



Direction Générale
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BP 159
59964 Croix cedex

Paris, le 1er juillet 2009

Madame, Monsieur,

Par ce courrier, nous avons le plaisir de vous confirmer qu'Auchan France renouvelle son engagement dans le Pacte mondial et en soutient ses dix principes. Pour preuve de notre volonté de toujours faire progresser ces principes au sein de notre groupe, nous vous adressons ci-joint deux exemples de bonnes pratiques Auchan.

Sincères salutations,

Arnaud Mulliez
Président d'Auchan France

A handwritten signature in blue ink, appearing to read 'Arnaud Mulliez', with a long, sweeping horizontal line extending to the right.

Improving the tracing of raw materials in the cotton sector

Motivation: stopping the use of children working in the cotton fields of Uzbekistan.

In its relations with its suppliers, particularly in the developing countries, Auchan has always worked in a common approach with all the French retail chains, via the Social Clause Initiative task force of the *Fédération des Entreprises du Commerce et de la Distribution*, to be able to verify that the articles it sells are produced in conditions that respect human rights.

The importance of the issue led Auchan in 1997 to work on developing a code of commercial ethics signed by all its suppliers. This code, inspired by the conventions of the International Labour Organization, includes 10 criteria that all the suppliers must comply with, notably the prohibition of the work of children and forced labour. Auchan monitors compliance with this code by multiplying social audits among its suppliers: nearly 500 have been carried out to date. To ensure its effectiveness in this area, Auchan works closely with other retail chains that share this concern and takes part in the work of the Social Responsibility group within Eurocommerce. In 2007, Auchan committed itself to the Global Social Compliance Programme within the International Committee of Food Retail Chains.

In the report “Investigation into the cotton route” broadcast in March 2008 as part of the *Envoyé Spécial* news magazine of the French public channel France 2, Auchan was accused of having products manufactured with Uzbek cotton. This cotton had been harvested on a large scale by tens of thousands of children taken from the country’s schools.

Description: mobilisation of purchasing players for an ambitious project

The progress approach undertaken by the brand since 1997 has gradually helped to improve the manufacturing labour conditions. However, for cotton, often produced, processed and distributed in different countries, the question is particularly complex owing to the very large number of stages between the harvest and retail chains.

The setting up of a system ensuring perfect traceability in all the production chains is possible only through close dialogue between all the players worldwide.

Results and prospects:

Results:

The purchasing players are now more aware and better mobilised to monitor the traceability of the cotton used in the manufacture of products. Some Auchan suppliers have realised the importance of the issue concerning the harvesting of cotton.

Nevertheless,

Auchan has begun to act:

- by approaching all its suppliers of textiles to better identify their different sources of supply, notably the origin of the cotton used,
- by compiling all the information given by its suppliers
- by associating itself with the appeal made by the *Fédération des Entreprises du Commerce et de la Distribution* to the President of Uzbekistan to urge him to get his cotton sector to comply with the international rules,
- by mobilising the other retail chains, members or participants of the task force of the International Committee of Food Retail Chains.

Note that the Uzbek President has not yet responded to the appeal made by the *Fédération des Entreprises du Commerce et de la Distribution* which goes back to September 2008.

Prospects:

Auchan remains determined to make progress on this issue. In the absence of tangible measures and proofs, the retail chain will do all in its power to ensure that Uzbek cotton is not used by its suppliers.

Auchan's commitment to Sustainable Development: developing the sale of energy-saving bulbs

Motivation: To favour responsible consumption and contribute to the reduction of emissions of greenhouse gases

The company has been committed for several years now to promoting responsible consumption behaviour among its clients. For this purpose, Auchan has already voluntarily adapted its bulb range in this direction.

Thus, in its stores, **over 30% of the bulbs sold are CFL bulbs**, considerably more than the French average.

Auchan France is one of the retail chains which signed on 23 October 2008 a convention with the Ministry for the Ecology, Energy, Sustainable Development and Regional Development. Under this agreement, between 30 June 2009 and 31 December 2012, the retail sector will withdraw in stages from the market the classic incandescent bulbs and increase the share of energy-saving bulbs, the **CFL (compact fluorescent light bulbs)**.

To go even further, Auchan has decided **to anticipate the French withdrawal schedule by 6 months** and to stop **all sales of incandescent bulbs of over 75 watts in December 2008**.

Description: making our commitments visible for our clients

On the shelves



New display signage enables our clients to easily spot the products providing them with a dual advantage:

- they are more ecological
- they are cheaper in terms of energy consumption

Information panels were deployed in 2009 in the stores. They explain to clients the savings they can expect in the different energy classifications, using the European energy label.



In leaflets

The communication on CFL bulbs is significant in all the leaflets distributed and especially during the Eco-Citizen operation in May which enables consumers to choose from over 150 products that are "good for the planet".



E.g. the leaflet of the Eco-Citizen Operation from 6 to 16 May: 67,000 low-consumption bulbs sold

Likewise an action with Philips: radio operation of 23 May: 120,000 sales. A total of 700,000 Philips low-consumption bulbs sold between 23 May and 25 June 2009

Recycling used bulbs



In the entrance of each store, the clients can use an environmental container to dispose of their used batteries, small Electric and Electronic Equipment waste and their used CFL bulbs in the bin of the service-provider Recylum approved by the authorities for recycling.

Results and prospects:

Increasing the market share of low energy consumption bulbs:

The FCD commitments and the Auchan situation: in % of sales of CFL / total bulbs

	FCD*	AUCHAN
END 2007	10.7	12
END 2008	15	18
END 2009	25	35

* FCD = French Retail Federation

The present share of CFL bulbs on the shelves is already close to 55% in Auchan = the objective for the end of 2009 of the French government's Environmental Convention (Grenelle de l'Environnement)