



Ets Colruyt

ISIN code : BE0003775898 . Rating : March 2009

General Information

The Group's principal activity is to own and operate discount stores for food and non-food products. It operates under three segments: Retail, Wholesale and Food Services and Other activities. The Retail segment markets its products directly to its customers. The Wholesale and Food Services supplies its products to wholesalers, major users and affiliated independent merchants. Other activities primarily include DATS 24 petrol stations which operate in Belgium and France. The Group also deals with printing works and engineering activities. These activities are carried out through Druco and Createch. The Group operates through franchises like Colruyt, OKay, Bio planet, DreamLand, Dreambaby, Dream, Colruyt France and Coccinelle France stores. The Group operates mainly in Belgium and France. In 2007, the Group acquired SA Enco Catering Services, Supermarkt Vanduffel, Codifrais and SCI Katz. In 2008, the Group acquired Mundipak BV.

CSR Profile

Overall Colruyt demonstrates a sound awareness of its social responsibilities. Colruyt has improved its ratings for five out of the six domains. The rating for Human Rights decreased from average to below average. Scores and rating are often negatively impacted by the lack of disclosure of performance indicators. The best performance is observed in Community Involvement. The main focus is on education projects, local rural development and the start-up of small businesses in developing countries. For Environment the most impressive initiatives are the investments in renewable energy sources. The low score for Corporate Governance can be largely explained by the fact that Colruyt is a family-owned company. Several NGO's and trade unions expressed a positive opinion on the diversity policy of Colruyt. There are sound policies in place to deal responsibly with business partners. On the negative side, there is no visible commitment to the prevention of anti-competitive behaviour. Colruyt invests substantially in training, but overall the Human Resources policies and programs are not convincing. Major areas of concern are the complete lack of information on health and safety and the high employee turnover.

Executive Summary

Human Resources

Colruyt's performance in the human resources domain is not convincing. A serious area of concern is the complete absence of information on health and safety issues. This is especially worrying as trade unions point at the problem of work pressure and stress, mainly caused by high flexibility and overtime. Trade unions further describe the attitude of Colruyt towards trade unions as merely legal compliance. On the positive side almost all employees are represented by works councils and covered by collective agreements. Training efforts can be considered as among the best in the sector. Another major area of concern is the high and increasing employee turnover rate. Colruyt's performance is in line with the sector average.

Environment

In the environmental domain Colruyt has taken a number of innovative and pro-active initiatives. The general lack of quantitative data (energy consumption, CO2 and greenhouse gas emissions, and disposal of products) has a negative impact on the scores. In the Green Line Charter the environmental policy and the commitment to LCA is comprehensively presented. At the end of each year Colruyt publishes environmental accounts. Most impressive are the investments in renewable energy sources. Colruyt Group has also deliberately chosen not to install air-conditioning, neither in shops

nor in offices. For years Colruyt has concentrated on the reduction form environmental impacts of transportation. Colruyt was the first supermarket in Belgium to ban plastic bags for its customers. Overall Colruyt's performance is above the sector average.

Business Behaviour (C&S)

Colruyt demonstrates a sound commitment to product safety, information to customers and the integration of social and environmental criteria in the supply chain. On the negative side, there is no visible commitment to sustainable relations with suppliers or to the prevention of anti-competitive behaviour. Product safety is governed by the international H.A.C.C.P. standards. The company has created the "green etiquettes" which inform customers on the respect of various products on the environment. A noteworthy practice is the refusal to issuing credit cards. Another strength is the integration of social and environmental criteria in the supply chain. Extensive audits of the organic product range are executed. Colruyt is affiliated to the Initiative Clause Sociale, which coordinates social audits of non-European suppliers. Overall, Colruyt's rating for this domain is above average.

Corporate Governance

Colruyt's corporate governance system does not fully comply with Vigeo standards. This can be largely explained by the fact that Colruyt is a family-owned company. There is no majority of independent directors in the Board. Until the recent installation of the Audit Committee there were no board committees. The attendance rate at Board meetings was 100 percent. The Audit Committee has a comprehensive role but does not oversee CSR risks. The rights of all stakeholders seem to be well respected. Information on remuneration issues is completely missing. Colruyt's performance for this domain is below average.

Community Involvement

Corporate citizenship is taken seriously at Colruyt. For many projects the company cooperates with NGO's. The main focus of the community programs is on education projects, local rural development and the start-up of mall businesses. Colruyt supports projects in South Africa, Columbia, Burundi, Tanzania and Rwanda, Indonesia, Benin and Malawi. Colruyt's performance is above the sector average.

Human Rights

The lack of disclosure on human rights issues leads to a below average rating for this domain. Colruyt does not publish information on how labour rights are guaranteed. Several NGO's and trade unions expressed a positive opinion on the diversity policy of Colruyt. Colruyt organises workshops on multicultural management. Vocational training and languages courses are organized in cooperation with Turkish and Moroccan federations. Quantitative diversity data are not disclosed. No controversies were observed in the period under review.

Negative criteria assessment for the company

No involvement in any category related to the negative criteria assessment

Distribution of alcoholic beverages not regarded as involvement, following the Ethibel criteria.

For all its own brands, Colruyt requires from its suppliers a written commitment that they do not use GMOs. However, it is assumed that third party products may contain GM ingredients.

Controversies

No serious allegations detected