



□ **What will retailers expect of farmers in the future?**

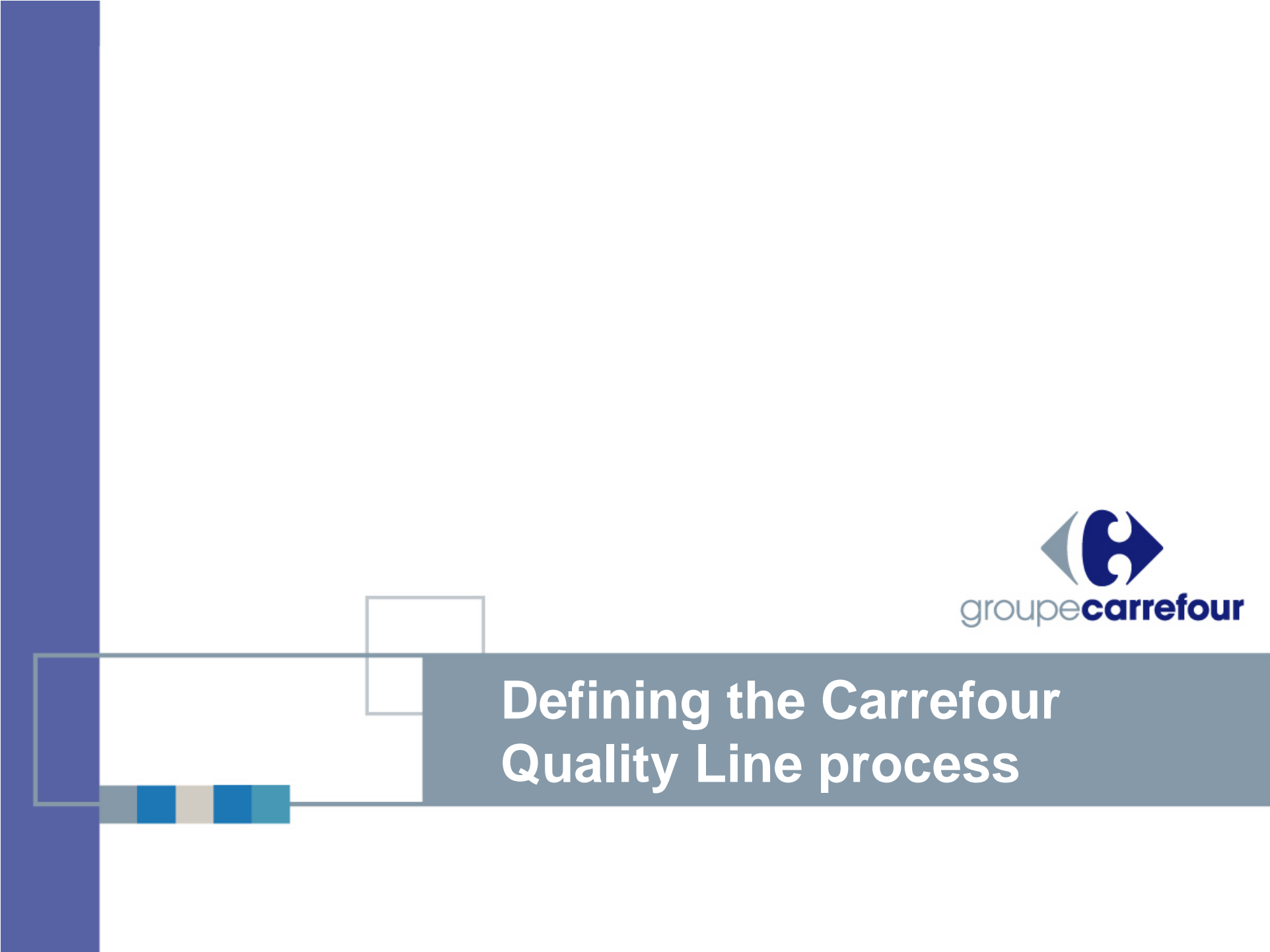


**Background: a natural link  
with the world of agriculture**

## Background: a natural link with the world of agriculture

- Every day, Carrefour supplies food to hundreds of thousands of people in France and around the world.
- Maintaining this food chain means cultivating and looking after thousands of hectares of land. It involves thousands of livestock breeders, farmers and fishermen, who play their part in producing high-quality products for our customers every day of the week.
- Carrefour introduced the Carrefour Quality Line concept in France in 1992, demonstrating its awareness of its responsibilities in this area.





## Defining the Carrefour Quality Line process

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- ▶ Quality Lines offer producers:
  - ▶ A long-term partnership, first established in 1992, with all the key players in the sector (farmers, breeders and processors), which helps to sustain local businesses and build long-term relationships based on trust. Such partnerships help guarantee the long-term viability of producers' farms. (We will examine a tangible example of this further on.)
  - ▶ The opportunity to promote regional agricultural heritage via a rigorous process of breed, variety and seed stock selection.
  - ▶ The best possible quality/price ratio for our customers and partners, ensuring that their quality processes are rewarded fairly.
  - ▶ Monitoring by expert teams, and checks carried out at various stages of the process by independent organizations, which are selected for their skills by all partners involved.
  - ▶ A production framework that respects the environment.

## Defining the Carrefour Quality Line process

- › Quality Lines offer consumers:
  - › Respect for their freedom of choice, based on the wide range of products available.
  - › A rigorous process that guarantees the quality and safety of the products on offer.
  - › Fair pricing.
  - › Consistent quality, based on specifications signed by all partners involved.
  - › Product ranges that adhere to social and environmental criteria.



## Summary: what the CQL process means

### Mutual commitment

*A long-term partnership between Carrefour and its producers*

### A quality approach

*Special labelling for products that adhere to quality requirements defined in conjunction with our partners in the sector*

### Proven results

*Healthy products, protection of the environment and quality that's accessible to as many people as possible*

### A response to consumer expectations

*Special labelling for products that adhere to quality requirements defined in conjunction with our partners in the sector*



## 2006 figures for Carrefour Quality Lines in France


135,500 tonnes of products  
1.5% volume growth



35,548 producers  
245 contracts  
74 products



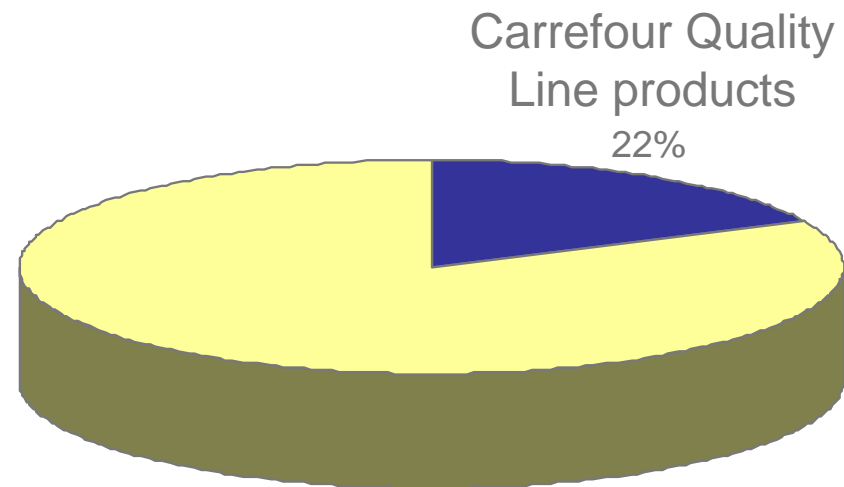
15 new producers and 2  
new products

 <b>ELITE QUALITE CARREFOUR</b>	<b>Number of products</b>	<b>Number of contracts</b>	<b>Number of producers</b>
<b>Cheese</b>	13	12	285
<b>Meat</b>	9	41	32,879
<b>Fish</b>	15	51	289
<b>Fruit &amp; vegetables</b>	37	141	2,093



## Carrefour Quality Line products: almost one-quarter of fresh product purchases

**Purchases of Carrefour France Quality Lines in 2006 represented over 22% of total fresh product purchases, an increase of 1% compared to 2005**



Fresh product purchases





## The Reflets de France, Nuestra Tierra (Spain) and Terra Italia initiatives

## The process

- ▶ These three brands, which derive from different countries within the Carrefour group, also represent a partnership-based approach to the world of agriculture.
  - ▶ Each *Reflets de France* product, for example, tries to combine a functional approach while anchoring the product in a particular geographic location (the product's origin is part of its quality guarantee) and historical context; the reasoning is that, if a given product was appreciated in the past, there is no reason to fear that it might be bad for us or our children today.
  - ▶ To really make this a success, and to ensure that consumers do not perceive the brand's values as mere advertising slogans that have been artificially attached to certain products, *Reflets de France* has added a third common value: making sure that the product is manufactured in the area concerned, thus contributing to local development.

## Product example: Reflets de France Reblochon

In 1995, Luc Chabert of Chabert Fromagerie approached Carrefour with the idea of extending its commercial activities with the latter – which until then had been restricted to its place of origin in the Savoy region -- to the national level.

Together, they launched *Reflets de France* Reblochon.

This has made it possible to greatly expand Chabert's cheesemaking business in the space of 10 years, with three new cheesemaking plants joining Chabert Fromagerie and two others starting from scratch.

At the same time, the company's workforce has grown from 80 people in 1996 to 180 today.

In 2006, *Reflets de France* Reblochon represented 750 tonnes of cheese in Carrefour stores, or 5.5% of the total tonnage of this AOC product.

The product is the result of a partnership agreement between milk producers, a processor and Carrefour.

## **Product example: CQL Cantal cheese from the Valvegols cooperative**

In 2001, Carrefour signed a Cantal cheese Quality Line agreement with milk producers and a processing cooperative.

Through this partnership, Carrefour is able to support and encourage small producers who want to return to more traditional breeding and production methods, while ensuring that they continue to be fairly rewarded. In practice, the milk producers' commitment is rewarded by paying them 4.5 euro cents per litre above the market price.

Cantal cheese production, involving two AOCs, is carried out in accordance with rigorous specifications, adhering to criteria that relate to both the quality of the raw materials and that of the processing.



## **Product example: CQL Cantal cheese from the Valvegols cooperative**

The specifications, entirely developed in partnership with the cooperative and the producers, represents a responsible approach to the environment: the milk is produced from carefully selected Montbeliard cattle, with a diet based on pasture grazing in the summer plus fodder. Silage has been prohibited, and the cheese is matured for a minimum of four months (twice as long as required by AOC criteria). As far as traceability is concerned, the CQL process guarantees that no GM maize or soya is used.

This partnership has had a significant impact in terms of local living conditions and maintaining the economic viability of farms in rural areas.

Not only have existing jobs been retained, but new ones have been created as well – and traditional skills and know-how have been maintained.

## **Product example: CQL Cantal cheese from the Valvegols cooperative**

In 2001, 17 producers were involved in this process.

In 2007, there are 27.

In 2001, 150 tonnes of CQL Cantal cheese were produced.

In 2007, production will be 250 tonnes.

Since signing the Carrefour Quality Line agreement, the Valuejols cooperative has grown by merging with five other cooperatives in the Cantal region to form what is now known as the Planeze cooperative. Its turnover has doubled in five years.







# Conclusion

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- As a retailer, what do we expect from farmers in the future?
  - A mutual commitment to building long-term partnerships.
  - Quality procedures implemented in line with specifications agreed upon by all partners involved in the sector.
  - Healthy foodstuffs, respect for the environment and high-quality products that are accessible to as many people as possible.
  - A shared concern for product flavour and authenticity.
  - Finally, to give our producers a view of what the future holds, we will commit to volume forecasts before the start of each season.

