

In December 2008, Clean Close Campaign (CCC) sent Carrefour a draft of its report so as to enable Carrefour to give its comments. Carrefour's comments were not integrated in the final version of the report for reasons of delay. Notably:

- Actions driven by Carrefour through its partnership with FIDH (this partnership which is more than 8 years old has not even been mentioned in the report)
- Best practices developed by the Group and FIDH (International Federation for Human Rights) in Bangladesh to train supplier employees and management on obligations and responsibilities regarding labour rights. This initiative is explained in the case study prepared for the **Business Leaders Initiative on Human Rights (BLIHR)** attached.

Following the final recommendations (chapter 9) identified by CCC in the 'Cash in' report, hereafter are some elements of response Carrefour would like to provide:

1. Actions for all companies in the garment supply chain

Implementing labour standards

In the frame of its partnership with FIDH, Carrefour adopted in 2000 a supplier's charter on Fundamental Labour Rights (actualized in 2005) based on international instruments universally recognized in terms of Human Rights.

This Charter is signed by all private label (retailer brand) listed products suppliers.

The Charter is displayed in the supplier's factory in the local language. The Charter is also available in French and English on the website <http://www.carrefour.com>

Carrefour developed a rigorous policy of social audits in order to verify the application of the Charter. 2541 social audits have been carried out between 2000 and 2008. These audits are carried out by external auditors.

For further information on these points, see extracts of the 2007 Sustainability annual report in Véronique Discours-Buhot interview and information in the Social Charter (<http://www.carrefour.com>).

Furthermore, the Group has participated in the creation of the GSCP (Global Social Compliance Programme), multi-stakeholders initiative regrouping important players (retailers,

industries, NGOs) and aiming to harmonize existing audit standards. The aim is to avoid the multiplication of audits on a same supplier as it is actually the case and to invest more on our suppliers' employees and management training and on the remediation of non compliances detected during social audits. These are the kind of trainings developed by Carrefour in Bangladesh, in the frame of its partnership with FIDH. Furthermore, it is important to add that when Carrefour decided to participate in the creation of the GSCP, the Group insisted on the integration of FIDH and the UNI-commerce in the GSCP Advisory Board whose aim is to make sure that best practices are used to raise the level of requirements.

2a. Actions for the giant retailers in the key areas of concern

- **Promoting access to freedom of association**

This principle is present in the Carrefour Group Supplier commitment Charter and is part of the points that are verified during social audits.

This principal is also included within Carrefour Commitments in the frame of its agreement signed with the UNI in 2001 and which recalls the 6 ILO Principles (of which this point is part).

- **Paying a living wage**

Principle n°4 of the Social Charter is referring to this point. Minimum wage (legal wage) is checked during social audits and is part of a whole dedicated chapter.

In Bangladesh for example, minimum wages have been legally raised in 2006, under the pressure of all the stakeholders, of which important international buyers. Carrefour is conscious of the problem of minimum wage and keep on working on this subject so as to ameliorate conditions of remuneration (see point on Governments).

- **Security of employment**

Social audits check all the suppliers' employees (whatever their contract terms are).

- **Gender equality**

This principle is in the point 6 of the Social Charter.

It is addressed in a wider chapter on non discrimination. This point is also verified during social audits.

2b. Actions for giant retailers concerning the implementation of Labour Standards

- **Traceability –Transparency**

In the frame of its partnership with FIDH (International Federation for Human Rights), Carrefour has established a list countries in which it was a priority to focus its social audits campaigns.

The FIDH through this partnership also can carry out unannounced audits at Carrefour suppliers' factories so as to verify social conditions of manufacturing.

- **No cut and run**

The Group favours the accompanying measures for its suppliers and only stops the commercial relation when critical breaches have been audited and that the application of the corrective actions requested is refused.

- **Purchasing practices**

The Group is conscious of the fact that social audits are necessary but not enough. Purchasing practices as a whole are part of the lines of reflexion that are examined by Carrefour in the frame of its partnership with FIDH and with the GSCP.

- **Responsible retailing practices**

Carrefour Group committed itself to respect fundamental standards on Human Rights in its own stores and formalized this commitment through its agreement with UNI in 2001. With this agreement, Carrefour committed itself to respect International Labour Organization (ILO) Principles particularly regarding freedom of association, collective bargaining and effective abolition of child labour.

Furthermore, Carrefour Group assesses the social climate in the countries where it operates, through its listening to staff surveys. Employees can express themselves anonymously on their company, their job, the management, social practices 20 504 employees have been listened to in 11 countries.

Governments

The issue of respect of Human Rights in the supply chain is complex and different depending on the country. It requires concrete actions from economic actors but also and especially positions from the States who are the only legitimate body in defining and applying social regulation in their country.

Carrefour's goal today is to develop an international standard to clearly define the respective responsibilities of government and business, and to ensure healthy competition between global players, based on rules that apply to all.

Carrefour is ready to discuss with CCC on concrete cases mentioned in the Cash in report so as to work on the improvement of working social conditions in those factories.

We remain at your disposal for any complementary question on Carrefour's policy regarding social responsibility.

Véronique Discours-Buhot
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Levallois the 16th of March 2009