

2008 Global Accountability Report

Accountability Profile



CARREFOUR

BACKGROUND

Carrefour operates a chain of over 15,000 stores including hypermarkets, supermarkets, discount and convenience stores. It has a presence in 30 countries in Europe, Latin America and Asia, and the majority of group turnover comes from operations outside of France. It is the world's second-largest retailer and the largest in Europe.

ORGANISATIONAL STRUCTURE

The main governing body is the Annual General Meeting (AGM), which is open for all shareholders to attend. The executive body is the Board of Directors, which is elected by a majority vote of the AGM. The Board of Directors is made up of 11 members and includes three specialised committees: the accounts and internal audit committee, the remuneration, appointments and corporate governance committee and the strategy committee.

ACCOUNTABILITY SUMMARY

TRANSPARENCY

Carrefour does not have a specific policy that guides its approach to information disclosure. However, commitments to transparency are made in the *Social Responsibility—Relations with supplier and subcontractors* briefing paper and the *2007 Sustainability Report*. The *Charter for Commitment* sets out Carrefour's expectations regarding relations with suppliers, and also contains a commitment to transparency.

The Director of Public Affairs and Sustainability is responsible for oversight of transparency commitments and practice. Responsibility for compliance with Carrefour's transparency commitments is also built into the jobs of all senior managers. Although Carrefour does not provide specific training in implementation of transparency commitments, the Director of Public Affairs and Sustainability holds quarterly video conferences with Human Resources Directors in each Carrefour country, who are then responsible for communicating Carrefour's values, ethics and transparency commitments to relevant country staff. The *2007 Sustainability Report* and the *Charter for Commitment* are available on the Carrefour website in English, French and Spanish. Contact information for all business units is also available.

PARTICIPATION – EXTERNAL STAKEHOLDER ENGAGEMENT

A general commitment to external stakeholder engagement is made in the *2007 Sustainability Report* and the *Charter for Commitment*. Carrefour also lists 'dialogue with local communities' as one of its key responsibilities to local communities in the *2006 Carrefour Group and Sustainable Development: our responses to 6 major issues* booklet. Carrefour holds an annual Stakeholder Consultation Meeting, which is a forum where 30 invited external stakeholder groups can engage with the CEO and other senior managers to express interests and concerns, in particular expectations for future sustainability reporting and activities. Carrefour makes no commitments to indicating which activities and processes other external stakeholders can expect to be engaged in, to allowing them to initiate engagement, or to making public the outcomes of stakeholder engagement except for the Annual Stakeholder Consultation meeting. Carrefour also does not commit to clearly indicating the purpose and extent of potential influence of an engagement beforehand.

The Group Public Affairs Director has overall responsibility for external stakeholder engagement. The Group Human Resources, Sustainability and Quality Departments provide information and support for countries interested in establishing partnerships with NGOs, or working with an organisation regarding a specific issue. Carrefour does not provide systematic stakeholder engagement training to staff undertaking engagement at the Group or the country level. However, at country level, depending on the stakeholder group involved, departments responsible for oversight provide information and support for country business units.

PARTICIPATION – MEMBER CONTROL

The governing body of Carrefour is the AGM. All shareholders are represented, and any shareholder holding at least 0.5% of the capital can add items to the agenda. The AGM can nominate candidates for all Board seats and shareholders are able to initiate a process for their dismissal. However, because shareholders having held shares for at least two years are granted double voting rights for those shares, Carrefour does not meet all good practice principles for equitable member control.

Headquarters: Levallois-Perret, France

Countries of operation: 30 in Europe, Latin America and Asia

Total income: € 83.3 billion (2007)

Employees: 490,042 (12/2007)

Website: www.carrefour.com

Accountability Initiatives signed up to:

- Roundtable on Sustainable Palm Oil
- Roundtable on Sustainable Soy
- UN Global Compact

2008 GLOBAL ACCOUNTABILITY REPORT RATINGS			
Dimension	Score	TNC Rank	2008 Rank
Transparency	35%	6	18
Participation: External Stakeholder Engagement	50%	3	17
Participation: Member Control	83%	3=	17=
Evaluation: Environmental	84%	5=	-
Evaluation: Social	84%	3	-
Complaints & Response: Internal	39%	9	24
Complaints & Response: External	16%	7	20
Overall	53%	3	17

= denotes tied ranking

EVALUATION - ENVIRONMENTAL AND SOCIAL IMPACT

Carrefour has specific policies on environmental and social impact evaluation. The methodology used to collect data for Carrefour's key environmental and social performance indicators (KPIs) is outlined in the *2007 Sustainability Report*, and information about the environmental evaluation process is also available via the *Point of view- Environment: Carrefour group priorities* web page. Environmental and social scorecards are presented in each annual *Sustainability Report*. Carrefour's social impact evaluation process is managed in cooperation with the human rights organisation FIDH (Fédération Internationale des Droits de l'Homme) and focuses on the social impact that Carrefour has through its supply chain.

Carrefour commits to being open and transparent about the results of environmental and social impact evaluations, to using the results to inform future decision making, and to evaluating progress against goals with the scorecards and KPIs. No formal commitment is made to engage external stakeholders or evaluate policies and practices in either environmental or social impact evaluation.

The Corporate Affairs Director is responsible for overseeing Carrefour's environmental and social impact evaluation. The Director of the Group Sustainability Department oversees this work on a day to day basis. The leadership of INFANS, the Carrefour and FIDH partnership, are also responsible for undertaking some audits as part of the evaluation process. Environmental and social issues requiring new Group level policies are regularly presented to the Executive Committee, and decisions are communicated to the country level through Carrefour's network of sustainability staff. All Sustainability Department staff receive regular training about how to undertake environmental evaluations for annual sustainability reporting. At the end of each annual reporting cycle, staff receive detailed feedback.

COMPLAINTS AND RESPONSE – INTERNAL AND EXTERNAL COMPLAINTS

Carrefour has established ethics hotlines in Argentina, Brazil, China, Colombia, Indonesia and Turkey. These hotlines allow employees, suppliers and customers to report any behaviours that do not conform to Carrefour's ethics policy. Staff can also make complaints regarding non-compliance with the *Code of Conduct* by contacting management in their department. However, there is currently no Group level mechanism for reporting internal complaints regarding violations of Group policies, fraud or mismanagement. Carrefour does not indicate that leadership assumes responsibility for overseeing internal complaints procedures at the Group level. Those in the Security and Human Resources Departments, who are responsible for overseeing internal complaints at the country level, are provided with training.

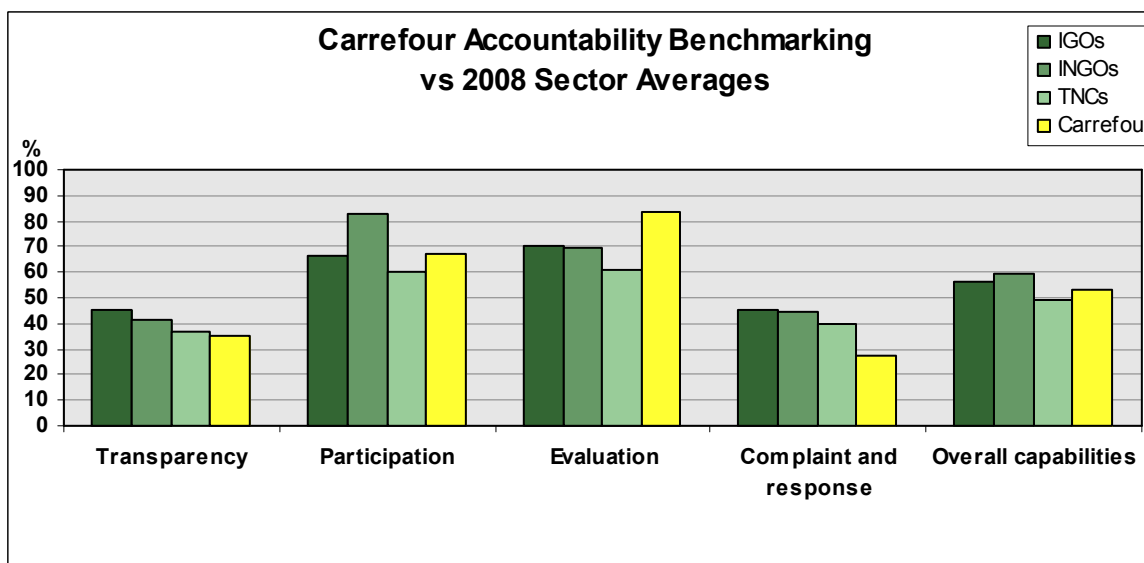
Carrefour's ethics hotlines are open to external as well as internal complainants in those countries in which they operate. Carrefour also has a system of worker training by local NGOs under the *Supplier Charter*, which provides a channel for external stakeholders to make complaints regarding labour and human rights standards in Carrefour's supply chain. However, there is no mechanism for external stakeholders to make complaints about performance at the Group level or in other areas. The Sustainability Department is responsible for external complaints handling. Complaints regarding the Supplier Charter are generally made through FIDH, which points out issues that need to be addressed to Carrefour senior management.

ONGOING ACCOUNTABILITY REFORM

Carrefour plans to introduce ethics hotlines in countries other than Argentina, Brazil, China, Colombia, Indonesia and Turkey, however this depends on negotiations with the unions.

PERFORMANCE SNAPSHOT

Overall Carrefour's performance in transparency and participation is similar to the corporate sector average. In evaluation, Carrefour demonstrates strong capabilities due to its attention to social as well as environmental impact. In complaints handling, Carrefour performs poorly due to its lack of Group level policies. As a result, Carrefour ranks 3rd in the corporate sector and 17th overall for its accountability capabilities.



One World Trust
3 Whitehall Court
London SW1A 2EL
United Kingdom

Telephone ++44 (0)20 7766 3470
Email accountability@oneworldtrust.org
Visit www.oneworldtrust.org
Charity N° 210180