

2010 Expert Report

Sustainable Development at Carrefour



Contents

	<i>Message from Lars Olofsson</i>	4
1	<i>Challenges facing the Carrefour group</i>	5
2	<i>Approach and strategy</i>	22
3	<i>Economic and commercial actions</i>	46
4	<i>Social and community actions</i>	70
5	<i>Environmental actions</i>	96
6	<i>Carrefour's offer</i>	121
7	<i>Performance indicators</i>	136
	<i>Cross-reference tables</i>	150
	<i>NER Law</i>	151
	<i>Methodology</i>	152
	<i>Statutory Auditor's Report</i>	158
	<i>Glossary</i>	160

Understanding one another



TESTIMONY

***TESTIMONIES FROM EXTERNAL
AND INTERNAL EXPERTS***



IN FIGURES

KEY FIGURES



PERSPECTIVE

***CARREFOUR'S PERSPECTIVE
ON A SPECIFIC ISSUE***



IN PRACTICE

***BEST PRACTICES IMPLEMENTED
IN CARREFOUR COUNTRIES***

Editorial



Lars Olofsson
Chief Executive Officer

“Carrefour’s ambition is both simple and strong: to become the preferred retailer.”

We will fulfil this ambition by becoming steadily more responsible in how we pursue our business activities, and by showing respect for both people and the planet. Carrefour believes that consumption should be a citizen and positive action - not just good for our customers, but for all those with a stake in what we do. This overarching principle, “Good for you, right for all”, guides our actions as we implement our Sustainable Development strategy, established nearly 20 years ago and focused on several clear priorities: promoting responsible products and making them accessible to our customers; monitoring and constantly improving the working conditions in which our products are made; forging long-term partnerships with our suppliers; providing support to the local communities that host our stores (food aid, disaster relief, inclusion of vulnerable members of the community); reducing the environmental impacts of our activities; and contributing to the fight against climate change and to the protection of biodiversity and natural resources.

Every day, Carrefour’s men and women work to advance our commitment to responsible retailing, by maintaining an ongoing dialogue with our partners: outside organisations, farmers, suppliers, etc.

Their goal is to develop a retail model that not only generates growth but also responds to changing customer lifestyles, community expectations and the major economic, social and environmental challenges we face. Good for our customers and right for all.

Through Carrefour’s membership in the Consumer Goods Forum, a collaborative organisation among manufacturers and retailers where I have been serving as co-chair since July 2010, my aim has been to give new momentum to our principal commitments by setting more ambitious environmental objectives. These include achieving “Zero Deforestation” by 2020 and reducing by 40% the CO₂ emissions from our European stores by 2020¹ in order to fight deforestation and climate change more effectively.

In 2011, I would like us to continue these efforts to make Carrefour the brand that makes a positive difference each day, both through its stores, products and services, and in the way it conducts its business and maintains commitments with regard to balanced diets, human rights in the workplace and respect for the environment.

1. Compared with 2009 levels for stores in France, Belgium, Spain and Italy.

1

Challenges facing the Carrefour group



This section of the Expert Report sets out five key challenges facing our Group's business activities. We decided to introduce each challenge from the point of view of an external expert, before outlining the initiatives taken by Carrefour through testimonies from our employees.

- *A balanced diet* 6
- *Responsible consumption* 9
- *Manufacturing social conditions* 13
- *Promoting equal employment opportunities* 16
- *Acting to preserve the environment* 19

THE CARREFOUR GROUP IN 2010

€101.018

billion in gross sales at Group banners in 2010

Nearly

16,000

stores in 33 countries

471,755

employees worldwide

Over

3 billion

cash transactions each year for all store formats



Carmen Gómez Candela
 Head of Nutrition
 Department, "La Paz"
 University Hospital, Madrid.
 Director of the
 NUTRINVEST group
 IDIPAZ, Autonomous
 University of Madrid.

THE CHALLENGE AS SEEN BY...

"Mass retailers have a role to play in the fight against obesity."

What are today's key nutritional challenges?

Over the last few years, dietary standards have dropped across Europe. People also take far too little physical exercise. This is why, for the past three decades, there has been a major increase in the rate of excess weight and obesity in the European Union, especially among children.

Diets have changed in a number of ways: food contains a higher energy density, we eat more saturated and hydrogenated fats and less fibre, fruit and green vegetables. At the same time, portion sizes have increased, especially among children and young people, for whom a lack of physical activity is a major factor.

The link between diet, physical activity and health, and the emergence of certain chronic illnesses (obesity, cardiovascular diseases, etc.) has been scientifically proven. Improving eating habits among Europeans and promoting physical activity have been key goals for EU institutions in recent years, providing the inspiration for the "Eurodiet" project. This initiative sets out quantified targets for nutrients consumed and highlights the need to turn these goals into directives and dietary guidelines.

What role should be played by a retailer like Carrefour?

Retailers need to offer products that make a healthy lifestyle easier and more accessible.

That includes changing the ingredients in some foods by modifying their salt, fat (particularly saturated and trans fats) and sugar content. We have found that promoting the consumption of low-cost fruit and vegetables has a positive impact on dietary standards.

What do you think of the actions taken by Carrefour?

In line with the general aims of Spain's Nutrition Strategy, Carrefour, as Europe's leading retailer, has taken steps since 2007 to promote the production and sale of products that contribute to a healthier, more balanced diet, especially among children, and to encourage people to take more physical exercise.

Numerous initiatives have been taken, such as modifying product recipes and launching new product ranges targeted at diet-conscious consumers, such as special Carrefour brand products and the Carrefour Kids/Disney range. In my view, Carrefour is making a major effort to improve the nutritional quality of its products, while meeting the needs of consumers in terms of taste and price.

Only greater awareness and a major effort on the part of the players will reverse the current trend toward obesity. The actions taken by the retail sector will play an important role in this change.



Ignacio González Hernández
France Commercial
and Group Merchandise
Director

TESTIMONY

What key areas is Carrefour focusing on to meet the challenges involved in food quality?

Our goal is to enable our customers and as many people as possible to eat a balanced diet. First of all, we have been reviewing the nutritional quality of our products. We have also organised numerous initiatives to raise awareness among our customers about the importance of eating a balanced diet. We have also chosen to provide them with clear, comprehensive nutritional information.

What advances have been made over the last few years in terms of the nutritional quality of Carrefour's own-brand products?

The primary focus of our efforts is on the problem of obesity and excess weight, which is a major social challenge worldwide. In 2004, the Group began revising the recipes of all of its own-brand products.

Moreover, in the current difficult economic climate, we are committed to providing our customers with solutions that help them manage their budget on a daily basis while enjoying the guarantee provided by a major brand: Carrefour Discount. Carrefour's products are produced in compliance with strict product specifications that prohibit the use of GMOs and ensure traceability as well as nutritional and taste quality.

One of our recent innovations has been the signing of an international agreement with Disney. Carrefour Kids/Disney products reconcile the need for food that children find enjoyable with the safety and nutritional requirements of parents (appropriate calorie intake, recipes revised to reduce fat, sugar and salt content, etc.) In 2010, Carrefour and Disney worked together to develop new products that meet the specific nutritional needs of children while encouraging them to discover new taste experiences as part of a varied and balanced diet. The Carrefour Kids range has been extended with a variety of innovative products including the "lunch

box" containing a balanced meal including a chicken sandwich, water, a drinking yoghurt and apple purée. We realise that we have a substantial responsibility towards children in terms of nutrition. This is the challenge we aimed to meet by creating this product line.

Finally, Carrefour has also developed specially adapted ranges to meet the specific needs of those with allergies. In 2008, we introduced the "Carrefour sin gluten" range in Spain for people with gluten intolerance, working in partnership with the FACE, the Spanish federation of associations of celiac diseases. In 2010, the product line was expanded to Carrefour stores in France and Italy under the "No Gluten" brand name.

And in terms of informing and raising the awareness of customers?

Carrefour was the first retailer in 2005 to offer its customers easy-to-read nutritional information on the labelling of its own-brand products.

More recently, at the end of 2008, a voluntary initiative - the Guideline Daily Amount (GDA) - was launched by food companies in Europe. To make it easier for our customers to compare all products available on the market, Carrefour decided to alter its own system and to use the GDA on its own-brand products.

Carrefour also supports a variety of programmes designed to promote varied diets and regular physical activity. In Argentina, Carrefour decided to support CONIN (Cooperative for infant nutrition) for its educational and nutritional project aimed at preventing the risk of malnutrition-related illnesses.

In 2010, Carrefour Brazil mounted its sixth annual Nutrition Week event intended to encourage customers and employees alike to maintain a balanced diet and a physically active lifestyle. This campaign has now been extended to every country in the Group. Carrefour also takes part in national events such as the 21st annual Taste Week in France. In 2010, Carrefour stores organised several events on the year's theme, "Seasonal

TESTIMONY
(CONTINUATION)
Ignacio González
Hernández

fruit: delicious!" These included product tastings, cookery classes for local schoolchildren, etc.

Moreover, Carrefour banners provide dietary recommendations in their magazines and on their websites, while mounting promotional campaigns that suggest ways to prepare balanced meals for a budget price. For example, the Nutritional and Economic Menu suggested by Carrefour Argentina provides a list of prod-

ucts and recipes that can feed a family of four for two weeks. Similarly, Carrefour France regularly advertises promotional offerings that are designed to help its customers maintain a balanced diet. During the spring/summer 2010, customers could buy a basket of five seasonal fresh fruit and vegetables, all harvested in France, at a reduced price.

With these initiatives, Carrefour ensures that all its customers can enjoy quality food and a varied, balanced diet each day.



Élisabeth Laville

Founder of the Utopies consultancy and Mescoursespourlaplanete.com (Shopping for a Better Planet), author of a report on sustainable consumption published by the Centre d'Analyse Stratégique in January 2011, and coordinator of the 2011 edition of the "Responsible Consumption: Facts and Figures" report (Mescoursespourlaplanete.com, April 2011).

THE CHALLENGE AS SEEN BY...

What are the principal challenges involved in responsible consumption?

Consumption is now recognised as a major lever in progressing towards a more sustainable society.

Historically, the companies that have been pioneers in Sustainable Development have primarily sought to improve their production methods and make more effective use of natural resources (water, energy, etc.). In order to carry this approach even further, they now need to encourage responsible consumption by placing Sustainable Development at the heart of their innovation strategy as well as their commercial strategies. Life cycle assessments (LCAs) show that using and then disposing of a product often has a greater impact on the environment than its manufacture or transport. It is essential that we democratize responsible consumption and that we raise customer awareness to ensure that the significant advances that are made in the production and distribution processes are not cancelled out at a later stage of the product's life cycle.

Studies also show that a significant percentage of customers, ranging from 19% to 88%*, are willing to change their consumption habits. Many of today's consumers make purchasing decisions in accordance with their convictions, although their expectations vary considerably. The challenge they face is to manage their budget while preserving their health and the environment. The craze for local and organic products is part of this trend.

More broadly, changes in buying habits and personal behaviour, reinforced by current socioeconomic trends, are sending a strong signal that should encourage businesses to continue their initiatives.

What role should be played by a retailer like Carrefour?

As a major mass retailer, the Carrefour group has a critical role to play in modifying consumption patterns. In my view, these

efforts will need to focus on the following areas:

- Developing an innovative product offering to ensure that more sustainable solutions are constantly being introduced and to anticipate consumer trends;
- The need to make responsible products and services accessible to consumers at the best value for money, through the commitment of Carrefour's own-brands;
- Informing consumers and raising their awareness of responsible shopping, using a new approach that combines collective mobilisation with individual help. It is essential that Carrefour provide support to its customers in changing their buying habits, especially at times when they are more disposed to do so - when a new baby is born in the family, for example.

What do you think of the actions taken by Carrefour?

Carrefour was one of the first retailers in France to introduce product ranges that responded proactively to specific social and environmental concerns: the Carrefour Quality Lines in the early 1990s, the Reflets de France brand of locally sourced products and the Carrefour Bio organic product line in 1997, etc. The Group has pioneered a precautionary approach to GMOs since 1996. For more than a decade, Carrefour's own-brand meats have been sourced from animals fed without GMOs. In 2010, the Group introduced its "Reared without GMOs" label on more than 350 food products to inform consumers in France about its commitment. Carrefour's initiative remains the only one of its kind among French retailers.

These various measures demonstrate that Carrefour is able to anticipate the concerns of consumers and the wider community. At a time when retail initiatives to promote responsible consumption are proliferating, both in France and worldwide, the challenges facing the Group are manifold. I am convinced that retailers will make the difference

THE CHALLENGE
AS SEEN BY...
(CONTINUATION)
Élisabeth Laville

not only by developing innovative products, but also by adopting ambitious commitments to making these responsible products more widely available, and by expanding and adapting these offerings to local markets around the world, notably in countries like Brazil, where social and environmental concerns are becoming increasingly important.

**See for example the National Marketing Institute's 2009 LOHAS Study of the European public, which placed 19% of the population in the LOHAS category (LifeStyle of Health and Sustainability) and found that 88% of the public will shop responsibly on occasion or under certain conditions (health benefits, fashion, equivalent price, etc.).*



Patrick Rouillois
Group Marketing Director

TESTIMONY

What key areas is Carrefour focusing on to promote the development of responsible consumption?

As the leading mass retailer in Europe, and the second largest worldwide, Carrefour aims to change consumer habits by offering affordable products that show respect for communities and the environment.

This is why our stores offer products from supply chains that respect biodiversity (notably our Carrefour Quality Lines) while limiting the sale of products sourced from endangered natural resources and increasing the number of organic or labelled Carrefour-brand products. Moreover, we provide regular information about responsible consumption in our stores, and through our catalogues and other media targeted to customers.

What progress has been made over the last few years, in terms of sustainable supply chains, in promoting biodiversity?

In honour of the International Year of Biodiversity in 2010 and the International Year of Forests in 2011, we have strengthened our commitment to preserving biodiversity. Our policy on GMOs offers a concrete example of this. As part of our proactive strategy in this area, we have been offering our customers a credible alternative to GMOs for over a decade with our own-brand products. To give French consumers a choice and help them become better informed, we introduced a "Reared without GMOs" label in 2010 on over 350 Carrefour-brand food items sold in all our stores in France, including numerous products from our Carrefour Quality Line supply chain (pork, poultry, salmon, eggs, etc.).

To preserve fish stocks, the Group is working in partnership with the WWF to develop a range of products from sustainable fisheries. In France, Carrefour is the retail brand that offers the widest selection of MSC (Marine Stewardship Council) certified products. To promote responsible fishing among our customers, in early 2010 more than 220 Carrefour stores organised a national campaign, named

"Blue Days", to raise consumer awareness. It proved successful and the campaign was repeated in 2011.

Within the framework of our partnership with the WWF to protect forests, Carrefour discontinued sales of teak in France in 2006 and sales of keruing the following year. Since 2008, the outdoor wooden furniture selected by our European purchasing office consists exclusively of FSC (Forest Stewardship Council) certified products and non-endangered species according to the IUCN (International Union for Conservation of Nature).

In addition, Carrefour supports the creation and expansion of responsible supply chains for soy and palm oil to curb the destruction of primary forests caused by these crops. Since 2009, the Group has been committed to purchasing only certified responsible palm oil for use in its own-brand products by 2015. In late 2010, as part of its participation in the Consumer Goods Forum, the Group formally defined a wood sourcing policy with a far-reaching objective: zero deforestation by 2020.

What progress has been made in terms of the products and services sold in Carrefour stores and customer awareness?

For nearly 20 years, Carrefour has endeavoured to make organic products available to more people by regularly offering new, quality and affordable certified and labelled products. Today, Carrefour offers more than 5,300 organic products in its hypermarkets in France, including nearly 1,000 own-brand products. Thanks to this wide-ranging selection, Carrefour was France's leading retailer of organic products in 2010. The Group was also the first mass retailer to offer a fair trade product in 1998, before launching its own brand, Carrefour Solidaire, in 2007. The brand now includes nearly 20 products bearing the Max Havelaar label. With sales reaching more than €40.8 million in 2010, Carrefour is a major retailer of fair trade products in France.

TESTIMONY
(CONTINUATION)
Patrick Rouvillois

Over 480 Max Havelaar-certified products are available in Carrefour stores.

Moreover, Carrefour's ECOplanet range gives customers the opportunity to buy products that are friendlier to the environment at affordable prices. Launched in 2006 and sold in several countries, the product line includes food and non-food items produced with reduced impact on the environment. All are certified (EU Ecolabel, FSC, MSC, etc.) or backed by an external guarantee. In 2010, the Group's Carrefour ECOplanet line was composed of nearly 180 products, including MSC-certified fish, toys made from FSC-certified wood and eco-labelled cleaning products.

Throughout the year, we promote a wide variety of responsible products on Carrefour store shelves, in our catalogues and on our websites. In France, the display of "I act responsibly with Carrefour" signs in stores indicates where customers can find responsible products. In 2010, we created website dedicated exclu-

sively to Sustainable Development (C-laterre.fr) in order to raise awareness of the issue among our customers in France. The site describes Carrefour's various sustainability commitments and offers some concrete steps that consumers can take in their own lives, provides the latest news on our Sustainable Development initiatives.

Furthermore, for over a decade Carrefour has been organising numerous events in its stores during the Sustainability Week in France, the Year of Biodiversity and the European Week for Waste Reduction, for which the Group is a partner organisation.

We also wished to help consumers improve their waste sorting practices. In 2010, we developed a series of pictograms that are displayed on the back of Carrefour Bio and Carrefour Ecoplanet product packaging (over 600 items in all). These pictograms help our customers in Europe determine at a glance how the packaging waste must be sorted.



Souhayr Belhassen
President of the International
Federation for Human rights
(FIDH)

THE CHALLENGE AS SEEN BY...

“Workplace rights at the centre of the company’s purchasing strategy.”

What are the major challenges or problems involved in ensuring respect for human rights in the supply chain?

Economic and financial globalisation has increased the international division of labour and accelerated the process by which the production of everyday consumer goods is concentrated in countries with low labour costs. And yet, this outsourced low-cost production all too often comes at a price in terms of violations of worker rights. Few would now deny that businesses have responsibilities in terms of human rights. There is now a general consensus that the multinationals that market these products are responsible for respecting and ensuring respect for human rights in their supply chain. However, the FIDH’s missions in several Asian countries in 2009 (such as Bangladesh and China) revealed that unfortunately, low wages, long working hours and unacceptable working conditions continue to prevail in factories producing goods for major international groups, despite the efforts that these companies have made over the last ten years to ensure their suppliers comply with labour standards.

What role should be played by a retailer like Carrefour?

More than a decade ago, with the help of the FIDH, Carrefour adopted a Social Charter based on international standards defined by the ILO*

and the UN*, which is signed by its suppliers. Social audits are used to verify compliance with the Charter in sensitive regions. Many other retailers conduct similar checks. However, to meet their responsibilities, companies must go further. Several of these companies, including Carrefour, joined forces in 2007 within the GSCP* in order to speak with one voice in their relations with suppliers. It is an important step forward, but first these companies need to ask why these violations of workers’ rights continue, and in particular, why the conditions they impose on their suppliers are not being met.

What is the FIDH’s view of Carrefour’s initiatives?

The Carrefour group understood that it had to rethink its own purchasing practices to enable its suppliers to comply with its labour requirements. Using a stable group of suppliers with which they have formed a long-term relationship, helping suppliers improve their labour practices, supporting the independent representation of workers, providing training for Carrefour’s staff as well as suppliers - these are all measures that should be taken to ensure a real improvement for workers. In order to position itself as a pioneer, the Carrefour group must place labour rights at the centre of its purchasing strategy.

* See glossary.



**Véronique
Discours-Buhot**
Group Sustainability
Director

TESTIMONY

What key areas is Carrefour focusing on to promote respect for human rights in its supply chain?

In order to improve working conditions for those who produce Carrefour-brand products, in 1997 the Group chose to work with the International Federation for Human rights (FIDH) through a joint association named INFANS. This partnership materialized in 2000 with the adoption of a Social Charter that is binding on all suppliers of Carrefour-brand products, and with the creation of a system for verifying compliance with the Charter via audits conducted by outside firms selected by the Group.

As a result of this proactive approach, nearly 5,000 social audits have been conducted since 2000 in supply countries considered sensitive.

Convinced at an early stage that this approach is non-competitive and that it is in our interest to share efforts with competitors confronting the same issues in their own supply chains, the Carrefour group co-founded the Social Clause Initiative. Its members include France's leading retailers, who work on common tools and on a shared database filled with the results of social audits financed by each company.

Armed with the initiative's success, in order to address the proliferation of audit standards, Carrefour decided to take this process a step further by helping to create the Global Social Compliance Programme (GSCP) in 2006. The GSCP is an international platform that brings together retailers and manufacturers around labour issues. It has set itself an ambitious goal: to work in order to bring transparency to the existing social initiatives and to harmonise the multiple audit codes and standards voluntarily established by each player. This prompts the need for consensus regarding best practices in the field of social responsibility, so that audit results can be shared and duplicate results kept to a minimum. Indeed, GSCP members hope to convey a single, clear message to all suppliers about their minimum standards with regard to respect for human rights within their supply chain.

Carrefour has been working with civil society ever since it committed to promoting human rights at work and enlisted the support of its long-term partners, the FIDH and UNI Commerce, which sit on the GSCP Advisory Board. The platform now has over forty members, including major multinational retailers as well as manufacturers from a variety of business sectors.

What major advances have you made in 2010 in terms of this approach?

In 2010, Carrefour maintained its focus on its supply chain by increasing the number of social audits and providing new training for its suppliers, but also by collaborating with its competitors and stakeholders to continue implementing the GSCP work plan.

With 1,200 social audits over the year, the audit campaign has intensified significantly. Its scope has gradually been enlarged to include suppliers of food products, and the use of unannounced audits has been increased to assess actual working conditions. Conditions are progressively improving in several respects, but there are still frequent violations with regard to working hours and minimum wages. In this context, Carrefour has opted to develop training programmes for its suppliers to help them establish socially responsible policies. In India, Carrefour invited all its suppliers to take part in a programme intended to foster awareness of socially responsible management practices. After a self-assessment of their current practices, participants attended two-day training sessions that include theoretical training and role-playing exercises. These sessions were made to help them understand the benefits of adopting this new form of management and the means by which it can be implemented. To supplement the training, participants have access to an online tool that offers recommendations and best practices.

Aware of the practical difficulties that suppliers face in building up a Sustainable Development policy, Carrefour has also created a self-assessment tool that suppliers

TESTIMONY
(CONTINUATION)
Véronique
Discours-Buhot

can use to evaluate their own practices and draft a real strategy for social and environmental responsibility. Developed in cooperation with ADEME* and the WWF, this tool was initially tested among the Group's suppliers in France. In 2010, Carrefour decided to translate the tool into 15 languages so it could be used by the Group's suppliers of own-brand products worldwide.

Meanwhile, the GSCP has been working to create tools that consolidate recognised best practices in terms of audit methodology and auditor expertise. This process is now complete. A second edition of the reference code has been published as well. Moreover, the environmental code developed by the platform has been finalised and won the support and unanimous endorsement of the GSCP members, as well as that of major global standards organisations.

The equivalence tool, designed to help players or initiatives evaluate their practices through comparison with the GSCP reference tools, is currently under preparation and has already been tested by several members of the platform, including Carrefour. This resource, whose development was one of the GSCP's principal aims, is meant to provide each supplier with a means of comparing its own social responsibility practices with those of other manufacturers in the supply chain. Carrefour will then be able to capitalise on the social audits conducted

by its competitors by accepting all or part of their results, and strengthen its own efforts to monitor suppliers and their progress. This is an essential step towards mutual recognition of each company's policies, which ultimately should help reduce the duplication of audits and enable retailers to focus on rectifying non-conformities discerned during audits.

What are the next steps for Carrefour?

Ensuring respect for human rights throughout the supply chain is a critical and ongoing task for Carrefour teams. Nonetheless, despite all our efforts to date, we are aware that there is still work to be done in many countries.

In 2011, the Group is adopting more stringent social criteria in its selection process for new suppliers. Furthermore, it is conducting social audits in each of its supply countries, whereas in the past, the majority of these audits had been performed in countries selected with the FIDH for high risk of non-compliance with human rights.

Besides, Carrefour continues to participate in the GSCP's working groups on management systems used by purchasers and suppliers. Another significant project which should be developed involves the creation of a database that will consolidate the audit results of GSCP members.

* See glossary.



Christian Charpy
Managing Director
of Pôle Emploi

THE CHALLENGE AS SEEN BY...

“Promoting equal employment opportunities.”

What are today's major challenges in promoting equal employment opportunities?

The employment situation has quickly deteriorated with the crisis in 2008-2009. Since that time, economic conditions have improved. In 2010, France's economy became a net creator of jobs again but this was not sufficient to reduce the unemployment rate. Over the year as a whole, the number of job seekers rose by 80,100 people, significantly less than the increase of 417,500 in 2009. Some groups, such as people with disabilities, young people from disadvantaged neighbourhoods or without qualifications, and older people, are at greater risk of unemployment. Although the situation for young workers improved in 2010 (the number of job seekers under the age of 25 fell by 5.2%), the situation for workers over age 50 seeking employment remains difficult (their number rose by 16.3%).

What do you think of the actions taken by Carrefour?

Given these circumstances, Carrefour's commitment to hiring and continuing to employ the most disadvantaged people sends a strong signal. The steps it has taken to combat recruitment discrimination and promote equal opportunity, and its deter-

mination to hire people from neighbourhoods subject to government development schemes, have led to the signing of national agreements. Carrefour can count on its close partnership with Pôle Emploi and its specific tools, such as the Recruitment by Simulation Method, which ensures applicants are selected solely on their abilities. Moreover, in accordance with the national framework agreement signed on 30 April 2010 with Carrefour, Pôle Emploi advisers regularly put forward applicants with specific profiles, such as job seekers from disadvantaged backgrounds or those with few qualifications but considerable potential.

By creating a dedicated recruitment area, Carrefour has relieved its stores of the need to deal with hiring issues, allowing them to focus on their core business, while it has also acquired the resources needed to achieve its recruitment goals. In 2010, thanks to its partnership with Pôle Emploi, 1,414 young people from disadvantaged areas were hired on permanent and short-term contracts lasting six months or longer (exceeding the initial objective of 1,000 new recruits). 647 young people were also recruited as part of work/study programmes and 327 were hired as interns.



Jean-Christophe Deslarzes
Chief Human Resources and Organisation Officer, Carrefour group

TESTIMONY

What are the principal components of the Carrefour group's new Human Resources strategy?

The Group has defined a new Human Resources strategy that it began to deploy in 2010 with the goal of becoming the preferred employer wherever it operates. The main components of this strategy are designed to strengthen Carrefour's client-oriented culture and performance. We want to establish the very best organisational models for promoting effective teamwork, enhance the skills of Carrefour employees, and act responsibly as a model employer in everything we do.

To that end, the Group has developed the "Model for Carrefour's Women and Men" with the aim of improving its results through better personal and group performance, bringing the Group's Values to life and establishing a shared operating method for the entire organisation. This Model is focused on two areas:

- Carrefour's five leadership principles, which describe how the Group intends to operate as a responsible company to bring its convictions and values to life;
- Carrefour's six key skills, which describe how each employee must act every day to please our customers and consumers.

What are Carrefour's priority commitments in terms of promoting equal opportunity?

With its variety of professions and its local recruitment policy, the Carrefour group plays a major role in the professional integration of people in its employment pool. With this in mind, we have been intent for many years on giving all talents a chance, combating employment discrimination and promoting the diversity of backgrounds within the company. Accordingly, in 2004 we signed a Diversity Charter in France. We are also multiplying our actions to encourage youth employment, the integration of the disabled into the workplace, the fight against illiteracy and employee development - particularly for unskilled young people - towards a stable and empowering job.

In December 2010, Carrefour Spain signed a gender equality plan with its workplace partners. The plan includes more than 200 actions aimed at achieving truly equal opportunity for all Carrefour employees, as well as measures designed to reconcile their personal and professional lives. At the Group level, we have just introduced our Women Leaders project designed to increase the number of women at the executive management level.

What progress has been made over the last few years to promote youth employment?

In France, the Carrefour group has made a number of national commitments on this issue. As part of the 2008-2010 "Espoir Banlieues" programme, the Group hired 3,000 young people from disadvantaged neighbourhoods for long-term positions. With more than 7,800 work contracts signed, including 6,000 for temporary or permanent employment, Carrefour has significantly exceeded its initial target. In partnership with Pôle Emploi, the Group's banners are mobilising to help provide career opportunities for young people and others who face difficulties in entering the job market. The partnership was strengthened in 2009 with the signing of a Group-wide Agreement, and culminated in 2010 in the hiring of 336 young people.

In 2010, alongside the "Nos Quartiers ont du Talent" (Our neighbourhoods have talent) association, Carrefour France agreed to take care of young students from disadvantaged neighbourhoods who have four to five years of higher education, in order to support them in their job search.

In Brazil, we have implemented an employment support programme that has enabled nearly 1,200 young people to learn a retail trade. Carrefour Argentina offers three months of practical in-store training to 100 unemployed young people as part of the "Young People Have a Future" programme undertaken in partnership with the Argentine Ministry of Labour, Employment and Social Security.

TESTIMONY
(CONTINUATION)
Jean-Christophe
Deslarzes

The programme aims to promote the social and professional integration of unskilled young people aged 18 to 24 from low-income households.

What progress has been achieved in terms of jobs for people with disabilities?

Carrefour currently employs nearly 10,000 disabled people worldwide. In France, hypermarkets have been promoting the employment of people with disabilities for more than a decade as part of the Mission Handicap scheme. The Group's supermarkets in France have also been participating in this programme for the past six years. Both formats have developed tools to make the daily lives of our disabled employees easier, including training and a financial and technical aid plan (equipment purchases, modified working hours, etc.). In 2009, Carrefour furthered its commitment by signing the Charter for the Professional Integration of the Disabled with France's Labour Ministry. With nearly 3,400 employees with disabilities, Carrefour Hypermarkets was France's largest private employer of the disabled at the close of 2010. In all countries where it operates, the Group develops tools for adapting workstations for the disabled. In Poland, for example, Carrefour has taken a variety of steps in support of disabled workers in its stores: sign language interpreters, checkout counters with graphic displays, etc. In Malaysia, Carrefour teams are working with the United Nations Development Programme (UNDP) to establish best practices for employment of the disabled. In particular, store directors and managers were trained in the hiring and management of people with disabilities.

For its part, Carrefour Spain joined forces with ONCE¹, the Spanish organisation for the visually impaired, to encourage hiring the disabled by developing a system for categorising work-

stations according to the types of disability. The goal is to help ONCE identify more effectively applicants whose backgrounds are suited to Carrefour job openings.

What were the highlights of 2010 in terms of training and skills development?

Carrefour offers training to all its employees, regardless of their position. The Group's training policy provides each employee with an average of 15.8 hours of training per year (in 2010). In all, 7.5 million hours of training were provided in 2010. Thanks to this policy, more than 50% of our directors are appointed via internal promotion. For several years, Carrefour has been increasing its efforts to enhance the employability of its workers. For example, in France we established a training programme to help certain employees master basic reading and writing skills. Welcomed by senior management and labour partners alike, this programme, known as Evulupro, was tested in four hypermarkets in France in 2008 and deployed in an additional 20 stores in 2009-2010. In total, 229 employees have benefited from this training since 2008. Partly as a result of this initiative, Carrefour Hypermarkets France was voted "Best Employer in 2010" by readers of the magazine *Rebondir*. We have also worked on the recognition of professional achievements, allowing employees without initial qualifications to benefit from their time spent in the labour market. In Colombia, with the support of the government, Carrefour has been offering three certification training programmes to its managers and employees since 2007. In France, more than 1,000 supermarket employees have earned a Professional Qualification Certificate (CQP) since 2004, including 89 during 2010.

1. Organización Nacional de Ciegos Españoles.

Carrefour takes action to preserve the environment

In order to reduce the impacts of its business activities, the Carrefour group steps up its environmental commitments in 2010.

Protecting biodiversity and natural resources

STRENGTHENING THE GROUP'S PIONEER COMMITMENT

Fighting deforestation

As part of its membership of the Consumer Goods Forum (CGF), the Carrefour group formally committed to a far-reaching objective in 2010: "Zero Deforestation" by 2020.

Engaged for almost 15 years in an approach with the WWF to control the sourcing of its wood supplies, the Group is using this new objective to introduce more stringent requirements for the suppliers of Carrefour-brand products in order to make its supply chain more respectful of people, natural resources and biodiversity. Adopted during the Year of Biodiversity, this commitment specifically reflects the Group's strategy for 2011, which has been named the International Year of Forests by the United Nations.

Promoting biodiversity

"Reared without GMOs": since October 2010, Carrefour is the only retailer in France to offer more than 350 own-brand food products that are GM-free, and to inform its customers.

For over a decade now, the Group has excluded GMOs from its meat-derived products (pork, poultry, eggs,

etc.) mainly for the Carrefour Quality Lines, without mentioning it. With its new "Reared without GMOs" label, Carrefour gives all its customers the opportunity to buy products which reflect their convictions.

Preserving fish stocks

By offering nearly 30 seafood products that are certified by the Marine Stewardship Council (MSC), including about fifteen own-brand products, Carrefour promotes responsible fishing practices. Committed to this initiative since 2007 in partnership with the WWF, the Group is increasing its efforts to help preserve fish resources. As part of its "Blue Days" campaign, the Group organised events in around 100 hypermarkets across France during 2010 to raise customer awareness about responsible fishing, and promoted its range of MSC-certified products.

Encouraging responsible water management

The Carrefour group is playing an active role in preserving both the quality and the availability of water. For example, the Sustainable Development self-assessment tool for Group suppliers includes a water criterion and provides fact sheets with recommendations to help suppliers reduce their environmental impact.

KEY DATES:



CONCRETE ACTION TO PROMOTE BIODIVERSITY: 2010 HIGHLIGHTS

A range of traceable gold jewellery sourced from Guiana

Sold in Carrefour stores in France since 2010, the range of traceable gold jewellery is the result of an innovative progress approach, established with the WWF and the region of French Guiana. To develop this range, Carrefour organised audits along its entire supply chain, from the gold particles extracted in Guiana to the jeweller located in Italy. Gold can therefore be traced from the mine to the store window, as part of a process that is more respectful to both people and the environment.

100% certified responsible palm oil by 2015

As the first French retailer to join the Roundtable on Sustainable Palm Oil (RSPO) in 2006, Carrefour has committed to using only certified responsible palm oil in its own-brand products by 2015.

Aware of the social and environmental concerns raised by the production of palm oil, the Group is working to establish traceable and certified responsible supply chains for this commodity.

In 2010, Carrefour was the French retailer which bought the largest number of GreenPalm certificates.

At the same time, the Group launched a project to create a Carrefour Quality Line supply chain in Indonesia. The goal is to provide certified responsible palm oil to Indonesian customers, who use large quantities of palm oil for cooking. The supply chain, which will be operational in 2011, will give customers the option to buy palm oil that does not increase deforestation and that guarantees working conditions which comply with International Labour Organization (ILO) guidelines.



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THE GROUP'S MAIN ENVIRONMENTAL OBJECTIVES

Controlling sourcing:

- Objective: move towards "Zero Deforestation" by the year 2020.
- 100% certified responsible palm oil for own-brand products by 2015.
- 100% FSC-certified products (or the pending certification of the Global Forest and Trade Network) for garden wooden furniture made from endangered exotic species.
- Paper: use 100% recycled or certified fibres in paper for catalogues by 2012.

Fighting climate change:

- Reduce CO₂ emissions at stores in France, Spain, Italy and Belgium by 40% (against a 2009 baseline) between now and 2015.
- Improve the Group's energy efficiency (per sq. m of sales area) by 30% against a 2004 baseline by 2020.
- Eliminate the use of HFC refrigerants in new store cooling facilities by the end of 2015.
- Waste: stop the distribution of free disposable plastic check-out bags by the end of 2012.

2006

The Group joins the RSPO (Roundtable on Sustainable Palm Oil) and stops to sell teak (replaced by amburana and other species).

2007

The Group commits to reducing its energy consumption by 20% per sq. m of sales area between 2004 and 2020, and adopts a more stringent target of 30% in 2009.

2008

In France, Carrefour substituted the palm oil used in its own-brand crisps (representing one third of total palm oil used).

Contributing to the fight against climate change

REDUCING ENVIRONMENTAL FOOTPRINT: A PRIORITY FOR CARREFOUR

Refrigerants: eliminating leaks!

Refrigerant leaks are Carrefour's biggest source of direct emissions, and second-biggest source of greenhouse gas emissions, after electricity. In 2008, the Carrefour group decided to take action by adopting an effective strategy aimed at identifying and reducing levels of refrigerant leakage.

In 2010, the company went even further, setting several ambitious targets:

- reduce CO₂ emissions from its stores by 40% against a 2009 baseline in four European countries (France, Belgium, Spain, and Italy) by 2020;
- eliminate the use of HFC refrigerants in new facilities by the end of 2015 and give priority to natural refrigerants.

Improve energy efficiency in stores

Carrefour is intensifying its efforts to meet its goal of improving energy efficiency by 30% against a 2004 baseline between 2009 and 2020. In 2010, the Group had already cut energy consumption at its stores by 18.2%.

Limit the environmental impact of its logistics chain: a key commitment for Carrefour

To reduce the environmental impact along its logistics chain, the Carrefour group gives priority to alternative modes of transport (rail, river) and optimises capacity

in its lorries. In France, Carrefour reduced its CO₂ emissions by more than 13% in 2010 compared to 2009. This represents savings of nearly 16,600 tonnes of CO₂, which is the equivalent of 51,000 fewer vehicles on the road.

Reduce waste and increase the proportion of recycled waste

The Group has been working on the eco-design of its packaging for many years, and achieved a new milestone in 2010. Last year, in partnership with Tetra Pak, Carrefour developed 100 million FSC-certified containers for some of its own-brand products (fruit juice and milk) at 1,300 outlets. The Group's objective is to use 130 million such containers by the end of 2011.

Stop waste: eliminate free disposable plastic check-out bags

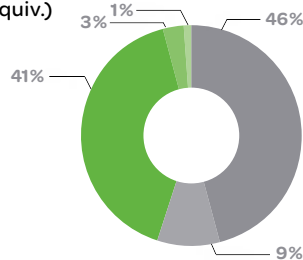
Carrefour has pledged to stop the distribution of free disposable plastic check-out bags in its stores by the end of 2012. The Group discontinued the use of these bags in many countries as early as 2008. This has come into effect in hypermarkets and supermarkets in France, Belgium, Spain, Greece, China, etc. All Carrefour banners in these countries now offer alternative solutions to their customers, such as reusable shopping bags.

OUR CARBON FOOTPRINT⁽¹⁾

Greenhouse gas emissions by source

(in tonnes of CO₂ equiv.)

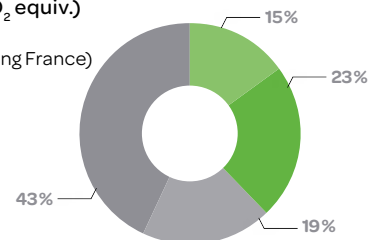
- Electricity
- Logistics
- Refrigerants
- Gas
- Fuel



Greenhouse gas emissions by region

(in tonnes of CO₂ equiv.)

- Europe (excluding France)
- France
- Asia
- Latin America



For further information, see Section 5 of this report, Environmental Actions.

2008



As of 2008, outdoor wooden furniture

consists exclusively of FSC-certified products and species not present on the endangered list (in Europe).

2008



The Group stopped selling Mediterranean bluefin tuna

in all its European stores.

2009



The Group sets a target

of 100% certified responsible palm oil in Carrefour's own-brand products by 2015.

2010



The Group commits to a goal for 2020:

work towards "Zero Deforestation".

2 Approach and strategy



● <i>Principles of governance and ethics</i>	23
● <i>Group values and reference documents</i>	25
● <i>Assessment of overall performance</i>	28
● <i>The Company's commitment and strategy for Sustainable Development</i>	30
● <i>Dialogue with our stakeholders</i>	37
● <i>Active involvement in public debate and policy</i>	40
● <i>Comprehensive risk management</i>	42
● <i>Assuming our responsibilities</i>	45

Corporate governance

In 2008, Carrefour adopted the form of a public limited company with a Board of Directors, and the positions of Chairman and Chief Executive Officer were separated.

THE BOARD OF DIRECTORS

The Board of Directors is a collective body that represents all shareholders and acts in the company's interest in all circumstances. For this purpose, it sets the policies and strategies for Carrefour's activities and monitors their implementation, deliberates on all matters pertaining to the company's success, and decides on issues related to the company. It reviews and approves financial statements and provides quality financial information to shareholders and markets. Carrefour's Board of Directors has twelve members, with seven independent members including one woman.

THE COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has three special committees that were established in 2008. These committees examine specific issues in greater detail and make recommendations to the Board of Directors.

- *The Accounts Committee* is responsible for monitoring the preparation of financial information, ensuring the effectiveness of internal control and risk management systems, monitoring the auditing of the annual statements and consolidated financial statements by the statutory auditors, and ensuring the independence of the statutory auditors.
- *The Remuneration, Appointments and Corporate Governance Committee*:
 - Acting as the Remuneration Committee, it is responsible for reviewing all issues concerning remuneration for corporate officers.
 - Acting as the Appointments Committee, it is responsible for proposing to the Board of Directors nominations for the positions of Chairman, Chief Executive Officer and, if need be, Deputy Managing Directors.
 - Acting as the Corporate Governance Committee, it assists the Board of Directors in adapting Carrefour's corporate governance practices and assessing its operation.
- *The Strategy Committee* assists the Board of Directors in guiding and setting the Group's strategy. It prepares the groundwork for the most significant decisions that will determine the future of Carrefour.

THE EXECUTIVE BOARD AND THE EXECUTIVE COMMITTEE

To fully execute the Carrefour group's transformation plan and achieve its strategic objectives, Chief Executive Officer Lars Olofsson established a new management organisation within the Group on 1 February 2010.

Under the authority of the Chief Executive Officer, Carrefour is now managed by:

- An *Executive Board*, which, along with the Chief Executive Officer, determines company strategy, establishes operational objectives and the annual plan and monitors their execution.
- An *Executive Committee*, which helps design the strategic and operational plan, implements it and oversees the deployment of projects. The Executive Committee ensures that teams are in alignment and that the company's management and leadership principles are disseminated.

THE PRINCIPLE OF SUBSIDIARITY ON AN INTERNATIONAL LEVEL

As an international group operating in 33 countries, Carrefour relies on a decentralised management system to ensure that the local situation is taken into account as effectively as possible. The key players in the organisation are the Business Units, each managing one store format in a given country. All Business Units apply the Group's policies according to the principle of subsidiarity.

THE CORE OF THE COMPANY'S STRATEGY

Aware that Sustainable Development is the driving force for the company's long-term economic success, the Group placed it early on at the core of its strategy. All major strategic Sustainable Development issues are presented and discussed with members of the Executive Committee. These issues include policies on sustainable management of forest and fishery resources, energy efficiency programmes and social issues. When related initiatives are implemented in the countries, they are coordinated by the operations departments with the assistance of the Business Units' Sustainable Development managers.

Managing ethics within the Group

To strengthen the coordination of activities related to compliance and ethics within the Group, a Director of Risks & Compliance, who serves as the Compliance Officer, was appointed in early 2009 and reports to the Group Legal Director. His efforts focused in particular on a full revision of the Code of Business Conduct to reflect the Group's new values. Composed of ten key principles, the Code establishes the framework of reference for Carrefour employees to use in the performance of their tasks, with special emphasis on ethics and compliance with legislation.

In 2010, a Group Ethics Committee was created. At the same time, corresponding Country Ethics Committees were set up in all the countries in which Carrefour operates.

The Group Ethics Committee operates as a governing body in charge of monitoring compliance with the principles of professional conduct established by Carrefour. Composed of five members and chaired by the Executive Director of Human Resources and Organisation, the committee approved the Country Ethics Committee Charter and discussed how the Code of Business Conduct would be disseminated.

The Country Ethics Committees are the local bodies at national level in charge of monitoring compliance with Carrefour's principles of professional conduct. Their operations and member composition are defined in the charter distributed by the Group Ethics Committee.

The deployment of the Code of Business Conduct was initiated in 2010 and will continue in 2011. A dedicated online training programme will be made available to the Group's 45,000 executives. A training kit will also be created to help managers assist their teams in integrating the Code's ten basic principles into their day-to-day tasks.

As part of its initiatives to share best practices, Carrefour is also involved in the work of the "Business in Society Commission" within the French section of the International Chamber of Commerce (ICC France), with a specific focus on the fight against corruption. To further strengthen this commitment, Carrefour joined Transparency International (France) at the end of 2009.

The Group's values and beliefs

In 2009, the Carrefour group defined three new values and ten key beliefs to pursue on a daily basis. Embodied by the teams and shared with customers, they are based in particular on the fundamental principles of Sustainable Development that guide the Group in its day-to-day activities.

Delighting our customers, captivating them, amazing them and maintaining their loyalty day after day: this is the springboard for Carrefour's new approach, the tie that binds its 471,755 employees worldwide.

THE GROUP'S VALUES

"Committed, Caring and Positive" – Carrefour employees perform their duties with these three values in mind. Bound to their customers by these values, the Group's teams strive daily to improve customers' quality of life and make Carrefour their preferred retailer.

THE GROUP'S BELIEFS

Ten key beliefs were also defined to guide the actions of the Group and its employees on a daily basis.

- 1** - Customers and consumers are at the heart of everything we do.
- 2** - Shopping at Carrefour must be simple, enjoyable and great value for money.
- 3** - We must delight customers and consumers with exciting, great value, quality Carrefour products and services.
- 4** - Great value for money is based on competitive pricing and a positive price image.
- 5** - The multiformat approach allows us to delight our customers, no matter where, when or how they shop.
- 6** - The Carrefour brand must become a well-loved brand.
- 7** - We have the passion to win in every market where we operate and always stay ahead of the pack.
- 8** - We train and motivate Carrefour's employees so they give the best of themselves. Happy and committed employees make happy customers.
- 9** - We develop special relationships with our stakeholders and key partners to build mutual and lasting success.
- 10** - We have set up a Sustainable Development policy for everyone's benefit.

SUSTAINABLE DEVELOPMENT FOR EVERYONE'S BENEFIT

Through this tenth conviction, the Group reaffirms its commitment to incorporating sustainable development into its company strategy and all of its business lines, creating value to benefit all stakeholders, including employees, customers, suppliers and shareholders, along with host countries and communities. By launching products which forecast emerging trends, by contributing to employee performance through an active and responsible human resources policy and by reducing costs through programmes which save energy and natural resources, the Group also contributes to its own profitability, and thus its own continuity.

Action guided by broad universal principles

The Group conducts its business relying on a set of universal principles based on compliance with the law and certain internationally-recognised reference texts.

THE GLOBAL COMPACT

Carrefour has been a member of the United Nations Global Compact since 2001. The Group is committed to compliance with its ten fundamental principles concerning human rights, labour standards, the environment and the fight against corruption.

Concrete examples of Carrefour's commitments:

- ▶ Cooperation since 1997 with the International Federation for Human rights (FIDH) to respect the basic rights set forth by the International Labour Organization and to ensure that its suppliers do the same.
- ▶ The Group's Social Charter is attached to business contracts with its suppliers of own-brand products. To ensure their compliance, Carrefour has developed a strict policy for social audits: more than 4,500 social audits were performed over ten years.
- ▶ In many countries, Carrefour has set up programmes to help people with disabilities enter the workforce, as part of the Group's commitment to promoting diversity and equal opportunity.
- ▶ In 2009, the Group upped its energy efficiency goal by committing to reach 30% per square metre of sales area by 2020, compared with 2004 figures. It also participated in the United Nations' "Seal the Deal" initiative to urge governments to reach an ambitious, effective and fair agreement on climate change.
- ▶ Membership of Transparency International.
- ▶ One of Carrefour's goals is to use 100% certified responsible palm oil in own-brand products by 2015.

THE ILO'S FUNDAMENTAL PRINCIPLES

Set forth in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work adopted in 1998, these principles specifically address freedom of association and recognition of

the right to collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of discriminatory practices at hiring and throughout the career.

Concrete examples of Carrefour's commitments:

- ▶ In 2001, the Group signed an agreement with UNI (Union Network International), under which it committed to ensuring application of the ILO's principles in all countries where it operates.
- ▶ The Group's signing of the Corporate Diversity Charter in France affirmed its commitment to fight all discriminatory practices at hiring and during the employee's career.

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

This is the principal international document declaring the inalienable and inviolable rights of all people in the civil, political, economic, social and cultural spheres.

Concrete examples of Carrefour's commitments:

- ▶ Organisation of training sessions dedicated to fundamental human rights at work. This programme was carried out for employees and supervisors at over 50 factories in Bangladesh that manufacture Carrefour own-brand products.
- ▶ In 2010, the Group trained all of its Indian suppliers in Corporate Social Responsibility.
- ▶ Carrefour is a founding member of the ICS (Social Clause Initiative) which aims at the sharing of the results of social audits between European retailers.
- ▶ The Group is a founding member of the GSCP (Global Social Compliance Programme) which aims to harmonise the existing standards and tools concerning social responsibility in the supply chain between international manufacturers and retailers.

GUIDING PRINCIPLES OF THE OECD

The guiding principles of the OECD (Organisation for Economic Co-operation and Development) are designed to help multinational companies act in compliance with government policies and society's expectations. They encompass the major areas of corporate ethics: human rights, employment and relations with social partners, the environment, disclosure of information, the fight against corruption, consumer interests, science and technology, competition and taxation.

Concrete examples of Carrefour's commitments:

- Carrefour develops own-brand products that favour local sourcing, especially through the development of its Carrefour Quality Lines and ranges dedicated to regional products.

A REPORTING SYSTEM BASED ON A RECOGNISED FRAMEWORK: THE GLOBAL REPORTING INITIATIVE (GRI)

The GRI is an international framework designed to help organisations – and their stakeholders – assess the performance of their business in terms of economic, social, environmental and community impact. It is based on six groups of extra-financial indicators covering direct and indirect economic impacts, environmental impacts, employment and labour practices, respect for human rights, community relations and responsibility for product quality and safety.

Following GRI (G3) guidelines in preparing Carrefour's Sustainable Development Reports

Since 2001, Carrefour has been following the GRI's guidelines in preparing its Sustainable Development Reports. This document meets the qualification standards under the Level B of the guidelines.



IN PRACTICE

SUPPORT FOR JOHN RUGGIE'S DRAFT GUIDING PRINCIPLES

The Carrefour group supports John Ruggie, the Special Representative of the United Nations Secretary-General on business & human rights, in his project dedicated to human rights and transnational corporations and other business enterprises.

The draft Guiding Principles, developed in 2010 by John Ruggie, sets forth 31 principles aimed at States and corporations that are designed to ensure the protection of human rights. Within the framework of this initiative, Carrefour reaffirms its strong support for the Special Representative.

Carrefour hopes that at the end of the consultation process, the Guiding Principles will clarify the respective responsibilities of the various participants to obtain a harmonised legal and political framework for action. The Group has already made a public statement in favour of a prescriptive framework for corporate social responsibility in terms of human rights. It would like to see Ruggie's work contribute to the application of the rules set forth by the ILO and the UN, and particularly support the creation of an independent body within the UN to monitor and foster dialogue concerning the implementation of the guiding principles.

Assessing the Group’s overall performance

The assessment of extra-financial performance complements the analysis of financial results. It allows to measure the Group’s ability to anticipate and manage the risks and opportunities inherent in its operations.

ESTABLISHING A FULLY TRANSPARENT DIALOGUE WITH THE SRI (SOCIALLY RESPONSIBLE INVESTMENT) WORLD

The Carrefour group’s overall performance is evaluated by rating agencies and SRI investors. The Group thus maintains an ongoing and transparent dialogue with non-financial rating agencies, SRI indices, investors and insurance companies. The Group’s

Sustainable Development Department completes surveys and responds to occasional requests for information concerning Group policies and initiatives launched within the Business Units. Department representatives also meet with investors and answer their questions at roadshows and events dedicated to corporate social and environmental responsibility.

CARREFOUR GROUP’S PRESENCE IN THE MAIN SRI INDICES

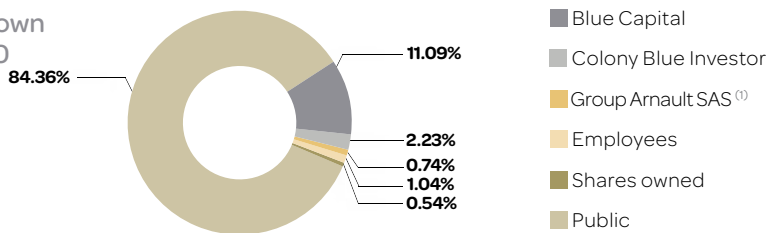
SRI INDICES		CARREFOUR’S PRESENCE IN THE INDICES IN 2010
Aspi Eurozone	Vigeo - France	Since 2002
DJSI World	Dow Jones - USA	Since 2002
ECPI Ethical Index Euro	ECPI - Italy, Luxembourg	Since 2002
ECPI Ethical Index Global	ECPI - Italy, Luxembourg	Since 2002
Ethibel Excellence Europe	Ethibel - Belgium	Since 2005
Ethibel Excellence Global	Ethibel - Belgium	Since 2005
FTSE4 Good Europe	FTSE - GB	Since 2004
FTSE4 Good Global	FTSE - GB	Since 2004

CARREFOUR GROUP'S PRESENCE IN THE MAIN SRI INDICES

SRI MANAGEMENT COMPANIES	ASSETS UNDER MANAGEMENT ⁽¹⁾	INVESTMENT ⁽²⁾
DEXIA AM ⁽³⁾	€19.6 billion	€7.9 million
BNP Paribas AM	€13.9 billion	€5.8 million
F&C AM (Equity funds ⁽⁴⁾)	€123.5 billion	€22.5 million
Natixis AM	€11.6 billion	€16.1 million

(1) Total value of the SRI fund as of 31/12/2010.
 (2) Total value of Carrefour shares in the SRI fund as of 31/12/2010.
 (3) The investment corresponds to retail funds and does not include shares held in institutional funds.
 (4) Funds covered by the SRI initiative and commitment of F&C AM to integrating environmental, social and governance criteria into its assessments.

Capital breakdown as of 31/12/2010



(1) Related stock options in accordance with Article L.239-9 4 of the French Commercial Code

Listed in
8
 SRI indices



IN PRACTICE

ASSESSMENT OF CARREFOUR'S PERFORMANCE BY THE EXTRA-FINANCIAL RATING AGENCY VIGEO

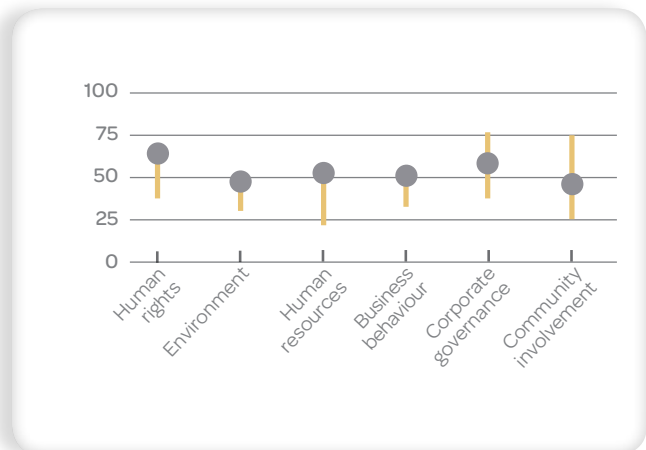


The company's environmental, social and governance performance

FIELDS MIN -- / MAX ++	RATINGS 08/2010
Human rights	++
Environment	+
Human resources	++
Business behaviour	=
Corporate governance	=
Community involvement	=

- The rating places the company's performance in relation to companies in the sector.
- ++ The company is ranked among the most committed companies in its sector.
 - + The company is ranked among the most active companies in its sector.
 - = The company has an average ranking among companies in its sector.
 - The company is ranked below average among companies in its sector.
 - The company is ranked among the least advanced companies in its sector.

Position of the company's performance ● compared with companies in its sector (min — max)



- Human rights:** fundamental human rights, freedom of association, collective bargaining, non-discrimination, forced labour, child labour.
- Environment:** reduction of direct and indirect environmental impacts of operations (store design, development of more eco-friendly products, etc.).
- Human resources:** labour-management dialogue, working conditions, health and safety, promoting jobs and skills, remuneration systems.
- Business behaviour:** relations with customers, suppliers and subcontractors, compliance with competition rules, fight against corruption.
- Corporate governance:** board of directors, audits and control mechanisms, shareholder rights, manager remuneration.
- Community involvement:** impacts on operational areas, contribution to economic and social growth, public interest issues.

ALMOST 20 YEARS OF COMMITMENT

	1992 - Launch of the Carrefour Quality Lines.
	1996 - Application of the precautionary principle to GMOs.
	1997 - Launch of Carrefour Organic range.
	2000 - Supplier Charter drawn up with the FIDH and signed by Carrefour group suppliers of own-brand products.
	2001 - Signing of an agreement with Union Network International (UNI) - Joining the United Nations Global Compact.
	
	2004 - Adoption of the Group Code of Ethics - Signing of the Corporate Diversity Charter.
	2005 - Launch of the Responsible Fishing range.
	2006 - Launch of the Carrefour Agir range - Involvement in creating the GSCP platform.
	2007 - Initial commitment to reducing the Group's energy consumption by 20% per sq. m of sales area between 2004 and 2020, reviewed in 2009.
	2008 - Joined Social Accountability International (SAI) as a Supporting Member - Signing of the Parenthood Charter in France.
	2009 - Commitment regarding the Group's energy efficiency raised to 30% by 2020 as compared with 2004. - Active involvement in the United Nations "Seal the Deal" campaign to urge governments to reach an ambitious, effective and fair agreement in Copenhagen.
	
	2010 - 2 nd edition of the Sustainability Awards for suppliers - Launch in France of the "GM-free" label on more than 300 food items.
	

Sustainability: a pioneer commitment that continually gains strength

As the leading European retailer and the second largest worldwide, Carrefour has a special responsibility to promote sustainable trade. Committed for almost 20 years, the Group incorporates its sustainability strategy into the way it does business and into the product ranges it sells.

CARREFOUR: A PIONEER APPROACH TO SUSTAINABILITY

Over the past 20 years, the Carrefour group has positioned itself as a leader in Sustainable Development among retailers, thanks to its initiatives and innovations. The spearheads of the Group's responsible approach are the Carrefour Quality Lines launched in 1992. Since then, Carrefour has been showing innovation through its commitments and its sale of own-brand products. Carrefour is also the first French retailer to:

- sell organic bread in supermarkets and hypermarkets (1992);
- offer a credible alternative to GMOs (1996);
- enter into a partnership with the FIDH (International Federation for Human rights) to monitor working conditions at production sites (1997);
- sign a memorandum of understanding with Union Network International (UNI, 2001);
- join the United Nations Global Compact (2001);
- launch a range of own-brand responsible fishing products (2005);
- provide suppliers of its own-brand products with a comprehensive sustainability self-assessment tool (2006). This tool was deployed at the international level, at the Group's own-brand product manufacturers in late 2010;
- launch socially responsible investment products for individuals (2007);
- offer own-brand organic cosmetics for the entire family and a green energy package at a competitive price (since 2008);
- commit to using only certified responsible palm oil in all its own-brand products that contain palm oil by 2015 (2009);
- launch ranges of bath towels and sheets made from organic cotton (the TEX Bio lines, 2009);
- commit to setting up a line for certified responsible palm oil, at the conference held in France on 7 April 2010 as part of the RSPO (Roundtable on Sustainable Palm Oil).

A clear strategy to promote responsible trade

Fully integrated into the company's strategy, the approach to Sustainable Development is based on three interconnected pillars - economic, social and environmental. It also involves two strategic areas: integrating all Group activities into the approach and promoting it through products and consumer awareness.

THEME ONE: INCORPORATE SUSTAINABILITY INTO THE GROUP'S BUSINESS OPERATIONS

To assume its economic responsibilities, the Group:

- works to stimulate local economies;
- supports its suppliers' growth in the long run;
- conducts business in an ethical manner.

To assume its social and community responsibilities, the Group:

- acts as a responsible employer;
- ensures respect for human rights throughout its supply chain;
- works in partnership with local communities.

To assume its environmental responsibilities, the Group:

- contributes to the fight against climate change;
- preserves natural resources and biodiversity;
- pursues a waste reduction policy and optimises recycling.

THEME TWO: PROMOTING SUSTAINABILITY THROUGH THE PRODUCTS SOLD BY THE GROUP AND THROUGH COMMUNICATION WITH CUSTOMERS

For this, the Group is committed to:

- working with its suppliers to offer everyone quality products that provide a healthy, balanced and affordable diet;
- assisting its own-brand product suppliers with their sustainability approaches by making its self-assessment tool available in 15 languages on a dedicated website;
- promoting responsible consumption;
- raising awareness and helping consumers make informed choices.

Sustainable Development: a culture shared by all employees

Approved at the company's highest level, the Sustainable Development strategy is established by the Group's Sustainable Development Department, in cooperation with the relevant cross-functional departments. The operations departments and various Sustainable Development coordinators within the Business Units implement the strategy with the help of all employees.

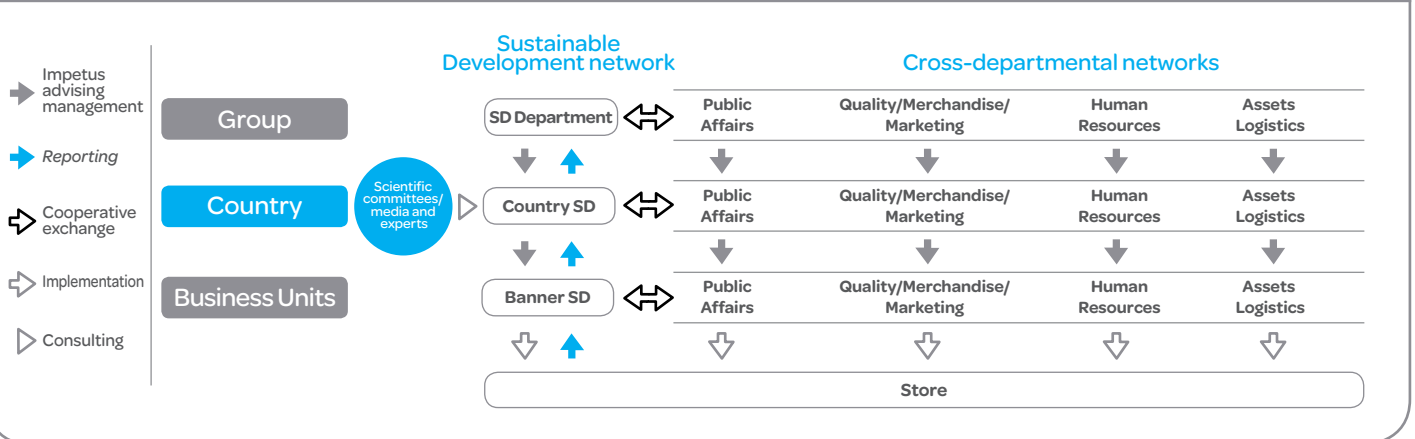
A DEDICATED ORGANISATION INVOLVING ALL THE GROUP'S ACTIVITIES

Aware of the strategic issues involved in implementing its policy and the importance of involving all business lines, the Carrefour group created the Group's Sustainable Development Department in 2000. The department has developed and grown over time. Its role is to guide the approach, to drive policy forward, to initiate projects and bring them before the Executive Committee. It also ensures the implementation of the established strategies while disseminating best practices both inside and outside the company. To achieve these goals, the Sustainable Development Department relies on resources such as scientific committees, the science media and in-house specialists. Team members work in close collaboration with all of the Group's operational and cross-functional departments: European Public Affairs, Quality/Merchandise, Purchasing, Human Resources, Marketing, Communication, Assets and Logistics.

DUPLICATING THE ORGANISATION AT COUNTRY AND BANNER LEVEL

To promote the Group's strategy internationally, the Sustainability Department works with local Sustainable Development (SD) coordinators in the various countries. In cooperation with the Business Units' operational and cross-functional departments (Quality, Assets, Logistics and Human Resources), they are responsible for the operational roll-out of the Sustainable Development policy in accordance with the local situation. They are also in charge of ensuring reporting on the actions carried out within the BU. The Group Sustainable Development Department coordinates this network of contacts by arranging regular meetings with representatives in European countries and videoconferences with coordinators. These meetings enable discussion about policies established by the Group, the major topical issues faced, best practices and indicators, most of which are reported on a quarterly basis.

ORGANISING SUSTAINABLE DEVELOPMENT INITIATIVES INVOLVES ALL BUSINESS LINES



Developing an “eco-attitude” and mobilising teams

Raising awareness of Sustainable Development among store, warehouse and headquarters employees. Disseminating best practices every day in order to conserve energy and water, sort waste... Carrefour integrates sustainability into the corporate culture and develops a true “eco-attitude” within the company.

The Carrefour group implements programmes to raise awareness of environmentally-friendly practices, conducts sustainability training adapted to its various business units and makes the most of the events in which it takes part, such as World Environment Day and EU Sustainable Energy Week, by involving a growing number of employees in sustainability issues. In 2010, the Group participated in a large number of events dedicated to biodiversity within the framework of the International Year of Biodiversity.

INVOLVING HEAD OFFICE AND STORE EMPLOYEES

All business activities, including services, have an impact on the environment. We can minimise their effects by adopting daily habits and attitudes. This is why the Carrefour group, in partnership with the WWF, encourages head office and store employees to adopt an “eco-attitude.”

The new head office in Boulogne-Billancourt, designed to accommodate the general corporate management, was constructed in line with a High Environmental Quality (HQE in French) approach. This approach includes a certain number of targets corresponding to criteria of eco-construction, eco-building management, comfort and safety. The decision was an opportunity for the Carrefour group to reaffirm the “Eco-Attitude” programme set up since June 2008 at its administrative sites in France. The programme is aimed at encouraging employees to adopt environmentally-friendly habits at the office on a day-to-day basis, and focuses on five themes: paper saving, water and energy saving, waste sorting and eco-transport.

In the area of eco-friendly transport, a carpooling site has been available to head office employees in France since 2009.

As regards waste recycling, Dia France (the Group's hard-discount branch) set up a sorting scheme at

the head office and in its stores. The results for 2010 are very encouraging:

- 34,137 tonnes of packaging waste sorted by employees by the end of December;
- 4.5 tonnes of office paper collected;
- 18 tonnes of batteries and accumulators collected at stores and the head office;
- 36 tonnes of electrical and electronic equipment waste (DEEE in French abbreviation) collected at stores and recycled.

At its new head office in Massy, Carrefour France also introduced improvements within the framework of its “Eco-Attitude” programme. For example, it created a special area for collecting recyclable waste and raised awareness among employees with a special day-long training session on waste sorting. Informational brochures were also distributed to every employee at the site.

This eco-friendly attitude has also spread throughout the entire Group. Many countries launched initiatives to encourage environmentally responsible practices. Thus, Carrefour Argentina joined the Recyclable Waste Management Programme set up by the municipality of Buenos Aires, and a waste-sorting system (separation of organic and inorganic waste) has been introduced in 27 stores in the city. The teams took part in a training programme with the support of the city's Ministry for the Environment and Public Spaces. Head office employees were also informed of the necessity of sorting waste. Waste-sorting bins were installed in the offices to collect paper, plastic and aluminium cans. As a result of these initiatives, the volume of recycled waste increased by 18% in 2010, stores and head office combined. A system for monitoring the product best-before date also made it possible to reduce the volume of organic waste by 4%.

...AS WELL AS WAREHOUSE STAFF

In 2009, Supply Chain France set up a sustainability training programme for its teams. It provided employees with concrete knowledge and information applicable to their job and daily tasks. The programme was first launched for management committees and executives, and at the end of 2009 was extended to include supervisors and employees. In 2010, it was further extended to cover consolidated warehouses. Over 1,400 employees have already completed the programme. The goal is to train the majority of the remaining teams in the next three years. The training meets the employees' expectations: 85% of those who have completed it reported being satisfied.

To get employees further involved, Carrefour France launched its first internal Sustainability Awards in January 2010. The teams at the stores, head office and warehouses have submitted over 300 entries presenting their sustainability initiatives in the following four areas: waste management, resource saving, responsible consumption and citizenship.

PARTICIPATING IN MAJOR SUSTAINABILITY EVENTS

Carrefour rallies its teams around sustainability and builds awareness among its customers through its participation in key events and major national and international meetings on Sustainable Development. In honour of the International Year of Biodiversity, Carrefour Spain took part in several initiatives, including the World Biodiversity Day, World Water Day and World Migratory Bird Day. To show their commitment in the fight against climate change and promote energy savings, the stores of four countries (Spain, Poland, Italy and France) participated in the EU Sustainable Energy Week. In many countries, the Carrefour group also took part in Earth Hour, a global event created by the WWF: on 27 March 2010, nearly 4,000 cities and 88 countries switched off their lights for one hour to show their support for the fight against climate change. Carrefour China in particular publicised the event to its employees and customers via its website, newsletters and in-store initiatives to raise awareness of energy savings. 44,937 employees of 157 stores and the head office switched off some of their lights, thus saving an estimated 341,795 kWh of electricity.



IN PRACTICE

CARREFOUR ARGENTINA DAILY MOBILISES ITS EMPLOYEES TO BE MORE RESPONSIBLE

The social responsibility programme "Sumando Voluntades" (Uniting our strengths) aims to inform and motivate the Group's 20,000 employees working at the head office and in the 207 stores of Carrefour Argentina. Launched in 2009, the programme is based on three themes: nutrition, social inclusion and environmental protection. The 220 employees appointed as "Ambassadors" for the initiative are the true driving force behind the involvement of all employees. The role of each Ambassador is to inform colleagues about the company's volunteer opportunities, to coordinate wide-scale or local initiatives within the head office or stores, and to ensure contacts with the Communications Department.

In 2010, all the stores in the country were invited to participate in a new competition dedicated to volunteer initiatives and over 70 projects were submitted to the jury. Prizes representing around €20,000 were awarded to the six winning projects. For example, the Resistencia store won a prize for the setting up of an orchard at a middle school in collaboration with an agronomist. The dynamic created by Carrefour Argentina to rally its teams around Sustainable Development was saluted in 2010. Indeed, the banner came out at the very top of the retail sector in a ranking of Argentine companies according to their social responsibility strategies. In 2010, Carrefour Argentina was placed 16th in the general ranking, after taking 25th position in 2008 and 18th in 2009. This progress is the recognition of the Carrefour group's ambitious social responsibility approach in Argentina.

2010 Sustainable Development awards

GROUP: The Carrefour group received the AccessiWeb Bronze label for its corporate website *carrefour.com*, the first site in the mass retailing sector and second CAC 40 company to receive this recognition, an achievement that testifies to its very high level of accessibility for the visually-impaired. Carrefour thus reaffirms its community involvement by expanding its efforts to assist the disabled in accessing the digital sphere.

IN THE SOCIAL FIELD

Colombia:

- Carrefour Colombia received the special mention from the Fundación Plan for its commitment to protecting children's rights.

Spain:

- Dia Spain received an award (in the Big Business category) from the Corresponsables Foundation for the agreement it signed with the Spanish Federation of Food Banks and its commitment to donating food.
- Carrefour Spain received the Incorpora award (in the Networking category) from the La Caixa Social Foundation in recognition of its commitment to helping people facing social exclusion to join the workforce.
- The Fundación Solidaridad Carrefour won the Cualifica award from the Andalusian Regional Department of Equality and Social Wellbeing through the Andalusian Institute for Women. This award is the recognition of Carrefour Spain's corporate commitment to assisting battered women.
- The Carrefour Foundation was recognised for its support for autistic people in Malaga.

France:

- Carrefour Hypermarkets France was voted "2010 Best Employer" by the readers of *Rebondir* magazine. This distinction rewards the division's training strategy, and in particular the *EvoluPro* programme aimed at helping employees improve their French, promoting diversity in the workforce, optimising the internal promotion policy and strengthening its commitments to the disabled.
- In October 2010, Carrefour Market received the Southeast regional prize for its efforts to promote work equality in the framework of an event organised by a local workforce integration programme and the employment agency in the western Provence area. The award, recognising efforts to ensure gender equality at work, was presented by the Chairman of the western Provence agglomeration.
- Carrefour France was recognised as a company "open to young people", in the 2010 Employers Ranking organised by *RégionsJob- L'Express-ANDRH*.

Poland:

- The Elblag hypermarket received the "Employer Offering a Safe Workplace" award, given by the Labour Inspection authority to promote best practices with regard to safety at work (prize received in the category for employers with between 50 and 250 employees).

IN THE ENVIRONMENTAL FIELD

Brazil:

- Carrefour Brazil was a finalist for the Aberje award in the category Communications on Sustainability Programmes for its project aimed at eliminating plastic bags.
- Carrefour Brazil was also a finalist in the Getulio Vargas Foundation's 5th mass-retailing corporate social responsibility awards for the same project.

Spain:

- Carrefour Spain received the Doñana award for the setting-up of its store in the Autonomous Community of Andalusia. The award recognises best practices in terms of the environment, local procurement, the promotion of sustainable products and the integration of sustainable criteria and practices.

IN THE AREA OF QUALITY

France:

- On 2 December 2010, Carrefour Anglet with its partner and supplier Fromagerie Agour took first place in the national competition for store events dedicated to product labelling. The award was presented by the National Institute for Origin And Quality (INAO). Carrefour Châteauroux received the special award and 11 Carrefour and Carrefour Market stores won regional awards (11 awards out of 16).

GENERAL DISTINCTION

Argentina:

- Carrefour Argentina received a distinction in the Sustainability-Oriented Corporate Management category (*Gestión Empresaria Orientada a la Sustentabilidad*) for its first Sustainability Report (2008-2009).

RANKING

Spain:

- The second edition of the "Piensa en Clima" study, carried out by the Ministry for the Environment and the organisation Climate Counts, gave Carrefour the first position in a list of the companies that are most responsible and involved in the fight against climate change.

France:

- In November 2010, the Ministry for Ecology, Sustainability, Transport and Housing presented its annual Corporate & Environmental awards recognising exemplary corporate initiatives in the area of Sustainable Development. Carrefour France was a finalist in the "Management and Initiatives for Sustainable Development" category for its work on the sustainability self-assessment tool and the Sustainability Awards that reward exemplary supplier initiatives.
- According to the IFOP's 2010 Sustainable Development Watchdog, Carrefour is one of the eight companies perceived by French consumers as most committed to sustainability initiatives.
- Carrefour was also one of the companies nominated for the Eco-Packaging Awards, a recognition that has been rewarding for the past five years corporate initiatives aimed at reducing the environmental impact of packaging and at increasing the effectiveness of waste sorting and recycling.

Argentina:

- In 2010, Carrefour Argentina ranked first in the retail sector for its corporate responsibility approach in a study carried out by an organisation named Datos Claros.

Dialogue with our stakeholders: joining forces to work together at all levels

Consultation with stakeholders is one of the pillars of Carrefour's Sustainability approach, establishing its legitimacy and effectiveness. The Group has developed various consultation methods, including an annual meeting with its main stakeholders and long-term partnerships with certain NGOs. This allows work to take place far upstream by pooling the stakeholders' expertise and developing solutions that are enhanced by discussing different points of view.

LISTENING, DISCUSSING, SHARING

Identifying and anticipating stakeholder expectations, connecting with outside expertise in the development of its sustainability policy, managing risk and defusing conflicts. Pragmatic solutions emerge from addressing our commitments and constraints. Carrefour maintains an ongoing dialogue through the Sustainable Development Department at Group level and through the countries, banners and stores at the local level.

Each year for the past ten years, Carrefour has been holding a Consultation Meeting with representatives from its stakeholders.

This annual meeting is organised by the Group's Sustainable Development Department and is attended by Carrefour's CEO and main Executive Directors: the Group Corporate Secretary and the Directors of Human Resources, Social Relations, Communication, Assets, Sustainable Development, etc. Various stakeholders are represented: rating agencies, SRI fund managers, environmental and social NGOs, consumer associations, representatives of European labour unions, representatives of the Ministry for the Environment, Sustainable Development, Transport and Housing (MEDDTL), and ADEME (French Environment and Energy Management Agency).

The meeting gives Group managers an opportunity to share information with the main stakeholders about various commitments and achievements on key sustainability issues, such as:

- Support for suppliers of own-brand products in their

Sustainable Development initiatives, particularly through the Carrefour Sustainable Development Awards;

- Respect for human rights throughout the supply chain;
- The offering and promotion of responsible ranges of products in the stores;
- Carrefour's commitment to fighting climate change, preserving biodiversity and natural resources, etc.

The meeting is also an opportunity for stakeholders to pose questions directly to the CEO and the Group's top management.

DAY-TO-DAY UPSTREAM TO DOWNSTREAM COOPERATION

Taking a relevant approach to Sustainable Development issues involves calling on the skills of in-house and outside specialists. For over 10 years, Carrefour has therefore established partnerships with organisations that help it move its projects forward more quickly and effectively. For example, the Group collaborates with the FIDH (International Federation for Human rights) to monitor working conditions at sites which produce its own-brand products in sensitive countries. The Group has also formed partnerships with environmental NGOs such as the WWF, which, among other things, contributes to its policy for preserving biodiversity and reducing waste. This collaboration goes far behind the realm of ideas. It also has an important operational dimension, as experts from the NGO share their know-how with buyers but also with Quality and Sustainable Development managers of the Group throughout the

.../...

year. They are involved in the Group's overall approach and work on different issues such as its sourcing policy regarding wood, fishery resources, GMOs, palm oil, soy, products affected by the REACH regulations, etc.

Carrefour also closely collaborates with its stakeholders through framework agreements, such as the one signed with the UNI Commerce Global Union regarding respect for human rights at work.



Conrad Eckenschwiller,
Permanent Representative
of the United Nations Global
Compact in France.

TESTIMONY

The 6,000 member companies of Global Compact, 600 of which are French, undertake each year to present concrete examples of their compliance with Global Compact principles. This takes the form of Communications on Progress, also known as COP. Although most of the given information concerns the three principles relating to environmental protection, my attention was particularly drawn to two examples in the Carrefour group's COPs concerning human rights and working conditions:

- *For a few years, Carrefour has been auditing its suppliers of garments (mainly shirts and T-shirts) in India to ensure compliance with the rules of the International Labour Organization and with the Global Compact principle prohibiting child labour.*
- *Supplier audits have also been launched upstream in the manufacturing process, for example in the fabric-dyeing workshops. The goal is to verify the application of these rules throughout the entire textile supply chain.*

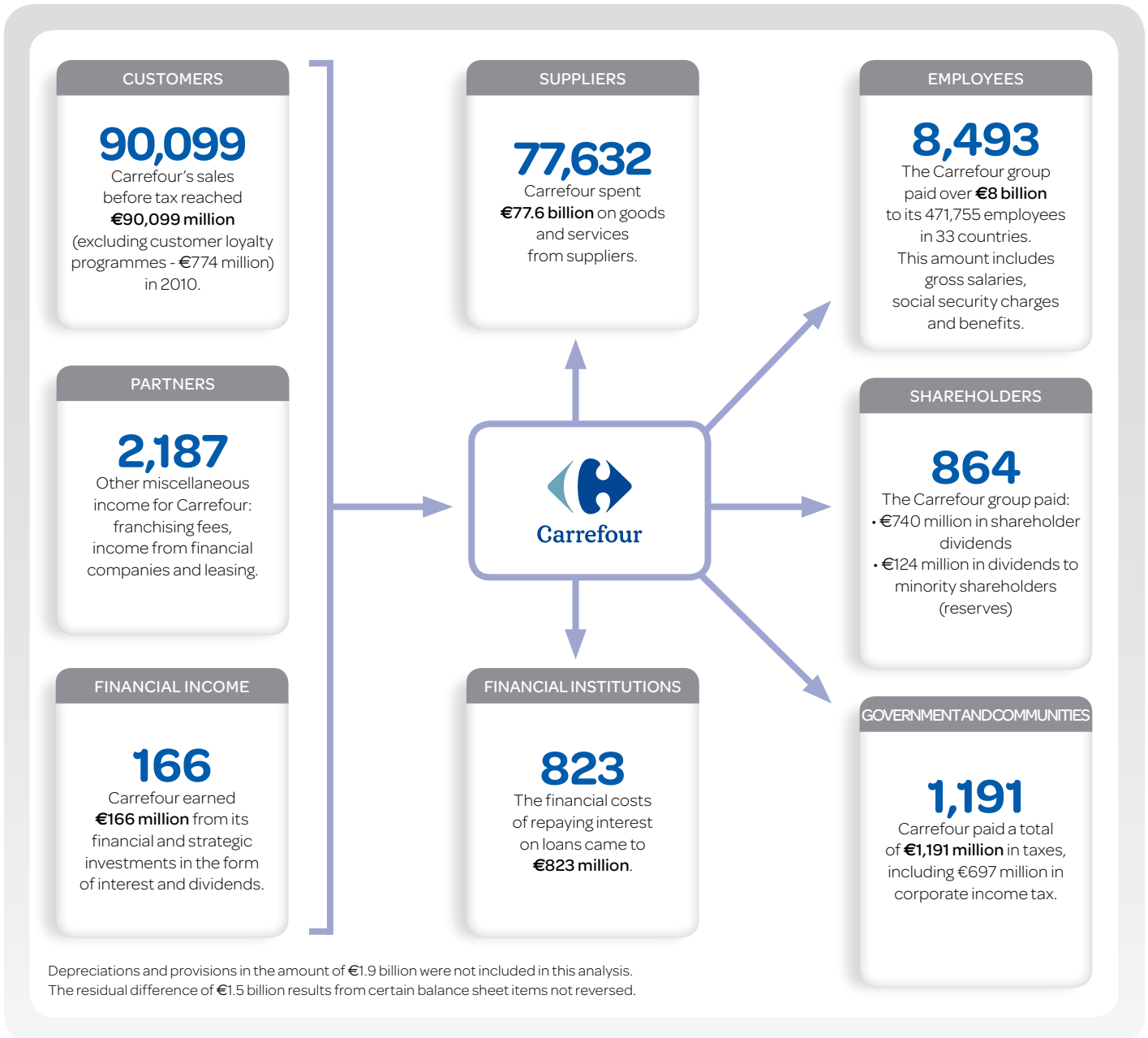
Moreover, the Carrefour group maintains an open recruitment policy, by making sure it hires candidates from disadvantaged backgrounds, for example, people lacking a degree or who were made redundant by their former employer. Once hired, these employees receive a special orientation to help them progress within the company. In the framework of the Esprit Banlieues programme, the Group hired 6,000 young people from disadvantaged neighbourhoods for temporary or permanent positions between 2008 and 2010. It greatly exceeded its initial commitment, which was to hire 3,000.

Ways to communicate with our principal stakeholders

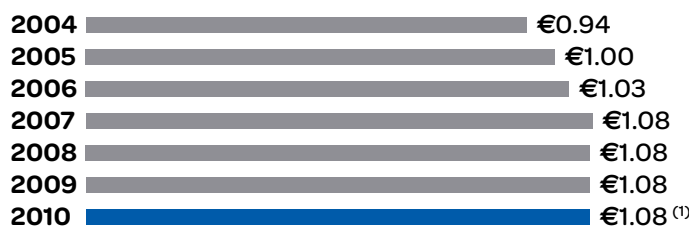
DIRECT STAKEHOLDERS	PRINCIPAL APPROACHES TO INFORMATION AND DIALOGUE
CUSTOMERS	Satisfaction surveys, panels, consumer services, toll-free numbers, websites, loyalty cards, Environment survey.
EMPLOYEES	Listening to staff, internal surveys, consultation bodies in every country, intranet, internal newsletters.
SHAREHOLDERS	Shareholder relations service, Annual General Meeting and other shareholder meetings, the Actionaria trade show, Annual Report, Shareholders' guide, Letter to shareholders, press releases, Group website, online journal accessible 24/7 via a toll-free number (0805 902 902).
FRANCHISES	Annual conventions and special events, periodic meetings with Regional Managing Directors, training seminars.
SUPPLIERS	Regular contacts at all levels, SME Managers, Quality Line and Reflets de France clubs. Organisation of supplier meetings in numerous countries.
SERVICE PROVIDERS	Participation in the "Demeter Environment and Logistics Club" in France; help identify opportunities for progress in all countries.
COMMUNITIES	Consultations with local residents, regular and long-term relationships with local authorities.
PUBLIC AUTHORITIES	Meetings with local, national and international coordinators, exchanges of information with national governments and bodies to identify opportunities.
INDIRECT STAKEHOLDERS	PRINCIPAL APPROACHES TO INFORMATION AND DIALOGUE
PROFESSIONAL ORGANIZATIONS	Participation in national, European and international distribution federations (FCD, EFSA, GFSI, CGF), best practices sharing (ERRT).
MEDIA	Organise an in-house and external communications network to coordinate communications initiatives in all countries.
NGOs/SOCIAL AND ENVIRONMENTAL ASSOCIATIONS	Meetings at Group, country, banner, and Business Unit levels with NGOs and associations, local and national partnerships.
FINANCIAL COMMUNITIES	Meetings with rating agencies and SRI fund managers, reply to their questionnaires, road shows on sustainable development issues.

Sharing value among stakeholders in 2010

(expressed in millions of euros)



CHANGES IN DIVIDEND (2004-2010)



For 2010, there will be a proposal to distribute a dividend of €1.08 per share.

(1) Subject to approval by the shareholders at the Annual General Meeting of 21 June 2011.

Active involvement in public debate and policy

As a responsible economic player, Carrefour takes part in public debate to highlight the realities and constraints of its business activities. It uses this opportunity to provide the relevant authorities with the technical information they need during their decision-making process, and also ensures that the Group's views on essential Sustainable Development issues be taken into account. At the European Union level, Carrefour maintains an ongoing dialogue with legislators and policy decision-makers. The Group is committed to contributing to the emergence of a competitive internal European market, which would also take into account the challenges of Sustainable Development, public health and the protection of consumers' purchasing power.

THE RETAIL FORUM: ONE YEAR OF INTRAPROFESSIONAL COLLABORATION FOR MORE SUSTAINABLE CONSUMPTION PATTERNS

In 2009, the European Commission and the representatives of European commerce created a platform named the "Retailers' Environmental Action Programme" or REAP Forum, aimed at facilitating discussion on key environmental issues.

In this forum, Carrefour, its manufacturing partners, as well as key retailers, work to exchange best practices and to identify constraints and opportunities with a view to achieving more responsible production and consumption.

Furthermore, some 20 retailers participating directly in the forum, including the Carrefour group, developed a non-exhaustive summary list of particularly ambitious commitments in the area of environmental protection. These initiatives are coordinated and published online to promote greater awareness and inspire other companies to take on new challenges.

The first anniversary of the programme, in June 2010, was an opportunity to take a look at the positive results of the previous year. The European Commissioner for the Environment, Janez Potočnik, emphasised the crucial role that retailers have to play in the construction of a more sustainable Europe.

The event was also the opportunity to announce the launch of the Code for Environmentally Sustainable Business, already signed by Carrefour and by several other companies and federations. The code commits

the signatories to taking action in six areas: sourcing, responsible resource management, transport and distribution, waste management, communications and reporting.

DEFINING VIRTUOUS CIRCLES FOR SHORT LINES

The Group wishes to promote its Carrefour Quality Lines to European decision-makers. By putting forward the best practices of all the participants in the chain, Carrefour traces a virtuous approach based on fairer and more sustainable partnerships.

Carrefour thus shared its experiences with European decision-makers and presented them with the benefits of developing high-quality own-brand products to farmers and consumers: sold at affordable prices, these products provide each supplier with fair wages and recognition of their work.

Within this framework, the Carrefour group made an active contribution to drafting the EU's guidelines in 2010. These aim to promote the best practices of several European public and private quality schemes. The text was adopted within the framework of the Quality Package in December 2010. Its goal is to improve operations in the supply chain of high value-added qualitative lines. To allow producers to reduce their expenses, a scheme of mutual recognition among the various players is under consideration. The development of easily accessible and transparent information for consumers is also encouraged.

.../...

PRESENTING MASS RETAILING AS A DRIVING FORCE FOR GROWTH AND INNOVATION

In 2010, the European Commission published a report on the retail market entitled "Towards more efficient and fairer retail services in the internal market for 2020".

Carrefour is very pleased about this initiative, which aims to identify and overcome obstacles to the competitive development of the sector in the European Union. The Group hopes that public decision-makers at both European and national levels will take action to help the retail sector make increasingly active contributions to the economic development of European regions. The gradual elimination of national barriers within the European Union is one of the main areas in which Carrefour is investing its efforts, with the goal of making trade stronger and more fluid.

AMBITIOUS REVISIONS TO THE COMMON FISHERIES POLICY

Sustainable fishing is fundamental in preserving fishery resources. With this in mind, for the past six years, Carrefour has been developing a responsible supply policy to allow its customers to choose products from fishing factories that use environmentally-friendly practices.

Carrefour supports an ambitious revision to the European Union's current policy. The Group believes it is essential to strengthen dialogue between the various participants and to base all decisions on scientific proof, such as the determination of authorised quotas.

This is why Carrefour is involved in constructive dialogue on the subject with the European Commission and will continue to promote the development of a framework that will guarantee better management of fishery resources and the sustainability of associated professional activities.

GREATER EFFORTS TO STOP ILLEGAL WOOD TRADING

Deforestation is a major issue and has a significant global impact on climate and biodiversity. In 2003, Carrefour got strongly involved in the European Commission's FLEGT (Forest Law Enforcement, Governance and Trade) Action Plan aimed at establishing a framework for fighting illegal wood trade.

Carrefour is committed to protecting forests and biodiversity. It therefore supported the European Commission's legislative bill that established rules for those involved in the sale of wood and wood products. The bill strengthens the responsibility of each player in implementing a system of reasonable diligence. It is a new step towards a better understanding of the wood distribution network and thus towards a better traceability in the products offered to consumers.

To participate in this important European debate, Carrefour became actively involved with major distributors such as IKEA, Kingfisher and Marks & Spencer in the work platform Timber Retail Coalition (TRC). The main goal of the platform is to promote effective legislation at a European level concerning efforts to stop the entry of illegal wood into the internal market.

A dynamic, pragmatic and shared approach to risk management

In a context of uncertainty, it is essential for all stakeholders to rally around the implementation of an effective risk-management policy. During 2010, Carrefour continued its efforts to analyse and prevent risk, with a focus on anticipation.

SHARED RESPONSIBILITY FOR COMMITTED RISK MANAGEMENT

Carrefour’s Risks & Compliance Department aims to develop a corporate culture of risk management and ethics within the Group in order to limit impacts that could be harmful to the company.

The Department takes action in two areas: advising management and supporting operational managers by developing common tools, sharing and creating synergies between countries, with a view to keeping costs down.

In each country in which the Group is present, a Risk Prevention Director is responsible for the security of the company’s tangible and intangible assets. The Director also guarantees the safety of people present at all the sites. For this purpose, the Director implements the human, organisational and technical resources necessary for managing accidental risks and intentional risks (malicious acts, theft, etc.)

Acting as the reference person for risk prevention at Group level, the Risks & Compliance Director is in charge of coordinating all country Risk Prevention Directors.

In 2010, the Department continued to use the existing tools and launched several studies aimed at reaching a better understanding of certain emerging risks and how they could affect the Group. It continued to support the Purchasing Departments, in particular by analysing supplier risks and distributing regular analyses that make it possible to better identify recurring issues connected with the variability of market prices for raw materials.



PERSPECTIVE

EFFECTIVE COOPERATION FOR OPTIMIZED SAFETY

To ensure the security on its sites, the Carrefour group calls upon the services of private security contractors.

In 2010, to continue the efforts already underway in the framework of the vigilance requirement, the Group carried out several audits of the human surveillance management scheme with a view to assessing respect of contractual specifications and compliance of these service providers’ practices with regulations. At the same time, Carrefour wished to test its installation of database management systems at several hypermarkets. These devices provide complete traceability of tasks performed and optimum information while giving service providers a tool for managing their teams. These two initiatives fully demonstrated their benefits for the company and its partners and will be expanded in 2011.

THE GROUP REFERENCE TOOL, A RISK-MANAGEMENT OPPORTUNITY

In 2010, Carrefour grouped all of the principles that had been defined into a Group Reference Tool to guarantee consistency in the Group's practices while strengthening internal control.

The document sets forth the standards applicable to stores, the supply chain and all of the Group's support functions. The basic principles of risk management have been included, in particular those concerning risk prevention, ethics, crisis management and the validation of partners.

The distribution of the reference tool was an opportunity to raise awareness among all Carrefour employees while better integrating risk-management schemes into business operations.

This approach will be continued in 2011, by evaluating compliance of risk-management practices compared with these standards and by introducing formalised action plans.



Xavier Guizot
Risks & Compliance
Director.

TESTIMONY

Due to the nature of its operations, the number of its sites, the scope and variety of its flows (human, merchandise and financial), the Carrefour group is inevitably exposed to many risks.

In 2005, a risk-management post was established within the Group to improve our ability to react to a range of issues.

For six years, we have been improving our risk knowledge through the creation of several themed maps, while increasing awareness among internal and external participants through an educational approach and the development of a number of tools.

For example, the Group's preparation for the pandemic flu allowed us to test the crisis-management plan that we had set up, with very positive results.

In a constantly changing world, coordinating our network of country Risk Prevention directors and developing partnerships with authorities have become more essential than ever for enhancing our risk management approach.



IN PRACTICE

PREPARING FOR NATURAL DISASTERS IN PARTNERSHIP WITH AUTHORITIES

In Île-de-France, preparations for a major natural disaster have been underway for many years now, both in the public and private sectors. A flood greater than the one that took place in the Seine in 1910 could cause significant damage. This would have a considerable impact on economic activity and community life.

With over 600 stores and 40,000 employees in the region, which counts 12 million inhabitants and represents nearly 30% of the country's GDP, the Carrefour group is directly concerned by this risk. A flood would cause a number of problems. Not only would it have a direct impact on exposed stores, with varying degrees of damage depending on their locations, but it would also lead to significant dependence on cargo carriers and major network operators, in particular electricity, telecommunications and water companies. Potential safety problems linked to tensions must also be taken into account, as well as uncertainties about private security services or cash transportation.

In this framework, Carrefour has developed an action plan aimed at ensuring business continuity using maps of natural disaster risks.

The Group's approach to the risk of a centennial flooding is designed to achieve three goals:

- *To ensure employee and customer safety;*
- *To guarantee the continuity of Group operations;*
- *To participate in the continuity of the economic and social activities of the areas in which stores operate, in particular in terms of food products availability.*

This analysis is carried out in close collaboration with the Île-de-France's Police Prefecture, Defence and Security Commission.

The implementation of this approach, which began in 2004, has resulted in:



- *The identification of the sites concerned through the Group's Geographic Information System;*
- *A cumulative assessment of human, organisational and financial impacts;*
- *The creation of a Special Flood Assistance Plan for exposed sites;*
- *Ongoing monitoring of the risk.*

As part of an approach based on a partnership with the authorities, Carrefour also took part in the "En Seine 2010" exercise organised by the Defence and Security Commission.

The Group also participated in a colloquium organised by the Economic and Social Council in October 2010 to raise participants' awareness of the issue.

Assuming our responsibilities

Relying on its stakeholders' expertise and its own risk mapping, the Group has identified challenges throughout its chain of responsibility, from the producer to the customer. The Group is committed to constant progress on every front.

-  Economic challenges
-  Social challenges
-  Environmental challenges





PRODUCTION CONDITIONS AND RELATIONS WITH SUPPLIERS AND THE FARMING INDUSTRY

-  **OUR RESPONSIBILITIES**
- Long-term relationships with suppliers.
- Promote local suppliers and their products.
- Responsible sourcing (social and environmental conditions of production, protection of natural resources).
- Promote environmentally-friendly farming practices.

PRODUCT TRANSPORT

-  **OUR RESPONSIBILITIES**
- Optimise the logistics chain.
- Reduce greenhouse gas emissions.
- Reduce noise.



STORE MANAGEMENT

-  **OUR RESPONSIBILITIES IN STORES**
- Reduce the consumption of natural resources and energy.
- Sort and reduce waste.
- Control pollution.
- Integrate environmental criteria into construction/renovation of stores.
- Ensure the safety of people in stores.
-  **OUR PRODUCT RESPONSIBILITIES**
- Prices to suit all budgets.
- Wide choice of products.
- Safe, high-quality products.
- Less packaging.
- Offer products that promote Sustainable Development.

OUR RESPONSIBILITIES TOWARDS EMPLOYEES

- Working conditions.
- Team management.
- Fair wages.
- Respect for diversity.
- Employee safety at our sites (stores, warehouses, etc.).
-  **OUR RESPONSIBILITIES TOWARDS CUSTOMERS**
- Inform customers and raise their awareness of Sustainable Development in stores.
- Promote the reduction, sorting and recycling of waste (collection points, alternatives to check-out bags, etc.).
- Accessibility for people with disabilities.
- Accessibility via public transport.

RELATIONS WITH CUSTOMERS AND COMMUNITIES

-  **OUR RESPONSIBILITIES TOWARDS CUSTOMERS**
- Listen to customers' needs and meet them.
- Democratize consumption.
- Promote sustainable consumption to customers.
-  **OUR RESPONSIBILITIES TOWARDS LOCAL COMMUNITIES**
- Promote local employment.
- Become part of the local community.
- Create living spaces.
- Sponsorship and social action initiatives.
- Dialogue with local communities.

3 *Economic and commercial actions*



● <i>Product quality and safety</i>	47
● <i>Nutrition</i>	56
● <i>Supplier relations</i>	60
● <i>Stores and communities</i>	66



Hervé Gomichon
Group Quality
Director

Carrefour: a brand with quality and safety inscribed in its DNA

"At Carrefour, quality is a key feature at all life stages of a product. Technical teams integrate "quality fundamentals" from the initial stages of development with consideration for: customer expectations as communicated by customer services; value for money; regulatory requirements; the manufacturing process; identification of raw materials, etc. Once samples are received from suppliers, they are put before a panel of consumers for quality validation.

During product development, audits are carried out at production facilities to ensure that the suppliers' skills and tools comply with our Quality and Safety standards. Our specifications for food products describe the nature and origin of raw materials, the recipe to use, and the production methods. For non-food products, they set out the expected level of utilisation qualities and product norms. Based on this procedure, we then control the selected product as part of our annual monitoring plan.

Finally, all of this information is recorded in a database that also includes consumer comments. The ability to track our Quality record is a major asset. For example, today when we produce cornflakes, we benefit from twenty years of experience in producing cornflakes! The entire quality process was designed to ensure optimal product safety. We are, however, aware that there is no such thing as zero risk. We have therefore set up a comprehensive system of tools and procedures to help us deal with any suspected cases of non-compliance. These include periodic analyses by outside independent laboratories; a monitoring network; and exchanges with consumers, the administration, the stores themselves, and suppliers. Every result is closely examined. The role of the Quality Department is to analyse risks and, depending on the gravity of the problem, it decides to either monitor a product, withdraw it, or recall it, followed by the setting-up of a crisis unit. An alert system allows us to inform stores whenever a product is withdrawn. Previously performed manually, this system was fully digitised in 2009, through a website that operates 24/7.

It is the first system of its kind in France. It will be gradually rolled-out to the entire Group during 2011. It offers better response times, real-time crisis management and cuts the number of printed documents we send out by 2.5 million copies."

Offering good value for money to become the preferred retailer

For Carrefour, providing as many people as possible with access to quality products is a top priority. The Carrefour global quality approach applies to all own-brand products developed by Carrefour, from the “Carrefour Discount” range to our most popular own-brands, created by major names in the culinary sector, or those produced as part of our Sustainable Development principles, including our organic, eco-labelled and fair trade products, and our Carrefour Quality Lines, which have been available for 19 years. All of these Carrefour brand ranges are designed to meet the needs of customers who demand increasingly responsible products at the best value for money.

Quality products at affordable prices for everyone

In the context of the current global economic slow-down, Carrefour’s approach to continuously improve the quality of its products and its in-depth understanding of consumer demands allow us to offer customers the best value for money in each country, banner and product range.

By launching “Carrefour Discount” at the end of May 2009, Carrefour expanded its offering to include essential products at very low prices (hard discount positioning), while continuing to meet the brand’s quality requirements.

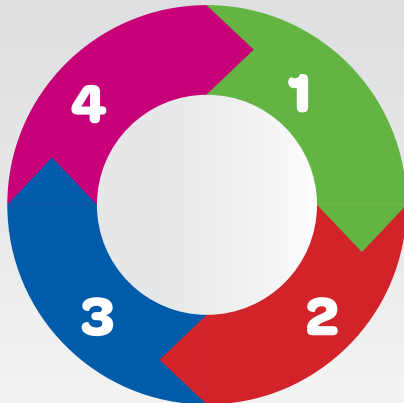
The range now includes over 400 listed products, 90% of which are food products. Carrefour Discount’s food products are tested by external panels to ensure their approval by consumers. Produced by suppliers accredited by the banner, they are processed under

strict and specific conditions to ensure they are GMO-free and comply with the Group’s traceability norms. In 2010, the range was extended to include fresh fruit and vegetables. Carrefour thus provides a response to the economic difficulties currently facing many consumers, while guaranteeing that they enjoy quality products, in line with the banner’s commitments.

To underline this “quality DNA”, training programmes and seminars on the theme of quality and security were organised across the group in 2010. These training sessions involved some fifty employees with management positions from ten countries in Asia and Latin America, as well as all European countries in which Carrefour operates. They ensure that the Group’s demanding quality and security standards are strictly applied.

THE CARREFOUR QUALITY WHEEL

Based on the Deming wheel, an example of the PDCA (Plan-Do-Check-Act) quality management method, the Carrefour Quality Wheel provides real product benefits by enabling us to collect important information about a product’s history and manufacturing process and to ensure we continuously improve product quality. The method includes four interconnected stages, all aimed at establishing a virtuous circle:



- 1 Plan by identifying customer requirements and communicating them to suppliers.
- 2 Do and check of production conditions.
- 3 Check that delivered goods comply with specifications (and the order).
- 4 Act and adjust i.e: permanently correct and improve the product.

Household and personal care products (HPC): combining innovation, safety and respect for the environment

Carrefour HPC Quality managers, who form a team of in-house experts, anticipate regulations via a demanding “ingredients” policy while keeping abreast of the latest data supplied by the scientific community. Carrefour takes every precaution when developing cosmetic products, for example, by calling on the services of recognised toxicology experts.

Carrefour prepares for the application of new cosmetics regulations⁽¹⁾ by working within the French Commerce and Retail Federation (FCD) and within the EU to ensure their shared and uniform application. Moreover, the Group was actively involved in the drafting of the IFS HPC European auditing benchmark (published at the end of 2009), which enables suppliers to guarantee the application of best practices in terms of controlling risks related to their products

and production. To develop the products of the future, Carrefour’s in-house experts are also currently working on French initiatives arising from the “Grenelle Environmental Forum” - a conference in France designed to draw up an action plan of concrete measures to tackle environmental issues - and are launching an increasing number of eco-label certified ranges as possible. In order to meet consumer needs, while at the same time guaranteeing the total safety of its products, Carrefour selects the best organic cosmetics and launched the first ever UHT (Ultra High Temperature) range to be sold in supermarkets and hypermarkets (see insert) - Carrefour & Pur’ - in 2010.

(1) Regulation (EC) No 1223/2009 of the European Parliament and European Council.



IN PRACTICE

CARREFOUR & PUR’: A COSMETIC REVOLUTION

Thanks to its unique UHT (Ultra High Temperature) sterilisation process, the affordable Carrefour & Pur’ range offers a real alternative to the use of preservatives, and particularly parabens, in cosmetics. The adaptation of this technique, used solely by the food industry until now, represents a revolution in cosmetic production techniques.

The products’ formulations have been developed with the aim of using as few ingredients as possible. The range is Ecocert-certified organic and 99.9% of the ingredients are of natural origin. Carrefour offers 14 products in this range, developed under strict pharmaceutical control and destined to suit all skin types, even the most sensitive ones. The products contain no preservative, no perfume, no alcohol and no dye.

This initiative has gained widespread recognition and is regularly awarded. In the “2011-2012 Best Cosmetics Guide”, seven Carrefour & Pur’ products are listed as among the three best products in their category.

THE CARREFOUR QUALITY LINES, THE EMBODIMENT OF CARREFOUR'S SUSTAINABLE DEVELOPMENT APPROACH

Launched in 1992, the Carrefour Quality Lines offer a range of fresh food products sourced from local suppliers.

Since they were launched, the Carrefour Quality Lines have aimed to meet consumer demand for food safety, freshness, taste and authenticity. Work is carried out upstream with suppliers, who are rewarded for their quality efforts. The Carrefour Quality Lines contribute to regional economic and social development, while guaranteeing the control of environmental impacts.

Representing an excellent example of the Group's Sustainable Development approach, the Carrefour Quality Lines uphold the banner's values and honour the sustainability commitments made to its customers and partners.

In 2010, Carrefour launched its new "Rouge des Prés" line of regional beef products on the occasion of the "Salon International de l'Agriculture", the annual agricultural show held in Paris. 90% of the cattle from which this beef originates is sourced in the Pays de la Loire region. By signing agreements with 64 producers in the region, Carrefour is reaffirming its commitment to forge sustainable and local partnerships with the farming industry. Marketed since June 2010 in five supermarkets in the Pays de la Loire, the "Rouge des Prés" product line will gradually be extended to other Carrefour sales outlets in the region. This is a groundbreaking development as French Carrefour Quality Line products were previously only available in hypermarkets. In 2010, the Group had 395 Carrefour Quality Lines in 14 countries. Carrefour Quality Line products now represent around 9% of the Group's global sales of fresh products.

Main characteristics of the Carrefour Quality Lines:

Social and economic:

- a strong and long-term partnership with suppliers, breeders, producers and processors;
- a fair price for everyone: "the best value for money" for customers and a fair reward for the quality initiatives implemented by our suppliers;
- promotion of traditional know-how and regional products;
- a national or even regional approach;
- contribution to the economic and social development of local communities.

Environmental:

- an integrated farming approach, including responsible water use and the promotion of integrated pest control (such as the use of ladybirds to eliminate aphids from plants instead of pesticides);

- farming conditions that respect animal welfare (animal-stocking densities, slaughtering conditions, etc.);
- the absence of all chemical treatments after harvesting, and no GMOs in animal feed for a wide range of animals or in the production of plants;
- a ban on the use of soil-free farming, antibiotic growth promoters (AGPs), chemical soil treatments and sludge from water treatment plants.

Results:

- 95% of suppliers working with us since 1992 still work with us today.
- A good relationship between Carrefour and the agricultural community, with strong support for the Carrefour Quality Line approach.



IN PRACTICE

**CARREFOUR QUALITY LINE LAMB:
AN EXAMPLE OF SUSTAINABLE PARTNERSHIP**

For 19 years, Carrefour has been offering its customers Carrefour Quality Line products in partnership with 27,311 producers and breeders who share the Group’s commitment to quality in four key areas (meat, fruit and vegetables, cheese and sea products) to guarantee:

- certified origin;*
- taste and authenticity;*
- continuous quality;*
- respect for the environment;*
- a sustainable partnership with suppliers.*

To illustrate this approach, let us take the example of Carrefour Quality Line lamb in France. The quantity of lamb available on the market does not always meet customer demand. That is the reason why Carrefour has signed contracts with 2,800 breeders to ensure regular and sufficient deliveries. In 2011, the banner will be supplied with almost 120,000 lambs under the Carrefour Quality Line initiative. This represents 35% of Carrefour’s total lamb sales in France.

Signing a contract with Carrefour also provides breeders with a number of advantages. The Group agrees to buy a specific volume of meat, agreed in advance, over a period of three years. Based on this partnership, Carrefour allows breeders to gain a long-term perspective on their business.

In practical terms, the contracts provide a monthly breakdown of orders to allow breeders to rationalise their production. The calendar helps to meet consumer demand more effectively, enabling some breeders to “de-seasonalise” their ewes so that their lambs arrive at the beginning of the year, when demand is often very high, rather than over Easter.

Lastly, the contract provides a transparent pricing mechanism based on market prices supplemented by a surplus value to reward farmers for their quality efforts. The Carrefour Quality Line approach ensures that lambs are born and reared on their birth farm and benefit from a minimum 60-day suckling period and 100% vegetable-based feed.

In addition, breeders are asked to comply with a very strict set of specifications. From 2008 onwards, these specifications were shared with the World Farm Animal Protection Association (PMAF), Carrefour’s partner in improving animal welfare under the Carrefour Quality Line initiative (see insert Perspective on page 52).

IMPROVING ANIMAL WELFARE

Carrefour's commitment goes beyond complying with European and local animal welfare regulations and listening to customer demands. For example, Carrefour Quality Line products include specific criteria pertaining to animal living conditions, equipment

that improves comfort at all stages of the rearing process, as well as transport and slaughtering conditions. The Group's international purchasing office has also banned all products made with natural fur⁽¹⁾ as well as animal testing for its cosmetic products.

(1) Except for animal fur derived from the butchery process.



PERSPECTIVE

CARREFOUR IS IMPROVING ANIMAL BREEDING AND SLAUGHTERING CONDITIONS

For many years, the Carrefour Group has been encouraging its suppliers to develop best breeding practices to guarantee the welfare of animals.

Although 80% of hens are raised in battery cages, Carrefour encourages alternative production methods, such as organic farming, free range and barn conditions, etc. The unpackaged eggs sold in Carrefour's traditional displays are almost exclusively sourced from these types of rearing conditions.

In terms of slaughtering, the regulations take into account special dispensations for animal stunning.

As part of its proactive policy, the Group decided to make animal stunning compulsory before slaughter for all Carrefour Quality Line meat products (beef, pork, veal and lamb) to reinforce its commitment to the protection of livestock.



TESTIMONY

CARREFOUR AND THE PMAF: A UNIQUE PARTNERSHIP IN FRANCE

"By accepting to talk with the World Farm Animal Protection Association (PMAF) from 2008 onwards, Carrefour underlined its determination to move forward on the issue of animal welfare. The Group attaches great importance to the animal welfare within the framework of the Carrefour Quality Lines. Its rearing facilities are properly equipped and adapted, the animal feed is carefully selected, and cows and sheep have access to pastureland. It also promotes best rearing practices to meet the needs of animals, and performs annual checks. Carrefour wishes to support the development of quality farming practices that anticipate society's expectations, of which animal welfare is an integral part. By helping breeders to take animal welfare into account more effectively, Carrefour can help them to promote their products and offer them new outlets and fair remuneration.

We also welcome Carrefour's transparent communication on the various production methods and the fact that they offer consumers an alternative to more intensive production methods. Carrefour is undoubtedly the leading banner in France in terms of animal welfare and we hope that its commitment will be followed by the rest of the retail industry."

Ghislain Zuccolo
Director of the World Farm Animal Protection Association (PMAF)



Nadège Claudel
Group Non-Food
Quality Director

TESTIMONY

QUALITY: A DAILY CONCERN FOR EVERYONE

“Quality, safety and Sustainable Development are a daily concern for everyone at Carrefour. That is why all Quality engineers are also responsible for overseeing Sustainable Development within their respective product categories. This commitment is put into practice during product selection.

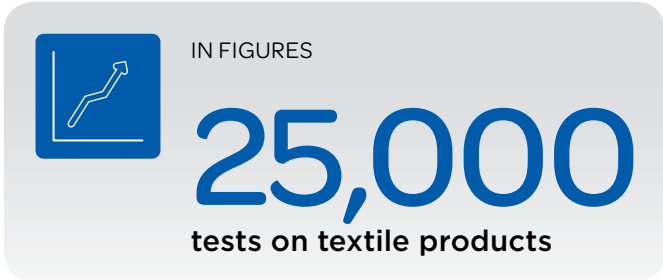
Naturally, we assess products according to safety, quality and performance criteria. We are also responsible for seeking out and promoting product ranges that constantly aim to be more environmentally-friendly and healthy for our consumers.

For this, the Quality team makes constant efforts to improve the traceability of the raw materials used in our products. We are therefore working hard to develop responsible supply chains. For example, one of our most recent projects was to create a range of jewellery made from traceable Guyanese gold. From a labour point of view, we also check that our suppliers’ manufacturing sites offer decent working conditions. Developing a more responsible product offering is a real challenge for the future, in which everyone plays a role in supporting innovation for the benefit of all.”

CLOTHING AND HOUSEHOLD LINEN: STRICTER SAFETY RULES

Carrefour applies the precautionary principle to ensure the safety of all of its own-brand clothing and household linen products. Tex and entry-level products comply with strict regulations on the use of substances such as toxic dyes, allergens, formaldehyde, chromium 6 and phthalates, which require specific monitoring.

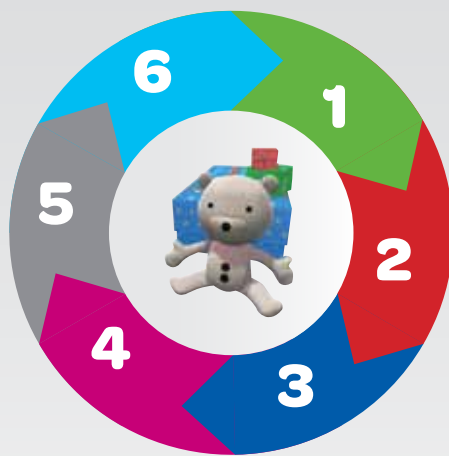
Special attention is also paid to the accessories of these products, such as zips and snaps, which come from manufacturers pre-approved by Carrefour to ensure that their resistance level is sufficient. This is especially important in clothing for young children. These small items are easy to detach and swallow so Carrefour needs to be even more vigilant and has taken the necessary precautionary measures to avoid any risk of suffocation.



TOY QUALITY CONTROL: A DETAILED LOOK AT THE CARREFOUR PROCESS

During the listing of toys at the end of 2010, all 89 production plants were audited⁽¹⁾. 436 specifications were drafted and 436 pre-production controls were carried out, along with 387 production controls and 4,509 pre-shipment inspections.

The drop in the number of controls and inspections compared with 2009 is due, in part, to the reduction in the number of production plants working for the Group (as part of a production rationalisation process) and also to the fact that audits are valid for two years.



- 1 Assessment of production sites with regard to European standards and fundamental requirements concerning the respect of human rights in the workplace.
- 2 Publication of technical specifications. This allows Carrefour to formalise its requirements and communicate them to the supplier.
- 3 Conducting a pre-production compliance test. Since 2001, Carrefour's products are tested in French laboratories registered with the European Commission.
- 4 Sampling test performed during production in accordance with the prototype.
- 5 Inspection of a final batch by an independent control body, which examines products to ensure that they comply with Carrefour's safety and quality standards.
- 6 Product control in stores. Once a product is put on the market, samples are taken from a store and sent to laboratories for tests as part of Carrefour's quality and safety requirements.

⁽¹⁾Audited according to the ICS (Social Clause Initiative) or the ICTI (International Council of Toy Industries) standards.

TOYS UNDER TIGHT SURVEILLANCE

A rigorous quality control programme was established to ensure the quality and safety of imported toys (see insert above). In particular, the Group checks for mechanical, electrical, fire and chemical risks (the presence of heavy metals and phthalates, for example). Taking this a step further, Carrefour applies its toy standards to all products handled by children (such as stationery and toys for pets).

In 2010, Carrefour implemented a plan to step up its controls in anticipation of the new European Directive 2009/48/EC on toy safety in July 2011. The Directive's new requirements include stricter internal production controls and manufacturers must take all necessary steps to ensure the production process results in a compliant product.



IN PRACTICE

FRANCE: MEASURES FOR PLANT CARE PRODUCTS

Today pesticide residue is everywhere: in our food, in the air, in water, in the soil... Many people are starting to see the effects and react to the consequences. It was therefore logical that Carrefour begin research into its plant care products for the garden. In 2008, the Group formed a partnership with WWF France and the MDRGF (Movement for the Rights and Respect of Future Generations), which provided technical support to assess an initial range of products available in Carrefour stores. Rapid progress has been made since March 2009, when Carrefour stopped listing under its brand herbicides containing glyphosate, a substance classified as toxic and dangerous for aquatic organisms over the long term. Several studies show the hazardous effects on surface water quality, the hormonal system and fertility.

The Group therefore gives priority to more environmentally-friendly formulations. 86% of the active substance in the new herbicide, the Carrefour Finalsan, for example, is an exact reproduction of a natural ingredient derived from geraniums. Since 2009, the teams have continued their efforts by ending the promotion of RoundUp® products in its catalogues (glyphosate-based products).

As part of its continuous progress approach, Carrefour is constantly changing its entire range of own-brand pesticides in partnership with the WWF. This results in a significant improvement in listed substances, which will have increasingly satisfactory environmental properties in the future. Carrefour will still offer the same range of products in its stores, but with a marked improvement in its product formulations, where technical solutions exist.



IN FIGURES

40,000

Quality inspections on imported non-food products, including 25,000 on textile products

Making a balanced diet affordable to the largest number of consumers

An increasing number of people suffer from obesity, illnesses linked to malnutrition and food intolerances. In light of these new public health challenges, Carrefour, as the world's second-largest retailer, has a responsibility to offer more adapted own-brand products, provide people with the opportunity to enjoy a balanced diet at affordable prices, and supply the best information to raise customer awareness.

Providing an offer enabling all budgets to have a balanced diet

Reformulating the recipes of own-brand products and developing dedicated ranges

Since 2004, Carrefour has reformulated the recipes of its own-brand products. Suppliers are contractually obliged to comply with nutritional requirements, such as reducing the quantity of salt, sugar and fat (especially trans fats) in their products.

The optimal balance between these reductions and maintaining taste quality has been achieved for most of the ranges. Like in France, Italy and Brazil, Carrefour also offers ranges especially dedicated to nutrition in other countries.

Offering ranges that meet children's specific nutritional needs

Child overweight has become a major public health challenge in many countries. In France, almost one in seven children is overweight. The Group has a major role to play in child nutrition. As part of its efforts to rise to this challenge, Carrefour signed an international agreement with Disney, and together, they developed Carrefour Kids, a balanced and fun range of food products specially adapted to children's needs. There are about a hundred products in the range, all designed to appeal to children and provide optimal nutritional quality within their respective product families. The

packaging is based on Disney themes, the recipes comply with strict nutritional requirements (adapted calorie intake and recipes containing a certain amount of fats, sugar, salt and no artificial sweeteners), and prices are affordable for everyone.

In 2010, Carrefour and Disney worked together to develop new products that meet children's specific nutritional needs, and that encourage them to discover new taste experiences as part of a varied and balanced diet. The Carrefour Kids range includes innovative products, including apple, strawberry and tomato drinks, minced carrot and ham and a "lunch box" containing a balanced meal including a sandwich, water, a drinking yoghurt and apple purée (only available at Carrefour Autoroutes).

Nutritional and energy values are also indicated on the front of packaging in the form of Recommended Daily Intake (RDI) information adapted to children aged 5 to 10.

Carrefour Baby, a new food line developed in conjunction with specialists in child nutrition, and specially adapted for children aged 0 to 3 years, was recently added to this range of products. Carrefour Baby is designed to meet babies' specific needs and to help their parents by offering them varied, adapted and quality products (see the insert In Practice on page 57).



IN PRACTICE

CARREFOUR BABY: A QUALITY RANGE DEVELOPED IN ASSOCIATION WITH A TEAM OF PAEDIATRICIANS

The baby food range specially designed for babies (0-1 year) and toddlers (1-3 years) included 52 listed products in 2010 marketed under the Carrefour Baby brand, 38 of which were sourced from organic farming. All products have a common quality denominator: a safe and simple recipe.

A Carrefour committee of paediatricians (three paediatricians and a dietician specialised in child nutrition), set up in 1998, examines the entire range in order to ensure the quality and safety of the products that are developed. It meets every two months to:

- *advise Carrefour on the development of its Carrefour Baby range (organoleptic and nutritional approval, and validation of ingredients);*
- *draft and sign the “product approval” sheet;*
- *provide expertise and interpretation on public opinion trends, as well as on the latest scientific and regulatory developments;*
- *provide advice and recommendations on the information displayed on packaging;*
- *suggest ways of improving the existing ranges and provide recommendations for the development of new product ranges.*

Offering ranges that meet specific needs and that everyone can afford

Between 2.1% and 3.8% of adults, and 8% of children, suffer from allergies or food intolerances (gluten, peanuts, eggs, lactose, etc.) and the figure seems to be rising. Carrefour has therefore developed specially-adapted ranges to meet the needs of people with allergies.

For those with gluten intolerance, and following the launch of the “Carrefour sin gluten” range in Spain in 2008, Carrefour France and Carrefour Italy developed a “No Gluten” range in 2010 in association with FACE, the Spanish Federation of Associations for Celiac Disease. In France, Carrefour’s gluten-free products carry the AFDIAG (French Gluten Intolerance Association) logo on their packaging so that customers can easily identify them.

These products also comply with regulations in effect in European countries. They will also comply with the more stringent FACE requirements, a benchmark throughout Europe.

For other major allergens like peanuts, the Group’s suppliers are required to institute preventive measures to reduce the risk of accidental allergen contamination on their production lines. In addition to these, and as a last measure, a decision is made as to whether to include a warning on the label regarding the possible presence of the allergen. As a result, only a limited number of Carrefour products need to include the mention “May contain traces of...” (as requested by groups representing allergy sufferers).



IN PRACTICE

A “NO GLUTEN” RANGE TO MEET THE HEALTH NEEDS OF CONSUMERS

In 2010, the “No Gluten” range appeared on Carrefour store shelves in France and Italy. Available in all Group hypermarkets in both countries, this range is targeted at all people with celiac disease, that is, anyone who is intolerant to gluten, a substance contained in the flours of certain cereals such as wheat and rye.

To make life simpler for sufferers, the products in this range, available in the same department, are easy to recognise thanks to the colour of their packaging (graduations of orange and yellow) and the wording “No Gluten”.

They also display the barred ear of wheat logo of the AFDIAG (French Gluten Intolerance Association), which has lent its support to the range.

At its launch, the range offered 16 listed food products in France and 13 in Italy, including croissants, madeleine cakes, different types of sandwich bread, pasta and cakes.

Carrefour asked people with celiac disease to test each of these products to ensure the range was tasty and corresponded to their desires. In France, for example, 192 sensory tests were performed in order to develop a range of tasty sweet and savoury products.

In partnership with the AFDIAG, Carrefour agreed to respect the maximum limit of 20 ppm (parts per million) of gluten in the range’s finished products. All gluten-free products are produced by Carrefour-accredited suppliers, based on strict specifications.

INFORMING AND RAISING AWARENESS

Clear and comparable information on product packaging

Since 2005 Carrefour has also been a pioneer in the development of easy-to-read nutritional information on its packaging. This has been done in conjunction with the consumer association CLCV (Confederation for Consumption, Housing and Lifestyle). To provide customers with the most useful nutritional information, in 2009 the Group decided to modify its information display and introduce the GDA (Guideline Daily Amounts) system on its own-brand packaging. Already used by many other brands, this provides customers with an easy tool to compare products.

Informing and raising customer and employee awareness

In all countries where it operates, the Carrefour group uses different tools and channels to promote a balanced diet and healthier lifestyle by:

- creating and running in-store events

For example, in 2005 Carrefour launched the “Nutrition Week” to raise customer awareness. This event is now held in all Group countries. In France, Carrefour stores also took part in the 21st annual “Taste Week”. Inspired by the theme of the 2010 edition (“Seasonal fruit: delicious!”), the stores organised several events, including product staging and tasting, cookery classes for children in nearby schools, etc.

- helping consumers prepare balanced meals at prices everyone can afford

In 2010, Carrefour Argentina continued its efforts as part of the Carrefour Nutritional and Affordable Menu initiative, launched in August 2009. Its website and all Carrefour stores offered a list of products with recipes that enable customers to put together balanced menus at low prices. The menus were designed to feed a family of four during two weeks.

.../...

For its part, Carrefour France offered a basket of five seasonal fresh fruit and vegetables from France at a reduced price between 17 May and 31 August 2010. For example, customers could buy Golden Delicious apples for €1 a kilo and salad tomatoes for €1.40 a kilo in all Carrefour hypermarkets and Carrefour *market* supermarkets. The range was renewed every week

to reflect the seasons. This initiative was aimed at encouraging families to eat healthily at affordable prices. Nowadays, only 10% of the French population eats five fruit and vegetables a day. Similarly, throughout 2010, Carrefour France offered its customers complete meal solutions at less than €1 per person, using only Carrefour Discount products.



Dr Jacques Fricker
 Doctor of Medicine
 and Science, Paris

TESTIMONY

“PROMOTING A HEALTHY DIET ADAPTED TO PEOPLE OF ALL AGES AND LIFESTYLES BY OFFERING AN AFFORDABLE CHOICE OF PRODUCTS TO SUIT EVERY POCKET”

“When the “Group Quality” Department suggested I coordinate the Carrefour Group’s expertise in terms of nutrition, I saw a great opportunity to improve the nutritional health of millions of consumers. This approach struck me as similar to the ones I had taken as a researcher and then as a doctor. The approaches are different, but they have the same objective: to optimise the health and well-being of individuals by giving them the opportunity to eat a healthy, simple and tasty diet. We needed to take into account advances in scientific research while reflecting the “real” lives of consumers, their tastes, habits and needs.

With the help of the “Nutrition Quality” team, this partnership took shape in 2010, based around several key issues: ensure the consistency of our goals and the positions of the “nutrition” teams in the Group’s different subsidiaries abroad; improve the Carrefour Kids product range; and provide more information to customers on the range of balanced menus and products available to them, for example by highlighting “quick snack” and “budget” menus in stores.

In 2011, the Carrefour Group’s nutrition projects should grow and their scope of action should expand. There is a real desire on the part of consumers for a healthy diet adapted to all ages and lifestyles, and Carrefour can provide this by offering an affordable choice of products to suit to every pocket. It is up to us, together, to show the consumer that it is possible to achieve this balance while enjoying tasty food. We need to rise to this challenge and we will do so by bringing together the production, distribution, communication and nutrition teams around the same goal.”

Longstanding support for supplier development

Carrefour gives priority to local sourcing by creating real partnerships with its own-brand suppliers. This provides suppliers with sustainable outlets, while the Group gains an opportunity to offer its customers the best value for money.

Providing a stable outlook for thousands of producers

Carrefour Quality Lines and brands are based on traditional know-how. By developing these ranges, Carrefour provides work to a growing number of SMEs and small producers. These longstanding partnerships offer sustainable outlets that help small businesses to develop. For example, the Reflets de France range involves 150 companies, with products generating sales of over €300 million.

Since 2009, hypermarkets and supermarkets in France have made a long-term contractual commitment (three-year contracts) to purchase volumes upstream of production, providing breeders with stable commercial outlets and agreements enabling them to manage their production with a certain peace of mind. This is proof that preconceived ideas can be wrong, and that mass retailing can be a source of growth for SMEs.

Carrefour gives priority to local supply sources for around 80% of its own-brand food products, ena-

bling SMEs and farmers to take part in the Group's expansion. This policy has led to the development of Carrefour Quality Line products and ranges dedicated to locally-produced goods in Europe (France and Spain, for example). In Italy, the "Terre d'Italia" range celebrated its 10th anniversary in 2010 and was expanded to include 54 new listed products.

Now consisting of over 300 listed products, the range promotes traditional Italian food products and the expertise of the local SMEs that produce them. Over 90% of the "Terre d'Italia" suppliers have fewer than 50 employees. Thanks to its close collaboration with 120 producers, Carrefour Italy brings nationally-produced traditional products within everyone's reach.

By giving priority to local producers and SMEs, the Group contributes to the development of the countries where it does business while cutting CO₂ emissions associated with the transport of imported products.



IN PRACTICE

DEVELOPING DIRECT PURCHASING FROM SMALL PRODUCERS

By purchasing directly from farmers and cutting out the middleman, we can pay producers more and offer them new outlets, while meeting customers' growing demand for fresh products at low prices. In response to these challenges, the Carrefour Group endeavours to buy directly from the producer wherever the conditions allow us to do so. At the end of 2007, Carrefour China thus launched a "Direct Purchase" scheme to offer its customers fresh produce purchased directly from local farmers. Since then, this method of sourcing supplies – totally new in China – has enabled the purchase of 150,000 tonnes of fruit, vegetables and dried fruit from more than 300 cooperatives representing 660,000 farmers. In cities such as Shanghai and Beijing, around 50% of volumes present in the fruit and vegetable departments of Carrefour stores is sourced via direct purchasing.

CREATING SUSTAINABLE PARTNERSHIPS

Carrefour supports its suppliers in their continuous progress approach through regular audits measuring their performance in terms of quality, safety, and environmental and social responsibility. The Group also facilitates the interchange of information and know-how between suppliers by organising forums and supplier clubs, for example.

PROMOTING THE EXCHANGE OF BEST PRACTICES

In most countries, Carrefour provides its suppliers with the tools they need for easy access to useful information, including dedicated websites. For example, in December 2010, Carrefour Brazil launched an Internet portal specifically on the Carrefour Quality Lines for customers but also current and potential suppliers. This portal provides information about the high standards applied in terms of Carrefour Quality Lines product traceability, safety and quality. A search engine also allows customers to obtain information such as the area of the country in which the producer is based, the date the animal was slaughtered (for meat products) and the name of the transport company, using a barcode number. Moreover, suppliers interested in taking part in the Carrefour Quality Line approach can fill out a form on the portal to obtain more information and signal their interest in forming a long-term partnership with Carrefour.

OFFERING SUPPLIERS A RANGE OF TRAINING OPPORTUNITIES

- As part of its commercial support for avocado producers in the Los Montes de María region of Colombia, Carrefour's Quality and Social Responsibility team in the country organised training on various themes including logistics, marketing, production and sustainability. The training provided the basis for an initial delivery on 5 June 2010. This consisted of 3,055 kilos of avocados grown by 250 families in difficulty in the cities of Carmen de Bolívar (in the department of Bolívar) and Ovejas (in the department of Sucre). This was the first time these producers had sold their produce in large stores.
- In India, Carrefour performs different actions to help farmers improve their practices as part of a more environmentally-friendly approach. A project organised in the village of Palla in 2009 is one very encouraging example. This village of around 8,000 people, half of whom work as farmers, is located just thirty

kilometres from New Delhi. The programme focuses on developing cooperative-based vegetable production, with the support of Indian organisations such as the IARI (Indian Agricultural Research Institute).

In 2010, Carrefour provided producers with training sessions, in association with its Indian partners in the field of research. The aim was to raise their awareness and to encourage them to improve their farming practices (the use of natural fertilisers, etc). The farmers' wives, who also took part in this initiative, were taught to sort and wrap products to optimise their quality.

Carrefour donated a 150 m² greenhouse to the village for the production of vegetables. This allowed them to start farming earlier in the winter and to protect plants over summer. Eventually, Carrefour would like these producers to become its privileged suppliers and to market their products in its Cash & Carry store, which opened on 30 December 2010 in New Delhi.

PROMOTING SUSTAINABLE PARTNERSHIPS WITH PRODUCERS

Carrefour reaffirmed its support for the French farming industry by taking part in the 2011 "Salon International de l'Agriculture", the annual agricultural show held in Paris. As in 2010, the show provided the Group with an opportunity to promote the Carrefour Quality Line (CQL) products on its stand, which this year included products from the Reflets de France and Carrefour Bio ranges.

The stand was also used to highlight its partnerships with over 21,000 French producers. Through contracts signed for the supply of veal and lamb, as well as beef products from the Limousin region, French hypermarkets and supermarkets make a long-term commitment to buy specific volumes of meat, providing breeders with sustainable outlets and allowing them to invest in production tools with greater peace of mind. Carrefour is the first French banner to sign these types of contracts with farmers.

Carrefour also used its presence at the show to promote its actions in favour of responsible and environmentally-friendly farming, as well as the quality of its products and the diversity of its ranges. The 150 producers present for the event provided tasting samples of their products at Carrefour's stand. A chef also gave cookery courses to visitors in the cooking area, while children expressed their artistic side on a "white cow" set up in the Organic area.

SUPPORTING FARMERS IN FRANCE

Carrefour’s stores offered a non-profit making basket of fresh fruit and vegetables grown in France during the summer of 2010. In this way, the Group aimed to support French fruit and vegetable producers and to encourage customers to eat a balanced diet at an affordable price.

In addition to this promotional initiative, Carrefour responded favourably to the French government’s appeal to players in the agrifood business by signing an agreement to reduce its margins on fruit and vegetables during difficult economic times. The new agreement ties in with the actions already performed by Carrefour in support of the farming sector.



Thierry Legault
Carrefour Quality Lines Director

TESTIMONY

CARREFOUR QUALITY LINES: A TRUE PARTNERSHIP WITH THE FARMING COMMUNITY

“Since 1992 in France and 1998 abroad, every Carrefour Quality Line resulted in a committed partnership to develop with all players a quality product from the field to the fork.

The Carrefour Quality Lines thus help to sustain and promote local businesses. In 2010, Carrefour launched its first regional line in France - “Rouge des Prés” in the Pays de Loire region. New lines were also launched in Romania, Taiwan and Brazil, among others.

Partnerships are based on a policy of fair remuneration to producers and rewards for efforts made in relation to quality. This does not necessarily give rise to additional costs as savings can be made by reducing inputs and energy consumption. “Open-ended” contracts are signed with suppliers and, in return, Carrefour commits to purchasing specific volumes, providing partners with sustainable outlets for their produce. We work closely with our agricultural partners by taking into account their needs and by helping them keep informed on regulatory developments, implement more environmentally-friendly practices, reduce their use of pesticides, and improve animal welfare. This partnership approach has enabled us to keep 95% of our suppliers since the launch of the Carrefour Quality Lines in 1992. The few suppliers who end their partnership with us do so for specific reasons, such as a change of business activity. The dynamism of the Carrefour Quality Lines is so strong that some suppliers have spontaneously created dedicated Carrefour Quality Line Clubs such as the Cheese Club and the Beef Club, which held its first meeting in September 2010.

They meet twice a year to put forward suggestions for improving the Carrefour Quality Line Clubs. This partnership approach explains why we have such a strong relationship with the farming community and why they, in turn, support the Carrefour Quality Line initiative.”

Supporting the Sustainable Development initiatives of suppliers

THE SUSTAINABLE DEVELOPMENT SELF-ASSESSMENT TOOL

In 2006, Carrefour developed a Sustainable Development self-assessment tool in France with the participation of ADEME and the WWF. The tool is accessible via the Internet and enables suppliers to assess their own Sustainable Development practices. They can also compare their results with the sector average and access documents containing advice. The tool guides suppliers in their approach and encourages them to take practical actions.

Suppliers can self-assess their practices based on 49 criteria focusing on four themes: corporate policy and management, social and environmental responsibility and economic performance. Auditors visit the sites of selected suppliers in order to validate the declared results, identify best practices, advise companies, and suggest improvements. It is now available in 15 languages and is used in all Group countries. All Carrefour own-brand product suppliers now have access to the tool.

In 2010, a module was added to help all food product suppliers of French stores grasp the basics of the Bilan Carbone® (carbon assessment), using a series of questions and indicators.

In the global development approach of its Carrefour Ecoplanet and Tex organic cotton brands, Carrefour has also set up a specific auditing programme to ensure that the products have a real environmental benefit and are made under environmentally-friendly conditions. In 2009, Carrefour started work on an environmental performance benchmark, and is in the process of selecting the providers of auditing services. The aim is to ensure that environmental standards are upheld by all production sites providing for the relative product ranges.

In 2010, the Carrefour Group decided to go a step further in its support for the Sustainable Development initiatives taken by its suppliers by committing itself to help the development of French organic farming (see the Perspective insert below).



IN FIGURES

Over **5,000**

suppliers of own-brand products now have access to Carrefour's Sustainable Development self-assessment tool.



PERSPECTIVE

CONCRETE ACTION TO PROMOTE SUSTAINABLE DEVELOPMENT: SUPPORT FOR FRENCH ORGANIC PRODUCERS

Today's consumers want local, quality products that better respect the environment. To meet this ever-growing demand, Carrefour has developed a range of responsible products over the last 20 years, including Carrefour Quality Lines, "GMO-free" labelled products and organic ranges.

One of the Group's aims is to work with local suppliers to increase its supplies of French organic produce. That is the reason why in 2010, Carrefour approached the French government with the idea of creating a €10 million fund to help farmers switch from conventional to organic farming.

THE SUSTAINABLE DEVELOPMENT AWARDS: REWARDING SUPPLIER EFFORTS

For the first time in 2009, Carrefour's most committed suppliers received awards for their Sustainable Development actions. The aim of these awards is to encourage and reward supplier practices.

The prize-winners of the Carrefour Sustainable Development Awards are chosen on the basis of marks achieved via the self-assessment tool. Results are validated through visits from consultants and judged by a panel comprising Carrefour management members and representatives from external organisations (including the WWF, ADEME and LSA).

After the success of the first edition, Carrefour was honoured to receive the patronage of the French Ministry for Ecology, Sustainable Development, Transport and Housing (MEDDTL) for the second round of awards.

In 2010, Carrefour divided the awards into activity sectors. A fourth award was added to the existing three categories: the "Progress" Award, presented to the supplier who has made the biggest advances in their commitment to Sustainable Development, all categories combined.

2010 award winners:

- "Market Products" Award: Médithau.
- "Consumer Goods" Award: Refresco France.
- "Non-Food Products" Award: Santens.
- "Progress" Award: Lucart Group.

"Market Products" Award: Médithau, Marseillan (Hérault)



Florent Tarbouriech

Chairman and CEO

"As a family business employing 45 people located in the Thau basin (Mediterranean), Médithau produces Bouzigues oysters and Spanish rope muscels for Carrefour Quality Lines. We created a dry port to minimise physical effort and we

are the first to introduce this innovation in an oyster-farming context. It also underlines our commitment to making the work of our employees easier.

Moreover, we have set up photovoltaic panels around the oyster beds to replicate tides, which do not exist in the Mediterranean sea. Thanks to this system, with the flick of a switch we can activate the engines that bring the oysters to the surface and back under the

water again at regular intervals. Benefiting from available solar energy is a real advantage for us."

"Consumer Goods" Award: Refresco France, Margès (Drôme)



Vincent Delozière

CEO

"We produce fruit juice and sparkling mineral water for sale under the Carrefour brand. As part of our Sustainable Development policy, we focus on:

- The eco-design of our plastic bottles. Since 2009, they are made of 50% recycled PET.

We have also reduced their weight.

- The shape of the bottles. The bottom of the bottles has been redesigned so they can fit into each other on the pallets: the cardboard dividers separating each layer of bottles, previously necessary to ensure the load's stability, has been removed. This represents a saving of 17% in equivalent CO₂ emissions (in grams) per bottle, and a reduction of 18% in terms of final non-recyclable waste volume.
- Effluent processing, by creating a bamboo plantation. The 450 bamboo plants planted over a surface area of 1,500m² allow us to process waste water, raising it to a quality equivalent to that of rainwater. The water can then be discharged directly into the natural environment."

"Non-Food Products" Award: Santens, Oudenaarde (Belgium)



Karel Vervaecke

Sales Director

"With a hundred years of expertise, Santens is a family business that produces towels, bath mats and towelling bathrobes made from organic cotton for Carrefour's Tex brand. Using a labelling system on raw materials, we can trace the

organic cotton along the supply and production chain. We have set up a sorting programme, with almost 22 detection and waste follow-up procedures. We sort incoming packaging, such as pallets and cardboard dividers, and systematically send them back to our suppliers for reuse. The waste produced by the production activities of our workshops is also reclaimed. For example, cotton offcuts are used to make mops or fabric for car seat covers."

“Progress” Award: Cartiera Lucchese (Lucart Group), Diecimo (Italie)



Sabrina Cosci
Quality and Environment Director

“Our production plant produces toilet paper, kitchen roll, napkins and handkerchiefs for the Carrefour and Carrefour ECOplanet ranges. Here are a few examples of our Sustainable Development initiatives:

- We cut CO₂ emissions by more than 11,000 tonnes between 2006 and 2009. To reach this goal, we concentrated our efforts on logistics by giving priority to multi-mode transport systems. For example, 10% of our deliveries are made by rail.
- We have installed heat absorbers and energy efficient engines, enabling us to reduce our energy consumption by 12%.

- Our business is also committed to responsible purchasing. To manufacture our products, we use either recycled waste paper or pure cellulose paper. 90% of the cellulose we use is PEFC or FSC-certified to ensure the sustainable management of forests. The Lucart Group was the first paper producer in the world to be awarded the European eco-label.”

Helping suppliers comply with regulatory requirements

The quality of Carrefour’s products partly depends on anticipating, exchanging and sharing technical and regulatory information. That is why Carrefour’s Quality teams help suppliers understand and apply the latest European directives.

REACH: BETTER QUALITY INFORMATION FOR BETTER ADAPTED PRODUCTS

REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances), the European Community regulation on chemicals and their safe use, took effect in 2007. This regulation introduced new requirements for businesses regarding the use of such substances. Carrefour is directly affected as a retailer, and so set up a dedicated organisational structure and tools to identify the substances contained in its products and packaging.

In 2010, the key issue was the capacity of retailers to answer consumers’ questions on potentially harmful substances contained in its products. In fact, all suppliers of products containing potentially very harmful substances at a concentration above 0.1% must reply within 45 days to all consumer enquiries regarding the composition of the product in question. Traceability, a relatively short period for replies to customer queries, and the need for training due to the technicality of REACH are just some of the challenges that players in the supply chain need to take up over the coming years. A report published by the EEB (European Environmental Bureau) at the end of 2010 revealed that consumers have a fundamental right to information and that progress still needs to be made in this

field. For professionals, the processing of consumer complaints has two main goals: achieving customer satisfaction and highlighting issues as a basis for an informed analysis of the product’s future development. It is therefore a major lever for progress along the entire production chain.

That is the reason why Carrefour has set up a customer complaints procedure dedicated to consumer queries on the REACH regulations. In direct partnership with suppliers, these measures should enable the Group to respond to queries and to continuously improve its assortments and supply policy. Improvements to this system depend heavily on the involvement of consumers and all players in the production chain.

ERP: GREATER SOCIO-PROFESSIONAL COLLABORATION

For several years, Carrefour’s Quality teams have been organising training programmes for a large number of suppliers in Asia and Europe in order to prepare them for regulatory changes in fields such as the eco-design of low energy products.

Since 2010, the teams have taken this approach a step further by playing a greater role in the European Commission’s working groups responsible for developing eco-design parameters for products targeted by these new regulations.

The Group’s primary role is to share its expertise as a retailer and, along with its industrial partners, foster the marketing of more innovative and environmentally-friendly products.

Stores that foster local economic development and involvement in the local community

From hypermarkets and supermarkets to convenience stores: all Carrefour stores rejuvenate city centres and rural areas. They also contribute to local economic development through the creation of businesses (franchises) and local jobs. The challenge today is to ensure that the stores are integrated into the surrounding environment as best as possible and to minimise their ecological footprint.

Creating social ties and employment

To meet all the needs of its customers, the Carrefour banner has developed different store concepts and formats: hypermarkets, supermarkets and convenience stores. With over 5,000 convenience stores worldwide, the Carrefour Group is now a major contributor to the development of this type of format that is increasingly popular among consumers. Be it in Brazil, Greece, Poland, Taiwan, Spain or France, Carrefour has modernised the store concept and strengthened it with the force of its brand. Beneficial for Carrefour’s growth, this approach has also been good for the socio-economic development of the areas in which it operates. It creates social ties and rejuvenates city centres and rural areas. For rural districts, which are progressively losing their local stores, Carrefour offers a wide choice of com-

mercial services and activities under its convenience banners. In France, for example, it now offers post office services in areas where the official post offices have been closed down. Through a partnership agreement with La Poste, 67 Carrefour stores now offer such services. They enable customers to carry out everyday transactions (dropping off and fetching post, buying stamps and ready-stamped envelopes and withdrawing money from post office accounts). They are open all day, from 8 am to 8 pm. Hypermarkets and supermarkets are also a centre for social life and are often major employers in disadvantaged suburban areas: 90% of the people working in stores live close-by and come from the catchment area.



Fostering local economic development through business creation

The Group makes it easier for employees to access the franchise system thanks to a system of gateways. Innovative programmes have also been introduced to give talent a chance. Future franchisees are thus offered the opportunity to manage their own convenience store under the Carrefour banner by leasing the business from Carrefour for a period of two to three years. By the end of this period, they should have enough money to buy the store as a fully-fledged franchisee.

Today, 450 stores under Carrefour's convenience banners are run under the leasing-management scheme.

Furthermore, since 2004 a special training programme - the "Assistant Development" programme - has been made available to the best store assistants working in a convenience store for at least a year. This 20-day training course is undertaken over a two-year period during which assistant managers alternate between theoretical training and practical experience. This allows managers to take on their own franchise via the leasing-management system over the long term. Since its creation, 295 people have taken the training course. Managers in the countries in which Carrefour operates are also regularly trained as part of the expansion of the franchise network.

Environmentally-friendly sales areas

Sustainable Development has become an essential factor in all construction projects. Aware of its environmental responsibilities, Carrefour Property, the entity that manages and develops the Carrefour Group's real estate assets, has created a policy centred on eco-friendly construction. Every project - including the renovation, extension and creation of sales areas - is now designed by Carrefour Property's teams with the intention of minimising its environmental footprint based on architectural, technical and energy solutions.

CONTROLLING WATER AND ENERGY CONSUMPTION

Carrefour Property and Carrefour make joint efforts to achieve the Group's energy efficiency target (+30%/m² of sales surface area in 2020 vs. 2004). That is why Carrefour is dedicated to deploying efficient solutions inside its buildings, including centralised technical management, the optimisation of refrigeration plants, the use of low energy light bulbs, etc. As regards the exteriors of its buildings, Carrefour Property focuses on the following solutions: optimising the use of natural daylight; natural ventilation in car parks; thermal insulation; and the intelligent choice of materials that guarantee greater building inertia.

Other techniques are also used to limit the use of air-conditioning systems by implementing plant-covered roofs (like the one at Saint-Quentin-en-Yvelines and the one currently being installed at Chambourcy), and natural heat insulators which also help integrate the building more smoothly into its environment.

Lastly, the use of renewable energies has been integrated into the design of some buildings. For example, 1,000m² of photovoltaic panels have been installed

on the roof of the Nîmes store. At the Saint-Égrève hypermarket, near Lyon, thermal solar panels are used to produce hot water for restroom sinks used by employees.

In terms of water savings, a range of techniques is used, such as the capture and filtering of rainwater for washing floors or for use in staff bathrooms. These examples are taken from our hypermarkets and supermarkets in Nevers and Chambourcy.

GIVING PRIORITY TO SUSTAINABLE MATERIALS

Carrefour Property prioritises the use of environmentally-friendly materials for production, transport and recycling.

Wood, brick and solvent-free paints are all chosen according to eco-responsible criteria and stores favour the use of natural, inert materials for the benefit of the environment and the user.

INTEGRATING SITES INTO THE URBAN ENVIRONMENT

Carrefour Property's buildings have a harmonious design that helps integration into the surrounding environment. Carrefour has also developed a Landscaping Charter that includes a number of Sustainable Development approaches. For example, the Charter requires the use of vegetation adapted to the local climate, with low maintenance needs in order to guarantee longevity. Special attention is paid to the areas bordering the site and the impact on the surrounding area. In terms of mobility, all modes of transport are integrated, including public transport and soft transport links connected to their environment (pedestrians, bicycles and their dedicated areas).

CERTIFICATION STUDIES

For each new project, Carrefour Property develops an adapted environmental programme and studies the certification potential of its buildings, including HEQ (High Environmental Quality) and BREEAM (Building Research Establishment Environmental Assessment Method) certification.

LEASES INCLUDING GREEN CLAUSES

Carrefour Property has integrated sustainability considerations into its leasing activity by including environmental clauses in its leases and its store-fitting specifications. The aim is to incite leased stores in shopping centres to adopt environmentally-friendly practices like the use of energy-efficient equipment and sorting the waste generated by their activities. Since the beginning of this initiative in April 2010, 60 “green leases” have been signed, representing around half of all annual leases.



IN PRACTICE

RENOVATION OF THE CHAMBOURCY SITE

Created in 1973 in Chambourcy in the Yvelines region, the shopping centre, which consists of a shopping arcade and a Carrefour hypermarket, was recently renovated and extended to include an additional 2,000m² of hypermarket surface, 6,500m² of shops and 650 parking spaces. From the very beginning of the project, Carrefour Property sought to design an eco-friendly construction integrated into its environment, including:

- *a building process that complies with the “Green Construction Site” Charter, thereby limiting the pollution of the surrounding area;*
- *an architectural design integrated into the landscape with a curved plant roof, wooden façades, natural lighting, a visible wooden structure, and 450 trees in planted areas lining the path taken by customers to reach the store;*
- *an eco-design approach that takes into account the position of the building (optimised natural lighting, sun shades on south-facing windows to reduce heat, plant-lined acoustic walls, natural ventilation in parking areas, a rainwater harvesting system for use in shopping arcade bathrooms);*
- *gray energy efficient materials, such as a framework and façades made out of PEFC or FSC-certified wood;*
- *materials containing little or no solvents (paints, etc.), to enhance the air quality inside the building;*
- *more effective heat insulation using a plant roof which also captures rainwater and CO₂ emissions.*

This eco-friendly construction approach has been extended to tenants in the shopping arcade through the use of “green leases”, which include environmental clauses based around a set of store-fitting specifications.

L'Escapade shopping centre: dual "green" certification

Carrefour Property aims to achieve HEQ (High Environmental Quality) certification and a "good" standard of BREEAM (Building Research Establishment Environmental Assessment Method) certification for its shopping centre project in the western part of the Troyes urban area. The location of the centre was carefully studied to ensure the best accessibility for pedestrians and vehicles. Detailed plans were also drawn up to ensure the centre was integrated into its surroundings using a landscaped screen to shield the view over the bypass.

The centre's environmental strong points mainly include compliance with the "Green Construction Site" Charter at each stage: the use of natural lighting in the shopping arcade to minimise energy consumption; harvested rainwater for toilets and cleaning activities; a special eco-friendly paint for the floor markings; a filtering system for rainwater captured from the roof and terraces that allows groundwater replenishment; and finally façade materials specially selected to optimise insulation.

An environmental management system was implemented in conjunction with store occupants (green lease). Waste management and sorting were also optimised.

Carrefour market in Mondonville: the first supermarket in France with a High Environmental Quality (HEQ) certificate

In 2010, Carrefour Property opened the first supermarket in France with a High Environmental Quality (HEQ) certificate, close to Toulouse (Haute-Garonne). This innovative project is the result of successful joint efforts between the local authority, Carrefour Property, Carrefour market and the franchisee. Together, they developed an effective and coordinated town planning policy. As a result, this Carrefour market, located in the town centre, meets the needs of a rapidly growing local population, while integrating perfectly into its environment.

The "Green Construction Site" Charter was respected at each stage of the project. Regional materials (brick and tiles) were used to integrate the centre into the landscape more effectively.

Several green spaces were created in harmony with local Mediterranean vegetation. The courtyard is surrounded by wood to reduce noise pollution.

The store's main environmental innovations focus mainly on energy management. From lighting to heat recovery, everything has been designed to adjust energy consumption and favour natural lighting. Heat recovered from the cold production process, for example, provides enough heat for the entire store (1,800m²) and is entirely fossil-free (gas). The electricity saved every year is equivalent to that used by 20 households.

Waste management, olfactory comfort and the sanitary quality of these dedicated areas were also taken into consideration.

The Carrefour market in Mondonville also gives a boost to regional employment, with 85% of staff recruited locally.

Dia Spain launches its second eco-sustainable model store

In March 2010, Dia Spain launched its second eco-sustainable model store. Based on the first model developed in 2008, this second-generation store boasts a high-performance energy saving system.

New techniques that are used include an optimised lighting system, more efficient refrigeration units, and doors for the fresh produce department. It is also the first supermarket in Spain to use R134A, a more effective and environmentally-friendly refrigerant gas in its refrigeration units.

The progressive deployment of the first model in Dia stores generated a cut in energy consumption of around 25% (cutting CO₂ emissions by 20 tonnes per store).

The new model achieves an additional 20% reduction in comparison with the savings already made, reducing CO₂ emissions by another 15 tonnes per store per year.

4 *Social and community actions*



- *A committed employer for motivated employees* 71
- *Building a professional future with Carrefour* 76
- *Promoting employee well-being* 80
- *Solidarity with local communities* 88
- *Respect for human rights in the supply chain* 92

A committed employer for motivated employees

The Carrefour group is convinced that happy and committed employees make happy customers. In view of the Group's current transformation, Carrefour is strengthening its commitments and initiatives in support of its teams to help them grow, feel good and perform well at work.

In July 2010, Jean-Christophe Deslarzes was appointed Group Director of Human Resources and Organisation. During the fourth quarter, he introduced his Human Resources strategy for the Group. On this occasion, he clearly declared his wish to promote employee development, performance and satisfaction. One strategic priority is to develop the skills needed for the changes that take place under the Carrefour Transformation Plan while addressing employees' needs. Short-term,

mid-term and long-term action plans were established, which take into account fundamental Human Resources principles and implement some of the most innovative practices. They were also shared with the Human Resources departments in all countries where the Group operates. These action plans support a powerful ambition: to be the preferred employer wherever the Group operates.

Being the preferred employer

Carrefour intends training and motivating the women and men on its teams so they can give the best of themselves. At the end of 2009, the Group defined the "Carrefour Way", based on three values that unite its teams and give meaning to their day-to-day actions: "Committed, Caring and Positive". In 2010, 260,000 employees, managers and senior executives within the Group were trained in these three values:

- **"Committed"**: be part of a motivating, responsible company that is loved by its customers.
- **"Caring"**: feel at ease at work, conveying enthusiasm and a sense of well-being to customers.
- **"Positive"**: build a future at Carrefour; employees should advance and grow throughout their career.

The training sessions, which focus on dialogue and feedback, enabled employees to express their views about these values, discuss challenges linked to their application and work together to identify solutions.

At the same time, during 2010 the Group developed the "Model for Carrefour's Women and Men". It is intended to:

- improve results through better individual and collective performance;
- bring the Group's values to life;
- bring the entire organisation into line with a shared operating method.

The "Model for Carrefour's Women and Men" was built on the Group's convictions and values. It reflects the strengths that have led to its current success, and includes those it must develop as it prepares to face the future. The Model is based on two components:

- **Carrefour's five leadership principles**, which describe how the Group intends to function as a company to bring its convictions and values to life.
- **Carrefour's six key skills**, which describe how every employee must act every day to please customers and consumers.

With contributions from the greatest number of people, the Model is adapted to every business, geographic region and format in which the Group operates.

It was tested on everyone in the Group (employees, managers, directors and senior directors) within hypermarkets in France, Spain and Brazil before being approved by the Executive Board. The "Model for Carrefour's Women and Men" applies to all Carrefour's staff, from the Executive Board to the employees. It will be communicated and distributed in every country during 2011.



A responsible, committed and motivating company

Working in a committed company which incorporates sustainability, social responsibility and ethics into its business practices is a major source of motivation.

RESPONSIBILITY

Choosing to work for Carrefour means choosing a responsible company that incorporates its sustainability policy into all of its business lines. The Group creates value which benefits all its stakeholders, including employees, customers, suppliers and shareholders, along with its host countries and communities. Carrefour is committed to complying with ethics inspired by broad universal principles and key documents established by international intergovernmental organisations.

Carrefour joined the United Nations Global Compact in 2001 and applies its ten principles concerning human rights, labour standards, environmental protection and the fight against corruption. The Group also oversees the application of the fundamental principles set forth in the ILO (International Labour Organisation) conventions in all countries where it operates. To comply with the international agreement it signed in 2001 with Union Network International (UNI), Carrefour has asked its own-brand product suppliers to apply these principles as well.

SOCIAL RESPONSIBILITY

Choosing to work for Carrefour also means choosing to work for a socially responsible company. Sup-

ported by the daily or periodic involvement of Group employees, the Carrefour Foundation operates in three areas: solidarity, social inclusion and food. Since it was created in 2000, the Foundation has supported more than 220 projects in 40 countries (see page 88).

In France, a dedicated entity, “Carrefour Solidarité”, was established by hypermarkets and supermarkets to coordinate their actions. These banners also support their employees during difficult times in their lives. The “Carrefour Solidarité” fund provides assistance to employees facing temporary or exceptional challenges.

ETHICS

Choosing to work for Carrefour also means choosing to work for a company that respects ethical principles. In 2004, the Group adopted a Code of Business Conduct distributed to all employees worldwide (33 countries). In 2009, it was reformulated to be consistent with the Group’s Values, as part of the Management’s new ambitions. A support system was established in 2010 to ensure the correct distribution of the Code among the teams.

The Code has 10 fundamental principles and establishes the framework in which Carrefour employees must conduct their activities, with priority given to respect for ethics and the law. In 2010, a Group Ethics Committee and Country Ethics Committees were formed to ensure compliance with these principles in all countries where Carrefour operates its

.../...

retail business. The Group Ethics Committee acts as a governing body for applying these principles at Group level, in conformity with a specific operations Charter. It met three times during 2010. During one of these meetings, the Country Ethics Committee Charter was validated and conditions for the distribution of the Code of Business Conduct were studied. The roll-out of this Code, which

began in 2010, will continue in 2011, supported by an e-learning programme covering the Code's principles for all 45,000 Group managers (see page 24). Carrefour also sought to increase respect for human rights and ethics throughout its supply chain by drafting the new Social and Ethical Charter which will be distributed to all suppliers of controlled products during 2011.

A company committed to diversity

A POWERFUL COMMITMENT: PROVIDING OPPORTUNITY FOR ALL

With over 120 different professions, the Group offers job, training and career opportunities for all segments of the population, including young people, seniors, men, women, graduates, non-graduates, people with disabilities, etc.

There is an opportunity for every talent. The Group relies on this conviction in implementing its Human Resources management policy. It was formalised in 2004 by the signing of the Corporate Diversity Charter. Since then, Carrefour has been actively involved and applies the Charter's recommendations on a daily basis. Hypermarkets in France signed a corporate agreement on diversity and social cohesion. Agreements on the recruitment and retention of employees with disabilities had already existed in hypermarkets since 1999, and have done in supermarkets for several years. In 2010, an agreement at the supermarket level was renewed for a three-year period (2011-2013) with all labour organisations.

In 2009, the Group's French corporate entities signed agreements or drew up action plans to address employment of seniors. A Seniors programme, which was initiated in October 2010 at the hypermarket level, provides information sessions and training on retirement issues, including provisions, retirement rights, assistance with preparing administrative applications - all services generally offered by the main social security administrations.

In 2010, along with the "Nos quartiers ont du talent" association, Carrefour France agreed to sponsor young students (with four to five years of higher education) from disadvantaged neighbourhoods, supporting them in their search for a job. This diversity policy aims to prevent all forms of discrimination and intolerance during the recruitment process and throughout an employee's working career.

CONCRETE ACTIONS: DIVERSITY, A REALITY WITHIN THE COMPANY

Diversity at Carrefour has been a daily undertaking for many years. The Group's teams are made of men and women of every age, and from a wide range of backgrounds. The diversity at head office and in stores reflects Carrefour's proactive approach to fighting all forms of discrimination. More than 100 nationalities are represented in French stores. Opportunities are available to employees from all backgrounds in every country where the Group operates. The policy also promotes access to employment for those who have difficulty finding work.

Promoting youth employment

The wide range of jobs at Carrefour provide many opportunities for young people, for those with and without a diploma. Each year, for example, Carrefour hosts a number of young people through work/study contracts.

In France, the hypermarkets' "Carrefour School" provides practical and theoretical in-store training on working as a section employee or a check-out operator. Nearly 50% are recruited at the end of their training, helping them get a foot on the ladder to stable employment. During 2010, hypermarkets and supermarkets in France recruited more than 2,500 young people through work/study contracts. Despite the challenges arising from the economic crisis, they continued their efforts to recruit and train young people who lack formal qualifications, which have been deployed for the past several years. In addition, with the signing of the "Espoir Banlieues" Plan in 2008 - an initiative of the French government - Carrefour worked to recruit young people from disadvantaged areas. At the end of 2010, more than 7,800 were recruited, including 6,000 under permanent and long-term temporary contracts, greatly exceeding its initial objective of 3,000. The policy led to

.../...

Carrefour's recognition as a company "open to youth" by the 2010 Palmarès Employeurs presented by RégionsJob-L'Express-ANDRH.

The effort to promote youth employment extends to many countries where Carrefour operates. For example, the "Young Apprentice" programme in Brazil allows nearly 1,200 young people each year to be trained in the retail profession, while taking courses on administration and customer service for nine hours a week.

Following the example of Brazil, Carrefour Argentina launched the "Young people have a future" programme in partnership with the Ministry for Work, Employment and Social Security. The programme aims to provide three months of practical training to 100 unemployed young people, aged 18-24, providing them the skills and know-how needed for greater employment opportunities. These young people are paid by the Ministry and by Carrefour, which is also responsible for bearing insurance and health care costs. During 2010, 34 stores took part in this initiative, and 39,000 hours of theoretical and practical training were provided.

In China, the "Shanghai Young Bakers" project enables youth from disadvantaged backgrounds to receive professional training in the baking industry. Developed with the support of the Carrefour Foundation and the Lesaffre Group (the global leader in baking yeast), the programme improves their outlook for the future along with their employment prospects, offering the possibility of a higher education diploma recognised by the Chinese government. In 2009, a first group of 16 students took part in the training. There were 25 others in 2010, 21 of whom earned their diploma in July. A third group has been in training since September 2010.

More than 10 years of helping people with disabilities enter the workforce.

In 1999, the first "Mission Handicap" agreement was signed by the hypermarkets. More than 10 years later, Carrefour banners in France, Poland, Greece, Turkey, Spain, Italy, Brazil, Colombia, Malaysia and many other countries now take part in programmes to help those with disabilities enter and remain in the workforce.

More than 7,000 people with disabilities were working for Carrefour in Europe at the end of 2010. With nearly 3,400 employees with disabilities, as of the end of 2010, Carrefour Hypermarkets is the number one private employer of the disabled in France.

In April 2010, the logistics company LCM (Logidis Comptoirs Modernes), which manages 33 of the

Group's warehouses in France, signed an initial corporate agreement to help people with disabilities enter its team and remain part of its workforce. LCM set a goal of increasing employment of people with disabilities by 50% as of 2012.

For its part, Carrefour Supermarkets has taken its commitment even further, through their "Mission Handicap" agreement signed in December 2010, covering the period from 2011-2013. It established a new partnership with Agefiph (Association de Gestion du Fonds pour l'Insertion des Personnes Handicapées - association for the funding of the insertion of the disabled) and has maintained the position of "Mission Handicap benchmark" within the stores. It is also committed to recruiting at least 150 people with disabilities by the end of 2013. Thanks to these efforts, Carrefour Supermarkets will improve employment opportunities for the disabled. From 2007 to 2009, their employment rate at Carrefour has already risen from 2.9% to 4.1%.

In Spain, the Group worked through Fundación Solidaridad Carrefour to support the integration of the disabled into the company. The Foundation was recognised in 2010 for its support for autistic people in Malaga. In addition, during 2010, Carrefour Spain signed an agreement to cooperate with administrations and organisations to establish theoretical and practical training programmes in retail professions (check-out, store sections, etc.) for women who are victims of violence, the disabled and victims of social exclusion. Practical training takes place at Carrefour sites, with a tutor (manager or experienced employee) who trains the participants in his or her profession.

In Malaysia, 42 people with disabilities are currently employed by the Group. Carrefour Malaysia has set an ambitious goal: to employ 150 people with disabilities by 2012, totalling 3% of its workforce.

Promoting access to employment for those who have difficulty finding work.

In 2009, the Carrefour group and Pôle Emploi (France's national employment agency) signed a national framework agreement to develop joint initiatives which promote the hiring of job seekers, especially those who have difficulty finding work. The partnership, finalised in 2009 between Hypermarkets France and 213 local Pôle Emploi Missions (out of 269 working with companies) enabled 336 young people pre-selected by local Missions to join the Group in 2010. For many years, Carrefour Spain has been working with the Integra Foundation to help young adults facing social exclusion enter



the workforce, generally after they have abandoned their professional training. Within the scope of this partnership, the young people are directly hired to work in the banner's stores. The initial experience in Madrid led to the signing of a national agreement with the Foundation's Chairman.

partnership with the Turkish Association for the Physically Disabled, the Ministry of Education and the Ataşehir school for children with disabilities in Istanbul, it launched a project to promote the hiring of the hearing-impaired. First, partner institutions provided sign language instruction to Carrefour's Human Resource teams and store managers. Then, hearing-impaired employees were trained to work as check-out operators.

CARREFOUR TAKES ACTION IN EVERY COUNTRY WHERE THE GROUP OPERATES

Carrefour Turkey takes part in a programme to help the disabled enter the workforce, for example. In



IN FIGURES

9,714

employees with disabilities within the Group as of the end of 2010



IN PRACTICE

CARREFOUR POLAND HELPS THE HEARING-IMPAIRED ENTER THE WORKFORCE

In Poland, a partnership was launched in 2006 with an Institute for the hearing-impaired in the Warsaw region. Eight young people, aged 16 to 17, were hired to take part in a three-year training programme in the bakery department at the Targówek Carrefour hypermarket in Warsaw. The partnership was expanded nationally at the end of 2009. In addition, in 2010, Carrefour Poland established a training programme for hearing-impaired employees, mainly covering customer service and the detection of counterfeit notes. 160 hearing-impaired employees have already received training.

CARREFOUR SPAIN WORKS WITH THE ONCE FOUNDATION TO PROMOTE HIRING OF THE DISABLED

In cooperation with the ONCE Foundation, which works toward the integration of the disabled, Carrefour Spain conducted a study to determine the abilities of candidates proposed by ONCE to work in a hypermarket, based on the different types of disabilities. Its objective was to classify workstations based on disabilities, seeking better suitability between individuals and the workstations, and improving ONCE's ability to effectively fulfil Carrefour's recruitment needs.

Building a professional future with Carrefour

Carrefour enables each employee to receive training throughout their career in order to enhance their skills and advance within the company. The Group’s ambitious training plan supports the company’s drive for excellence among both its management and its teams’ professionalism.

Training objectives

Based on four major principles, the Carrefour group’s training policy is above all intended to advance the company’s strategy and performance. It supports changes in the organisation and its methods. It also promotes employee development and supports them throughout their career. Shared between the Group and country levels, the Group’s Training Department is responsible for carrying out the policy. Each country and Business Unit implements its own training plan, and each manager is responsible for training his or her team.

In order to address the Group’s strategic ambitions, training must enable all employees to:

- develop the necessary skills to effectively perform their work and build their careers;
- optimise their contribution to company results;
- support organisational change to facilitate its implementation and improving its effectiveness.

From employees to senior management, training affects every Group employee. It is structured in different paths and breaks down as follows:

- training prior to and when starting a job;
- training for better job performance;
- development programmes to prepare for and support career development.

Overall, nearly 7.5 million hours of training were provided in 2010, totalling an average of 15.8 hours of training per person per year, either on-site or at one of the Group’s nine training centres worldwide (Madrid, Sophia Antipolis, São Paulo, Bogota, Buenos Aires, Shanghai, Taipei, Bangkok and Jakarta).



IN FIGURES

An average of **15.8** training hours per employee in 2010.

Promoting equal opportunity through training

Each year, Carrefour hires many people without professional qualifications. The Group offers a wide range of jobs along with many opportunities for development through training. Today, more than 50% of new Group managers have been appointed via internal promotion. With its wealth of cultural and social diversity, the Group maintains a proactive policy that offers opportunities for people from all backgrounds. Training has been established for employees with reading and writing difficulties, allowing them to expand their employment opportunities and facilitating their integration into society.

EVOLUPRO: THE FIGHT AGAINST ILLITERACY

By providing training for employees who wish to learn or simply improve their ability to communicate in written French, Carrefour confirms its role as a driving force to promote diversity. Tested by Carrefour France during 2008/2009 in four pilot hypermarkets located at Seine-Saint-Denis (Aulnay-sous-Bois, Stains, Saint-Denis and Sevran), the Evolupro training module aims

to fight illiteracy. The programme runs seven hours a week over nine months. Training hours are scheduled during one normal working day.

There are four different levels: Illiteracy, Literacy, French as a foreign language and a refresher course. By the end of the training, each employee intern must be able to write a text, fill out a form, understand safety instructions, read indicator panels and apply procedures - some of the necessary skills for personal and professional growth. Overwhelmingly favoured by participants and welcomed by superiors and labour partners, the training programme was extended to 20 additional stores during 2010, in four new regions. Overall, 229 employees received training between 2008 and 2010. Since the start of 2010, 228 people located in 9 regions and 54 stores within France have been in training.

Based on the same principle, literacy training was implemented in January 2011 within the Paris region at ED-Dia France. 80 hours of training are now provided, at the rate of 4 hours per week.

Training that leads to a recognised diploma

The Group established training programmes to help young people without formal qualifications find stable jobs that offer a sense of responsibility. By giving value to their professional experience, they can also obtain a diploma:

- In France, more than 1,000 supermarket employees have earned a Professional Qualification Certificate (CQP) since 2004, including 89 during 2010. In 2010, ED-Dia launched a CQP process for its store managers. Equivalent to a level III diploma granted by the National Education system, it enables candidates to validate their professional experience and proves their proficiency. Carrefour Supermarkets started a training programme for trainers in partnership with the National Education system. In 2010, 33 people received training and obtained a certificate in training methodology issued by the Sorbonne (Paris, France).

- At the end of 2009, Carrefour Belgium launched a training project in partnership with other companies (McDonald's, La Poste, etc.), the Higher Education network and the State Employment service. It aims to provide opportunities for Group employees to earn the formal "Operations Manager" diploma by recognising the training provided by Carrefour and their experience gained in the field. Twenty employees presented themselves as candidates, from assistant managers to store directors.

- In Colombia, during 2007, Carrefour launched a project to make its training centre become a Technology Study Centre recognised by the Ministry of National Education and by SENA, a recognised body in Colombia. Employees can now access top quality training which leads to a recognised diploma that is beneficial to both their career and the company. The project is ongoing, and there are plans to expand the number of training opportunities and increase the number of employees involved.

Managerial training

The Group is undertaking a major transformation based on its values and convictions, its strategic initiatives and its new objective: to delight its customers and consumers each day. Senior managers play a key role in the success of the transformation. They must be the

best in the sector, each within his area of responsibility, and must be able to embody and lead change with their teams. For this reason, the Group emphasises training for these key managers.

Helping employees boost their careers

According to the Carrefour group, equal opportunity is achieved through effective, equitable career management. By way of example, 75% of directors in France have been appointed via internal promotion. This policy is based on equitable, effective and consistent career management practices, starting with an annual assessment interview. For managers, this interview is now conducted online through the "Cap Careers" tool, which is deployed in nearly all countries where the Group operates. This tool allows employees' skills to be evaluated more effectively, ensuring that the employee's progress within the Group is in line with their desired goals. Carrefour has implemented Career Committees in every country where it operates. The goal is to hold discussions on positions that may be offered to various employees. These Committees provide a more accurate overview of each employee's potential.

In 2009, as part of the GPEC (job and skills forecast management) agreement which was renewed with

its labour partners, Carrefour France developed an intranet tool for all of its entities listing every available job, along with the necessary skills and potential gateways to other positions. Carrefour has continued its efforts in this regard, and in 2010 implemented a real multi-format internal mobility policy.

This policy is based on two actions:

- implementation of a five-person Human Resources France team devoted to mobility management within the Jobs Area;
- the transfer of the intranet tool to a website entitled "enviedebouger.com", enabling employees to learn about various professions, open positions and potential career gateways or developments, to submit on-line applications, or to arrange a meeting with a Human Resources France manager.

The aim is to develop employment opportunities, provide motivation, and build employee loyalty. This involves all management and non-management employees at stores, warehouses and head offices, with the exception of directors.



IN FIGURES

In France, **more than 75%**

of the Group's directors have been appointed via internal promotion.



IN PRACTICE

EMPLOYEE MOTIVATION: A PRIORITY FOR CARREFOUR ROMANIA

In Romania, Carrefour has developed a kit listing all actions taken in stores to encourage employee motivation. The kit enables to exchange best practices and to implement them more easily. For example, the "Employee of the Month" contest recognises the top employees from each team. Winning employees are officially congratulated by the store's management team and are awarded purchase vouchers. In addition, gifts are presented to employees upon certain occasions, such as birthdays. Events are also arranged for employees' children. For example, at the start of term, school supplies are provided to children. The goal is to have happier and more committed employees who are proud to work at Carrefour, and who strive to please their customers. Another example of an action included in the internal communication kit is the monthly organisation of employee round table discussions. Led by store managers, these discussions are designed to gather employees' opinions on the professional and social aspects of work at the store and to collect suggestions. Each discussion involves a different group of employees, who are randomly chosen to participate.

TRANSFER OF SKILLS AND KNOWLEDGE: DEVELOPING A SENIOR TUTORING PROGRAMME

Under the GPEC Agreement (job and skills forecast management system) dated 6 February 2009, the Group's French entities negotiated and implemented agreements to promote senior employment, adapted to their specific circumstances. As part of this initiative, senior employees can voluntarily pass on knowledge to less experienced employees, provide training and tutor young people in work/study programmes, and support integration of new employees. In supermarkets, employees who wish to become tutors can take a three-day training course. Hours set aside to perform tutoring duties are counted as actual working hours.

Promoting employee well-being

A sense of well-being at work is needed to perform effectively, in order to give one's best and delight customers each day. By establishing ongoing dialogue with its employees and representatives, Carrefour constantly seeks to improve working conditions, work/life balance and professional well-being.

Committed to respecting fundamental rights

Recognition and respect for fundamental human and labour union rights is an integral part of the Group's culture. These principles, established under the International Labour Organisation's (ILO) conventions, were the subject of agreements signed in 2001 with the Union Network International (UNI). Since then, Carrefour and UNI have been working together to make sure that these commitments are met in all countries where the Group operates. Carrefour maintains a permanent, constructive and beneficial dialogue with UNI on this matter (see the paragraph below on Carrefour Romania).

CONSULTATION AT ALL LEVELS

The Carrefour group is involved in all levels of consultation, whether it concerns social dialogue or negotiations:

- At the sector level, Carrefour is an active participant in social dialogue at the sector level, striving to develop social commitments and standards at a European level. The Group is actively involved in discussions held in each country and contributes to the work of local trade federations;
- At Group level, in the mid-1990s Carrefour created one of the first European works committees: the European Information and Coordination Committee (EICC). This Committee, which brings together Carrefour's European social partners to engage in productive, constructive social dialogue, also contributes to the Group's CSR and Sustainable Development approach. Since taking office, CEO Lars Olofsson has demonstrated his intent to continue a proactive, consistent and innovative approach in order to fully involve its French and European labour partners in Carrefour's strategic considerations. During 2009 and 2010, it greatly increased its involvement with employee representative organisations, in order to discuss and exchange ideas about Group strategy.

To continuously improve social dialogue, management offered its labour partners who are members of the EICC two days of training during the first half of 2010. This training, developed in partnership with the secretary of the EICC and UNI, covered a range of current issues in Europe that directly affect Carrefour, such as intercultural communication methods. Speakers at this event included the Group Sustainability Director, an expert from the ETUC (European Trade Union Confederation), a manager from the ILO and an intercultural communication consultant. Training took place at UNI's offices in Nyon, Switzerland.

Finally, the EICC newsletter was created in 2010, written in cooperation with the Committee Secretary. This medium, whose content is prepared with the members of the Management Committee, aims to improve communication with members of the EICC, enabling them to raise their profile through interviews and highlight best CSR practices implemented in countries;

- At country level, management has created conditions for effective and sustainable social dialogue. For example, Carrefour's Business Units in France support their reorganisation through discussions between management and employee representatives, in accordance with the GPEC (job and skills forecast management) agreements and procedures negotiated in 2006 and renewed in February 2009.

In Romania, Carrefour and UNI promoted the creation of unions during 2009. This joint process was formalised in 2010 with the signing of a collective bargaining agreement by the two partners. Under the provisions of this agreement, employees received additional benefits:

- a minimum percentage increase for employees and managers;

.../...

- the right to have at least 12 free weekends per year;
- a salary increase for hours worked on Saturday or Sunday.

LISTENING TO STAFF SURVEYS: A TOOL DEPLOYED ACROSS TEN COUNTRIES

Established more than 20 years ago, Listening to Staff surveys give a voice to store and head office employees. In accordance with basic ethical standards, groups of 12 employees representing staff members are invited to express themselves anonymously and discuss their views on life within the company, with a focus on six themes: company image, store image, training/career, work, management and labour relations. It is a real barometer for labour relations which puts the company's men and women at the heart of the system. Nearly 15,000 employees throughout the world expressed their opinions during 2010

through Listening to Staff surveys. Upon completion of these surveys, a report is submitted to store management, their superiors and the Department of Human Resources, which is then returned to all teams (employees and management) and their representatives. Action plans are then presented, store by store, section by section, based on issues and expectations raised by the employees.

Initiatives to complete the surveys were also implemented at the country level. For example, Carrefour Poland decided to gather employee suggestions on well-being in the workplace through suggestion boxes placed in stores. Comments submitted to the 300 boxes installed during 2010 were used to prepare the first report at the end of the year.



Jean-Luc Delenne
Group Labour
and Institutional
Relations Director

TESTIMONY

SOCIAL DIALOGUE IS PART OF CARREFOUR'S CULTURE

The Group conducts an ongoing, constructive dialogue with its social partners. Without employee representatives, there is no social dialogue. Therefore, freedom of association and a union presence exists in the countries where the Group operates. This desire for dialogue and respect for employee representation was formalised in May 2001 with the signing of an international agreement with UNI on respect for the fundamental rights promoted under ILO conventions.

This agreement established a true partnership with this international labour union, which is also a stakeholder in the Carrefour European Information and Coordination Committee (EICC).

In 2009, this willingness to communicate, along with a proactive, joint approach, led to the emergence and recognition of a labour union now operating in Carrefour hypermarkets in Romania. In Carrefour's various business activities, regular consultations between management and employee representatives takes many forms depending on the country's economic, social and operating environment. It helps create more beneficial social conditions, addresses issues such as disability, diversity, solidarity, psychosocial risks and the need for balance, supports organisational change and establishes more favourable, more effective and safer working conditions and organisations.

Though not always simple, this social dialogue - whether global or at the country level - offers opportunities to enhance company performance and improve employees' working lives. Our Group is among the most effective and widely-recognised in creating a large range of initiatives that are regularly shared or carried out in consultation with employee representatives.



IN FIGURES

Nearly **15,000**

employees took part in the Listening to Staff survey in 10 countries.

Providing social benefits for all employees

In all countries where Carrefour operates, the Group works to ensure that employees benefit from appropriate social protection. Where there is not full protection, Carrefour provides additional welfare, health and retirement coverage, either to make up for what is missing in local systems or to supplement them. Beyond these actions, Carrefour also looks after the health of its employees in many countries. As part of preventive and/or public healthcare programmes, the Group organises vaccination campaigns against infectious diseases.

In 2010, Carrefour Brazil organised a “Health and Nutrition Week” to raise awareness among its customers and employees. Partnerships were formed with food banks, and a variety of events were held concerning

the full use of food and the fight against waste. Lastly, all in-store parapharmacies offer employees and customers the opportunity to check their blood pressure and glucose levels with the help of pharmacists. For its part, Carrefour Spain modified its Health Vigilance system in 2010. More comprehensive check-ups are now provided to employees as part of more effective and practical medical examinations. In this way, Carrefour Spain should significantly increase the number of employees receiving medical examinations. This rate, which was at 36% in 2009, reached 46% in 2010. Carrefour Malaysia also established a “Well-being” programme which is related to the company’s “Caring” value, enabling its employees to receive a medical check-up.



IN PRACTICE

IMPLEMENTATION OF THE INDIVIDUAL LABOUR REPORT (BSI) IN HYPERMARKETS

In France, the hypermarkets implemented the “Bilan Social Individuel” (individual labour report) (BSI). This document sets forth all information concerning fixed and variable compensation, along with employee benefits received during the previous year (health and contingency system). It also provides clear and detailed information on certain aspects of the Human Resources (HR) policy such as mandatory and discretionary profit sharing. The BSI was tested and distributed to 2,197 employees in five pilot stores in the Rhône-Alpes region, followed up by a satisfaction survey in August 2010: 89.4% of employees wanted to receive a BSI on a regular basis, preferably each year.

Improving work organisation

Since 1999, check-out operators, who make up 30% of the workforce in French hypermarkets, have been able to arrange pooled schedules, enabling them to better balance their professional and personal lives. Employees within the same team can plan their schedules

more than five weeks in advance by using a computerised management system. It provides a way to better balance their private lives with the stores’ business objectives. 18,000 people now have access to this pooled schedule system.

Ensuring employee safety

Carrefour works to ensure the safety of its employees and customers at all sites. In countries without specific safety regulations, hypermarkets and supermarkets adopt French safety standards, which are generally more strict. Another priority is the reduction of workplace accidents through prevention training and awareness-raising campaigns. The Group ensures that its teams understand health and safety regulations, offers training, enforces procedures, and performs regular on-site audits. For example, in 2009, Carrefour Spain launched an awareness-raising campaign to reduce accidents resulting from physical strain, specifically from handling heavy loads. An analysis of workplace accident rates was conducted by the Regional Prevention Managers to detect accidents that could have been avoided. An action plan was prepared at the

regional level to reduce the number of such accidents. During days dedicated to workplace risk prevention, discussions were held with managers to raise their awareness of this issue and involve them in monitoring in-store accident rate. Carrefour Colombia, for its part, launched a broad awareness-raising campaign for employees working in high-risk positions (such as handling heavy, blunt objects) and invited their families to take part in workshops on nutrition, cardiovascular diseases and diabetes.

In France, as part of a health prevention approach, store sales receipts are now printed on FSC-certified, bisphenol A-free paper. Initially launched in early 2011, this measure will be expanded to Spain, Belgium and Italy.



IN PRACTICE

IN POLAND, CARREFOUR RECEIVES THE "SAFE EMPLOYER" AWARD

The Elblag hypermarket in Poland received the "Safe Employer" award. The prize was given by the National Labour Inspectorate as part of a competition to promote best practices in workplace safety and to encourage employers to create safe and ergonomic workstations.

Preventing psychosocial risks

For the past fifteen years, stress has been emerging as a major psychosocial risk faced by companies. One in five European employees has health problems related to workplace stress. Collective prevention initiatives allow direct action to address issues concerning the organisation, working conditions, social relations at work and/or the workstation.

The Carrefour group views stress prevention as a fully-fledged corporate social responsibility issue. In France, hypermarkets have conducted risk assessments and implemented preventive measures since 2003 with input from CRAM (French health insurance organisation) engineers, occupational medicine experts, and labour organisations. The work was formalised through the implementation of the "SOS Conflicts" training module, which helps store employees prevent and manage challenging customer situations (see the paragraph

on the prevention of verbal and physical aggression, page 84). More recently, Carrefour launched a comprehensive programme to prevent and address psychosocial risks and stress.

An agreement on occupational health in supermarkets was signed on 5 May 2009. It includes a diagnostic approach to occupational health and commitments related to workplace risk prevention, including risk assessment, training programmes, communications, and improvements to working conditions. It also includes a section on psychosocial risks that addresses:

- prevention of sexual and psychological harassment;
- the risk of antisocial behaviour;
- support for employees who are victims of serious acts of aggression;
- stress in the workplace.

Training on stress prevention was implemented for managers. It provides them with operational tools to manage psychosocial risks at both the individual and group levels. Its two goals are:

- training on the mechanics of stress and how individuals can manage its effects;
- training on methods to recognise, take into account and handle the effects of employee stress.

In 2009, French hypermarkets tested the "Stress Prevention and Management" training programme intended for employees and for entry-level management. It aims to identify the level of employment-related stress for each employee and provide tools to manage and adapt work methods for better effectiveness. Besides, the "Managing Stress in a Professional Setting" training programme is intended for department managers, store managers, regional directors and operations managers. 43 people underwent this training in 2009, and in 2010, 630 employees were trained.

In addition, at the end of 2009 the various Group head offices in Île-de-France established a Commission on psychosocial risks, made up of members of the CHSCT (*Comité d'Hygiène, de Sécurité et des Conditions de Travail* - committee for hygiene, security and working conditions), occupational health physicians and representatives from the Department of Human Resources. A questionnaire was provided to non-head office employees in April 2010. Based on the results of the questionnaire, working groups were assigned to develop concrete actions during the first half of 2011. The same process will be initiated for head office employees during the second half of 2011.

AUDITS TO ASSESS EMPLOYEE STRESS

In 2007, the Group launched its first stress audits in four French hypermarkets. These audits evaluate employee stress levels and allow to better identify factors and sources.

The results revealed stress levels equal to or lower than those in other business sectors. To gather constant feedback from employees, a subcommittee on psychosocial risks was established within French hypermarkets in 2008, under the National Occupational Health and Safety Committee.

In 2010, the company hired Stimulus to carry out new stress audits at four additional hypermarkets (covering 1,600 employees) and on a portion of the head office facilities with the goals of:

- assessing stress levels among employees and identifying those who are particularly affected, if any;
- highlighting the main causes of stress;
- comparing results to those of the first study;
- establishing action plans.

The process will continue at the head office facilities during 2011.

PREVENT VERBAL AND PHYSICAL AGGRESSION

According to data gathered in 2009 by the European Commission, more than three million people working in the retail sector were victims of violence. Since 2003, the Group has established a special training programme, "SOS Conflits", to help employees manage customer relations which can sometimes be challenging, ranging from mere dissatisfaction to verbal/physical aggression and robbery. The training focuses on three areas:

- improved anticipation of potential reactions by difficult customers, in order to find the most appropriate solution to a given situation;
- provide a range of solutions to avoid or manage conflict;
- proper understanding of the emotional mechanisms in play during threats, blackmail and hold-ups.

11,860 hypermarket and supermarket employees in France have been trained since 2007, including 1,250 during 2010. The training programme was highlighted as a "best practice" in the "Prevention of third-party violence in retail" guide prepared by EuroCommerce with the support of the European Commission.

PROMOTE WORK/LIFE BALANCE

Imbalance in work/personal life is among the main factors identified for psychosocial risks. To show support for parenthood, Carrefour is a member of the "Observatoire de la Parentalité en Entreprise", an association formed under the French non-profit association act of 1901. This association helps member companies by supporting their efforts and initiatives, and by providing tools for them to progress in their approach of promoting parenthood.

As part of its commitment, in 2008, the Carrefour group signed the Parenthood Charter, demonstrating its desire to help employees find fulfilment at work while fully carrying out their roles as parents. The document provides information about the Group's commitments in support of parenthood and work/life balance, and provides an overview of labour laws and career-management regulations related to parental leave.

To help employees find child care, in September 2009, the supermarkets implemented the Chèque Domicile CESU (Chèque Emploi Service Universel, a service cheque for employees), whereby Carrefour market grants financial assistance to cover 50% of the costs of child care in the home (occasional care, baby-sitting, etc.) or outside the home (nursery care, day care, childminders, etc.).

In 2010, Carrefour France began to send “newborn kits” to employees - both fathers and mothers - which include a vanity case with basic products. To improve its employees’ working conditions and contribute to their well-being, Carrefour provides a variety of services: concierge service, fitness and relaxation rooms, contracts with inter-company day-care providers, implementation of a carpooling website and better videoconference and teleconference facilities.

For its part, Carrefour Spain developed a broad, ambitious programme called “Carrefour Life”, a social programme intended for employees and their families. It enables them to receive a variety of commercial benefits, training and group activities (see the “In Practice” insert on page 86). In addition, a Gender Equality Plan was signed on 16 December 2010 by Carrefour Spain’s management and its labour partners (unions including CCOO, FASGA, FETICO and UGT). The plan includes more than 200 actions aimed at achieving equal opportunity for all Carrefour employees, as well as measures intended to reconcile work/life balance. The measures include:

- two to four month special leave for international adoption procedures;
- optimal use of communication technologies;
- support for those undergoing assisted reproduction;
- the ability to add vacation days to paternity leave.

PROGRAMMES TO IMPROVE WORKING CONDITIONS

Since the question of improving work life is at the heart of current social thinking, Carrefour has implemented programmes on management and interpersonal relations intended to “make employees happier”.

At the start of 2010, Carrefour Hypermarkets France launched an extensive programme entitled “Well-being in the check-out sector”. A comprehensive kit was provided to each store along with a well-being planner for each check-out operator, with a guide to well-being, a CD-Rom, and displays. Among the 11 proposed themes, three of them - “Eat well”, “Relax” and “Free your mind” - were extremely popular among assistants and check-out operators. These events allowed these employees to feel better at work and enhance close relationships with customers. The programme was highly successful: more than 12,000 employees took part in 750 events, presented by more than 600 ambassadors.

For its part, Carrefour Proximité France developed a barometer for its employees about their life within the company. The study identified five areas for improvement and led to the development of both a regional and a national action plan. They were first implemented in 2009 and were continued in 2010. Within this framework, Carrefour Proximité launched the “Ereukikom” programme, which was recognised in November 2009 with a “Better Living at Work” award. At the same time, it received the “Coup de coeur du public” (Public’s favourite), a special award presented by the Minister of Labour. Among the many initiatives established by the Group to encourage employees to share their experiences, a “Live My Life” day enables employees to explore jobs in other departments, and the “Office Colleague Party” encourages colleagues to enjoy each other’s company.



IN PRACTICE

CARREFOUR LIFE: A SOCIAL PROGRAMME FOR EMPLOYEES AND THEIR FAMILIES

In Spain, the Carrefour Life programme was launched in 2009 to promote a sense of belonging to the company. Commercial benefits, training sessions and collective activities are offered as part of the programme, including sports tournaments, corporate games, concerts, family events, drawing classes and sporting activities for employees' children. In June 2010, Carrefour took part in the Corporate Games, inter-company "Olympics". More than 60 employees defended the Group's colours in a variety of sporting disciplines. Carrefour Spain took third place in the number of medals. In addition, nearly 50 Carrefour "athletes" took part in the Corporate Race, a 10-kilometre run through the heart of Madrid.

In May and June 2010, over 500 employees in 40 cities took part in the first Carrefour padel tournament (a game played with rackets on half a tennis court). This was the first time in Carrefour Spain's history that a sporting event involved so many employees. Lastly, in the summer of 2010, 300 employees' children took part in four summer camps, organised for one or two weeks at the Real Madrid football club, the Valencia Club, the Malaga World of Basketball and the Camocha club in Asturias.



TESTIMONY

CARREFOUR'S SIGNING OF THE PARENTHOOD CHARTER

"In 2008, I established the "Observatoire de la Parentalité en Entreprise" to pursue a two-fold objective: to have a growing number of companies sign the Company Parenthood Charter, and to ensure that the Charter leads to the implementation of concrete actions. As our 2009 barometer showed, 97% of our parent employees stated that finding a work/life balance is a source of major concern. Yet three out of four parent employees believe that their employer could provide additional assistance. Several forward-thinking employers which have signed the Parenthood Charter prove that it is possible to invent a new model, combining employee well-being with economic performance.

The pooled schedule system implemented by Carrefour Hypermarkets France is a perfect example. This system enables check-out operators to plan their working hours according to their needs in order to better structure their professional and personal life. Carrefour has introduced measures and benefits to support parenthood within its various entities: financial assistance for baby-sitting, day-care centres near head offices, a parenting guide distributed to managers, etc.

Employers must take all possible steps to make sure employee well-being becomes a lever for the company's commitment and economic performance. The "Observatoire de la Parentalité" aims to support companies in this process. Working groups which bring together member companies promote the exchange of information, enabling each of them to draw inspiration from the best practices in France and abroad."

Jérôme Ballarin
 Founder and Chairman of the "Observatoire de la Parentalité en Entreprise", Member of the "Haut Conseil de la Famille", Member of the "Observatoire de la Parité entre les Hommes et les Femmes"

www.observatoire-parentalite.com

Job and skills forecast management and support for company reorganisations

On 20 April 2006, Carrefour signed two Group agreements - a job and skills management agreement (GPEC) and a method agreement on support systems during reorganisations. The objective was two-fold:

- to anticipate and undertake certain actions to limit the labour-related consequences of reorganisations;
- to support the implementation of employee volunteers' personal projects where their employment is likely to be at risk in the long run. These two agreements expired on 31 December 2008. Further negotiations led to the signing of two new agreements on 6 February 2009.

These agreements include provisions which:

- limit the impact of reorganisation on employment by promoting internal and external mobility;
- support senior employment;
- promote external mobility, especially through financial assistance and business start-ups.

In France, the Group has implemented an internal mobility system and an external mobility system which:

- provides employee retraining for new jobs;
- helps employees find new positions within other companies;
- helps establish or take over a company.

The Employment and GPEC agreements of 6 February 2009 also included a professional development clause for employees aged 45 and older. During 2009, the Group's various entities reached agreements or established action plans to promote senior employment, each adapted to its specific circumstances. These agreements cover four major issues:

- access to employment: specific recruitment targets, fight against discrimination in recruitment;
- job retention: by improving working conditions or avoiding strenuous working conditions, skill development (career development plan, skills assessment, etc.);
- end-of-career management and transition to retirement: retirement information and preparation, "end of career" guide, retirement assessment;
- transfer of skills and knowledge: developing tutoring and tutor training programmes.

The signing of this GPEC agreement committed the company to engage with its labour partners and stakeholders on this issue of social support during reorganisations of the various Group entities in France.



PERSPECTIVE

JOB VERSATILITY: A WAY TO RECONCILE EMPLOYEE DESIRES WITH CORPORATE INTERESTS

*Part-time work is an option that enables the Group to adapt its store-based activities to suit customer flows. However, the employees concerned have not always favoured this option. Today, through job versatility, **any hypermarket employee in France may work under a full-time contract, with part of the work either being performed in a different store department or in a different job.** In this way, employees benefit from higher pay, job diversity and the opportunity to explore a new profession. This objective was established in an agreement signed in 2008 by hypermarkets in France, whose implementation continued during 2009. Part-time work is still available for employees who are seeking a better work/life balance.*

Support and work in partnership with local communities

Carrefour, as a socially responsible company, works to improve the lives of the most unprivileged and is committed to local development throughout the world. Whether working through the Carrefour Foundation or through initiatives carried out at the country level by banners and stores, the Group proves its significant economic and social role in the 33 countries where it operates. Since the Foundation was established in 2000, the Group has supported more than 220 projects in 40 countries, in order to meet the needs of the most disadvantaged.

The Group's businesses supporting solidarity

On an international level, the Group's commitments and solidarity initiatives are supported by the Carrefour Foundation. By supporting the field work of local non-profit organisations, the entity aims to address the various issues encountered in the 18 countries where the Group operates. Its actions and missions, consistent with its core business, are based on three themes:

- food: as a mass retailer, the Group makes 75% of its sales on food products. Through product donations, the Carrefour Foundation's actions provide those facing economic insecurity with access to a healthy, balanced diet;

- professional integration: as the largest private sector employer in France and the 8th largest in the world, with a broad range of business lines, Carrefour also provides a formidable "social ladder". To take things

even further, through its support of micro-credit programmes, the Carrefour Foundation supports rural development and inclusion initiatives and helps increase employment opportunities for people faced with social exclusion;

- solidarity: as a player in the convenience market with expertise in logistics and distribution, Carrefour works to raise customer awareness through calls for donations, contributions to humanitarian assistance and donations of products needed by the most underprivileged in emergencies.

With a budget of €4.5 million per year, the Carrefour Foundation has supported 52 projects during 2010. Since its creation in 2000, the Foundation has been helping the most underprivileged through the daily or periodic involvement of Group employees.



IN PRACTICE

PROMOTING REGIONAL FRENCH PRODUCTS

In 2010, the Carrefour Foundation and the “Terroirs & Cultures” association - supported for many years by UNESCO - created the “Institut des Terroirs”, a training and development centre for regional products. This supports the development of typical products specific to a given region, with respect for cultural traditions and expertise, while emphasising land use management and economic development. The approach is based on a four-pronged vision of Sustainable Development: economic, environment, social and cultural.

Throughout 2011, the centre will provide training offering participants the necessary knowledge and skills to apply a regional product approach, incorporating the various aspects of the “local to global” development process.

At the request of the “Terroirs & Cultures” association, Carrefour, as a professional in retail and in the development of Carrefour Quality Lines, agreed to participate in the steering committee, which defined the major training areas. Indeed, the Carrefour group has developed nearly 400 Carrefour Quality Lines worldwide.

Country-based actions led by Carrefour teams

Solidarity is also demonstrated by countries, banners and stores. Argentina, Brazil, China and France have created dedicated structures to promote and unite initiatives under a single umbrella. Such initiatives include campaigns against exclusion factors (poverty, illness and disability), food and food security, child protection. “Carrefour Solidarités France” supports solidarity and fundraising initiatives organised by stores and head offices. It operates in two areas that correspond to two significant social needs: providing access to consumer goods for all, and improving children’s quality of life of. In 2010, Carrefour Solidarités France made a commitment to AFM (*Association Française contre les Myopathies*) for the fourth consecutive year. On 3 and 4 December 2010, mobilisation by various teams from stores and head offices, along with customers’ generosity, enabled to collect €300,000 for the charity fundraising Telethon.

Some large-scale events, such as natural or technological disasters, may sometimes lead countries to combine efforts with the Carrefour Foundation. This

was the case when an earthquake struck Qinghai Province in China on 14 April 2010. To effectively address the needs of the victims, the Carrefour Foundation donated €230,000 to the Red Cross to purchase and deliver medicines, tents, food, vehicles and other needed supplies.

Likewise, Carrefour Turkey teams quickly responded to the earthquake which shook the eastern part of the country on 8 March 2010, specifically the city of Elazig and surrounding areas. A large mobilisation of teams from Carrefour Turkey’s head office, employees from five stores in neighbouring cities and from the closest distribution centre, meant help could be provided to the 2,000 most affected families. These families received food donations (powdered milk, rice, oil, canned food, soup, children’s food, etc.), personal care products (soap, shampoo, disinfectants, etc.), clothing and blankets. The Foundation supported the Carrefour teams’ commitment in Turkey and funded all donations and emergency assistance totalling approximately €137,000.



IN PRACTICE

CONECTA: A WORKFORCE REINTEGRATION PROGRAMME IN SPAIN

Since 2008, the Carrefour group has been a partner of the Exit Foundation in Spain through the “Conecta” project. The Exit Foundation has four reintegration centres in Madrid and Barcelona to help those facing social exclusion enter the labour market, specifically underprivileged youth or those who have failed at school. Specialised educators provide them with professional and psychological support throughout the process. Together, the two partners identified Carrefour’s recruitment needs and reached agreement on the training, orientation and candidate pre-selection process, along with its implementation in the field. Interns receive 500 hours of training during the period. Between 2008 and 2010, nearly 270 candidates were selected and trained at Carrefour stores, 30 more than the initial goal. 180 candidates who were suitable for open positions at Carrefour were presented to the recruitment teams. Among them, 74 were selected for internships, while 22 were hired under permanent contracts.

CARREFOUR INDONESIA: A MICRO-CREDIT PROGRAMME TO COMBAT POVERTY

In 2010, the Carrefour Foundation joined the micro-credit programme developed by the YSC association (Yayasan Sahabat Cipta) in Indonesia. This organisation aims to address poverty in local communities. To achieve this, it carries out sustainable economic development activities, offering financial and professional support to help entrepreneurs develop their own businesses. Since March 2010, Carrefour Indonesia and YSC have been working together to grant micro-loans and create the best possible conditions to help families repay them. Training sessions are organised in stores, with volunteer employees from Carrefour Indonesia helping the beneficiaries to formalise their project. This programme is gradually expanding and is now supporting more than 270 families.

Encouraging employee volunteering through dedicated programmes

In several countries, Carrefour has created special programmes to encourage employees to contribute their expertise to socially responsible projects related to health, education and the development of micro-businesses. To achieve this, the Group arranges practical conditions to support its employees’ commitment.

In Brazil, for example, Carrefour gives employees four hours off every month and provides them with technical support. In 2010, approximately 1,400 employee volunteers took part in association activities to provide education and raise awareness about a healthy and balanced diet, along with respect for the environment. Eighty partner associations and institutions took part in these activities, which provided information to 9,000 people. To further involve employees, a “Day for a Better World” was organised in August 2010 to intro-

duce them to this volunteer programme and encourage them to participate.

Following the example of Brazil, in December 2009, Carrefour Argentina launched a programme entitled “Sumando voluntades” (“Uniting our strengths”) to encourage corporate volunteerism. This national programme aims to raise awareness and mobilise Carrefour’s 20,000 employees in Argentina, divided among the 207 stores and the head office. It focuses on three themes: nutrition, social inclusion and environmental protection. It is deployed through ambassadors, who work to encourage their colleagues to participate in association activities and to coordinate national and local actions. The employees lead a wide range of projects. For example, some helped establish an orchard which will be managed by



disadvantaged people, while others took part in repainting a hospital. During 2010, a solidarity competition was proposed to the country's 207 stores through the ambassadors, inviting employees to submit volunteer projects related to the three key aspects of the "Sumando voluntades" programme.

More than 70 projects were presented to a jury made up of representatives from UNICEF, IARSE (*Instituto Argentino de Responsabilidad Social Empresaria, the CSR's Argentinean institute*) and Carrefour Argentina. Six projects were selected and received total financing equal to €20,000.

Carrefour's donations in France (hypermarkets and supermarkets) during 2010



IN FIGURES

more than **500,000**
toys donated during the year.

more than **2,300,000**
textile items.

more than **180,000**
bazaar articles.

more than **13,000**
electronic products.

48 million meals

i.e. 24,000 tonnes of limited-term storage goods donated by stores during 2010.

590

associations received material donations from Carrefour Solidarité.
This represents nearly 86,000 beneficiaries.

Monitor manufacturing social conditions in the supply chain

Since 1997, the Carrefour group has been committed to monitoring working conditions at its suppliers and is one of the pioneer companies in this area. Convinced of the need to take things even further and aware that audits are necessary but not sufficient, the Group has been working since 2006 to harmonise existing social standards for ordering parties and has implemented social responsibility training for its suppliers.

The Group's history and commitments

For more than 10 years, the Carrefour group has been working to establish a system to ensure respect for the ILO's (International Labour Organization) fundamental principles and human rights in its supply chain. This commitment was formalised through its cooperative work with the FIDH (International Federation for Human rights), which began in 1997 through the creation of a joint association named INFANS. In 2000, this partnership led to the drafting of a Social Charter that applies to all suppliers of Carrefour's own brand products and defines procedures to check compliance with the charter through social audits.

Since 2002, Carrefour and the FIDH have been supporting a prescriptive approach to these audits. In addition, since 1998 the Carrefour group has played a leading role in creating the Social Clause Initiative (ICS) which brings together fourteen French distribu-

tion companies. The ICS enables members to share a common database. Each of them enters data by incorporating results from social audits carried out at their suppliers. Carrefour has contributed to 50% of these audits.

In order to work with its international competitors on these issues which are deemed to be non-competitive, in 2006 Carrefour helped create the Global Social Compliance Programme (GSCP). This platform brings major retailers and international manufacturers together to harmonise their efforts and establish a common, consistent and global approach to improving working conditions in the various supply chains. Carrefour wanted support for its ambitious approach from its long-term partners, the FIDH and UNI-Commerce, which sit on the Advisory Board of this platform.

The Suppliers' Social Charter strengthened in 2010

In 2010, Carrefour decided to amend its Social Charter by incorporating the Reference Code prepared by the GSCP, which is based on best practices identified in the various existing codes. Ethical requirements, which reiterate those in the Code of Business

Conduct applied to the Groups' teams, were also incorporated. Suppliers of Carrefour's own-brand products are now asked to sign the new Social and Ethical Charter that Carrefour has prepared specifically for them.



Antoine Bernard
Director of the FIDH

TESTIMONY

GLOBAL SOCIAL COMPLIANCE PROGRAMME: PROGRESS DURING 2010

The Global Social Compliance Programme (GSCP) was launched in 2007 by global leading retailers to pool social audit standards and methods. Along with the unions, the FIDH sits on the Advisory Board for this initiative to ensure that the fundamental principles of the ILO and the UN serve as a standard for multinational corporations committed within the GSCP. Discussions continued in 2010 on the implementation of an equivalence process for systems developed by GSCP members. This initiative will enable all members to benefit from each company's experiences and to advance the work on corrective action measures concerning suppliers and purchasing practices. This is the condition for a true implementation of social and environmental standards within the production chain.



IN PRACTICE

FOCUS ON THE 2010 SOCIAL AUDIT CAMPAIGN

In 2010, the Carrefour group significantly strengthened its social audit campaign among its international purchasing office's suppliers. 1,200 social audits were performed during the year. 38% of these were follow-up audits. If an audited plant is deemed non-compliant, a follow-up audit is carried out during the following months to verify whether improvements have been implemented.

As part of this policy strengthening, the geographic scope of these audits - initially limited to countries deemed to be sensitive - was expanded. In addition, the rules which suppliers must follow in order to work with the Group were changed and are now more demanding.

In 2010, the International Purchasing Office reaffirmed the rule whereby all new suppliers are subject to an external social audit of its manufacturing sites. A supplier is only listed once the results of this audit comply with Carrefour's requirements.

Procedures concerning oversight of suppliers already working with the Group were also reinforced. Follow-up audits will now take place more quickly when non-compliance is detected. In addition, the practice of unannounced audits will be expanded to all business sectors, regardless of the supplier (existing or new).

This type of audit has proven essential to determining actual working conditions. In 2010, as in 2009, the types of non-compliance most often observed related to working hours which exceed regulatory requirements and compliance with minimum wage. This observation highlights the limitations of the audit process and affirms the Group's interest in supporting suppliers in their improvement. It should be noted that some national laws were amended during 2010. For example, the minimum wage in Bangladesh rose by 80% as of the end of 2010. Likewise, there was a 20% increase in the minimum wage for most Chinese provinces.

In 2010, each of Carrefour's local teams continued to raise awareness and conduct oversight of the Group's suppliers. In addition, the support programme was expanded via a social responsibility training programme conducted for suppliers in India. In 2011, the Carrefour group's new Social and Ethical Charter will be rolled out in all countries, and will enhance the efforts which have been undertaken.

Mutual recognition of standards: a comment on the GSCP

Very early on, Carrefour was convinced of the need to pool tools and audit results. In fact, the increasing number of social standards creates a risk of confusion among suppliers, along with a sense of weariness as they host dozens of auditors each year. Joint actions avoid the need to duplicate audits and, above all, enable to deliver a single, consistent message to suppliers and local public authorities. Besides, they play a role in accelerating change since they allow greater focus on corrective action plans and training rather than on the audit process itself.

At the initiative of five major international retailers, including Carrefour, the GSCP was established in December 2006 to bring together the multiple codes and existing initiatives related to social standards. Today, the platform brings together 33 international companies, both manufacturers and retailers, and is assisted by an advisory board that includes NGOs, unions, representatives from the United Nations and recognised experts.

Its goal is to build a global, multi-sector platform to reach a consensus on exemplary practices and to promote mutual recognition of standards by allowing greater transparency and comparability.

Carrefour is involved with a number of working groups within the GSCP:

- the Reference Code (published in its second version);
- methodology for social and environmental audits (published);

- selection and training of social and environmental auditors (published);
- the management system for social and environmental performance in the supply chain (being re-drafted following comments);
- data exchange (currently being drafted);
- evaluation and equivalence system between the various existing standards;
- supplier "remediation" or achievement of compliance and skills enhancement (in progress), which is the ultimate goal of the GSCP.

For each of these issues, the various working groups bring together experts appointed by the different members of the GSCP along with suppliers for the work on remediation. They are also responsible for the collection and compilation of existing best practices. The draft document is then made public to the stakeholders. After this consultation period, comments are incorporated into the preliminary document, which must first be validated by the Advisory Board, and then by the Executive Board before being published. The reference tools are then reviewed on a regular basis. Out of concern for transparency, convergence and maximum impact, the members of the GSCP decided to disclose the results of their work on the platform's website: www.gscpnnet.com



PERSPECTIVE

SHOULD WE BOYCOTT UZBEK COTTON?

The Carrefour group was responsible for establishing a working group on cotton which includes several international retail companies. This informal association studies the various possible routes to improving social and environmental conditions in the upstream production of cotton fabrics. The first phase of this improvement involves traceability of product lines. In early 2011, a pilot project was launched on this issue within Carrefour's sourcing office in Bangladesh. Implemented with the service provider Historic Futures, it is intended to report on the textile product line all the way to identification of the country where the cotton was grown.

In this way, the Group can ensure that none of these products contain cotton from Uzbekistan, so long as this country relies on forced child labour.

Develop Corporate Social Responsibility (CSR) training

Although social audits are required to assess working conditions within a factory, Carrefour is nevertheless aware of the limits of its impact on improving these practices. Therefore, the Group is committed to training its suppliers and their employees in Corporate Social Responsibility (CSR). In Bangladesh, a training programme for management and employees on “fundamental rights in the workplace” was developed from 2006 to 2009, covering all active plants operated by Carrefour’s suppliers. These training sessions, designed and organised by a local NGO, Karmojibi Nari, were intended to establish conditions that would permit workers to present demands on safety, working hours and salaries.

During 2010, training on social responsibility for all of the Group’s suppliers in India was conducted in association with Social Accountability International (SAI) and the FIDH, which helped develop the content. This programme ran in four phases:

- a self-assessment of each supplier’s approach to social responsibility, validated by SAI;
- three training sessions over two days in India: they brought together all suppliers to explain the steps required to implement a social approach and the

benefits of such an initiative, to provide examples of best practices and to provide tools for the advancement of all participants;

- the creation of an online training tool to supplement these sessions. This tool is intended to remind suppliers undertaking a social responsibility process of the various actions to be implemented, in order to develop practices related to each chapter addressed during the training programme;
- targeted training for certain volunteer suppliers, which will continue through 2011.

All in all, this process was very well received by the suppliers, which found it to be a constructive and complementary approach to the social audit.

In order to help all suppliers progress in countries where it purchases products, Carrefour increasingly works with other international brands to develop a common approach to the problems encountered in these various countries, along with training tools and education. A programme on fire prevention and safety is currently underway in Bangladesh.



IN PRACTICE

CARREFOUR BANS SANDBLASTING FROM ITS OWN TEXTILE BRANDS

In September 2010, Carrefour decided to ban the use of sandblasting in the production of textiles sold under its brands. Products delivered to stores in the spring of 2011 were manufactured without the use of this process.

Sandblasting is used in the textile industry to give a worn look on jeans. Studies have shown that the silica dust released during this process can have a serious impact on workers’ health when they are not properly protected. The decision to no longer use this technique affects all of Carrefour’s textile brands. It enables the Group to take its commitment to human rights in the workplace even further, and to strengthen its efforts in the areas of occupational health and safety.

5 *Environmental actions*



For over 15 years now, to reduce its environmental footprint, the Carrefour group has been implementing a comprehensive approach and increasing its efforts in three main areas: fighting climate change, protecting biodiversity and natural resources, reducing and recycling waste. At the end of 2010, which declared International Year of Biodiversity by the United Nations, the Group launched its official policy on forest products supplies with a wide-ranging objective: “Zero deforestation” by 2020. This commitment has been strengthened and is particularly integrated into Carrefour’s strategy for 2011, the International Year of Forests. It is an opportunity for Carrefour to increase its commitment to help protect forests.

Launched in 1998 with WWF France, a long-standing partner of the Group, this approach first involved the introduction of responsible wood supply chains. The Group thus gave itself a model to follow for other products such as paper. Today, the “Zero-deforestation” goal has been expanded to cover products related to sustainable forest management, such as palm oil.

- *Contributing to the tackle climate change* 97
- *Preserving biodiversity and natural resources* 109
- *Waste management and recycling* 115

Contributing to tackle climate change

After setting new goals in 2009, Carrefour carried on its efforts in 2010 and deployed ambitious initiatives to reduce its greenhouse gas (GHG) emissions and at fighting more effectively climate change. Electricity and refrigerants are the Group's two main sources of GHG emissions. Its reduction efforts mainly include improving its refrigeration systems and increasing energy efficiency. Carrefour aims to meet the ambitious goal of reducing its energy consumption by 30% by 2020 (compared with 2004). The Group also continually optimises its transport and logistics operations.

Stepping up on Group commitments

For several years now, the Carrefour group has been implementing an active strategy aimed at reducing greenhouse gas emissions. In the framework of the Consumer Goods Forum (CGF), a collaborative platform that unites retailers and manufacturers on key issues such as Sustainable Development, the Group actively participated in the development of common quantifiable objectives.

In June 2010, the Group's CEO, Lars Olofsson, was elected co-chair of the CGF. This appointment provided Carrefour with the opportunity to present its approach to fighting climate change and thus help promote the inclusion of Sustainable Development principles into the business operations of key players in retail and industry.

Carrefour reports on its efforts by completing the annual questionnaire of the Carbon Disclosure Project (CDP), which provides investors with information on how the challenges of climate change, are integrated into business practices. Carrefour's answers to this questionnaire are available to the public on the CDP's website (www.cdproject.net).

Similarly, Carrefour provides information on its efforts in the protection and responsible management of forests via the questionnaire of the Forest Footprint Disclosure, a programme of the UK's Global Canopy Foundation. This programme has received support from the United Nations Environment Programme (UNEP), the British government's Department for International Development and WWF UK. Thanks to its initiatives, the Group was recognised by the Forest Footprint Disclosure Project as co-leader in the food distribution sector in 2010.

OUR CARBON FOOTPRINT⁽¹⁾

GHG emissions by source

(in tonnes of CO₂ equivalent)

Scope 1:

Refrigerants ✓✓

Gas ✓✓

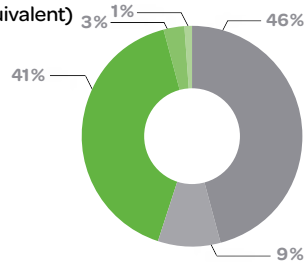
Fuel ✓✓

Scope 2:

Electricity ✓✓

Scope 3:

Logistics ✓



GHG emissions by zone

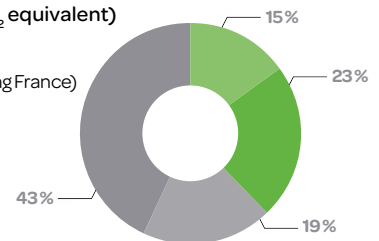
(in tonnes of CO₂ equivalent)

France

Europe (excluding France)

Latin America

Asia



(1) In order to measure its carbon footprint, in 2007, Carrefour implemented a greenhouse gas emissions reporting system based on the guidelines of the GHG Protocol, an international GHG accounting standard. In 2010, our direct emissions (scope 1 of the protocol: refrigerants, gas and fuel) were 2.15 million tonnes of CO₂ equivalent and indirect emissions (scope 2: electricity and scope 3: goods transport) were 2.59 million tonnes of CO₂ equivalent. Excluded from the scope: HM, GR, SM; GR; HD: ES, BR.

✓ 2010 figures verified by Statutory Auditors KPMG Audit with a result of moderate assurance.

✓✓ 2010 figures verified by Statutory Auditors KPMG Audit with a result of reasonable assurance (CO₂ emissions indicator, scopes 1 and 2).

Reducing energy consumption

IMPROVING ENERGY EFFICIENCY

Sustainable Development drives innovation because it leads the Group to think differently about its growth and its relationship with the environment.

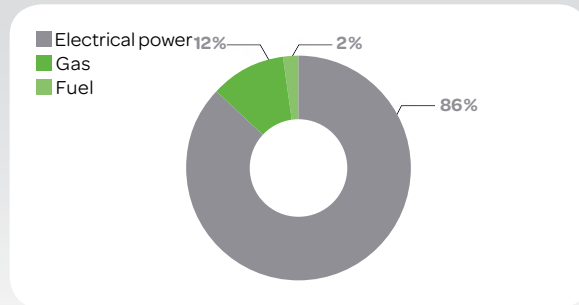
Every year, Carrefour spends about €0.5 billion on energy, with a consumption of nearly 8 TWh. Electricity represents 87% of this consumption. **To achieve the objective set in 2009 of achieving a 30% improvement in energy efficiency by 2020 compared with 2004, the Group has launched an investment programme of around €30 million per year.** This has already enabled the Group to achieve efficiency gains of 18.2% compared with 2004 figures. This significantly reduces its environmental impact and helps to cut down on costs.

Launched in 2007, the Energy Efficiency Programme is based on the deployment of best practices or

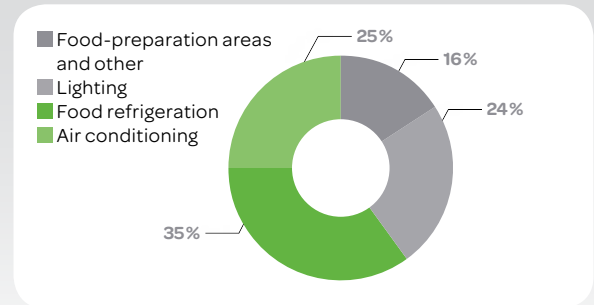
innovative technologies in the stores. These include introducing centralised technical management (CTM), closing of freezer units (negative cold) with doors, night stores for the fresh product sections (positive cold), adjusting store air conditioning, and replacing light fittings with more economical solutions such as electronic ballasts or LED lighting.

In Turkey for example, recently opened Carrefour stores were designed to be more energy efficient. The new Kucukkoy store consumes 25 kWh/m², compared with 36 kWh/m² at the former store in Kucukyali that had the same surface area (900m²). This progress was due to different initiatives, in particular the introduction of more energy-efficient lighting using LED technology. The goal for 2011 is to reduce the store's energy consumption by 10% to reach 22.5 kWh/m².

AVERAGE STORE ENERGY CONSUMPTION



STORE ELECTRICITY CONSUMPTION



Refrigerants: stronger commitments

Refrigerant leaks are Carrefour's biggest source of direct emissions, and second-biggest source of greenhouse gas (GHG) emissions, after electricity. Each year, around 2 million tonnes of CO₂ equivalent are released into the atmosphere due to refrigerant gases.

These gases are used in store refrigeration systems to create positive cold (for fresh products) and negative cold (for frozen products), but also in air-conditioning systems.

Beyond their environmental impact, which Carrefour must work to reduce as a responsible company, refrigerant gases also pose a regulatory problem in

the short term. Hydrochlorofluorocarbons (HCFCs), used in most of the refrigeration systems already installed, have an impact on the ozone layer. Following the prohibition of virgin HCFCs in Europe in January 2010, the Group assessed its HCFC installations and tested alternatives at the European level: the use of recycled HCFCs, modification of the equipment to make it compatible with hydrofluorocarbons (HFCs), and replacing older equipment.

The Group has implemented a strategy to identify the rates and causes of refrigerant leaks, country by country, in order to be able to reduce them more effectively.



The inventory allowed Carrefour to define an action plan aimed at reducing the CO₂ emissions of its stores in four countries (France, Spain, Italy and Belgium) by 40% by 2020 (compared to 2009).

In the framework of the CGF, the Group also committed to stop using HCFCs in its new refrigeration equipment as of 2015.

To reach this two-fold goal, alternative technologies will be tested in 2011, for example CO₂. Currently, 24 stores in Europe, including three franchised stores, use this gas for frozen products (negative cold). This technique will also be tested for positive cold.

Different systems are also being examined, such as HFC fluids with lower Global Warming Potential (GWP). Secondary heat-transmission fluids (glycolated water, CO₂) are also being tested. They can be used to limit the amount of refrigerants by using indirect systems: cold air can be transferred via a refrigeration exchanger to an environmentally-neutral refrigerant like glycol. Another technique using a 100% natural fluid, called Transcritical CO₂, will also be tested in regions in which outdoor temperatures are favourable. Beginning in 2012, these new technologies will be gradually deployed throughout the entire Group.

Reducing the environmental impact of the logistics chain

Given the huge volumes of products delivered its stores, the optimisation of transport and logistics is a major challenge in its fight against climate change. In response, Carrefour has opted for alternative forms of transport and tries to optimise the loading of lorries to reduce the mileage travelled and limit their impact. **In France in 2010, thanks to a number of actions, the Group saved 16,600 tonnes of CO₂ on its overall upstream and downstream transport, i.e. 51,000 fewer lorries on the roads and 20 million fewer kilometres travelled. This represents an additional CO₂ saving of over 13% compared with 2009.**

The Group was also involved in the creation of the Déméter Environment and Logistics Club, bringing together retailers, service providers, suppliers, the City of Paris and ADEME (French Environment and Energy Management Agency). The club aims to promote logistics solutions that respect the environment and are compatible with companies' economic imperatives. In 2009 and 2010, projects included improvements to urban deliveries, reductions in the impact of reusable packaging (plastic trays) and GHG emissions, and the development of logistics solutions that can be shared among companies, allowing the use of multimodal transport methods.

WAREHOUSE DELIVERIES: FLOW GROUPING AND PRIORITY TO RAIL AND RIVER TRANSPORT

In 2010, Carrefour introduced a project aimed at mapping upstream flows (supplier deliveries to warehouses) to group together deliveries.

Surveys of its suppliers allow the Group to determine the quantities and origin of merchandise delivered to warehouses in its four main countries (France, Belgium, Spain and Italy). This comprehensive and pan-European vision of the flows should eventually allow Carrefour to group together deliveries destined for Western Europe from suppliers located near one another using a transport system involving rail or by optimising lorry loads.

For the post-routing of its imported products (from the ports to Carrefour warehouses), the Group aims to encourage alternative modes of transport (rail and barge). Thus, Carrefour gives priority to multi-modal transport, which consists of using several modes of transport for a single journey, for example rail/road or barge/road.

In France, for example, 31% of the imported products destined for hypermarkets in France were transported by multimodal methods in 2010, which represented 4,000 fewer lorries on the road and 900,000 fewer kilometres travelled.

Similarly, rail was used over 4 million kilometres for the upstream transport of food products (fruit and vegetables, grocery and beer) in 2010. Over the year, this represented a savings of 3,300 tonnes of CO₂.

In Spain, 100% of containers from Asia arriving at the port of Barcelona and 76% arriving at Valencia are sent by rail to Madrid, which represents 1.8 million fewer kilometres travelled and 3,900 fewer lorries, for a total of 1,000 tonnes of CO₂ saved. In Belgium, transport by barge is the preferred method.



IN FIGURES

6.94 kg of CO₂
emitted per pallet transported in 2010, or

15%

less than in 2009 (in the Supply Chain France scope, made possible by the inclusion of Euro standards)

With a view to using full lorries throughout the transport chain, the Group has set up Consolidation Centres for its suppliers. These platforms make it possible to pool stocks and deliver to a single warehouse from which Carrefour can have its supplies delivered in full lorry loads, using a multi-supplier system. In 2010, 11 centres of this type (including four opened during the year) were active, supplied by 380 different suppliers. Four new platforms are due to be opened in 2011.

DOWNSTREAM TRANSPORT (WAREHOUSES TO STORES): OPTIMISING ROAD TRANSPORT

The Group is focusing its efforts on optimising transport flows and reducing the number of kilometres travelled per route. For this, the Logistics divisions of the different countries aim for the optimal loading of lorries.

In certain countries, such as France and Greece, this means using twin-deck lorries on regular routes. The system makes it possible to double the load of a lorry and to use all available space. In France, the fleet of twin-deck lorries included 23 vehicles in 2010, compared with 11 in 2009. The number of lorries on the road and quantities of CO₂ emissions have thus been cut in half.

Dia France uses multi-temperature lorries to pool the flows of dry and refrigerated products toward stores. With the various measures introduced by Dia France, the distance travelled by delivery lorries was reduced by over 900,000 kilometres between 2009 and 2010.

To limit the number of kilometres travelled by lorries, Carrefour is also working on several other projects:

- establishing synergies among the deliveries of hypermarkets and other local store formats (supermarkets, convenience stores and cash & carry);
- strengthening synergies between upstream and downstream flows to avoid empty return trips through the development of backhauling: lorries that have delivered merchandise to stores are loaded at nearby suppliers to re-supply Group warehouses.

Carrefour was thus able to reduce “empty” kilometres over 2010 by transporting 86,000 supplier pallets in lorries returning from deliveries. The savings correspond to 18% of the upstream transport piloted by Carrefour in France, or 3,300 fewer lorries and 840 fewer tonnes of CO₂.

In France, a new transport management software program underwent testing in 2010 and will be deployed at all sites in 2011. The tool helps to manage transport flows in the supply chain more effectively. It ensures lorry traceability and helps create flow synergies among the different activities.

In Brazil, Belgium, Italy, Poland and Romania, Carrefour’s logistics teams also have efficient tools to help reduce the mileage of delivery rounds and monitor them to avoid unnecessary journeys.

A system of “reverse packaging” was set up in France to optimise the use of reusable packaging and reduce the number of empty kilometres travelled. “Reverse packaging” means returning empty packaging (pallets, rolls, crates, etc.) to a regional site. It has enabled an average saving of 10% in return kilometres, i.e. 7 million fewer “empty” kilometres. Eight centres have already been set up. In 2010, the system was extended to include the return of unsold media products (CDs, DVDs, software, games etc.).

Finally, the reorganisation of delivery times has also improved transport flows, and deliveries to stores can be better scheduled. A single lorry can make several back-to-back rounds per day, which saves waiting time and helps avoid traffic jams. This particularly helps to reduce fuel consumption. In all of the Group’s countries, delivery schedules have been changed, with some deliveries taking place in the afternoon or at night to reduce traffic congestion. Several solutions have also been introduced for a more optimal flow distribution outside rush hour. These include unloading by the driver, or special delivery bays allowing deliveries to be made even when the store is closed. In France, 44 of these bays have already been created at hypermarkets and 1,200 at supermarkets and convenience stores. At Carrefour Belgium, it is the preferred system, and represents 16% of deliveries.

Carrefour also has initiatives aimed at expanding multimodal transport in downstream flows (deliveries to stores). For example, some stores in the south of France receive their deliveries by rail and road. In 2010, 5 million kilometres were covered in combined rail/road mode, which meant 7,000 fewer lorries on the road and a savings of 4,500 tonnes of CO₂.

In 2010, Supply Chain France asked its carriers to sign the CO₂ Charter of ADEME (French Environment and Energy Management Agency). The goal is to involve road carriers in a progressive approach for the environment, and encourage them to carry out concrete actions such as lowering their fuel consumption or reducing the number of empty kilometres travelled.

Over the year, Supply Chain France helped to develop specifications and indicators linked to the Charter. The project was presented to carriers, and the approach will be continued in 2011. The goal is to determine common areas between Carrefour and carriers that have signed the CO₂ charter. The idea of including carbon assessments on invoices has particularly been considered.

CLEANER LORRIES AND QUIETER DELIVERIES

In order to reduce the environmental impact of its logistics chain, the Carrefour Group favours the choice of lorries with less polluting engines and has requested that its carriers upgrade to the Euro 4 and 5 pollution control standards. These standards are set by the European Union to reduce vehicle pollution. In 2009, lorries compliant with the Euro 4 and Euro 5 standards represented 65% of the fleet in France. In 2010, this figure rose to 80%, and the goal is to reach 95% in 2011.

In this respect, the performance of Carrefour Belgium is remarkable, since 100% of its dedicated lorries comply with the Euro 4 and Euro 5 standards.

In 2009, a fleet of six vehicles compliant with the Enhanced Environmentally-friendly Vehicles standard (EEV) – the strictest standard in terms of pollution generated by road transport – was introduced for lorries delivering to stores from the Vendin site in the Pas-de-Calais region. In 2010, the fleet was expanded to include 15 vehicles.

In 2011, Carrefour will test new solutions based on innovative technologies: hybrid lorries (19 and 26 tonnes) for main roads, and electric lorries for deliveries in city centres. However, the environmental impact of Carrefour lorries is measured not only by the pollution they generate, but also by their sound emissions. The Carrefour Group is currently testing “silent” lorries for deliveries in city centres (see In Practice insert on page 102).



IN PRACTICE

“SILENT” LORRIES FOR CITY-CENTRE DELIVERIES

In 2009, Carrefour and the Paris Town Hall worked together to test “silent” lorries to reduce noise in the city centre. The results were very positive, with noise emissions divided by 3. The level of noise during use dropped to 60 decibels, which corresponds to the noise generated by a normal conversation.

To reach this figure, the lorries were fitted with various devices, including sound-insulation coverings and silent liftgates.

The drivers also take part in this noise-reduction campaign. An awareness-raising and training programme encourages them to adopt new behaviour: shutting off the engine during the unloading of the vehicle, opening and closing the doors more carefully, etc. The partnership with the Paris Town Hall also made it possible to introduce additional measures to further reduce noise. The level of the pavement in front of certain stores was lowered to eliminate the need for a steel plate to move pallet transporters to the pavement, which was one of the main causes of noise linked to deliveries.

These convincing tests led Carrefour to use these vehicles in 2010. 67 silent lorries compliant with the PIEK standard (Dutch label guaranteeing a sound level of no more than 60 decibels) supplied over 150 stores in Paris and the surrounding region, the Lille conurbation, Le Mans, Lyon, Nice and Toulouse. By the end of 2011, 130 lorries of this type will make deliveries to nearly 300 city-centre stores. In 2012, they will also be used for deliveries to stores identified as sources of noise by the local community.

The deployment of these vehicles is a concrete example of Carrefour’s commitments undertaken in 2004 with ADEME (French Environment and Energy Management Agency) in a framework agreement on the development of alternative vehicles.



IN FIGURES

16,600 tonnes

of CO₂ were saved (upstream and downstream transport) in France in 2010, with some

51,000

fewer lorries on the road

REDUCING THE ENVIRONMENTAL IMPACT OF WAREHOUSES

Based on experience acquired through managing the environmental performance of its stores, the Group has now extended the monitoring of Sustainable Development indicators to its integrated warehouses in France since 2008, and to those managed by service providers since 2009. In 2009, this was also extended to other countries in which the Group operates.

Since 2005, Sustainable Development audits of French warehouses have been carried out by an outside service provider to identify best practices and encourage progress. The audit is based on an internal Carrefour benchmark and takes into account waste management, energy consumption, greenhouse gas reduction and social development. In 2010, 58 audits were carried out. Data-gathering practices were also introduced, and a regularly-updated environmental scorecard was created for each warehouse. This monitoring allows Carrefour not only to make the most of any initiatives taken, but also to compare results to help improve warehouses that perform the poorest. The data was also used to create the carbon assessment tool for the entire Supply Chain France.

A few examples from among the initiatives carried out:

- In France, a photovoltaic facility was installed on the roof of the Laudun (Gard) warehouse. It produces electricity equivalent to the consumption of 500 households.
- Carrefour Spain installed 12,500 linear metres of photovoltaic panels representing 1.2 MWh.
- A waste sorting and recovery system was set up by Supply Chain for stores producing small amounts of waste and which therefore do not have their own collection system (see paragraph on page 115).

Finally, voice recognition systems have been used for order preparation at warehouses, which saves using paper listings and labels. This saves one box of A3 sheets, or 15 kg of paper, per warehouse per day. Thanks to this initiative, the computerised data exchange used for 95% of communications with suppliers, as well as the computerisation of invoices, Carrefour's warehouses in France saved 300 tonnes of paper, i.e. 540 tonnes of CO₂.

The warehouses have also made efforts to reduce waste and packaging by using reusable plastic trays for fruit and vegetables, meat and textiles. This meant that 32.6 million cartons and wooden crates were saved in 2010.

Carrefour's goal is to use 50 million delivered trays by 2013. By using plastic crates instead of cardboard ones, Carrefour is able to save the equivalent of 320 g of CO₂ per crate and per rotation.

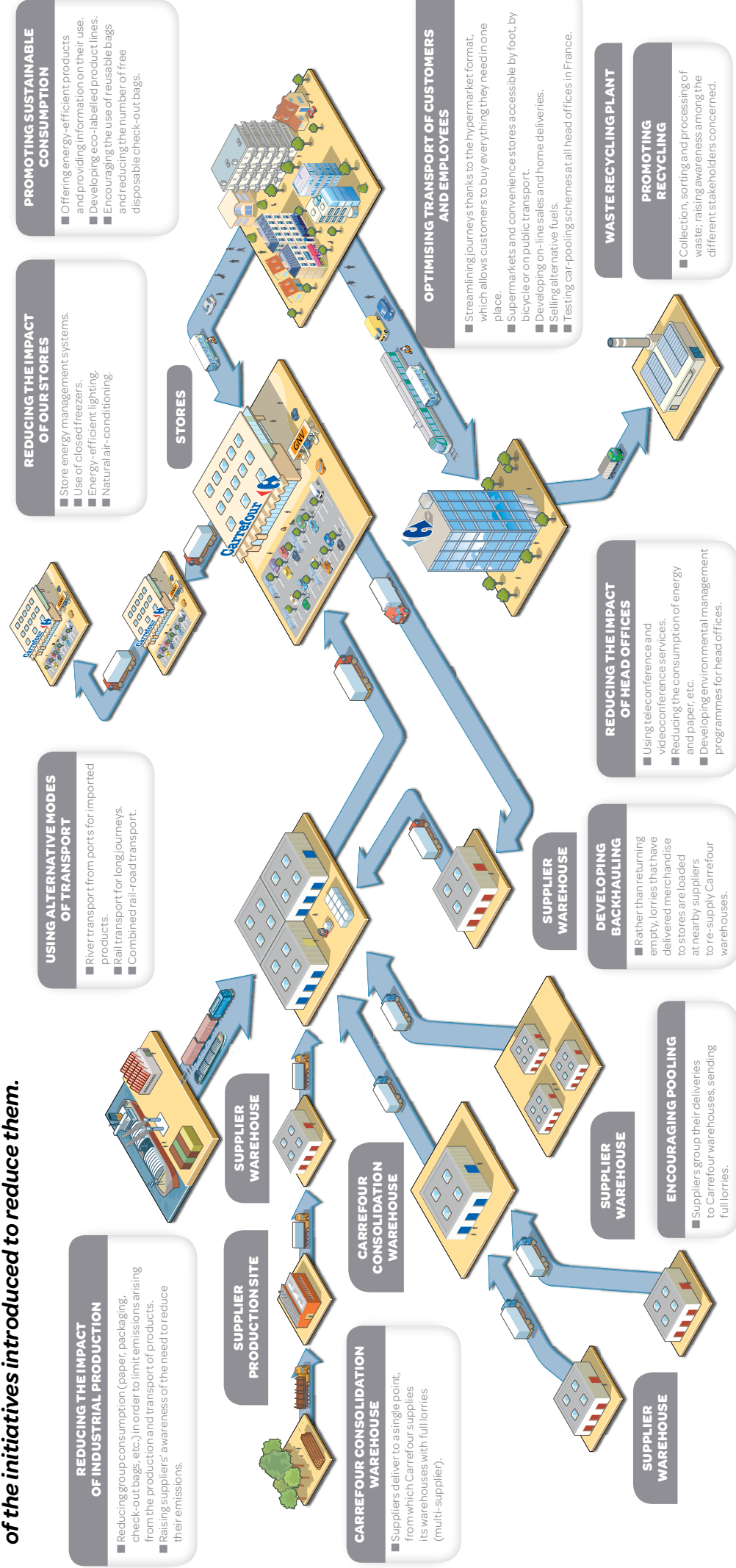
TRAINING AND RAISING TEAM AWARENESS

To raise awareness and inform staff of Sustainable Development objectives and how they can be achieved, a special training module was developed for all Supply Chain teams in France. This day-long training course was started in 2009 and aims to help employees integrate Sustainable Development criteria into their working practices.

Over 1,400 employees were trained between 2009 and 2010. By the end of 2013, most Supply Chain France staff will also have received training. An awareness-raising campaign was carried out in parallel to the training. Finally, in 2009, a Sustainable Development incentive was included in the variable compensation of French Hypermarket Supply Chain employees.

Reducing carbon emissions throughout the supply chain

Carrefour takes action to reduce its CO2 emissions and to help its customers reduce theirs. The Group aims to help reduce greenhouse gas emissions by improving the efficiency of its retail operations and product range, in particular by encouraging the use of energy-saving products. The following illustrates the direct and indirect emissions generated by Group operations with examples of the initiatives introduced to reduce them.



REDUCING THE IMPACT OF INDUSTRIAL PRODUCTION

- Reducing group consumption (paper, packaging, check-out bags, etc.) in order to limit emissions arising from the production and transport of products.
- Raising suppliers' awareness of the need to reduce their emissions.

SUPPLIER PRODUCTION SITE

CARREFOUR CONSOLIDATION WAREHOUSE

- Suppliers delivered to a single point, from which Carrefour supplies its warehouses with full lorries (multi-supplier).

SUPPLIER WAREHOUSE

- Encouraging pooling
- Suppliers group their deliveries to Carrefour warehouses, sending full lorries.

USING ALTERNATIVE MODES OF TRANSPORT

- River transport from ports for imported products.
- Rail transport for long journeys.
- Combined rail-road transport.

DEVELOPING BACKHAULING

- Rather than returning empty lorries that have delivered merchandise to stores are loaded at nearby suppliers to re-supply Carrefour warehouses.

REDUCING THE IMPACT OF HEAD OFFICES

- Using teleconference and videoconference services.
- Reducing the consumption of energy and paper, etc.
- Developing environmental management programmes for head offices.

REDUCING THE IMPACT OF OUR STORES

- Store energy management systems.
- Use of closed freezers.
- Energy-efficient lighting.
- Natural air-conditioning.

OPTIMISING DOWNSTREAM LOGISTICS

- Implementing tools to reduce the number of lorries and kilometres travelled.
- Optimising the number of pallets per lorry and boxes per pallet.
- Developing co-deliveries, the same lorry delivers to several adjacent stores.
- Sustainable technology in new warehouses.

PROMOTING SUSTAINABLE CONSUMPTION

- Offering energy-efficient products and providing information on their use.
- Developing eco-labelled product lines.
- Encouraging the use of reusable bags and reducing the number of free disposable check-out bags.

OPTIMISING TRANSPORT OF CUSTOMERS AND EMPLOYEES

- Streamlining journeys thanks to the hypermarket format, which allows customers to buy everything they need in one place.
- Supermarkets and convenience stores accessible by foot, by bicycle or on public transport.
- Developing on-line sales and home deliveries.
- Selling alternative fuels.
- Testing car-pooling schemes at all head offices in France.

WASTE RECYCLING PLANT

- PROMOTING RECYCLING
- Collection, sorting and processing of waste: raising awareness among the different stakeholders concerned.

Towards Zero Deforestation: Carrefour's new environmental goal

Tropical forests were destroyed at an estimated rate of 13 million hectares per year on average between 2000 and 2005. This figure can be reduced to 7.3 million if we take into account reforestation initiatives, according to the FAO (UN Food and Agriculture Organisation).

According to the FAO's 2009 report on the state of the world's forests, deforestation in Africa, Asia and Latin America is likely to continue at a fast rate for the next 20 years. Deforestation is currently one of the major sources of greenhouse gas emissions, representing around 18% of anthropogenic CO₂ emissions every year. It has become one of the major topics in climate change negotiations. The REDD+ Programme (Reducing Emissions from Deforestation and Forest Degradation) was created under the auspices of the UN to finance efforts to fight deforestation and preserve forests in Southern countries. It was approved in principle during the Copenhagen Agreement in late 2009. Its practical provisions were defined during the following summit in Cancun in early December 2010. These were included in the Cancun Agreement and are considered one of its key successes. To take part in the collective effort and increase the scope of its involvement, the Carrefour Group committed to a far-reaching objective as part of its participation in the Consumer Goods Forum (CGF): Zero Deforestation by 2020.

THE GROUP'S COMMITMENT TO RESPONSIBLE FOREST MANAGEMENT

To promote responsible forest management, Carrefour pays special attention to the origin of the wood used in its products and favours the use of wood certified by the Forest Stewardship Council (FSC). Since 1997, Carrefour has taken measures to be responsible in the provisioning of its wood supply and since 1998 has been working with the WWF to promote species certified by the FSC, thus guaranteeing responsible forest management. In 2008, the Group's European Purchasing Office confirmed its commitment to protecting forests. Since then, its range of outdoor furniture has consisted exclusively of FSC-certified products (FSC amburana and FSC eucalyptus) and acacia, a species of tree not on the IUCN list of endangered species and currently in the process of obtaining FSC

certification with the Global Forest and Trade Network (GFTN). The same year, Carrefour warmly welcomed the European Commission legislative proposal establishing rules for those involved in the sale of wood and wood products. The proposal sets up a due diligence system, an extra step toward a better understanding of the origins of the wood and encouraging greater responsibility in the range of products offered to consumers.

The Group also takes part in the fight against the illegal wood trade. In 2003, Carrefour became involved in the European Commission's Forest Law Enforcement on Government and Trade (FLEGT) action plan aimed at establishing a framework for fighting the illegal sale of wood. For its commercial publications, the Group also promotes the use of paper made from recycled wood fibres and/or forests under certified management, concentrating its policy on using paper with reduced grammage.

By the end of 2012, the Group aims to use paper made exclusively from recycled wood fibres and/or from forests under certified management for all of its catalogues and magazines for consumers in Europe.

PALM OIL AND DEFORESTATION

A huge number of products contain palm oil: crisps, cakes, biscuits, pastries, chips, crackers, dough, factory-made breads, spreads and more. Palm oil is also used in personal care products such as soaps and shampoos. This multitude of uses explains why it is the most widely-used oil in the world, with over 45 million tonnes produced every year over an area representing more than 12 million hectares.

To meet the global need, the expansion of plantations all too often leads to deforestation, destruction of natural habitats and pressure on endangered species such as the Sumatran tiger or the orang-utan. Moreover, the destruction of forests and peat bogs creates greenhouse gas emissions, which accelerate the rate of climate change. In Indonesia, for example, deforestation is responsible for 1.8 billion tonnes of CO₂ every year, or 4% of the world's total annual greenhouse gas emissions. Finally, the extension of palm crops also has an impact on society as it sometimes gives rise to the brutal expropriation of land from the local populations.

CARREFOUR: 100% CERTIFIED RESPONSIBLE PALM OIL IN OWN-BRAND PRODUCTS BY 2015

The Group's aim in this regard is to promote palm oil production adhering to the basic principles of protection of both people and the environment. To do this, in 2006 the Group became a member of the Roundtable on Sustainable Palm Oil (RSPO). At the time, it was the only French retailer participating in the initiative.

This roundtable, established in 2004, currently has over 400 members, including producers, major food industry and retail players, as well as banks and NGOs such as WWF and Oxfam. The aim of the RSPO is to develop a sustainable palm oil supply, with respect for social and environmental criteria and preventing the conversion of forests which are "valuable for preservation", with the institution of a certification system.

The Carrefour Group welcomed the drafting of a sustainable palm oil benchmark by the RSPO and has taken on greater responsibility in the governance of the Roundtable with a Carrefour Indonesia manager representing the Group on the RSPO Executive Board since 2009. Carrefour thus supports the actions of the RSPO and contributes to its continual improvement, notably by stepping up its efforts to preserve biodiversity and by continuing the fight against deforestation.

In 2007, Carrefour began efforts to raise the awareness of suppliers producing own-brand products to its International Purchasing Office, and carried out an inventory of the use of palm oil in its own-brand products.

In 2008, Carrefour France substituted palm oil with sunflower oil in its own-brand chips, thereby reducing the total amount of palm oil the banner uses by a third.

In 2009, the first RSPO-certified palm oil was released on the market and Carrefour committed to using this certified oil in all own-brand products throughout the world by 2015.

Carrefour now asks its own-brand suppliers to substitute palm oil where technically possible and as long there is a nutritional benefit in doing so. Launched in 2008, most of these substitutions should be implemented in Europe by the end of 2013.

However, palm oil is a staple food in certain Asian and Latin American countries, where it is produced locally and used on a daily basis, in particular for frying. For this reason, when substitution is impossible, the Group has undertaken to use only certified responsible palm oil by 2015.

In 2009, Carrefour began holding meetings on this subject to inform its teams operating in the countries where palm oil is manufactured or extensively consumed. A major awareness-raising campaign was launched for all Group suppliers and continues today. In 2010, an educational kit was sent out to all suppliers of the European Purchasing Office to help staff understand the social and environmental issues linked to the production and use of palm oil. Developed with support from the WWF, it also contains a guide that clearly explains the approach for purchasing palm oil responsibly and participating in the Roundtable.

CARREFOUR TAKES ACTION TO PROMOTE RESPONSIBLE SOY PRODUCTION

Due to its quality and high protein content, soy has been widely used in animal feed for intensive animal agriculture. It is cheap and promotes rapid growth in animals. Due to the rising demand for industrial meat, this crop is developing rapidly and contributing to deforestation. Since 1998, 13.5 million hectares of the Amazon rainforest in Brazil have been razed to make room for soy crops. The Carrefour Group drafted an inventory of the ingredients used in its own-brand products and has lent its support to the drafting of a responsible soy certification benchmark in the framework of the RTRS (RoundTable on Responsible Soy), of which it is a member. Founded in 2006, this Roundtable is an international initiative bringing together producers and representatives of industry, retail and NGOs. The RTRS issued a document entitled "Principles for Responsible Soy Production". In 2010, Carrefour worked hard for the inclusion of an annex concerning non-GMO crops. Its efforts were successful: the Principles, adopted by the RTRS in June 2010, added this annex in the month of November.



IN PRACTICE

FOR 100% TRACEABLE AND CERTIFIED RESPONSIBLE PALM OIL

Carrefour has been an active member of the RSPO since 2006, helping to improve standards, protect biodiversity, prevent deforestation and promote the production and purchase of 100% traceable and certified responsible palm oil.

Responsible palm oil production began at the end of 2008. In 2009, 1.3 million tonnes of the total production of around 45 million tonnes were of certified origin. In 2010, this figure rose to 3.8 million tonnes. Although this volume is minimal compared to global production, it represents 80% of European consumption, which today amounts to 4.5 million tonnes, or 10% of the world's consumption.

The supply chain for palm oil and its by-products, however, is very complex and lacks traceability. Given the gradual development of responsible supply chains, the mills and manufacturing plants that are currently certified only hold certification for a part of their production. Certain producers therefore frequently sell certified responsible palm oil as conventional palm oil in traditional supply circuits. When this is the case, the producers generate as many certificates as the tonnes of responsible palm oil they produce, and sell them via GreenPalm, an Internet exchange platform similar to a stock exchange. In 2010, Carrefour began purchasing these certificates for all of its consumption in France (own-brand products) to encourage the development of the sustainable palm oil network and avoid penalising producers financially. These certificates include compensation for the producer (which constitutes a gain compared to the price of non-certified oil), for the RSPO (\$1) and for the GreenPalm exchange itself (\$2). On average, a tonne of certified palm oil is between 0.5% and 2% more expensive than a tonne of non-certified palm oil.

However, purchasing GreenPalm certificates is only a first step in the approach. To promote a more transparent market, Carrefour promotes the introduction of palm oil production that is certified and may be traced from start to finish. Given the large number of producers involved in this process, Carrefour asks its suppliers to make buying 100% traceable and certified palm oil a preference. In August 2010, in partnership with several NGOs, Carrefour Indonesia launched a responsible supply channel for palm oil. By the end of 2011, it will be the first Carrefour Quality Line in Indonesia not dedicated to fresh products. At each stage of the project, the teams apply the standards concerning quality, Sustainable Development criteria and the operating modes developed for nearly 20 years within the Carrefour Quality Lines. This new supply channel will give Carrefour customers a purchasing option that does not exacerbate deforestation and guarantees working conditions that comply with International Labour Organisation (ILO) guidelines.

THE ZERO DEFORESTATION GOAL

By setting itself the Zero Deforestation goal in 2010, Carrefour strengthened its commitment and defined guidelines for its wood-product supplies.

Because it involves a large number of products linked to the issues of forest management, this strategy is notable for its wide scope.

It covers:

- Goods produced from wood, paper or wood fibres;
- Certain products containing agricultural materials (in particular palm oil) whose production could have an impact on the forest;
- Non-marketed products such as paper for commercial publications and receipts used in the stores.

To go beyond legal compliance, demanding environmental criteria will also be included in the specifications of the major supply chains concerned. For example, wood and paper must not be sourced from primary forests or peat bogs.

Concrete actions will be introduced to ensure correct application of these rules. A supplier charter for Carrefour brand products will be developed, and a detailed inventory drawn up. It will also be an opportunity to inform suppliers and raise their awareness of the issues linked to deforestation and the responsible supply practices to adopt.



IN PRACTICE

CARREFOUR BRAZIL STOPS BUYING MEAT FROM COMPANIES ACCUSED OF DESTROYING THE AMAZON FOREST

In June 2009, Greenpeace published a report entitled "Slaughtering the Amazon" in which the NGO denounces practices that destroy the Amazon forest. After carrying out an enquiry, the Pará Federal Public Ministry announced its decision to engage in a civil action against 21 breeding companies and slaughterhouses accused of being responsible for the destruction of 157,000 hectares of the Amazon forest in the south of Pará. It then sent a letter to the three major retailers in the country, including Carrefour and 72 other purchasers of bovine meats, to recommend that they stop buying meat from these 21 suppliers.

After verification, the Carrefour teams confirmed that the Group's own-brand products were not concerned, but out of precaution, immediately suspended all meat purchases from the state of Pará. Furthermore, in the framework of ABRAS (the Brazilian supermarket association), and in agreement with the two other major Brazilian retailers, Carrefour set up an auditing process to ensure that products sold do not come from deforestation areas.

Preserving biodiversity and natural resources: over 15 years of commitment

The UN declared 2010 the International Year of Biodiversity. For many years now, Carrefour has been taking action to protect biodiversity and natural resources. This is a part of the Group's approach, which is based on assuming its responsibilities and ensuring its operations are sustainable, in particular in terms of sourcing.

The number of the world's known species has decreased by around 40% since the 1970s. Nearly 20% of coral reefs have been destroyed by pollution and excessive fishing. To respond to these challenges, the Nagoya Biodiversity Summit, held from 19 October to 2 November 2010, resulted in a series of multi-party agreements including a strategic plan for the next 10 years, an international protocol on access to and sharing of the benefits of using the planet's genetic resources and the creation of an organisation dedicated to biodiversity and equivalent to the IPCC for climate change. Due to the nature of its activities, the Carrefour Group has a key role to play in the preservation of natural resources. It participates through a number of initiatives in various areas: GMOs, responsible management of fishing resources, protection of forests and preservation of water.

PROPOSING ALTERNATIVES TO GMOS

In 1996, the Group was the first French retailer to adopt a precautionary approach to GMOs. In 2010, the Group was the only retailer offering own-brand products made from animals fed exclusively with non-GMO foods. In Europe, all own-brand products (Carrefour and Dia), cross brands (Reflets de France, for example) and low-price brands (such as Carrefour Discount and N°1) are free of GMO labels. For some Carrefour Quality Line products such as meat and eggs, the banner pushed the initiative even further as early as 2000 by excluding the use of GMOs in feed for the animals from which these lines are sourced.

Yet, in France, there are no specific regulations that the Group can use to inform its customers of this

choice. Current regulations require disclosure on the labels of food products with a genetically modified content of 0.9% or more, but they do not allow for labelling indicating the absence of GMO content, in particular concerning animal feed. Yet according to a 2010 IFOP public opinion survey, 63% of French consumers stated that they would stop consuming any products they knew came from animals fed with GMO feed.

To make its commitment to GMOs more visible, the Group decided to inform its customers to enable them to purchase products in line with their convictions. In October 2010, it launched the "GMO-free" label (GMO-free guaranteed up to 99.1%) in the form of a sticker affixed to over 350 food references at all of its stores in France. The list includes a number of Carrefour and Carrefour Quality Lines products: pork, veal, poultry, eggs and farm-raised fish.

The campaign is also Carrefour's way of preparing for the passing of a decree on labelling of non-GMO products that is currently under examination by the authorities. This new commitment received support from WWF France and upholds the freedom of choice for French consumers while meeting their demanding expectations in terms of information transparency.

Greenpeace is also very pleased by this initiative. In the food guides the organisation publishes, Carrefour brand products already appear in the "green" product category, i.e. products not containing GMOs. According to Greenpeace, the Group's decision should considerably increase the visibility of GMO-free products.

PRESERVING FISHING RESOURCES WITH A RESPONSIBLE FISHING POLICY

Eighty percent of fishing resources are over-exploited, or soon will be, while global hauls have capped at around 85 million tonnes for the past 20 years. Because of its environmental impact, fish farming is not always a viable alternative solution. Moreover, 38 million people make a direct living from fishing or fish farming. With all the related jobs taken into consideration, approximately 200 million people in the world are dependent on the fishing industry for survival. Carrefour has thus instituted a policy of responsible fishing that aims to achieve the following objectives:

- including sustainability criteria into the specifications for existing products;
- ensuring that new products come from sustainable sources;
- combating illegal fishing;
- Training Carrefour employees and raising awareness among consumers.

Carrefour France bases its efforts on the four progress goals outlined below.

Guaranteeing the reproduction of wild species

In 2000, strict controls on fish size were implemented to protect young fish and facilitate their reproduction.

Improving the supply chain for wild species

- In 2006, in light of certain warnings issued by scientists, Carrefour decided to stop selling Mediterranean bluefin tuna. It discontinued this item gradually to take into account the economic and social impacts on the regions and fishermen concerned. This discontinuation was made complete at the end of 2008, and the fish will not be sold again until the fisheries are sustainably managed and stocks are replenished. On 24 November 2010, representatives from certain governments came together in Paris for a meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT). On this occasion, Carrefour supported the WWF's manifesto that asks governments to introduce drastic measures for the responsible use of Atlantic and Mediterranean bluefin tuna resources over the long term.
- Carrefour also stopped the sale of certain deep-sea fish (deep-sea perch and blue ling cod) to allow for stock replenishment.
- Since 2007, the Group has also been working with the WWF to identify the best possible fish supply sources.
- Group buyers use the guide produced by the Seafood Choice Alliance (an NGO working with the

professionals concerned) to identify threatened stocks and modify the supply accordingly.

Developing a responsible-fishing product offering

- In 2005, Carrefour was the first retailer to develop a responsible-fishing range of frozen products.
- With 27 listings, Carrefour offers the widest range of own-brand products certified by the MSC (Marine Stewardship Council) in France. The Group supports the approach of the MSC, which developed the only globally recognised programme for certifying products obtained through responsible fishing practices. This organisation has created a label that is easily identifiable to consumers thanks to a special logo affixed to packaging. As a part of Carrefour's support for this initiative, the Group's Quality Director is a member of the MSC's Executive Board.
- To reduce pressure on species used as fish food, Carrefour has developed a range of cultivated omnivorous and herbivorous fish (pangasius, clausse and tilapia).
- Since 1995, Carrefour has been offering Carrefour Quality Line fish products, which are produced with respect for the environment, are GMO-free and based on specifications for breeding densities, food distribution (optimisation and verification), monitoring of sea cages or of the water quality of inland pools.
- Lastly, the "Pêcheurs de nos côtes" ("Fishermen of our Coast") range available in French supermarkets since 2008 offers quality seasonal produce sourced from local fisheries. Two species in this range are sardines and mackerel, which are inexpensive, rich in Omega-3 nutrients, exist in abundant numbers, and not endangered.

Informing and raising awareness among its customers and employees

In 2007, Carrefour has avoided promoting threatened species in its publications and held in-store awareness campaigns for customers. For example, Carrefour committed alongside MSC to promoting sustainable fishing with its "Blue Days", an awareness-raising campaign set up in the Group's hypermarkets and supermarkets in France. Due to the success of this campaign, it was continued in 2011 (see insert on page 126). The Carrefour Group also promotes responsible fishing practices in collaboration with French and European authorities and organisations, and NGOs such as the WWF. In 2009, Carrefour worked with the WWF to create a programme aimed at raising its purchasers' awareness of the protection of fishing resources. During these sessions, experts from NGOs, MSC, Findus and the Federation of Sea

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Fishing Committees of the Finistère region have provided clarification to Group employees on all these matters.

THE GROUP'S COMMITMENT TO THE PROTECTION AND RESPONSIBLE MANAGEMENT OF FORESTS

At global level, forests are home to up to two-thirds of all known land animal and vegetable species, as affirmed in the FAO's 2009 report on the state of the world's forests.

In response to this, the Carrefour Group is implementing a number of measures aimed at promoting responsible forest management (see the Deforestation section, pages 105 to 108). It is working to improve its supplies of forest products, both for its in-store product offering and for non-sales products.

In the framework of the Zero Deforestation goal, the Group is reducing the environmental impact of its catalogues. It focuses its strategy on reducing grammage and using paper more responsibly. By the end of 2012, the Group will use paper made exclusively from recycled wood fibres and/or from forests under certified management for its catalogues and magazines for consumers in Europe.

In 2010, the Carrefour Group developed FSC cardboard packaging for some of its own-brand products such as milk and fruit juice (see paragraph on page 116). In France, store sales receipts are now printed on FSC-certified, bisphenol A-free paper. This measure will gradually be extended to Spain, Belgium and Italy. By 2020, all the Group's other countries will apply this measure.

Reducing the weight of commercial publications to save paper

Based on the results of a life-cycle analysis carried out on its catalogues in 2005, Carrefour focussed its paper policy on reducing grammages. The weight of its sales catalogues was reduced from 50 grams to 48 grams between 2007 and 2010, a reduction of 3.6%. In Europe, coated paper was abandoned in favour of 45 gram newsprint paper, except for 37.5% of the catalogues printed for special occasions such as Christmas, which weigh 49 grams and have a satin finish.

In 2010, the Group continued its efforts to reduce the weight of its commercial publications, and some of its European catalogues are now printed on 45 gram newsprint paper. Over 33,000 tonnes of paper were thus saved by the Group in 2010 (compared to 2006), the equivalent of the annual CO₂ emissions of 26,000 cars and the water consumption of over 9,000 French households.

Working upstream with printers

In 2009, Carrefour was the first food retailer to carry out an inventory of its magazine and sales catalogue printers in order to assess their environmental practices. Assisted by an external environmental auditing expert, Carrefour visited five of its largest printing facilities in Europe (in France, Germany and Spain) in order to assess improvements made in environmental management: ink storage, management of hazardous wastes such as solvents, and greenhouse gas emissions. Today, all of Carrefour's printers are committed to an environment-friendly approach (Imprim'Vert, FSC, PEFC, ISO 14001 etc.).



IN PRACTICE

TRACEABLE GOLD FROM GUIANA

As part of its commitment to more responsible consumption, and in the framework of its global partnership with WWF France, the Carrefour Group is offering a range of products named Traceable Gold from Guiana.

Illegal gold-mining has harmful effects on the environment. It can cause deforestation, water pollution and mercury contamination of aquatic ecosystems. Only mines that have committed to a progressive approach – both in terms of mining practices and for site rehabilitation – were selected for this range of jewellery.

For this purpose, Carrefour organised audits along its entire supply chain, from the gold particles extracted in Guiana to the jewellers located in Italy. This "traceable" gold is used in the manufacture of a range of nine jewellery items for children, sold in stores at the "A Golden World" stand. It is a first step, and Carrefour is the first French retailer to have taken it.



PRESERVING WATER QUALITY AND AVAILABILITY

Today, the world faces two major problems when it comes to water: water availability in a large number of countries, and water pollution, mainly due to industrial and farming activities, and of air pollution. The agricultural sector uses 75% of all water worldwide, making it the largest consumer. Committed to preserving both the quality and availability of water, Carrefour works upstream with its suppliers to reduce the water consumption of its supply chain. The company also works downstream to reduce the water consumption of its stores.

In 2010, as part of this progressive approach, Carrefour contributed again to the CDP Water Disclosure survey, which asks companies to provide a detailed report on the risks and opportunities linked to their management of water.

Protecting water resources in the production chain

The Carrefour Group involves its own-brand product suppliers in its efforts to help protect water resources. The Carrefour Quality Lines, launched in 1992, enable suppliers to adopt an integrated approach to farming with environmental considerations including reasonable water consumption. For example, some of them use “drip irrigation” or micro-irrigation. This innovative technique prevents water loss by evaporation, although it is only used for some crops (mainly fruit).

In 2006 the Group also introduced a Sustainable Development self-assessment tool with the participation of ADEME (French Environment and Energy Management Agency) and WWF, an on-line tool for Group own-brand suppliers designed to help them improve their Sustainable Development practices. Translated into 15 languages, it is now available to over 5,000 suppliers of Carrefour brands and will gradually be deployed at Group level in 2011. The tool includes 49 criteria in four areas (management, environment, society and economy) and 20 associated information sheets. Several of these criteria and information sheets cover responsible water management. In particular, one of the sheets provides suppliers with guide-

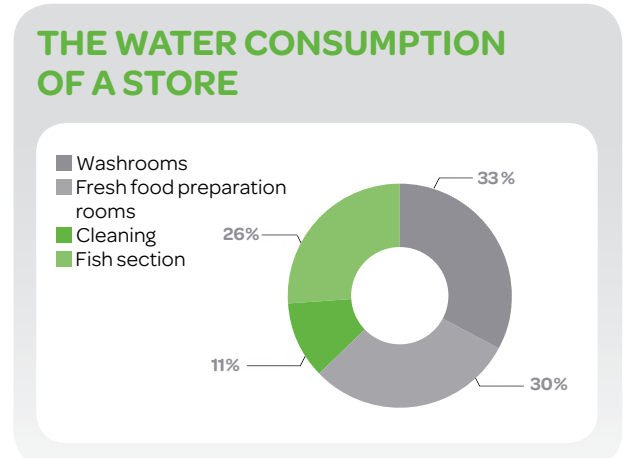
lines for identifying the various types of water they consume, the ways they use it, and the types of drainage networks to which they are connected. This information helps them to better understand and reduce the impact of their wastewater.

Finally, Carrefour makes the most of the best practices introduced by its suppliers to save and optimally manage water resources. Since June 2009, Refresco France, which produces beverages for the Carrefour brand, has been piloting a European programme for treating effluents with bamboo, the goal being to restore used water to rainwater quality using a natural de-pollution process before drainage into the river.

In 2010, in the second edition of the Sustainable Development Awards, Carrefour presented Refresco France with a prize for the eco-design of its packaging and for its natural water decontamination system.

Reducing water consumption in stores

Hypermarkets and supermarkets account for more than 95% of the Group’s water consumption. As of 2003, in an effort to reduce its consumption, the Group began to adopt a certain number of measures and methods: monitoring and analysing its consumption, introducing regular reporting, identifying sources of consumption and “over-consuming” stores, etc.



Thanks to measures already introduced, the water consumed per square metre of hypermarket sales area dropped by 2% between 2009 and 2010. In France, Carrefour regularly monitors the water consumption of its hypermarkets. A detailed analysis of areas of consumption was carried out, providing better idea of the breakdown in a French hypermarket. Recommendations are sent to stores, and monthly reporting is carried out identifying those whose consumption is judged excessive.

French hypermarkets have also reduced their consumption by replacing high-consumption equipment with more economical systems. For example, waterless urinals were introduced in the Nimes Ouest hypermarket, enabling a saving of 2.5 litres of water per usage. Carrefour has also innovated with rainwater-recovery systems. At the Nevers Carrefour, rainwater is used for the lavatories, while at the Chambourcy Carrefour, it is used to clean the floors and in the staff lavatories. The rainwater-recovery

project at Carrefour Nevers has enabled a savings of 1,000 cubic metres of water per year on average, and an estimated 10% reduction in the water consumption of a hypermarket. Initiatives similar to the ones launched in Nevers and Chambourcy have been carried out in other stores. For example, the Distré Carrefour market (Pays de la Loire) set up a 120 cubic-metre basin to collect rainwater, which is used to water green areas. This saves 2,000 cubic metres of water per year, and reduces the store's water consumption by 38%. The Clairac Carrefour store (Perpignan Nord) also introduced measures aimed at reducing water consumption, and the results are encouraging, with a 34% water savings compared to 2007. First, in May 2009, pressure reducers were installed on all taps in the store (washroom taps and cleaning stations). Furthermore, well water is used to supply the lavatories themselves. And finally, an article was published in the store's in-house newsletter to inform employees and involve them in the approach.



Serge Orru
CEO of WWF
France

TESTIMONY

WE CAN INNOVATE WITHOUT DESTROYING BIODIVERSITY

2010 ended on a note of hope with the international climate agreement reached in Cancun. This step forward followed the positive progress made at the Nagoya conference in October, at which a global consensus on the need to preserve biodiversity was defined.

Let us make 2011 a better year for our planet, and especially for forests, the area of focus this year with the United Nations' International Year of Forests.

The mobilisation of companies is an essential lever for change and collective progress. Environmental NGOs cannot achieve everything alone; for real progress to be made, the scope of social responsibility must be extended. Progress can be made only if economic players themselves work to promote a greater awareness of the world and translate this commitment into concrete action. It is now more than ever the responsibility of each

stakeholder – responsible consumers, legislators, economic participants – to help develop innovative solutions for protecting our shared natural heritage.

Carrefour and WWF: a committed and longstanding partnership

Since 1998, Carrefour and WWF France have been working together to develop solutions to best protect the planet's resources.

Because Carrefour assessed its impacts and looked for ways to reduce them, the Group has been able to implement a truly progressive approach. WWF France assists the banner and works with it to achieve its mission, which is to stop the destruction of the planet and reverse the damage to build a future in which people live in harmony with nature.

This approach would not be possible without the WWF's demanding standards and Carrefour's extensive involvement, from its general management to its operational teams. For the past 13 years, we have worked together to improve supply chains, the main sources of environmental impacts (supplies of wood, paper, soy, palm oil, pesticides, marine products and gold).

With its product offering and economic model, Carrefour thus demonstrates on a daily basis that a mode of consumption based on the responsible use of natural resources is possible.

Carrefour helps to fight deforestation

Forests cover a third of the Earth's surface and are home to over half of the world's species. With their essential function as the planet's "lungs", they are of vital importance to us all. Yet deforestation, caused mainly by irresponsible wood-production operations and the creation of agricultural production systems, is now a growing threat.

By focusing efforts on activities linked to forest management (catalogues, paper, palm oil, garden furniture and soy), Carrefour has decided to make this issue a key part of its environmental policy.

This recently led to Carrefour setting itself the new goal of "Zero Deforestation" by 2020. WWF France congratulates Carrefour for the ambitious commitments it has made for this initiative.

By working to improve its product offering, Carrefour also sends strong signals to local producers in areas affected by deforestation, such as Indonesia and the Amazon forest.

Involving suppliers upstream

Carrefour does not stop at its own commitments: it also involves its suppliers with an approach based on personalised assessments and progress. As Chairman of the Sustainable Development Awards judging panel, I closely observe the progress these SMEs have made in their efforts to achieve a more responsible future.

I have been impressed by the efforts of some industries in the field, although it is of course imperative to continue reducing companies' environmental footprint even further. With the climate challenge and gradual destruction of biodiversity we currently face, we must remain determined to promote a truly progressive approach and pass on a living planet to our children.

The goal: waste recovery and recycling

The Carrefour group has instituted a waste management policy based on three levels of action: preventing waste generation (through the optimisation of own-brand product packaging and stopping the distribution of free disposable bags), optimal recycling of store waste, and encouraging customers to sort and recycle waste.

Carrefour has made waste reduction and the optimisation of recycling one of its key environmental objectives as part of its Sustainable Development strategy. In France, in the framework of a cooperation agreement aimed at improving its environmental performance, Carrefour has been working on waste reduction with ADEME (French Environment and Energy Management Agency) since 2004. This collaboration has been further strengthened by the signing of the 2008/2011 framework agreement. In particular, the Group is to continue its waste management activities by testing the implementation of a long-term system for re-using packaging. Based on an experiment carried out with methanisation at the store in Lomme (Nord), the Group introduced initiatives on the management and prevention of organic waste. Client waste-reduction awareness campaigns will also be continued.

REDUCING STORE WASTE AND OPTIMISING RECYCLING

The main type of waste generated by stores comes from secondary packaging – for example cardboard – which Carrefour sorts in all the countries in which it operates. Other types of waste (such as plastic, organic waste and scrap metal), which are produced in smaller quantities, are sorted according to the local waste-recovery systems available. In Spain, Carrefour decided to replace plastic bags with cardboard boxes for home deliveries. Over 500,000 hypermarket deliveries per year are made to customers' homes using these boxes.

For over 10 years, French hypermarkets have been using a waste collection and sorting system to enable the recycling of waste produced by their activities: in 2010, nearly 70% of the waste it generated was processed via dedicated recycling channels (118,000 tonnes of cardboard, 4,000 tonnes of plastic, etc.) or distributed in the form of donations.

Carrefour is also working with charities that redistribute unsold food and textiles. In 2010, over 29,000 tonnes of products were donated in France, Italy and Belgium. In France, the Supply Chain organises the removal of recyclable waste for stores that do not have sufficient volumes to warrant the use of an external service provider. This makes it possible for even small stores to sort their waste. In 2010, 55,000 tonnes of carton and paper and 6,000 tonnes of plastic were recovered from the warehouses and stores concerned.

Carrefour has also made efforts to reduce the volume of store-generated waste by, for example, replacing the boxes and crates used for packaging and goods transport with reusable plastic trays. In 2009, the Déméter Environment and Logistics Club, which Carrefour chairs, carried out a comparative life-cycle analysis that confirmed the benefits such trays.

Developing the recovery of organic waste

To significantly increase its waste recycling, Carrefour is working to promote the development of new waste networks. In Spain, Carrefour has benefited from the introduction of biomethanisation units. This treatment recycles organic waste that has been sorted by the stores and produces compost and electricity from biogas. It is less costly than conventional waste management systems and reduces greenhouse gas emissions. Carrefour also uses this treatment in Belgium, where all consolidated stores sort waste from their grocery, bakery, fruit and vegetable sections.

In France, the biomethanisation of waste was successfully tested at the store in Lomme (Nord) and has since been deployed in nine other hypermarkets in the Nord-Pas de Calais region. In 2010, the efforts made by these 10 stores resulted in the collection of over 1,126 tonnes of organic waste, which were then reused via biomethanisation. With the opening of centres in the west and south of the country, other stores in France also carried out methanisation tests in 2010. The Group's aim

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regarding biometanisation is to work with government and local authorities to promote the development of such treatment centres in France. Other solutions, such as composting, are also being studied. In 2010, over 373 tonnes of organic waste were recovered at nine French hypermarkets for use as compost.

In Brazil, Carrefour reuses its organic waste as animal feed. As part of the Fazenda Brasil project, in which 52 stores participate, food products that are no longer fit for human consumption are used to feed animals at partner farms. These include products such as rice, flour, pasta, vegetables, grains and bread. In 2010, over 200 tonnes of food were reused in this way, saving over €18,500.

CARREFOUR-BRAND PRODUCT PACKAGING

Packaging performs a number of functions that are crucial in marketing a product: it preserves and protects, provides information, and makes use and storage easier. Packaging should also have a limited environmental impact throughout its lifecycle. Over the past decade, Carrefour has been making efforts to optimise the weight of its product packaging. This has enabled the Group to save 15,300 tonnes of materials, notably for non-standard packaging. Carrefour's packaging policy is based on five main convictions and approaches:

- reduction at the source and elimination of outer wrapping;
- preference given to single-material solutions to help consumer waste sorting and increase the amount of materials recycled in existing recovery networks;
- use of recycled materials produced by current recycling circuits;
- use of certified materials from renewable and responsibly managed resources;
- printing of paper and cardboard with environment-friendly inks and varnishes.

The Group is currently exploring ways to use materials made from renewable or abundant resources, such as packaging made from so-called "biomaterials" (or "bioplastics") and recycled materials. Some of the packaging used for Carrefour Bio products is produced with recycled cardboard, and the plastic egg boxes are made from recycled plastic bottles. In 2009, Carrefour redesigned the packaging of its fruit desserts, reducing the cardboard wrapping of packs from four sides to three. The result was 30% less cardboard used.

In 2010, Carrefour went a step further in its approach. On 31 March, the day before the launch of Sustainable Development Week, the Carrefour Group, and its partner Tetra Pak, announced the introduction of FSC-certified packaging for some of Carrefour's own-brand products. Some fruit juices and milk products would henceforth be packaged in FSC-certified cardboard containers. In July 2010, 100 million such containers appeared on the shelves in 1,300 Carrefour, Carrefour market, Carrefour city and Carrefour contact outlets. The goal is to reach over 130 million containers in 2011.

Finally, Carrefour has been taking part in the Consumer Goods Forum's Global Packaging Project since 2009. The project brings together all relevant players, and aims to develop a common reference tool based on Sustainable Development indicators. In 2010, Carrefour tested the 63 selected indicators as part of a pilot study carried out in France and Spain, together with Tetra Pak, with advice from Pricewaterhouse Coopers. Two Carrefour own-brand products were selected for the test: orange juice and milk. The study covered the product/packaging pairing and analysed the lifecycle. In particular, the pilot study demonstrated the moderate environmental impact of packaging compared to the impact of the product itself. For example, for a pack of fruit juice containers, the packaging represents 10% of the product's overall GHG emissions, while the juice itself is responsible for 80%. In this experiment, out of the 63 indicators initially tested, 22 were validated as relevant. These indicators can be used to identify the most effective packaging by taking into account reliable environmental criteria.

Carrefour also innovates by offering products without packaging. For example, in collaboration with the Piedmont region, Carrefour Italy began selling detergents and cleaning products in bulk at four hypermarkets. All of these products are composed of plant-based raw materials and are 100% biodegradable. Customers can buy the amount of detergent they need (washing-up liquid, laundry detergent, fabric softener and wool detergent) using an automatic dispenser. They can purchase empty containers, fill them and reuse them again later.



PERSPECTIVE

REGARDING THE USE OF “BIOMATERIALS” FOR PACKAGING

With concern for current and future strategic, economic and environmental considerations Carrefour has been considering the use of “biomaterials” or “bioplastics”. The material is relatively recent and the Group is currently waiting to receive adequate feedback and data on their environmental benefits.

For the moment, therefore, it is taking a cautious approach to their use.

However an eye must be kept on their technical development as the potential for using them as alternative for the progressive replacement of non-renewable resources (oil) is huge. The Group will nevertheless analyze that certain fundamental criteria are still respected:

- The material must comply with certain packaging imperatives (maintain its essential functions and comply with local and European legislation);*
- Products of agricultural origin (biomass) must not come from resources directly destined for human/animal consumption (food crops);*
- products of agricultural origin (biomass) must not come from resources directly destined for human and animal consumption (food crops);*
- the traceability of renewable resources must be guaranteed ;*
- a comparative life-cycle analysis must be carried out according to national standards (ISO 14044);*
- the economic impact resulting from the use of a biomaterial must be examined;*
- there must be enough sources of demand and supply to prevent any parties from becoming economically dependent on Carrefour;*
- the material must be adapted to processing through existing sorting channels;*
- there must be the possibility of printing on the material with minimum negative impact on the environment.*

NO FREE DISPOSABLE PLASTIC CHECK-OUT BAGS BY THE END OF 2012

In its progressive approach to check-out bags, Carrefour used its quantified and objective environmental expertise. In 2003, the Group carried out its first life-cycle analysis on different check-out bags compliant with applicable international standards (ISO 14040/14043). The analysis, the results of which underwent a critical review, compared the environmental impact of different types of plastic bags, paper bags, biodegradable bags and reusable bags. The analysis showed that past the fifth use, the reusable shopping bag was the most ecological of all the solutions studied. This conclusion inspired the Group to deploy an ambitious strategy of eliminating check-out bags and promoting reusable bags. To ensure the long-term validity of its strategy, the Carrefour Group aimed to update this study and expand it to take into account developments in technology and the different scenarios for the end of the bags' lifecycle, accord-

ing to the country in which they are distributed. In 2010, a new study examined 11 types of bags distributed at Carrefour stores in several countries. Some of the bags studied were reusable, while others were disposable, each made of different materials, including bioplastics.

The first conclusions of the new study seem to indicate that if used four times, certain reusable shopping bags are more eco-friendly than all other solutions examined, including bags containing bioplastics. These conclusions seem applicable to all of the countries in which the Group operates. The results are currently being reviewed by a panel of experts and will be published in 2011.

In light of these studies, the Group has undertaken to encourage consumers to choose reusable bags and has particularly committed to stop providing customers with free disposable plastic check-out bags by the end of 2012.

Since 2006, it has stopped or decreased the distribution of these bags in all countries, and offers its customers alternatives such as reusable bags. Four years later, this resulted in a savings of nearly 10 billion free disposable plastic bags at Group level. After Taiwan, Belgium, France, China and Poland, Carrefour ended the distribution of free disposable plastic bags in supermarkets in Romania and Spain in 2009. Supermarkets in Belgium, Spain, Poland and Romania, convenience stores in Italy and Belgium, and hard-discount stores in Argentina, China, Spain, France, Greece and Portugal are also affected. In early 2011, Carrefour Italy also stopped giving out free disposable plastic bags.

In 2010, Carrefour Brazil also eliminated the distribution of free disposable plastic bags at its supermarkets in Piracicaba and Jundiá. The initiative, the first of its kind in mass retailing in Brazil, will gradually be expanded to all Carrefour stores in the country. All stores now offer customers alternatives to the disposable plastic check-out bag. Thanks to actions undertaken in different countries, the Group was able to reduce distribution by 43.9% between 2007 and 2010, a saving of over 37,000 tonnes of CO₂, i.e. the annual CO₂ emissions of 15,600 cars.



IN PRACTICE

REUSABLE BAGS IN ARGENTINA

Carrefour Argentina has introduced a daily initiative to reduce the use of free disposable plastic check-out bags and promote responsible habits.

In October 2009, it began selling reusable bags at all of its stores to offer customers an alternative solution. Since then, over one million reusable bags have been sold in the country.

On average, each customer uses 60 disposable plastic bags per month. With reusable bags offered at all Carrefour stores in the country, an annual savings of 720 free disposable plastic bags per customer per year can be achieved. Manufactured by a national SME, the reusable bag is more durable. It has a modern design inspired by nature. Supported by a poster campaign and staff efforts to raise customer awareness, the number of free disposable plastic bags distributed per month was reduced by 4 million between October 2009 and October 2010 at its 207 outlets. This is equivalent to a 5% to 8% reduction in the number of bags. On 5 June 2010, World Environment Day, each customer that made a purchase of over 100 pesos (equivalent to €20) received a free reusable bag.

ENCOURAGING CUSTOMERS TO SORT AND RECYCLE WASTE

In the different countries in which the Group operates, Carrefour uses information on packaging, in-store collection bins and awareness-raising campaigns to encourage customers to sort and recycle waste. In compliance with European regulations, Carrefour has set up collection systems for waste electrical and electronic equipment (WEEE), as well as used batteries, ink cartridges and energy-saving light bulbs. It also participates in the operation of recycling networks. In France, for example, Carrefour is a board member of Eco-Systèmes, an ecological organisation that handles WEEE, and in 2009, it joined the Eco-Folio board, an organisation that contributes to the development of the sorting and recycling of advertising catalogues

and other types of paper-based media. In France, Carrefour is also a member of Récyclum, an environmental organisation that collects and recycles used energy-efficient light bulbs. All Carrefour stores offer collection bins where customers can dispose of these bulbs.

In 2010, Carrefour introduced an innovative initiative to help consumers sort their waste more easily. In five European countries (France, Belgium, Italy, Spain and Greece), special recycling pictogrammes were placed on the packaging of Carrefour Bio and Carrefour Ecoplanet products, or a total of over 600 listings. The consumer knows at a glance which collection bin should be used for the different components. Next to the symbols representing each of the packaging



components is a green pictogramme reading “OK” to indicate that it should be placed in a recycling bin. If this is not the case, a red pictogramme reading “NO” indicates that it should be placed in the household waste bin. For example, in the case of a box of breakfast cereal, the cardboard box can be recycled, but the plastic bag inside cannot.

With different waste sorting and recycling practices in various countries, the country’s initial appears beside the symbols to indicate the sorting practice to be used, depending on the country in which the consumer resides (for example “F” for France and “I” for Italy).

Carrefour is also carrying out this initiative in Brazil. The packaging on Carrefour Azul, Viver and Kids products features a new information box offering tips for customers. The first concerns recycling, with indications about the bin in which the packaging is to be deposited. The second offers eco-friendly suggestions for consumers, such as recipes for using leftovers and avoiding waste. This information is provided in partnership with the Brazilian packaging institute and the Akatu Institute for Responsible Consumption.

In some countries, Carrefour helps local communities set up and develop waste-sorting networks. Like Spain and Greece, Brazil provides its customers with recycling stations for waste of different materials: glass, plastic, metal, paper and cardboard. By the end of 2010, 111 stores in Brazil had stations of this type. Similarly, Colombia developed a programme titled

Reciclar tiene valor (Recycling has value). At the stores Medellín and Bogotá, customers and employees can drop off their sorted waste in dedicated recycling stations made available by Carrefour. Between April and December 2010, over 114 tonnes of recyclable waste were collected.

In France, a new type of multi-waste recycling station was tested. The goal was to create a unique and identifiable in-store collection area. Stations with a number of bins for different types of recyclable waste (telephones, small appliances, water filters, ink cartridges, energy-saving light bulbs, batteries etc.) were set up for a pilot test at nine Group stores in June 2010. Qualitative and quantitative surveys carried out in 16 stores confirmed their usefulness. Of the 650 customers surveyed, 75% deemed the installation “very useful” and 93% felt that the area made it easy to drop off used products. In light of the study, the prototype will be improved and expanded to national level.

In many countries, Carrefour stores also hold awareness campaigns on the importance of waste reduction, sorting and recycling. For example, France, in partnership with ADEME, the Group participated in the European Week for Waste Reduction, held from 20 to 28 November. To help consumers improve their knowledge, a lot more information on recycling was added to the website carrefour.fr.



IN FIGURES

2.2 billion

fewer free disposable plastic check-out bags distributed in 2010 (compared with 2007), thanks to the initiatives carried out by the Group

IN FIGURES

Carrefour's contribution to the collection and sorting of Waste Electrical and Electronic Equipment (WEEE) in France in 2010

328,787 appliances
collected by Carrefour

Over **4,500** tonnes
of WEEE recycled

2,922 tonnes
of CO₂ equivalent saved

3,840 barrels
of crude oil saved, thanks to the appliances
collected by Carrefour and then recycled

6 *Carrefour's offer*



- *Promoting responsible consumption through our offer* 122
- *Informing customers and raising their awareness* 129

Promoting responsible consumption through our offer

For many years, Carrefour has been committed to giving customers the opportunity to become responsible consumers. To do so, it continues to expand its selection of products that address the various pillars of Sustainable Development. Through its own brands, Carrefour develops and offers responsible product ranges at affordable prices to as many consumers as possible, including Carrefour Quality Lines, "Bio" organic products, ECOplanet, FSC- and MSC-certified products and fair trade products.

Carrefour Quality Lines: a pioneer Sustainable Development approach

Carrefour launched its first Carrefour Quality Lines for fresh food products (meat, vegetables, seafood, cheese, etc.) in 1992, introducing a new type of partnership between mass retailing and the agricultural community, both in France and abroad. The Carrefour Quality Lines aim to meet consumer demands for food safety, freshness, taste and authenticity, as well as environmentally-friendly production methods. Based on work carried out upstream with suppliers rewarded for the quality of their produce, Carrefour Quality Lines form part of a genuine Sustainable Development approach, contributing to the economic, social and environmental development of regions in the countries in which the Group operates.

QUALITY LINE COMMITMENTS

The Quality Line approach is based on food safety, traceability from the field to the plate, long-term partnerships with producers, tradition and environmental protection. Producers are required to comply with demanding specifications, including an integrated approach to farming, breeding conditions that respect animal welfare, a ban on chemical treatments after harvesting and the absence of GMOs (genetically modified organisms) in the plant production process (fruits and vegetables) and in animal feed (pork, salmon, eggs and poultry).

Since 1996, Carrefour has taken a precautionary approach to GMOs. The Group has been quietly excluding GMOs in its own-brand, meat-based products for more than 10 years. To give French consumers a choice and providing them with more information, it launched a "GMO-free" label on over 300 food items

in October 2010, some of which are Carrefour Quality Line products. Carrefour's initiative is the only one of its kind among French retailers.

The Group has made another strong commitment through its Carrefour Quality Line. At the Roundtable on Sustainable Palm Oil (RSPO) conference on 7 April 2010, Carrefour, which pledged in 2009 to use 100% sustainable palm oil in its own-brand products by 2015, called on all its suppliers, producers and French retailers to join the Group in setting up a certified responsible palm oil network. The goal is to promote palm oil production that avoids further deforestation, ensure working conditions that comply with International Labour Organisation (ILO) rules and meet consumer needs, particularly in Indonesia, where palm oil is traditionally used for cooking.

QUALITY LINE PRODUCTS IN 14 COUNTRIES

In France, the Group offers more than 75 Carrefour Quality Line products from more than 22,800 producers. Médithau is one such producer. Located on the Mediterranean lagoon of Thau, this family business has 45 employees and has been working with Carrefour for many years, producing Spanish rope mussels and Bouzigues oysters for the Carrefour Quality Lines. In 2010, the company received the Carrefour Sustainable Development Award in the "Market Products" category. It was recognised for its social policy and the innovative use of photovoltaic panels for cultivating oysters.

Carrefour currently sells 395 Quality Line products in 14 countries, and 30 new products were launched in 2010. Brazil, for example, has eight such products:

.../...

bananas, trout, melon, packaged onions, packaged potatoes, mushrooms, shrimps and a selection of 10 cuts of meat. For its part, Carrefour Romania launched two new Carrefour Quality Lines for fresh trout and carrots. In Asia, Carrefour Taiwan introduced a new Carrefour Quality Line for beef products from Australia (Victoria region). In Belgium, spelt bread appeared on the shelves in 2010. During the

2010 Salon de l'Agriculture (Paris agricultural show), Carrefour launched its new "Rouge des Prés" line of regional beef products in France (see page 50). In 2010, the Group entered into three-year contracts with producers of all Carrefour Quality Line lamb products. Carrefour initiated the same approach with the veal sector, which will continue in 2011.

Carrefour Bio: organic and affordable

AN EVER-EXPANDING OFFER

Carrefour was one of the first retailers to offer organic products in its hypermarkets and supermarkets. Even before organic products became as popular as they are today, Carrefour launched its first organic product in 1992, the Boule Bio, a loaf of bread made from flour and yeast sourced from organic farming.

In 1997, Carrefour developed the Carrefour Bio grocery range and launched a series of AB-labelled organic baby food products as part of the Carrefour range. In 2004, Carrefour further strengthened its commitment with a range of organic flowers. 2005 was a turning point, with the launch of Carrefour Bio, a range of organic products and textiles. In 2008, the range was extended to include dog and cat food, as well as cosmetics. Carrefour then became the first retailer in France to offer a range of organic hygiene and beauty products for the whole family. Since its launch, the range of 17 Carrefour Bio products has been a huge success. Now sold in five countries, its sales volume has doubled, while sales revenue has increased by 60%.

ENABLE AS MANY CONSUMERS AS POSSIBLE TO ENJOY ORGANIC PRODUCTS

Carrefour has been committed for nearly 20 years to giving as many consumers as possible the opportunity to enjoy organic products. Thanks to its extensive offer and low prices, Carrefour is the leading retailer of organic products in France, and offers more than 3,700 organic products in its hypermarkets worldwide.

The Group continues to expand its range of organic food and non-food products. Since 2009, Carrefour stores have been offering a leading permanent range of plain bath towels and its entire permanent TEX and Carrefourhome percale range in organic cotton.

The Carrefour Bio organic range continued to grow in 2010, with new underwear lines. The range totalled 4.6 million organic cotton items in 2010 (see insert below).



IN PRACTICE

CARREFOUR CONTINUES TO EXPAND ITS ORGANIC TEXTILE RANGE

Carrefour's TEX Bio textile range already included more than one million items in 2008, including bed linen and products for babies, children and adults.

In 2009, following the launch of our plain bath towel lines and a line of TEX Bio percale sheets, Carrefour stores began offering three million additional items. Our leading permanent range of plain towels and our entire permanent TEX percale range are now made from organic cotton and are manufactured by Santens, winner of the 2010 Sustainable Development Awards and a Carrefour partner since 1965.

In 2010, Carrefour stores expanded their organic textile assortments to include mattress covers and women's underwear (shorties, boxers, thongs, knickers, etc.). This year, more than 4.6 million items were available.

Carrefour: actively committed to fair trade for more than 12 years

CARREFOUR OFFERS SUPPORT FROM THE START

In 1998, Carrefour was the first mass retailer to introduce a fair trade product - coffee sourced from small Malongo coffee growers.

The Group soon listed many other such products before launching Carrefour-brand fair trade products in 2007. In 2010, to mark the "Quinzaine du Commerce Équitable" (Fair Trade Fortnight), of which Carrefour France was a partner, an employee awareness-raising campaign was organised at the Levallois and Évry head offices. The campaign featured product promotions and tastings, in cooperation with Max Havelaar and suppliers (Malongo, Lobodis and Alter Eco), as well as information on fair trade. Carrefour France also developed initiatives to raise customer awareness. For example, a section on C-laterre.fr, its Sustainable Development website, provided information to 66,000 people.

Carrefour France was the first retailer to sign the Max Havelaar Fair Trade Charter. The Charter outlines the philosophy behind Carrefour's commitment to fair trade and its producers, it formally includes producer organisations' and the Group suppliers' involvement in fair trade, it strengthens the relationship between Carrefour and Max Havelaar, and it promotes fair trade through the Max Havelaar label.

With sales of more than €40.8 million in 2010, Carrefour is a major retailer of fair trade products in France. More than 480 products featuring the Max Havelaar label were available in stores in 2010, under major brands such as Alter Eco, Carrefour, Lobodis, Éthiquable and Malongo.



IN PRACTICE

THE STORY OF CARREFOUR'S MAX HAVELAAR-CERTIFIED ANDES CORDILLERA HONEY

Boasting exceptional natural flora, the Andes cordillera in Chile is a unique environment for the production of quality honey. The inspirational story behind this honey involves two Chilean cooperatives. Apicoop, FLO-certified since 1994, is a cooperative of Mapuches Indians from the Valdivia region, most of whom were forced to abandon their land. These 300 honey producers can now make a living from beekeeping. Using a development allowance, they have taken training courses, built a honey packaging unit, bought land to grow arándano, a local berry, and promoted their native culture. At the same time, their activities help preserve forests of ulmo trees, a threatened species. As part of a honey-producing area, these forests are now protected. At the second cooperative in Coasba, fair trade has ensured the profitability of local honey production. Certified since 2000, this cooperative of some 40 landless peasants has invested in a communal extraction facility and a packaging production line. It also provides loans to its members, enabling them to buy land, improve their homes, and provide education for their children, some of whom are now at university.

CARREFOUR FAIR TRADE PRODUCTS ACCESSIBLE TO ALL

In 2007, the Group developed a range of Carrefour own-brand Flo-Cert-certified fair trade products. The range includes some 20 products bearing the Max Havelaar label, including food (coffee, cocoa

powder, chocolate bars, tea, honey, sugar and bananas) and roses. In its efforts to promote fair trade, the Group works with about 50 cooperatives of small food producers (80% in South America, 8% in Africa and 12% in Asia).

Offering more environmentally-friendly products accessible to all

The Carrefour *ECOplanet* range, launched in 2006 and sold in several countries, consists of "core market" food and non-food items produced with the aim of having a minimal environmental impact. All are certified (EU Ecolabel, FSC, MSC, etc.) or are backed by an external guarantee.

In 2010, the Group offered 173 Carrefour *ECOplanet* products, including 138 non-food products, 13 food products, and 22 home and hygiene products.

The Carrefour *ECOplanet* range is proof of Carrefour's commitment to protecting biodiversity. That is why Carrefour offers customers fish products bearing the MSC (Marine Stewardship Council) label, a guarantee of responsible management of fish resources, and wood products with the FSC (Forest Stewardship Council) label, which guarantees sustainable forest management.

OFFERING PRODUCTS THAT HELP PROTECT FORESTS

Carrefour has been working with the WWF since 1998 to give priority to wood species from FSC-certified forests. The FSC is a non-governmental organisation that certifies sustainably managed forests.

In 2008, the Group's international Central Purchasing department backed its commitment by offering a range of outdoor furniture made exclusively from FSC-certified products (amburana and eucalyptus) and acacia. Acacia is a tree species that is not on the IUCN endangered list and is currently undergoing the certification process at the GFTN-Vietnam (Global Forest and Trade Network).

More than 70 Carrefour *ECOplanet* products carrying the FSC label are sold worldwide. Since Christmas 2009, the Group has been expanding its range of Carrefour *ECOplanet* wood products by introducing a new range of toys made of natural and renewable materials from sustainably managed forests – FSC-certified wood and bamboo. The range includes some 40 toys for all ages. Carrefour and its manufacturer have developed eco-friendly ways to manage the production site, even when it comes to packaging the toys; the bags, boxes and banding film were all made from recycled materials. In addition, water-based inks were carefully selected to reduce each product's environmental impact.

RESPONSIBLE FISHING PRODUCT RANGE

To allow customers to choose fish products and be sure that resources are maintained, the Group is currently focusing its efforts on traceability, minimum size requirements, fishing-area selection and the development of a range of Carrefour products that are MSC-certified (Marine Stewardship Council). Customers can now choose from 27 MSC-certified products in Carrefour stores at prices everyone can afford, including 14 Carrefour ECOplanet items.

Carrefour is now the leading French retailer of MSC own-brand products. At the same time, Carrefour has been developing a responsible supply-chain policy over the last six years. In partnership with the WWF, Carrefour's teams identify priority fishing areas, fish species and partners that engage in responsible fishing practices. Buyers base their decisions on the Seafood Choices Alliance guide, which describes the different fish species sold in France and Belgium from a sustainability perspective.

Moreover, after several years of continually declining stocks of Mediterranean bluefin tuna, Carrefour decided to stop selling this fish in France in 2008, a step it had already taken in other European countries. The Group also removed other threatened species from its fish counters, such as the Emperor fish and blue ling cod. Through its Carrefour Quality Line, Carrefour has offered fishing products since 1995 that help protect fish stocks and local economies. In addition, the "Pêcheurs de nos côtes" ("Fishermen of our Coasts") range in certain French supermarkets and hypermarkets features seasonal produce sourced from local fishermen. Every day, this range gives pride of place to quality products from fish stocks that are not endangered, such as sardines and mackerel, which are inexpensive and rich in Omega-3 nutrients. The products are shipped no later than the day after they are unloaded, thus ensuring customers optimal quality and freshness.



IN PRACTICE

"BLUE DAYS" CAMPAIGN: PROMOTING RESPONSIBLE FISHING

In early 2010, as part of a national campaign to encourage sustainable fishing, Carrefour promoted its MSC-certified product range in partnership with the MSC and the Labeyrie, Findus and Connétable brands. Carrefour hypermarkets and supermarkets took part in this promotional campaign, which was called "Blue Days". Awareness-raising events were held in about 100 hypermarkets.

The following information tools were used to promote the campaign:

- an in-store customer information kit: special store signage (posters, shelf tags, film, radio message, etc.) and promotion of MSC products in catalogues;
- the Sustainable Development section on the carrefour.fr website;
- articles in in-house magazines;
- a joint press release with the MSC.

Through its MSC-certified products and awareness-raising campaigns, such as "Blue Days", Carrefour helps increase visibility (up 22% from 2008-2010) and recognition of the label as a guarantee of sustainably managed fish resources. Recognition rose from less than 1% to 4% during the same period.

The campaign, which was great success among customers, was repeated in February 2011, this time with the broader theme of giving preference to certain species to prevent the over-fishing of others. Brochures distributed at the fish counters informed customers about non-endangered species, such as pollock and mussels, and provided recipes using fish, shellfish and crustaceans.

OFFERING A LARGE SELECTION OF MORE ENVIRONMENTALLY-FRIENDLY HOUSEHOLD PRODUCTS

Carrefour's *ECOplanet* range includes some 20 products for the home, as well as perfume and hygiene items. In 2009, the Carrefour *ECOplanet* non-food product line was expanded to include a range of cleaning products for cars and garden furniture. Four Carrefour *ECOplanet* cleaning products for garden furniture and six cleaning products for cars have also been launched in France and will be rolled out worldwide. Some of these products are based on a new biotechnology - a biosurfactant, a natural surface-active substance produced by bacteria. Developed in collaboration with the CNRS (French National Scientific Research Centre), this substance is not classified as hazardous. Highly biodegradable, it is just as effective

as its chemical equivalents. The biosurfactant is used as an ingredient in the following products: car shampoo, a dashboard cleaner, an exotic-wood furniture care product, a cleaning product for exotic wood furniture (EU Ecolabel), and a resin furniture cleaner (EU Ecolabel), all part of the Carrefour *ECOplanet* range launched in 2009.

Other Carrefour *ECOplanet* products launched in 2009, such as cleaning products for wheel rims and fabrics, a deodoriser for cars, and a barbecue grill cleaner are also made from plant-based ingredients and have a high biodegradability rate.

In 2009, Dia launched its first range of own-brand, eco-labelled products in France. The hard discount banner now offers its customers Dia-brand, eco-labelled cleaning products containing phosphate-free, vegetable-based ingredients.



IN PRACTICE

THE LATEST PRODUCTS IN THE CARREFOUR *ECOplanet* RANGE

Launched in March 2010, the Carrefour *ECOplanet* brand of nappies was designed to minimise the risks of skin irritation while maintaining a level of absorbency equal to other products available in the market. With more than 70% of their materials derived from renewable resources, the nappies contain agricultural materials and Totally Chlorine Free (TCF) cellulose from PEFC-certified sustainably managed forests. *ECOplanet* nappies are the first Nordic Swan-certified nappies sold by a mass retailer in France. Nordic Swan is the official ecolabel in Northern countries and is recognised by ADEME in France.

Feminine protection in the same range has been sold in Carrefour stores in Italy since 2010. These eco-friendly products also bear the Nordic Swan label.

In 2010, Carrefour expanded the *ECOplanet* range in Italy to include four more products: paper handkerchiefs, toilet paper, paper towels and napkins. These products all carry the European Ecolabel and the Mater-Bi logo, which indicates that the packaging is partially derived from plants and thus minimises the use of non-renewable resources.

Energy-efficient products

Fully committed to the fight against climate change, Carrefour offers products that help customers reduce their energy consumption while saving money. For three years, for example, Carrefour has been selling 200 references of own-brand, low-energy light bulbs. These energy-efficient light bulbs consume up to five times less electricity and last eight times longer than conventional incandescent bulbs. Through shelf promotion, sales events and the gradual withdrawal of more energy-hungry light bulbs, low-energy light bulbs now

represent more than 44% of the Group's total light bulb sales. In 2010, a new range of Carrefour LED lamps completed the range. More robust and durable, these new lamps create a more comfortable lighting environment and offer increasingly better performance, while using five times less energy than a conventional bulb. Carrefour also offers its customers other products designed to help them reduce their energy consumption, such as dynamo torches, solar mobile chargers and a standby cut-off plug for electrical appliances.



IN FIGURES

Around **24** million

low-energy light bulbs were sold by Carrefour worldwide in 2010.

Raising customer awareness to promote responsible consumption

Encouraging customers to consume responsibly is one of the Group's tasks. As a result, its stores, which partner with national campaigns and major international Sustainable Development events, have been organising an increasing number of awareness-raising activities on responsible consumption, environmental protection and eco-friendly behaviours.

Sustainable Development: providing information and raising awareness

STORES: A KEY ROLE IN RAISING CUSTOMER AWARENESS

Visited by millions of customers worldwide every day, the Group uses its retail outlets to promote its Sustainable Development awareness campaigns. In the various countries, its stores organise numerous initiatives to coincide with national, European and international events. With the support of its partners, such as ADEME and WWF, and national bodies, Carrefour provides customers with helpful suggestions on making Sustainable Development a part of their daily lives: responsible consumption, waste management, energy savings, the fight against climate change, and the protection of natural resources and biodiversity. The awareness-raising campaigns also enable Carrefour to promote responsible products on its shelves and in various communication tools and, by doing so, explain its responsible retailer approach to customers.

In June 2010, for example, the Colón store in Argentina decided to conduct the campaign, "El planeta nos necesita" (Our planet needs us), by turning three of its check-out lines into "green check-outs" each weekend. Easy to recognise by their design and the operators' green T-shirts, these check-outs did not distribute any disposable plastic bags. Customers were encouraged to use wheeled shopping bags, reusable bags and other eco-friendly solutions. Overwhelmingly supported by customers, the programme was extended to the entire week: each day during the month of June, at least one such check-out was available.

PROVING OUR COMMITMENT EVERY DAY

To make its Sustainable Development programme visible to customers, all Carrefour store sales receipts in France are now printed on FSC-certified, bisphenol A-free paper. This commitment is printed on the back of each receipt to let customers know. The initiative will be gradually extended to Spain, Belgium and Italy.

INVOLVEMENT IN MAJOR INTERNATIONAL EVENTS

As a company committed to environmental protection, Carrefour takes part every year in the major international events and days dedicated to this issue to prove its commitments to society and consumers. In 2009, Carrefour became extensively involved in the climate change issue. In particular, it took part in the United Nations "Seal the Deal" campaign, which urged governments to reach an ambitious, effective and fair agreement in Copenhagen.

In 2010, to mark the International Year of Biodiversity, the Group provided information to its customers and organised activities to draw their attention to the importance of conserving and sustainably managing biodiversity.

For example, during World Biodiversity Day in May, and in partnership with SEO BirdLife, a Spanish ornithology organisation, Carrefour Spain offered bird-watching excursions in some 20 natural areas located near its stores. The SEO guides helped participants identify bird species inhabiting the areas. Throughout the year, the stores took part in World Wetlands and Water Days by offering many different activities and events, such as information workshops and

.../...

lectures. These programmes were so successful that Carrefour Spain decided to repeat the experience in 2011, with bicycle rides, bird-ringing sessions and other activities.

Since 2002, Carrefour has been taking part in World Environment Day in the many countries in which it operates. On 5 June 2010 in Argentina, for example, every customer with purchases of over 100 pesos

(equivalent to about €20) received a free reusable bag. This initiative was promoted by a poster campaign. In Brazil, a day was devoted to waste management during Environment Week, which was celebrated by all Carrefour stores. Each store hosted a group of students from a local school and held activities to show them how they could contribute to recycling waste.



IN PRACTICE

BIODIVERSITY YEAR IN CARREFOUR STORES IN FRANCE

In celebration of the 8th National Sustainable Development Week in France and the International Year of Biodiversity, certain Carrefour stores had WWF volunteers to come and educate customers about biodiversity. On Saturday 3 April 2010, stands were set up so volunteers could distribute quizzes, brochures on biodiversity and pens made of recycled materials. The stands featured three-sided totem displays to generate more visibility for the event. The day was also an opportunity to present a brief overview, in pictures and words, of Carrefour's efforts to protect biodiversity through its range of responsible products, such as its MSC- and FSC- certified items.

MAJOR EUROPEAN CAMPAIGNS

European Sustainable Energy Week

For the second consecutive year, Carrefour teamed up with the European Commission for European Sustainable Energy Week, held from 22-26 March 2010. Serving as the event's exclusive partner, the Group rallied its stores in four European countries – Spain, Poland, Italy and France. To encourage its customers to buy energy-efficient products, Carrefour Italy, for example, offered a special promotion on rechargeable batteries, battery chargers and low-energy light bulbs from 22 March to 5 April 2010.

These products were also promoted in France with a large-scale marketing campaign: they were featured in hypermarket and supermarket catalogues; video and radio spots were run in supermarkets; and special signage was put up in stores (tent cards, shelf tags, etc.). A special section was also developed for the carrefour.fr site's home page. Lastly, this initiative was shared with staff through activity stands at the head office, articles on the Intranet and special features in staff magazines.

European Week for Waste Reduction

In 2010, many Carrefour stores in France took part in the European Week for Waste Reduction. In cooperation with non-governmental organisations and local authorities, over 130 supermarkets and hypermarkets organised events to raise customer awareness about the importance of preventing waste. The Échirolles hypermarket near Grenoble, for example, set up an information and activity stand with the local organisation OZD (Objective: Zero Waste). For this project, the stores used a variety of tools to communicate with their customers. Every store, for example, put up a poster highlighting Carrefour's commitments to waste management and recovery. In addition, a totem display stand illustrated Carrefour's efforts and guided customers to low-waste products, with the aid of shelf tags.

To take its waste-reduction commitment to the next level, the Group gives priority to eco-friendly packaging. Since July 2010, certain types of Carrefour-brand fruit juice and milk have been sold in FSC-certified Tetra Pak cartons. This Forest Stewardship Council label certifies that the packaging originates from sustainably managed forests. In 2010, 100 million

.../...

containers made their appearance in 1,300 Carrefour retail outlets in France, and more than 130 million in 2011.

Lastly, to make it easier for customers to sort their waste, Carrefour put helpful icons on the packaging of its Carrefour Bio and Carrefour ECOplanet own-brand products. More than 600 items now sport these icons in five European countries – Belgium, Spain, Italy, France and Greece. Thanks to these symbols, a simple glance tells the customer which part of the packaging to put in the recycling bin and which in the household waste bin. The icons are adapted to the recycling practices of different countries by using country initials that indicate the appropriate steps to take in the local context.

MAJOR NATIONAL CAMPAIGNS

Carrefour takes part in national and local awareness events and campaigns in all its countries.

From 26 March to 7 April 2010, French hypermarkets and supermarkets, for example, participated in National Sustainable Development Week, organised each year by the Ministry for Ecology, Sustainable Development, Transport and Housing. In reference to the International Year of Biodiversity, Carrefour and WWF France held biodiversity events in participating hypermarkets. Hypermarket catalogues also promoted National Sustainable Development Week. To mark the occasion, Carrefour France launched C-laterre.fr, a site dedicated to Sustainable Development (see page 132). The site recorded over 26,000 visits during the week. A contest organised in partnership with Danone, which offered prizes such as electric and city bikes, encouraged 14,314 people to sign up for an awareness quiz.

To raise consumer awareness, Carrefour also takes part in the "Quinzaine du Commerce Équitable" (Fair

Trade Fortnight). From 11-23 May 2010, French stores promoted the event, particularly through special pages in catalogues, store posters, shelf tags and check-out dividers. A film was also shown in supermarkets and customers were offered tastings of fair trade products by Max Havelaar volunteers. Lastly, a special section was developed for C-laterre.fr: 870,000 pages were viewed by some 33,500 visitors. Nearly 67,000 people participated in a fair trade competition and over 25,000 correctly answered all 10 questions.

WORKING WITH ASSOCIATIONS AND NGOS TO CONVEY THE MESSAGE

In many countries, Carrefour works with local associations and NGOs to raise consumer awareness of Sustainable Development issues. In practice, this partnership includes placing volunteers in stores to provide customers with information during specific campaigns. As part of the National Sustainable Development Week, for example, Carrefour France partnered with WWF France (see inset on page 130). The "Earth Hour" campaign, organised by WWF International each year, gave Carrefour and stores in participating countries – France, Poland, Argentina and China – an opportunity to reaffirm their commitment to the fight against climate change. Carrefour Argentina, for example, actively participated in the event by turning off its stores' lighted signs, one-third of its sections' light bulbs and non-essential interior lighting. It also worked with the Vida Silvestre Foundation (an organisation affiliated with WWF Argentina) to educate customers, employees and suppliers about saving energy. The check-out operators wore Earth Hour T-shirts to mobilise as many people as possible.

Providing guidance and information to promote responsible consumption

GUIDING CUSTOMERS IN STORES

In some countries, Carrefour uses dedicated Sustainable Development signage in its stores. In France, multi-waste recycling bins have been tested in nine stores since June 2010. The goal is to offer customers a single place, with appropriate containers, to recycle different types of products, including mobile phones, small household appliances, batteries, ink cartridges and energy-saving light bulbs (see page 119). In the autonomous municipality of Buenos Aires, Carrefour Argentina opened the first supermarket

specifically designed to be more environmentally-friendly. It was equipped with an LED lighting system that has reduced power consumption by 65% and is the first store in Latin America to use this technology. With the cooperation of Tetra Pak, store displays inform customers about the use of materials from sustainably managed forests. An in-store collection centre also encourages customers to recycle their waste by bringing back their Tetra Pak packaging. This Carrefour store in Buenos Aires set up a sorting system to separate organic waste from other waste.



Finally, the store's environmental protection charter is posted where customers and employees can see it, to encourage everyone to consume resources more responsibly.

During June, no free disposable plastic bags were distributed in the store.

EXTERNAL COMMUNICATION TOOLS FOR MORE EFFECTIVE CUSTOMER INFORMATION

The targeted and customised tools that Carrefour has developed to communicate with its customers also help raise awareness of Sustainable Development and responsible consumption issues.

In 2010, Carrefour France launched C-laterre.fr, a website designed for customers that is exclusively dedicated to Sustainable Development and that can be accessed from carrefour.fr. In the various sections, Carrefour discusses its commitment and approach to Sustainable Development, suggests specific steps customers can take and keeps them informed about the latest social and environmental developments.

The site also offers quiz competitions as a fun way to educate Internet users and give them a chance to win responsible products as prizes, such as electric bikes and fair trade coffee.

In 2011, Carrefour France used the site to get customers involved in its first internal Sustainable Development

Awards. Customers were able to vote on-line to select the best initiatives among 52 short-listed actions. These actions were carried out by teams at Carrefour stores, head offices and warehouses in the following four areas: waste management, resource efficiency, responsible consumption and social responsibility. The Awards raised awareness and attracted a large number of customers, notably by means of a competition. The winners were selected by a panel of judges as well as by votes from customers and employees. The results were announced in April 2011.

In addition, customers can find information about all own-brand organic products in Carrefour stores in France at the site exclusively devoted to organic farming – www.carrefouraimelebio.com. At a glance, they can take in the wealth of products in the range: bread, poultry and eggs, dairy, fruit and vegetables, textiles and cosmetics.

Carrefour is using these communication tools to educate its customers about responsible consumption in all countries. Dia Brazil, for example, publishes feature stories on Sustainable Development in its magazine, addressing issues such as how to reduce energy consumption.



IN PRACTICE

CARREFOUR BRAZIL STOPS DISTRIBUTING PLASTIC BAGS

To celebrate Consumer Day on 15 March 2010, Carrefour Brazil announced that it would no longer distribute free disposable plastic check-out bags in its Piracicaba hypermarket (central São Paulo). The decision, the first of its kind in mass retailing in Brazil, was the culmination of an extensive process to raise customer and employee awareness, initiated in 2008 in partnership with local NGOs and public authorities. Free disposable plastic bags have also been eliminated in the fruit and vegetable, meat and fish sections, and replaced by biodegradable bags developed exclusively for Carrefour. This initiative will be gradually extended to all Carrefour Brazil stores over the next four years.

In 2010, plastic bags had already been eliminated from the Jundiaí store (central São Paulo) following an employee training and customer education programme developed in partnership with the municipality.

To strengthen its commitment to eliminate plastic bags, Carrefour Brazil also took part in "Saco é um Saco", coordinated by the Ministry of the Environment. As part of this campaign, held in partnership with the Ministry, Carrefour held the "Your eco-bag slogan" contest, which awarded the most creative slogans as a way of encouraging the use of reusable bags. The three winners' slogans were printed on the exclusive eco-bag design.



PERSPECTIVE

NANOMATERIAL-RELATED INFORMATION

"In 2010, Novethic conducted a survey of some 100 large listed European companies to analyse the way they address the issue of nanotechnologies in their literature. The results showed that 54% make no mention of the subject.

Nanomaterials are used in a growing number of products, yet their potential medium- and long-term risks cannot yet be assessed with any certainty. Nanotechnologies rely on knowledge and control of the infinitesimally small, with structures sized between 1 to 100 nanometres. A nanometre equals one billionth of a metre, or 1/50,000th of the thickness of a human hair.

This field has numerous areas of application in a wide range of industries. In the automotive industry, for example, nanomaterials are used to manufacture wireless technologies and more durable, recyclable tires, among other products⁽¹⁾.

Few companies are currently addressing this subject in their dialogue with stakeholders. Yet some of them would like to discuss it in their literature, however cautiously. This is the case of Carrefour, one of the companies surveyed by Novethic.

Carrefour does, in fact, discuss nanotechnologies with consumer associations. It also participates in dialogue with the FCD (Federation of Retail and Distribution Companies) and the CNC (National Consumer Council), the benchmark organisation in this area.

Aware of the complexity of the issue, Carrefour believes that communicating with the end user cannot begin until there is a simple, reliable and internationally recognised definition of nanomaterials. For that reason, it advocates dialogue with all relevant players. To achieve this goal, it is working to create a 'nano-responsible standard'. Carrefour is an active member of the nanotechnologies working group created by AFNOR (French Standardisation Agency). The group's objective is to develop standards that will enable the various players to trace nanotechnology information all along the supply chain. Carrefour believes a nano-responsible standard is essential for achieving more transparency on this issue.

To date, Carrefour has not received any specific requests from its customers to identify products that do, or do not, contain nanomaterials. The Group has, however, decided to plan ahead for any consumer questions by working to develop clear, transparent and universally recognised information."

Anne-Catherine Husson-Traoré

Chief Executive

Novethic, SRI and CSR research centre

1. Source: INRS



PERSPECTIVE

CONSUMER INFORMATION ON PRODUCTS' MAIN ENVIRONMENTAL IMPACTS

Because of its special position at the intersection of producers and consumers, and the number of people who shop at its stores each day, Carrefour decided to make it a priority to inform and educate customers, particularly about Sustainable Development.

The Carrefour Group upholds the principle of disseminating clear and balanced information to customers about its products' environmental impacts.

Providing information that allows customers to compare the environmental performance of different products within one section, however - as opposed to labels that display "best in class" - requires certain conditions that have not yet been met.

Firstly, Carrefour believes that only multi-criteria information, addressing each product's most significant impacts, would enable the customer to make an informed choice. Currently, however, there is no recognised assessment methodology for every indicator. As one example, there is no standard method for assessing a product's impact on biodiversity, yet such an indicator is essential for measuring the environmental impact of many products, such as seafood, wood and paper.

Furthermore, Carrefour is urging the development of internationally standardised methods and the verification of assessment results by independent certifying bodies in order to avoid any non-compliance.

Providing such information also poses a legal risk. Because this process requires the cooperation of multiple links in the supply chain, it is necessary to specify clearly each player's responsibilities.

Finally, it must be remembered that an environmental assessment is performed by calculating rather than measuring, it combines product-specific data with generic or average data from literature. But the credibility of generic data depends on how representative these data are. It is therefore important for companies to have access to public, reliable and standard databases.

Carrefour's initiatives

Despite these reservations, the Group continues its commitment to exploring the environmental labelling approach. In 2009 and 2010, Carrefour participated in a study conducted by the FCD, ADEME* and ANIA* of more than 300 products to test the feasibility conditions for performing environmental assessments, with the aim of better informing customers. Committed to the pre-testing approach, Carrefour also intends to lend its support to experiments conducted in France by the Ministry of Ecology (MEDDTL). In addition, it sits on a panel of 168 pilot companies that will test environmental labelling as of 1 July 2011.*

Lastly, to help create a global consensus on appropriate methods, Carrefour is participating in the Consumer Goods Forum, which provides an opportunity for multinational manufacturers and retailers to share ideas on this topic. These projects

will give Carrefour a forum for asserting its convictions, leading to real environmental progress and achievement of the following objectives:

- Environmental data will have to be precise and reliable enough to ensure balanced and honest consumer information and to avoid generating unfair competition between economic players.*
- The information must be clear to all consumers and lead to a change in their purchasing behaviours.*
- This system must lead to improvement in suppliers' environmental performance (information that is too general or does not address the most relevant types of impact will not achieve any progress upstream).*
- It will be important to avoid any negative impact on current and recognised labels that Carrefour has been working with for many years in cooperation with the public authorities and NGOs, such as the European Ecolabel, AB and Bio labels, FSC, MSC and NF Environnement.*
- Lastly, any costs involved will have to be low enough to avoid a negative effect on product prices.*

Conclusion and future opportunities

In line with its priorities, the Carrefour Group wishes to provide consumers with the most relevant information possible to enable them to reduce their environmental impact. Pending conclusions from ongoing experiments, the Group will continue to give preference to information originating from labels verified by independent bodies. Finally, Carrefour will continue to focus on other areas essential to promoting more responsible consumption, particularly by taking initiatives in its retail activities and assisting suppliers of its own-brand products with its Sustainable Development programme by providing a self-assessment tool. The tool is already available in 15 languages and will soon be accessible to all suppliers.

** see glossary ANIA: National Food Industry Association.*

7 *Performance indicators*



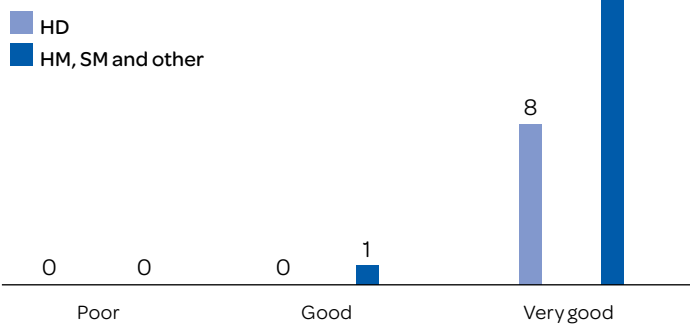
- *Key indicators by geographic region* 137
- *Key indicators by format* 145
- *2010 change in the Group's performance* 146

Key indicators by geographic region

The following key indicators, selected for their relevance in regard to the impact of Group operations, measure the effectiveness of Carrefour's policies and the progress in its action plans.

KEY INDICATOR: QUALITY

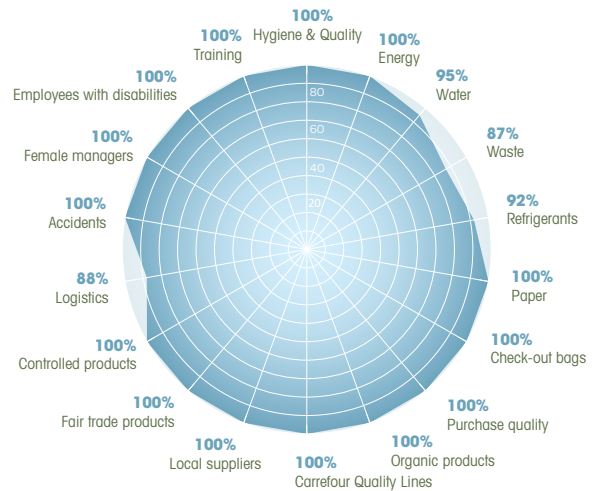
Level of quality for controlled food products (number of countries)



This indicator assesses updates to specifications, implementation of supplier audits and product inspection systems as well as non-compliance oversight and consumer complaints.

GLOBAL INDICATOR

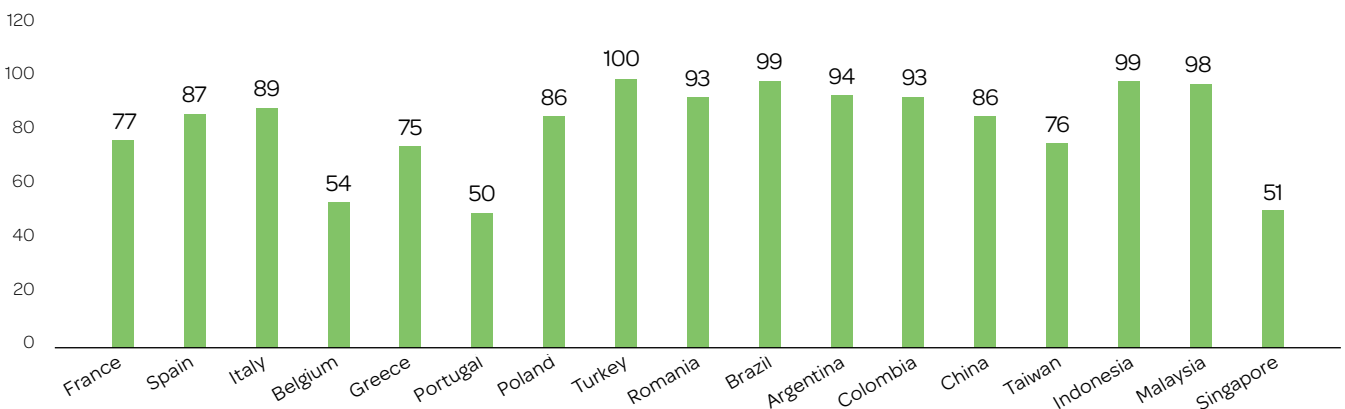
Scope of reporting



Percentage of consolidated sales (excl. VAT) covered by 2010 reporting.

KEY INDICATOR: LOCAL DEVELOPMENT

Percentage of sales of Carrefour brand food products from local suppliers, by country (%)

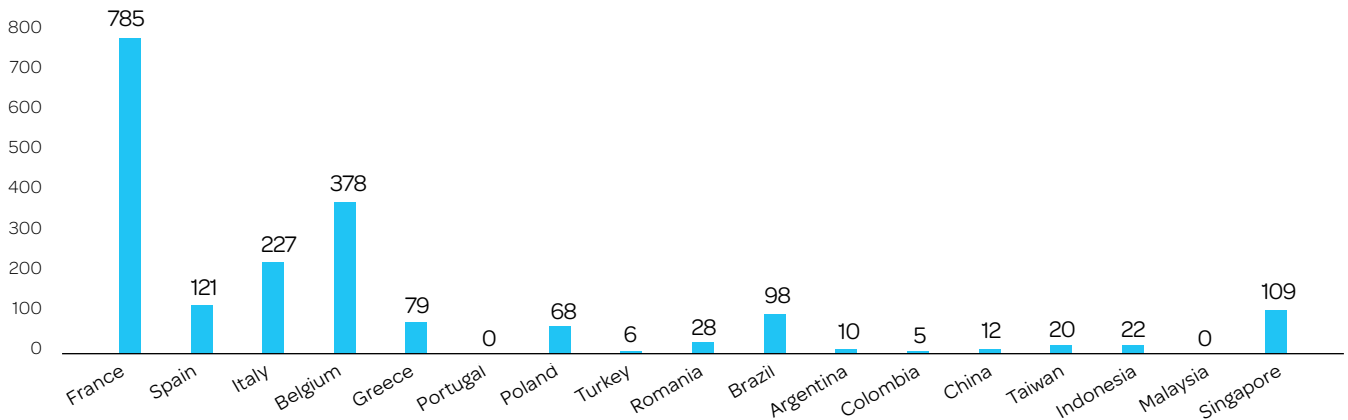


A local supplier is a supplier of Carrefour brand food products produced in the country in which they are distributed. Through these products, Carrefour contributes to local economic growth and reduces the environmental impact of product shipment.

2010 figures.

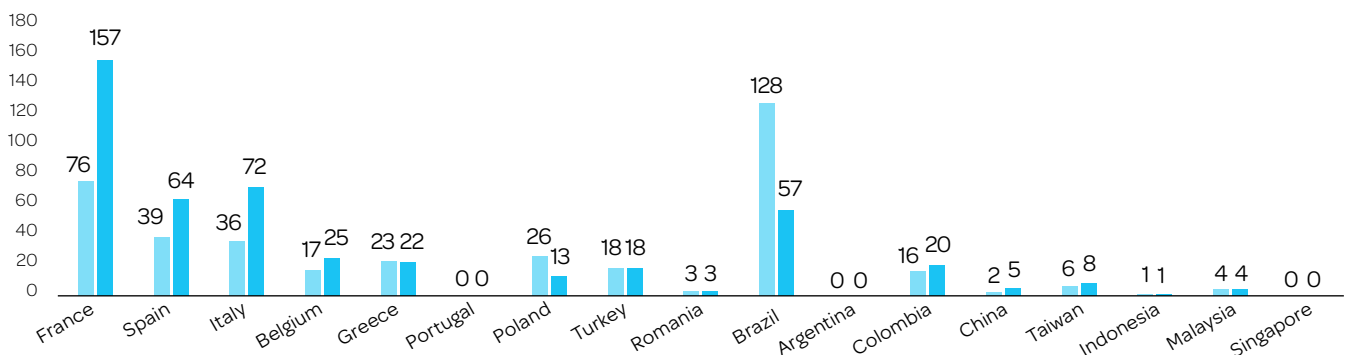
KEY INDICATORS: PRODUCTS

Number of certified Carrefour-brand organic or eco-friendly food products, by country.



In 2010, Argentina developed its first Carrefour-brand organic products to meet the increasing consumer demand for these products. Although the number of references is growing in most countries, we are also observing a streamlining of the assortment, in particular for the purpose of offering common lines in the Group's various formats within a given country.

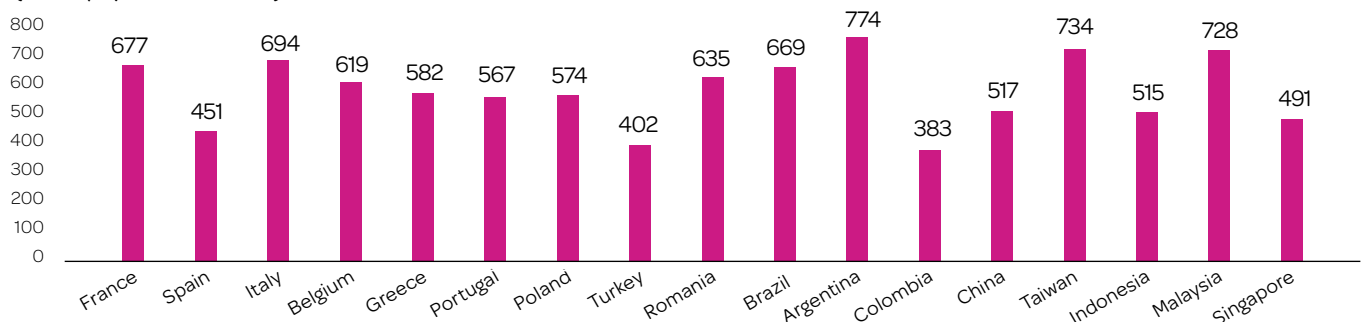
Number of Carrefour Quality Line products by country
Number of Carrefour Quality Line contracts by country



In 2010, the Group led 30 new Carrefour Quality Line projects and signed the corresponding contracts. The reduction in the number of contracts in certain countries is linked to signatures with the cooperatives and not directly with the various producers. In the framework of these supply channels, the Carrefour group formed partnerships with more than 27,300 producers worldwide.

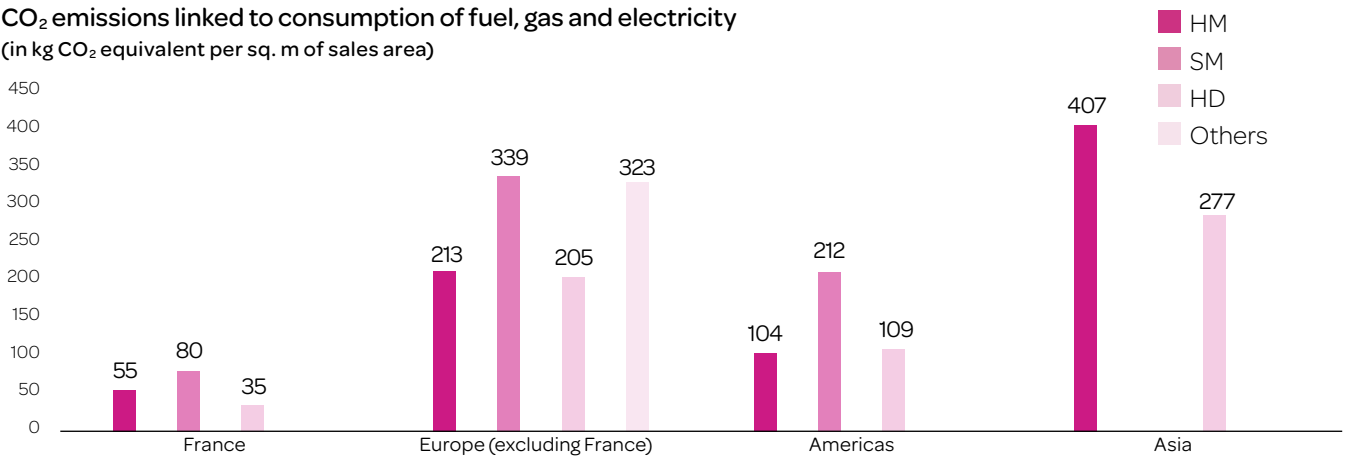
KEY INDICATORS: STORES

Energy consumption, by country
(in kWh/sq. m of sales area)



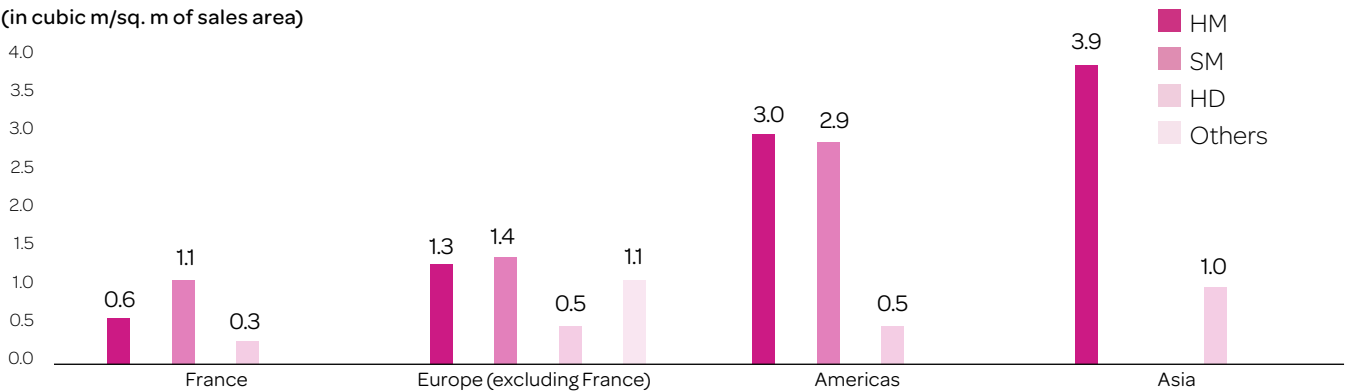
By late 2010, the Group had reduced its energy consumption per square metre of sales area by 18.2% (compared to 2004 figures), with a larger goal of achieving a 30% reduction by 2020. The new stores opened in most of the countries are increasingly energy efficient, featuring the latest best practices.

CO₂ emissions linked to consumption of fuel, gas and electricity
(in kg CO₂ equivalent per sq. m of sales area)



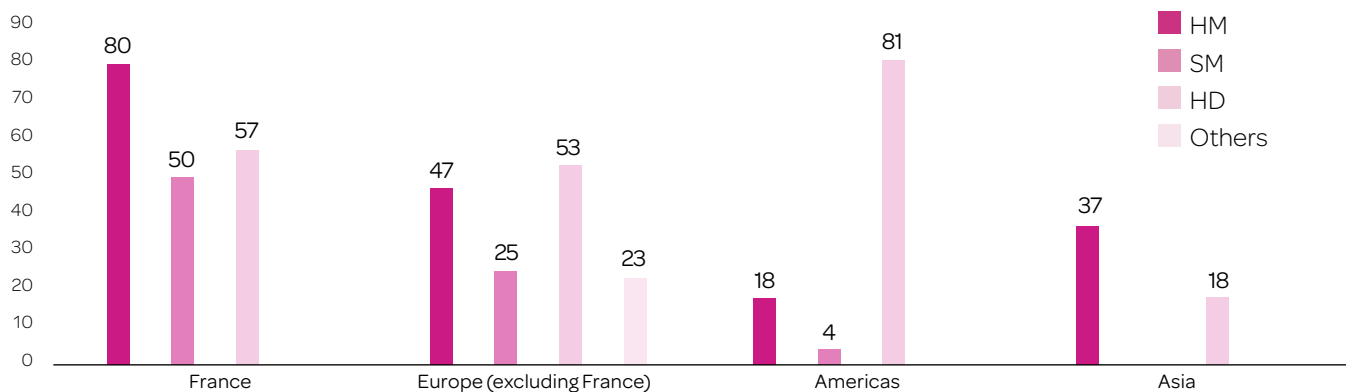
Because energy consumption represents the leading source of the Group's greenhouse gas emissions, reduction efforts focus mainly on energy efficiency at its stores. In 2010, reductions in CO₂ emissions were made possible by hypermarkets, with a reduction of 3.3% per sq. m of sales area over the year.

Water consumption by region and format
(in cubic m/sq. m of sales area)



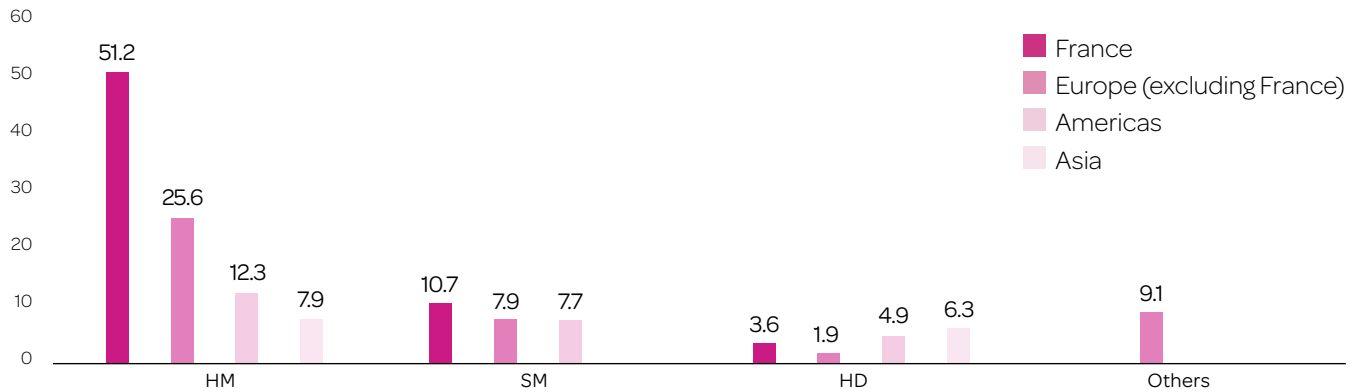
Supported by the introduction of systems ensuring better monitoring of water consumption, best practices are developing in the countries, opening the way to reduced consumption. In 2010, water consumption was down 1.8% compared with 2009. Excluding: HM: BE / SM: BE / HD: AR

Recycled waste by region and format
(in kg/sq. m of sales area)



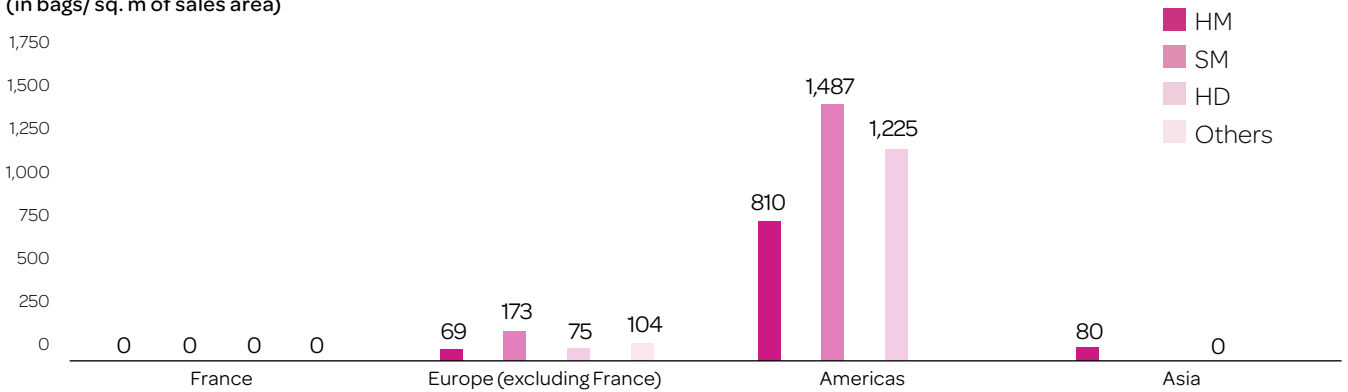
The Group continues its efforts to improve waste recycling in the countries in which it operates. However, the available data do not accurately reflect these changes. It is sometimes difficult to measure the quantity of recycled waste, especially when the collection of such waste is handled by municipalities, and not by private service providers. The volume of recycled waste includes donations of unsold products to charitable organisations. Excluding: HM: BR / SM: BE

Quantity of paper purchased for commercial publications by region and format
(in kg/ sq. m of sales area)



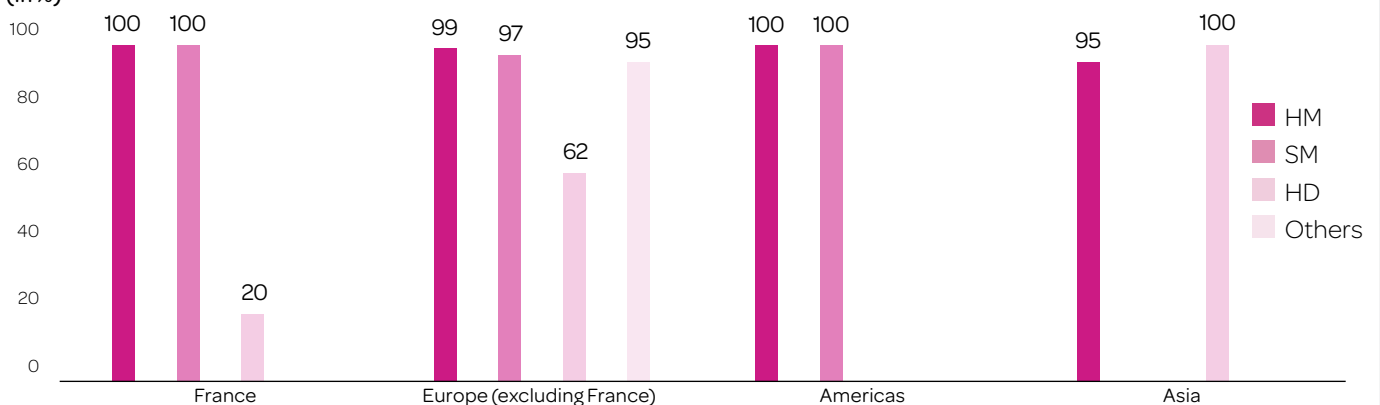
Although hypermarket consumption represents nearly 85% of the volumes used by the Group for its commercial publications, this consumption is down 3.2% compared with 2009, per square metre of sales area. After focusing its paper strategy on reducing grammages and optimising distribution, Carrefour is now concentrating its efforts on supplies of paper made from recycled wood fibres and/or certified wood fibres.

Number of free disposable plastic check-out bags distributed by region and format
(in bags/ sq. m of sales area)



In the remaining countries where disposable plastic check-out bags are distributed for free, the Carrefour group has launched proactive initiatives aimed at encouraging customers to opt for reusable bags. The Group's goal is to stop distributing free disposable plastic bags at check-outs by the end of 2012.

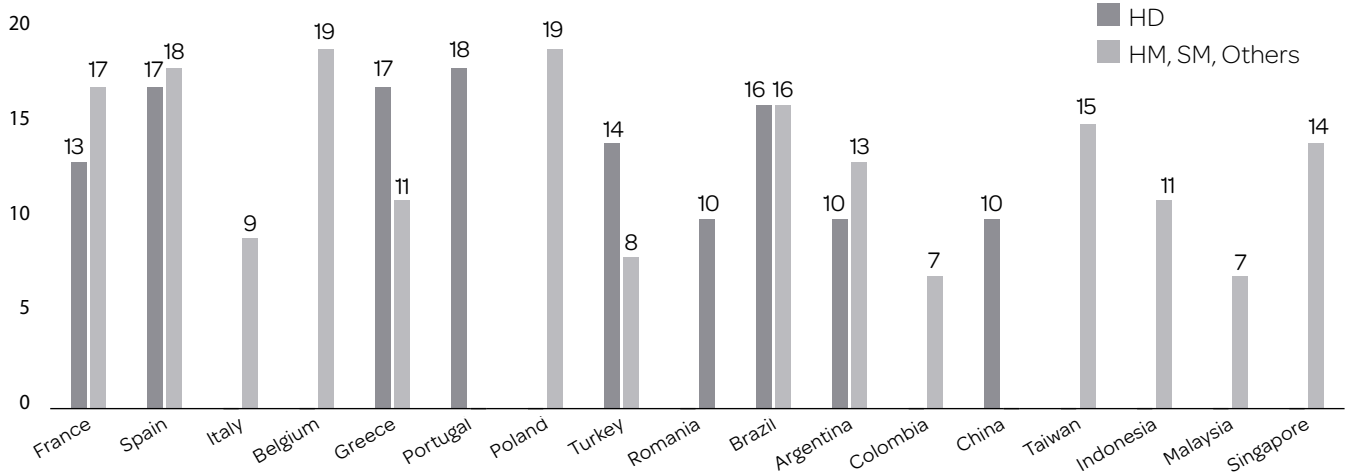
Percentage of consolidated stores audited on hygiene and quality criteria by region and format
(in %)



A minimum of two audits per year by an independent laboratory is required at formats that are equipped with food preparation and packaging rooms and have traditional refrigerated sections. Excluding: HD: AR

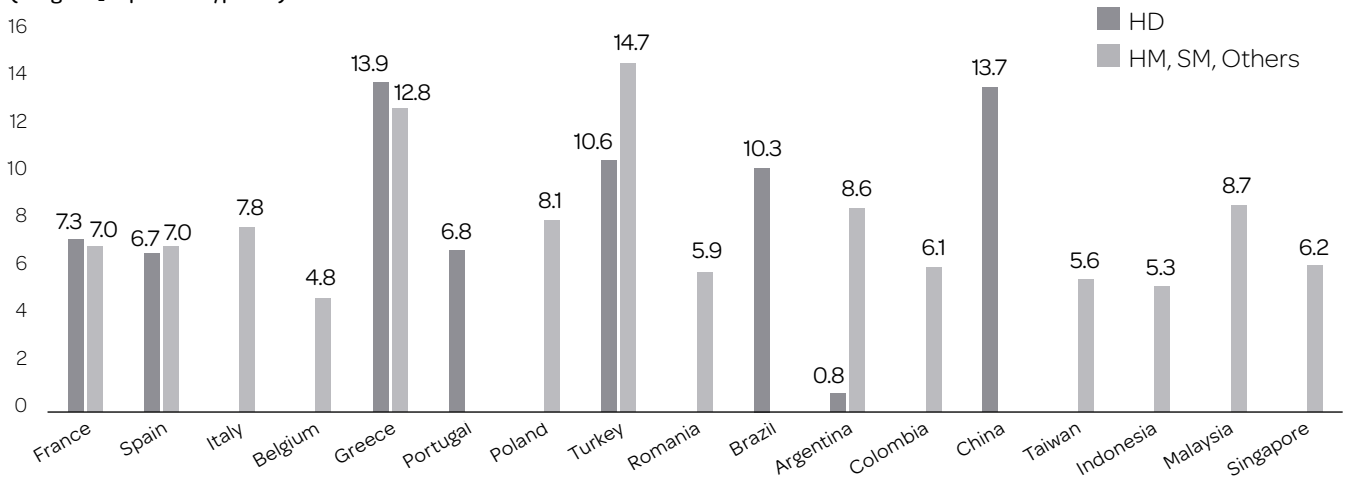
KEY INDICATORS: LOGISTICS

Level of maturity of the logistics process by country



The logistics self-assessment process involves implementation of massification, product traceability, cold chain compliance, streamlined lorry loading and delivery routes, as well as management of environmental impacts. The maximum score is 20.

CO₂ emissions per shipping unit by country (in kg CO₂ equivalent/pallet)

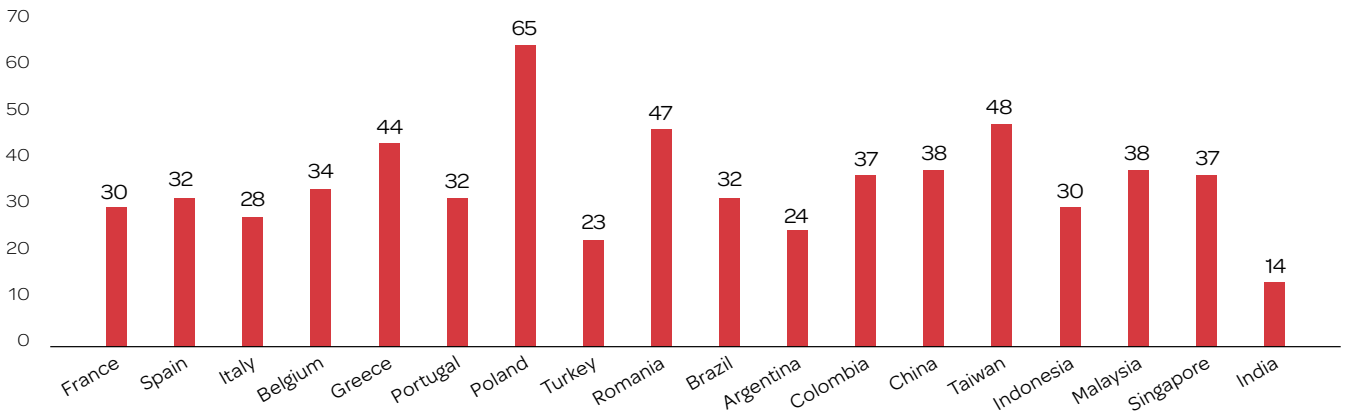


The highest emissions (exceeding 13 kg CO₂ equivalent per pallet) correspond to the countries for which the contract signed with the logistics provider covers both store delivery and returns to the warehouse. The use of more efficient lorries in terms of volume continues in Europe, as well as the wider use of a fleet compliant with the Euro 4 and Euro 5 standards. Excluding: HM: BR / SM: BR

2010 figures.

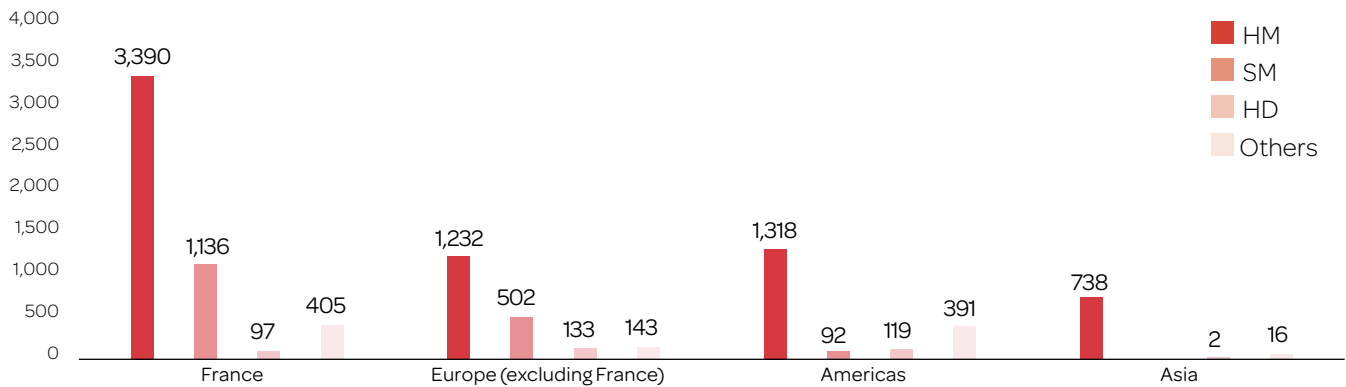
KEY INDICATORS: HUMAN RESOURCES

Percentage of women in management



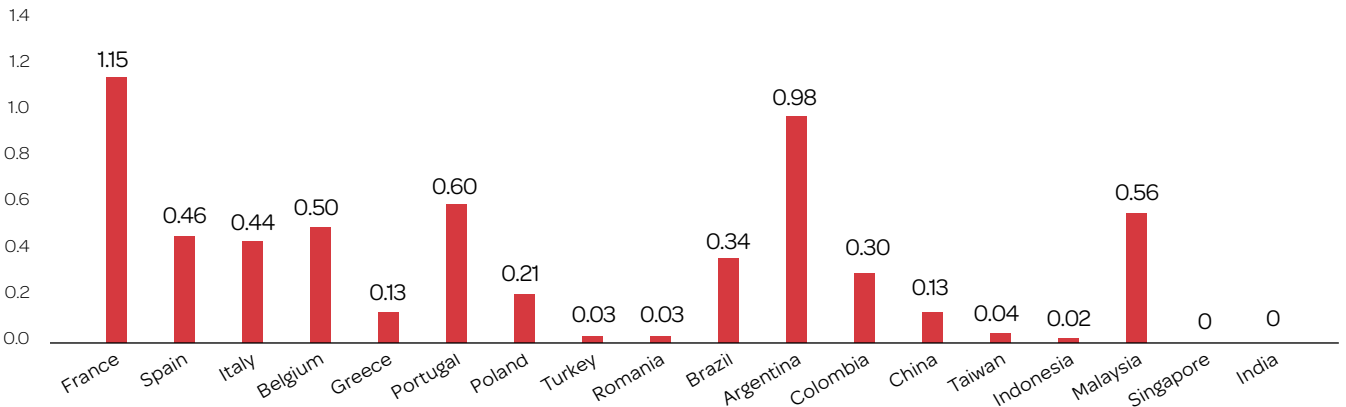
As a company committed to diversity, Carrefour has more than 50% of women in its staff. They also represent over a third of all Carrefour's executives. An international action plan was validated by the Group's executive committee in 2011 to raise the percentage of women in management positions, particularly in top management. Excluding: HD: GR

Number of employees declared disabled by region and format



Carrefour increased the number of initiatives aimed at promoting employment for the disabled in the countries where it operates, in particular in France, Spain, Poland, Italy, Brazil, Colombia, Malaysia, China and Taiwan. The reduction in the number of disabled employees is proportional to the reduction in overall staff observed over the year 2010. Agreements on the recruitment and job maintenance of the disabled were renewed at hypermarkets and supermarkets in 2010. Excluding: HD: GR

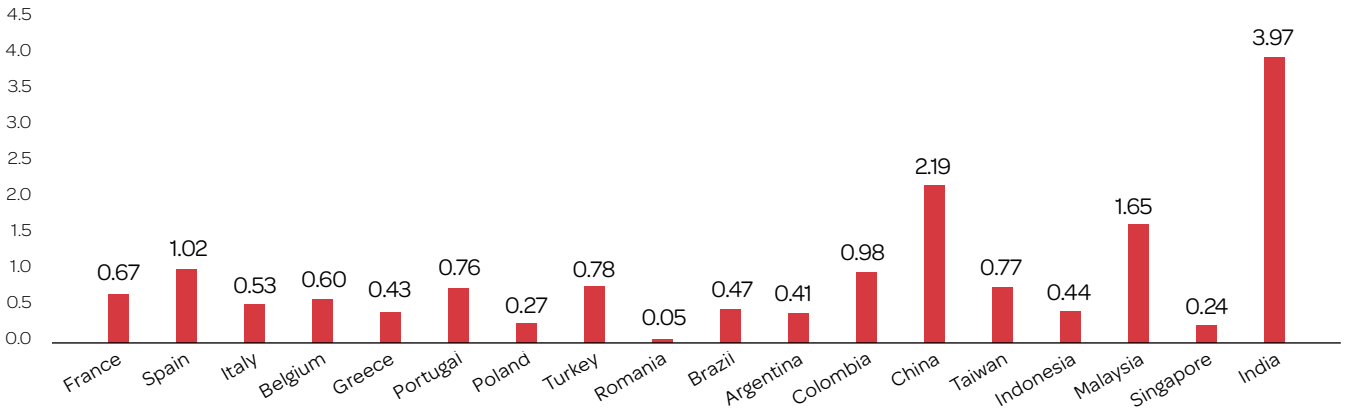
Rate of absence due to accidents by country (%)



Efforts to raise awareness among employees in order to limit workplace and commuting accidents are one of the Group's key priorities. In 2010, the rate of absence linked to accidents decreased: 0.53%. Excluding: HD: GR

KEY INDICATORS: HUMAN RESOURCES

Training rate by country
(% of theoretical hours worked)



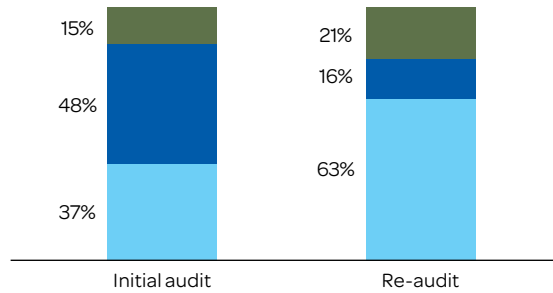
The Group's training rate remained stable with very high rates in countries in which Carrefour's activities are expanding rapidly, in particular China and India, where the first store was opened in December 2010. Excluding: HD: GR

2010 figures.

KEY INDICATORS: SOCIAL AUDITS

Bangladesh

- Immediate, mandatory actions - critical
- Corrective actions and re-audit required
- Corrective actions but no immediate re-audit

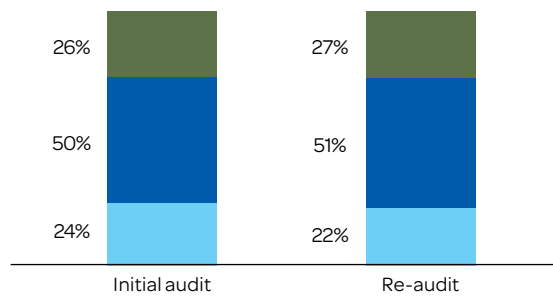


27 INITIAL AUDITS / 19 FOLLOW-UP AUDITS

In 2010, through its local teams, Carrefour continued to monitor its suppliers and raise their awareness with a view to improving working conditions. In September, the Group reminded all its suppliers of the importance of respecting freedom of association and recognising the right to collective bargaining after worker strikes. These initiatives led to an 80% increase of the minimum wage for workers in the textile sector in November 2010. The cases of non-compliance observed often concerned work hours and salaries. In Bangladesh, Carrefour works closely with other international buyers to develop common training and informational tools.

China

- Immediate, mandatory actions - critical
- Corrective actions and re-audit required
- Corrective actions but no immediate re-audit

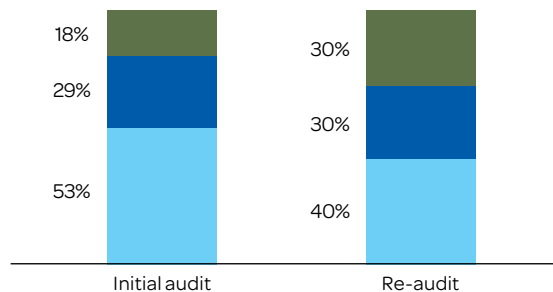


677 INITIAL AUDITS / 351 FOLLOW-UP AUDITS

In 2010, China remains the main country supplying the Group. Over 85% of the social audits carried out over the year took place in China. 100% of audits were unannounced. Unannounced audits have proven essential to determining actual working conditions. 34% of audits performed were follow-up audits. This year again certain cases of non-compliance in China were recurrent (working hours, wages and failure to respect freedom of association). With the strengthening of the Group's selection process and criteria, the percentage of suppliers requiring immediate action or unable to be referenced has increased. This can be explained by the economic context in 2010 and by the delay in implementing new regulations concerning minimum wage. For 16% of the sites concerned by the implementation of immediate and imperative action, the necessary modifications concerned both salaries and working hours.

India

- Immediate, mandatory actions - critical
- Corrective actions and re-audit required
- Corrective actions but no immediate re-audit



28 INITIAL AUDITS / 17 FOLLOW-UP AUDITS

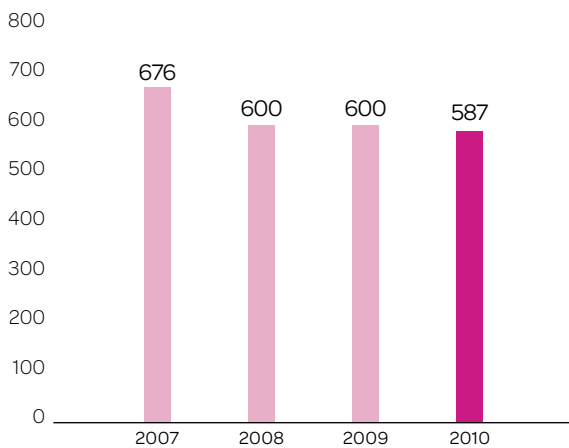
In 2010, 59% of the sites audited were deemed compliant and needed no immediate follow-up audit (follow-up audit within a maximum of 24 months). However, the cases of non-compliance often concerned salaries, working hours and overtime. During the year, local teams increased their monitoring of suppliers and efforts to raise their awareness. Carrefour also intensified its actions through various local working groups with other international brands, as well as NGOs and labour unions. In keeping with the goals that had been set, social responsibility training for all of the Group's suppliers in India was conducted in 2010.

PRODUCTS	Performance indicators				Definition of indicators	Comments
	HM	SM	Other	HD		
✓ Number of listed controlled organic food products (in units)	1,790	1,424	945	70	Number of lists of food products certified as organic or eco-friendly and developed under Carrefour brands.	This indicator includes only products with a recognised certification. Responsible products developed by the countries which are un-certified are excluded. Carrefour Argentina developed its first 10 Carrefour brand organic food products in 2010. There was a significant increase in the assortment as its sales amount of organic products distributed by the supermarkets.
✓ Sales of controlled organic food products (in millions of euros)	154	153	26	30	Amount of sales including VAT of food products certified as organic or eco-friendly and developed under Carrefour brands.	Carrefour Quality Line products continue to guarantee quality and traceability in all countries where they are sold. Their sales increased by 27% in the supermarkets.
✓ Sales of Quality Line products (in millions of euros)	724	196	7	0	Sales (including VAT) of agricultural products meeting the requirements of specifications that ensure product traceability and include social and environmental requirements.	Sales of fair trade products reached €32 million, up 3.4% compared with 2009. Although initiatives considered as fair trade ones are developing in all of the Group's countries, the availability of certified fair trade products is particularly important to European consumers.
✓ Number of listed fair trade products (in units)	1,009	645	199	2	Number of listed national brand or own brand fair trade products certified by an independent body (such as FLO or ESR) according to recognised criteria. Outside Europe, a product is considered fair trade if it meets the certification criteria.	Synergies among different store formats continue to develop in the countries and at Group level, opening the way for reductions in the number of references sold by the stores.
✓ Number of controlled food products (in units)		70,400		13,250	Number of controlled food products. Controlled products are products developed by Carrefour teams. These products include all Carrefour brand products.	The figures presented consist solely of the impact of road transport. They concern downstream transport and do not take into account direct deliveries to stores made by suppliers, or the positive impact of alternative transport. Emissions of CO ₂ per pallet dropped 6.2% compared with 2009, on a like-for-like basis. Excluding: LOG; BR
LOGISTICS						
✓ CO₂ emissions per transport unit (in kg/pallet)		7.7		76	Calculated on the basis of kilometres travelled (litre of fuel consumed = 2,6667 kg of CO ₂ emitted) in order to transport merchandise from warehouses to stores. Shipping unit: 120 x 80 cm pallet.	In 2010, Carrefour continued its energy efficiency programme in its stores, with the deployment in various countries of solutions that require less energy to ensure the functioning of the stores. The reduction in energy consumption per square metre of sales area over the year was 2.3% compared with 2009, with a more significant impact on hypermarkets.
✓ CO₂ emissions (in thousands of tonnes)		369		122		After introducing systems for monitoring consumption and repairing leaks accordingly, the stores began developing more economical solutions, particularly for the washrooms, which represent the largest share of the stores' consumption. Excluding: HM; BE; SM; BE and HD; AR
STORES						
✓ Energy consumption (in kWh/sq. m of sales area)	572	766	681	476	Consumption of electricity, gas and fuel required to run the consolidated stores.	In 2010 and 2011, different types of equipment using alternative fluids that generate lower levels of CO ₂ were tested. They will be deployed in 2012/2013. Excluding: HM; GR; SM; GR and HD; ES; BR
✓ Energy consumption (electricity, gas, fuel) (in GWh)	5,045	1,891	86	934		The quantity of recycled waste has increased thanks to the development of recycling lines, both for store waste and customer waste. Customers brought nearly 11,000 tonnes of waste (excluding donations of food to organisations) into stores for recycling. Excluding: HM; BR and SM; BE
✓ CO₂ emissions generated by fuel, gas and electricity consumption (in thousands of tonnes of CO ₂ equivalent)	1,813	525	38	289	CO ₂ eq. emissions linked to electricity, gas and fuel consumption required to run the consolidated stores.	
✓ Water consumption (in cubic m/sq. m of sales area)	2.1	1.4	1.0	0.5	Water consumption of consolidated stores.	
✓ Water consumption (in millions of cubic m)	17.5	3.3	0.1	1.0		
✓ Consumption of refrigerants (in kg/1,000 sq. m of sales area)	57	83	58	45	Quantity of refrigerants (CFCs, HCFCs, hydrofluorocarbons and others) consumed during maintenance operations. Scope: cold cabinets for food and air-conditioning in consolidated stores.	
✓ Recycled waste (in kg/sq. m of sales area)	43	26	2	55	Recycled waste from consolidated stores: paper/carboard, plastic, other (ink cartridges, neon, food waste to be used as feed for livestock, etc.), excluding customer returns.	
✓ Donations to charities (in thousands of tonnes)	449	2		111	Donations of unsold products to charitable organisations.	
✓ Quantities of batteries collected (in tonnes)	31	n/a		0.2	Batteries returned by customers and collected for recycling.	
✓ Quantity of paper purchased for commercial publications (in kg/sq. m of sales area)	25.1	9.2	3.4	2.8	Consumption of paper purchased for commercial publications, expressed in kg per sq. m of sales area.	Volumes of paper used slightly decreased, down 16% compared with 2009. After the reduction in paper grammages, efforts focused on supplies of recycled paper and paper made with certified fibres, with a view to limiting the impact on deforestation.
✓ Quantity of paper purchased for commercial publications (in thousands of tonnes)	228	32	5	7	Quantity of paper purchased for commercial publications (flyers, brochures, newspapers, etc.).	The quantity of disposable plastic bags distributed at check-out per square metre of sales area has decreased by 24% from 2009 to 2010, in particular thanks to the elimination of disposable plastic bags in Spain and Italy. In the other countries in which the distribution continues, efforts focus on communications to consumers and on the deployment of reusable bags.
✓ Number of free disposable plastic check-out bags (in millions)	1,674	636	125	393	Number of disposable plastic bags purchased by stores and distributed free of charge at check-out.	
✓ Number of free disposable plastic check-out bags (in units/sq. m of sales area)	185	168	108	154	Number of disposable plastic bags purchased by stores and distributed free of charge at check-out per sq. m of sales area.	Frequency rate: 31 (number of accidents/millions of theoretical work hours). Level of seriousness: 0.59 (number of days of absence due to workplace accident/1,000 work hours). The Group's countries are introducing initiatives tailored to their respective contexts to enhance workplace safety, in particular via interactive touch screens providing information to employees in Spain and best-practice guides for stores in Romania. Excluding: HD; GR
HUMAN RESOURCES						
✓ Rate of absence due to workplace accidents (%)	0.51	0.69	0.32	0.69	Number of hours of absence due to workplace and commuting accidents/number of theoretical work hours during the period (excluding work-related illnesses).	The percentage of women in management positions reached 34.3% in 2010. An international plan aimed at further increasing their presence at management level was developed for 2011. Moreover, measures have been proposed in France to help employees with children find optimum balance between their professional and family lives and to promote professional development for women (childcare centres near the head offices, child-minding services for people working at supermarkets, the parent hood guide etc.). Excluding: SM; HD; HD; GR
✓ Women in management positions (%)	29	38	43	34	Proportion of women in management positions («managers» defined as an independent employee with decision-making authority holding a supervisory position).	In 2010 the Group had 9,714 disabled employees, a decrease from 2009 in proportion to the overall reduction in staff. Agreements covering the recruitment and job maintenance of the disabled were renewed at hypermarkets and supermarkets in 2010. Moreover, Carrefour is involved with ILO initiatives aimed at promoting employment for the disabled. Excluding: HD; GR
✓ Percentage of employees declared as having disabilities (%)	2.4	2.3	1.5	0.7	Status defined by the legislation in force in each country (by default, any person with at least a 10% physical disability). Average number of employees over the period.	In a group with a high level of internal promotion, training is seen as a real way to progress. Literacy programmes, skills training, e-learning and other opportunities are developed for Carrefour staff members to increase their employability and outlook for professional advancement. Excluding: HD; GR
✓ Number of training hours (in thousands)	5,270	560	740	800	Number of training hours officially counted.	

2010 change in the Group's performance

STORES

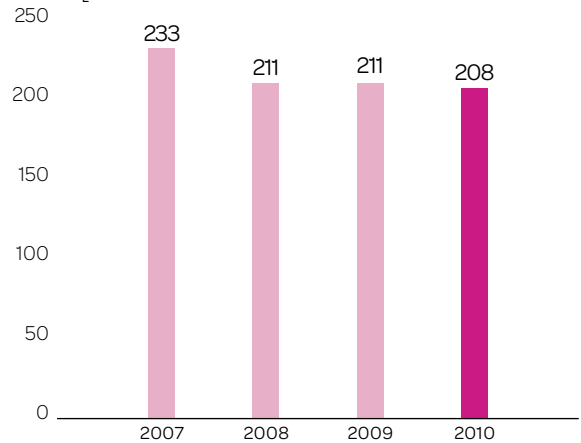
Energy consumption
(in kWh/sq. m of sales area)



- 13.1% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 88% of 2010 consolidated sales, excl. VAT)
Excluding: HM: BR / SM: BR

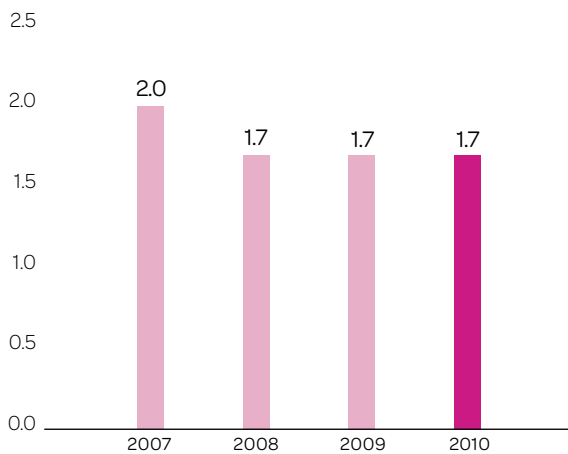
Greenhouse gas emissions linked to the consolidated stores' consumption of fuel, gas and electricity
(in kg CO₂ equivalent/sq. m of sales area)



- 10.7% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 88% of 2010 consolidated sales, excl. VAT)
Excluding: HM: BR / SM: BR

Water consumption
(in cubic m/sq. m of sales area)



- 16.7% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 79% of 2010 consolidated sales, excl. VAT)
Excluding: HM: BE, AR / SM: FR, BE, AR / HD: AR

Quantity of refrigerants refilled due to leakage
(in kg/sq. m of sales area)

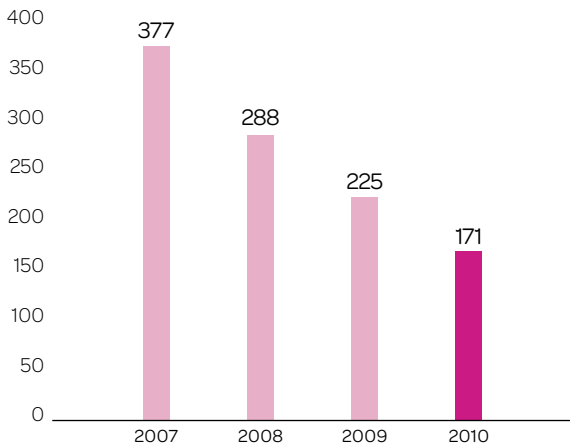


- 11.2% IN 2010 COMPARED WITH 2008

Like-for-like BUs (scope: 76% of 2010 consolidated sales, excl. VAT)
Excluding: HM: GR, BR, CO / SM: GR, BR, ID / HD: ES, TR, BR, AR

STORES

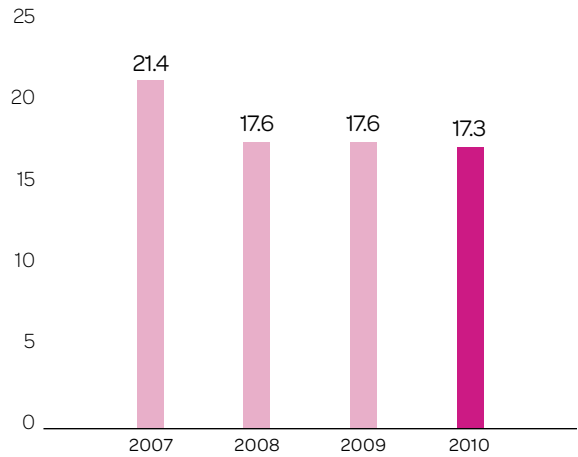
Number of free disposable plastic bags purchased by stores and distributed at check-out
(in bags/sq. m of sales area)



- 54.6% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)

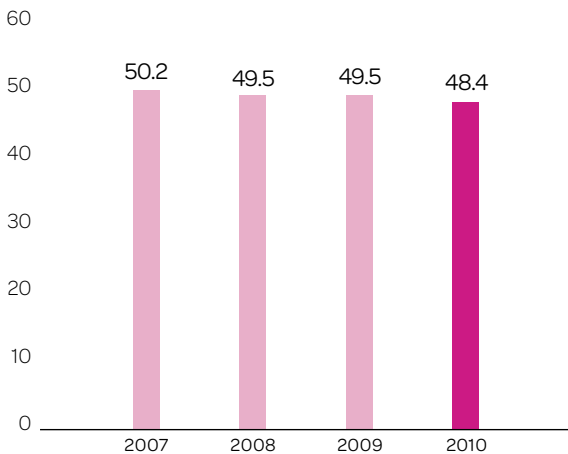
Quantity of paper purchased for commercial publications
(in kg/sq. m of sales area)



- 19.0% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 94% of 2010 consolidated sales, excl. VAT)
Excluding: HM: CO, CN

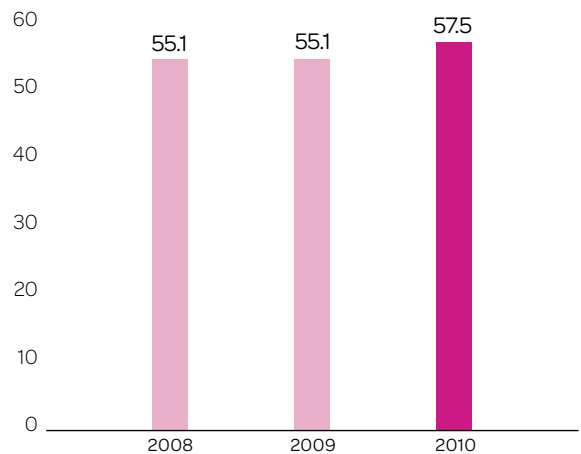
Average weight of paper purchased for commercial publications
(in g/sq. m)



- 3.6% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 90% of 2010 consolidated sales, excl. VAT)
Excluding: HM: CO, CN, ID / HD: FR

Waste recycled by stores, including donations
(% of total waste)



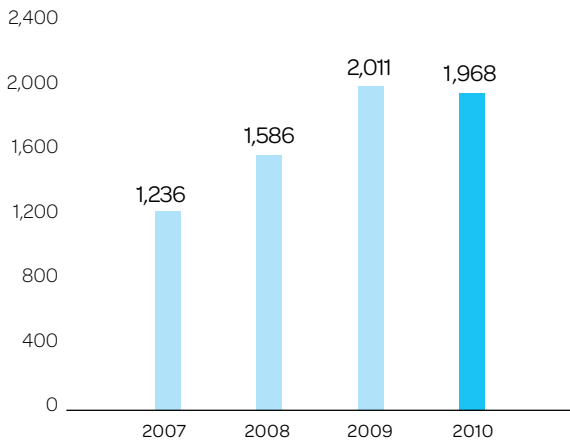
+ 4.2% IN 2010 COMPARED WITH 2008

Like-for-like BUs (scope: 71% of 2010 consolidated sales, excl. VAT)
Excluding: HM: GR, RO, BR, CO, CN, ID / SM: IT, BE, GR, PL, BR, ID

2010 figures.

PRODUCTS

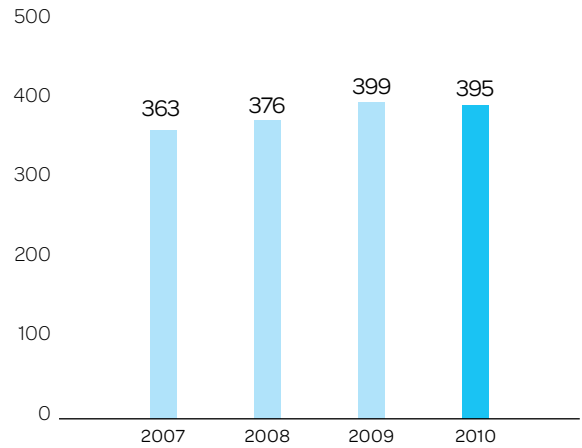
Number of Carrefour-brand organic food products (in units)



+ 59.2% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)

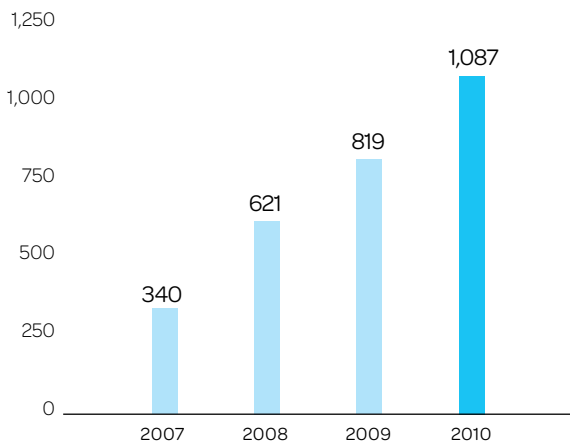
Number of Carrefour Quality Line products (in units)



+ 8.8% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)

Number of Carrefour-brand and national-brand fair trade products (in units)

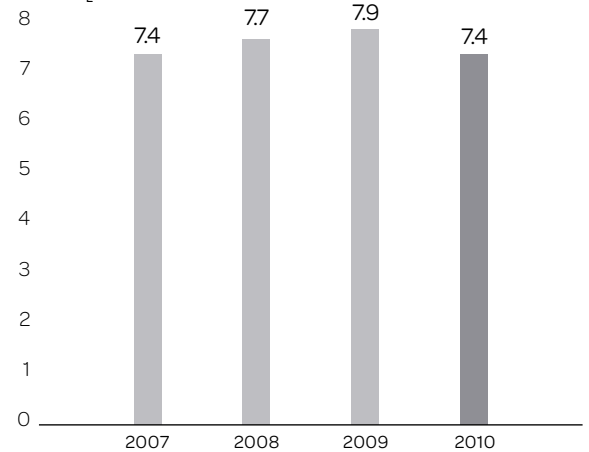


+ 220% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)

LOGISTIQUE

CO₂ emissions per shipping unit (in kg CO₂/pallet)



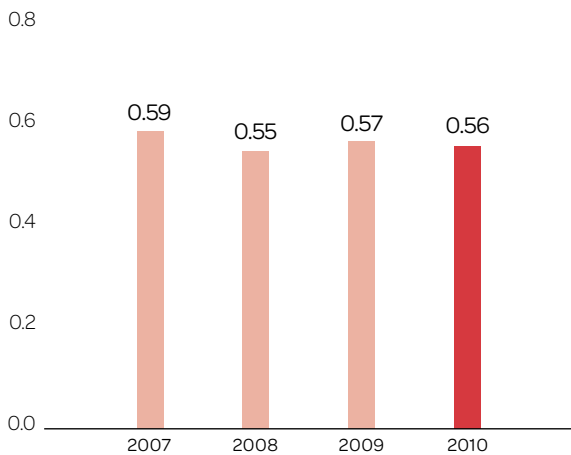
- 0.1% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 87% of 2010 consolidated sales, excl. VAT)
Excluding: HM & SM: BR / HD: AR

2010 figures.

HUMAN RESOURCES

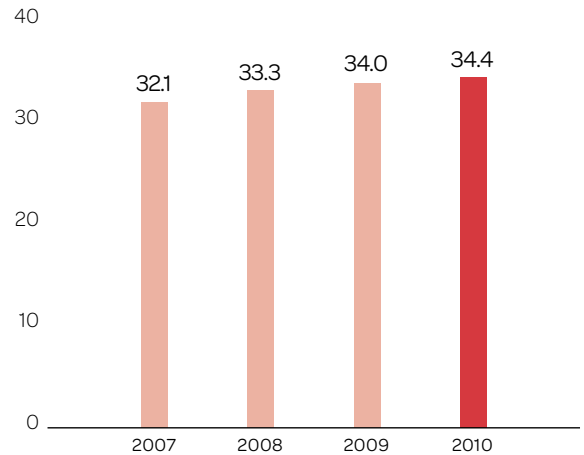
Rate of absence due to workplace accidents (in %)



- 4.5% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 88% of 2010 consolidated sales, excl. VAT)
Excluding: HM: BR, MY / SM: BR, ID / HD: GR

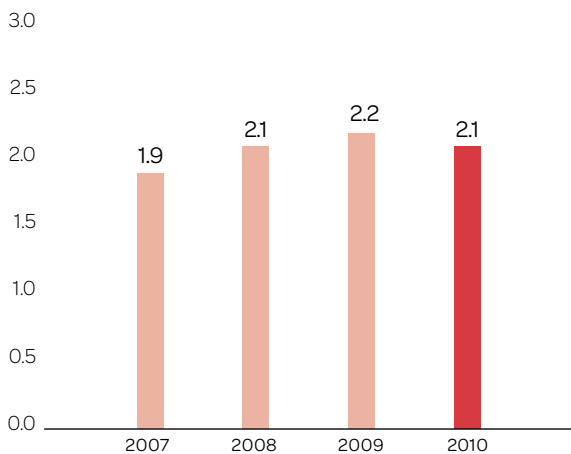
Women in management positions (in %)



+ 7.0% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)
Excluding: HD: GR

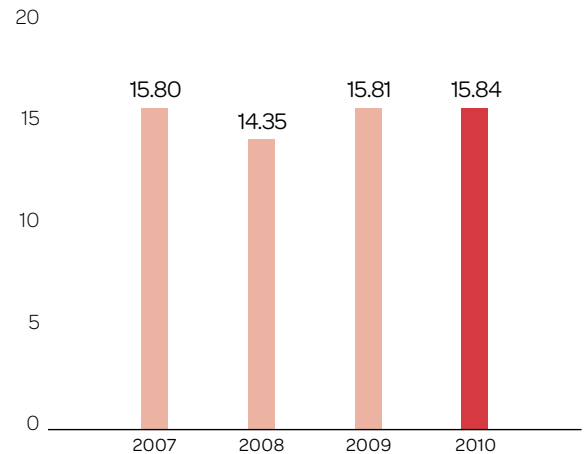
Percentage of employees declared as having disabilities



+ 10.2% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)
Excluding: GR: HD

Average number of training hours per employee



+ 0.3% IN 2010 COMPARED WITH 2007

Like-for-like BUs (scope: 100% of 2010 consolidated sales, excl. VAT)
Excluding: HD: GR

2010 figures.

GRI REFERENCE	GLOBAL COMPACT PRINCIPLE	OECD PRINCIPLE	PAGE(S) OF THE REPORT
STRATEGY AND ANALYSIS			
1.1	Principle 9	General principle 1	p. 4, AASR*
1.2		Disclosure 4 and 5	p. 23-45
COMPANY PROFILE			
2.1		Disclosure 3	Cover
2.2		Disclosure 1	AASR
2.3		Disclosure 3	AASR
2.4		Disclosure 3	Inside back cover
2.5		Disclosure 3	AASR
2.6		Disclosure 3	p. 29, inside back cover
2.7		Disclosure 3	AASR
2.8		Disclosure 3	p. 25, p. 39, p. 72, AASR
2.9			p. 137-149, p. 152-159
2.10			p. 35-36
SCOPE OF THE REPORT			
3.1		Disclosure 2	p. 152-159
3.2		Disclosure 2	p. 152-159
3.3		Disclosure 2	p. 152-159
3.4		Disclosure 2	Inside back cover
3.5		Disclosure 2	p. 47-55, p. 152-159
3.6		Disclosure 2	p. 137-159
3.7		Disclosure 2	p. 137-159
3.8		Disclosure 2	p. 137-159
3.9		Disclosure 2	p. 137-159
3.10		Disclosure 2	p. 137-159
3.11			p. 137-159
3.12			p. 150
3.13		Disclosure 2	p. 158-159
GOVERNANCE			
4.1 - 4.7		General principle 6	p. 23-25, p. 37-39, AASR
4.8		General principles 7 and 8 Disclosure 5	P. 24-36
4.9			P. 24-36, P. 42-45
4.11		Environment 3 and 4 Principle 7	P. 47-55
4.12		General principles 7 and 8 Disclosure 2, 3, 5 and 12	P. 30
4.13			p. 40-41
4.14			p. 37-41
4.15			p. 37-41
4.16			p. 37-41
4.17		Disclosure 5	p. 37-41
MANAGEMENT AND PERFORMANCE			
Finance			
Financial performance			
EC1		Disclosure 1 and 4.a	p. 28-29, p. 39, AASR
EC2			P. 19-21, P. 42-45, P. 97-135
Market presence			
EC6			P. 37-39, P. 60-65, P. 137-149
Indirect economic impact			
EC8			P. 66-69, P. 88-91, P. 97-120

GRI REFERENCE	GLOBAL COMPACT PRINCIPLE	OECD PRINCIPLE	PAGE(S) OF THE REPORT
Environment			
Materials			
EN1	Principle 8		P. 137-149
EN2	Principle 8		P. 137-149, P. 115-120
Energy			
EN3	Principle 8		P. 97-108, P. 137-149
EN5	Principle 8		P. 97-120, P. 137-149
EN6	Principles 8 and 9	Environment 6.b	P. 122-135, P. 137-149
Water			
EN8	Principle 8		p. 109-114, p. 137-149
Biodiversity			
EN12	Principle 8		p. 109-114, p. 137-149
EN14	Principle 8		p. 109-114, p. 137-149
Emissions, effluents and waste			
EN16	Principle 8		p. 97-103, p. 137-149
EN17	Principle 8		p. 97-120, p. 137-149
EN18	Principles 8 and 9		P. 97-120, P. 137-149
EN22	Principle 8		p. 115-120, p. 137-149
Products and services			
EN26	Principle 8	Environment 6.b	p. 47-55, p. 60-65, p. 97-120, p. 122-135, p. 137-149
Transport			
EN29	Principle 8		p. 32-34, p. 97-120, p. 129-135
Labour relations			
Work			
Employment			
LA1			p. 72, p. 137-149, p. 151, AASR
Workplace health and safety			
LA7			p. 80-87, p. 137-149, p. 151
Training and education			
LA10		General principle 4	p. 76-79, p. 149, p. 151
Human rights			
Investment and purchasing practices			
HR1	Principle 1	General principle 2	p. 13-15, p. 26-27, p. 30, p. 47-55, p. 71-95
HR2	Principles 1 and 2	General principle 10	p. 47-55, p. 92-95, p. 137-149
Child labour			
HR6	Principle 5	Employment and labour/management relations 1.b	P. 13-15, P. 26-27, P. 30, P. 71-95, P. 137-149,
Society			
Communities			
SO1			p. 88-91, p. 47-135, p. 137-149
Corruption			
SO3	Principle 10	Anti-corruption 1, 2, 3, 4 and 5	p. 23-27, p. 42-45
Public policies			
SO5			p. 37-41
Product liability			
Consumer health and safety			
PR1		Consumer interests 1 and 6	p. 47-55, p. 115-120, p. 133, p. 137-149
Labelling of products and services			
PR5		Consumer interests 3	AASR

* Carrefour group's Annual Activity and Sustainability Report

Table of information relating to Article 116 of the French law on New Economic Regulations (NER)

ARTICLE1	COMPANY INFORMATION	ARTICLE2	ENVIRONMENTAL INFORMATION		
1.1 a	Total workforce: 471,755 Percentage of: - Permanent contracts: 89.7% - Fixed-term contracts: 10.3% - Permanent contract hires: 118,464 Part-time employees: 25.5% Internal rate of promotion, 2010: - Promotion of managers: 77.4% (% of new managers promoted internally) - Promotion to Director: 87% (% of new Directors promoted internally) Total: promotion of Managers + Directors: 78.1% Turnover (due to resignation and dismissal of employees under permanent contracts): 21%	2.1	Consumption of water, raw materials and energy: p. 112-113, p. 137-149		
	1.1 b	Information regarding staff reductions, job protection and support measures: - on GPEC: see p. 87 - In early 2010, the Group decided to consolidate all its offices at a number of sites in the Paris region, mainly Massy. The relocation of employees began in October 2010 and was completed in December. Management negotiated with its social partners to provide mobility support measures and implemented a job protection plan ensuring that non-managerial employees who chose not to relocate were given options for internal or external redeployment. As a result, the vast majority of the employees at offices in Greater Paris were able to relocate with the company. The 2010 application of the GPEC agreement within Group entities in France provided support for the redeployment of employees affected by restructuring initiatives (e.g., employees at the Group's corporate headquarters [Carrefour Management], the reorganisation plan for regional support services, the reorganisation plan for regional supermarket head offices, the Back Office transformation for hypermarkets).	2.2	Actions aimed at limiting harm to biological equilibrium: p. 97-113, p. 137-149	
		2.3	Corporate evaluation and certification actions: p. 47-55, p. 60-65, p. 97-113, p. 125-127		
		2.4	Compliance with laws: the Carrefour Group takes steps to ensure the company's compliance with laws and regulations. Expenditures incurred to prevent the company's environmental impact: the costs incurred to limit the effects of the company's activity on the environment correspond to the operating costs of the Sustainable Development Department and its networks in the countries, as well as budgets for specific projects and outside consultant fees.		
		2.5	2.6	Organisation dedicated to environmental management and risk prevention: p. 30-36, p. 42-45	
		2.7	Amount of provisions and guarantees for environmental pollution: none (scope: France)		
		2.8	Amount of indemnities paid during the year pursuant to a legal ruling on environmental pollution: none (scope: France)		
		2.9	Information regarding previously announced environmental objectives assigned by the company to its foreign subsidiaries: p. 30-36, p. 137-149		
		1.2	Organisation, work hours and absenteeism: the number of work hours at Carrefour is indexed to the legal working hours in the countries where the Group is established. It therefore varies according to each country's local regulations: - p. 80-87 - p. 137-149		
		1.3	Wages and expenses: p. 71-95; see also the 2010 Annual Activity and Sustainability Report (AASR). Employment equity: P. 15-17, P. 23-27, P. 71-95		
1.4	Social relations: p. 37-39, p. 80-87				
1.5	Health and safety: p. 13-15, p. 47-55, p. 80-87, p. 137-149				
1.6	Training: p. 15-17, p. 76-79, p. 137-149				
1.7	Hiring and integration of the disabled: p. 15-17, p. 71-75, p. 137-149				
1.8	Social services: p. 88-91				
Article 1	Local impact on regional employment and development: p. 13-18, p. 60-69, p. 71-95 Stakeholder relations: p. 37-41, p. 45 Subcontracting: p. 25-27, p. 60-65, p. 88-91 Foreign subsidiaries: p. 6-21, p. 92-95, p. 97-120, p. 137-159; see also the 2010 AASR.				

Reporting methodology for Sustainable Development indicators

The Sustainable Development Department has drawn on the services of a multidisciplinary Steering Committee to prepare the 2010 Sustainability Expert Report. The Committee includes members from all the relevant Group departments (Quality, Human Resources, Legal, Marketing, Assets, Sales and Goods, Logistics) as well as representatives from the Sustainable Development network in the main European countries where the Group operates.

PRINCIPLES FOR DRAWING UP THE SUSTAINABLE DEVELOPMENT REPORT

Based on the GRI-G3 (Global Reporting Initiative) reporting principles, the Carrefour group's Sustainability Expert Report adheres to the following principles:

CSR (Corporate Social Responsibility)

Carrefour places its own performance within the context of the social, economic and environmental constraints that weigh upon the Group, and puts the resulting data into perspective.

Stakeholder involvement

By maintaining an ongoing dialogue with stakeholders (customers, employees, franchisees, suppliers, local communities and shareholders), the Carrefour Group can anticipate and respond to the expectations of its various target audiences and prevent risks. Thanks to transparent commitments, and the involvement of stakeholders in carrying them out, together we can jointly envisage long-term solutions and ensure that all the parties involved are mobilised. This dialogue and these partnerships are maintained either at Group level by the Sustainable Development Department, or at local level by the countries, the banners and the stores.

Materiality

The content of the Sustainability Expert Report focuses on the most relevant social, economic and environmental issues. The sections on balanced nutrition, labour rights and energy efficiency are just a few examples.

Timeliness

Carrefour has published an annual Sustainable Development Report for the past ten years. Since 2009, the Report has been presented as a Sustainability Expert Report attached to a combined Annual Report (the Annual Activity and Sustainability Report).

Clarity

The Carrefour Group is mindful of the level of knowledge of each of its stakeholders and endeavours to present information that is clear to the greatest number of people, while retaining an appropriate level of detail.

SCOPE OF REPORTING

Principles applied

- **Comprehensiveness:** The Group strives to be as comprehensive as possible. Thus, its sustainability reporting describes the implementation of its policy in 18 consolidated countries, and the Key Performance Indicators (KPIs) cover 97.9% of the Group's consolidated pre-tax sales.
- **Comparability:** The figures are presented over several years, and their variations are calculated using like-for-like Business Units (BUs). The scope is made explicit in each case. BUs excluded from the scope are indicated below each graph shown in the Sustainability Expert Report.

Scope of reporting for fiscal year 2010

The reporting on Sustainable Development KPIs applies to all of the Group's BUs. The chart below indicates the Group's BUs in 2010.

COUNTRY	ABBREVIATION	HM	SM	PRX	C&C	HD	NET
FRANCE	FR	■	■	■	■	■	■
SPAIN	ES	■	■	■		■	■
ITALY	IT	■	■	■	■		
BELGIUM	BE	■	■	■			
GREECE	GR	■	■	■		■	
CYPRUS	CY	■	■				
PORTUGAL	PT					■	
POLAND	PL	■	■	■			
ROMANIA	RO	■	■				
TURKEY	TR	■	■			■	
BRAZIL	BR	■	■	■		■	
ARGENTINA	AR	■	■			■	
COLOMBIA	CO	■					
CHINA	CN	■				■	
TAIWAN	TW	■	■				
INDONESIA	ID	■	■				
MALAYSIA	MY	■					
SINGAPORE	SG	■					
INDIA	ID				■		

- Group BU
- NS - Newly launched business
- NA - Format not present in the country

FORMAT	ABBREVIATION
Hypermarkets	HM
Supermarkets	SM
Convenience stores	CON
Cash & Carry	C&C
Hard Discount	HD
E-commerce or Internet	NET

Scope variation

The variations in scope are related to creations, acquisitions, sales and closures of stores or BUs. If a BU was created or acquired after 1 January 2010, it is not included in our reporting. If a BU was sold or closed in 2010, it is excluded from our reporting on environmental data for the year in its entirety. For 2010, the Convenience Stores Brazil BU currently under development and the Indian store opened in December 2010 were excluded. The stores in Thailand were sold in 2010 and those in Bulgaria were transferred to franchisees, and they have therefore also been excluded from the scope. Data from Carrefour Cyprus is incorporated into the data for Carrefour Greece, and is only available for Human Resources indicators.

SUSTAINABILITY INDICATORS

Principles applied

Our Sustainable Development reporting adheres to the following principles:

Accuracy: The Carrefour Group strives to ensure the accuracy of its published data by conducting a large number of manual and automatic internal controls.

Comparability: The Group strives to maintain consistency throughout its reports. Figures presented for several years are calculated using like-for-like BUs.

Choice of indicators

Since 2003, the Carrefour Group has used 20 key performance indicators (KPIs) associated with its strategic priorities for Sustainable Development. These indicators are designed to monitor the commitments made by the Group and its progress in environmental and social performance. Each KPI was chosen by the Group for its relevance to the Group's activities, but also with the intention of responding to stakeholder expectations and regulatory obligations.

References used

The 2010 Sustainability Expert Report adheres to the recommendations of the Global Compact for "Communication on Progress", the guidelines of the G3 Global Reporting Initiative (Level B), and the Guiding Principles of the OECD (see the cross-reference table on page 150). As an addition to the Annual Report, it also complies with the requirements of Article 116 of the French law on New Economic Regulations (see page 151).

A Sustainable Development reporting protocol has been prepared by the Group's Sustainable Development Department. It stipulates the rules for data collection, calculation and consolidation at Group level. Furthermore, through Enablon, a computerised reporting application, each Sustainable Development liaison has access to a data collection procedure, a user's guide for the application, definitions for each KPI, and a checklist of control points, which are distributed internally to the Sustainable Development reporting managers.

Moreover, since the 2009 fiscal year, the Group has compiled Human Resource indicators using the Group Human Resources reporting application. These indicators comply with the definitions drafted jointly by the Group Human Resources Department and the Group Sustainable Development Department.

It should be noted that for the 2010 reporting year, the Group Human Resources reporting application was not available to every BU. Accordingly, an alternative means of reporting via spreadsheet was used.

METHODOLOGICAL PARTICULARITIES

All of the information reported here is indicated in the Group's Sustainable Development reporting protocol and in the KPI definition sheets available within the Group's reporting application for environmental KPIs and from the Group Human Resources Department for social KPIs.

Methodological information concerning environmental and social indicators and scope of environmental indicators

Energy, water, refrigerants, waste, check-out bags, commercial publications: the scope of these indicators includes consolidated stores open as of 1 January of the reporting period.

For BUs that changed significantly in scope in light of store closings over the course of the year, the environmental KPIs have been recalculated to exclude closed stores to reflect the Group's environmental impact as accurately as possible. In 2010, this recalculation of indicators mainly involved Belgium and Hard Discount Spain.

The scope excludes consumption from non-Group activities, transport of people and refrigerated products (energy and refrigerants), warehouses, franchise stores, head offices and other administrative offices. For check-out bags and commercial publications indicators, consumption of stores opened during the year may be included.

The number of square metres of sales area does not include inventory storage areas, food preparation rooms or the shopping centre, if applicable. The Group recommends that BUs use the sales area of stores open as of 1 January of the reporting period for calculation purposes.

CO₂ emissions: To evaluate the CO₂ emissions related to its stores' energy consumption (fuel, gas and electricity) and refrigerants, Carrefour uses conversion factors (of kWh and kg, expressed as kg of CO₂ equivalent). The factors employed come from recognised international bodies, such as the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency).

When the BUs have specific national factors, they may enter them in Enablon. The associated CO₂ emissions are then calculated by the tool based on those factors.

France's national emissions factor has been updated for the 2009 and 2010 reporting years following the modification of the electricity supply agreement in France (50% regulated market/50% open market). Concerning CO₂ emissions generated by our logistics activity, CO₂ emissions related to downstream road transport (transport of merchandise between warehouses and stores) are included. We use a conversion rate equal to 2.6667 kg of emitted CO₂ per litre of fuel consumed, established with ADEME (the French Environment and Energy Management Agency). This indicator counts CO₂ emissions related to the transport of goods between warehouses and stores. The following CO₂ emissions are not taken into account:

- emissions generated by spotters,
- emissions generated during inbound transport of goods to the warehouse,
- emissions related to direct deliveries (direct "producer-to-store" transport of goods without going through a warehouse),
- emissions related to customer and employee journeys,
- emissions related to outbound rail transport (mainly in France) and maritime transport (mainly in Indonesia).

Note that "store/warehouse" return trips are only taken into account for fleets hired for Carrefour's exclusive use.

Grammage: The definition used by the Group is the ratio of the quantity of paper purchased for commercial publications to the surface of paper purchased for commercial publications (in g/sq.m).

Number of listed organic products: The number of listed organic products reported pertains to the number of identified organic items, labelled by outside third parties, among Carrefour own-brand products, whose sales during the year were not zero. With regard to fabrics, colours are differentiated but not sizes.

Number of theoretical working hours for employees during the period: The hours of all persons on the payroll are counted. In France, this includes interns who receive an internship salary that exceeds 30% of the guaranteed minimum wage.

Number of workplace accidents, frequency rate and severity rate: Workplace accidents are defined with reference to the laws in effect in each country. If no definition exists in the country, the definition used is "an accident that occurred during working time and gave rise to a work stoppage".

The number of hours of absence due to a workplace accident is the hours of absence in year N. The calculation method used by the countries is based on business days; however, different methods may still exist in some countries.

Percentage of employees declared as having a disability: A "person with a disability" is defined by local regulations in each country.

Fair trade products: Since the fair trade product label does not exist in all the countries where the Group operates, this indicator includes unlabelled products for which the procedure used is similar to that required for labelling.

In some cases, the KPIs may involve an estimation (as with the energy and water consumption indicators, which are calculated on the amount billed at an average price per kWh or cubic metre).

In other cases, the BUs must specify and justify the relevance of the assumptions used for making the estimates.

Methodological limitations of the indicators

The environmental and social indicators may have methodological limitations arising from a lack of uniformity among national and international laws and definitions (e.g., workplace accidents) and/or from the qualitative, and therefore subjective, nature of certain data (such as indicators related to purchase quality and the logistics process).

For the refrigerant KPI, any leaks that may have occurred prior to a change of equipment are not quantified in the reporting. They correspond to emissions generated between the last maintenance operation and replacement of the unit. The impact is insignificant at the Group level thanks to both regular monitoring of the units and the staggered timetable for their replacement. Note that the mass balances are not systematically carried out each time the fluid is reloaded or at year end. Therefore, some BUs' reports on year N consumption include fluid still stored in containers.

.../...

For the logistics KPI (CO₂ emissions per unit of transport), in the vast majority of cases CO₂ emissions related to the transport of goods are calculated on the basis of distance travelled since there is no actual data on service providers' fuel consumption and average consumption by type of vehicle. In addition, countries in which Carrefour operates where logistics are handled mainly by suppliers are excluded from the scope of reporting.

Also, pallets (transport units) used for backhauls are not included in the total number of pallets used in downstream transport.

For the energy KPI, the published quantity of energy corresponds to the quantity purchased and not the quantity actually consumed for fuel and natural gas (14% of the energy consumed by the stores).

For the water KPI, the published quantity of water corresponds to the quantity of water purchased. In fact, water collected by some stores through drilling may not be counted when there is no charge for its withdrawal. In addition, when water consumption attributable to the shopping centre is not identified separately from the store's water consumption, it is included in the published quantity of water.

For the waste KPI, the scope of reporting includes BUs that use waste collection companies which provide information about the tonnage of waste removed. Generally speaking, when waste is collected directly by local authorities, no information is available. When waste is collected and grouped at the warehouses, the corresponding quantities are not systematically included in the reporting.

With regard to the Carrefour Quality Line and Organic Product KPIs, it is not always possible to separate the portion of sales related to the hypermarket format from that related to the supermarket format. In this case, Carrefour has chosen to report all the sales in the hypermarket format.

Considering the methodological limitations outlined above and the difficulties in gathering data, the scope of reporting may vary depending on the indicator. For each indicator that pertains to a limited scope, the scope is specified.

For analysing any changes in the indicators, we factor out all BUs for which we lack data for one of the comparison years.

METHODS OF DATA COLLECTION, CONSOLIDATION AND CONTROL

Reporting period

Reporting is performed four times annually: an annual reporting is conducted for the Sustainability Expert Report, which is published each year for the Shareholders' Meeting, and quarterly reporting is performed three times a year using indicators that are limited in scope.

The period used for the annual reporting is the calendar year (1 January to 31 December).

Data collection methods

The system in place is based on dual information reporting that allows for rigorous collection of qualitative and quantitative data from the various countries and banners. For qualitative information, best practices applied in the countries are submitted via e-mail. For quantitative information, the Enablon application was deployed in 2005 for reporting key environmental performance indicators. With regard to key social performance indicators, they have been reported through the Group's Human Resources reporting tool since 2009. Reporting liaisons identified in each country are responsible for coordinating environmental and social reporting for their respective countries.

Data consolidation methods

The Sustainable Development Department consolidates all Sustainable Development indicators at Group level using our Enablon application.

Environmental data control methods

Enablon, our computerised reporting application, features automatic consistency checks to prevent data entry errors. It also provides the ability to attach source files and insert explanatory comments, which makes auditing and internal control easier. Each reporting manager verifies the data entered before it is consolidated at the Group level, with the help of a check-list and control tips that are explained in the definition sheet for each indicator. The Group's Sustainable Development Department carries out a second level of data control. Any inconsistencies or errors are reviewed together with the countries and corrected as needed.

Social data control methods

Social data are locally checked before being entered in the Group Human Resources tool. The Group's Human Resources Department carries out a second level of data control. Any inconsistencies and errors are reviewed together with the countries and corrected as needed.

.../...

EXTERNAL AUDIT

Principle applied

Reliability: Quantified data are produced, consolidated, analysed and published. Selected data are subject to verification by an outside third party.

External audit

The reporting procedures for some of the main 2010 environmental and social indicators have been verified by our external Statutory Auditor, KPMG Audit. These indicators are marked with the symbols ✓ and ✓✓ on page 97 and by the symbol ✓ in the table on page 145. The nature of the work carried out and the results of this review are presented on pages 158 and 159.

There is now a reasonable level of assurance for the 2010 reporting on greenhouse gas emissions (scopes 1 and 2). There continues to be a moderate level of assurance for the other verified indicators.

CONTINUOUS IMPROVEMENT

In 2010, the definition sheets and related information were updated, notably for the logistics and paper indicators. In addition, Human Resources has created a tool for exchanging and sharing best practices with regard to reporting.

Review report by one of the Statutory Auditors expressing assurance regarding certain social and environmental indicators for 2010

In response to the request that was made of us and in our capacity as Statutory Auditor for the Carrefour Group, we have conducted a review for the purpose of expressing:

- a moderate level of assurance regarding 15 social and environmental indicators ("the Data") selected by the Carrefour Group and identified by the ✓ symbol in the tables shown on page 97 and page 145 of the 2010 Sustainability Expert Report.
- a reasonable level of assurance regarding the indicator on "CO₂ emissions (scopes 1 and 2)"¹ and identified by the ✓✓ symbol on page 97 of the 2010 Sustainable Development Report.

These data have been prepared under the supervision of the Carrefour Group's Sustainable Development Department and Human Resources Department in accordance with the reporting protocol available from those departments (hereinafter "the Reporting Procedure"). The methodological note that appears on pages 152-157 of the 2010 Sustainability Expert Report provides further information on the methodology used to compile or calculate the published indicators.

Our role is to express a conclusion on the selected data based on our audit. The conclusions expressed below apply only to these data and not to the entire 2010 Sustainability Expert Report.

NATURE AND SCOPE OF THE WORK

We conducted our work in accordance with the ISAE 3000 standard and professional standards applicable in France.

Moderate assurance

We took the following actions in order to obtain a moderate assurance that the selected data indicated by the ✓ symbol do not contain any material anomalies. A higher level of assurance would have required a more extensive review.

- We assessed the Reporting Procedure relating to the Sustainable Development indicators with regard to its relevance, reliability, objectivity, intelligibility and completeness.
- We conducted interviews with the Group's Sustainable Development Department in order to update our knowledge of the reporting process and of the organisation in place, as well as to ascertain that the Reporting Procedure had been applied correctly.
- We performed tests on the application of the Reporting Procedure on a sample of thirteen Business Units (BUs)², representing between 27% and 87% of each of the verified indicators. These BUs were selected on the basis of their contribution to the Group's indicators, the degree to which they represent the diversity of the Group's formats, and the results of the work we conducted in previous years.
- For the selected BUs, we verified that the Reporting Procedure had been understood and implemented correctly and we performed arithmetic tests, on a spot-check basis, on the calculation of these indicators, reconciliations with supporting documents and consistency tests on their consolidation.

1. Indicateur sélectionné audité « Émissions de CO₂ (scopes 1 et 2) ». Définition établie par le Groupe - Scope 1 : Émissions liées aux consommations de gaz, fuel et réfrigérants du Groupe. Scope 2 : Émissions liées à la consommation d'électricité du Groupe.

2. Hypermarkets France BU, Supermarkets France BU, Hard Discount (Dia) France BU, Hypermarkets Spain BU, Supermarkets Spain BU*. Hypermarkets Brazil BU, Hard Discount (Dia) Brazil BU*, Hypermarkets Poland BU, Supermarkets Poland BU*, Hypermarkets Greece BU, Supermarkets Greece BU, Hypermarkets Italy BU*, Supermarkets Italy BU*. *Business Units for which our review applied solely to the "CO₂ Emissions (scopes 1 and 2)" indicator.

Reasonable assurance

For the indicator relating to “CO₂ emissions (scopes 1 and 2)”¹, identified by the VV symbol, we conducted a more extensive review, specifically in terms of the number of spot checks, and are consequently in a position to express a reasonable level of assurance.

We were assisted in our work by the Environment and Sustainable Development experts in our firm.

COMMENTS ON THE GROUP'S REPORTING PROCEDURE AND ITS IMPLEMENTATION

On the basis of our review, we make the following comments regarding the Group's Reporting Procedure and its application:

- The indicator profiles have been supplemented; in particular, the definition of the logistics KPI has been clarified. However, examples of the estimation methodologies could be provided in the indicator profiles to ensure easier compilation of the data, notably for the stores' KPIs.
- The BUs we reviewed are familiar with the new organisational structure established for the reporting of social data and have largely mastered the Reporting

Procedure. However, deployment of the tool should be continued in 2011 to ensure that all data are submitted using this application.

- The internal control system has been improved at Group level, but should be strengthened further by stricter application of the control procedures at the level of each BU.

CONCLUSION**Moderate assurance**

On the basis of our review, we did not identify any significant anomalies that would give us reason to doubt that the data we examined, appearing on page 97 and page 145 of the 2010 Sustainability Expert Report and identified by the ✓, symbol, have been prepared in all significant respects in accordance with the aforementioned Reporting Procedure.

Reasonable assurance

In our opinion, the “CO₂ emissions (scopes 1 and 2)” indicator on page 97 has been established in all significant respects in accordance with the aforementioned Reporting Procedure.

Paris La Défense, 6 May 2011

KPMG AUDIT

A division of KPMG S.A.



Éric Ropert

Partner

Philippe Arnaud

Partner

Manager of the Sustainable
Development and Climate
Change Department

ADEME: French Environment and Energy Management Agency (*Agence de l'Environnement et de la Maîtrise de l'Énergie*).

BACKHAULING: Process wherein trucks that have completed store deliveries then collect ordered goods from suppliers and deliver them to warehouses.

BREEAM: Building Research Establishment Environmental Assessment Method.

BUSINESS UNIT: Corresponds to a Carrefour store format in a particular country.

CDP (Carbon Disclosure Project): An independent, not-for-profit organisation maintaining the largest database of information on corporate practices to combat climate change.

CGF: Consumer Goods Forum.

CICE: Carrefour Centre for Information and European Coordination.

CSR: Corporate social responsibility.

CTM: Centralised technical management of electrical equipment in stores.

ECO-AGENCY: An organisation that assumes financial and/or organisational responsibility on behalf of producers for managing products at the end of their life cycle.

ECOCERT: French certification and control agency.

ERRT: European Retail Round Table.

ESR: A private set of standards developed by Écocert for certification of fair trade products (*Équitable Solidaire Responsable*).

FAIR TRADE*: Fair trade is a trading partnership based on dialogue, transparency and respect, aimed at fostering

increased fairness in international trade. Fair trade contributes to sustainable development by offering optimal trade conditions to marginalised producers (primarily in the countries of the Southern Hemisphere) and by protecting their rights.

** This definition is taken from the consortium of the Fair Trade Labelling Organisation, International Federation for Alternative Trade, Network of European Worldshops, and the European Fair Trade Association.*

FBF (Food Business Forum): Global network of the independent food industry.

FCD: French Retail Federation (*Fédération des entreprises du Commerce et de la Distribution*). This organisation is made up predominantly of food and specialty retailers and their suppliers. It represents and promotes the general shared interests of its members.

FIDH: International Federation for Human Rights.

FLO-CERT: A certification organisation for fair trade products.

FSC (Forest Stewardship Council): The FSC label guarantees consumers that their wood and paper products come from sustainably managed forests.

GFSI: Global Food Safety Initiative.

GFTN (Global Forest Trade Network): A network created 15 years ago by the WWF to support companies committed to a responsible wood purchasing policy.

GHS: Globally Harmonised System of classification and labelling of chemical products.

GLOBAL COMPACT: Global contract between the United Nations, Member States, signatory business corporations and NGOs aimed at promoting responsible action through compliance with 10 fundamental principles of Sustainable Development.

GMO: Genetically modified organism.

GRI (Global Reporting Initiative): An international initiative to provide an international standard for environmental and social reporting and define guidelines and key performance indicators.

GSCP: Global Social Compliance Programme.

HACCP (Hazard Analysis Critical Control Point): A food safety management system.

HCFC: Hydrochlorofluorocarbons. Chemical products containing chlorine and fluoride as well as hydrogen, which makes them less stable and thus less harmful to the ozone layer than CFCs.

HFC: Hydrofluorocarbons. Chemical products containing fluoride and hydrogen, but not chlorine or bromide, and thus not harmful to the ozone layer.

HPC: Household and Personal Care products.

ILO: International Labour Organisation.

IPCC: Intergovernmental Panel on Climate Change.

IUCN: International Union for the Conservation of Nature.

KPI: Key performance indicator.

LCA: The Life Cycle Analysis is an environmental assessment method used to quantify the impact of a product over its entire life cycle, from extraction of its component raw materials to disposal at the end of its life, including manufacture, distribution and use.

MSC (Marine Stewardship Council): An independent, non-profit global organisation that was created in order to find a solution to the problem of over-fishing and has developed an environmental standard for sustainably managed fishing.

NER LAW: French law of 15 May 2001 on New Economic Regulations. Article 116 requires French companies listed on the stock exchange to report on “the social and economic consequences of their activities”.

NETWORK: Network organisation specific to an activity and spanning multiple BUs. A term specific to Carrefour.

OECD: Organisation for Economic Co-operation and Development.

ORGANIC AGRICULTURE: Farming methods that sustain ecosystems and reduce pollution. Such methods avoid the use of pesticides, herbicides and antibiotics, as well as genetic manipulation.

OWN-BRAND PRODUCTS: An own brand or banner product for which Carrefour participates in the preparation and packaging, the choice of producer, quality control, marketing and so on.

PEFC: Programme for the Endorsement of Forest Certification.

PMAF: World Farm Animal Protection Association (*Protection Mondiale des Animaux de Ferme*).

QS: Quality Scorecard.

REACH: Registration, Evaluation and Authorisation of Chemical substances. A regulation that institutes a new European policy on the management of chemical substances.

REAP (Retailers’ Environmental Action Programme): A programme created as part of a collaboration between the European Commission, EuroCommerce and ERRT.

RSPO (Roundtable on Sustainable Palm Oil): A global, multi-party initiative concerned with the production of sustainable palm oil.

RTRS (Roundtable on Responsible Soy): An initiative meant to bring together various stakeholders to promote soy production, processing and trade that is socially and environmentally responsible and economically viable.

SEAFOOD CHOICES ALLIANCE: An international programme of SeaWeb (an ocean conservation organisation) which aims to create opportunities for change within the seafood sector.

SRI: Socially Responsible Investment.

STAKEHOLDERS: All of the various groups that participate in the economic life of the company (employees, cus-

tomers, suppliers and shareholders), who monitor the company (unions, NGOs), or who are more or less directly influenced by it (civil society, local government, etc.).

SUSTAINABLE DEVELOPMENT: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Brundtland Commission, “Our Common Future”, 1987.

TRANSPARENCY INTERNATIONAL: The principal global civil society organisation involved in the fight against corruption.

TRC: Timber Retail Coalition.

UN: United Nations.

UNI (Union Network International): A trade union with 15 million members in approximately 150 countries.

UNICEF: United Nations Children’s Fund.

WEEE: Waste electrical and electronic equipment.

WWF: World Wide Fund for Nature.

ON CARREFOUR IN 2010

2010 Annual Activity and Sustainability Report

(available for download at www.carrefour.com and in iPad format)



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2010 Financial Report

(available for download at www.carrefour.com)

ABOUT CARREFOUR AND ITS COMMITMENTS

www.carrefour.com

www.fondation-carrefour.org

www.carrefour.fr (Social Responsibility section)

ABOUT CORPORATE SOCIAL RESPONSIBILITY

www.gscpnet.com (GSCP)

www.ciesnet.com (CGF)

www.novethic.fr (Novethic)

ABOUT THE ENVIRONMENT

www.uneptie.org

www.greenpeace.org

www.wwf.org

ABOUT SOCIAL ISSUES

www.fidh.org

www.ilo.org

www.union-network.org

We would like to thank all of our employees and stakeholders who have participated in preparing this 2010 Sustainability Expert Report.

SEND US YOUR OPINION

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