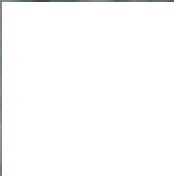
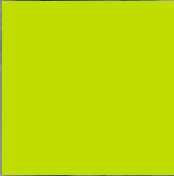




Sustainability Report 2003



N° 1 in Europe

N° 2 worldwide

10.378

stores in total

29 countries

419.040

staff

88,718 billion euros

in 2003 retail network

sales (before tax)

p. 4

Our strategy
for constructive globalization
and responsible commerce

p. 16

Our chain of responsibility
from producer to store

p. 30

Our contribution
to openness, dialogue and the quality of life

p. 42

Carrefour around the world :
Getting everyone mobilized

p. 52

Key performance
indicators



This pictogram denotes the existence of key performance indicators (KPI) which are regrouped at the end of the report (pp. 52-57).

Report methodology

The preparation of this third Report on sustainability began with the organization of a steering-committee meeting involving the main departments concerned: Quality and Sustainability, Human Resources, Internal Audit, Legal, Marketing, Assets, and Purchasing, along with representatives of the countries and retail banners. The purpose of the meeting was to identify the strengths and weaknesses of the 2002 Report in order to take these attributes into account when drawing up the 2003 report.

In accordance with the recommendations of the Global Compact on "Communication on Progress", the content of this report attempts to follow the guidelines of the Global Reporting Initiative, which is the international standard on social and environmental reporting and the OECD guidelines for multinational enterprises, plus French legal requirements, in addition to an annual report, as set out in Article 116 of the New Economic Regulations (see the table on p. 58).

To improve the reporting system, the Quality and Sustainability Department developed a more rigorous procedure for collecting information from the various countries and retail banners. In qualitative terms, all the practices and programs carried out by each country to promote sustainability were identified and analyzed. In quantitative terms, 22 key performance indicators were selected for their relevance, and a reporting site with instructional tools was set up on the intranet to help gather and compile data.

Subsequently, the key performance indicators cover 92.7% of our (pre-tax) consolidated sales (see p. 52). This report also provides a great deal of information about the implementation of our approach in the field in the 23 integrated countries and our 6 partner countries. As the Chile business was sold at the end of 2003, the report does not take into account the results there.

Internal Audit checked on the accuracy of the key performance indicators, and Bureau Veritas verified the reporting and auditing systems (see p. 59); the other figures in the report were checked by the relevant internal departments.

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The Carrefour program for socially responsible commerce

Our vision of the world at the dawn of the 21st century

In the 21st century, hundreds of millions of men and women will become part of the consumer society within a globalized economy. Globalization does, however, pose new types of risk for both human society and our planet. Faced with such risk, and in order to improve prospects for future generations, it is crucial to follow the path of sustainability, which combines economic profitability, respect for the environment and both social and ethical development.

Our mission for sustainability

To meet our customers' needs by giving as many people as possible access to quality products at the best price. To act as a responsible corporate citizen in every country where we do business. To set the benchmarks for modern retailing in terms of health, consumer safety and environmental protection.

Our everyday values

Freedom
Responsibility
Sharing
Respect
Integrity
Solidarity
Progress



Message from the Chairman and CEO

Sustainability: a path to "constructive" globalization

Today, there is a lot of fear regarding globalization: fear of worsening the real dangers threatening our environment, and fear of seeing greater inequalities between countries, regions and people - fear, in short, of losing control over the future.

In contrast, we at Carrefour have faith in the world's future. Present in 29 countries, we experience this "constructive globalisation" locally, from within the community and we believe that a fair globalisation, respectful of the diversity of everyone is possible.

We have set a company goal of establishing the benchmark in modern retailing by fulfilling our economic, environmental and social responsibilities wherever we do business.

We have been committed for many years to a policy of sustainability, and day after day we work to reconcile the economic demands on our company with social needs and respect for business regulations and environmental protection.

There are many examples of actions taken by our group to serve our customers and the local communities in which we are operating, including the development of the Carrefour Quality Lines over the last 10 years, our defence of ILO rules aimed at protecting basic rights, our campaign on the GMO issue, our initiatives in the field of logistics to improve the environment, our Charter for the sustainable management of forests and our programs for fair and responsible trade.

These activities are based on our vision of the world and our values. Since 2001, we have adhered to the UN Global Compact, which brings together intergovernmental organizations, governments, NGOs and companies that are all determined to play a constructive role in global development.

We are strongly committed to this approach and have always emphasized the independence of the national businesses and encouraged local initiatives. That is why in 2003 we pursued the implementation of our Quality and Sustainability organization in all countries, retail banners and stores.

This year, our approach has allowed us to strengthen our reporting system by collecting all the practical experience and initiatives that have been taken in the various countries to promote sustainability and gathering reliable data to measure the 22 key performance indicators that were selected for their relevance.

The 2003 Sustainability Report gives an account of these performance indicators, the best practices that underpin them and the implementation of our strategy in the field, throughout the world, in our everyday activities, to promote fair globalization that will be a force for progress and development.

Daniel Bernard
CHAIRMAN AND CEO OF THE CARREFOUR GROUP

THE WORLD CONVENTION in the hour of sustainability

► Carrefour held its first World Convention on March 9-12 2003, marking the group's 40th anniversary. Some 2,500 managers from around the world gathered in the Salon du Bourget to meet the Group's directors. On the agenda were three forums, 100 exhibits, and various workshops and entertainment breaks, all of which allowed attendees to explore the Group's rich diversity, to meet each other and to exchange experience.

► The Group's commitment to Sustainability was, of course, a key focus. Hervé Gaymard, French Minister of Agriculture, Food, Fishing and Rural Affairs, visited a 140-sq.m exhibit set up by the Group to present its program for Sustainability.

A conference led by French journalist Christine Ockrent dealt with the theme, "Environment and Sustainability", with presentations by prestigious guests that included Mikhail Gorbachev, President of Green Cross International, and Claude Martin, WWF Managing Director. Mr. Gorbachev made use of this special occasion to sign a partnership agreement with Carrefour.

► The World Directors' Convention also provided an opportunity to build stronger relationships with all Carrefour stakeholders. More than 8,000 outside visitors took part in the event, including 900 SME managers, farmers, 3,500 students and the heads of various NGOs. A "Global Quality Line Village" paid

special attention to Carrefour's 35,000 partners, all of whom are committed to a common approach to quality and traceability for the benefit of the agriculture of the future.

► Held at Paris' Zenith auditorium, the convention concluded with an extensive presentation by Daniel Bernard, who reviewed Carrefour's strengths and prospects. More than ever, the company is committed to a policy of "constructive globalization" in the 29 countries where it does business.

400 000 professionnels
au service
de nos clients

With its firm commitment to a progressive approach to sustainability,
Carrefour aims to implement the principles of responsible commerce
in its daily activities. The group has mobilized all the resources necessary to anticipate
potential risk in its activities and control the impact; in particular, it has established
both constructive dialogue with its stakeholders and an international
Quality and Sustainability organization.

OUR STRATEGY

for constructive globalization and responsible commerce

88.718

billion euros
in retail network
sales (incl. VAT)

10,378

stores
in
29 countries

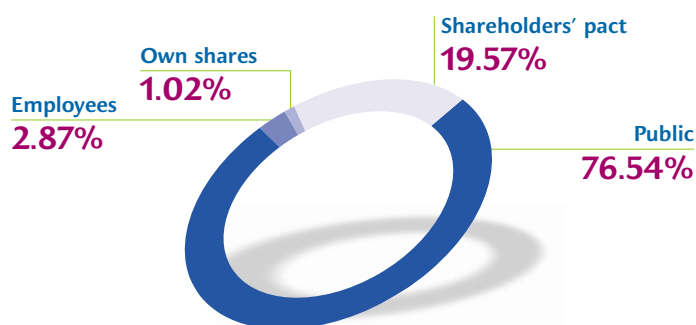
419,040

staff

An international group, but above all a local group

Europe's top retailer and No. 2 worldwide, Carrefour reinforced its leading positions in 2003. Its goals: to create economic value for its shareholders; to fulfil its responsibilities as a retailer, private employer and franchiser; to make globalization a constructive force by helping raise local standards in every country where the group operates.

The breakdown of shareholders



Carrefour and its shareholders

Carrefour is a French public limited company with share capital of 1,790,355,957.50 euros divided into 716,142,383 shares, which, as of the end of 2003, are held by about 461,000 shareholders. For 2003, a dividend of 0.74 euros per share will be proposed, representing a double-digit increase. To keep its shareholders

informed, Carrefour has a range of communications tools (annual reports, shareholders' guides and newsletters, press releases and Internet sites), and, in November 2003, established an online newsletter that is available around the clock through a toll-free number (0805 902 902).

A GROUP COMMITTED TO GLOBALIZATION

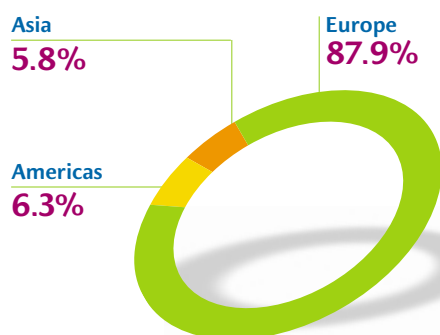
With a presence in 29 countries, Carrefour has been expanding its business in Europe since 1963, in Latin America since 1975 and in Asia since 1989. Its international growth, which has made it a key player in the globalization of the economy and trade today, has been based on synergies between the formats of its stores and a decentralized system of management.

Regardless of the region or country, Carrefour has generally established itself on a market first by setting up hypermarkets, which allow it to benefit from large purchasing volumes right away, and then by expanding its presence through other formats (such as supermarkets and hard discount). Each time, the group uses decentralized organization to adapt to local conditions and to encourage practical initiatives through the country or retail banner, with four levels of decision-making and responsibility: the group, the regions (Europe-Asia-Latin America), the country and the business unit.

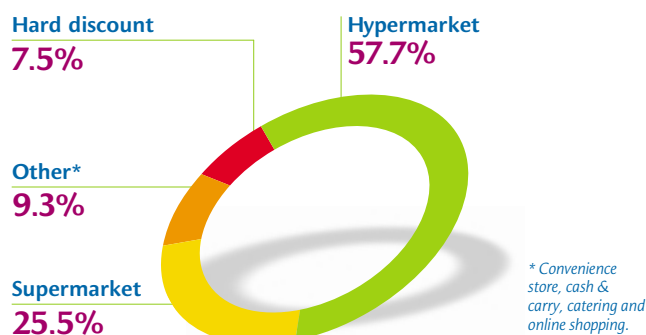
STORES IN SYNCHRONISATION WITH CONTEMPORARY LIFESTYLES

Around the world, lifestyles and consumer behaviours are changing, along with a rise in individualism and changes in the role and position of women in society. Carrefour is taking part in these changes, setting itself the goal of providing as many people as possible with access to consumer goods. To meet the diversifying expectations of its customers, Carrefour emphasizes a strategy employing complementary store formats and a variety of retail banners. In 2003, Carrefour opened 969 stores, bringing its number of retail-banner stores to 10,378, including:

The breakdown of sales by region



The breakdown of sales by format



Carrefour's business results for 2003

In 2003, Carrefour ported retail network sales of 88.718 billion euros (including VAT).

- 823 hypermarkets (5,000-20,000 sq.m of sales area), which distribute food and non-food products and, in some countries, also offer an increasingly broad range of services.
- 2,380 supermarkets (1,000-2,000 sq.m of sales area), which distribute food and non-food products.
- 4,456 hard discount stores (300-800 sq.m of sales area), which distribute only food products.
- 2,519 convenience stores, which distribute food products and, in some countries, provide services.
- 200 cash & carry stores for the trade. In some countries, Carrefour does business in two other fields: catering and online retailing.

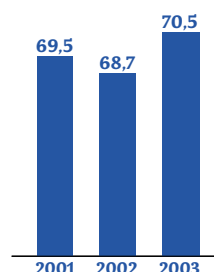
PROMOTING COMPANY SPIRIT

Out of the 10,378 Carrefour stores, 58.5% are integrated - that is to say, managed within the group - and 41.5% are franchises that are managed by independent franchisees, who must adhere to the group's values and commitments. Our network of franchise stores helps us to promote a spirit of enterprise, to support the creation of SMEs and to revive city centres and rural areas - and thus, in many countries, to help foster the rise of a class of new business leaders.

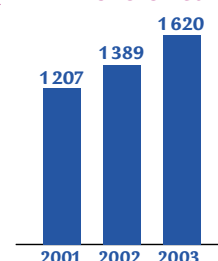
ONE OF THE TOP 10 PRIVATE EMPLOYERS

At the end of 2003, Carrefour employed 419,040 people in its integrated stores, making it one of the Top 10 private employers in the world.

Consolidated sales, excluding VAT (in billions of euros)



Group share net income from recurring operations after goodwill (in millions of euros)



IN ANSWER TO YOUR QUESTIONS

> Carrefour and corporate governance

The Group is managed by two bodies: the Board of Directors and the Executive Committee.

The mission of the Board of Directors is the sustainability of the company's worth, the verification of its information and the protection of company assets. The board comprises 11 members, of whom four* are foreign nationals and five independent directors. It met six times in 2003, with an attendance rate of 87%. The board is assisted by specialized committees, half of whose members are independent:

- The Audit Committee examines the accounts, monitors compliance with stock exchange regulations and works with the Internal Audit Department to assess the group's internal control systems.
- The Wages, Appointments and Corporate Governance Committee proposes pay rates for company representatives, evaluates stock option packages and assesses the work of the Board of Directors.

The Executive Committee is composed of 11 members, all heads of a region, a format or a cross-departmental service. Under the impetus of its chairman, it puts forward strategic guidelines and policies and oversees their implementation in all 29 countries.

*Subject to approval by the General Meeting of 27 April 2004.

For more information about the Carrefour's economic performance in 2003 and its corporate governance, see the annual report at: www.carrefour.com.

Management backed by initiatives in the field

Our sustainability policy is guided at the group level by the Quality and Sustainability Department.

Since Carrefour's aim is to emphasize national autonomy and local initiative, the work of this department is carried out by specific operational teams for each country and retail banner. Carrefour's approach to achieving progress is thus the result of collaboration between the Quality and Sustainability managers, the staff and stakeholders.

LINKING QUALITY WITH SUSTAINABILITY

For Carrefour, the goals of quality and sustainability are inseparable and form an intrinsic part of the company culture. The Quality and Sustainability Department, which reports directly to the Chairman and CEO, sets the framework for our approach at the Group level and drives it forward. The missions of the Quality and Sustainability Department include identifying important issues based on the monitoring of regulatory, scientific and social developments and implementing an appropriate Quality and Sustainability policy, along with anticipating and handling crises. To accomplish this, it draws on the skills of the operational and service departments of the group, on a Scientific Committee and even on outside experts. In 2003, the Quality and Sustainability Department set up and rolled out an operational structure that was successful in encouraging initiatives in the 29 countries where the group operates. This organization includes Quality and Sustainability Directors in each country whose activity is supported at the level of the retail banners by managers and at the store level by such personnel as the Sustainability Ambassadors found in French hypermarkets.



◀ Carrefour and the European Retail Round Table (ERRT)

In November 2003, Chairman and CEO Daniel Bernard was elected President of the European Retail Round Table (ERRT). This group brings together the 13 leading retailers in Europe for discussion and consideration of the way distribution in the European Union can contribute to the economy, the environment and society.



◀ Carrefour at the WTO Summit in Cancún

Roland Vaxelaire, Quality and Sustainability Director, was invited to the Sustainable Trade Day organized by Pascal Lamy, EU Trade Commissioner, at the WTO Summit in Cancún, held in September 2003. He reminded Carrefour's desire to see food safety and consumer and environmental protection taken into account in the rules drawn up by the WTO.



See our key performance indicators, pp. 52-57.

- Level of dialogue with stakeholders

Consultation with stakeholders

	Methods of consultation and dialogue
The key direct stakeholders	
Customers	Customer service, satisfaction surveys, panels, cheap rate, toll-free numbers and Internet sites.
Franchisees	Annual conventions and special meetings, plus periodic meetings with regional directors.
Suppliers	Regular contacts at every level, presence of an SME manager, and creation of a Quality Line club in France.
Employees	Various in-house surveys, the intranet, and employee consultation committees in Europe and every country where the company has a presence.
Service providers	Demeter environment & logistics club in France, joint efforts to find paths to progress.
Public authorities at the national and international levels	Meetings with national contacts, exchanges of information to identify national and international opportunities with governments and international bodies.
Local government	Consultation with neighbours and ongoing relationships with the various mayors.
Shareholders	Shareholder relations department, general meetings, the Actionaria event, a newsletter, a toll-free number, and store open-house days.
The main indirect stakeholders	
Trade	Participation in associations of national, european and international retailers' organizations (EFSA and the GFSI) and sharing best practices (ERRT).
Media	Organization of an internal and external communications system and press conferences in every country.
Community and environmental associations	Meetings between various associations and the Quality and Sustainability Department, local partnerships with various associations.
Financial community	Meetings with company ratings agencies, with answers to their questions provided by the Quality and Sustainability Department and the Financial Communication Department.

MOTIVATING STAFF AROUND THE WORLD

To make everyone aware of the impact of their own individual behaviour, to promote role models and to encourage initiative and a sense of responsibility around the world, Carrefour does everything possible to build awareness among its staff, at every level, regarding the importance of its approach to achieving progress. The year 2003 was marked by:

- The organization in March of the World Directors' Convention, which made it possible to present the Group's commitments and achievements concerning Sustainability to Carrefour's 2,500 top managers, who came from the four corners of the world (see p. 4).
- The distribution in June of the 2002 Sustainability Report, which is available on both the Internet and intranet and can be used to inform Carrefour's 419,040 employees of the group's policies and best practices.

- The development in each country of communications tools, such as our summary leaflets and training CD-ROM, which help to build everyone's awareness on the job.

EMPHASIZING CONSTRUCTIVE DIALOGUE WITH THE STAKEHOLDERS

In 2003, Carrefour continued and reinforced its interaction with all its stakeholders (see table). To conclude the year and carry out its reporting policy, on 12 January 2004 Carrefour brought together 13 representatives of the main stakeholders (ratings agencies, environmental and social NGOs, trade unions, consumer associations, and government representatives).

This meeting, in which Daniel Bernard took part, helped to strengthen relationships, to identify expectations with regard to the sustainability policy's goals and reporting, and to answer participants' questions.



Our economic responsibility



THE CHOICE OF PRODUCTS

- Prices corresponding to different degrees of purchasing power
- A broad range of products
- Packaging reduction



RELATIONSHIPS WITH AGRICULTURAL SUPPLIERS AND STAKEHOLDERS

- Building sustainable relationships with our suppliers
- Promotion of fair and socially responsible trade



PRODUCT TRANSPORT

- Optimisation of the supply chain



STORE MANAGEMENT

- Reducing resource and energy consumption
- Sorting and reducing waste
- Ensuring store safety



MOTIVATING STAFF

- Management of teams
- Fair compensation



SATISFYING CUSTOMERS

- Listening to and meeting customer needs
- Making consumer goods available to all



ESTABLISHING LOCAL ROOTS

- Promotion of local employment

Our everyday



Our environmental responsibility



THE CHOICE OF PRODUCTS

- Social and environmental product quality
- Packaging reduction



RELATIONSHIPS WITH AGRICULTURAL SUPPLIERS AND STAKEHOLDERS

- Promoting more ecological agricultural practices
- Preserving resources and biodiversity



PRODUCT TRANSPORT

- Reducing atmospheric emissions
- Optimisation of the supply chain
- Noise reduction
- Fluvial transport as an alternative to road transport



ESTABLISHING LOCAL ROOTS

- Establishing good relationship with the neighbourhood
- Blending with the surroundings



STORE ACCESSIBILITY

- Enhanced store access and parking areas



STORE MANAGEMENT

- Reducing resource and energy consumption
- Sorting and reducing waste
- Environmentally friendly architecture
- Reducing the amount of throwaway bags
- Reducing the amount of paper used



REDUCING POLLUTING ACTIVITIES

- Managing fuel stations
- Monitoring the use of refrigerants



Our social responsibility



THE CHOICE OF PRODUCTS

- Prices corresponding to different degrees of purchasing power
- A broad range
- High quality and safety
- Product social and environmental quality



RELATIONSHIPS WITH AGRICULTURAL SUPPLIERS AND STAKEHOLDERS

- Building sustainable relationships with our suppliers
- Promotion of fair and socially responsible trade



STORE ACCESSIBILITY

- Easy access for the disabled



STORE MANAGEMENT

- Store safety



MOTIVATING STAFF

- Management of teams
- Fair compensation
- Employee safety
- Respect for diversity



SATISFYING CUSTOMERS

- Listening to and meeting customer needs
- Making consumer goods available to all
- Training consumers to responsible consumption
- Customer safety



ESTABLISHING LOCAL ROOTS

- Promotion of local employment
- Integration into the urban economy
- Charity work and local social solidarity

responsibilities

Carrefour's commitment to sustainability is based on identifying the impact and risk deriving from its activities. Day by day, the Group takes into account the three domains – economic, environmental and social – for which it is responsible.



Carrefour's progressive approach seeks to create three types of added-value in all of its businesses and activities:



Economic added-value



Environmental added-value



Social added-value

2003 Balanced scorecard

Formalized in 2001, Carrefour's step-by-step approach is based on three key commitments: quality and safety, environmental protection, and social and economic responsibility. These commitments were the foundation for an action plan covering the 2002-2005 period that focuses on 10 priorities. New key performance indicators were added to our balanced scorecard in 2003 in order to better evaluate the progress achieved and follow our objectives.

CARREFOUR: A SIGNATORY OF THE GLOBAL COMPACT

Since 2001, Carrefour has adhered to the United Nations' Global Compact through its commitment to the following principles:

Human rights

Businesses are asked to...

Principle 1: Promote and respect the protection given by international law to Human Rights within their sphere of influence.

Principle 2: Ensure that their own companies do not aid and abet any Human Rights violations.

Labour standards

Businesses are asked to...

Principle 3: Respect the freedom to form unions and the right to collective bargaining.

Principle 4: Do away with any form of forced or bonded labour.

Principle 5: Abolish any use of child labour.

Principle 6: End discrimination in jobs and hiring.

Environment

Businesses are asked to...

Principle 7: Apply the precautionary principle to problems affecting the environment.

Principle 8: Take initiatives to promote a more responsible approach to the environment.

Principle 9: Encourage the development and use of environmentally friendly technology.

A large number of examples in this report illustrate how Carrefour is putting these nine principles into action.

See table on p. 58.

OUR COMMITMENTS IN 2001

OUR STEP BY STEP APPROACH TO SUSTAINABLE DEVELOPMENT

- Managing the approach
- Consultation with our stakeholders.

QUALITY AND SAFETY

- Product safety and quality.
- Customer and employees safety at store locations.

RESPECT FOR THE ENVIRONMENT

- Limiting our impact on the greenhouse effect.
- Protecting natural resources.
- Managing and reducing waste.
- Preserving water quality and availability.
- Preserving biodiversity.

OUR ECONOMIC AND SOCIAL RESPONSIBILITY

- Respecting our suppliers.
- Getting involved in the local economy.
- Motivating our staff.
- Satisfying our customers.

OUR 2002-2005 ACTION PLAN

1

- Complete and expand our reporting system so as to ensure regular monitoring of the relevant indicators and help share best practices between countries and retail banners.

2

- Gradually ensure regular dialogue with stakeholders and improve our transparency through targeted communications.

3

- Ensure product safety and quality, and customer and employee safety at our store locations.

4

- Strengthen environmentally conscious product and packaging design and develop a range of products with social and environmental added-value.

5

- Foster environmental thinking in our logistical activities.

6

- Reduce the environmental impact of building and operating our stores, in particular with regard to our free publications and catalogues.

7

- Strengthen our partnerships with local business in every country and promote fair, long-term relationships with our suppliers.

8

- Guarantee respect for human rights internally and along our products' supply chain.

9

- Promote staff training and development, and inform staff of our view of the world, and our core values, our policies and our approach to sustainability.

10

- Respect customers' freedom of choice by offering them a wide range of products at attractive prices with full, factual information.

"A Word from

Roland Vaxelaire
QUALITY AND SUSTAINABILITY DIRECTOR



This year saw the realization of the missions that we set for ourselves in 2002, accomplished through:

- The establishment of a Quality and Sustainability organizational system at the level of each country and each retail banner. This network brings Quality and Sustainability policies to life in each entity and helps the group to benefit as a whole from best practices and to put appropriate role models to good use in the various countries.
- Efforts to train and raise awareness among all the staff. Sustainability was a key issue at the World Directors' Convention.

All the participants were given a training kit, which was broadly distributed in the various countries, and had access to a roadshow display that was made available to the France and Belgium head offices.

- The great number of meetings that were held with stakeholders to both discuss various subjects and share experiences and to persuade people of the validity of our step-by-step approach to Sustainability
- The improvement of our reporting system and definition of indicators, which now enables us to present you

with indicators on a larger number of countries as well as an initial external evaluation of our reporting. Now that this basic approach has been implemented, 2004 will be a year for strengthening our program in each country so as to allow all retail banners to develop their own goals and assess how well they are achieved.

"

KEY PERFORMANCE INDICATORS

- Overall indicator reflecting the extent to which the key performance indicators are reported
- Level of dialogue with stakeholders
- Level of presence in the SRI indices and funds
- Number of purchasing offices using the group's Quality Scorecard
- Percentage of stores audited on quality/hygiene criteria
- Number of workdays missed due to occupational injury.
- Number of Quality Lines
- Number of own-label or retail-banner organic or ecological products
- Level of maturity of the logistics policy and CO2 emissions/transport unit
- Energy consumption in kWh/sq.m (sales area)
- Water consumption in cu.m/sq.m (sales area)
- Percentage of waste recycled
- Quantity of refrigerant fluid (coolant) consumed/sq.m (sales area)
- Number of free checkout bags distributed
- Quantity of paper used for commercial publications and internal communication
- Percentage of total food sales achieved using local suppliers (in-country products)
- Number of products sourced through socially responsible trade and fair trade
- Number of supplier facilities audited to meet our Company Charter
- Percentage of women in management
- Number of disabled staff
- Number of days of training (equivalent in days/employee/year)
- Number of value-brand products
- Level of information provided to consumers to enable them to make informed choices and become responsible consumers

OUR MAIN ADVANCES IN 2003

- Strengthening the Scorecard with new key performance indicators (pp. 52-57)/cataloguing all the practices and programs implemented in the 23 integrated countries to promote sustainability (pp. 42-51)/validation by an independent audit firm (p. 59)
- Integration into the DJSI Stoxx Europe index, into the Storebrand Investments' funds and into specific Sarasin Bank funds; eligibility for Morley FM (p. 14)/World Convention (p. 4)
- Formalization of best practices at the group level by the Product Safety Monitoring Committee (p. 19)/food safety awareness-building among suppliers (p. 20)/raising local hygiene and safety standards (pp. 26-27)/prevention of violence (p. 27)
- Development of 199 new Carrefour Quality Lines (p. 16)/creation of a post to head up the sustainable management of fishery resources (p. 22)/field study of supply arrangements for teak in Indonesia (p. 23)/encouragement of sustainable farming practices (p. 23)/greater reduction of packaging at the source (p. 23)
- Continuation of the partnership policy and of pilot projects to cut the environmental impact of transport (p. 25)
- Comparative analysis of the life cycle of checkout bags (p. 28)/optimized design of the Mons les Grands Prés hypermarket in Belgium (p. 29)/shift of paper purchases to recycled or certified-origin pulp (p. 29)/sorting and recycling of store waste (p. 29)/analysis and mobilization regarding energy use (pp. 28-29)
- Creation of a Supplier Relations Monitoring Committee at the group level (p. 20)/conclusion of agreements with local organizations (p. 40)/organization of commercial and communications events (pp. 20 and 40)
- Monitoring the application of the Company Charter (pp. 20-21)/development of responsible products (p. 25)/Corporate Conscience Awards for the partnership with the UNI (p. 35)
- Dissemination of the Group's values (p. 32)/World Convention (p. 4)/creation and distribution of a sustainability training kit (p. 9)
- Launch of value-brand (low-priced) products and the PCI line (p. 19)/awareness-raising campaigns among consumers (p. 37)/World Environment Day (pp. 38-39)

Assessing our overall performance

Carrefour's overall performance with regard to sustainability was appreciated by managers of key SRI funds and indices. Carrefour has been evaluated by specialist ratings agencies and directly by investors, and in 2003 has been integrated into the 2003 DJSI Stoxx Europe index and Storebrand Investments' funds. In addition, Carrefour has been selected by Sarasin Bank and has been deemed eligible by Morley FM.

In Europe today, socially responsible investment (SRI), which integrates criteria of a social and environmental character into conventional financial criteria, accounts for about 313 funds with a total value of 12.2 billion euros and five market indices.

Sources : Avanzi SRI Research and SIRI Group 2003 excluding private and institutional funds.

SRI INDICES	STOCK EXCHANGES	2002	2003
Aspi Eurozone	France Paris	yes	yes
DJSI Stoxx Europe	USA Dow Jones	no	yes
DJSI World	USA Dow Jones	yes	yes
ECP Ethical Index Euro	Italy Milan	yes	yes
ECP Ethical Index Global	Italy Milan	yes	yes
Ethibel Europe	Belgium Brussels	no	no
Ethibel Global	Belgium Brussels	no	no
FTSE4 Good Europe	UK London	no	no
FTSE4 Good Global	UK London	no	no

MAIN SRI FUNDS	VALUE ⁽¹⁾	2002	2003
Sarasin Bank & Co Ltd	1,240 millions €	no	yes ⁽²⁾
CDC Ixis AM	400 millions €	yes	yes
ISIS AM	2,273 millions €	no	no
Morley FM	720 millions €	no	Eligible
Storebrand Investments	2,139 millions €	no	yes



See our key performance indicators, pp. 52-57.

- Level of presence in the SRI indices and funds

⁽¹⁾ As an indication: amount invested in SRI funds

⁽²⁾ Sarasin Bank: Carrefour is not part of the main SRI funds of Banque Sarasin, but is found in smaller funds of specific clients.

RATING AGENCY SCORES FOR THE SRI INDICES

Sustainability Asset Management (SAM group)/DJSI Stoxx Europe and DJSI World indices

Carrefour has demonstrated a very good overall sustainability performance compared to the industry average. Its commitment to the environment is emphasized by an environmental policy which is applied not only to its own operations, but also to its suppliers. However, Carrefour's management capabilities in the environmental dimension leave room for improvement, as for instance environmental data are not yet collected systematically.



Gabriela Grab
SAM GROUP ANALYST

Ethical Observatory (ODE)/ FTSE4 Good Europe and FTSE4 Good Global indices

In 2003, Carrefour issued clearer communications on various points of its sustainability policy and showed its commitment in areas related to its business activity through numerous examples, especially in terms of the supply chain and support for its suppliers. In addition, the second Report on Sustainable Development reflected a genuine effort to clarify the scope of its social and environmental reports. Nevertheless, the management systems that handle the Group's policies, in particular concerning the environment, require further development and the performance indicators need to cover the Group's international activities better.

Dominique Blanc
ODE ANALYST

Stock at Stake/Ethibel Europe and Ethibel Global indices

Stock at Stake's 2003 survey showed that Carrefour made good progress and that the company clearly shows some strong points: the guidelines and monitoring systems in the field of social and human rights in the supply chain, the partnership agreement with UNI, the attention paid to training and employee development and the cooperation programs with SME suppliers. However, Carrefour was not (yet) included in the Ethibel Sustainability Index because, according to the Ethibel Advisory Board, the company does not yet belong to the very best of the European industry. Some fields that were identified as still offering good opportunities for improvement were environmental conditions for suppliers (especially outside of France), the implementation of environmental management systems, stress management, the presence of independent directors in the Board of Directors and in the Audit Committee and the absence of an effective code of conduct.



Dirk Van Braeckel
RESEARCH DIRECTOR,
STOCK AT STAKE

DIRECT RATINGS BY INVESTORS

CDC Ixis AM

Carrefour seems to be up-to-date regarding the best practices in managing social dialogue, career development and training, along with programs on flexible working hours to help employees. The group plays a leading role in managing risk among its suppliers and in its Quality Lines, and it is a pioneer in its involvement in social issues. In 2004, we expect the Carrefour Group to make significant progress in rolling out its overall environmental management system, in establishing social indicators and in formally defining the group's standards for corporate governance.



Stéphane Prévost
SUSTAINABILITY MANAGER, CDC Ixis AM

Storebrand Investments

I believe Carrefour has taken a big step in just one year. I am very impressed with its development in quantitative reporting and the implementation of key performance indicators. Reporting in accordance with the GRI standard is also adding value. I would also like to emphasize the reorganization and the development of the now called Quality and Sustainability Department as an important tool for integration of sustainability into the whole Carrefour Group. I would also like to stress its new mark for sustainability as a great initiative towards communication of the three-folded dimension to the consumers.



Jeanett Bergan
STOREBRAND SRI ANALYST

OUR RESPONSES TO ANALYSTS' EXPECTATIONS FOR 2003

- **Corporate governance**
 - **Monitoring and control of codes of conduct and related policies:**
 - A self-evaluation management system is being developed.
 - **Greater presence and numbers of independent members on the Board of Directors:**
 - In 2003, the number of independents on the Board of Directors rose from three to five, including one woman.
- **Environmental responsibility**
 - **Establishment of a system of environmental management:**
 - The establishment and deployment of our Quality and Sustainability organizations in the various countries and retail banners, will enable us to make quicker progress on this point.
 - **Monitoring performance indicators:**
 - In this report, our key environmental performance indicators cover 89% of sales.
- **Social responsibility**
 - **Transparency on the results and the number of suppliers facilities audited:**
 - The number of workdays missed due to occupational injury was included in this report.
 - **Development of human capital:**
 - The indicator used reflects the number of hours of training per retail banner and per country.
 - **Transparency on the results and the number of suppliers facilities audited**
 - A section is devoted to these results and gives the number of supplier facilities audited and re-audited covered by this appraisal.

SCORING BY OTHER RATING AGENCIES

Innovest



Isabel Pilkington
INNOVEST ANALYST

Carrefour received a AA rating, ranking fifth out of 27 food and drug retail companies within the global Food and Drug Retail industry on over 80 different aspects of corporate governance, human capital, stakeholder capital, emerging market strategy, products and services. Carrefour received an A EcoValue '21 rating, ranking 9th in the sector. Carrefour has below average risk, above average environmental management capacity, and average engagement in environmentally-favorable business.



THE CARREFOUR QUALITY LINES: 10 years of confidence

► With 199 new Carrefour Quality Lines

in 2003, Carrefour now has 449 Carrefour Quality Lines worldwide. The Carrefour Quality Lines make use of a rigorous system of traceability to guarantee healthy, high-quality, authentic products for consumers. They contribute to sustainability by preserving know-how and the land, by encouraging farming practices that are respectful of the environment and by establishing long-term relationships with farmers and breeders who agree to take part in this approach to

quality. In the countries of the South, such as Bolivia, Brazil and Madagascar (see pp. 22-23), the Carrefour Quality Lines are sometimes linked with social programs and thus help to promote responsible trade.

A genuine development policy for the Quality Lines, as illustrated by a few examples:

- **In Europe,** Carrefour Belgium developed new Quality Lines in 2003, including carrots grown in loamy soil, traditionally grown endives, the "Bleue des Prés" label (a meat quality

guarantee) and free-range Belgian chickens. The development of four other lines - Pinova and Boskoop apples, plus potatoes and asparagus - are planned for 2004.

- **In Asia,** Carrefour Thailand has worked for two years to develop a Quality Line for pork, which was approved in February 2003. 21 other projects are under development with partner producers, including 13 for organic vegetables, as well as lines of fruit (mangosteen, pineapples, mangos, and watermelon) and animal products (chicken and

shrimp).

- **In Latin America,** Carrefour Brazil developed new Quality Lines in 2003 that included coffee, sugar and palm hearts, bringing to 50 the number of Quality Lines signed up. Some of our products, in particular grapes and pink shrimp, are exported to other Carrefour stores in every corner of the world.

Marketing, purchasing, quality control, supplier relationships, logistics, and store management: Carrefour is responsible for many different professions throughout its supply chain, from development of its own brand and retail-banner products to sales in the store.

This is a responsibility Carrefour works to meet day after day, in close and active cooperation with its partners and service providers.

OUR CHAIN OF RESPONSIBILITY

from producer to store

702

million euros in
sales of Quality Line
products.

123

million euros in
sales of certified
organic products.

30

million euros in sales
of fair-trade and
responsible-trade
products.

The products distributed by Carrefour

The product mix of Carrefour stores is adapted to the specific cultural, economic and social features of each country, as well as to the design of each retail banner. It always includes a mix of value-brand, own-brand, retail-banner, brand-name and regional products. Commitments to choice, quality and price are all essentials for Carrefour.

IN ANSWER TO YOUR QUESTIONS

> GMOs: giving consumers a free choice

The precautionary principle has increasingly led Carrefour to exclude GMOs from Carrefour brand food products in the main European countries and to set up a step-by-step approach in the other nine countries. Carrefour has also set up an identity-preserved (IP) soymeal line in Brazil for feeding Quality Line pigs (Brazil, France, Spain) and Carrefour fowl and laying hens (France). We would now like to extend this approach to other retail banners, other types of animal feed and other Quality Lines. The new European regulations on the traceability and labelling of GMOs in animal and human food products lends support to this approach and strengthens our determination to guarantee consumers transparency in product composition. There are, however, two key elements for the future: the recent legislation on genetically modified crops in Brazil and the establishment of rules on the coexistence of product lines in Europe, which could lead to added production costs for conventional methods that exclude GMOs. On this latter point, we uphold the "polluter pays" principle, which is currently under discussion at the European Commission level.



OFFERING OUR CUSTOMERS THE GREATEST CHOICE

A hypermarket offers an average of 80,000 different products, and a supermarket 10,000 products. To better meet the specific needs of each customer, alongside major brand products we distribute our own store and retail-banner brands, which we have taken responsibility for developing. Each year sees the launch of new products. Scelgobio, a line of organic products, has been distributed by Carrefour Italy since 1998 in all store formats, and some 20 products are added each year. Since 2000, this line has been joined by Terra d'Italia, which now includes 200 products from every region in Italy, from the Aosta Valley to Calabria, Sicily and Sardinia. This line helps fulfil Italian consumers' craving for regional products and creates economic value in the regions where group retail banners are operating.



ENSURING THE QUALITY OF OUR PRODUCTS

We guarantee the quality of both our value-brand products and our own-brand and retail-banner products, which always give top value for money. To achieve this, we have worked in partnership with our suppliers to develop traceability throughout the supply chain, from production to marketing, using a system of controls. This year our "Product Safety" Monitoring Committee, created at the Group level in 2002, helped establish best practices, in particular in areas involving monitoring contracts and specifications, training teams and managing crises.



Carrefour and the defence of purchasing power

> Value-brand (low-priced) products

- In August, Carrefour Colombia launched brand "No. 1": 200 products produced by 45 Colombian suppliers, aimed at offering the lowest prices and meeting customer demand for lower prices in a difficult economic situation.
- In August, Carrefour Belgium launched the brand "No. 1" line in its Carrefour stores and GB supermarkets; at the end of 2003, the range included 300 basic food and non-food products. This product line is the least expensive in Belgium and offers prices that can be up to 10% cheaper than the competition and are, on average, three times less expensive than major brand products.

> Freezing or lowering prices

- In September, Champion-France decided to lower the price of 150 Champion products and to freeze the price of 1,000 products until 31 January 2004: this program went hand-in-hand with the adaptation of product specifications so as to cut the price without affecting quality.
- In October, Carrefour Italy decided to make a contribution to the fight against inflation by cutting the price of 500 GS brand products by up to 30% and by freezing the price of 900 GS brand products until the end of 2004.



USING OUR PRICES TO DEFEND PURCHASING POWER

The heart of our activity involves offering price ranges that correspond to our customers' different levels of purchasing power so as to help give as many people as possible access to quality consumer goods. To achieve this goal, every year we optimize our purchasing conditions through rationalization, massification and the shortening of channels. To meet the competition in hard discounting, in 2003 we launched low-priced brand "No. 1" products, and froze or lowered prices in a number of countries (see inset). In addition, in Europe we launched an International Carrefour Products (PCI) line, which offers our customers fast-moving consumer goods at hard discount prices while meeting our commitments regarding health and safety. Grouping volumes from different European countries during negotiations has made it possible to optimize the quality/price ratio for PCI products.

IN ANSWER TO YOUR QUESTIONS

> Carrefour and crisis management

The Quality and Sustainability Department, with the help of the Safety Departments, has set up crisis management procedures. With regard to product safety, there are warning, withdrawal and product recall procedures that can be implemented very quickly. Every crisis is handled as close to the field as possible by a pre-defined crisis team composed of qualified managers that can be set in motion to take preventive action in case defective products are suspected. For own-brand, retail-banner and value-brand products, the international purchasing office has developed software - the group's Quality Scorecard (QS) - that is used to anticipate and manage risk and crisis procedures by following products at every step in their commercialisation. The Quality Scorecard is currently being rolled out in France, Italy, Greece and Belgium.



See our key performance indicators, pp. 52-57.

- Number of purchasing offices using the group's Quality Scorecard
- Number of value-brand product listings

Relationships with suppliers

Carrefour works with three types of supplier: large national and international corporations, SMEs and farmers. Respect for ethics, a long-term commitment and a win-win contract are at the heart of the relationships set up by the Group, which relies on the power it has to demand standards in order to gradually raise social and environmental conditions in the production stage.



BUILDING THE FUTURE WITH A LONG-TERM PERSPECTIVE

With the large national and international corporations, we have company-to-company relationships, using framework contracts that are negotiated at the level of the country. With the SMEs - which develop about 80% of our own-brand and retail-banner products - and farmers, we endeavour to foster sustainable, balanced partnerships based on transparency and fair compensation while still striving to remain competitive. In order to strengthen our partnerships, in December 2003 we set up a Group-level "Supplier Relations" Monitoring Committee that is responsible for developing and rolling out best practices for handling our calls for tender, the launch of new products and changes in product mixes.



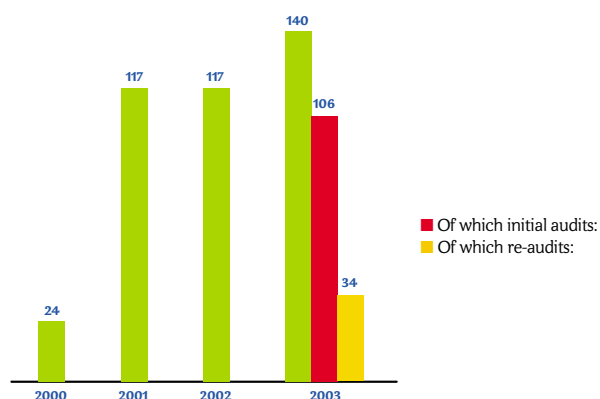
PROMOTING LOCAL KNOW-HOW, A SOURCE OF VALUE

Using local suppliers helps to create economic value and to integrate Carrefour into the local economy and society. In 2003, we strengthened our partnerships with local suppliers by developing 199 new Carrefour Quality Lines around the world. In France, the strengthening of these relationships could be seen in the creation of a Quality Lines club that brings together those involved in all 249 lines. A sponsorship system has been established at the store level, progress planning commissions were set up at the national level and a quarterly newsletter is being published. To help inform our partners about our customers and sales opportunities, we have also signed partnership agreements at the local and regional level in France (in particular in Brittany and Aquitaine) to develop regional product mixes in stores and to conduct sales promotions.

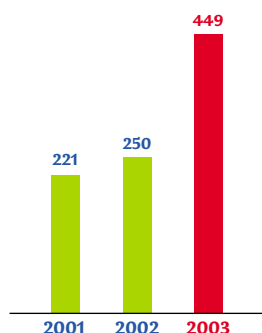


◀ **Carrefour and promotion of food-safety awareness among its suppliers**
In 2002, Carrefour China launched a food safety project in partnership with the city of Beijing in order to meet the ever-increasing demands of the Chinese consumers. The goal was to set up safety and hygiene pilot-sites among our suppliers, for the production of pork first of all. The approach involved carrying out various hygiene and quality audits, implementing specific training programs and helping the chosen companies as regards technical expertise. In mid-2003, a guide to best hygiene practices in business was drawn up and distributed to various administrative and industrial partners in the project.

**Number of supplier facilities audited for compliance
with our Social Charter**



Trend in the number of Quality Lines



See our key performance indicators, pp. 52-57.

- Number of Quality Lines.
- Percentage of total food sales achieved using local suppliers.
- Number of supplier facilities audited for compliance with our Company Charter.



Carrefour and French SMEs: the export passport

> French Week in Japan

Following the success of 2002's French Week in Japan (held under the aegis of Partenariat France [France Partnership]), which gave 90 SMEs a chance to explore the Japanese market, the event was held again in 2003 for 170 French SMEs, who were thus able to try out their products directly with local consumers.

was organized under the aegis of Partenariat France, a government support body within the French Foreign Trade Department that is headed by Philippe Rabit, Daniel Bernard's Advisor. It brings together the 30 leading international corporations in France in an effort to promote French SMEs on foreign markets. French Week in Poland was inaugurated by François Loos, the French Deputy Minister for Foreign Trade.

> French Week in Poland

In late October 2003, a similar event was held in Poland for 140 French SMEs. French Week has two main objectives: to organize export logistics and to ensure the promotion of French products by making them highly visible in the stores. It also helps company heads, who are asked to attend in order to explore the market and trading opportunities for themselves and to meet the main players and decision-makers. This operation

> SAFCA

In addition, SAFCA (the Carrefour supplier support organization) helped about 100 SMEs to obtain export assistance.

ENSURING RESPECT FOR BASIC HUMAN RIGHTS

As part of its step-by-step approach to sustainability, Carrefour undertakes to ensure respect for international laws on labour and environmental protection, which, along with quality, represent the criteria used in selecting suppliers. In the social sphere, we drew up a Supplier Charter in 1997 that encourages our suppliers to implement basic rights set out by the ILO. This policy was strengthened in 2000 with the creation of the Infans association, in partnership with the International Federation of Human Rights (FIDH). In 2003, 140 social audits (106 initial/34 re-audits) of our suppliers were conducted (see p. 55). The points for corrective action this year, like last, mainly concerned working conditions, hours and wages. By pooling the results of the 398 social audits (364 initial/34 re-audits) conducted since 2000, Carrefour is supporting and actively taking part in the Social Clause Initiative campaign (French Commercial and Distribution Federation - FCD), in which 14 other French companies take part. Carrefour believes in a determined, progressive approach and in pooling the results of audits and the efforts of all players in order to improve local employment conditions. In 2003, Carrefour played an active role in various

IN ANSWER TO YOUR QUESTIONS

> Carrefour and Global Net eXchange

In 2003 Carrefour stepped up its use of the services of the GNX electronic marketplace by listing 6,000 calls for tender online with 15,000 suppliers of goods and overheads in 21 countries. These reverse online auctions, the latest technique in purchase-negotiation procedures, ensure that the contract allocation process is fair and transparent for our suppliers. All participants, chosen in advance, have the same information and the opportunity to win the contract. The lowest bidder wins the bid, giving consumers the ultimate benefit of a better deal.

European working groups in an effort to harmonize product coding. In international contracts for the supply of own-brand and retail-banner products, a new "environmental protection" clause was added in 2003, requiring suppliers to comply with existing legislation.



Carrefour and the practice of sustainable farming

> Carrefour farms in Brazil

Carrefour's farms in Brazil are considered as models for preserving fauna and flora. The group owns seven farms: three specialize in meat production and four in vineyards, and they employ a total of 2,000 people. Every effort is made to protect the environment, to produce healthy products while preserving natural resources and to promote rural development. For example, the animals are given feed that is 100% natural and are treated using homeopathic remedies, with no hormones or chemical additives. Employees and their families have access to literacy programs and dental & eye care, and are given

school supplies and computers. A major event is held every May Day, featuring activities to promote solidarity with the local community. On the occasion of World Environment Day in 2003, Carrefour committed itself to setting aside a forest of 1,104 hectares (2,728 acres) located on its Mato Grosso farm as a private natural heritage reserve ("RPPN"). The goal: to preserve biodiversity and contribute to biological, environmentally-friendly and agronomic research.

Close-up on Carrefour's commitment to the planet

Every day, Carrefour strives to cut greenhouse gas emissions, to conserve natural resources, to reduce and manage waste material, to ensure the availability and quality of water, and to protect biodiversity. These five commitments to our planet require policies that protect the seas and forests and encourage sustainable farming practices and the development of products that respect the Earth and its inhabitants.



See our key performance indicators, pp. 52-57.

- Number of organic and ecological products.
- Number of responsible trade and fair trade products.



ACTING TO PROTECT NATURAL RESOURCES

Protecting the resources of the sea and forests is one of the key points of Carrefour's environmental policy. In 2003, we created the position of manager of sustainability of fishery resources, reporting to the Quality and Sustainability section of the Carrefour International Merchandise Department, to develop our expertise and activity in this field. Health and safety is not the only criterion for decisions in our supply strategy. We now take into consideration the macroscopic situation of production zones. We identify endangered fishing areas, and map out areas that are safe and used by

Carrefour and the supply of wood for the 2004 collection of garden furniture and decorations

Teak	Keruing	Accacia	Roble FSC	Pine FSC
Indonesia	Vietnam/ Indonesia	Vietnam	Bolivia	Poland
27%	37%	3%	11%	22%

Scope: international purchasing office (France, Spain, Belgium, Italy)

operators who heed the call for environmental protection and the sustainable management of resources. In 2003, we therefore strengthened our partnership with Icelandic fishing crews to provide North Atlantic fish for the Silver Sea frozen fish line.

With regard to forest resources, in 2003 we continued our step-by-step approach in accordance with our Charter on sustainable forest management. This year, in order to get a better understanding of the ways in which teak is supplied in Indonesia and to improve traceability, we conducted a field study with CIFOR-CIRAD and a local NGO. This study led us to engrave a serial number onto each teak product corresponding to a Certificate of Origin and an identified supply source. As additional proof of our commitment to our customers, one-third of the wood used in furniture and garden decorations and bought by the international purchasing office for the four main European countries is now roble or pine certified by the Forest Stewardship Council (FSC), a label that guarantees the sustainable management of forests (see table).

Carrefour and responsible trade

At the Salon International de l'Agriculture in February 2004, Carrefour approved an "Organic Quinoa - Grown in Bolivia" product line that came about through its responsible-trade policy. The supply chain is controlled and certified by Ecocert and managed by Euro Nat, a food processor. All the farmers in the town of Llica in the Bolivian altiplano have agreed to adhere to the organic policy outlined in a set of specifications. The quinoa is then processed in the local Jatary plant, which employs 24 people. As part of this responsible-trade program, Carrefour and Euro Nat have agreed to pay 0.01 euro cent per unit to Bolivia's Punto de Apoyo association to support humanitarian programs.



OFFERING CONSUMERS RESPONSIBLE PRODUCTS

The development of environmentally friendly products (eco-products, organic products, Carrefour Quality Line products) and products with social added-value (fair and responsible trade) is a reflection of our commitment. In 2003, South Korea developed a range of green products, the Purnae product line of soap, dishtowels and washing products, which were awarded an environmental label from the South Korean Ministry of the Environment. France, Belgium, Italy and Thailand, among others, launched new organic products. With regard to responsible-trade products, France now has seven products listed under the Max Havelaar name, and Belgium has 30 products with the Oxfam Fair Trade label. The launch of these new products gave rise to discussion on packaging and how to cut waste at the source. Since 1996, by cutting down on packaging on Carrefour, Champion, Grand Jury and Reflets de France products, it has been possible to save 5,850 tonnes of material in France. Carrefour Belgium was nominated for the 2003 "Belgian Environmental Award" for the launch of 100% compost-friendly packaging for its organic fruit and vegetables.



ENCOURAGING SUSTAINABLE FARMING PRACTICES

The promotion of environmentally friendly agricultural practices, in particular organic farming and "integrated farming", is another cornerstone of Carrefour's policy. For example, in October Carrefour Belgium collaborated on a study performed in supermarkets as part of the "Pesticides? No thanks!" campaign conducted by four regional environmental protection associations with the support of the Belgian government. Carrefour Belgium had the highest score of all retailers with regard to being proactive in reducing pesticide use. The Asian countries are also active. In Indonesia, an agricultural engineer was hired by Carrefour to teach farmers about the most environmentally-friendly conditions for farming. In China, we work with the government on a model organic farm, which already accounts for more than 26% of our fruit and vegetable sales in Beijing.

Logistics

Efficient logistics contribute to product quality and store productivity. It is thus crucial to improve control of the flow of merchandise and to optimize supply chains. However, the level of the logistics system varies from one country to another. Three priorities stand out: traceability, respect for the cold chain and the management of environmental impact.



Carrefour and low-emission delivery vehicles

> On 6 November 2003, the Mayor of Paris and ADEME organized the first Low-Emission Delivery Vehicle Day. This offered Carrefour an opportunity to highlight its environmental protection efforts and its search for alternatives to conventional fuel. Since November, in fact, two 19-tonne trucks used for deliveries to stores in and around Paris and two vans that make deliveries to customers who have

purchased items on the Ooshop.com site use natural gas for vehicles (NGV). This fuel has advantages in terms of the reduction of CO₂ and NO_x emissions.

This experimental program was conducted in partnership with the service providers and with the support of the Mayor of Paris and ADEME, which provided advice and support for the start-up.



See our key performance indicators, pp. 52-57.

- Degree of maturity of the logistics system.
- CO₂ emissions per shipping unit.



THE LOGISTICS SYSTEM: DIFFERENT LEVELS OF MATURITY BETWEEN COUNTRIES

To set up a logistics system, it is necessary to attain a critical mass in terms of the volume of goods and to be able to rely on the local market for service providers at some point. This is why the logistics system varies a lot between countries. When a country develops a logistics approach, it needs to meet five goals: the massification and the rationalization of flows, the traceability of pallets and parcels in the logistics system, respect for the cold chain, and managing the impact on the environment. In Italy, for example, a newly built warehouse supplies hypermarkets in the north, making it possible to massify volumes from suppliers and thus fill trucks more logically. The warehouse has also made it possible to optimize the trucks' delivery routes and thus to cut fuel consumption, leading to improvement in environmental impact.

Carrefour and river transport

In 2003, Carrefour continued its project to test the transport of goods by river in France, a system set up at the end of 2002. 30% of the company's total volume of textiles was shipped on barge containers between Le Havre and the autonomous port of Genevilliers. With the opening of the Vert-Saint-Denis (Seine-et-Marne department) warehouse, which is intended to centralize all textile supplies from 2004 for 216 French hypermarkets and 20 Champion supermarkets, the containers will be routed by barge to Bonneuil and then by truck to Vert-Saint-Denis. At the end of 2003, we extended the river transport test project by routing products along the Rhône between Fos and Lyons and by testing products other than textiles along the Seine.



TWO BASIC GUARANTEES: LOGISTICS TRACEABILITY AND RESPECT FOR THE COLD CHAIN

Traceability makes it possible to isolate and withdraw products as quickly as possible in case of a problem. For our own-brand, retail-banner and value-brand products, France began to implement two logistics-traceability computer tools in 2003: Trace-One, to manage specifications and trace products from the supplier to the warehouse, and Star-Trac, to trace products from the warehouse to the store using a pallet label with a bar code. Today, Trace-One can already deal with 6,000 specifications for Carrefour products, and 15% of all products are traced using Star-Trac. With regard to respect for the cold chain, it should be noted that Carrefour Belgium made a particular effort in 2003 in this regard by setting up two new training modules (logistics and store) on cold chain in addition to conventional training and by conducting a special audit of its stores in July and August. It also conducted tests on the computer system (RF probes) and traceability (smart labels on pallets, parcels and products) for logistics.

A CONSTANT CONCERN: REDUCING ENVIRONMENTAL IMPACT

In 2003, Carrefour continued with the partnership policy it had initiated last year with its suppliers and service providers in France and in Europe aimed at reducing the environmental impact of shipping (in particular CO₂ emissions). The Demeter environment & logistics club - which brings together industrial firms (Coca-Cola,

A WORD FROM OUR STAKEHOLDERS

"The environment is a key strategic point for TPG, the group to which TNT Logistics belongs. We are very happy to take part in the Demeter environment & logistics club, whose name is taken from the Greek goddess of fertility and the earth's fruitfulness. The club is a place where everyone 'tells it like it is' and shares their experience, taking into account both economic and environmental factors. Our partnership with Carrefour came about through the program to test natural gas in 19-ton delivery vehicles. We are also conducting other pilot schemes with other customers in France."

Michel Nicolas, Assistant General Manager, TNT Logistics

Colgate, SEB, Nestlé Waters and Yoplait), logistics firms (TNT and STEF TFE), the Paris Mayor's office, ADEME and the Centre de Recherche sur le Transport et la Logistique - has pooled its know-how and ideas on developing test projects and rolling out alternative solutions. The two key undertakings in 2003 (see insets) involved the experimental program on low-emission delivery vehicles using natural gas and the development of river transport, which was tested in 2002. In 2003, 2,794 containers were shipped by river, i.e. a savings of 3,000 trucks, for a reduction of 130 tonnes of CO₂ and a cost savings of 6%.

Stores as living spaces

Carrefour has more than 10,000 stores under its retail banners worldwide, 58.5% of which are owned by the group while 41.5% are franchises or affiliates. The stores come in different formats, including the hypermarket, supermarket, hard discount, convenience and cash & carry formats. Regardless of the format or country, Carrefour strives to integrate its operations into the surroundings, emphasizing service, practicality and convenience with the aim of satisfying its customers.

A WORD FROM THE EXECUTIVE DIRECTOR, FRANCE CONVENIENCE STORES

"As France's leading franchiser, we have met the challenge of building loyal partnerships by helping to make franchisees' businesses profitable so that those outside our group will want to join up and work with it. Every year, we recruit some 200 franchisees - who either own or lease their premises - for our convenience store operations (the Shopi, 8 à huit, Marché Plus and Proxi banners) as a whole. These future bosses are trained in the convenience store business in one of the business schools (one or two per region) that we have set up. The training, which lasts 43 days, is paid. With our support, failures are rare: there are fewer than 10 bankruptcies per year."

Gérard Dorey, Executive Director, Convenience France



◀ **Carrefour and crisis management**
In 2003, a SARS (Severe Acute Respiratory Syndrome) epidemic hit three Asian countries where Carrefour does business: China, Taiwan and Singapore. The crisis was handled both in the field by local crisis teams and through Paris by a Group-level crisis team. The latter met daily to keep the countries regularly informed and to

help them develop the measures to be taken with regard to staff and customers: advice to Carrefour personnel travelling in Asia, improved hygiene in the stores and offices, the provision of health supplies in the stores, and information for the teams so that they could give explanations about the disease. The Carrefour International Enterprise Foundation contributed to safety masks donation for health-care professionals in hospitals in China and Taiwan. In China, Carrefour was congratulated by the authorities for the first-rate state of its stores and the preventive measures it took.



INTEGRATION INTO LOCAL LIFE: STRENGTHENING SOCIAL RELATIONS

Integrating Carrefour stores into the local community involves their architectural design, the development of the surrounding area, transport links with the city centre and access facilities for the disabled. In China, the Wuning store's exterior was designed by the architect who created the Beijing Opera building. The Shir Chuen store in Taiwan was given responsibility for the decoration and upkeep of the Kaoshiung pedestrian walkway, which preserves the city's artistic aesthetic. In France, the Ollioules hypermarket was built with typical Provencal features, such as terraced "restanques", and a parking lot arranged with a grove of trees to protect customers from the summer heat. The Banghak store in South Korea received the Best Store Award, which recognizes its access for the disabled.



RESPECT FOR HYGIENE AND SAFETY REGULATIONS: RAISING LOCAL STANDARDS

Both human safety (customers and staff) and the quality of the products sold in the store depend on compliance with hygiene and safety regulations. This year was marked by the beefing up of specific measures in a number of countries to help raise local hygiene and safety standards. In Taiwan, for example, Carrefour set up a rigorous program in all its stores that involved the appointment of a hygiene and safety supervisor, the training of all employees in occupational health and



Carrefour and the sharing of know-how

> An international partnership

Some stores operating under our retail banners are not quite like the others. This is particularly true for the 25 hypermarkets, 98 supermarkets and 56 convenience stores outside the group, in six countries and three French overseas departments, that work in partnership with local companies (Mestdagh in Belgium, Majid Al Futtaim in Egypt and the Middle East, and Caillé and Hayot on Reunion Island). Four Carrefour teams (about 40 people) provide logistical support for this network of

partners - or even to the stores directly - from France. In this way, the support teams share Carrefour's specific business concepts and know-how while taking local conditions into account. Sustainability is, of course, an element in the expertise that is passed on. In 2003, Carrefour set up a "integrated farming" program on Reunion Island for fruit and vegetables. In the Middle East, Carrefour has been working to set up a fruit and vegetable Quality Line and to strengthen bacteriological checks and the distribution of "green" products under its own brand and retail banner.

safety and the establishment of a safety team for peak hours. In Colombia, Carrefour developed training modules intended for all its employees: training in safety, a physical preparation program and a guide to procedures for evacuating the stores.

THE PREVENTION OF VIOLENCE: TRAINING TO ANTICIPATE

Carrefour stores are sometimes located in tough outer-city suburbs and may face problems of theft, vandalism and violence. The way we handle these problems is through dialogue and prevention. In France, the national hypermarket safety department developed a training module in 2003 called "SOS Conflit" ("SOS Conflict") to help staff take a more professional approach to conflicts and difficult situations with customers and to plan for the more serious situations that might occur in a store; 371 people have taken part in this training. In Brazil, where there are significant risks, Carrefour has prepared its staff - particularly risk-prevention teams in the stores, the checkout personnel and the sales teams that have direct contact with customers - to adopt the proper attitude and make the right decisions in a crisis situation. Closed-circuit TV is used to ensure safety in all stores, and the development of electronic surveillance is under study. The stores conduct self-assessment of their risk level in order to make regular decisions on what preventive measures to take; they also use a computer system to pool information on accidents that have occurred.



See our key performance indicators, pp. 52-57.

- Percentage of stores audited on hygiene/quality criteria.



Carrefour and checkout bags

> Comparative Life Cycle Analysis

In order to make active progress on the issue of checkout bags, Carrefour was the first retailer in the world to order a comparative study of the life cycle of four of its checkout bags (disposable plastic bags, disposable biodegradable bags, disposable paper bags and reusable plastic bags). This study complied with the series of ISO 14040 standards and was submitted for critical review to both ADEME and an independent committee that included representatives of NGOs (the WWF and UFC Que Choisir) and an independent expert on life cycles analyses. It was then presented to the Confederation of European Paper Industries, the Association of Plastics Manufacturers in Europe and the manufacturer Novamont before being released in February 2004. Carrefour has made the results of this report public; the study can be consulted on its Internet site.

> The development of an alternative

To build on this approach and in anticipation of forthcoming national legislation, a number of countries and retail banners are trying to build awareness among their customers and to work out alternative methods. In France, the Carrefour hypermarkets decided in December 2003 to resume offering reusable rigid and flexible bags that are sold at cost price and can be exchanged. The goal is to reduce the distribution of disposable bags by 5% per year. In 2003, Belgium's GB supermarkets gave consumers a practical guide to reusable checkout bags, market bags and boxes in exchange for Happy Days points.

Reducing environmental impact

The stores are not neutral with regard to the environment. They consume resources, contribute to greenhouse gas emissions and generate waste. Carrefour's objective is to limit their environmental impact, in particular by reducing the use of water and energy, setting up a selective waste sorting system and limiting the use of coolants. The goal: to combine economic advantages with environmental benefits.



Training session in Thailand on the environment and waste management



See our key performance indicators, pp. 52-57.

- Energy consumption in kWh/sq.m (sales area)
- Water consumption in cu.m/sq.m (sales area)
- Percentage of waste recycled
- Quantity of refrigerant fluid (coolant) in consumed/sq.m (sales area)
- Number of free checkout bags distributed
- Quantity of paper purchased for commercial publications and internal communications



IDENTIFYING AND EVALUATING THE IMPACT OF STORES

Developing effective measures to reduce the environmental impact of stores first requires analysis. Studies on reducing the consumption of water and energy have been conducted by many countries and retail banners, including the France hypermarkets, which received help from Schneider Electric and EDF. As for waste production and recycling, Thailand took the initiative in 2003 to conduct an audit of its Bangkok store. The results were extrapolated to the rest of the network. Stores recycle an average of 35% of their waste (plastic, cardboard and aluminum), but it is esti-

Carrefour and the organization of its stores

In 2003, a new hypermarket opened in the Mons les Grands Près shopping centre in Belgium. With a sales area of 12,000 sq.m, this hypermarket integrated a sustainability approach that began at its design stage. Everything possible was done to optimize its construction and substantially reduce energy consumption, including taking the electrical supply network into account in the store layout, grouping large consumers of electricity in adjoining areas and setting up technical innovations (like refrigerator curtains and automatic lighting) in strategic locations.



estimated that raising individual awareness and tightening up the management of waste could raise this by 5-10 percentage points.

AWARENESS-BUILDING, EMPOWERING AND TRAINING OF STAFF

Raising the staff's environmental awareness and training them is a key priority in every country. To motivate staff on the ground, Spain, France and Portugal have appointed coordinators in each hypermarket, called Environmental Ambassadors. Awareness-building is reinforced by training. Between 1 June 2002 and 30 April 2003, Carrefour Spain provided more than 26 hours of training in environmental protection to 13,000 of its employees. In Japan, Carrefour took the initiative to place small explanatory notes above the light and air conditioning switches to educate its teams. Following the store audit it conducted, Thailand decided to have the in-store coordinators train all employees by February 2004. At the end of 2003, 1,750 people had already been trained, and the water and electricity bills had been cut significantly.

SUPPORTING INNOVATIVE PILOT SCHEMES

In 2003, a number of environmental pilot projects were set up or continued in the stores. In 2003, for instance, Carrefour Spain succeeded in collecting 56,250 tonnes of paper and cardboard, 25,000 tonnes of plastic and 154,000 kilograms of organic matter as part of its waste processing program. In addition, as part of its 2002 commitments, solar power generators were installed in the six Spanish hypermarkets in May and June 2003 to produce additional energy from

A WORD FROM ONE OF OUR SUSTAINABILITY

"As a Sustainability Ambassador, my role is to bring about the seven commitments to Sustainable Development made by Carrefour France Hypermarkets regarding the disability policy, recovery of batteries, food donations, water and energy savings, organic and fair-trade products, waste processing and publicizing the Carrefour Quality Lines. At Chamnord, we have set up several environmental pilot projects: the development of "green checkouts", where no plastic bags are distributed, the promotion of bicycle shopping, and raising awareness of the proper use of pesticides to protect Lake Bourget. These pilot projects have been carried out in partnership with the Chambéry Mayor's Office and Chambéry Métropole."

Patrick Bellot, head of Technical Services and Sustainability Ambassador, Chamnord Hypermarket (Chambéry)

renewable sources, to use self-generated power and to reduce CO₂ emissions. This equipment was partly funded by the IDAE (Energy Savings Institute).

SETTING GOALS

Carrefour sets goals to help strengthen its environmental policies. One objective worth emphasising concerns the paper used to print the group's advertising brochures and flyers. The European paper purchasing office buys about 200,000 tonnes of paper every year; to integrate this into the sustainability policy, it gives priority to paper made from pulp that has been recycled and/or is certified as being sourced through sustainable forest management. The goal is to use such sources exclusively within five years. In 2002, 57% of the wood fibre used in the paper bought by the group met this criterion; by 2003, the figure had risen to 64%.



EDUCATION: a priority for development

► **In Brazil**, illiteracy is a serious problem. To help reduce illiteracy among its employees, Carrefour Brazil set up an educational program for its seven stores in Sao Paulo, with the assistance of the Carrefour Training Institute and the Municipal Education Department. Selected employees took courses in Portuguese, history, science and math for a year, at the end of which they were awarded a diploma recognized by the Brazilian Ministry of Culture and Education. In 2003, this program was extended to six hypermarkets, and 62 people were offered the

opportunity to take literacy classes (41 Carrefour employees and 21 outside people). This program opens up new employment and advancement prospects at Carrefour for employees.

► **In 2001, the Carrefour International Foundation, Carrefour Thailand** and the Office of Her Royal Highness, Princess Maha Chakri Sirindhorn, launched a humanitarian program to benefit children and young adults in the remote regions of Omkoi, Chiang Mai province, northern Thailand. Known as the Omkoi Project, this program is aimed at

developing education, nutrition, health and employment through the construction or renovation of schools, the donation of medical equipment and foodstuffs, and the installation of water lines to improve water distribution. 24 villages benefited from this program in 2001-2002 and 25 villages in 2002-2003, representing a total of 7,378 people. By the end of 2003, the village of May-Thong had a new school, and children from the village of Huay-Haeng were capable of writing in the Thai language.

As a socially responsible business, Carrefour endeavours to respond

in concrete, practical ways to the expectations and aspirations of its employees, its customers and the local communities in which it operates. A constructive form of globalization based on fair relationships and long-term development can only be built for future generations through a collective effort involving open communications and mutual commitment.

OUR CONTRIBUTION

to transparency,
dialogue and quality of life

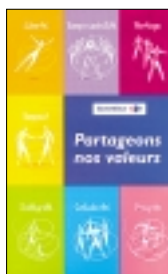
419,040
staff

85.330
million
customer
households

30
projects
supported by
the Carrefour
International
Foundation

Human resources management

With nearly 420,000 employees throughout the world, Carrefour is one of the 10 largest private employers in the world. The Carrefour Group takes this responsibility very seriously by promoting social progress in every country in which it operates. The goal is to provide all employees with the opportunity to develop their full potential in a climate of trust, to offer them opportunities for advancement and to supply motivating employment and compensation.



Carrefour and the dissemination of core values

In 2003, Carrefour distributed a booklet along with a communications module to all of its employees in 29 countries to introduce them to its vision of the world, its mission, its core values and its policies. Each country's management teams are responsible for bringing these values to life in the everyday operation of the company. At the same time, cultural diversity is taken into account with a view to integrating these values into the local context. "Putting our values to work" thus became the rallying

call of the second convention organized in April by Carrefour Marinopoulos to circulate information on priority projects and the country strategy. In Taiwan, 65% of employees and 100% of management have been made aware of the corporate culture through the Executive Committee's efforts and training workshops emphasizing role-play and multimedia support tools. By the end of 2003, all employees had been informed of the corporate project in the majority of countries.

In France, the year 2003 saw the implementation of the Group Employee Savings Scheme (PEG) and the Voluntary Employee Savings Partnership Scheme, signed in December 2002.

	Value on 31/12/2003
The Group Employee Savings Scheme (PEG) has seven funds, including:	
- Carrefour Multigestion (10% SRI assets)	€106 million
- Carrefour Prudence (15% SRI assets)	€23 million
- Carrefour Économie Solidaire (5% of securities from socially responsible sectors)	€102 million
Voluntary Employee Savings Partnership scheme	€35 million

Total valuation of employee savings schemes on 31/12/2003: €1,062 million.



ATTRACTING DIVERSE TALENTS

To better understand our customers' expectations throughout the world, our human resources policy aims to attract a diverse range of talents. In particular, this policy is reflected in the recruitment of local employees and qualified young people, as well as the promotion of women to management positions. To attract future talents, the various countries and retail banners conduct recruitment campaigns for young people and students (e.g. 2,500 students invited to the World Convention, the Championship Trophy competition conducted by Champion France, Dream Day in Belgium, meetings with MBA students in Thailand and more).



EXTENDING A HAND TO THE DISABLED AND DISADVANTAGED

To assist those facing difficulties, we have set up solidarity programs for the disabled (see text box) and for young people lacking professional qualifications. In France, the Group is offering the latter a fresh chance for integration into the workforce through work/study contracts, offering 280 hours of training over seven months, provided by the Carrefour School's training staff. Moreover, to assist our disadvantaged staff in the French hypermarkets, we have created a Carrefour Solidarity Fund that provides financial aid, counselling and support. We are now thinking about extending the principle of this Solidarity Fund to other retail formats in France.

Carrefour and the integration of the disabled into the workforce



Handicap Mission: application of the second agreement (2002-2004) in France

Since 1999, Carrefour Hypermarkets have clearly affirmed their resolve to develop a permanent policy to promote the employment of disabled people through the successive implementation of two triennial, company-wide agreements signed by a majority of union organizations and approved by the Labour Administration.

The recruitment objectives of the first agreement were to hire 250 disabled people. The new commitments involve recruiting 250 additional people by the end of 2004, providing support for job

retention actions and developing training initiatives. As a result, by the end of 2003 1,035 disabled people had been hired over five years, including 695 under permanent employment contracts. The employment rate for disabled people as of the end of 2003 was 6.41%. For some, employment was made possible thanks to material or organizational modifications to the workstation, to personalized coaching arrangements, and to help from special insertion teams. The Carrefour hypermarkets currently employ 2,733 disabled people. The Euralille Carrefour hypermarket offers an outstanding example of what can be achieved in this regard. During 2003, five disabled people were recruited (out of a total of 13), including hearing-challenged and mentally-challenged individuals. Coaches were assigned to help disabled trainees settle in. A partnership was entered into with two organizations that specialize in integrating the disabled, and in-service training programs were set up for the mentally challenged. The store's objective for 2004 is to recruit two more disabled people.



TRAINING IN SKILLS DEVELOPMENT

Training offers the opportunity to strengthen professionalism and exchange experience and know-how, and offers access to internal promotion and career advancement. More than 3.8 million training hours, or 1.4 days of training per employee per year, were provided on average throughout the world in 2003. Eight countries (France, Italy, Spain, Belgium, Brazil, Thailand, South Korea and China) now have training centres. And three more (in Greece, Colombia and Taiwan) are scheduled to open in 2004. Italy's training centre is unusual in that it is open to both integrated and franchise stores.



See our key performance indicators, pp. 52-57

- Percentage of women in management.
- Number of recognized disabled workers.
- Number of days of training per employee, per year.

A WORD FROM CARREFOUR MEXICO

"In Mexico, it is still unusual to find women in management positions. Until recently, women did not work. It is only since the economic crisis of 1995 that they have begun to work to help balance the family budget. It is becoming increasingly clear that lifestyle changes contribute strongly to equal opportunity for women in the workplace."

Pascual Juan Carlos, Human Resources Director, Carrefour Mexico

COMPENSATION AND THE DEVELOPMENT OF SOCIAL WELFARE

The compensation of staff is directly related to each employee's level of competence, training, responsibility and performance. This compensation is generally supplemented by a wide range of benefits, including complementary benefits coverage. In France, to harmonize the complementary benefits provided to Carrefour Hypermarkets staff members, benefit levels

for the staff provident scheme were significantly raised in 2003 for former Continent (Promodès) staff. In Poland, insurance coverage was offered to all staff in 2003, with the objective of raising local standards: a total of 6,000 employees (50% of total staff) participated in this insurance program.



Carrefour: Listening to staff

> The Carrefour Employee Survey

Created approximately 10 years ago in France, these in-house satisfaction surveys, known as "Listening to Staff" surveys, are now conducted in Italy, Spain, Belgium, Poland, the Czech Republic, Slovakia and Turkey. Beginning in 2004, they will be extended to Greece and Colombia, and are also under consideration for South Korea and Thailand. Their principles are simple. At least 25% of a store's employees participate in the surveys. Meetings are organized

in 10-person groups broken down by sector and activity. The participants are drawn by lot and meet for two-and-a-half hours under the direction of an impartial group leader who encourages them to express their opinions anonymously. The results of these meetings are then distributed to store management and supervisory personnel for each sector or department, who in turn prepare an action plan with a view to improving working conditions and correcting any problems.

Dialogue with the social partners

Communication is essential to the smooth operation of the company. To mobilize its local teams, Carrefour has made constructive dialogue a major priority commitment. Dialogue is fostered both internally and with the social partners, offering all concerned the opportunity to make day-by-day progress toward participatory management and the best possible working conditions for all.

OUR STAKEHOLDERS SPEAK OUT STAKEHOLDERS

"What makes the agreement between Carrefour and UNI so distinctive are the joint efforts involved in its implementation and follow-up. There is an ongoing social dialogue between Carrefour and UNI Commerce, with the goal of promoting a healthy working relationship and constructive social discourse in all the countries where the group has a presence. Carrefour's management team and UNI Commerce also have frequent contacts with the local social partners in several countries, a factor that has contributed to the resolution of various problems and potential conflicts."

Jan Furstenborg, Director of UNI Commerce



INTERNAL COMMUNICATION BASED ON MUTUAL RECEPTIVENESS

Dialogue at Carrefour relies both on effective internal communications and careful consideration of staff expectations at the operational level. In all countries, the group has set up the most effective resources to communicate with its staff (company newsletters, intranets, e-newsletters etc.) while strongly emphasizing a direct, ongoing relationship with supervisory staff. To stay abreast of the concerns of our staff and improve interpersonal relationships, we also extended our internal satisfaction surveys in 2003 to several new countries, based on the principle of "Listening to staff"

(see text box). To promote brainstorming in order to improve company operations, in 2003 Carrefour Brazil conducted its second annual "Ideas in Action!" campaign, a far-reaching project that gives all employees the opportunity to express their opinions and put their ideas into practice.

RECOGNITION OF TRADE UNION RIGHTS

Respect for fundamental employment rights (and, in particular, the rights of organized labour) are an integral part of Carrefour's corporate culture and policies. To make this position official, in May 2001 Carrefour signed a protocol agreement with the international trade union organization UNI (Union Network International). This text provides for the joint supervision of compliance with international standards, defining employees' rights to join the labour organization of their choice, to bargain collectively and to claim protection against any act of discrimination interfering with the right to organize. On this occasion, Carrefour also condemned child labour, forced labour and compulsory labour, and expressed its intention to see that the principles defined by the International Labour Organization (ILO) are respected by its suppliers. In this regard, and in order to promote dialogue and labour/management relations within the group, a management position with international scope was created in 2003 in the corporate HR department. The nature of this position is also conducive to active participation in European task forces and focus groups, particularly in the context of social dialogue and corporate social responsibility.

DIALOGUE RESULTS IN IMPROVED WORKING CONDITIONS AND SAFETY

Improved working conditions have been achieved through internal dialogue and consultation with social partners, whether via the promotion of gender equality; the trend toward increased consideration of the

Carrefour and our relationship with UNI

On 7 October 2003, Carrefour was the first French company to receive the prestigious "Corporate Conscience Award" (in the "Innovative Partnership" category), presented by Social Accountability International (SAI), the body responsible for the SA8000 social standard. This prize was granted in recognition of the partnership initiative conducted since 2001 with Union Network International (UNI) and Carrefour's innovative policy in favour of social progress. The award was presented in New York to Jacques Beauchet (left), Human Resources Director of the Carrefour Group, by John Langmore (right), Director of UN Relations for the International Labour Organization (ILO).



demands of private and professional life through the implementation of flexible working hours (e.g. block management of working hours for checkout personnel in French hypermarkets); or the prevention of vocational hazards. Concerning this last point, the joint task force set up by Carrefour's hypermarkets in France has resulted in the implementation of a program widely acclaimed by the profession. CRAM safety engineers, occupational-medicine specialists and union organizations worked together with Carrefour to evaluate vocational hazards at the workplace and the preventive measures that needed to be implemented to guarantee staff safety (see page 27: the "SOS Conflict" training module).



See our key performance indicators, pp. 52-57

- Number of workdays missed due to occupational injury.

Customer service and responsible consumption

With three billion cash transactions in 2003, Carrefour has more than 85 million customer households throughout the world, all store formats combined. Carrefour pledges to its customers that it will make its products and services affordable for all by offering the best value for money combined with the best product range, under all of its retail banners and in all countries, a commitment that also reflects an awareness of sustainable and responsible consumption.



ENSURING COMPLETE SATISFACTION BY LISTENING TO OUR CUSTOMERS

At Carrefour, everything is oriented toward customer satisfaction. In order to process requests and complaints concerning products and services as quickly as possible, we have set up some specific tools, such as consumer services and toll-free numbers. In France, the consumer department that manages all of the group's retail banners processed 40,101 demands in 2003. We have also developed some specific tools to better understand our customers' purchasing behaviour and measure their satisfaction, such as loyalty cards and satisfaction surveys (see text box). For several years, the Iris Card used by Champion in France has offered personalized marketing services that rely on a powerful database, which respects customers' concerns regarding privacy. Now used by some five million households, it is the leading customer loyalty program of its type in France. This card is also used by other retail banners in the group, such as Shopi, and in other countries, such as Belgium and Italy; the latter saw the launch of the Cartosorrisi loyalty card by D       in 2003. To publicize Carrefour's approach and lay the groundwork for future collaborative efforts, Italy and Japan also conducted a roundtable discussion with national consumer organizations.

IN ANSWER TO YOUR QUESTIONS

> Carrefour and consumer credit

Out of a concern for transparency of information and out of respect for the customer, Carrefour France has indicated the annualized percentage rate (APR) as the reference rate in its consumer credit advertisements since 1999 (five years before the new Financial Security Law of 2 August 2003).

This represents a step forward in the pursuit of sustainability, borne out by the awarding, for the full range of credit products, of the "Qualit   France" label, issued in cooperation with consumer organizations.



See our key performance indicators, pp. 52-57

- Level of information provided to consumers to enable them to make informed choices and thus become responsible consumers.



DEVELOPING OUR STAFF'S SENSE OF SERVICE

Increased customer satisfaction also depends on in-house employee training. On the basis of per-store results provided by the customer satisfaction indicator, Carrefour's training centre in Belgium offers an original training program known as "Customer Culture" to all store managers for their teams. "Ambassadors", appointed by each store, take a two-day training

Carrefour and the measurement of customer satisfaction

Customer panels

In an ongoing effort to know its customers better, Carrefour conducts a number of consumer surveys worldwide. The department that performs these surveys for the group has deployed the same tool - customer panels - in several countries. This tool is used to measure and monitor customer satisfaction over time, to gather information on their purchasing behaviour and to determine their expectations concerning our stores, our marketing policy and such major topics of current interest as food safety and sustainability. At Carrefour and Champion stores in France, for example, two questionnaires were sent out during the year to 150 selected panellists, who are representative of our customer base at each point of sale. These panellists fill in the questionnaire at home and return it to us when it's completed. The results are then analyzed. In 2003, six countries (France, Belgium, Spain, Italy, Greece and Taiwan) set up customer panels, and a similar project is scheduled for implementation in South Korea in 2004. In France, Carrefour, Champion, Promocash and Prodirest stores are all involved in this initiative, representing a total of 58,140 customers and 654 stores or establishments.



course on how to train and motivate their co-workers. When they complete this course, they receive a "Customer Culture" toolbox that includes a teaching manual and meeting support tools, with the assignment of organizing training programs for all of their store's various teams. In 2003, more than 120 Ambassadors benefited from this training module, learning how to put themselves in the customer's shoes on a daily basis.

OUR STAKEHOLDERS SPEAK OUT

"Our partnership with Champion France is strategic for several reasons. First of all, it offers the WWF the opportunity to increase its visibility with the French public and to raise the awareness of consumers thanks to Champion France's 1,000 stores and the publications the company distributes. Secondly, this partnership gives us the opportunity to influence the practices of stores and suppliers in the area of water use. And we are able to deal with the theme of water conservation, which is an urgent worldwide concern. In France, for example, 50% of wetlands have disappeared in the last 30 years."

Dominique Royet, Partnership Director, WWF France

PROMOTING RESPONSIBLE CONSUMPTION THROUGH EDUCATION

In view of our large number of customers, our stores are excellent vehicles for awareness-raising and the promotion of more responsible consumption. 2003 was also noteworthy in France for the publication of a special issue of the Journal de Carrefour, which presented the group's commitments toward sustainability to our customers. Consciousness-raising operations were also organized, such as the partnership between the hypermarkets of the Lille region and the Lille city council on the topic "Food: a right, a value and a shared pleasure", and the partnership between the Champion supermarkets and WWF France on the theme of fresh-water protection (see text box). This approach is being followed in all countries: in China, Carrefour distributed brochures to explain to everyone the philosophy behind our Quality Lines.



Carrefour and environmental education for children

On 5 May 2003, Champion France, in partnership with WWF France, organized the third annual "Living Rivers" Day for schoolchildren. This event is based on a simple principle: children are taken to a riverbank to explore the river's plant and animal life, stimulating their curiosity; as a result, a desire to respect nature is kindled in them. Educational toolboxes were distributed to children throughout France. Tokia Saifi, the French government's State Secretary for Sustainability, congratulated Champion France on this citizenship activity to foster environmental education.

CLOSE-UP

on World Environment Day

On World Environment Day, 5 June 2003, the entire planet was mobilized on the theme of "Water: the source of life". Carrefour's stores joined in the celebration of this great annual event by organizing various projects and initiatives in each country. The high points of the day included awareness raising campaigns for customers and staff, partnerships with environmental NGOs and interaction with local communities.



France

- **Carrefour Hypermarkets**
Partnership with the WWF on the theme of forest preservation (through product sponsorship). Educational activity with Eco-Emballages on the waste lifecycle. Distribution of bags for the recycling of batteries. Distribution, in conjunction with Bioviva, of a small guidebook for children: *Le Petit Aventurier*. Visit of Tokia Saïfi, State Secretary for sustainability, to the EuraLille hypermarket.
- **Champion Supermarkets**
Partnership with the WWF on the theme of water and rivers. Promotion of organic products and distribution of 700,000 brochures on organic agriculture. Awareness campaign for the recovery and recycling of batteries.

Belgium

- "Draw me a hypermarket in 2050", a drawing contest for the production of a calendar whose proceeds will go to the Make-A-Wish Foundation, an organization that grants wishes to seriously ill children. Organization of a sustainability activity aimed at children of the Junior Club. In-store program on waste. Promotion of Quality Line products (tastings, distribution of a brochure, and meetings with producers). Clothes drive with Solid'R. Information on PACTE les Capucines (an emergency food bank). In-store information on Carrefour Belgium's environmental initiatives. Free distribution of reusable bags.

Spain

- In-store display campaign and distribution of a brochure on water conservation. Promotion of consumer awareness of organic products (Eco Carrefour). Drawing contest for children. Sale of reusable cardboard boxes for €1 as an alternative to plastic bags. In-store promotion with Ecoembes on recycling. Awareness campaign for staff and writing contest on the theme, "The significance of water for life".

Italy

- Partnership with WWF Italy on the theme of the protection of water resources (particularly in the Lake Bogoria nature preserve) and the scarcity of water in the world. Distribution of a brochure printed on recycled paper to raise awareness concerning the waste of water by households. Awareness campaign to reduce the use of plastic bags and the distribution of reusable jute bags.

Greece

- Distribution of a brochure on the environmental initiatives of Carrefour Greece. Promotion of consumer awareness concerning environmentally friendly products (water and energy-saving eco-products, organic products and Quality Lines). Distribution of cotton bags. Sponsorship of the Glyfada Rescue Centre for the protection of sea turtles. Clean-up of beaches. Awareness campaign on ocean management for young people. Sponsorship of the "Young Journalists for the Environment" program. Forest conservation awareness campaign. Visit to the Antonis Tritsis environmental park by Carrefour staff and their families.

Portugal

- Forest conservation and forest-fire prevention awareness campaign. Awareness campaign for the conservation of water resources by reducing household consumption, plus an exhibition and catalogue of Quality Line products.

Switzerland

- Distribution of a catalogue on recycled paper introducing the environmental initiatives of Carrefour Switzerland and Quality Line products. Digital photo and drawing contest for children. Partnership with the WWF on the theme of forest conservation. Distribution of postcards with packets of seeds, a map of Swiss national parks and cotton bags.

Czech Republic

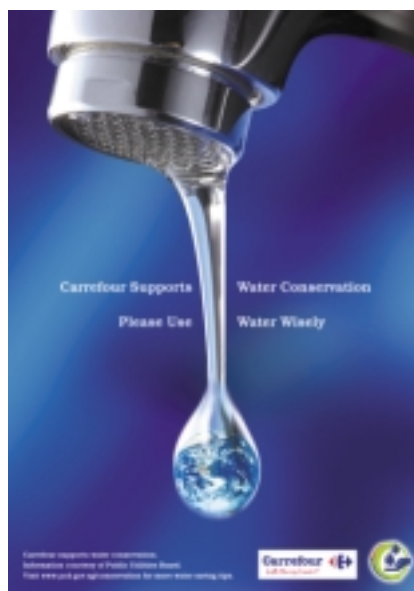
- Cleaning of areas in the vicinity of stores. Planting of trees. Promotion of energy-saving products (in the electronics-photo-film-sound department and general housewares). Environmental information at store entrances.

Poland

- Planting of 200 trees in cooperation with 13 town halls and 195 primary schools throughout Poland. Awareness campaign on the proper use of plastic bags and distribution of paper bags in partnership with the Environmental Protection Ministry. Provision of containers for the selective collection of plastic, paper and glass in car parks.

Turkey

- Awareness campaign for forest-fire prevention and waste management (promotion of awareness in school children and provision of in-store containers for waste recovery). Recruitment of customers for beach clean-up.



Argentina

- Signing of a partnership agreement for 10 years with the Costenera Sur national preserve (concerning the protection of plant and animal life, environmental educational initiatives, and solidarity actions).

Brazil

- Signing of a contract that commits Carrefour to transforming 1,104 hectares of forest (26% of the surface area of its farm in the Tangara da Serra area in Mato Grosso state) into a private Natural Heritage Preserve. Distribution of tree seedlings. Free breakfast for customers and local officials with tasting of Quality Line products. Partnership with environmental NGOs (stands, conferences, films on the environment and sustainability, and educational books). Awareness campaign for schoolchildren. Theatrical presentations using a set constructed from biodegradable materials. Distribution of one million brochures on household water conservation. Workshops for staff on recycled materials.

Colombia

- Commitment to sponsor a green space in each city that has a Carrefour. Organization of a Bike Day (24 May 2003) in cooperation with the town halls of Bogotá, Cali and Medellín. Organization of eco-walks. Planting of trees. National drawing contest involving the public schools located near each store.

Thailand

- Awareness campaign on the theme of urban air pollution and a free pollution checkup for cars. Environment stands in each store. Recycling games. Collection of used batteries. A plant fair and donations to finance the planting of trees.

Malaysia

- Organization of an "Eco-care" ceremony attended by the Minister of the Environment. Presentation of donations from the sale of reusable bags to the WWF. Planting of trees. Start of construction on a recycling centre in a Carrefour store. Sale of water savers.

Indonesia

- Awareness campaign on the theme of water conservation with the WWF. In-store puppet show to raise children's awareness concerning protection of the environment, water and forests. Distribution of plants to customers. An "Environment Day" badge, worn by all staff.

South Korea

- Launch of a range of environmentally sound products, the Purnae range, including soaps, rags and detergent products (all which were awarded the "South Korea Environment" label by the Ministry of the Environment). Drawing contest on the "Protect our environment" theme.

Japan

- In-store environmental awareness campaign with the display of WWF panels. T-shirt competition. Baking contest. Promotion of consumer awareness of products contributing to the protection of the environment.

Singapore

- Organization of an exhibition to increase the public's awareness of water conservation issues. Distribution of brochures to the customers and display of posters in departments bearing advice for households on saving water.

ASIA

LATIN AMERICA



The Carrefour International Corporate Foundation

> Created in December 2000 with an annual budget of 4.6 million euros, the *Fondation d'Entreprise Internationale Carrefour* was granted special consultation status to the United Nations Economic and Social Council in July 2003. This endowment sanctions the Foundation, which in partnership with local NGOs, preferably aims to provide long-term support for projects focusing on areas such as the fight against exclusion and extreme poverty, emergency interventions in the event of natural or technological disasters, as well as medical and scientific research. Consequently, in 2003, the Foundation sponsored the

Support Centre for the street children of Buenos Aires, headed by Adolfo Perez Esquivel – 1980 Nobel Peace Prize laureate. The programme has since become an educational model in Argentina. In France, in partnership with the French association *Jeunes Errants*, the Foundation helped create *La Petite Ecole* (The Little School) in Marseilles, to provide support and guidance to transient families and minors originally from Southern and Eastern Europe, as well as China and North Africa. The Foundation was also closely involved in providing assistance during the earthquake that struck the city of Bam in Iran the day after Christmas.

Carrefour and local communities

In all countries where the Group operates, Carrefour contributes to the local economy by creating jobs, generating business for local service providers and suppliers, paying corporate and local taxes and promoting the renewed vitality of suburbs and city centres. This constitutes a positive contribution to the economic and social development of communities and is backed up with various solidarity actions throughout the world.

Carrefour and children with AIDS

In Thailand, one million people are estimated to be HIV-positive, including 50,000 children. To help those with AIDS, in particular orphans nine and under who have contracted the virus, Carrefour Thailand supports the Children's Rights Foundation by providing collection jars in stores for customer donations.

The equivalent of nearly €21,000 has been collected in two years. Carrefour also supports the Foundation by purchasing medical equipment and medication to combat HIV, by donating food products, and through the construction of shelters for the Foundation's 54 orphans.



AN ACTIVE CONTRIBUTION TO LOCAL DEVELOPMENT

All of our retail banners and our stores throughout the world strive to promote local development on a daily basis by signing agreements and partnerships with local organizations to create economic value, as well as through the organization of marketing and communications campaigns to increase customer awareness of these partnerships. For instance, in 2003 Carrefour South Korea signed an agreement with the Yuseong district office to give priority to the recruitment of local jobseekers and to market local products such as mushrooms and rice in its Yuseong store. A similar approach was implemented in France at the Carrefour hyper-



Carrefour and charity shops

After the opening of 4 charity shops in France, managed by the PACTE association (Pact for Action against Exclusion), Carrefour Belgium opened 3 charity shops, with one in the Marolles neighbourhood of Brussels in March and another in Quaregnon in October. The goal of these charity shops is not only to provide food aid to the needy (products are sold at a discount of 80% off the store price) but also to

integrate disadvantaged young people into the workforce by offering them vocational training in retailing. Carrefour supports these initiatives by donating equipment, by ensuring a regular supply of food, and through the development of training programs. Carrefour Belgium was awarded the 2003 Condorcet Aaron prize (a citizenship award) for its support of the charity shops movement.

market in Chartres, where a partnership was created at the local level with the Hommes et Territoires association to give exposure to local products and environmentally-friendly agricultural practices developed in the Beauce region.

COMMUNITY SOLIDARITY

Solidarity is one of the key Carrefour values on which our socially-responsible, corporate-citizen approach is founded throughout the world. Corporate solidarity actions are conducted either at the international level by the Carrefour International Foundation (see text box) or at the national level by the national business units, retail banners and stores. Five countries (France, Spain, Argentina, Taiwan and Brazil) have created specific structures for the management of solidarity actions at the national level. In 2003, for instance, Carrefour Solidarity France processed more than 1,600 applications and contributed its support to the Neurodon campaign (see text box), and in Spain, Carrefour's Fundación Solidaridad contributed support to those with Down Syndrome. Corporate solidarity actions are also supported by the group's various retail banners: in France, the Carrefour Hypermarkets



Carrefour and research donations

In 2003 in France, Carrefour Solidarity contributed its support to the Brain Research Federation. €45,000 was collected during the nationwide Neurodon Day, thanks to the efforts of staff and in-store communications campaigns. The objective of this campaign was to collect the funds needed for scientific research in this field.

support the Pièces Jaunes campaign, the Champion supermarkets support the ALH association (leisure activities for hospitals), and the Shopi stores support the French telethon.



ENCOURAGING STAFF TO VOLUNTEER

This overview of Carrefour's solidarity actions in local communities wouldn't be complete without mentioning staff volunteer programs. In Brazil, for example, where many solidarity actions are conducted (clothing, food and toy drives, aid for young people in slum areas, vaccination campaigns, blood drives and more), staff are encouraged to devote four hours per month from their working hours (paid by the company) to helping disadvantaged children and teenagers living near the stores. The group also offers volunteers training and psychological support to ensure that their volunteer work is as effective as possible. In 2003, 1,150 staff members took part in this program, working with 41 charitable institutions and 5,200 children.



Carrefour and food donations

Carrefour France has made a pledge to its customers that it will withdraw all fresh products from its shelves several days before the expiration of their "use-by" date. These fresh products, as well as all grocery products with minor packaging defects, are made available throughout the year (in full compliance with cold-chain requirements) to charitable organizations such as charity shops, the Restos du Coeur organization and the Red Cross. In 2003, these donations amounted to 10,256 tonnes.



CARREFOUR working together with populations on 3 continents

► **In Colombia**, Carrefour set up an alternative development program in partnership with the United Nations, the French embassy, and the Colombian Federation of Coffee Growers. This program is aimed at providing jobs for the inhabitants of the Cauca Valley, thereby creating an alternative to the country's widespread cultivation of drug crops. The partners are committed to supporting Symphony, a local cooperative of garment sewing shops, by

entrusting it with the manufacture of casual wear distributed by Carrefour under its own brand name, Tex. At year-end 2003, Symphony employed 900 women from 11 rural areas in the valley.

► **In Taiwan**, the Nan Kang store in Taipei has become the first Environmental Protection Store (EPS). The store received this recognition thanks in part to its identification of environmentally-friendly products through a

merchandising and shelf labelling program. This identification program, which helps keep customers well-informed, concerns both fresh products and household appliances.

► **In Switzerland**, Carrefour sponsors bus lines in several cities to connect city centres to stores in outlying urban areas in order to offer hypermarket customers an alternative to the automobile.

We live in a diverse world.

With stores on four continents (Europe, Latin America, Asia and Africa), Carrefour has first-hand experience in dealing with diverse cultures, expectations and national regulations on a daily basis. Relying on the strength of its core values, the group promotes sustainability in each country where it operates and under all of its retail banners.

This approach provides an open field for all types of initiative and a variety of local policies.

CARREFOUR IN THE WORLD

Enlisting the support of all

11

European
countries

4

Latin American
countries

8

Asian countries

6

Partner
countries

Carrefour in France

44,912
billion in retail-network sales
(incl. VAT)
3,575 stores
133,674 employees

How to read this section

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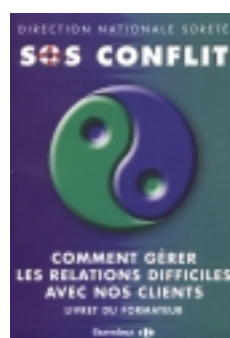


Hypermarkets

Sustainability: Carrefour Hypermarkets' seven priorities

In 2003, the Carrefour Hypermarkets in France distributed a brochure presenting their seven priorities for sustainability: donations of food, sorting of waste, recovery of batteries, publicizing the Carrefour Quality Line, the Handicap Mission, energy conservation and organic and fair-trade products.

- **Promoting local know-how: partnerships with SMEs** (→ pp. 20-21 and 40-41)
- **Integration of stores into the local community: the example of Carrefour Ollioules** (→ pp. 26-27)
- **Violence prevention: "SOS Conflict" training module** (→ pp. 26-27)
- **Checkout bags: reducing the distribution of disposable bags by at least 5% per year** (→ pp. 28-29)
- **Extending a hand to disadvantaged people: The Carrefour School, Handicap Mission and Carrefour Solidarity Fund** (→ pp. 32-33)
- **Social welfare development: harmonization of complementary benefits** (→ pp. 32-33)
- **Improving working conditions through dialogue: vocational risk prevention** (→ pp. 34-35)
- **Promoting responsible consumption by raising customer awareness** (→ pp. 36-37)
- **Solidarity actions: Carrefour Hypermarkets, a partner of the "Pièces Jaunes" campaign** (→ pp. 40-41)



Champion supermarkets

Developing responsible products: Champion Bio (organic) products

In 2003, the Champion supermarkets developed 12 new Champion Bio products. At year-end 2003, Champion Bio products included 44 grocery and nine fruit and vegetable items.

- **Protecting purchasing power: price freezes and reductions** (→ pp. 18-19)

- **Attracting top talent: recruitment of those with two- to five-year degrees (Bac + 2 to Bac + 5 in France)**

In early 2002, Champion signed partnership agreements with 15 business and engineering schools (offering five-year degrees) and, in 2003, organized the second annual "Championship Trophy" contest for which 40 teams of five students in two-year degree programs (Bac + 2) produced a holiday

promotion for the Champion stores.

- **Training: implementation of a comprehensive approach**

In 2003, Champion initiated a comprehensive approach to training to improve the organization of its training policy. The objectives included developing the "Champion spirit", circulating a Champion management style and offering training courses to all.

- **Environmental education: freshwater partnership with the WWF** (→ pp. 36-37)

- **Solidarity actions: three new partnerships signed**

Champion signed a partnership with three new organizations (Animations Loisirs à l'Hôpital, Solidarité Femmes and Enfance et Partage), giving its customers the opportunity to convert Iris Card loyalty points into donations.

Convenience stores (Shopi, 8 à Huit and Marché Plus)

- **Developing responsible products: launch of "Grand Jury Bio"**

In June 2003, the Carrefour Convenience Store division, through its network of franchised retail banners (Shopi, 8 à Huit and Marché Plus), launched its own brand of organic products, Grand Jury Bio, comprising 36 different items. The goal is to give customers the opportunity to purchase items produced through environmentally sound agricultural practices at attractive prices.

- **Solidarity actions: the Shopi partnership with the French telethon and UNICEF**

Shopi has been a partner of the French telethon since 1996 and of UNICEF since 1999. In 2003, the retail banner presented a cheque for €155,000 to the telethon and €14,275 to UNICEF, thanks in particular to a program allowing customers with loyalty cards to convert their loyalty points into donations.



Prodirest

- **Food quality: analysis of almost 2,000 fresh and frozen products**

Prodirest conducts an analysis of almost 2,000 fresh and frozen products each year in order to monitor the bacteriological quality of products distributed to the local community.

- **Logistics: training of 400 delivery drivers in service quality**

In 2003, Prodirest provided service-quality training to its 400 delivery drivers using a training module specifically developed by the retail banner. The objective was to stress the "service" dimension in the day-to-day aspects of the drivers' job.

- **Logistics: warehouse audit and implementation of a "hygiene and food safety" best-practices standard**

In 2003, the Prodirest Quality Department deployed the "hygiene and food safety" best-practices standard, which provides a reference for the retail banner's standards and best practices on maintaining a seamless cold chain, traceability, store hygiene and more. Each warehouse is audited three times per year by an independent laboratory.

Promocash

- **Logistics and in-store maintenance of the cold chain**

To improve cold-chain traceability of its facilities, guarantee food safety, and reduce markdowns and greenhouse gas emissions, beginning in 1999 Promocash optimized the cold chain concept along with relevant logistics and communications. This effort paid off in 2003, since 100% of Promocash stores are now equipped with the thermologue system for ensuring traceability, and the number of refrigeration breakdowns has been reduced by 27%, resulting in a reduction of the equivalent of 30 tonnes of waste in 2002.



Ooshop

- **Clean delivery vehicles: testing of two natural-gas-powered vans** (→ pp. 24-25)

Carrefour in Europe

Our presence in Europe:
Belgium, Spain, Greece, Italy, Poland,
Portugal, Czech Republic, Slovakia,
Switzerland, and Turkey.

How to read this section.

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Belgium

€5,116

billion in retail-network sales (incl. VAT)

483 stores

19,421 employees

- **Quality Lines: new lines in 2003** (→ p. 16)
- **Encouraging sustainable agricultural practices: the "No pesticides, please!" campaign** (→ pp. 22-23)
- **Developing responsible products: introduction of Oxfam Fair Trade products and 100% compost-friendly packaging** (→ pp. 22-23)
- **Logistics: cold-chain maintenance** (→ pp. 24-25)
- **Grocery bags: distribution of a practical guide** (→ pp. 28-29)
- **Store optimization: construction of the Mons les Grands Près hypermarket** (→ pp. 28-29)
- **Attracting top talent: Dream Day for young people from 16 to 19 years of age** (→ pp. 32-33)
- **Listening to staff: survey in May on well-being at work** (→ pp. 34-35)
- **Developing a sense of service: development of an innovative training module** (→ pp. 36-37)
- **charity shops: the Condorcet Aaron good citizenship prize** (→ pp. 40-41)

Spain

€12,416

billion in retail-network sales (incl. VAT)

2,922 stores

63,680 employees

- **Promoting local know-how: signing of an agreement with Lactalis Iberia**
In November 2003, Carrefour Spain signed an agreement with the Lactalis Iberia dairy group to annually distribute 200,000 litres of organic milk, produced exclusively on Spanish farms, under the Carrefour Eco brand name at competitive prices. This listing brings the number of Quality Lines to 50.
- **Carrefour's commitment to the planet: the Carrefour environmental prize**
In October 2003, Carrefour Spain presented a prize of €6,000 to the best postgraduate project in the fields of environmental sciences, health, biology and engineering on the theme "Water and desertification". The winning project was Titled, "Bioindicadores faunísticos de desertización en la provincia de Alicante".
- **Reducing store impact on the environment: appointment of Ambassadors, staff training and the installation of solar panels** (→ pp. 28-29)
- **Solidarity actions: social integration of those with Downs Syndrome** (→ pp. 40-41)
- **Solidarity actions: emergency aid and prevention campaigns**
After the Prestige oil spill, Carrefour's Fundación Solidaridad set up an emergency aid plan for the fishermen of the Spanish coast, in partnership with the Red Cross. This type of aid was also deployed during the summer of 2003 in response to the forest fires in Catalonia.

Greece

€1,813

billion in retail-network sales (incl. VAT)

443 stores

11,533 employees

- **Attracting diverse talents: Carrefour Marinopoulos recognized for its contribution to employment**
The municipality of Athens paid tribute to the accomplishments of Carrefour Marinopoulos in the area of employment during the first Open Forum for Employment and Entrepreneurship, organized for 14-15 February 2003 by the municipality of Athens and the French embassy. In Greece, Carrefour created more than 1,000 jobs in 2002.
- **Spreading corporate values: 500 people were introduced to the core values during the Convention** (→ pp. 32-33)

Italy

€7,176

billion in retail-network sales (incl. VAT)

1,077 stores

24,053 employees

- **Quality Lines: 31 lines as of the end of 2003**
Italy signed Quality Line contracts with 72 suppliers for 31 lines and 154 items.
- **Offering our customers a wider selection: the Scelgobio and Terre d'Italia product lines** (→ pp. 18-19)
- **Protecting purchasing power: price freezes and reductions** (→ pp. 18-19)
- **GMOs: ensuring freedom of choice for consumers**
Carrefour Italy promises to refrain from using GMOs for products displaying the Carrefour, GS and DìperDì retail banners and for Quality Line and Scelgobio products.
- **Developing responsible products: Four new responsible-trade products**
With four new listings, Carrefour Italy brings the number of its responsible-trade products to 11.
- **Logistics: creation of multi-sectoral and multiple format hubs** (→ pp. 24-25)
- **Listening to staff** (→ pp. 34-35)
- **Listening to our customers to provide increased satisfaction: dialogue with consumer organizations** (→ pp. 36-37)

Poland

€808

million in retail-network sales (incl. VAT)

82 stores

12,056 employees

- **Human resources management: searching for top talent**
To create a pool of executives for Carrefour's development in Poland, an HR appraisal was conducted in the hypermarkets in 2003. Six high-potential candidates were identified and three were promoted internally.
- **Remuneration: implementation of a monthly bonus**
A monthly bonus system was implemented in 2003 to objectively ensure that all Champion supermarket employees are on an equal footing.

Portugal

€1,120

billion in retail-network sales (incl. VAT)

362 stores

5,165 employees

- **Quality Lines: two new lines in 2003**
Carrefour Portugal signed two new Quality Line agreements in 2003, bringing the number of agreements to 10 and involving a total of 64 suppliers, who participated in September's first mass-media gathering of Carrefour Quality Line producers.
- **Guaranteeing respect for fundamental rights: sustainability clauses**
All Carrefour Portugal suppliers accept two clauses in their contracts requiring them to reduce the environmental impact of packaging and to fight against illegal work.
- **Compliance with health and safety rules: launch of the HACCP project**
Carrefour Portugal launched the HACCP project in 2003: the project includes the drafting of a hygiene and food safety manual, the creation of a Quality Control Manager position and the deployment of a hygiene and food safety group in all stores.
- **Solidarity actions: emergency aid for forest-fire victims**
Carrefour Portugal and the Carrefour International Foundation made a donation of €150,000 to forest-fire victims.

Switzerland

€644

million in retail-network sales (incl. VAT)

11 stores

2,395 employees



- **Quality Lines: Five listings in 2003**
Carrefour Switzerland deployed its first five Quality Lines in 2003: pork, Emmenthal cheese, potatoes and Royal Gala and Golden Delicious apples.
- **Skills development: seven new training modules in 2003**
In 2003, Carrefour Switzerland deployed seven new training modules, including a module with video support for its 500 customer-service hostesses.
- **Integration of stores into the local community: sponsorship of bus lines** (→ p. 42)

Carrefour in Latin America

Our presence in Latin America:
Argentina, Brazil, Colombia and Mexico

How to read this section.

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Argentina

€1,338
billion in retail-network sales (incl. VAT)
464 stores
22,615 employees

- **Solidarity actions: 10-year partnership with the Costanera Sur national preserve**

Carrefour Argentina signed a 10-year partnership agreement with the Costanera Sur national preserve, with the objective of protecting plant and animal life, organizing educational initiatives for environmental protection and providing assistance to extremely disadvantaged people (through the distribution of non-expired foodstuffs, a personal hygiene kit and toys for children).

- **Solidarity actions: donation of €150,000 to Red Solidaria**

Carrefour Argentina and the Carrefour International Foundation presented a donation of €150,000 to Red Solidaria, the leading NGO in Argentina, for the purpose of providing emergency aid to canteens created to feed underprivileged children. Carrefour Argentina provides both food and non-food products.

Brazil

€3,176
billion in retail-network sales (incl. VAT)
331 stores
45,899 employees

- **Quality Lines: success of Brazilian export products** (→ p. 16)

- **Sustainable agricultural practices: the Carrefour farms in Brazil** (→ pp. 22-23)

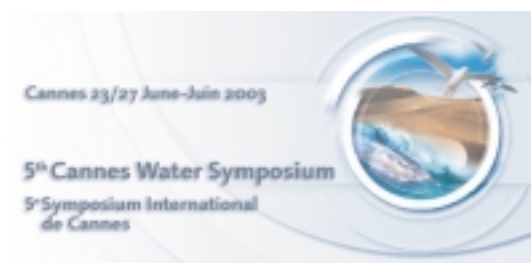
- **Raising suppliers' awareness: booklet on corporate ethics**

In July 2002, Carrefour Brazil distributed a booklet on corporate ethics to all of its suppliers, introducing them to the best practices identified during 135 audits conducted at the Brazilian suppliers of its proprietary brands and Quality Lines.

- **Reducing store impact on the environment: The Urban Water prize at the fifth International Water Symposium**

The Passo D'Areia Carrefour store and the DMAE (the municipal water and sewer department of the city of Porto Alegre) were awarded the Urban Water prize for the construction of a water and sewer line on the store's car park during the fifth International Water Symposium, sponsored by the UN and UNESCO.

- **Skills development: literacy courses for employees in Sao Paulo** (→ p. 30)



- **Employee benefits: a private health-care system for staff and their families**
102,000 people are currently covered under Carrefour Brazil's employee benefits policy, which, in addition to the benefits required by law, provides private health-care coverage.
- **Internal communications: Second-annual "Ideas in Action!" campaign** (→ pp. 34-35)
- **Solidarity actions: Carrefour Brazil's initiatives**
100,000 clothing items collected during the Coat Drive.
14,920 children under the age of five vaccinated during the Infantile Paralysis (polio) vaccination Campaign.
150 tonnes of food products collected during the Champion Rodeo Campaign and 30 tonnes during the Christmas Hope Campaign.

Colombia

€326
million in retail-network sales (incl. VAT)
11 stores
3,449 employees

- **Quality Lines: two first listings**
On 20 November 2003, Carrefour Colombia signed on its first two Quality Lines (beef and veal).
- **Protecting purchasing power: launch of brand "No. 1"** (→ pp. 18-19)
- **Promoting local know-how: more than 582 SME partners**
Since Carrefour began operations in Colombia, the group has established business relationships with more than 582 SMEs.
- **Compliance with in-store safety and hygiene rules: raising local standards** (→ pp. 26-27)
- **Local development: alternative development project in the Cauca valley** (→ p. 42)
- **Local development: impact of the opening of a third hypermarket in Medellin**
On 23 October 2003, Carrefour Colombia inaugurated its 10th hypermarket in Medellin. The store opening generated 371 direct jobs and 332 indirect jobs. Employees were offered 5,718 hours of training.
- **Solidarity actions: a holiday gift for Medellin's underprivileged children**
On 10 December 2003, Carrefour Colombia presented 60,000 school kits to the underprivileged children of Medellin, thanks to a concert organized with Juanes, a Colombian singer and winner of five Grammy Awards.

Mexico

€606
million in retail-network sales (incl. VAT)
27 stores
7,281 employees

- **Quality Lines: organically produced lemons**

On 22 January 2003, Carrefour Mexico added organically produced lemons to its "Calidad Natural" certified products (Quality Line). Like the other Carrefour Quality Line products, this seedless lemon is produced in accordance with sustainable organic agricultural standards (i.e. without pesticides or chemicals).



- **Improvement of working conditions: accident prevention**

Several measures have been implemented by Carrefour Mexico to reduce absenteeism due to occupational injury: requiring a doctor's presence in all stores, training programs on accident prevention at work and the drafting of rules for the use of various machines.



Carrefour in Asia

Our presence in Asia:

China, South Korea, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand

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China

€1,445

billion in retail-network sales (incl. VAT)

96 stores

22,377 employees

- **Quality Lines: signing of the first Quality Line agreement for pork:** on 8 December 2003, China signed its first Quality Line agreement for pork, bringing the total number of Quality Lines to four.
- **Raising suppliers' awareness: working with Chinese SMEs on food safety** (→ pp. 20-21)
- **Sustainable agricultural practices: development of organic agriculture** (→ pp. 22-23)
- **Crisis management: fighting the SARS epidemic** (→ pp. 26-27)
- **Integrating stores into the local community: the Wuning store** (→ pp. 26-27)
- **Skills development: "Mandarin" training**
In September 2000, Carrefour set up a special training program for future store managers, known as "Mandarin" training. As of March 2003, 30 "Mandarins" had participated in this training program and 21 were appointed store managers.

South Korea

€1,219

billion in retail-network sales (incl. VAT)

27 stores

6,183 employees

- **Quality Lines: signing of the first Korean Quality Line agreement**
In October 2003, South Korea signed its first Quality Line agreement for yellow beef. Other lines are under development.
- **Developing responsible-trade products: launch of the Purnae product range** (→ pp. 22-23)
- **Local development: signing of an agreement with the Yuseong District Office** (→ pp. 40-41)
- **Solidarity actions: donation of €150,000 to the victims of the Maemi typhoon**
Carrefour South Korea and the Carrefour International Foundation made a donation of €150,000 in September 2003, to the victims of the Maemi typhoon.

Indonesia

€379

million in retail-network sales (incl. VAT)

11 stores

5,093 employees

- **Sustainable agricultural practices: an agronomist hired by Carrefour to assist farmers** (→ pp. 22-23)
- **Human resources management: attractive salaries and dialogue between staff and management**
In Indonesia, the salary levels offered by Carrefour are higher than the general market rate. To encourage dialogue between management and staff, Carrefour also organizes monthly meetings with staff representatives (who are organized into an association), as well as participatory meetings.

- **Solidarity actions: aid to flood victims**

Carrefour Indonesia and the Carrefour International Foundation made a donation of €27,500 for the forwarding of essential items to inhabitants stricken by violent floods on the island of Java.

Japan

€236

million in retail-network sales (incl. VAT)

7 stores

3,428 employees

- **GMOs: ensuring freedom of choice for consumers**

In October 2003, Carrefour Japan launched three meat lines (beef, pork and poultry) guaranteed to be free of genetically modified organisms (GMOs).

- **Promoting local know-how: a trade fair for local suppliers**

In 2003, Carrefour Japan, in partnership with the Higashi Chamber of Commerce, organized a trade fair for its 45 local suppliers.

- **Maintenance of the cold chain: installation of refrigerated airlocks**

To ensure the maintenance of a seamless cold chain, all new stores are now equipped with a refrigerated receiving airlock for all fresh and perishable products.

- **Reducing store impact on the environment: providing environmental information to staff** (→ pp. 28-29)

- **Extending a hand to disadvantaged people: integration of the disabled and the elderly**

Carrefour Japan is on the verge of reaching the legal quota of 1.8% for disabled people and also plans to offer jobs to elderly people with low retirement incomes.

- **Listening to our customers to ensure increased satisfaction: dialogue with consumer organizations** (→ pp. 36-37)

Malaysia

€202

million in retail-network sales (incl. VAT)

7 stores

3,059 employees

- **Promoting dialogue: initiation of a program to develop team spirit**

In follow-up to an employee survey, Carrefour Malaysia set up a program to develop team spirit in 2003 with the objective of improving management/staff relations and implementing Carrefour's core values.

Singapore

€86

million in retail-network sales (incl. VAT)

2 stores

628 employees

- **Crisis management: fighting the SARS epidemic** (→ pp. 26-27)

Taiwan

€1,184

billion in retail-network sales (incl. VAT)

31 stores

8,031 employees



- **Logistics: optimizing truckloads**

A 17.32% savings in truck use was achieved in 2003 through an increase in the number of boxes per pallet.

- **Compliance with in-store safety and hygiene rules: raising local standards** (→ pp. 26-27)

- **Integration of stores into the local community: the Kaoshiung pedestrian walkway** (→ pp. 26-27)

- **Promoting responsible consumption: the Nan Kang store becomes the first Environmental Protection Store in Taiwan** (→ p. 42)

- **Spreading the word on corporate values: 65% of employees and 100% of managers exposed to core values** (→ pp. 32-33)

- **Skills development: programs to encourage internal promotion**

To encourage internal promotion to supervisory positions, Carrefour Taiwan initiated several management development programs in 2002.

Thailand

€406

million in retail-network sales (incl. VAT)

19 stores

7,282 employees

- **Quality Lines: pork Quality Line added:**

As of the end of 2003, one Quality Line (pork) was listed and distributed in stores.

- **Compliance with health and safety rules: implementation of the Good Manufacturing Process**

Carrefour is the first hypermarket in Thailand to deploy the American system known as the "Good Manufacturing Process" for its in-store bakeries to comply with new food safety regulations. The cost amounted to €335,000.

- **Reducing store impact on the environment: audit of the Bangpakok store and employee training** (→ pp. 28-29)

- **Staff training and skills development: opening of a training centre**

In October 2003, a 1,000-sq.m national management training centre was inaugurated in the Lad Prao store.

- **Solidarity actions: development aid for the remote regions of Omkoï** (→ p. 30) **and support for children with AIDS** (→ pp. 40-41)

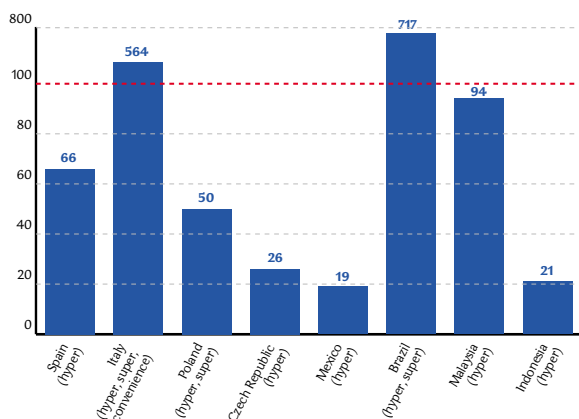
Key performance indicators

In 2003, we used 22 key indicators to measure our performance in the area of sustainability, with an overall coverage rate of 92,7% of our consolidated sales (excl. tax). In order to provide reliable indicators, we have chosen only to use the data that received a high or medium level of confidence from our audit. All results are available on our dedicated intranet reporting site. This allows the various countries and retail banners to track their performance and make benchmarks.

Key product indicators

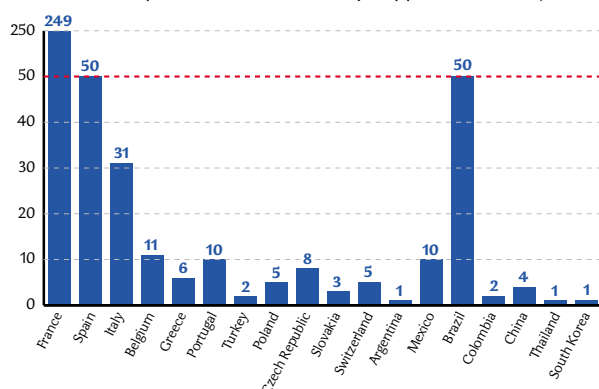
Number of listed organic or ecological products sold under proprietary or retail-banner brands

Own-brand and retail-banner organic products complying with organic agriculture standards. A listing corresponds to a bar code (see pp. 22-23).

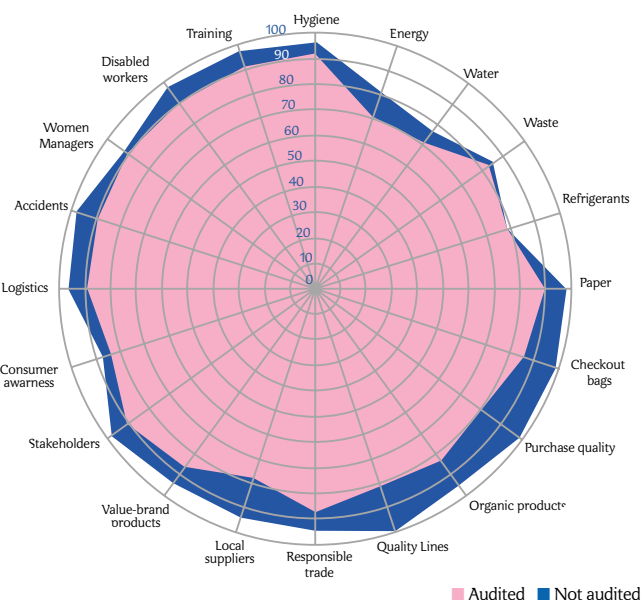


Number of Quality Lines

A Quality Line is listed via a contract signed with the producer on a verifiable specifications document (see pp. 16 and 20-21).

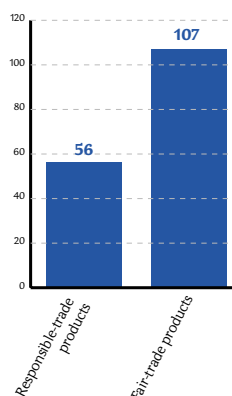


Overall indicator: scope of reporting



Share of consolidated sales (excl. VAT) covered by reporting in 2003

The graph indicates the reporting coverage for each key performance indicator (KPI).



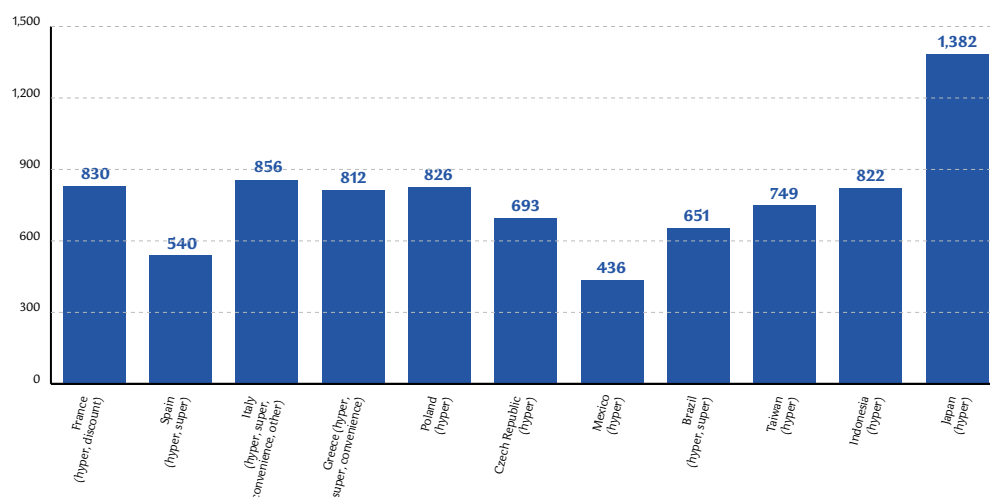
Number of listed responsible-trade and fair-trade products

Responsible trade products are own-brand and retail-banner products. Fair trade products are certified national brand-name products (e.g. Max Havelaar) (see pp. 22-23).

Key store indicators

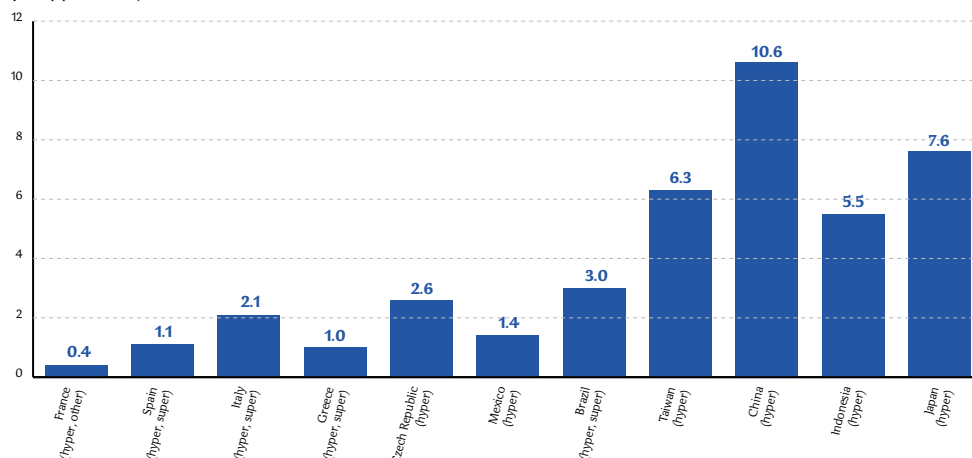
Energy consumption in kWh per sq.m of sales area

Energy consumption (electricity, gas, fuel) of consolidated stores. Consumption by franchised stores, warehouses and headquarters is excluded (see pp. 28-29).



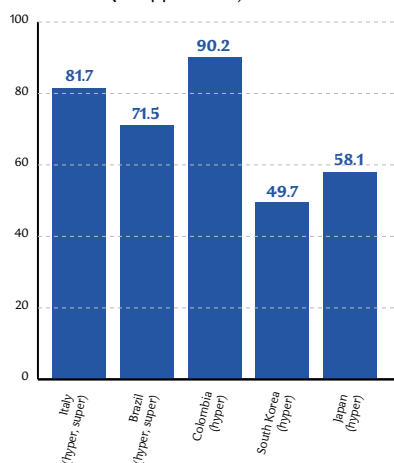
Water consumption in cu.m per sq.m of sales area

Water consumption of consolidated stores. Consumption of franchised stores, warehouses and headquarters is excluded. It should be noted that cultural practices related to the marketing of fish result in very different consumption rates in Asia (see pp. 28-29).



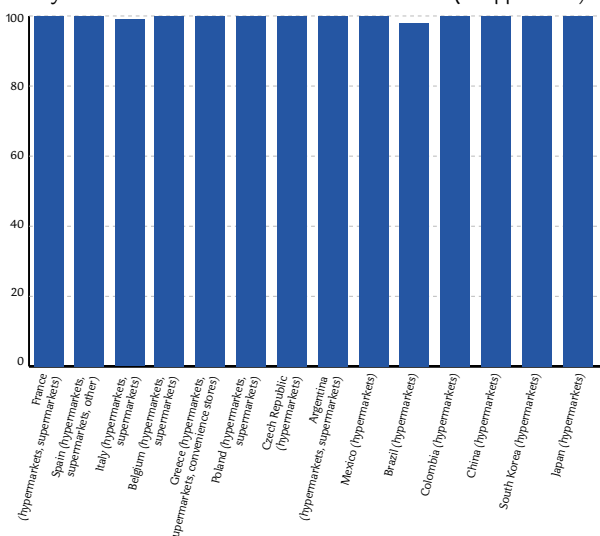
Percentage of waste recycled (%)

Paper, cardboard, plastic, wood and other recycled waste compared to the total waste generated by consolidated stores. Waste from franchised stores, warehouses and headquarters is excluded (see pp. 28-29).



Percentage of stores audited based on the hygiene/quality criteria

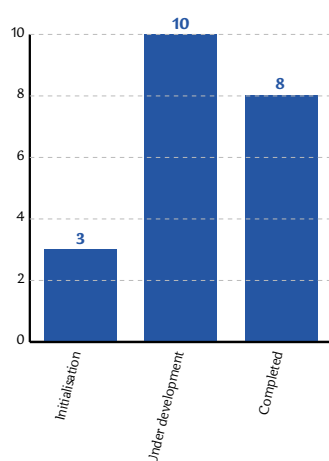
Progress achieved in the area of store auditing means that, in terms of results, nearly 100% of the consolidated stores are audited (see pp. 26-27).



Key logistics indicators

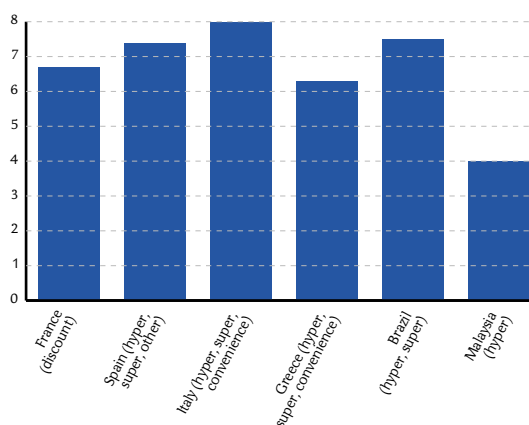
Maturity level of the logistics process (number of countries)

The logistics process, which is self-evaluated, includes the implementation of massification, traceability, cold-chain, streamlining and environmental-management operations. The four most mature countries are France, Spain, Belgium and Brazil (see pp. 24-25).

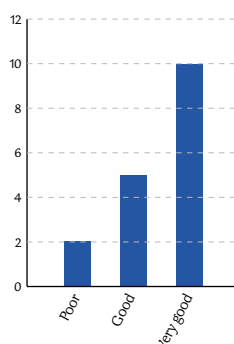


CO₂ emissions per transport unit (kg)

CO₂ emissions produced during the transport of goods between the warehouse and the store. A transport unit is the equivalent of a 120 x 80 cm pallet (see pp. 24-25).

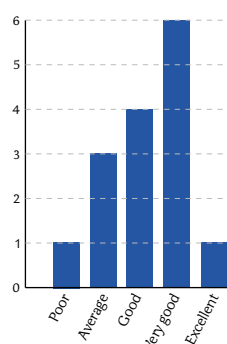


Key communication indicators



Level of dialogue with stakeholders (number of countries)

The level of dialogue is calculated on the basis of the number, scope and frequency of dialogue initiatives with stakeholders (i.e. customers, franchisees, suppliers, government and municipal authorities, environmental organizations, employees, etc.) (see pp. 8-9).



Level of information provided to consumers (number of countries)

The level of information provided to consumers on which they can base their choices as responsible consumers (e.g. information concerning environmental protection, organic products, wood products, Quality Line products, Eco-labelled products, energy-saving light bulbs, etc.) (see pp. 36-37).

Key quality indicator

Deployment and use of the Carrefour Quality Scoreboard

See the "Carrefour and crisis management" sidebar on p. 19.

The Carrefour Quality Scoreboard is exploited to the fullest in the following food purchasing units:

France
Carrefour International Merchandise Office

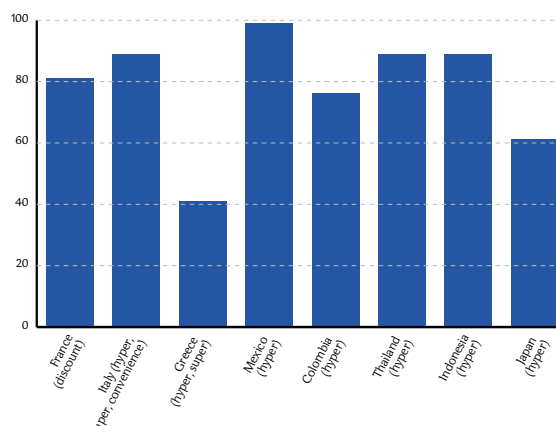
The Quality Scoreboard is in the process of deployment in the following food purchasing units:

Belgium
Greece
Italy

Key local development indicator

Percentage of total sales generated from products supplied by local suppliers (%)

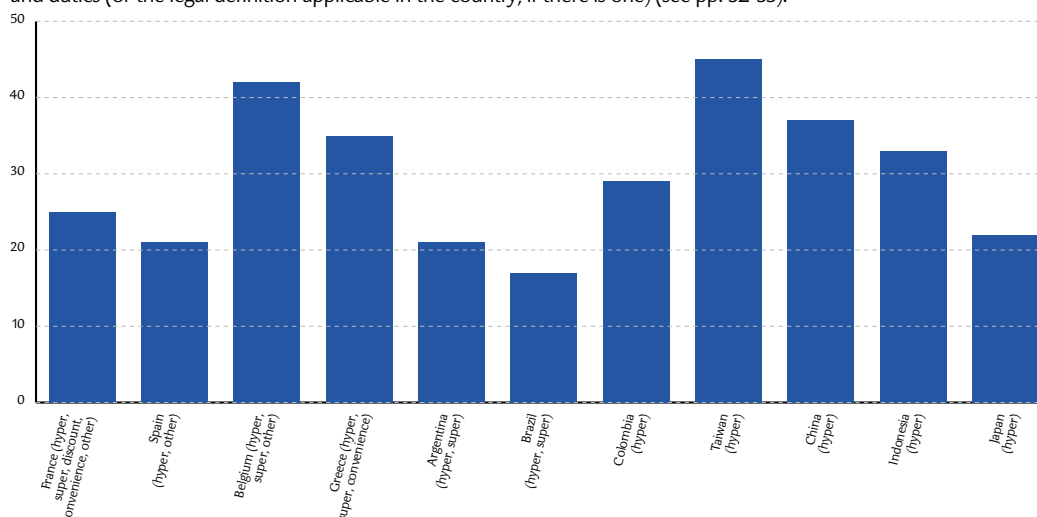
A local supplier is a supplier of an own-brand or retail-banner food item produced in the country in question (see pp. 20-21).



Key human resources indicators

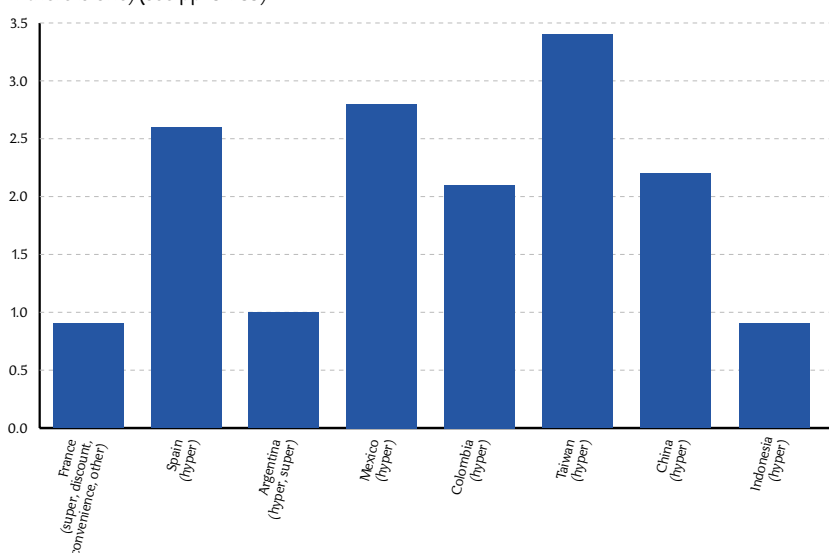
Women in management positions (%)

A management position implies operating autonomy, decision-making and initiative-taking authority and usually supervisory responsibilities and duties (or the legal definition applicable in the country, if there is one) (see pp. 32-33).



Number of training days per employee per year (days)

A training module of at least two hours presented in a classroom, or an e-learning module (or the legal definition applicable in the country, if there is one) (see pp. 32-33).



Key Group indicators

Number of supplier facilities audited for compliance with the Carrefour Social Charter (see pp. 20-21)

Countries	No. of initial audits	No. of follow-up re-audits	Sector
Bangladesh	5	10	Textiles
China	51	12	Toys/ Electronic products/ DIY/Textiles
India	33	11	Textiles
Indonesia	8	0	Furniture
Pakistan	4	1	Textiles
Taiwan	1	0	DIY
Thailand	1	0	DIY
Vietnam	3	0	Furniture

Inclusion in SRI indices and funds

(see pp. 14-15)

Carrefour is included in the following indices:

DJSI World
DJSI Europe
ASPI Eurozone
ECP Ethical Index Global
ECP Ethical Index Euro

Carrefour is included in SRI funds managed by:

Storebrand Investments
Sarasin Bank
CDC Ixis AM

Carrefour is eligible for the fund managed by:

Morley FM

How to read this table

The figures reflect a high or moderate internal audit confidence level. (NC = data not communicated).

Products					
Key performance indicators	Hypermarket	Supermarket	Discount	Convenience	Other
ORGANIC PRODUCTS					
Scope: France, (discount), Spain (hyper), Italy (hyper, super, convenience), Greece (hyper), Poland (hyper, super) Czech Republic (hyper), Mexico (hyper), Brazil (hyper, super) Malaysia (hyper), Indonesia (hyper)					
Number of listings ¹ of controlled organic products	1,014	399	2	145	nc
QUALITY LINES²					
Scope: France, Spain, Italy, Belgium, Greece, Portugal, Turkey, Poland, Czech Rep., Slovakia, Switzerland, Argentina, Mexico, Brazil, Colombia, China, Thailand, South Korea					
Number of Quality Lines	449	89	0	17	12
RESPONSIBLE³ AND FAIR TRADE PRODUCTS⁴					
Scope: Spain (hyper, super), Italy (hyper, super convenience, other), Belgium (hyper, super convenience) Mexico (hyper), Thailand (hyper)					
Number of listed responsible or fair-trade products	114	33	nc	9	7
VALUE-BRAND PRODUCTS⁵					
Scope: France, (discount), Spain (hyper, super, other), Italy (hyper, super convenience, other), Belgium (hyper, super convenience), Greece (hyper, super convenience), Poland (super), Czech Rep. (hyper), Mexico (hyper), Brazil (hyper, super), Colombia (hyper), Malaysia (hyper), Indonesia (hyper), Japan (hyper)					
Number of listings of value-brand products	9,176	5,206	16	563	425

¹ A listing corresponds to a bar code.

² A Quality Line is listed via a contract signed with the producer on a verifiable specifications document (with at least one on-site inspection per year, an inspection report and an improvement plan).

³ A responsible-trade product is an own-brand or retail-banner product.

⁴ A fair-trade product is a certified non-controlled national brand product (e.g. Fair Trade, Max Havelaar).

⁵ A value-brand product is a controlled product with the lowest price among the following three categories: national brands, retail-banner products and value-brand products (e.g. the No. 1 line).

Human Resources					
Key performance indicators	Hypermarket	Supermarket	Discount	Convenience	Other
ACCIDENTS¹					
Scope: France, (discount), Spain (hyper, super, other), Italy (hyper, super convenience, other), Argentina (hyper), Mexico (hyper), Brazil (hyper, super), Colombia (hyper), Taiwan (hyper), China (hyper), Indonesia (hyper), Japan (hyper)					
Number of days of absence resulting from work-related injury (per employee)	0.9	1.2	3.4	0.0	0.8
WOMEN IN MANAGEMENT POSITIONS					
Scope: France (hyper, super, discount, convenience, other), Spain (hyper, other), Belgium (hyper, super other), Greece (hyper, super convenience), Argentina (hyper, super), Brazil (hyper, super), Colombia (hyper), Taiwan (hyper), China (hyper), Indonesia (hyper), Japan (hyper)					
Women in management positions (%)	24.8	24.9	19.7	20.5	32.1
DISABLED EMPLOYEES²					
Scope: France, (discount, other), Spain (hyper, super, other), Italy (hyper, super convenience, other), Greece (hyper, super convenience), Poland (hyper, super), Mexico (hyper), Brazil (hyper, super), Taiwan (hyper), China (hyper), South Korea (hyper), Japan (hyper)					
Number of recognized disabled workers	1 388	750	21	14	248
TRAINING³					
Scope: France, (super, discount, convenience, other), Spain (hyper), Poland (hyper, super), Argentina (hyper, super), Mexico (hyper), Colombia (hyper), Taiwan (hyper), China (hyper), Malaysia (hyper), Indonesia (hyper), Japan (hyper)					
Number of training days per employee per year	2.1	0.8	0.7	2.1	1.3

¹ The legal definition in each country is used to identify occupational injuries. In the absence of a specific definition, an occupational injury is considered to be any injury incurred at the workplace resulting in an absence from work of at least one day. Accidents that happened between home and the workplace are excluded, as are occupational diseases.

² The legal definition in each country is used to identify disabled people. In the absence of a specific definition, disabled worker is considered to be any person with at least 10% physical disability.

³ The legal definition in each country is used to identify training programs. In the absence of a specific definition, employee training is considered to be any classroom training for which attendance is kept and which lasts for at least two hours, or an e-learning training program.

Logistics

Key performance indicators	Hypermarket	Supermarket	Discount	Convenience	Other
EMISSIONS FROM LOGISTICS OPERATIONS¹					
Scope: France, (discount), Spain (hyper, super, other), Italy (hyper, super convenience), Greece (hyper, super convenience), Brazil (hyper, super)					
CO ₂ emissions (kg of CO ₂ per transport unit ²)	6.6	6.7	7.4	5.7	4.1

¹ CO₂ emissions produced during the transport of goods between the warehouse and the store.

² A transport unit is the equivalent of a 120 x 80 cm pallet.

Stores

Key performance indicators	Hypermarket	Supermarket	Discount	Convenience	Other
HYGIENE & QUALITY					
Scope: France (hyper, super, convenience, other), Spain (hyper, super other), Italy (hyper, super convenience), Belgium (hyper, super), Greece (hyper, super convenience), Poland (hyper, super), Czech Rep. (hyper), Argentina (hyper, super), Mexico (hyper, super), Brazil (hyper), Colombia (hyper), China (hyper), South Korea (hyper), Japan (hyper)					
Percentage of consolidated stores audited on hygiene and quality criteria (%)	90	100	nc	62	100
Percentage of franchised stores audited on hygiene and quality criteria (%)	78	72	nc	35	57
ENERGY¹					
Scope: France, (hyper, discount), Spain (hyper, super), Italy (hyper, super convenience, other), Greece (hyper, super convenience), Poland (hyper), Czech Rep. (hyper), Mexico (hyper), Brazil (hyper, super), Taiwan (hyper), Indonesia (hyper), Japan (hyper)					
Energy consumption (kWh per sq.m of sales area)	713	735	786	720	488
WATER²					
Scope: France (discount, other), Spain (hyper, super), Italy (hyper, super), Greece (hyper, super), Czech Rep. (hyper), Mexico (hyper), Brazil (hyper, super), Taiwan (hyper), China (hyper), Indonesia (hyper), Japan (hyper)					
Water consumption (cu.m per thousand sq.m of sales area)	3,253	1 621	510	nc	164
WASTE³					
Scope: Italy (hyper, super), Brazil (hyper, super), Colombia (hyper), South Korea (hyper), Japan (hyper)					
Percentage of waste recycled	76	53	nc	nc	nc
REFRIGERANTS⁴					
Scope: France (discount), Greece (hyper), Argentina (hyper, super), Mexico (hyper), Brazil (hyper, super), Taiwan (hyper), South Korea (hyper)					
Quantity of refrigerants consumed (kg per thousand sq.m of sales surface)	156	269	16	nc	nc
PAPER					
Scope: France (discount), Spain (hyper, super), Italy (hyper, super convenience), Belgium (super convenience), Poland (hyper, super), Argentina (hyper, super), Brazil (hyper, super)					
Quantity of paper purchased for marketing publications, internal communications and office use (tonnes)	50,249	13,047	1,616	2,431	nc
CHECKOUT BAGS					
Scope: France (discount, convenience), Spain (hyper, super, other), Italy (hyper), Poland (hyper, super), Colombia (hyper), Thailand (hyper), Japan (hyper)					
Number of plastic bags distributed free of charge at checkouts (millions)	1,090	228	0	231	0

¹ Energy consumption of consolidated stores (electricity, gas, fuel). Consumption of franchised stores, warehouses and headquarters is excluded.

² Water consumption of consolidated stores. Consumption of franchised stores, warehouses and headquarters is excluded.

³ Paper, cardboard, plastic, wood and other recycled waste compared to the total waste generated by consolidated stores. Waste from franchised stores, warehouses and headquarters is excluded.

⁴ Quantity of refrigerants used by consolidated stores. Consumption by franchised stores, warehouses and headquarters is excluded.

GRI, GLOBAL COMPACT AND OECD CROSS-REFERENCE TABLE

How to read this table

The Carrefour group followed on the Global Reporting Initiative (GRI) framework for the production of the 2003 Sustainability Report. We attempted to cross-reference each of the GRI guidelines with the principles of the Global Compact, as well as with OECD Guidelines for Multinational Enterprises. We have, as far as possible, provided in the Annual Report and in the Sustainability Report the data required by Article 116 of the New Economic Regulations Law (NER).

Vision and strategy

GRI Ref.	Global Compact	OECD	Page(s) in the report
1.1	Principle 9	General policies 1	2-3, 8-9, 10-11, 12-13
1.2			3

Profil

GRI Ref.	Global Compact	OECD	Page(s) in the report
2.1		Disclosure 3	cover
2.2		Disclosure 3	6-7
2.3		Disclosure 3	6-7
2.4		Disclosure 3	bck cov.
2.5		Disclosure 3	bck cov.
2.6		Disclosure 3	6-7
2.7		Disclosure 3	6-7
2.8		Disclosure 3	6-7 ; inside frt cov.
2.9			6-7 ; 8-9
2.10			inside bck cov.
2.11			inside frt cov.
2.12			inside frt cov.
2.13			inside frt cov. ; 52-57
2.14			inside frt cov. ; 6-7
2.15			inside frt cov.
2.16			NA
2.17			inside frt cov. ; 58
2.18			inside frt cov. ; 52-57
2.19			inside frt cov. ; 52-57
2.20		Disclosure 2	inside frt cov. ; 59
2.21			inside frt cov. ; 59
2.22			inside bck cov. ; 6-7

Environmental indicator

	GRI Ref.	Global Compact	OECD	Page(s) in the report
Materials	EN1	Principle 8		28-29 ; 52-57
	EN2			ND
Energy	EN3			52-57
	EN4			ND
Water	EN5			52-57
Biodiversity	EN6			22-23 ; 48-49
	EN7			16-17 ; 22-23 ; 28-29
Emissions, Effluents and Waste	EN8			24-25 ; 28-29 ; 52-57
	EN9			ND
	EN10			ND
	EN11			28-29 ; 52-57
	EN12			ND
	EN13			ND
Products and Services	EN14		Environment 6 b	20-21 ; 22-23 ; 28-29
	EN15			ND
Compliance	EN16		Environment 5	ND

Key

NA = indicator not applicable
 ND = indicator not disclosed (not available as consolidated data)
 AR = Annual Report

Management systems

GRI Ref.	Global Compact	OECD	Page(s) in the report
3.1		General policies 6	6-7 ; 8-9
3.2		General policies 6	6-7
3.3		General policies 6	8-9
3.4			ND
3.5		General policies 6	58
3.6			6-7 ; 8-9
3.7		General policies 7 and Disclosure 5	2-3 ; 4-5 ; 6-7 ; 8-9 ; 12-13
3.8		General policies 6	58
3.9			8-9
3.10		Disclosure 5	8-9 ; 28-29 ; 36-37 ; 52-57
3.11			8-9 ; 14-15
3.12			14-15
3.13	Principle 7	Environment 3 and 4	18-19
3.14		General policies 7 and 8 Disclosure 3, 5 and 12	2-3 ; 20-21 ; 22-23
3.15			8-9
3.16		General policies 7, 8 and 10	16-23 ; 28-29
3.17		General policies 7 Environment 2	24-25 ; 40-41
3.18			inside frt cov. ; 6-7
3.19		General policies 7 and 8 Environment 1	8-9 ; 12-15 ; 52-59
3.20		General policies 7 and 8 Environment 1	58

Economic performance indicators

	GRI Ref.	Global Compact	OECD	Page(s) in the report
Customers	EC1			6-7
	EC2			6-7
Suppliers	EC3			RA ; 52-57
	EC4			ND
Employees	EC5			RA
Providers of capital	EC6			6-7
	EC7			RA
Public sector	EC8		Taxation	ND
	EC9		Taxation	ND
	EC10			40-41

Additional information

- GRI 3.5 Carrefour has a bonus plan for its executives based on quantitative and qualitative criteria.
- GRI 3.8 The shareholders have the opportunity to voice their concerns by asking questions during Ordinary General Shareholders Meetings.
- GRI 3.20 Carrefour draws on international standards, but prefers a more progressive approach.
- NER A.1.1. 83% of staff on permanent contracts (CDI), 15% of staff on fixed-term contracts (CDD), 2% temporary staff.
- NER A.2.4. Carrefour takes the necessary measures to ensure that the company complies with legislative and regulatory provisions.
- NER A.2.5. The costs incurred by Carrefour to reduce the environmental impact of its activities are those incurred by the Group's Quality and sustainability Department and by the equivalent entities in the various countries, as well as the budgets allocated to specific projects (e.g. World Environment Day) and the fees of outside consultants.
- NER A.2.7. Provisions and guarantees for environmental liability: none (scope: France).
- NER A.2.8. Damages paid pursuant to a judicial ruling concerning the environment during the financial year under review: none (scope: France).

Social performance indicators

	GRI Ref.	Global Compact	OECD	Page(s) in the report
Employment	LA1			44-51
	LA2		General policies 4	ND
Labour/Mgmt Relations	LA3	Principle 3	Employment and industrial relations 1 and 8	ND
	LA4	Principle 3	Employment and industrial relations 2 b and 6	ND
Health and safety	LA5			34-35 ; 52-57
	LA6			26-27 ; 34-35
	LA7			34-35 ; 52-57
	LA8			40-41
Training and education	LA9		General policies 4	32-33 ; 52-57
Diversity and opportunity	LA10	Principle 6	Employment and industrial relations 1 d	32-33
	LA11	Principle 6		14-15 ; 32-33 ; 52-57
Social performance indicators: Human Rights				
Strategy and management	HR1	Principle 1	General policies 2	12-13 ; 34-35
	HR2	Principles 1 and 2	General policies 10	20-21 ; 34-35 ; 52-57
	HR3	Principles 1 and 2	General policies 10	20-21 ; 52-57
Non-discrimination	HR4	Principles 1 and 6	General policies 9 Employment and industrial relations 1 d	20-21 ; 32-33 ; 52-57

Social performance indicators (cont.)

	GRI Ref.	Global Compact	OECD	Page(s) in the report
Freedom of association and collective bargaining	HR5	Principle 3	Employment and industrial relations 8	20-21 ; 34-35
Child labour	HR6	Principle 5	Employment and industrial relations 1 b	20-21 ; 34-35 ; 52-57
Force and compulsory labour	HR7	Principle 4	Employment and industrial relations 1 c	20-21 ; 34-35 ; 52-57
Social performance indicators: Civil society				
Community	SO1		General policies 3 Environment 2	6-7 ; 26-27 ; 30-31 ; 40-41
Bribery and corruption	SO2		Combating bribery 1, 2, 3, 4, 5	ND
Political contributions	SO3		General policies 11 Combating bribery 6	ND
Social performance indicators: Product Liability				
Consumer health and safety	PR1		Consumer interests 1 and 6	16-17 ; 18-19
Products and services	PR2		Consumer interests 2	18-19 ; 36-37 ; 52-57
Respect for privacy	PR3		Consumer interests 5	36-37

AUDIT STATEMENT BY THE CARREFOUR GROUP'S INTERNAL AUDIT DEPARTMENT

At the request of the Quality and Sustainability Department, the Carrefour group's Internal Audit teams have performed a verification of the sustainability indicators included in this report. The Quality and Sustainability Department determines the areas in which the group must measure its performance and progress through the established indicators. Each of the countries in which the Carrefour Group operates reports these indicators annually for each of its business units.

Nature and scope of audit

On the basis of this data, the Internal Audit teams verified the data in accordance with the standards of the profession and issued a confidence level for each of the 22 indicators, based on an assessment, among other things, of the quality of the established reporting procedures and a verification of the reliability of the available data. The Internal Audit teams conducted their audit in 18 different countries and devoted a total of 419 days to the audit. As a result, they were able to review the indicators for each of the Business Units in the countries in question.

Comments

On the basis of this audit, we offer the following comments:

- Improvements were observed in the organization of the reporting at the corporate level, in particular through the implementation of a computerized system for the entry and calculation of the indicators. Furthermore, the online launch of a site dedicated to sustainability made it possible to standardize the various reporting procedures for the indicators.
- On the other hand, the definitions of certain indicators still need to be further refined in relation to the scope of their application. Finally, a regular reporting procedure (monthly or quarterly) would make it possible to verify the reliability of the organizational structure deployed and to considerably increase the percentage of indicators receiving a "high" level of confidence.

Gauthier Durand Delbecque,
Internal Audit Director, Carrefour

AUDIT STATEMENT OF THE REPORTING STRUCTURE, INTERNAL AUDIT PROCEDURES AND THE CONSOLIDATION OF INDICATORS BY BUREAU VERITAS CONSULTING

At the request of the Carrefour group, Bureau Veritas Consulting studied the sustainability reporting system and tools, including guidelines, organization, data spreadsheet and collection procedures. It also verified the internal audit procedures performed on this reporting structure, including mission, methodology, planning, organization and valuation.

Finally, it analyzed the methodology used to consolidate the indicators. On the basis of the investigations, research and interviews conducted, Bureau Veritas Consulting certifies:

- The Group's intent to cover an extended geographical area with the objective of providing a clear and true account of the group's activities.
- The trustworthiness of the confidence levels for the key indicators mentioned in the tables (high and moderate), pursuant to the implementation of an internal audit performed by Carrefour.
- That the key indicators truly and accurately reflect the high and moderate level of confidence identified pursuant to the internal audit performed by Carrefour.

- The Group's determination to identify, reward and disseminate local initiatives complying with sustainability criteria. Furthermore, as a result of its investigation, Bureau Veritas was able to verify:
- That Carrefour is aware that additional progress needs to be made to even further improve the effectiveness and the representativeness of the reporting.
- That the Group is committed to undertaking the improvements needed in terms of organization, definitions and management.

Accordingly, in a spirit of public accountability, Carrefour's Sustainability Report accurately reflects the extent to which sustainability criteria are taken into account and implemented within the group.



Rueil-Malmaison,
22nd march 2004
Marc Boissonnet
Bureau Veritas Consulting CEO

Glossary

ADEME

French Agency for Environment and Energy Management (Agence de l'Environnement et de la Maîtrise de l'Énergie)

Business unit

Corresponds to a store format in a particular country.

CIFOR

Centre for International Forestry Research.

CIRAD

French Agricultural Research Centre for International Development (Centre de coopération Internationale en Recherche Agronomique pour le Développement).

Controlled products

Own-brand and retail-banner products for which Carrefour participates in the preparation of the products and packaging, the choice of producers, quality controls, marketing, etc.

CSR

Corporate social responsibility.

Eco-product

A product designed and manufactured in an environmentally sound way.

EFSA

European Food Safety Authority.

ERRT

European Retail Round Table.

EuroCommerce

The retail, wholesale and international trade representation to the European Union.

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 sustainability by offering the 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 Fair-trade Labelling Organizations, International Federation for Alternative Trade, Network of European WorldShops, and the European Fair-trade Association.

FIDH

International Federation of Human Rights Leagues (Fédération Internationale des Ligues des Droits de l'Homme).

FSC

Forest Stewardship Council. Product label that guarantees sustainable forest management.

GFSI

Global Food Safety Initiative.

Global Compact

Global contract between the United Nations, the member States, signatory business corporations and NGOs with the objective of promoting responsible action through compliance with nine fundamental principles of sustainability.

GMO

Genetically modified organisms.

GNX

Global Net eXchange electronic marketplace.

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

Food safety management system.

ICP

International Carrefour Products.

ILO

International Labour Organization.

Integrated farming

A comprehensive approach to farm management that aims to reinforce the positive repercussions of agricultural practices on the environment and to reduce the negative effects without affecting the economic profitability of the operation.

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 environmental consequences of their activity".

NGO

Non-governmental organization.

NGV

Natural Gas Vehicle: vehicles operating on natural gas.

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 products

Agricultural products produced by organic farming methods and certified as such by an independent organization.

PEFC

Program for the Endorsement of Forest Certification schemes.

Responsible trade

Trading partnerships based on sustainability, with the objective of improving trading conditions for small, disadvantaged producers. The criteria can vary, but they generally include the guarantee of a direct payment to the producer, regardless of current market prices. Over and above remuneration, products and services resulting from responsible trade also promote the social welfare of farmers (e.g. schooling, medical care), encourage farming methods that protect the environment, preserve the countryside and provide demographic stability.

SAFCA

Support structure for Carrefour suppliers (Structure d'Appui aux Fournisseurs de Carrefour).

SME

Small or medium-sized enterprise.

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, etc.).

Sustainability

"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.

TBQ

Carrefour's Quality Scoreboard (Tableau de Bord Qualité).

UN

The United Nations.

UNI

Union Network International

Labour union association with 15 million members in approximately 150 different countries.

UNICEF

United Nations International Children's Emergency Fund.

WTO

World Trade Organization.

WWF

World Wide Fund for Nature.

For more information

On the Carrefour group and its commitments

- ▶ www.carrefour.com
- ▶ www.fondation-internationale-carrefour.org

On corporate social responsibility

- ▶ **CSR Europe:** www.csreurope.org
- ▶ **Global Compact:** www.unglobalcompact.org
- ▶ **Global Reporting Initiative:** www.globalreporting.org

On the environment

- ▶ **United Nations Environment Program:** www.unep.org
- ▶ **Greenpeace:** www.greenpeace.org
- ▶ **WWF:** www.wwf.org
- ▶ **World Resource Institute :** www.wri.org/wri/

On social issues

- ▶ **International Federation of Human Rights Leagues:** www.fidh.org
- ▶ **International Labour Organization :** www.ilo.org
- ▶ **UNI Commerce:** www.union-network.org

Express your opinion

Sustainability is everyone's business.
Your comments will help us make progress.

Write to us at the following address:
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Design, creation, copywriting and production
TERRE DE SIENNE

Photo credits
Rapho (Émile Luider, Valérie Winckler) and Carrefour.

Printing
The 2003 Carrefour Sustainability Report was printed on FSC paper.



Countries with consolidated stores

EUROPE

France: hypermarket, supermarket, hard-discount, convenience, other
 Spain: hypermarket, supermarket, hard-discount, other
 Italy: hypermarket, supermarket, convenience, other
 Belgium: hypermarket, supermarket, convenience
 Greece: hypermarket, supermarket, hard-discount, convenience
 Portugal: hypermarket, hard-discount
 Poland: hypermarket, supermarket
 Turkey: hypermarket, supermarket, hard-discount
 Switzerland: hypermarket
 Czech Republic: hypermarket
 Slovakia: hypermarket

LATIN AMERICA

Brazil: hypermarket, supermarket, hard-discount
 Argentina: hypermarket, supermarket, hard discount.
 Mexico: hypermarket
 Colombia: hypermarket

ASIA

China: hypermarket, hard-discount
 Taiwan: hypermarket
 South Korea: hypermarket
 Thailand: hypermarket
 Indonesia: hypermarket
 Japan: hypermarket
 Malaysia: hypermarket
 Singapore: hypermarket

Partner countries

United Arab Emirates: hypermarket
 Qatar: hypermarket
 Egypt: hypermarket
 Tunisia: hypermarket
 Romania: hypermarket
 Dominican Republic: hypermarket

Carrefour 

Champion 

NORTE 

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GB 

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Carrefour 

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