

CARREFOUR GROUP: BUILDING RESPONSIBLE RELATIONSHIPS

MEETING SOCIETY'S MAJOR CHALLENGES

102,442

billions euros of sales incl. VAT
under Group banners

490,042

employees

14,991

stores in 30 countries

More than

3

billion cash
transactions per year



groupe **carrefour**

OUR HISTORIC COMMITMENT TO SUSTAINABLE DEVELOPMENT



“Our goal is to achieve commercial and economic success, but it cannot be separated from our social and environmental responsibilities.”

Now more than ever, we are convinced that Sustainable Development can generate growth and profitability. It's a great opportunity to develop our brand while strengthening consumers' trust in our products and services.

We have decided to make the Carrefour brand the central axis of our strategy and are committed to strengthening its presence and content on all our markets. The challenge is to meet customers' pricing and quality needs better than our competitors, and meet their expectations in terms of responsible manufacturing, environmental protection and food and product safety.

Our goal is to achieve commercial and economic success, but it cannot be separated from our social and environmental responsibilities. Our performance can only be ensured if we make progress in all these areas. For example, we have committed to reduce the Group's energy consumption by 20% by 2020 (compared to 2004 levels).

As the 9th-largest private employer worldwide, we also have an obligation to provide our staff with a pleasant and stimulating work environment. This year, we have started making improvements in this area in order to attract and retain the very best talent. Our approach also gives greater meaning to our employees' work and deepen their pride in being part of our Group.

We wanted to highlight in this booklet five key areas in which we have placed special focus in 2007: nutrition, responsible consumption, our image as a responsible employer, manufacturing social conditions and combating climate change.

The way we conduct our business demonstrates our dedication to developing concrete solutions to major challenges with the aim of building responsible relationships.

■ José Luis Durán
Chairman of the Management Board

▶ 1992 Carrefour Quality Lines.



▶ 1996 Application of the precautionary principle to GMOs.



▶ 1997 Carrefour Organic.



▶ 2000 Social Charter in cooperation with the FIDH.



▶ 2001 Signature of an agreement with the UNI.



▶ 2001 Membership in the United Nations Global Compact.



▶ 2004 Adoption of the Group Code of Ethics
Signature of the Corporate Diversity Charter.

▶ 2004 Launch of Carrefour Attitude.



▶ 2005 Responsible Fishing Line.



▶ 2006 Carrefour AGIR range.



▶ 2007 Commitment to reduce the Group's energy consumption by 20% by 2020 (vs.2004).



OUR ANSWERS TO FIVE KEY CHALLENGES OF SOCIETY

IN ADDITION TO THE COMMITMENTS WE HAVE MADE AND PUT INTO PRACTICE, THIS BOOKLET SETS OUT FIVE ISSUES WE CONSIDER KEY GROUP CHALLENGES. IN 2007, CARREFOUR PUT PARTICULAR EMPHASIS ON:

- BALANCED DIET
- RESPONSIBLE CONSUMPTION
- MANUFACTURING SOCIAL CONDITIONS
- BEING A RESPONSIBLE EMPLOYER
- CLIMATE CHANGE

THIS GUIDE SETS OUT CARREFOUR'S POLICY AND PRACTICAL SOLUTIONS TO MEET THESE FIVE KEY ECONOMIC, SOCIAL AND ENVIRONMENTAL CHALLENGES.

CONTENTS

Balanced diet	II
Responsible consumption	IV
Manufacturing social conditions	VI
Being a responsible employer	VIII
Climate change	X
Principles of the Global Compact	XVI

A BALANCED DIET FOR EVERYONE

A factor in many diseases, obesity affects adults and, above all, children in most countries worldwide. Carrefour combats this problem by providing consumers with information and raising their awareness, as well as by offering them accessible products to ensure that everyone – children and adults alike – can enjoy a tasty yet balanced diet.

There are

300

million obese children and adults worldwide, and 7% of the European Union's health expenditure is related to this problem.



QUESTIONS for Juan Cubillo, Group Food Director



■ Juan Cubillo

How does the Carrefour Group help combat obesity?

As Europe's leading retailer and the world's second largest, the Group has a particular responsibility in this area. We are addressing the problem head on, in all countries, by ensuring that our message reaches the 25 million customers who visit our stores every day, based on two key levers: our products and services, and consumer information.

What is your product policy?

We aim to offer a varied, balanced, tasty range of food products for everyone to enjoy. Wherever we operate, our banners sell an assortment of products – in particular own-brand products and fresh products, such as fruit and vegetables – that make a balanced diet available to every budget. We also ensure that our own-brand products contain, as appropriate, only a limited amount

“Propose a varied, balanced, tasty range of food products available to every budget.”

of salt, sugar and/or fat (in particular trans-fatty acids). This formed part of a commitment made in 2007 by Carrefour Spain and our French banners to the Ministries of Health of their respective countries. In addition, several other countries have developed “Nutrition” ranges consisting of health-food products and “Kids” ranges developed by nutritionists.

How do you raise customer awareness?

There's no such thing as a good or bad product. On the other hand, studies show that consumers are often unaware of their nutritional needs and the cornerstones of a healthy lifestyle. That's why we focus on education, essentially by providing information on our labels that's easy to understand, so that customers can be sure they're eating a balanced diet. We also promote physical activity, organize nutritional events in our stores, and communicate via our websites, catalogues and magazines. Lastly, our banners also raise the awareness of their employees through internal communications media.

RAISING AWARENESS IN STORES

France, Italy, China, Singapore and Thailand: more and more countries are taking part in the Nutrition Weeks launched by the Carrefour Group in 2005 to raise customers and employees awareness. In 2007, the concept was launched in Poland, with Nutrition Days held in six stores in Warsaw and Krakow that included exhibition stands and advice from nutritionists. Information booklets were also handed out.



Leaflet handed out during Nutrition Week in Poland



Second-generation nutrition boxes

DEVELOPING HEALTHY HABITS AT A YOUNG AGE



Champion France: encouraging children to eat fruit and vegetables

Children are among the primary focuses of the Group's initiatives. In 2007, for example, Carrefour Spain reformulated its Carrefour Kids range with the help of a nutritionist to remove or reduce saturated fats, artificial colorants, flavour enhancers and so on. Hypermarkets and supermarkets in France sell miniature fruit in fun-sized, appealing packaging to encourage children to eat more of it. Ed organizes learning activities for young people with the help of a dietician. And the Carrefour International Foundation supports the Epode European programme "Together, we can prevent childhood obesity", which promotes a balanced diet and physical activity. In France, for example, hypermarkets used a series of regional football tournaments to put the network's message across to children.

INFORMATIVE LABELLING

In 2005, in association with the Confédération Consommation, Logement et Cadre de Vie (CLCV), a French consumer association, Carrefour created the first generation of simple "nutrition boxes" labelling for its own-brand products. The "nutrition boxes" were designed to indicate the percentage of recommended daily amounts of protein, fibre, salt and fat contained in the product. The French banners extended their use to all products, including first-price products. Belgium, Spain, Greece, Poland, Italy and Argentina also use these "nutrition boxes" or other forms of nutritional labelling. This year, a second generation of "nutrition boxes" has been developed to keep up with advances in consumer awareness.

100%
of our controlled product specifications include nutritional requirements.

NUTRITION RANGES IN STORES

Some countries have developed nutrition products that are low in simple sugars and cholesterol or are naturally rich in Omega 3, fibre or vitamins. In 2007, Carrefour Italy, for example, extended its "In Forma" range, developed in association with a nutritionist (58 products). In France, hypermarkets offer some 20 AGIR Nutrition Carrefour products. Carrefour Brazil created the "Viver" range, which comprises 300 products. In China, where 15-20% of the population suffers from anaemia, Carrefour has signed an agreement with the public Food Fortification Office to market condiments fortified with iron.

In Forma range in Italy



Viver range in Brazil



Carrefour AGIR Nutrition range

For more information

www.carrefour.com

DEMOCRATIZING SUSTAINABLE CONSUMPTION

Organic products, fair trade, responsible tourism and ethical savings: consumers are increasingly interested in products and services that respect people and the environment. As the world's second-largest retailer, the Carrefour Group ensures that the largest number of people have access to these products.

20%

of French consumers have bought a responsible product in the last six months.

Source: Credoc, March 2007.

► **QUESTIONS** for Nadège Claudel, Group Non-Food Quality Director, and Hervé Gomichon, Group Food Quality Director



■ Nadège Claudel



■ Hervé Gomichon

How does Carrefour contribute to responsible consumption?

First of all, we work with our suppliers to ensure the social working conditions in production plants where our products are made, by including an more and more environmental criteria in our specifications and promoting internal and external awareness. We are also committed to providing all of our customers with the chance to buy responsible products. To do this, we sell national-brand products and, above all, we have developed our own brand responsible products at prices everyone can afford. In France, for example, Ed offers organic products at discount prices through to its Dia brand.

Which areas are covered by the Group's products and services?

Food, non-food and services: since 2007, customers in France, for example, have benefited from three ethical savings schemes and two socially-responsible holiday offers. Our offering is essentially based on the Carrefour Quality Lines, which include environmental criteria, and the Carrefour AGIR range, which covers a complete range of sustainable-development issues: AGIR Bio (organic) and Carrefour AGIR Solidaire

for fair trade products and those whose sale results in a percentage of profits being donated to humanitarian associations, and Carrefour AGIR Éco Planète for environmentally-friendly products. Carrefour AGIR is available in Belgium, Spain, France, Greece and Italy. Colombia launched its own equivalent, Carrefour ACTUA, with an organic range and two special lines: Carrefour ACTUA Tierra de Colombia for responsible local products and Carrefour ACTUA Substitution for products that substitute for illegal crops.

“We have developed our own brand of responsible products at prices everyone can afford.”

How do you encourage your customers to be responsible consumers?

In every country, our banners promote responsible products on shelves by providing specially designed signs, giving out buyers' guides, communicating via their websites and in their magazines, organizing specific events, taking part in World Environment Day, to the Sustainable Development Week and the “Quinzaine du Commerce Équitable”, a two-week fair trade event.

SAVING OUR PLANET

The Group has developed the Carrefour AGIR Éco Planète range, which comprises products that are certified (European Ecolabel, FSC, MSC and so on) or which carry an external support. In 2007, the HPC range was extended to include 13 eco-label products marketed in four countries: France, Belgium, Spain and Greece. The non-food sector also offers AGIR Éco Planète products, including a fertilizer range suitable for use in organic cultivation (15 products) and a window cleaner produced using natural ingredient. Carrefour also offers numerous national-brand products and/or environmentally-friendly products, including recycled or certified paper, water savers, energy-saving products and more.



Organic ranges: DIA, Carrefour AGIR Bio and Selgobio in Italy ■

SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES



Shared products: Carrefour AGIR Solidaire ■

The Group markets 348 fair trade products in four countries. For its own-brand products, the Group works with two certifying organizations: Flo-cert and Ecocert. In France, Carrefour's range of 18 Carrefour AGIR Solidaire Max Havelaar-labelled products gives everyone the opportunity to enjoy fair trade products while ensuring that disadvantaged producers in developing countries benefit from commercial opportunities on fair terms. Carrefour is also developing shared products and services such as Carrefour AGIR Solidaire dog biscuits, the sale of which benefits an association that trains dogs for those with disabilities.

10 YEARS OF ORGANIC PRODUCTS

Carrefour launched its first organic own-brand products in 1997. It now offers food products, including children's food, plus textile products in some countries. The Group plans to launch 18 organic cosmetic products in France in 2008. Hypermarkets and Supermarkets France have the widest range of organic products, with 235 own-brand products and 1,370 national-brand products in hypermarkets.

6,700
organic products in Group hypermarkets, of which 16% are own-brand products.



CARREFOUR QUALITY LINES: REQUIREMENTS FOR A SUSTAINABLE DEVELOPMENT



Carrefour Quality Line: prawns in Indonesia ■

In 2007, Indonesia launched its own Carrefour Quality Line products, starting with a range of farmed prawns. Developed according to the same principles as other Quality Lines, this line complies with strict quality, traceability and environmental standards. What's more, no antibiotics are used: to prevent prawn diseases, producers ensure the quality of the living environment (the presence of phytoplankton, for instance) by using natural agents (probiotics). It also promotes local development by giving medium-sized producers the resources to develop and improve their cultivation practices. The Group has a total of 398 Carrefour Quality Lines in 14 countries.

PROMOTING RESPONSIBLE FISHING

Since 2005, the Group has offered a responsible-fishing range in France and Belgium comprising four frozen products – sold at "core market" prices – that guarantee sustainable stock management and respect for the ecosystem. In 2008, the Group plans to launch MSC-certified frozen seafood products under the Carrefour AGIR Éco Planète brand.



► For more information

www.carrefour.com

MANUFACTURING SOCIAL CONDITIONS

The Carrefour Group closely monitors working conditions at production plants where its products are manufactured. To this end, the Group is working in partnership with the International Federation of Human Rights (FIDH) since 1997. To go further, the Group is now promoting the implementation of common rules to ensure greater transparency regarding companies' social responsibility efforts.

► QUESTIONS for Véronique Discours-Buhot, Group Sustainable Development Director



■ Véronique Discours-Buhot

What concrete advances have been made following your partnership with the FIDH?

Since 2000, with the FIDH's support, we have drawn up a Social Charter signed by all of our own brand product suppliers. To ensure that these companies comply with the Charter, especially in countries requiring particular attention like China, India and Bangladesh, we conduct social audits outsourced to independent bodies. These audits are based on a grading system, from A (compliance with Charter and best practices implementation) to D (critical situation requiring major corrective actions). In the event of non-conformity, a corrective action plan is put in place. The Group gives priority to assisting its suppliers, only removing them from supplier lists if they are in serious breach of the charter or refuse to apply corrective measures.

Is this monitoring procedure enough to tackle all of the problems you encounter?

No, we don't claim that. The problem is complex, varies according to each country and requires concrete initiatives on the part of the businesses involved, and governments also need to make a contribution. The social audit is a necessary tool, but not sufficient in itself. That's why in Bangladesh, for example, we have been working since 2004 with a local NGO, Karmojibi Nari, which

trains our suppliers' employees and managers in their prerogatives and duties regarding labour rights. We're convinced that this should not be a source of competition, and we were among the co-founders of the "Social Clause" initiative in France, which helps French businesses share tools and audit results. We went even further in 2006 when we took part in the creation of the Global Social Compliance Programme (GSCP), part of the CIES. Bringing together such retailers as Tesco, Wal-Mart, Metro and Migros along with several manufacturers, the programme aims to promote the harmonization of social-audit standards and the sharing of best practices.

In what way is this harmonization a step forward?

There are more than 1,000 standards around the world. A single supplier could conceivably submit to social audits several times per month by different companies and according to different criteria; this is a source of confusion. It is essential to put across a single, consistent message to suppliers and to invest in raising awareness and training rather than multiplying the number of audits performed. The challenge is to bring together the best practices as a means of raising standards. Carrefour monitors this process, as do all of the other members of the GSCP advisory committee (the FIDH, UNI, CSR Asia and United Nations Bureau for International Partnerships); this is a vital element of our programme.



A SIX-POINT SOCIAL CHARTER

Updated in 2005, the Social Charter signed by all Carrefour's suppliers requires them to respect six obligations included in the Universal Declaration of Human Rights and the principles of the ILO (International Labour Organization):

- A ban on slavery and forced labour.
- A ban on child labour for children under 15.
- Freedom of association and collective bargaining.
- Adequate remuneration for workers to meet their basic needs.
- Decent working hours and conditions.
- Respect for equal opportunities.

MONITORING THE APPLICATION OF THE SOCIAL CHARTER AND IMPLEMENTATION OF CORRECTIVE ACTIONS

Carrefour's 2007 campaign was particularly effective, with 609 social audits (117 re-audits and 492 initial audits) compared with 390 in 2006; 20% of audits performed in 2007 were follow-up audits. Carrefour has increased the number of unannounced audits performed in Bangladesh and China. Since the supplier is not given advance warning, a different approach can be taken with the audit. At the end of 2006, the legal minimum wage in Bangladesh was raised following pressure from a number of different stakeholders, including major international buyers. Based on our audit campaign in Bangladesh, this entailed checking that the law was being applied, among other things. Numerous initial audits were performed in India, where the Group renewed its partnerships with a large majority of its suppliers.

In China, our audits have highlighted recurrent problems, such as non-conformities relating to our chapters on "working time", "salary" and "freedom of association," the latter of which does not exist there. Carrefour nevertheless encourages suppliers, when implementing corrective actions, to set up discussion groups that allow employees to talk with managers. Follow-up audits are then organized to verify that corrective actions requested during the initial audit have been properly implemented.



Antoine Bernard

ANTOINE BERNARD, DIRECTOR OF THE FIDH

The Global Social Compliance Programme (GSCP) received significant support from Carrefour in 2007. This programme raises a number of major challenges: unifying the world's biggest retail companies, along with several manufacturers, according to a public commitment to ensure that their suppliers respect the highest international standards in terms of human rights, including those covered in ILO standards. The programme develops a common approach and monitoring and began examining a number of sensitive issues, such as guaranteeing freedom of association and purchasing practices. This year, in keeping with its partnership with Carrefour, the FIDH has followed these developments very closely in the hope that they will also be applied by the companies concerned. It joined the GSCP advisory committee, alongside the UNI (Union Network International), the UN Public-Private Partnership bureau and CSR Asia. Our aim is to influence this new initiative which has major potential for mobilizing support amongst many employees around the world. Carrefour is the leader in this initiative, and the FIDH will continue to encourage the company to meet its responsibilities. We will be performing an initial assessment in a year's time.

AUDIT RESULTS

INDIA

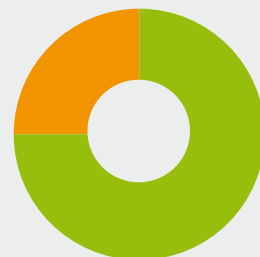
After taking into account the specific requirements of India's industrial structure, and in line with commitments made in 2006, we have extended our social audits to our main suppliers' subcontractors.

General working conditions



Initial audits

- 48.3% compliance
- 51.7% non-compliance



Re-audits

- 75% compliance
- 25% non-compliance

BANGLADESH

Following political unrest in 2006 and the passing of a new law relating to the national minimum wage, Carrefour stepped up its follow-up audit operations.

92%

of audits in Bangladesh in 2007 were unannounced audits.

58%

of audits performed in Bangladesh were follow-up audits.

For more information

www.carrefour.com

BEING A RESPONSIBLE EMPLOYER

With a presence in 30 countries, the Carrefour Group helps to create jobs while respecting local rules and regulations. Our employees are recruited locally. We identify talented staff members and, over time, entrust them with organizational and managerial responsibilities. There's no better example of the Group's commitment to diversity and respect for various cultures and local practices than its 490,042 employees. This diversity is something we value very deeply at Carrefour.

More than

100

nationalities are employed by Carrefour's banners in France.

► **QUESTIONS** for Cécile Cloarec, Group Human Resources Director



How significant is Carrefour as an employer?

Carrefour is the leading private employer in France and ninth in the world. We hire some 100,000 people per year worldwide, recruiting locally for the most part, including for management positions. The Group therefore strongly contributes to employment in the countries where it operates. In

France, for example, 60,000 people should be recruited in 2008, including 15,000 on permanent contracts. By signing an apprenticeship charter in 2005, Hypermarkets France developed a sound policy for employment and the training of young people.

How do you ensure equal opportunities in your recruitment and career-management procedures?

Carrefour is naturally open to people from all backgrounds: men, women, the young and not-so-young, and graduates and those without qualifications. We not only offer some 30 very different professions, but our stores also recruit most of their staff from their catchment areas, which sometimes include quite disadvantaged districts. Their employees reflect the diversity of the local population. Moreover, the Group plays

an important role in promoting social progress. At Carrefour, talent counts for more than qualifications: a young person without qualifications can still become a department manager. 75% of managers and 92% of store directors of the French hypermarkets are appointed via internal promotion. However, as far as our processes and behaviour are concerned, there remains room for improvement. That's why, by signing the Corporate Diversity Charter in 2004, the Group committed itself to enhancing its equal-opportunity policy.

What steps have been taken since the Diversity Charter was signed?

Our banners have built on the Charter according to their specific requirements. For example, they have signed agreements with stakeholders such as the ANPE (the French employment agency), the national education system, various associations, etc. to help people who would otherwise have difficulty finding work. Our disabled persons employment policy is a good example of this. Our stores also work hard to eliminate discriminatory factors in their recruitment and career-management processes, and they continue to raise the awareness of managers and recruiters to diversity issues.

► **A QUESTION** for Henri de Reboul, Executive Officer of the IMS-Entreprendre pour la Cité association



IMS-Entreprendre pour la Cité is a network that promotes corporate social responsibility. What do you think of Carrefour's role as a member of your association over the last 10 years?

Carrefour signed the Diversity Charter when it was launched in 2004 and is

committed to promoting equal opportunity. The company regularly provides its own best practices to other companies that have also signed the Charter. In particular, it aims to diversify where it recruits its employees and how it recruits them. This is the case, for example, with its employment policy for those with disabilities. It is also reflected in the partnership agreement signed in France by the Group's banners and the ANPE to recruit people using simulation method.

MANAGING DIVERSITY

Our banners ensure that they have the resources required to manage the diversity of their employees. Hypermarkets France have a Diversity Manager and Diversity Steering Committee, and since 2007 have implemented a store-by-store Diversity pilot programme. They have also adopted recruitment and career-management charters. Internal recruiters sign a Code of Deontology, and their contracts with recruitment and temp agencies also include a non-discrimination clause.

Some **30,000** employees and 7,000 managers working for Hypermarkets France were given diversity awareness training in 2007.

WELCOMING DISABLED EMPLOYEES



Several countries have implemented recruitment programmes targeting disabled people. Hypermarkets France signed its fourth three-year agreement in 2008 (the first was in 1999). By the end of 2007, 3,351 people with

disabilities were working for this entity. Champion hypermarkets in France completed their first agreement (signed in 2005) at the end of 2007, which enabled them to double the number of people with disabilities working in their stores (286 employees). This agreement has been renewed. Carrefour Colombia has signed an agreement with the army to employ 50 disabled former soldiers (victims of anti-personnel mines) in its stores. And Carrefour Poland received an award in an "Ending Prejudice" contest organized by the Polish Disabled Workers' Association.



PROMOTING GENDER EQUALITY

To promote gender equality in management positions, several countries including France have launched gender-equality programmes and/or signed professional gender-equality agreements. At Group level, the percentage of women in management positions was 32% in 2007.

FAIR CAREER MANAGEMENT

In order to more effectively identify and boost its talented employees, the Group develops effective, fair career-management tools like Cap Careers, an IT system that helps us assess managers' skills and performance in the most comprehensive, objective way possible during individual interviews. Following tests in France, Poland and Belgium in 2007, the system will be deployed to all countries. The Group is also developing a system of Career Committees, which allow managers to jointly decide on the positions offered to their N-1s. This practice enables them to exchange opinions and get a more accurate overview of each employee's potential.



SKILLS-BASED RECRUITMENT

In partnership with the ANPE, our French banners have used skills-based recruitment since 2005 to ensure that they attract applicants from a variety of backgrounds. Using practical exercises, applicants are assessed on their actual professional skills and not on the basis of their qualifications or experience. In 2007, our hypermarkets performed more than 2,000 assessments of this type.

CLIMATE CHANGE

Reducing greenhouse gas emissions caused by human activity is a major challenge worldwide. The Group plays an active role in this process by reducing its own emissions and encouraging its suppliers, service providers, employees and customers to reduce theirs.

World temperatures will have risen

by **1.1°C**
to **6.4°C**

as of 2100, according to the IPCC.*

* Intergovernmental Panel on Climate Change.

QUESTIONS for Jean-François Brunet, Group Assets Manager



What is the Carrefour Group doing to combat climate change?

The asset teams' priority is to reduce Group electricity consumption in both new and existing stores. At a time of rising oil prices, this enables us to combine enhanced environmental performance with improved economic performance. We have made

a commitment to the Management Board to reduce the Group's consumption of electricity by 20% by 2015, compared with 2004, which exceeds the goals set by the European Commission. In order to achieve this, we primarily need to gain a precise understanding of our consumption to more effectively control it. This is based on the deployment of the EMS (Energy Management System) project, which will enable telemetry and remote control of equipment. Based on the highest-consuming equipment, we will channel investment into new equipment, such as closed

freezers, night covers for cold units and low-energy lamps. We also work with merchandise departments on sales equipment to promote the use of low-energy lighting, for example. Since 2004, based on our previous efforts and initiatives, the Group has reduced its consumption of electricity by 8.5%. At the same time, we are still currently looking into the possibility of using photovoltaic technology, following tests in France and Spain. Although promising, this technology remains unsuitable for our business – even if widely deployed, the equipment would still cover less than 5% of our consumption.

What do you think of the purchase of renewable energy (green certificates)?

We prefer to direct our resources toward efficient investment in the short-term and reducing our consumption rather than toward this solution, which is simple to implement but less efficient for the environment. Better environmental efficiency comes from the energy we don't use!

A QUESTION for Jean-François Caillaud, Group Supply Chain Director



What are the measures taken by logistics to reduce the Group's environmental impact?

Carrefour works on a daily basis to reduce the number of kilometres travelled to deliver goods to stores based on more effective filling procedures and a more efficient use of trucks. Moreover, Carrefour selects environmentally-

friendly partners to process its logistical requirements: in terms

of transport, we use hauliers equipped with Euro4 fleets, and for storage purposes, we encourage ecological initiatives such as the new Laudun warehouse, which is equipped with a photovoltaic energy system that produces the equivalent of the electricity consumed by 500 households. In countries with suitable infrastructures like France, Belgium and Spain, we use such road-transport alternatives as waterways and rail services. We have also made changes to flows between factories and warehouses, working closely with our suppliers to reduce the number of empty kilometres.

MEASURING FOR IMPROVING

1 • KPI REPORTING: PERFORMANCE MONITORING AND OPERATIONAL MANAGEMENT

In addition to achieving its goals, the Group monitors its performance via Key Performance Indicators (KPIs): energy, refrigerants, emissions, logistics, paper for commercial publications and disposable checkout bags. Monitored by all Business Units and verified by our auditors, the Group's KPIs provide a benchmark to ensure in-house progress and help to compare our performance with other groups.

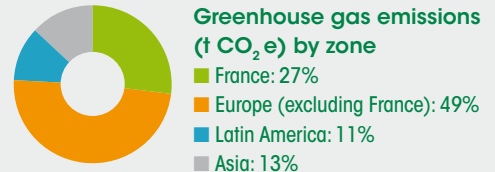
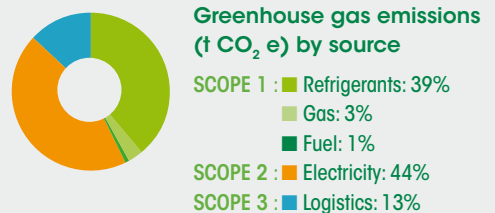
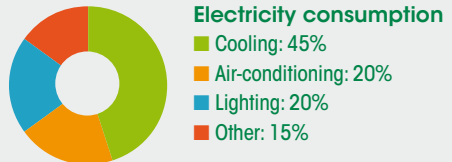
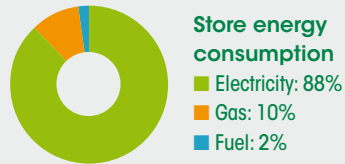
2 • OUR CARBON FOOTPRINT *

In order to measure our carbon footprint, we have implemented reporting for our greenhouse-gas emissions (GHG) based on the guidelines set out in the GHG Protocol, the international accounting tool for quantifying GGEs. In 2007, our direct emissions (scope 1 of the protocol: refrigerants, gas and fuel) were 1.27 million t CO₂ e, and indirect emissions (scope 2: electricity, and scope 3: transport of merchandise) were 1.68 million t CO₂ e.

Excluded from the scope: HM: IT, TR, RO, BR, CN, TH;
SM: IT, TR, BR; Proxi: IT; C&C: IT; HD: FR, ES, TR, CN.

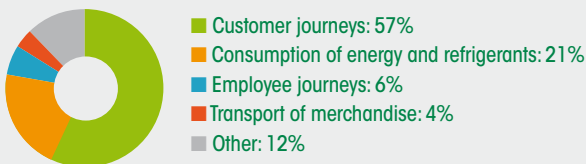
CARBON ASSESSMENT AND LIFE-CYCLE ASSESSMENT: IDENTIFICATION OF PRINCIPAL EMISSION SOURCES

The Group uses assessment tools to identify the major types and sources of environmental impact with a view to improving its performance. The carbon assessment (Bilan Carbone) is a French tool developed and promoted by ADEME to assess the carbon footprint of specific activities. In France, Carrefour was one of the first companies to perform this assessment, in 2002. Since then, the Group has performed carbon assessments in various stores, including the Chambourcy hypermarket in 2007. In 2007 and for the first time, it also carried out a carbon assessment at Group head office in Levallois-Perret.



A Life-Cycle Assessment (LCA) measures the environmental impacts of a product at each stage of its life-cycle, from raw-material production to waste disposal. Carrefour was one of the first retailers to implement LCAs: it performed its initial LCA on disposable bags in 2003, in compliance with ISO 14040 standards, and an LCA on its advertising catalogues in 2005, and launched new LCAs on fast moving consumer goods in 2007.

The Chambourcy hypermarket's carbon assessment: 15,021 tonnes of CO₂



Despite generating high journey-related emissions, the hypermarket format allows customers to do a "big" shop, thereby optimizing customer journeys. The Group also has a network of local supermarkets and convenience stores to enable customers to conduct convenience shopping using public transport, by foot, on bicycle and via on-line shopping.

Carbon assessment of Group head office: 18,082 tonnes of CO₂ in 2007



The Group has identified a number of opportunities to reduce emissions at head office by promoting teleconferencing and videoconferencing, the use of trains for professional journeys, public transport (already used by 46% of employees at head office), car-sharing for home/work journeys, the reduction of energy consumption, the rationalization of IT equipment and a reduction in paper consumption.

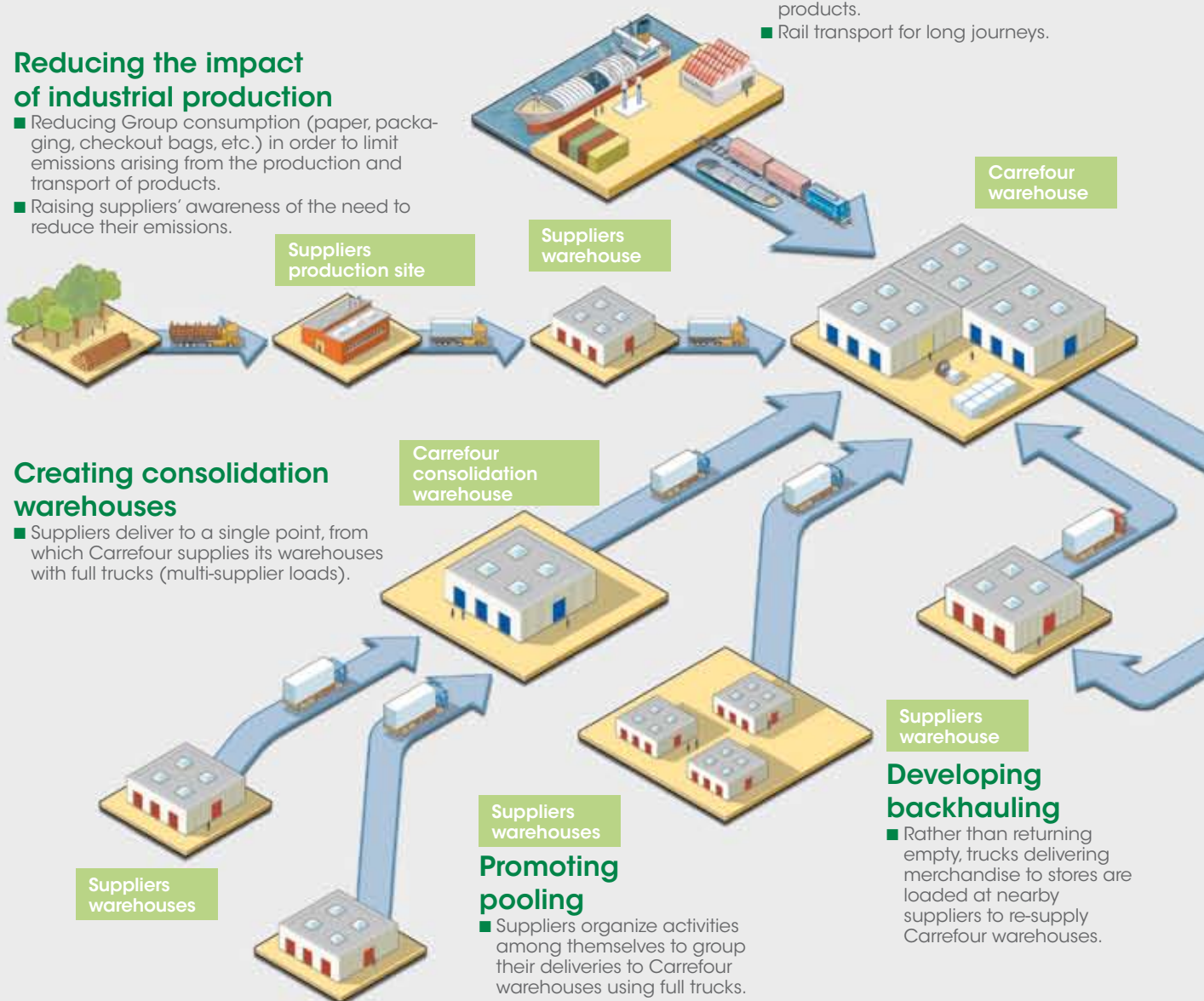
* 2007 figures verified by a statutory auditor from KPMG Audit.

Reducing carbon emissions throughout

The Group aims to reduce its CO₂ footprint and to help its customers do the same. By improving the efficiency of its retail activities and its product offering, in particular through the promotion of energy-saving products, the company contributes to reducing greenhouse-gas emissions. This diagram illustrates the direct and indirect emissions linked to its activities and examples of initiatives taken to reduce them.

Reducing the impact of industrial production

- Reducing Group consumption (paper, packaging, checkout 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.



Using alternative modes of transport

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

Creating consolidation warehouses

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

Promoting pooling

- Suppliers organize activities among themselves to group their deliveries to Carrefour warehouses using full trucks.

Developing backhauling

- Rather than returning empty, trucks delivering merchandise to stores are loaded at nearby suppliers to re-supply Carrefour warehouses.

the supply chain

Optimizing downstream logistics

- Implementing tools to reduce the number of trucks and kilometres travelled.
- Optimizing the number of pallets per truck and boxes per pallet.
- Developing co-deliveries: the same truck delivers to several adjacent stores.
- Sustainable technology in new warehouses.

Reducing store carbon footprints

- Store Energy Management Systems.
- Use of closed freezers.
- Energy-efficient lighting.
- Natural air-conditioning.

Promoting sustainable consumption

- Energy-efficient product offering, and awareness raising.
- Development of eco-labelled products.
- Raising awareness on reusable bags and reduction in the number of disposable bags.

Stores

Optimizing transport of customers and employees

- Rationalizing customer journeys based on the hypermarket format, which allows customers to do a "big" shop.
- Supermarkets and convenience stores accessible by foot, on bicycle or via public transport.
- Developing online commerce and home delivery.
- Sale of alternative fuels.

Waste-recycling plant

Promoting recycling

- Establishing collection, sorting and processing for waste streams.
- Raising awareness among the various stakeholders.

Reducing the impact of our head offices

- Use of teleconference and videoconference services.
- Reduction of energy and paper consumption, etc.



CONTROLLING AND REDUCING OUR CONSUMPTION

IN STORE MOBILIZATION

In France, hypermarkets reduced their energy consumption per square metre of sales area by 20% between 2004 and 2007 thanks to an energy-saving programme that included EMS, closed freezers, energy-saving lighting and more. Similar activities in Italy have led to energy-consumption reductions of more than 26% in hypermarkets and more than 10% in supermarkets over the same period. Carrefour China is committed to reducing its energy consumption by 20% by the end of 2008. Renovation works undertaken since the end of 2007 have enabled 90% of stores to achieve a 15% reduction. From 2008, all new stores will be equipped with systems allowing them to make energy savings of 20%. Carrefour Taiwan has launched several projects – the optimization and automatic management of store lighting, the automatic regulation of air-conditioning, etc. – and recorded a 7% drop in consumption in 2007 compared with 2006.

Argentina and Brazil have also acquired lighting equipment that enables stores to make energy savings. Best management practices identified at country level were included in during a major training programme given in 2008 to all of the Group's Business Units.

REDUCING REFRIGERANT EMISSIONS

Leaks from refrigeration equipment and store air-conditioning systems are a major source of greenhouse-gas emissions (44% of store emissions). To encourage its service providers to practice more efficient management, some countries make them pay the costs generated by such leaks. Carrefour also tests the use of fluids like CO₂ in France, the emissions of which contribute less to global warming than those of HCFCs and HFCs. In Italy, CO₂ is being tested in supermarkets in Maestri Campionesi in Milan and a supermarket in Pavia that opened at the end of 2007.

PROMOTING THE REDUCTION OF EMISSIONS UPSTREAM AND DOWNSTREAM OF OUR BUSINESS ACTIVITIES

LIMITING UPSTREAM CO₂ EMISSIONS FROM TRANSPORT

Carrefour increasingly replaces its suppliers in transporting merchandise upstream of its warehouses. The company requires its transport service providers to load merchandise directly at supplier sites, for example, or at consolidation warehouses located close to their production plants. This enables us to optimize the loading of trucks on journeys upstream of Carrefour warehouses and thus reduce overall CO₂ emissions. In 2006, Hypermarkets France opened its first consolidation warehouse in the south of the country for certain products from southern Europe.

This initiative was extended to northern Europe with the creation of a grouping hub in northern France. This practice supplements existing practices, such as "pooling" (suppliers jointly organize grouped deliveries to ensure that trucks are full) and "backhauling" (after delivering to the store, trucks are reloaded with merchandise to supply warehouses instead of returning empty). For import flows, Carrefour gives priority to waterways and rail transport. In France in 2007, almost 35% of import flows were transported by waterway from Le Havre and Fos, representing savings of 250 tonnes of CO₂ in 2007. For 2008, the goal is to transport 40% of flows by waterway or rail.

250 t Co₂e

saved in 2007 through
the use of river transport
in France.

► RAISING SUPPLIER AWARENESS

The Carrefour Group joined the Supply Chain Leadership Collaboration programme of the Carbon Disclosure Project in January 2008. This programme brings together the leaders of various sectors with the aim of measuring greenhouse-gas emissions throughout the supply chain with a view to controlling and reducing them. This approach should enable the Carrefour Group to get a better overview of its greenhouse-gas emissions across its supply chain, to raise supplier awareness and, in the long run, to reduce the emissions linked to its products.

► PROMOTING THE DEVELOPMENT OF ALTERNATIVE FUELS

The second-largest fuel retailer in France, Carrefour has agreed, in partnership with the government, to promote the use of Natural-Gas Vehicles (NGVs). In November 2007, the Group opened the first French NGV pump for use by individual customers at the Toulouse Purpan hypermarket. The Group is also widening access to biofuels. A signatory of the charter for the development of super-ethanol in France in 2006, the company opened 42 E85 super-ethanol pumps in 2007 at Carrefour and Champion service stations, making it the largest retailer of this fuel in France. The Group is now keen to promote the use of second-generation biofuels. Carrefour Brazil and Carrefour Thailand have started recycling used frying oil for biodiesel. In Brazil in 2007, more than 8,000 litres of oil were collected from store customers.



Carrefour is one of the leading retailers (in volume transported) in use of river transport in France ■

8,045 t Co₂e

less in 2007 following a drop
in the use of disposable bags.

► EXTENDING OUR PRODUCT RANGE

In 2007, Carrefour continued to expand its product ranges to help households save energy. Dynamo torches, thermostats and programmers, insulating material, solar energy-powered products and wood fuel were added to our existing range of low-energy light bulbs and rechargeable batteries.



► RAISING THE AWARENESS OF CUSTOMERS AND EMPLOYEES

Throughout the year, the Group highlights the ways in which its customers and employees can reduce CO₂ emissions. In 2007, the Group distributed 475 million fewer disposable checkout bags – a saving of 8,000 tonnes of CO₂ – thanks to customer awareness. Backed by the WWF and the European Commission, and in partnership with the European Sustainable Energy campaign, Carrefour promotes its customers' use of low-energy bulbs with special store signage and website information. In June, in partnership with the WWF, Carrefour China organized a screening of Al Gore's film, *An Inconvenient Truth*, for its head-office employees. In September, Carrefour Thailand, Bangkok Metropolitan and other private and public players organized a climate-change awareness operation – "Let's make Bangkok cool" – that included a climate-change exhibition organized in association with Greenpeace and displayed in stores.

► For more information

www.carrefour.com

RESPECT FOR THE PRINCIPLES OF THE GLOBAL COMPACT

Since 2001, Carrefour has adhered to the United Nations Global Compact, and undertakes to respect and to promote its ten principles on Human rights, labor and environmental standards, and the fight against corruption.



PRINCIPLES OF THE GLOBAL COMPACT

EXAMPLES OF ACTIONS IMPLEMENTED BY THE CARREFOUR GROUP

HUMAN RIGHTS

1. To support and respect the protection of international law on Human rights within its sphere of influence

2. To ensure that business is not complicit in violations of Human rights

- Partnership with the FIDH since 1997
- Social Charter signed by all suppliers of controlled products
- 2069 social audits conducted within 7 years
- Work for the convergence of voluntary initiatives since 2006.

LABOR STANDARDS

3. To uphold the respect for freedom of association and the effective recognition of the right to collective bargaining

4. To eliminate all forms of forced or compulsory labor

5. To ensure the effective abolition of child labor

6. To eliminate discrimination in respect of employment and occupation

- Agreement signed with UNI (Union Network International) to ensure the implementation of ILO principles at Carrefour
- Signature of the Diversity Charter in 2004
- Implementation of employment programmes aimed at disabled people in many countries.

RESPECT FOR THE ENVIRONMENT

7. To support a precautionary approach to environmental challenges

8. To undertake initiatives to promote greater environmental responsibility

9. To encourage the development and diffusion of environmentally-friendly technologies

- Development of responsible controlled products available to every budget
- Commitment to reduce the Group's energy consumption by 20% by 2020 (vs.2004)
- Reduction of stores environmental impacts (waste management, energy and water consumption...)
- Reduction of logistics' environmental impacts
- Internal and external awareness raising on sustainable development

FIGHT AGAINST CORRUPTION

10. To work against corruption in all its forms, including extortion and bribery

- Adoption in 2004 of a Group Code of Ethics, updated and renamed Code of Conduct in 2007
- Training and awareness raising in the countries
- Implementation of ethics hotlines in particularly sensitive countries

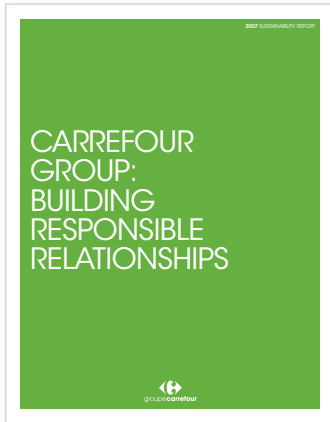
FOR FURTHER INFORMATION

On Carrefour and its commitments

www.carrefour.com

www.fondation-internationale-carrefour.org

2007 Sustainability Report



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RCS Nanterre 652 014 051
www.carrefour.com