



2006

□ □ Sustainability Report



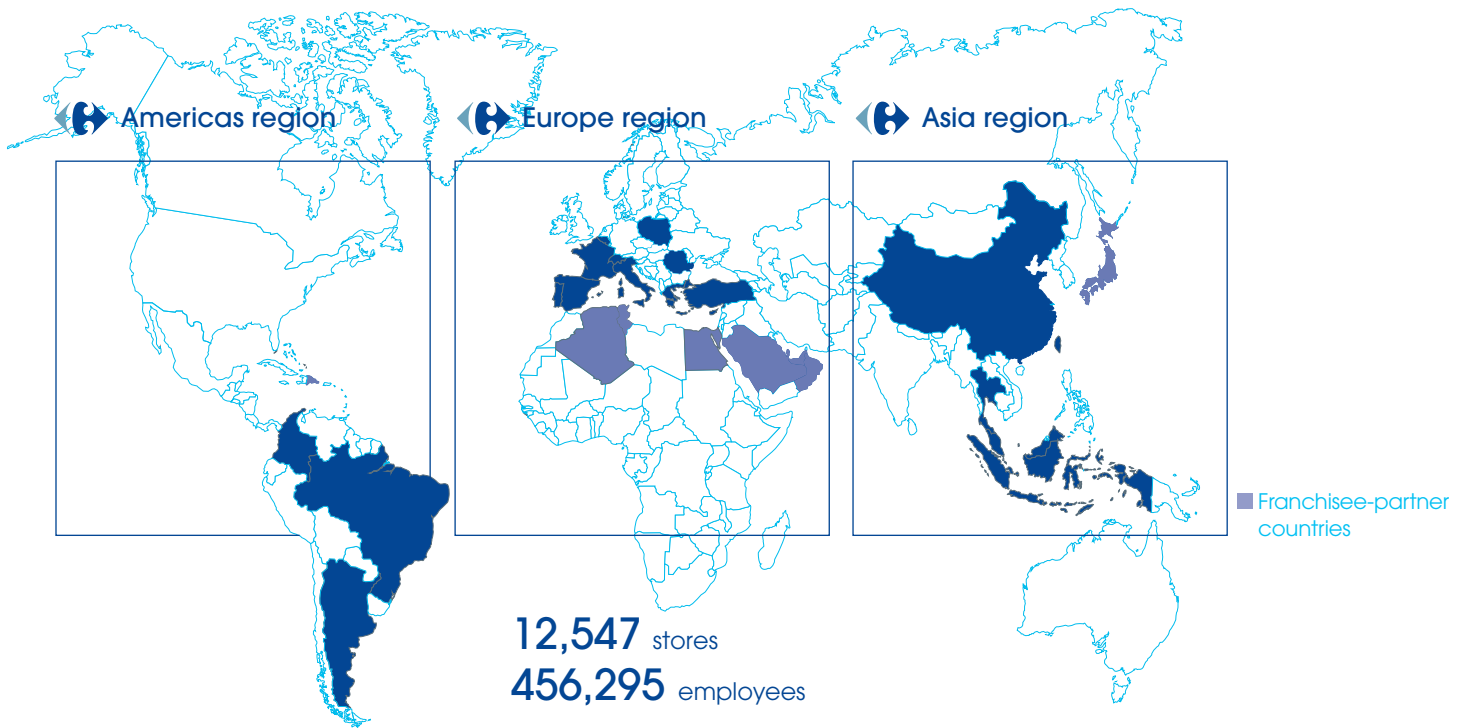
groupe **carrefour**

No. 1 in Europe
No. 2 in the world
29 countries
12,547 stores
456,295 employees
15,268,616
sq.m sales area
97.24 billion euros
of sales incl.vat under Group banners
More than **3** billion cash transactions
per year for all store formats

Three billion customers a year, tens of thousands of suppliers, more than 450,000 employees throughout the world...

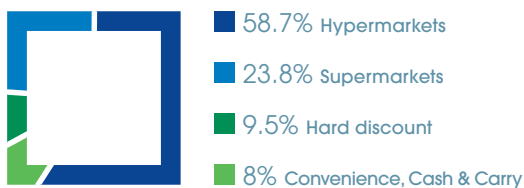
The Group, through its activities, has an economic, social and environmental responsibility and commits to the quality of its products and the security of its customers.

Each day, the Carrefour group mobilizes its competence, energy and resources to build a high performance, sustainable and customer-oriented company.

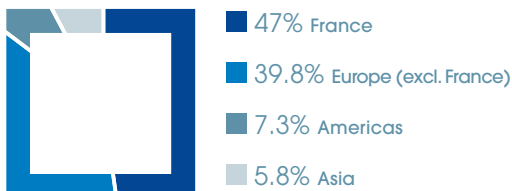


An international, multi-format Group operating in 29 countries

Breakdown of sales (incl. VAT, under Group banners) by format



Breakdown of sales (incl. VAT, under Group banners) by geographic region



Hypermarkets



292,877 employees

1,040 stores

Supermarkets



81,344 employees

2,425 stores

Hard discount



46,302 employees

5,798 stores

Convenience, Cash & Carry and Online commerce



4,523 employees

3,130* stores

154 stores

* Except for Sherpa and Proxi banners representing 1,541 stores in France.

Operations as of 31 December 2006

Europe	Year business started	All stores				HYPERMARKETS Franchises		SUPERMARKETS Franchises		HARD DISCOUNT Franchises		CONVENIENCE Franchises		CASH & CARRY Franchises		Total
		Number of employees	Sales incl. VAT, Group banners in million euros	Change in sales, incl. VAT, Group banners, like-for-like basis	Energy consumption in GWh ⁽¹⁾											
France	1963	140,514	45,725	2.8%	2,298	192	26	615	410	811	37	-	1,654	101	33	3,879
Spain	1973	70,134	14,087	3.4%	1,181	148	6	82	-	1,961	845	-	-	-	-	3,042
Italy	1993	26,551	7,677	4.9%	543	55	1	247	221	-	-	173	816	17	3	1,533
Belgium	2000	18,131	5,381	1.8%	363	56	-	79	202	-	-	-	224	-	-	561
Greece and Cyprus	1991	14,675	2,540	10.7%	282	25	-	164	4	295	100	51	151	-	-	790
Portugal	1992	6,155	1,386	6.2%	92	10	-	-	-	320	107	-	-	-	-	437
Poland	1997	17,265	1,359	12.4%	218	42	-	83	-	-	-	-	-	-	-	125
Romania	2001	4,462	607	32.8%		7	-	-	-	-	-	-	-	-	-	7
Switzerland	2001	2,294	637	0.4%		9	3	-	-	-	-	-	-	-	-	12
Turkey	1993	9,227	1,468	22.3%	143	13	-	91	-	393	42	-	-	-	-	539
Total		168,894	35,140	5.5%		365	10	746	427	2,969	1,094	224	1,191	17	3	7,046
Latin America																
Brazil	1975	47,254	4,636	7.3%	25	143	-	-	-	214	44	-	-	-	-	401
Argentina	1982	20,066	1,674	17.6%	442	30	-	118	-	325	49	-	-	-	-	522
Colombia	1998	6,454	819	27.6%	96	31	-	-	-	-	-	-	-	-	-	31
Total		73,774	7,129	12.1%		204	0	118	0	539	93	0	0	0	0	954
Asia																
China	1995	40,742	2,482	18.6%	17	90	-	-	-	255	-	-	-	-	-	345
Taiwan	1989	11,474	1,390	4.9%	224	47	-	-	-	-	-	-	-	-	-	47
Thailand	1996	6,828	503	0.2%	119	24	-	-	-	-	-	-	-	-	-	24
Indonesia	1998	9,869	689	27.2%	112	29	-	-	-	-	-	-	-	-	-	29
Malaysia	1994	3,538	251	9.0%	83	10	-	-	-	-	-	-	-	-	-	10
Singapore	1997	662	102	1.7%	9	2	-	-	-	-	-	-	-	-	-	2
Total		73,113	5,417	13.0%		202	0	0	0	255	0	0	0	0	0	457
Partner franchise countries																
Belgium	2000					-	-	-	63	-	-	-	-	-	-	63
United Arab Emirates	1995					-	10	-	-	-	-	-	-	-	-	10
Saudi Arabia	2004					-	5	-	-	-	-	-	-	-	-	5
Oman	2000					-	1	-	-	-	-	-	-	-	-	1
Qatar	2000					-	2	-	-	-	-	-	-	-	-	2
Egypt	2002					-	3	-	-	-	-	-	-	-	-	3
Tunisia	2001					-	1	-	2	-	-	-	-	-	-	3
Algeria	2006					-	1	-	-	-	-	-	-	-	-	1
France (overseas territories)	1988					-	9	-	44	-	-	-	61	-	-	114
Dominican Republic	2000					-	1	-	-	-	-	-	-	-	-	1
Japan	2000					-	8	-	-	-	-	-	-	-	-	8
Total						0	41	0	109	0	0	0	61	0	0	211
Group Total		456,295	97,240	5.4%		963	77	1,479	946	4,574	1,224	224	2,906	118	36	12,547

⁽¹⁾ Excluded HM: CH, RO, BR, CN; SM: BR; HD: TR.



Promoting economic progress



Promoting environmental progress



Promoting social progress



For a Sustainable Development

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Messages from the Chairmen



Robert Halley,
Chairman of the Supervisory Board

„The health of a company is no longer solely analyzed on its financial situation, human potential, and commercial strategy, but also on its Sustainable Development policy.“

The Carrefour group's historic commitments to its economic, environmental and social responsibilities have become a distinct performance lever for our Group. Our system of monitoring indicators, now in place for six years, gives us a triple opportunity: for commercial growth, for cost reduction and for risk management.

Our policy is global and covers all our activities, from sourcing to the consumers. This policy is supported by all of our employees in every country, and is drawn up in cooperation with our stakeholders.

Aware of our responsibilities, we develop our sustainability approach based on a careful analysis of the economic, social and environmental risks of our times.

As a leading retailer, we act as a driving force by setting an example through innovations and concrete commitments.

Our size and the ongoing dialogue that we maintain with our stakeholders enable us to use our influence to drive discussion about key social issues. The future will not be built alone, but together: government, business, NGOs and citizens. In this respect, I am especially pleased that the Carrefour group has contributed to the convergence of voluntary initiatives on social monitoring. It is by setting an example through our actions, including joining with international initiatives like the United Nations Global Compact, that we will be able to build the future, based on the progress achieved in the three economic, social and environment areas of Sustainable Development.

Sustainable Development is not philanthropy. It is a necessary condition for corporate longevity. It is the measure of good risk management and a long-term vision.“



José Luis Duran,
Chairman of the Management Board

“ This year, in addition to the basic historic commitments made by the Group and their implementation, we have focused on six areas that we consider to be key issues for a Group like ours, and which are particularly important to us: nutrition, the availability of sustainable products for every budget, the promotion of diversity within the company, the respect for Human rights at work, climate change and sustainable construction.

As the 11th-largest private employer in the world, the Carrefour group concretizes the commitments it made when signing the Corporate Diversity Charter in 2004. We have taken steps in every country to ensure that employment benefits the local population in particular, without ethnic, sexual, social or religious discrimination. The Diversity audit conducted this year on the France Hypermarkets showed how real this diversity is. We have implemented programs and made investments to promote the employment of disabled people and people at risk of social exclusion. Carrefour acts as what could be called a “social elevator” by providing genuine career opportunities, regardless of a person’s level of education.

As a commercial partner for tens of thousands of suppliers worldwide, our Group has a historical commitment to respect Human rights in the workplace. Convinced that this is not a matter for competition, we share with our competitors the results of our social audits led since seven years and wish to contribute to the pooling of efforts and tools implemented by the different players.

To meet the expectations of the 25 million customers worldwide who are trusting us every day, our Group is promoting “sustainable and responsible” consumption by rolling out in 2006 a specific range of food and non-food products the Carrefour AGIR Éco Planète range, Carrefour AGIR Bio, etc. Enabling all our customers to have a balance diet has also been a high priority of our teams.

In this report we have tried to bring out the key points in our Sustainable Development policy, so as to enable our stakeholders to follow developments in the main projects in place and to discover the actions taken in 2006, as well as to evaluate our overall performance based on our 22 key performance indicators.

Sustainable development is an integral part of our corporate strategy. It will enable us to develop concrete responses to the new economic, social and environmental challenges faced by our business. ”



“Sustainable Development is an integral part of our corporate strategy. It will enable us to develop concrete responses to the new economic, social and environmental challenges faced by our business.”

José Luis Duran,
CEO of the Management Board

Sustainable Development – at the heart of our corporate strategy



“The Carrefour group fully intends to assume its responsibilities to all its stakeholders, to ensure its employees’ actions are socially responsible, and to develop a constructive dialogue with the public authorities and civil society.”

Jacques Beauchet,
member of the Management Board
Managing Director Human Resources, Communications, Legal, Quality,
Responsibility and Risks, International Partnership, Convenience and Cash

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Freedom



Responsibility



Sharing



Respect

A Group with Core Values

■ The Carrefour group's commitments

Assuming our responsibilities as a leader, setting the benchmark in modern retailing in all of our markets, winning the trust of our shareholders, customers and employees – to meet these challenges, we are building our corporate project on values shared by all.

■ Bringing our Values to life in all our Business Units

In 2002, the Carrefour group defined the seven core Values of its corporate culture: freedom, responsibility, sharing, respect, integrity, solidarity and progress. To bring these values to life, in early 2005 Carrefour set up a collective progressive management tool: Carrefour Attitude. This tool enables the Business Unit Executive Committees to self-assess their relationships with their stakeholders from the perspective of the Group's Values, and to implement objective action plans. Following the tests conducted in six Business Units in 2005-2006, Carrefour Attitude was rolled out in eight countries, and will be extended to the rest of the Group. The first assessments made in 2006 will be used to highlight strong points as well as points for progress. For example, a strong point for the "employee" stakeholders was the regular use of the Listening to Staff tool, and with respect to the "community" stakeholders, it was the promotion of social welfare activities and fighting social exclusion. As for points for progress, for "suppliers" this involved encouraging and promoting environmentally-friendly approaches, and for "customers" it involved controlling the environmental impact of our stores. Based on these observations, the countries set up action plans: the launch of awareness-raising campaigns for store directors, the implementation of energy management systems, accompanied by a monthly benchmark for the stores so as to monitor their progress, etc.

■ Ensuring all our employees respect our Code of Ethics

To clarify the principles that must guide the everyday actions of our employees and to combat corruption, in 2004 the Carrefour group distributed its Code of Ethics, which was signed by Group Management and by all new employees. The Code of Ethics translates the Group's Values and commitments into formal obligations and practices to be respected with all customers, suppliers and service providers. To fight corruption and sexual harassment, some particularly sensitive countries like Argentina, Brazil, China, Colombia, Indonesia and Turkey have set up ethics hotlines. These anonymous telephone lines allow employees, suppliers and customers to report any behavior that conflicts with the Group's ethics.



■ Ethics campaign aimed at suppliers in China and Brazil.



■ Corporate governance

In order to ensure better balance of powers, in 2005 the Carrefour group set up a new system of governance that is better suited to the current context and the Group's size. A Supervisory Board (the supervisory body) and a Management Board (in charge of Group management) were set up thanks to a decision of the Shareholders' meeting on 20 April 2005. The Group Management Committee remains the operational body for implementing strategy.

■ The Supervisory Board

The Supervisory Board comprises seven members, including one woman, five independent directors and one foreign national. Representing the Shareholders' Meeting, it appoints the Management Board members and approves any changes in the Group's structures and capital. It supervises and monitors the implementation of Group strategy, verifies that the annual accounts presented by the Management Board are in order and, upon completion of these tasks, produces a report for the Shareholders' General Meeting. Subject to approval by the General Meeting of the resolutions submitted to it, the number of Supervisory Board members will be raised to eleven starting on 30 April 2007, including one woman, six independent members and one foreign national.

■ Specialized committees

The Supervisory Board is assisted by two specialized committees, whose members are chosen from its ranks:

- The Audit Committee examines the accounts, ensures respect for stock

market regulations and evaluates the Group's internal and external supervision,

- The Compensation, Appointments and Corporate Governance Committee proposes appointments and pay rates, evaluates staff performance shares and stock option packages and assesses the work of the Supervisory Board.

■ The Management Board

The Management Board, which acts by consensus, is composed of five members appointed by the Supervisory Board. As a management body, it ensures the general management of the Group, approves the accounts and convokes the General Meeting. It reports on its management to the Supervisory Board.

■ The Group Management Committee

The Group Management Committee comprises 22 people, including the five members of the Management Board, and ensures that the strategic orientations defined by the latter are put into

operation. It prepares and oversees the implementation of the Group's priority programs, and organizes the activities, prepares the budgets and assumes responsibility for the results of the Business Units.

As an international Group operating in 29 countries, Carrefour increasingly emphasizes a decentralized management system that can be optimally adapted to the local context. The driving forces are the Business Units, each of which corresponds to one store format in one country. All the Business Units share the Group's seven core Values and apply its policies according to the principle of subsidiarity.



■ José Luis Duran, Chairman of the Management Board, speaking to the 2006 Shareholders' Meeting.



“ The Carrefour group fully intends to assume its responsibilities to all its stakeholders, by ensuring its employees' actions are socially responsible, and developing a constructive dialogue with the public authorities and civil society. The creation of a large Quality, Responsibility and Risks Department reflects our will of placing sustainability issues at the heart of our organization. This is why these issues are regularly presented and discussed in the Management Board. The Sustainability Report is a tool that enables us to share our commitments as well as our economic, social and environmental results with you. It shows that a Sustainable Development policy has indeed been integrated into our Group's strategy. ”

Jacques Beauchet,
Member of the Management Board,
Managing Director Human Resources, Communications, Legal, Quality, Responsibility and Risks, International Partnership, Convenience and Cash

- Water Action Campaign in Champion supermarkets and WWF-Tetra Pack display in a Carrefour hypermarket during Sustainable Development Week.



A Group mobilized for Sustainable Development

■ The Carrefour group's commitments

Integrating Sustainable Development into our overall policy, making progress hand in hand with our stakeholders, and encouraging innovation in the field – to build the future, we have chosen a comprehensive approach based on a dialogue with our stakeholders and the mobilization of all our employees.

■ Promoting a comprehensive approach

The Carrefour group's Sustainable Development policy reflects its determination to assume its economic, social and environmental responsibilities. It is part of a comprehensive quality approach that also involves the Quality, Safety and Insurance services. The Sustainability department defines the appropriate policy based on an analysis of the social and environmental impact of the Group's activities. It anticipates and manages foreseeable risks, raises the awareness of the teams and mobilizes them. Its proposals are reviewed by the Management Board and overseen by the Group Executive Committee.

■ Defining a transparent policy in coordination with our stakeholders

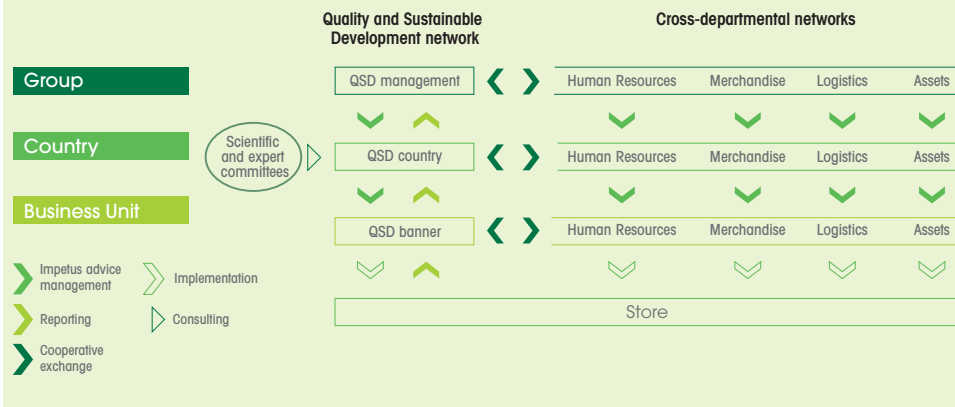
The approach taken is based on an ongoing dialogue with the stakeholders (customers, employees, partners-franchisees, suppliers, communities and shareholders) so as to enable Carrefour to anticipate and respond to the expectations of the different groups and deal with risks. Based on transparent commitments and the involvement of the stakeholders in their implementation, lasting solutions can be developed and all those affected can be mobilized. The dialogue and the partnerships are handled either at the Group level by the Sustainability department or at

the local level by the country, retail banner or store. A key moment each year is the Stakeholders' Consultation Meeting, which is attended by José Luis Duran, the Chairman of the Management Board and Jacques Beauchet, member of the Management Board.

■ Promoting a field approach suited to local characteristics

Once the approach and the required standards have been defined at the Group level, the Quality and Sustainable Development policies are implemented in each country and retail banner by the various Executive Committees based on local conditions. To mobilize the countries and banners, the Sustainability department has developed a functional organization of dedicated people, the Quality and Sustainability network, which provides support for the cross-departmental operational networks. To keep the employees informed and to promote a sense of day-to-day responsibility, the Carrefour group has developed numerous training programs, communications tools and one-off campaigns in its stores.

THE SUSTAINABLE DEVELOPMENT ORGANIZATION INVOLVES ALL ACTIVITIES



■ They talk about their commitment...



“ As a Chinese corporate citizen, Carrefour China is aware of its social responsibilities. We live in a developing country, which is trying to build an “harmonious society”. For us, harmony is expressed by actions:

- Balanced development between the East – a rich, coastal region – and the West, a less developed region;
- Training farmers and employees in food safety, through the China Carrefour Foundation on food safety.

Sustainable Development is not “flowery and empty” language, but rather something very concrete that involves everyone at Carrefour China. ”

Éric Legros, Executive Director, China



“ Having sustainable development at the center of our day-to-day business is only possible in a company that wants to be ahead of its time. This is why Carrefour Brazil has been preparing for a more competitive and more responsible future. It is through leadership, communication and motivation that our employees are trained in our daily responsibilities. The Pro Etica program is designed to ensure that all the decisions taken by management and staff correspond to our “Values” and are guided by the highest ethical standards with respect to all our stakeholders. ”

Renata Moura, Human Resources Director, Carrefour Brazil



“ Each year, the Quality department of the Group Non-Food Commercial Department ensures, among other things, our customers’ safety as well as our social commitments regarding our suppliers. In numbers, for 2006, it is more than 12,000 products which have been tested in international recognized laboratories and 390 social audits which have been conducted by independent bodies. 65 employees are working in the Group Non-Food Commercial Quality department at our head offices in Les Ulis and in several other sourcing offices (Shanghai, Delhi, Dakha, Hong Kong...) and who daily help buyers and ensure the respect for our commitments. ”

Christophe Geoffroy, Group Non-Food Commercial Director

OUR HISTORIC COMMITMENT TO SUSTAINABLE DEVELOPMENT



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

- Production of the Quality Line *Fourme d'Ambert* in France.
- Respect for hygiene in store in China.



Risk prevention

Identifying strategic issues, transforming risk into opportunity, anticipating and handling crises in the interest of general health and safety – to prevent and control risk, we have decided to mobilize every part of the Group and to draw on outside expertise.

■ The Carrefour group's commitments

■ Relying on the skills of our teams

To define risk both in the social and environmental domains and to be proactive, all parts of the Carrefour group are mobilized and involved in the approach. The Sustainability department thus cooperates with the Group's operational and cross-departmental services, including Merchandise, Quality, Assets, Logistics, Human Resources, Finance and Information Systems. Various factors are taken into account: changes in legislation, the expectations of the different stakeholders, risks related to activity, Group Values and commitments, and retail-banner missions.

■ Drawing on the expertise of the scientific committees and outside experts

To supplement the in-house effort, the Carrefour group makes use of the expertise of environmental and social NGOs, trade unions, consumer associations, international and national bodies, and Sustainable Development discussion groups. To anticipate and deal with risk, the Carrefour group has surrounded itself with scientific support committees. Several countries such as France, Belgium, Argentina, Brazil, China and Taiwan, have thus developed networks of experts. Their mission is to help the Group to prevent and deal with food and non-food risk.

Risk is evaluated by regular scientific monitoring and prevented by defining a Quality policy that respects the precautionary principle.

■ Developing a global crisis management organization

Due to its size, diversity and international scale, Carrefour is particularly exposed to crises. To be able to respond effectively at the Group level in case of a crisis, in 2005 the Carrefour group updated its crisis management organization and procedures. This organization includes in particular a 24/24 telephone number that can be used by all the Group's Business Units around the world to organize information feedback. A "minimum ticket" was also set up for all the Group's Business Units: it sets a minimum level to be achieved in terms of organization, procedures, tools and a synthesis of best practices.

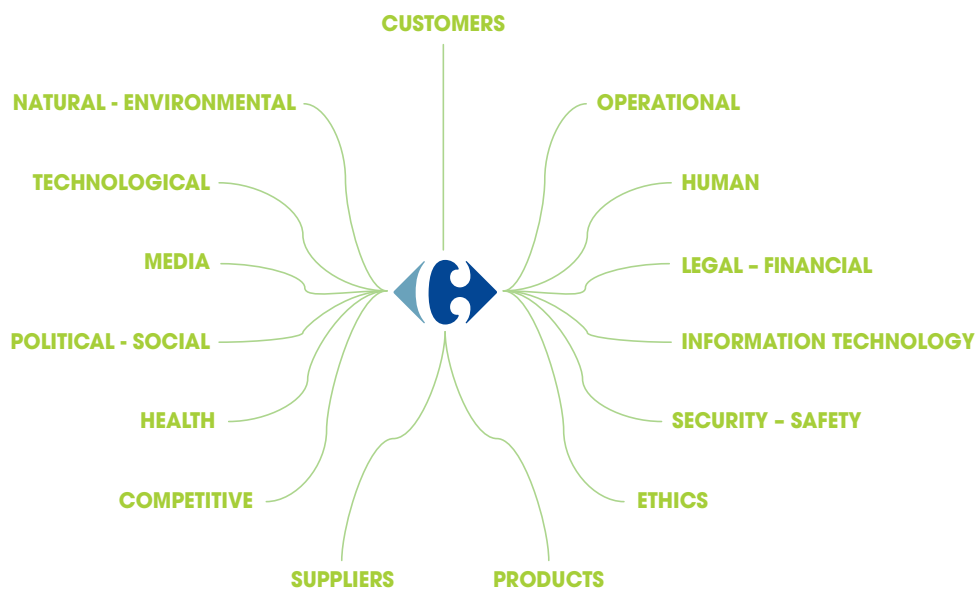


- “ Every day Carrefour’s teams face dilemmas:
- Of reconciling economic performance with society’s many expectations;
 - Of finding a proper balance between short-term goals and the need to build over the long-term;
 - Of implementing an ongoing global approach to social and environmental progress while taking into account the local context.

Risk management is an integral part of our activity. Our approach aims at turning risk management into an opportunity that could yield real competitive advantages such as building customer loyalty and strengthening our image. Only global Quality can meet this challenge. It is a key part of the company project of strengthening and controlling the dissemination of the Group’s Values to ensure greater respect for our stakeholders. ”

Roland Vaxelaire,
Quality, Responsibility and Risk Management Director Group

DIVERSITY OF RISK FOR THE CARREFOUR GROUP



■ A comprehensive, coordinated approach to risk management

Risk is an integral part of our activity, both risks to which we are exposed directly and risks that we cause third parties, customers, employees and other partners to run.

We believe that effective risk prevention depends on a coordinated, preventive

approach involving all the internal players.

Our risk management approach takes into account general risks that any organization faces, country risks and also, of course, the risks specific to our activity as a retailer.

In 2007, we will perform an analysis of the areas where our activity is vulnerable so as to update the mapping of our operational risks.

EFFICIENT CRISIS MANAGEMENT DEPENDS ABOVE ALL ON TRAINED TEAMS

After the “minimum ticket” was rolled out by the Management Board in February 2006, a number of tools were developed at the Group level for the use of the Business Units in developing this approach, in particular:

- practical guidelines for each point in the minimum ticket (setting up a crisis team, etc);
- guidelines to best practices in 23 situations, both accidental and intentional;
- a simulation game with 12 crisis scenarios taking place at the store level;
- a two-day modular training system in crisis management and communications;
- a simulation matrix to be used to test most of the key organizational and human factors in a crisis situation.

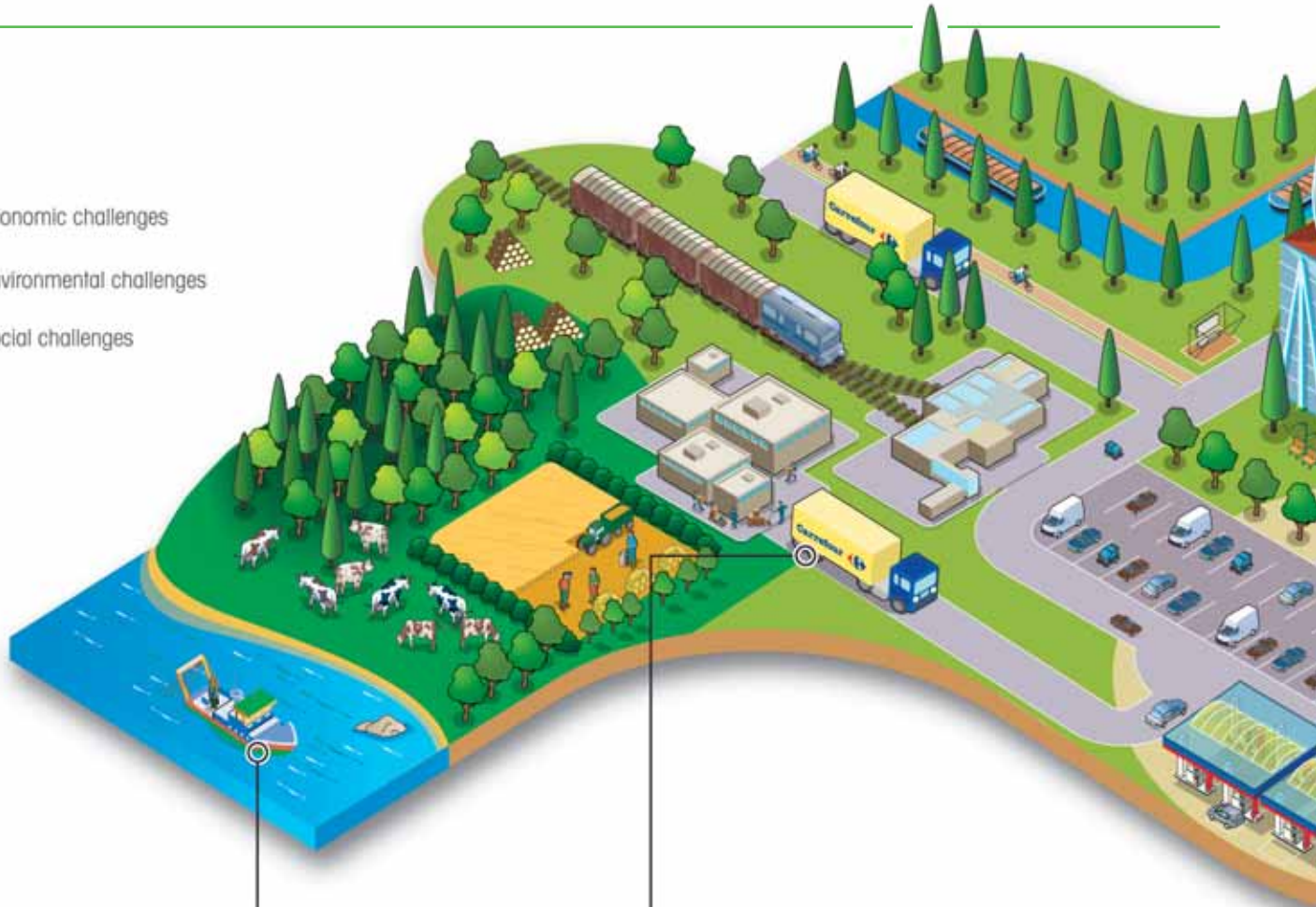
In 2007, we must develop a crisis management culture by developing our network of coordinators.

Our economic, social and environmental challenges all along our chain of responsibilities

 Economic challenges

 Environmental challenges

 Social challenges



Production conditions and relations with suppliers and the agricultural community

OUR RESPONSIBILITIES

- Sustainable relations with our suppliers.
- Promoting local suppliers and products.
- Responsible sourcing (social and environmental conditions of production, protection of natural resources).
- Promoting environmentally-friendly farming practices.

Transport of products

OUR RESPONSIBILITIES

- Optimization of the logistics chain.
- Reduction of greenhouse gas emissions.
- Reduction of noise.

Store management

OUR RESPONSIBILITIES FOR THE STORES

- Reducing the consumption of natural resources and energy.
- Sorting waste and reducing wastage.
- Safety of people in the stores.
- Controlling pollution.
- Incorporating environmental criteria into the remodelling/renovation of stores.

OUR RESPONSIBILITIES FOR PRODUCTS

- Prices suitable for different purchasing powers.
- Large selection of products.
- Product quality and safety.
- Reducing packaging.
- Offering products that are suited to sustainable consumption.



OUR RESPONSIBILITIES TO OUR EMPLOYEES

- Working conditions.
- Management of the teams.
- A fair reward.
- Respect for diversity.
- The safety of the personnel on our sites (stores, warehouses, etc.).



OUR RESPONSIBILITIES TO OUR CUSTOMERS

- Raise customers' awareness and understanding of sustainability in the stores.
- Promote the reduction, sorting and recycling of waste (collection points, alternatives to checkout bags, etc.).
- Accessibility for disabled people.
- Accessibility by public transport.

Relations with customers and communities



OUR RESPONSIBILITIES TO OUR CUSTOMERS

- Listening to customers and satisfying their needs.
- Democratizing consumption.
- Promoting sustainable consumption to customers.



OUR RESPONSIBILITIES WITHIN LOCAL COMMUNITIES

- Promoting local employment.
- Integrating into the urban setting.
- Creating living spaces.
- Charitable and solidarity activities.
- Dialogue with the local communities.





■ Jacques Beauchet speech in the European Business Summit in Brussels.

■ Carrefour group's European Public Affairs staff.



Sharing our convictions

Acting as a driving force, sharing our best practices, convincing the public authorities – to use our full influence for the future of our sector and the planet, we take an active part in various retailers associations and have a responsible lobbying policy.

■ For responsible lobbying

Carrefour has developed a policy of responsible dialogue with the public authorities and supports policy initiatives that promote transparency in lobbying. The Group has contributed its expertise to the major political and regulatory discussions that took place in 2006.

■ Chemical compounds in our products: restoring consumer confidence

For four years Carrefour has supported the REACH legislation that aims to improve our understanding of chemical substances, replace the most dangerous ones and keep consumers informed. The Group is pleased with the compromise adopted, which in the evaluation criteria takes into account risk and thus volume as well as exposure, and is now working on its implementation.

■ For an informed choice on diet and lifestyles

Carrefour is cooperating with the European Commission and WHO (World Health Organization) to identify best practices and suitable regulatory procedures to promote healthy lifestyles and combat obesity. The Group is working on the formulation of its products, is promoting clear, understandable nutritional labeling, and is raising the awareness of its employees and customers about this pandemic.

■ Clear transparent rules on establishment & development

In 2006, the Bolkestein directive on services was adopted, which reaffirms the principles of freedom of establishment and unrestricted service provision.

The Carrefour group is pleased with the provisions of the law, which will promote administrative simplification and the clarification of the conditions for granting authorizations. Having a vigorous internal market that functions well is in the interest of both consumers and more competitive business.

■ Payment systems: for fair prices

Carrefour has become a key player on the payments markets, in terms of both the volume and number of transactions, and for the payment means it has issued. The Group is seeking an appropriate legal status for its private cards, transparency and a revision in bank commission fees, as well as heightened vigilance with respect to the de facto monopolies organized by certain operators.

■ Transport and logistics: ensuring sustainable mobility

Upon the publication of the European strategy on transport and logistics, Carrefour called attention to its innovative approach to intermodality (combined rail/road, barges on the Seine, etc.), while noting its entrepreneurial constraints.

■ 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

■ 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



■ Labor standards

3. To ensure respect for freedom of association and the actual 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 at work and in careers

■ Respect for the environment

7. To promote 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 technology



■ Fight against corruption

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

■ Examples of the Group's actions

■ The Carrefour group is committed to an unwavering policy of respecting the basic rights set out by the ILO and ensuring that its suppliers do likewise, in particular by cooperating since 1997 with the International Federation for Human Rights (FIDH). Since 2006, all Carrefour suppliers – food and non-food – are bound contractually to the Group Social Charter. To ensure respect for the Charter, since 2003 the Carrefour group has strengthened its social audit policy. At end 2006, 1,460 social audits had been performed, including 1,209 initial audits and 251 re-audits. In 2005, Carrefour lent its support to an international standard on responsibility regarding human rights, and since 2006 it has worked within the CIES framework for the convergence of the voluntary initiatives developed by the world's leading retailers.

> See pp. 40-41

■ The Carrefour group has chosen to work with an external partner to promote social dialogue in every country: the international trade union organization Union Network International (UNI). An agreement was signed with the UNI in May 2001 that condemns child labor and forced labor, and provides for the joint implementation of the principles set out by ILO agreements with regard to freedom of association and collective bargaining.

> See p. 34

■ In October 2004, the Group signed the Corporate Diversity Charter, making a commitment to not discriminate in hiring or at work.

> See pp. 38-39

■ The Carrefour group is developing environmentally-friendly own-brand and retail-banner products: organic products, eco-label products, "Responsible Fishing" range, Carrefour Quality lines, etc. CQL products were launched in France in 1992 and use rigorous traceability to guarantee fresh, healthy, quality, authentic products for consumers. They are the fruit of work upstream with suppliers, who are rewarded for their effort on quality, and encourage environmental protection and the preservation of local know-how.

> See pp. 42-43

■ The Carrefour group implements sustainable construction principles in building, remodeling and expanding its stores. An environmental management system is used to minimize waste and to control energy, refrigerant and water consumption. It has conducted life-cycle analyses to define policies on checkout bags and advertising catalogues.

> See pp. 46-51

■ Carrefour is endeavoring to cut CO₂ emissions from its logistics and to limit greenhouse gas emissions by rationalizing flows, testing alternative methods of transport (combined railroad or barge-road), and testing alternative fuels (aquazole, LNG).

> See p. 48

■ In June 2004, the Group has deployed its Code of Ethics that formalizes the duties and practices to be adopted with customers, suppliers and service providers. Awareness-raising activities and training were conducted in the different countries. To fight harassment and corruption, some particularly sensitive countries developed ethics hotlines for suppliers, employees and customers.

> See p. 6



Sichuan, source: WWF

“Our approach aims at turning our daily risks into opportunities. It is by implementing prevention and global quality policies that we are assuming our responsibilities to all our stakeholders.”

Roland Vaxelaire,
Quality, Responsibility and Risk Management Director Group

Sustainable Development day to day



Sichuan, source: WWF

“Sustainable Development is not a separate function in the company but rather a state of mind, an attitude that must be shared throughout the business. Our challenge is to integrate it into every level and within the culture of the company.”

Véronique Discours-Buhot,
Group Sustainability Director

Economic and commercial challenges:

28 FOCUS on: Nutrition

30 FOCUS on: Responsible products

Social challenges:

38 FOCUS on: Diversity within the company

40 FOCUS on: The social audits

Environmental challenges:

46 FOCUS on: Climate change

50 FOCUS on: Sustainable construction

2006 SCORECARD

■ Challenges	■ Our mission	■ Key data	■ Guiding principles
■ Our economic and commercial challenges			
	To provide our customers the best price combined with the best sales offering in every banner in every country	<ul style="list-style-type: none"> ■ 25 million customers per day in our stores ■ 12,547 stores (all formats) worldwide ■ 80,000 listed products in a France Hypermarket 	<ul style="list-style-type: none"> ■ To guarantee product quality and safety ■ To respect the customer's freedom of choice through a large selection of products at attractive prices and to provide complete, objective information ■ To raise awareness and support our customers towards responsible, sustainable consumption
	To provide our associate, franchise and affiliate partners , with the top banners and brands, commercial know-how, purchasing power and constantly improving techniques	<ul style="list-style-type: none"> ■ 5,189 franchise stores worldwide ■ 41.3% of stores operated as franchises ■ 11 partner-franchisee countries and territories 	<ul style="list-style-type: none"> ■ To convey our know-how ■ To promote access to franchisee for our employees ■ To contribute to local economic development by creating companies ■ To raise partners' awareness about the Group's Sustainable Development policy
	To provide our suppliers with outlets, knowledge of the customers, and cooperation in order to improve products within the framework of lasting, fair relationships	<ul style="list-style-type: none"> ■ Between 4,000 and 15,000 suppliers, depending on the country ■ Between 15 and 30% of sales are from banner or own brands, depending on the country ■ 324 fair trade products listed by the Group 	<ul style="list-style-type: none"> ■ To strengthen our partnerships with local companies in every country ■ To promote fair, lasting relationships with suppliers
	To provide our shareholders with profitability throughout their investment and the sort of growth prospects to be expected from an international, multi-format group	<ul style="list-style-type: none"> ■ About 460,000 shareholders 	<ul style="list-style-type: none"> ■ To improve our transparency through appropriate communications ■ To complete and extend our reporting system to ensure regular monitoring with relevant performance indicators
■ Social challenges			
	To provide our employees with an opportunity to flourish in a climate of confidence, with the chance for development, and with motivating work and pay	<ul style="list-style-type: none"> ■ 456,295 employees worldwide ■ 31% women managers ■ 21,836 employees surveyed in 2006 ■ 14,121 employees dedicated to security/safety in the Group 	<ul style="list-style-type: none"> ■ To ensure ethical awareness and standards in the company ■ To promote diversity and equal opportunity within the company ■ To promote social dialogue ■ To guarantee the safety of people on our sites ■ To promote each individual's training, prospects and more particularly, awareness regarding our vision of the world, our values, goals, and policies, and our concern for Sustainable Development
	To provide our suppliers with outlets, knowledge of the customers, and cooperation in order to improve products within the framework of lasting, fair relationships	<ul style="list-style-type: none"> ■ 1,460 social audits performed in six years 	<ul style="list-style-type: none"> ■ To guarantee respect for Human rights in the supply chain for our products
	To provide local and national public authorities , with a concrete commitment to being a good, responsible economic citizen in the life of the community	<ul style="list-style-type: none"> ■ More than 150 projects supported worldwide by the Carrefour International Foundation 	<ul style="list-style-type: none"> ■ To act as a good local corporate citizen
■ Environmental challenges			
	To strengthen environmental considerations in the design of our products and packaging	<ul style="list-style-type: none"> ■ A reduction of 10,930 tons of packaging in France since 1996 	<ul style="list-style-type: none"> ■ To develop own-brand and retail-banner product ranges that are environmentally friendly ■ To cut the impact of packaging at the source
	To strengthen environmental considerations in logistics activity	<ul style="list-style-type: none"> ■ 9,500 fewer trucks on the road in France within two years 	<ul style="list-style-type: none"> ■ To streamline logistics flows, transport trips and the filling of trucks ■ To test alternative transport methods ■ To propose alternative fuels
	To reduce environmental impacts related to the construction and operation of the stores	<ul style="list-style-type: none"> ■ 32.9% less checkout bags/sq.m of sales area for the Group in 2006 compared to 2004 (like-for-like BUs) 	<ul style="list-style-type: none"> ■ To use "sustainable construction" principles in building, remodeling and expanding our stores ■ To use environmental management to minimize our waste and control our consumption of energy, refrigerants and water ■ To control the environmental impact of checkout bags and our free catalogues and publications

Main advances in 2006	Assessment
<ul style="list-style-type: none"> ■ Roll-out of the Quality Scorecard (p. 22) ■ Establishment of a "minimum ticket" and development of new tools to support it (p. 11) ■ Roll-out of "nutrition" ranges in many countries (p. 29) ■ Presence of first-price products in all the countries (p. 22) ■ Roll-out of affordable market price products giving every budget access to sustainable, responsible consumption (pp. 30-31) ■ Roll-out of Nutrition Weeks (p. 29) ■ Roll-out of nutritional labeling on our own-brand products (p. 29) ■ Support for franchisees from the International Partnership Department (pp. 26-27) 	<ul style="list-style-type: none"> ➡ ➡ ➡ OK ➡ ➡ ➡ OK
<ul style="list-style-type: none"> ■ Gateway systems established for convenience stores and supermarkets (p. 26) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Sustainability approach set up by our partners (pp. 26-27) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Promotion of local know-how through the "regional" ranges (p. 24) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Meetings of suppliers of our own-brand products in most countries and CQL supplier clubs in some countries (p. 24) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ 31% increase in the number of fair-trade products listed between 2005 and 2006 on a like-for-like basis (p. 31) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ The Group is among the 10 leading corporations in the Accountability classification on "the integration of responsible practices into corporate activity" 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Presence in 9 SRI indexes and eligibility and/or inclusion in new SRI funds in 2006 (p. 54) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Organization of special presentations on sustainable development for investors (p. 54) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Establishment of intermediate reporting campaigns and implementation of recommendations made by the internal audit after the 2005 report 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Signing of the Group Code of Ethics by all new employees in 2006 (p. 6) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Development of ethics hotlines in six sensitive countries (p. 6) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Diversity audit conducted in the France hypermarkets (p. 38) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Programs to integrate disabled people into the workplace in many countries (pp. 33, 39) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Signature of a declaration against job insecurity within the Eurocommerce framework (p. 35) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Listening to Staff survey conducted in 11 countries and 21 Business Units in 2006 (pp. 34-35) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Organization by the Group Sustainability department of quarterly meetings with the CICE bureau (pp. 34-35) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Overhaul of safety training in the France hypermarkets and a major campaign to prevent work-related accidents in Colombia (p. 33) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Roll-out of Carrefour Attitude in eight countries (p. 6) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Development of special awareness-raising tools: corporate sustainability film, distribution of leaflets, conferences and training (p. 8) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ 390 social audits conducted, including 337 initial audits and 53 re-audits, in 2006 (pp. 40-41) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ All food and non-food suppliers are under contract to the Supplier Charter (p. 40) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Cooperation on work to pool the social audit systems within the CIES framework (p. 41) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Spanish Red Cross prize awarded to the Carrefour Solidarity Foundation in Spain (p. 37) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Five countries in the Group have a special solidarity organization (p. 36) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ In 2006, the International Foundation took part in emergency action in 14 countries for Emergency help and fight against exclusion (pp. 36-37) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Associate member of the AISE Charter for Sustainable Cleaning (p. 23 and 31) and work for REACH implementation (p. 23) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Promotion of FSC Amburana for the production of garden furniture on the main European markets and halting teak in France, Belgium and Italy (p. 43) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Member of the RSPO initiative on palm oil (p. 43) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Responsible Fishing range (p. 31) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Roll-out of Carrefour AGIR Éco Planète and Carrefour AGIR Bio ranges in many countries (p. 30) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Reduction of packaging at the source for our own-brand products (p. 45) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Use of backhauling (p. 48) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Use of alternative transport methods in Europe (p. 48) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Signature by Carrefour France of the Charter for the development of the E85 superethanol network in France and commitment to open more than 40 superethanol pumps by end 2007 (p. 49) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Opening in Italy of the hypermarket in Limbiate, which incorporates environmental criteria into its construction (p. 51) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Set-up of an environmental management system in the Colombia hypermarkets (p. 61) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ Implementation of best practices in the HEQ supermarket at Saint-Maur-des-Fossés (p. 50) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ All Group countries are offering an alternative to disposable checkout bags: 22% reduction of disposable checkout bags per sq.m. for the Group (like-for-like BUs) between 2005 and 2006 (p. 44) 	<ul style="list-style-type: none"> OK
<ul style="list-style-type: none"> ■ Use of "Packaging Info" boxes to inform consumers about sorting on our own-brand products (p. 45) 	<ul style="list-style-type: none"> ➡
<ul style="list-style-type: none"> ■ About 90% of the wood pulp from the paper purchased by our European purchasing office are recycled and/or from certified managed forests (pp. 42-43) 	<ul style="list-style-type: none"> ➡

- New parapharmacy line and sale of medicines without prescription in Italy.



Economic and commercial challenges

Adapting our retail banners to changing lifestyles



■ The Carrefour group's commitments

Listening to our customers, understanding and integrating changes in lifestyles and consumption, and inventing the commerce of the future – to meet all the needs of our catchment areas, we are adapting our retail banners, our stores, and even our product ranges to every country.

■ Emphasizing a multi-format strategy

To meet the varied expectations of its customers, the Carrefour group's strategy emphasizes complementary store formats: hypermarkets, supermarkets, convenience stores, hard-discount stores, cash & carry and online commerce. Whether in the city or countryside, the store formats are optimally adapted to the particular features of the catchment areas and to differences in purchasing power. They play an independent role in local community life, and thus contribute strongly to economic growth through their capacity to revive small towns or to integrate into sometimes disadvantaged urban areas.

■ Making products and services available to as many people as possible

Whatever the store format or banner, the goal is always to offer our customers quick, convenient purchases. On the other hand, the range of products and services is adapted to the store formats and designs as well as to the cultural, economic and social situation of every country. Depending on the format, the stores can distribute food, non-food products (equipment, cultural goods, etc.) and services (Carrefour Financial Services, Carrefour Insurance, Carrefour Voyages, Carrefour Spectacles, Carrefour Mobile, petrol stations, computer assistance, telephony, etc.).

■ Listening to our customers to improve their satisfaction

To better understand its customers and to anticipate changes in their behavior, the Carrefour group conducts consumer studies at the global level and, in most countries, uses customer panels to measure satisfaction and identify expectations with respect to the stores and marketing policy. To provide better customer support, most banners have developed loyalty programs that facilitate individualized marketing. To monitor after-sales customer satisfaction, the Group banners have also developed responsive claims services, such as Consumer Services and the toll-free phone numbers printed on own-brand and banner products.

2006 RESULTS - MULTI-BANNER CONSUMER SERVICES, FRANCE

Breakdown by motive:



- **56%** concern product claims
- **24%** concern service claims
- **19%** concern requests for information
- **1%** concern congratulations, as in 2005

49,450 cases

logged and handled by Consumer Services

+12% over 2005

This increase should be viewed in light of the expansion of information and customer feedback channels that have been developed and promoted by the retail banners.

The telephone is still the key medium used, with 94% of contacts made to the toll-free phone numbers printed on our packaging.

■ **The Carrefour group's innovations**

■ **Thailand: boosting commerce!**

Carrefour Thailand spent more than 800 million bhats (about 16 million euros) reviewing the design of its Rama IV store located in central Bangkok. Its goal for this store, the twenty-third in the country: to stand out from the other main retailers by promoting a modern lifestyle accessible to all. The innovatively-designed sales area was expanded by a factor of five. The shopping center, which now includes 44 stores, 15 restaurants and 17 food stands, is now an even more important gathering point in the neighborhood. The store product mix was also reviewed, and now includes a wider choice of top-of-the-range products and wines. A department specializing in regional Asian products was also set up. The Carrefour group is thus demonstrating its capacity to create shopping centers and to create real place of life for communities along with its commercial concept.

■ **Belgium: La Poste and mobile phones too!**

Belgium was the first country in which the Carrefour group went into the mobile telephone market, followed by France, Spain and



■ No. 1 phone card in Belgium.

Greece. 1-Mobile is available in Carrefour and GB stores in Belgium, and offers a pre-paid formula with a single tariff at the best market price, regardless of the time or network called, as well as the cheapest mobile top-up in Belgium. GB is also the first banner in Belgium to have concluded a partnership with La Poste to develop a "Ready to Post" display (stamps, post packs) in 180 GB stores, and has post boxes for shipping packages in nine of them. GB thus joins other La Poste partners - bookstores, service stations, train stations, etc. - reflecting the Carrefour group's ambition to facilitate the life of its clients by enhancing local services.

■ **Poland: customer congratulations!**

Carrefour Poland was awarded the "2006 Customer

silver prize", in the large retailers category, by the editorial board of Przegląd Gospodarczy, the supplement of Gazeta Prawna! Five thousand Poles were surveyed between April and January 2006 by the Gallup Institute about their favorite brands and services. Welcome recognition for the Carrefour group, which has been in Poland for 10 years.



■ 2006 Customer silver prize.

■ **Case study**



THE SALE OF MEDICATION WITHOUT PRESCRIPTION IN ITALY

" Following the approval of the decree liberalizing the sale of non-prescription medicine, we have worked actively to offer this service to our customers. Currently nine hypermarkets, have a department where non-prescription medication is on sale with the assistance of a practicing pharmacist, as the law requires. We in turn take responsibility for the selection, the price and the service. Our product mix covers all therapeutic areas and all active ingredients. Our price is the most competitive in the catchment area, with a minimum of 20% to 30% discount over the price marked on the package. The opening hours of the department are the same as those of the stores. We plan to roll out this service in other hypermarkets in 2007! "

Rafael Gasset,
Hypermarket PGC Director
Carrefour Italy

■ No. 1 and Carrefour AGIR products in France.



Economic and commercial challenges

Our commitment to choice, quality and price



■ The Carrefour group's commitments

Ensuring our product mix meets all tastes and uses, democratizing access to consumption – to satisfy our customers, we have made a commitment to choice, quality and price, and to making our own-brand and retail-banner products the spearhead of our image.

■ Providing our customers with freedom of choice

The Carrefour group structures its product mix to include major national brand, regional, own-brand, retail-banner and first-price products. It is also responding to the growing demand for responsible products by stocking or developing environmentally-friendly products (organic products, eco-label products, Carrefour Quality Line) that incorporate a socially responsible approach (local products, fair-trade products, certain Carrefour Quality Lines).

■ Guaranteeing product quality

As the health and safety of its customers is one of the Carrefour group's priorities, it offers only own-brand, retail-banner and first-price products with the best quality/price ratio. The quality system requires the signature of set of specifications by the supplier, approval of the production site, a product control system, and the processing and logging of any failures in compliance, along with the monitoring of customer claims. To this end, the Carrefour group works closely with its suppliers and experts such as nutritionists and toxicologists. Carrefour has also rolled out its Quality Scorecard (QS) in order to monitor food products at every phase of their marketing and to respond effectively in case of crises. The QS is a database that records

all information about suppliers, product composition, control systems and their results. Italy has also developed an intranet management and alert tool for product recalls, which will be rolled out. To keep its customers better informed about the quality of its non-food products, in Europe Carrefour has rolled out a new labeling system for its Carrefour brand products that highlights the added qualitative value of the product in terms of usage, security, health and the social and environmental conditions of production.

■ Defending purchasing power

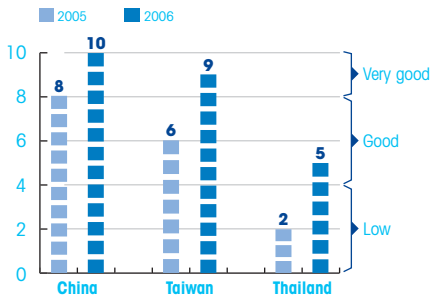
The Carrefour group's objective is to be the market leader in pricing in each catchment area. The Group thus offers in every country own-brand and retail-banner products at low prices as well as first-price products, such as the No. 1 products. No. 1 products are products that meet regulatory requirements on quality and safety at a price generally 5% to 7% below hard-discount prices. The Group thus helps to defend purchasing power and revive or maintain healthy consumer activity in every country.

■ Facts and figures

■■■ Key performance indicators > p. 64-71

QUALITY APPROACH

Progression in the level of the Quality approach for controlled food products (on a scale of 10) in China, Taiwan and Thailand



FOOD SAFETY

1,048 employees
dedicated to food quality and safety in the Group

■ The Carrefour group's innovations

■ France: a Carrefour Price Alert Line to guarantee the lowest prices

Since June 2006, a free phone service, the Carrefour Price Alert Line (32 35) is available to every customer to point out a cheaper price somewhere else. After verification, Carrefour is committed to lowering its price and aligning it with the lowest price within 24 hours. This innovative service is part of the low price commitment policy initiated in 2004.

■ Italy: a constant increase in own-brand and retail-banner products!

In 2006, Carrefour Italy doubled the number of its controlled products with a new segmentation: first-price products (No. 1), affordable-price products (Carrefour, Carrefour Kids, Carrefour Baby, the Cosmetics) and specific ranges (Scelgobio, Terra d'Italia, In Forma, Sélection Carrefour). Among the new product lines are Les Cosmetiques, Wines, Parapharmacy and the "nutrition" In Forma product line. Carrefour is expanding its know-how and offering more and more choice and quality to its customers.

■ Europe: ready for REACH

Chemical compounds are a sensitive subject for consumer health and safety. At end 2006, the European Union adopted the Registration, Evaluation and Authorization of Chemicals regulatory framework. Carrefour is affected as a producer, importer and distributor. The Group, which is already committed to product quality and to monitoring chemical risks, has undertaken the complex, intensive implementation of this regulation, which will be spread over 12 years. The Group has set up an internal liaison body for this purpose, which brings together all the departments affected: Household and personal care (HPC), Bazaar, Textile, Legal, Imports, IT, European Public Affairs, etc. The challenge is to set up tools and procedures that can eventually ensure the efficient traceability of products and better consumer information.



■ Carrefour Price Alert Line.

■ Case study



OUR QUALITY APPROACH TO HOUSEHOLD AND PERSONAL CARE PRODUCTS (HPC)

“The three cornerstones of our work to ensure the security of our household and personal care products are: applying the precautionary principle in all cases, striving for environmental protection, and advising our customers on optimum usage. Our products and our formulas are rigorously selected by our quality team, which consists of six in-house experts. To ensure the commitment of our suppliers, we get them to sign our Carrefour Policy on cleaning, detergents and cosmetic products, which requires in particular that we neither test nor have tested any cosmetic products on animals. In 2006, we focused on the eco-labeling of our products, and we became associate members of the AISE Charter for Sustainable Cleaning. Finally, we recommend that all countries keep their customers better informed by incorporating security logos on their own-brand and retail brand packaging.”

Christophe Legraverend,
Quality and Sustainability
HPC group Manager



■ Prize for the "most promising supplier" in Indonesia.



Economic and commercial challenges

Promoting local, sustainable sourcing



Reporting to our customers about our supply chain, contributing to economic growth in every country, associating our suppliers with our growth – we are oriented to the long term, and have decided to emphasize local sourcing from SMEs and to make our suppliers of our own and banner brands products, genuine partners.

■ The Carrefour group's commitments

■ Promoting local sourcing

To contribute to the economic development of the countries and regions where it operates, the Carrefour group works not only with the multinationals, but above all with SMEs and local agricultural producers. This emphasis on local sourcing is expressed in particular in the development of own-brand and retail brand products such as Reflets de France (France), De Nuestra Tierra (Spain), Terra d'Italia (Italy), Souvenirs du Terroir (Belgium) and Tierra de Colombia (Colombia).

■ Making our suppliers special partners

To include its suppliers in the company's growth, the Carrefour group guarantees them long-term partnerships and sales outlets. In exchange, the Carrefour group expects its SMEs to be competitive and innovative, but also to respect food safety, the environment and basic labor Human rights. The Carrefour group uses its expertise to support its suppliers through its audit policy (hygiene and quality/environment/social). It encourages the share of know-how by organizing forums and conventions and even supplier clubs. It promotes their products in the store through informational campaigns and by organizing "best supplier" awards in many countries. Finally, it opens international doors for the SMEs by helping them with market prospecting and by facilitating contacts with other Carrefour group local teams.

■ Respecting ethics and transparency

Relations with suppliers are based on respect and ethics in every country. To ensure that contracts are awarded fairly and transparently, the Group has set up solutions to manage the entire online purchasing process with its suppliers of general produce. For instance, the "Agentrics Sourcing" solution is used to develop partnerships through requests for information and online bidding. In addition, like other partners, Carrefour buyers sign the Group Code of Ethics, and some countries have also set up ethics hotlines for their suppliers who can then alert them to possible corruption cases.

CARREFOUR QUALITY LINES WORLDWIDE IN 2006

In 2006, Carrefour Quality Lines worldwide involved:

30,364
producers

367
products

793
signed contracts

■ The Carrefour group's innovations

■ **Indonesia: special relationships with the SMEs**

Carrefour Indonesia has established an ongoing dialogue with SME suppliers to improve product quality and packaging. The banner has also created the "best supplier prize" and the "most promising supplier prize" (with a jury composed of a member of the government, the President of the association for Modern Commerce, and a university personality), and it takes part in events organized by the government to promote SMEs. Carrefour Indonesia has made this the theme of its 2006 advertising campaign, and thus uses this policy to enable the Group to contribute to the country's economic and social growth.

■ **France: supporting the Sustainable Development efforts of our suppliers**

In October 2006, the hypermarkets and supermarkets distributed a computer tool to help in setting up a sustainable development policy to 60 of their suppliers of own-brand or retail-banner products. This tool will be rolled out step by step to help suppliers assess their policy and to have access to best practices and monitoring indicators. Using this tool, the Carrefour group hopes to build awareness and create a spread affect, as from March 2007 the most advanced suppliers will be identified based on results and control visits. The long-term effect is to integrate sustainability criteria into bids, along with quality criteria, within three to five years.

■ **China: transmitting our know-how**

The Food Safety Foundation is a non-profit organization financed by the Carrefour group to train and inform players in the Chinese food sector. Its activities include organizing international seminars, training trips to Europe, training, research prizes, as well as awareness-raising activities in stores and on TV programs. This is of interest to Carrefour China suppliers, as 12 training sessions organized in nine provinces and cities in the center west are open to government representatives and to farmers. These activities have had a significant impact, as more than 1,500 received training in 2006.



■ Training session organized by the Food Safety Foundation in China.



STRENGTHENING PARTNERSHIPS WITH FRENCH FRUIT AND VEGETABLE PRODUCERS

“ Our 218 Carrefour hypermarkets sell more than 470,000 tons of fruit and vegetables every year. Based on this success, Carrefour has worked with our Carrefour Quality Commitment agricultural partners to develop a new type of partnership since July 2006, which will promote commitments on purchase volumes upstream of production. This cooperative effort has given birth to the “Carrefour partnership guarantee”, which involves four points: contracting production with the supplier for projected volumes before the season; defining a promotional plan; responding to opportunities and to immediate repercussions on consumer selling prices; and exporting French products. The number of agreements in one year covered 218,000 tons of fruit and vegetables, more than 220 suppliers and 18 products. This commitment will help us to strengthen our policy of favoring French and regional production and to ensure our partners stable commercial outlets. This will give them ease of mind as they manage their production. ”

José Rodríguez de Rosario,
Fresh Produce Director,
France Hypermarkets



■ Neon-free LED sign for 8 à Huit and Shopi stores in France.

Economic and commercial challenges

Encouraging entrepreneurship

■ The Carrefour group's commitments

Promoting an entrepreneurial spirit, bringing together a network of franchisees and partners, creating economic value together – we are striving to bring alive the image of the Carrefour group by mobilizing ourselves to ensure that not only our know-how but also our values are really shared.

■ Encouraging access to franchises and entrepreneurship

As the leading franchiser in France and Europe, the Carrefour group encourages access to franchises. All formats, from the hypermarket to the convenience store, are open to franchising and partnerships, enabling individual investors and groups to belong to a retail banner. The Group thus has a network of franchise stores in nine "consolidated" countries, where it also has consolidated stores (France, Spain, Italy, Belgium, Greece, Portugal, Switzerland, Brazil, Argentina), and a network of ten partner companies in 11 countries and French overseas territories (Algeria, Saudi Arabia, French OT, Egypt, United Arab Emirates, Japan, Jordan, Oman, Qatar, Dominican Republic, Tunisia). To encourage careers and support the creation of SMEs, the Group facilitates access to franchises for its employees through a gateway system.

■ Transmitting values and know-how

Being a Carrefour group franchisee or partner means having access to the brand, a retail banner and the Group's know-how. Franchisees and partners benefit from the modernity, choices, quality, prices, services and products of the Carrefour retail banners. They are monitored by operational teams that specialize in each format, who ensure the transmission of the Carrefour group values and know-how through the exchange of information, training programs, technical assistance, and the ongoing updating of commercial concepts. The franchisees and partners are thus given support in their development and growth strategies, in adapting their store concept to local consumers, in developing their product mix and in their pricing strategy. All franchisee-partners are of course involved in the Group's quality and sustainability approach. Since 2004, the Carrefour Quality Charter has been submitted for signing by all franchisee-partners, and the Carrefour Quality benchmarks have also been implemented.

■ The Carrefour group's innovations

■ Italy: bringing our network of franchisees to life

Italy has a large franchisee network, with 224 GS franchisees and 822 DipeDi franchisees. To develop a vibrant franchisee network, Carrefour Italy relies on training (820 people trained for GS in 2006, i.e., 13,000 hours of training), as well as on innovative liaison tools. The GS franchise department has put online on its intranet site not only an agenda but also a televised program of about 15 minutes where Carrefour Italy presents the latest news and upcoming programs to its franchisees! Since November,

this audiovisual tool has been supplemented by a triannual magazine, Qui GS magazine.

This not only facilitates the exchange of information, but also fosters a genuine culture, which contributes to the success of these companies.



■ Qui GS magazine.

■ Belgium: heat pump trial at Remouchamps

The GB franchise store opened in Remouchamps in 2006 has a new type of heating and cooling system. A cold production system that uses CO₂ is linked with heat pumps that heat the hot water supply and the water for heating the 5,300 sq.m. store area, without using fossil fuels or any additional electricity. This saves the emission of 200 tons of CO₂ every year.



■ GB store in Remouchamps.



■ Heat pumps.

■ Case study



TRANSMISSION OF CARREFOUR KNOW-HOW WITHIN THE SUPERMARKET FORMAT

“ The supermarket format is one of the two International Partnership gateways. At end December 2006, we were supporting 108 supermarkets, i.e., after-tax sales of more than 1 billion euros. Our mission is to transmit our commercial and organizational know-how to help our partners to create, organize and manage a profitable network of supermarkets in their countries. How? By supporting them, by advising them, by conducting commercial audits and by giving them technical assistance. The right assistance requires understanding the terrain well, coordinating in-house expertise, creating a set of tools for each country and facilitating inter-partner benchmarking. ”

Jean-Patrice Boucher,
Supermarket Support Director
Group International Partnership



ENVIRONMENTAL PROTECTION IN THE REUNION ISLANDS

“ In the Reunion Islands, the Caillé Group, shares the Carrefour group's sustainability approach and its commitment to the environment. To reduce energy consumption in its stores, the Caillé Group signed an agreement with EDF to develop technical solutions. Their efforts focused on lighting and the cold system, including replacing neon lights with spotlights for lighting the departments (40% energy saving), positive and negative sub-cooling, the purchase of specialized material, an optimal layout adapted to the cold cabinets, the use of the heat generated by the cold production units to heat the store's water, etc. The Caillé Group also conducted informational campaigns for its customers: the promotion of reusable checkout bags with the WWF, the sale for 1 euro of energy-saving lights in partnership with the ADEME (French Agency for the Environment and Energy Management) and EDF, etc. ”

Jean-Luc Lefranc,
Operating Director ,Champion La Réunion
Caillé Group

FOCUS on:

Nutrition

As for nutrition, the Carrefour group's banners offer large and various ranges of products, available to all budgets and enabling to have a balanced diet.

“ **300** million
obese people
worldwide

Obesity, and the resultant higher risk of illness that it entails, has become a major public health problem. Obesity affects both adults and children, in Europe as well as Asia and Latin America. If something is not done to deal with the problem now, within ten years it will pose considerable economic and social costs for communities.

■ 3 questions for Hervé Gomichon, Quality Director and Group Food Sustainability



■ Why the focus on nutrition?

Having a balanced, varied diet is now more than ever a crucial public health issue. The number of cases of obesity, diabetes, cardiovascular disease and even cancer has been growing constantly in Europe and worldwide. We are assuming our responsibilities by implementing a hard-hitting policy on nutrition in every country.

■ What has the Carrefour group decided to do?

There are four cornerstones of our policy on nutrition. We have decided to work on the formulations of our own-brand and retail-banner products by reducing, as needed, the content in salt, sugar or fats. We are also optimizing nutritional information on the packaging. We are working to help our customers choose a balanced “basket” through informational activities. And, finally, whenever possible we are taking part in public debate.

■ What is the philosophy underlying your actions?

Our point is not to “judge” the products or to “preach”. Nutrition requires a balance, and not prohibitions and privation. Studies have shown that consumers are unaware of how their nutritional needs are good reflexes for a healthy life and a balanced diet. The way we intend to change attitudes and behavior is by simplifying, clarifying and relying on education.



■ With Ed, it is possible to eat a balanced diet at discount prices. Every year in France the hard-discounter Ed organizes operations that use the stores' product mixes. A dietician helps the banner to develop balanced meals by highlighting fresh produce, fruits and vegetables. In 2006, the focus was on food for children (see p. 57).

■ Champion campaign to promote fruit and vegetable to youngsters.

■ Useful, easy-to-understand labeling



- The six major nutrition groups used for the nutrition boxes include fats, sugar, carbohydrates, protein, fiber and salt.

To keep customers better informed about the nutritional quality of its own-brand and retail-banner products, the Carrefour group reworked the labeling of its products in an innovative way, with the help of the CLCV (French housing and lifestyle confederation). In addition to regulatory information, the packaging contains “nutrition boxes” that indicate the daily requirement covered by the product for the six major nutrition groups, as well as advice for healthy living. This information is provided every time that it can be really useful, and concerns all Carrefour, Champion and Grand Jury controlled products in France for which it is technically possible. It is now being rolled out in Belgium, Spain, Portugal and Italy. Poland and Taiwan are also planning to review their labeling.

■ Offering a nutritional product mix

To help customers who wish to pay attention to a balanced diet, the Carrefour group offers “nutrition” ranges among its own-brand and retail-banner products. In 2006, for instance, Carrefour Italy launched a new In Forma range of 60 products, designed together with a nutritionist from the University of Pavia. Carrefour Brazil has also launched a new “Viver” range with 80 products. In France, the hypermarkets have mobilized with their “Carrefour AGIR nutrition” range (20 products), as have convenience stores with their “Grand Jury Sélection équilibré” (58 products).



- The In Forma product range includes four useful nutritional families: lightness, regularity, energy and vitality, and water balance.

■ Actively keeping our customers informed



- The “Nutrition Weeks” launched in 2005 have become international regulars. In 2006, five countries mobilized in particular: France, Italy, China, Singapore and Thailand.

To develop nutritional habits, the Carrefour group tries to keep its customers informed through its catalogues, consumer magazines, Internet sites and special leaflets. The retail banners organize cooking workshops for children and health assessments in partnership with specialist institutions.

■ Engaging with urban neighborhoods

To take its commitment further, since 2005 the Carrefour group has supported the “Working Together to Prevent Child Obesity” EPODE program through the Carrefour International Foundation. The concept of EPODE, which has been implemented in pilot cities in France, Belgium and Spain, is to coordinate all local players at the municipal level to provide a diversified, balanced, enjoyable diet and physical activity. Support from the Foundation has made it possible to support a phone coaching service for families with overweight children. In Belgium, the Group supports the VIASANO program, again through the Carrefour International Foundation, which involves a commitment to make its stores places where people can obtain advice and have a large choice of products for a balanced diet.



FOCUS on:

Responsible products

To democratize and promote sustainable consumption, the Carrefour group offers “responsible products” in its stores, thus encouraging its customers to become involved.

■ The Carrefour group and “responsible products”: a dual commitment!

To encourage responsible and sustainable consumption, the Carrefour group is committed to democratizing access to “responsible products” and to help its customers make optimal choices. The Carrefour group is thus developing own-brand and retail-banner products at affordable prices, accessible to all budgets, and which integrate environmental and social criteria. To give maximum visibility to these “responsible products”, the Carrefour group keeps its customers informed through the store signage, distribution of purchasing guides, its Internet sites and awareness-raising activities (World Environment Day, Sustainable Development Week, and The Fair Trade Fortnight).



■ Carrefour AGIR products: act while consuming

The food and non-food “Carrefour AGIR” products launched by the France hypermarkets in 2005 and rolled out in a number of countries in 2006 have different sustainability positionings so as to enable customers to be active with respect to consumption. For instance, “Carrefour AGIR Bio” products reflect a commitment to organic farming and are all certified; “Carrefour AGIR Nutrition” products reflect a commitment to health-oriented foods; “Carrefour AGIR Solidaire” products reflect a commitment to solidarity by helping finance social solidarity projects; and “Carrefour AGIR Éco-Planète” products reflect a commitment to ecology and are controlled by independent bodies.

■ Ooshop

■ The Eco Attitude mini-website

Ooshop customers can find all the “responsible product” lines on the Eco Attitude mini-website, as well as advice and explanations about green, fair trade and solidarity products.

■ France hypermarkets

■ “I act responsibly with Carrefour”



Since December, France’s 218 hypermarkets have offered a new signage “I act responsibly with Carrefour”, which points out to customers products that encourage responsible consumption, collection stands (batteries, ink cartridges), and the toll-free number for information about recycling motor oil.



■ **Carrefour Quality Lines: symbolic of the Carrefour approach!**

The Carrefour group has developed its Carrefour Quality Lines in 14 countries. In 2006, there were 237 Lines in Europe, 89 in Latin America and 41 in Asia, giving a total of 367 Quality Lines around the world. These Lines reflect Carrefour's commitment to reward its suppliers for their quality, to promote the social development of the regions and to protect the environment.



■ **Organic products: 1,929 products at the Group level!**

The Carrefour group has developed organic own-brand and retail-banner products in 10 countries, mainly France, Spain and Italy. The product mix includes food products (for adults and infants) and even textile products. Other countries, including Greece, Brazil, Poland and China, are testing organic own-brand or retail-banner products or national brand organic products on their markets.



■ **Responsible Fishing products: affordable-price products!**



In 2005, the Carrefour group launched a "Responsible Fishing" line in France and Belgium with five varieties of uncooked frozen fillets: cod, catfish, dab, red fish and halibut. This range sells at moderate market prices and ensures customers of good stock management and respect for the ecosystem.

■ **Fair-trade products: towards a new fair-trade certification!**



The Carrefour group stocks 324 fair-trade products, which are mainly national brands. In 2006, the Carrefour group integrated an Ecocert reading committee to produce a new certification for fair trade. This new certification should help to open up and diversify the supply of these products.

■ **Household and personal care products: promotion of eco-labeled, concentrated or refillable products!**

In 2006, the Carrefour group developed a wide range of 12 household and personal care eco-label products under the Carrefour AGIR Éco Planète and Champion Éco Planète brands in France, Spain, Belgium, Italy and Portugal. The Group supports all methods aimed at reducing the environmental impact of packaging at the source by offering concentrated or refillable products, and it has become an associate member of the AISE Charter for Sustainable Cleaning.



■ **The ecological home: giving every budget access to responsible and sustainable consumption**



The Carrefour group is stocking or developing first-price or affordable-price products for the home, such as energy-saving bulbs, water-saving systems, rechargeable batteries with chargers, etc. The Group is also developing eco-label own-brand and retail-banner products, including paint, paper, etc.

■ **Diamonds: for the Kimberley process!**



The Carrefour group ensures that the diamonds sold in its stores come from a legal source, in compliance with United Nations resolutions, and that they are not blood diamonds. This commitment to respect the Kimberley process is incorporated into all contracts signed by its suppliers.



- Butcher for Champion in Greece.
- Fruit and vegetable salesman in Brazil.

Social challenges

Enabling every talent to be expressed

■ The Carrefour group's commitments

Creating jobs locally, enabling all 456,295 employees to express their cultural and social diversity, and developing talents with an ever-expanding idea of commerce – every day we deal with the challenge of multiculturalism by emphasizing professionalism and developing genuine career opportunities.

■ Developing a Group Human Resources policy

In 2005, Carrefour established the eight principles that are the cornerstone of its human resources policy at the Group, country and Business Unit levels.

These eight principles are:

- improve quality of recruitment;
- raise the skills;
- give people and organizations responsibility and stability;
- activate and expand the succession plan;
- promote diversity within teams;
- strengthen the performance culture;
- ensure that values and policies are observed;
- develop a dialogue and innovative labour relations.

■ Recruiting a diversity of local talent

Carrefour, which operates in 29 countries, prioritizes local hiring so as to integrate with different cultures as well as possible and to create jobs. The Group offers more than 30 different types of job and emphasizes diversity, giving an opportunity to every talent: young or not so young, beginners or experts, with or without diplomas, etc. To fight against discrimination and encourage equal opportunities, in October 2004 the Group also signed the Corporate Diversity Charter, which each retail banner applies to its own particular situation.

■ Supporting career development

Based on the subsidiarity principle, each country defines its training policy in accordance with its strategic priorities and local needs. To develop skills and encourage in-house promotion, the countries offer their employees training programs. Career management is based on annual individual interviews to evaluate skills and performance, the implementation of career committees at various levels of the organization to confirm the potential for promotion, and the preparation of succession plans for key posts. Finally, the Group is working on a common computer career management tool for all the Business Units, which will be tested in 2007 before being rolled out.

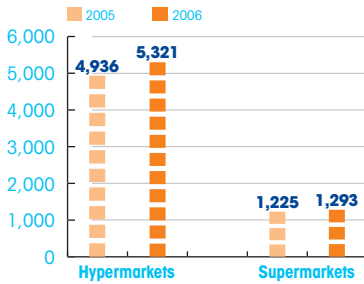
■ Guaranteeing safety on our sites

One of the key responsibilities of the Group is to guarantee safety on all its sites around the world. In countries that do not have specific safety regulations, the hypermarkets and supermarkets draw on French safety standards, which are particularly strict. In an effort to reduce work-related accidents, the Group also provides safety training in many countries and conducts awareness-raising campaigns for its employees. Finally, all employees are mobilized to respect health and safety regulations, thanks to training, the implementation of safety procedures, and systematic hygiene and quality audits in the stores and warehouses.

DISABLED EMPLOYEES

Increase in the number of disabled employees in the Group's hypermarket and supermarket formats

(Like-for-like BUs, excluding: HMs in TR, CH, RO; SMs in TR, BR)



7,333
disabled employees

at the Group level in 2006

SECURITY/SAFETY

14,121
employees

dedicated to Security/Safety in the Group worldwide

■ The Carrefour group's innovations

■ **Belgium, Brazil, Greece, Poland:** training to encourage in-house promotion

To encourage in-house promotion and assist their own development, in 2006 four countries - Belgium, Brazil, Greece and Poland - focused particularly on training for people with strong management potential. Belgium developed an "All Blacks" program to develop the leadership and managerial capacities of 11 future store directors. Brazil and Greece offered training to their prospective directors in partnership with, respectively, the Fundação Instituto de Administração de São Paulo and Alba University. Finally, Poland created the Chopin Academy for its future store directors and the Captain Academy for its future department heads.



■ Logo of the Chopin Academy in Poland.

■ **France:** everyone working for our customers!



■ Training kit: "Everyone working for our customers".

Champion France's commitment to its customers is summarized in its promise: "An easier life". To turn this promise into a corporate culture so that it is reflected in all customer contacts, Champion launched a comprehensive training program: "Everyone working for our customers". The goal is to understand the customers better and to stand out from other retailers by paying special attention to our customers and letting them know that we are doing this. All Champion employees are involved in this approach: Comex, Operational Directors, Regional Directors, Store Directors, store teams, etc.

■ **Colombia:** the goal - on-the-job safety!

The Carrefour Colombia Human Resources and Safety department worked together to develop an action plan to prevent and reduce work-related accidents. The plan is targeted at the main causes of accidents in the stores and warehouses: the unsafe storage of goods, the handling of sharp tools, and the movement and unpacking of loads. Training in prevention was given to the teams concerned in all the countries, and a broad awareness-raising campaign was conducted. The action plan seems to have been very positive, as work-related accidents fell by 20%.



■ Awareness raising campaign on work safety.

■ Case study

FOR A BETTER WORK/LEISURE BALANCE: POOLING WORK SCHEDULES

Since 1999, the French hypermarkets (about 75,000 employees, of whom more than a quarter are checkout staff) have gradually developed the self-regulated pooling of work schedules in the checkout departments. Previously the checkout staff were particularly affected by work schedule problems related to the duration of work breaks, the number of nights and weekends worked, and variations in customer flows. The self-regulated pooling of schedules enables the staff to organize themselves to meet the staffing needs set by management based on projected customer flows and to reconcile these with the staff's personal needs and desires. This flexibility in work schedules has sharply cut the constraints affecting checkout positions, with 93% of staff now saying they are satisfied.



- Fruit and vegetable salesman in Greece.
- Checkout assistant in China.

Social challenges

Encouraging dialogue and social progress

Promoting respect for basic rights, discussion about our strategic priorities with the social partners – to promote individual and collective progress, we are encouraging internal and external social dialogue and cooperation.

■ The Carrefour group's commitments

■ Respect for freedom of association and collective bargaining

The Carrefour group is committed to respecting labor rights in every country where it operates, and in May 2001 it signed an agreement with the international trade union association UNI (Union Network International). The Group has undertaken to monitor the application of the principles of the ILO (International Labor Organization), in particular with regard to freedom of association, collective bargaining and the condemnation of child labor.

■ Constructing a social Europe

The Carrefour group is taking an active part in social dialogue within the European Union. Dialogue for the Group is conducted within the framework of the European Consultation and Information Committee (CICE), which brings together trade union representatives from around Europe. A working group (the CICE bureau) on sustainable development and corporate social responsibility meets several times each year with the Sustainability department to receive information and discuss the Carrefour group's specific approach. At the trade level, this dialogue takes place within Eurocommerce, the European retailers federation, in which the Carrefour group and the UNI take part. European retailers and wholesalers come together to discuss proposed changes in European social regulations and issues relating to corporate social responsibility.

■ Promoting dialogue with social partners

A significant number of meetings are organized throughout the year with the social partners in every country, i.e., trade union and employee representatives. Country management is responsible for handling relationships with the various organizations locally. This social dialogue is based on the Group's Values and Culture and should help to make coordinated improvements to working conditions and to sign agreements that set up new social guarantees for employees.

■ Assessing the labor relations

To assess the labor relations and develop participatory management, the Carrefour group has developed an in-house information collection tool, Listening to Staff survey, now used in 11 countries. A neutral external facilitator encourages small representative groups of salaried employees from a site to express themselves anonymously. The results are then submitted to supervisors, management and employee representatives, who can then identify and correct any problems. In 2006, 21,836 employees took part at the Group level, with a focus on optimizing working conditions and organization and implementing training programs. The goal for 2008 is to roll out Listening to Staff throughout the Group.

ROLLING OUT LISTENING TO STAFF

■ **Number of staff listened to**

21,836 employees were surveyed, including **18,915** in hypermarkets and supermarkets and **2,921** in DIA.

■ **Deployment in the countries**

11 countries and **21** Business Units, involved in:

- **190** hypermarkets in France, Belgium, Spain, Greece, Italy, Poland, Portugal, Turkey, Brazil, Colombia and Indonesia;
- **86** supermarkets in France, Belgium, Spain, Greece and Poland;
- and in the DIA stores in Spain, Greece and Brazil and in the ED stores in France.

2007 goal: roll-out in Italy (GS), Switzerland, Turkey (DIA/supermarkets), Romania, Argentina (hypers/supers/DIA), China, Malaysia, Singapore, Taiwan and Thailand.

■ **The Carrefour group's innovations**

■ **Europe: signature of a declaration against insecurity in the workplace**

At end November 2006, the UNI and Eurocommerce signed a joint declaration calling on the public authorities, the social partners and retailers and wholesalers to deal with the rise in insecurity and outright violence in the workplace environment (incivility, verbal and physical aggression, etc., by people outside the company). The Carrefour group played a very active role in this matter, sharing the experience it has acquired in preventing and dealing with insecurity in France and Belgium, with its training modules, "SOS conflicts" and "Prevention, emotions and management in case of aggression". The Carrefour group adheres to the letter and the spirit of this declaration, which it will respect everywhere in Europe that it operates.

■ **France: handling employment changes through dialogue**

To prepare for the arrival of new technology and anticipate forthcoming

reorganizations, Carrefour prioritizes dialogue with the social partners. A GPEC (forward-looking job and skills management) agreement was signed, and a joint labor-management group, the "Emploi et GPEC" Committee was set up to monitor the implementation of the provisions of this agreement over the medium and long term.

■ **France: double solidarity for employee savings!**

Employees of Carrefour in France benefit from employee savings plans in two forms, representing more than 1 billion euros as of 31 December 2006: a Group savings plan (PEG) and a collective retirement savings plan called a PERCO. The 16,000 employees in the PERCO plan benefit from a company co-payment that can amount to 20% to 50%, depending on the type of investment. In addition, among the investment funds offered, Carrefour Multigestion invests 10% in socially responsible investments (i.e., 18 million euros at end 2006), and Carrefour Equilibre Solidaire invests between 5% and 10% in solidarity-based savings

(i.e., 16 million euros at end 2006). This latter fund mainly benefits three agencies: Habitat et Humanisme (social housing), Adie (a micro-credit association), and Sifa (which funds job-finding enterprises and company creation by job seekers).

■ **Spain: "DIA hears you!"**

Listening to Staff (LS) surveyed 2,354 employees of DIA Espagne in 2006. The two most positive points expressed by employees during LS included job satisfaction and the confidence they placed in their company. The two points for improvement were related mainly to internal communications and work equipment. Following the surveys, action was taken, such as the creation of a comprehensive human resources management tool for head office employees (definition of a new status, plan for specific training, etc.), and the encouragement of a better work/personal life balance (flexi-time and longer parental leave). Since 2004, LS has listened to 4,026 DIA Espagne employees.



Michel Enguelz



Alain Goelens

THE SUSTAINABLE DEVELOPMENT WORKING GROUP IN THE CICE

“ For the employee representatives in the CICE, sustainability is a critical issue. In this regards, the company has shown its willingness to share its thinking with us, among others, through a working group that focuses on sustainability, in cooperation with Group Human Resources. For instance, the members of the CICE Steering Committee reviewed and analyzed the methods used in social audits. This is a crucial point for us. Its importance was highlighted by the deadly collapse of the Spectrum plant in Bangladesh, and the visit made to the site in the wake of this tragic event by a delegation of employee representatives from Carrefour Belgium. We would like to emphasize the willingness of Group management to conduct an open dialogue in this area with the CICE and its Steering Committee. This work is the start of a process that needs to result in better labour relations, based on the crucial importance of promoting Sustainable Development. ”

Michel Enguelz,
General Secretary
of the Carrefour CICE

Alain Goelens,
member of the Carrefour
CICE Steering Committee

- Partnership with the WWF to develop China's Sichuan province.



Sichuan, source : WWF

Social challenges

A commitment to local, solidarity-based development

■ The Carrefour group's commitments

A commitment as a socially responsible corporate citizen to life in urban neighborhoods, to building a healthy social fabric, in growing local economies – we have chosen to contribute wherever we are to local development by demonstrating our solidarity with the local community.

■ Opening dialogue in every country

The Carrefour group strives to respect local cultures and lifestyles wherever the Group operates. To fulfill the Group's responsibilities, it maintains a constructive dialogue with the community and the public authorities not only at the international level, but also at the national, regional and local levels. Every corporate level – Group, country, retail banner and store – is mobilized to make the Carrefour group a locally responsible corporate citizen.

■ Contributing to local development

As a major economic force, the Carrefour group contributes actively to the economic and social development of the local community by creating jobs, using local services and goods providers and paying its taxes. Its diverse, flexible formats enable the Carrefour group to have a presence in city

centers and suburbs as well as in rural areas. Its convenience stores help to revitalize city centers and to revive rural areas by maintaining services and activities, and its supermarkets and hypermarkets contribute to the development of suburban areas by creating a focus of life in sometimes-difficult neighborhoods.

■ Offering solidarity to the community

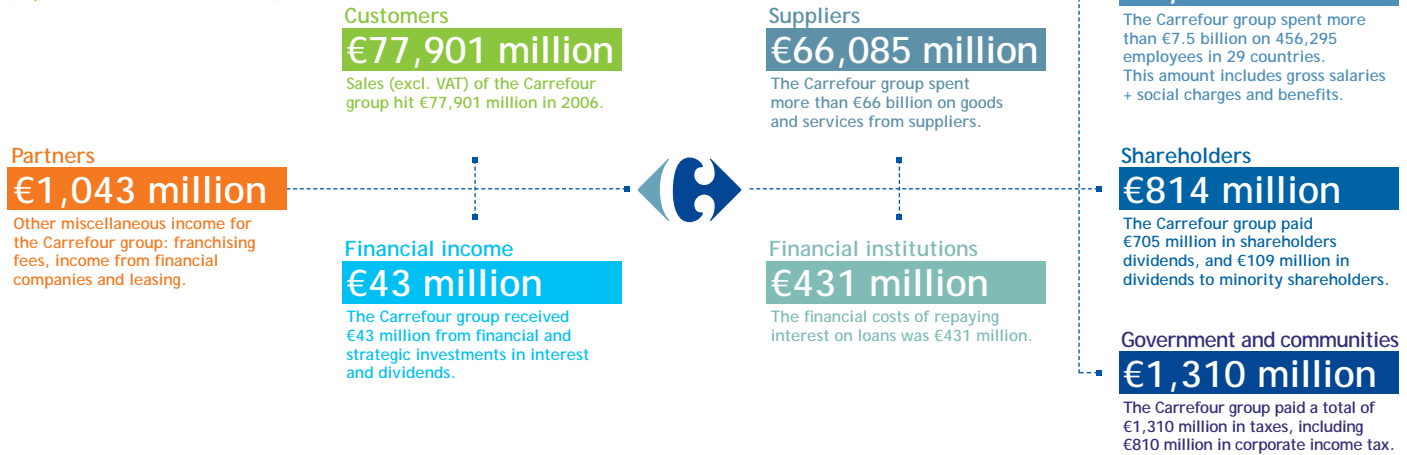
Solidarity is a core value for the Carrefour group, a value that underpins its corporate social responsibility and good-citizen approach around the world. In every community where Carrefour operates, countries, cities and neighborhoods, it contributes to local development and acts to help disadvantaged areas and people in difficulty. Solidarity actions are overseen at Group level by the Carrefour International Foundation (www.fondation-international-carrefour.org) and at the country level by the retail banners and the stores. Five countries (France, Spain, Argentina, Taiwan and Brazil) have set up specific bodies to handle solidarity actions at the national level. The Carrefour group employees in each country are encouraged to become involved in these actions in order to create a network of solidarity.



- Ceremony during which the Carrefour Solidarity Foundation received the Highest award of the Spanish Red Cross.

■ Sharing of Value

(expressed in millions of euros)



■ The Carrefour group's innovations

■ China: participating in the economic development of Sichuan in partnership with the WWF

Sichuan province, the land of the panda, has 27 natural reserves and 2 UNESCO-protected sites, which have unfortunately been ravaged by poaching and overuse. To help protect this environment and promote the province's economic and social development (schooling for children, better status of women), Carrefour China has supported a WWF project to produce pepper, honey, nuts and mushrooms locally by selling the products at a "fair" price in its stores in Chengdu, Chongqing, Beijing and Shanghai. Carrefour China received the WWF's Merit Conservation Supporter award for the support it has provided and for its forthcoming participation in projects that combine solidarity, local development and environmental protection.

■ Brazil: recognizing our volunteers

The "Carrefour volunteers" program was designed to encourage and support Brazilian employees who want to be volunteers. Every year it involves about

1,500 employees who have four hours per month to do volunteer work on behalf of 8,000 children and teenagers and 70 institutions. Carrefour Brazil organized a "Voluntario Carrefour Champion" competition to recognize these volunteer employees. The winning teams were given a sum of money that they handed over to the institutions which they have been supporting.

■ Colombia: training for people fleeing the armed conflict

To help fight social exclusion, in November 2006 Carrefour Colombia signed an agreement with the National Apprenticeship Service and Bogota City Hall to train people fleeing the armed conflict. This pilot program provides for 26 one-year apprenticeship contracts at Carrefour at the legal monthly minimum wage, with health insurance for professional risks.



■ Micro-finance program in Indonesia.

In the case of a conclusive training, the beneficiaries will be hired!

■ Indonesia: supporting and training micro-entrepreneurs

Indonesia has more than 42 million micro-businesses. To help 1,000 of them grow, in December 2006 Carrefour International Foundation and the Bina Swadaya NGO launched a one-year micro-finance program. A grant of 112,000 euros from the Foundation was distributed in the form of loans to 1,000 micro-entrepreneurs in Jakarta and Surabaya by the Bina Swadaya NGO. Carrefour Indonesia's involvement in the program consists of training in hygiene, merchandising, packaging, management and marketing.

■ Case study



"Thanks to the agreement that we signed with Carrefour in 2001, our capacity for emergency intervention has been strengthened and facilitated, whether during the Madrid attacks, the floods in Malaga and Tenerife or the catastrophe at Prestige. This has also helped us to expand our teams' ability to provide psychological support to people in emergency situations, and to ensure the distribution of basic consumption goods. We have given Carrefour our highest distinction not only for this agreement, but also for its increasing commitment to solidarity activities, in particular the numerous projects developed in Spain by the Carrefour Solidarity Foundation. "

Juan Manuel Suárez del Toro Rivero,
President of the Spanish Red Cross

FOCUS on:

Diversity within the company

Diversity within the Carrefour group is not limited to the commitment made when the Group signed the Corporate Diversity Charter in 2004, but also involves all the activities taken in the field in every country to turn that commitment into a reality within the Group.

“ **456,295** employees **11th** employer worldwide

The Carrefour group comprises 456,295 employees whose cultural and social diversity reflects the societies in which the Group operates. As a socially responsible good corporate citizen, in 2004 the Carrefour group signed the Corporate Diversity Charter, which commits it not to apply any discriminatory policy upon hiring or at any time during a career.

■ 3 questions for Jean-Luc Masset, Director of Human Resources, France Hypermarkets



■ How are you implementing the Group's commitment to diversity?

We are implementing the diversity policy through dialogue, and have set up a steering committee as well as a commission with the social partners. The first step was to take stock of the situation! To do this, we ordered a “diversity audit” from Jean-François Amadieu, a sociology professor at the Sorbonne University and a member of HALDE (High Commission for Equality and Against Discrimination).

■ What lessons did you learn from this audit?

The audit showed that there is remarkable geographical and social diversity at Carrefour, with good integration in the neighborhoods due to our local hiring. It also confirmed that the “social elevator” is functioning well. However, the audit also indicated a few points for progress: our hiring procedures and practices, the awareness of our managers, and equal access for women to in-house promotions. Based upon these conclusions, we immediately decided to take action.

■ What were the first actions undertaken?

2006 was a fruitful year. We reviewed our hiring procedures and we organized our job applications and distributed an interview guide so that hiring was based above all on performance and skills. This change was also reflected in the in-house distribution of a new hiring charter and the partnership we signed with the French national employment agency (ANPE) to develop innovative hiring methods, like the simulation method. We also launched an awareness-raising campaign among executives and had them distribute a “diversity kit” to their employees. Finally, we launched a “gender mix” program to remove any obstacles to women moving up the job ladder.

■ **Hiring...**
...in the neighborhoods, including difficult areas



Carrefour stresses local and even neighborhood recruitment everywhere it operates. In 2006, the France hypermarkets, which is part of daily life in sometimes difficult neighborhoods, decided to be partners with the "Entreprendre, villes et quartiers" campaign in disadvantaged neighborhoods called "Changer notre regard" ("Change the way we see"). This was chosen as the best diversity campaign for the year!

...all types of profile

Carrefour offers more than 30 different types of job and gives an opportunity to all profiles: young or not so young, beginners or experts, with or without diplomas, etc. In December 2006, the Carrefour group signed the "Charter committing business to promote equal opportunity in education", and it is holding out a hand in particular to young people by promoting apprenticeships, student jobs and partnerships with prestigious higher education institutes.



...and based on commercial potential above all

The main selection criterion is commercial potential and a passion for the customer! To recruit these skills, in 2006 the France hypermarkets and supermarkets reached agreements with the ANPE to develop innovative methods, such as the simulation method, where the candidate is put in a relevant situation and evaluated for his or her professional capacities.



■ **Promoting...**
...women as much as men

In every country the Carrefour group emphasizes the identification of real potential and in-house promotion. The challenge is to ensure that women benefit as much as men. At the Group level, the proportion of managers who are women is 31%, with differences between different geographic zones due to the cultural context. To promote mixed managerial teams, a number of countries, including France and Italy, have launched "gender mix" programs or signed gender equal opportunity agreements.

■ **Extending a hand...**
...to disabled people

In a number of countries the Carrefour group has set up programs to help take on disabled people. Examples include France, Spain, Colombia, Brazil and Poland. In France, at end 2006 the hypermarkets had 3,315 disabled employees, and in 2005 they implemented their "Mission Handicap"



program for the third time. In 2006 they also joined up with the "Handimangement" program to change the way higher education students – and future managers! – perceive disabled people. The supermarkets, which in 2005 for the first time signed up with the Mission Handicap program, hired 150 disabled employees in 2006, bringing their number to 950 by end December.

...and marginalized people

The Carrefour group is also promoting the employment of marginalized people in many countries. In 2005 and 2006, in France the Hypermarkets signed 38 CIRMA (employment at the RMI guaranteed minimum wage) contracts. Ooshop worked with the association ARES (which fights against exclusion), in order to hire people in difficulty (long-term unemployed, homeless, former prisoners, etc.): three people were thus hired in 2006.

The social audits

The Carrefour group has been formally committed since 1997 to respect basic Human rights, and has decided to work in partnership with the International Federation for Human Rights (FIDH) and to use all its influence to develop an international standard on corporate responsibility for human rights.



■ Cooperation with the FIDH for Human Rights

To ensure that its suppliers respect basic rights, the Carrefour group decided back in 1997, at a time when NGO/corporate partnerships were relatively uncommon, to rely on the expertise of the FIDH. This international non-governmental organization currently includes 141 organizations defending Human rights around the world. In 2000, this cooperation gave rise to the adoption of a Social Charter and the creation of the Infans association (governed by the Law of 1901), which provides a framework for joint work. This Charter and its set of criteria were updated in 2005. After an initial period centering on social audits, the mandate of Infans changed, and its priority is now strengthening a regulatory approach with respect to corporate responsibility and the development of international labor standards and other Human rights.



■ The Social Charter: a basis for a contractual commitment

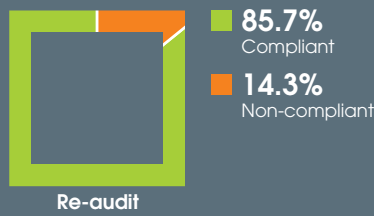
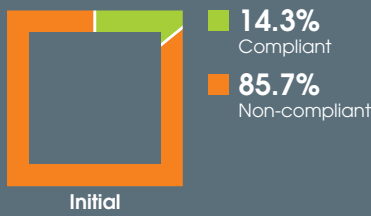
The Social Charter was adopted in 2000 and revised in 2005, and contractually commits all Carrefour suppliers (food and non-food). The Charter includes six obligations contained in the Universal Declaration of Human Rights and ILO principles: prohibition of slavery and forced labor, prohibition of child labor, freedom of association and the right to collective bargaining, pay, working conditions, working hours and equal opportunity. It also sets out the audit criteria and methodology used to monitor suppliers.



■ The social audits, or how to ensure respect for the Charter

When Infans was formed (2000), the FIDH took part in training purchasers and Carrefour's Quality teams, as well as external auditors, in the audit criteria. The audit system provides for different phases of control: an internal control conducted by the Carrefour Quality service and integrated into the commercial process, and an external control conducted by professional audit agencies. In addition, even though the FIDH has not taken part in the audits since 2005, it does have the right to conduct random spot checks at Group suppliers. To supplement the control tools, in Bangladesh the Carrefour group and the FIDH, with the help of a local NGO, Karmojibi Nari, set up a training program for supplier employees and managers in order to inform them about basic labor rights.

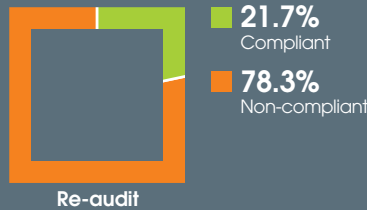
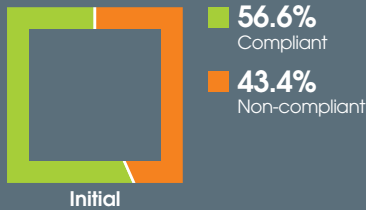
■ Working hours



■ INDIA

85.7% of non-compliant plants at the initial audit improved by the re-audit. Industry in India has the peculiar characteristic of making use of a large number of service providers. Carrefour thus decided to extend the audits to sub-contractors of some of its suppliers.

■ Wages



■ BANGLADESH

Thanks to the pressure exerted by all stakeholders, including major purchasers, after seven years of stagnation the minimum wage was raised slightly in October 2006. The non-compliance recorded during re-audits corresponds to the time of implementation of the new regulation (oct.)

“ **1,460** audits performed in six years

In 2006, 390 social audits were performed, covering the activities of more than 180,571 employees. 337 of these were initial audits and 53 were re-audits, which helped to analyze the progress made during this process. The main countries concerned were China, India, Bangladesh, Pakistan and Vietnam. The main sectors concerned were textile, sports, games and household goods, etc.

■ 2 questions for **Véronique Discours-Buhot**, Group Sustainability Director, and **Antoine Bernard**, Director of the FIDH



What do you think is the next step for Carrefour?

Our goal today is to develop an international standard to clearly define the respective responsibilities of government and business, and to ensure healthy competition between global players, based on rules

that applies to all. For six years we have been pooling the results of our approach within the framework of the Social Clause Initiative platform of France's retail trade federation, the FCD. We are now going further by working for the convergence of various existing audit standards, together with Wal-Mart, Tesco, Migros and Metro, within the CIES-Food Business Forum framework. We hope that we are soon joined in this initiative by other major private players, and particularly by such indispensable forces as the trade unions and NGOs.



As a FIDH representative, what do you think of these objectives?

Human rights need to be respected by everyone in every country, and must not be treated as a factor in commercial competition between distributors. In this respect, we look favorably

at the initiative of the CIES to make respect for basic labor rights more effective through the convergence of existing standards, and through the invitation extended to trade unions and NGOs to take part in monitoring respect for these commitments.

■ Organic products and organic market in France hypermarket.



Environmental challenges

Protecting natural resources and biodiversity

Listing and developing environmentally-friendly products, taking action to protect the natural resources of the forests, sea and land – the Carrefour group has adopted a proactive attitude and has chosen to benefit from the expertise of its own teams and of NGOs to implement policies that match its commitments.

■ The Carrefour group's commitments

■ Encouraging sustainable farming practices

The Carrefour group's product mix policy encourages environmentally-friendly farming practices. The Group thus stocks national brand organic products and in ten countries is developing its own-brand or retail-banner organic products. The 367 Carrefour Quality Line products, which reflect the Group's approach, are also being developed in 14 countries (see p. 31).

■ Offering our customers an alternative to GMOs

The Carrefour group, which has applied the precautionary principle since 1996, offers its customers a choice of products that are not labeled GMO. No own-brand or retail banner or first-price product has a GMO label. This commitment is in accord with any existing national legislation, and is generally contractual, as it is stipulated in black-and-white in the specifications. To strengthen its non-GMO policy on animal feed and to anticipate future harvests of transgenic corn and rape in Europe, Carrefour has required in contracts that all ingredients for animal feed intended for French CQL pork, fowl, egg, salmon and trout products be non-GMO.

■ Protecting marine resources

Given the crucial problem of over-exploitation of ocean resources and decreasing fish stocks, the Carrefour group has decided to emphasize sustainable sourcing for its frozen food products. In 2005, the Group thus launched a "Responsible Fishing"

line in France and Belgium, which guarantees maximum traceability, good stock management and respect for the ecosystem (see p. 31).

■ Guaranteeing traceability and promoting wood of certified origin

The Carrefour group has been working since 1997 to control its wood supplies, and since 1998 with the WWF to develop FSC-certified wood. The Carrefour group has signed the European FLEGT proposal, a regulatory plan for fighting illegal trade in wood. In 2006, Carrefour worked to promote FSC (Forest Stewardship Council) Amburana for the production of garden furniture on the main European markets, while taking into account consumer demand in each country.

■ A good citizen approach to paper purchases

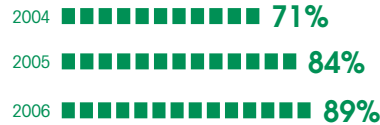
Since 1999, the Carrefour group has been committed in Europe to a Sustainable Development approach for its paper purchases for printing its advertising catalogues and brochures. The European central paper purchasing office is thus buying more and more paper made from recycled wood fibers and/or certified-managed forests. In 2006, this accounted for about 90% of paper purchases. Our goal is to reach about 100% of purchases for this type of paper.

PAPER SAVINGS

1,000 pages A3 size
pages saved/day/warehouse
in France thanks to voice command systems
for pallet preparation in the Grocery warehouses and
certain Beverages warehouses of the France hypermarkets

CERTIFIED OR RECYCLED PAPER

Progression in percentage of the paper purchased by the European central purchasing office made from wood fibers that are recycled and/or from certified-managed forests



■ The Carrefour group's innovations

■ **Colombia: shrimp farming that protects the mangroves**

In October 2006, Carrefour Colombia launched an 8th Quality Line: "North Bolivar shrimp". These shrimp are raised in two farms belonging to poor communities that are subsidized by the Ministry for Agriculture and Rural Development. The Quality Line integrates environmental dimensions: semi-intensive exploitation, respect for natural densities for shrimp growing, and protection of the mangroves. Given the context, the social aspect is also important: technical assistance, creation of jobs for 50 moderate-income grower families and 250 female heads of households for processing and packing the shrimp.

to the consumer (30% to 40% cheaper than teak). Products made from Keruing, another controversial wood, will be taken off the shelves in France by 2007.

■ **Europe: a focus on managing marine resources**

As the leading European distributor of seafood products, the Carrefour group gives top priority to sustainable supplies. In the fresh seafood department, the Carrefour group has decided to promote herbivores species, to limit to the maximum the inclusion of deep-water species within its catalogues and to favour the aquaculture of shrimp by Global Aquaculture Alliance (GAA) members. For processed frozen foods,



■ Responsible "Fishing packaging".

priority is given to certification! France hypermarkets have thus decided to integrate the "Responsible Fishing" range into the "AGIR ÉcoPlanète" eco-label range of products, and in 2007 they plan to list several Marine Stewardship Council (MSC) products, beginning with two salmon products and one US Alaska hake fillet product.

■ Case study

THE PALM OIL ISSUE

To respond to the ever-increasing demand for oil, the palm oil sector has to face a number of issues. Unfortunately, its use goes hand in hand with social problems (brutal expropriations, very harsh working conditions, etc.) and environmental problems (destruction of the primary forest, disappearance of biodiversity, etc.). The Carrefour group has been aware of these problems for a long time and in 2006 joined the Round Table for Sustainable Palm Oil (RSPO) initiative to work with other members in the sector for the sustainable production of palm oil.

■ **Europe: for a responsible wood policy**

Though committed to the process of traceability for Teak but hindered by the fall in the price of these products, the Carrefour group decided to drop Teak in 2006 in favor of Amburana from South America. This voluntary move was implemented in 2006 in several European countries (France, Belgium and Italy). This FSC-certified species, Amburana, meets the criteria of traceability and resource conservation and guarantees quality at a price accessible



■ Sales sheet and customer catalogue for Amburana.

- The “From disposable to sustainable” campaign to eliminate checkout bags, in partnership with the WWF in France.



Environmental challenges

Reducing waste

Cutting waste related to our products and stores, enabling our customers to adopt the habits of environmentally concerned citizens, making our employees more responsible – to limit our environmental impact, we are committed to taking action with respect to packaging, checkout bags, advertising catalogues and recycling networks.

■ The Carrefour group’s commitments

■ Controlling our impacts from upstream to downstream

The Carrefour group emphasizes the sorting of waste in its stores and warehouses, and mobilizes its employees to cut wastage. Own-brand and retail-banner product packaging is optimized with respect to volume and grammage, and new materials are being tested to cut impacts at source. Reusable containers are also used in the shipping and packaging of fruits and vegetables, so to ensure savings in cardboard boxes and wooden crates.

■ Raising customer awareness regarding sorting and recycling

To change everyday habits and behavior, the Carrefour group retail banners raise customer awareness in the stores and on the packaging of their own-brand and retail-banner products. The Carrefour group has set up in-store containers for collecting batteries and electronic waste, and it takes part in the organization and operation of recycling network pools.

■ Offering an alternative to checkout bags

Following the report in 2004 on the evaluation of the environmental impact of its checkout bags, the Carrefour group has offered an alternative to disposable checkout bags in most countries and in all of its retail banners: the sale at cost of reusable

carrier bags, bag-free days, the creation of green checkouts, etc. In France, as part of the “From disposable to sustainable” campaign, Carrefour has had the support of the WWF, which has helped stores that want to completely stop the distribution of disposable bags. 160 stores in France have taken part in this effort since 2006. Belgium had already begun this effort in 2005.

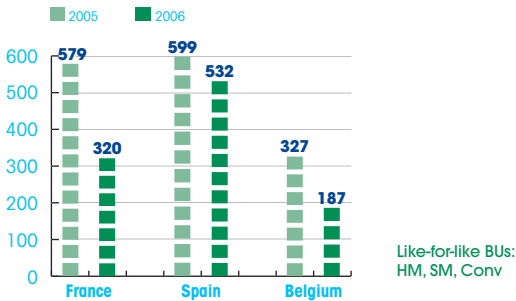


- Collection point for electronic waste in France.

CHECK OUT BAGS

Change in number of checkout bags distributed per sq.m. of sales area

(Like-for-like BUs: hypermarkets, supermarkets and convenience stores)



2006 compared with 2005:

-45% in France

-11% in Spain

-43% in Belgium

■ **The Carrefour group's innovations**

■ **Belgium: a world first in packaging**

Carrefour Belgium, which was a pioneer in the field of packaging with "Naturflex" and "Materbi" compostable films, as well as with "Jifi" spice jars, launched the first sugarcane-based tray for the packaging of minced meat. This tray is 100% natural, with no fossil fuel materials or GMOs, and obtained the OK Compost and OK Compost Home certificates. With 20 million trays each year, the annual savings in polystyrene is estimated at 300,000 kg.



■ Minced meat packaging.



■ "Info packaging" box on a "Carrefour Kids" range package: "Did you know: thanks to your waste sorting we can make a pack of 32 cards by recycling 2 packets of Carrefour chocolate biscuits."

■ **France: sorting - an eco-citizen habit**

To promote the sorting of waste, all the France retail banners have put an "Info Packaging" box on their own-brand or retail-banner food product packaging. This text was worked out with the Ademe and Eco-Emballage. It encourages sorting and explains why it is important in terms accessible to both children and adults: savings in water and energy, waste reduction at source, etc.

■ **France: mobilizing to promote waste recycling networks**

In 2006, the Carrefour group mobilized strongly to bring together collection and recycling networks for electronic and electrical waste as well as advertising

catalogues. As for electronic and electrical waste, the Carrefour group is now a member of the board of administration of the eco-agency managing this network, Eco-Systèmes. As for advertising catalogues, the Carrefour group has been taking part since January in a working group that includes, among others, the FCD, Eco-Emballage, UDA, Presse Gratuite, etc., to consider a pooled system in order to lower the cost to the public. Henceforth, distributors will declare the number of catalogues distributed to the eco-agency, Eco-Folio, and will pay a sum of money proportional to the tonnage, part of which will be passed on to local government.

■ **Case study**



"FROM DISPOSABLE TO SUSTAINABLE" CAMPAIGN

"The example of plastic bags illustrates the progressive approach at the heart of the partnership between Carrefour and the WWF. Since 2004 and the launch of the "from disposable to sustainable" campaign, the WWF has helped the Carrefour hypermarkets to raise customer and employee awareness about the environmental impact of disposable checkout bags. Up to now, the WWF has intervened more than 70 times here and there throughout France. These support activities have helped to bring about a complete end to the distribution of free checkout bags in many stores, with the involvement of the checkout personnel and the agreement of the customers, for the greater well-being of the planet."

Dominique Royet,
WWF Director of Corporate Relations

FOCUS on:

Climate change

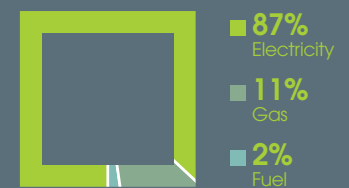
Energy consumption, logistics, refrigerants, but also products, checkout bags, catalogues, transport and consumer lifestyles – for Carrefour, reducing the greenhouse effect involves many diverse challenges!

For consolidated stores at the Group level in 2006:

- 863 GWh⁽¹⁾ of gas and fuel consumption
- 567 tons⁽²⁾ of refrigerant consumption (cooling and air conditioning)
- 543,669 tons⁽³⁾ of CO₂ emissions (warehouses-stores logistics flows) for consolidated and franchised stores

⁽¹⁾ Excl.: HM; CH, RO, BR; SM; BR; HD; TR ⁽²⁾ Excl.: HM; TR, CH, RO; SM; FR, ES, IT, TR, BR; HD; ES, TR, CN; NET; ES
⁽³⁾ Excl.: HM; CH, RO; HD; CN ⁽⁴⁾ Excl.: HM; CH, RO, BR, CN; SM; BR; HD; TR.

Energy consumption by source⁽⁴⁾



■ 3 questions for Paul Rowsome, Group Environmental Manager



■ How can a Group like Carrefour contribute to the fight against climate change?

As a distributor, the Carrefour group can help to directly and indirectly reduce greenhouse gas emissions. Directly, by cutting its consumption of gas, fuel and refrigerants in its consolidated stores and warehouses. Indirectly, by reducing the consumption of electricity, disposable checkout bags, paper and other consumables, on the one hand, but also by reducing emissions related to the delivery of products to our stores (deliveries to our warehouses by our suppliers and deliveries to the stores by our logistics providers). Finally, the products we offer can help customers develop sustainable consumption (energy-saving light bulbs, ecolabeled products, etc.).

■ How do you accurately measure Carrefour's impact?

To measure and monitor our impact, in 2002 we set up key performance indicators for the Group, including for energy consumption, refrigerant consumption and logistics emissions of CO₂. Since 2006, these reportings take place

three times per year. In addition, in 2002 and in 2004 we conducted a carbon assessment of our stores and our warehouses in partnership with the ADEME.

■ Have you developed partnerships to help with your approach?

For Carrefour, Sustainable Development has to involve a partnership approach. In France, we concluded a three-year framework agreement in 2004 with the ADEME to work in particular on logistics and on our stores. With respect to logistics, we work with our logistics providers, industry and public agencies in the Demeter Club. Finally, we work at the store level with our energy providers and equipment makers.

■ Managing our stores: for environmental management



■ Frozen food cabinets with glazed doors, France Carrefour hypermarket.

To control its energy consumption, the Carrefour group has sought to optimize its use of energy by measuring it post by post, by raising employee awareness so that they change their behavior, and by making use of energy efficiency through regulation, maintenance and the use of innovative technology.

■ The case of the France hypermarkets

The France hypermarkets have rolled out an energy management control system in all their stores. This automated system manages the electrical facilities by regulating energy consumption in order to avoid any waste.

Breakdown of energy consumption by item (%) with best practices rolled out as work on the stores progresses:

■ Cold production 45%:

- installation of glazed doors for frozen food cabinets;
- generalization of automated nighttime curtains for the cold cabinets.

■ Air conditioning 20%:

- use of free-cooling in mid-season (Sept./Oct. and March/May) to cool the store naturally by opening roof skylights and thus cutting the need for high-energy consumption air-conditioning.



■ Lighting 20%:

- fitting out all stores with lights with integrated electronic ballasts that consume 20% to 25% less energy and last at least 40% longer.

■ Laboratories 15%:

- closing in butcher laboratories that were previously open to the sales area;
- reducing the height of laboratories and cold cabinets, which makes it possible to cut the need for cooling.

■ Check out bags and catalogues: making use of life-cycle analysis

To better assess the impact of the distribution of checkout bags and advertising catalogues and brochures, the Carrefour group has conducted life-cycle analyses. These analyses measure the greenhouse gas emissions throughout the life cycle of the products in question.

- In 2003-2004, the Carrefour group conducted a life-cycle analysis of several of checkout bags, which was reviewed and criticized by the ADEME, and which demonstrated the ecological usefulness of the reusable carrier bag from the fifth time it was used, and led to setting up an alternative to disposable bags in the stores.



■ Awareness-raising notice, Belgium.



■ Consumer magazine, Italy.

- In 2005, the Carrefour group conducted a life-cycle analysis of a catalogue distributed in the Dijon region of France, in partnership with La Poste, Media Poste and the ADEME. The study confirmed the Group's environmental strategy to use low-grammage paper and recycled and/or certified wood pulp from well-managed forests.

FOCUS on: Climate change

■ Managing logistics



■ Ooshop natural gas delivery truck.

■ Controlling logistics impacts in three steps

Wherever the Carrefour group operates, it integrates sustainable development into its logistics approach so as to limit CO₂ emissions and its environmental impact. This integration takes place in three steps:

- › massification of flows, which requires setting up a national logistics network with integrated and sub-contracted warehouses;
- › streamlining flows and transport trips;
- › Environmental management of our sites and studying alternative transport methods.

For streamlining flows and transport trips

To optimize its logistics flows, the Carrefour group can factor in orders, the frequency of deliveries, the truck occupancy rate in transport trips. In each case the goal is to reduce the number of trucks and the distance traveled:

- › To optimize deliveries, the Carrefour group is adapting the frequency of pick-ups at suppliers to the stores' actual needs. To reduce the number of trucks used, the store delivery time slots are also being spread out.
- › To fill the trucks better, several types of goods (in particular dry and fresh produce) are mixed, using innovative packaging such as Eurack.
- › To optimize its flows, the Carrefour group works hand in hand with its suppliers and logistics providers, and uses "backhauling" and "pooling".

■ What is "backhauling"?

"Backhauling" consists of using trucks that have completed store deliveries to collect any goods ordered at suppliers and deliver them to the warehouses.

■ What is "pooling"?

Pooling consists of asking suppliers to organize among themselves to gather their goods and use a single truck for delivery to the stores or warehouses.

■ What is Eurack packaging?

Eurack packaging makes it possible to stack store pallets by product family. Transport is thus optimized (saving ground space) and the products are not damaged.

■ France: 9,500 fewer trucks on the road in two years

France hypermarkets considerably optimized their downstream transport of food products in the last two years by optimizing transport trips (+27% of co-deliveries), optimizing trucks (more pallets per truck) and optimizing pallets (+25% more packages per pallet). The result – 9,500 fewer trucks on the roads!

■ For alternative transport methods

To reduce its environmental impact, the Carrefour group has promoted alternative transport methods in several European countries (France, Spain, Italy, Romania, Poland): water transport, rail road, etc. The Group is also encouraging its logistics providers to use vehicles that consume and pollute less (Euro4 standard in Europe), and it is testing alternative fuels (delivery vehicles running on natural gas, study on bio fuels, etc.).



■ Carrefour rail road operation in France.

■ France: using the river for non-food imports

In France, one-third of container supplies headed to the Paris region's non-food warehouses (Bondoufle for bazaar goods and Saint-Denis for textiles) travel by river on barges along the Seine between Le Havre and the port at Genevilliers. Each year river transport leads to a savings equivalent to 340 tons of CO₂ emissions.

■ Customer travel

■ Transport methods for different formats

- › In Europe, depending on the country, between 48% and 94% of customers are driving to their hypermarket. This store format, which offer everything under a single roof, enable their customers to optimize their time and their car trip by finding everything they need.
- › The other store formats – supermarkets, convenience and hard-discount – enable Carrefour group customers to do their top-up shopping. They are thus more adapted to alternative transport methods, such as public transport, bicycles or walking.
- › Online shopping – Ooshop.com and booster.com – enable Carrefour group customers to do their shopping “with a simple click” from home.

■ France: selling alternative fuels

To encourage greater use of clean vehicles, the Carrefour group is selling alternative fuels. In France, the Group has offered a new Carrefour blend of gas-oil since 2005. This diesel is enriched with the OCTIMISE D3010 additive and provides less pollution and excellent fuel performance at a Carrefour price. In November 2006, the Group signed the “Charter for the development of the E85 superethanol in France”, and by end 2007 it is committed to opening 40 pumps offering this bio-fuel.



■ Distribution of the E85 superethanol bio-fuel in France.



■ Switzerland: sponsoring a bus line

To give its customers greater choice, in many countries the Carrefour group has taken part in the extension of bus lines to provide public transport for its stores. In Bienne, Switzerland, for instance, Carrefour has sponsored a local bus line to provide an alternative to the car from the city center and to facilitate access for the elderly and disabled people.

■ Mobilizing customers

■ Awareness-raising campaigns for responsible products

- › To change patterns of consumption, the Carrefour group is developing and/or listing products that promote sustainable consumption: products with eco-labels, which consume less energy or water, which last longer, etc.
- › To change consumer habits, the Carrefour group raises customer awareness in its stores with special events like World Environment Day.

FOCUS on:

Sustainable construction

As it carries out its construction and remodeling, the Carrefour group makes use of “sustainable construction” principles, an approach that combines control over total costs (including operations) with respect for the environment.

“ **12,547**
stores under Group banners
worldwide

The Carrefour group’s stores around the world are developing and modernizing at a rapid pace. In 2006, the Group opened 1.4 million sq.m. of sales area, by opening new stores and expanding existing stores. Building and remodeling operations are a time to test innovative “sustainable construction” solutions, which will then be rolled out more broadly.

■ 3 questions for Stéphane Dufort, Quality & Sustainability manager, Champion France



■ You are first France supermarket retail banner to have implemented a High Environmental Quality approach?

In 2004 we actually developed a HEQ approach when we remodeled our pilot store in Saint-Maur-des-Fossés. We implemented this approach in cooperation with the local community and City hall as part of our effort to find a harmonious relationship between the building and its environment, to minimize any problems from the work site, and to test innovative technical solutions so as to save energy, water and waste.

■ Have the initial results from the operations at Saint-Maur-des-Fossés been conclusive?

A comparison of electricity, water and gas consumption between 2005 and 2006 speaks for itself: 11% electricity-savings for cold production based on investments in new technologies; 40% electricity-savings for lighting, by using neon lighting with electronic-sodium ballast and natural lighting; 25% gas-savings, thanks to the “smart building” system;

and 35% savings in water by using ice removal ramps of the fresh fish department, water-savings systems and optoelectronic controls.

■ Are you going to extend this approach to other supermarkets?

In 2006, two Champion supermarkets, in Bordeaux Bastide and Toulouse, made use of certain techniques in the HEQ approach for their remodeling. To share the experience at Saint-Maur-des-Fossés, we have produced a “Guide to best sustainability practices”. This is useful in case of creating, expanding or remodeling a store, and was distributed to all store directors and translated into English for use internationally.



■ Champion Saint-Maur-des-Fossés.

■ France Hypermarkets' proactive policy

France Hypermarkets have a proactive environmental policy and are committed to developing shopping centers and their surroundings in cooperation with the local community, and to controlling their consumption of water and energy.

■ Control of energy

Policy: the hypermarkets are committed to optimizing both energy use as well as the production of renewable energy.

Best practices:

- 1) The St-Quentin-en-Yvelines hypermarket has what is called a green roof or eco-roof. This provides natural thermal insulation and minimizes the use of air conditioning.
- 2) Renewable energy at Chambéry: a geothermal system that uses ground energy and 200 sq.m. of solar panels to produce energy.

■ Sustainable materials

Policy: the hypermarkets are developing an analysis of market materials to integrate environmental and health impacts throughout their life cycle.

Best practices:

- 1) The hypermarkets at Chambourcy and Amiens have tested a new sealant for their roofing: cold set, composed in part by mineral matter, resistant to UV rays, and recyclable.
- 2) All hypermarkets give preference to the use of solvent-free paint, or if necessary to paints with the lowest solvent rates, for the inside of their buildings.

■ Water management

Policy: the Hypermarkets are committed to rationalizing the use of municipal water, to minimizing the discharge of wastewater and to controlling their impact on rainwater management.

Best practices:

- 1) All the Hypermarkets are equipped with a container to collect grease and suspended matter before the wastewater is discharged. Some are testing biological processing systems.
- 2) Two Carautoroutes petrol stations in Toulouse and La Palme have set up reed beds to treat waste water on the site.



■ Green roof on the St-Quentin-en-Yvelines hypermarket.

■ Integration within the landscape

Policy: the Hypermarkets are committed to integrating into their urban environment, to optimizing the management of the flow of pedestrians and vehicles, and to creating green spaces.

Best practices:

- 1) In 2006, the Hypermarkets drew up a Landscape charter committing them to emphasize indigenous vegetation that requires little water and maintenance.
- 2) The shopping center at Carré-Sénart invested heavily in green spaces so as to harmonize with the plans of the city of Melun. Large shrub "carpets" and plots planted in the car park help integrate the site into the area, in particular with respect to the delivery areas and natural reserves.

■ Environment and construction: the example of Limbiate in Italy

In 2006, Carrefour Italy opened a hypermarket in Limbiate, Milan, near the "The Groane" protected area. To fit into this environment as well as possible, the store was built with natural materials (bricks, river stones, wood), and it offers its visitors green spaces with playful, educational sculptures around the park. Other strong points: the roofing is designed to collect rainwater, and electricity comes from the hydroelectric power plant in the Aoste valley.



■ Carrefour Limbiate.



“Sustainable Development is a necessary condition for corporate longevity. It is the measure of good risk management and a long-term vision.”

Robert Halley,
Chairman of the Supervisory Board

Evaluating our overall performance



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- 2006 Salon Actionaria.
- 2006 Shareholders General Meeting.



Evaluating our overall performance

SRI Indices			2002	2003	2004	2005	2006		
Aspi Eurozone	Vigeo - France		yes	yes	yes	yes	yes		
DJSI Stoxx Europe	Dow Jones - USA		no	yes	yes	yes	yes		
DJSI World	Dow Jones - USA		yes	yes	yes	yes	yes		
ECP Ethical Index Euro	E. Capital Partners - Italy		yes	yes	yes	yes	yes		
ECP Ethical Index Global	E. Capital Partners - Italy		yes	yes	yes	yes	yes		
Ethibel Excellence Europe	Ethibel - Belgium		no	no	no	yes	yes		
Ethibel Excellence Global	Ethibel - Belgium		no	no	no	yes	yes		
FTSE4 Good Europe	FTSE - GB		no	no	yes	yes	yes		
FTSE4 Good Global	FTSE - GB		no	no	yes	yes	yes		
Main SRI Funds			Value*	Investment**	2002	2003	2004	2005	2006
Banque Paribas & Cie SA	€3.2 billion	€5.35 million	no	yes	eligible	yes	yes	yes	
Dexia AM	€14.1 billion	€9.86 million	no	no	no	yes	yes	yes	
F&C AM	€3.205 billion	0	no	no	no	no	no	eligible***	
Ixis AM	€0.508 billion	€5.1 million	yes	yes	yes	yes	yes	yes	
Storebrand Investments	€26.34 billion	€5.18 million	no	yes	yes	yes	yes	yes	

* Total value of SRI funds as of 31 December 2006. ** Total value of Carrefour shares held in the SRI fund as of 31 December 2006. *** Eligible for the "Global Balanced Socially Responsible Investment" fund of F&C AM.

■ The Carrefour group's commitments

■ Establishing a fully transparent dialogue with the Socially Responsible Investment world

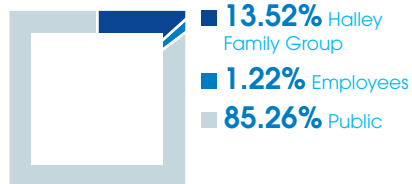
The Carrefour group submits its global performance to the evaluation of ratings agencies and SRI investors. The Group thus maintains a regular, transparent dialogue with extra-financial ratings agencies, SRI index groups, investors and insurance

companies. The Sustainability department answers questionnaires as well as one-off requests for information concerning the Group's policies and the actions taken by Business Units. It also meets with investors and answers their questions at road shows and meetings organized to cover corporate social and environmental responsibility.

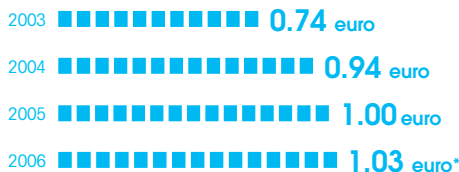
Breakdown of the Carrefour group capital

THE CARREFOUR GROUP'S SHAREHOLDERS

Breakdown of capital as of 31 December 2006



Changes in DIVIDEND (2003-2006)



The Carrefour group is a French corporation (SA) with a share capital of 1,762,256,790 euros.

At the end of 2006, the Group had more than **460,000** shareholders holding **704,902,716** shares. In 2006, there will be a proposal to distribute a dividend of **1.03 euro*** per share (* subject to approval of the shareholders at the General Meeting on April 30th 2007).

The SRI (Socially Responsible Investment) funds analysts speak

“ In 2006 Triodos Bank conducted a European Food Retailing sector study to identify Food Retail companies eligible for investment funds offered by Triodos Bank. Out of the nine companies Carrefour came fourth. The company is pro-active in the fields of Community, Environment and Supply Chain. Carrefour demonstrated community leadership by engaging with local communities in which it operates. The company shows awareness of sustainability issues throughout its supply chain by means of responsible sourcing guidelines for environmental issues and initiatives to reduce logistics impact. Carrefour’s Supplier Charter addresses key labour issues and conducts external audits, a best practice within the sector. Although the company has adopted measures regarding remuneration issues, the company could improve its transparency. Departure clauses for management are available only in the French version of the Annual Report, and we encourage further transparency and disclosure on this issue. ”

Tarra Hunchak,
Sustainability Analyst
Triodos Bank NV

“ As part of Dexia AM’s best in class sustainability analysis we believe that Carrefour showed particularly strong sustainability-related performance in aspects related to the environment and to its employees. Green housekeeping measures are evident across the majority of operations, although further clarification of how franchise operations are integrated would be welcomed. However, the continued expansion of Quality Lines and the introduction of a sustainable fisheries policy and associated programme are particularly encouraging. In addition, Carrefour’s commitment to work in close collaboration with its suppliers on key sectoral issues, ranging from fair-trading to improving farming practices, is also considered to be positive. We are also awaiting with interest to see how Carrefour will further strengthen its supply chain policies and monitoring programmes through the recently announced “Global Social Compliance Program”. ”

Stephanie Dunn,
Senior Sustainability Analyst
Dexia AM

RELATIONS WITH OUR SHAREHOLDERS

The Carrefour group regularly and transparently informs its shareholders of its economic and financial results. This information is available via the Annual Report, the shareholders’ guide, the shareholders’ newsletter, press releases, a website and an online newsletter available 24/7 on a toll-free telephone number (0805 902 902). The Group also meets with its shareholders to answer their questions at the General Meeting, Shareholders’ Meetings and the Salon Actionaria.

For more information about corporate governance at the Carrefour group and its economic results in 2006, see the Annual Report at www.carrefour.com.



Key moments of the mobilization in France



THE GROUP IN FRANCE



Economic and commercial challenges: “responsible” own-brand and retail-banner products have been offered in all the retail banners for people who wish to engage in sustainable consumption. These include: 1) environmentally-friendly textile and food products (Carrefour AGIR Bio, Champion Bio, Grand Jury Bio); 2) DPH, paper and garden furniture products with the eco-label NF Environment, FSC or PEFC (Carrefour AGIR Éco Planète, Champion Éco Planète); 3) fair-trade food, bazaar and textile products (Carrefour AGIR Solidaire, Champion Équitable). For this entire category of “responsible” products, the principle adopted by the Group is to rely on the warranty of official labels whenever they exist or, when they do not, on private labels.

For more information, see: scientific committees and documentation (p. 10), mobile telephones (p. 21), Reflets de France regional products (p. 24), computer tools to help set up a sustainability policy for suppliers (p. 25), franchises (p. 26), nutritional labeling (p. 29), “Nutrition Weeks” (p. 29), the EPODE program (p. 29), organic products (p. 31), the eco-label HPC range (p. 31), the “SOS conflits” module (p. 35), the GPEC agreement (p. 35), employee savings plans (p. 35), listening to staff (p. 35), the “Info Emballage” box (p. 45), the electronic waste and advertising catalogue recycling networks (p. 45), the carbon assessment of stores and warehouses (p. 46), logistics and alternative transport methods (p. 48), LNG distribution (p. 49).



Group in France: Carrefour AGIR Éco Planète DPH products.



Hypermarkets: “Clever Buying” campaign.

HYPERMARKETS



Environmental challenges: the France Hypermarkets can be proud of their very good results with respect to waste. In 2006, 112,000 tons of cardboard were collected, as well as plastic, metal, wood, glass, neon bulbs, solvents and aerosol cans. France Hypermarket customers also took part in this effort on waste. Containers to collect batteries, ink cartridges, and electronic waste were set up in the stores, and awareness-raising campaigns were conducted. The France Hypermarkets were also nominated for the Winning Planet Trophy (TPG), for their “clever buying = less waste” campaign, conducted in partnership with the ADEME and France Nature Environnement. A mini-guide and stickers on the floor of ten stores guided customers towards products that produce less waste: concentrated products, eco-label products, reusable products, large-sized products, rechargeable products, battery-free products, products distributed in bulk, etc.

For more information, see: the Carrefour Price Alert line (p. 23), the partnership guarantee with farming partners (p. 25), the “Carrefour AGIR Nutrition” range (p. 29), “Carrefour AGIR” products (p. 30), the “Responsible Fishing” range (p. 31, 43), the eco-label HPC range (p. 31), national organizations working for solidarity (p. 36), the HR policy for Corporate Diversity (p. 38), the agreement with the ANPE for simulation-based hiring (p. 39), the “gender mix” program for male-female equal opportunity (p. 39), the employment of disabled people (p. 39), the CIRMA contracts (p. 39), the halt to teak products (p. 43), the “from disposable to sustainable” campaign for eliminating checkout bags (p. 44-45), environmental management (p. 47), sustainable construction (p. 51).

CHAMPION SUPERMARKETS



Environmental challenges: Champion France produced a "Guide to best sustainability practices in the store" to share the experience of its pilot store in Saint-Maur-des-Fossés. The guide was designed with the technical help of the ADEME and the WWF, and is intended for the 1,025 store directors as well as the department heads. The guide is useful during the new construction, expansion or remodeling of a store, but also for everyday operations, and helps to make assessments (energy consumption, environmental pollution, quality of facilities) and offer ready-made solutions to improve performance. The guide is becoming a model for the Group, and has been translated into English and distributed internationally to all BU directors.

For more information, see: the "Responsible Fishing" range (p. 31, 43), the eco-label HPC range (p. 31), "everyone working for our customers" training (p. 39), the agreement with the ANPE for simulation-based hiring (p. 39), the male-female equal opportunity agreement (p. 39), the employment of disabled people (p. 39), the "From disposable to sustainable" campaign for eliminating checkout bags (p. 44), the sustainable construction in the pilot store in Saint-Maur-des-Fossés (p. 50).

CASH&CARRY



Environmental challenges: Promocash is mobilizing its customers to collect used food oils. It offers testers with strips and electronic testers and, in partnership with *Allo à l'huile* ("Hello to oil"), offers a service to collect used oil for recycling.



Champion supermarkets:
Sustainable Development guide.

CONVENIENCE (SHOPI, 8 À HUIT, MARCHÉ PLUS, PROXI)



Environmental challenges: all the convenience store retail banners in France are making an effort to eliminate checkout bags. A new free bag that is less polluting, thanks to the reduction in the number of inks used in printing, and which has the NF Environnement eco-label, was set up in all the stores. At the same time, Shopi extended its collection of reusable carrier bags, 8 à Huit renewed its collection and Marché Plus set up its own collection. There has been a significant impact on the volume of free bags as, from 2005 to 2006, it fell by 25% for all the convenience banners together. Finally, a communications scheme is available for stores that have had to stop the distribution of free bags.

For more information, see: the Grand Jury "selection équilibré" nutrition range (p. 29).

HARD DISCOUNT



Economic and commercial challenges: Ed is sensitive to the increasing problem of overweight children, and since 2004, as part of its "a balanced diet at Ed prices" campaign, has offered balanced meals designed by a dietician for the entire family. As children often avoid fruit and vegetables, in 2006 launched a special campaign aimed at children. They were asked to compose their own balanced meals, by arranging "funny faces" in their plates: Willy the broccoli, Pollette the omelet, etc. Each meal was designed by a dietician to meet the principles of healthy eating for children. Ed, which no longer distributes advertising brochures, reported on this operation in the free newspaper *Paru Vendu*, 14 million copies of which are distributed throughout France, and through 500 subway ads in Paris, and on a special Internet site: www.manger-equilibre-avec-ed.com.

For more information, see: nutrition (p. 28), listening to staff (p. 35).



Ed: balanced diet campaign.

ONLINE SHOPPING



Economic and commercial challenges: Ooshop fully subscribes to the Carrefour group's nutrition policy. It is the only cybermarket in France to offer its customers a space entirely dedicated to nutrition, at www.ooshop.com. Customers can find a great deal of advice on preparing three balanced meals per day. To help them make their choices, they have access to a wealth of information related to the "nutrition boxes" on Carrefour products on a special mini-site. Finally, at end March Ooshop adopted the EPODE program to prevent child obesity, using amusing advice for mothers to "promote the practical discovery of different foods and to appreciate their taste".

For more information, see: Eco Attitude website (p. 30), the partnership with the ARES association (p. 39).

Key moments of the mobilization in Europe



BELGIUM



Economic and commercial challenges:

Carrefour Belgium emphasizes local supplies, and since November has offered its customers "Purus" shrimp caught in the North Sea by Belgian trawlers. Purus is a quality brand created to maintain the income of the trawlers, and the shrimp are caught using traditional techniques. The government has given them a "regional products" label. Carrefour Belgium is supplied directly by the fishermen's association at a fixed price.

Economic and commercial challenges:

In March 2006, the GB stores launched their quarterly lifestyle magazine *Mon GB*. *Mon GB* offers a wealth of advice and practical information for a balanced diet and everyday well-being, along the lines of the Belgian National Nutrition and Health Plan (PNNSB).

For more information, see: scientific committees and documentation (p. 10), mobile telephones and the GB/La Poste partnership (p. 21), "Souvenirs du terroir" regional products (p. 24), franchises and the testing of the heat exchange pump at Remouchamps (pp. 26-27), nutritional labeling (p. 29), the EPODE and VIASANO programs (p. 29), the "Responsible Fishing" range (p. 31), the eco-label DPH range (p. 31), management training (p. 33), listening to staff (p. 35), the "Prevention, emotions and management in case of a crisis" module (p. 35), the halt to teak products (p. 43), the elimination of checkout bags (p. 44), packaging for minced meat (p. 45).



Belgium: "Purus" logo.



Spain: good citizens campaign about electronic waste.

SPAIN



Environmental challenges:

in accordance with new European legislation, the Carrefour group has the obligation of taking in any used electric or electronic equipment upon the purchase of new equipment, and to display for each item the amount of the eco participation tax, and to train its teams. In 2006, Carrefour Spain called on the Fondation Ecolec to explain the new legal requirements to its employees. A good citizens campaign aimed at customers was conducted in the stores, with the help of the checkout personnel and informational leaflets. Software was also set up to ensure the traceability of electronic waste throughout the collection and recycling process.

Economic challenges: after two years of coordination and standardization, in October DIA Espagne obtained ISO 9001/2000 certification for quality. This certification was awarded by the external certification agency Applus and covers the process of approval, validation and control of suppliers of own-brand and retail-banner products as well as the control of fruit and vegetables. The point is to demonstrate to customers and suppliers DIA Espagne's commitment to quality.

For more information, see: mobile telephones (p. 21), De Nuestra Tierra regional products (p. 24), franchises (p. 26), nutritional labeling (p. 29), the EPODE program (p. 29), organic products (p. 31), the eco-label DPH range (p. 31), the "Dia hears you!" Listening to Staff survey (p. 35), national agencies dedicated to solidarity (p. 36), receiving the Highest award of the Spanish Red Cross (p. 37), integration of disabled employees (p. 39), decrease in the number of checkoutbags (p. 45), logistics and alternative transport methods (p. 48).



ITALY



Environmental challenges: Carrefour Italy dedicated World Environment Day 2006 to the theme of energy consumption, with an informational campaign in all the retail-banner stores. On this occasion, Carrefour Italy gave part of the sales of its Viversano, CQL and Scelgobio products to support four WWF Italy oases which were equipping in solar panels. In addition, in December Carrefour Italy joined in a WWF informational campaign on energy efficiency in the home by hosting the WWF "ecological home" and proposing a free visit by experts to its customers' homes.

For more information, see: the sale of medication without prescription (p. 21), the intranet product recall management and alert tool (p. 22), the new segmentation of own-brand and retail-banner products (p. 23), Terra d'Italia regional products (p. 24), franchises and the tools for liaising with the franchisee network (pp. 26-27), the In Forma nutrition ranges (p. 29), nutritional labeling (p. 29), organic products (p. 31), the eco-label DHP range (p. 31), listening to staff (p. 35), the male-female equal opportunity agreement (p. 39), the halt of teak products (p. 43), logistics and alternative transport methods (p. 48), sustainable construction and the hypermarket at Limbiate (p. 51).



Italy: partnership with WWF for World Environment Day 2006.

POLAND



Social challenges: in 2006 Carrefour was the first hypermarket chain in Poland to have initiated a program to hire disabled people in its stores in the central region. An agreement was signed in September for this purpose with the Polish Union of deaf people to promote the hiring of its members.

Environmental challenges: on the occasion of World Environment Day 2006, Carrefour Poland decided to support Poland's Our Earth Foundation and its "friends of the forest" campaign. The goal was to raise awareness about environmental protection and in particular to defend Poland's forests.

For more information, see: the Customer silver award (p. 21), nutritional labeling (p. 29), organic products (p. 31), management training (p. 33), listening to staff (p. 35), the employment of disabled people (p. 39), logistics and alternative transport methods (p. 48).



Poland: partnership with the Polish Union of deaf people.

GREECE



Social challenges: as the economic future of a country depends on the education of its young people, Carrefour Marinopoulos decided to participate for the second year in a row in the French embassy's program in Greece: "Vrika!", which means "I've found it" in Greek. The principle is to offer Greek students grants to give them the opportunity to pursue their studies in a world-renowned French university for one year. Carrefour Marinopoulos partners the operation through the Carrefour Marinopoulos-"Vrika!" grant.

For more information, see: mobile telephones (p. 21), franchises (p. 26), organic products (p. 31), management training (p. 33), listening to staff (p. 35).



Greece: Vrika !.

Key moments of the mobilization in Europe

PORTUGAL



Environmental challenges: Carrefour Portugal mobilized through its Carrefour Quality Lines to promote food safety, respect for the environment and the economic and social development of the regions of Portugal. Ten new product lines were developed in 2006, and the annual meeting of CQL producers, which was attended by local public authorities and all store managers, was a real success. To raise the environmental awareness of young people, Carrefour Braga used the occasion of the International Year of Deserts and Desertification to invite local schools to take part in an educational project in June - the Quality Lines circus!

Social challenges: Dia Portugal carried out an action plan in 2006 to improve the performance of its human resources. The priorities included better customer service and the organization of hygiene and safety in the workplace.

For more information, see: franchises (p. 26), nutritional labeling (p. 29), the eco-label DPH range (p. 31), listening to staff (p. 35).



Portugal: International Year of Deserts and desertification.



Switzerland: health and safety in store: monitoring of salmon's temperature.

SWITZERLAND



Economic and commercial challenges: Carrefour Switzerland used 2006 to focus on food hygiene and safety. A new HACCP system was developed with self-checks, risk analysis, traceability, checklists and external controls. With technical assistance from the Group Food Marketing Department, a new system for managing quality/safety was set up offering an innovative approach to organization, purchasing and sales processes, and crisis management.

For more information, see: franchises (p. 26), listening to staff (p. 35), sponsorship of a bus route (p. 49).

TURKEY



Social challenges: Carrefour Turkey set about developing its Code of Ethics in 2006. Following a survey of its employees, a nationwide Ethics Committee was set up. Five working groups made up of employees at the stores, warehouses and head office joined together to produce the Code. Once it had been approved by the Comex, it was distributed to all company employees. Training was also organized, along with a monthly publicity campaign. A toll-free hotline and an email address were also set up to answer any questions.

For more information, see: the ethics hotlines (p. 6), listening to staff (p. 35).



Turkey: Ethics hotline.

Key moments of the mobilization in Latin America



Argentina: Code of Ethics.



Brazil: Viver products.

ARGENTINA



Economic challenges: to encourage healthy eating, Carrefour Argentina conducted an awareness-raising campaign in 2006 aimed at schools near hypermarkets in four provinces. Nutritionists gave advice and informational materials to schoolchildren, and the campaign reached 900 children.

Social challenges: to ensure the implementation of the Group's Values, Carrefour Argentina distributed the Code of Ethics to all its employees. It took two other measures to supplement this: the creation of a toll-free "Act line" (0800-1 Act) to report behavior that conflicts with the Group's ethics, and, in June 2006, the creation of an internal control team that reports to Security, to carry out prevention and control activities. In only six months there were 351 reports, and 80 corrective measures were taken.

For more information, see: ethics hotlines (p. 6), scientific committees and documentation (p. 10), franchises (p. 26), listening to staff (p. 35), nationwide solidarity organizations (p. 36).

BRAZIL



Economic and commercial challenges: in 2006, Carrefour Brazil launched an own-brand range of 80 nutritional products, called "Viver", which is designed to promote health and well-being day after day. The range includes five types of product: "light" products (with 25% less sugar, fat, salt and carbohydrates); diet products (without sugar, protein or fat); organic products (certified); soya products; and products enriched in minerals, vitamins, anti-oxidants, grains, fiber, folic acid, omega acid, etc. The packaging of these products contains information about their nutritional qualities, as well as tips and recipes. A publicity campaign accompanied the launch of the Viver products, including a catalogue, a special Web site and store events.

For more information, see: ethics hotlines (p. 6), scientific committees and documentation (p. 10), franchises (p. 26), nutritional product lines (p. 29), organic products (p. 31), management training (p. 33), listening to staff (p. 35), nationwide solidarity organizations (p. 36), the Carrefour Volunteer program (p. 37), the employment of disabled people (p. 39).

COLOMBIA



Environmental challenges: in 2005, Carrefour Colombia set up a comprehensive environmental management system for its stores. Every hypermarket is supposed to draw up a document that includes its environmental analysis and the tools and procedures that have been set up for sustainable management. For example, it covers liquid waste, the consumption of water and energy, the consumption of office paper, air and noise pollution, both conventional and dangerous solid waste, used oils, customer awareness, and much more. By the end of 2006, the 23 hypermarkets opened before June already had this framework document, and the hypermarkets opened in the second half of the year were developing it, while already having taken the measures needed to ensure environmental protection and the reduction and improvement of their impact.

For more information, see: ethics hotlines (p. 6), the regional Tierra de Colombia products (p. 24), the plan for the prevention and reduction of work-related accidents (p. 33), listening to staff (p. 35), the program to help people displaced by armed conflicts (p. 37); the employment of disabled people (p. 39), the Carrefour Quality Line "North Bolivar shrimp" (p. 43).

Key moments of the mobilization in Asia



CHINA

Carrefour  Dia 

Economic and commercial challenges:

As lifestyles continue to change in China, the percentage of 7 to 17-year-old children who are overweight or obese is growing constantly. Aware of its responsibility as a retailer, Carrefour China decided to take a position on this sensitive issue. From 19 to 25 July 2006, Carrefour China organized a “Nutrition Week” in its six hypermarkets in Beijing, in cooperation with the Food Safety Foundation and the International Institute of the Life Sciences. The program included a billposting campaign, the distribution of informational leaflets, radio messages, in-store videos, etc. The goal was to promote healthier lifestyles and dietary habits, but also to cooperate with the food industry to combat micro-nutritional deficiencies.

For more information, see: the ethics hotlines (p. 6), the scientific committees and documentation (p. 10), progression in the level of the quality approach (p. 23), the Food Safety Foundation and the training of suppliers (p. 25), the “Nutrition Weeks” (p. 29), organic products (p. 31), listening to staff (p. 35), the WWF cooperation project to aid the development of the peasants of Sichuan (p. 37), social audits (p. 41).



China: Nutrition Week.



Indonesia: “cheap market”.

INDONESIA

Carrefour 

Social challenges: solidarity is a core value of the Carrefour group in Indonesia. Carrefour Indonesia participates more than 20 times each year in organizing the “cheap markets” launched at the initiative of the Indonesian government. These enable more than 3,000 inhabitants of poor neighborhoods to buy a set of basic products for less than 1 euro. In addition, Carrefour Indonesia supports the communities where it operates by mobilizing to help renovate public schools, to build urban infrastructures such as sidewalks, and to help provide schooling for poor orphans. Finally, Carrefour Indonesia has joined with the Carrefour International Foundation to provide help in emergency situations (tsunami, earthquakes, floods), to provide micro-financing for the development of small enterprises (see p. 37), and, together with the ISCO association, to enable about 200 street children from three cities to go to school (Jakarta, Surabaya and Medan).

For more information, see: the ethics hotline (p. 6) supplier relations and the SME policy (p. 25), listening to staff (p. 35), the micro-finance program supported by the Carrefour International Foundation (p. 37).

MALAYSIA



Environmental challenges: every year Carrefour Malaysia holds a recycling campaign, and it dedicated World Environment Day (WED) in 2006 to reusable shopping bags. To promote reusability and recycling, Carrefour Malaysia launched a reusable bag. About 2,000 of these bags were distributed free to customers on the occasion of WED throughout Malaysia. Customer surveys were also conducted in all the stores to evaluate customer awareness of the negative impact of plastic and to assess the value of distributing the reusable bags.

For more information about listening to staff, see p. 35.



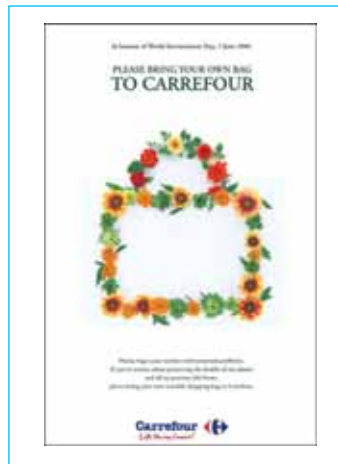
Malaysia: World Environment Day 2006.

TAIWAN



Social challenges: the Carrefour Taiwan Foundation is committed to urban living and in September 2006 it received, for the 7th year in a row, the first prize of the Weun Xin Award from Taiwan's Director of cultural affairs. Carrefour Taiwan has also won recognition for its active involvement in developing the arts and culture in the Taiwanese community, from among more than 100 other foundations and initiatives. The stores held many events in 2005: an exhibition of puppets to celebrate the 92nd anniversary of Xiixiyuan Theater, an exhibition of kites, an exhibition of national masks, participation in the mid-Autumn festival, etc.

For more information, see: scientific committees and documentation (p. 10), improvement in the level of quality procedure (p. 23), nutritional labeling (p. 29), listening to staff (p. 35), national agencies devoted to solidarity (p. 36).



Singapore: World Environment Day 2006.

SINGAPORE



Environmental challenges: Carrefour joined with other Singapore retailers to promote reusable shopping bags among its customers, in cooperation with two government agencies, the National Environment Agency and the Singapore Environmental Council. A campaign launched in February by the Ministry for the Environment, Water and Natural Resources called for the free distribution of reusable bags. To make an impact, Carrefour Singapore devoted World Environment Day 2006 to this theme, and asked customers to bring their own shopping bag ... a reusable one, of course!

For more information, see: "Nutrition Weeks" (p. 29), listening to staff (p. 35).

THAILAND



Environmental challenges: to offer its customers fresh, tasty, authentic products, in 2006 Carrefour Thailand developed a new Carrefour Quality Line called "orange special honey" that was awarded the Q-Mark label. The Carrefour Ladprao store also received the Q-Mark label from the Ministry of Agriculture and Cooperatives, which certifies product quality, for the "fresh packed shrimp" line. The "fresh packed shrimp" line was also honored during the "Thai fish 2006" exhibition organized by the Fishing Department and the Ministry of Agriculture and Cooperatives to promote the most innovative fishing techniques and supply chains and encourage commercial marketing abroad.

For more information, see: the remodeling of the Rama IV Road store (p. 21), progression in the level of the quality approach (p. 23), "Nutrition Weeks" (p. 29), listening to staff (p. 35).



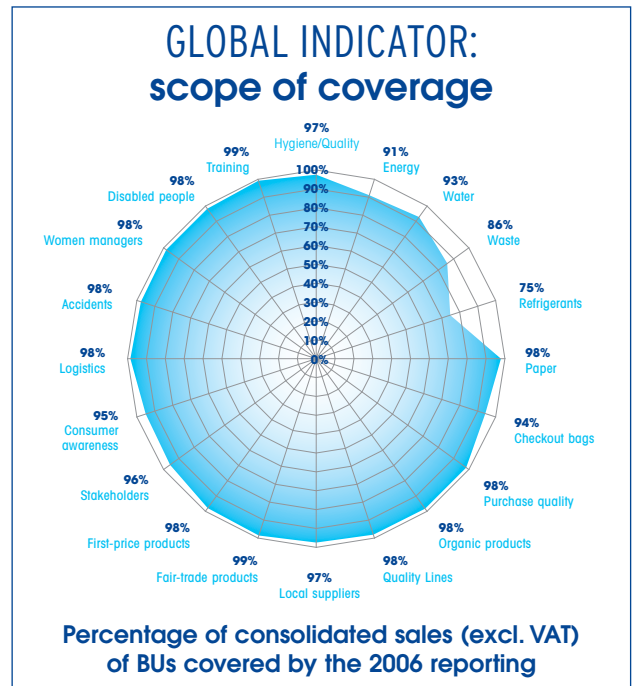
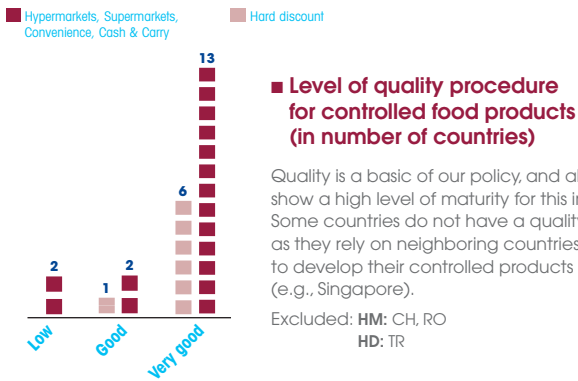
Thailand: CQL products.



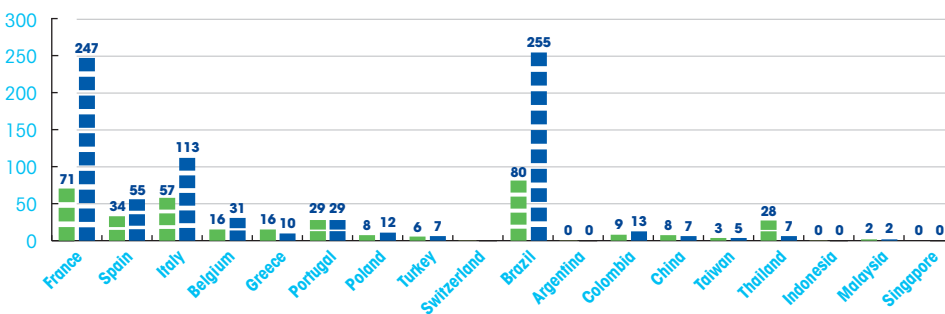
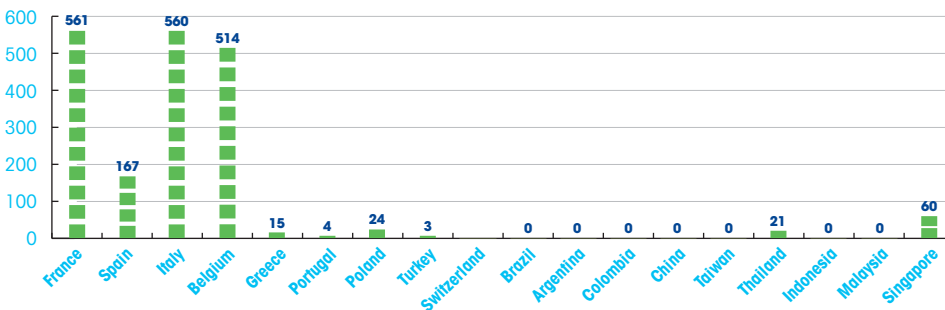
Taiwan: Weun Xin Award given to the Carrefour Taiwan Foundation Director on behalf of the Carrefour group.

Key performance indicators

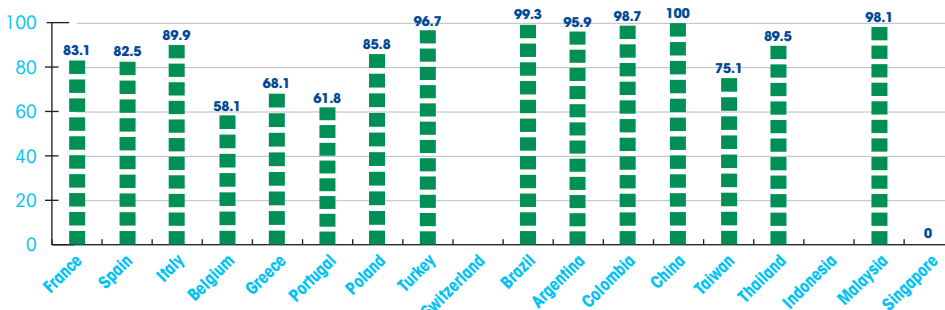
Key indicators Quality



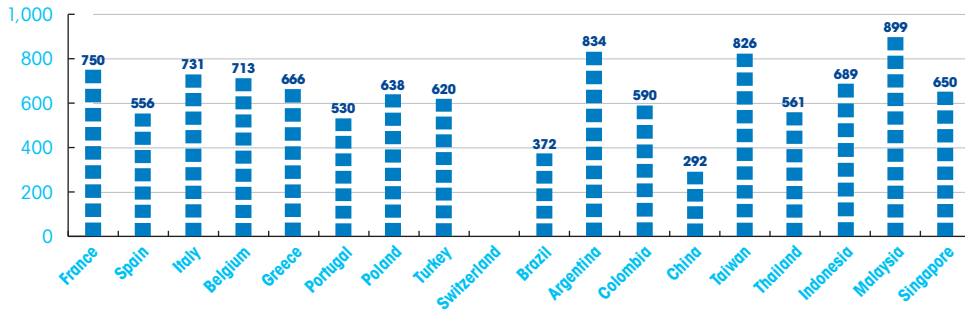
Key indicators Products



Key indicators Local Development



Key indicators Stores



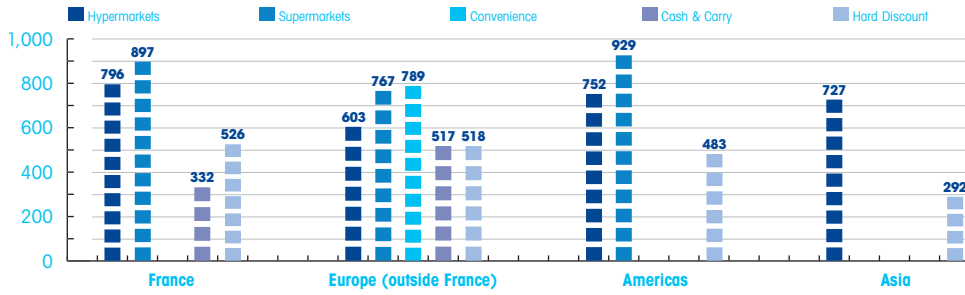
Energy consumption (kWh/sq.m of sales area) (results by country)

Most countries analyzed on a like-for-like basis cut their consumption between 2005 and 2006. France hypermarkets, which account for 20% of the Group's consumption, reduced consumption per sq.m. by 5.5% between 2005 and 2006.

Excluded: HM: CH, RO, BR, CN

SM: BR

HD: TR



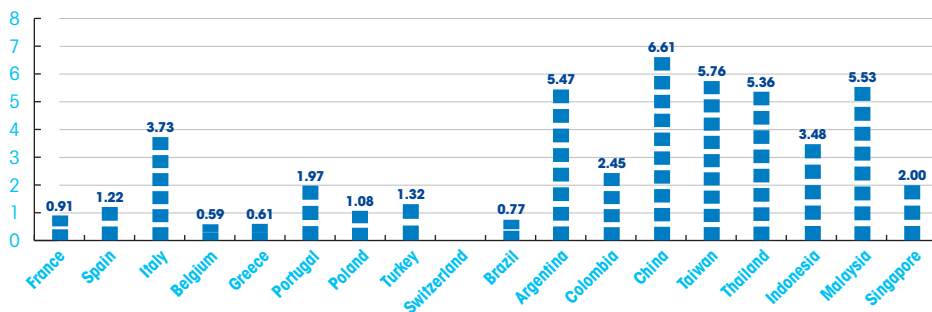
Energy consumption (in kWh/sq.m of sales area) (results by zone and format)

The hyper format represents about 60% of the Group's consumption. There was an average reduction of consumption per sq.m. for this format of 3.3% (like-for-like BUs) between 2005 and 2006.

Excluded: HM: CH, RO, BR, CN

SM: BR

HD: TR



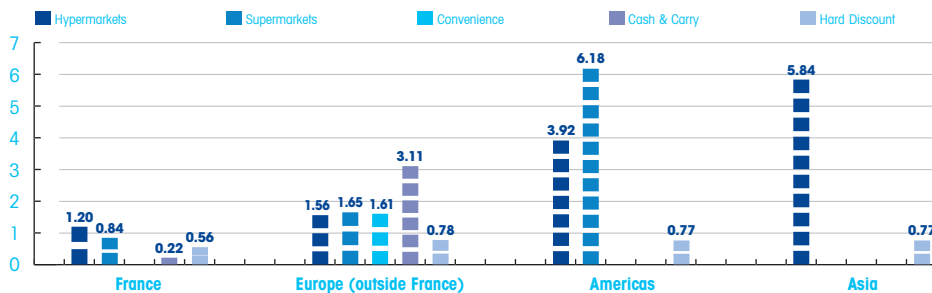
Water consumption (in cu.m/sq.m of sales area) (results by country)

Average water consumption for the Group was 2.10 cu.m/sq.m in 2006. The Asian stores, which continue to consume large volumes of water, account for more than 40% of the Group's consumption, due to the use of aquariums for the fish department.

Excluded: HM: PT, CH, RO, BR

SM: BR

HD: TR, AR



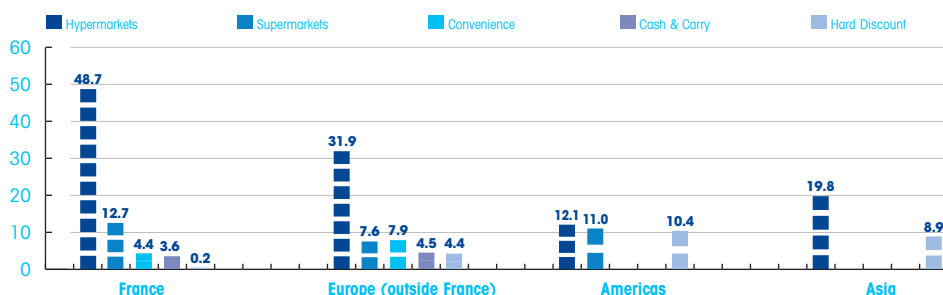
Water consumption (in cu.m/sq.m of sales area) (results by zone and format)

The efforts of the France supermarkets have produced good results, as they have reduced consumption by about 10% between 2005 and 2006.

Excluded: HM: PT, CH, RO, BR

SM: BR

HD: TR, AR



Quantity of paper purchased - commercial publications (in kg/sq.m of sales area) (results by zone and format)

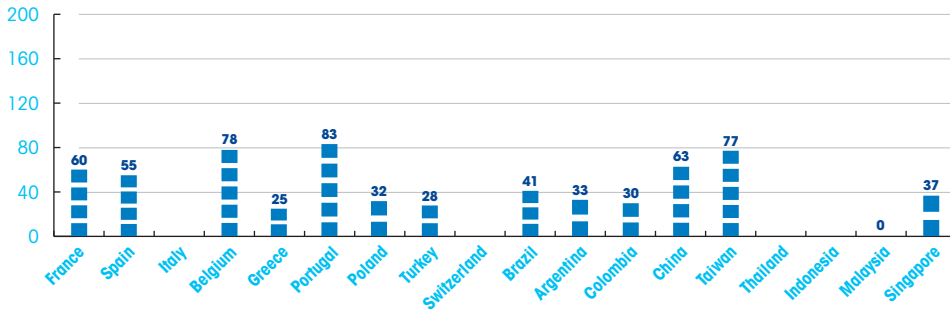
Paper quantities per sq.m. fell from 2005 by 9.3% for like-for-like BUs. The paper purchases correspond to consolidated and franchise stores. Improvements came mainly from the hypermarket stores in France, Spain, Italy, Belgium and China, thanks to better targeting of advertising and a reduction in paper weight.

Excluded: HM: PT, RO, MY

SM: BR

HD: TR

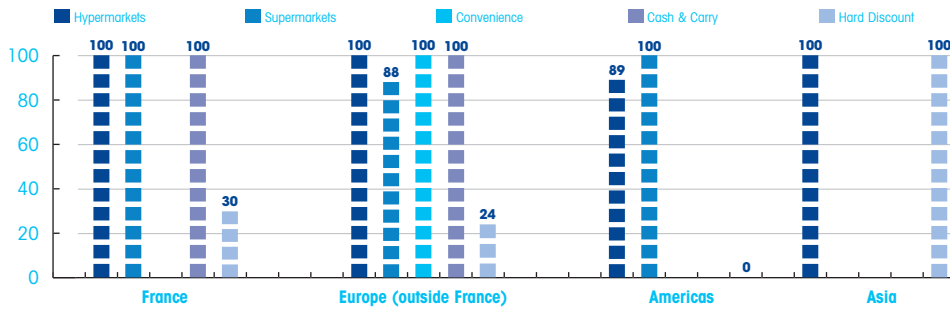
Key indicators Stores



Recycled waste (in kg/sq.m of sales area) (results by country)

The Group recycled more than 478,000 tons of waste. The level of recycling is related to the existence of a recycling system in the country and its maturity. Some countries, like China and Taiwan, are experiencing real progress.

Excluded: HM: IT, CH, RO, TH, ID C&C: IT
SM: ES, IT, GR, BR HD: CN
CON: IT, GR

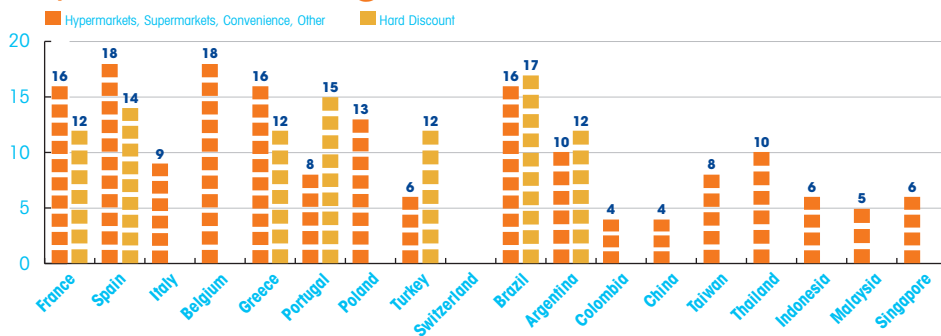


Percentage of consolidated stores audited on hygiene and quality criteria (%) (results by zone and format)

For formats that are equipped with laboratories and offer conventional fresh produce, at least two audits per year are required, to be conducted by independent laboratories. The Hyper, Super, Convenience and Cash-and-Carry formats have reached an optimum level. Despite the low share of fresh produce in the hard-discount format (Dia), it has made significant efforts in France, Spain, Portugal and Greece.

Excluded: HM: PT, CH, RO HD: TR
SM: BR

Key indicators Logistics



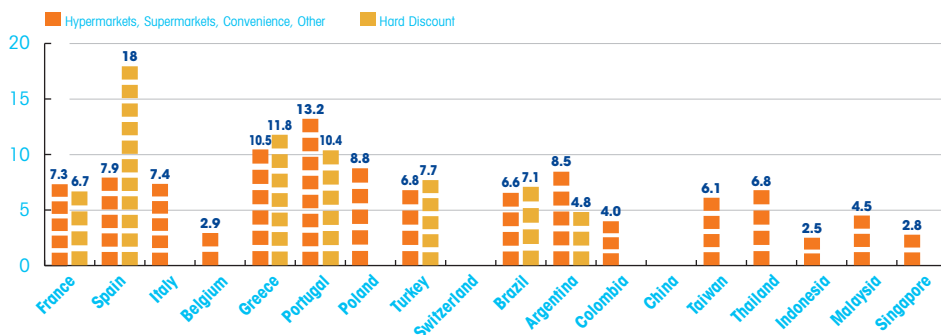
Level of maturity of the logistics process (results by country)

The self-assessed logistics process involves the implementation of massification, traceability, the cold chain, streamlining and environmental management.

Interpretation:

- between 1 and 5: in testing;
- between 6 and 10: being rolled out;
- between 11 and 15: rolled out;
- between 16 and 20: continual improvement.

Excluded: HM: CH, RO HD: CN



CO2 emissions per shipping unit (kg) (results by country)

CO2 emissions per shipping unit fell by 7% (like-for-like BUs) and 3.7% for the other formats (like-for-like BUs) between 2005 and 2006.

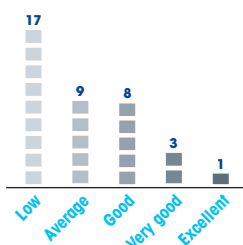
Excluded: HM: CH, RO HD: CN

Key indicators Communications

Level of information provided to consumers (in number of Business Units)

Level of information provided to consumers enabling them to make choices and engage in responsible consumption. Colombia posted an excellent level, and the France, Spain and China hypermarkets have a very good level.

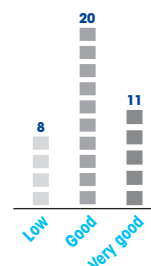
Excluded: HM: CH, RO, ID CON: FR
SM: BR HD: TR



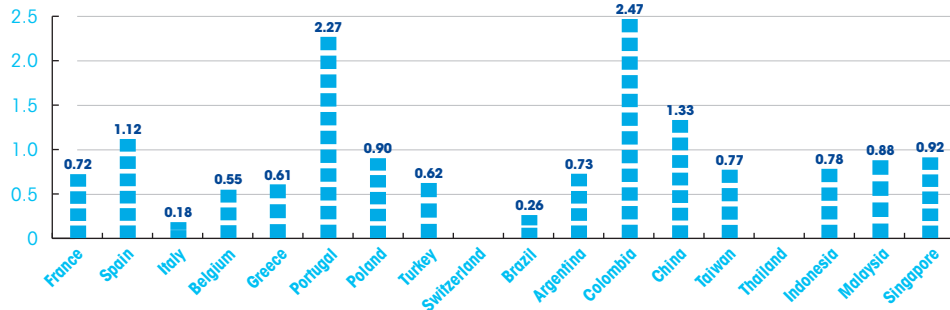
Level of dialogue with stakeholders (in number of Business Units)

Measures the level of dialogue with the internal and external stakeholders for each Business Unit, based on the number, scale and frequency of dialogue initiatives and actions. The Business Units with the best dialogue levels include the hypermarkets in China, France, Malaysia, Poland, Spain, Colombia and Indonesia.

Excluded: HM: CH, RO CON: FR
SM: BR HD: TR



Key indicators Human Resources

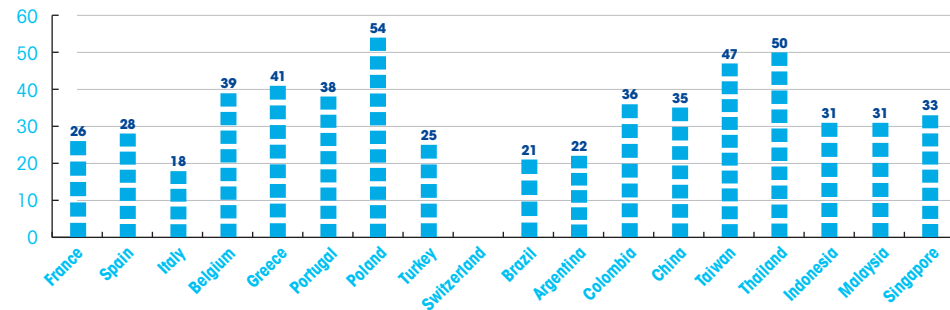


Training rate* (%) (results by country)

* Number of hours of training/number of hours worked

On a like-for-like BUs basis, the Group has recorded a rise in its training rate of more than 15% from 2005. France increased the number of hours of training by 44%, Poland by 56% (Chopin Academy) and Colombia by 46%, with the opening of a training center in 2005.

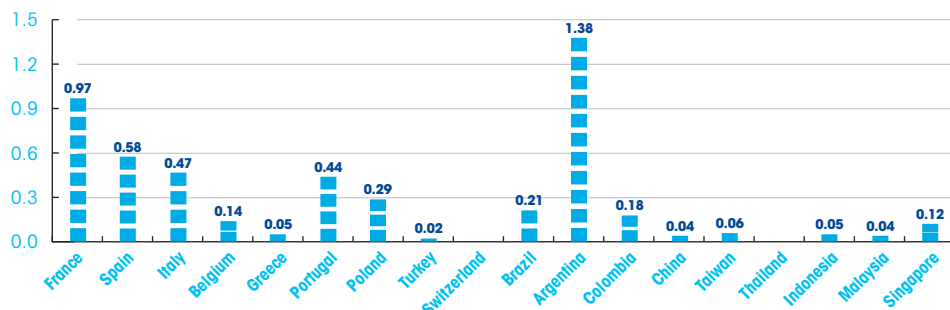
Excluded: HM: CH, RO, TH SM: BR HD: TR



Percentage of women in management (%) (results by country)

The percentage of managers who are women is up slightly, at 31% for the Group.

Excluded: HM: CH, RO SM: BR HD: TR



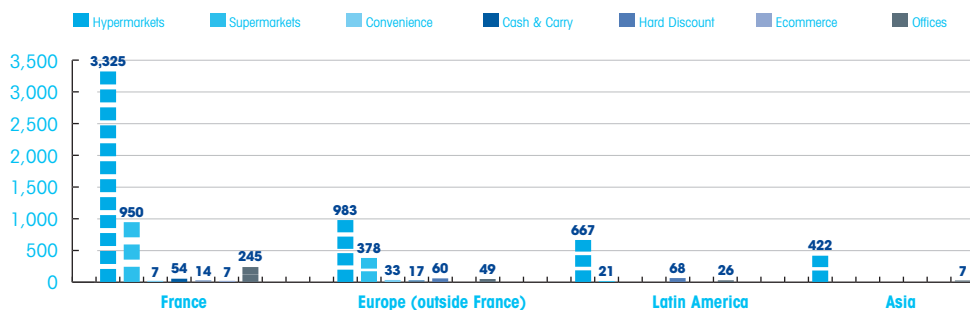
Rate of absence due to work-related and on-the-way-to-work accidents* (%) (results by country)

* Number of hours of absence due to a work-related accident/number of hours worked

This rate fell by 5.6% between 2005 and 2006 for like-for-like BUs. Inter-country comparisons are not very indicative. However, trends within each country are closely monitored by Human Resources. The improvement is due to the broad awareness-raising campaigns conducted in certain countries, like Colombia (-36%) and France (-6%, Hypers and -10%, Supers).

Note: France hypermarkets and supermarkets account for 40% of hours of absence for the Group as a whole.

Excluded: HM: CH, RO, TH SM: BR HD: TR



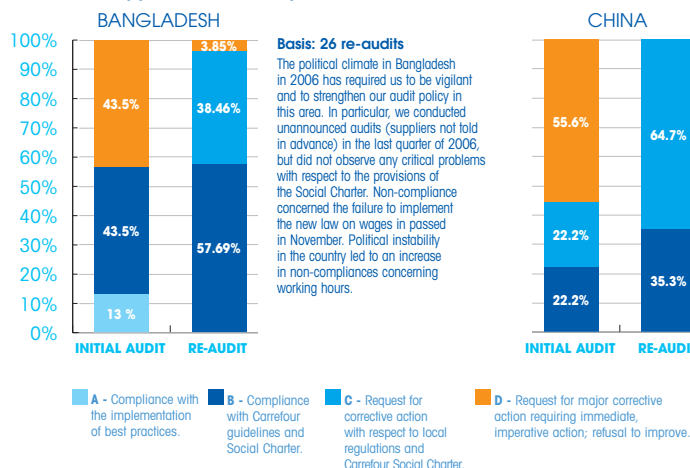
Number of employees recognized as disabled workers (results by zone and format)

Increase of 6.9% for the Group between 2005 and 2006 for like-for-like BUs. The employment of people with disabilities is a reality in every country in the Group. Among the most active countries are France, Italy, Brazil, Spain, China, Taiwan, Turkey and Colombia.

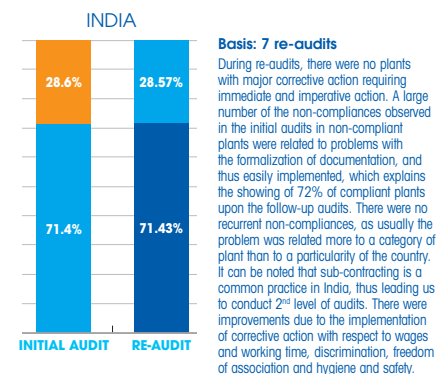
Excluded: HM: CH, RO SM: BR HD: TR

Key indicators Group

Audits of supplier sites with respect to the Social Charter



Presence in SRI funds and on indices, pp. 54-55



■ Products

Number of controlled organic listed products	886	430	385	41	5	182
Purchase amount of controlled organic products	59.12	28.99	7.45	0.06	3.45	0.70
Number Quality Line products	367	76	30	0	0	0
Number of fair trade listed products	232	52	34	6	0	0
Number of first-price listed products	9,261	2,913	1,961	1,621	303	76

■ Logistics

Emissions of CO ₂ per shipping unit (kg)	7.0			12.2		
CO ₂ emissions (kg)	378,742			164,927		

■ Stores

Percentage of consolidated stores audited on hygiene and quality criteria (%)	98	94	100	100	27	
Percentage of franchise stores audited on hygiene and quality criteria (%)	100	83	34	68	9	
Energy consumption / sales area (kWh/sq.m)	690	838	789	368	508	
Energy consumption (GWh) (electricity, gas, fuel oil)	3,651	1,633	50	104	802	7
Water consumption (cu.m/sq.m)	2.72	1.66	1.61	0.67	0.72	
Water consumption (1000 cu.m)	14,862	3,557	62	180	1,042	1
Refrigerant consumption/sales area (kg/1000 sq.m)	65	118	99	18	41	
Waste recycled/sales area (kg/sq.m)	55	35		90	66	
Waste recycled (tons)	315,517	50,883		2,979	108,386	532
Quantity of paper purchased for commercial publications/sales area (kg/1000 sq.m)	30.8	10.5	5.9	3.8	4.0	
Quantity of paper purchased for commercial publications (tons)	218,720	34,191	5,997	1,115	7,591	12
Quantity of paper purchased for offices (tons)	7,669	1,050	29	255	525	1,281
Number of plastic bags distributed free at checkout (millions)	3,082	985	203	0	343	4

■ Human Resources

Rate of absence due to work-related accident (%)	0.41	0.60	0.39	0.83	1.09	0.53
Percentage of women in management (%)	28	31	18	10	30	39
Number of employees recognized as disabled workers	5,397	1,349	40	71	142	334
Number of hours of training	4,373,230	645,396	24,463	12,449	921,769	187,512

Definition of indicators

Comments

Number of organic listed products developed under retail banner or cross-business brands.	After supply was streamlined sharply in 2005, there was an increase in 2006 for like-for-like BUs, of 4.9% in product listings and 4% in the volume of organic product purchases. In 2006, purchases of organic products for the Group came to about 100 million euros.
Purchase amount of organic listed products developed under retail banner or cross-business brands.	
Controlled agricultural products based on specifications assuring traceability and incorporating social and/or environmental criteria.	Increase in the number of CQL products by 6.1% (like-for-like BUs) for the Group between 2005 and 2006.
Fair trade national or own-brand product.	324 products of the Group level, a 31% increase between 2005 and 2006 (like-for-like BUs) for the Group. The purchase amount rose by 44% for the same period.
First-price product: controlled food product, offering the lowest price in its product range per unit of requirement.	After these products were rolled out in all countries, there was a strong effort to streamline the first-price product range, and, at the same time, new segmentations were created in the controlled product range, that is, products with greater added value, but at specific prices. Changes in the structure of Brazil stores had a direct impact on the number of first-price product listings in 2006.
Calculated on kilometers covered (1 l diesel consumed = 2,6667 kg CO ₂) to ensure the transport of goods between the warehouse and store. Shipping unit: 120 x 80 pallet.	There were significant improvements for most of the HM, SM, convenience and cash-and-carry formats. This year integrating the Dia in Spain data into the hard-discount format led to a substantial modification in the hard-discount indicator from 2005, due to its structural particularity (2,700 stores for 17 warehouses).
Percentage of consolidated/franchise stores having been audited during the reporting period based on the quality standard defined by each Business Unit.	Overall this very good indicator continued to improve at the franchise store level. The slight downturn in consolidated supermarkets was due to the integration this year of Turkey supermarkets.
Consumption of electricity, gas and fuel oil used to operate consolidated stores.	Overall the Group cut its average consumption per sq.m. (like-for-like BUs) between 2005 and 2006 by 1%. The decrease was largely attributable to the efforts made by the hypermarket format, where influencing consumption is easier.
Water consumption of consolidated stores.	Although it is important to monitor this indicator, it is still structurally difficult to collect for certain formats. Nevertheless, note that water consumption in the hypermarkets and supermarkets account for more than 95% of Group total consumption.
Quantity of refrigerants used (CFC, HCFC, HFC, other). Covered: food cold cabinets and air conditioning in consolidated stores.	The cold cabinets and air conditioning in the stores are managed by outside service providers. Their contracts provide incentives for reducing leakage. France hypermarkets have developed performance contracts that led to a 14% cut in their consumption.
Recycled waste from consolidated stores: paper/cardboard, plastic, other (batteries, cartridges, neon bulbs and more).	For like-for-like BUs, the Group posted a 6.3% increase in the quantity of waste recycled per sq.m. between 2005 and 2006. This was due to greater rigor in our procedures, but also to involving new countries in the policy.
Quantity of paper purchased for commercial publications (flyers, brochures, newspapers) expressed in kilogram per sq.m of sales area.	Carrefour centralizes its paper purchases for Europe and uses a sustainable development approach (p. 42). Overall, for like-for-like BUs, the Group cut its paper purchases per sq.m. by 16.8% between 2004 and 2006. France hypermarkets, which account for more than a third, cut their consumption/sq.m. by more than 15% and ED France ceased distributing its brochures.
Quantity of paper purchased for commercial publications (flyers, brochures, newspapers and more).	
Quantity of paper purchased for office use (photocopier, fax, printer and more).	
Plastic checkout bags distributed free of charge in stores.	Overall, the Group cut the number of check out bags distributed by 17% between 2005 and 2006 (like-for-like BUs). The most significant reductions were achieved the Belgian hypermarkets, a 98% reduction, France hypermarkets, 48%, and France supermarkets, 44%.
Number of hours of absence due to work accident/number of theoretical work hours in the period (excluding job illnesses).	There was a reduction for the supermarket and hypermarket formats and, overall, for like-for-like BUs, the indicator improved by 5.6% from 2005.
Proportion of women managers (manager: autonomous, responsible, decision-making employee in a managerial position).	This indicator is slightly up overall. There were major improvements of 25% for Dia in Spain, 14% for the Brazil hypermarkets, 14% for Dia in China, 13% for Thailand hypermarkets, 10% for France ED, 10% for France convenience, and 9% for France supermarkets.
Status defined by current legislation in each country. By default, anyone who is at least 10% physically disabled.	The Group includes 7,333 disabled employees. There was an 8% increase for the Hypermarkets.
Hours of training officially counted.	The Group saw a 21% increase between 2005 and 2006 for like-for-like BUs, with more than 6 million hours of training provided during the year. On average, the Group provided 31 hours of training per manager, and 13 hours of training per non-managers.

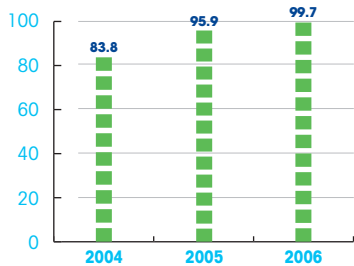
Progression of our performance

All the progressions presented here are for like-for-like Business Units. We withdrew any BUs for which we did not have data for one of the years in the comparison. The BUs excluded from the coverage are indicated alongside each figure.

FORMAT	ABBREVIATION
Hypermarket	HM
Supermarket	SM
Convenience store	CON
Cash & Carry	C&C
Hard Discount	HD
On line shopping	NET

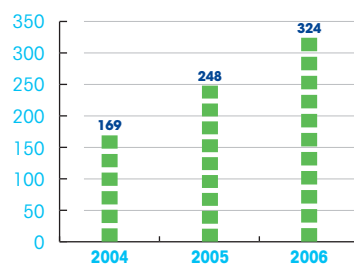
COUNTRY	ABBREVIATION	COUNTRY	ABBREVIATION
France	FR	Brazil	BR
Spain	ES	Argentina	AR
Italy	IT	Colombia	CO
Belgium	BE	China	CN
Greece	GR	Taiwan	TW
Portugal	PT	Thailand	TH
Poland	PL	Indonesia	ID
Turkey	TR	Malaysia	MY
Switzerland	CH	Singapore	SG
Romania	RO		

Products



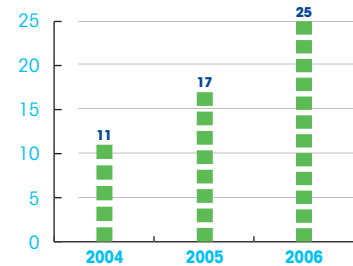
■ Purchase amount of organic (own brand or retail banner) food products (€ million) - Group
+19.0% in 2006 over 2004

- Like-for-like BUs (coverage: 95% of the 2006 consolidated sales excl. VAT).
- Excluded:
 HM: PL, TR, CH, ID, RO
 SM: TR, BR
 HD: TR, AR



■ Number of own-brand and national-brand solidarity/fair-trade products listed - Group
+92% in 2006 over 2004

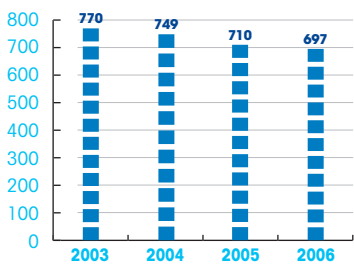
- Like-for-like BUs (coverage: 93% of the 2006 consolidated sales excl. VAT).
- Excluded:
 HM: PL, TR, CH, RO, TW, ID
 SM: TR, BR



■ Purchase amount of own-brand and national-brand fair-trade products (€ million) - Group
+129% in 2006 over 2004

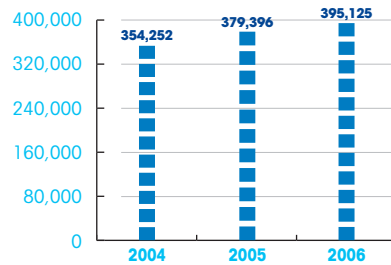
- Like-for-like BUs (coverage: 93% of the 2006 consolidated sales excl. VAT).
- Excluded:
 HM: PL, TR, CH, RO, TW, ID
 SM: TR, BR

Stores



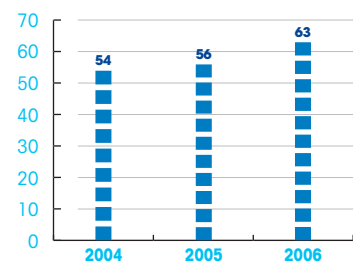
■ Energy consumption (in kWh/sq.m of sales area) - Group
-9.5% in 2006 over 2003

- Like-for-like BUs (coverage: 57% of the total sales area or 66% of 2006 consolidated sales excl. VAT).
- Excluded:
 HM: PL, TR, CH, RO, BR, CO, CN, TW
 SM: FR, PL, TR, BR
 C&C: FR
 HD: ES, PT, TR, BR, AR, CN



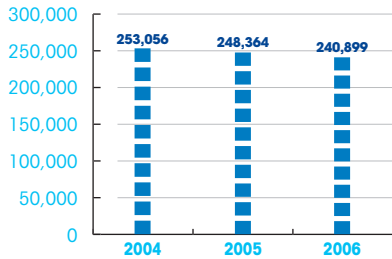
■ Total quantity of recycled waste (tons) - Group
+11.5% in 2006 over 2004

- Like-for-like BUs (coverage: 69% of the total sales area or 76% of 2006 consolidated sales excl. VAT).
- Excluded:
 HM: IT, PL, TR, CH, RO, TH, ID, MY
 SM: ES, IT, GR, PL, TR, BR
 CON: GR, IT
 C&C: FR, IT
 HD: ES, PT, TR, AR, CN



■ Quantity of recycled waste (kg/sq.m of sales area) - Group
+16% in 2006 over 2004

- Like-for-like BUs (coverage: 69% of the total sales area or 76% of 2006 consolidated sales excl. VAT).
- Excluded:
 HM: IT, PL, TR, CH, RO, TH, ID, MY
 SM: ES, IT, GR, PL, TR
 CON: GR, IT
 C&C: FR, IT
 HD: ES, PT, TR, AR, CN



■ Quantity of paper purchased for commercial publications (tons) - Group

-4.8% in 2006 over 2004

› Like-for-like BUs (coverage: 86% of the total sales area or 86% of 2006 consolidated sales excl. VAT).

› Excluded:

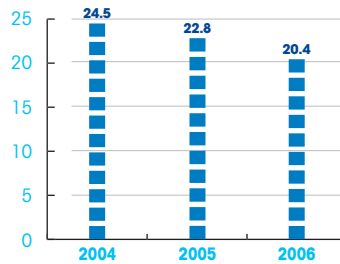
HM: PT, CH, RO, BR, TW, TH, ID, MY

SM: TR, BR

CON: GR

C&C: FR

HD: GR, PT, TR, AR, CN



■ Quantity of paper purchased for commercial publications (kg/sq.m of sales area) - Group

-16.8% in 2006 over 2004

› Like-for-like BUs (coverage: 86% of the total sales area or 86% of 2006 consolidated sales excl. VAT).

› Excluded:

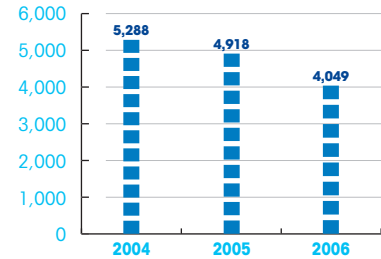
HM: PT, CH, RO, BR, TW, TH, ID, MY

SM: TR, BR

CON: GR

C&C: FR

HD: GR, PT, TR, AR, CN



■ Number of free checkout bags (millions) - Group

-23.4% in 2006 over 2004

› Like-for-like BUs (coverage: 86% of the total sales area or 91% of 2006 consolidated sales excl. VAT).

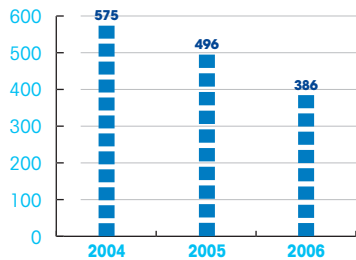
› Excluded:

HM: CH, RO, TR, BR, CO, ID

SM: TR, BR

HD: TR, CN

Logistics



■ Number of checkout bags per sq.m of sales area - Group

-32.9% in 2006 over 2004

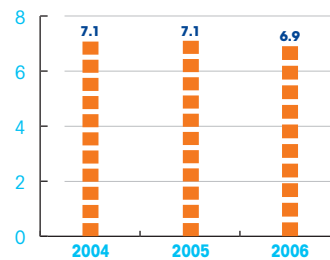
› Like-for-like BUs (coverage: 86% of the total sales area or 91% of 2006 consolidated sales excl. VAT).

› Excluded:

HM: CH, RO, TR, BR, CO, ID

SM: TR, BR

HD: TR, CN



■ CO₂ emissions per shipping unit (kg) - Group

-3.3% in 2006 over 2004

› Like-for-like BUs (coverage: 82% of 2006 consolidated sales excl. VAT).

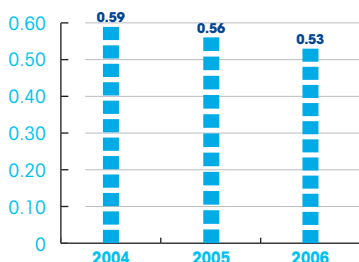
› Excluded:

HM: PT, RO, PL, TR, CH, AR, CO, CN, TH, ID, SG

SM: PL, TR, AR

HD: ES, GR, PT, TR, BR, AR, CN

Human Resources



■ Rate of absence due to work-related accidents (%) - Group

-10.5% in 2006 over 2004

› Like-for-like BUs (coverage: 95% of 2006 consolidated sales excl. VAT).

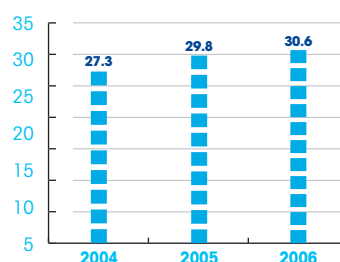
› Excluded:

HM: TR, CH, RO, TH

SM: TR, BR

NET: ES

HD: PT, TR, AR, CN



■ Percentage of women in management (%) - Group

+12.1% in 2006 over 2004

› Like-for-like BUs (coverage: 95% of 2006 consolidated sales excl. VAT).

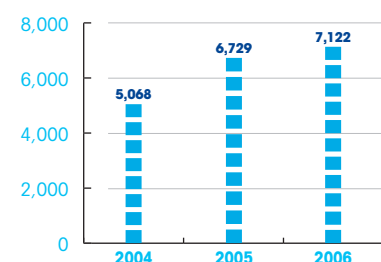
› Excluded:

HM: TR, CH, RO, ID

SM: TR, BR

NET: ES

HD: PT, TR, AR, CN



■ Number of employees recognized as disabled workers - Group

+40.5% in 2006 over 2004

› Like-for-like BUs (coverage: 94% of 2006 consolidated sales excl. VAT).

› Excluded:

HM: PL, TR, CH, RO

SM: PL, TR, BR

HD: PT, TR, AR, CN

Cross-reference table

Guidelines of the GRI (G3), Global Compact and OECD

GRI Reference	Global Compact Principle	OECD Principle	Page(s) of report
Vision and strategy			
1.1	Principle 9	General policies 1	pp. 2-3
1.2			pp. 8-13
Profile			
2.1		Disclosure 3	Cover
2.2			Cover, flap,
2.3		Disclosure 3	Cover, flap,
2.4		Disclosure 3	Inside back cover
2.5		Disclosure 3	Flap, inside front cover
2.6		Disclosure 3	Outside back cover, pp. 54-55
2.7		Disclosure 3	Flap, inside front cover
2.8		Disclosure 3	Flap, AR
2.9			p. 73
2.10			pp. 18-19, 21, 61
Management systems			
3.1			Methodology
3.2			Methodology
3.3			Methodology, pp. 18-19
3.4			Inside back cover
3.5			p. 8, Methodology
3.6			Flap, Methodology, pp. 64-71
3.7			Methodology
3.8			Methodology
3.9			pp. 64-71
3.10			Methodology, pp. 64-71, 73
3.11			Methodology, pp. 64-71, 73
3.12			Pages 72-73, inside back cover
3.13		Disclosure 2	p. 75
Governance			
4.1		General policies 6	pp. 6-7
4.2		General policies 6	AR
4.3		General policies 6	pp. 6-7
4.4 - 4.7		General policies 6	AR
4.8		General policies 7 and 8	pp. 6-9, 15, 24, 32, 38-41
4.9		Disclosure 5	pp. 6-11, 64-71
4.11		Environment 3 and 4	pp. 9-11, 15, 22-25, 42-43
4.12		General policies 7 and 8	pp. 9, 14-15, 22-23, 31-34, 38-39, 42-43
4.13		Disclosure 3, 5, 12	pp. 8-9, 15, 29, 34-45
4.14			pp. 8-9, 18-19, 21-51
4.15			pp. 8-9, 18-19
4.16			pp. 8-9, 21-51
4.17		Disclosure 5	pp. 21-51

Theme	GRI Reference	Global Compact Principle	OECD Principle	Page(s) of report
Economics				
Economic performance	EC1			Flap, AR, p. 37
	EC2			pp. 46-47
	EC6			pp. 64-71
Indirect economic impact	EC8			pp. 36-37, 43, 57, 60
Environment				
Raw materials	EN1	Principle 8		pp. 43, 64-71
	EN2	Principle 8		p. 42
Energy	EN3	Principle 8		Inside front cover, pp. 40-41, 54-59
	EN5	Principle 8		pp. 46-47
	EN6	Principle 8		pp. 31, 57, 59
Water	EN8	Principle 8		pp. 64-71
	EN12	Principle 8		pp. 30-31, 42-43
	EN14	Principle 8		pp. 31, 42-43
Emissions, effluents and waste	EN16	Principle 8		pp. 46-47, 64-71
	EN17	Principle 8		p. 49
	EN18	Principle 8		pp. 46-51
	EN22	Principle 8		pp. 64-71
Products and services	EN26	Principle 8	Environment 6b	pp. 15, 22-23, 30-31, 42-51
Transports	EN29	Principle 8		pp. 46-49
Labor-management				
Employment	LA1			Inside front cover, p. 73
Industrial health and safety	LA7			pp. 64-71
Training and education	LA10		General policies 4	pp. 64-71
Human rights				
Investing and contracting practices	HR1	Principle 1	General policies 2	pp. 15, 17-18, 40-41
	HR2	Principles 1 and 2	General policies 10	pp. 40-41, 64-71
Child labor	HR6	Principle 5	Employment and industrial relations 1b	pp. 15, 40-41, 64-71
Society				
Community	SO1		General policies 3	pp. 18-19, 20-51
	SO3	Principle 10	Environment 3	pp. 6-7, 15, 24
Public affairs	SO5		Fight against corruption 1, 2, 3, 4 and 5	pp. 14-15
Product responsibility				
Consumer health and safety	PR1		Consumer interests 1 and 6	pp. 18-19, 22-23, 47
	PR5		Consumer interests 3	pp. 18-19, 20-21

Information Table

ARTICLE 116 OF FRANCE'S NEW ECONOMIC REGULATIONS

Article	Social information
	Total employment: Flap. Breakdown by contract: - Long-term job contracts: 85% (387,850 people); - Short-term: 12% (68,445); - Temp: 3%; - Long-term hires: 95,000 - Share of part-time employees: 30%
1.1.a	
1.1.b	The Carrefour group withdrew from South Korea in 2006 and has made sure to sell its assets to a key local retailer out of a desire to maintain operations and store teams.
1.2	At Carrefour, work time is indexed on the regulatory work time of the country in which the Group operates, so it varies with the country's local regulations.
1.3	Wages and expenses: p. 37. Gender equality within the company: pp. 32, 38-39.
1.4	Labour-management relations: pp. 15, 34-35.
1.5	Health and safety: pp. 18-19, 32-33, KPI.
1.6	Training: pp. 18-19, 32-33.
1.7	Hiring and integration of disabled workers: pp. 18-19, 33, 38-39.
1.8	Social solidarity: pp. 18-19, 36-37, 56-63.
Article 1	Local impact of activities: pp. 24-25, 26-27, 32-33, 36-37, 38-39, 40-41, 57-63. Stakeholder relationships: pp. 12-13, 6, 7, 8, 14, 15, 18-55. Subcontracting: pp. 15, 18-19, 40-41. Foreign subsidiaries: pp. 24-25, 33, 36-37, 39, 43, 45, 48, 51, 56-63.

Article	Environmental information
2.2.	Biological equilibrium: pp. 9, 15, 18-19, 30-31, 42-43.
2.3.	Approach for corporate evaluation and certification: pp. 23, 30-31, 43, 45, 50-51.
2.4.	The Carrefour group takes steps to ensure the company's compliance with legislation and regulations.
2.5.	The costs incurred to prevent the company's environmental impact correspond to operating costs of the Quality, Responsibility and Risk department and its networks in the countries as well as budgets for specific projects and external consultants.
2.6.	Organization dedicated to environmental management and risk prevention: pp. 8, 10-11.
2.7.	Amount of provisions and guarantees for environment zero (scope: France).
2.8.	Amount of indemnities paid during the year for execution of a legal decision on environment zero (scope: France).
2.9.	Subsidiaries objectives: pp. 56-63, 64-71.

Report methodology

The 2006 Carrefour Sustainability Report was overseen by a Cross-departmental Committee that brought together all the relevant Group departments (Quality, Responsibility and Risk Management, Human Resources, Internal Audit, Legal, Marketing, Assets, Purchasing, and Logistics) with representatives from the Quality and Sustainability network in the key European countries.

As the sixth such report published by the Group, the 2006 Carrefour Sustainability Report strives, in accordance with the Global Compact recommendations on "Communications on Progress", to follow the guidelines of Global Reporting Initiative G3 (B level) as well as OECD guidelines (see Cross-reference table p. 72 and p. 15). Along with the Annual Report, it also meets the requirements of Article 116 of France's New Economic Regulations (see p. 73).

The system set up by the Sustainability department is a two-sided reporting system that permits the rigorous collection of qualitative and quantitative information from the various countries and retail banners. At the qualitative level, a dedicated e-room enables reporting on the best practices implemented in the countries.

At the quantitative level, in 2005 the Group set up a new reporting tool for the 22 key performance indicators. Assigned personnel in each country are responsible for coordinating their reporting, ensuring that those responsible for reporting the different indicators are familiar with the procedures, definitions and guidelines. The data are then entered into the intranet platform by the

person responsible for the report or the indicator. This system includes automatic checks for consistency, so as to prevent errors in input; it can also be used to attach the source files and to make additional comments so as to facilitate internal controls and audits.

Each reporting officer checks the data input prior to consolidation at the Group level using a checklist and control tools supplied in the files defining each indicator. This year the internal audit verified the data from 10 Business Units, and KPMG checked three BUs (in addition to their work on the reporting system). Finally, the Group Sustainability department performed its own checks on the other BUs. Following these controls and verifications, any errors identified were reviewed with the countries concerned and corrected.

The 2006 Sustainability Report thus covers the implementation of our approach in the field in the Carrefour group's 20 consolidated countries and 9 partner countries. The KPIs cover 95.2% of the Group's consolidated pre-tax sales.

Change in the scope covered for Carrefour in 2006:

withdrawal of the Group from South Korea.

Internal audit

Statement on Sustainable Development indicators by the Carrefour group Internal Audit department

At the request of the Quality and Sustainability department, the Group Internal Audit department carried out, for the fifth consecutive year, a check of the Sustainable-Development indicators presented in this report.

The Quality and Sustainability department defined the areas in which the Group needs to measure its performance and the progress achieved using the defined indicators. Each country in which the Carrefour group operates communicates these indicators for its Business Units.

■ Nature and scope of the work

Internal Audit carried out the verification of the information reported by issuing a commitment level for each of the 22 indicators established for each Business Unit. Internal Audit assessed the reporting process, procedures and, on a sample basis, the reliability of the data supplied and issued low, moderate or high level commitments. This year, the Internal Audit teams covered 10 countries and 10 Business Units, representing a total of 56% of the 2006 consolidated sales of the Carrefour group (without counting the perimeter covered by KPMG) and devoted a total of 123 audit days to reviewing all the communicated indicators. This year's methodology is similar to last year's. Indicators that had been assessed as having a low level of reliability last year were reviewed in greater depth, with the aim of providing management with recommendations on actions to be taken to make them more reliable.

■ Comment

Based on our works, we can provide the following comments:

➤ Two years following the establishment of the Group system for monitoring sustainability indicators, significant improvements in reporting methods and, as a consequence, in the reliability of the indicators were identified thanks, among others, to the implementation of last year's audit recommendations made at the Group level, including: setting up an intermediate report during the year, completing the definitions and ensuring their correct understanding by the BUs, delegating the reports to the departments directly concerned while ensuring controls by the quality and sustainability network, as well as preparing written procedures and check lists to be used to verify and validate the indicators prior to their distribution.

- Remarkable progress was observed in Europe as well as improvement at the Asia level, although there was some deterioration in Latin America (Brazil, Argentina) resulting from a reorganization of the reporting departments.
- From 2005 to 2006, we can see a rise in high commitment levels by 20% and a decline in low commitment levels by 14% on un-comparable basis (on a like-for-like basis, high commitments increased by 18% and low commitments decreased by 9%). Overall, high and moderate commitments accounted for 82% of the indicators, with high commitments representing 66%. All the corrections issued following the low and moderate commitments were taken into account in calculating the indicators in this Sustainability Report.

This year our recommendations on improvements in the reporting system were addressed directly to the appropriate departments in each country, and mainly concerned:

- Maintaining the same organization that made it possible to obtain satisfactory results for most indicators and continuing efforts to make the indicators that require further improvements more reliable in Europe;
- Strengthening internal controls with respect to the reporting of indicators for Latin America and Asia.

THOMAS CHRISTIN,
INTERNAL AUDIT DIRECTOR, CARREFOUR

External audit

Statement on the systems and procedures implemented for social and environmental reporting

At the request of Carrefour group, we have conducted a review of the systems and procedures implemented for social and environmental reporting, as described in the 2006 Sustainable Development report.

The social and environmental information provided in the report is the responsibility of Carrefour group Management. Our responsibility is to report to you on our findings.

■ Nature and scope of the work

Based on the agreed-upon procedures, we have performed the following work:

1. We have conducted interviews with the Director of Sustainable Development, and the Group coordinator for social and environmental information, in order to obtain up-to-date details on the existing systems.
2. We have reviewed the Sustainable Development protocol drawn up by the Carrefour group, which was used as a basis for producing the 2006 report.
3. We have carried out on-site work in three Business Units, which represent 46% of Carrefour group sales ("Hypermarché France¹", "Supermarché France²" and "Hard Discount DIA Espagne³") in order to ensure that the procedures have been both understood and correctly implemented and to review their Sustainable Development reporting information.
4. We have conducted interviews with the Internal Audit Director to assess the role of Internal Audit in verifying the social and environmental information reported by the subsidiaries.
5. We have reviewed the Internal Audit reports and findings.
6. We have reviewed the consolidated social and environmental information and in particular the figures reported by the Business Units.

1) Only Goods indicators.

2) All the key performance indicators set out in the report in pages 64 to 71.

3) Pages 64 to 71 of the report.

■ Findings

As the work we carried out does not constitute an audit, we do not express any assurance on the figures provided in the 2006 Sustainable Development report. However, we are able to report the following findings:

- › A Sustainable Development Department, created at Group Management level, is in charge of drawing up the protocol for environmental and social data and coordinating reporting within the Group.
- › Directors of the main corporate functions involved have been appointed to take part in drawing up the Sustainable Development protocol, which has been communicated to the subsidiaries in the Group's three working languages: French, English and Spanish.
- › The Group reporting procedures and dedicated reporting system have been fully understood and correctly implemented in the three Business Units ("Hypermarché France", "Supermarché France" and "Hard Discount DIA Espagne") that we tested.
- › Our review of the Sustainable Development reporting documents provided by the three Business Units that we tested did not reveal any material misstatements.
- › The Internal Audit and KPMG conducted either individual or joint on-site work in the three Business units representing 73% of the 2006 consolidated sales of the Carrefour group and verified on the basis of this scope, all the key performance indicators³ set out in the 2006 Sustainable Development report.
- › We have noted that the findings issued by the Internal Audit in the 2006 report on social and environmental data have been taken into account.
- › Our review of the consolidated key performance indicators in the 2006 Sustainable Development report did not reveal any material misstatements.

Paris, La Défense, 28 March 2007
KPMG Audit, Department of KPMG S.A.



JEAN-LUC DECORNOY,
PARTNER

PHILIPPE ARNAUD,
PARTNER
IN CHARGE OF KPMG ENVIRONMENTAL AND SOCIAL
REPORTING AND SUSTAINABLE DEVELOPMENT ISSUES

Glossary

ADEME: French Agency for the Environment and Energy Management (*Agence de l'Environnement et de la Maîtrise de l'Énergie*).

AISE: The International Association for Soaps, Detergents and Maintenance products.

AISE Sustainable Cleaning Charter: The Sustainable Cleaning Charter aims at promoting sustainability practices among companies that produce detergents and other industrial and residential cleaning products.

ANPE: French state unemployment agency.

Backhauling: Process wherein trucks that have completed store deliveries then collect goods ordered by a supplier and deliver them to warehouses.

Bazaar: Goods category that includes DIY and car accessories, home, cultural products, stationery, games and sports, garden equipment and pets.

Business Unit: corresponds to a store format in a particular country.

Carbon assessment (Bilan Carbone® software): Software developed by the ADEME to measure greenhouse gas emissions.

CFCs: Chlorofluorocarbons – stable chemical products containing chlorine and fluoride used as refrigerants (freon) or propellants in aerosol products.

CICE: Carrefour Center for Information and European Coordination.

CIES: (Food Business Forum) Global network of the independent food industry.

CIRAD: International Center for Cooperation in Agricultural Research for Development.

Controlled product: Own-brand or retail-banner product for which Carrefour participates in the preparation and packaging, choice of producer, quality control, marketing and so on.

CSR: Corporate social responsibility.

Eco-agency: An agency of producers that assumes financial and/or organizational responsibility for dealing with products at the end of their lifecycle.

ECOCERT: French certification and control agency.

EMS: Environmental Management System.

E-room: Computer platform for collaborative work.

EuroCommerce: European commercial trade association.

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 disadvantaged producers (essentially in the

countries of the southern hemisphere) and by protecting their rights.

* This definition is taken from the consortium of the Fair-Trade Labeling Organization, International Federation for Alternative Trade, Network of European Workshops, and the European Fair Trade Association.

FIDH: International Federation for Human Rights.

FSC: Forest Stewardship Council: the FSC label guarantees consumers that their wood products come from sustainably-managed forests.

Forest Trade Network (FTN): Network created 15 years ago by the WWF to support companies committed to a responsible wood purchasing policy.

GFSI: Global Food Safety Initiative.

Global Compact: Global contract between the United Nations, Member States, signatory business corporations and NGOs aimed at promoting responsible action through compliance with nine fundamental principles of Sustainable Development.

GMO: Genetically modified organism.

GRI: Global Reporting Initiative – an international multi-stakeholder initiative that provides an international standard for environmental and social reporting and defines guidelines and key performance indicators.

HACCP: Hazard Analysis Critical Control Point system for managing food safety.

HCFCs: 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.

HEQ: High Environmental Quality.

HFCs: Hydrofluorocarbons – chemical products containing fluoride and hydrogen, but not chlorine or bromide, and thus not harmful to the ozone layer.

HPC: Household Personal Care.

IFS: International Food Standard.

ILO: International Labor Organization.

Kimberley process: Initiated in 2000, it aims to develop ways to prevent blood diamonds from making their way onto legal markets. It took effect on 1 January 2003 and established an international system for certifying uncut diamonds.

MSC: Marine Stewardship Council – independent non-profit global organization created in order to find a solution to the problem of overfishing that has developed an international standard for sustainable, well-managed fishing.

NER Law: French law of 15 May 2001 on New Economic Regulations, which in Article 116 requires French stock-exchange-listed companies to account for “the social and economic consequences of their activities”.

Network: Network organization specific to an activity and cross-departmental to Business Units.

NGO: Non-governmental organization.

PNNS: French National Health Nutrition Program. Launched by the French government in 2001, this program aims to improve the state of health of the entire population by influencing nutrition.

OECD: Organization for Economic Cooperation 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.

Organic product: Agricultural product produced by organic farming methods and certified as such by an independent organization.

PEFC: Program for forest certification.

QS: Quality Scorecard.

RSPO: Roundtable on Sustainable Palm Oil – a global, multiparty initiative concerned with the production of sustainable palm oil.

SME: Small and Medium-sized Enterprises.

SRI: Socially responsible investment.

Stakeholders: All of the various groups that participate in the economic life of the company (employees, customers, suppliers and shareholders), who monitor the company (unions, NGOs) or who are more or less directly influenced by it (civil society, local government and more).

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.

UN: United Nations.

UNI: Union Network International. Trade union with 15 million members in about 150 countries.

WWF: The World Wildlife Fund.

FOR FURTHER INFORMATION

On Carrefour and its commitments

www.carrefour.com
www.fondation-internationale-carrefour.org
www.carrefour.fr (Solidarity rubric)

On environmental issues

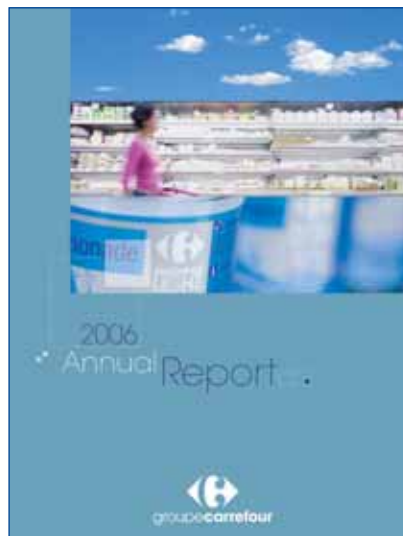
www.uneptie.org
www.greenpeace.org
www.wwf.org

On corporate responsibility

www.csreurope.org
www.unglobalcompact.org
www.globalreporting.org

On social issues

www.fidh.org
www.ilo.org
www.union-network.org



Other edition:
2006 Annual Report

We would like to thank all of our employees and stakeholders who have participated to the edition of this Report.

EXPRESS YOUR OPINION

Write to us at the following address:

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In the event of any discrepancy between the different versions, the French version will prevail.

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groupe**carrefour**

Carrefour French Corporation (SA)

with capital of € 1,762,256,790

RCS Nanterre 652 014 051

www.carrefour.com