



Remuneration and decent wages for our employees

Context

Businesses in general, and especially in the retail sector, are increasingly aware that their human capital is their main wealth: providing good working conditions for their employees helps to improve company performance.

The international **Act for Change** programme was implemented by Carrefour in 2019 to align management behaviours with the goals of the “Carrefour 2022” plan that was introduced in 2018 in order to meet the expectations of Carrefour customers and to support them in the food transition. It is made up of four major commitments, which are structured around concrete initiatives: “Grow and move forward together”, “Serve customers with passion”, “Act in a straightforward manner” and “Be proud of transforming our profession”.

As part of its commitment to “Acting with simplicity”, aimed at providing employees with a secure and favourable working environment, Carrefour is committed to respecting their human rights and fundamental freedoms. Among its fundamental rights and freedoms, Carrefour ensures that every employee receives enough **remuneration to enjoy a decent standard of living**, recognised by the United Nations and more specifically by the International Labour Organisation as a human right. In addition, the Group pays particular attention to acknowledging the work of its employees. In order to retain their talents, it strives to ensure that its employees’ performance and skills are valued by awarding them fair and satisfactory remuneration.

Our core values and our goals

With more than 321,000 employees in more than 30 countries, Carrefour is committed to ensuring that human rights are respected across its head offices, in store-related and e-commerce-related activities, as well as across its franchises and supply chain.

The Carrefour Group recognises that promoting human rights is fundamental conducting its activities in a responsible and sustainable manner and seeks to ensure that they are respected throughout the world, for its employees and its temporary employees, as well as for the employees and temporary employees of its franchises.

Based on the main international human rights norms and standards – such as the Universal Declaration of Human Rights, the United Nations Global Compact, the Declaration on Fundamental Principles and Rights at Work and the International Labour Organisation (ILO) Conventions, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and the United Nations Guiding Principles on Business and Human Rights human rights – Carrefour has formalised its commitments to a responsible remuneration policy, factoring in the specific challenges in each of the countries in which it operates.

Although each Carrefour country has its own compensation commitments and objectives, in the light of local circumstances, practices and challenges, the Carrefour Group has defined compensation aims, applicable throughout its host countries, to ensure a decent wage for all its employees and temporary employees, as well as for all employees and temporary employees of its franchises:

- **Compliance with local or regional remuneration laws and regulations** in all Carrefour countries and franchises.
- **Compliance with branch agreements on remuneration** (including guaranteeing payment of the minimum wage as set by the country or by the province) in all Carrefour countries, for Group entities as well as for franchises.
- **Efficient payroll management:**
 - Compliance with payment deadlines and frequency for employees, as defined by the Group / entities;
 - For salaries payable in cash, payment is made only in legal tender. Payment in the form of promissory notes, vouchers or coupons, or in any other form presumed to be legal tender, shall be prohibited;
 - Salaries are paid to and only for persons who have worked for the Group/franchise. Payments to legal representatives or members of the employee's family are prohibited;
 - For employees performing unpaid duties on an annual salary basis, each hour worked must be remunerated.
- **Fair definition of remuneration:**
 - Compensation and benefits are allocated based on the position held by the employee, taking into account his/her skills, expertise, experience and performance. All forms of discrimination, including the distinction based on gender, nationality, ethnic origin or religion, are prohibited.
 - The various elements which constitute the remuneration are transparent, accessible to employees, and supporting documents can be provided to employees upon request;
 - Wages must enable employees to meet their basic needs and those of their families and to attain a decent standard of living. These must cover the purchase of goods and services to cover the needs of food, health, clothing, as well as education and transport.
- **Executive Compensation:** see ambitions and results in the Carrefour 2019 universal registration document
- **Assessment of performance in compensation and decent wages:**
 - Implementation of remuneration alert remedial action plans

Our action plans

DEFINING EMPLOYEE COMPENSATION SYSTEMS

The Group has a responsible remuneration policy, taking into account the purchasing power issues specific to each country. The proposed levels of remuneration are most often higher than the local legal minimum wage and are usually supplemented by incentives, social protection or social benefits.

The remuneration policy of employees is defined by country, with regard to local context, practices and issues, while ensuring compliance with the Group ambitions outlined above, applicable throughout the host countries. Working time tracking tools, in place at all Carrefour sites and franchise sites, optimise payroll management and ensure that employees are paid fairly, correlated with actual working time, and on a regular basis.

In addition, each country has individual and collective performance assessment systems to adapt remuneration and bonuses/bonuses accordingly.

ETHICAL PRINCIPLES: CODE OF PROFESSIONAL CONDUCT

In October 2016, the Group published its Ethical Principles, which set out to formalise the ethical framework in which all employees of the Group are required to carry out their daily work. The Ethical Principles are disseminated among all employees and signed by any new recruits. This reference framework, which each employee must know and respect, reflects the commitments made by:

- The Universal Declaration of Human Rights;
- The eight core conventions of the International Labour Organisation (ILO);
- The guiding principles of the OECD;
- The ten principles that make up the United Nations Global Compact;
- The guiding principles of the United Nations;
- The international agreement with UNI renewed in 2015.

Carrefour has organisational structures, policies and methods in place to ensure that its commitments are adhered to and to prevent violations in its business operations, especially in terms of human rights and fundamental freedoms, health and safety of people, and the environment. Providing each employee with a decent salary is a means of respecting human rights, and is explicitly mentioned in ILO conventions, or in the United Nations guidelines. Compensation is therefore fully integrated into the Ethical Principles. The procedures for preventing the risks of violating these Ethical Principles are based on the social dialogue and the Group's diversity, health and safety and remuneration policies.

CASE STUDIES:

Focus on Covid-19

In view of the consequences that the pandemic has had on the Group and in a bid to behave responsibly, Alexandre Bompard has informed the Board of Directors he has decided to waive 25% of his fixed salary for a period of two months. Furthermore, the fixed salaries of the members of the Executive Committee have been frozen for the whole of 2020, and they have been asked to waive 10% of their fixed remuneration for a period of two months. Alexandre Bompard and members of the Carrefour group's Board of Directors have furthermore decided to reduce their directors' fees by 25% for the current year.

The money saved will be used to fund aid initiatives for Group employees in France and abroad.

In addition, in the interests of social and societal responsibility, the Board of Directors also decided to reduce the dividend proposed for the financial year 2019 by 50%, which stands at €0.23 per share.

The Group also wished to express its gratitude to the staff in the field, in stores, at drive pick-up points and in warehouses who have all contributed to the intense collective effort during this time of crisis. Premiums, vouchers or other benefits have been awarded to these employees across the country. In France, in particular, about 85,000 employees have received a €1,000 bonus (net), representing a total cost of about €85 million.

PROVISION OF AN ALERT SYSTEM

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. This alert system covers all the themes of the Ethical Principles, including human rights. 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.

CHARTER FOR THE PROTECTION OF HUMAN RIGHTS FOR INTERNATIONAL FRANCHISEES

Carrefour is working to ensure that its international franchisees respect human rights by systematically attaching to their contracts a charter for the protection of human rights. The charter commits franchisees to international labour rights standards, in particular the Universal Declaration of Human Rights and several ILO conventions, including convention number 26 on minimum wages. The charter commits franchisees to providing workers with compensation that meets their basic needs. Such remuneration must at least correspond to the minimum wage set by the national legislation of the country concerned or, in the absence of regulations, it must enable workers to have decent living conditions.

By signing this charter, franchisees undertake to ensure that all employees, suppliers, sub-licensees, sub-contractors or sub-franchisees, as the case may be, comply with these commitments. Carrefour also encourages its franchisees to translate the charter into the Group's local language, post it on its sites and make it available to its employees.

The charter also commits franchisees to putting in place controls to ensure that the commitments associated with them are properly met, such as visits to observe suppliers' practices in relation to working conditions that are subject to dedicated reports to assess compliance with the charter, the implementation of corrective action plans following the results of such visits, as well as follow-up visits if relevant.

Franchisees must also authorise the Carrefour Group or any person authorised under the Group's internal and external control system to carry out unannounced visits to check compliance with the Charter's commitments.

ENSURE SOCIAL RELATIONS THAT PROMOTE RESPECT FOR FUNDAMENTAL RIGHTS INCLUDING REMUNERATION

Carrefour has long been committed to collaboration through strengthened national and international social dialogue. Today, the Group its long-standing approach to promoting international social dialogue.

At its European Consultation and Information Committee meeting on 3 October 2018, the Carrefour Group – represented by its Chairman and Chief Executive Officer, Alexandre Bompard – and UNI Global Union (international union federation), represented by its General Secretary, Christy Hoffman – renewed their global framework agreement. Its aim is to promote the defence and respect for the fundamental rights of workers, including remuneration, at Carrefour and at the premises of its suppliers and franchises.

In Europe, Carrefour created its European Works Council, the European Consultation and Information Committee (ECIC), by way of an agreement signed in 1996 with the FIET (part of UNI Global Union since 2011). An annual plenary meeting is held to address issues related to business activity, the economic and competitive environment, and changes in organisations.



Within Group countries, social dialogue is governed by local collective agreements. In 2019, the Group is continuing to facilitate social dialogue, with the main collective bargaining agreements negotiated in the different countries playing a major role in the quality of life that employees enjoy in the workplace.

COUNTRY-SPECIFIC INITIATIVES :

France:

- Group collective agreement on the creation of the joint observatory for the “Carrefour 2022” transformation plan;
- Group collective agreement to establish early retirement leave as part of its human resources and skills planning;
- Discretionary profit-sharing scheme at Carrefour group;
- Non-discretionary profit-sharing scheme at Carrefour group;
- Collective agreements on the terms for additional profit-sharing for 2017 at Carrefour Banque, CARMA, Market Pay, Carrefour Administrative divisions France and at Carrefour hypermarkets;
- In 2020: the new Group agreement on Gender Equality was signed on 9 March 2020. This agreement contains a system for monitoring equal pay at two levels:
 - At the collective level: at the Annual Mandatory Negotiations (AMNs), in the event of differences in remuneration between women and men, the idea of a specific amount of money, known as the “Equality Booster”, is specified for each department so as to make the necessary individual compensatory payments.
 - At the individual level: outside the AMNs, the legal entity to which the employee belongs remains responsible for adhering to the principles of equal pay for women and men and requests for compensatory payments must be investigated and dealt with within the entity. Otherwise, the national joint committee to monitor the agreement may be called in.

 **Belgium:** collective agreements on collective bonuses for managers and for all levels of employees.

 **Romania:** amendment to the collective agreement on the minimum wage; on compensation for withholding income tax, implemented by Romanian legislation; and on the implementation of omni-channel operations.

 **China:** Three amendments to extend minimum wages.

 **Poland:** agreement with regard to the review of the minimum wage for employees, night-shift pay, the permanent contract policy, the consideration of requests from part-time workers to increase their working hours and from full-time employees concerning their schedules.

Our organisation



GOVERNANCE

The Human Resources Departments of each country are responsible for the compensation policy and for payroll management across their perimeters.



JOINT INITIATIVES AND PARTNERSHIPS

- Global framework agreement with UNI Global Union
- World Alliance – UNI Global Union
- Group Global Deal with the Ministry of Labour
- Agreement establishing the European Works Council with the FIET
- European social dialogue meetings, Eurocommerce