

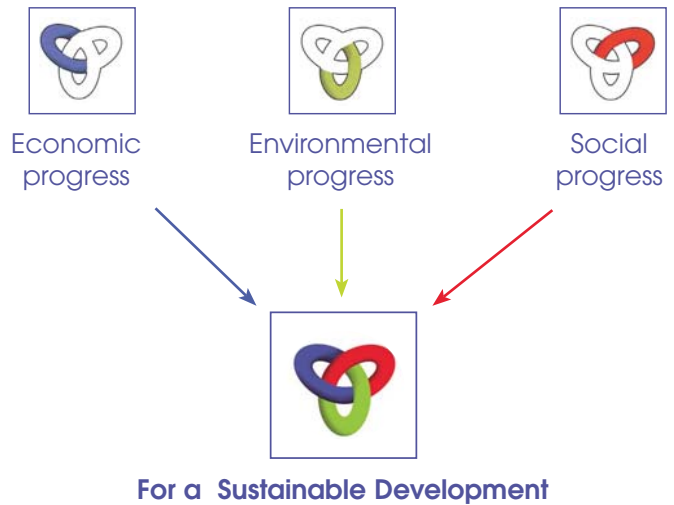
SUSTAINABILITY REPORT

2005

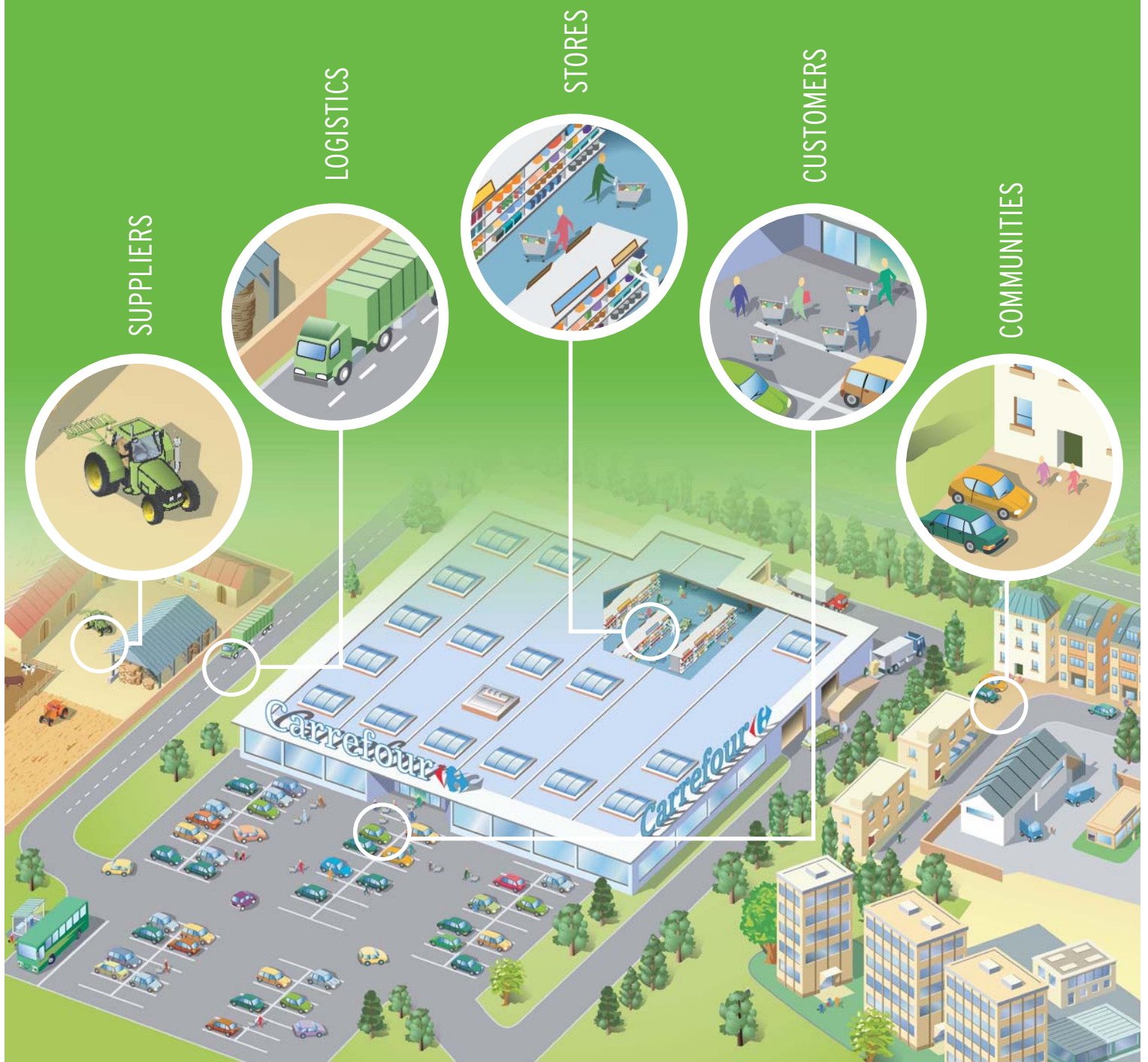




A GLOBAL APPROACH COMBINING:



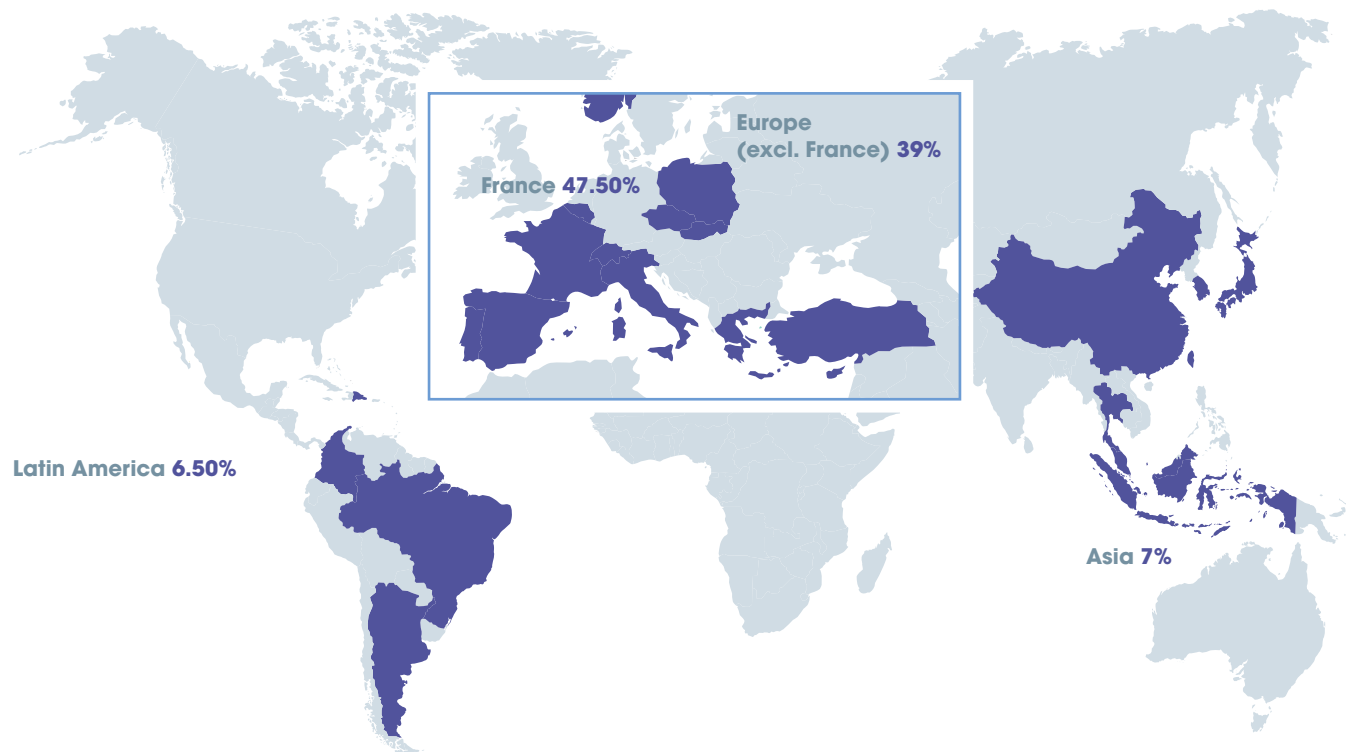
CONTROLLING THE CHAIN OF RESPONSIBILITY :



CARREFOUR IN 2005

An international multi-format Group operating in 30 countries

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



HYPERMARKETS

Carrefour

59%

Group sales

273,239

employees

926

stores

SUPERMARKARKETS

Champion **GLOBI** **Gima**

24%

Group sales

84,047

employees

2,455

stores

HARD DISCOUNT

Dia **Minipreço**

9%

Group sales

41,550

employees

5,451

stores

CONVENIENCE, CASH & CARRY and other businesses

Convenience stores

Cash & Carry

Online shopping

Le spécialiste de l'épicerie en ligne

3,046*

stores

150

stores

* Except for Sherpa and Proxi banners representing 1,582 stores.

Operations as of 31 December 2005

Europe	Year business started	Parc magasins				HYPERMARKETS Franchises		SUPERMARKETS Franchises		HARD-DISCOUNT Franchises		CONVENIENCE Franchises		CASH&CARRY Franchises		Total
		Number of employees	Sales incl. VAT. Group banners in million euros	Change in sales. incl. VAT. Group banners. like-for-like basis	Consommation d'énergie en GWh											
France	1963	135,103	44,468	- 0.6%	2,144.5	179	37	595	429	782	22	-	1,654	108	25	3,831
Spain	1973	67,903	13,619	2.1%	858.3	136	5	143	-	1,891	828	-	-	-	-	3,003
Italy	1993	26,061	7,320	2.7%	507	50	1	238	214	-	-	155	820	16	1	1,495
Belgium	2000	18,422	5,285	0.4%	376.1	56	-	79	185	-	-	-	206	-	-	526
Greece & Cyprus	1991	13,366	2,295	12.1%	281.1	19	-	148	-	267	95	52	103	-	-	684
Portugal	1992	5,250	1,306	4.3%	85	7	-	-	-	292	98	-	-	-	-	397
Poland	1997	15,397	1,173	23.1%	164.6	32	-	71	-	-	-	-	-	-	-	103
Switzerland	2001	2,501	645	0.7%		9	3	-	-	-	-	-	-	-	-	12
Turkey	1993	8,677	1,359	37.7%	16.7	12	-	86	-	339	24	-	-	-	-	461
Total		292,680	77,468	0.8%		500	46	1,360	828	3,571	1,067	207	2,783	124	26	10,512

Latin America

Brazil	1975	48,354	3,944	- 1.8%	522.6	99	-	35	-	201	35	-	-	-	-	370
Argentina	1982	19,066	1,519	14.1%	390.2	28	-	114	-	319	33	-	-	-	-	494
Colombia	1998	5,492	664	28.5%		21	-	-	-	-	-	-	-	-	-	21
Total		72,912	6,127	- 5.7%		148		149		520	68					885

Asia

China	1995	35,414	2,064	26.3%	327	70	-	8	-	225	-	-	-	-	-	303
Taiwan	1989	9,591	1,353	11.1%		37	-	-	-	-	-	-	-	-	-	37
South Korea	1996	6,326	1,538	9.4%	300.9	31	-	-	-	-	-	-	-	-	-	31
Thailand	1996	7,432	484	8.2%	115	23	-	-	-	-	-	-	-	-	-	23
Indonesia	1998	7,979	518	33.9%	65.5	20	-	-	-	-	-	-	-	-	-	20
Malaysia	1994	3,537	226	10%	77.4	8	-	-	-	-	-	-	-	-	-	8
Singapore	1997	603	97	6.2%	9.6	2	-	-	-	-	-	-	-	-	-	2
Total		70,882	6,280	9.7%		191		8		225						424

Partner franchise countries

Belgium	2000	-	-	-	62	-	-	-	-	-	-	-	-	-	-	62
United Arab Emirates	1995	-	10	-	-	-	-	-	-	-	-	-	-	-	-	10
Saudi Arabia	2004	-	2	-	-	-	-	-	-	-	-	-	-	-	-	2
Oman	2000	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Qatar	2000	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Egypt	2002	-	3	-	-	-	-	-	-	-	-	-	-	-	-	3
Tunisia	2001	-	1	-	4	-	-	-	-	-	-	-	-	-	-	5
Romania	2001	-	5	-	-	-	-	-	-	-	-	-	-	-	-	5
France (overseas territories)	1988	-	9	-	39	-	-	-	-	-	-	56	-	-	-	104
Dominican Republic	2000	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1
Norway	2004	-	-	-	5	-	-	-	-	-	-	-	-	-	-	5
Japan	2000	-	8	-	-	-	-	-	-	-	-	-	-	-	-	8
Total			3,739			41		110				56				207

Group Total

93,614

HYPERMARKETS Franchises		SUPERMARKETS Franchises		HARD-DISCOUNT Franchises		CONVENIENCE Franchises		CASH&CARRY Franchises		Total
839	87	1,517	938	4,316	1,135	207	2,839	124	26	12,028

No. 1
IN EUROPE

No. 2
IN THE WORLD



groupe**carrefour**

30
COUNTRIES

12,028
STORES

436,474
EMPLOYEES

14,513,074
SQ.M SALES AREA

93.614
BILLION EUROS
SALES INCL. VAT
UNDER GROUP
BANNERS IN 2005

MORE THAN
3 BILLION
CASH TRANSACTION
PER YEAR ALL FORMAT

4

COMMITTING
TO SUSTAINABLE
DEVELOPMENT

- 6 Carrefour, a Group with strong core values
- 8 Our historic commitment to sustainable development
- 10 Managing the approach day-to-day
- 12 Dialogue and partnerships with stakeholders
- 14 Scorecard 2005

16

BRINGING
OUR VALUES
TO LIFE EVERY DAY
WITH OUR
STAKEHOLDERS

- 18 Carrefour and its customers
- 24 Carrefour and its employees
- 30 Carrefour and its partners-franchisees
- 32 Carrefour and its suppliers
- 36 Carrefour and the community
- 42 Carrefour and its shareholders

44

MOBILIZING
ALL COUNTRIES
FOR IMPROVED
PERFORMANCE

- 44 Key moments of the mobilization in France
- 48 Key moments of the mobilization in Europe
- 50 Key moments of the mobilization in Latin America
- 52 Key moments of the mobilization in Asia
- 54 Key performance indicators

MESSAGES FROM THE CHAIRMEN



LUC VANDEVELDE,

Chairman of the Supervisory Board

Luc Vandeveldt

Being the leading retailer in Europe and No. 2 worldwide, serving 25 million customers every day, and working with more than 430,000 employees and thousands of suppliers: all of this gives our Group special responsibilities. Our various stakeholders, with whom we maintain an ongoing dialogue, expect commitment and action from us in dealing with the economic, social and environmental challenges of our times. In this fifth Carrefour Sustainability Report, we have tried to give a clear explanation of our Group's policy and to illustrate the best practices in use in our operations abroad. This report represents a turning point, as this year the presentation of our chain of responsibilities and our scorecard have been organized around our stakeholders and highlight the results obtained.

More and more, Sustainable Development colours our strategies, our working methods and the design of our products. It should not be looked upon as a constraint, but rather as an integral component of our commercial approach and our offering. Sustainable Development and profitability are not conflicting concepts: the projects we launch need to be economically viable in order to ensure their sustainability, and it is our responsibility to ensure that Carrefour meets its economic objectives so as to give us the wherewithal to meet our goals regarding social and environmental policy.

Sustainable Development is above all an approach that is built gradually, locally and through dialogue. By adapting our concepts and our offering and by becoming involved in the life of the local community, we have become an international company that knows how to remain a local player. And it is through dialogue with our employees, suppliers, customers and representatives from local communities, associations and organizations that we are building and innovating in every sphere, including human resources, working conditions at our suppliers' facilities and a reduced impact on the environment.

Thanks to our historic commitment and to the mobilization of our teams on behalf of Sustainable Development, Carrefour was ranked fifth among the most socially responsible companies by Fortune magazine and is now listed in the main SRI indices. Such signs of recognition are encouraging, but they also remind us that Sustainable Development is above all a progressive approach that must be constantly enriched.

We hope that our Sustainability Report will help you to measure the progress made by our Group this year.

“Being the leading European retailer and No. 2 worldwide gives our Group a special responsibility.”

“We need to demonstrate our ability, equally in the area of Sustainable Development, to make a difference together”

The year 2005 marked a turning point in the Group's strategy and a return to growth, which – if it is to last – needs to go hand-in-hand with respect for all of our economic, social and environmental responsibilities and our goal of making people the focus of our strategy.

Acting responsibly means above all ensuring that our Values live within the heart of management. The Group's commitments need to be translated into concrete, practical actions adapted to the local context in each country.

Many projects that have come into being in 2005 are aimed at better meeting the expectations of our customers. Some of these projects have economic goals, such as the development of alternative transport and energy savings, the benefits of which can be passed directly to the consumer. Other initiatives, such as the launch of the Agir line and the development of the Carrefour Quality Line, are representative of our approach and enable our customers, through the act of responsible purchasing, to get involved alongside the Group and its suppliers with regard to such matters as ecology, organic farming, nutrition and social solidarity.

The improvements in our Sustainable Development approach result from the mobilization of all our employees in every profession, in all countries and banners, as well as from our policy of dialogue with our stakeholders. Our actions – the fruit of many partnerships between our teams and local community representatives, suppliers, associations and governments – reflect our determination and commitment.

Our approach strengthens our preventative policy on risk management and our capacity to assume our responsibilities, and, through the language of action, it has become part of our strategic plan. This report fully reflects that. And thanks to our 22 indicators, we can monitor our progress to ensure improvement from year to year. The development of a tool like Carrefour Attitude will also help each of our Business Units to evaluate itself with respect to the Group's values in their relationships with their stakeholders. Maintaining this progressive approach will give our Group and future generations a brighter future. We must demonstrate, equally in the area of Sustainable Development, our ability to make a difference together.

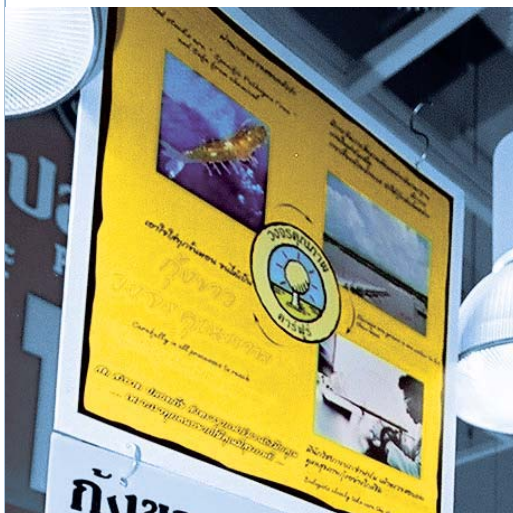


JOSÉ LUIS DURÁN,
Chairman of the Management Board

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'J' and 'D' followed by a horizontal line.



On 12 June 2005 in Bangkok, Carrefour signed its sixth Quality Line in Thailand with Siam Natural Resource. This partnership aims to be faithful to the Quality Line product principles of traceability and food safety. CQL prawns are guaranteed to be free from antibiotics and preservatives and are raised within a sustainable development approach.





COMMITTING TO SUSTAINABLE DEVELOPMENT

Basing our actions on our core values, demonstrating our capacity to make a difference together, ensuring that our policies meet the expectations of our stakeholders, opting for dialogue and partnership on an ongoing basis – these guiding principles represent a foundation for the responsible conduct of our business and our commitment to sustainable development.

- 6** Carrefour, a Group with strong core values
- 8** Our historic commitment to sustainable development
- 10** Managing the approach day-to-day
- 12** Dialogue and partnerships with stakeholders
- 14** Scorecard 2005

CARREFOUR, A GROUP WITH STRONG CORE VALUES

As the No. 1 retailer in Europe and No. 2 worldwide, Carrefour aims to set the benchmark in modern retailing for the protection of health, consumer safety and the environment. This company mission is expressed through seven core values.



Freedom

- To respect our customers' freedom of choice by providing a variety of formats, products and brands, and to reinforce this with thorough, objective information.
- To give consumers the freedom to buy at prices that correspond to their purchasing power.
- To give as many people as possible access to consumption.
- To empower all employees to take initiative and give them the freedom to act as entrepreneurs.

Responsability

- To fully accept the consequences of our actions with respect to our customers, the company and its employees, institutions and the environment.

Sharing

- To leverage our expertise and strengths to create value which is shared among our customers, employees, shareholders, partners and suppliers.

JACQUES BEAUCHET, MEMBER OF THE MANAGEMENT BOARD,
MANAGING DIRECTOR OF HUMAN RESOURCES, COMMUNICATIONS, GENERAL SECRETARIAT



“ The Carrefour group aims to set the benchmark in modern retailing in each of its markets. To meet this challenge, it is crucial that all of our teams around the world endeavor

to bring our goals, policies and principles to life. Our values, including our Code of Ethics, need to serve as the cornerstone for our employees' attitudes and behavior with regard to all our stakeholders. As a member of the Supervisory Board, I am personally involved in developing the Carrefour Attitude project. The goal of this progressive management tool is to enable our Business Units to translate our values into best practices and behaviors to be employed in their relationships with our stakeholders – a sign of respect that will help us make a difference together. ”



General Shareholders' Meeting, 2005



Respect

- To respect our employees, suppliers and customers. To listen to them and accept their differences.
- To understand and respect the lifestyles, practices, cultures and interests of all our stakeholders, wherever we are.

Integrity

- To respect commitments, to keep our word and to deal with honesty with customers, employees and suppliers.
- To demonstrate this integrity, both individually as employees and collectively as an enterprise.

Solidarity

- To contribute, in the communities (countries, cities and neighbourhoods) where we do business, to the development of the local economy, employment, training and the fight against social exclusion.
- To apply a fair trade policy and to promote the sharing of value.
- To express solidarity within the Group, regardless of our profession, function or banner.

Progress

- To support progress and the development of new technologies to serve the needs of people.
- As perpetual pioneers to embrace change and encourage innovation.



In order to give day-to-day expression to these seven core values and to put them at the heart of the company's culture and business plan, Carrefour has developed a management tool specifically for the Business Units Executive Committees: Carrefour Attitude. To raise awareness amongst all employees, several countries also focused their 2005 training plan on Carrefour's values.

CORPORATE GOVERNANCE AND RESPECT FOR THE RULES OF GOOD GOVERNANCE

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

The Supervisory Board

After Carlos March resigned his mandate as of 30 January 2006, the Supervisory Board comprises seven members, including one woman, five independent directors and two foreign nationals. Representing the Shareholders' Meeting, it appoints the Management Board members, approves any changes in the Group's structures and

capital, supervises and monitors the implementation of Group strategy, verifies that the annual accounts presented by the Management Board are in order and, upon completion of these tasks, produces a report for the Shareholders' General Meeting.

Specialized committees

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

- The **Audit Committee** examines the accounts, ensures respect for stock market regulations and evaluates the Group's internal and external supervision ;
- The **Compensation, Appointments and Corporate Governance Committee** proposes appointments and pay rates, evaluates stock option packages and assesses the work of the Supervisory Board.

The Management Board

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

The Group Management Committee

Established on 9 March 2006 to replace the former Executive Committee, the Group Management Committee comprises 22 members, including the five Management Board members. It ensures that the strategic orientations defined by the latter are put into operation, prepares and oversees the implementation of the Group's priority programs, and organizes the activities, prepares the budgets and

assumes responsibility for the results of the Business Units.

As an international group operating in 30 countries, Carrefour increasingly emphasizes a decentralized management system that can be optimally adapted to the local context. The driving forces are the Business Units, each of which corresponds to one store format in one country. All the Business Units share the Group's seven core values and apply its policies according to the principle of subsidiarity.

OUR HISTORIC COMMITMENT TO SUSTAINABLE DEVELOPMENT

Since 2001, Carrefour has formalized its progressive approach based on three key commitments: quality and safety, respect for the environment, and economic and social responsibility. Below is an assessment of the 2002-2005 action plan and the definition of future priorities.

1992

Carrefour
Quality Lines



1996

Application of
the precautionary
principle to GMOs



1997

Carrefour
Organic



2000

Social charter
in cooperation
with the FIDH

fidh

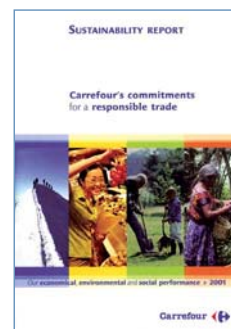
VÉRONIQUE DISCOURS-BUHOT, GROUP SUSTAINABILITY DIRECTOR



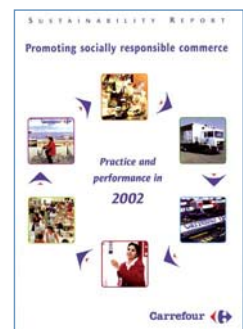
“ When we produced the first Sustainability Report in 2001, our aim was to make it comprehensive. Since then, Carrefour’s women and men around the world have taken this to heart, and they expand upon it every day through their actions. Thanks to them, as we publish this document every year we find ourselves in the difficult position of having to sift through a wealth of fruitful initiatives when it comes to making our editorial selections.

Our sustainable development policy is aimed at all our stakeholders: customers, employees, partners-franchisees, suppliers, communities and shareholders. By comparing their vision of a given problem with the reality of our constraints, we develop new solutions: examples of this include the Responsible Fishing range and our policy on wood sourcing.

Carrefour has a longstanding policy in favor of dialogue, and this helps us to devise and develop our approach in concrete ways. Being transparent in our actions and attentive to everyone’s expectations enables us to move forward. Carrefour will continue to expand upon its sustainable development policy as part of its partnership approach and to define future priorities by listening to its stakeholders. ”



2001



2002



2003



2004

MEMBERSHIP IN THE GLOBAL COMPACT



Since 2001, Carrefour has adhered to the United Nations Global Compact and undertakes to respect its 10 principles on Human rights, labor and environmental standards.

Regarding Human rights and labor standards in particular, since 1998 Carrefour has cooperated with the International Federation for Human Rights (FIDH) in terms of respecting, and ensuring respect on the part of its suppliers for, the basic rights set out by the International Labor Organization (ILO). In 2005, Carrefour gave its support to an international standard on responsibility regarding Human rights, declaring itself ready to share its experience in social monitoring.

Regarding respect for the environment, since 1992 Carrefour has developed its Carrefour Quality Line at the Group level. Reflecting the Quality and Sustainability approach, the Quality Lines contribute to environmental protection and the social and economic development of the regions where the Group operates. In 2005, 22 new CQLs were approved in Europe, 21 in Latin America, and 27 in Asia as part of a worldwide total of 363 Quality Lines.

2001

Signature of an agreement with UNI



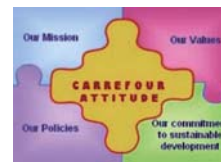
2004

Adoption of the Group Code of Ethics

Signature of the Corporate Diversity Charter

2004

Launch of Carrefour Attitude



2005

Responsible Fishing range



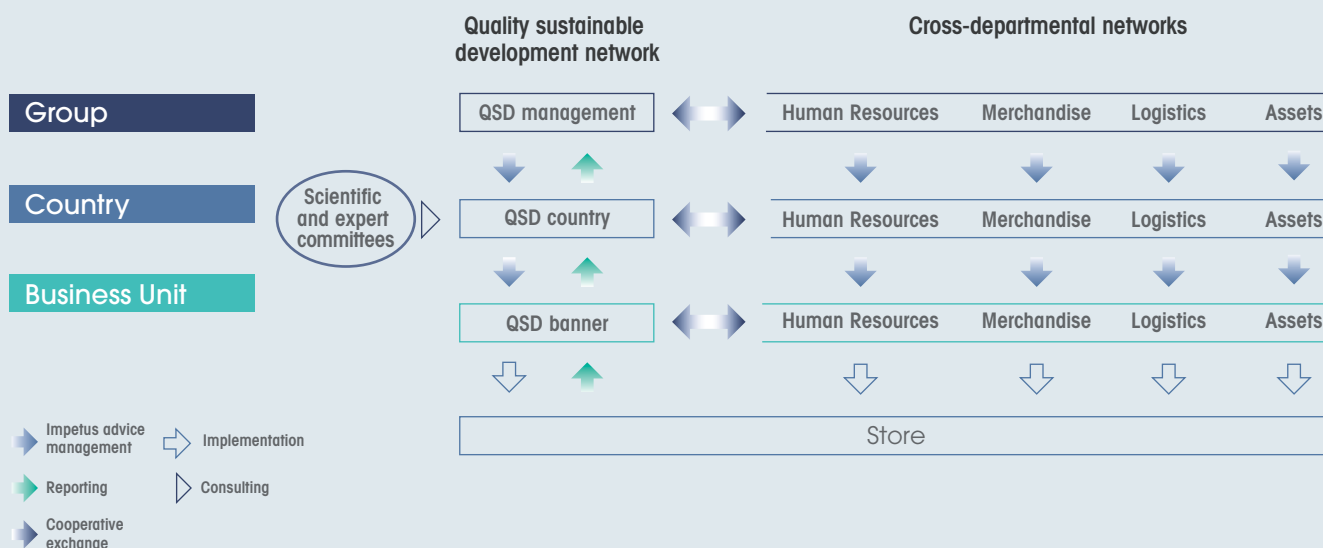
2002-2005 ACTION PLAN: A POSITIVE ASSESSMENT

OUR COMMITMENTS	ASSESSMENT OF MAIN ADVANCES 2002-2005
Our progressive approach <ul style="list-style-type: none"> Managing the approach Dialogue with stakeholders 	<ul style="list-style-type: none"> Establishment of a Sustainable Development organization coordinated with quality and risk management Inclusion in the main SRI indices: a presence in 9 indices Eligibility in the main SRI funds Systematic global reporting on 22 key indicators, which has become a tool for implementing and monitoring sustainable development policy in the countries and Business Units Carrefour Attitude: tool for the self-assessment of sustainable development practices in the Business Units
Quality and safety <ul style="list-style-type: none"> Product quality and safety Quality and safety of customers and personnel on our sites 	<ul style="list-style-type: none"> Establishment of local scientific networks adapted to Carrefour locations Gradual roll-out of the Quality Scorecard in Europe Roll-out of cold-chain best practices in all countries Generalized use of hygiene audits in stores
Environmental protection <ul style="list-style-type: none"> Reduction of impact on the greenhouse effect Protection of natural resources Waste reduction and management Preservation of water quality and availability Preservation of biodiversity 	<ul style="list-style-type: none"> Creation of a Responsible Fishing seafood product range in France and Belgium Roll-out of organic and Carrefour Quality Line products internationally: 363 CQL products worldwide Completion of a life-cycle analysis of checkout bags, an initiative hailed and put to use by many private and public players affected by this problem Internationalization of alternatives to checkout bags Development of initiatives in many countries to optimize and reduce our logistics impact: water transport, piggybacking, aquazole, backhauling "Greening" of paper purchases in Europe Integration of environmental factors in quality audit benchmarks in stores in France
Our economic and social responsibility <ul style="list-style-type: none"> Respect for our suppliers Involvement in the local economy Motivating our teams Satisfying our customers 	<ul style="list-style-type: none"> Policy of supplier social audits, strengthened since 2003 by re-audit programs: as of the end of 2005, 1,070 social audits had been conducted (872 initial audits and 198 re-audits) Launch of Carrefour Attitude in five countries Creation of supplier clubs (Carrefour Quality Line, Reflets de France) Export support for French SMEs: 1,200 shipping arrangements in 2005 Launch of first-price products internationally Raising awareness of customers and employees about the environment through store events, in particular participation in World Environment Day since 2002

MANAGING THE APPROACH DAY-TO-DAY

Sustainable development involves everyone at Carrefour. Driven by the Quality, Responsibility and Risk Department at the Group level, it is adapted by each country and banner. The goal: to involve all teams in the field every day.

THE SUSTAINABLE DEVELOPMENT ORGANIZATION INVOLVES ALL ACTIVITIES



ROLAND VAXELAIRE, QUALITY, RESPONSIBILITY AND RISK DIRECTOR



“Gathering the Quality, Responsibility and Risk Management functions at the Group level has helped to develop closer cooperation between these fields and to extend the notion of Quality

to the notion of corporate responsibility regarding its stakeholders. This has led to a strengthened policy of prevention in the areas of safety, meaning safety at the level of products, goods and people. Sustainable development today is part of an overall policy whose mission is to transform risk into opportunity while taking on our responsibilities to all our stakeholders through a strategy of prevention and a comprehensive quality approach.”

BEST PRACTICES IN 2005

Carrefour group

First International Scientific Meetings for Food Safety



International Scientific Meetings

Guaranteeing food safety for consumers is one of the key concerns of the Carrefour group in every country where it operates. On 3 and 4 October 2005, Carrefour organized its first International Scientific Meetings for Food

Safety in Evian, France, with the objective of setting up a genuine international network, anticipating global risks and promoting food safety everywhere. Nine countries were represented: Belgium, Brazil, China, Colombia, South Korea, Spain, France, Italy and Thailand. In conferences and working groups, 16 independent scientific experts and nine Group Quality Directors shared their expertise and developed a global mapping of food and health risks. The discussion highlighted certain cultural disparities with regard to risk perception and the fundamental role of hygiene. By organizing these initial International Scientific Meetings, Carrefour demonstrates its sincere intention to contend with its food-chain responsibilities.

OUR POLICY

Balancing quality, responsibility and risk

For Carrefour, sustainable development combines three issues: quality, responsibility with regard to its stakeholders, and risk management. Following a reorganization of the Group's top tier, the Quality and Sustainability policy is now handled by a Quality, Responsibility and Risk department that reports directly to a member of the Supervisory Board. This new department defines the requirements and approach at the Group level by drawing on the Quality and Sustainability, Safety and Insurance services.

Relying on the know-how of each individual

To define its Quality and Sustainability policy, the Quality, Responsibility and Risk department takes various factors into account, including legislation, stakeholder expectations, risk, Group values and commitments, and retail-banner missions. It works in cooperation with the Group's operational and cross-departmental (Merchandise, Assets, Logistics, Human Resources, Finance and Information Systems) departments and draws on advice from a Scientific Committee and outside experts.

Mobilizing countries and banners

The various Executive Committees implement the standards defined at the Group level and the Quality and Sustainable Development policies in each country and retail banner. To mobilize the countries and banners, the Sustainability department has developed a functional organization of dedicated people, the Quality and Sustainability network, which provides support for the cross-departmental operational networks. To keep the Executive Committees informed, Carrefour has also developed a management and self-assessment tool: Carrefour Attitude.

CRISIS MANAGEMENT

An organization adapted to the dimensions and diversity of an international corporation

Due to its size, diversity and international scale, our Group is particularly exposed to crises.

In 2005, a working group integrating various internal personnel was set up to develop a global crisis management organization at the Group level.

This approach, approved by the Group Executive Committee, comprises two main aspects:

- Establishment of a 24/24 number that can be called to organize information feedback
- Definition of a "minimum ticket": a synthesis of best practices in terms of organization, procedures and tools.

How well the crisis management procedures comply with the "minimum ticket" will be monitored annually during the Group internal audit campaign.

Bird flu and preparations for the risk of a pandemic

Carrefour is working to protect the health of its employees and customers from this new risk.

Since the initial warnings, we have reinforced the monitoring system set up through the Carrefour Scientific Committee.

A Coordination Committee was established at General Management level thanks to the advice of International SOS, which is well known for its expertise in crisis management.

All Carrefour's Asian countries quickly developed operational action plans and boosted store hygiene measures by means of information policies and increased training.

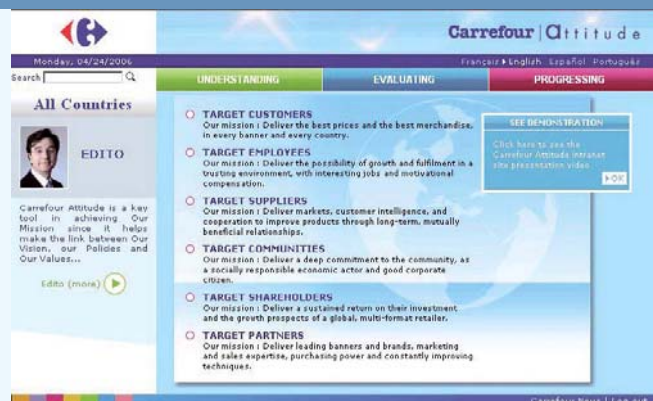
Other countries are now benefiting from this experience and are distributing preparatory tools that they are adapting to suit their own situation.

Carrefour group

Rolling out Carrefour Attitude

To translate its values in operational terms for each of its Business Units, in December 2005 Carrefour launched its management tool for collective progress: Carrefour Attitude. Designed by the Group Sustainable Development and Human Resources departments, this tool helps all Business Units to conduct a self-assessment using benchmarks for the best practices and behavior expected with regard to each Group stakeholder (customers, employees, suppliers, partners-franchisees, communities and shareholders) with respect to our seven core values. The aim

of this evaluation, which takes place cooperatively on a dedicated intranet site, is to enable the Comex members of each Business Unit to identify and monitor objective, specific plans for improvement. During the first half of 2005, Carrefour Attitude was tested in six Business Units in five countries (France, Taiwan, Colombia, Brazil and Belgium) and in two formats (hypermarkets, supermarkets). The results of this pilot phase made it possible to optimize the intranet system, benchmarks and evaluation methods during the second half of the year.



Home page of the Carrefour Attitude intranet site

In December 2005, José Luis Duran and Jacques Beauchet launched the process in all Group Business Units, with Human Resources Directors

given a special role in organizing this evaluation procedure, whose initial results are expected in mid-2006.

DIALOGUE AND PARTNERSHIPS WITH STAKEHOLDERS

Listening, discussing, taking legitimate expectations into account and hunting for outside expertise: every day, Carrefour develops its sustainability approach through dialogue and partnership with its stakeholders, a guiding principle that helps us move forward together.

OUR POLICY

Building on transparency and partnership

In a desire for transparency and a partnership approach, Carrefour involves all its stakeholders (customers, employees, partners-franchisees, suppliers, communities and shareholders) in its sustainable development policy. For Carrefour, dialogue and partnership with stakeholders makes it possible to identify the expectations of its audience so as to better anticipate them, to engage in discussion on Group policies and commitments, and to prevent risk and reduce conflicts. This helps to provide the Group with effective support in implementing its Quality and Sustainability approach.

Launching a dialogue at all Group levels

This dialogue with stakeholders is conducted either at Group level by the Sustainability department or local level by the various countries, banners and stores. The annual high point is the Stakeholders' Consultation Meeting, attended by the Chairman of the Management Board. This meeting, which helps Carrefour to identify future priorities, brings together ratings agencies, fund managers, environmental and social NGOs, trade unions, consumer associations, national and international agencies, and sustainable development research groups.

CÉDRIC DU MONCEAU, GENERAL DIRECTOR OF WWF FRANCE



“ Commerce has always played a very important role in supporting changes in consumption by anticipating and responding to customer expectations. This can be seen today in the marketing of products and brands that are more respectful of the quality of our environment and the basic inter-relationships of life on Earth. Large retailers are a driving force in this process in every sector. In this respect, a dialogue between the WWF and Carrefour has helped to stimulate essential changes in aid of progress toward more sustainable development, in particular in the areas of fishing and wood this year. In addition, following the “From Disposable to Reusable” campaign that we conducted to reduce and even eliminate the use of disposable checkout bags, Carrefour is pleased to have already succeeded in cutting their use by 35% whereas the initial commitment was for only 5%. We are frequently encouraged by the spirit of enthusiasm that this partnership arouses among the staff, who become involved wherever they can. ”

BEST PRACTICES IN 2005

Carrefour group

The 2005 Stakeholders' Consultation Meeting

On 9 December 2005, the Group Sustainability department organized its Stakeholders' Consultation Meeting, attended by José Luis Duran, Chairman of the Management Board. Sixteen representatives of Carrefour's main stakeholders were invited to share information about the implementation of Group policy and to express their expectations in terms of actions and communications.

The stakeholders praised:

- 1) The Group's commitment to Sustainable Development.
- 2) Efforts to listen and discuss.

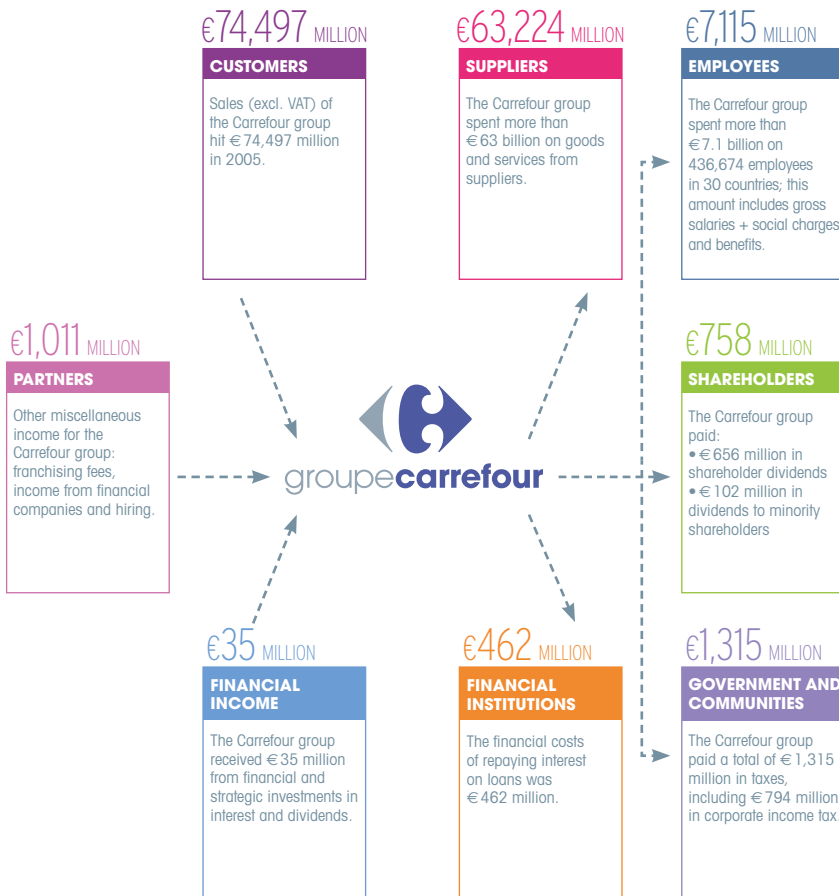
- 3) The work accomplished on own-brand and retail-banner products.
- 4) The development of supplier accountability for social rights.
- 5) Carrefour's commitment as a good citizen in the community. The stakeholders asked for an optimization of the key indicators so as to monitor Carrefour's performance over time and by geographic region.

They also desired more information about:

- 1) Products (quality policy according to banner, eco-design, ecological footprint, packaging, awareness with regard to responsible consumption).
- 2) Employees (social responsibility of the HR policy, managers' bonuses, assessment of Carrefour Attitude, information and training

SHARING OF VALUE

(in millions euros)



The depreciations and the provisions of €1.5 billion have not been accounted for this analysis. The residual difference of € 1.1 billion can be explained by the increase of stockholders equities.

FOR RESPONSIBLE LOBBYING

The regulatory and policy environment influences corporate performance. Carrefour is committed to constructive dialogue with European, national and regional public authorities, and to providing – to the fullest extent possible – complete, objective, sound information about the impact that certain proposals could have on its activities. We are thus responding to the call of José Manuel Barroso, President of the European Commission, for “Ambassador of Lisbon” entrepreneurs that will enable Europe to compete with other global regions.

- **The EU Payments Directive:** the Carrefour group seeks healthy competition and non-discrimination toward non-bank operators. In this sense, Carrefour has cooperated with the European Commission on the new financial structure and new framework for payments.
- **Services (“Bolkestein”) Directive Proposal:** As a leader in many European countries and an investor in their markets, we oppose discrimination in favour of national operators. Too many European countries are continuing to erect entry barriers to other European operators. We thus support the provisions of the directive on freedom of establishment and are in favour of an open market, which creates growth and employment.
- **The REACH (Registration, Evaluation and Authorization of Chemicals) regulatory framework:** We favour stricter regulations on the chemical compounds contained in our products, with the aim of boosting consumer confidence, and have provided information on impact analysis to national and European authorities.
- **Nutritional labeling:** Carrefour has developed “nutrition boxes” that detail the percentage of daily nutritional requirements – with regard to fat, sugar, carbohydrates, protein, fibre and salt – provided by a product portion. The fight against obesity requires better consumer information.

in sustainable development).

- 3) The franchisees (awareness about the Group’s sustainable development policy, performance monitoring).
- 4) Suppliers (informing purchasers, social audits).
- 5) Logistics (NGV, environmental cost of transport, short journeys).
- 6) Store management (environmental quality approaches, policies on checkout bags and advertising brochures, energy performance, asbestos).

The results of this Stakeholders’ Consultation Meeting were integrated into an action plan to optimize our approach, our reports

and our communications.

France

The Carrefour-ADEME framework agreement: assessment after one year

On 6 December 2004, Carrefour and the ADEME (French Agency for the Environment and Energy Management) signed a three-year framework agreement to strengthen and expand environmental protection initiatives related to Carrefour activities. This framework agreement, covering all banners in France, sets out four points for cooperation: transport, buildings and sites; waste; the eco-design of own-brand products; and sustainable consumption. In 2005, 35 projects were initiated and

implemented. In transport, Carrefour and the ADEME decided to promote the use of natural gas vehicles with a pilot experiment conducted in the Paris region to compare diesel refrigerated vehicles with NGVs. As for buildings and sites, ADEME’s regional delegations contributed locally to the efforts of Carrefour stores to cut energy consumption and improve the monitoring of cold facilities. Where waste is concerned, Carrefour participated in the ADEME’s collection of motor oil by giving their customers a phone number to call for information on collection points. Finally, for own-brand products, the ADEME raised Carrefour’s teams’ awareness on eco-design and

helped the company to provide information on the packaging of its own-brand products in order to aid customers in sorting waste. To make this effective, by the end of 2005 some 400 products included a “packaging info” box with environmental protection information on their packaging.

ADEME



“Operation Clean Oil Change” display

SCORECARD

STAKEHOLDERS

KEY DATA

OUR MISSION

GUIDING PRINCIPLES

Customers



- 25 million customers per day in our stores
- 12,028 stores (all formats) worldwide
- 80,000 listed products in a France Hypermarket

To provide our customers the best price combined with the best sales offering in every banner in every country.

- To guarantee product quality and safety
- To strengthen environmental considerations in the design of our products and packaging and develop product lines that respect environmental and social criteria
- To respect the customer's freedom of choice
- To guarantee customer safety at our sites
- To raise awareness and support our customers towards responsible consumption

Employees



- 436,474 employees
- 30% women managers
- 21,905 employees surveyed in 2005

To provide our employees with an opportunity to flourish in a climate of confidence, with the chance for development, and with motivating work and pay.

- To promote diversity and equal opportunity within the company
- To guarantee respect for human rights internally
- To guarantee the safety of personnel on our sites
- To promote the sharing of best practices between countries and banners
- To promote each individual's training, prospects, and, more particularly, awareness regarding our vision of the world, values, goals, policies and concern for sustainable development

Partners-franchisees



- 5,025 franchise stores worldwide
- 41.78% of stores operated as franchises
- 16 partner-franchisee countries and territories

To provide our associate, franchise and affiliate partners with the top banners and brands, commercial know-how, purchasing power and constantly improving techniques.

- To convey our know-how
- To promote access to a franchise for our employees
- To contribute to local economic development by creating companies
- To raise partners' awareness regarding the Group's sustainable development policy

Suppliers



- Between 4,000 and 15,000 suppliers, depending on the country
- 15-30% of sales are from banner or own brands, depending on the country
- 41,849 Carrefour Quality Line producers in the world

To provide our suppliers with outlets, knowledge of the customers, and cooperation in order to improve products within the framework of lasting, fair relationships.

- To strengthen our partnerships with local companies in every country
- To promote fair relationships with suppliers
- To offer export support
- To guarantee respect for Human rights in the supply chain for our products
- To promote traceability and ethical supplies

Communities



- 1,394 stores opened in 2005 (all formats)
- 1.7 million euros in gifts for assistance and reconstruction following the December 2004 tsunami

To provide local and national public authorities with a concrete commitment to being a good, responsible economic citizen in the life of the community.

- To systematize dialogue step by step with our stakeholders
- To strengthen consideration for the environment in logistics
- To reduce environmental impact related to the construction and operation of stores, including impact related to our commercial publications and catalogues
- To foster social solidarity

Shareholders



- 461,000 shareholders

To provide our shareholders with profitability throughout their investment and the sort of growth prospects to be expected from an international, multi-format group.

- To improve our transparency through suitable communications
- To complete and extend our system of reports to ensure regular monitoring with relevant performance indicators

MAIN ADVANCES IN 2005

ASSESSMENT

<ul style="list-style-type: none"> • Organization of international meetings of scientific experts (pp.10-11) • Updating Group crisis management procedures (p.11) • Responsible Fishing range in France and Belgium (pp.22-23) • Launch of Agir range in France (p.20) • Signature of 70 new Carrefour Quality Lines in 2005 (p.9) • New nutritional labeling on our retail banner brand products in France (p.20) • Development of customer fire and safety training in the store (p.25) • Roll-out of Nutrition Weeks in the stores internationally (p.22) • Continuation of actions to cut down on disposable checkout bags (p.23) 	<div>OK</div> <div>OK</div> <div></div> <div>OK</div> <div>OK</div> <div></div> <div></div> <div></div> <div></div>
<ul style="list-style-type: none"> • Implementation of the Diversity Charter (Mission Handicap and integration of disabled employees in various countries) (p.26) • Presentation of sustainable development issues to the CICE and discussion (pp.28-29) • Development of ethics hotlines in various countries: Argentina, Brazil, China, Colombia, Indonesia (pp.24-25) • SOS Conflict training given to 5,000 employees of France Hypermarkets and more than 450 Belgian hypermarket and supermarket employees (p.25) • Roll-out of Carrefour Attitude (p.11) • Listening to staff surveys conducted in 19 Business Units in 11 countries in 2005 (pp.24-25) 	<div></div> <div></div> <div>OK</div> <div></div> <div></div> <div>OK</div>
<ul style="list-style-type: none"> • International Partnership Department training (p.31) • "Gateways" developed in France convenience stores and supermarkets (pp.30-31) • Development by our partners in La Reunion and Martinique of alternatives to checkout bags, and the signature of a charter by a partner in La Reunion regarding reduction of checkout bags (p.31) 	<div></div> <div>OK</div> <div>OK</div>
<ul style="list-style-type: none"> • Partnership with more than 41,000 producers worldwide within the framework of Carrefour Quality Line and more than 4,000 SMEs in France (p.35) • Organization of meetings with suppliers of our brand products in most countries (p.34) • 1,200 arrangements with French SMEs for international shipping in 2005 • 6 French Weeks organized abroad • Appending of the Social Charter to all supplier contracts for our own-brand and banner food and non-food products (p.32) • Performance of 474 social audits, including 106 re-audits and 368 initial audits in 2005 (p.33) • Commitment of Carrefour to an international standard guaranteeing Human rights (p.32) • Creation of a global sourcing bureau in Vietnam to secure the supply of wood (keruing) (p.33) • Encouragement of suppliers to join the Vietnam Forest Trade Network (VTN) (p.33) 	<div>OK</div> <div></div> <div>OK</div> <div></div> <div></div> <div>OK</div> <div>OK</div> <div>OK</div> <div>OK</div>
<ul style="list-style-type: none"> • Grand Prize for Democracy and Police Medal submitted to Carrefour Colombia (p.37) • Organization of the 4th annual Stakeholders' Consultation Meeting at the Group level (pp.12-13) • Roll-out of alternative transport methods in France and other European countries (p.41) • Performance of a life-cycle analysis of catalogues (p.41) • Signing of an energy performance contract with Schneider Electric (pp.40-41) • Achievement of targets set for 2005 for European paper purchases: 84% of recycled and/or certified wood fibers (pp.40-41) • Implementation and support for reconstruction projects following the December 2004 tsunami (p.38) 	<div>OK</div> <div></div> <div>OK</div> <div></div> <div></div> <div></div> <div>OK</div>
<ul style="list-style-type: none"> • Integration into the Ethibel Excellence index (p.43) • Ranked fifth in the AccountAbility rating 2005 classification of the Fortune Global 100 (p.43) • Ranked fifth by Innovest in the "Integration of responsible practices in corporate activity" study (p.43) • Classed AAA by the NGO Akatu in its evaluation of corporate social responsibility in Brazil (p.43) • New reporting tool on key performance indicators (p.61) • Organization of special presentations on sustainable development for investors (p.43) 	<div>OK</div> <div>OK</div> <div>OK</div> <div>OK</div> <div></div> <div></div>



BRINGING

OUR VALUES TO LIFE EVERY DAY WITH OUR STAKEHOLDERS

Customers, employees, partners-franchisees, suppliers, communities and shareholders: you are all our stakeholders – in other words, our partners at every point in the supply and consumption chain. In order to move forward with you and tackle our responsibilities, we are determined to incorporate our values into all our policies and actions, every day.

- 18** Carrefour and its customers
- 24** Carrefour and its employees
- 30** Carrefour and its partners-franchisees
- 32** Carrefour and its suppliers
- 36** Carrefour and the community
- 42** Carrefour and its shareholders

CARREFOUR AND ITS CUSTOMERS

A wide range of banners

Each customer has his or her own habits, purchasing power, pleasures and delights. To meet such a variety of expectations all over the world, Carrefour retail banners are constantly adapting to the needs of the local population.

OUR POLICY

Emphasizing a multi-format strategy

Lifestyles and consumer patterns differ from one culture to another, and from urban to rural areas. To meet the varied expectations of its customers, Carrefour has thus chosen to emphasize complementary store formats and a wide range of banners. In every country, the formats are designed to be adapted to the particular features of the catchment areas and to differences in purchasing power. All the stores aim to integrate themselves into their environment in order to play a full part in local life.

Listening to our customers to improve satisfaction

Carrefour's highest priority is to satisfy its customers. Most retail banners thus offer a loyalty program adapted to the clientele. To better understand its customers and anticipate changes in

their behavior, Carrefour conducts consumer studies at the global level, complemented at the country level by satisfaction surveys, and often drawing on customer panels. To handle claims about products or services as quickly as possible, Carrefour is developing response tools in every country, such as the Consumer Services and toll-free phone numbers printed on packaging.

Making services available to as many people as possible

Whatever the store format or banner, Carrefour aims to ensure that customer purchases are quick and convenient, and that its products and services are competitive and suit customer needs. Carrefour thus distributes both food and non-food products, and in some countries has developed such services as petrol stations, Carrefour Financial Services, Carrefour insurance and Carrefour Voyages.

JEAN-CLAUDE DUBOST, DIRECTOR OF GROUP MARKETING STUDIES



“ Twice per year, the Carrefour group Study Service (SET), based in Mondeville, receives and analyzes more than 100,000 questionnaires sent in by post. These contain customer comments on the quality of service in our stores:

they give their opinions on shopping carts, waiting times at the deli stand, their reception at the checkout and more. These surveys of customer opinion are currently being used in many countries, in France as well as in Spain, Italy, Belgium, Greece, Taiwan, South Korea and soon Malaysia. And this applies to hypermarkets, supermarkets and the cash & carry format, too. In the latest development, in 2006 Carrefour France set up a survey for an online panel. More than 108,000 customers gave us their e-mail address so that they could express their opinion about Carrefour, thus enabling the banner to better respond to their expectations. ”

BEST PRACTICES IN 2005

Argentina, Brazil

Clusterization

Carrefour Argentina has played a role as a pioneer and a pilot market in Latin America by developing the clusterization of its hypermarkets in response to its economic crisis of 2002. Clusterization involves adapting the concept of stores to consumer expectations based on the purchasing power of the catchment area. Three categories of hypermarket (A, B, C) were created to segment and better target the product mix, services and price policy of the stores. Such an approach helped to meet the needs of the country and its population during the recession.

This decisive experience is now being rolled out in Argentina and Brazil in the hypermarket and supermarket formats.

Brazil

Launch of the "Customer's Friend" service

On 15 March 2005, on the occasion of International Consumer Day, Carrefour Brazil launched its "Customer's Friend" service,



"Customer's Friend" service



Champion France

EVALUATION OF PERFORMANCE

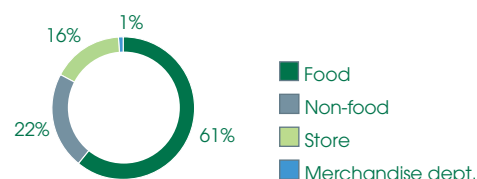
2005 Assessment of the multi-banner Customer Services department in France

44,340 cases handled
Overall volume up 7%
(41,294 in 2004)

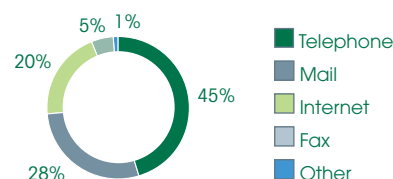
53% of cases involved product complaints

27% of cases involved service complaints

19% of cases involved information requests



Note that the number of requests for information on the social and ecological aspects of products rose by 9%. Today's customers have become real players where their consumption is concerned.



The telephone is still the main medium, with 97% toll-free calls. The Internet increased in significance by 6% in 2005, but is still a new medium for which contact management needs to be optimized. In case of a known risk, the loyalty card could be a valuable tool for alerting customers more easily.

which is accessible from a toll-free number. The service was created to help standardize customer service and reception in the stores and to centralize claims and comments in order to pool them. An interface between Carrefour and its customers, this service checks customer satisfaction levels, monitors the main complaints and helps the stores set up action plans to optimize resources and effectiveness.



Greece, Singapore, Taiwan, Thailand, Turkey

Customer service a priority in employee training

In 2005, a number of countries – Greece, Singapore, Taiwan, Thailand and Turkey – gave priority to customer service in their training plans. In Greece, 11,500 hours of customer service training were provided at every level, from managers to line employees. In Thailand, 80% of checkout personnel have benefited from training provided by five Customer Orientation Managers appointed for the purpose.

Italy

Creation of Carrefour Financial Services and innovative, personalized credit solutions

In 2005, Carrefour Italy created Carrefour Financial Services in partnership with Agos, and launched a credit card, Carta Pass. In order to limit problems related to over-indebtedness, and in accordance with the policy applied by the Group Financial Services, credit authorization is granted responsibly and communications on borrowing conditions are transparent. Innovative credit solutions adapted to our customers' needs and limitations were also set up, allowing them

to choose the amount of their monthly repayment and to settle their purchases three months later with interest-free loans or spread the payments over 10 months, interest-free, for any purchase over 150 euros.



Carta Pass, Carrefour Financial Services, Italy

CARREFOUR AND ITS CUSTOMERS

Choice and quality at the best price

Choice, quality and attractive prices: these keywords summarize Carrefour's policy on product mix and its commitment to its customers. To win the loyalty of everyone, the Group also relies on its own-brand and retail-banner products.



Agir and Carrefour lines

NATHALIE MESNY, CARREFOUR BRAND DIRECTOR



“ At the end of 2005, Carrefour France Hypermarkets launched the third generation of their Carrefour brand products, following no brand products in 1976 and the first Carrefour products in 1985. The Carrefour brand expresses its values in three areas that respond

to the expectations and very specific needs of its customers, at accessible prices:

- Carrefour products, for the various day-to-day desires and needs of all our customers, from exotic recipes (Carrefour Origine) to products specially designed with less sugar and fat for the nutritional needs of children (Carrefour Kids) and products developed with pediatricians for infants (Carrefour Baby).
- Carrefour Agir products, for people who are committed to sustainable development values through their buying habits. Carrefour gives them a guarantee of its serious approach through systematic certification by third parties, as recognized in the various families of this line: Agir Bio, Agir Solidaire, Agir Ecoplanete and Agir Nutrition.
- Carrefour Selection products, which give all customers access to unique, luxurious products for special moments.

Rounding out the Carrefour product range are the first-price No. 1 products and the Reflets de France range, which features products produced in France, based on traditional recipes and production methods, and made exclusively by French SMEs. ”

BEST PRACTICES IN 2005

France Carrefour Nutritional information on food product labels

Faced with a disturbing rise in food-related problems, and to help consumers to combine food products better for a more balanced diet, in early 2005 Carrefour optimized the labeling of its Carrefour brand products. A study by the CLCV (Housing and Living Conditions Confederation) showed that 75% of French people either don't read the

regulatory nutritional information or don't understand it. Carrefour worked with the CLCV to develop a more accessible and helpful presentation of nutritional information. The packaging now has a "nutrition box" indicating the share of daily needs for six main nutrients (fats, sugars, carbohydrates, protein, fibre and salt) provided by the product. Carrefour has also decided to reduce the salt, sugar and trans-fat content of its own-brand and retail-banner products.



New nutritional
labelling scheme



OUR POLICY

Providing our customers with freedom of choice

Carrefour is committed to offering its customers broad freedom of choice by structuring its product mix to include major national brand, regional, own-brand, retail banner and first-price products. Carrefour's own-brand, retail banner and first-price products give customers a selection of non-GMO and organic products as well as the opportunity to choose quality at prices that suit every pocketbook.

Guaranteeing the quality of our products

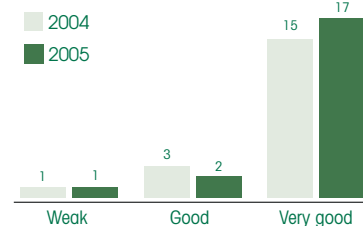
Attentive to the health and safety of its customers, Carrefour stocks only quality products. To do so, Carrefour works closely with its suppliers and such experts as nutritionists and toxicologists. Carrefour has also developed tools like the Quality Scorecard that help to monitor food products at every phase of their marketing and to respond effectively in case of crisis.

Defending purchasing power

Carrefour's goal is to be the market leader in pricing. To democratize access to consumption, stores in every country offer such first-price products as the No. 1 range to meet consumer needs for products that suit different levels of purchasing power as well as the varied uses to which customers will put them.

EVALUATION OF PERFORMANCE

Change in the level of the quality procedure for controlled food products (in number of countries)



Change in the amount of purchases of controlled organic products for the Group (in million euros)



See our key performance indicators pp. 54-59

- Number of purchase offices using the Group QS and level of the quality procedure for controlled food products.
- Number of first-price product listings.



France Carrefour

Quality information on non-food product labels

To promote the quality of its own-brand and retail-banner products among consumers, Carrefour also decided to optimize the quality of the information on the packaging of its Carrefour brand non-food products. Four criteria,

symbolized by four icons, were adopted, referring to usage, safety, health, and the environmental or social conditions of production. The packaging points out the most striking criterion for each product by explaining in one or two phrases the product's value-added. This is signed with the commitment logo of Carrefour, which provides Consumer services with evidence of its procedures. Carrefour has already used this method on paints, backpacks, toys and scents. A new range of 60-70 products will be launched in French hypermarkets in early 2006, extending this approach to include children's products, paper goods, sporting goods and food containers.

Carrefour group

Safety commitment on Drug Perfume Hygiene (DPH) products

Carrefour also applies the precautionary principle to its DPH

products. All suppliers are required to abide by Carrefour's policy on cleaning, detergent and cosmetic products. No cosmetic products have been tested on animals by Carrefour's European purchasing office or on its behalf for 10 years. Products and their formulas are rigorously scrutinized by a team of six in-house specialists, with the support of an additional team of recognized outside



Eco-label product

experts. Carrefour is taking this approach even further: the France Hypermarkets have already launched eco-labeled own-brand products. In addition, Carrefour keeps its consumers informed with safety icons, the use of which has been recommended in every country around the world.

Carrefour group

Safety commitment on textiles and clothing for infants and children

In 2003, Carrefour developed specifications to improve the safety of clothing and textile products intended for infants and children. In two years, more than 5,000 textile products involving over 200,000 substances were tested by independent agencies. This safety requirement has been boosted by regular monitoring conducted with the help of specialists, toxicologists and allergists for all textile products.

CARREFOUR AND ITS CUSTOMERS

For responsible consumption

Responsible consumption, more responsible habits and behavior: it is with small steps, that we contribute to sustainable development every day. Carrefour assumes its role by raising its customers' awareness and offering them products and services that incorporate environmental and social criteria.

OUR POLICY

Informing our customers and raising their awareness on responsible consumption

Carrefour is visited by more than 90 million customer households every year, and promoting responsible consumption and keeping customers informed are part of its mission. Stores in every country are intensifying their awareness-raising efforts with regard to sustainable development, environmental protection, responsible consumption, nutrition and more. The program includes product animation, the distribution of awareness-raising tools and Internet sites.

Listing and developing responsible products

To help its customers consume responsibly, Carrefour offers them a broad range of products. The Group's retail banners

list and develop responsible products that respect the environment (organic and ecological products, Carrefour Quality Line) and/or reflect a socially responsible approach (regional and solidarity products, certain CQLs).

Changing everyday habits and behavior

To enable its customers to adopt more responsible habits, Carrefour also offers them solutions that change their behavior. For instance, the Group offers alternatives to disposable checkout bags in all of its retail banners and in most countries. In various places it has also set up collection programs for used oil and batteries as well as electronic waste so as to route these to recycling systems.

THIERRY LEGAULT, CARREFOUR GROUP QUALITY LINES DIRECTOR



“ On 20 April 2005, a new Carrefour Quality Line was signed in southern Colombia: the a Pasto potato (of the Pastesa Suprema variety), which has an unusual, highly valued taste. This line has an important social dimension, as it involves 740 producers organized in a cooperative and trained in agricultural best practices. Every possible technical effort is made to respect the environment: rational fertilization based on the needs of the plant, 64% less treatment than conventional potato crops, an 80-day pre-harvest period without treatment, no post-harvest anti-sprouting treatment, and a traceability system from the field to the store. An external auditor, Icontec, checks all 740 farmers for adherence to these specifications. The Colombia CQL manager also visits them regularly to check and optimize progress plans. ”

BEST PRACTICES IN 2005

Carrefour group

Launch of Nutrition Weeks

The diversity of product mixes and prices in all the Group's retail banners enables everyone to balance their diet as they see fit. Fresh produce and groceries are offered at prices that are accessible to everyone, enabling customers to reconcile their enjoyment with their budget. In order to keep its customers informed and help them to acquire good habits for a balanced diet, in 2005 Carrefour launched Nutrition Weeks in a number of countries. The program includes store events, targeted sampling operations, the distribution of guides and special issues of advertising brochures, nutrition advice on the Internet and more.



Responsible Fishing line



Belgium, France

Responsible Fishing range

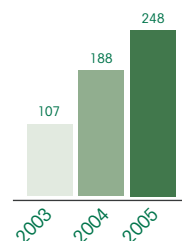
With 64,000 tonnes of fresh seafood and 40,000 tonnes of frozen products sold each year, Carrefour is the leading retailer of seafood products in France. Given the crucial problem of over-exploitation of ocean resources and decreasing fish stocks, Carrefour has decided to raise consumer awareness and offer sustainable supply sources. The Group therefore offers everyday products, which are recognizable



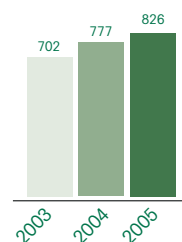
Stakeholders

EVALUATION OF PERFORMANCE

Change in the number of own-brand and national brand fair-trade product listed between 2003 and 2005 (Group scope)



Change in sales of Carrefour Quality Line products between 2003 and 2005 for the Group (purchase amount in millions of euros)



See our key performance indicators pp. 54-59

- Number of fair-trade listed products
- Number of organic and ecological listed products
- Number of Carrefour Quality Line
- Level of information provided to consumers enabling them to make choices and engage in responsible consumption
- Number of free disposable checkout bags distributed



Nutrition Week Campaign, France Hypermarkets

thanks to their Responsible Fishing icon and which guarantee the conservation of stocks and environmental protection due to controlled requirements and maximum traceability. Carrefour has opted for an overall biological approach and fishing techniques offering maximum respect for the ecosystem. Five varieties of uncooked frozen filets (cod, catfish, dab, redfish and halibut) were on sale at the end of 2005 in France (hypermarkets and supermarkets) and Belgium (hypermarkets and supermarkets).

France Carrefour Launch of the first Tex organic range

In June 2005, France Hypermarkets launched its first Tex line of textiles produced from organic cotton. The new range includes bodysuits

and pajamas for babies as well as men's, women's and children's t-shirts in a variety of colors. An independent agency, Skal, is responsible for controlling and certifying the origin of the Tex range's cotton. Oeko-tex, the leader in ecological labels, also certifies that the chemical products used for the dye are controlled and limited to the absolute minimum. By way of example, growing 6,600 acres of organic cotton will save on 2,400 litres of pesticide and 1,200 tonnes of fertilizer.



France, Singapore

Alternatives to disposable checkout bags

In 2005, Carrefour continued its policy of cutting down on disposable checkout bags by training its employees as well as raising customer awareness and offering them alternatives in the store. In France, the retail banners cut the distribution of free bags by 35% in two years. In March, the hypermarkets tested training with the WWF for receptionists. Champion supermarkets, which have made reusable bags available since 2003 with the support of the WWF, succeeded in reducing their distribution of disposable bags by 44% in two years.

In Singapore, Carrefour marked World Environment Day by launching an awareness-raising campaign called the "Green Living Program" in partnership with the Council on the Environment.



Display.
Green Living Program campaign

CARREFOUR AND ITS EMPLOYEES

An ever-expanding idea of commerce

A retailing spirit, a sense of service, a taste for commercial challenges: Carrefour expects superior know-how and professional conduct from each of its employees, a professionalism that contributes to the image of the Group brand.



France Hypermarkets

ALAIN SOUILLARD, EXECUTIVE DIRECTOR, POLAND



“ As I had been using the Listening to staff survey in France since 1987, I implemented this tool in 2003 in Poland with the aim of increasing employee satisfaction and loyalty. Through this process, employees became involved in the management of the company, and managers had an opportunity to identify problems related to the exercise of a function or the conduct of a project. The implementation of dedicated action plans contributes to staff cohesion and to promote their pride of working for the company. The human resources strategy for 2006 was drawn up based on the survey results, which permitted feedback about employee opinions on working conditions, wages, social benefits career management.... The results of the survey emphasized the fact that most Polish employees are proud of their work and their company. In 2005, 1,469 employees from 7 hypermarkets were surveyed. The listening of 2,740 employees from 14 hypermarkets and 42 supermarkets is foreseen for 2006. ”

OUR POLICY

Developing skills for greater professionalism

Based on the subsidiarity principle, each country defines its training policy in accordance with its strategic priorities. The Group HR is responsible for training executives and promoting the dissemination of best practices by relying on local training managers. To boost their training capacity, nine countries have training centers.

BEST PRACTICES IN 2005

Belgium GB

“Big Smile” training of checkout staff

The GB supermarkets in Belgium designed an innovative training program known as “Big Smile” to boost the know-how of their 2,000 checkout personnel. A London bus, customized for this purpose, crisscrossed Belgium for six months to host the training of checkout personnel in various stores. In a setting conducive to good humor and interactivity, the teaching plan encouraged checkout employees to analyze their daily practices and learn to think like a customer by stepping into their shoes. Some 200 days of training were provided over six months, with a 90% satisfaction rate for participants. This training program, which values the key role of checkout personnel in the store,



Big Smile Bus

received the Human Resources Management Development prize.

Argentina, Brazil, China, Colombia, Indonesia

Roll-out of ethics hotlines

Ethics and respect for the Group's values are an integral part of the professionalism that Carrefour employees must demonstrate. To fight corruption and sexual

Managing teams on an ethical, participatory basis

Management of store teams needs to be participatory in nature. Since 1989, Carrefour has developed a survey tool for in-house satisfaction, Listening to Staff, which is conducted by neutral outside facilitators in 13 countries. Thanks to this tool, managers can measure the social atmosphere within their teams and identify and correct any problems. This helps them to optimize the organization of work and training programs. In 2005, 21,905 employees were surveyed; in addition, Group HR conducted a Making Progress Together survey among 2,000 Group directors in order to explore their opinions about the company and their expectations in terms of the management of human resources.

Ensuring respect for health and safety rules

The proper upkeep of stores and respect for the cold chain and food safety are key elements of the Carrefour image. Thus, the Group mobilizes all its employees in every country to ensure respect for health and safety rules. This involves training, establishing procedures, and systematic hygiene and quality audits in stores and warehouses.

EVALUATION OF PERFORMANCE

Preventing violence: SOS Conflict training

The working environment can occasionally become violent in certain stores: employees face difficult relationships with some customers and even more serious problems like aggression, threats and blackmail. To ensure the physical and psychological health of its employees, the national Safety department of France Hypermarkets has been working since 2003 to evaluate risk and develop preventive measures, together with the help of engineers from CRAM, occupational physicians and trade unions. Two training modules were created: the "SOS Conflict" module to help store employees prevent conflict and handle relations with customers, and the "Dealing with Insecurity" module to help Safety Supervisors manage crises and to provide support to employees who suffer in an attack. Thanks to an agreement reached with the National Institute for Victims' Aid and Mediation (INAVEM), the stores can also draw on a team of psychologists. A similar approach was adopted in Belgium with the "Prevention, Emotions, and Management of Aggression" module.

SOS Conflict:

5,000 employees trained in 2005 in Carrefour France Hypermarkets

Prevention, Emotions, and Management of Aggression:

More than 450 employees trained in 2005 in Carrefour Belgium Carrefour Hypermarkets and GB Supermarkets

See our key performance indicators pp. 54-59

- Percentage of stores audited on hygiene and quality criteria
- Number of hours training
- Training rate
- Absence rate for to work-related accidents



Supplier poster, Carrefour China

harassment, some particularly sensitive countries like Brazil, Argentina, Colombia, China and Indonesia have developed ethics hotlines. These anonymous telephone lines allow employees, suppliers and customers to report any eventual behavior that conflicts with Group values. In Brazil, information provided in this way is subject to a meticulous check

conducted by the Preventive Intelligence Unit, which is part of the Risk Prevention department. The unit's mission is to optimize the handling of information received via the hotline and the ethics e-mail box, to analyze behavioral problems and to deal with them in close cooperation with Human Resources.

Thailand

Food Safety and Hygiene Award

In Thailand, the government is implementing an ambitious policy on food safety to meet international standards and make this country "the world's kitchen". On 13 October 2005, Carrefour Thailand, which shares the government's goal, received the Food Safety and Hygiene Award from the Minister of Public Health. Responsible for maintaining their own quality

image, all Carrefour stores must earn various certificates and authorizations – "Good Taste, Healthy Food", "Food Safety", "Good Production Rules" and "Q-mark" – established by the government.



Awards ceremony for the Food Safety prize

China

The objective: store safety

Safety is a key objective of Carrefour China, which is relying on communications and training.

Since 2003, Carrefour China has published a monthly internal safety newsletter in Chinese and English. A one-and-a-half day safety module was integrated into the Mandarin training program to inform future store directors about this issue. A Dragons training program was specially designed to prepare security assistants to become security heads. Up to now, 40 serving heads of security have taken part in this program.

Italy

Health and safety training plan

In 2005, Carrefour Italy implemented an ambitious occupational health and safety training plan particularly aimed at reducing work accidents. This plan involved some 15,000 employees from the various stores and formats.

CARREFOUR AND ITS EMPLOYEES

An opportunity for every talent

Attracting the most talented, keeping those with the greatest potential, but also promoting the integration of those cut off from the labor market: Carrefour's hiring and career management policies are conducted with diversity, performance and solidarity always in mind.



Carrefour France



Carrefour Colombia



Carrefour China

MARC VEYRON, CHAMPION FRANCE HUMAN RESOURCES DIRECTOR



“ With the help of the ANPE (French National Employment Agency), Champion developed a hiring simulation using aptitude tests adapted to a given position, without taking account of age, diplomas

or a person's experience. The point is to evaluate a candidate's abilities via simulation: the candidate is put in a situation conducive to demonstrating what he or she knows via exercises that reproduce professional activities in the working environment. Selections are thus made based on aptitude and not on a CV, making it possible to give people without diplomas a chance. This method means that the company can be certain there is no discrimination and that it selects candidates with the required skills (for commercial employees, for example, this would involve dexterity, rigor, speed, team spirit and an aptitude for service). Tested in the Paris region in 2005, this method produced very good results, so it will be rolled out all over France in 2006 with the support of the ANPE. ”

BEST PRACTICES IN 2005

France

Carrefour, Champion, ED Implementation of the Corporate Diversity Charter

Carrefour has developed a partnership with the Institute du Mecenat Solidaire (IMS) to implement the Corporate Diversity Charter in France, in particular in disadvantaged neighborhoods. France Hypermarkets has signed their three-year Mission Handicap agreement for the third time, while the Supermarkets committed themselves to the arrangement for the first time in 2005. The two retail banners are thus committed to hiring 250 people with disabilities within three years. Note that, thanks to this program, the employment rate of those with disabilities in France Hypermarkets has been

going beyond the minimum required since 3 years. In addition, the Hypermarkets set up a parity commission on professional equality and signed 29 CIRMA (employment at a guaranteed wage minimum) contracts to promote the integration of the marginalized into the labor market: six months later, 60% of those hired were still on the job. The Champion supermarkets signed an agreement on equality between men and women, and in 2006 launched an in-house awareness-raising campaign with training and work on non-discrimination. Finally, ED took part in the National Institute of Demographic Studies (INED) working group to develop a questionnaire enabling companies to assess their diversity level.

OUR POLICY

Promoting a diverse range of talent

With a presence in 30 countries, Carrefour stresses local recruitment above all and employs more than 436,000 people from highly diverse cultural and social backgrounds. The Group emphasizes a multicultural approach to management and human resources and the diversity of talent, offering more than 30 different jobs and giving every profile an opportunity: not only young university and business school graduates but also young people without diplomas to whom Carrefour offers jobs and training. To fight against discrimination and encourage opportunity, in October 2004 the Group also signed the Corporate Diversity Charter, which each retail banner applies to its own particular situation.

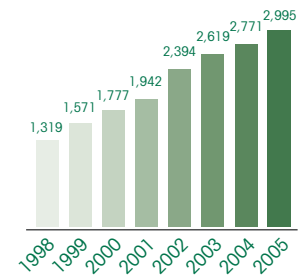
Career opportunities for everyone

Carrefour has developed a policy on integration, support and in-house promotion based on the performance and competency of its employees. Hiring prioritizes local candidates, with the Group limiting expatriate positions to the necessary minimum according to a country's level of development. On the other hand, functional and geographic mobility at the country level is encouraged and even favored by gateways between the various formats. The Human Resources departments emphasize the evaluation of employee performance in order to identify talent and manage careers objectively.

EVALUATION OF PERFORMANCE

France Hypermarkets and the employment of people with disabilities : the Mission Handicap agreement

• Change in number of people recognized as workers with disabilities



• Number of people recognized as workers with disabilities hired in 2005 alone

233 of which
123 are on long-term contracts and
110 on short-term contracts

• Rate of employment of people with disabilities at end of 2005

6.64% (Note that the legal minimum is 6%)

See our key performance indicators pp. 54-59

- Percentage of women in management
- Number of employees recognized as disabled workers
- Absence rate due to work-related accidents

Spain

Integration of workers with disabilities

As in France and Colombia, Carrefour Spain is endeavoring to integrate workers with disabilities. Carrefour and the Fundación Solidaridad Carrefour belong to the Inserta Program of the ONCE Foundation, and are committed to hiring 150 people with disabilities within three years. The ONCE Foundation will participate to pre-selecting candidates and, when necessary, help with their training and professional qualifications.

France Carrefour The Learning Charter

Learning is key to the France Hypermarkets hiring policy. In 2001, Carrefour cooperated with the

CFA (Centers for Intern Training) to create a school. In June 2005, the Hypermarkets signed the Learning Charter, thus joining the national agreement reached in April between the central government, trade associations and schools. Carrefour is committed to hiring 1,500 interns within two years. The Hypermarkets currently employ 420 interns and have 1,000 professionalization contracts, mainly for checkout staff and marketing and sales people. Three interns out of four are hired at the end of their training.

France Carrefour Career Management Charter and Assessment Center

To promote equal opportunity and to clarify career management guidelines, in early 2005 France

Hypermarkets started an in-house awareness-raising campaign with the distribution of a Career Management Charter that sets out the existing rules and procedures and clearly presents typical career path. In addition, in order to identify potential store managers and future regional directors, Carrefour France has set up an Assessment Center where candidates who are believed to have potential are evaluated for a day or half-day via personality tests, simulation exercises and role-playing. This method makes for a more reliable identification of potential profiles and subsequently shortens the time needed for apprenticeship or employees' integration into their new functions.

Taiwan/Thailand

Integration of Group Values in the HR policy of the countries

With the aim of translating the seven Group's core Values into their Human Resources policy, several countries have launched awareness raising campaigns and innovative training programs for their employees. Taiwan has thus launched in 2005 a training program on the 7 Values as well as a survey on their implementation by the management in store. The employees have thus been able to indicate through an anonymous questionnaire which included only the name of the store concerned, how did their hierarchy applied each of the 7 Values. Thailand has organized Roadshows on the Values. This program was launched in December 2005 in 22 stores and started with the Value "Liberty".

CARREFOUR AND ITS EMPLOYEES

Prioritizing dialogue to move forward together

Social benefits, youth employment, job security. To improve working conditions, cooperation with social partners is very helpful. Carrefour also promotes social dialogue in every country.

OUR POLICY

Guaranteeing freedom of association and collective bargaining in partnership with UNI

Carrefour is committed to respecting basic labour rights in every country where it operates, and in 2001 signed an agreement with the international trade union association UNI (Union Network International). In this context, the Group condemns child labor and undertakes to monitor the application of the principles of ILO (International Labor Organization) agreements, in particular with regard to freedom of association and collective bargaining.

Constructing a social Europe

Carrefour is also helping to develop social dialogue within the European Union. At the Group level, the European Consultation and Information Committee (CICE) – whose founding agreement was signed with UNI – enables trade union representatives from each of the countries involved to benefit from a wide range of information and exchanges that

go well beyond simple regulatory obligations. At the labour-management level, Carrefour and UNI together participate – within the framework of Eurocommerce – in promoting European dialogue in the sector, discussing proposed European directives on social issues and reflecting upon various aspects of corporate social responsibility.

Promoting dialogue with social partners

As a multinational corporation, Carrefour is committed to social dialogue and cooperation with the various social partners in every country where it operates. Country management teams are autonomous in handling relations with local organizations, in particular with trade unions. Social dialogue often helps Carrefour to make coordinated improvements in working conditions and to sign agreements that set up new benefits or new social guarantees for its employees.

GÉRARD FOSSÉ, SECRETARY OF THE CARREFOUR EUROPEAN CONSULTATION AND INFORMATION COMMITTEE (CICE)

“ Carrefour is both a European and a global corporation. Dialogue and sharing information within the CICE thus affects a number of aspects related to the Group's operations. Sustainable development is one of these points. For three years, the Sustainability Report has been presented by Carrefour at a CICE meeting, where it is then discussed. To take this even further, a commission specializing in sustainable development was created within the CICE bureau, and meets two or three times each year. It is true that Carrefour's sustainable development approach has a very strong impact on the retail sector. To bear fruit, this approach must involve the personnel; the CICE members, as personnel representatives, thus have a great need for information in order to clearly understand and evaluate the issues. Our desire is to become a genuine partner through better information and training. ”

BEST PRACTICES IN 2005

Carrefour group Supporting corporate projects through social dialogue

In 2005, the Carrefour group decided to withdraw from countries where it had limited growth potential (Mexico, Japan, Czech Republic and Slovakia). In these four countries, Carrefour made sure to sell its assets to key local retailers out of a desire to maintain operations and store teams.

To ensure a proper transition, a Carrefour team was kept in place locally for three to six months. In France, Carrefour voluntarily initiated social dialogue with the trade unions to support corporate restructuring projects. A Pro Forma Management of Employment, Competencies and Methods arrangement, negotiated with the trade unions, will help to anticipate and deal with developments in employment.

JAN FURSTENBORG, UNI COMMERCE DIRECTOR



“ More and more companies say that they respect ethical values and show social responsibility in their work. A growing social awareness is good, of course, but also

not difficult to claim. And many companies still leave it at this, the reality is not up to the level of these declarations. Not so with Carrefour. Many years of cooperation and social dialogue with the company has shown us in Union Network International that the commitments made in our global agreement on respect for workers' and trade union rights are indeed taken seriously. Carrefour is of course the most internationalised of all retailers, with close to half a million workers around the world, and labour problems are bound to arise. Most of them are solved locally, like they should, but there are also cases where we have needed to intervene, together with the company's central management. Our experiences have been good. In many countries, we have succeeded to get labour relations and the social dialogue back on track, to the mutual benefit of the company and its workers. As trade unionists, we believe that this will promote the competitiveness of Carrefour, and thus enable it to share its market success with the whole workforce, through secure and good jobs that give them and their families a dignified standard of living. ”



Cooperation contract with Solidarność

Europe

Meeting of the European Consultation and Information Committee (CICE)

The European Consultation and Information Committee (CICE) held its annual meeting on 29-30 September 2005. The trade union representatives from European countries who took part in this meeting met several members of the Carrefour Management Board, including its CEO José Luis Duran. The Group's strategic plans and the development of its economic and

commercial activities were presented and explained. Question-and-answer sessions helped to facilitate discussion on current social issues: Carrefour Attitude, social indicators, sustainable development, the employment of those with disabilities, European sector social dialogue, new technologies and more. The presence of its highest executive officer clearly illustrated the importance that Carrefour places on the quality of its dialogue with its trade union partners.

Poland

Contract for cooperation with Solidarność

Social dialogue helps make a positive contribution to company growth. In Warsaw in July 2005, Carrefour Poland signed a cooperation agreement with the Solidarność trade union. This agreement, which is in line with the policy of the last five years, defines rules for cooperation and the authority of the various trade union organizations and sections in detail. Open Days were held

in four hypermarkets to facilitate meetings between Solidarność representatives and some 400 Carrefour employees; 20% of these employees joined the trade union.

CARREFOUR AND ITS PARTNERS-FRANCHISEES

Sharing values and know-how

The franchise is an essential lever for Carrefour's growth, and it is booming in Europe and worldwide. Developing a network of franchisees nevertheless entails responsibilities, such as knowing how to mobilize everyone around values and policies.



DOMINIQUE MORIN,
OWNER OF THE SIX FOURS CHAMPION STORE IN SOUTHERN FRANCE



“ I joined the Group in 1986 as a department manager. After serving as a supermarket manager, I was then a regional manager and Director of Operations. At 40, I decided to take a Champion store as a franchise and set up on my own with my wife. Thanks to the 'franchise gateway' set up by the Carrefour group, any employee who so desires can become a store head under optimal conditions. As for me, I declared my desire during my half-yearly interview and met with a favourable response. At every step preceding the opening of my store, the departments concerned were very much there for me, and my contacts provided genuine support. Champion is the only supermarket banner that provides this kind of support to employees who want to bring about this type of project. ”

BEST PRACTICES IN 2005

Dominican Republic Membership in the Global Compact

On 21 October 2005, the Compañía Dominicana de Hipermercado Carrefour (Hayot Group) joined the UN Global Compact, thus undertaking to respect 10 basic guidelines on Human rights, labour relations, environmental protection and the fight against corruption. All employees were informed of this commitment. Carrefour had already been praised in the past for its responsible attitude. In 2003, the UN, the International Red Cross and various embassies called on Carrefour to distribute emergency food aid during the floods that hit the Jimani region on the frontier with Haiti.

In 2005, with the support of the Department of International Partnerships (DPI), training activities were conducted regarding customer service, health and safety, and Carrefour standards. Carrefour was the first company in the Dominican Republic to obtain certification from the Digenor agency, and it also serves as a model for the government in drawing up national hygiene and quality standards.



OUR POLICY

Encouraging access to franchise and entrepreneurship

The leading franchiser in France and Europe, Carrefour is developing franchises and partnerships abroad with a network of 12 partner companies in 16 countries and territories. All formats, from the hypermarket to the convenience store, are open to franchising and partnerships, enabling individual investors and companies to belong to a retail banner. Access to franchising is facilitated for employees through a system of gateways. Carrefour is thus continuing to develop an entrepreneurial spirit, to support the creation of SMEs, and to foster the rise of a new class of company heads in many countries.

Transmitting values and know-how

Being a Carrefour franchisee or partner means having access to the brand, a retail banner and the Group's know-how. Franchisees and partners benefit from the modernity, choices, quality, prices, services and products of the Carrefour retail banners. While respecting the Group's values, franchisees combine their local experience with the business expertise provided by Carrefour. Carrefour provides support for their development and growth strategies by working with them to adapt store concepts to local consumers, by developing a product range and discount price strategy and by training the teams.

EVALUATION OF PERFORMANCE

5,025
franchise stores worldwide

The partner-franchisee countries in 2005

- Norway
- Belgium
- Romania
- Tunisia
- Egypt
- United Arab Emirates
- Qatar
- Oman
- Saudi Arabia
- Dominican Republic
- Japan
- French Overseas Territories (Guadeloupe, Martinique, Polynesia, New Caledonia and La Réunion)

The Carrefour group is also developing franchising in the consolidated countries (outside the DPI perimeter) in France, Spain, Italy, Belgium, Greece, Portugal, Switzerland, Brazil and Argentina.

Gateways to a franchise

21 Champion France employees took advantage of the Gateway program to set up a franchise in 2005.

See our key performance indicators pp. 54-59

- Percentage of franchise stores audited on hygiene and quality criteria

Martinique, Reunion Island

Alternatives to disposable checkout bags

Carrefour's partners are carrying out the Group policy on checkout bags. On Reunion Island, the Caillé Group signed a charter to cut down on plastic checkout bags within three years. This charter provides for reducing the number of free checkout bags distributed by 20% each year, while maintaining local industry to the extent possible. An alternative has been set up in the store: a reusable bag that is common to all retailers. In Martinique, Despointes launched an awareness-raising campaign at the end of 2004 in partnership with the WWF, and saw the sale of

its reusable carrier bags rise from 1,883 in 2004 to 18,164 in 2005. The Despointes Group plans to organize a new awareness-raising campaign for its customers and checkout personnel at the beginning of the second quarter of 2006 and to set up "green checkouts" in the stores.



Italy

Training for franchisees

Carrefour Italy, which has a significant number of franchisees in its sales network, places great importance on the transmission of know-how. This is why Carrefour Italy has developed training for management and training in specialties aimed at entrepreneurs and franchisees. In 2005, 110 franchisee store heads took part in six managerial training sessions, including such modules as "Controlling the store", "Social legislation",

"Managing and developing the price image", "Stopping markdowns", "Defining the store strategy", "Store organization" and "Management control". To provide support to its franchise store partners, business training was also provided based on a program defined by sales assistants. Consolidated stores were designated to host training for any new individual taken on by a franchise store.

Awareness-raising campaign of the GBH Group in Martinique

CARREFOUR AND ITS SUPPLIERS

For responsible supplies

Respect for Human rights, food safety and the conservation of natural resources: Carrefour's commitment to sustainable development also requires the control and traceability of its supplies.

OUR POLICY

Promoting supplier responsibility for the respect of social rights

Carrefour is careful to respect basic rights, in particular ILO international labor standards. To carry this out, since 1997 the Group has decided to work in partnership with the International Federation for Human Rights (FIDH). In 2000, Carrefour adopted a Social Charter (revised in 2005) along with a set of benchmarks and an audit methodology so as to monitor suppliers. The creation of the Infans association has established a working framework for FIDH-Carrefour cooperation. The FIDH is completely free to conduct random spot checks. The results of this approach are pooled with French retailers as part of the Social Clause Initiative (ICS), a platform for exchange.

In 2005, Carrefour took a position in favor of an international standard aimed at clarifying the scope of corporate social responsibility and the division of responsibility between government and private players in order to establish clear playing rules that are applicable to everyone.

Guaranteeing food safety

Carrefour has taken part in drawing up an international standard for auditing supplier food safety (IFS). To guarantee the quality of its own-brand and retail-banner food products for its customers, systematic hygiene and quality audits are conducted. Supplier production sites are audited by Carrefour, its service providers or certification agencies.

ANTOINE BERNARD, DIRECTOR OF THE FIDH



“ Responsible behaviour is not optional for any company, especially not for the world's second-largest retailer: it is an obligation to all its stakeholders, starting with its employees and suppliers. The Carrefour group was one of the first to undertake to respect and ensure respect for basic universal rights. It has pursued a progressive approach with suppliers located in high-risk areas over the years, not least in 2005. The collapse of a factory in Bangladesh in April 2005 that caused the death of 64 people showed that it is essential for Carrefour to pursue efforts to ensure that workers are able to exercise their rights fully and that local players, trade unions and NGOs are involved in this approach. After eight years of cooperation with the FIDH, it is apparent that Carrefour is taking its responsibilities seriously. This is reflected in the significant commitment renewed by Carrefour in 2005 to support the implementation of an international standard on Human rights and the establishment of a single international system of verification. **”**

CLOSE-UP

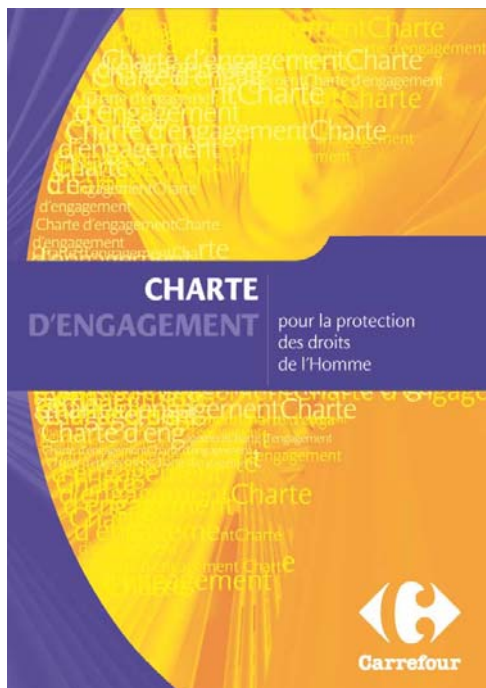
In what ways are we responsible for the companies and employees of our suppliers, and what are the limits on our responsibilities?

Carrefour knows what it means to extend solidarity beyond its strict social responsibility. On 11 April 2005, the Spectrum factory in Bangladesh collapsed, killing 64 people. The investigation revealed a defect in the construction of the plant, which was extended by four floors in 2004. Though not a permanent customer of this factory, Carrefour had nevertheless placed a one-off order for its Belgian stores. In the spirit of solidarity, the Carrefour teams in Bangladesh immediately mobilized funds and contacted the local NGO Friendship to handle aid and donations.

Though Carrefour has ordered social audits of its suppliers since 2000 to ensure respect for human and labor rights, it has neither the authority nor the ability to check the compliance of buildings or the building permits provided by local public authorities. To ensure transparency with respect to NGOs and trade unions, Carrefour maintained an ongoing dialogue, and all Carrefour teams in Europe and Bangladesh were available to host NGOs and trade unions. Meetings were organized with local suppliers and NGOs in order to ensure complete transparency with regard to this tragic incident and Carrefour's own actions.



Stakeholders



Carrefour Social Charter, revised in 2005

The suppliers are audited with respect to health and safety conditions, risk control, the HACCP plan, traceability and compliance with specifications. In addition, Carrefour endeavours to verify progress in product development and compliance with the application of the Group's non-GMO policy.

Environmental protection

The Group is developing a proactive policy to conserve the natural resources of forests, seas and the earth. With regard to wood supplies, Carrefour is prioritizing certified wood for the production of its furniture products and garden decorations. As for sea resources, the Group adopted Responsible Fishing in 2004. The Group is also encouraging environmentally friendly farming practices: organic farming and integrated farming.

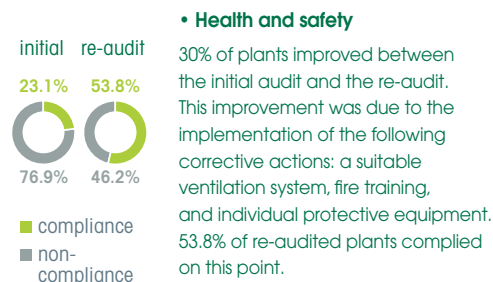
EVALUATION OF PERFORMANCE

2005 social audits assessment

In 2005, we wanted to strengthen our audit policy. Drawing on our experience, we used the Social Clause Initiative to redefine our audit tools and scoring methods. In the field, the Group International Purchasing department ordered 474 audits in 2005 in 10 countries, with a particular focus on China, India and Bangladesh. Emphasis was also placed on re-audits, which accounted for 23% of the total, representing 106 re-audits.

India 2005: examples of re-audit indicators

46% of plants improved between the initial audit and the re-audit.



See our key performance indicators pp. 54-59

- Number of supplier sites audited with regard to respect for the Social Charter

BEST PRACTICES IN 2005

China

Training suppliers in hygiene and quality

To control its supply networks, Carrefour China is organizing training days in hygiene and quality for its suppliers. The program includes the production process, food safety, risk analysis, personal hygiene and more. In addition, Carrefour China is making its Food Safety Foundation training available to its suppliers (see p. 36).

Europe

Wood policy for furniture and paper

Carrefour has been working since 1997 to control its wood supplies, and since 1998 with the WWF to

develop FSC-certified wood.

The Carrefour group has signed the European FLEGT proposal, a regulatory plan for fighting illegal trade in wood. Though committed to the process of traceability regarding teak, Carrefour was hindered by the fall in the price of teak products and so decided to drop teak in 2006 in favour of amburana from South America. This voluntary move will be implemented starting in 2006 in many European countries. An FSC-certified species, amburana meets the criteria of traceability and resource conservation and guarantees quality at a price accessible to the consumer. In order to secure supplies of keruing, Carrefour set up a global sourcing office in Vietnam in 2005,

and has encouraged its suppliers to undertake to trace the source of the wood, eliminate illegal sources and increase their share of certified

wood, subject to independent checks by WWF FTN (Forest & Trade Network, coordinated by WWF).



Styles Magazine, garden furniture made of FSC amburana, France Hypermarkets

CARREFOUR AND ITS SUPPLIERS

For local, sustainable supplies

For its own-brand products, Carrefour endeavours to develop communication and an exchange of know-how with its suppliers. It also raises their awareness of its sustainable development approach.

OUR POLICY

Giving special emphasis to local supplies from SMEs

To contribute to the economic and social development of the areas where it operates, Carrefour seeks local sourcing for a substantial portion of supplies and long-term partnerships with SMEs. Store product mixes thus include products negotiated at the international level by the Group Merchandise department, national products negotiated by the country purchasing offices, and a mix of regional products. Many countries have also developed own-brand and retail-banner lines that offer regional products, including Reflets de France (France), De Nuestra Tierra (Spain), Terra d'Italia (Italy), Souvenirs du Terroir (Belgium) and Tierra de Colombia (Colombia).

Making our suppliers special partners

Carrefour has decided to develop special relationships with its partners to provide them with long-term support. Some countries have established supplier clubs (Carrefour Quality

Line, Reflets de France) with liaison systems to share know-how; others organize forums or conventions with their suppliers every year. Carrefour also offers its French SME partners export assistance, thus opening the doors for international growth.

Respecting ethics and transparency in all situations

Relations with suppliers are based on respect for ethics and transparency in every country regarding the assignment of contracts. To ensure this, at the global level the Group uses online negotiations with suppliers of goods and general produce. In 2005, Carrefour conducted 10,000 auctions on the Argentrics electronic marketplace (created via a merger between GNX and WWRE) in 18 countries with a base of 24,000 suppliers.

MICHELONI UBALDO, GLOBAL FOOD, TERRA D'ITALIA SUPPLIER



Terra d'Italia is a product line offering the best of Italian gastronomic traditions. This line has met with great success and has enabled many partner suppliers of the project to grow during the last five years. La Plada Romagnola has, for example, become*

the best-selling product from the Terra d'Italia line. The following are comments from Micheloni Ubaldo of Global Food, a small company from the Romagnole Riviera that supplies Plada Romagnola.

“ The results have surpassed all our expectations! The enormous success we've seen has enabled us to create a new facility. This substantial investment was possible thanks to Terra d'Italia – in other words, thanks to a commercial partnership based on mutual confidence and a long-term perspective that has enabled us to undertake the purchase of this new 1,600-sq.m structure (the preceding one was less than half that size) in a spirit of optimism. All this has been accomplished without changing our traditional production philosophy or the quality level of the products, on which we have built our success and our image. ”

* A variety of highly refined bread resembling a flatcake.

BEST PRACTICES IN 2005



Traditional Fishing project

Portugal

Local supplies

In Portugal, priority is given to local suppliers. Carrefour has thus developed the Traditional Fishing project to directly link the stores to local fishmongers. There is a dual goal: offering fresh fish to customers and promoting traditional fishing methods. To maintain local agriculture, Carrefour has also chosen small local producers in every region to supply its stores

with fresh fruit and vegetables. Finally, in 2005 Carrefour signed five new Quality Lines (S. Jorge DOP cheese, Azeitao DOP cheese, kiwis, country-style bread, and rabbits) to contribute to the economic growth of rural areas and organized the third national meeting of Carrefour Quality Line producers in Alcobaça on 21 September.

France

SME relations and Reflets de France

Partnership SME is a specialized structure responsible for developing relations with SMEs in France. Its policy involves promoting the regional development of such companies, assisting them with contacts within the Group,



Third national meeting
of Carrefour Quality Line producers, Portugal

EVALUATION OF PERFORMANCE

Promoting the know-how of SMEs and local supplies

- In France: Reflets de France

289 products and 138 suppliers

- In Spain: Nuestra Tierra

222 products and 93 suppliers

- In Italy: Terra d'Italia

207 products and 120 suppliers

- In Belgium: Souvenirs du Terroir

32 products and 20 suppliers

These figures do not include fresh fruit
and vegetable product listings.

See our key performance indicators pp. 54-59

- Percentage of purchase amount of controlled food products achieved with local suppliers
- Number of Carrefour Quality Line contracts

encouraging innovation and contributing to the development of a sustainable relationship. It also manages the Reflets de France brand, which is reserved exclusively for SMEs and supports French regional products and traditions. Through Reflets de France, 147 regional companies distribute their products nationally, and some even internationally.

Brazil, China, South Korea, France, Portugal, Singapore, Thailand

French Weeks and export assistance

This year Carrefour held six French Weeks to promote French products in its stores abroad, in China,

Thailand, South Korea, Singapore, Portugal and Brazil. A significant prospecting mission was also organized in China and Thailand for 160 SMEs. The goal for 2005 of 1,200 international shipping missions was achieved.

Spain

Prize for best food industry SME

In every province in Spain, Carrefour organizes the selection by its customers of the best local SME. From 14 to 25 June 2005, customers in 19 Carrefour hypermarkets in the Valencia region selected the best food industry SME during the Products of Valencia campaign. 120 regional companies and about 600 products were

entered. The prize went to Papes Vicente Vidal SA for its potatoes. This prize illustrates the importance Carrefour places on local economies.

Brazil

Respect for the Code of Ethics

Suppliers in Brazil are committed to the ethics policy developed by Carrefour. Launched in November 2003, this code of ethics is actually incorporated into all sales contracts. In 2005, as part of the Pro-Etica campaign, all suppliers received a pack presenting the rules of behaviour that Carrefour sets during negotiations. A plastic-coated card was included, featuring a toll-free number that could be called anonymously to report any actions that violate these rules.



Pro-Etica campaign,
leaflet distributed to suppliers

CARREFOUR AND THE COMMUNITY

For local community development

For Carrefour, operating in a country, region, city or town entails a commitment to development in partnership with the community in question via practical actions conducted through dialogue and with respect for local culture.



Inauguration of the
Wuhan Jianshe store, China

CLOSE-UP

Carrefour China Foundation for Food Safety



Carrefour is helping to raise local standards in China by supporting government policy on food safety through the activity of its Food Safety Foundation. In 2005, the Foundation organized six training sessions on the food products

market that were open to local and provincial government representatives, farmers and suppliers. Four seminars were held on food safety and quality management. Central government representatives took part in a study trip to France that included quality training as well as visits to stores and own-brand suppliers. The Foundation also awards three research prizes and is preparing a TV program on food safety to be broadcast on the agricultural channel.

BEST PRACTICES IN 2005

France convenience stores Development in rural areas

Carrefour convenience stores help address depopulation problems in the French countryside by providing shopping and services. For instance, the Group has entered into a partnership with the French post office that enables it to maintain postal service in the countryside. Its first postal branches were opened in 2005 in select Carrefour convenience stores. Customers can conduct routine post office business (sending and collecting stamped mail; withdrawals for holders of CCP and Livret A postal accounts) during convenient hours of operation. For the Proxi banner, the goal is to set up a store in every town

with fewer than 1,500 inhabitants that has lost or is about to lose its convenience store.

Colombia

Grand Prize for Democracy and the Police Medal

On 26 August 2005, Carrefour Colombia received the Grand Prize for Democracy, awarded by the Congress of the Republic, and on 4 November 2005, it received the Police Medal, presented by the President of the Republic. In a country where half of the population lives on the equivalent of less than 2 euros per day, Carrefour conducts special activities to help disadvantaged areas and people in difficulty.

OUR POLICY

Opening dialogue in every country

Carrefour strives to respect local cultures and lifestyles and to commence a dialogue with the community and the public authorities in every country where the Group operates. As an economic player and corporate citizen, it mobilizes at every level – Group, country, banner and store – to maintain a constructive dialogue at the local, regional, national and international levels.

Contributing to local development

Carrefour is committed to community life and contributes to local development by creating jobs, using local services and goods providers and paying its taxes. Its diverse formats enable Carrefour to have a presence in city centres and suburbs as well as in rural areas. Its convenience stores help to revitalize city centres and to revive rural areas by maintaining services and activities, and its supermarkets and hypermarkets contribute to the development of suburban areas by creating a focus of life in sometimes-difficult neighbourhoods.

EVALUATION OF PERFORMANCE

Impact of the implementation of Carrefour stores in Colombia

9,466 direct and indirect jobs

2,800 and 700

suppliers SMEs
(from which 98% are Colombians)
are working with Carrefour

21 schools sponsored
by the Carrefour stores

30 coca substitution products
sold in our stores

7 ecological parks or green areas supported
in Barranquilla, Bogotá, Cali and Medellín

95 tons/month of food
given by our stores

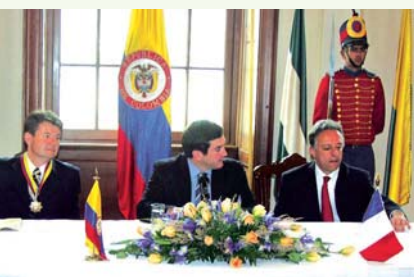
6 main local cultural
and sports events supported

Impact of opening the Tintalito store

Opening the Tintalito store had a major impact, as it was built in a very disadvantaged, poor area of the city of Bogotá, a neighbourhood where the inhabitants could only do their shopping on a day-to-day basis due to a lack of discount convenience stores. The new store guarantees them high-quality products at very low prices. Carrefour Colombia wishes to build other stores like this one to meet the specific needs of such populations.



Police Medal Ceremony



Awarding of the Grand Prize for Democracy

For instance, Carrefour sponsors disadvantaged schools located near its stores as part of the "Schools are Part of Our Life" program; to combat malnutrition, Carrefour supports food banks as well as the Bogotá Without Hunger program by organizing the annual Ciclo Fiesta bicycle festival; in cooperation with Teleton, it promotes the employment of people with physical disabilities in its stores; it markets substitution products for illegal coca crops in its stores, an action for which Carrefour Colombia received a UN prize in 2004; and it is implementing recycling programs and contributing to the development of parks and public squares.



Barranquilla school

CARREFOUR AND THE COMMUNITY

Under the banner of solidarity

With food donations, social grocery stores, the fight against social exclusion, and support for literacy, major national causes and more, solidarity with the communities where it operates is a top priority for Carrefour – solidarity that is shared and supported by its employees.



Carrefour and local community members in Thailand

CLOSE-UP

After the emergency, aid for reconstruction

The tsunami that hit Southeast Asia in December 2004 generated an unprecedented spirit of international solidarity. Nevertheless, emergency aid had to be underpinned by long-term projects to provide lasting support for vulnerable communities. This is why Carrefour, through the Carrefour International Foundation, has undertaken to give priority during reconstruction to:

- Material donations to rebuild schools and health centers (Indonesia, Sri Lanka, and Thailand's Baan Nam Kem school, which reopened on 26 October 2005).
- Micro-credit to enable impoverished families to buy work tools (Indonesia, Sri Lanka) and grants to enable children and pupils to continue their studies (Thailand, Indonesia).
- Aid to small producers: assistance to a community of 50 fishermen in Thailand to rebuild their aquaculture sites (see p. 53).

The Carrefour International Foundation has given a total of 620,000 euros to these solidarity actions.

BEST PRACTICES IN 2005

Carrefour group



Carrefour
International
Foundation

Support for the EPODE program

Obesity affects 36% of the children in Italy, 34% in Spain, 25% in Greece and 19% in France. To help prevent obesity, the Carrefour International Foundation decided to support the Working Together to Prevent Child Obesity (EPODE) program. This public health program is based on the following principle: to coordinate all local players at the city level; to promote a diversified, balanced, enjoyable diet; and to encourage the routine practice of a physical or leisure activity. The Carrefour International Foundation supports the EPODE program

through its commitment to distribute leaflets in Carrefour stores; by supporting a phone coaching service proposed to families with overweight children; and by preparing the roll-out of the program in Belgium and Spain.



For further information see,
www.epode.fr.

France Carrefour Solidarité Support for social grocery stores and food banks

In France, Carrefour Solidarité supports solidarity actions in synergy with the 216 Carrefour hypermarkets. Carrefour Solidarité

OUR POLICY

Offering solidarity to the community

Solidarity is a core value for Carrefour, a value that underpins its corporate social responsibility and good-citizen approach around the world. In every community – countries, cities and neighbourhoods – where Carrefour operates, it contributes to local development and acts to help disadvantaged areas and people in difficulty.

Acting at the global and country level with the support of our employees

Solidarity actions are overseen at Group level by the Carrefour International Foundation and at the country level by specialized bodies for a given country, retail banner and store. In 2005, the Carrefour International Foundation, whose annual budget is 4.57 million euros, focused on two goals: emergency reconstruction aid and the fight against social exclusion. It was active in the countries where Carrefour operates by supporting local teams, based on the involvement of employees, stores and local charity organizations. The Foundation's new principles will help to create a chain of solidarity involving employees in every country.

EVALUATION OF PERFORMANCE

Carrefour Brazil recognized for its activity to promote literacy

In 2002, Carrefour Brazil launched its first adult literacy program. Initially aimed only at Carrefour employees (60 adults from eight stores in São Paulo took part).

In 2003, the program was expanded to other Brazilian provinces and extended to include employee families and the inhabitants of local communities where Carrefour does business.

In 2004, a partnership with the Brazilian Women's Confederation NGO enabled 1,700 people from poor communities in São Paulo, Rio de Janeiro and Paraná to achieve literacy.

At the end of 2005, the Citizenship Class program involved 26 stores in Brazil and 46 classes with about 15,000 students in total, thanks in particular to a partnership with the NGO "Solidarity Alphabetization" (Literacy Solidarity). The latter recognized Carrefour for its activity by awarding it the Company Partner Prize in 2005 for its literacy programs on the whole.

46 classes and
15,000 pupils
in the Citizenship Class program



PACTE grocery store

intervenes in various areas, such as the fight against exclusion, social integration, childhood concerns and more. In 2005, Carrefour Solidarité responded positively to 624 requests for material donations and 170 requests for financial donations, with an average subsidy of 5,000 euros per supported project, for total financial and material support of 3.4 million euros. One of its leading activities

is its support, in cooperation with the Carrefour International Foundation, for five social grocery stores established by the Fighting Against All Exclusion association (PACTE). These stores, located in disadvantaged neighborhoods, provide food assistance to more than 1,000 underprivileged families, with products that cost them 80% less than in a regular store. Carrefour Solidarité also provides support for the French Food Bank Federation (FFBA): in 2005, it co-financed refrigerated trucks to collect foodstuffs and a mobile unit that provides cooking lessons to people experiencing difficulties, with the goal of teaching the basics of a balanced diet using low-cost products.

Spain Fundación Solidaridad Carrefour Carrefour: No. 3 in Spain for social action

According to a Citizens and Corporate Social Action study, Carrefour Spain is the No. 3 company in the country in terms of social action. Solidarity activities are handled at the national level by Fundación Solidaridad Carrefour. In 2005, this foundation provided support for the fight against Alzheimer's disease, sold T-shirts on behalf of children with Down's syndrome, provided food aid to two refugee camps in Sri Lanka, and funded the publication of the first sign-language dictionary intended for Spanish children. The success

of these activities is due to the involvement of employees, who mobilized to choose the projects to be supported and to perform volunteer work. The Fundación Solidaridad Carrefour received the Heart of Gold prize from the Fundación Español Coeur for its active cooperation in the Learn to Save a Life campaign.



Sale of T-shirts on behalf of children with Down's syndrome

CARREFOUR AND THE COMMUNITY

For environmental protection

Carrefour influences the community environment every day, through the transport and delivery of goods, the building and operation of its stores, and much more. To protect the community and limit its impact, the Group strives for cooperation and innovation.

OUR POLICY

Limiting the environmental impact of our stores

Carrefour employees mobilize every day to reduce the environmental impact of the stores. The first goal is to limit energy, refrigerant and water consumption and to promote clean energy as much as possible. The second goal is to cut waste by reducing the packaging of own-brand and retail-banner products, developing the use of reusable containers and encouraging the sorting of waste and innovative recycling networks. The third goal is to conserve natural resources, in particular by taking action with regard to the paper used to print advertising catalogues and brochures. Carrefour's goal at the European level is to use only paper made from certified and/or recycled sources by 2008.

In 2005, the Group's European paper-purchasing office bought 203,000 tons of paper, of which 84% is from certified wood and/or recycled sources, up from 71% in 2004.

Reducing CO₂ emissions in the logistics phase

Logistics, which includes the transport of products from suppliers to stores and the storage of products in warehouses, is also developing projects to reduce impact and protect the environment. Carrefour is developing a national logistics network in every country where volumes are substantial enough; it streamlines flows and transport trips by pooling logistics and using backhauling; and it is also testing alternative methods of transport.

XAVIER HUA, LOGISTICS SUPPLIER RELATIONS DIRECTOR



“ The Demeter Environment and Logistics Club has continued its activities in 2005 by initiating five working groups in the following areas: logistics and environmental indicators; the saturation of means of transport; the optimization of transport and logistics; packaging and over-wrapping; and urban deliveries. The goal of all these working groups is to provide concrete results in terms of logistics contribution to sustainable development and to share their findings. By initiating the Demeter Club, Carrefour has raised environmental awareness in France while ensuring its economic viability. The club now has 21 members (industrial firms, logistics providers, and public agencies) and has just expanded to include other retailers; this will render its work even more significant and permit an even broader dissemination of best logistics environmental practices. ”

BEST PRACTICES IN 2005

France Champion Environmental Quality in Saint-Maur-des-Fossés

In 2005, Champion continued the remodeling of its pilot store in Saint-Maur-des-Fossés using its Environmental Quality approach. Champion has cooperated with the neighbors and city hall to provide access for people with disabilities and to reduce sound pollution by creating special fittings that make it possible to stop truck engines during deliveries while continuing to supply refrigerated containers in order to both respect the cold chain and limit pollution. Bicycle parking and green spaces were also developed. To control the risk of pollution, Champion has worked on the treatment of runoff water from parking lots and petrol stations, and decided on a process for spot-checking and depolluting petrol stations. And to save energy,

Champion has set up solar panels to heat store water as well as an energy management control system ("smart buildings").

France Signature of an energy performance contract with Schneider Electric

In May 2005, Carrefour France signed an energy performance contract guarantee with Schneider Electric. The common goal is to cut store energy consumption by 10-15%. Schneider Electric is guaranteeing this target for three years by providing its expertise in the form of store audits, definition of savings targets, proposed technical solutions and monitoring of energy performance. For its part, Carrefour is committed to making the necessary investments, obtaining equipment, carrying out work

Publications of France retail banners printed on paper made from certified or recycled wood pulp



EVALUATION OF PERFORMANCE

Life Cycle Analysis of catalogues

In partnership with La Poste, Mediapost and the ADEME, Carrefour has conducted a life-cycle analysis on a catalogue distributed in the Dijon region of France. All the stages in the life of the catalogue (paper production, ink, staples, transport, printing, catalogue production, distribution and end of life) were studied. The study was subjected to a critical review in accordance with ISO 14040 standards, and its results confirmed that Carrefour's actions were on the right track, in particular with respect to using low-grammage paper and recycled and/or certified wood pulp from well-managed forests.

See our key performance indicators pp. 54-59

- Level of maturity of the logistics process
- CO₂ emissions per shipping unit
- Energy consumption in kWh/sq.m of sales area
- Water consumption in cu.m/sq.m of sales area
- Recycled waste in kg/sq.m of sales area
- Refrigerant consumption in kg/sq.m of sales area
- Quantity of paper purchased for commercial publications in kg/sq.m of sales area

Schneider Electric



Store cold cabinets

and disseminating best practices among its employees. A test on 15 hypermarkets was conducted in 2005. It is worth noting that the most energy-consuming items, ahead of air conditioning, heating and lighting, are cold rooms and frozen-food departments.

Belgium, Spain, France Alternative transport methods

Carrefour is experimenting with alternative transport methods to develop sustainable logistics. In France, the Group is using river

transport (textile products along the Seine between Le Havre and Genevilliers, and along the Rhone between Fos and Lyons) and combined rail-road transport (textile products from the Vert-Saint-Denis warehouse to the Paca stores and Languedoc-Roussillon, and fruit and vegetables from the Perpignan platform to the Ile-de-France and Northwest platforms). It is also testing clean-functioning NGVs for urban deliveries in the Paris area. In Belgium, Carrefour has been using river transport between Anvers and Villvoorde (Brussels) since

2004, shipping 3,000 containers per year and reducing CO₂ emissions by 54 tonnes. In Spain, Carrefour has been using sea transport and combined rail-road transport for certain imports from Europe since 2003.

Spain, France, Switzerland

Advertising catalogues

As part of the European paper purchasing policy, Carrefour Switzerland promised its customers in 2005 to use only 100%-recycled paper for its advertising catalogues and brochures. Carrefour Switzerland has also opened the path to a new form of communication by offering to e-mail the catalogue each week to customers who do not want advertising in their mailbox. In France, Ed has been printing all its advertising catalogues on

recycled paper since 2005 and has stopped distributing them in mailboxes in Paris. Likewise, in 2005 Champion France met its goal of having 90% of the paper for all of its publications made from recycled wood pulp or from certified forests. In Spain, Carrefour has focused its efforts on reducing the weight of paper catalogues, leading to a 10% savings in the quantity of paper used in 2005.



Special issue of
Vivre Champion

CARREFOUR AND ITS SHAREHOLDERS

Evaluation of our overall performance

The Carrefour group is also responsible for providing transparent information to its shareholders and investors. This is why the Group strives to make information tools available to them and to establish an ongoing dialogue regarding its financial and extra-financial performance.

SRI Indices			2002	2003	2004	2005
Aspi Eurozone	Vigeo - France		yes	yes	yes	yes
DJSI Stoxx Europe	Dow Jones - USA		no	yes	yes	yes
DJSI World	Dow Jones - USA		yes	yes	yes	yes
ECP Ethical Index Euro	E. Capital Partners - Italy		yes	yes	yes	yes
ECP Ethical Index Global	E. Capital Partners - Italy		yes	yes	yes	yes
Ethibel Excellence Europe	Ethibel - Belgium		no	no	no	yes
Ethibel Excellence Global	Ethibel - Belgium		no	no	no	yes
FTSE4 Good Europe	FTSE - GB		no	no	yes	yes
FTSE4 Good Global	FTSE - GB		no	no	yes	yes
Main SRI Funds	Value*	Investment**	2002	2003	2004	2005
Banque Paribas & Cie SA	€1.77 billion	€0.52 million	no	yes	eligible	yes
Ixis AM	€0.5 billion	€7.2 million	yes	yes	yes	yes
F&C AM	€3 billion	0	no	no	no	no
Morley FM	€1.07 billion	0	no	eligible	eligible	eligible
Storebrand Investments	€25 billion	€0.74 million	no	yes	yes	yes

* Total value of the SRI fund as of 31 December 2005. ** Total value of Carrefour shares held in the SRI fund as of 31 December 2005.

CLOSE-UP

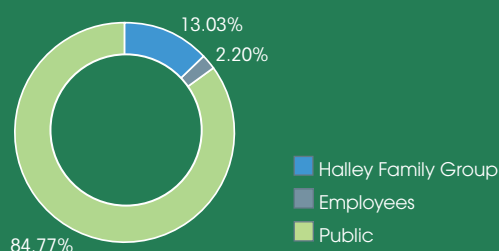
Carrefour's shareholders

Carrefour is a French corporation (SA) with a share capital of 1,762,256,790 euros. At the end of 2005, the Group had 461,000 shareholders holding 704,902,716 shares.

In 2006, there will be a proposal to distribute a dividend of 1* euro per share.

* Subject to approval of shareholders at the General Meeting, 2 May 2006.

Breakdown of capital as of 27 January 2006



RATINGS BY RATINGS AGENCIES AND INVESTORS



EthiFinance

"Carrefour group policies on social and environmental responsibilities are communicated precisely to its stakeholders: this level of transparency provides a coherent vision of the Group's practices. The strength of the global strategy still lies in control of the supply chain through independent audits and having an outside partner monitor these audits. A more detailed report concerning any non-compliance detected and corrective actions implemented would help strengthen this aspect of Carrefour's commitment. The data on human resources management were expanded to include themes that were not necessarily dealt with in preceding years. Complementary

information on working conditions would consolidate the global social performance. In 2004, changes in the environmental report's scope of coverage made it difficult to evaluate the Group's performance in this field but should lead to a clearer vision in future years: the Group's overall environmental impact will have been identified and the implementation of precise targets for reducing such impact will show that control of the latter has been fully integrated into managerial practice. The Group's clear positioning with regard to such major sector issues as product sanitary quality and the application of the precautionary principle on GMOs is an interesting approach to product risk."

Fanny Serre, RSE analyst

OUR POLICY

Informing our shareholders with full transparency

To establish a relationship of trust with its shareholders, Carrefour keeps them regularly informed of its economic and financial results. This information is available via the Annual Report, the shareholders' guide, the shareholders' newsletter, press releases, a website, and an online newsletter available 24/7 via a toll-free telephone number (0805 902 902). The Group also meets with its shareholders to answer their questions at the General Meeting, shareholders' meetings and the Salon Actionaria.

Establishing a fully transparent dialogue with the Socially Responsible Investment world

Carrefour submits its global performance to the evaluation of ratings agencies and SRI investors. The Group thus maintains a regular, transparent dialogue with extra-financial ratings agencies, SRI index groups, investors and insurance companies. The Sustainability department answers questionnaires as well as one-off requests for information concerning the Group's policies and the actions taken by Business Units. It also meets with investors and answers their questions at road shows and meetings organized to cover corporate social and environmental responsibility.

For more information about Carrefour's economic results for 2005, see the Annual Report at: www.carrefour.com



EVALUATION OF PERFORMANCE

Presence in **9** SRI indices



Integration into the Ethibel Excellence Index in 2005

Carrefour ranked

5th

by AccountAbility in the "Fortune Global 100 AccountAbility Rating 2005"

Carrefour ranked

5th

by Innovest in its study on The Integration of Responsible Practices in Business Activity

Carrefour Brazil ranked

AAA

(maximum score) on the rating scale used by the Akatu NGO to assess Corporate Social Responsibility

See our key performance indicators p. 42

• Level of presence in SRI indices

Innovest **Innovest**
STRATEGIC VALUE ADVISORS
New York • London • Paris • Moscow

"Carrefour has demonstrated leadership in the global food and beverage sector by measuring and publicly disclosing its logistics emissions (CO₂ emissions produced from the transport of goods between warehouses and stores) in addition to its direct and indirect emissions. Compared to sector peers, the company has a relatively advanced understanding of the commercial risks and opportunities being driven by global climate change."

Doug Morrow, Strategic Value Advisors



Ixis Asset Management

"Carrefour's management has established a dialogue with its stakeholders, and in its search for progress is involving them at the core of its sustainable development policy. The extra-financial risks and issues to which the Group is exposed have been well identified and integrated into its growth strategy. Its honorable practices with regard to social responsibility, along with the strong commitment of its managers, positions the Carrefour group as a key player in European retailing. This approach is reassuring to socially responsible shareholders with regard to events intrinsic to the sector; however, special attention in

the coming half-years must be paid to the Group's capacity to maintain a meaningful social dialogue and to responsibly handle restructuring, which management needs to communicate in a transparent way."

Stéphane Prevost, ISR, Portfolio Manager – European shares



Morley Fund Management

"It is clear Carrefour has further integrated social, environmental and ethical (SEE) issues into its business. A number of good metrics now exist that enable performance of the company's good SEE policies and practices to be measured. The company is addressing the

complex issue of 'Food Miles' in a number of ways, including working with local suppliers and disclosing the proportion of products sold in a country that have been sourced within that country. Carrefour is also helping consumers to choose healthier products by rolling out nutritional labelling for products throughout its international operations."

Harriet Parker, Socially Responsible Investment (SRI) Analyst



Like other Group countries, on 5 June 2005 Carrefour Italy mobilized all its employees and customers for World Environment Day. The GS supermarkets held in-store awareness-raising activities with Lega Ambiente: T-shirts and Kyoto bags were put on sale on behalf of this important Italian environmental NGO.





MOBILIZING

ALL COUNTRIES FOR IMPROVED PERFORMANCE

Mobilizing countries and retail banners also involves our reporting system, from sharing best practices between geographic regions to monitoring performance over time using key indicators and more. By evaluating the best initiatives taken in the field, we rely on promoting emulation so as to foster responsible commitment throughout the world.

- 46** Key moments of the mobilization in France
- 48** Key moments of the mobilization in Europe
- 50** Key moments of the mobilization in Latin America
- 52** Key moments of the mobilization in Asia
- 54** Key performance indicators

KEY MOMENTS OF THE MOBILIZATION IN FRANCE

CARREFOUR FRANCE

Employees/communities: The Carrefour France sustainable development policy at the level of the stores and warehouses is implemented on the basis of standards and audits to define priority action plans. This approach was initiated with the stores in 2004 and then extended to the warehouses in 2005. A benchmark dealing with the management of waste and energy and integrating environment and social development was drawn up by the Quality and Sustainability teams. An initial audit of all the warehouses took place at the end of 2005 in order to take stock and identify points for improvement for 2006.

Customers/suppliers: The environmental section included in audits for banner brand products in France was reviewed with the WWF at the end of 2004 within the context of the Champion-WWF steering committee. A new version was applied in 2005, and the quality teams were trained about the environment to ensure the monitoring of supplier environmental data.

For more information, see: Scientific Meetings on Food Safety (p. 10), Carrefour Attitude (p. 11), the framework agreement with the ADEME (p. 13), customer surveys (p. 18), social support for restructuring (p. 28), Partnership SME (p. 34), the French Weeks (p. 35), the signing of an energy performance contract with Schneider Electric (p. 40), the Demeter Environment and Logistics Club (p. 40), alternative transport methods (p. 41).

HYPERMARKETS **Carrefour**

Customers: In France, the land of gastronomy, eating poorly is one of the most-often-discussed media subjects. France Hypermarkets mobilized for Nutrition Week, which was launched on 24 August 2005 with breakfast as the theme. A guide on "Good Habits for a Balanced Diet" was distributed to customers; its advice on nutrition and personal health drew on the recommendations of the National Health Nutrition Program (PNNS) and had the backing of an expert. Advertising catalogues were reworked to incorporate a two-page menu with featured products. A nutrition mini-site, accessible via www.carrefour.fr, was put online with menus, interviews, advice, featured products and more. And the Junior Club, together with Danone, organized an event on the theme of breakfast, aimed at children in all the hypermarkets.

Customers/communities: In March 2005, France Hypermarkets launched www.academiedelanature.fr in partnership with WWF France. This site is intended both for Carrefour customers



Champion Supermarkets -
Water Action Campaign

France Hypermarkets
www.academiedelanature.fr

and to help store teams improve relationships at the local level. It aims to inform citizens and raise their awareness about environmental protection and their rich regional heritage. At the end of 2005, six regions were online, the objective being to cover 14 French regions by June 2006. This site has been a great success, with more than 8,000 connections for the month of November alone.

For more information, see: the third generation of own-brand and retail-banner products (p. 20), the labelling of own-brand and retail-banner products (p. 20), the eco-labelled own-brand line of health, perfume and hygiene products (p. 21), textiles & clothing for the infant and children's departments (p. 21), Responsible Fishing products (p. 22), the Tex organic line (p. 23), checkout bags (p. 23), SOS Conflict training (p. 25), the Corporate Diversity Charter (p. 26), the Learning Charter (p. 27), career management (p. 27), Carrefour Solidarité (p. 38).

CHAMPION SUPERMARKETS **Champion**

Customers/suppliers/communities: In 2002, Champion signed a partnership agreement on water with WWF France, which works with the banner on three points: communications, asset management and purchasing strategy. With regard to communications, in 2005 Champion and WWF launched a Water Action operation sponsored by Pascal Legitimus. The program includes the distribution of 800,000 leaflets to raise awareness about pollution and wastage plus the funding of two programs in Niger to guarantee sustainable access to water for 64,000 people. Champion is committed to setting up water-saving systems (low-volume aerators, dual-flush systems, ice removal ramps) in its stores during new construction or remodelling.



Convenience stores – Partnership with the “Renewed Villages” association



Ed – Balanced diet campaign

For more information, see: Responsible Fishing products (p. 22), checkout bags (p. 23), the Corporate Diversity Charter (p. 26), hiring through simulation (p. 26), the Gateway program (p. 30 and p. 31), the Environmental Quality approach at Saint-Maur-des-Fossé (p. 40), advertising catalogues (p. 41).

CONVENIENCE

(Shopi, 8 à Huit, Marché Plus, Proxi)

Communities: In rural areas, convenience stores play a crucial role in villages by helping to maintain activities and services while also creating jobs. To contribute to local growth in France’s eastern region, Carrefour Convenience has partnered up with the “Renewed Villages” (Renouveau Villages) association since 1996. This association supports candidates for company creation. Thanks to this partnership, 10 store projects under the Proxi banner have been initiated over 10 years in the eastern region.

Communities: The Shopi store in Neuville-sur-Ressons is the first Carrefour Convenience store to have been the subject of a pilot project for reducing environmental impact. The store, opened in June 2005, tests low-energy-consumption materials for lighting, heating and insulation. The goal is to reduce the store’s greenhouse gas emissions. Some technical solutions have been implemented in a number of Carrefour Convenience stores; others will follow as test results come in.

For more information, see: the development of rural areas (p. 36).

ED

Customers: Four times per year since 2004, Ed has offered “a week of balanced menus for a family of four”. To this end, the banner calls on a government-approved dietician who chooses products from the Ed product mix to make up the menus. This operation, promoted via brochures, POP displays and local posters, aims to demonstrate that it is possible to eat a balanced diet on a tight budget. Playful and practical, it highlights in particular the fact that a balanced diet is based on the variety of the products consumed.

For more information, see: the Corporate Diversity Charter (p. 26), advertising catalogues (p. 41).

OOSHOP

Customers: In November 2005, Ooshop launched a “freshness” campaign with the goal of becoming the standard-setter for cybermarkets in quality control and freshness. The banner undertakes to guarantee its customers respect for the cold chain from the preparation of their orders to delivery to their homes. To do this, Ooshop has established an innovative, high-performance system that uses a “fresh check” chip on the packaging of fruit and vegetables that displays the product’s freshness “reserve”. Dissatisfied customers are reimbursed. This campaign is promoted through posters and the distribution of 60,000 leaflets with customer orders.

KEY MOMENTS OF THE MOBILIZATION IN EUROPE

BELGIUM



Customers: In 2005, Belgium's 56 Carrefour hypermarkets succeeded, step-by-step, in completely eliminating the disposable bags distributed free of charge at the checkout. This was made possible by arranging various reusable bag alternatives: a bag for 0.10 euro (exchangeable for life), a heavier bag for 0.65 euro, a canvas bag for 1.50 euro, or a foldable plastic basket. This arrangement was supported by an awareness-raising campaign involving the distribution of leaflets to customers and the mobilization of the checkout staff.

Employees: To make steady improvements in food safety management in stores, Carrefour Belgium decided to test a certifiable system of food safety management at its hypermarket in Mons-les-Grands-Prés. The HACCP NL certification, the fruit of six months' work, was delivered on 13 July 2005 by a FOODCERT-accredited Dutch agency. This represents the synthesis of a number of food safety programs developed over the last three years, and the method is a first in the large-retailer sector. ISO 22000 regulation is planned for the second quarter of 2006.

For more information, see: the Scientific Meetings on Food Safety (p. 10), Carrefour Attitude (p. 11), customer surveys (p. 18), Responsible Fishing products (p. 22), Big Smile training (p. 24), "Prevention, Emotions, and Management of Aggression" training (p. 25), alternative transport methods (p. 41).

SPAIN



Customers/employees/suppliers: Carrefour hypermarkets in Spain are taking part in the "Join the Water Challenge" awareness-raising campaign launched in September 2005 by the Community of Madrid and El Canal de Isabel II. Following a drought in 2005 and the forecast of a new one in 2006, the objective is to alert consumers and give them advice about how to save water at home and work. The program includes information signs in the Community of Madrid hypermarkets, an information spot on the Internet site and more.

Communities: In 2005, Listening to Staff surveys were conducted by Dia Espagne in the Madrid, Barcelona, Seville and Valencia regions. 1,599 employees (stores, head offices, logistics centres) were surveyed. The results revealed that, on the whole, the employees appreciate their company and their work.

The points for improvement identified include salary levels (head-office employees) and the balance between professional and personal life. Dia is also studying solutions that take into account work schedules and flexitime while maintaining business efficiency.

For more information, see: the Scientific Meetings on Food Safety (p. 10), customer surveys (p. 18), membership in the Inserta Program of the ONCE Foundation (p. 27), the Prize for best food industry SME (p. 35), Fundacion Solidaridad Carrefour (p. 39), alternative transport methods (p. 41), advertising catalogues (p. 41).

GREECE



Employees/communities: The Carrefour hypermarkets of Attiki decided to sponsor the SOS Children's village in Vari. Each store "adopted" a village family and promised to meet its needs. Store employees visit the members of "their" family, welcome them to the store, and during holidays make sure that the families receive holiday products and toys.

For more information, see: customer surveys (p. 18), the training of Customer Service employees (p. 19).

ITALY



Customers: To combat obesity, and child obesity in particular, in 2005 Carrefour Italy mobilized to promote nutrition. An awareness-raising campaign – "Better eating means a better life" – was launched in the banners: Carrefour, GS and Di per Di. Carrefour hypermarkets used this opportunity to rework their advertising brochure to present nutritional advice in addition to sales offers, while GS and Di per Di stores distributed informational material with a variety of suggestions for a balanced diet and healthy lifestyle.

For more information, see: the Scientific Meetings on Food Safety (p. 10), customer surveys (p. 18), Carrefour Financial Services (p. 19), the Health and Safety training program (p. 25), franchise training (p. 31), the Terra d'Italia line (p. 34).



Greece – Sponsorship of the SOS Children's village in Vari

Italy – Nutrition Days

Portugal – Environmental Oscar

POLAND Carrefour Champion GLOBI

Suppliers: On 12 April 2005, Carrefour Poland held its first Suppliers Forum on the theme of growth and partnership. 250 people attended, including national brand suppliers, SME representatives, journalists... The goal was to present the growth strategy for the coming years to Carrefour's partners and to establish a fruitful dialogue with suppliers so as to better understand their needs and give them a clearer understanding of Carrefour's expectations and strategy.

For more information, see: the listening to staff survey (p. 25) the cooperation contract with Solidarność (p. 28).

PORTUGAL

Carrefour   minipreço

Communities: On 29 November 2005, Carrefour Portugal received the Environmental Oscar from the France-Portugal Chamber of Commerce and Industry. This Oscar recognizes the corporate responsibility shown by Carrefour, whose 100 Environment Ambassadors organized numerous in-store awareness-raising events as well as solidarity actions with various communities. For instance, Carrefour Portugal participates in Environment Day, hosts school visits in stores, organizes food and non-food donations to voluntary groups, and takes emergency action during natural disasters.

This was the first year that Dia Portugal worked with the food bank to help feed very disadvantaged people, with 50 tonnes of food donated in 2005.

For more information, see: local supplies (p. 34), the French Weeks (p. 35).

Switzerland Carrefour

Customers/suppliers: From 6 to 11 June 2005, Carrefour Switzerland organized Taste Week to permit its customers to discover "the tastiness" of better consumption. An information course was set up, running from the sweet to the sour, to show Carrefour's responses to consumers' concerns about nutrition and food safety, such as cholesterol, obesity... Carrefour worked with its Carrefour Quality Line (CQL) and its own brands and retail banners suppliers for the store events.

For more information, see: the advertising catalogues (p. 41).

TURKEY

Carrefour  Champion  Gima  Dia 

Customers/suppliers: To support its expansion, Carrefour Turkey has organized an orientation program for all the executives of the 12 hypermarkets and some seven supermarkets. The program was set up following comments made in the Listening to Staff survey. Its goal is to understand its executives better, enhance their skills, help them to assume their responsibilities and meet their needs.

For more information, see: training Customer Service employees (p. 19).

KEY MOMENTS OF THE MOBILIZATION IN LATIN AMERICA

ARGENTINA

Carrefour   Dia 

Communities: Carrefour Argentina has joined with the Ministry of Education, UNICEF and UNESCO in the "Let's Change Peacefully" campaign in order to raise awareness about firearms and to promote education regarding peace. From 17 to 30 December 2004, parents could exchange their children's war toys at Carrefour stores for non-violent toys (balls, trucks, dolls and more) offered by UNICEF and Telecom. Some 15,000 war toys were collected and then destroyed in a symbolic action and recycled as plastic plates for neighbourhood canteens – or as peace sculptures.

To promote access to education for the most disadvantaged children, Carrefour Argentina has taken part for the third year running in the "We are Present" campaign, together with the Noble Foundation, the Solidarity Network, the Andreani Foundation, the APAER (sponsors of rural school pupils) and the foundation for equal school opportunities. The 28 Carrefour hypermarkets and 25 Norte convenience stores organized a collection of material for the pupils. Carrefour also renewed its commitment to fund 100 study grants for disadvantaged children in rural schools.

For more information, see: clusterization (p. 18), ethics hotlines (p. 24).

BRAZIL

Carrefour   Champion 

Employees: In 2005, Carrefour Brazil received the Top HR Prize, awarded by the ADVB marketing association, for its Pro Ética campaign. The goal of the campaign was to unite all employees in support of the Code of Ethics launched in November 2003. The program included awareness-raising and training, the launch of an ethics hotline for reporting practices that conflict with the Group's values, monthly reports on progress and ethical conflicts by a standing committee, and more. A test of commitment to Carrefour's values was also developed for those who negotiate with suppliers or who work with sensitive corporate information. This test, which consists of a questionnaire and an interview with a psychologist, is mandatory for candidates for top management positions, who need to serve as role models.

Some 750 employees were tested in 2005. To make this approach more effective, suppliers also committed to the ethics policy through sales contracts (see p. 35).



Brazil – March of Solidarity

Communities: Carrefour Brazil actively contributed to the Brazilian bio-diesel program launched by the country's president to develop renewable energy and reduce Brazil's energy dependence. Carrefour Brazil already recycles and processes the waste oil from frying in its stores, and in November 2005 arranged for the collection of cooking oil used by its customers in two pilot stores: for every four litres of used oil customers bring in, they receive one liter of fresh oil. In two months, 3,500 litres were collected, to be recycled and processed by the University of São Paulo Laboratory for the Development of Clean Technology to produce 1,000 litres of biodiesel for the electricity generators in the two stores. The cost of collecting and exchanging the oil is subsidized by the sale of Carrefour Quality Line (CQL) products.

The Champion supermarket in Morumbi joined with other companies in holding a march in solidarity with children with cancer. The goal of the event was to collect food for the centre assisting children with cancer, a charity institution in the Morumbi neighbourhood. To take part in the march, participants had to donate one kilogramme of non-perishable food, for which they received a T-shirt. 250 people took part in the solidarity march, which was promoted by the Champion supermarket in Morumbi, and 500 kg of food was collected.

For more information, see: the Scientific Meetings on Food Safety (p. 10), Carrefour Attitude (p. 11), clusterization (p. 18), the Customer's Friend service (p. 18), ethics hotlines (p. 24), the French Weeks (p. 35), suppliers and the Code of Ethics (p. 35), activities to promote literacy (p. 39).



Brazil – Biodiesel Program



Colombia – Bicycle Festival Ciclo Fiesta

COLOMBIA Carrefour

Customers: Carrefour Colombia pursued the development of responsible products in 2005. As part of its UN-sponsored program to market products that substitute for illegal crops, Carrefour Colombia stocked five new products: Putumayo water, canned chontaduro, canned red beans, chocolate, and honey from the Santa Marta Sierra Nevada. These substitution products met with commercial success, with sales up 30% in 2005. In addition, in October Carrefour Colombia agreed to market avocados from farmers who support peace in order to promote peace in northern Colombia (in an area covering Montes de María to Córdoba), which is under guerrilla control.

Employees: Carrefour always gives priority to local hiring. To develop the skills base of its in-house employees, Carrefour Colombia has opened a 1,200-sq.m integrated computer-equipped training center. The goal is to enhance the transmission of Carrefour's culture and know-how so as to promote the Group's growth in Colombia.

Communities: Every year since 2001, Carrefour Colombia has organized an in-house bicycle festival. Since 2004, the Ciclo Fiesta, open to anyone who wants to share a family outing, has supported the "Bogotá Without Hunger" program of the Bogotá mayor's office. All participants purchase and donate food, and Carrefour doubles the contribution.

To mobilize more people, Carrefour also organizes a lottery for the event and the tasting of products offered by its suppliers. In 2005, the festival was held on 30 September as part of French Week, which was organized by the French Embassy in Colombia to invigorate Franco-Colombian relations.

For more information, see: the Scientific Meetings on Food Safety (p. 10), Carrefour Attitude (p. 11), the Carrefour Quality Line (p. 22), ethics hotlines (p. 24), the Grand Prize for Democracy and the Police Medal (p. 37), the impact of opening hypermarkets (p. 37).

KEY MOMENTS OF THE MOBILIZATION IN ASIA

CHINA

Carrefour    

Employees: Carrefour China relies on both internal promotions and integrating new talent to promote its growth. The Carrefour China Institute (CCI) has thus developed innovative training programs, including the Mandarin program to help sector heads become store directors, the MDP program to integrate new sector managers, and the ETP program to integrate new department managers. In 2005, the Carrefour China Institute also developed two new programs, one in fresh produce intended for all employees, including store directors, and another for the integration of the merchandise teams.

Communities: On 15 September 2005, Carrefour China won its second Guangming Prize for charitable activities. The prize, awarded by the official *Guangming Daily* newspaper with the support of the Ministry of Civil Affairs, the Ministry of Commerce and the State Information Office, recognizes foreign companies operating in China. Carrefour China was rewarded for the activity of its Foundation for Food Safety, its support for the Lifeline Express Foundation for eye surgery, and its participation in the Year of France in China.

For more information, see: the Scientific Meetings on Food Safety (p. 10), ethics hotlines (p. 24), store safety (p. 25), training suppliers in health and safety (p. 32), the French Weeks (p. 35), the Foundation for food Safety (p. 36).

SOUTH KOREA Carrefour

Employees/communities: The head of the South Korea Carrefour Quality Line received a cooperation prize from the South Korean government for his contribution to improving food quality and safety in South Korea. The development of a Quality Line, which can take four or five years, requires the transfer of environmentally-friendly farming methods and the transmission of know-how in terms of processing and traceability; it also contributes to the economic growth of particular regions. The Prefect of Jangsu also awarded Carrefour an economic development prize for Jangsu, a farming area that is flourishing thanks to raising yellow beef for the Carrefour Quality Line.

Employees/communities: In January 2005, Carrefour South Korea joined the "We Start 1004" fundraising campaign launched by the Korea Welfare Foundation to help improve the health and develop the education and well-being of disadvantaged children.

Carrefour South Korea opens a personal account in the name of each of its 6,400 employees, thereby undertaking to make a payment on the monthly payday of 6,400 x 1004 KRW, i.e., 6,425,600 KRW total on behalf of underprivileged children.

For more information, see: the Scientific Meetings on Food Safety (p. 10), customer surveys (p. 18), the French Weeks (p. 35).

INDONESIA Carrefour

Communities: Following the tsunami of 26 December 2004, the Carrefour International Foundation provided Indonesia with initial emergency food aid in the amount of 100,000 euros. Subsequently, 237,000 euros was collected for reconstruction thanks to donations by customers at the various Group banners and a matching payment by the foundation. With the support of Carrefour Indonesia, this money was paid to two NGOs, including the local NGO JRK (Humanitarian Volunteers Network), to rebuild the village of Kuala Tuha and refurbish a health centre and a school, as well as for study grants for impoverished children.

For more information, see: ethics hotlines (p. 24), reconstruction following the tsunami (p. 38).

MALAYSIA Carrefour

Communities: In 2005, Carrefour Malaysia was presented with a certificate of recognition for its recycling activities by the Minister of Urban Affairs, Housing and Local Government. For a number of years now Carrefour has conducted various recycling programs, and since 2002 it is the only retailer in Malaysia that has begun to use biodegradable checkout bags. The banner has also built recycling centres in two stores, encouraging and enabling customers to recycle old newspapers, phone batteries, cans and more. Finally, in 2005 Carrefour launched an awareness-raising environmental protection campaign in the EcoCare store.

For more information, see: customer surveys (p. 18).



Taiwan The "Let's CarryFour" campaign



Thailand – "Baan Nam Kem" Aquaculture Project



Singapore – Nutrition Week

SINGAPORE Carrefour

Customers: Carrefour Singapore organized its first Nutrition Week from 2 to 8 September 2005 in accordance with the Group objective of promoting a healthy lifestyle and diet. The program for this in-store awareness-raising campaign included a free BMI (Body Mass Index) calculation, a free chiropractic exam, presentations of healthy products, an aerobics demonstration and more. Specially created meal baskets were put on sale for the week to offer customers a balanced diet.

For more information, see: the training of Customer Service employees (p. 19), checkout bags (p. 23), the French Weeks (p. 35).

TAIWAN Carrefour

Customers: Every year in June, Taiwan's Carrefour stores organize an awareness-raising campaign on environmental protection. In 2005, the campaign, baptized "Let's CarryFour", promoted the "Four Rs": re-think, reuse, recycle and reduce. Carrefour's own-brand Green Genie cleaning products were featured in the stores as ecological products, and children's events were organized. Volunteer employees from the 34 stores also helped their neighbours to clean up their neighbourhoods.

For more information, see: Carrefour Attitude (p. 11), customer surveys (p. 18), the training of Customer Service employees (p. 19), integration of Group Values in RH policy

THAILAND Carrefour

Communities: In April 2005, Carrefour Thailand launched the "Aquaculture at Baan Nam Kem" project to help fishermen in southern Thailand rebuild aquaculture sites that were devastated by flooding on 26 December 2004. The project, developed in collaboration with a local NGO and the Thailand Fisheries Department, united Carrefour's know-how with local expertise in order to better meet the needs of the Thai fishermen, who received not only the material and equipment needed to rebuild their aquaculture sites but training as well. The 8 million baht (160,000 euro) project was co-financed by the French government, the Carrefour International Foundation, EDF, Carrier, Lamberet and Carrefour Thailand.

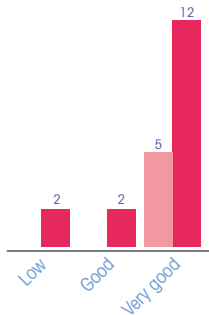
For more information, see: the Scientific Meetings on Food Safety (p. 10), the training of Customer Service employees (p. 19), the Food Safety and Hygiene Award (p. 25), the French Weeks (p. 35), reconstruction after the tsunami (p. 38).

KEY PERFORMANCE indicators

KEY INDICATORS quality

■ Hypermarkets, Supermarkets,
Convenience, Cash & Carry
■ Hard discount

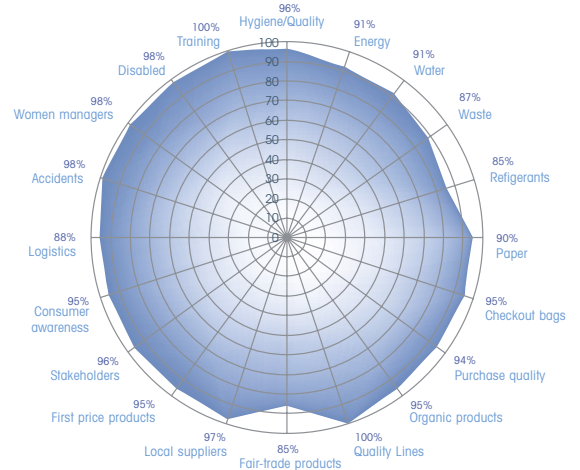
• **Level of quality procedure
for controlled food products
(in number of countries)**



Results improved in all countries. To increase the transparency of quality for hard-discount stores, we have tried to distinguish this activity in our indicator. The level of the country procedure is particularly related to the density of its operations.

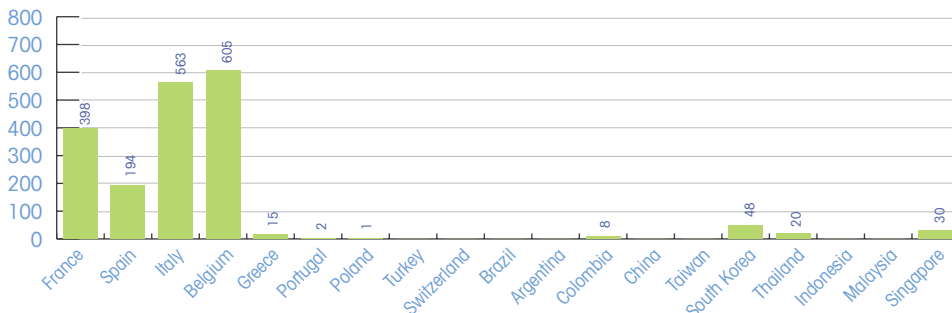
In 2005, a new intranet version of the Quality Scorecard was developed. It is interactive between countries and facilitates exchanges on food safety issues. This version is currently being used by the Group Merchandise department.

GLOBAL INDICATOR: scope of coverage



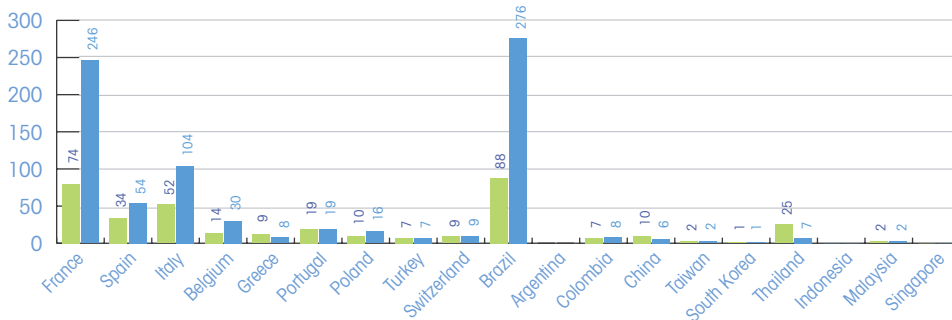
Percentage of consolidated sales
(excl. VAT) of BUs covered by the 2005 reporting

KEY INDICATORS products



• **Number of listed organic own-brand and retail-banner products (Results by country)**

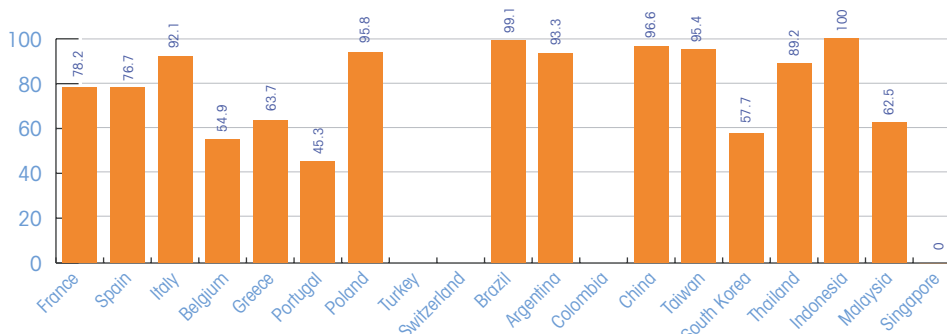
In Europe, the offering is being streamlined and is achieving a balance between own brands and national brands. In Asia and Latin America, most countries offer only national brand organic products (China, Malaysia, Singapore, Brazil and Colombia).



■ **Number of Quality Line products**
■ **Number of Quality Line contracts (Results by country)**

To ensure sufficient supplies, a line can correspond to several contracts and producers. For the Group, there are 363 Carrefour Quality Lines, with 795 contracts and 41,849 producers.

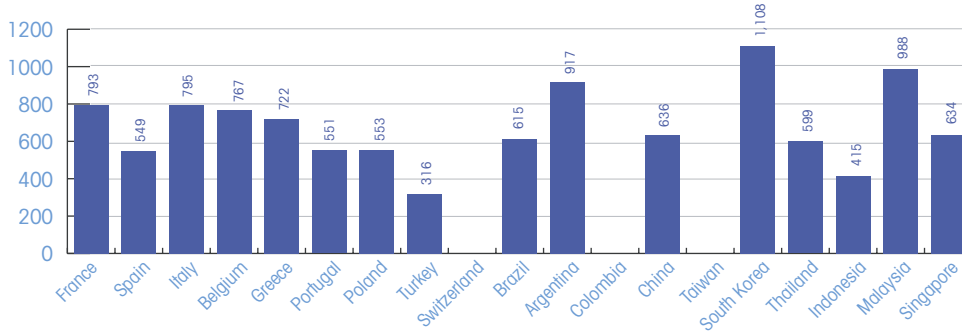
KEY INDICATORS local development



• **Percentage of purchase amount of controlled food products achieved with local suppliers (Results by country)**

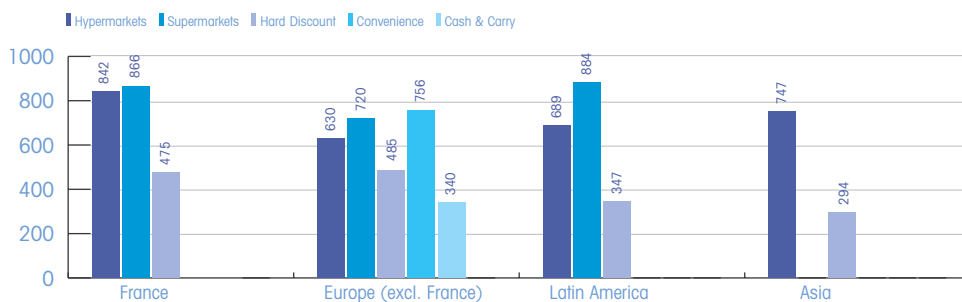
A local supplier is a supplier of an own-brand food product produced in the country. Through its own brands, Carrefour contributes to the development of the local economy in the country and also reduces the environmental impact of product shipment.

KEY INDICATORS Stores



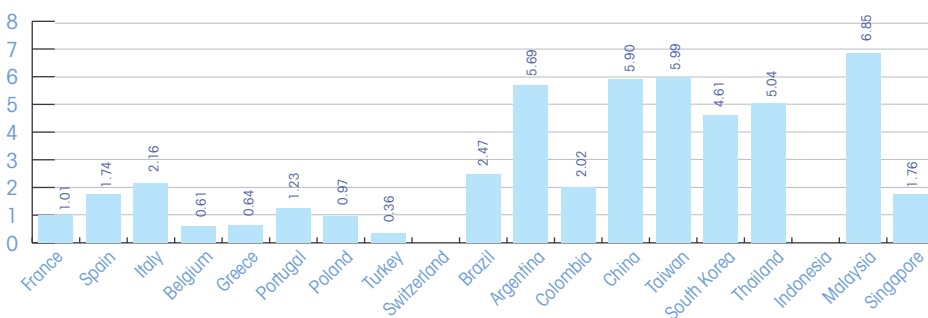
• Energy consumption (kWh/sq.m of sales area) (Results by country)

In Asia, the implementation of an energy management system has helped to reduce consumption substantially in most countries in the region, particularly China, which accounts for more than 25% of the reduction in the Asian region.



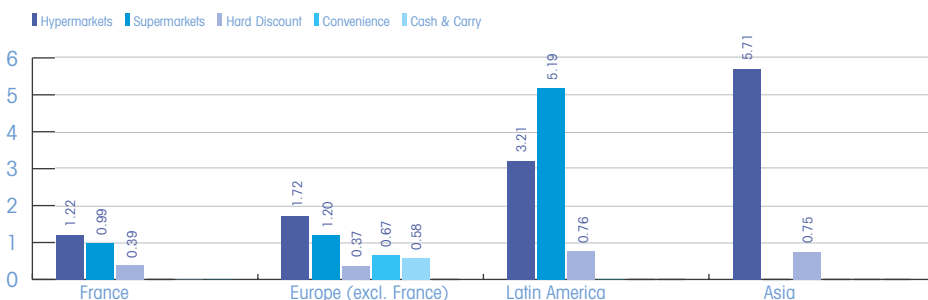
• Energy consumption (in kWh/sq.m of sales area) (Results by zone and format)

Overall, on a like-for-like basis the Group has recorded a 4.8% cut in its energy consumption between 2004 and 2005.



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

Asian stores traditionally have high water consumption levels due to the use of aquariums in the fish departments. However, the reduction started by China last year has generally continued in 2005.

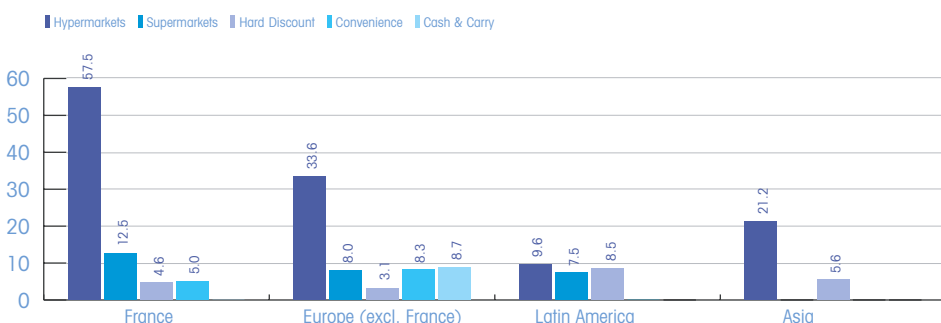


• Water consumption (in cu.m/sq.m of sales area) (Results by zone and format)

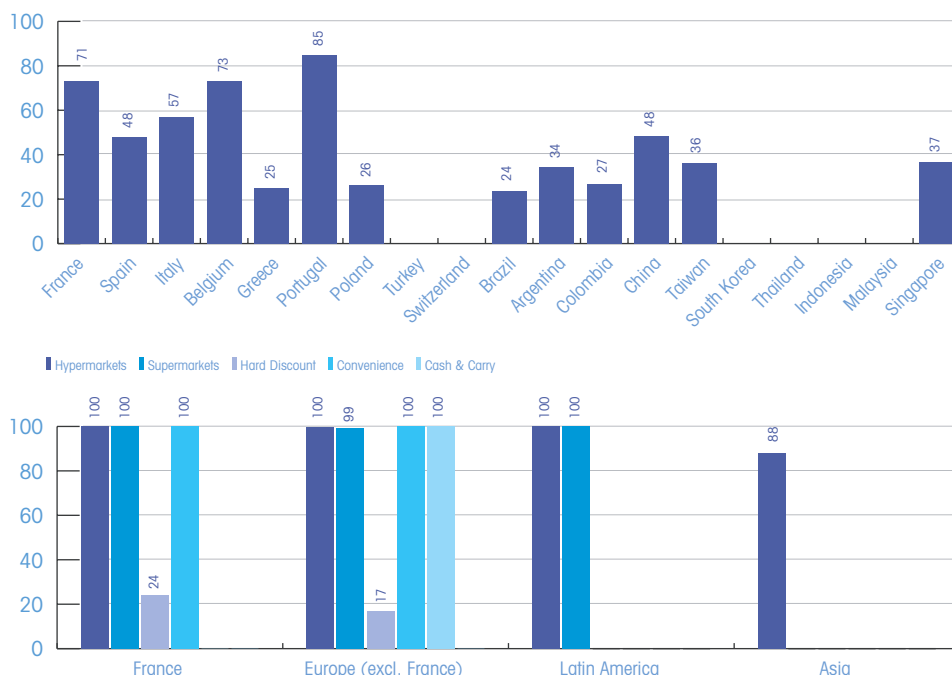
Overall, on a like-for-like basis the Group has recorded a 9.3% cut in its water consumption per sq.m of sales area.

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

The paper purchases covered are for consolidated and franchise stores. Many countries are working to reduce the grammage of the papers used for advertising brochures and to optimize the targeting of their distribution.



KEY INDICATORS stores



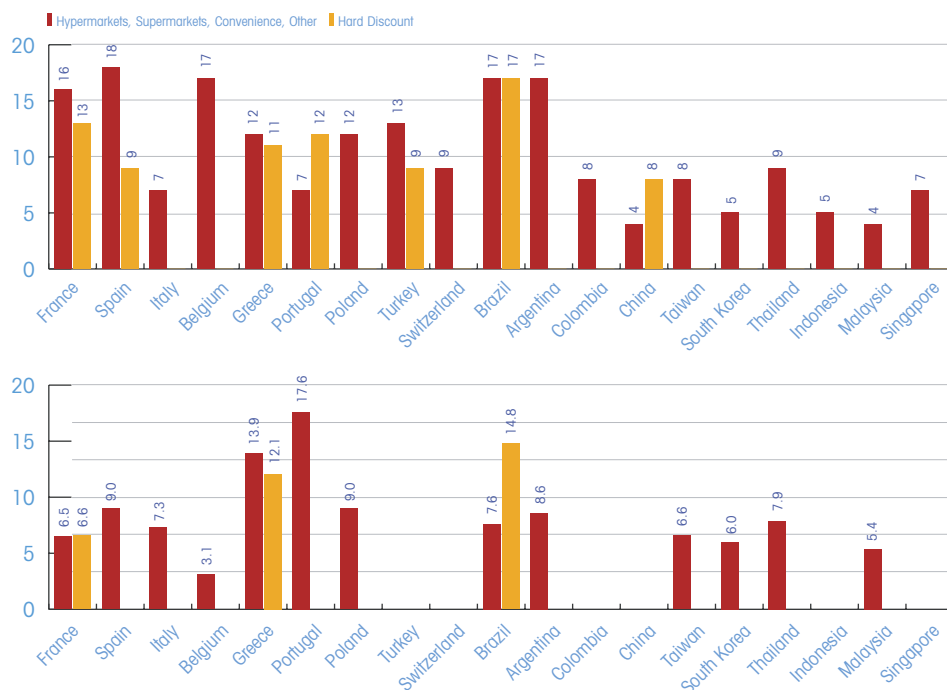
• Recycled waste (in kg/sq.m of sales area) (Results by country)

Recycled waste corresponds to the sorting of cardboard, plastic and other reusable waste. The recycling rate per sq.m correlates with the maturity and existence of recycling networks in the country.

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

For formats that are equipped with laboratories and offer conventional fresh produce, at least two audits per year are required, to be conducted by independent laboratories. The hard-discount and convenience formats have fewer audits due to their lower share of fresh produce sales. On the other hand, a special effort has been made this year on the convenience format.

KEY INDICATORS logistics



• Level of maturity of the logistics process (Results by country)

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

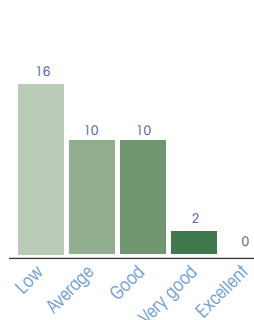
Interpretation:

- Between 1 and 5: in testing
- Between 6 and 10: being rolled out
- Between 11 and 15: rolled out
- Between 16 and 20: continuing improvements

• CO₂ emissions per shipping unit (kg) (Results by country)

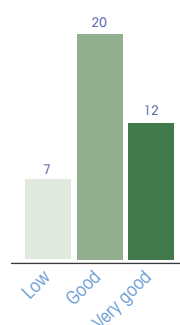
More and more countries are monitoring this indicator, which for some of them includes return trips to the warehouse after delivery to the store. This journey is often the one that is the least optimized.

KEY INDICATORS communications



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

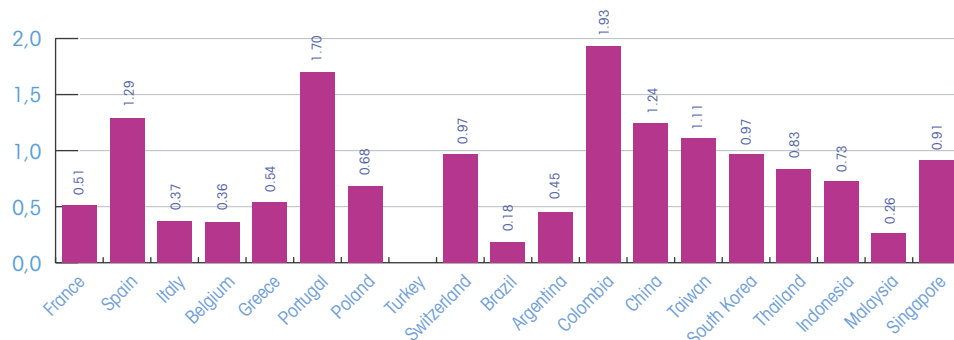
Level of information provided to consumers enabling them to make choices and engage in responsible consumption. For instance, information provided on environmental protection, organic produce, Quality Line products, eco-label products... Italy and France stood out in 2005 for their "very good" levels.



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

Measures for each Business Unit in each country the level of dialogue with the internal and external stakeholders based on the number, scale and frequency of dialogue initiatives and actions. The Business Units with "very good" levels of dialogue included the China, Belgium, South Korea, Brazil and Spain Hypermarkets and the Belgium Supermarkets.

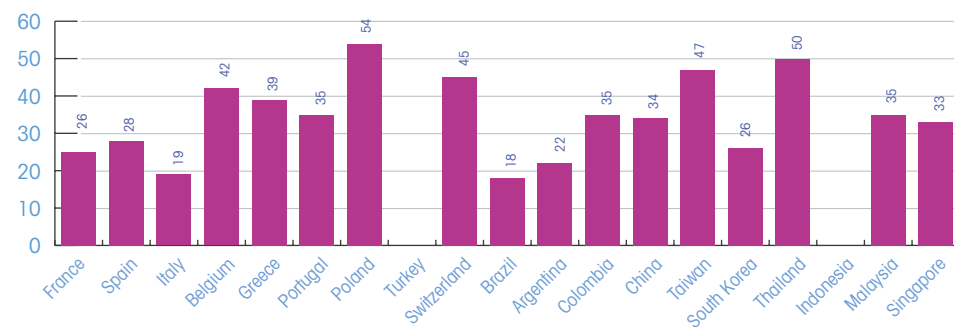
KEY INDICATORS human resources



• Training rate* (%) (Results by country)

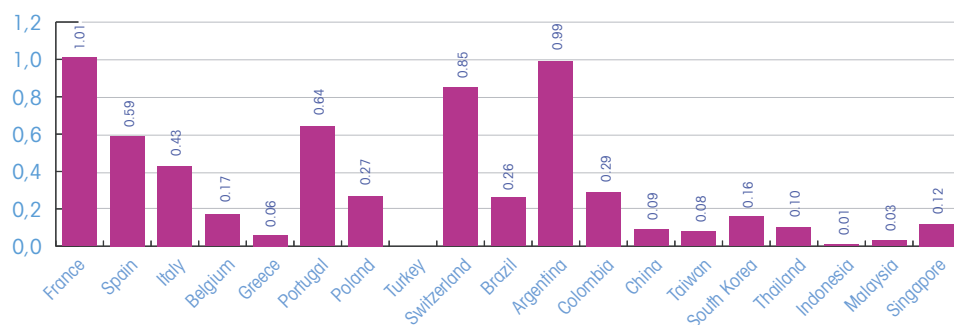
* Number of hours of training/number of hours worked

Overall on a like for like basis, excluding Poland, the Group has recorded a rise in its training rate of more than 18% between 2004 and 2005. The opening of a training centre has enabled Colombia to improve this year.



• Percentage of women in management (%) (Results by country)

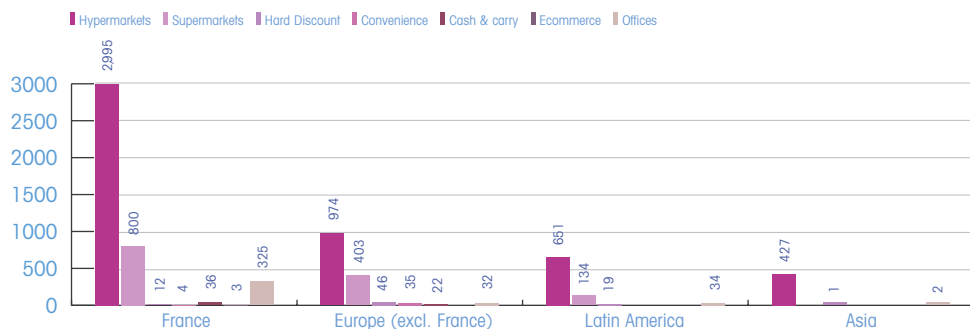
The percentage of managers who are women is up slightly, at 30% for the Group.



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

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

This indicator is closely related to the legal definition in the country. Some countries only count absences of more than four days. Inter-country comparisons are not very indicative. However, trends within each country are closely monitored by Human Resources.

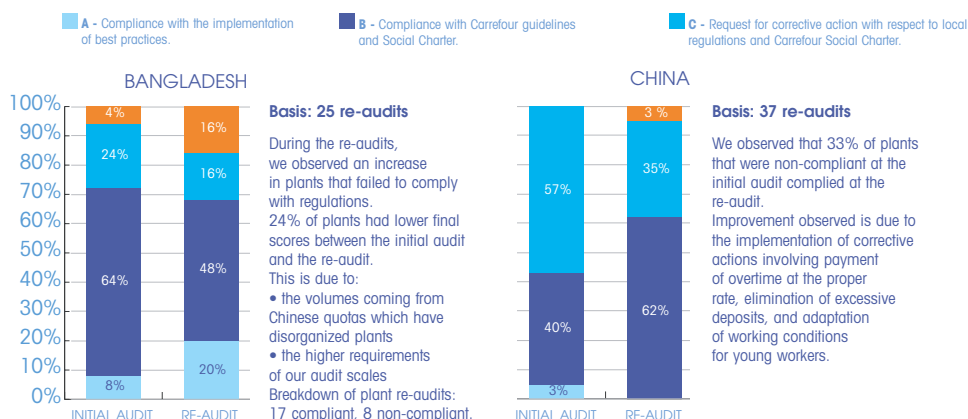


• Number of employees recognized as disabled workers (Results by zone and format)

The integration of people with disabilities is a reality in every country in the Group. Among the most active countries are France, Italy, Brazil, Spain, China, Taiwan and Colombia.

KEY INDICATORS Group

Audits of supplier sites with respect to the Social Charter



Presence in SRI funds and on indices, pp. 42-43

products

Number of controlled organic listed products	925	492	387	0	3	77
Purchase amount of controlled organic products	61.9	27.9	5.5	0	3.3	0.6
Purchase amount of Quality Line products (€ million)	742.3	78.2	3.7	0	0	0.2
Number of fair trade listed products	137	47	39	6	0	19
Number of first-price listed products	11,812	7,174	2,350	519	139	37

logistics

Emissions of CO ₂ per shipping unit (kg)	6.8			8.0		
CO ₂ emissions (tonnes)	358,239			37,739		

stores

Percentage of consolidated stores audited on hygiene and quality criteria (%)	97	100	100	100	17	
Percentage of franchise stores audited on hygiene and quality criteria (%)	95	82	37		5	
Energy consumption (kWh/sq.m)	717	800	756	340	455	
Energy consumption (GWh) (electricity, gas, fuel oil)	4,092	1,714	46	44	338	7
Water consumption (cu.m/sq.m)	2.75	1.57	0.67	0.58	0.44	
Water consumption (1,000 cu.m)	15,676	3,576	41	75	330	1
Refrigerant consumption/sales area (kg/1,000 sq.m)	90	79	109	30	19	
Waste recycled/sales area (kg/sq.m)	54	55	56	49	69	
Waste recycled (tonnes)	297,815	103,771	2,400	727	48,337	456
Quantity of paper purchased for commercial publications/sales area (kg/ sq.m)	35.3	10.2	6.3	8.7	4.6	
Quantity of paper purchased for commercial publications (tonnes)	219,230	34,225	6,224	409	3,643	16
Quantity of paper purchased for offices (tonnes)	3,744	1,179	419	292	496	652
Number of plastic bags distributed free at checkout (millions)	4,307	1,351	260	0	159	3

human resources

Rate of absence due to work-related accidents (%)	0.42	0.65	0.29	0.76	1.07	0.68
Percentage of women in management (%)	28	32	18	17	27	38
Number of employees recognized as disabled workers	5,047	1,337	39	58	78	396
Number of hours of training	3,515,135	682,023	892,872	27,534	18,331	130,197

Definition of indicators	Comments
Number of organic listed products developed under retail banner or cross-business brands.	Product mixes have been optimized, permitting a 16.2% rise in sales of organic and own-brand products in 2005, despite having fewer listed products.
Purchase amount of organic listed products developed under retail banner or cross-business brands.	Total purchases for the Group rose from 85 million euros in 2004 to 99 million euros in 2005.
Controlled agricultural products based on specifications assuring traceability and incorporating social and/or environmental criteria	Total purchases of CQL products for the Group rose by 6% from 2004 to 2005.
Fair trade national or own-brand product.	2006 should see many more of the still uncommon own brands products.
First-price product: controlled food product, offering the lowest price in its product range per unit of requirement.	The No. 1 range offers customers a cost-savings response. This range is being rolled out step by step in the countries and is still being optimized, which explains the fluctuations from last year.
Calculated on kilometres covered to ensure the transport of goods between the warehouse and store. Shipping unit: 120 x 80 pallet.	Optimizing journeys is a key factor in this approach: a hypermarket has on average 1 delivery per day, a supermarket 3-6 per week, and a convenience store 1-2 per week.
Percentage of consolidated/franchise stores having been audited during the reporting period based on the quality standard defined by each Business Unit.	The franchisee and convenience store indicators improved this year. As hard discounters do not offer fresh produce that is not pre-packed, inspections are less frequent. Carrefour tends to apply its quality policy to all its stores.
Consumption of electricity, gas and fuel oil used to operate consolidated stores.	The Group recorded a like-for-like reduction of 6.9% for energy consumption per sq.m of sales area between 2004 to 2005.
Water consumption of consolidated stores.	The level of store water consumption is linked to the presence of laboratories and a traditional fish department.
Quantity of refrigerants used (CFC, HCFC, HFC, other). Covered: food cold cabinets and air conditioning in consolidated stores.	This information is still partial, as some of it is held by service providers. It needs to be made more reliable.
Recycled waste from consolidated stores: paper/cardboard, plastic, other (batteries, cartridges, neon bulbs and more).	This ratio is tending to rise for all the formats, with an average of 55 t/1,000 sq.m, except for the hard-discount stores, whose waste-sorting was already optimized as it is returned to the warehouse.
Quantity of paper purchased for commercial publications (flyers, brochures, newspapers) expressed in kg per sq.m of sales area.	Carrefour centralizes its paper purchases for Europe and uses a sustainable-development approach (p. 40).
Quantity of paper purchased for commercial publications (flyers, brochures, newspapers, etc...).	In many head offices, recycled paper is used for printing and photocopying. Note that the coverage for the cash & carry and hard-discount stores is not comparable with last year.
Quantity of paper purchased for office use (photocopier, fax, printer, etc...).	Nevertheless, on a like-for-like basis, paper consumption per sq.m for the Group's commercial publications recorded a fall of 7.8%.
Plastic checkout bags distributed free of charge in stores.	Due to the healthy mobilization of the retail banners in France, their distribution of free disposable checkout bags was cut by 35% in two years. Most of the Group's countries have also set up programs to cut the distribution of disposable checkout bags.
Number of hours of absence due to work accident/number of theoretical work hours in the period (excluding job illnesses).	This has been stable in the hypermarkets and supermarkets, with improvement in the hard-discount stores, from 1.43% in 2004 to 1.07% in 2005.
Proportion of women managers (manager: autonomous, responsible, decision-making employee in a managerial position).	Change in the percentage of women managers: 30% in 2005, 29% in 2004 and 27% in 2003.
Status defined by current legislation in each country. By default, anyone who is at least 10% physically disabled.	The 25% increase from 2004 to 2005 in the number of workers with disabilities reflects the Group's efforts to integrate them. Though still modest, this should improve thanks to the programs established in the countries.
Hours of training officially counted	On a like to like basis, except Poland, the Group has recorded a rise of 14% in training hours per employee between 2004 and 2005. More than 5 million hours have been achieved in 2005.

CROSS-REFERENCE TABLE

Guidelines of the 2002 GRI, Global Compact and OECD

GRI Reference	Global Compact Principle	OECD Principle	Pages(s) of report
---------------	--------------------------	----------------	--------------------

Vision and strategy

1.1	Principle 9	General policies 1	Flap, pp. 6-15
1.2			2-3

Profile

2.1		Disclosure 3	Cover
2.2		Disclosure 3	Flap, inside front cover, p. 1
2.3		Disclosure 3	pp. 6-7
2.4		Disclosure 3	Inside front cover, flap
2.5		Disclosure 3	Inside front cover, flap
2.6		Disclosure 3	p. 42, outside back cover
2.7		Disclosure 3	Inside front cover, flap
2.8		Disclosure 3	pp. 1, 44-53
2.9			pp. 12-13, 42-53
2.10			Inside back cover
2.11			Methodology
2.12			Methodology
2.13			Methodology, pp. 54-59
2.14			Flap, inside front cover, p. 61, AR
2.15			Methodology
2.16			pp. 54-59, p. 61
2.17			p. 60
2.18			Methodology, pp. 54-59
2.19			Methodology, pp. 54-59
2.20		Disclosure 2	Methodology, pp. 14-15
2.21			Methodology, p. 63
2.22			Link to AR

Management systems

3.1		General policies 6	pp. 6-7
3.2		General policies 6	pp. 6-7
3.3		General policies 6	pp. 6-7
3.4			pp. 6-7
3.5		General policies 6	pp. 24-25
3.6			pp. 6-7, 10-11
3.7		General policies 7 and 8 Disclosure 5	pp. 6-7, 8-9, 10-11, 14-15, 24-29, 32-33
3.8		General policies 6	pp. 7, 42-43
3.9			pp. 12-13, 14-15
3.10		Disclosure 5	pp. 12-13, 18-43
3.11			pp. 12-13, 20-21, 24-25, 28-29, 32-33, 40-41, 42-43
3.12			pp. 12-13, 24-25, 28-29, 32-33
3.13	Principle 7	Environment 3 and 4	pp. 8-9, 10-11, 21
3.14		General policies 7 and 8, Disclosure 3, 5 and 12	pp. 8-9, 26-27, 28-29, 32-33
3.15			pp. 12-13, 28-29, 32-33, 40-41
3.16		General policies 7, 8, 10	Rabat, pp. 14-40
3.17		General policies 7 Environment 2	pp. 32-33, 36-41
3.18			p. 61
3.19		General policies 7, 8 Environment 1	pp. 6-7, 14-15, 10-11, 13, 24-26, 33, 35, 36-37, 40-41
3.20		General policies 7, 8 Environment 1	pp. 40, 47

Theme	GRI Reference	Global Compact Principle	OECD Principle	Pages(s) of report
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Economics

Customers	EC1			p. 1, AR
	EC2			Inside front cover, flap, pp. 46-53
Suppliers	EC3			AR, p. 13
	EC4			N/A
Employees	EC5			AR, p. 13
Providers of capital	EC6			AR, p. 42
	EC7			AR
Public sector	EC8		Taxation	p. 13
	EC9		Taxation	AR
	EC10			pp. 38-39

Theme	GRI Reference	Global Compact Principle	OECD Principle	Pages(s) of report
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Environment

Raw materials	EN1	Principle 8		pp. 22-23, 34, 40-41, 54-57
	EN2	Principle 8		pp. 54-59
Energy	EN3	Principle 8		inside front cover, pp. 40-41, 54-59
	EN4	Principle 8		N/A
Water	EN5	Principle 8		pp. 54-59
	EN6	Principle 8		N/A
Biodiversity	EN7	Principle 8		pp. 22, 33
	EN8	Principle 8		pp. 40-41, pp. 54-59
Emissions, effluents and waste	EN9	Principle 8		pp. 40-41, 54-59
	EN10	Principle 8		N/A
	EN11	Principle 8		pp. 40-41, 54-59
	EN12	Principle 8		N/A
Products and services	EN13	Principle 8		N/A
	EN14	Principle 8	Environment 6b	pp. 20-23, 32-33, 40-41
Compliance	EN15	Principle 8		
	EN16	Principle 8		p. 61

Labour-management

Employment	LA1			AR, pp. 46-53
	LA2		General policies 4	N/A
Labor-management relationships	LA3	Principle 3	Employment and industrial relations 1a and 8	N/A
	LA4	Principle 3	Employment and industrial relations 2b et 6	pp. 28-29
Health and safety	LA5			pp. 54-59
	LA6			N/A
	LA7			pp. 24, 54-59
	LA8			N/A
Training and education	LA9		General policies 4	pp. 24-25, 54-59
Diversity and opportunities	LA10	Principle 6	Employment and industrial relations 1a	pp. 9, 26-27
	LA11	Principle 6		pp. 6-7, AR

Human rights

Strategy and management	HR1	Principle 1	General policies 2	pp. 8-9, 15, 28, 32-33
	HR2			pp. 9, 28, 32-33
	HR3	Principle 1 and 2	General policies 10	pp. 32-33, 54-59
Non-discrimination	HR4	Principle 1 and 6	General policies Employment and industrial relations 1d	pp. 6-7, 8-9, 14-15, 25, 26-27, 28-29
Freedom of association & collective bargaining	HR5	Principle 3	Employment and industrial relations 1a and 8	pp. 28-29, 32-33
Child labour	HR6	Principle 5	Employment and industrial relations 1b	pp. 8-9, 28-29, 32-33
Forced labour	HR7	Principle 4	Employment and industrial relations 1c	pp. 8-9, 28-29, 32-33

Society

Community	SO1		General policies 3 Environment 2	pp. 14-15, 36-41
Corruption	SO2		Combating bribery 1, 2, 3, 4 et 5	pp. 9, 14-15, 25, 34-35
Political contributions	SO3		General policies 11 Combating bribery 6	N/A

Product responsibility

Consumer health and safety	PR1		Consumer interests 1 and 6	pp. 8-9, 10-11, 14-15, 20-23, 30-33, 54-59
Products and services	PR2		Consumer interests 2	pp. 14-15, 20-21, 22-23, 54-59
Respect for privacy	PR3		Consumer interests 3	N/A

Legend:

N/A = indicator not available in form of consolidated data
AR = 2005 Annual Report

INFORMATION TABLE

Article 116 of France's New Economic Regulations

Article	Social information	Article	Environmental information
1.1.a	Flap. Share long-term job contracts: 80%; share short-term: 19%; temp: 1%	2.1.	pp. 13, 22-23, 32-33, 40-41, 47, 50, 54-59.
1.1.b	Carrefour withdrew from Japan, Mexico, the Czech Republic and Slovakia in 2005. In these four countries, Carrefour has made sure to sell its assets to a key local retailer out of a desire to maintain operations and store teams. p. 28	2.2.	pp. 9, 14-15, 21, 22-23, 32-33, 54-59.
1.2.	At Carrefour, work time is indexed on the regulatory work time of the country in which the Group operates, so it varies with the country's local regulations.	2.3.	pp. 9, 13, 15, 21, 22-23, 40-41.
1.3.	Wages and expenses p. 13. Equality pp. 14-15, 26-27, 54-69	2.4.	Carrefour takes steps to ensure the company's compliance with legislation and regulations.
1.4.	pp. 28-29.	2.5.	The costs incurred to prevent the company's environmental impact correspond to operating costs of the Quality, Responsibility and Risk department and its network in the countries as well as budgets for specific projects and external consultants.
1.5.	pp. 14-15, 25, 54-59.	2.6.	pp. 10-11, 23.
1.6.	pp. 14-15, 19, 24-25, 54-59.	2.7.	Amount of provisions and guarantees for environment zero (scope: France).
1.7.	pp. 14-15, 26-27, 37, 54-59.	2.8.	Amount of indemnities paid during the year for execution of a legal decision on environment zero (scope: France).
1.8.	pp. 13, 38-39, 46-53.	2.9.	pp. 46-53, 54-59.
1.9.	pp. 13, 14-15, 32-33.		
Art 1	Local impact of activities: pp. 34-39, 46-53. Stakeholder relationships: pp. 12-23, 17-43. Subcontracting: pp. 9, 32-33. Foreign subsidiaries: pp. 9, 10-11, 22-23, 32-33, 46-53.		

REPORT METHODOLOGY

The 2005 Carrefour Sustainability Report was overseen by a Cross-departmental Committee that brought together all the relevant Group departments (Quality, Responsibility and Risk Management, Human Resources, Internal Audit, Legal, Marketing, Assets, and Logistics) with representatives from the Quality and Sustainability network in the key European countries.

As the fifth such report published by the Group, the 2005 Carrefour Sustainability Report strives, in accordance with the Global Compact recommendations on "Communications on Progress", to follow the guidelines of the 2002 Global Reporting Initiative as well as OECD guidelines (see Cross-reference table, p. 60). Along with the Annual Report, it also meets the requirements of Article 116 of France's New Economic Regulations (see p. 61).

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

At the quantitative level, in 2005 the Group set up a new reporting tool for the 22 key performance indicators. This intranet platform allows data entry and monitoring the performance of the KPIs. Data from the 2003 and 2004 reports were integrated into the tool so as to enable the countries and Business Units to track changes in the KPIs. This new tool will enhance the autonomy of the Business Units and serve as an instrument for guiding their own approaches.

The 2005 Sustainability Report thus covers the implementation of our approach in the field in Carrefour's 20 consolidated countries and 10 partner countries. The KPIs cover 93.5% of the Group's pre-tax consolidated sales (see p. 54).

The countries are responsible for their reporting and perform an initial check on their data before verification by the Internal Audit department (see p. 62).

KPMG simultaneously verified the reporting and audit systems (see p. 63). The other figures in the 2005 Sustainability Report were checked by the relevant internal departments.

Change in the Carrefour scope covered in 2005:

- Withdrawal of the Carrefour Group from Japan, Mexico, Slovakia and the Czech Republic;
- Divestment of Prodiest (France) and Puntocash (Spain).

INTERNAL AUDIT

Statement on sustainable development indicators by the Carrefour Group Internal Audit department

At the request of the Quality and Sustainability department, the Group Internal Audit department carried out, for the fourth consecutive year, a check of the sustainable-development indicators covered in this report.

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

Nature and scope of the work

Using this data, and in accordance with professional standards on the verification of non-financial reports, Internal Audit carried out the verification of the data by issuing a commitment level for each of the 22 indicators established for each Business Unit. Internal Audit performed samplings to assess the reporting procedures and process and the reliability of the data supplied. This year, the Internal Audit teams covered 10 countries and 11 Business Units, representing a total of 56% of the 2005 consolidated sales of the Carrefour Group, and devoted a total of 156 audit days to reviewing all the indicators covered. Indicators that had been assessed as having a low level of reliability last year were reviewed in greater depth, with the aim of providing management with recommendations on actions to be taken to make them more reliable.

Comments

The following are our comments based on this work:

- The implementation of a new reporting system helped to improve the approach by facilitating, among other things, a comparison with the data from previous years.
- While the commitment levels for two out of the 10 countries sampled improved significantly over 2004, this trend could not be confirmed over the entire scope of coverage, due specifically to the implementation of the new reporting tool, which has not yet been completely mastered.

Efforts need to be focused on:

- Accelerating the implementation and enhancing the reliability of the reporting system in certain Business Units, as well as the storage of data in the new tool.
- Continuing the campaign to explain the definitions and responsibilities of the departments directly concerned by the indicators.
- Stepping up communications by every level of management on the importance of rigour in the declarations, in tandem with the validation of data before its final consolidation.
- Developing a written procedure in each country setting out the steps, tools and documents needed to ensure the supply of more reliable data so as to ensure continuity in monitoring, despite any turnover in personnel within the departments.

PATRICK ARMAND,
INTERNAL AUDIT DIRECTOR, CARREFOUR

EXTERNAL AUDIT

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

We have been engaged by Carrefour Group to conduct a review of the systems and procedures implemented for social and environmental reporting, as described in the 2005 Sustainable Development Report.

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

Nature and scope of the work

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

1. We have conducted interviews with the Director of Sustainable Development, and the Group coordinator for social and environmental information, in order to gain a clear understanding of the existing systems.
2. We have reviewed the Sustainable Development protocol drawn up by the Carrefour Group, which was used as a basis for producing the 2005 report.
3. We have reviewed the reporting procedures and tools and have tested their application in the Business Unit "Hypermarchés France"
4. We have examined the new IT reporting system set up in 2005 and verified that 2004 historical data has been correctly transferred to the new system
5. We have conducted interviews with the Internal Audit Director to assess the role of Internal Audit in verifying the social and environmental information reported by the subsidiaries.
6. We have reviewed the Internal Audit reports and findings.
7. We have reviewed the consolidated social and environmental information and in particular the figures reported by business units.

Findings

As the work that we have carried out does not constitute an audit, we do not express any assurance on the figures provided in the 2005 Sustainable Development Report, but we are able to report the following findings:

- A Sustainable Development Department has been created at Group Management level. It is in charge of drawing up the protocol for environmental and social data and coordinating reporting within the Group.
- Directors of the main corporate functions involved have been appointed to take part in drawing up the Sustainable Development protocol, which has been communicated to the subsidiaries in the Group's 3 working languages: French, English and Spanish.
- The Group reporting procedures have been correctly applied in the Business Unit "Hypermarché France" that we tested.
- Our review of the 2004 historical data transferred to the new reporting tool did not reveal any misstatement.
- The Internal Audit covered Business Units representing 56% of the 2005 consolidated sales of the Carrefour Group and verified with high or medium level assurance, depending on the nature of the indicators and their reliability, all the key performance indicators set in the 2005 Sustainable Development Report.
- We have noted that the findings issued by the Internal Audit in the 2005 report on social and environmental data.
- Our review of the consolidated key performance indicators in the 2005 Sustainable Development Report did not reveal any material misstatement.

Paris La Défense, 28 March 2006
KPMG Audit, Department of KPMG S.A.



JEAN-LUC DECORNOY
PARTNER

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

GLOSSARY

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

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

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

Biowaste: solid biodegradable waste.

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

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

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

CICE: Carrefour Center for Information and European Coordination.

CIP: Carrefour International Products.

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

CSR: corporate social responsibility.

DGCCRF: the French General Directorate for Competition, Consumption and Fraud Protection.

EAN: the EAN logistics label is a unique standard that is useable by everyone in the supply chain to trace shipped items.

EMS: Environmental Management System.

E-room: computer platform for collaborative work.

EuroCommerce: European commercial trade association.

Fair trade*: fair trade is a trading partnership based on dialogue, transparency and respect, aimed at fostering increased fairness in international trade. Fair trade contributes to sustainable development by offering optimal trade conditions to disadvantaged producers (essentially in the countries of the southern hemisphere) and by protecting their rights.

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

FAO: United Nations Food and Agriculture Organization.

FBF: Food Business Forum – global network of the independent food industry.

FIDH: International Federation for Human Rights.

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

GFSI: Global Food Safety Initiative.

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

GMO: genetically modified organism.

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 system for managing food safety.

HCFCs: hydrochlorofluorocarbons – chemical products containing chlorine and fluoride as well as hydrogen, which makes them less stable and thus less harmful to the ozone layer than CFCs.

HEQ: High Environmental Quality.

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

IFS: International Food Standard.

ILO: International Labor Organization.

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

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

NGO: non-governmental organization.

NGV: natural gas vehicle.

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

OECD: Organization for Economic Cooperation and Development.

Organic agriculture: farming methods that sustain ecosystems and reduce pollution. Such methods avoid the use of pesticides, herbicides and antibiotics, as well as genetic manipulation.

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

QS: Quality Scorecard.

SME: Small and Medium-sized Enterprises.

SRI: socially responsible investment.

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

Sustainable development: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Brundtland Commission, “Our Common Future”, 1987.

Trace One: system for the definition and electronic updating of specifications using a digital signature and making every batch traceable.

UN: United Nations.

UNESCO: United Nations Educational, Scientific and Cultural Organization.

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

UNODC: United Nations Office on Drugs and Crime.

WWF: the World Wide Fund for Nature.

FOR FURTHER INFORMATION

On Carrefour and its commitments

www.carrefour.com
www.fondation-internationale-carrefour.org
www.carrefour.fr (rubrique Solidarité)

On corporate responsibility

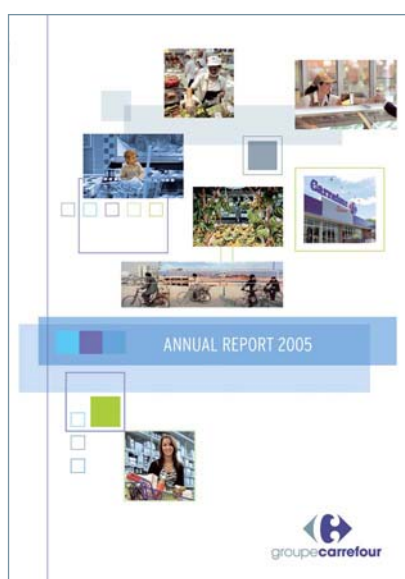
www.csreurope.org
www.unglobalcompact.org
www.globalreporting.org

On environmental issues

www.uneptie.org
www.greenpeace.org
www.wwf.org
www.wri.org/wri/

On social issues

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



Other edition:
2005 Annual Report

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

EXPRESS YOUR OPINION

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

Design, creation, editing and production:  **TERRE DE SIENNES Paris**

Photo sources: Carrefour Photolibrary, Nathalie Darbellay, Michel Labelle, Lucio Maria Cavicchioni / Rights Reserved
Printing: the Carrefour group committed to the responsible management of its paper purchases. Paper with recycled and PEFC certified wood fibres was chosen by Carrefour for the inside pages of this 2005 Sustainability Report in order to support the collection of used paper and the protection and growth of European forests.



Carrefour French Corporation (SA)
with capital of € 1,762,256,790
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