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# AFD GROUP SUPPLIER RELATIONS CHARTER

## WHY A SUPPLIER CHARTER ?

In this way, we contribute to the commitment of France and French people to the Sustainable Development Goals (SDGs).

In AFD Group, the procurement function, through its activities, aims to make a positive contribution to economic, environmental and social performance.

AFD Group wishes to establish a long-term relationship with its suppliers and share with them its commitments, which are set out in this Charter.

This charter (the "Charter") presents AFD Group's commitments towards its suppliers, as well as the commitments expected from its suppliers and any subcontractors they may have.

The recognition of the Charter by the supplier is a prerequisite for the conclusion of a contract with AFD Group.

## AFD GROUP COMMITMENTS

The Supplier Relations Charter supplements the provisions of the Group's Ethics Charter available here, its Anti-corruption Code of Conduct available here, its Policy to Prevent and Combat Prohibited Practices available here, as well as its diversity policy available here.

### AFD Group's commitments to Corporate Social Responsibility

AFD Group has been committed to a comprehensive approach to sustainable development since 2004. It has adopted a Corporate Social Responsibility (CSR) Policy (2018-2022) in order to integrate the principles in both its internal management and its financing. This policy is based on the international declarations and conventions on sustainable development which the French Government has adhered to. It also fits in with the reference framework defined by the 2030 Agenda for Sustainable Development<sup>1</sup> and the Paris Climate Agreement.

AFD Group's Corporate Social Responsibility (2018-2022) supports the Group's strategic priorities and is set out in six commitments:

- Governance and ownership of the Corporate Social Responsibility (CSR) approach
- Sustainable development in operations
- Transparency and stakeholder dialogue
- Professional ethics and financial exemplarity
- Socially responsible and ethical staff management
- Control the direct environmental and social footprint

AFD Group's Corporate Social Responsibility Policy (2018-2022) acts as a vehicle for the exemplarity of the Group, coherence between its missions and the quality of its operations, and cohesion within its teams.

The integration of CSR criteria is a top priority in the Group's internal management. The social dialogue, the policy to promote diversity and gender equality, mobility and support for staff, training programs and the professional ethics charter are all developed on the basis of Corporate Social Responsibility issues.

AFD Group takes action to control its direct greenhouse gas (GHG) emissions by simultaneously acting to reduce and offset these emissions. AFD Group has thereby chosen to focus on renewable energies for the management of its infrastructure, at its headquarters and in the agencies and offices in its network. It has also implemented a program to reduce waste and control its water and electricity consumption. Finally, the Group offsets its residual GHG emissions through actions with environmental and social co-benefits.

Over the years, sustainable development and its embodiment in the CSR approach have become a core component of AFD Group's operations and a strong marker of its identity. The issues of environmental protection and Corporate Social Responsibility are now systematically taken into account in the development and implementation of projects.

AFD Group's CSR approach and its operational applications are outlined in the annual reports available online on the website <https://www.afd.fr>: the Universal Registration Document, which contains the Statement of Non-financial Performance, and AFD Group's Annual Activity and Corporate Social Responsibility Report (RARES).

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<sup>1</sup> Adopted on 25 September 2015 by the Heads of State and Government gathered at the 2015 Globalization on the basis of the 3 components – environmental, social and economic – of sustainable development. United Nations Special Summit on sustainable development, the 2030 Agenda defines Sustainable Development Goals (SDGs) set out in 169 targets to address the challenges of

# AFD GROUP'S COMMITMENTS TOWARDS ITS SUPPLIERS

This Charter outlines the principles which ensure that a procurement process is fair and transparent. Consequently, the commitments made by AFD Group towards its suppliers, to ensure they are treated with fairness, respect and impartiality, are as follows:

## **Ethical conduct of officers involved in procurement**

We firmly prohibit any form of corruption and, more generally, any Prohibited Practice in our relations with our suppliers. AFD Group officers involved in procurement are not allowed to receive gifts or gratuities in any form whatsoever (in particular, sums of money, gifts, invitations, entertainment, trips...) during the negotiation and conclusion of a contract. In the course of maintaining good relations, there may however be a measured and transparent exchange of promotional gifts of symbolic value, and reasonable business meals and invitations, in compliance with the rules laid down by AFD Group. However, these accepted practices may only take place outside the periods when contracts are negotiated and concluded.

## **Risk of economic dependence**

We seek to avoid any economic dependence that may put AFD Group or one of its suppliers at risk. We ask our suppliers to constantly diversify their client base in order to avoid a significant economic dependence.

## **Conflict of interest**

Each officer involved in the procurement process is required to prevent the occurrence of conflicts of interest. A conflict of interest refers to a situation whereby a person is required to decide between diverging interests liable to lead to a doubt as to the impartiality, objectivity and independence of the decision taken,<sup>[1]</sup> or which actually makes it impossible for the person to make such an objective decision in the absence of management measures.

Examples: contracts between relatives, employment of a family member or friend by a supplier or potential supplier, any situation of competition between personal and professional interests or likely to affect the ability to judge.

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<sup>[1]</sup> This refers to the "decision-making process".



# COMMITMENTS OF SUPPLIERS AND THEIR SUBCONTRACTORS TOWARDS AFD GROUP

## **Social commitments**

Les fournisseurs de biens et services avec lesquels le groupe AFD collabore doivent respecter les conditions de travail requises par les conventions de l'Organisation Internationale du Travail (OIT), celles de la Déclaration Universelle des Droits de l'Homme ainsi que la législation du pays dans lequel ils exercent leurs activités.

The suppliers of goods and services which AFD Group works with must respect the working conditions required by the conventions of the International Labour Organization (ILO) and Universal Declaration of Human Rights, as well as the legislation of the country where they carry out their activities.

### **No use of child labor**

The use of child labor under the age of 16 is strictly prohibited. In countries where local laws set a higher age for working, or extend compulsory schooling beyond the age of 16, it is the highest age which applies. Any form of work that may compromise the health, safety or morality of children must not be carried out by anyone under the age of 18.

### **No use of forced labor**

Forced labor is not permitted in any form. This includes forced labor during imprisonment, unpaid work for a creditor, etc.

**No use of illegal, undeclared and unrecorded work**

Our suppliers must comply with all the applicable regulations to prevent illegal, undeclared and unrecorded work.

**Zero tolerance of harassment and abuse**

We expect our suppliers to treat their workers with respect and dignity. Our suppliers can under no circumstances accept or use any form of corporal punishment, physical, sexual, verbal or psychological harassment, or any other form of abuse.

**Fight against discrimination**

We expect our suppliers to treat all workers equally and fairly. Our suppliers must not use any form of discrimination – in particular in terms of salary, recruitment, access to training, promotion, maternity protection and dismissal – on the grounds of sex, race or ethnic origin, religion, age, disability, sexual orientation, political affiliation, trade union membership, nationality, gender identity or social origin.

**Level of remuneration**

The salaries, including overtime and benefits, must not be lower than the level required by the applicable local laws.

In cases where there is no legal minimum in the country concerned for salaries or overtime pay rates, the supplier must ensure that the salaries are at least equal to the average minimum in the relevant industrial sector, and that the overtime pay is at least equal to the standard hourly rate. We expect our suppliers to ensure that all workers enjoy the benefits provided for in any collective agreement, company agreement and any other applicable individual or collective agreement.

**Working hours**

Our suppliers must comply with the applicable local laws and regulations concerning working hours. Our suppliers cannot impose excessive overtime. The total number of hours worked per week, including overtime, cannot exceed the legal limits. Workers are entitled to the minimum number of days off established by the applicable legislation, and they must as a minimum benefit from at least one day off in every seven-day period.

**Protection of health and safety**

Our suppliers are expected to provide their workers with a safe and healthy work environment, in order to avoid any accidents or personal injury that could be caused by, related to, or result from their work, including while handling equipment or during work-related travel.

Suppliers must establish procedures and training to detect, avoid and minimize, as much as possible, any danger that may pose a risk for the health, hygiene and safety of the staff. They must respect all the applicable local and international regulations and laws in this respect. The same principles apply to the accommodation provided by suppliers.

**Environmental commitments**

Suppliers must comply with the environmental provisions and standards applicable to their activities and apply the environmental ethics practices in all the countries where they operate.

They must show concern for their ecological footprint by complying with all the applicable environmental laws and regulations and adopting the precautionary principle with regard to environmental issues. Service providers are requested to ensure the proper management of their carbon emissions and consumption of resources.



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## **Commitment of professional integrity**

The supplier acknowledges that they have read and adhere to AFD Group's commitments regarding ethics, professional conduct and compliance, as set out in AFD Group's Ethics Charter and in the Policy to Prevent and Combat Prohibited Practices.

### **Fight against corruption and influence peddling**

AFD Group prohibits any form of corruption. We expect our suppliers to respect all the national and international laws, regulations and standards on the fight against corruption in force and applicable to them in all the countries where they carry out their activities. They must also take appropriate measures to prevent, detect and sanction any cases directly or indirectly related to corruption or influence peddling, or any other failure to act with integrity in the countries where they carry out their activities.

### **Prevention of conflicts of interest**

AFD Group is vigilant to avoid any situation where the personal interests of its officers could be in conflict with its own interests. We expect our suppliers to undertake to immediately inform AFD Group of any risk of conflict of interest that may come to their attention in the procurement process.

### **Fight against money laundering**

Money laundering may occur when an action is taken to dissimulate the real origin of funds or assets related to criminal activities. In the context of any financial transactions, we expect our suppliers to undertake to detect any money laundering by verifying the country of origin of the funds, the location of the bank concerned and any inclusion on a "blacklist".

### **Respect for competition**

Our suppliers undertake to respect the law on competition applicable in the countries where they operate.

### **Compliance with regulations on financial sanctions**

Our suppliers certify that neither themselves nor any of the members of their group, nor their own suppliers, entrepreneurs, consultants and subcontractors, appear on the financial sanctions lists adopted by the United Nations, European Union and/or France, in particular as part of the fight against terrorist financing and against breaches of international peace and security. They undertake to immediately inform AFD Group about changes in the situation.

### **Compliance with regulations on economic sanctions and export control**

Our suppliers undertake to refrain from any activity that would violate international and French laws, regulations and standards applicable to economic sanctions, including international trade controls, export controls,

embargos and other trade restrictions. This obligation applies throughout the term of the contractual relationship and shall take into account any changes in the applicable international and French laws, regulations and standards.

## **Obligation to inform and right to whistleblow**

### **Obligation to inform**

Throughout the term of the performance of the contract, the supplier undertakes to systematically report any civil, criminal or administrative convictions, as well as any form of transaction leading to an admission of guilt or the commission of acts of which it has knowledge, handed down since less than five years, against it or against its directors, shareholders or beneficial owners, directly or indirectly holding over 25% of the capital or voting rights. This concerns acts related to non-compliance with the standards set out in this Charter, or that may be related to acts of money laundering, fraud, cartels, corruption, influence peddling (or an equivalent offence under the applicable law), or any other failure to act with integrity.

The supplier represents and warrants that it and, to the best of its knowledge, its directors, shareholders or beneficial owners directly or indirectly holding over 25% of the capital or voting rights, are not subject to investigations, prosecution or proceedings on account of non-compliance with the standards set out in this Charter, or which may be related to acts of money laundering, fraud, cartels, corruption, influence peddling (or an equivalent offence under the applicable law), or any other failure to act with integrity. It undertakes to immediately inform AFD Group in the event that such investigations, prosecution or proceedings would take place, throughout its relationship with AFD Group.

The supplier shall send the information to its procurement contact by post or e-mail.

### **Right to whistleblow**

The employees of suppliers working for AFD Group have access, under the same conditions as AFD Group's external and occasional staff, to the whistleblowing system set up by AFD Group entities pursuant to the "Sapin 2" Law n° 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernization of economic life.

Any employee of a supplier personally faced, in the performance of their duties, with a situation that may violate a law, regulation or principle set out in this Charter, or that may be related to the fight against corruption or influence peddling, may issue an alert through the whistleblowing system. The alert must be sent by e-mail to the following secure e-mail address:

The alert may also be sent by post by writing to: Dispositif d'Alerte Professionnelle, 5 rue Roland Barthes, 75012 Paris, in a double envelope with the indication "PERSONAL AND CONFIDENTIAL" on the non-visible inner envelope.

AFD Group guarantees the confidentiality of the identity of the person who has issued the alert.

No penalty or discriminatory measure will be imposed on an employee of a supplier who uses this whistleblowing system in good faith and without malicious intent.

## VERIFICATIONS OF COMPLIANCE WITH THE CHARTER BY SUPPLIERS AND SUBCONTRACTORS

AFD Group may, at any time during the performance of the contract, carry out, or have carried out, controls of compliance with the obligations of the supplier under this Charter. These controls may be in the form of documentary requests, as well as on-site evaluations and audits conducted by AFD Group or by a specialized consulting firm mandated by it.

For this purpose, the supplier undertakes to receive the internal or external auditors that may be mandated by AFD Group, and ensure that they are received by its own suppliers and subcontractors, for the verification of the application of this Charter.

In the event of non-compliance, the supplier undertakes to implement remedial measures or have them implemented, within a timeframe determined with AFD Group.



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### About AFD Group :

AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common

More informations on [www.afd.fr/en](http://www.afd.fr/en)