1:

1. Purchasing rules and specifications;
2. Supplier commitment charter;
3. Collaborations and partnerships.
In the event of a violation of human rights or environmental damage, corrective programmes are implemented in conjunction with the stakeholders and local communities concerned, according to the situation facing them. The main occurrences of non-compliance identified in the Carrefour supplier network related to working hours, compensation levels and workers’ health and safety.

- Independent audits and inspections of supplier premises give rise to action plans designed to address any violations observed, regardless of their severity. The supplier is required to implement each corrective action in the plan before a specified deadline. Compliance with the action plan and implementation deadlines is monitored through follow-up audits.
- If a supplier audit report contains a critical non-compliance issue, Carrefour will be informed within 48 hours. These issues mainly concern child labour, forced labour, disciplinary measures, attempted corruption, document falsification and safety conditions threatening the lives of workers. Immediate action is then taken by Carrefour and/or the supplier.

Post-audit corrective action plans

Training employees and suppliers:

- Training on standards and social issues is provided to Carrefour’s purchasing, quality and local sourcing teams;
- Carrefour trains its suppliers in partnership with consultants or local NGOs. Carrefour’s Sourcing teams roll out specific training programmes every year. Carrefour has also created the “Good Factory Standard” manual for training purposes;
- In 2019, Carrefour stepped up its work with tier 1 suppliers in Bangladesh, Pakistan and India to provide plants with training and other tools to deal with identified risks.

Carrefour’s procurement practices:

- Factory capacity and production schedules for Carrefour’s orders from its largest textile suppliers are analysed and adjusted at a very early stage, to limit problems with “working hours”;

Promoting CSR in supply chains

Wherever it can, Carrefour seeks to implement a collaborative approach between brands and stakeholders to strengthen the effectiveness of mitigating or corrective actions and to provide a coordinated, structured response to the risks encountered.

- Health and safety. To mitigate and counteract serious violations, Carrefour has recently been involved in two major projects: the Clean Water Project and the Accord on Fire and Building Safety in Bangladesh (http://bangladeshaccord.com).
- Decent wages. Carrefour is very attentive to ensuring that decent wages are paid across the value chain and is testing new solutions in this area:
  - Carrefour prefers an approach based on increasing in-kind benefits. With the support of the Carrefour Foundation, Carrefour has worked on setting up a health insurance system in Bangladesh with plans to promote it nationwide. In 2019, for the last year of the project, the system covers eight factories, including five Carrefour suppliers, and the support of Carrefour Foundation helps fund this health insurance plan for approximately 14,500 workers.
  - Carrefour has set up its own supply chain for Indian organic cotton. Carrefour has forged a partnership with Cotton Connect. Cotton Connect allows Carrefour to ensure that farmers receive a higher rate than conventional cotton producers. At the same time, the Organic Cotton Accelerator (OCA) organisation audits compliance with Carrefour’s commitments and works to increase the number of farmers transitioning to organic farming. The first “sustainable cotton” collection appeared in spring-summer 2019.
3.2.3. Among Carrefour’s customers

Assessing the situation

Quality audits: 100% of suppliers are audited in line with international standards such as International Food Standards or British Retail Consortium (90% in 2019), or they are audited by the Group (10% in 2019).

Key prevention and mitigation measures introduced

<table>
<thead>
<tr>
<th>Ensuring the quality and safety of Carrefour products</th>
<th>Product quality and food safety right across the production and distribution chain is ensured by Carrefour’s product specifications, quality control plans, in-store quality checks and alert and recall systems. Carrefour also seeks to get its customers involved in the continuous improvement of product and process quality (external focus groups, Consumer Service department, etc.).</th>
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</table>
| **• Supplier compliance with product quality standards:** | **Supplier compliance with product quality standards:**  
- Inclusion on Carrefour’s suppliers list requires a full assessment of compliance with quality, health and safety standards (IFS, BRC), and with Carrefour requirements;  
- After inclusion, regular audits are performed on the supplier’s premises. If any non-compliance is detected, corrective action plans are implemented, failing which, the supplier is delisted. |
| **• Individual sets of specifications for each product:** | **Individual sets of specifications for each product:**  
- Carrefour-brand products are made to specifications drawn up by its Quality Department. Detailed quality specifications are shared with the suppliers. |
| **• Inspection plans and customers’ opinions:** | **Inspection plans and customers’ opinions:**  
- Quality control plans include audits of manufacturing sites (international standards or Carrefour audits), warehouse and in-store checks of product freshness, origin and category, product analyses and recall processes for non-compliant products;  
- Channels for two-way communication and listening to customers and raising their awareness have been set up: external focus groups, Consumer Service department and the provision of qualitative and nutritional information. |
| **• In-house competence:** | **In-house competence:**  
- Carrefour experts oversee and manage an effective Quality approach;  
- Training in food safety and Carrefour quality procedures;  
- In-house inspections to check that the quality policy is implemented and understood in each country. |
| **• Product data is closely tracked:** | **Product data is closely tracked:**  
- All data is recorded, processed and monitored using professional apps (TraceOne, the TBQ quality dashboard, logistics oversight, etc.);  
- Deployment of innovative traceability solutions such as blockchain technology: Carrefour has developed blockchain technology for comprehensive traceability of food products. This ensures that stored data are immutable and that the data log about the product remains intact. |
Combating substances with controversial health effects

- **Cutting out controversial substances.** Carrefour runs a worldwide programme on cutting out controversial substances from its products. The substances contained in the products are constantly tracked, resulting in detailed risk mapping by category and by level of criticality. Carrefour teams work with stakeholders to adapt this programme locally.

- **Reducing pesticide use.** To promote a less pesticide-intensive agriculture, Carrefour invests in organic farming and enlightened sustainable farming practices through the deployment of agroecological methods.

- **Cutting out GMOs.** In 1998, Carrefour brought in a policy of excluding GMOs and their derivatives from its own-brand products and from the feed of livestock used in its Carrefour Quality Lines. All Carrefour own-brand products have been free of genetically modified ingredients since 1999.

Since 2010, more than 350 own-brand and Carrefour Quality Line products of animal origin have been produced using animals fed without GMOs.

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**For more information:**
- 2019 universal registration document - See section 2.2.1.1 Our products and our customers’ health.
- Carrefour.com and CSR report:
  - Product quality, compliance and safety
  - What about a healthier diet?

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4. WHISTLEBLOWING FACILITY

Carrefour’s partners and employees are all permanent conduits for raising the alert when necessary.

A dispute management procedure has been incorporated into the UNI Global Union agreement, enabling complaints made by a trade union representative or a Carrefour employee to be reported to the UNI and Carrefour’s management, with assurance that the matter will be dealt with.

Carrefour has also set up its own ethics whistleblowing system that can be used by Group employees or stakeholders to report any situation or behaviour that does not comply with the Group’s Ethics Principles. The system covers all the subject matters addressed in the Ethics Principles, and in particular human rights and the environment.

Confidentiality is assured at all stages of the process and Carrefour has pledged not to take any disciplinary action against an employee who reports an ethics issue in good faith. The system helps Carrefour to prevent serious violations of its Ethics Principles and to take the necessary measures when a violation does take place.

It is one of the tools promoted under the agreement between Carrefour and UNI Global Union.

http://ethics.carrefour.com/