

This report is intended as a tool to facilitate dialogue and continuous improvement. For additional information about the Casino Group and its sustainable development commitments or to share your observations and comments, please contact:

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Casino Group corporate website in English

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Information about Casino products

**Casino Group**

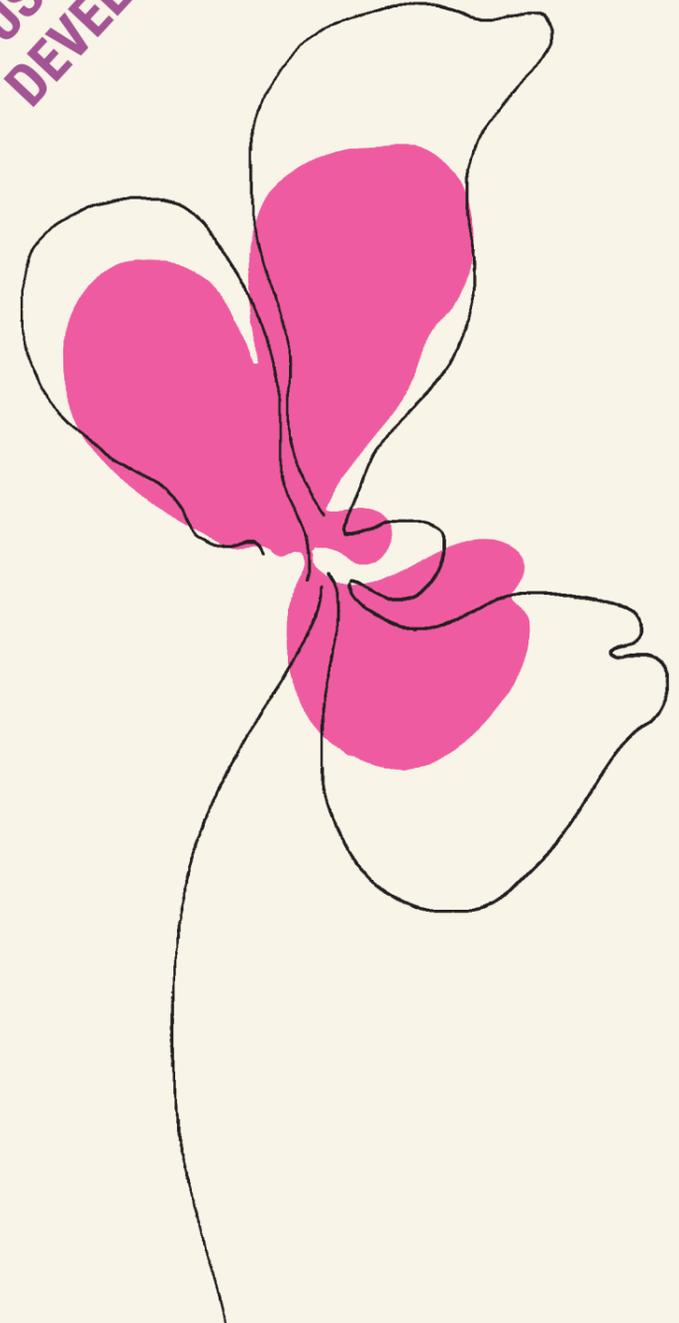
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Produced by the Casino Group. Portraits by Pierre Laurent-Hahn. Photographs by Denis Chapoullé/Editing: Jean-Marie Huron/Editing: Casino photo library DR.  
Design and production: Euro rscg C&O. Layout/photoengraving: Compiram - 10-14, rue de la Richelandière - 42100 Saint-Étienne. Printing: Graphite Développement - ZI des Loges - 42340 Veauche.  
This document is printed on Tecnosatin, a wood-free, semi-gloss coated paper made from ECF pulp. The production process complies with the environmental regulations and guidelines in the Environment/Quality Management System defined by the ISO 9001 and 14001 standards.

2004

**SUSTAINABLE  
DEVELOPMENT  
REPORT**



As retail merchants, we play a central role in the day-to-day lives and concerns of millions of customers. Every day we work with thousands of suppliers, each anxious to ensure the long-term success of their business. Our growth as a company is based on our wide range of shopping formats and our strong international presence, but also on the values to which we adhere: quality, local service, social responsibility and respect. Despite the difficult economic times that prevailed in 2004, we were able, with the support of our partners, to improve our performance as a responsible, community-minded company that respects the environment.

#### **A responsible group**

This year we focused our efforts in particular on improving the quality of our relationships with suppliers and on providing support to Small and Medium-Size Enterprises facing difficult economic conditions.

#### **A community-minded group**

We also continued our activities in support of communities around the world, providing help to those who are most disadvantaged and to children with special needs, while combating all forms of discrimination.

#### **A group that respects the environment**

Conscious of the challenges posed by global warming, we have begun work on an emissions assessment called the *Bilan Carbone*<sup>®</sup>, to gain a better understanding of our contribution to greenhouse gas emissions. This undertaking, initially limited to France, will help us assume an active role in the global fight against climate change.



This third Sustainable Development Report presents an unvarnished look at both the progress we made during 2004 and the difficulties we have encountered in meeting our fixed objectives. During the years 2002 and 2003, we formally defined the policy we would follow and prepared plans of action; in 2004, the Group's various units adapted our sustainable development goals to their specific operations. Their initiatives and accomplishments are indicated in the final section of the report.

Thanks to the activities described in this report, underpinned by the efforts of each of our 213,000 associates in 15 countries around the world, the Casino Group is winning ever greater recognition for both the quality and the success of its environmental and social policies.

Once again, I hope that this Sustainable Development Report will offer a medium for constructive dialogue and discussion with our stakeholders in order to help us improve our performance in every aspect of our business.

**JEAN-CHARLES NADURI**  
Chairman and Chief Executive Officer

## A GLOBAL PRESENCE

Since its founding in 1898, Casino has ranked among France's leading food retailers. In 2004, Casino operated a total of 9,023 outlets in 15 countries, including 320 hypermarkets, 2,367 supermarkets, 1,042 discount stores, 4,931 convenience stores and 242 restaurants.

The Group continued its international expansion in 2004 with the opening of 102 new stores.

As of December 31, 2004, the Group employed nearly **213,000 people<sup>(1)</sup>** worldwide.

In 2004, total Casino banner sales<sup>(2)</sup> excluding tax amounted to **€36.3 billion**; of this, 61% was generated in France and 39% in international markets. Consolidated net sales came to €23.2 billion, with France accounting for 80% and international operations for 20%. Net income in 2004 stood at €488.1 million.

	2002	2003	2004
Average number of employees	116,711	117,742	118,479
Sales (€ millions), excluding tax	22,857.4	22,982.9	23,169.5
Net income (€ millions)	445.2	492.3	488.1
Group investments (€ millions)	1,414.3	986.4	1,209.9
Cash flow (€ millions)	1,074.9	1,080.1	1,242.2

(1) Including 100% of companies proportionally consolidated or accounted for by the equity method, notably CBD in Brazil, Exito in Colombia and Laurus in the Netherlands.

(2) Casino banner sales include 100% of the sales by companies included in the scope of consolidation, and notably companies accounted for by the equity method, such as CBD in Brazil, Exito in Colombia and Laurus in the Netherlands, together with all banner sales generated under franchise.

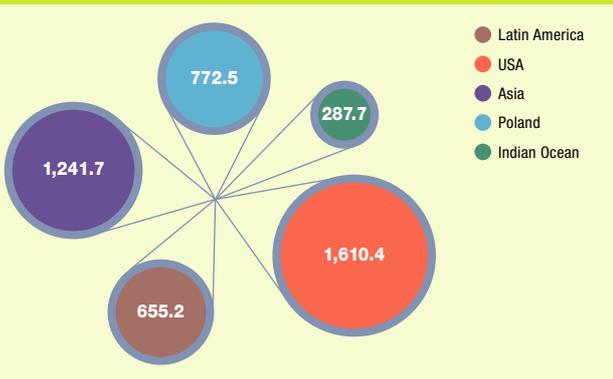
\* FTE Full time equivalent, including companies accounted for by the equity method.

\*\* Net sales on a 100% basis.

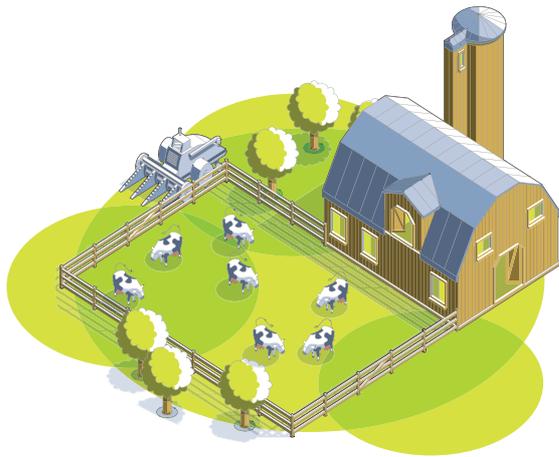




**Breakdown of 2004 consolidated net sales by region (excluding Europe), in millions of €**



OUR MAIN SUSTAINABLE DEVELOPMENT CHALLENGES



PRODUCTION

Principal stakeholders

- Suppliers (SMEs, agriculture industry, manufacturers)
- NGO partners (EcoWood, Amnesty International)

Environmental challenges

Monitor manufacturing conditions for Casino products, including compliance with regulations and best practices. Promote environmentally-friendlier products and packaging.

Social challenges

Ensure that farm producers comply with workplace health and safety standards. Ensure that suppliers comply with international agreements regarding labour conditions and human rights principles.

Economic challenges

Ensure fair compensation and support suppliers' economic development. Guarantee product quality.

52 social audits of Casino product suppliers

25 buyers taking part in immersion sessions in small and medium-size enterprises (SMEs)

LOGISTICS AND TRANSPORT

Principal stakeholders

- Carriers
- Nearby residents
- Local elected officials

Environmental challenges

Reduce the environmental impact of deliveries (emissions, noise, urban congestion).

Social challenges

Monitor working conditions among carriers. Provide training to drivers in cooperation with partner carriers.

Economic challenges

Reduce delivery times. Optimise transportation costs. Ensure compliance with cold-chain standards.

819 drivers trained in good quality and safety practices applicable to transport services

3,800 metric tons of CO<sub>2</sub> avoided through optimised logistics

540 vehicles in France equipped with tracking systems



## CONSUMPTION

### Principal stakeholders

- Customers
- Consumer groups
- Government authorities

### Environmental challenges

Help customers manage waste through the recovery of batteries and end-of-life electrical and electronic equipment.

Promote “eco-responsibility” among customers and consumers using labelling, awareness programmes, suggestions for use and initiatives such as the elimination of shopping bags.

### Social challenges

Encourage customers and consumers to become more socially responsible, by providing information about how merchandise was manufactured.

### Economic challenges

Focus on listening more closely to customer needs and improving their satisfaction.

Provide recommendations for the safe use of products sold.

Anticipate future consumer trends.

Assess satisfaction and expectations, with the goal of constantly enhancing the product offering and retail network or restaurant service.



## RETAILING AND RESTAURANTS

### Principal stakeholders

- Employees
- Customers
- Local communities

### Environmental challenges

Reduce the environmental impact of stores and restaurants by integrating them into their surroundings, controlling energy and water consumption, and managing waste from operations.

Raise employee awareness of the need to respect the environment.

### Social challenges

Motivate employees through working conditions and career advancement opportunities.

Ensure the safety and security of customers and employees in stores and restaurants.

Help stores integrate into the local urban community through initiatives such as local hiring and support for centre-city revitalisation programmes.

Support sponsorship and philanthropic projects.

### Economic challenges

Monitor product quality in stores and restaurants.

Help develop the local economy by giving priority to local job seekers and suppliers.

Reduce product losses in stores and cafeterias.

**148** metric tons of batteries collected in Casino France stores  
**59,545** calls received from consumers



**1,130** GWh of electricity used by Casino France

**2,070** quality audits in Casino France stores

WHILE REDUCING THEIR ENVIRONMENTAL IMPACT THROUGHOUT THE PRODUCT LIFE CYCLE



## A LONG-TERM UNDERTAKING

### Our organisation

The Group's sustainable development policy, formally adopted in 2002, has provided a unifying framework for aligning Casino's existing activities and projects in the social and environmental realms and expanding their scale, notably through the creation of a Sustainable Development Committee (SDC) specifically devoted to these activities. In 2004 six new members were added to the Committee, which now consists of 40 experts in France and nine international correspondents, drawn from a wide array of disciplines and representing the various functional departments, including quality, human resources, purchasing, marketing, communication, urban policy, training, legal affairs, internal audit and development, as well as each operating division: Convenience Stores, Supermarkets, Hypermarkets, Restaurants, Central Purchasing Agency, Logistics, Property Assets and Shopping Centres. The committee's composition evolves in tandem with the Group's general organisation to reflect its actual operations, including its needs and constraints, more closely. As part of the Group's commitment to continuous improvement, the SDC has established a Sustainable Development Action Plan (SDAP). This plan identifies concrete steps taken to fulfil the commitments contained in the Sustainable Development Charter and is used to monitor the status of each project. The investment entailed by the SDAP is incorporated into the Group Plan, which is approved each year by senior management. Several projects undertaken in 2004 testify to the Group's desire to move forward in its commitment to sustainable development:

- The scope of reporting has been expanded to include the United States.

- The reliability of the Group's sustainable development indicators was assessed and its sustainable development policies analysed as part of an internal audit.
  - An external auditor was invited to verify the current status of the SDAP.
- For technical reasons, the information technology resources for collecting data on sustainable development were not implemented in 2004; this objective has been deferred to 2005.

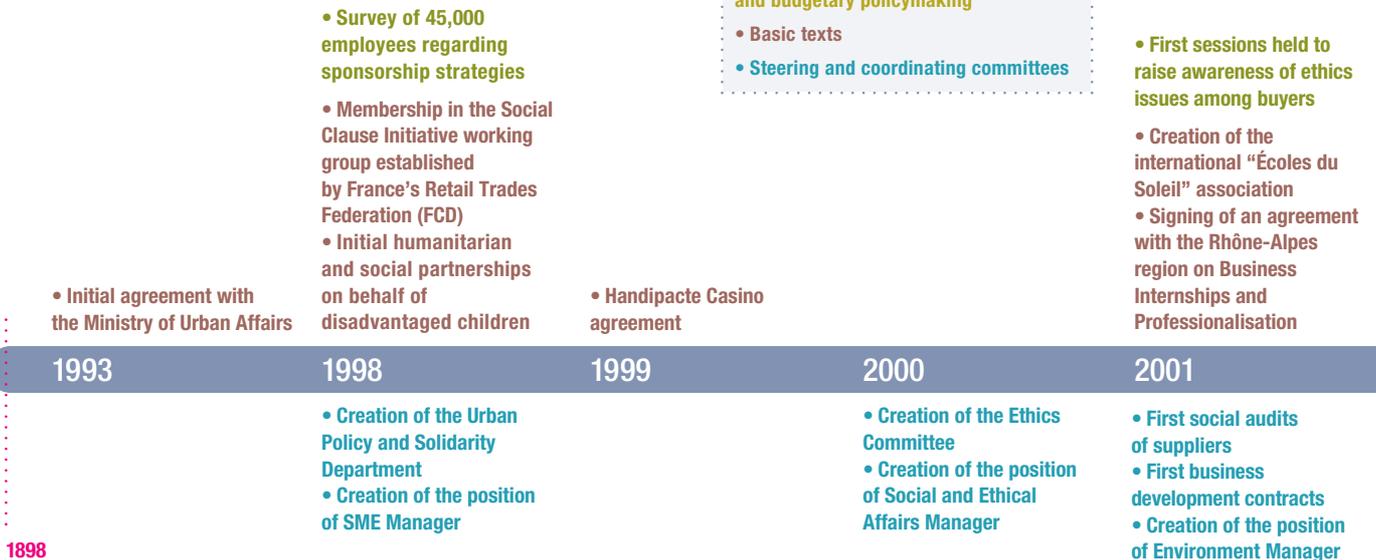
### Obtaining the support of our employees

Various consciousness-raising tools have been mobilised to ensure that our employees continue to play an active and vigilant role.

- Our quarterly internal magazine, "Regard", delivered to all French employees, has been publishing at least two or three articles devoted to sustainable development since 2004.
- Specific information regarding the sustainable development policy has been added to the Group's intranet site.
- The Sustainable Development Report has been distributed to the Group's entire workforce since its first edition. For the 2004 report, employees will receive customised versions emphasising the accomplishments of each division.
- Employees have taken part in seminars to learn about topics that relate to sustainable development, such as the environment, human rights and ethics.

#### LEGEND

- Reporting
- Internal and external awareness-raising
- Planning and integration into strategic and budgetary policymaking
- Basic texts
- Steering and coordinating committees



THE TEN COMMITMENTS IN CASINO'S SUSTAINABLE DEVELOPMENT CHARTER REFLECT THE VALUES THAT HAVE GUIDED THE GROUP SINCE ITS FOUNDING: QUALITY, LOCAL SERVICE, SOCIAL RESPONSIBILITY AND RESPECT.

**GUARANTEE**  
customers safe,  
high-quality products

**OFFER**  
our employees working  
conditions based  
on social dialogue,  
fairness and recognition  
of achievements

**PROMOTE**  
equal opportunity by  
eliminating discrimination  
and providing job  
opportunities for the  
disadvantaged

**DEVELOP**  
equitable relations  
with suppliers, based on  
the principle of shared  
growth, partnering with  
SMEs to improve their  
products and services

**PROMOTE**  
production channels  
that are safer for people  
and the environment by  
ensuring that our  
suppliers comply with  
international agreements  
on working conditions  
and human rights

**SUPPORT**  
the development of  
the local economy by  
ensuring that our  
businesses are integrated  
into the local community

**INTEGRATE**  
respect for the  
environment into all  
our activities, from goods  
purchasing and transport  
to store design  
and management

**ENCOURAGE**  
employee involvement  
in local partnerships  
that support  
humanitarian aid,  
employment opportunities  
and environmental  
protection

**RAISE AWARENESS**  
among customers of  
responsible consumer  
attitudes and behaviour

**INTERACT**  
openly and  
transparently with  
all stakeholders

- Publication of the first Sustainable Development Report
- Response to rating agencies
- Development of the measurement and reporting protocol for sustainable development data
- Internal publication of the Behaviour Charter
- Internal campaigns to raise awareness about reducing energy consumption
- First Sustainable Development Action Plan (SDAP)
- Renewal of the agreement with the Ministry of Urban Affairs
- Casino Sustainable Development Charter
- Ethics charter for EMC Distribution

- Publication of the Second Sustainable Development Report
- Consolidation of data protocol and of measures for ensuring data reliability
- Verification of sustainable development data via an internal audit
- Distribution of the Sustainable Development Report to all employees
- Internal campaigns to raise awareness about reducing energy and water consumption
- Update of the Sustainable Development Action Plan
- Integration of the SDAP into the Group's Three-Year Plan
- Environment policy
- New three-year Handipacte Casino agreement with expanded scope of application
- Membership in the EQUAL programme

- Expansion of the scope of reporting
- Review of the data protocol and of measures for ensuring data reliability
- Verification of sustainable development data via an internal audit
- Verification of the status of the SDAP by an external auditing firm
- Brochure on sustainable development developed specifically for employees
- Enhancement of the intranet and extranet site
- Participation in seminars and masters programmes
- Update of the Group Plan to reflect the objectives contained in the SDAP
- Review of the EMC Distribution Ethics Charter with the help of Amnesty
- Signing of the Diversity Charter and of an employment agreement with the Local Employment Opportunity Plan (PLIE), France's National Employment Agency and the city of Marseille

- Continuation of efforts to ensure reporting reliability, including the adoption of a reporting tool and verification by outside firms
- Third-party verification of the main indicators for France's Corporate Governance and Sustainable Development Act
- Publication of the Third Sustainable Development Report and of a brochure targeted to Group employees
- Enhancement of the intranet and extranet site
- Participation in seminars and masters programmes
- Update of the Sustainable Development Action Plan and presentation to the Group's Management Committee

## 2002

- Creation of the 20-member Sustainable Development Committee
- First environmental seminar held in December 2002

## 2003

- Second environmental seminar held in December 2003

## 2004

- Expansion of the Sustainable Development Committee to include six new members and nine international members
- Third environmental seminar held in December 2004
- Working groups on waste management

## Primary activities for 2005

Over the years, Casino has developed relationships and partnerships with various members of the wider community that have a stake in its activities. In order to learn about and understand their expectations, we have established a number of forums for listening to their concerns and engaging in dialogue. The steps we have taken and the resources we have mobilised as part of our Sustainable Development Policy are designed to meet these expectations as appropriately and satisfactorily as possible.

## MAINTAINING OUR RELATIONSHIP WITH CIVIL SOCIETY

Casino is a member of several years' standing in numerous groups that reflect on the challenges posed by sustainable development. In 2004 the Group reaffirmed its commitment to the WBCSD<sup>3</sup>, CSR Europe<sup>4</sup>, IMS<sup>5</sup>, Admical<sup>6</sup>, Amnesty International's Business Club and the ORSE<sup>7</sup>. We have participated in the Social Clause Initiative working group, which brings together 14 French retailers, since its founding; we are also members of the environmental working group established by France's Retail Trades Federation (FCD)<sup>8</sup> and the ethics group at the French Association for Standardisation (AFNOR). The Group's central purchasing agency, EMC Distribution, has continued its participation in AFOIT<sup>9</sup>. In addition, the Group has held informational meetings to address questions submitted by non-profit organisations, such as the family advocacy group Familles de France, regarding Casino's protocol for evaluating labour conditions in production facilities located in the developing world.

In 2004 Casino became the first private company to serve as a member of France's National Towns Council, where it is represented by the Group's Director of Urban Policy.

In 2003 we signed a protocol agreement with the French Section of Amnesty International in order to form a working partnership in which Amnesty provides its expertise and recommendations with regard to human rights and ethical issues.

(3) World Business Council on Sustainable Development: [www.wbcsd.com](http://www.wbcsd.com)  
 (4) Corporate Social Responsibility Europe: [www.csreurope.org](http://www.csreurope.org)  
 (5) Institut du Mécénat et de la Solidarité – Entreprendre pour la Cité: [www.social.gouv.fr/html/pointsur/discrimination/accords/ims](http://www.social.gouv.fr/html/pointsur/discrimination/accords/ims)  
 (6) Association pour le Développement du Mécénat Industriel et Commercial: [www.admical.org](http://www.admical.org)  
 (7) Observatoire sur la Responsabilité Sociétale de l'Entreprise: [www.orse.org](http://www.orse.org)  
 (8) Fédération du Commerce et de la Distribution: [www.fcd.asso.fr](http://www.fcd.asso.fr)  
 (9) Association Française pour l'Organisation Internationale du Travail: [www.afoit.org](http://www.afoit.org)

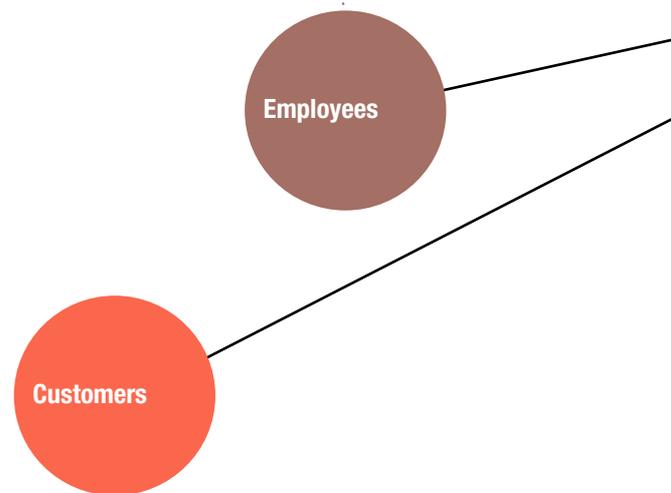
## A COMMITMENT TO DIALOGUE

### ACTION PRINCIPLES

- Promote high-quality employee relations
- Monitor employee health and safety
- Raise employee awareness of ethical and sustainable development challenges

### STEPS TAKEN

- Workforce representatives are provided with specific resources, including 1,400 hours each year in order to carry out union responsibilities; a Social Committee has been established in each facility
- Unions receive financing through an operating allocation
- Psychological support services are provided to Group personnel who experience acts of violence in our stores
- Consciousness-raising sessions and information via the intranet are provided on ethical issues and sustainable development



### ACTION PRINCIPLES

- Guarantee safe, high-quality products and assess customer satisfaction
- Offer products that are suited to demand and promote responsible consumption
- Raise awareness of sustainable development issues among customers and help to disseminate civic-minded behaviour

### STEPS TAKEN

- Quality policy, "Trace One" traceability system
- Consumer information centre and Internet site for Casino products
- Store audits
- Dedicated product lines such as Casino Bio and Terre et Saveur; sales campaigns designed to promote fair-trade products
- Introduction of reusable shopping bags and collection of used batteries

### DISTRIBUTION OF REVENUE AMONG STAKEHOLDERS

Customers  
 €23,169.5 million  
 in sales

**ACTION PRINCIPLES**

- Support the economic development of our host regions
- Integrate stores more fully into the local community and landscape
- Promote local hiring and social responsibility initiatives

**STEPS TAKEN**

- Integration of eco-building and eco-management criteria into each store's design
- The Urban Policy and Solidarity Department; membership in EQUAL and other equal-opportunity programmes
- Urban policies; Handipacte Casino

**ACTION PRINCIPLES**

- Ensure the creation of long-term value and effectively manage financial, environmental, social and image-related risks
- Regularly provide reliable, accurate information about the Group's performance and changes in its businesses

**STEPS TAKEN**

- Integration of the Sustainable Development Action Plan into the Group's strategic planning process; ongoing monitoring of facilities by dedicated technical teams
- Annual publication of management and Sustainable Development reports; an Internet site
- Internal verification of sustainable development data and policies; external audit of the SDAP



**ACTION PRINCIPLES**

- Pursue and develop partnerships and humanitarian actions to support child protection and jobs for the disadvantaged

**STEPS TAKEN**

- Partnerships with SOS Children's Villages, Les Écoles du Soleil, the Exito Foundation in Colombia, Thailand's Big C Foundation, the Cativen Foundation in Venezuela; support for numerous humanitarian organisations

**ACTION PRINCIPLES**

- Comply with prevailing regulations and standards
- Work alongside government authorities to promote proper environmental and social practices

**STEPS TAKEN**

- Regulatory watch, regulatory guide to waste disposal
- Participation in the Social Clause Initiative and environmental working groups set up by France's Retail Trades Federation; agreement with the Ministry of Urban Affairs; partnership with France's Agency for Environment and Energy Management (ADEME).

**ACTION PRINCIPLES**

- Establish long-term partnering relationships with suppliers
- Ensure compliance with working conditions and production standards
- Support suppliers' improvement programmes

**STEPS TAKEN**

- The inclusion of environmental and safety provisions in contracts
- A programme of social audits among suppliers located in developing countries

<p>Casino Group Total amounts redistributed to stakeholders</p>	Group employees	€2,256.7 million in personnel charges
	Suppliers	€18,950.7 million in purchases
	Stockholders	€279.7 million in dividends
	Banks and bondholders	€206.9 million in financial charges
	Local communities, NGOs and non-profit organisations	€5.2 million in gifts and financial contributions
	Government authorities	€544.1 million in taxes

Total amount invested in **Casino Group to ensure its long-term success** €896.5 million in amortisation, provisions and undistributed income

Information taken from the Casino Group's consolidated accounts prepared according to French accounting standards

**Integrate** respect for the environment  
into all our activities, from goods  
purchasing and transport to store design  
and management



# MOBILISING TO PROTECT THE ENVIRONMENT



- Objective achieved
- ◐ Objective pending
- Objective not yet achieved

## OUR ENVIRONMENTAL ACTION PLAN

OBJECTIVES	STATUT	PRIMARY ACCOMPLISHMENTS IN 2004
Renovate lighting systems covering 70,000 square metres of sales area in line with the guidelines of the Green Light programme	●	New lighting systems added in 84,000 sq.m of hypermarket space, representing 11 stores, in 2004, and in 30,000 sq.m of supermarket space, representing 15 stores, since 2002.)
Measure the impact of the sorting of fermentable waste on overall production of mixed non-hazardous industrial waste	◐	Test conducted in one hypermarket
Establish framework agreements for management of mixed non-hazardous industrial waste	●	Finalisation of framework agreements covering all of France to be signed in 2005
Deploy framework agreements for cardboard sorting and recovery at 60% of stores, excluding convenience stores	●	Agreements have been signed at 48% of hypermarkets and 27% of supermarkets. In Corsica, common industrial waste is being sorted and recycled
Extend framework agreements for the collection and recycling of lighting consumables to 40% of all stores (excluding convenience stores)	●	79% of hypermarkets and 19% of supermarkets now included
Adapt framework agreements for the collection and recycling of lighting consumables to neighbourhood stores, cafeterias, headquarters and warehouses in France	○	Deferred as a result of logistical difficulties encountered
Deploy framework agreements for the collection and recycling of printing consumables at 30% of all stores (excluding convenience stores)	●	89% of all stores are now subject to agreements regarding printing consumables
Extend the use of reusable bags at check-out counters and train staff in distributing them	●	Reusable bags are being distributed at 100% of hypermarkets, 100% of supermarkets and 40% of convenience stores
Focus on conditions for implementing electrical and electronic waste channels.	●	Participation by relevant teams in the preliminary steps of establishing an approved body with manufacturers and distributors
Join the Corepile organisation to ensure financing for the collection and processing of used batteries in environmentally-friendly conditions	●	Member as of October 13, 2004
Equip 90% of vehicles used for store deliveries with tracking systems	●	540 vehicles equipped as of December 31, 2004, including 398 that represent 95% of the dedicated fleet
Continue to monitor technological developments regarding vehicles that run on biodiesel fuels	●	Monitoring of technological developments in optimised engine torque and vehicles powered by natural gas
Provide 1,500 drivers with training in good transportation safety and service quality practices by 2005	●	819 drivers from partner carriers had received training as of December 31, 2004
Replace all PCB-insulated transformers by 2010	●	Fifteen transformers replaced (ahead of the fixed timetable)
Re-test six single-walled petrol tanks in 2004	●	Seven single-walled petrol tanks re-tested
Outfit the last three stations that sell more than 3,000 cubic metres of petrol a year and two stations that sell less than 3,000 cubic metres with vapour recovery nozzles	●	Five stations equipped with vapour recovery nozzles
Evaluate greenhouse gas emissions within the Group's various businesses*	●	Performance of the Group's first <i>Bilan Carbone</i> <sup>®</sup> greenhouse gas assessment

\*Objective defined during the 2004 fiscal year

## IMPLEMENTING OUR ENVIRONMENTAL POLICY

Developed in 2003 and distributed to all Group employees, the Casino Environmental Policy identifies general guidelines applicable to all Group disciplines at each stage of operations. These guidelines relate to issues such as the choice of suppliers, the product design process, the elimination of unnecessary packaging, waste management, more efficient transport and logistics, internal practices and proper use of buildings. Compliance with these guidelines in the field is assessed each year as part of a review of the environmental action plan. Employees responsible for administering the action plan in each division have been attending specialised seminars in each of the past three years to take stock of their progress, share good practices and analyse the latest regulatory or industry developments.

On December 9, 2004, the 27 participants in this Environment Seminar presented their results and received training in the issues raised by the fight against climate change.

The Group's Environmental Policy is available at our website: [www.groupe-casino.fr](http://www.groupe-casino.fr)

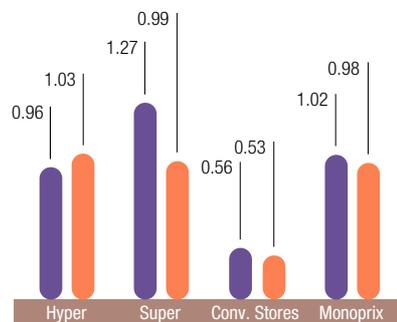
### IMPROVEMENT OBJECTIVES

- Disseminate the Environmental Policy and each division's objectives to all Group employees in France

### MANAGING OUR WATER CONSUMPTION

Although the retail industry is not a heavy water consumer, we make every effort to manage our water consumption through an analysis of our primary applications as well as through ongoing monitoring to reduce waste. For example, in France water meter statements are collected on a bimonthly basis from each store in the Hypermarkets and Supermarkets division. This information is consolidated, compared and

monitored so as to detect possible leakages and make the necessary improvements. Moreover, internal informational campaigns have been undertaken to raise employee awareness of water conservation and the importance of water management for future generations. The Group's total water consumption in 2004 stood at 2.3 million cubic meters. Consumption levels are stable in constant terms in most divisions.



Change in average water consumption per square metre of store sales area, in France

cu.m/sq.m

- 2003
- 2004

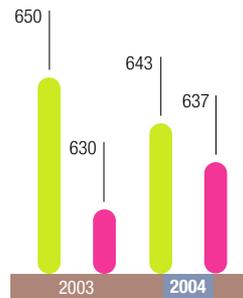


## REDUCING OUR POWER CONSUMPTION

The Casino Group's 6,976 establishments in France and 2,047 units in the rest of the world consume a significant amount of energy—primarily electricity, which is used mainly for store lighting and food refrigeration. Total power consumption in 2004 for French establishments excluding Franprix/Leader Price—i.e., warehouses, stores, restaurants, shopping centres and offices—amounted to 1,405,737 MWh. We will continue our efforts to reduce energy consumption in order to uphold our commitment to environment-friendly business operations as well as to reduce our costs. In 2004 our efforts focused primarily on the following:

### Continuation of the Green Light programme to upgrade and enhance store lighting.

At year's end, 26 hypermarkets, representing 211,000 sq.m of sales area, had received Green Light certification. Meanwhile, the same recommendations for lighting upgrade procedures have been adopted at 15 supermarkets, representing 30,000 sq.m of sales space, since 2002. Efforts are currently underway to adapt this policy to neighbourhood stores: in 2004 the Convenience Stores division began using several stores to test new, low-consumption lighting equipment that meets the Green Light programme's specifications, with the goal of deploying this equipment on a broader scale in 2005.



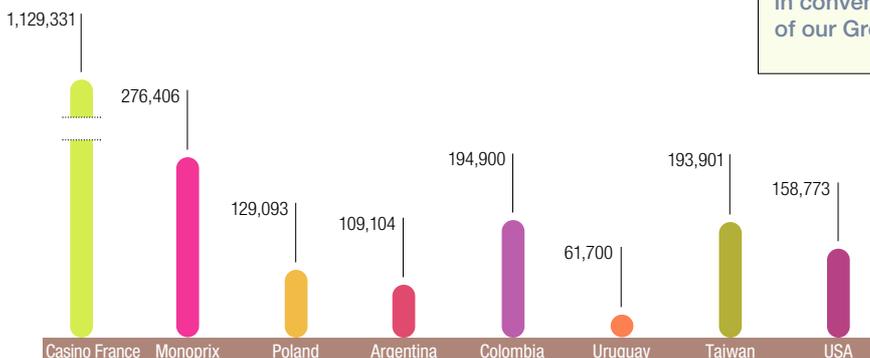
Store consumption of electricity per square metre of sales area, in France  
kWh/sq.m

● Casino France  
● Monoprix

### Monitoring store consumption of electricity.

Cafeterias, supermarkets and hypermarkets in France regularly generate electricity meter statements. These statements are gradually being consolidated so that changes in consumption per store can be monitored and analysed more effectively. Employees responsible for site maintenance are constantly on the lookout for new technology that will reduce energy consumption and thereby improve the environmental and economic performance of existing facilities.

Since energy issues are closely correlated with efforts to combat climate change, the Group is using the *Bilan Carbone*<sup>®</sup> method of assessing greenhouse gas emissions, developed by France's Agency for Environment and Energy Management (ADEME), to evaluate its success in this area (see page 19).



Electricity consumption per country in MWh

#### IMPROVEMENT OBJECTIVES

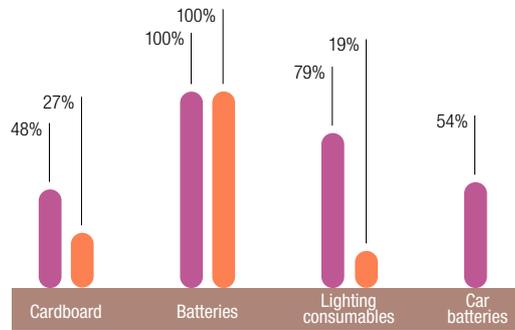
- Adapt low-power lighting technology for use in convenience stores and test its effectiveness as part of our Green Light programme

## MANAGING WASTE MORE EFFECTIVELY

Casino is developing waste management contracts with service providers that can assume responsibility for waste collection and guarantee appropriate waste treatment. Casino stores are gradually incorporating these agreements into their operations as current contracts expire and are renewed, to ensure that their waste management procedures are friendly to the environment and comply with current legislation. Casino's goal is to expand the scope of these contracts to include all Casino stores by the year 2010. Beginning in late 2004, sales directors in the Convenience Stores division have been provided with framework agreements to help them define collection and recycling services for waste generated at their stores, if local municipal authorities do not provide these services.

In addition, these contracts define each service provider's reporting requirements, to help us gain a better understanding of the contracts' economic impact and to encourage employees to sort their waste and manage waste flows more effectively. As a matter of priority, our contracts focus on hazardous waste, including the necessary traceability and reporting requirements. An agreement that specifically targets mixed industrial wastes is currently being tested. The objective is to monitor such waste in a way that will help us improve the sorting process and the frequency of waste removal according to each facility's requirements.

Casino is taking part in experiments in which fermentable waste is collected separately for composting purposes in order to reduce the total volume of mixed waste. Since 2004, the Hypermarkets and Supermarkets divisions have been sorting fermentable waste at various pilot sites to test the feasibility of this approach (see pages 41 and 43).



Percentage of consolidated French stores governed by an agreement

● Hypermarkets  
● Supermarkets

### IMPROVEMENT OBJECTIVES

- Extend the scope of waste collection contracts to include 100% of stores by 2010
- Adapt waste collection contracts to reflect the needs of convenience stores
- Continue experiments in the sorting of fermentable waste during periods of heavy activity

### EXPAND SORTING PRACTICES AND WASTE RECOVERY AT STORES

According to ADEME, France's retail sector is responsible for about 12% of the common industrial waste generated by French businesses. As options for subsurface containment become exhausted and waste processing facilities are filled virtually to capacity, waste management is becoming a major environmental and economic challenge for businesses and local authorities. Pre-separation of waste products at the source offers one way to reduce the volume of mixed waste, which is becoming increasingly costly to remove. Common waste products that consist primarily of cardboard, plastic, wood and fermentable waste can be recovered by traditional means such as recycling or elimination at the source. Special forms of refuse such as fluorescent tubes, printing consumables and oils require specific collection and processing procedures to ensure that these products are recycled in accordance with good environmental practices.

### Quantity of waste products collected under a waste management contract by sites that conduct selective sorting

in metric tons	Hypermarkets	Supermarkets	Convenience stores	Cafeterias	Monoprix
Cardboard	17,336	4,541	0	6,400	19,048
Batteries (Monoprix + Casino France)	50	46	4	0	84
Lighting consumables	14	3	0	0	37,171*
Printing consumables	4	-	-	-	-
Cooking oils	-	-	-	427.7	-

\* Number of tubes collected

# Waste sorting in Corsica



## PROVIDING THE RIGHT FACILITIES

The facilities at each store vary depending on local constraints. An awareness-raising campaign was conducted among employees and managers in the form of meetings and posters. Store employees were trained in waste sorting methods to improve the quality and speed of the sorting process. Today, every Group store on the island boasts the necessary facilities to collect and separate cardboard, plastic, fermentable waste and hazardous waste such as batteries and computer consumables.

## IDENTIFYING TREATMENT OPTIONS

Since there are no waste treatment and recovery options on the island of Corsica itself, waste products are transported to the mainland for recycling. This includes cardboard and plastic, which account for approximately half the total volume in weight, as well as hazardous waste. Fermentable waste, however, can be handled directly on Corsica at composting sites. In this way, an additional 20% of waste can be recovered over the long term.

Codim2, the Casino Group's Corsica subsidiary, is showing the way when it comes to sorting store waste. Despite the logistical problems raised by Corsica's island status, all local hypermarkets and supermarkets have adopted a systematic policy of waste sorting. Within the next two years, they hope to meet their goal of sorting 70% of the 8,000 metric tons of waste generated by the stores annually. There were two major hurdles to address: providing each store with the proper treatment facilities, and coordinating plans for transporting to the mainland any waste that could not be handled on the island itself. Corsica has just one waste discharge facility, with only limited capacity.

## Guaranteed traceability and improved transport methods

To ensure waste traceability, Codim2 has required service providers at every stage of the process, from the stores themselves to the treatment centre, to complete an industrial waste tracking form, which is typically used for hazardous wastes. Each bale of waste is identified by an X in the colour assigned to its store of origin. To streamline the logistics process, the waste is removed by the same lorries used to deliver goods to the stores. On the mainland, the Easydis warehouse in Vitrolles has been specially designed to receive and store these waste products as well as channel them to the appropriate recycling facilities.



**Helping customers manage waste more efficiently**

**Taking part in nationwide initiatives to collect used batteries**

In accordance with current European regulations, France must meet collection and recycling targets that are based on quantities marketed nationwide. As a retailer, Casino has provided collection points for used batteries at each of its consolidated stores since 2002. In 2004 the Group became a member of Corepile as a way of offering financial support for initiatives to collect and recycle used batteries in numerous local communities. Thanks to the joint efforts of the organisation's members, Corepile's national network now extends to nearly 16,000 collection points.

**Helping to create a body charged with collecting and recycling scrap electronics**

In anticipation of the requirements contained in the European directive on managing scrap electrical and electronic equipment, Casino, along with other retailers and manufacturers, has participated in preliminary steps towards the 2005 creation of a new body that will be responsible for financing and implementation of this new recycling channel.

**IMPROVEMENT OBJECTIVES**

- Promote our procedures for returning used batteries among our franchised partners
- Continue efforts to replace free shopping bags with a single model that complies with France's NF-Environnement standard
- Complete preliminary cross-industry efforts to create an organisation responsible for handling recyclable scrap electrical and electronic equipment on behalf of manufacturers and retailers

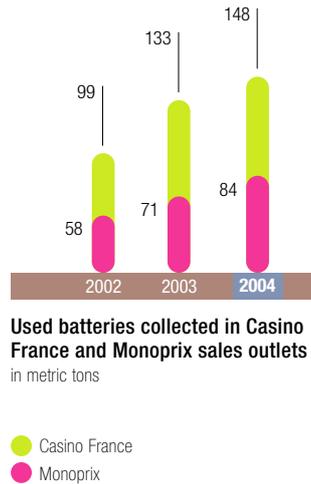


**OLIVIER SUSS**  
GEANT MARKETING MANAGER, HYPERMARKETS DIVISION, FRANCE

'The reusable bags that will gradually be replacing our current shopping bags convey a message that promotes respect for the environment. We have launched an informational campaign designed to encourage our customers to adopt these new bags and to help them choose a model that is best suited to their needs from among the five options available. Thanks to the active participation of the stores, sales of these bags have increased from about 10,000 to 15,000 per week when we launched the campaign to 125,000 bags a week just eight months later. Meanwhile, Géant has introduced a free bag that meets France's NF-Environnement standard and can be used at every chain in the Group. This will yield savings of some 400 metric tons of plastic annually—a good example of how we can reduce our costs and protect the environment at the same time.'



**REDUCING THE USE OF PLASTIC SHOPPING BAGS**



In the wake of tests conducted in Corsica in 2003, when the island's retailers eliminated the use of free shopping bags and replaced them with paid, reusable bags, the programme has been expanded to include stores on the French mainland. The 900 million bags distributed in our stores each year represent some 6,000 metric tons of plastic destined for landfills. In 2004, hypermarkets, supermarkets and convenience stores joined forces with customers to replace these single-use bags with alternate solutions (see respectively pages 41, 43 and 45 for more information). Although the free bags have not been eliminated, the stores have conducted campaigns among customers and cashiers alike about these alternatives upon their introduction. The distribution of free bags can be discontinued, however, whenever local stakeholders in a community unanimously make such a request. Together, these initiatives have led to an average 15% reduction per year in the number of bags distributed at each store.



## FACILITIES THAT RESPECT THE LOCAL ENVIRONMENT

### Ensuring safety at our installations

In order to provide the safest possible shopping conditions for customers who enter our stores and to limit our impact on the environment, the Group has undertaken a range of projects to maintain and upgrade its facilities.

All service-station petrol tanks at Group hypermarkets are gradually being retested and, if necessary, reinforced with a double wall, or bedding, to limit the risk of pollution to soil and water tables. Six tanks were retested in 2004. The target for 2005 is to retest five tanks, reinforce another six and replace 12 single-wall tanks with double-wall tanks when stations change location.

By the close of 2004, all service stations that sell more than 3,000 cubic metres of petrol a year had been equipped with nozzles that capture Volatile Organic Compounds (VOCs), which are found in petrol fumes. These VOCs, which are released into the air when customers refuel their cars, are hazardous to health and the environment. The one remaining station will be brought into compliance as necessary during 2005.

The Casino Group has begun work on a project to replace all of its transformers that use pyralene, in light of the risks associated with the presence of PCBs. Polychlorobiphenyls are electrical insulators that are largely non-biodegradable and accumulate in the food chain, where they pose a heightened risk of cancer. Fifteen transformers were replaced in 2004, and another 18 will be replaced in 2005; the remaining 50 transformers are scheduled for replacement by 2009.

#### IMPROVEMENT OBJECTIVES

- Retest five tanks, reinforce six tanks and replace 12 single-walled tanks with double-walled tanks
- Replace 18 PCB-insulated transformers
- Outfit the last station with a vapour recovery nozzle



**GUY JULIEN-LAFERRIÈRE**  
ENVIRONMENT MANAGER,  
IMMOBILIÈRE GROUPE CASINO

'As a result of recent technological and regulatory developments, coupled with the range and diversity of the property assets that we manage, Immobilière Groupe Casino was prompted to create an Environment office, where I've recently come onboard with responsibility for environmental management at Group properties, including:

- Rainwater management in parking lots and other impermeable surfaces.
- Identification of risks posed by air-cooling towers and other sources with regard to Legionnaires' Disease.
- Asbestos detection.
- Audits of sanitary conditions at Group sites.

My department and I work in close cooperation with the various divisions to – among others – provide technical support, train operations supervisors, conduct asbestos audits, perform soil evaluations, monitor environmental developments, establish work procedures and define budgets. This wide range of preventive and corrective tasks—even extending to research—is consistent with our strong commitment to establish a genuine environmental strategy.'

### DESIGNING AND MANAGING OUR PROPERTIES WITH THE ENVIRONMENT IN MIND

With responsibility for managing and maintaining property assets of more than 3,500,000 square metres, the Casino Group is constantly confronting the environmental issues raised by property management. From the earliest stages of a building's design, we make every effort to limit its impact on the environment and incorporate the building into the local landscape. In addition, we are developing good management practices that can be applied to each stage in the building's lifespan, from construction or renovation to maintenance and upkeep of technical facilities.



## HELPING TO COMBAT CLIMATE CHANGE

### Reducing emissions generated by the transport of goods

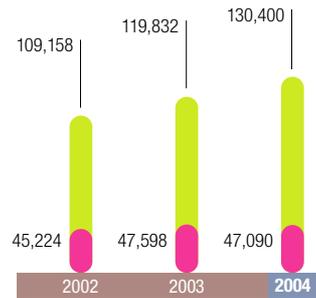
In 2004, the Group continued its efforts to reduce the level of greenhouse-gas emissions caused by the transport of goods, focusing its research on optimising travel routes and using vehicles that pollute less.

### Expanding the use of good practices to enhance logistics

In 2000, our logistics subsidiary Easydis began using a tracking system that improves every aspect of goods transport, identifying optimal travel routes and reducing the number of empty returns. The Group is constantly increasing the number of vehicles equipped with this system, to ensure a uniformly optimal logistics system. By the end of 2004, the system was installed on 540 vehicles, 398 of which make up 95% of the dedicated fleet. In 2005 the system will be extended to vehicles not covered by a subcontracting agreement—about 100 additional vehicles in all. This project, which is made possible by strong partnerships with our suppliers, includes a large-scale campaign to train drivers in the Group's safety and service quality requirements. By year's end, 819 drivers had taken part in the programme, which addresses topics such as communication, respect, punctuality, safety and hygiene. By 2006, we hope to make this an ongoing programme in which all new drivers participate. Thanks to these initiatives to optimise our logistics, the Group's vehicles travelled four million fewer kilometres in 2004 than in the previous year, representing a reduction of 3,800 metric tons in the amount of carbon dioxide that would otherwise have been discharged into the air.

#### IMPROVEMENT OBJECTIVES

- Provide all drivers from participating partner carriers with training in Casino's transportation safety and service quality standards by 2005
- Extend the opportunity for training to all drivers
- Install the tracking system in the approximately 100 vehicles that are not under contract
- Test the use of natural gas-powered vehicles for goods delivery in urban areas



CO<sub>2</sub> emissions from goods transport vehicles

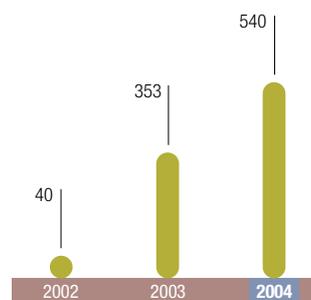
<sup>t</sup>From warehouses to stores, calculated using GhG Protocol Initiative methodology in metric tons of CO<sub>2</sub> equivalent

- Casino France
- Monoprix

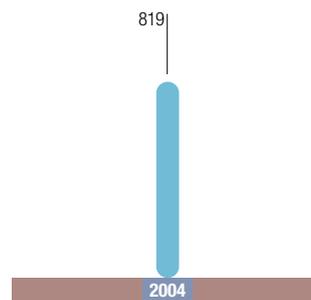


### CHOOSING VEHICLES THAT POLLUTE LESS

As part of its ongoing search for innovative technology that reduces fuel consumption and greenhouse-gas emissions, Easydis is focusing its efforts in 2005 on techniques for making very fine adjustments in engine configuration. Currently in the testing phase with about 50 vehicles, this process of optimising engine operation could be extended to the entire fleet if it proves to yield significant energy savings and thereby reduces CO<sub>2</sub> emissions. In addition, a pilot project involving the use of vehicles powered by natural gas for goods delivery in urban areas is expected to get underway during 2005.

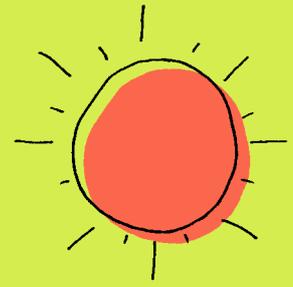


Number of vehicles equipped with tracking systems

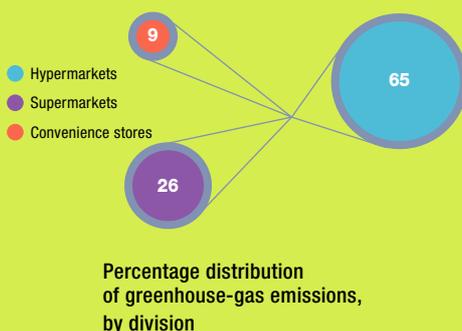


Number of drivers trained in the Group's safety and service quality requirements

# Casino's first greenhouse-gas emissions assessment



Reflecting international concern about climate change and methods of combating it, in 2004 Casino conducted its first assessment of the effect of the Group's operations on greenhouse-gas emissions. To do this, the Group adopted the *Bilan Carbone*<sup>®</sup> assessment procedure provided by France's Agency for Environment and Energy Management (ADEME), with the goal of establishing a baseline reading from which compliance margins could be established. The *Bilan Carbone*<sup>®</sup> provides a method of measuring greenhouse-gas emissions using readily available data to yield an accurate reading of emissions generated either directly or indirectly by the Group's operations. This method, developed by ADEME, is compatible with the GhG Protocol Initiative methodology and with the provisions in the European directive 2003/87/EC relating to allowance trading for greenhouse-gas emissions.



**AUDREY DARAS**  
STUDENT INTERN FROM THE ÉCOLE DES MINES DE SAINT-ÉTIENNE

"In 2004 Casino offered me the opportunity to perform the *Bilan Carbone*<sup>®</sup> assessment provided by ADEME for estimating levels of greenhouse-gas emissions generated by the Group's operations at its various types of outlets. This gave me the chance to work with experts from every field represented on Casino's Sustainable Development Committee. During those four months I was given complete latitude to meet with logistics analysts, sales personnel, technical maintenance supervisors, accountants, administrative auditors, insurers and marketing teams from each network in order to collect and verify the data we needed to conduct the assessment. On the basis of my experiences at Casino, I developed a thesis which I later defended at the École des Mines de Saint-Étienne, and I had the pleasure of presenting my conclusions to the Group's Environment Directors at their annual seminar in December."

## THE INITIAL ESTIMATE

From ADEME, Casino acquired a licence to use their method to conduct this initial estimate and obtained the appropriate training for the Group's Environment Director. To compile the necessary data, the Group called on a student intern from the Environmental Studies department at the École des Mines de Saint-Étienne, who spent four months onsite working on the project and preparing a thesis. The project's initial scope was deliberately restricted to operations under the Group's full control, i.e., our stores and feeder warehouses; suppliers who deliver to the warehouses were excluded, as was the Group's headquarters and external clients. Every effort was made to choose a representative sampling of stores for the study, based on the age of their technical facilities, their size and their location in urban, suburban or rural areas. Emissions from this group of 23 sites were then evaluated in accordance with the protocol defined in the *Bilan Carbone*<sup>®</sup> and extrapolated for all stores to obtain the estimated impact of Distribution Casino France outlets as a whole. This initial estimate yielded greenhouse-gas emission levels of approximately 360,000 metric tons of CO<sub>2</sub> equivalent for tertiary and transport operations in a city of approximately 120,000<sup>1</sup>. The primary emissions sources identified in the assessment were product storage and transport, refrigerants, electricity consumption and customer travel. An itemized accounting of the results by division is available in the pages devoted to each format at the conclusion of this report.

<sup>1</sup> In France

## IMPROVEMENT OBJECTIVES

- Consolidate the assessment of our emissions in France by including activities conducted at our corporate headquarters
- Prepare an action plan for reducing our greenhouse-gas emissions

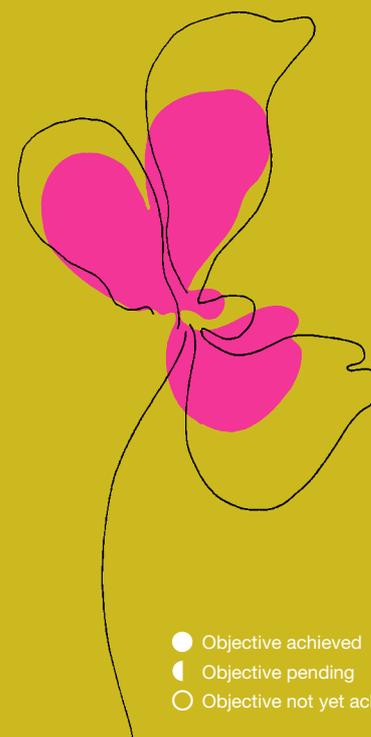
**Offer** our employees working conditions based on social dialogue, fairness and recognition of achievements

**Promote** equal opportunity by eliminating discrimination and providing job opportunities for the disadvantaged

**Support** the development of the local economy by ensuring that our businesses are integrated into local communities



# FOSTERING HIGH-QUALITY EMPLOYEE RELATIONS



- Objective achieved
- ◐ Objective pending
- Objective not yet achieved

## OUR EMPLOYEE RELATIONS ACTION PLAN

OBJECTIVES	STATUS	PRIMARY ACCOMPLISHMENTS IN 2004
Review job classifications to take into account changes in retail job skills	◐	Preliminary work prior to negotiation is 90% complete
Prepare a best practices guide to hiring, orientation and retention	●	A guide was distributed to 900 unit managers, regional directors, directors and department heads
Introduce a specific employee support programme for the VAE (Validation of Acquired Experience) process	◐	Support provided to 12 employees. Preparation of a framework agreement on professional development
Continue discussions on managing older employees' careers	●	Financing provided for a study on the effects of the post-baby boom generation on the job market
Achieve an accident frequency rate of 45 or less by 2006	◐	Group-wide frequency rate: 50.2, a 1.62% drop from 2003.
Lower the accident severity rate by 0.30 points between 2004 and 2006	◐	Group-wide severity rate: 2.3, unchanged from 2003
Define a risk assessment tool and distribute it to all Group managers	◐	Tool prepared but not distributed
Offer a three-day course with the Health, Safety and Working Conditions Committee module to all units with fewer than 50 employees	○	Objective deferred
Set up a steering committee for mandatory safety training, comprised of training managers from all divisions	●	The first steering committee meeting was held in June 2004
Reach a Group-wide agreement to set up a unified organisation to manage employee activities, comprised of all employee representatives	●	An agreement was signed on September 30, 2004. The by-laws governing the management association for centralised employee activities were registered in March 2005
Implement a self-diagnostic tool for cultural diversity in the enterprise	●	This tool was prepared with the Group's participation in work conducted by the Institut du Mécénat et de la Solidarité (IMS)
Maintain a quota of disabled employees of at least 6%	●	Quota: 8.01%
Communicate more extensively within and outside the Group about our policy for employing the disabled	●	Twenty meetings were held with a total of 475 attendees. The Internet site was prepared and the intranet site updated

## HIGH-QUALITY JOBS

### Ensuring long-term, quality employment

Despite the difficult economic conditions that affected all of mass retailing in 2004, we are committed to preserving long-term, quality employment with an emphasis on permanent employment contracts. Whenever possible, the Group tries to offset economic hardships that may occur at one division by providing employees with a gateway to other divisions. In 2004, 91% of Group employees were employed under a permanent contract.

In light of the current economic climate, the Group has been forced to cut back significantly on hiring during the past two years and has focused instead on preserving existing jobs by relying on internal mobility and expanded use of permanent contracts.

### Nurturing employee loyalty

The Group is dedicated to fostering loyalty among its associates and hopes to reverse the current trend within the mass retailing sector of high employee turnover. Following the adoption of the integration passport at the Hypermarkets division in 2003, we prepared a “Best Practices Guide to

Hiring, Orientation and Retention” in 2004 that was distributed to all units in France.

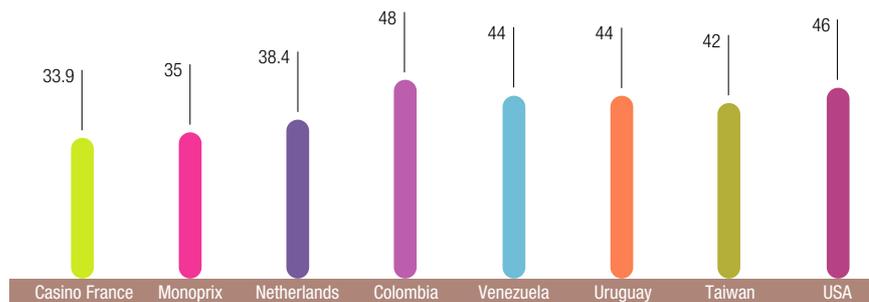
The incentive-bonus and profit-sharing policies developed by the Group in 2003 play a central role in efforts to nurture employee loyalty. These plans are available to virtually the entire workforce in France as well as to employees in Colombia, Taiwan, Thailand, Uruguay and Venezuela.

### Taking active steps to improve working conditions

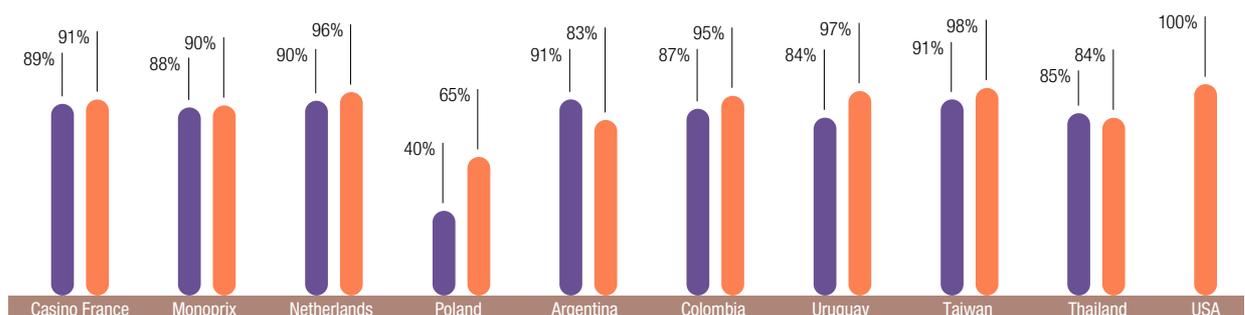
In the wake of the negotiations conducted in 2003, when employees obtained maximum choice in their weekly working hours, we began negotiations in 2004 on job reclassification and the mandatory presence system.

#### IMPROVEMENT OBJECTIVES

- Continue negotiations regarding job classifications in order to take into account changes in retail job-skills requirements

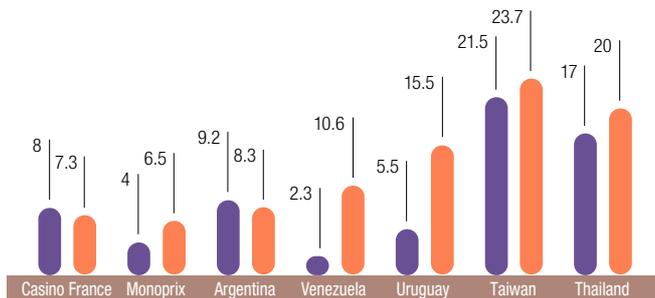


Average weekly hours worked for full-time employees



Percentage of employees with permanent contracts

● 2003  
● 2004



Average number of hours of training per employee in 2004, excluding Codim2

● 2003  
● 2004

## Enhancing our teams with employees from around the world

During their visits to countries worldwide, our international human resources team offers job and project opportunities in France to employees at international subsidiaries with an interest in mobility. Prior to assuming their new position in France, these employees receive essential preparatory training, which may include an introductory trip to see the country and meet their future colleagues, instruction in the French language and culture, and an orientation programme within the departments that they are preparing to join. In addition to enhancing the Group's international scope, these exchanges promote the transfer of expertise from one country to another and provide stimulating career opportunities for the employees involved. There are currently three international employees pursuing their careers in France, hailing from Uruguay, Argentina and the Netherlands, and another 10 potential transplants have been identified for possible future transfers.



GERONIMO PAZ, international buyer/Libertad

## CONTINUING DISCUSSIONS ON CAREER MANAGEMENT FOR OLDER EMPLOYEES

As the population ages and we look ahead to its impact on the workforce, the Group has launched a discussion on career management for employees reaching the end of their working lives. In 2005, we will be developing action plans based on the initial conclusions drawn from a study conducted in partnership with the Conservatoire National des Arts et Métiers de Saint-Étienne on the effects of the post-baby boom generation on the job market.

### IMPROVEMENT OBJECTIVES

- Incorporate a support structure for employees participating in the Validation of Acquired Expertise (VAE) programme into the Group-wide agreement on professional training
- Prepare an action plan in 2005 for managing the careers of older employees

## GIVING PRIORITY ATTENTION TO SKILL DEVELOPMENT

### Strengthening professional training

Our in-house Pierre Guichard Training Institute, founded in 1989, provides employees with an array of training tools, including skills enhancement programmes, seminars and e-learning modules. In 2004 we developed a training programme that combines self-taught offsite training with a shorter classroom session led by an instructor.

Casino's new Training Department, created in 2004, is responsible for coordinating training activities Group-wide. Training directors from each division meet as part of a working group to identify employee training needs, offer solutions developed at their respective divisions and share expertise on good practices.

In addition, following the national cross-industry agreement of September 20, 2003, on professional training, Casino drafted a framework agreement in 2004 aimed at providing all its employees with equal access to training opportunities, including the so-called training passport, validation of acquired experience, the individual right to training and the professionalisation period and contract. Negotiations should be finalised in the first quarter of 2005. The agreement stipulates that efforts to combat illiteracy should receive priority attention.

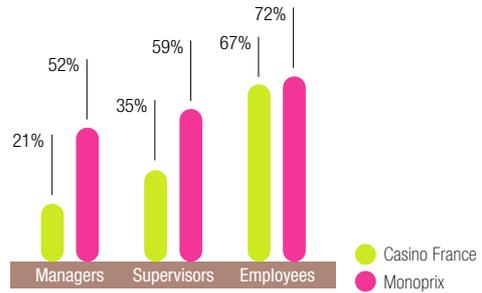
### Encouraging international careers

Casino is establishing new training programmes to accompany its international expansion. Meeting in Medellin at the 2004 Human Resources Seminar, 10 human resources directors and managers from eight countries shared their experiences and defined a number of joint programmes, drawing on remote training modules developed by the Pierre Guichard Institute. These modules, which will be offered to employees via the Internet beginning in 2005, treat a variety of topics, including management, marketing, finance, human resources and language instruction.

The seminar also provided a forum for further reflection on international careers and their role in enhancing and disseminating expertise. In addition to its policy on expatriation, the Group is encouraging mobility among subsidiaries and is developing a programme to recruit employees from international subsidiaries to join its workforce in France (see box). Since the Casino France Retailing Charter for manager mobility was signed in 2003, 223 employees have received assistance in their search for accommodations following a transfer.

**A STRONGER COMMITMENT TO DIVERSITY**

For more than ten years, Casino has been working to guarantee equal opportunity and to combat discrimination on the basis of origin, gender, place of residence or religion. In addition to its incorporation into the Group's Sustainable Development Charter, this commitment has taken tangible shape over the past several years in efforts to expand employment opportunities. This initiative extends to the Group's top levels: a seminar attended by 100 of the Group's human resources executives focused on employee diversity as an important Group asset. At the same time, at the request of Chairman and Chief Executive Officer Jean-Charles Naouri, Thierry Bourgeron, the Group's Director of Human Resources, signed the Charte de la Diversité dans l'Entreprise, or Corporate Diversity Charter, alongside 40 other major French firms. As a member of this charter, which was developed by the Association Française des Entreprises Privées (AFEP) with the support of the Institut Montaigne, the Group has reaffirmed its commitment to diversity and non-discrimination. Casino is also a partner to the European EQUAL initiative, aimed at promoting new methods of combating discrimination and inequality in the labour market. With this goal in mind, the Group is participating in two working groups in collaboration with local and regional government authorities as well as the company's employee representatives.



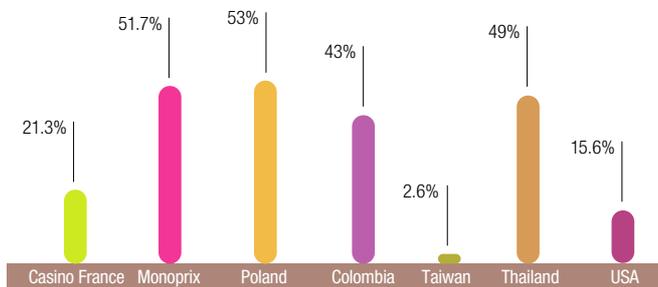
**Percentage of women in the Casino France and Monoprix workforce by job category, 2004**

**EQUAL "LATITUDE"**

This working group, consisting of about ten members, receives support from the Institut du Mécénat et de la Solidarité (IMS)-Entreprendre pour la Cité programme and is jointly financed by the European Social Fund. Casino is helping the group develop a self-evaluation tool for corporate diversity. This tool, designed for use at a wide range of companies, can help raise awareness and guide future initiatives among company directors and employees alike. It covers every aspect of diversity, from gender issues in the workplace to the balance between private and professional lives, cultural diversity, issues relating to the disabled and age management. The tool will be tested at a sampling of the Group's French sites in 2005.

**EQUAL "LUCIDITE"**

As part of the Project to Combat Ignorance and Discrimination in the Workplace, known as LUCIDITE, a scientific study was launched in 2003 by the ISM-CORUM organisation to provide a better understanding of how discrimination affects employment access and career development. Casino, along with government authorities and the Group's employee representatives, is helping to conduct a quantitative and qualitative statistical analysis of family names—the first study of its kind in France. This analysis, authorised by France's Commission Nationale Informatique et Libertés (CNIL), will yield comparative data by professional category and by operating units; the conclusions drawn will provide a focus for the Group's future efforts in managing diversity and combating discrimination.



**Percentage of women managers by country, 2004**

**IMPROVEMENT OBJECTIVES**

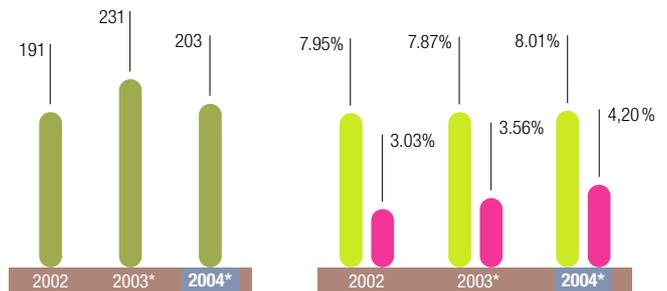
- Test the self-evaluation tool for corporate diversity at a representative sampling of Group sites in France in 2005
- Sign a Group-wide agreement on gender equality in 2005
- Finalise the Group-wide agreement on diversity and equal opportunity in 2005

## INTEGRATING THE DISABLED MORE FULLY INTO THE WORKFORCE

Ever since the signing of the first Company agreement in 1995, in France's Loire region, the Casino Group has been building on its commitment to employ the disabled. The Handipacte Casino agreement, reaffirmed in 2003 and applicable to all Group subsidiaries in France except Leader Price, Franprix and Monoprix for the period 2003-2005, calls for each company to achieve or maintain a minimum quota of disabled employees of at least 6% as required by law. Disabled workers now represent 8.01% of the Group's total workforce.

The Handipacte Casino agreement focuses on several areas:

- **Hiring.** As part of the agreement, the Group pledged to hire 300 disabled persons by the close of 2005. As of December 31, 2004, the Group had hired 434 disabled persons.
- **Transition to the workplace and training.** Casino made a commitment to take on 100 disabled interns before the end of 2005. Over the course of 2004, 173 took part in various internships within the Group.
- **Maintenance of employment levels.** The Group has continued its practice of providing facilities with ergonomists who can analyse working conditions for a disabled employee and propose changes to reflect his or her specific needs.
- **Communication and awareness-raising tools.** The agreement calls for the development of resources to raise awareness of the concerns of disabled persons among unit directors, employees and personnel representatives—for example, posters and a videotape have been distributed, and information relating to the disabled on the Group's intranet has been updated, with the goal of changing employees' perspectives on the disabled in order to facilitate their integration into the workplace.



Disabled employees hired, Casino France

\* expanded scope

Disabled employees in France

● Casino France  
● Monoprix

In 2004 the research firm Novethic conducted a study of practices among major French listed corporations with regard to reporting on the disabled. The study showed that the Casino Group placed well above the average among French companies for communication in five of the six areas analysed: strategy, suppliers, human resources, community affairs and reporting, although falling below the average in reporting on disabled customers.

Legislation signed on February 11, 2005, establishes a new method for tallying the number of disabled persons; as a result, the quota will be reduced in the coming years.

### IMPROVEMENT OBJECTIVES

- Analyse existing law and its relevance to our operations in countries where our subsidiaries are present
- Raise awareness among managers in support areas, such as information services and purchasing, of the commitments contained in the Handipacte Casino agreement and changes in legislation



### THE PARALYMPIQUE GAMES IN ATHENS: SUPPORTING THE ATHLETES, EDUCATING OUR EMPLOYEES

Consistent with its commitment to promote employment and recognition of the disabled within its workforce, the Casino Group sponsored 10 athletes from the Rhône-Alpes delegation as they trained for and participated in the 2004 Paralympic Games in Athens. These athletes rank among the world's best in their respective disciplines, winning 11 medals including five Gold medals. Group employees were able to show their support for the athletes each day via the Group intranet. On their return, the 10 athletes were guests at Casino's headquarters and made a public appearance at the Geoffroy-Guichard stadium during a league football match, with additional appearances scheduled in the future.

## CONTINUED EFFORTS TO ENSURE WORKPLACE HEALTH AND SAFETY

### Enhancing protection from workplace accidents

Despite a slight improvement in 2004, the Group's accident frequency rate and severity rate remain unacceptably high. A steering committee made up of safety training directors from each division has been meeting since the first half of 2004 to address this problem. The committee's goal is to promote the exchange of good practices and to consolidate existing safety training modules. The Group's Easydis subsidiary, meanwhile, has developed an experimental Risk Prevention Policy at its Verpillieux warehouse (see page 49) in France.

### Continuing a policy of psychological support

Since 2001, Casino has been providing psychological support services to employees who have been the victims of workplace violence, through its collaboration with the Violence, Work, Environment (VTE) association. As of December 31, 2004, VTE psychologists had intervened in 65 separate cases and provided support services to 389 employees. An assessment of these services conducted by an outside auditor in 2004 evaluated their benefit to employees and proposed ways in which they could be improved. Although the programme has received overwhelming support from employees, it could be enhanced still further, by reducing the time between the act of violence and the support evaluation from six to three months, restructuring the individual interviews, and reinforcing the policy with a decision-making tool specifically designed for store managers and directors.



### Security—it affects everyone

Initially compiled as part of a local initiative, the security awareness kit prepared by the Convenience Stores division was distributed nationally in 2004. The division's Department of Human Resources, in conjunction with the Group's Director of Urban Policy and employee representatives, collaborated with the Ministry of the Interior and local and national law enforcement officials to adapt the brochure for a national audience. It was then distributed on a broad scale: 5,000 copies were provided to convenience store managers, and 1,000 copies were provided to prefects, police chiefs and other law enforcement personnel in France's various regions. An additional 2,000 copies were requested by local police stations.

#### IMPROVEMENT OBJECTIVES

- Achieve an accident frequency rate of 45 or less by 2006
- Lower the accident severity rate by 0.30 points between 2004 and 2006
- Analyse the causes of workplace accidents by means of a sample at sites that are representative of Group activities
- For each division, establish a risk prevention policy that defines the role and function of unit directors and managerial staff in the areas of sales, operations and safety, in order to assess how risks to employee health and safety are handled



**CHRISTIAN GUÉ**  
DIRECTOR OF HUMAN RESOURCES, CONVENIENCE STORES DIVISION

"Over the past few years, consumers have grown increasingly concerned with quality and safety, and so have we. As in so many areas of our business, improvements in safety come with risk prevention and proper training. That's why we've made available to each of our stores a 16-page brochure that describes in simple terms the basic procedures to be followed every day in order to ensure safety. Its compact format, detachable pages and clear content backed up by mnemonic aids make it a handy resource for all convenience store managers. In November 2004 the brochure was made available on the Group intranet, so that the other divisions can benefit from it as well." For more details on the kit, see page 45.

## A QUALITY DIALOGUE WITH EMPLOYEES

Three major projects undertaken in 2004 illustrate Casino's desire to maintain a constructive, ongoing dialogue with its employees and their representatives:

- As a result of our efforts in the area of **job reclassification**, the classification of approximately 20 positions has been revised to reflect major changes in our operations. Within France, five positions in the Supermarkets division and nine in the Hypermarkets division have been reclassified, while two new positions for each division have been incorporated into the job grid. This reorganisation will be followed by a redefinition of several positions, as appropriate, and will result in changes to the Group's wage scale over time.
- The signing of an agreement for the **management of centralised employee activities** in September 2004 affects all Group employees in France. With this agreement, Casino created a unified association in which responsibility for administering the works committees at the various subsidiaries will be consolidated on a permanent basis. In addition, the agreement provides access to this benefit to units with fewer than 50 employees, consistent with the principle of mutualisation.
- The provisions of the **mandatory presence system** applicable to Group employees in France have been enhanced under an agreement signed in March 2004. The agreement addresses issues such as compensation, on-call system procedures and the creation of an audit tool based on a monthly count of the number of on-call hours, the amount of on-call time worked and the corresponding compensation. A project currently underway on gender equity and professional development will be completed in 2005 and will address all Group employees.



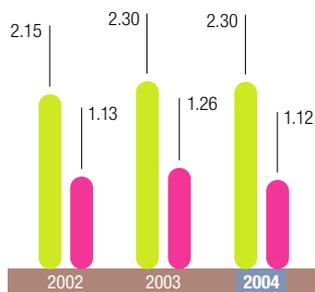
**CATHERINE BOISSEAU-MARSAULT**  
DIRECTOR OF ADES

"France's Association for the Development of Service Jobs (ADES) was founded in 1997 by the Casino Group, the country's Retail Trades Federation and the Act Against Exclusion Foundation (FACE) in conjunction with the Ministry of Labour, the European Union, the Caisse des Dépôts et Consignations and local organisations. With seven years of experience in providing support for the creation of services boutiques in shopping centres, companies and city centres, thereby revitalising neighbourhoods by providing employment opportunities for over 500 disadvantaged residents, ADES has gained broad expertise in developing employee services. In addition, France's Ministry for Families has entrusted ADES with the task of helping companies create onsite crèches, and Casino called on ADES to start an inter-company day nursery in Saint-Étienne, near its future headquarters. In cooperation with the regional council, the mayor's office, and the Caisse des Allocations Familiales, ADES will initially open a family care centre, followed by a multipurpose crèche with 40 spaces; 25 spaces will be reserved for Casino Group employees, while 15 will be allocated to neighbourhood residents. In order to share its expertise, ADES is currently preparing a practical guide for use by other companies interested in creating a facility of this kind."



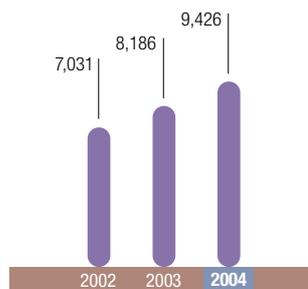
**Work accident frequency rate**  
Number of accidents per million hours worked

● Casino France (excluding Codim2)  
● Monoprix



**Work accident severity rate**  
Number of days lost per thousand hours worked

● Casino France (excluding Codim2)  
● Monoprix



**Number of meetings with employee representatives (Casino France)**

**Guarantee** customers safe,  
high-quality products

**Develop** equitable relations with suppliers,  
based on the principle of shared  
growth, partnering with SMEs to improve  
their products and services

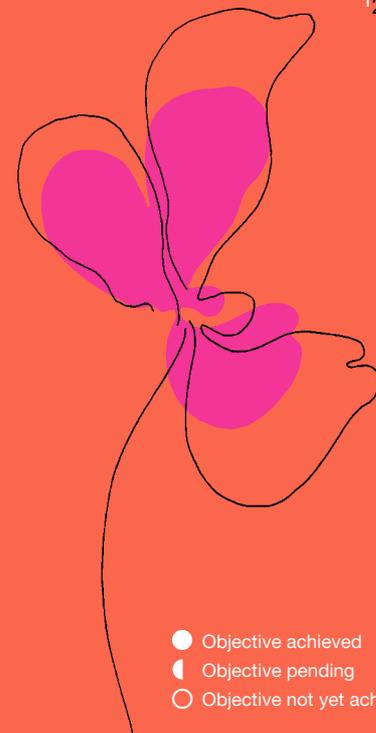
**Promote** production channels that are  
safer for people and the environment  
by ensuring that our suppliers comply  
with international agreements on working  
conditions and human rights

**Raise awareness** among customers  
of responsible consumer attitudes  
and behaviour

**Encourage** employee involvement  
in local partnerships that support  
humanitarian aid, employment  
opportunities and environmental protection



# RESPONSIBLE, COMMUNITY-MINDED RETAILERS



- Objective achieved
- ◐ Objective pending
- Objective not yet achieved

## OUR SOCIAL ACTION PLAN

OBJECTIVES	STATUS	PRIMARY ACCOMPLISHMENTS IN 2004
Conduct a satisfaction survey about the consumer information centre	○	Survey initiated but suspended for technical reasons
Deploy the Trace One system with 65% of own-brand suppliers of food products	●	At year-end 2004, 66% of own-brand suppliers covered by the Trace One system
Renew the EcoWood Asia agreement for reforestation projects in Indonesia and Vietnam	●	31.3 hectares planted during the 2003 and 2004 planting seasons
Identify furniture manufacturers whose production has less environmental impact	●	Five garden products introduced on the market Meeting held with the WWF to raise awareness among all relevant buyers
Renew 80% of existing business development contracts	◐	Objective revised to reflect regulatory developments
Extend business development contracts to MRO suppliers as well as regional and local suppliers	○	Suspended
Organise SME immersion sessions for 80% of buyers by 2006	●	Twenty-five of the 71 relevant buyers have taken part in immersion sessions
Carry out 50 social audits of suppliers in 2004	●	Fifty-two social audits of suppliers conducted
Update EMC Distribution's Ethics Charter with the support of Amnesty International and renew awareness-raising sessions for the central purchasing agency, headquarters, production sites, offices and suppliers outside France	●	An updated version of the Charter was drafted after Amnesty conducted a critical review Five awareness-raising sessions held among buyers and suppliers, including one in Morocco
Pursue and develop Casino's relations with civil society and NGOs to validate our ethical commitments and increase transparency	●	Presentation to Amnesty Business Club. Presentation to the Familles de France association on ethical and human rights issues
Develop new partnerships to help disadvantaged children	●	Activities by the Cativen Foundation in Venezuela, the Exito Foundation in Colombia, the Little Bamboo Foundation in the Philippines and the Big C Foundation in Thailand on behalf of children
Continue to encourage stores to get involved in humanitarian initiatives at the local level and to support greater awareness of SOS Children's Villages	●	Expanded activities on behalf of disabled children: AIDERA Essonne and autism, Mozaic and the disabled, La Clé de Pha, etc. Nearly 500 in-store campaigns to raise awareness
Maintain a high percentage of jobs reserved for neighbourhood residents (20 to 30%)	●	67% of new hires from priority neighbourhoods (Asnières)
Recruit 250 high school graduates with two years of university or less for the period 2002-2006	●	Seventy-seven recruited in 2004

**AN ONGOING CONCERN FOR PRODUCT QUALITY AND SAFETY**

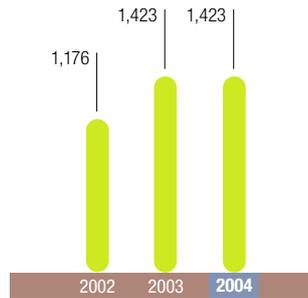
**A demanding quality policy**

The products offered by Casino meet stringent quality, safety and traceability requirements. The Group's quality policy is based on a comprehensive set of auditing tools extending to every aspect of our business, providing a guarantee that the products we sell are healthy and safe.

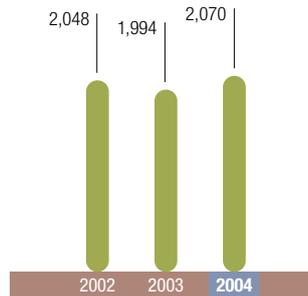
A risk prevention committee meets every other month to identify any risks related to the products in Casino stores. This scientific monitoring serves a preventive purpose and allows the Group to control and manage the primary risks to our business. All manufacturers of Casino-brand products are subjected to a rigorous evaluation in which conditions at the production sites, hygiene, product traceability and manufacturing control are all systematically verified by means of audits and sensory testing. In 2004, 1,423 audits were conducted at sites where Casino products are manufactured. Non-food products are tested for their performance, effectiveness and safety, and each product is periodically audited by an independent laboratory.

The Casino Group relies on an early warning system coupled with an on-call procedure to ensure that a product recall or withdrawal can be initiated at a moment's notice. Our consumer information centre manages claims and also responds to customer suggestions, which play an essential role in the enhancements we make to our services in order to meet consumer expectations.

Our stores and warehouses conduct annual audits to guarantee compliance with established procedures; 2,070 audits were performed in Group stores in 2004. Personnel receive training in hygiene and quality issues. A commitment to continuous improvement is reflected in the use of indicators such as adherence to cold-chain standards and site and employee hygiene. In addition, Casino stores and warehouses have implemented plans for Hazard Analysis and Critical Control Points (HACCP). Choosing to err on the side of precaution, Casino has excluded Genetically Modified Organisms and their derivatives from its own-brand products since 1997.



**Audits of Casino product manufacturing facilities (Casino France excluding Convenience Stores)**



**In-store quality audits (Casino France excluding Convenience Stores)**



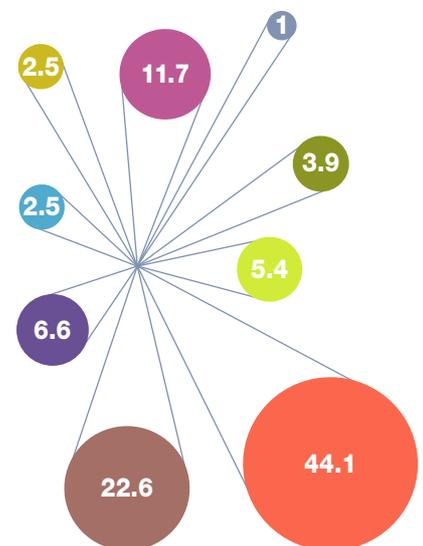
**PRIORITY ATTENTION TO CUSTOMERS AND MEETING THEIR NEEDS**

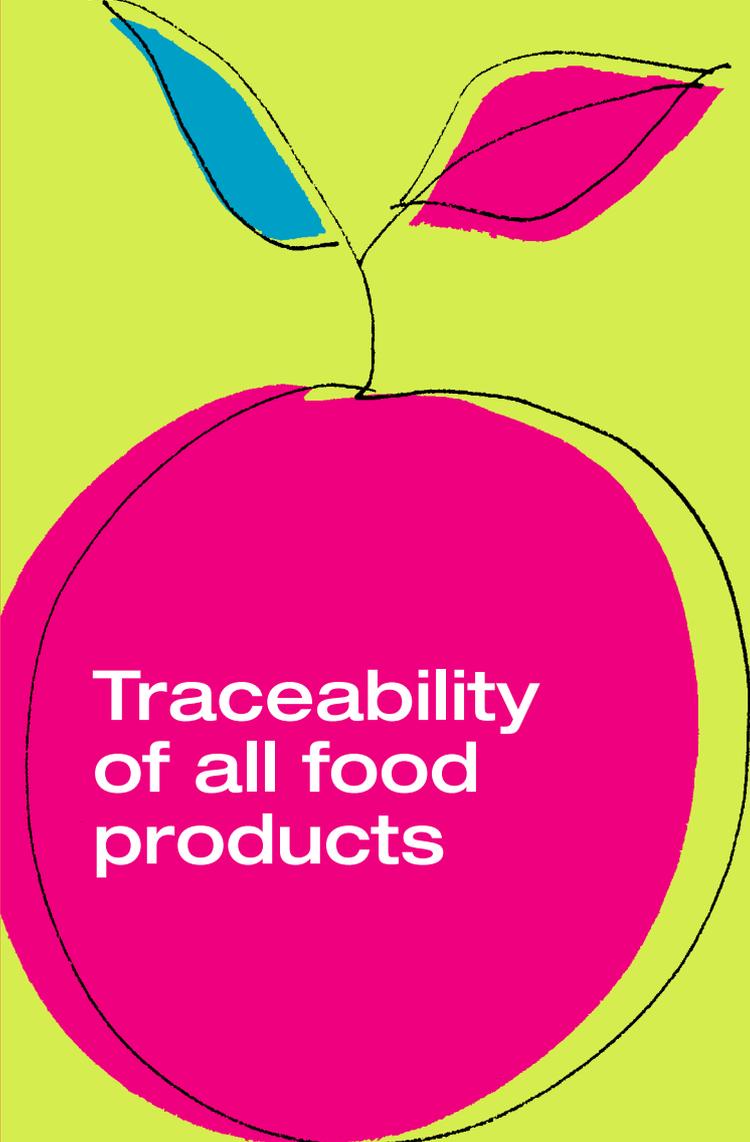
Established in 1981 and accessible free of charge via telephone, e-mail, post or the Internet, the Casino Group's consumer information centre is dedicated to informing and advising their customers and answering their questions. In 2004, the centre received 59,545 calls and handled 22,670 requests.

Given the increased number of requests requiring agents to locate additional information and forward inquiries to internal staff, time constraints have prevented us from conducting the information centre satisfaction survey that was initially envisioned.

**Main comments received by the consumer information centre in 2004, by type as a percentage of the total**

- Casino brand products
- In-store service
- Requests for product information
- Requests for information about the Card
- Requests for store information
- Other (wide range of comments)
- Cafeterias
- After-sales service
- C-Discount service





## Traceability of all food products

With the new European regulation EC 178/2002 of 28 January 2002 establishing food safety procedures, traceability has become a mandatory responsibility for everyone involved in the food chain, from producers to retailers. Several working groups have been created to ensure cross-functional compliance with food safety requirements. The first project has already resulted in an internal audit procedure that specifies how traceability is managed within the Casino Group.



### THE INITIAL PROJECT

In 2004, Casino unveiled a website designed to inform its suppliers of the Group's traceability requirements, which comply with the standards defined by GS1, formerly GENCOD EAN France, and the Retail Trades Federation (FCD). In addition, following the Casino Group's adoption of the Trace One solution in 2003, our suppliers began working with this computerised, collaborative management tool for ensuring product quality and safety. By the close of 2004, over 65% of Casino's suppliers had signed on to participate in this system, and more than 400 specifications have been added to its database. With the Trace One tool, users can trace any ingredient used in Casino products and make specific queries to identify ingredients used in several different products. In the case of an alert, the resulting time savings ensures quicker problem resolution for enhanced consumer safety.

For local or regional products delivered directly to our points of sale, we monitor traceability by physically filing sales documents such as purchase orders and invoices.

Our "Terre et Saveur" products have been meeting the requirements set forth in the new legislation since 1998. These products are developed in conjunction with producers using benchmarks that incorporate every aspect of traceability.

Additional steps will be taken in 2005 to expand the scope of our traceability system.

### IMPROVEMENT OBJECTIVES

- Obtain the participation of 80% of suppliers in the Trace One system

## PRODUCTS THAT RESPECT PEOPLE AND THE ENVIRONMENT

### Terre et Saveur: respecting taste and nature

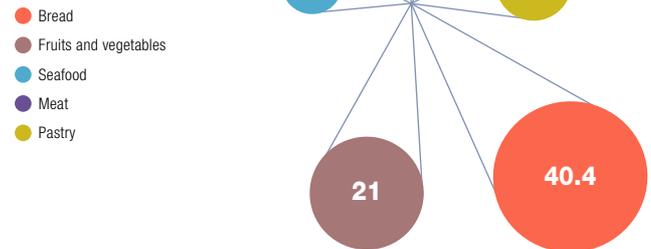
Created in 1998, the Terre et Saveur brand is the result of a close collaborative effort between the Casino Group and producers, boasting a product line that in 2004 extended to 220 different fruit and vegetable, seafood, meat, bread and pastry products. Reflecting a firm commitment to Sustainable Development, the brand has two objectives:

- **Respect for taste.** Terre et Saveur offers a guarantee of flavourful products. Inspections are conducted at every stage of product preparation to ensure consistent quality.
- **Respect for nature.** All suppliers, from farmers and breeders to processors, are committed to developing operating methods that show respect for the environment and for the well-being of animals.

Terre et Saveur products offer excellent value for the money, making them accessible to a wide market of consumers. They are underpinned by extremely detailed product specifications that were made even more stringent in 2004, notably with regard to waste management and employee working conditions. All Group employees are informed about the Terre et Saveur approach in detail via the Group intranet and internal newsletters, and product data sheets provide a better understanding of the Terre et Saveur product line and production methods. To raise awareness about the benefits of sustainable agriculture, advertising inserts describing the brand's unique features are regularly distributed to customers as part of circulars provided at our various chains. In addition, brochures were distributed in Casino supermarkets during April 2004. Club des Sommeliers, the Casino Group's wine brand, has adopted a similar quality approach and adheres to the same high standards in terms of specifications.

### Breakdown of Terre et Saveur sales by product group

as % of section sales



### Casino Bio: a recognized line of organic produce

The Casino Bio product line was created six years ago to meet the demands of consumers who were increasingly concerned about the quality of their food. All of the range's 62 items in grocery products, fresh produce and fruit juices meet official organic farming standards, providing a guarantee that they were produced according to environmentally-friendly methods, without the use of synthetic pesticides and chemical fertilisers. In addition, at least 95% of the ingredients used in Casino Bio products are organically produced, as stipulated by law.

This year, Casino Bio's roquefort cheese, pure pink grapefruit juice, thick heavy cream and churn butter were honoured at the "Trophées de la Qualité" competition held by Cuisine et Vins de France magazine. These four products were awarded the Silver Medal by the jury of food professionals, who made their selection based on several criteria: flavour and appeal, value for the money, innovation or reliability and known or guaranteed organic composition.



**CHRISTIAN NOÉ**  
PURCHASING MANAGER, GARDENING AND FURNITURE

"In the face of a dwindling number of teak trees, the Casino Group launched two pilot reforestation projects in 2002, in Indonesia and Vietnam, as a way of contributing to the sustainable management of teak supplies by replacing each tree cut with four new plants. These projects are conducted in partnership with manufacturers and local planters. In Indonesia, for example, land has been provided by the central government, and Perum Perhutany, Indonesia's forestry service, pilots the plantation. Under these agreements, Casino agrees to finance and monitor the plantations and ensure their maintenance for 20 years. We will be continuing this programme in 2005 by expanding the area used for planting."



**PRESERVING NATURAL RESOURCES: TERRE ET SAVEUR'S SEAFOOD LINE**

Oyster or mussel farming requires real expertise, so Terre et Saveur follows a rigorous selection process when choosing its partners. All are committed not just to compliance with applicable laws but also to good farming practices that are friendly to the environment. In oyster farming, weeds are removed from areas surrounding ponds and farming sites either mechanically or by hand: the use of insecticides is prohibited. Hulls on aluminium boats may not be painted. Mussel farmers use motor oil that is 85% biodegradable, and waste shells are systematically recovered for use in muck spreading. All oyster farming and mussel farming sites selectively sort their waste.



**A PARTNERSHIP WITH VENEZUELAN FARMERS FOR FAIR, PROFITABLE TRADE**

The Timorese distribution platform, established in 2002 by Cativen, the Group's Venezuelan subsidiary, as an example of its long-term commitment to local suppliers of fruits and vegetables, is already yielding good results.

The arrangement brings both parties together in a mutually beneficial relationship.

Cativen helps producers organise into cooperatives so as to improve profitability and promote agricultural development.

The Group provides the farmers with technical assistance and help with crop scheduling along with a guarantee that it will purchase what they produce, so they can focus their efforts on improving their harvest and enhancing product quality.

The programme currently operates with 32 cooperatives and includes small-scale producers who have been excluded from this type of market in the past. It has also led to the creation of 750 direct jobs and 450 indirect jobs and a 10% gain in profitability for the Group, since middlemen have been eliminated. Cativen has plans to set up a similar project with a fishing cooperative as well as a second distribution platform to supply stores in the western part of the country.

**Exotic wood: promoting sustainable forest management**

To promote the use of wood harvested from sustainably developed forests, we began marketing a line of products in 2004 that bear the Forest Stewardship Council (FSC) label. To date, the range includes five gardening products, and 19 new products will be introduced in 2005. The WWF conducted an awareness-raising session in 2004 on sustainable forest management and responsible purchasing with our entire team of buyers and well as the relevant quality personnel and the Social and Ethical Affairs Manager at EMC Distribution. This presentation was followed by two days of training for Group buyers at Montpellier's CIRAD, an agricultural research centre working for international development, where they learned about the various types of tropical wood, its proper use, essential precautions to be observed and international regulations governing its sale.

The teak reforestation campaigns in Vietnam and Indonesia, initially begun in 2002 for the 2003 and 2004 planting years, are still underway and will be extended in 2005.

**IMPROVEMENT OBJECTIVES**

- Establish a second teak reforestation plan in Indonesia and Vietnam totalling 19.7 hectares
- Introduce 19 new gardening and garden furniture products bearing the FSC label



## SHARING OUR RESULTS WITH SUPPLIERS

Our suppliers are a key factor in our growth and make a substantial contribution to the Group's success. Our goal in return is to provide them with conditions conducive to long-term growth by adhering to four major principles:

- Providing suppliers with maximum visibility with regard to our organisation, changes in economic and market conditions and the needs we face as a result, by offering targeted informational tools such as our central purchasing agency website ([www.emc.groupe-casino.fr](http://www.emc.groupe-casino.fr)) and the Croissance newsletter and by organising annual supplier conventions.
- Promoting a quality dialogue, specifically with the help of services provided by our EMC Distribution central purchasing agency, which offers a dedicated point of contact between suppliers and our teams.
- Supporting suppliers in their efforts to expand both in France and in the international marketplace, by providing access to the services of the International Retail & Trade Services (IRTS) platform.
- Sharing our expertise by organising regular meetings on specific current topics or major areas of concern such as food safety.

### Promoting growth among SMEs

Most of the suppliers certified by our central purchasing agency are small and medium-size enterprises (SMEs), as are the vast majority of suppliers who manufacture products bearing the Casino name. For the past several years, Casino has been developing a support programme specially targeted to SMEs. This programme translates the general principles behind our supplier policy into a variety of tangible steps taken on our suppliers' behalf:

### SME immersion sessions for EMC Distribution buyers

SMEs among our certified suppliers hosted immersion sessions for 25 buyers from Casino's central purchasing agency during 2004. During these sessions, our buyers have the opportunity to learn about production concerns specific to an SME.

### Business development contracts

Created in 2001, the business development contract is a two-year commitment between Casino and an SME with the objective of generating 20% growth in sales over the period. The renewal rate for these contracts, initially projected at 80%, slowed considerably in 2004 as a result of economic conditions and consequently no new contracts were signed. Ninety-one SMEs have received this commitment from the Group since 2001.

### IRTS: providing support to French firms worldwide

IRTS, a joint subsidiary of Casino and Auchan, is a service provider for the manufacturing sector. Its mission includes providing support to SMEs that seek to expand outside their country of origin. IRTS helps these firms select and research markets and prepare a growth plan.

### IMPROVEMENT OBJECTIVES

- Continue the SME immersion programme for buyers so as to reach the target of 80% between now and 2006

PARTNERSHIP  
WITH THE RHÔNE-ALPES  
REGION'S CONFEDERATION  
OF SMEs

A committee composed of business leaders from the Rhône-Alpes Confederation of Small and Medium-Size Enterprises and operating managers from the Casino Group has been established under an agreement signed in February 2004, designed to set aside commercial negotiations in order to promote a spirit of partnership and collaboration between the Group and these SMEs. The partners will work together in four major areas: the sharing of information to enhance understanding of the market, the exchange of expertise in information technology, issues relating to food quality and safety, and support for SMEs seeking to expand outside France.

## CLOSELY MONITORING ETHICAL PRACTICES AND WORKING CONDITIONS



### Improving and deploying our Ethical Charter

Since 2000, our central purchasing agency, EMC Distribution, has undertaken a series of actions designed to promote and monitor respect for human rights among our suppliers located in developing countries.

The EMC Distribution Ethical Charter, included in all certification contracts for suppliers that provide own-brand products, was subjected to a critical review in 2004 by Amnesty International.

The sanctions that were initially established for non-compliance with the charter have been relaxed: suppliers are now given a grace period in which to ensure compliance, rather than being de-certified. In addition, given the prevalence of illiteracy, forms of communication other than posters will be considered as a means of disseminating the Charter's principles among the relevant employees.

Under the protocol agreement signed with Casino, Amnesty International has coordinated three sessions intended to raise awareness of human rights issues among EMC Distribution buyers and members of the Group's Sustainable Development Committee. In September, a representative from Amnesty's French headquarters visited Morocco to meet with our Moroccan suppliers and observe the performance of a social audit.

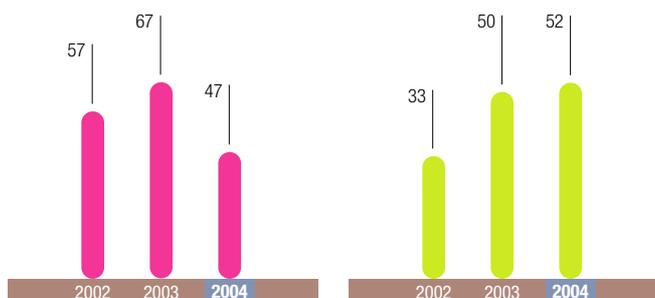
### Continuing our commitment to supplier audits

In 2004 we conducted social audits at 52 production sites operated by our suppliers, including facilities in Bangladesh, Brazil, China, Egypt, India, Morocco, Romania, Turkey and Vietnam producing textiles, food and various general household items.

Certain forms of non-compliance with the Ethical Charter are recurrent: excessive work hours, compensation below the legal minimum wage, working environments that are often unsafe.

Our work in this area in 2004 confirmed that there are no specific problems in the food industry.

Monoprix has implemented its own policy of social audits, conducting 47 in 2004.



Number of social audits of suppliers conducted by Monoprix

Number of social audits of suppliers conducted by Casino France

#### IMPROVEMENT OBJECTIVES

- Increase awareness of the principles contained in the Ethical Charter among Chinese suppliers
- Continue discussions regarding methods of ensuring long-term supplier relationships and of conducting audits on a broader scale
- Conduct 60 to 70 social audits in 2005

## AIDING LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

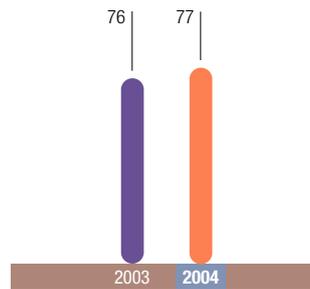
### A long-standing commitment to urban affairs

Located primarily in areas that are economically disadvantaged, the Group has a long record of promoting social cohesion via its urban policy. After signing an initial agreement with France's Ministry of Urban Affairs in 1993, Casino created an Urban Policy and Solidarity Department in 1998. The Group's attention to urban issues is now recognized by organisations that work in this area, and Casino has become the first private firm to hold a seat on France's National Towns Council, a body that proposes and coordinates efforts to enhance the urban social fabric.

The three pillars of the Group's urban policy are to integrate stores into urban neighbourhoods, create opportunities for employment and provide training and support, all of which are aimed at combating discrimination (see pages 26-27).

The Group's programme for local development focuses on five key areas:

- **Strengthening the integration** of stores into their urban neighbourhoods through communication and partnership with key players in these areas.
- **Tailoring products and services** to local lifestyles and demand, through modifications in product offerings, for example, and an awareness of regional or cultural differences.
- **Enhancing safety and mediation initiatives** at certain facilities as a way of strengthening community spirit.
- **Training and raising the awareness** of Group employees concerning problems in sensitive neighbourhoods, community diversity and patterns of delinquency.
- **Supporting projects** to revitalise city centres, create jobs for the disadvantaged and for local residents, and establish training internships.



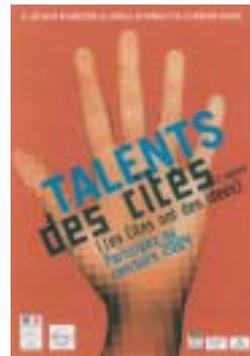
Number of recruits from priority neighbourhoods with two years of university or less  
Objective: 250 new hires from priority neighbourhoods with two years of university or less during the period 2002-2006

### URBAN TALENT

Created in 2002, the Talents des Cités competition provides support for those who wish to establish and develop companies and associations in priority neighbourhoods. Casino has taken part in the programme since its inception. In 2004 the competition was initiated by the Ministry for Employment, Labour and Social Cohesion, the French Senate and the Secretary of State for Integration and Equal Opportunity. On this occasion, the Group's Chief Executive Officer, along with the Minister for Employment, Labour and Social Cohesion and the President of the Senate, awarded the trophy to the founder of a general neighbourhood food store in the town of Béthune in northern France.

67%  
OF POSITIONS RESERVED  
FOR PRIORITY POPULATION  
GROUPS IN 2004,  
(31% IN 2003)

42%  
OF APPRENTICES FROM  
OUTSIDE FRANCE OR FROM  
PRIORITY NEIGHBOURHOODS



### Actively helping to develop disadvantaged neighbourhoods

Our agreement with the Ministry of Urban Affairs was renewed in 2002 and now extends to 2006. As part of the agreement, Casino is taking a number of concrete steps in the field:

- **Helping young graduates from disadvantaged neighbourhoods take on supervisory positions within the Group.** Between now and the end of 2006, the Group will recruit 250 high school graduates with two years of university or less to help them assume a significant role among the managers of tomorrow. One hundred and fifty-three young graduates had been hired by the close of 2004.
- **Promoting the hiring of underskilled residents and equal opportunity in order to combat discrimination.** When new outlets are opened, a significant percentage of new hires—some 20% to 30%—must be neighbourhood residents.

This policy is carried out in conjunction with all parties involved in defining the employment component of local town contracts, reflecting the qualifications and needs of job seekers in these disadvantaged communities.

- **Leveraging the Group's expertise to contribute to the economic development of disadvantaged neighbourhoods.** The Group is taking part in several urban renewal campaigns in cities such as Vaulx-en-Velin, Roubaix, Argenteuil and Toulouse. In addition to its commercial investment, Casino's business development experts help to determine how the neighbourhood's business sector can be restructured and integrated into the municipal infrastructure.

#### IMPROVEMENT OBJECTIVES

- Continue efforts to recruit young high-school graduates from disadvantaged neighbourhoods
- Take part in new programmes designed to encourage economic development

## Partnering with the City of Marseille on behalf of the Local Employment Opportunity Plan

**Multi-year local employment opportunity plans, known as PLIEs, are created by local authorities to serve three objectives: provide long-term access to employment for the highly disadvantaged, coordinate the necessary expertise and mobilise businesses to enhance the employment opportunities they provide to those facing significant social or professional obstacles.**

In 2004 the Group signed a new agreement with the Provence Métropole Centre PLIE in Marseille, the City of Marseille and France's National Employment Agency (the ANPE). Its goal was to provide permanent employment as sales staff to 30 PLIE members during the period 2004-2006, with four hypermarkets and four supermarkets involved during the first year of operation.

The PLIE selects candidates based on their skills and preparation for the hiring interviews; it also provides

40 hours of training in retail-related professions. Nine candidates assumed their new positions in September 2004 under the Employment Initiative Contracts jointly adopted by Casino and the ANPE. Each new employee receives 240 hours of training during the first eight weeks of employment in areas such as customer service and industry technology. The PLIE individually tracks each employee for the first six months.



The Group's long tradition of humanitarian commitment and sponsorship is visible in several ways. At the local level, Casino encourages its stores to forge partnerships with humanitarian associations or organisations to conduct philanthropic activities. At the national and international levels, Casino lends its support to numerous aid programmes targeted to groups in distress.

## A COMMUNITY-MINDED BUSINESS

### Activities in France

Consistent with the desires of over 45,000 Casino associates in France, as expressed in an internal survey in 1998, the Group's cultural and sporting sponsorships are increasingly giving way to corporate philanthropy. This trend can currently be seen in the Group's long-term commitments alongside NGOs and foundations both in France and worldwide.

In 2004, Casino stores signed agreements with food banks and meal providers to coordinate food donations in Albertville, Lannion and Béziers to ensure that numerous disadvantaged persons could eat satisfactorily on a daily basis. In Bobigny, Casino helped to establish a shelter and support centre for young women raising one or more children on their own. The **Association Sœur Emmanuelle** offers the expert assistance of a multidisciplinary team of social workers that has provided help to 18 women in the areas of social adaptation and reintegration, parenting support and child support. Through its participation in the **Parent-Child Centre at the Hôpital Saint Joseph in Marseille**, Casino is enhancing the reception given to children. Transit areas, play areas and waiting rooms as well as certain dedicated areas will be equipped and decorated to make them as warm and friendly as possible.

In the town of Montipouret, a community of 514 residents in central France, Casino took part in the creation of a **Vival mini-market** where autistic adults, under the supervision of teachers, can receive beginning work experience and learn to do their shopping. This community service has been enhanced by a home delivery programme that creates a bond between the disabled and senior citizens.

Casino also provides support to the **Sauvegarde de l'Enfance child protection organisation** by assisting at a shelter for mothers under court jurisdiction who have young children. The centre offers an intensive course in parenting skills, including nursing, methods of interacting with and supervising children, caregiving skills and play methods.

In addition, the Casino Group continues to make an annual grant to the **Écoles du Soleil** association in support of its activities on behalf of disadvantaged children in France and elsewhere in the world.

Casino's ongoing partnership with SOS Children's Villages included several projects in 2004:

- The Group aided in the construction of the 13th SOS Village near Nantes, which will provide a home for 11 children aged 6 to 12.
- A trip to the Puy du Fou theme park and the Vulcania volcano park was organised for teen-agers from the village of Marseille.
- Exhibits to promote the organisation were mounted at shopping centres in Marseille and Nîmes.
- A Casinoublivable campaign was organised at all Casino supermarkets. For each drawing that children brought to the store, the supermarket pledged a sum that was used to enhance the vacations of numerous young people.





### International initiatives

The Group's international expansion has been accompanied by numerous corporate citizenship activities, many devoted to children. Group subsidiaries are free to establish foundations or to undertake campaigns on an ad-hoc basis in response to their country's specific needs. Among the Group's activities around the world in 2004:

#### Aiding children living in the shantytown of Santa Cruz del Este

In June 2003, the Casino Group's Venezuelan subsidiary, Cativen, created the Niños del Sol Foundation with help from France's Ecoles du Soleil. The foundation's goal is to integrate disadvantaged youths into the community and provide them with opportunities to receive schooling. In its first project, the foundation lent support to a nursery school near the Caracas shantytown of Santa Cruz del Este, enabling it to accept an additional 60 students. Its subsequent activities have been targeted directly to a school for this shantytown's 28,000 inhabitants. The foundation has assumed responsibility for providing meals at the school and feeds 280 children each day. Other neighbourhoods are being evaluated as possible locations for new projects consistent with the foundation's objectives.

#### The Little Bamboo Foundation in the Philippines

In 2004, this association continued its activities among 250 children in the Cebu City slum in the Philippines, providing medical treatment, one meal per day and schooling.

The nursery's educational resources have been enhanced so that it can respond more effectively to the needs of the children it serves, who often have serious behavioural problems as a result of a difficult family environment. With the addition of a dedicated staff, the overall level of education available to children has improved. Families are monitored through regular visits and weekly workshops; as a result, parents have come to play a greater role in their children's education. In addition, a game area has been added to the school's play-

ground, to promote the children's motor development.

#### Mobilising on behalf of tsunami victims

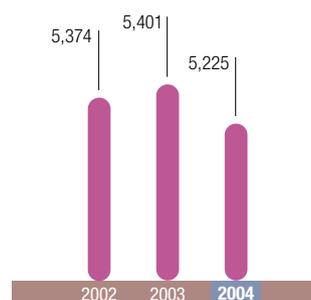
Faced with an extremely vulnerable population in the wake of the tsunami, the Casino Group's subsidiary in Thailand, Big C, wasted no time in mobilising efforts to provide aid to victims:

- The subsidiary donated food and essential supplies, medical equipment and funds for the hospital in Phuket, the Thai government, the institute of legal sciences, and the country's provinces and districts.
- A campaign with the slogan "*Big C is mobilising for the South*" was launched in each of the country's stores to collect donations from customers.
- Emergency provisions and equipment were transported to the worst-affected sites and communities.

In France, collections were taken at every Group site, including its headquarters, warehouses and stores. The campaign raised 180,000 euros to be distributed among Sri Lanka, India and Thailand. The money will be used to rebuild schools in Colombo and Pondicherry in particular.

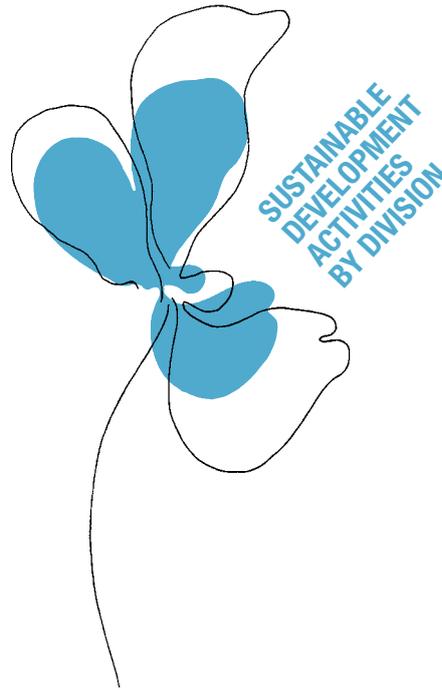
#### IMPROVEMENT OBJECTIVES

- Develop new partnerships on behalf of disadvantaged children.



Total donations, France

in thousands of euros



## HYPERMARKETS

A COMPLETE LINE  
OF PRODUCTS  
AND SERVICES  
ON A HUMAN SCALE

With an average surface area of 7,000 square meters, our hypermarkets boast a complete line of products and services built on true food expertise, as well as non-food products and an array of related services. As of December 31, 2004, the Casino Group operated over 320 hypermarkets, primarily located in France as well as in Poland, South America and Asia.

	2004
Workforce as of 12/31	23,122
Sales (in millions of euros)	7,203.0
% of the Group's total sales	38.7%

Scope of reporting: Casino France



Hypermarkets	No. of stores	Banners
France	121	Géant
Argentine	13	Libertad
Brésil	72	Extra
Colombie	25	Exito, Optimo
Pologne	17	Géant
Taiwan	13	Géant
Thaïlande	40	Big C
Océan Indien	13	Jumbo/Big C
Uruguay	1	Géant
Venezuela	5	Exito
<b>Total</b>	<b>320</b>	



**DANIEL SICARD**  
DEPUTY MANAGING DIRECTOR, HYPERMARKETS EUROPE

"In order to fulfil the expectations of as many customers as possible, our hypermarkets seek to provide a friendly space that's scaled to human size—a neighbourhood hypermarket that combines variety, product and service quality and consistently low prices. The challenge we face with regard to sustainable development is to reconcile our social values and our economic concerns while ensuring respect for the environment. To do this, we provide for environmental management at our stores aimed at reducing energy and water consumption, for example, by making our facilities as efficient as possible—so we protect the environment and reap economic rewards at the same time. Waste reduction is also a major concern. Our use of reusable shopping bags is a good example of a policy that yields benefits on every level: it reduces waste, raises awareness among customers and gets them involved, and lowers our costs."



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Reducing the use of shopping bags

In 2004, the Group's hypermarkets in France opted for a selection of five different bags, made of kraft paper, Mater-Bi (corn starch), polyethylene, woven polypropylene or non-woven polypropylene, each with a visual identity that promotes respect for the environment. Customers are gradually being encouraged to use reusable bags, which require no bleaching agents for their manufacture. As of December 31, 2004, French hypermarkets had sold 500,000 bags in all and had reduced the number of free bags they provide by 15%. During an initial observation period, purchases of these bags will be monitored in order to determine which bags have met with the greatest success among customers.

### Sorting of fermentable waste: limiting the impact...and the cost!

During the second half of 2004, the Géant store in Lanester, in France's Brittany region, began a "BIODIV" waste collection scheme in which fermentable waste such as fruits and vegetables, flowers and meats are separated from other types of waste and used for composting. This sorting process provides both economic and environmental benefits. It reduces the volume of waste buried in landfills and eliminates incineration of recoverable materials. Just six months after the sorting programme was adopted, fermentable waste already accounts for 12% of the total waste collected, a figure that is expected to increase over time. Two other hypermarkets have followed the Lanester store's lead in implementing this policy.

### Promoting philanthropy and social responsibility: donations to food banks

Under agreements signed at the local level between food banks and a number of Géant hypermarkets, foods that are nearing their expiration date and would otherwise go to waste are provided to the most disadvantaged members of the community. For example, the hypermarket in Albertville donated 450 metric tons of food in 2004, while hypermarkets in Lannion and Béziers made food bank donations valued at €104,000 and €86,000 respectively.

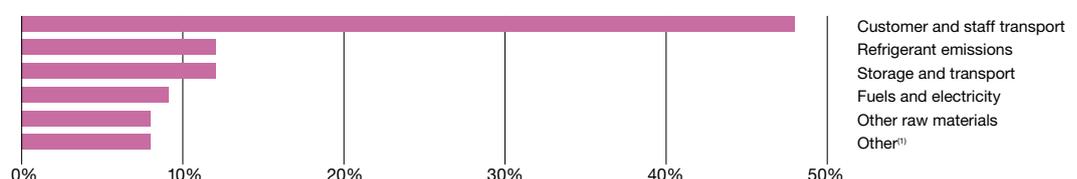
### Continuation of the Green Light programme

With new lighting systems added in 84,000 square meters of sales area during 2004, the Hypermarkets division now has 211,000 square meters of space, representing 26 hypermarkets, that complies with the guidelines of the Green Light programme.

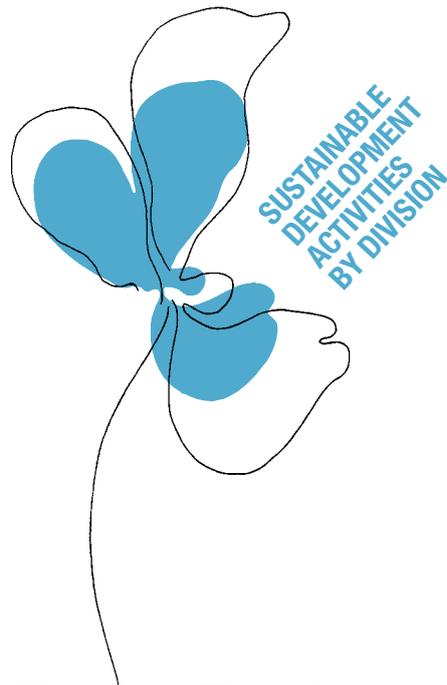
#### OUR PROJECTS FOR 2005

- Reduce leakage of refrigerant gases in cooling systems
- Reduce the number of shopping bags distributed to customers by 15% while encouraging the use of paid shopping bags
- Increase the number of stores that have signed framework agreements governing waste disposal, as a means of ensuring optimal waste management to offset projected inflation for this type of expense
- Lay the operational and commercial groundwork for mandatory collection and recycling of scrap electrical and electronic equipment

#### BREAKDOWN OF GREENHOUSE-GAS EMISSIONS



(1) Packaging materials, end-of-life direct waste, end-of-life packaging, cushioning materials, services.



## HYPERMARKETS

MAKING  
DAILY LIFE EASIER  
WITH A BALANCED  
VARIETY  
OF FOODS

The Supermarket division includes over 3,456 supermarkets and discount stores around the world, primarily offering a selection of foods designed to meet all our customers' requirements. The Casino, Monoprix, Franprix and Leader Price chains can be found throughout France, and the division's international expansion is in full swing.

	<b>2004</b>
Workforce as of 12/31	<b>28,548</b>
Sales (in millions of euros)	<b>9,148.0</b>
% of the Group's total sales	<b>49.1%</b>

Scope of reporting: France  
- Supermarché Casino  
- Franprix, Leader Price  
- Monoprix (50%)



Supermarkets	No. of stores	Banners
France	<b>1,645</b>	Casino, Monoprix, Le marché, Franprix, Leader Price
Argentine	<b>24</b>	Leader Price
Brésil	<b>479</b>	Pão de Açúcar, Sendas, Barateiro, Eletro
Pologne	<b>162</b>	Leader Price
Colombie	<b>72</b>	Ley/Pomona, Q'Precios
Océan Indien	<b>28</b>	Score/Jumbo, Cash & Carry, Spar
Pays-Bas	<b>721</b>	Super de Boer, Konmar, Edah
Thaïlande	<b>4</b>	Leader Price
Uruguay	<b>45</b>	Disco, Devoto
Venezuela	<b>42</b>	Cada
USA	<b>234</b>	Smart & Final, United Grocers, Cash & Carry
<b>Total</b>	<b>3,456</b>	



### ANDRÉ LUCAS

CHIEF EXECUTIVE OFFICER, CASINO SUPERMARKETS

"The Supermarkets division, historically one of Casino's core businesses, is underpinned by the Group's values of quality, local service, social responsibility and respect. These values are embodied in every one of the division's associates as benchmarks of our success, so it's essential that we establish a quality relationship with them based on listening and mutual respect. The challenge for us is to provide each of our employees with the opportunity to pursue their careers and encourage them to take the initiative. Our stores are located in city centres and participate actively in the local community by recruiting neighbourhood residents and providing professional opportunities for local young people. Our proximity to our customers facilitates their day-to-day lives, but it also means that we must blend into and respect their environment. Our ambition is to make continual improvements, particularly in the way we manage our waste."



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Employee training in health and safety

In 2003 the division appointed a Safety Manager whose task is to provide central management of all safety issues relating to employee activities, division facilities and the customers in our stores.

### Reducing the use of shopping bags

Supermarkets began offering two new types of bags in 2004 to reduce the proliferation of plastic bags in the environment. A polyethylene bag, sold for 0.10 and exchanged at no charge at the end of its lifespan, has been available to customers since June. A polypropylene bag became available in September 2004.

This environmentally-friendly policy has met with an extremely positive response from customers, and has been so successful that at times we have exhausted our supply of bags. We are currently testing plans to eliminate free shopping bags altogether.

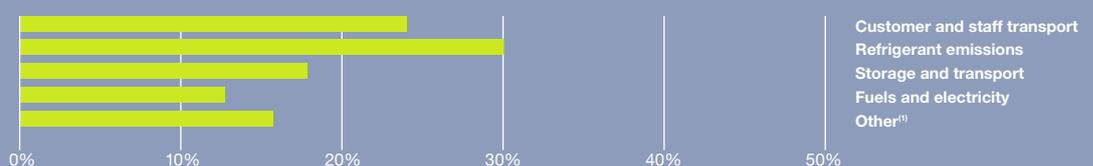
### Test projects in the sorting of fermentable waste

Pilot projects in the sorting of fermentable waste have been conducted at the Fréjus and Saint Raphaël supermarkets. Extending over the course of a week this past November, during a period of slow activity, the project was aimed at identifying the nature and quantity of the organic waste generated. Identical testing is scheduled for the high season in August. In 2005 we will be studying the suitability and potential methods of sorting fermentable waste on an ongoing basis at all of our stores.

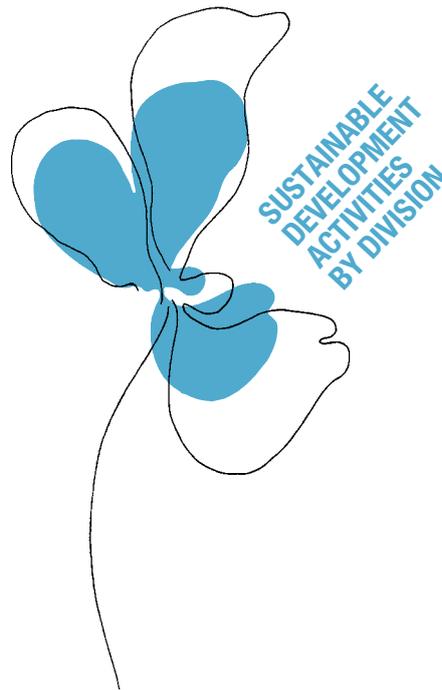
#### OUR PROJECTS FOR 2005

- Reduce leakage of refrigerant gases in cooling systems
- Reduce the number of shopping bags distributed to customers by 15% while encouraging the use of paid shopping bags
- Increase the number of stores that have signed framework agreements governing waste disposal, as a means of ensuring optimal waste management to offset projected inflation for this type of expense
- Lay the operational and commercial groundwork for mandatory collection and recycling of scrap electrical and electronic equipment

#### BREAKDOWN OF GREENHOUSE-GAS EMISSIONS



(1) Packaging materials, other raw materials, end-of-life direct waste, end-of-life packaging, cushioning materials, services.



## CONVENIENCE STORES

A NETWORK OF SHOPS TROUGHOUT THE COUNTRY

The Convenience Stores division includes over 4,931 establishments in France grouped into four separate, complementary chains: Petit Casino (2,145 stores), Spar (691), Vival (1,280) and Eco Service (141). This business, which operates solely in France, is built on a policy of neighbourhood convenience, offering a range of basic food items that varies with the chain and location.

	2004
Workforce as of 12/31	5,322
Sales (in millions of euros)	1,671.3
% of the Group's total sales	9.0%

Scope of reporting: France



Convenience stores	No. of stores	Banners
France	4,931	Petit Casino, Spar, Vival, Eco Service



**FRANÇOIS DUPONCHEL**  
DIRECTOR, CONVENIENCE STORES AND SUPERMARKETS

“Our convenience stores can be found throughout France, and by their nature they play an integral role in each community’s day-to-day life. They help ensure a lively, active neighbourhood by fulfilling the expectations of local residents in terms of price as well as product and service quality. It’s the men and women making up the Convenience Stores division who make each store a success, so we do our utmost to provide ongoing professional training to our employees and to guarantee their safety. From our perspective, respect for the environment hinges not just on optimising the logistics behind our store deliveries but also on reducing waste and raising customer awareness on a daily basis.”



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Reducing the use of shopping bags

During the summer of 2004, 295 convenience stores tested three different paid shopping bags—one made of kraft paper, one made from biodegradable plastic and one reusable bag—designed to replace single-use bags. The enthusiastic response we received from customers and store managers alike prompted us to expand the use of these three bag types to all of our stores. By year's end, 40% of our convenience stores had indicated their interest in this approach and now offer their customers a long-term alternative to traditional shopping bags.

### Collecting used batteries

All our Group store managers now offer this service to their customers, and under the agreement signed with Corepile in late 2004 the programme will be expanded to include each of our franchise partners during 2005. With nearly 5,000 stores, Casino's Convenience Stores division will have established France's largest private network of convenient collection sites for used batteries.

### Security awareness kit: "Security-it affects everyone"

Effective security requires prevention and training. The security awareness kit, prepared in collaboration with national law-enforcement agencies, describes the proper response to security concerns and offers practical information that users may need. This 15-page booklet has been designed to slip

under the cash register and summarises the proper steps to take during funds transfers and in the event of theft or a physical assault; it also includes emergency phone numbers and the appropriate behaviour to adopt and procedures to follow if an incident occurs. Distributed to more than 5,000 convenience store managers, the security awareness kit is an essential resource to help them operate their stores in complete safety.

### Preventive training to ensure health and safety on the road

In 2004 the Convenience Stores division trained 87 sales associates in risk evaluation and management, 72 people in movement and posture and 121 people in travel safety.

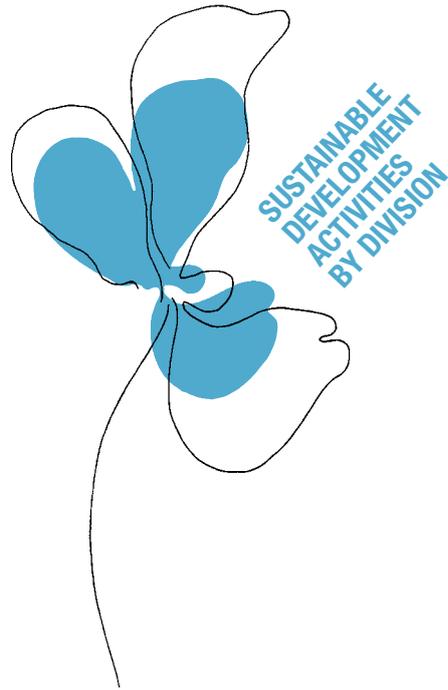
#### OUR PROJECTS FOR 2005

- Conduct a nationwide sales campaign, one that can be easily promoted in our stores, that includes an offer in which the proceeds from the sale of a specific product are donated to a humanitarian organisation
- Establish a programme to train all members of the franchise sales force in risk management and prevention with regard to in-store food safety
- Provide our full range of shopping bags in all of our consolidated stores

#### BREAKDOWN OF GREENHOUSE-GAS EMISSIONS



(1) Customer and staff transport, packaging materials, other raw materials, end-of-life direct waste, end-of-life packaging, cushioning materials, services.



## RESTAURANTS

OFFERING  
QUALITY MEALS  
TO THE WIDEST  
POSSIBLE MARKET

The Group's 242 Casino cafeterias aim to help as many people as possible rediscover the pleasures of eating well. Created in 1960, the cafeteria concept is based on offering a variety of affordable, innovative foods made with quality products. The division recently expanded into foodservice operations and delivery of prepared meals through its R2C subsidiary. Catering operations also expanded at the international level in Argentina, Brazil and the Indian Ocean.



Restaurants	No. of restaurants	Banners
France	242	Casino Caf��teria



	2004
Workforce as of 12/31	5,113
Sales (in millions of euros)	303.9
% of the Group's total sales	1.6%

Scope of reporting: Casino France



**DANIEL JAMBON**  
CHIEF EXECUTIVE OFFICER, RESTAURANTS

"When it comes to sustainable development, the major challenge facing Casino cafeterias is to gain and keep the trust of our customers. To do this, we have for many years provided catering services that are increasingly competitive in offering good value. Every day, each of our associates calls on his or her accumulated expertise to ensure proper cleanliness in our restaurants and to maintain a consistent level of quality. We are mindful of dietary concerns among today's consumers and, in order to meet their legitimate expectations, we continue to abide by our Eat Right Pledge and the commitment it conveys to providing a wide-ranging line of quality products that are nutritionally balanced and at the same time remind our customers how enjoyable food can be. We're also very attentive to the impact of our restaurants on the environment, and we are constantly looking for new ways to reduce our waste and dispose of it properly. Both independently and in cooperation with the hypermarkets to which our restaurants are attached, we seek out optimised, environment-friendly solutions."



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Water quality: strengthening our quality controls

In order to comply with French law governing water intended for human consumption, the Restaurants division conducted 200 microbiological analyses of drinking water in 2004 at 100 cafeterias and two R2C restaurants. Cooking water at these two restaurants was subjected to a physico-chemical analysis as well. We have made early progress in complying with the legislation by setting a target of 2005 for conducting a microbiological analysis at all of our sites and performing physico-chemical analyses at our 40 largest cafeterias.

### A dietician to guarantee quality

The Quality Department was enhanced in 2004 by the expertise of its newly-hired dietician-evidence of our desire to go even further in meeting our quality standards. The dietician is responsible for developing a nutritional database, monitoring allergen traceability and assisting restaurants with their hygiene and audit procedures. She will also be tracking the latest regulatory, technological and scientific developments and formulating dietary recommendations regarding the menus and recipes used in our restaurants.

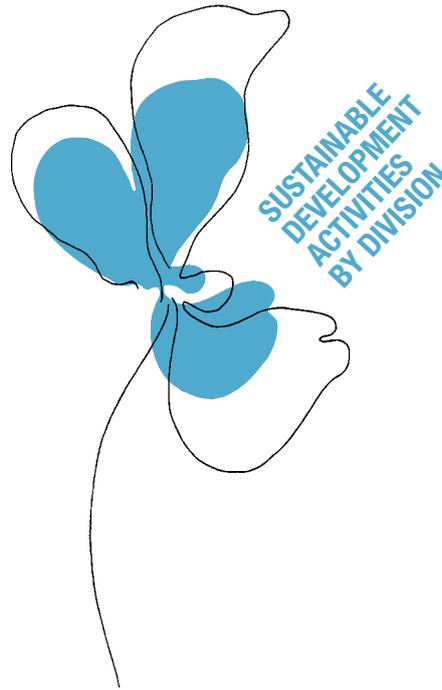
### Ensuring and encouraging product and service quality

In 2004 the division's Quality Department conducted over 610 sanitation and quality audits, 6,216 bacteriological analyses of finished products and 1,050 bacteriological and physico-chemical analyses of raw materials at cafeterias and supplier sites. With the help of specifications prepared by our Quality and Purchasing departments, we can select suppliers on the basis of their sanitary conditions and their attention to food safety during the production process.

In addition, cafeterias that wish to highlight the success of their quality efforts can apply to be recognized internally as a "Model Cafeteria". The Quality Department then conducts audits to evaluate adherence to quality and service procedures and awards this honour when cafeterias exceed a score of 85% compliance, with a certificate testifying to the restaurant's quality standards given to all of its employees. Thirty-eight of the 47 cafeterias that applied for this award in 2004 were certified as Model Cafeterias.

#### OUR PROJECTS FOR 2005

- Prepare a "Restaurant Waste Guide" and identify pilot cafeterias where selective sorting procedures will be developed
- Conduct microbiological monitoring of drinking water at every site
- Extend our physico-chemical analyses of drinking water to our 40 largest cafeterias



## LOGISTICS

### QUICK-REPOSE TRANSPORT SOLUTIONS

As the Casino Group's subsidiary for logistics and transport, Easydis charts 2,500 lorries travelling on French roadways each day to ensure that products are delivered on time. Boasting 875,000 square meters of warehouse space at 35 sites across France, Easydis offers fully integrated, cutting-edge logistics solutions.



	2004
Workforce as of 31/12	3,920
Number of warehouses	35

Scope of reporting : Casino France



**GILLES LEBREUX**  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER, EASYDIS

“The major environmental challenge that the Group’s Logistics division must address involves the global fight against climate change. Our task is to optimise goods transport so as to travel shorter distances and limit our fuel consumption while reducing greenhouse-gas emissions. It’s a win-win process in terms of our profitability and the environment, and reinforces our long-term commitment to our suppliers, our customers and our employees. By offering our associates respect and recognition and by providing opportunities for training and career development, we can instil our values of uncompromising professionalism into the workforce in order to meet our goal of service quality and customer satisfaction.”



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Incorporating safety into management: the risk prevention policy at the Verpilleux warehouse

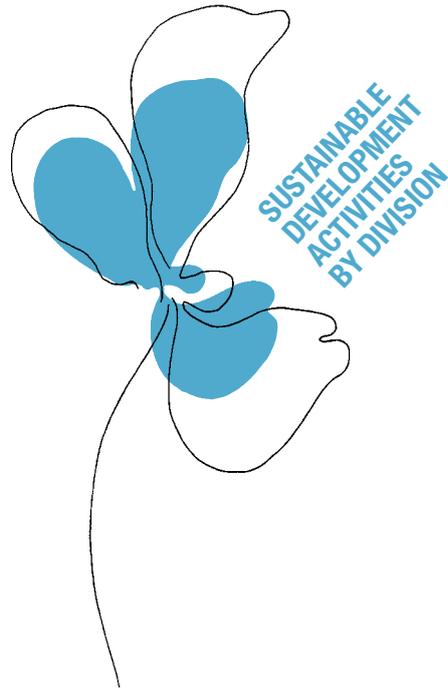
Seeking to put an end to workplace accidents occurring in warehouses, Easydis's senior management established a prevention policy at the pilot site of Verpilleux. A Safety Charter summarising basic safety guidelines was drafted in mid-2004 and distributed among warehouse employees. Based on completed reports, the location and circumstances of accidents can be identified and analysed. A training module for warehouse managers, designed to limit the number of workplace accidents, was introduced in March 2005; it will provide section heads with the resources to adapt the safety guidelines to their specific environment. Computerised accident tracking will then generate statistics that can be used to define action plans. The Group's Human Resources managers receive regular updates on progress made at the pilot site for use in implementing similar programmes elsewhere.

### Lorry drivers: responding to their concerns with appropriate training

As part of its quality policy, Easydis designed a training module in 2004 intended to highlight critical rules for transport based on four priority concerns: communication, respect, punctuality and health and safety. The subjects addressed in this training include basic safety rules, behaviour management and methods by which customers, drivers and Easydis can establish a positive working relationship. Over the course of the year, this training was provided to 819 drivers representing some 100 transport companies, and in the future it will be given to all new drivers as well.

#### OUR PROJECTS FOR 2005

- Deploy the tracking systems on vehicles that are not under contract
- Establish a permanent programme for providing training to lorry drivers
- Conduct tests on vehicles that run on clean fuel: natural gas or diester
- Continue engine configuration testing to reduce CO<sub>2</sub> emissions
- Reduce paper consumption in the warehouses by means of voice picking, computerised faxes, etc



## IMMOBILIÈRE GROUPE CASINO

TACKLING ENVIRONMENTAL CONCERNS AT THE SOURCE

Immobilière Groupe Casino (IGC) provides support to the various divisions regarding the construction, technical management and development of the Group's property assets. It helps to manage relationships between owners and lessors and offers assistance to subsidiaries establishing a presence outside France. In addition, a portion of its operations is devoted to sales promotion. Since IGC is active at a very early stage of the retail process, it has numerous opportunities to reduce the Group's environmental impact.



2004

Workforce as of 31/12

161



**JACQUES EHRMANN**  
REAL ESTATE AND EXPANSION DIRECTOR

“As the owner of the Group's property assets, Immobilière Groupe Casino has a vested interest in being a responsible manager when it comes to building design, construction and maintenance. In concrete terms, this means that we design our buildings to reflect technical and environmental constraints as well as the surrounding landscape, and we operate our buildings to ensure maximum efficiency in fluid consumption. Whenever possible we apply our expertise to environmental issues that arise at the Group's building projects. The hypermarket in Nîmes, built in 2003, offers a good example of this collaboration. Our commitment to monitoring our facilities provides us with a significant means of ensuring the safety of our installations-and therefore the safety of our customers and Group personnel-and helps us to preserve our assets as well as the environment.”



## OUR ACCOMPLISHMENTS IN 2004 ON BEHALF OF SUSTAINABLE DEVELOPMENT

### Good environmental practices

Immobilière Groupe Casino has defined a set of good environmental practices that are applicable to the Group's overall project. These good practices illustrate our desire to enhance our projects and preserve our property assets with eco-design, eco-construction and eco-management.

#### An example of a good eco-construction practice: improved excavation and backfill

IGC developed over 30 hectares of land in 2004, notably for the construction of shopping centres. Proper management of excavated earth and backfill is essential to reducing the environmental impact of this process. Since 2004, IGC requires its partners to use the results of their earth-moving and demolition activities as backfill—a requirement that entails considerable thought and planning before work can begin. As a result, consumption of raw materials and the use of land to store excavated earth are kept to a minimum, while roadway congestion and greenhouse-gas emissions are reduced as well, since fewer materials need to be transported.

### Developing a formal environmental and social strategy

As a reflection of its commitment to protecting the environment, IGC has adopted a strategy that addresses three principal areas of activity: the integration of commercial buildings into the landscape, health, and property assets. In 2004 this strategy involved the implementation of a preventive management policy regarding sensitive environmental topics,

such as Legionnaires' Disease.

In order to assess the risk posed by this disease, IGC called on representatives from Group divisions that use air-cooling towers to conduct an extensive study as part of a Legionnaires' research team. The team conducted a complete survey of Group installations, listing and describing each tower and identifying its location via GPS. In addition, the team drafted two framework agreements: one addresses audits to be conducted at these facilities, including sampling and bacteriological analysis of water; the other concerns maintenance and problem resolution. These contracts are in place at each installation and include a strict early-warning system.

#### OUR PROJECTS FOR 2005

- Prepare an internal guide to good environmental practices in IGC operations
- Implement the programme for monitoring discharge
- Strengthen the reporting requirements for Legionnaires' Disease contained in framework contracts.
- Create an extranet site that identifies all of the Group's air-cooling towers and provides a complete history of each facility

INDICATORS	UNIT	FRANCE CASINO		FRANCE MONOPRIX		NETHERLANDS		POLAND	
		2003	2004	2003	2004	2003	2004	2003	2004
<b>Energy consumption by source</b>									
• Electricity	MWh	1,077,340	1,129,331	280,494	276,406	236,919	235,257	121,700	129,093
• Natural gas	MWh	98,575	137,168	28,902	28,044	14,539	15,096	103,834	103,892
<b>Water consumption</b>	cubic metres	2,184,732	2,283,207	350,001	367,611	287,790	NC	219,662	213,994
<b>Sorted waste collected for recovery (for fuel or reuse)</b>	metric tons	22,671	22,769	18,602	19,048	9,568	8,650	5,476	6,154
<b>Quality audits on supplier production sites</b>	number	1,423	1,423	-	-	20	60	197	64
<b>Quality audits in stores</b>	number	1,994	2,070	-	-	25	183	-	-
<b>Total workforce at December 31</b>	number	52,310	49,560	18,083	18,004	12,067	10,080	8,440	8,817
<b>Permanent contracts (annual average)</b>	number	46,806	46,510	15,945	15,939	10,830	9,669	3,396	2,950
<b>Limited-term contracts (annual average, excl. temporary staff)</b>	number	5,207	4,534	2,093	1,777	1,237	411	5,044	5,529
<b>Temporary staff (monthly average)</b>	number	1,408	1,458	-	-	1,112	1,178	34	40
• Percentage of women managers	%	21	21	51	52	-	-	50	53
• Percentage of women supervisors	%	34	35	60	59	-	10	-	-
• Percentage of women employees	%	67	67	72	72	-	52	-	70
<b>Turnover of employees with permanent contracts</b>	%	17	16	22	19	-	-	5	4
<b>Employees hired to permanent contracts</b>	number	11,310	8,448	3,665	3,077	228	257	0	1
<b>Employees hired to limited-term contracts</b>	number	34,018	30,319	12,256	12,019	5,009	7,690	8,085	4,755
<b>Redundancies for economic reasons</b>	number	194	79	3	5	-	-	8	68
<b>Redundancies for other reasons</b>	number	2,354	2,084	1,016	835	-	-	4,236	5,075
<b>Net increase (loss) in jobs with permanent contracts</b>	number	179	(1,213)	79	(4)	(3,210)	(856)	(411)	(411)
<b>Average workweek for part-time employees</b>	hours	24.35	24.20	25.22	24.79	-	19.90	-	-
<b>Average workweek for full-time employees</b>	hours	34.16	33.94	35.00	35.00	-	38.40	-	-
<b>Part-time employees in the total workforce</b>	%	41	39	43	43	30	31	-	-
<b>Total salary and wages paid during the fiscal year</b>	thousands of €	901,350	907,430	320,863	330,287	353,000	NC	21,237	29,384
<b>Disabled employees</b>	%	7.87	8.01	3.56	4.20	3.90	3.10	-	-
<b>Disabled employees hired during the year</b>	number	231	203	17	23	-	-	-	-
<b>Meetings with employees representatives</b>	number	8 186	9,426	2,864	3,137	10	12	19	17
<b>Work accident frequency rate in accidents per million hours worked</b>	number	51.82	50.20	57.14	52.86	-	-	13.93	11.93
<b>Work accident severity rate in number of days lost per thousand hours worked</b>	number	2.30	2.30	1.26	1.12	-	-	0.41	0.38
<b>Employees receiving safety training during the year</b>	number	5,344	5,991	1,575	3,001	-	-	6,934	8,090
<b>Average training per employee</b>	hours	8.0	7.3	4.0	6.5	-	-	-	-
<b>Employees promoted during the year</b>	no. of employees	402	333	570	562	-	-	154	363
<b>International promotion rate</b>	%	0.8	0.7	3.2	3.1	-	-	1.8	9.0
<b>Total donations</b>	€	5,400,511	5,224,596	-	-	-	-	37,520	11,812

ARGENTINA		COLOMBIA		VENEZUELA		URUGUAY		TAIWAN		THAILAND		USA	
2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
120,266	109,104	181,140	194,900	-	-	62,800	61,700	181,435	193,901	-	-	166,927	158,773
-	-	16,434	23,600	-	-	-	-	-	-	-	-	457,370	525,637
-	-	2,573,215	2,861,754	-	-	202,566	202,938	420,860	486,513	3,200,000	4,900,000	-	-
1,600	1,500	7,899	8,922	-	-	-	-	4,644	4,308	-	-	11,785	12,240
-	-	90	120	281	-	-	-	-	-	-	-	26	-
-	-	1,952	2,299	139	-	-	-	-	-	2	2	5	3
4,514	4,576	19,413	16,789	4,558	4,545	5,553	5,607	3,119	2,941	11,661	11,790	5,058	5,587
4,119	3,796	16,840	15,963	-	-	4,692	4,691	2,846	2,875	9,894	9,958	5,058	5,587
395	780	2,573	823	-	-	151	150	273	66	1,767	1,832	-	-
621	-	554	530	400	-	0	331	273	191	-	1,395	-	-
-	-	43	43	-	-	-	0.37	1.60	2.60	49	49	-	15.60
21	24	45	46	-	-	-	3.42	5.70	3.10	62	61	-	19.20
41	38	49	51	-	-	-	47.60	44.10	48.20	54	54	-	35.20
2	2	8	8	10	22	-	-	17	24	29	32	45	41
766	-	1,098	636	377	365	431	-	464	930	1,703	2,818	2,337	2,897
48	-	6,655	6,364	192	590	1,042	-	1,200	841	27,791	16,750	-	-
-	-	327	237	263	-	152	-	0	-	-	-	225	31
-	-	1,588	180	210	-	170	170	7	-	-	-	2,072	2,132
(240)	93	322	0	(324)	(612)	(515)	74	294	442	167	64	40	15
24.56	-	27.29	28.36	21.00	28.00	30.50	30.19	38.00	38.00	-	-	-	-
44.77	-	48.00	48.00	47.00	44.00	44.00	44.00	42.00	42.00	47.00	-	-	46.00
-	-	58	54	77	57	25	26	43	41	-	-	63	62
15,160	17,052	78,066	82,733	18,433	26,836	NC	-	25,972	26,420	28,399	31,416	138,445	125,903
0.71	0.83	-	-	0.02	1.00	0.58	0.58	1.00	1.00	-	-	-	-
32	38	0	-	10	29	2	-	18	43	-	-	-	-
30	50	21	21	176	220	6	6	6	6	-	-	-	20
41.56	46.59	3.40	3.30	-	-	31.92	31.10	0.84	1.30	-	-	14.77	10.24
22.93	20.19	29.54	24.96	0.96	1.75	0.55	0.66	-	-	-	-	-	-
8,513	3,203	11,543	9,997	185	-	-	-	810	700	4,764	5,895	5,083	5,125
9.20	8.33	195.00	92.00	2.30	10.60	5.50	15.50	21.50	23.70	17.0	20.0	-	-
51	84	536	618	170	143	-	-	170	315	957	1,048	333	241
-	-	3.2	3.7	3.7	3.0	-	-	5.5	11.0	8.2	10.5	-	-
8,700	16,100	2,000	2,100	23,000	180,000	157,170	259,508	-	-	120,500	409,700	541,143	434,445

## REPORTING METHODOLOGY

### Scope of reporting

Except when explicitly mentioned, data published in this document concern:

#### In France:

All wholly-owned Casino Group establishments for the following companies:

- Casino, Guichard-Perrachon.
- Distribution Casino France and its Accos, Casino Vacances, Nazairdis, Kamili, Jaceli and Junichar subsidiaries.
- Codim2.
- Casino Caf  teria and its R2C foodservice subsidiary.
- Easydis.
- Immobili  re Groupe Casino and its Sud  co subsidiary.
- Tout Pour La Maison (TPLM).
- Casino Entreprise and its Imagica and Komogo subsidiaries.
- EMC Distribution.
- Comacas.
- Casino Services.

Data for establishments belonging to the Monoprix subsidiary, in which the Casino Group holds a 50% stake, are also included on a 100% basis.

#### In international markets:

All subsidiaries in which the Casino Group holds more than a 50% interest in the following countries:

- Argentina.
- Poland.
- Taiwan.
- Thailand.
- United States.
- Uruguay.
- Venezuela.

The Laurus subsidiary in the Netherlands, in which Casino holds a 44.99% interest.

All data for these subsidiaries are included on a 100% basis and presented on pages 52-53 of this report.

#### Exclusions:

Because of a lack of operational control, data for franchised properties (notably Franprix / Leader Price stores) have not been included in the 2004 scope of reporting.

#### Significant changes in the 2004 scope of reporting:

Data for the United States (Smart & Final stores) have been included in the 2004 scope of reporting.

### Reporting methodology

Procedures for collecting, calculating and consolidating sustainable development indicators were formalised in 2003 in a measurement and reporting protocol distributed in French, English and Spanish to everyone involved in the reporting process in France and in foreign subsidiaries. The 2004 update to the protocol did not result in any significant changes in method compared with the indicators published in 2004.

The protocol defines:

- The organisation of the sustainable development data collection and consolidation process.
  - The responsibilities of the different process levels.
  - The scope of reporting and guidelines for integrating changes in the scope (disposals and acquisitions).
- \* Definitions to facilitate understanding of the data requested.
- Methods for calculating indicators, in line with applicable international or national standards.

Experts on the Sustainable Development Committee control data consistency in their respective areas. Consolidation is centralised by the Sustainable Development Department. An internal audit in 2004 reviewed the application of reporting procedures (see facing page).

### Reporting period

The Casino Sustainable Development Report is published once a year. The results mentioned in this report concern 2004.

The indicators are collected over a period extending from January 1 to December 31. To facilitate comparison and analysis of the Group's performance, historical data for at least one prior year is included for most indicators.

## OPINION OF THE INTERNAL AUDITORS ON CASINO'S SUSTAINABLE DEVELOPMENT PROCESS AND REPORTING SYSTEM

### Audit objectives

The purpose of the 2005 internal audit was to:

- Ensure that Casino deploys adequate resources to guarantee the long-term viability of its sustainable development commitment.
- Validate the effectiveness and correct deployment of sustainable development reporting procedures and the reliability of the indicators used.
- Verify the status of the action plans described in the 2003 Sustainable Development Report in light of the accomplishments achieved in 2004.

### Nature and scope of the audit

The scope of our review extended to the Group's subsidiaries and divisions in France (Hypermarkets, Supermarkets, Convenience Stores, Easydis, EMC Distribution, Codim, TPLM, Immobilière Groupe Casino and headquarters) as well as international subsidiaries (Argentina, Colombia, the Netherlands, Poland, Taiwan, Thailand, United States, Uruguay, Venezuela). Our activities included the following:

- An audit of the 2004 Sustainable Development Report.
    - Verification of the indicators:
      - Verification of six indicators within the Casino France scope of reporting: water consumption, transport-related CO2 emissions, quantities of sorted cardboard waste, quantities of used batteries collected, average training time per employee, workforce at December 31, 2004 and percentage of employees with permanent contracts.
      - Analytical review by means of a consistency audit of the indicators provided by the international subsidiaries.
        - Review of the action plans contained in the 2003 Sustainable Development Report.
- The Group's Internal Audit department verified the existence and performance in 2004 of all action plans cited in the 2003 report and provided its assessment of the relevant level of internal auditing performed.
- A follow-up look at the recommendations contained in the 2004 Internal Audit report (2003 Sustainable Development Report). This assessment primarily examined the overall organisation of the Sustainable Development Policy, the process used to monitor legal issues and the accounting method for environmental expenses.

### Conclusions

Conclusions regarding the organisation of the sustainable development policy

Based on our work, we have made the following observations:

- The organisation of the sustainable development process did not change significantly. Consequently, the Casino

Group enjoys the benefit of its organisational experience and the resources established in 2003 and beyond to deploy its Sustainable Development Policy.

- The scope of reporting within France did not change significantly. However, the number of international subsidiaries was expanded to include Smart & Final in the United States for this 2004 report.
- The various indicators provided by the international subsidiaries and included in this report are largely the same as those used in the 2003 report.

In its report, the Group's Internal Audit department proposed the following recommendations in particular:

- Continued expansion of the scope of reporting to include all Group subsidiaries.
- Ensured reliability of the indicator reporting process by means of a unique IT database and the systematic performance of preliminary audits.
- Enhanced coordination by topic in France and internationally with the appointment of experts in both environmental and social issues.

### Conclusions regarding the indicator reporting methodology and indicator reliability

- Casino updated its reporting protocol for sustainable development indicators in 2004 to enhance data recovery and consolidation. With regard to the scope of reporting within France, we found compliance with this protocol. At the international level, this uniformity could not be guaranteed on a systematic basis, in light of specific local circumstances.
- Our testing on the six aforementioned indicators indicates that the risk of unreliable data is small and suggests that further improvements in the process used to prepare and verify these indicators would be worthwhile.

### Verification of 2004 accomplishments and assessment of internal auditing

Based on our examination of the explanations and supporting evidence that were provided, we have verified the existence and materiality of 71% of the accomplishments reported to have been performed in 2004. For 16 of these accomplishments, we requested a change in formulation and recommended additional work. These recommendations are reflected in this 2004 Sustainable Development Report.

Internal Audit Department

## OPINION OF ERNST & YOUNG ON THE PERFORMANCE OF CASINO'S SUSTAINABLE DEVELOPMENT ACTION PLANS

### External opinion on the contents of the Casino Group's Sustainable Development Report

At the request of the Casino Group, we have undertaken the activities described below with regard to the information presented in the 2004 Sustainable Development Report, for the purpose of verifying the following:

- The actual status of the deployment of the Sustainable Development Policy and the principal accomplishments during the fiscal year.
- The consistency of the qualitative information contained in this report.

Casino bears full responsibility for the information presented in this Sustainable Development Report. It is our responsibility, on the basis of the activities agreed upon jointly with Casino, to present our findings.

### Nature and scope of the activities

As agreed, we have carried out the following activities:

- We have conducted 19 interviews with personnel in the Sustainable Development Department and with representatives of the various support functions and operating divisions in charge of the Group's Sustainable Development activities.
- For the most significant accomplishments, we sought proof that these activities were in fact performed in 2004. Our work included interviews with those involved in these activities and a review of relevant documents, such as meeting minutes, attendance sheets and internal documents.

In accordance with the International Standards on Auditing, work of this nature does not include all controls appropriate to an audit designed to provide a moderate or high guarantee of quantitative data, but it does provide a basis on which to formulate findings with regard to the qualitative information presented as well as the principal accomplishments.

### Findings

- Deployment of the Casino Group's Sustainable Development Policy continued in 2004. The action plan extends to the various operating divisions and support functions. Progress made in the action plan is now tracked using a specific reporting process for sustainable development activities and assessed on a quarterly basis by the Sustainable Development Committee and annually during the environmental seminar.
- Based on our work, the qualitative information and principal accomplishments presented in the 2004 Sustainable Development Report appear to be consistent with our findings.

April 27, 2005

ERNST & YOUNG ET ASSOCIES

Environment and Sustainable Development

Eric Duvaud