Registration Document

2018 Annual Financial Report

The elements of the Annual Financial Report are identified in the table of contents using the symbol ●

Registration Document

2018 Annual Financial Report

"Please note that this Registration Document is an English non-binding translation for information purposes only. In case of any discrepancies between the French and English version, the French version will prevail".

This Registration Document was filed with the French financial markets authority (Autorité des marchés financiers – AMF) on April 29, 2019, in accordance with Article 212–13 of the AMF General Regulation. It may be used to endorse a financial transaction in conjunction with a prospectus certified by the AMF. This document has been established by the Issuer and is binding on its signatories. This version of the 2018 Registration Document supersedes the previous version filed with the French financial markets authority (Autorité des marchés financiers - AMF) on 29 April 2019 and published on Carrefour's website on 30 April 2019. The change made concerns the income appropriation table presented in Section 4.7.3, page 203, of the 2018 Registration Document.

Alexandre Bompard
Chairman and Chief Executive Officer

In 2018, we engaged in a process to thoroughly revise our in-store sales proposition, by redefining our assortments to effectively meet consumers' emerging needs. We expanded our offering of organic, fresh, locally sourced and own-brand products. To drive our commitment, we have launched the Act for Food programme, a global campaign rolled out in each of our host countries to inform consumers about the concrete initiatives we are taking to support the food transition. These issues are all vitally important to consumers, and Carrefour is now actively positioning itself as the market-leading banner in each one.

We have deployed this offering in our omni-channel ecosystem, integrating physical and online stores into a seamless, increasingly personal shopping experience that delivers benefits to all our customers. We have built a single e-commerce website for each country, based on the carrefour.fr model. Signalling our new attractiveness, Carrefour entered into strategic partnerships in 2018 with digital giants, such as Google and Tencent, in a commitment to forging the retailing business of the future.

> ***"In 2018, we embarked on a transformation project of unprecedented scale with the goal of meeting our ambitious objective: to become the world leader in the food transition for all. The momentum built up in all of our regions and the results already achieved this year are making it possible for us to invest in shaping a new sales proposition, in all our formats, both in stores and online, in order to create an omni-channel universe of reference for our customers."***
>
> *Alexandre Bompard*

Lastly, we undertook to transform our stores, taking the space-assortment-price-service promise to a new level, brick by brick, region by region. Centred around customers and their needs, this process aims to make the store a multi-faceted environment: a place that highlights our expertise in food, in keeping with our ambition, with a broader range of healthy products at affordable prices, particularly in the organic section; a place to explore non-food options, with a sharpened focus on selective, relevant, high-quality lines, whether at proprietary or partner-operated stores; and a place to find new services, providing the full spectrum of our e-commerce solutions.

Thanks to the active involvement of Carrefour's teams, the initial outcomes in 2018 were robust and encouraging, with most of our targets met or exceeded during the year. These results put us on track to tackle the next phase of the Carrefour 2022 plan with confidence and strengthened ambition. The Group's current model will enable us, by 2019, to meet our customers' three demanding needs: affordable, reasonably controlled prices; healthy, environmentally-friendly and responsibly produced food; and diversified omni-channel services.

1

STRATEGY OF THE CARREFOUR GROUP

1.1 The challenges facing a global leader in retail

The retail industry is currently feeling the effects of several deeply rooted and irreversible changes that have made transformations necessary right across the value chain, from production and marketing to consumption. Initiated a year ago to help achieve its ambition to become the world leader in the food transition for all by 2022, Carrefour's transformation plan provides the necessary framework for anticipating and supporting these fundamental changes, which relate to environmental, social and technological factors.

1.1.1 New eating behaviours

Consumers are better informed and more careful than ever before about what they eat and how it was produced. More connected, they are also solicited by numerous operators and have access to a vast array of food choices. Their purchasing decisions are based on a multitude of expectations, including: a desire for taste and authenticity; a commitment to better health, fair compensation for farmers and a reduction in food waste; and concern for the environment and animal welfare. Their choices as consumers are driving major changes in food production and distribution, from the emergence of new product ranges and the development of fair trade labels and brands to the ongoing boom in the organic product segment, where global sales have tripled in just ten years(1). According to a recent survey(2), 64% of consumers worldwide follow a diet that limits or prohibits consumption of certain foods or ingredients. In addition, 70% say that they make dietary choices to help prevent health issues(2). Consumers today are therefore looking for food options that are good for their health, for producers and for the planet. They also want better guarantees in terms of food safety. According to a global survey published in October 2018, 90% of consumers want greater transparency around the products they purchase(3). Traceability and labelling clarity and accuracy are essential for building trust-based relationships.

1.1.2 Consumer behaviours transformed by digital technology

Using their smartphones, consumers can now check a product's origin and nutritional information and compare product prices; order online and have their purchases delivered, pick up their shopping at a Drive outlet, or buy directly from the producer; and share their experience with others, communicating their satisfaction or dissatisfaction quickly and easily thanks to modern technology.

In addition to giving customers more control, digital technology has also spurred the emergence of new players. They include marketplace operators, specialist online retailers and countless foodtech start-ups positioned both upstream and downstream.

Digital technology is also transforming the agricultural industry, by driving innovation in all aspects of farming operations – from central purchasing platforms to smart sensors that optimise soil irrigation – and by enabling producers to establish direct relationships with stores and consumers.

Expanded and enhanced by digital technology, the customer path is less linear and more fragmented, and depends more heavily on consumers' immediate desires and the options immediately available to satisfy them. An integrated physical and online presence within an omni-channel model, as well as a responsive supply chain and shorter delivery times, have become key success factors for capturing consumers' attention and loyalty.

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(1) Source: "Le bio dans le monde", L'Agence Bio, 2017.

(2) Nielsen Global Ingredients and Dining Out Trends, an online survey conducted in 2016 among 30,000 consumers in 63 countries.

(3) Food 360^{TM} survey by Kantar TNS for SIAL 2018.

1.1.3 An agricultural industry in need of an overhaul

By 2050, the global population is expected to reach 10 billion, *versus* 7.5 billion today and just 1 billion in 1800(1). The intensive and industrial farming methods associated with the need to feed an ever-increasing number of people now seem to have reached their limits. The additional yields they can provide are limited or neutralised by their impact on the environment, and a growing number of dissatisfied consumers are turning to alternative production methods. Even though their contribution to global production remains relatively limited, agroecology and organic farming are becoming increasingly widespread. The surface area used for organic farming increased by 54% between 2011 and 2016, to represent 1.2% of the total surface area used for agriculture worldwide(2).

Faced with the dual challenge of keeping up with growing demand while meeting increasingly stringent environmental and social standards, the agricultural industry needs to rethink its model and its practices. And as a global leader in food retail, Carrefour has a role to play in this transformation, which is so vital to the future of the planet.

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(1) Source: UN, June 2017.

(2) Source: L'Agence Bio.

1.2 Carrefour's ambition to become the world leader in the food transition for all

Against this backdrop of deeply rooted changes, Carrefour launched a wide-reaching transformation plan in January 2018, clearly setting out its ambition to become the world leader of the food transition for all.

Carrefour has numerous assets that will help it achieve this ambition: a brand that is well-known in many countries around the world; 105 million customer households; a network of 12,111 stores in more than 30 countries and e-commerce sites that attract 1.3 million unique visitors every day; local roots and contributions by each store to the day-to-day life and development of its host community; and 363,862 employees working in 300 different areas of expertise.

It also draws on 60 years of sales experience and on a pioneering culture that has constantly kept it at the forefront of the retail industry, from the invention of hypermarkets in 1963 and retailer brands in 1976 to the creation of the Carrefour Quality Lines – which now bring together nearly 28,000 agricultural producers worldwide – in 1992, and its pioneering approach to organic products, which has made the Group France's leading organic grocer today.

Fully aware of the urgency and extent of the challenges to be faced, Carrefour launched **Act for Food** in September 2018, a global programme of concrete initiatives for "better eating". The corresponding commitments are adapted to meet the specific needs of each of the Group's host countries (*see Section 2.4.1 for details*). In France, Act for Food is based on 13 key actions:

1. ensure that fresh produce under the Carrefour Bio brand is 100% French organic;
2. ban 100 controversial substances from all Carrefour food products;
3. reduce or completely end the use of chemical pesticides in plant product lines;
4. end the use of antibiotics in Carrefour Quality Line livestock farming;
5. guarantee a selection of fish sourced using responsible fishing methods and aquaculture;
6. end the use of GMOs in Carrefour products and in feeds used for livestock;
7. double the number of products in the vegetarian range in 2019;
8. sell fruit and vegetables grown from farmers' seeds to promote biodiversity;
9. deploy blockchain technology for traceability across all Carrefour Quality Lines;
10. help 500 farmers switch over to organic methods;
11. combat food waste;
12. end the sale of organic fruit and vegetables that are not in season;
13. reduce packaging.

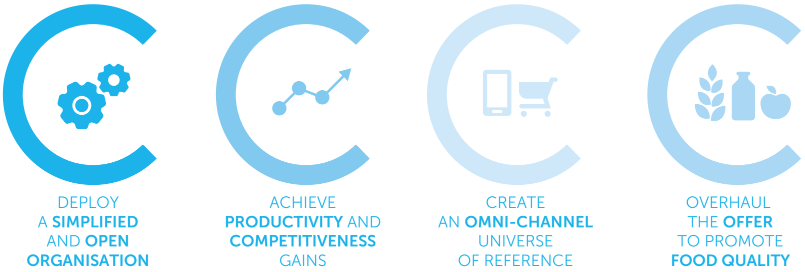
To enhance and oversee the Act for Food commitments and help the Group transform its business model, Carrefour has set up a Food Advisory Committee. The seven Committee members, all from outside the Group, are recognised experts in the areas of better eating, food citizenship, health and nutrition, and sustainable agriculture:

- Lucie Basch, Founder of Too Good To Go;
- Myriam Bouré, Co-Founder of Open Food France;
- Emmanuel Faber, CEO of Danone;
- Jean Imbert, environmentally responsible chef;
- François Mandin, Vendée-based farmer committed to methods that preserve soil;
- Caroline Robert, head of dermatology at the Gustave Roussy Cancer Centre;
- Maxime de Rostolan, founder of Fermes d'Avenir and Blue Bees.

By mobilising all of its partners and stakeholders in the food transition for all, the Group achieved its first promising results in 2018, demonstrating its capacity to advance towards an ambition that benefits both consumers and citizens.

1.3 A year of transformation

The “Carrefour 2022” strategic plan is based on four objectives: deploy a simplified and open organisation; achieve productivity and competitiveness gains; create an omni-channel universe of reference; and overhaul the offer to promote food quality.



Throughout 2018, Carrefour made significant progress in each of these four areas, for which measurable and regularly assessed targets have been set.

1.3.1 Deploy a simplified and open organisation

To enhance efficiency and strengthen ties with its ecosystem, Carrefour is adopting a leaner organisation that is more agile, responsive and customer-centric.

A streamlined organisation

The Group achieved a major milestone in its reorganisation process in 2018 by bringing its various headquarters teams together in the one location. In France, teams that previously worked in 12 different buildings are now united on a single site in the Paris suburb of Massy-Palaiseau, at the Group’s new global headquarters. A voluntary redundancy plan was also initiated and carried out in 2018, involving 2,400 employees in France, 1,000 in Belgium and 1,000 in Argentina.

To take better advantage of its size, the Group enhanced synergies among its headquarters, stores, warehouses and countries, and streamlined its organisation and its management methods for a more customer-centric approach. As a result, the support functions now operate in closer proximity to the stores and warehouses, in a horizontal and decompartmentalised organisation structure.

As promised, Carrefour also abandoned close to 500 non-priority projects – such as the Nolim project in the video-on-demand and e-book markets – to put an end to a certain lack of focus and return to previous levels of operating efficiency.

These measures gave the Group the resources necessary to invest heavily in digital technology and the food transition for all (*detailed in Section 2.1.1*), two of the priority areas in its transformation plan.

An open and agile model

To enhance its competitiveness and operating efficiency, Carrefour forged partnerships in 2018 with key players in areas that are strategic for the Group’s development.

In the area of digital technology and e-commerce:

- Carrefour joined forces with Google in March 2019 to create a digital hub in Paris bringing together nearly 300 employees from the two companies to jointly develop innovative projects in e-commerce, big data and artificial intelligence. The partnership also includes joint research into new consumer experiences, particularly involving voice technology; the deployment of the Cloud; and a digital awareness and training programme for Carrefour employees;
- a partnership with Tencent, a leading Chinese Internet company, enabled the launch in May 2018 of *Carrefour Le Marché*. The Group’s first connected supermarket combines a convenience store line-up with cutting-edge mobile services such as payment by facial recognition. The partnership is designed to speed up the Group’s digitalisation in China;
- lastly, Carrefour joined forces with Sapient, to overhaul its merchant websites and apps in France, and with Showroomprivé, Europe’s second-largest online private sales operator, to build a world-class omni-channel offering.

In the area of food safety and traceability:

- For the first time in France, Carrefour began using blockchain technology in 2018 with one of its iconic animal product lines: free-range Carrefour Quality Line Auvergne chicken, one million of which are sold every year. The blockchain technology solution was then extended during the year to several other animal and vegetable product lines, including eggs, cheese, milk, oranges, grapefruits, tomatoes, salmon and pork. Blockchain technology brings numerous benefits to the food industry. It meets consumers’ increasing need for transparency; for breeders, it is a means to showcase what they produce and their expertise; and it enables Carrefour to share a secure database with all of its partners and guarantee higher food safety standards for its customers (*detailed in Section 2.2.1*).
- In October 2018, Carrefour joined the IBM Food Trust platform, a key initiative in the Group’s global food transition programme, Act for Food. The aim is to speed up the application of blockchain technology to new product ranges over the following months. Being a founding member of the IBM Food Trust platform represents a major opportunity for Carrefour to accelerate and broaden the use of blockchain technology with its products, in order to provide customers with a safe and reliable traceability system.

In the area of purchasing:

The purchasing alliances signed with Tesco and Système U (creation of the Envergure joint purchasing centre) are now operational. Similar partnerships have also been initiated with Provera in Belgium and Luxembourg, Fnac Darty in France and PAM and VéGé in Italy.

In the area of food waste:

Carrefour has teamed up with Too Good To Go, a start-up that encourages brands and retailers to revise the semantics used for minimum durability dates.

The Group has also acquired several innovative young companies positioned in market segments and services that are aligned with its omni-channel universe. In 2018, Carrefour acquired Quitoque, the French leader in home-delivered meal kits, Planeta Huerto, the Spanish leader in online sales of organic products, and e-Mídia, a Brazilian foodtech firm dedicated to online recipes, which attracts 2.5 million unique visitors per month.

A stronger emphasis on customers

Committed to strengthening its customer-centric culture, the Group has stepped up its recruitment and training investments in the areas of expertise required by its strategy, notably digital transformation, food transition and management. Initiatives in this area include the Go Transform programme implemented in partnership with Google, which aims to convert 1,000 Group managers into digital transformation ambassadors in their countries and among their teams.

In France, Carrefour trained 9,700 employees on key topics such as the organic market and fresh produce in 2018, twice as many as in 2017. The training programme is designed to give employees greater insight into the challenges associated with the food transition, enabling them to provide the right advice to customers. In the hypermarkets segment, 20,800 employees completed a training programme that highlights Carrefour's commitment to its customers and employees. In China, the Group continued to develop its fresh food academy, which trained 1,200 employees in 2018.

1.3.2 Achieve productivity and competitiveness gains

The Group is using two complementary avenues to sustainably increase its productivity and competitiveness: (i) a strict cost discipline plan to reduce its overheads and operating costs, which will benefit consumers by lowering prices in-store; and (ii) a more selective investment policy, focused on the Group's strategic priorities, notably digital technology, e-commerce and the food transition.

A powerful cost reduction plan of 2.8 billion euros on a full-year basis by 2020

SYSTEMATIC COST DISCIPLINE
Continuous **productivity** improvement

Direct purchasing	○ Purchasing pooling ○ Assortment rationalisation (~-15%)
Indirect purchasing	○ Contract pooling (Group) ○ Systematic renegotiations ○ Increased controls on spending
Supply chain	○ Operational efficiency
Overhead costs	○ Organisation simplification

TOTAL SAVINGS
(as of 2020, on a full-year basis)
€2.8bn

INCREASED COST DISCIPLINE WILL ENABLE CARREFOUR TO INVEST IN ITS **PRICE COMPETITIVENESS**

Strong cost reduction dynamic

Thanks to a cost reduction programme launched in all its host countries, Carrefour achieved savings of 1,050 million euros in 2018. The significant results already achieved have enabled the Group to raise its cost savings target for 2020 from 2.0 billion euros to 2.8 billion euros on a full-year basis.

The results were achieved notably thanks to:

- the pooling and standardisation of direct and indirect purchases;
- the reduction in payroll costs driven by voluntary redundancy plans;
- supply chain optimisation.

The purchasing partnerships signed in 2018 with other retailers, such as Système U and Tesco, will have a positive impact on costs starting in 2019.

These results are also the product of the significant efforts made to overhaul the in-store offering. After scaling back the assortment on offer by around 6% in 2018, Carrefour intends to pursue its rationalisation efforts to achieve an overall reduction worldwide of 15% in 2020 (*versus* an initial target of 10%).

In 2018, Carrefour also completed the divestment of 273 ex-Dia stores acquired in 2014.

Disposal of non-strategic assets

The Group also sold 160 million euros' worth of non-strategic real estate assets in 2018 and is targeting a total of 500 million euros in real estate disposals by 2020.

Increased price competitiveness

Streamlining its expenses in this way has enabled the Group to invest in its price competitiveness, in line with its commitments. This is especially the case at Carrefour Market supermarkets in France and at hypermarkets in Brazil.

In 2019, the Group will continue to implement this strategy of passing cost savings on to product prices for the benefit of its customers. With the entry into force of the initial provisions of France's new Food Law, a number of promotional offers were introduced in February 2019, including discounts of up to 1.50 euros on a selection of 200 national-brand products and 10% discounts on 10,000 Carrefour own-brand products.

Strategic investments

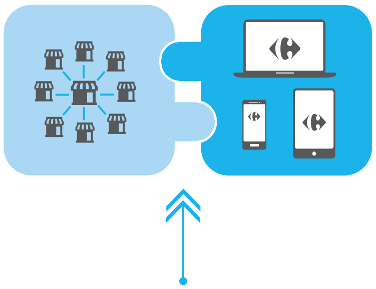
While reducing its costs and improving its productivity, Carrefour also invested 1.6 billion euros in 2018 in areas that are strategic to its transformation plan, such as:

- the development of digital services and the standardisation of e-commerce solutions;
- the expansion of convenience formats and the modernisation of hypermarkets;
- the extension of Drives, Click & Collect and home delivery services;
- stronger integration of stores in the omni-channel customer experience;
- the deployment of a food offering more closely aligned with consumer expectations, in terms of quality and traceability, the increased availability of organic products, and a broader selection of fresh produce and local products;
- support for farmers and other food industry operators *via* long-term partnerships.

1.3.3 Create an omni-channel universe of reference

Carrefour benefits from a global network of over 12,000 stores in more than 30 countries. As part of its transformation plan, the Group is integrating its physical store network with its online offering to create a seamless, comprehensive omni-channel universe. The aim is to enable customers to do their shopping in a variety of different ways, such as ordering online and then picking up their purchases from a Drive outlet, getting a rapid home delivery, or shopping in-store with digital services that facilitate, accelerate and enhance the customer experience.

AN OMNI-CHANNEL UNIVERSE



STRENGTHEN STORES

- A refocused, powerful and **reinforced hypermarket**
- More services and a **densified network** of supermarkets, convenience stores and cash & carry

BECOME THE LEADER IN FOOD E-COMMERCE

- A **single** efficient e-commerce entry point
- A range of unique **digital services** leveraging optimised logistics assets

ACTIVATE STRONG LOYALTY LEVERS

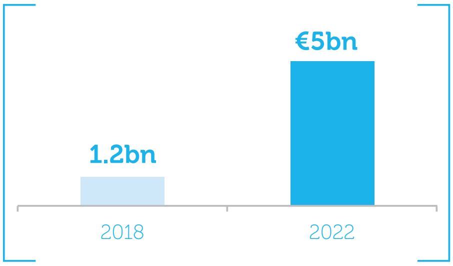
- Power of the **Carrefour brand**
- Customer knowledge and customisation through **data**

With this in mind, Carrefour has initiated a plan to invest 2.8 billion euros in digital technology over five years, with the aim of becoming the world leader in food e-commerce by 2022. In 2018, the Group generated net sales of 1.2 billion euros worldwide in food e-commerce, a year-on-year increase of more than 30%.

A target of 5 billion euros in food e-commerce by 2022

€2.8bn
invested in digital transformation between 2018 and 2022

GROUP ONLINE FOOD SALES



A unified digital presence

In 2018, the Group successfully carried out the "One Carrefour" project, reorganising all of its e-commerce websites and mobile apps in order to have a single digital portal and brand in each country, such as *Carrefour.fr* in France.

At the same time, the Group stepped up the expansion of its Drives, pedestrian Drives, Click & Collect and home delivery services during the year, with the dual objective of enhancing integration of the online and offline customer experience and making its food e-commerce offering immediately available to customers.

In 2018, Carrefour opened 190 Drives, of which 164 in France. As a result, France had a total of 832 Drives at December 31, 2018, including 35 pedestrian Drives located in Paris, Lyon, Saint-Etienne and Beauvais. The Group aslo extended the coverage of its Click & Collect solution for a total of 1,700 of its outlets.

The Group is also making its grocery home delivery service more widely available, with 19 cities added in France, 23 in China and 41 in Italy in 2018. The one-hour express delivery service, which facilitates the online purchase of fresh products, has been rolled out in nine countries. In five of those countries, the solution has been implemented *via* operators that specialise in last-mile logistics, such as La Poste subsidiary Stuart in France, ShipTo in Belgium and Bringo in Romania.

Enhanced logistics

Alongside its front-office investments, Carrefour is also taking action to ensure that its back-office operations are aligned with its food e-commerce ambitions. The Group is building a cutting-edge industrial and logistics ecosystem, based notably on a network of automated order fulfilment centres. In France, for example, the Aulnay-sous-Bois warehouse inaugurated in January 2018 serves 50 stores, including 16 Drives and three pedestrian Drives. It will ultimately serve nearly all of the Drives opened by Carrefour in the Paris region, except for the pedestrian Drives, which will be transferred over to the order fulfilment centre in Pantin in 2019. In addition to these automated warehouses, Carrefour is also developing hybrid solutions by installing automated or semi-automated order fulfilment systems in its hypermarkets to create "dark stores". In 2018, the Group created dark stores in Brazil, France, Italy and Poland.

Carrefour is also strengthening its back-office operations in marketing. By 2022, 50% of the Group's marketing expenditure will be allocated to digital solutions (*versus* 8% in 2017), with priority given to harmonising its customer databases, consolidating customer relationship management (CRM) and implementing personalised messages and offers adapted to the practices and preferences of each consumer.

A store-centred omni-channel model

Serving as sales outlets, fulfilment and delivery centres and pick-up and return points, the Group's stores are central to the omni-channel universe created by Carrefour and are therefore the focus of a significant investment programme.

More than 470 convenience stores were opened in 2018 (of which 145 in France), for an initial 2022 target of 2,000. The rapid pace of openings has enabled the Group to revise its target to 3,000 new convenience stores worldwide by end-2022.

The expansion confirms the importance of convenience formats to the Group's strategy. They notably enable it to:

- increase the density of its network and the number of contact points in a given region;
- enhance convergence and compatibility with digital solutions, particularly with the development of Drives and pedestrian Drives;
- develop an offering, particularly in large cities, that is tailored to new consumer habits (an example is the Carrefour City La Halle opened in Paris in late 2018, which combines Drive orders for consumer products, an in-store selection of fresh foods and a ready-to-eat line-up that reflects the development of new catering concepts).

At the same time, Carrefour is renovating its hypermarkets to integrate them more effectively into its omni-channel universe. The Group is adjusting the size of its hypermarkets to their catchment area and to customer expectations and reducing the space taken by the least competitive non-food product categories. The freed-up space is notably used for organic sections, stock clearance stores ("Outlets"), online order fulfilment areas and trial shop-in-shops selling household appliances. At end-2018, Carrefour had eliminated and converted a total surface area of 20,000 sq.m. across its hypermarket network in France.

The Group has also consolidated its leadership position in the cash & carry format, both offline and online. In Brazil, the Group has converted 20 hypermarkets to the Atacadão banner, the domestic market leader, and plans to open another 20 Atacadão stores in 2019. The same strategy is being implemented in Argentina, with the conversion in 2018 of 16 hypermarkets into Maxi stores. In addition, Carrefour is continuing the development of its Supeco banner – a cash & carry format open to both professionals and individuals – in Europe and Africa.

In all store formats, Carrefour is speeding up the deployment of digital services, to reduce waiting time at the check-out and improve the customer experience. In 2018, the Group notably increased the availability of its Carrefour Pay solution, a smartphone app that combines mobile payment, the loyalty programme and discount coupons. Carrefour Pay can now be used in all stores in France and will soon be extended to other countries.

The Group has also extended self-checkouts and its scan & go service, where customers scan their purchases and then pay for them with Carrefour Pay without needing to go through check-out.

Lastly, Carrefour has also enhanced the appeal of its non-retail services, such as banking and insurance and tickets for shows, by integrating new online offerings with in-store sales and guidance. For example, C-zam, the completely digital bank account and associated payment card sold in a box across the entire network in France, has already won 120,000 customers in just one year.

In the non-food segment, Carrefour is focusing its investments on product categories that represent the greatest growth potential and strategic fit for its stores, as part of an omni-channel approach and by capitalising on innovative partnerships.

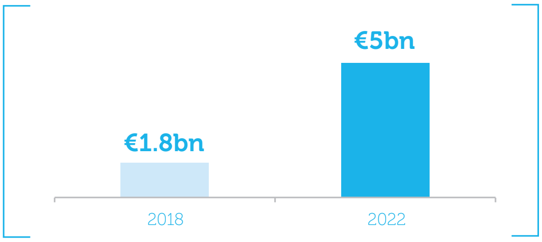
In December 2017, for example, the Group forged a strategic alliance with Fnac-Darty for the joint negotiation of purchasing conditions for household domestic appliances and consumer electronics, in a particularly competitive segment. The partnership was broadened in 2018, with the trial opening of Darty shop-in-shops at two of the Group's hypermarkets in France. The same strategy is being implemented in numerous countries and for different product families. For example, Carrefour is developing a network of "corners" in its stores in Poland with German electronics and appliances retailer MediaMarkt. These partnerships enable Carrefour to reduce its operating costs while also boosting its sales in selected non-food product families.

1.3.4 Become the world leader in the food transition for all

Carrefour is firmly committed to promoting healthy, balanced food options produced using sustainable, environmentally responsible farming methods, in line with new consumer expectations. Its ambition in this area has been broken down into three key objectives:

- increase the selection and sale of **fresh produce** at a sustained pace, with a target in France of net sales growth three times higher than that of other food products, by attracting one million new customers by 2022;
- become the leader in **organic products** in all of the Group's countries of operation, by generating 5 billion euros in net sales worldwide in 2022;
- use **own-brand products** to spearhead the promotion of food quality and safety for all, with the objective of generating a third of Group sales from own-brand products by 2022.

GROUP ORGANIC PRODUCT SALES



A broader selection of fresh produce

In 2018, the Group strengthened the fundamentals of its fresh produce offering in all of its countries of operation *via*: the implementation of agroecology plans; the development of local production cooperatives and local distribution networks; 100% natural feed for livestock; product labelling; nutritional information; elimination of additives and reduction of the salt, sugar and fat content of foods; optimisation of the supply chain; deployment of a blockchain technology solution for traceability; employee training and extension of Carrefour's fresh produce academy. Carrefour's quality objectives are adapted to meet the specific requirements of each country and industry. For example:

- **Carrefour Quality Lines (*see Section 2.2.3 for details*):** In France, the Group has set an objective for 2020 of sourcing 20% of its fresh products from Carrefour Quality Lines and 50% of its fruit and vegetables from local producers. It also anticipates that, in 2022, all produce from Carrefour Quality Lines will offer consumers a distinct agroecological advantage, such as "grown without chemical pesticides", "raised without antibiotics" or "raised on a GMO-free diet".

  Thanks to their rapid development in 2018, Carrefour Quality Lines now bring together nearly 28,000 producers worldwide under long-term partnership agreements that include fair prices and a significant number of social, environmental and quality commitments. In June 2018, for example, Carrefour created a Quality Line for the production of 100% French spelt flour and spelt bread, which brings together various participants in the production and transformation process based in the French region of Auvergne-Rhône-Alpes. In all, the Group has more than 500 Carrefour Quality Lines. Sales of products sourced from these lines increased by 10.1% in 2018 to reach 922.7 million euros;
- **fishing and aquaculture (*see Section 2.2.5. for details*):** The Group expects to meet its target of 50% of Carrefour seafood products from sustainable channels (MSC, ASC or FQC-certified) in 2019, a year ahead of schedule. Net sales of certified seafood represented 37.3% of total seafood sales by Group stores in 2018 and increased by 42.8% from 310.9 million to 443.9 million euros.

  Carrefour is the first French retailer to obtain sustainable fishing certification (MSC and ASC) on 100% of its hypermarkets and supermarkets (Market format).

Sharp increase in sales of organic products

Net sales of organic products came to 1.8 billion euros in 2018.

Carrefour has expanded its offering of organic products in all countries and all store formats. In France, the Group has installed dedicated organic sections in 107 hypermarkets, larger "bio Expérience" spaces (around 8,000 organic products over a surface area of 600 sq.m.) in five hypermarkets and organic shop-in-shops in 35 Carrefour Market stores. It has also increased the shelf space used for organic products in all of its convenience stores. In addition, the Group wants to develop its base of convenience stores specialising in organic products. It opened five new specialist organic convenience stores in France and three in Spain in 2018 and plans to open more stores of this type across Europe in the coming years.

In July 2018, Carrefour announced the acquisition of So.Bio, a chain of eight organic supermarkets located in south west France, thereby strengthening its position in the specialist organic segment.

As part of its omni-channel approach, the Group has also expanded the offering of its subsidiary Greenweez, Europe's leading online distributor of organic products. In October 2018, Greenweez acquired Planeta Huerto, the leader in online sales of organic products in Spain and Portugal, with more than 35,000 items and 250,000 customers.

Upstream, Carrefour is supporting the conversion of farmers to organic methods. In partnership with WWF, it has launched a special "Organic development" contract, with a guaranteed purchase volume and price for three to five years, for farmers switching over to organic practices. Their products, sold in the Group's stores, also benefit from a special WWF labelling system. Carrefour signed "organic development" contracts with 210 farmers in 15 supply lines in 2018, and is targeting a total of 500 conversions by 2022.

Strong growth in own-brand products

In addition to overhauling the product assortment, the Group is also carrying out an in-depth makeover of the Carrefour brand and developing new ranges in order to more effectively showcase the quality and price advantages of own-brand products. The Group's objective is to generate a third of its sales from Carrefour-brand products by 2022.

Carrefour raised the bar on quality standards for its own-brand products once again in 2018. In several countries (Belgium, Spain, France and Italy), the Group has banned 100 food additives from the composition of its products, such as colours, antioxidants, preservatives and texturing agents, and has committed to eliminating 30 others by 2020.

Constantly attentive to its customers' expectations, the Group significantly expanded its own-brand organic range, Carrefour Bio, in 2018, adding 743 new items to the 2,566 already available in 2017, for a total of 3,309 products. With the aim of ensuring that its own-brand organic products sold in France are 100% French, the Group has also started to rid its shelves of organic fruit and vegetables that are not in season. It plans to take this commitment further in 2019 to ensure that 95% of the fruit and vegetables sold in France are also produced in France.

Carrefour has also expanded its range of vegetarian products, Carrefour Veggie, to meet changing eating habits and increased concern about environmental issues. The number of products available in the Group's own-brand vegetarian range will have doubled by June 2019.

In line with its commitment to co-construction, Carrefour actively involves consumers in the design and development of new food products. It therefore organised more than 200,000 quality tests and tastings among customers in 2018.

Carrefour also aims to set the example in the area of packaging. That's why it joined the New Plastics Economy initiative led by the Ellen MacArthur Foundation in October 2018. The aim is for all packaging to be 100% reusable, recyclable or compostable by 2025. The Group also signed France's national pact for phasing out plastic packaging on February 21, 2019, alongside other companies in the food and retail segments.

Last but not least, Carrefour initiated an innovative food quality programme in 2018. The Group is gradually deploying, across all of its Quality Lines, a blockchain technology solution that ensures full traceability of a product through all stages of production, transformation, storage and sale. Carrefour also carried out more than 53,000 quality analyses in 2018 (up 8% from 2017) at the 2,616 sites where its own-brand products are made.

Taking a proactive approach to food transparency, Carrefour shares all of the data relating to its own-brand products with collaborative database Open Food Facts, which enables consumers to check a product's nutritional value and score *via* an easy-to-use mobile app (*see Section 2.2.1 for details*).

1.4 History of the Carrefour group

1959

The *Carrefour Supermarchés* company was created following a meeting between Marcel Fournier, owner of a novelty shop in Annecy, and the Badin-Defforey business, a grocery wholesaler in Lagnieu.

1960

Both from an entrepreneurial background, they hit upon a new idea: self-service, French-style, which they tried out in a 200-sq.m. store before opening an 850-sq.m. supermarket at the crossroads of Avenue Parmelan and Avenue André Theuriet in Annecy.

1963

France's first hypermarket was opened at Sainte-Geneviève-des-Bois, in the Paris region. The first of its kind, this 2,500 sq.m. self-service hypermarket offered a vast choice of products at low prices and had 400 free parking spaces.

1966

The Carrefour logo was created to mark the opening of the hypermarket in Vénissieux, near Lyon. It depicted the first letter of the word Carrefour placed in the middle of a diamond with the left half coloured red and the right half coloured blue, with black lines above and below. The black lines soon disappeared, leaving the C less visible, almost subliminal.

1970

To finance its growth, Carrefour was listed on the Paris Stock Exchange, a first for the retail sector.

1973

Carrefour expanded internationally and explored new markets, opening its first stores in Spain under the Pryca banner, followed by Brazil in 1975.

1976

To offer its customers more affordable products, Carrefour reinvented its business and started to sell its own products. This was the beginning of *produits libres* (unbranded products) in plain packaging that would go on to revolutionise the consumer products business.

1981

Carrefour created the PASS card, a credit card and customer loyalty card rolled into one, which was an immediate success. Just three years after its launch, 200,000 customers had PASS cards and had used them for more than four million transactions.

1982

Changes in legislation and new consumer habits encouraged international development, which led to store openings in Argentina and then, in 1989, in Taiwan.

1992

Carrefour developed a new relationship with the agricultural industry by creating a completely new type of partnership, "Carrefour Quality Lines". The same year, Carrefour ushered in the era of organic products in retail with its *Boule Bio* organic bread.

1993

The Group inaugurated its first stores in Italy and then, in 1995, in China.

1996

The first partnerships with Food Banks were set up to redistribute food approaching its use-by date to those in need.

1997

Carrefour continued to expand internationally, opening its first stores in Poland. At the same time, the Group created its "Reflets de France" brand for products based on traditional French recipes.

1998

As the 1990s drew to a close, the Group underwent significant change and brought together various banners. After signing an agreement in 1997 with Guyenne & Gascogne, Coop Atlantique and the Chareton group, Carrefour purchased Comptoirs Modernes in October 1998, acquiring more than 700 stores operating under the Stoc, Comod and Marché Plus banners.

Carrefour va épouser Continent

Carrefour et Promodès fusionnent

UN MARIAGE TRES EPICIER

1999

On August 30, Carrefour submitted a friendly tender offer for the shares of Promodès, a company founded in 1961 by two Normandy families with a background in wholesale trade, the Duval-Lemonniers and the Halleys. The merger between Carrefour and Promodès, authorised by the European Commission in 2000, resulted in the creation of the world's second-largest retailer. The new Carrefour employed 240,000 people and had more than 9,000 stores throughout the world.

2000

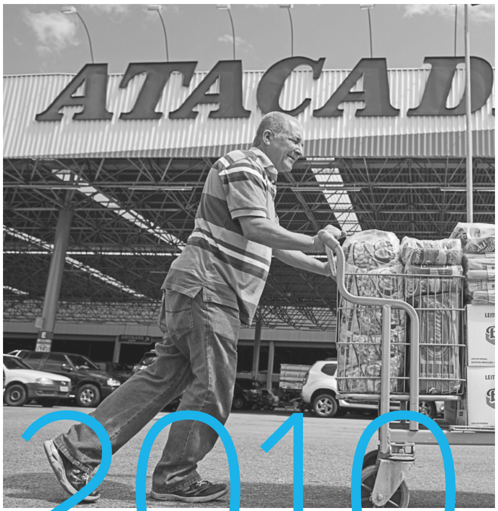
In response to changing consumer habits, Carrefour launched the online supermarket Ooshop, which offered a range of 6,000 products, including more than one thousand fresh food items. It also pursued its international expansion by opening its first store in Romania in 2001.

2005

The Group strengthened its presence in many countries in the 2000s, either through controlled expansion or targeted acquisitions, including France and Romania (Hyparlo, Artima, Penny Market), Belgium (GB), Poland (Ahold), Italy (GS), Brazil (Atacadão), Argentina (Norte) and Spain (Plus).

2008

Carrefour initiated a major renovation programme in its stores, converting its Champion supermarkets, for example, to the Carrefour Market banner.
In record time, the 1,000 French stores were rebranded to offer a wider range of products and services, a simplified customer path through the aisles, and the benefits of the Carrefour programme.



2010

The Group continued its expansion of the Carrefour banners, in Brazil, for example, with the opening of 11 Atacadão stores during the year and in China, by opening 22 hypermarkets and acquiring eight stores as part of a partnership with Baolongcang, one of the major hypermarket chains in the Hebei region in eastern China.

2012

The Group refocused its activities. As a result, partnerships in Indonesia, Turkey and the Middle East were reorganised. The Group also consolidated Guyenne & Gascogne following the success of a tender offer in France and acquired Eki stores in Argentina.

2013

Carrefour joined forces with the CFAO group, establishing a joint company to develop various formats of Carrefour stores in West and Central Africa. The same year, the Group launched an asset modernisation programme. During the programme's first year, 49 hypermarkets and 83 supermarkets were renovated and remodelled in France.

2014

To gain more control over its ecosystem, Carrefour created Carmila, a company dedicated to revitalising the shopping centres adjacent to its hypermarkets in France, Spain and Italy. The year was also shaped by the acquisition of the Dia network and the integration of 128 Coop Alsace stores in France, the acquisition of 53 Billa supermarkets and 17 Il Centro stores in Italy and the sale of a 10% stake in its Brazilian subsidiary to Península, designed to strengthen the Group's local roots in Brazil.

2016

Carrefour continued to expand its network, with the development of its convenience banners and the acquisition of Billa supermarkets in Romania and Eroski stores in Spain. In addition, the Group proceeded to the acquisition of Rue du Commerce and Greenweez in France and the launch of new e-commerce operations in China, Poland, Argentina and Brazil.

2018

Carrefour reinvented its business model and started to implement the "Carrefour 2022" transformation plan inspired by its bold ambition to become the world leader in the food transition for all by 2022. The idea is to enable everyone to eat better at affordable prices by offering healthy, safe, balanced foods produced using sustainable and socially responsible farming methods. To achieve its ambition, Carrefour is creating an omni-channel universe in which its online presence is closely integrated with its physical store network and the emphasis is on quality food, available everywhere, at any time. In September 2018, Carrefour launched a global advertising campaign of unprecedented proportion: Act for Food.
After a year of transformation, Carrefour's global net sales in food e-commerce were up 30% to 1.2 billion euros, while sales of organic products increased significantly, climbing to 1.8 billion euros.

⊕ **For information about 2018, go to section 1.6**

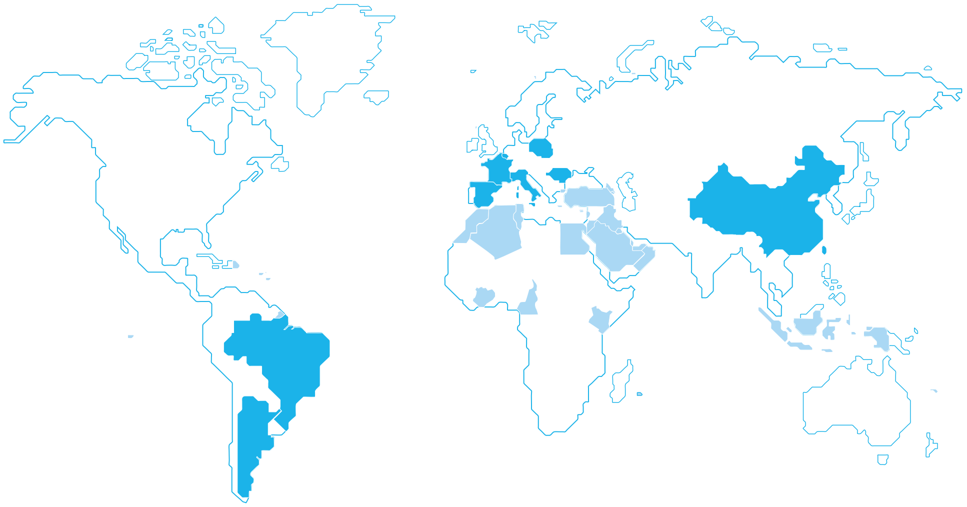
1.5 Description of the Group's business

1.5.1 Geographic footprint and omni-channel deployment

GEOGRAPHIC FOOTPRINT AT DECEMBER 31, 2018

Carrefour group
12,111 stores around the world

France*	Belgium	Poland	Romania	China
5,220 stores	**794** stores	**850** stores	**360** stores	**239** stores



Argentina	Brazil	Spain	Italy	Taiwan	Other
590 stores	**435** stores	**1,088** stores	**1,083** stores	**128** stores	**1,324** stores

● Integrated countries/regions ● Franchised countries/regions

* Mainland France

omni-channel deployment

As part of its omni-channel strategy, Carrefour is developing its physical network of sales outlets and pick-up points in synergy with its e-commerce websites and apps, in order to provide consumers with simple solutions that are available to everyone, everywhere at any time, including in-store shopping, pick-up at a Drive or *via* Click & Collect, and home delivery.

Carrefour is a multi-local omni-channel retailer. In every country and region, it builds an offering in line with consumers' practices and preferences. Each store has the independence necessary to adapt its product assortment and services portfolio to local needs and build close relationships with its customers, while also benefiting from the strengths and resources of an international retailer. The Group's stores all contribute to their host community's development in various ways, by creating direct and indirect jobs, setting up local distribution networks and sales partnerships with local producers (SMEs, farmers, etc.), contributing to local business projects, and taking part in environmental, social and solidarity initiatives, particularly in the areas of food donations and combatting food waste.

1.5.2 Summary of financial performance

(in millions of euros)	**2018 post-IAS 29**	**2017 restated for IFRS 5**	**2016**
Consolidated income statement			
Sales inc. VAT	84,916	87,605	85,700
Net sales	76,000	78,315	76,645
Recurring operating income before depreciation and amortisation*	3,469	3,735	3,886
Recurring operating income	1,905	2,135	2,351
Recurring operating income after net income/(loss) from equity-accounted companies	1,919	2,139	2,315
Operating income	758	978	1,943
Net income/(loss) from continuing operations	(43)	(85)	934
Net income/(loss) from continuing operations, Group share	(259)	(254)	786
Total net income	(344)	(362)	894
Net income/(loss), Group share	(561)	(531)	746
Consolidated statement of cash flows			
Cash flow from operating activities	2,107	2,653	2,964
Net cash from operating activities	2,108	2,843	3,305
Net cash from/(used in) investing activities	(1,613)	(2,635)	(2,856)
Net cash from/(used in) financing activities	529	362	0
Net change in cash and cash equivalents	708	288	581
Consolidated statement of financial position			
Net debt	3,785	3,743	4,531
Shareholders' equity	11,286	12,159	12,008
Shareholders' equity, Group share	9,169	10,059	10,426

* *Recurring operating income before depreciation and amortisation (including supply chain depreciation).*

1.5.3 Carrefour in France and around the world

Carrefour has been opening stores under its banners in France and abroad for 60 years. It currently operates in mainland France and its overseas territories, as well as in Europe, Asia, Latin America, Africa and the Middle East through a network of integrated and franchised stores, and stores that it runs with partner companies.

In 2018, Carrefour opened or acquired 716 stores under Group banners, representing some 534,400 sq.m. of gross additional sales area. As of the end of 2018, Carrefour had 12,111 stores under its banners in more than 30 countries.

Carrefour reported net sales of 76 billion euros in 2018, a 3.4% increase at constant exchange rates.

Sales including tax (before the impact of IAS 29) amounted to 85.2 billion euros, an increase of 2.5% at constant exchange rates, reflecting the net impact of:

- 1.4% growth in same-store sales excluding petrol and the calendar effect;
- the 1.4% positive contribution of expansion;
- a 0.1% unfavourable calendar effect;
- a 0.8% increase in petrol sales;
- a 0.9% unfavourable impact from acquisitions and disposals during the year.

After taking into account a 5.3% adverse currency effect, mainly due to the depreciation of the Brazilian real and the Argentine peso, sales at current exchange rates were down by a total of 2.8% in 2018. Including the impact of IAS 29, total consolidated sales including tax amounted to 84.9 billion euros.

Recurring operating income came to 1,905 million euros. Excluding the impact of IAS 29, recurring operating income totalled 1,938 million euros. Overall, recurring operating income represented 2.5% of net sales.

Cash flow from operations stood at 2.2 billion euros in 2018 *versus* 2.7 billion euros the year before. Investments were kept under control and reflected greater selectivity and an improved return, with outlays coming to a total of 1.6 billion euros in 2018 compared with 2.4 billion in 2017. Consolidated free cash flow from continuing operations before non-recurring items totalled 1,088 million euros in 2018, an improvement on 2017.

France

In France, the Carrefour group had 5,365 stores under its banners at year-end, in four formats: 247 Carrefour hypermarkets, 1,056 Carrefour Market supermarkets, 3,918 convenience stores operating primarily under the Carrefour City, Carrefour Contact, Carrefour Express and Carrefour Bio banners, and 144 Promocash cash & carry outlets. The Group has a total of 646 integrated stores: 209 hypermarkets, 420 supermarkets, 11 convenience stores and six cash & carry stores. The divestment of 273 ex-Dia stores was successfully completed in 2018.

The proportion of franchised stores within the network represented 9.9% for hypermarkets, 59.1% for supermarkets and 99.5% for convenience stores.Franchising is capital efficient and allows the Group to draw on the engagement and local market knowledge of its partners. Carrefour franchisees benefit from the Group's recognised expertise in food and non-food retailing, well-known brands and banners, broad product assortment, business methods and quality, health and safety standards.

Carrefour operates in mainland France and, through a number of long-standing partnerships, in the French overseas territories. A total of 145 stores are operated under Group banners in the French overseas territories: 15 hypermarkets, 30 supermarkets, 97 convenience stores, and three cash & carry stores.

In 2018, Carrefour in France opened or acquired 160 stores under Group banners, including two hypermarkets, 12 supermarkets and 146 convenience stores, representing a total of 60,000 sq.m. of gross sales area.

Net sales totalled 35.6 billion euros. Like-for-like sales excluding petrol and the calendar effect rose by a further 0.3% in France during the year, buoyed by sales of food products. Hypermarkets saw a 1.4% decline in like-for-like sales excluding petrol and the calendar effect, whereas supermarkets enjoyed a 1.6% increase and other formats (mainly convenience stores) gained 3.3%.

Recurring operating income totalled 466 million euros, for an operating margin that represented 1.3% of net sales, down on the 2017 figure. The decline primarily reflected: the fiercely competitive market environment; investments made to boost competitiveness, carried out ahead of cost-cutting initiatives; targeted investments for developing automated order fulfilment solutions and launching the Act for Food campaign; and the impact of the "Yellow Vests" protests during the fourth quarter of 2018.

In France, operational investments totalled 537 million euros, representing 1.5% of net sales.

Other European countries

In Europe (excluding France), Carrefour was operating 4,788 stores under Group banners at the end of 2018. These included 452 hypermarkets, 1,776 supermarkets, 2,511 convenience stores and 49 cash & carry stores. Carrefour operates proprietary stores in five integrated countries: Belgium, Spain, Italy, Poland and Romania. The integrated store base included 1,488 units, of which 412 hypermarkets, 768 supermarkets, 259 convenience stores and 49 cash & carry stores.

Over the year, Carrefour opened or acquired 420 stores under its banners, gaining 163,000 sq.m. of gross sales area. These included six hypermarkets, 92 supermarkets, 314 convenience stores and eight cash & carry outlets.

Net sales in Europe totalled 21.1 billion euros in 2018, a decline of 0.2% at current exchange rates. Like-for-like sales excluding petrol and the calendar effect were down 1.6%.

Recurring operating income totalled 664 million euros for the year, a decline of 1.9% at current exchange rates, for a stable operating margin of 3.2%. Carrefour operates in a fiercely competitive environment shaped by discounters and independent retailers. Cost reduction measures helped to finance investments in marketing and offset competitive pressure.

Present in Spain since 1973, the Group has a local multi-format network of 205 hypermarkets, 114 supermarkets, 748 convenience stores and 21 cash & carry stores. Net sales increased by 1.3% to 8.7 billion euros in 2018. Carrefour's business in the country is solid and based on a multi-format strategy complemented by a multi-channel strategy. In 2018, the Group notably strengthened its positions in the digital, fresh produce, organic and own-brand products segments.

Present in Italy since 1993, Carrefour manages a local store base comprising 51 hypermarkets, 412 supermarkets, 605 convenience stores, and 15 cash & carry stores. Net sales declined by 4.4% to 4.7 billion euros in 2018. A new chief executive was appointed locally in early October 2018 and tasked with accelerating Carrefour Italy's transformation.

In Belgium, Carrefour is the leading multi-format group, with 40 hypermarkets, 451 supermarkets and 303 convenience stores. Net sales stood at 3.9 billion euros in 2018, down 2.2% compared with 2017. Carrefour implemented a voluntary redundancy plan that is expected to be completed in the first half of 2019. Performance has been impacted by operational disruptions.

Carrefour has been operating in Poland since 1997 with a network of stores under its banners that includes 89 hypermarkets, 152 supermarkets and 609 convenience stores. Net sales in the country totalled 1.8 billion euros, an increase of 2.6% at constant exchange rates. The impact of new legislation banning trading on certain Sundays was offset by sales and marketing initiatives.

In Romania, where Carrefour has been operating since 2001, the Group manages 35 hypermarkets, 261 supermarkets, 51 convenience stores and 13 cash & carry stores. Net sales in the country totalled 1.9 billion euros, an increase of 8.0% at constant exchange rates.

The Group is also present in other European countries through partnerships, primarily in Turkey with the Sabanci group. Carrefour has a total of 613 stores under banners in Turkey, of which 32 hypermarkets, 386 supermarkets and 195 convenience stores.

Operational investments in Europe (excluding France) totalled 385 million euros in 2018, representing 1.8% of net sales.

Latin America

Carrefour has been operating in Latin America since opening its first store in Brazil in 1975 and has become one of the continent's leading retailers. Carrefour is expanding its banners in two growth markets: Argentina and Brazil. The network comprises 1,025 units, of which 189 hypermarkets, 147 supermarkets, 516 convenience stores and 173 cash & carry stores.

The network was expanded in 2018, with the opening of 20 new Atacadão stores in Brazil. In Argentina, 16 hypermarkets were converted to the Maxi format.

Net sales in Latin America totalled 13.8 billion euros in 2018, after the application of IAS 29, an increase of 15.7% at constant exchange rates. Due to an unfavourable currency effect over the year, sales declined by 13.9% at current exchange rates. Recurring operating income came to 767 million euros in 2018, after the application of IAS 29, up 23.6% at constant exchange rates and up 7.2% at current exchange rates. The operating margin ratio stood at 5.6% *versus* 4.5% in 2017. In Argentina, the implementation of a sales recovery and transformation plan enabled the Group to bring recurring operating income back to break-even (before the application of IAS 29, which had an unfavourable impact of 33 million euros). In Brazil, operating margin increased significantly over the year. Atacadão maintained its strong sales momentum and continued to expand at a rapid pace, while financial services recorded solid profitability gains.

In Brazil, Carrefour operates a network of 100 hypermarkets, 49 supermarkets, 120 convenience stores and 166 cash & carry stores. Net sales in Brazil totalled 11.9 billion euros, up 7.3% at constant exchange rates. In 2018, Carrefour benefited from a strong sales performance, the expansion of growth formats (particularly Atacadão) and the development of e-commerce. Financial services posted significant growth, with the Atacadão card gaining ground during the year.

Carrefour has been operating in Argentina since 1982 where it manages a local store base comprising 89 hypermarkets, 98 supermarkets, 396 convenience stores, and seven cash & carry stores. Net sales totalled 1.9 billion euros in 2018, an increase of 55.4% at constant exchange rates.

Operational investments in Latin America amounted to 429 million euros in 2018, representing 3.1% of net sales.

Asia

Present in Asia since 1989, Carrefour has operations in China and Taiwan, as well as in Indonesia through franchising. The Group has a total of 474 stores under banners, including 372 hypermarkets, 73 supermarkets and 29 convenience stores.

A total of 35 stores were opened during the year, adding 53,000 sq.m. of sales area.

Net sales in Asia totalled 5.5 billion euros, down 4.1% at constant exchange rates. Recurring operating income came to 45 million euros in 2018, *versus* 4 million euros in 2017. The sharp improvement was primarily driven by China. Alongside initiatives to transform the hypermarket business model (*Le Marché* concept) and speed up development in the online-to-offline (O2O) digital segment, a major programme was implemented to reduce costs and close loss-making stores.

Carrefour has been present in China since 1995. Net sales in the country totalled 3.6 billion euros in 2018, a decline of 7.6% at constant exchange rates. In a complex environment, Carrefour continues to adapt its business model in China, by reducing and re-allocating selling space, developing fresh produce and e-commerce offerings, integrating logistics solutions and reducing its costs. At the end of 2018, Carrefour had 239 stores in the country, including 212 hypermarkets and 27 convenience stores.

In Taiwan, the Carrefour network includes 64 hypermarkets and 64 supermarkets. Net sales totalled 1.9 billion euros in 2018, an increase of 3.6% at constant exchange rates. The opening of several supermarkets and the development of online food sales are the main initiatives being led to strengthen Carrefour's multi-format and multi-channel profile in Taiwan.

Carrefour also has a presence in Indonesia through a partner franchisee, which operated 96 hypermarkets, nine supermarkets and two convenience stores at end-2018.

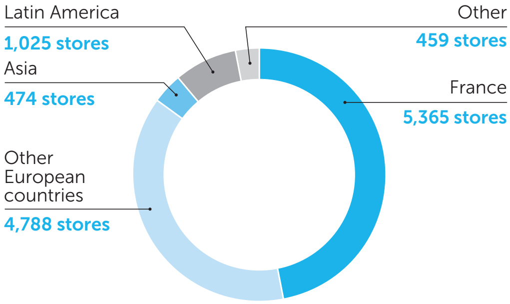
Operational investments in Asia totalled 94 million euros in 2018, representing 1.7% of net sales.

Other regions

Carrefour also operates 459 stores with local franchisee partners around the world (Africa, the Middle East, etc.) in various formats, including 124 hypermarkets, 267 supermarkets, 55 convenience stores, and 13 cash & carry stores.

In 2018, Carrefour continued to expand its banner base by supporting its partners outside Europe and in the French overseas territories, with a total of 65 new sales outlets opened during the year. In the Middle East, for example, the Majid Al Futtaim group continued its multi-format expansion with the opening of 15 hypermarkets and 28 supermarkets. In Africa, the CFAO Retail group inaugurated a new store in Abidjan, Ivory Coast. These two partners also entered into an agreement with e-tailer Jumia.

STORE NETWORK BY GEOGRAPHIC REGION



Store network by region

1.5.4 Business environment, market challenges and competitive landscape

The retail industry is undergoing major change. The size race and the standardisation of store sections and products that characterised the period from the 1980s to the 2000s have given way to the creation of a more differentiated offering that better meets consumers' needs, as well as their changing expectations, eating behaviours and buying habits. This has resulted in: very strong expansion of convenience formats, generally operated as franchises; closer ties between physical stores and e-commerce, strengthened by a portfolio of services (Drive, Click & Collect, express delivery, etc.); the deployment of a more quality-focused offering, aligned with increased concern about health, social and environmental issues (organic foods, fresh produce, local products, fair trade and home-made, and more generally foods that have a reputation for being healthy); and the organisation of agricultural supply lines capable of producing significant volumes of high-quality, healthy and traceable foods over the long term.

These changes have fostered the emergence of new operators, which has in turn led to an increase in competitive pressure in some or all segments of the retail market.

Most of the new operators are pure play companies – online retail platforms that have made their mark in non-food products and some of which are now setting out to conquer the food segment in certain markets. These pure play companies have drastically changed the playing field, by introducing new digital services, significantly increasing the number of products available – notably through marketplaces – and getting consumers accustomed to being able to access the products and services they want anytime, anywhere and in just a few clicks. They have also heightened the strategic importance of having a highly efficient, responsive and automated supply chain.

New eating habits and consumer expectations have also given rise to a second category of food retail operators: distribution networks and chains that specialise in the highest quality food options, such as organic products, fresh produce, local and traditional foods, and vegan products. Once again, the availability and accessibility of these product offerings are enhanced by online sales and digital and convenience services, which are strategically linked to a network of physical stores or operated by pure play online retailers.

Against this backdrop of increased competition, traditional retailers have to restructure their offering and formats and invest in e-commerce, omni-channel activities and logistics solutions, while at the same time maintaining the characteristics that define them in the eyes of consumers – competitive, affordable prices that make good-quality food options accessible to everyone.

Because of these factors, the competitive environment differs in each of Carrefour's markets.

In France, the Group's main market, the competition is particularly intense, with a playing field of seven major retailers in addition to Carrefour – Aldi, Auchan, Casino, E.Leclerc, Intermarché, Lidl and Système U. With a market share of 21.4%(1), all formats combined, the Carrefour group ranks among the market leaders.

In other European countries, Carrefour has solid positions and primarily competes against local retailers.

In Spain, Carrefour is the second-largest grocery retailer and the leading hypermarket operator. The main competitors include Auchan, Dia, Eroski, Lidl and Mercadona.

In Italy, Carrefour is part of a fragmented gorcery market shared with Auchan, Bennet, Conad, Coop, Esslunga, Iper, Pam, etc. The Group holds strong regional positions, particularly in the Aosta Valley, Piedmont, Lazio and Lombardy.

In Belgium, Carrefour ranks among the country's top three retailers and is the leading multi-format group. Its main competitors include Ahold Delhaize, Aldi, Colruyt and Lidl.

In Brazil, as in Argentina, Carrefour is is the leader in the food retail segment thanks to its multi-format presence.

In China, Carrefour is one of the leading food retailers in a market where use of digital technology is expanding rapidly.

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(1) *Market share by value – Nielsen Scantrack panel of FMCG and self-service fresh produce consumers in France, over a 52-week perid ending December 31, 2018 (hypermarkets, supermarkets, discounters, convenience stores and drive).*

1.5.5 Store and website operations

Carrefour offers its customers all retail formats: hypermarkets, supermarkets, convenience stores, cash & carry and hypercash stores, and e-commerce. In this way, it can meet the diverse needs and expectations of all consumer profiles – individuals and businesses, families and singles, urban and rural, and people of all ages and mobility levels – by leveraging its expertise to offer the best quality products at the best possible prices, everywhere and at any time, from the weekly grocery shop to a one-off purchase, from organic and fresh products to banking services, as well as cash & carry.

To adapt its model even more closely to new consumer behaviours, Carrefour is creating a multi-channel customer experience that offers maximum flexibility, a wide range of services, extended hours, and solutions aligned with consumers' needs and desires, whether they want to shop in-store, order online and pick up their purchases from a sales outlet or a Drive, or have their shopping home delivered.

Carrefour has also developed or acquired innovative concepts and formats that are aligned with wider social and environmental trends, such as Carrefour Bio, Greenweez (France's leading online distributor of organic products), Quitoque (the French leader in home-delivered meal kits), Croquetteland (online pet food), Atacadão in Brazil (cash & carry stores open to businesses and individuals) and Supeco in southern and eastern Europe (discount supermarkets for consumers and professionals).

STORE NETWORK (INCLUDING FRANCHISEES AND PARTNERS)*

					Total number of stores		Total sales area *(in thousands of sq.m.)*	
Store network at December 31, 2018	**Hypermarkets**	**Supermarkets**	**Convenience stores**	**Cash & carry stores**	**2018**	**2017**	**2018**	**2017**
France	232	1,026	3,821	141	5,220	5,571	5,406	5,627
French overseas territories and Dominican Republic	15	30	97	3	145	147	140	137
Total France	247	1,056	3,918	144	5,365	5,718	5,546	5,764
Belgium	40	451	303		794	786	941	947
Spain	205	114	748	21	1,088	993	2,040	2,016
Italy	51	412	605	15	1,083	1,068	940	963
Poland	89	152	609		850	896	672	682
Romania	35	261	51	13	360	323	466	433
Other	32	386	195		613	638	539	558
Total rest of Europe	452	1,776	2,511	49	4,788	4,704	5,598	5,599
Argentina	89	98	396	7	590	605	659	670
Brazil	100	49	120	166	435	409	1,851	1,738
Total Latin America	189	147	516	173	1,025	1,014	2,510	2,408
China	212		27		239	259	1,687	1,772
Taiwan	64	64			128	114	449	450
Other	96	9	2		107	93	531	514
Total Asia	372	73	29		474	466	2,667	2,736
Other	124	267	55	13	459	398	1,223	1,111
Total Other	124	267	55	13	459	398	1,223	1,111
TOTAL GROUP	1,384	3,319	7,029	379	12,111	12,300	17,545	17,618

* *Atacadão and Supeco stores in Brazil, Carrefour Maxi in Argentina and Supeco in Europe are classified as cash & carry stores.*

1.5.6 Products and services

Products are the heart of Carrefour's business. The offering is typical of a general retailer that sells a wide range of consumer goods and services at affordable prices, for the well-being of every shopper. Its success depends on the assortment's alignment with customer demand, the synergies between the product and service offerings, the judicious use of digital technologies, the clear and logical positioning of merchandise in stores, compelling prices and promotions, the right purchasing terms and conditions, and fast stock rotation.

To cater to the needs of customers around the globe, Carrefour is constantly enhancing its merchandise offering, with a variety of fresh produce, locally sourced products, fast-moving consumer goods, essential non-food products, the latest innovations and convenient services.

Fresh produce and local products

As a major draw for customers, fresh food demands all of the care and expertise of employees. Carrefour offers a broad range of high-quality fresh products in environments that are carefully designed to deliver an enjoyable shopping experience, with well-stocked stalls, easy-to-reach items, and regional products. Around the world, Carrefour is also developing local, eco-friendly supply channels, supported by long-standing partnerships with farmers, breeders, and producers.

National-brand and own-brand products

In addition to major national-brand products, the Group offers a wide variety of own-brand food products, which are also popular with its customers.

Carrefour own-brand products will play a key role in achieving the Group's objective regarding the food transition for all, in particular through constantly renewed and extended product ranges with greater price appeal. This is one of the priorities of Carrefour's strategy, which is why the Group intends to multiply its efforts to create own-brand products that are original and of high quality, in terms of both the ingredients used and the recipes.

The Reflets de France brand, for example, was the first to promote traditional products of all varieties that exemplify France's culinary heritage. It currently spans 610 product listings marketed in more than 29 countries.

Similarly, in 1992, Carrefour became the first mass-retailer to sell an organic product. It is now the leading organic grocer in France. In this way, the Group's banners are driving innovation and responding to the perceived needs of their shoppers to help guide them towards healthier diets.

Quality and safety

Carrefour is fully committed to ensuring quality and food safety at every stage. Upstream, for example, Carrefour teams certify and support suppliers based on strict compliance with product specifications and health standards. Through the supply chain, goods are subject to a number of inspections and controls, with special attention paid to fresh products.

Downstream, the stores check the quality of their merchandise every day and are themselves subject to a rigorous analysis and audit process. This constant vigilance supports a commitment to greater transparency in the form of highly visible, easy-to-understand product information. Carrefour encourages the development of new products and new supply channels that deliver significant benefits to customers and the environment. Carrefour is also introducing innovative practices to offer agroecological farm products and non-GMO or antibiotic-free meat.

Relations with suppliers and SMEs

By the nature of its business, Carrefour nurtures close relationships with a multitude of stakeholders, including customers, suppliers, employees, communities, investors, universities, trade associations and governments. These relationships are forged every day in a climate of trust. As part of this process, Carrefour has deployed a programme to strengthen its partnerships with suppliers, support their growth and contribute to improving working conditions in countries where special vigilance is needed.

Retail services and financial services

From financing to leisure and from over-the-counter drugstore products to petrol, Carrefour services are available in shopping malls and store car parks to meet customer needs with the same commitment to quality products and services at the best price.

While varying by country and local practices, Carrefour services help customers to optimise their shopping time and budgets by enabling them to book a trip or theatre tickets, rent a car, print photos, buy eyeglasses, get their laundry dry-cleaned or benefit from concierge services. In each country, Carrefour is continuing to improve existing services and developing new solutions to support customer mobility.

All of the Group's integrated countries now offer customers financial services that cover a wide range of credit and savings products. These affordable, high-quality products are designed to help customers carry out their projects and meet their needs on a day-to-day basis.

These services include financing solutions and products that relate to the stores' operations (consumer credit, specific purpose credit, insurance, payment cards), as well as personal loans and savings products.

Carrefour Banque is the Group's banking subsidiary that markets banking and insurance products in France, Italy and Belgium. Today, it serves more than 2.2 million customers with exclusive services and benefits, while enabling them to save money when they shop. Carrefour Banque also manages 2.5 billion euros in total loans outstanding and 2.3 billion euros in savings for its customers. To make their lives easier, Carrefour Banque is also capitalising on innovation and on partnerships with recognised industry players to offer a more diverse range of products and services.

1.5.7 Logistics and supply chain operations

In every country, Carrefour pays particular attention to its supply chain, which is a key driver of its operational efficiency.

The various logistics units, which involve more than 20,000 employees and service providers worldwide, are there to serve the Group's various store formats and customers. They lead all the operations involved in cross-functionally managing the flow of goods and information amongst all the links in the supply chain, including ordering merchandise from suppliers, receiving, storing and preparing the items in warehouses and then delivering them to point of sale and stocking them on store shelves or delivering them directly to customers.

As part of its omni-channel strategy, which provides for close integration between e-commerce and physical retail, Carrefour is building a cutting-edge industrial ecosystem to enhance the efficiency and responsiveness of its supply chain and shorten delivery times for online orders. It includes: automated order fulfilment centres serving Drives and Click & Collect pick-up points; semi-automated order fulfilment solutions in stores ("dark stores"); artificial intelligence technology to optimise purchases from suppliers and inventory management; and partnerships with operators specialised in last-mile logistics.

As of end-2018, Carrefour had 120 warehouses and logistics centres in its integrated countries, operated either by service providers or employees.

1.5.8 Property management

Carrefour also enjoys extensive real estate expertise, which it leverages to enhance store appeal and realise value, with the goal of creating and operating aligned, well-managed retail environments for customers. Its ambition is to design places conducive to a warm, friendly shopping experience, while sustainably contributing to the appeal and vitality of each host city and region.

Whether the stores are located in city centres or on the outskirts, in historic shopping districts or in new neighbourhoods, this vision of retail requires solutions aligned with changing environments, lifestyles and spending habits. Capitalising on its powerful banners and proficiently managed retail formats, Carrefour is designing new generation shopping and lifestyle environments that act as sustainable sources of economic and social vitality for their host communities.

As of December 31, 2018, the Group operated 17.5 million sq.m. of sales area under its banners, with property and equipment being mainly comprised of sales areas operated by the Group. The Group's store ownership strategy depends on the country and the format.

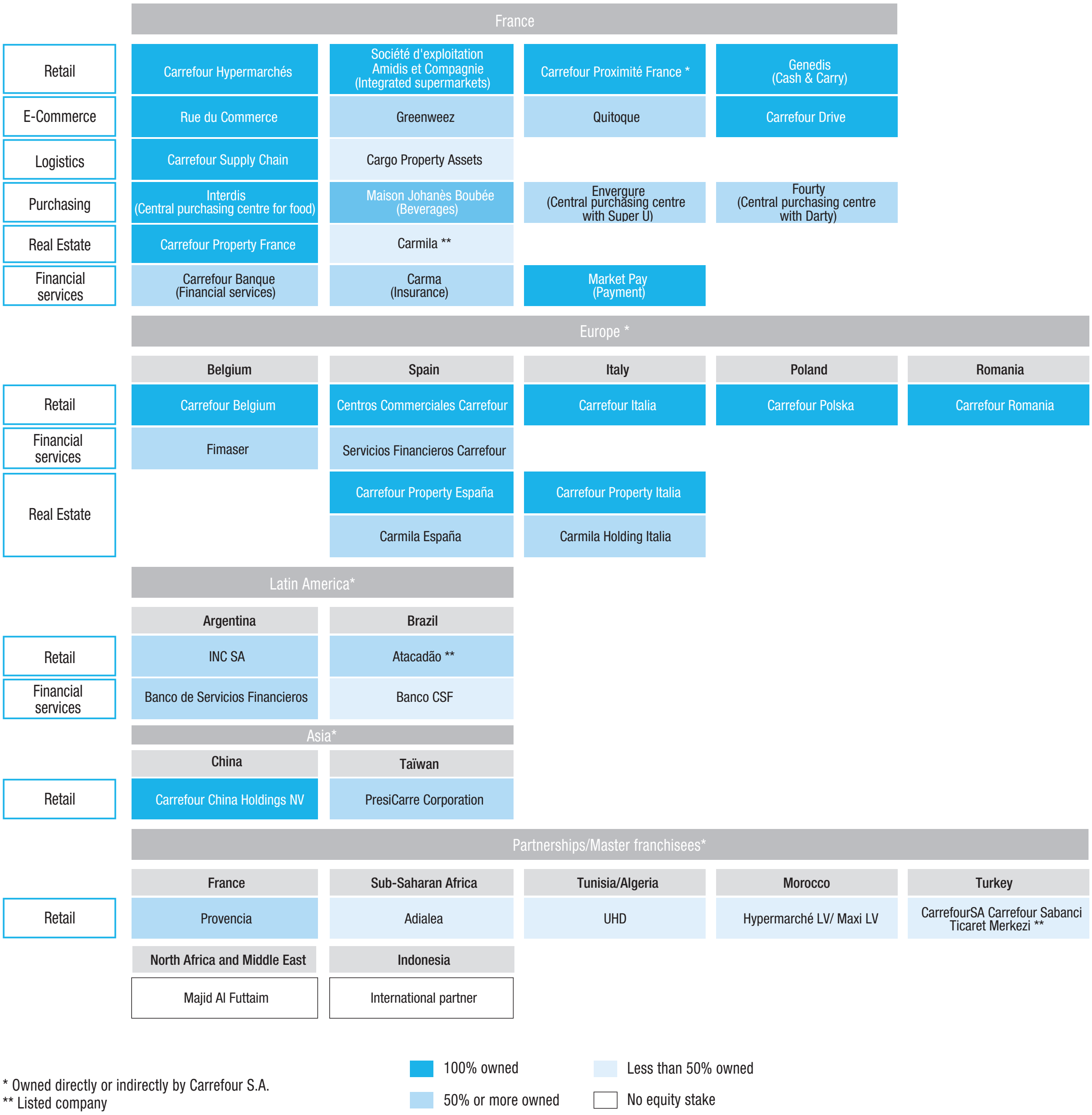
In general, the Group owns most of its outlets' total sales area, with ownership accounting for more than 65% of hypermarket sales area and around 50% for its supermarkets.

In France, Spain and Italy, hypermarket and supermarket real estate is held by Carrefour Property, which manages nearly 1,300 proprietary Carrefour-brand stores. The unit also has all of the real estate expertise needed to lead the Group's real estate projects, in such areas as asset management, project management and design, delegated project management and property management.

Carrefour is also bringing ambitious retailing environment projects to life in other countries, with the support of the Group's commercial real estate experts. In every host country, the combination of property and retailing expertise is making it possible to design and operate multi-format complexes aligned with shopper needs and aspirations, from shopping centres and retail parks to neighbourhood shopping malls.

The Group can also rely on the Carmila property company, specialised in enhancing the appeal of shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy. Set up in 2014, Carmila works to strengthen local leadership of the shopping centres in which Group banners are located by developing the property, *via* renovations or extensions, and by ensuring a complementary commercial offering to help assets integrate into the community in the long term. Working in synergy with the hypermarkets, it deploys a local and digital cross-channel marketing strategy to improve customer satisfaction, retention and recruitment, with the help of partners in the shopping malls and local players.

1.5.9 Simplified legal chart December 31, 2018



France

Retail	Carrefour Hypermarchés	Société d'exploitation Amidis et Compagnie (Integrated supermarkets)	Carrefour Proximité France *	Genedis (Cash & Carry)
E-Commerce	Rue du Commerce	Greenweez	Quitoque	Carrefour Drive
Logistics	Carrefour Supply Chain	Cargo Property Assets		
Purchasing	Interdis (Central purchasing centre for food)	Maison Johanès Boubée (Beverages)	Envergure (Central purchasing centre with Super U)	Fourty (Central purchasing centre with Darty)
Real Estate	Carrefour Property France	Carmila **		
Financial services	Carrefour Banque (Financial services)	Carma (Insurance)	Market Pay (Payment)	

Europe *

	Belgium	Spain	Italy	Poland	Romania
Retail	Carrefour Belgium	Centros Commerciales Carrefour	Carrefour Italia	Carrefour Polska	Carrefour Romania
Financial services	Fimaser	Servicios Financieros Carrefour			
Real Estate		Carrefour Property España Carmila España	Carrefour Property Italia Carmila Holding Italia		

Latin America*

	Argentina	Brazil
Retail	INC SA	Atacadão **
Financial services	Banco de Servicios Financieros	Banco CSF

Asia*

	China	Taïwan
Retail	Carrefour China Holdings NV	PresiCarre Corporation

Partnerships/Master franchisees*

	France	Sub-Saharan Africa	Tunisia/Algeria	Morocco	Turkey
Retail	Provencia	Adialea	UHD	Hypermarché LV/ Maxi LV	CarrefourSA Carrefour Sabanci Ticaret Merkezi **

North Africa and Middle East	Indonesia
Majid Al Futtaim	International partner

* Owned directly or indirectly by Carrefour S.A.
** Listed company

🟦 100% owned	⬜ Less than 50% owned
🟦 50% or more owned	☐ No equity stake

1.5.10 A business model based on creating shared value

A business model supporting the food transition for all

Through its physical and intellectual capital, Carrefour leverages its business model to create value for its stakeholders. Carrefour sells products and services for consumers and food services professionals. In all its host regions, this process includes the direct or indirect purchasing of products, definition of specifications for the Group's own-brand lines, organisation of supply logistics and management of brick-and-mortar and online stores.

CAPITAL AND RESOURCES

Financial capital
€84,916 million in gross sales
€2,656 million in other income (finance companies, real estate development, leases)
€94 million in financial income
€6.75 million budget for the Carrefour Foundation

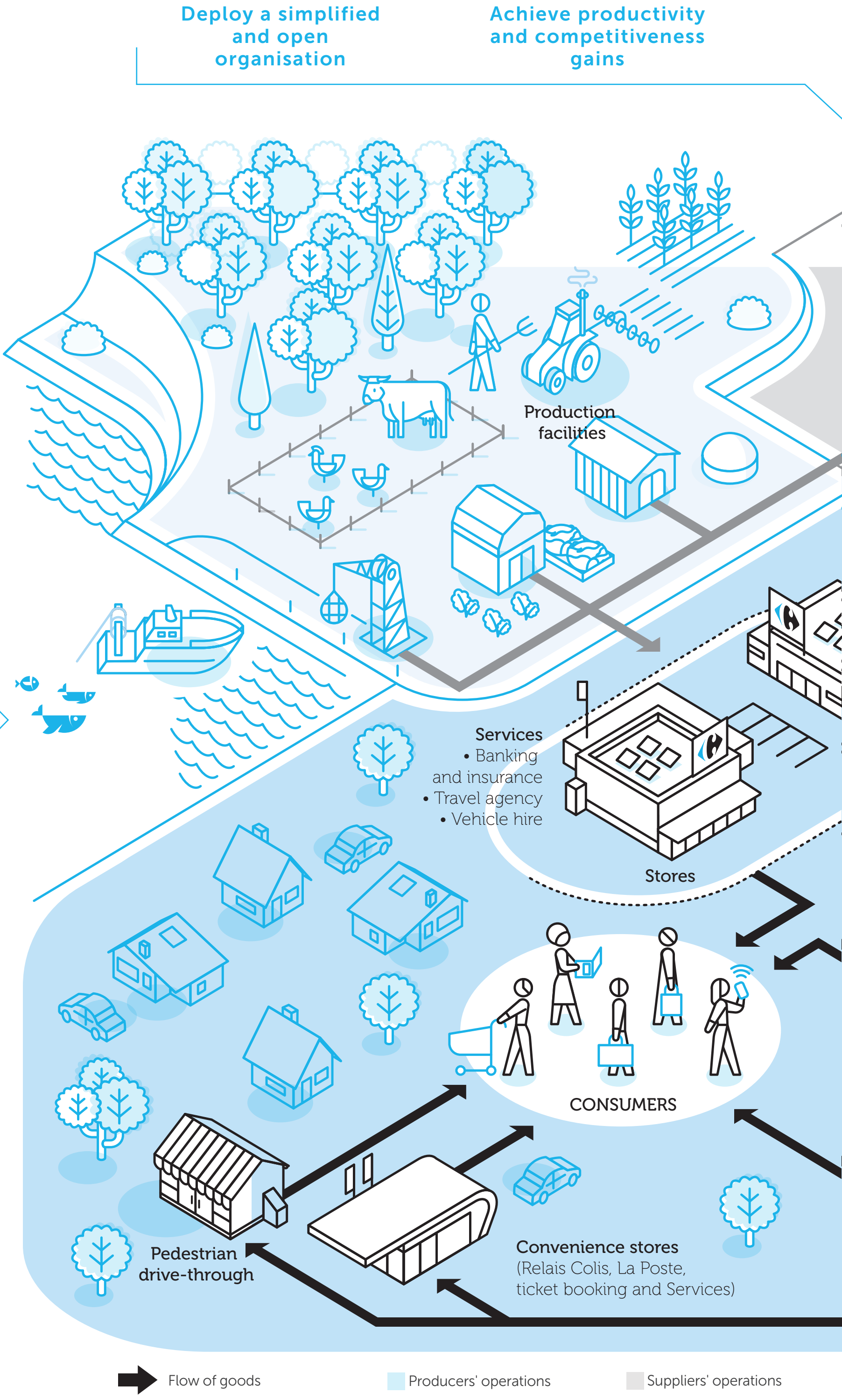
Human and intellectual capital
360,000 employees
300 job families
Worldwide agreement signed with the UNI Global Union

Land and real estate capital
12,000 stores in over **30** countries
1,600 Drive outlets
1,000 bank branches, insurance agencies and travel agencies
120 warehouses around the world
Head offices and administrative buildings

Digital capital
E-commerce services in **10** countries
A worldwide e-commerce site, carrefour.com
1.3 million connections to the site per day
60 million loyalty cardholders
21 million fans on social media

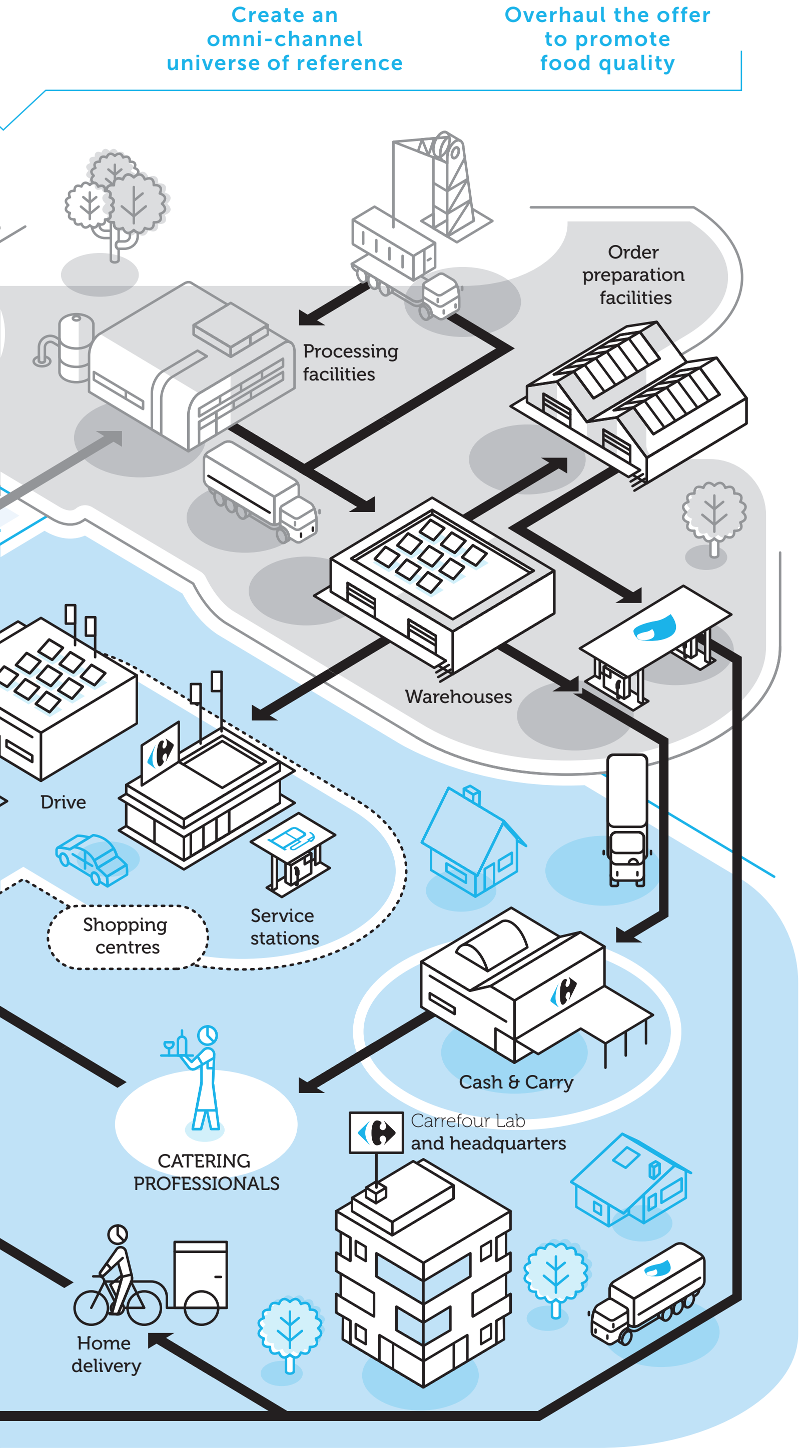
Relational capital
104 million customer households
Purchasing partnerships (Système U, Tesco)
Digital partnerships (Google, Tencent)
Long-standing partnerships with the WWF and the FIDH
27,800 partner producers for the Carrefour Quality Lines
2,600 production facilities to supply Carrefour own-brand products

Natural and environmental capital
Fossil and renewable energies
Natural resources from oceans, forests, land and other ecosystems



The 2022 strategic plan set outs four priorities for the business model: deploy a simplified and open organisation; achieve productivity and competitiveness gains; create a leading multi-channel universe of reference; and overhaul the offer to promote food quality. Carrefour draws on its solid business model to further its ambition to become the world leader in the food transition for all.

The main strengths of the Group's business model are its employees, accessibility for consumers, integration into local ecosystems and management of the flow of goods and services.



☐ Integrated and franchised Carrefour operations

CREATING SHARED VALUE

Customers and consumers

- Nobody in France is more than **8** minutes away from a Carrefour store
- Express delivery services are being extended in **9** countries
- **53,000** quality audits and **3,000** panel studies performed
- **100** controversial substances banned from Carrefour-brand products
- **16** production chains now traceable using blockchain technology in **6** countries (at end-2018)

Direct and indirect employees

- **€6,230 million** in wages, salaries and payroll taxes
- **11.4 hours** of training per employee per year
- **1,353** social audits performed at our suppliers

Suppliers and service providers

- **€66,290 million** in purchased merchandise and services
- **508** Carrefour Quality Lines (€923 million in net sales)
- **3,300** organic products (€1.8 million in net sales)
- **210** farmers supported in transitioning to organic practices in 2018

Corporate citizenship and community development

- **€1,093 million** in income and other taxes
- **€1,909 million** in payroll taxes
- **€262 million** in net finance costs
- **72** projects supported by the Carrefour Foundation
- **100** million meals donated to food aid charities

Shareholders and financial institutions

- **€523 million** in dividends paid to parent company shareholders
- **€356 million** in expenses on financial transactions

Environment

- **31%** reduction in CO_2 emissions (vs. 2010)
- **67%** of waste recovered and reused
- **37.3%** of seafood products are from sustainable sources
- **1,867** tonnes of packaging avoided since 2017

1.6 The Carrefour group in 2018

1.6.1 Highlights of 2018

- January 23: Announcement of the "Carrefour 2022" transformation plan designed to help the Group achieve its ambition to become the world leader of the food transition for all.
- January 23: Signature of strategic partnerships with China-based Tencent (global technology leader) and Yonghui (supermarket chain specialised in fresh food), as well as with Publicis.Sapient (digital transformation) and La Poste (last-mile delivery).
- February 7: Acquisition of a 17% stake in Showroomprivé, Europe's second-largest online private sales operator.
- March 6: Launch of a blockchain technology solution for full traceability, initially applied to eight Carrefour Quality Lines.
- March 15: Acquisition of a majority stake in the start-up Quitoque, a leading French player in online meal-kit delivery services.
- March 22: Widespread roll-out of the Carrefour Pay mobile payment solution.
- April 10: Inauguration of a giant food e-commerce warehouse in the Paris suburb of Aulnay-sous-Bois.
- April 16: Opening, in Paris, of Carrefour's first pedestrian Drive outlets.
- May 9: Signature in Poland of the Group's first "farmer contracts" with several Polish farmers to secure high-quality food supplies for stores.
- May 20: Launch, in Shanghai, China, of a new supermarket concept that focuses on catering, fresh foods and imported products, with many digital innovations offered with the support of Tencent.
- June 8: Signature of a partnership agreement with U Enseigne to create a joint purchasing centre and step up the commitment to supporting French farmers.
- June 11: Signature of a strategic partnership with Google to support the Group's digital transformation and make its products (including food) available *via* Google Shopping, Google Assistant and Google Home.
- July 2: Signature of a partnership with UK-based retailer Tesco for the joint purchasing of own-brand products and goods not for resale.
- July 17: Creation in Italy of a buying group, Aicube, that unites Carrefour Italy with two Italian retailers, PAM and VéGé.
- July 18: Signing of the contract for the acquisition of So.bio, a chain of supermarkets in south west France, specialised in organic products.
- September 2: Creation of a Food Advisory Committee, comprising seven experts from outside the Group, to help Carrefour implement the food transition and its global Act for Food programme.
- September 3: Launch of the global Act for Food programme, which sets out measurable, real-world commitments in favour of the food transition for all, adapted to meet each country's specific requirements.
- September 28: Signing of the contract for the acquisition of Planeta Huerto, the leader in online sales of organic products in Spain and Portugal with over 250,000 customers and 35,000 products, by Carrefour subsidiary Greenweez, Europe's leading online distributor of organic products.
- October 8: Entry of Carrefour into the IBM Food Trust initiative, with the aim of creating a global food traceability standard using blockchain technology.
- November 10: Acquisition of e-Mídia, a Brazilian foodtech firm dedicated to online recipe sharing, which attracts 2.4 million unique visitors per month.
- November 13: Alliance in Belgium and Luxembourg between Carrefour Belgium and the Provera Belux central buying office, whose members include Cora, Louis Delhaize, Match, Smatch and Delitraiteur.
- November 21: Signature of a partnership between Carrefour and its Foundation, WWF France, dairy group LSDH and cooperative APLBC Bio to support French dairy producers as they switch over to organic farming methods.
- November 21: Opening of the first Darty *shop-in-shop* trials in two Carrefour hypermarkets, in the Paris suburb of La-Ville-du-Bois and in Limoges Boisseuil in central France.
- November 26: Signature of a partnership agreement with Jumia, Africa's leading e-commerce company, relating to the sale of Carrefour's products on Jumia's online marketplace.
- December 10: Launch, in Paris, of laboratory store La Halle de Clichy, which features a wide selection of traditional fresh produce, as well as digital services and an eating area.

1.6.2 Highlights of Q1 2019

- January 16: Launch of an independent audit of all slaughterhouses that supply products to be sold under the Carrefour brand and a call for cameras to be installed inside slaughterhouses to combat animal cruelty.
- January 29: Alliance with crowdfunding platform MiiMOSA Transition, to provide financial support for the transition to virtuous farming methods (agroecology, organic, pesticide-free, etc.).
- February 5: Undertaking to gradually withdraw from its French stores organic fruit and vegetables that are not in season.
- February 7: Partnership with Urbasolar for the installation of photovoltaic awnings in the car parks of 36 Carrefour hypermarkets, to generate electricity for their own use.
- February 13: Agreement between Carrefour and U Enseigne, partners in the Envergure joint purchasing centre, to increase revenue for some 28,000 French milk producers.
- March 4: Opening in Paris of the Carrefour Digital Hub, a 2,500 sq.m. space that will host the Carrefour-Google Lab teams, experts in artificial intelligence and machine learning, as well as the 300 or so employees who specialise in digital technology and e-commerce.

1.6.3 Summary of stock market performance

Summary of stock market indicators

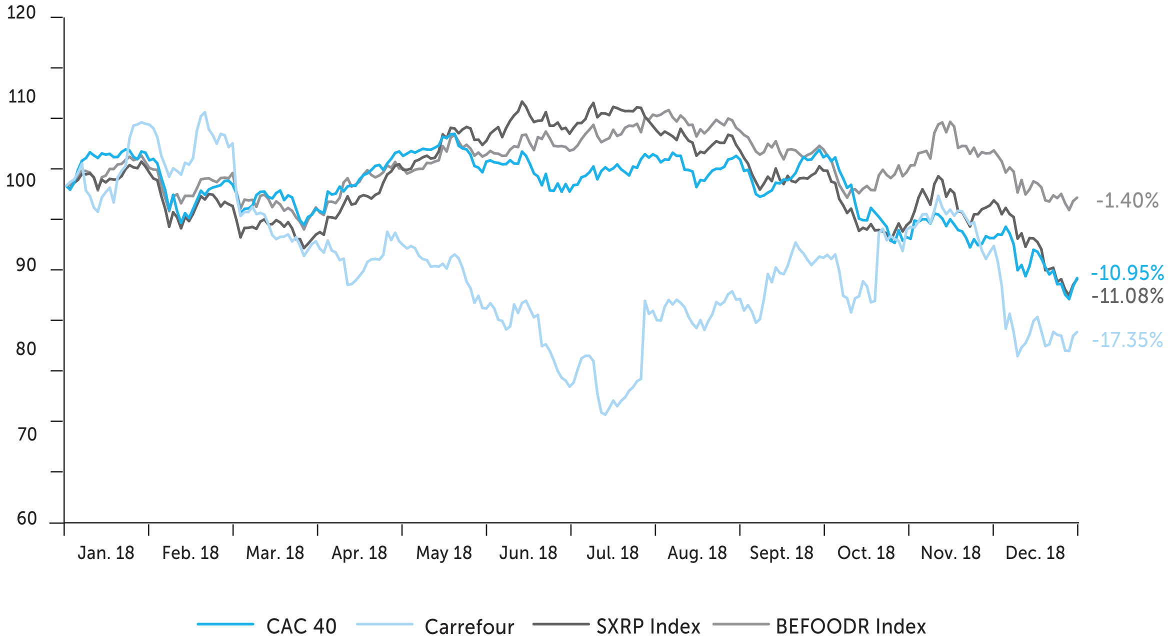
At December 31, 2018, the Carrefour share was in 33rd position in the CAC 40 index in terms of market capitalisation, with a weighting of 0.83%.

Closing price *(in euros)*[1]	**2018**
highest	*19.62*
lowest	*13.14*
at December 31	14.91
Number of shares at December 31	789,252,839
Market capitalisation at December 31 *(in billions of euros)*	11.8
Average daily volume[1][2]	3,723,706
Net income/(loss) from continuing operations per share *(in euros)*	(0.34)
Net dividend *(in euros)*	0.46[3]
Yield *(as a %)*	3.09

(1) Source: Euronext.
(2) Average daily volume on Euronext.
(3) Subject to approval by the Shareholders' Meeting on June 14, 2019.

Share price in 2018 (100 base)

Carrefour share price in relation to the CAC 40, BEFOODR[1] and STOXX Europe 600 Retail [2] indices



Source: Bloomberg.

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(1) Composition of Bloomberg Europe Food Retailers (BEFOODR) index: Ahold Delhaize, Carrefour, Casino, Colruyt, ICA Gruppen, Jeronimo Martins, Kesko OYJ, Metro AG, Morrison, Ocado, Sainsbury, SSP Group, Tesco.

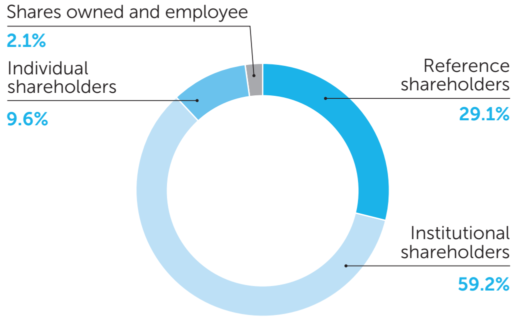
(2) Composition of Stoxx Europe 600 Retail index: Ahold Delhaize, B&M European Value Retail, Carrefour, Colruyt, Delivery Hero, Dufry, Galenica, H&M, ICA Gruppen, Inchcape, Inditex, Jeronimo Martins, Just Eat, Kering, Kesko OYJ, Kingfisher, Marks & Spencer, Metro, Morrison, Next, Ocado, Sainsbury, Tesco, WH Smith, Zalando.

Share capital and ownership structure

At December 31, 2018, Carrefour's share capital stood at 1,973,132,097.50 euros, divided into 789,252,839 shares of 2.50 euros each.

The number of voting rights at December 31, 2018 was 1,009,864,055. After deducting the voting rights that cannot be exercised from this figure, the total number of voting rights is 1,000,406,516.

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2018 was as follows:



1.6.4 Summary of CSR performance

Convinced that a company's performance is also measured by its contribution to society, Carrefour has made corporate social responsibility (CSR) an integral part of its strategy. Its CSR performance is the result of a continuous improvement process that involves all of the Group's business lines in every country.

Carrefour implements real-world initiatives in its countries of operation that contribute to the Group's sustainable, responsible performance. New objectives were announced in 2018 to enable Carrefour to become the world leader of the food transition for all.

Today, Carrefour's CSR policy is based around five key topics (*detailed in Chapter 2, Corporate Social Responsibility*):

- products;
- in-store and online shopping;
- customers and partners;
- employees;
- responsible business conduct.

PRODUCTS	**2018**
Develop affordable organic produce and agroecology	
• Promote organic farming	1.8 billion euros in sales of organic products*
• Foster direct relations with producers to increase the number of Carrefour Quality Lines (partnerships that support agroecology)	508 partnerships
Encourage the sustainable consumption of seafood	
• Promote MSC- & ASC-certified seafood products and seafood Carrefour Quality Lines	443.9 million euros in sales
• Source 50% of the fish sold from sustainable supply chains by 2020	37.3% of sales
Encourage sourcing of products that do not contribute to deforestation	
• Ensure that 100% of the 10 own-brand priority product families come from sustainable forests by 2020	48.5% achieved
Reduce packaging	
• Avoid 10,000 tonnes of packaging by 2025	1,867 tonnes of packaging avoided since 2017

IN-STORE AND ONLINE SHOPPING	**2018**
Recover waste	
• Recover 100% of our waste by 2025	66.5% of waste recycled
Combat climate change	
• Reduce CO_2 emissions by 40% *versus* 2010	31%
Develop apiculture	
• Implement a bee plan in each country by 2020	2 countries out of 10 with a comprehensive plan 73 stores and offices fitted with beehives across the Group

* *Data reported in calendar year 2018.*

CUSTOMERS AND PARTNERS	2018
Implement the food transition with our customers	
- 80% of customers identify the food transition in stores by 2020	**43%** of our customers identify the food transition in stores
- All countries implement an annual Act for Food communication programme	All **10 countries** have implemented the Act for Food programme
Improve the way our results/actions are communicated to the non-financial community	
- Improve Carrefour's position in the RobecoSAM indices	Top 5 position in the DJSI World maintained in 2018
Promote CSR in the supply chain and prioritise local suppliers	
- Promote fair trade products	**149** million euros in sales of fair trade products
- Promote local suppliers	**70%** of sales of Carrefour own-brand food products sourced from national suppliers
Be a socially responsible retailer	
- Use food as a way to combat exclusion	100 million meal equivalents donated to food aid associations

EMPLOYEES	2018
Employment	
- Permanent contracts	**90.6%** of employees on permanent contracts
Act as a responsible employer	
- Develop employees' skills	**11.4** training hours on average per employee
- Develop internal promotion	Internal promotion rate of **50%**
Encourage diversity and equal opportunity	
- Encourage gender equality	**41.1%** of managers are women
- Encourage the hiring and retention of people with disabilities	**3.4%** of employees have a disability

Carrefour's policies are also the subject of external assessments by rating agencies:

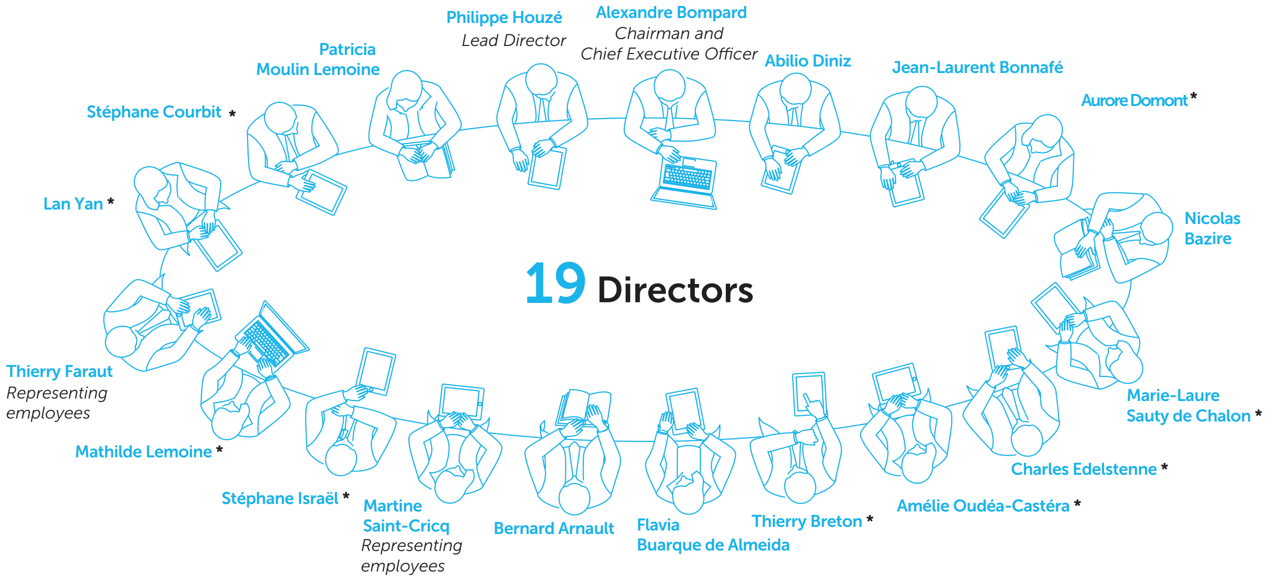
	RobecoSAM – DJSI	CDP – Climate	Sustainalytics	oekom	MSCI
Carrefour's rating	69	A	74	Prime C+	A

1.7 Corporate governance

1.7.1 Board of Directors

The Board of Directors has 19 members including two Directors representing employees. The Board approves the Company's business strategy and oversees its implementation. It examines and makes decisions on major transactions. The members of the Board of Directors are kept informed of changes in the markets, the competitive environment and the key issues facing the Company, including with regard to social and environmental responsibility.

Composition of the Board of Directors in 2018



* Independent Director

On November 7, 2018, Amélie Oudéa-Castéra stood down as Director following her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group.

The Board of Directors has set up specialised Committees that review any questions submitted to them for their opinion by the Board of Directors or the Chairman of the Board of Directors. The Board of Directors' Committees are: the Audit Committee, the Compensation Committee, the Appointments Committee, the CSR Committee and the Strategic Committee.

SPECIALISED COMMITTEES OF THE BOARD OF DIRECTORS IN 2018

	Alexandre Bompard	Nicolas Bazire	Thierry Breton *	Flavia Buarque de Almeida	Stéphane Courbit *	Abilio Diniz	Aurore Domont *	Charles Edelstenne *	Thierry Faraut **	Philippe Houzé	Stéphane Israël *	Mathilde Lemoine *	Patricia Moulin Lemoine	Amélie Oudéa-Castera *	Martine Saint-Cricq **	Marie-Laure Sauty de Chalon *	Lan Yan *
AUDIT COMMITTEE		☐								☐	●	☐		☐			
COMPENSATION COMMITTEE		☐	●		☐			☐									☐
APPOINTMENTS COMMITTEE				☐			☐	●	☐	☐				☐			
CSR COMMITTEE							●						☐		☐	☐	
STRATEGIC COMMITTEE	●	☐			☐	✸				☐				☐			

● *Chair* ✸ *Vice-Chair* ☐ *Member* ** Independent Director* *** Director representing employees*

COMPOSITION OF THE BOARD OF DIRECTORS: 19 members

Number of meetings of the Board of directors and its specialised Committees

18

Attendance rate:

95.8%

Gender balance*:

58.8% **41.2%**

Proportion of independent directors*:

52.9%

Number of Directors representing employees:

2

* This proportion does not include Directors representing employees

Changes in the composition of the Board of Directors in 2019

At its meeting on January 22, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva as Independent Director to replace Amélie Oudéa-Castéra for the remainder of her term of office, i.e., until the Shareholders' Meeting called to approve the financial statements for the year ending 2020. Ratification of her appointment will be sought at the Shareholders' Meeting to be held on June 14, 2019.

At its meeting on April 24, 2019, and after acknowledging Bernard Arnault's resignation, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Alexandre Arnault as a Director to replace Bernard Arnault for the remainder of his term of office, i.e., until the Shareholders' Meeting called to approve the Financial Statements for the year ending 2019. Ratification of his appointment will be sought at the Shareholders' Meeting to be held on June 14, 2019. In addition, the Board of Directors decided, on the recommendation of the Appointments Committee, to propose the renewal of the terms of office of Flavia Buarque de Almeida, Abilio Diniz, Thierry Breton and Charles Edelstenne at the Shareholders' Meeting to be held on June 14, 2019.

For more information, see Section 3.2.1.2 of this Registration Document.

1.7.2 The Group Executive Committee

The Group Executive Committee was created on September 22, 2017 and is chaired by Alexandre Bompard, Carrefour's Chairman and Chief Executive Officer. The Committee's role is to strengthen oversight of the Group and closely monitor the implementation of its transformation plan. It comprises Group managers and individuals from other horizons who contribute complementary expertise.

The Group Executive Committee has 16 members:

- **Alexandre Bompard**, Chairman and Chief Executive Officer

Responsible for geographic regions

- **Pascal Clouzard**, Executive Director France
- **Guillaume de Colonges**, Executive Director Northern and Eastern Europe (Belgium, Poland and Romania)
- **Thierry Garnier**, Executive Director Asia (China and Taiwan)
- **Noël Prioux**, Executive Director Latin America (Brazil and Argentina)
- **Eric Uzan**, Executive Director Spain
- **Gérard Lavinay**, Executive Director Italy

Responsible for Group functions

- **Amélie Oudéa-Castéra** Executive Director E-Commerce, Data and Digital Transformation
- **Marie Cheval**, Executive Director Financial Services and Hypermarkets
- **Jacques Ehrmann**, Executive Director Assets, International Development and Innovation
- **François Melchior de Polignac**, Executive Director Merchandise, Supply and Formats

Responsible for corporate functions

- **Matthieu Malige**, Chief Financial Officer
- **Laurent Vallée**, General Secretary
- **Jérôme Nanty**, Executive Director Human Resources for the Group and France
- **Dominique Benneteau-Wood**, Executive Director Communication for the Group and France
- **Frédéric Haffner**, Executive Director Strategy and M&A

1.8 A new "raison d'être" for Carrefour

At its meeting on April 24, 2019, the Board of Directors of Carrefour, acting on the recommendation of its Appointments Committee, which is in charge of governance issues, decided to propose to the Group's shareholders to adopt this year a "Raison d'être."

The design and launch of the Carrefour 2022 plan were the occasion for the entire company to reflect on its identity, its activity and its future. The ambition set out in this plan to be the leader in the food transition for all has allowed the mobilization of employees and more broadly, of all stakeholders.

To anchor this work, and within the framework of the "Pacte" law recently adopted by the French Parliament, the Board of Directors proposes to include a "raison d'être" in the preamble to the company's articles of association.

This “raison d’être” reads as follows:

"Our mission is to provide our customers with quality services, products and food accessible to all across all distribution channels. Thanks to the competence of our employees, to a responsible and multicultural approach, to our broad territorial presence and to our ability to adapt to production and consumption modes, our ambition is to be the leader of the food transition for all."

This proposal will be submitted to the next Shareholders' Meeting on June 14, 2019.

2

CORPORATE SOCIAL RESPONSIBILITY

Introduction

The information detailed in this chapter complies with the requirements of French government order no. 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017, providing for a Non-Financial Information Statement as stipulated notably under Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code (*Code de commerce*). This information concerns the activities of Carrefour SA (the parent company) and all the Group's consolidated companies. A cross-reference table specific to the Non-Financial Information Statement appears in Section 2.7.2 below.

More generally, this section presents Carrefour's entire corporate social responsibility (CSR) approach. Carrefour's CSR approach is enriched by dialogue with its stakeholders with respect to different societal challenges facing the Group. In this report, Carrefour's stakeholders will find that this dialogue has produced results, as described in the Group's various policies and objectives as well as its results in the different areas.

CSR plays an essential role in the Group's chosen mission to lead the food transition. Among the different CSR policies, the Group has decided to strengthen the management of priority projects as part of its transformation plan, particularly those relating to the food transition. Carrefour has therefore established its own CSR & Food Transition Index, based on an upgrade of the CSR Index created in 2017. At the same time, the Group follows a broader set of policies for which it measures results using a more exhaustive array of non-financial indicators.

The presentation of Carrefour's CSR policies in Section 2.1 describes the role these policies play in the Group's strategy to become the leader of the food transition for all, the CSR organisations within the Group, and the methodology enabling Carrefour to develop its CSR policies in response to the societal risks it has identified in its business model. Thus, all the **societal risk factors** encountered by the Group in its activities result in CSR policy. Figure 4 in Section 2.1 shows the policies that correspond to each identified risk.

The sections below describe the structured CSR policies as follows:

- products (detailed in Section 2.2);
- Stores and e-commerce (detailed in Section 2.3);
- customers and partners (detailed in Section 2.4);
- employees (detailed in Section 2.5);
- responsible business conduct (detailed in Section 2.6).

This section also explains the Group's duty of care plan (in Section 2.6), and how it addresses the risks of violations of human rights and fundamental freedoms, health and safety, and the environment, as well as the report on the plan's effectiveness in 2018. It complies with the requirements set out in French law no. 2017-399 of March 27, 2017 with regard to the duty of care.

Section 2.7.1 presents **Carrefour's non-financial report**. **All the non-financial performance indicators are consolidated at the Group level**, thus making it possible to comprehensively measure the results of CSR policy. Using more detailed indicators and covering a broader scope, it thus sharpens the focus of the CSR & Food Transition Index.

Lastly, Section 2.7 presents the cross-reference tables for the Non-Financial Information Statement and GRI-G4, the detailed reporting method for CSR indicators and the independent third-party report on consolidated social, environmental and societal information published in the management report.

2.1 CSR at Carrefour

2.1.1 The food transition, a core aspect of Carrefour's corporate social responsibility

The food transition for all

The Group's ambition is to become the leader of the food transition for all. More specifically, Carrefour wants to provide all consumers – every day and everywhere – with quality, healthy food at a reasonable price. This ambitious objective is a response to a profound transformation in production and distribution models, as well as rapid changes in consumer behaviour. The food transition for all is an initiative that expresses both the Group's objectives and its values. Its shareholders, management teams, employees and partners all contribute to aspiring towards this goal.

The food transition is the Group's signature corporate social responsibility. It means transforming the products we offer, adapting the operations in our stores and online, involving our customers and partners in our action plans and motivating our employees.

The food transition and CSR governance

Governance

Governance of the food transition and the CSR policies is exercised jointly by three management bodies and the Group Secretary General:

- the **Group's Executive Committee** defines CSR strategy, policies, and objectives and measures CSR performance;
- the **Board of Directors** approves the strategy drawn up by the Executive Committee and evaluates its implementation. In 2018, during meetings with the dedicated CSR Committee, the Board expressed its opinion concerning food transition projects and implementation of the Act for Food programme (detailed in Section 2.4.1) in different countries, the fight against food waste, and Carrefour's packaging policy;
- the **Group Secretary General** is coordinating the roll-out of the food transition on a consistent basis throughout the entire Group. He is in charge of the Food Transition Advisory Committee.

Role and tools of the CSR department

Created over 10 years ago and reporting directly to the Group Secretary General, **the Group's CSR department** oversees implementation of the CSR methodology to help meet Carrefour's objectives in all of the countries where the Group operates. They are contributing to the Group's strategy **for the food transition** with the help of various tools such as dialogue with stakeholders, innovation and collective intelligence.

The CSR department identifies emerging trends and supports the various professions with the design and implementation of **innovative, substantive projects**, initially aimed at forward-looking groups of consumers with deeply held convictions. The goal of these projects is to create and experiment with new solutions together with these minority groups, before proposing the ideas to all of our customers. And so, by way of its CSR policies, Carrefour is developing a **vision, objectives and solutions** to transform the Group's business and market standards.

The CSR department, responsible for implementing these missions, comprises nine people, who work with all the Group professions and departments concerned, particularly the merchandise, sourcing, quality and store departments. The innovations and solutions are defined jointly before being tested and rolled out by Carrefour's operational teams. Every country where the Group operates has a CSR department.

Organisation across countries, professions and stores

The Group's policies are implemented by the CSR departments throughout the different countries. Each country has its own CSR department, responsible for coordinating and implementing CSR projects, working closely with the local correspondent in charge of the food transition. The Group's professions are arranged into international speciality divisions (merchandise, supply chain, quality and CSR, technical, finance, etc.) which serve as the basis for exchanging information between countries and professions. The CSR department relies on all of these channels to work with the Group's teams.

Lastly, the CSR initiative is also deployed at the level of each store, where the actions planned and commitments made are assimilated and implemented. Stores are still the main stage for the Group's CSR policy, through, for example, the Antigaspi waste reduction programme, partnerships with beekeepers, relationships with waste treatment facilities and food donations.

2.1.2 Highlights of 2018

Many new initiatives were launched in 2018 to enable Carrefour to become the world leader of the food transition for all (see Section 1.2).

FIGURE 1 – THE MAIN STEPS IN CARREFOUR'S FOOD TRANSITION INITIATIVE IN 2018

JANUARY

- The Carrefour group unveils its Carrefour 2022 transformation plan. The Group announces its ambition to become **the world leader of the food transition** for all *(detailed in Section 1.2).*
- Carrefour sets up an enhanced governance plan to meet this challenge, which is now the Group's highest priority. Laurent Vallée, the Group's Secretary General, is appointed special project manager of the food transition *(detailed in Section 2.1.3).*
- Carrefour reorganises in order to support the food transition, creating a Group organic produce market department and a Group own brand food department.

SEPTEMBER

- The worldwide **Act for Food programme** brings Carrefour's actions and their **concrete results to the fore in all the countries where the Group operates** *(detailed in Section 2.4.1).*

OCTOBER

- Carrefour forms a **Food Transition Advisory Committee** to help the Group meet its goals *(detailed in Section 2.1.3).*

NOVEMBER

- The first Food Transition Store Challenge International involves in-store employees in the food transition project *(detailed in Section 2.4.1).*

To become the leader of the food transition for all, Carrefour has made commitments that are transforming its business. These ambitious commitments will ensure that the Group is better prepared for new expectations coming from customers and society in general, as well as changing regulations, and in this way contribute to transforming the market:

- the Carrefour group announced a new goal: **100% reusable, recyclable or biodegradable packaging** for Carrefour-brand products by 2025. In addition, together with global competitors, major brands and NGOs, in December 2018 Carrefour signed the Global Declaration on Plastics initiated by the Ellen MacArthur Foundation to make this goal a market standard (*detailed in Section 2.2.6*);
- Carrefour published its **Sustainable Forestry Purchasing Rules**, replacing the Carrefour Wood Charter, governing supplies of palm oil, soy, Brazilian beef and products made with wood or wood fibres for Carrefour-brand products (*detailed in Section 2.2.7*);
- Carrefour's **Purchasing Rules for the social and environmental compliance** of retail or non-retail certified product purchases were updated and deployed in all host countries in 2018. These rules include a **Supplier Commitment Charter**, a **country-by-country risk map**, procedures and standards for carrying out **social audits** and **rules specific to sensitive production phases and raw materials**;
- since 2017, Carrefour has been committed to ensuring that all Carrefour-brand eggs sold in Europe (Belgium, Spain, France, Italy, Poland and Romania) are sourced from **cage-free** systems; in 2018, this commitment was extended to Taiwan and Brazil (*detailed in Section 2.2.4*);
- Carrefour is committed to animal welfare and has launched an independent audit across all the slaughterhouses supplying the Carrefour, Carrefour Bio, and Reflets de France brands, in addition to the Carrefour Quality Lines. The audits are based on the Animal Protection standard drawn up by the non-profit organisation *Œuvre d'assistance aux bêtes d'abattoirs* (OABA). Carrefour is also the first French retailer to install cameras at its slaughterhouses in France (*detailed in Section 2.2.4*);
- the Group has committed to provide the largest selection of products sourced from **sustainable fishing** by 2022. To help meet this goal, Carrefour signed an unprecedented partnership with the Seafood Watch programme led by the Monterey Bay Aquarium®, in order to **map its fishing supply chain** in Brazil (*detailed in Section 2.2.5*). According to the Marine Stewardship Council (MSC) report, "Carrefour leads the field among retail players selling own-brand products with the MSC label in France", with more than 75 MSC-labelled items, (*detailed in Section 2.2.5*);
- Carrefour has set a goal of generating **5 billion euros in sales of organic products by 2022**. To step up the process, Carrefour France helped farmers in 31 different product categories to make the **switch to organic farming** by offering them "Organic development" (*Bio développement*) contracts in partnership with the World Wildlife Fund (WWF®) (*detailed in Section 2.2.2*);
- Carrefour has set itself the goal of rolling out **agroecology** in its Carrefour Quality Lines (CQL) so that by 2022, 100% of CQL products sold will carry an agroecology-specific message (*detailed in Section 2.2.3*). In addition to the work already begun on fruit and vegetables, Carrefour is drawing up an Agroecology Charter for the cereals line (*detailed in Section 2.2.3*), a joint project with its cereal suppliers and customers;
- in Belgium, Spain, France and Italy, Carrefour banned **100 controversial substances** from its products in 2018, with around 30 more to follow by 2020 (*detailed in Section 2.2.1*);
- in 2018, Carrefour extended the initiative launched in late 2017 to promote farmers' seeds, enlarging its selection of heirloom fruit and vegetables grown from **farmers' seeds**, with the goal of doubling its sales in that category by 2022 (*detailed in Section 2.2.3*);

- after launching Europe's first food blockchain in 2018, Carrefour joined the **IBM Food Trust platform** in order to set up a world food traceability standard covering all links in the chain from producer to store shelf. Carrefour is committed to extending blockchain technology across all its Carrefour Quality Lines by 2022 (*detailed in Section 2.2.1*);
- as part of its commitment as a member of the Consumer Goods Forum, Carrefour is finalising the development of a tool that will make it possible to measure and monitor food waste in stores. The indicator is calculated on the basis of the Food Loss and Waste Accounting and Reporting Standard (FLW Standard) (*detailed in Section 2.3.1*);
- with the first International Food Transition Store Challenge, Carrefour recognised its food transition champions, *i.e.*, employees who **promoted the initiative on a daily basis** and motivated other staff members and customers to adopt more responsible eating habits (*detailed in Section 2.4.1*);
- the Carrefour Foundation supported 72 programmes in 13 countries, aiming to achieve sustainable production, zero waste processing, better distribution and easier access to food, healthy eating and consumer habits, and support for the circular economy (*detailed in Section 2.4.5*);
- Carrefour is committed to ending violence against women as a member of the European initiative CEASE. Even if these tragic situations mainly occur within the private sphere, they impact the lives of all women, disrupting their professional lives (*see Section 2.5.4*);
- the Human resources department made significant contributions to the Carrefour 2022 transformation plan, negotiating with the trade unions to set up new systems to provide support to restructuring projects and resulting workforce reductions. These changes make it possible today for operational and functional teams to work cross-functionally so they can meet omni-channel challenges (*see Section 2.5*).

2.1.3 Carrefour's CSR methodology

Carrefour's CSR methodology is based on providing tools to further the Group's ambition to become the world leader in the food transition for all. By means of materiality analysis, dialogue with stakeholders, strengthened governance, and supporting professions and innovation, the methodology is contributing to the Group's strategy for the food transition (*see Figure 2*). Carrefour's CSR methodology comprises five iterative steps:

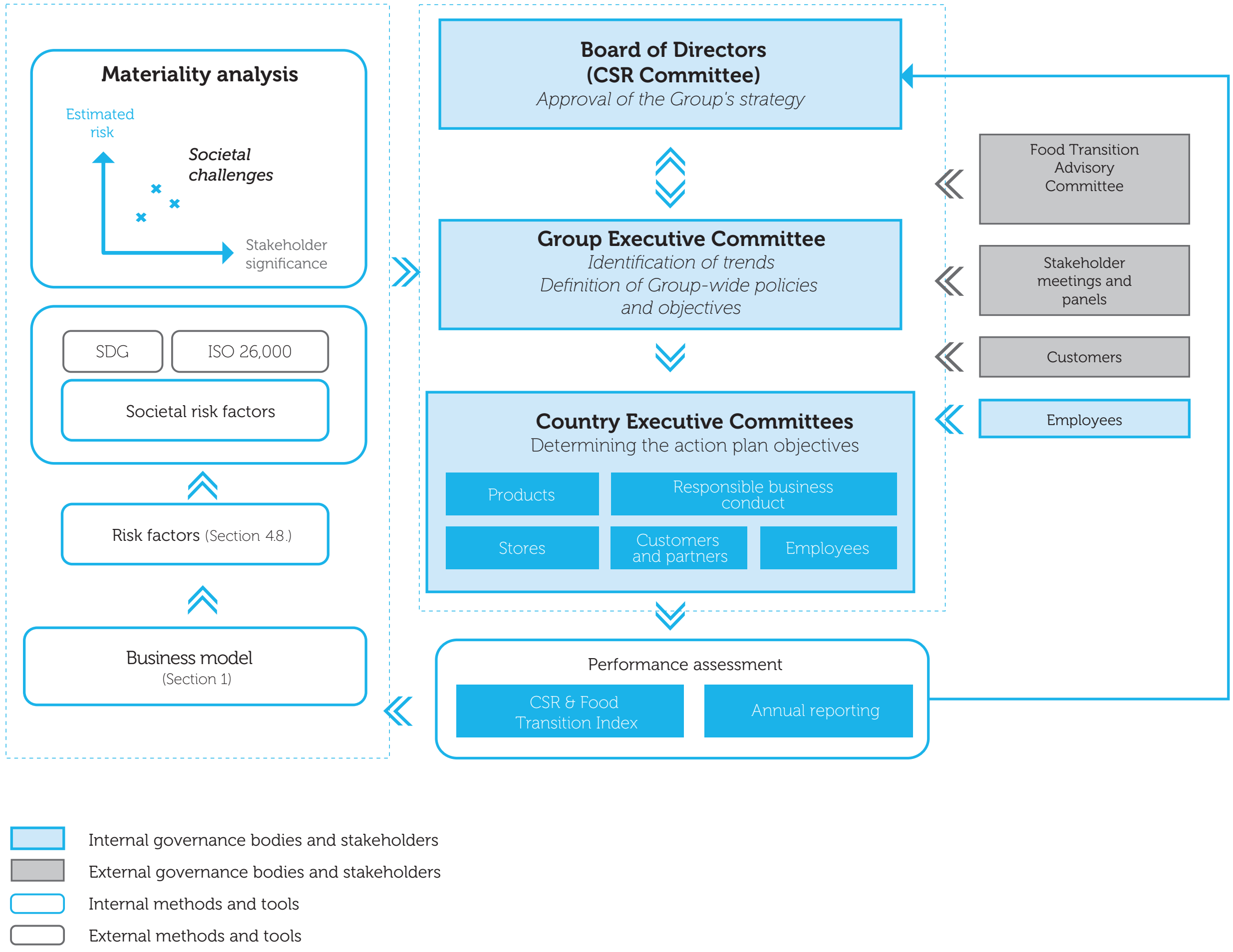
1. identifying societal challenges and risks;
2. materiality analysis;
3. stakeholder dialogue;
4. defining and deploying policy, action plans and objectives;
5. evaluating CSR performance.

Carrefour carried out a risk analysis centred on its business model, which is synthetically modelled in Section 1.5.10 The analysis took into account the business environment, strategy and governance, business operations, and the financial aspects of the business model. The Group's main risk factors, including those concerning Carrefour's social responsibility, were identified and are shown in Section 4.8 of this document.

Based on this risk analysis, and in light of an ISO 26000 diagnostic and the UN's Sustainable Development Goals (SDG), Carrefour's **major societal challenges were determined** and then subjected to a materiality analysis (*detailed in Section 2.1.3*). The Group uses this analysis for defining its CSR strategy. Dialogue with stakeholders through the Food Transition Advisory Committee, external panels and meetings (*detailed in Section 2.1.3*) also contribute to Carrefour's strategy.

The Board of Directors, primarily through the CSR Committee, validates the Group's major objectives. The Group's Executive Committee defines its policies, objectives and specific action plans. Performance is measured on an annual basis, using the Group's CSR & Food Transition Index and non-financial report (*detailed in Section 2.1.3*).

FIGURE 2– CARREFOUR'S CSR METHODOLOGY: RISK FACTORS IN CSR PERFORMANCE



Identifying societal challenges and risks

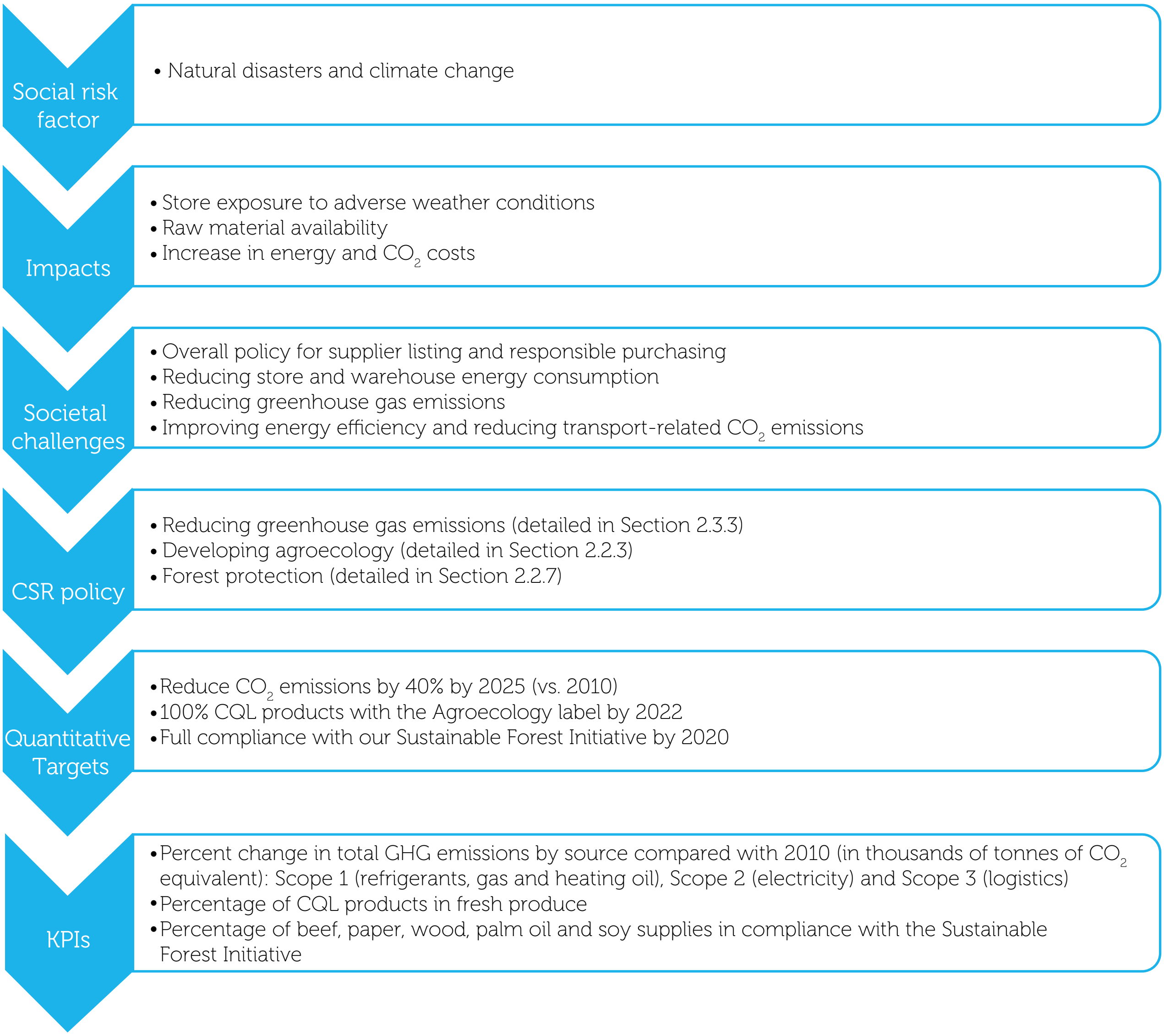
Carrefour’s business model relies on the Group’s ability to offer its customers safe, healthy, high-quality, affordable products (*see Section 1.5.10*).

In order to achieve its goals and grow its operations, the Group must take into account 28 different risk factors (*detailed in Section 4.8*). Among the 28 risk factors, 11 have a CSR aspect, *i.e.*, relating to social, environmental, human rights or corruption issues. Societal risk factors are detailed in Figure 4.

These **societal risk factors**, which are significant for Carrefour, as well as an impact analysis concerning the UN's **Sustainable Development Goals** and a self-assessment on the basis of **ISO 26000, have** enabled Carrefour to identify its **priority societal challenges**.

The example below illustrates the bridge between the societal risk factors analysis and the implementation of CSR policies, objectives and KPIs.

FIGURE 3 — SOCIETAL RISK FACTORS COMMENSURATE WITH SOCIETAL PERFORMANCE: “NATURAL DISASTERS AND CLIMATE CHANGE” AS A RISK FACTOR EXAMPLE



Social risk factor

- Natural disasters and climate change

Impacts

- Store exposure to adverse weather conditions
- Raw material availability
- Increase in energy and CO_2 costs

Societal challenges

- Overall policy for supplier listing and responsible purchasing
- Reducing store and warehouse energy consumption
- Reducing greenhouse gas emissions
- Improving energy efficiency and reducing transport-related CO_2 emissions

CSR policy

- Reducing greenhouse gas emissions (detailed in Section 2.3.3)
- Developing agroecology (detailed in Section 2.2.3)
- Forest protection (detailed in Section 2.2.7)

Quantitative Targets

- Reduce CO_2 emissions by 40% by 2025 (vs. 2010)
- 100% CQL products with the Agroecology label by 2022
- Full compliance with our Sustainable Forest Initiative by 2020

KPIs

- Percent change in total GHG emissions by source compared with 2010 (in thousands of tonnes of CO_2 equivalent): Scope 1 (refrigerants, gas and heating oil), Scope 2 (electricity) and Scope 3 (logistics)
- Percentage of CQL products in fresh produce
- Percentage of beef, paper, wood, palm oil and soy supplies in compliance with the Sustainable Forest Initiative

FIGURE 4 – MAPPING OF THE GROUP'S RISK FACTORS AND SOCIETAL CHALLENGES AND ASSOCIATED POLICIES

Priorities are assigned to societal challenges(1) through a materiality analysis (detailed in Figure 6). The challenges are listed below in order of their importance *vis-à-vis* their impact on the Group's business. The figure below makes reference to the associated policies(2) presented in this Registration Document.

- ● PRODUCTS
- ● STORES
- ○ CUSTOMERS AND PARTNERS
- ● EMPLOYEES
- ● BUSINESS CONDUCT

SOCIETAL CHALLENGES	SOCIETAL RISK FACTORS										
	Political and social environment	Natural disasters and climate change	Compliance and fair practices	Corporate social responsibility	Environment	Relevance and performance of economic and business models	Control of the supply chain	Product quality, compliance and safety	Safety of people and property	Human resource management	Control and valuation of assets
Overall policy for supplier listing and responsible purchasing		2.2.3 2.2.7.		2.2.2 2.2.3 2.2.4 2.2.6	2.2.2 2.2.4 2.2.6 2.3.4		2.2.2 2.2.3 2.2.4 2.2.6	2.2.2 2.2.3 2.2.4 2.2.6			
Reliable product traceability								2.2.1			
Ensuring reliable, transparent labelling for consumers			2.2.1	2.2.1				2.2.1			
Improving the nutritional quality of the products								2.2.1			
Guaranteeing safe, high-quality products for the customers								2.2.1			
Designing and reducing packaging				2.2.5	2.2.5		2.2.5	2.2.5			
Managing food waste				2.3.1 2.3.2	2.3.1 2.3.2	2.3.1 2.3.2	2.3.1 2.3.2				
Reducing store and warehouse energy consumption		2.3.3.			2.3.4						2.3.3.
Reducing greenhouse gas emissions		2.3.3.		2.3.4	2.3.4						2.3.3.
Improving energy efficiency and reducing transport-related CO2 emissions		2.3.3.		2.3.3.	2.3.3. 2.3.7	2.3.7	2.3.3				2.3.3.
Reducing the impact of stores and warehouses on biodiversity						2.3.4. 2.3.5. 2.3.6.					2.3.5.
Helping suppliers to achieve compliance with respect to human rights				2.4.3 2.4.4	2.4.3 2.4.4			2.4.3 2.4.4			
Assessing and supporting suppliers' social, environmental and societal performance					2.2.2 2.4.2. 2.4.3 2.4.4			2.2.2 2.4.3 2.4.4			
Developing sustainable relationships with suppliers				2.2.2				2.2.2			
Supporting local suppliers and the local economy	2.4.5 2.3.8			2.4.4	2.2.2 2.4.3		2.2.2 2.4.1	2.2.2 2.4.3			
Promoting work/life balance for employees				2.5.					2.5.	2.5.	
Responsible business conduct				2.6.							

(1) The societal challenges have been identified with respect to the risk analysis undertaken by Carrefour (detailed in Section 4.8) as well as external benchmarks such as ISO 26000 and the UN's Sustainable Development Goals.

(2) The numbers identify the sections in which the policies relating to the various risks and challenges are described.

Working towards sustainable development goals

Carrefour supports the 17 Sustainable Development Goals (SDGs) set by the United Nations and adheres in particular to seven priority SDGs, to which it contributes by means of the concrete objectives in its CSR & food Transition Index. Figure 5 below shows the concordance between the 17 objectives of its CSR & Food Transition Index and the seven priority SDGs.

FIGURE 5 – CARREFOUR'S CONTRIBUTION TO SEVEN PRIORITY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND
Products		1 2		1 2 3 4 5	4 5	2 3	1 2 4
Stores	6 7 9	9		9	8 9	9	9
Customers	10 12	10 12		10 11 12 13	10 12	10 12	10 12
Employees			14				

Materiality analysis of priority societal challenges

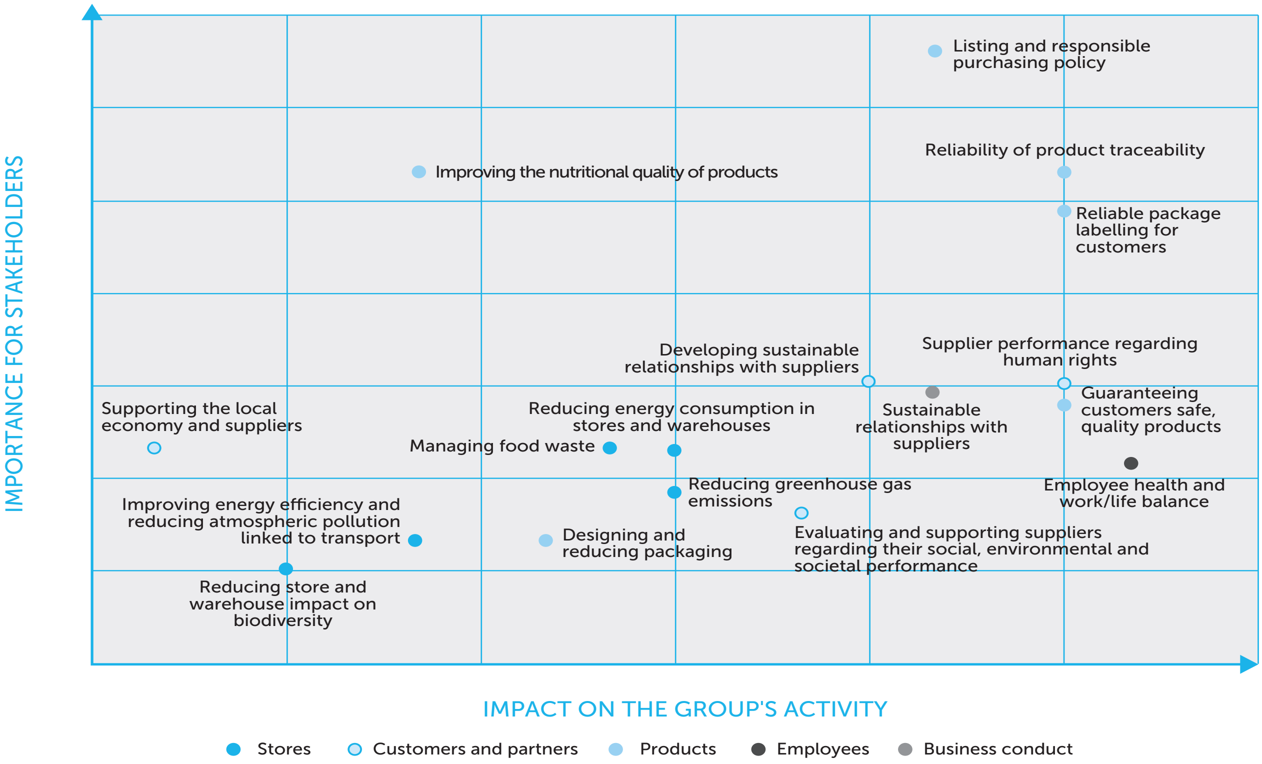
Carrefour carried out a materiality analysis in order to weight and rank the societal challenges it identified.

Materiality was assessed by (i) reviewing the documentation available (competitive environment, media coverage, regulatory context and industry standards), an evaluation carried out by some 30 external stakeholders and (ii) an in-house survey. Challenges were identified and ranked in terms of materiality based on:

- their importance for stakeholders;
- their estimated risk, based on their financial and regulatory impact, their impact on Group business and its relationship with investors, customers and employees, and their impact on the Group's reputation.

The Group prioritises these challenges in its policies and monitors each one by means of its **CSR & Food Transition Index** and annual non-financial report (*see Section 2.1.5*).

FIGURE 6 – MATERIALITY ANALYSIS



Stakeholder dialogue

Food Transition Advisory Committee

In 2018, Carrefour formed a Food Transition Advisory Committee, bringing together seven external well-known figures from different backgrounds who are committed and concerned about food issues: Lucie Basch, founder of the startup Too Good To Go; Myriam Bouré, co-founder of Open Food; Emmanuel Faber, Chairman and Chief Executive Officer of Dannon; Jean Imbert, a socially and environmentally responsible chef; François Mandin, a farmer from the Vendée region; Caroline Robert, head of dermatology at the Gustave Roussy Cancer Centre, and Maxime de Rostolan, founder of Fermes d'Avenir and Blue Bees.

The Committee members agreed to support Carrefour's transformation of its production model. They participate in projects working towards the food transition for all, share best practices, propose new ideas and lead exploratory discussions about changing food habits. The Committee meets twice a year. The first session was held in 2018 and focussed on four food transition topics: food waste, complete food costs, soil conservation in agriculture and new models for the food business and stores. Each of the topics will be followed by working groups involving Carrefour employees and Committee members.

Stakeholder meetings and panels

For many years Carrefour has maintained ongoing dialogue with its stakeholders. This enables the Group to ensure that its CSR strategy stays relevant, that new commitments are in line with the strategy, and that suitable action plans are drawn up.

Several times a year, Carrefour arranges meetings in order to arrive at functional recommendations on a specific CSR issue. These meetings are attended by approximately 50 people representing the Group, NGOs, government, customers, investors and suppliers, who come together to share their expertise or point of view on the subject in question. In 2018, five meetings were held on topics such as cage-free egg production, the food transition and climate change, urban farming, forests and agroecology in field crops.

Carrefour has also been overseeing several long-term action plans in conjunction with various non-profit associations, such as the WWF® since 1998 (*detailed in Sections 2.2.2, 2.2.7, 2.4.3, and 2.4.5*) and the FIDH since 2008 (*detailed in Section 2.4.3*).

Ratings agencies and investors

Carrefour systematically replies to questionnaires sent by NGOs, investors and ratings agencies (results of the carbon disclosure project (CDP), oekom, Sustainalytics and the RobecoSAM DJSI Index are detailed in the "Performance assessment" section below).

Carrefour also organises informational meetings for investors and takes part in socially responsible investment (SRI) conferences to keep the financial markets informed about the Group's CSR policy.

Employee relations

This approach has been accompanied by extensive social dialogue. The Group promotes union rights and the right to collective bargaining in the countries in which it operates. Carrefour was the first retailer to sign an agreement with Union Network International which serves as the basis for employee relations within the Group (*detailed in Section 2.5.3*) and was last renewed in 2018. A CSR working group within the European Consultation and Information Committee holds meetings three times a year, so that employee representatives can participate in the development of action plans and be consulted on innovations.

Defining and rolling out policies, action plans and objectives

Analysis of the Group's priority societal challenges and risks, materiality analysis and external stakeholder dialogue enable the Group to build its policies. All of the Group's material challenges are dealt with through one dedicated CSR policy, which we will describe in this chapter as follows:

- products (*detailed in Section 2.2*);
- stores (*detailed in Section 2.3*);
- customers and partners (*detailed in Section 2.4*);
- employees (*detailed in Section 2.5*);
- responsible business conduct (*detailed in Section 2.6*).

Carrefour is carrying out specific work so as to innovate in the areas affected by the food transition. In order to determine the most important solutions for the food transition, the Group is following the steps listed below:

1. objective observations based on:
   - priority societal challenges,
   - external stakeholder relations,
   - analysis of market trends, and
   - consultation with food transition managers and key employees;
2. identification of priority solutions through:
   - a list of priority action plans that integrate a vision, objectives and solutions,
   - prioritisation based on a survey of customer needs and expectations,
   - a feasibility study;
3. charting a roadmap:
   - setting deadlines and KPIs for implementing priority solutions.

The priority solutions and action plans for the food transition are included in all of the Group's CSR policies.

PRIORITISATION OF SOLUTIONS FOR THE FOOD TRANSITION IN 2018

Observations	Prioritisation	Charting a roadmap
● 17 priority societal challenges ● Five stakeholder panels ● One Food Transition Advisory Committee meeting ● 30 external benchmarks ● Analysis of market trends ● 10 interviews with country food transition managers ● 50 key employees surveyed by questionnaire	● 100 solutions identified ● In-house prioritisation ● 2,000 consumers surveyed in France and Spain ● 26 solutions qualified as top priorities	● A roadmap for each country

Act for Food — Implementation of a concrete action plan in each country

Carrefour launched a worldwide **Act for Food** programme in 2018, showcasing **the Group's food transition initiatives and their concrete results**. Each country in which Carrefour operates spotlighted its actions and its engagements to speed up the food transition, raise consumer awareness and involve customers.

In 2018, the main actions were: banning controversial substances from Carrefour's products, eliminating artificial colouring and flavouring agents, improving transparency and traceability with blockchain, making organic produce more affordable to all, supporting farmers in the switch to organic, reduction or elimination of antibiotics in livestock, responsible fishing and aquaculture, marketing local fruit and vegetables, and the move towards biodegradable packaging.

Evaluating CSR performance

Carrefour's CSR & Food Transition Index

In 2017, Carrefour deployed a CSR index in order to monitor the achievement of its objectives, assess its CSR performance and motivate its in-house teams. It consolidated all of the Group's quantified social responsibility objectives.

In 2018, Carrefour updated its CSR index, adding new objectives relating to the food transition for all. As a result, sales targets for organic products, market penetration of Carrefour Quality Lines in fresh produce stands, and the roll-out of Act for Food publicity campaigns in all the countries where Carrefour operates, were made part of the index. Beginning in 2019, the Group's performance in meeting these objectives will become a part of the criteria for executive compensation. The percent achievement of the annual objectives will serve as the basis for calculating executive compensation as part of the long-term incentive plan. In addition to monitoring CSR performance, the index is also a **tool for managing and motivating employees on strategic issues, in line with the Group's ambition to be the leader of the food transition for all**.

The index can be broken down into four distinct areas, each of which is shaped by four quantitative objectives with deadlines. Designed to cover a period of several years, the index measures CSR performance every year for each of the 17 indicators. Annual objectives are determined on the basis of the straight-line trajectory required to reach the target. The index's overall score is a simple average of the score for the 17 indicators. The annual results and objectives are presented in a transparent manner.

Items from the CSR & Food Transition Index are clearly identified throughout the report *[CSR & Food Transition Index]*.

The composite score reflecting the level to which objectives were achieved in 2018 stood at 104%. As outlined in the table, certain objectives were partially or fully reached in 2018, whereas others will require further effort by the Group's host countries. For each objective that is not reached (lower than 100%), a remediation programme is put in place.

FIGURE 7- CSR & FOOD TRANSITION INDEX

Carrefour's 2018 CSR & food transition index = 104%

	Products	**Objective 2018**	**Result 2018**	**Score 2018 105%**
1.	€5 billion in sales of organic products by 2022	€1.71 billion	€1.76 billion	103%
2.	10% of Carrefour Quality Lines products within Fresh Products by 2022	6.9%	6.0%	87%
3.	50% of Carrefour seafood products sold come from responsible fishing by 2020	35%	37.3%	106%
4.	Implementation of a Sustainable Forests action plan for the products linked to deforestation by 2020	50%	48.5%	97%
5.	10,000 tonnes of packaging saved by 2025	1,438 tonnes	1,867 tonnes	130%

	Stores	**Objective 2018**	**Result 2018**	**2018 Score 103%**
6.	Reduce food waste by 50% by 2025 (*vs.* 2016)	-	-	-
7.	Recover 100% of waste by 2025	70%	67%	95%
8.	Reduce CO2 emissions by 40% by 2025 and by 70% by 2050 (*vs.* 2010)	-26.7%	-28.6%	107%
9.	2,000 employees identified as "food transition superheroes" in stores by 2020	10 superheroes	10 superheroes	100%

	Customers	**Objective 2018**	**Result 2018**	**2018 Score 103%**
10.	80% of customers identify food transition in stores by 2022	50%	63.8%	129%
11.	100% of countries roll out a program focused on local products and purchasing by 2020	30%	20%	67%
12.	100% of countries implement an annual Act For Food communication program	100%	100%	100%
13.	100% of countries roll out an Healthier Diet action plan by 2022	60%	70%	117%

	Employees	**Objective 2018**	**Result 2018**	**2018 Score 102%**
14.	40% of women account in appointments to key positions by 2025 & 100% of countries roll out GEEIS certification by 2020	23.1% 67%	31% 75%	123%
15.	4% of disabled employees within the Group by 2025	3.38%	3.4%	101%
16.	13 training hours per Group employee by 2025	12.3 hours	11.4 hours	93%
17.	100% of countries implement an action plan on health/safety/quality of life in the workplace by 2020	58%	67%	114%

Annual non-financial reporting

CSR reporting involves both monitoring and issuing reports on the Group's non-financial performance. The Group prepares annual consolidated statements on its levels of performance relating to 22 CSR indicators. These indicators have been calculated since 2006, and monitor progress in the Group's performance (*detailed in Section 2.7.1*). The reporting is subject to an external audit and informs the non-financial performance ratings assigned to Carrefour by the ratings agencies.

Ratings of non-financial performance

The CSR communications process consists of several documents and events, including this Registration Document, the year-end financial results; conferences, days and meetings organised specifically for investors and the shareholders' club.

Carrefour regularly replies to questionnaires by NGOs, investors and ratings agencies. The Group's target is to avoid overloading the CSR teams, while at the same time satisfying the various stakeholders to the extent possible. In the interest of transparency and efficiency, Carrefour calls upon the third-party experts to combine and harmonise the questionnaires.

Since 2017, Carrefour has been included among the world's most successful companies from an economic, environmental and social perspective in the Dow Jones Sustainability Index (DJSI) World. This distinction ranks the Group as one of the top five global retailers in terms of CSR.

Carrefour's comprehensive response to the Carbon Disclosure Project (CDP) is available at the following website: *www.cdp.net*.

Carrefour's rating	**2018**	**2017**	**2016**
CDP – Climate	A	A-	B
RobecoSAM - DJSI*	69	68	74
Vigeo Eiris	-	67	55
Sustainalytics	74	75	-
oekom	Prime C+	Prime C+	Prime C+
MSCI	A	A	A

* *The evaluation rating system was changed in 2016.*

2.2 Products

Carrefour's business revolves around the products it sells. They are what connects Carrefour and its customers, directly reflecting its social responsibility and providing concrete proof of its ambition to lead the way in food transition for all.

Carrefour's product policy draws from a long-standing commitment to food quality and safety, and is driven by an increasing demand for transparency and traceability, and an ever more current drive to improve well-being through diet. Carrefour believes that committing to the food transition means guaranteeing a sustainable future for the food industry. This involves developing agroecology, offering affordable organic produce, while ensuring animal welfare and promoting responsible fishing and aquaculture. Carrefour's industry-wide endeavours also extend to climate change, biodiversity and environmental issues, through protecting forests and developing a circular economy.

2.2.1 Commitment to food quality

Ensuring the quality and safety of Carrefour products

Carrefour's quality policy

Carrefour works constantly with stakeholders to ensure the quality and safety of its own-brand products, operating a five-part policy that covers: supplier compliance with product quality standards, product specifications, quality control plans and customer opinion surveys, in-house competence, and traceability and data tracking.

Carrefour own-brand products are made to specifications drawn up by its Quality department.

Quality control plans include analysis, audits of manufacturing sites, and panels. Quality data are recorded and processed by Carrefour technical experts.

Carrefour is constantly attentive to stakeholder feedback and all other relevant input in its drive to improve product quality and safety at every stage of the product lifecycle and store operations.

Five parts	Stakeholders' expectations in terms of product quality	Carrefour processes to address stakeholder expectations and ensure quality
Supplier compliance with product quality standards	Producers and manufacturers: • benefit from Carrefour support to meet production criteria on quality, labour relations practices, health and safety, as a prerequisite to continuing business with Carrefour.	Inclusion on Carrefour's suppliers list requires a full assessment of compliance with quality, health and safety standards (IFS, BRC), and with Carrefour requirements, including a specific company audit in high-risk countries. Regular audits are carried out after inclusion on the suppliers list.
Product specifications	Producers and manufacturers: • benefit from Carrefour support. Experts, associations, scientific organisations, NGOs, consumer rights bodies, official services: • keep Carrefour up to date on the latest scientific and regulatory developments in the food sector; • work alongside Carrefour and express the expectations of civil society.	Carrefour issues detailed quality specifications, including origin of raw materials, recipes, etc. Permanent monitoring of substances through risk mapping by category and level of criticality, consistent with established scientific evidence. Stakeholder input is taken into account: keeping informal contact with independent scientific experts on certain subjects, monitoring the food industry, conducting interviews with administrations in high-risk countries, tracking laboratory publications and communicating with health authorities.
Quality control plans and customer opinion surveys	Consumers: • enjoy products that are audited and that comply with traceability, safety and quality standards; • are listened to by Carrefour.	Samples of Carrefour-brand products in stores and warehouses are taken for analysis. Products in stores and warehouses are checked for freshness, origin and category. Non-compliant products are withdrawn. Input and discussion programmes are set up: customer service, round tables, etc. Information and awareness-raising campaigns on product quality and nutrition are made available online, on Carrefour product packaging, and in guides on responsible consumption and recycling.
In-house competence	Carrefour teams: • develop quality expertise; • apply Carrefour quality procedures at all times.	Carrefour experts oversee and manage an effective Quality approach. In-house inspections to check that the quality policy is implemented and understood in each country. Personnel receive training on Carrefour quality procedures.
Product data is closely tracked.	Consumers and authorities: • can trace data.	All data is recorded, processed and monitored.

Carrefour's performance

To meet this quality requirement, all sites manufacturing Carrefour-brand products are either certified to international standards such as the International Food Standard (90% in 2018) or audited by Carrefour (10% in 2018). Across Carrefour's many production sites (more than 2,500 in 2018), around 53,000 analyses and more than 3,000 external panels were carried out in 2018.

In 2018, 69% of suppliers had been working with Carrefour for more than five years and 81% for more than two years; long-term, trust-based relationships are an important factor in Carrefour's effective cooperation with suppliers.

Number of suppliers – sites	2018	2017	Change
TOTAL	2,616	2,516	+3.8%

Scope: Suppliers of Carrefour-brand products purchased through the European purchasing centre.

% of ratings obtained in audits	2018	2017
From A to B-	95.4%	94.3%
Between C and D	4.6%	5.7%

Scope: Suppliers of Carrefour-brand products purchased through the European purchasing centre.

Number of inspections performed	2018	2017	Change
Analyses	53,451	49,208	+8%
External panels	3,048	4,139	-26%

Scope: Suppliers of Carrefour-brand products purchased by the European purchasing centre.

Every year, the Consumer service department commissions an independent organisation to run a survey of 1,600 customers on how their requests are processed and identify the corrective actions needed.

Carrefour's AlertNet international alert system provides prompt notification to all stores on product withdrawal and recall situations. The system is available online at all times and access is free for suppliers. In the event of an alert, Carrefour immediately withdraws the products concerned. Verification of effective withdrawal proceeds within 24 hours, and feedback on the product quantities concerned follows within three working days of the withdrawal order.

To strengthen product withdrawal and recall procedures, Carrefour France recently reviewed all relevant in-store procedures. Carrefour has adjusted certain procedures on matters such as management of customer returns to the store, stoppage at warehouse and store delivery, and stoppage at the cash desk for withdrawals concerning all product batches.

Promoting health through food

Through the food transition, Carrefour aspires to contribute to customers' health and everyday well-being in general. The World Health Organisation defines health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity". As well as the direct advantages of a healthy, varied and balanced diet, health and well-being benefits also extend to the pleasure of sharing food, and the convenience of shopping and cooking.

Carrefour has set the goal of ensuring that a Healthier Diet **action plan** is rolled out in all the countries where the Group operates by 2020. This plan must address customer expectations on better eating and promote food-related well-being at worldwide scale, through measures concerning personnel training, product development and providing nutritional information. In 2018, seven countries rolled out a Healthier Diet action plan [CSR & Food Transition Index].

	2018
Number of countries running a Healthier Diet action plan	7

Carrefour's policy here has three main focuses:

- work in partnership with organisations specialising in various aspects of nutrition, health and well-being to **design products and services conducive to balanced eating**;
- provide personnel with information on nutrition and better eating, enabling them to act as **food transition ambassadors in Carrefour stores**;
- **diversify product ranges** to promote nutritional balance. Specific Carrefour-brand product lines offer affordable choices addressing specific dietary needs such as gluten and lactose intolerance.

Act for Food – Nutrition and well-being

Carrefour has chosen to showcase its initiatives for healthy, tasty products in several countries:

- Argentina: offering tasty products grown naturally;
- Brazil: offering line of affordable, healthy products;
- China: offering superior-quality ingredients;
- Spain: guaranteeing fresh and tasty fruit and vegetables;
- Poland: line of affordable, healthy products.

Optimising product nutritional profiles

In 2018, Carrefour continued its programme on optimising product nutritional profiles, working in particular to reduce sugar levels in soft drinks and salt levels in tinned vegetables.

Cutting out controversial substances

Carrefour's policy

Ahead of legislative and regulatory change, Carrefour runs a worldwide programme on cutting out controversial substances from its products. Carrefour teams work with stakeholders to adapt this programme locally.

Act for Food – Ban controversial substances

In **Belgium**, **Spain**, **France** and **Italy**, Carrefour has banned 100 controversial substances from its products in 2018, with around 30 more to follow by 2020.

In Belgium, Spain, France and Italy, food additives have been analysed in the light of:

- authorisation or lack of by the European Union;
- opinions of national and international nutrition specialists;
- the Guide to Food Additives by Maria Denil and Paul Lannoye, and the New Guide to Additives by Anne-Laure Denans of the *La Nutrition* collective;
- scientific and media monitoring of controversial substances.

Authorised additives are examined to establish a **continually updated classification** divided into four categories:

- black: substance already absent from all Carrefour-brand product categories or pending discontinuation by 2022;
- red: substance authorised only in certain product categories (such as certain alcohol colourants);
- orange: substance authorised, but to be replaced if possible;
- green: substance authorised without restriction.

For each black-rated additive, Carrefour analyses the product lines concerned and works with suppliers to find a replacement solution that maintains taste, appearance conservation and consistency qualities. For example, after titanium dioxide (E171) was downgraded from orange to black in 2017, it was removed from all Carrefour own-brand products in 2018. As doubts arose as to the safety of this additive, Carrefour anticipated regulatory changes by banning its use in its products.

If no replacement solutions for a black-rated substance are available, Carrefour takes the short-term measure of reducing concentrations pending identification of a satisfactory solution. One of Carrefour's goals for 2019 is to find a satisfactory replacement solution for the nitrites added as bacteria inhibitors and conservation agents in ham. If it proves impossible to remove them altogether, Carrefour will reduce the concentrations of nitrites in its own-brand cooked meats down to the levels specified for organic farming.

Act for Food – Cut out non-natural flavouring and colouring agents

Attentive to the quality of children's food, **Carrefour Belgium** bans non-natural flavouring and colouring agents from all the products in its Carrefour Kids and Carrefour Baby products lines. The ban currently runs to 200 products. Carrefour Belgium wishes to go further and ban the use of added salt and sugar in products aimed at children.

Act for Food – Cut out flavour enhancers

Carrefour Spain is committed to reviewing all Carrefour-brand products by the end of 2019 with a view to cutting out flavour enhancers.

Linking nutrition and pleasure

In 2018, Carrefour France worked with a nutritionist to develop *Nutrition et plaisir*, a new line of fresh produce comprising balanced dishes that address three broad categories of nutritional needs: *Vitalité* (protein-rich), *Essentiels* and *Légèreté* (low-fat).

Extending our vegetarian product lines

Act for Food – Extend vegetarian product range

Carrefour France was the first French retailer to launch an own-brand vegetarian range. This today extends to some forty products, and Carrefour has promised customers to double this by the end of 2019.
In **Poland**, Carrefour is committed to further extending its range of more than 200 vegetarian or vegan food and cosmetic products.

Carrefour's commitment to developing vegetarian product lines takes the perspective of offering an alternative to the consumption of animal proteins. These products address both consumers concerned about animal welfare (*detailed in Section 2.2.4*) and flexitarians, who wish to reduce the proportion of meat in their diets. Carrefour is attentive to the quality and nutritional profile of these products.

In France, for example, products in the Carrefour Veggie line bring nutritional benefits (as regards fibre and protein content, etc.) and are free of GMOs and artificial colouring and flavouring agents. Packaging for all these products includes the European vegetarian or vegan label (label-V) issued by the French Vegetarian Association (*Association Végétarienne de France*).

Cutting out GMOs

In 1998, Carrefour brought in a policy of excluding GMOs and their derivatives from its own-brand products and from the feed of livestock used in its Carrefour Quality Lines.

All Carrefour own-brand products have been free of genetically modified ingredients since 1999. Since 2010, more than 350 own-brand and Carrefour Quality Line products of animal origin have been produced using animals fed without GMOs.

Carrefour supports GMO-free soy crops. Carrefour developed a first GMO-free animal feed soy line for Carrefour Quality Line products in Brazil in 2000, followed by a French line in 2017 (*detailed in Section 2.2.7*).

Ensuring product transparency and traceability

Carrefour's policy

Eating habits are changing, and customers are beginning to take back control over how they eat. They want clear quality standards and easy access to information throughout the value chain and production process. Traceability brings reassurance on food safety and product quality, along with reliable information on product origin and farming and production practices. Carrefour is the first European retailer to implement blockchain technology, in order to offer customers full traceability and transparency.

Blockchain technology ensures transparent, tamper-proof data storage and transmission, operating without a central control system. Carrefour's secure digital blockchain database provides all value-chain players (in production, transformation and retail) with reliable traceability information on any given product batch. It improves reliability across the whole of the production chain and makes product recall operations smoother in crisis situations. Carrefour's blockchain programme was designed for sharing traceability information between the operator who performs the action, the other partners in the line and Carrefour, but also the consumer – a first in Europe. As well as addressing the growing need for consumer-oriented transparency, it also highlights the work and know-how of livestock and crop farmers. By simply scanning the QR Code on the product label with a smartphone, the customer has instant access to information on the product and its journey from farm to store shelf.

Carrefour is developing its blockchain system within its lines and working to accelerate implementation of this technology across all lines and all countries worldwide. This involves both a Carrefour-specific programme and a wider collective commitment.

- To start with, Carrefour is rolling out blockchain technology across all its Carrefour Quality Lines, all of which (around 270 products and 400 shelf items) will be covered by 2022.

Carrefour France launched Europe's first food blockchain with its Carrefour Quality Line Auvergne farm chickens in 2018, before extending it to other lines: eggs, tomatoes and poulardes in France, chickens in Spain, oranges in France and Spain, chickens in Italy, Chinese pomelos in China and France, and pork in Brazil.

- Carrefour is also promoting food traceability worldwide as a member of the IBM Food Trust platform. The aim is to set up a world food traceability standard covering all links in the chain from producer to store shelf. This cooperative industry-retail platform will facilitate sharing essential product safety information with the consumer of such as product origin, quality, nutritional composition and potential presence of allergens or controversial substances. It provides end-to-end information in the event of product recall, health warning or non-compliance with specifications or label requirements. The IBM Food Trust platform will extend the scope of blockchain product traceability, since manufacturers such as Nestlé and Unilever have also joined the programme. It will also help speed up implementation of blockchain technology in all of the countries where Carrefour operates.

DES ACTIONS CONCRÈTES
ACT FOR FOOD
POUR MIEUX MANGER

Act for Food – Ensure traceability and offer transparency to Carrefour's customers

Carrefour is committed to extending blockchain technology across all its Carrefour Quality Lines by 2022.

FIGURE 8 – FOOD TRACEABILITY: APPLICATION OF BLOCKCHAIN TRACEABILITY TO CARREFOUR QUALITY LINE CAURALINA TOMATOES

Blockchain is a tamper-proof database in which information is entered on a step-by-step basis, by each link in the chain. Consumers can access this information via a QR code printed on the product. An example using Carrefour Quality Lines Cauralina tomatoes is detailed below:

Without blockchain, information:

- is traceable but scattered
- is reliable but not very accessible
- is decentralised and fragmented
- comes in various formats

→

With blockchain, information:

- can be shared chronologically at each production stage, from field to shelf
- is tamper-proof
- can be reproduced and distributed
- is secure.

2.2.2 Developing affordable organic produce

Under the Carrefour 2022 transformation plan, organic produce is a strategic focus in redesign of the Carrefour foodstuffs offering. Carrefour aims to lead the field in affordable organic produce for the widest possible consumer reach in all the countries it covers. Carrefour is stepping up the transition to organic farming, targeting organic produce sales of 5 billion euros by 2022.

It identifies three challenges in the drive to make organic produce available to all: development of supply lines and supplier support in the switch to organic farming; development of product ranges; and customer experience improvements.

Act for Food – Make organic produce affordable to all

Carrefour promises to make organic produce affordable to all its customers in Belgium, Spain, France, Italy, Poland, Romania and Taiwan.

Developing organic produce lines and supporting suppliers in the switch to organic farming

Carrefour's policy

Supply shortage is a characteristic of today's organic produce market. Carrefour's efforts to widen the public reach of organic produce start by supporting the development of organically farmed production lines.

By offering producers the security of advantageous contract conditions, Carrefour helps to speed up the transition to organic farming. Carrefour offers contracts from three to five years, with commitments on volumes and purchase prices to ease the pressure on suppliers during the switch to organic. For example, contracts can offset the impact on farmers' earnings of a productivity dip during the conversion period. Carrefour also draws upon its extensive supplier support know-how to field specialist teams working to forge partnerships with the organic farming world.

Act for Food – Help farmers in the switch to organic

In **Belgium**, **France** and **Taiwan**, Carrefour supports farmers through the conversion to organic practices through measures including guaranteed volumes and purchase pricing conditions during the conversion period.

Carrefour's performance

Carrefour France has set the objective of supporting 500 farmers through conversion to organic production by 2022. In 2018, Carrefour provided support to 210 farmers in 15 specialities.

Carrefour Belgium has undertaken to support 50 Belgian farms in the switch to organic farming by 2022, through a knowledge partnership between organic farming experts and Belgian farmers, financial support and the guarantee of purchasing more than 20% of their production over five years.

Carrefour Taiwan is supporting more than 50 producers currently at the conversion stage and has undertaken to support 100 by 2022.

Highlights

In 2018, Carrefour ran a number of projects addressing some of the key factors involved in the development of organic farming: guaranteed fair prices for producers and outlets, traceability for production line reliability, and customer spotlight on producers' work. The following examples stand as pilot models for further implementation:

- Carrefour France launched a ***Bio développement* contract with the WWF®**. Through this contract, Carrefour undertakes to abide by set purchasing volumes and pricing with producers converting to organic farming, for a period of three to five years. The products in question will be identified in Carrefour stores with specific labelling indicating the WWF® connection. In France, Finifac, the Carrefour group's financial services company, pre-finances French and European aids for conversion to organic farming;
- to guarantee the quality of organic cotton used in its own-brand collections, and ensure traceability of raw materials, Carrefour has **set up its own supply chain for Indian organic cotton**. This uses the **traceability system** of social partner company Cotton Connect, which ensures that farmers receive additional compensation with respect to conventional cotton. Compliance with Carrefour's commitments is audited in the field by the Organic Cotton Accelerator (OCA) organisation. The first "sustainable cotton" collection, comprising household textiles, underclothes and baby wear will appear in spring-summer 2019. At a later stage Carrefour will include a QR Code on the label, enabling customers to track the cotton from the field to the store shelf;
- Carrefour and its Foundation have signed a partnership agreement with WWF France, the Saint-Denis-de-l'Hôtel Dairy (LSDH) and cattle farmers in the APLBC collective. On this unique project, a retail group, an enterprise foundation, a mid-sized company, a group of farmers and an NGO join forces to **help dairy producers through the process of conversion to organic farming**. The 66 dairy producers receive a supplement of 50 euros per 1,000 litres of milk. This financial support will run for two years, covering the conversion period, and help finance production of 10 million litres of milk. On completion of the conversion period, Carrefour will offer the dairy producers three-year contracts. The first cartons of organic milk produced under this partnership will be appearing on the Carrefour store shelves in 2020. They will be easily identifiable, with specific labelling illustrating support from WWF France.

Developing affordable organic produce lines

Carrefour's policy

Carrefour aims to offer a selection of organic products closely matched to consumer demand. Under its own brand and national brands, Carrefour constantly adjusts its product scope to customer demand, by offering more vegan and raw products for example. In 2018, Carrefour France developed lines of French-grown organic fruit and vegetables, including non-packaged produce. Its own-brand range now spans 80 products listings. Carrefour France has also developed a range of non-packaged nuts, cereals and beans.

Carrefour is keen to offer locally sourced organic products, in all the countries it operates in. To develop a local organic produce offering, Carrefour provides direct support for local producers. For example, the Carrefour organic bread sold in France since March 2018 is made exclusively from flour of French origin, thanks to mass sourcing secured through contracts with French organic flour producers.

In Poland, the area occupied by organic products on the fresh food shelves has increased by 52%. Carrefour Taiwan has promised customers to extend its range of organic products and run promotional drives on these products.

Carrefour's performance

Carrefour targets a substantial rise in the sale of organic products, to 5 billion euros by 2022 [CSR & Food Transition Index].

Carrefour has developed a broad range of organically sourced fresh produce, grocery products and cosmetics. Carrefour stores now sell over 3,300 certified organic food products.

In 2018, total sales of organic products climbed 27% versus 2017*.

Organic products	**2018**	**2017**	**Change**
Number of Carrefour-brand organic food product listings *(in units)*	3,309	2,566	+29.0%
Sales (incl. VAT) of organic food products – Carrefour brands and national brands *(in millions of euros)**	1,692.9	1,334.0	+26.9%
Total sales (incl. VAT) of organic products – Carrefour brands and national brands *(in millions of euros)**	1,762.9	1,386.6	+27.1%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT)

** Sales figures are reported on a rolling 12-month basis (October 2017 to September 2018). Total sales (including VAT) of organic products in calendar year 2018 amounted to 1.8 billion euros.*

Developing in-store and online access to organic products

To ensure organic products stand out clearly in the customer experience, Carrefour adapts product presentation to customer needs. This involves a three-part strategy:

Relaunch the Carrefour Bio specialist model

Carrefour wishes to develop its pool of convenience stores specialising in organic products. This involves upgrading the Carrefour Bio model consistent with customer expectations, focusing primarily on small city-centre units. In 2018, Carrefour opened five new specialist organic convenience stores in France and three in Spain.

Spotlight organic product ranges in supermarkets

Carrefour France has set up dedicated areas in its hypermarkets and supermarkets to spotlight the breadth and coverage of its organic products offer. Five hypermarkets are running a new Bio Experience concept, featuring an area of some 600 square metres dedicated exclusively to all types of organic product (fresh produce, own-brand, national brand, food and non-food), including non-packaged products.

The concept also appears at a smaller scale under the name Shop in Shop in fifty or so supermarkets, again with the aim of facilitating in-store access to organic products and improving the customer experience.

Similar areas have been designed for stores in Belgium, Spain and Italy.

Create a benchmark omni-channel model for organic products

Carrefour aims to set up a benchmark omni-channel model for organic products. This involves developing digital exposure for the products, by increasing the number available online and enhancing their visibility on online retail sites. Carrefour is also stepping up development of its online organic products range. Following the July 2016 acquisition of Europe's leading online organic products store, Greenweez, in 2018 the Group also acquired Planeta Huerto, the leading online retailer of organic, health and sustainable products in Spain and Portugal, with more than 250,000 customers and 35,000 product listings.

2.2.3 Developing agroecology

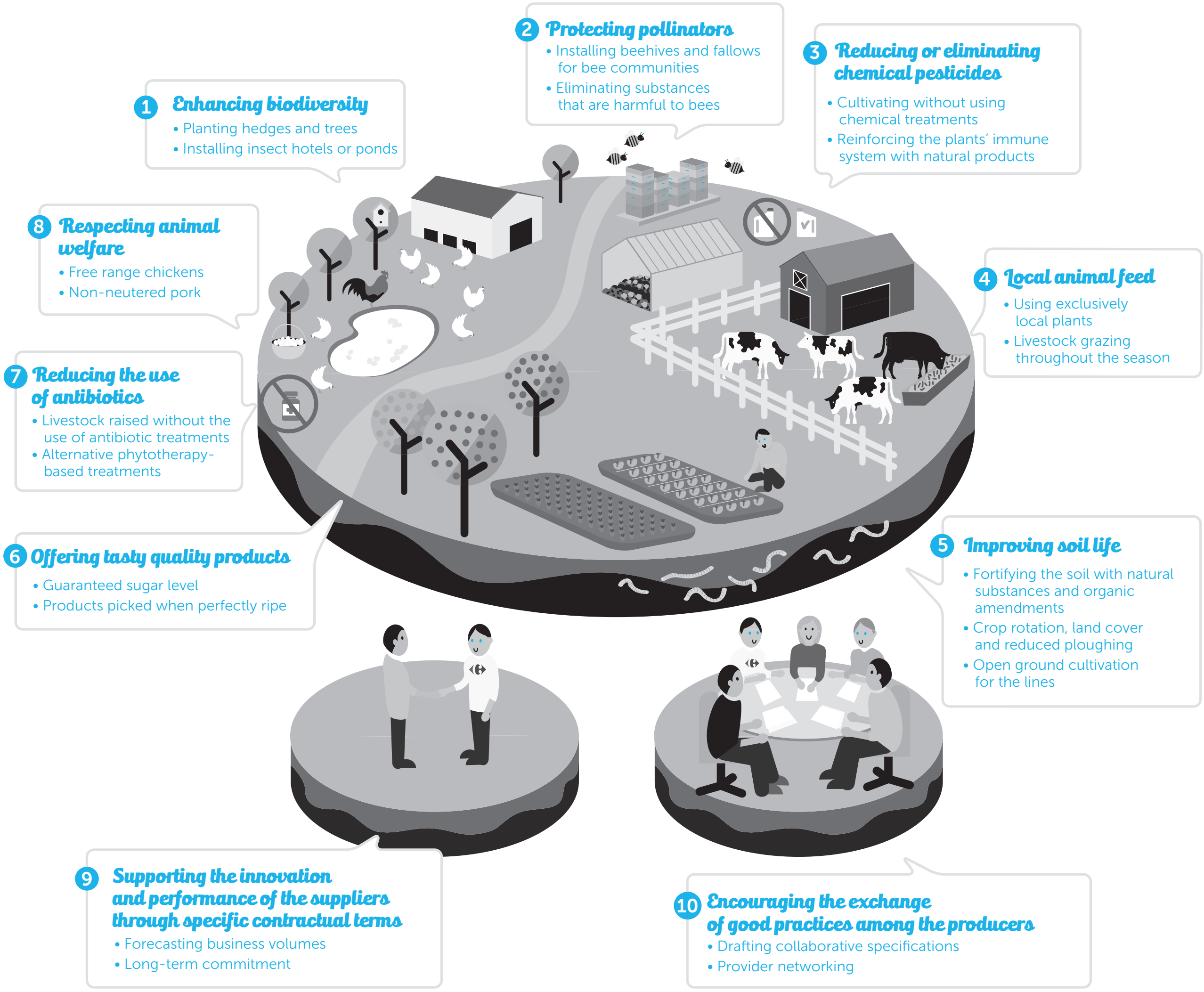
Developing agroecology across Carrefour Quality Lines

Carrefour's policy

As well as developing the concept of accessible organic farming produce for all, Carrefour also wishes to transform non-organic production along agroecological lines. This involves applying an agroecology model to improve the environmental performance of non-organic production. Agroecology is based on the principle of harnessing natural processes to improve production. Carrefour sees this as a powerful force behind the sorts of innovations and improvements expected by customers, agricultural partners and society at large.

Specific aims are to reduce or eradicate the use of chemical pesticides and antibiotics, reduce ploughing to improve soil quality, and develop farmland biodiversity. Carrefour has identified ten key items on the development of agroecological practices, the aim being to field a long-term offering of quality products with full respect for biodiversity.

FIGURE 9 - CARREFOUR'S TEN KEY AGROECOLOGY ITEMS



1 **Enhancing biodiversity**
- Planting hedges and trees
- Installing insect hotels or ponds

2 **Protecting pollinators**
- Installing beehives and fallows for bee communities
- Eliminating substances that are harmful to bees

3 **Reducing or eliminating chemical pesticides**
- Cultivating without using chemical treatments
- Reinforcing the plants' immune system with natural products

4 **Local animal feed**
- Using exclusively local plants
- Livestock grazing throughout the season

5 **Improving soil life**
- Fortifying the soil with natural substances and organic amendments
- Crop rotation, land cover and reduced ploughing
- Open ground cultivation for the lines

6 **Offering tasty quality products**
- Guaranteed sugar level
- Products picked when perfectly ripe

7 **Reducing the use of antibiotics**
- Livestock raised without the use of antibiotic treatments
- Alternative phytotherapy-based treatments

8 **Respecting animal welfare**
- Free range chickens
- Non-neutered pork

9 **Supporting the innovation and performance of the suppliers through specific contractual terms**
- Forecasting business volumes
- Long-term commitment

10 **Encouraging the exchange of good practices among the producers**
- Drafting collaborative specifications
- Provider networking

Actions addressing UN Sustainable Development Goal 2

Carrefour promotes agroecology and encourages the use of resilient farming practices that will boost productivity and output, contribute to the conservation of ecosystems, and gradually improve the quality of land and soil (target 2.4). Carrefour also backs the preservation of genetic diversity in seeds (target 2.5).

Carrefour possesses a unique tool for developing agroecology: the Carrefour Quality Lines. Since 1992, Carrefour has taken a cooperative approach in encouraging partners to manufacture goods using innovative practices that protect the environment and biodiversity. Carrefour Quality Lines producers use common production practices such as integrated pest control and crop rotation, and desist from spreading sludge from waste treatment plants, using soil-less crop production and applying post-harvest chemical treatment on fruit and vegetables. In addition to these common practices, specific agroecology-based criteria are phased in for different categories of product.

To pursue its objective, Carrefour fosters loyalty among the best suppliers of Carrefour Quality Lines. Some 28,000 producers are long-term partners of the Group in over 500 Carrefour Quality Lines.

Carrefour aims to develop and promote sales of Carrefour Quality Lines and organic produce, setting targets such as having:

- 10% Carrefour Quality Lines products in the *Produits Frais d'Ici* range by 2022 [CSR & Food Transition Index];
- 100% of Carrefour Quality Lines products carrying an agroecology-specific message by 2022 (*e.g.* "fed GMO-free", "fed without antibiotics", "grown without chemical treatment", etc.).

Carrefour's performance

In 2018, sales of Carrefour Quality Lines products were up by 10.1% on 2017.

Carrefour Quality Lines products	2018	2017	Change
Number of Carrefour Quality Lines *(number of partnerships)*	508	464	+9.5%
Market penetration rate of Carrefour Quality Lines in fresh produce	6%	5.50%	+10%
Total sales (incl. VAT) of Carrefour Quality Lines products *(in millions of euros)*	922.7	838.2	+10.1%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Highlights

Carrefour **continued with its pilot crop launch schedule**, begun several years ago with the aim of extending agroecology practices in various lines. In 2018, Carrefour's French stores introduced the first Carrefour Quality Lines oranges growth without chemical pesticides. The fruit is grown in Spain on soil enriched by micro-nutrients, fungi and natural substances. The plant's natural defences are stimulated by means of natural substances. Crop treatment uses vegetable extracts, essential oils, algae extracts and insects that eat predator insects.

These oranges are the latest addition to a range of agroecological products under development since 2016. Other agroecological products under the Carrefour Quality Lines brand are: potatoes grown without chemical pesticides after sprouting; beef tomatoes grown in open ground without herbicides; yellow Charente melon grown without chemical pesticides from planting; kiwis grown without insecticides; frozen broccoli and cauliflower grown in Brittany without herbicides; and pasta and couscous made from wheat grown without insecticides from field to fork.

Further examples include Reflets de France strawberries grown without chemical pesticides from flowering and Reflets de France apricots grown without chemical pesticides from fruiting.

In 2018, Carrefour ran its first agroecology forum on cereal production, tackling the question "From the field to the baguette, making biodiversity a customer advantage". Around fifty participants (Carrefour suppliers, customers and personnel) discussed their views and solutions for soil preservation, resource protection, water quality, biodiversity, alternatives to conventional crop protection substances, and agroecology throughout the value chain. Discussions threw up a number of proposals for commitments on soil, biodiversity, water and input limitation. A working group was set up, including Carrefour agroecology experts and members from cooperatives and farms, to draw up a Carrefour Agroecology Charter on cereal production.

Promoting crop varieties grown from farmers’ seeds

Carrefour promotes crop varieties grown from farmers’ seeds as conducive to biodiversity. Because they are well adapted to local conditions, they are beneficial to farmers. And these little-known varieties offer the end customer a real experience for the taste buds.

Act for Food – Promote biodiversity by selling fruit and vegetables grown from farmers’ seeds

Carrefour France extended its range of fruit and vegetables grown from farmers’ seeds in 2018, following on from the initiative launched in 2017 to promote these varieties. The aim is to double sales of products grown from farmers’ seeds in France by 2022.

With its ***Le Marché Interdit*** (The Forbidden Market) initiative, launched in 2017, Carrefour France supports growers in the movement to offer heritage fruit and vegetables grown from farmers’ seeds. So far, there are some forty Carrefour stores selling these traditional fruit and vegetable varieties.

Carrefour France wishes to **develop this line on a long-term basis**, and has signed a partnership with two grower groups accordingly.

To challenge authorities on the recognition of traditional crop varieties and support a change in legislation that bans the sale of farmers’ seeds, in 2017 Carrefour encouraged customers to sign a **petition entitled “Change the law that narrows biodiversity and our food choices!”** This contributed to a change in regulations allowing the free sale of farmers’ seeds of organic origin, which Carrefour wishes to see extended to conventional varieties.

2.2.4 Guaranteeing animal welfare

Carrefour’s policy

Supporting a shift in practices for partner NGOs

Carrefour develops a programme on animal welfare improvement throughout its supply chains. This is based on the “Five Fundamental Freedoms” of animal welfare, adapted to different livestock farming methods:

- freedom to access drinking water and the food necessary for good health;
- freedom to access a suitable environment, with shelters and comfortable rest areas;
- freedom to benefit from a harm prevention programme and access to rapid and appropriate treatment of pain, injury and disease;
- freedom to express normal behaviours in contact with other animals of the same species;
- freedom from fear and distress, through conditions and treatment that avoid mental suffering.

Since 2008, Carrefour France has been working with Welfarm, a public-interest non-profit organisation working on improved consideration for animal welfare in livestock farming and closer integration of this factor in Carrefour Quality Lines. Welfarm support includes advice on policy definition and inclusion in specifications, and oversight of the progress plan.

Carrefour France coordinates the Group’s animal welfare pilot policy across all business lines through a programme drawn up in 2017.

This programme has three phases and is applied across all business lines, the five main ones being beef, pork, eggs, chicken and veal.

Phase 1 – Reach minimum standards that go beyond regulations

Carrefour wishes to go further than current regulations in eradicating mistreatment, inhumane slaughter conditions, inhumane transport conditions, caging (in egg, rabbit and quail lines) and painful mutilations (as with pig castration).

Phase 2 – Improve industrial farming conditions by upgrading facilities

Carrefour encourages its suppliers to improve industrial livestock farming conditions. Facility upgrades include:

- improvements to buildings: indoor free space, natural lighting, outdoor access, lower densities;
- improvements to surroundings: installation of features enabling animals to express natural behaviours.

In France, two pilot lines have been set up in partnership with breeders and Welfarm: rabbits and free-range chickens. In 2019, Carrefour and its partners will be putting forward a specific medium- and long-term improvement plan.

Phase 3 – Offer exemplary animal-origin products

In presenting its customers with exemplary products, Carrefour fosters development of the best possible practices as regards animal welfare.

Carrefour France offers customers free-range pork and veal under the Reflets de France brand.

At the same time, it is working on introducing an indicator that will make it possible to monitor the Group’s animal welfare performance.

Improve livestock farming practices and reduce the use of antibiotics

Since the Carrefour Quality Lines were introduced in 1992, Carrefour has not allowed the use of growth hormones in livestock production. As well as banning the use of growth hormones, Carrefour also encourages the development of livestock breeding without the use of antibiotics during the whole or part of the animal life. For the last five years, Carrefour has gradually rolled out this policy to all classes and uses of antibiotics for all exposed livestock, including pigs, salmon, prawns, poultry, etc. In France, Carrefour leads the field in antibiotic-free livestock.

Judging from its experience of working with breeders, Carrefour is convinced that livestock farming can achieve good performance by natural means. It is in favour of natural reproduction and against the cloning techniques used in certain sectors.

Act for Food – Ensure animal welfare

Carrefour Italy has undertaken to oversee healthy feed and modern facilities for livestock, with reduced animal population density.
By 2022, 100% of the livestock supply chains for Carrefour Quality Lines in Italy will be certified to an "Animal Welfare Guaranteed" label.

Act for Food – Stop, or reduce, antibiotic treatment in livestock farming

In Belgium, Spain, France, Italy and Poland, Carrefour highlights a commitment to reducing or eradicating antibiotic treatment for livestock supplying its Quality Lines.
Carrefour Belgium has banned the use of preventive antibiotic treatment for Carrefour Quality Line chickens (eggs), pigs, and Omega bass.
Carrefour Spain sells Carrefour Quality Line free-range chicken raised without antibiotic treatment.
Carrefour France, was the first banner, back in 2012, to sell free-range chicken labelled "raised without antibiotic treatment". It has worked with its partners to develop Carrefour Quality Line products without antibiotic treatment over the whole or part of the animal's life: laying hens, chickens, pigs, veal calves, rabbits, salmon and prawns.
Carrefour Italy aims to phase out antibiotics completely.

Performance

In France, the main products subject to development programmes for alternative farming methods are:

Products	Origin	Farming methods
Eggs - *Carrefour-brand shell eggs*	100% French	**76%** of volumes from alternative farming methods: organic, farm and free-range, open ground
Chicken - *Carrefour-brand poultry whole or cuts*	100% French	**50%** of volumes from alternative farming methods: organic, farm, free-range, or certified
Milk - *Carrefour-brand fresh milk, UHT, full-cream and semi-skimmed*	100% French	**40%** of volumes from alternative farming methods: organic, mountainside, pasture > six months
Beef - *Carrefour-brand fresh meat cut in stores**	100% French	**34%** of volumes from alternative farming methods: organic, label Rouge, pasture > six months

* *Scope: Solely for hypermarkets.*

Highlights

- Carrefour has launched an **independent audit across all the slaughterhouses** supplying the Carrefour, Carrefour Bio, and Reflets de France brands, in addition to the Carrefour Quality Lines. The audit is based on the Animal Protection standard drawn up by the specialised non-profit *Œuvre d'assistance aux bêtes d'abattoirs* (OABA). To accomplish this project, Carrefour has signed a tripartite agreement with OABA and Bureau Veritas, which will carry out 84 audits in 2019.
- For greater transparency with regard to the slaughterhouse animal conditions, Carrefour has stepped up its control system. The Group is to date the sole French food retailer to have asked its suppliers **to have cameras installed in their slaughterhouses.**
- In partnership with Humane Society International (HSI), Carrefour ran an **international study tour on cage-free egg production** for its suppliers, its own and other retailers' personnel, experts and government representatives. The 50 participants, from ten countries, on the tour discussed cage-free alternative farming solutions and technical and regulatory issues, and worked on promoting a coalition on alternative egg production methods.
- In 2017, Carrefour committed to ensuring that all Carrefour-brand eggs sold in Europe (Belgium, Spain, France, Italy, Poland and Romania) would be sourced from alternative cage-free systems by 2025. This commitment was extended to two further countries in 2018:
  - in Taiwan, Carrefour will be selling own-brand eggs from cage-free chickens from 2019, and from free-range Quality Line chickens from 2020. It will also be supporting suppliers and customers with a view to seeing 100% of eggs from cage-free sources by 2025;
  - Carrefour Brazil has committed to stop selling eggs from cage-raised chickens on 100% of its own-brand products by 2025 and on 100% of all products sold in its stores by 2028.

2.2.5 Promoting responsible fishing and aquaculture

Actions addressing UN Sustainable Development Goal 14

Carrefour promotes the sustainable production and consumption of seafood to bring an end to overfishing and destructive fishing practices (target 14.4).

Carrefour's policy

Carrefour began its responsible fishing range in 2005. In 2018 it committed to fielding the widest range of sustainably sourced fish on the market by 2022.

To achieve this target, the Group has committed to sustainably sourcing 50% of its fish by 2020. [CSR & Food Transition Index]

With this in mind, Carrefour works closely with producers and other players in the sector on the following points:

- favouring the more abundant species, products certified by MSC as being from sustainable sources, and fishing techniques having the least impact on ecosystems. Carrefour has also stopped selling vulnerable species;
- support for the development of responsible aquaculture practices through the promotion of best practices (limiting industrial fishing, banning the use of antibiotics and, if applicable, practising GMO-free feeding) and greater emphasis on ASC-certified products;
- support for local sustainable fishing through local partnerships;
- in-store prominence for a broad range of sustainably sourced seafood products, identified by a seagull logo;
- promoting the combat against illegal fishing.

Promoting responsible practices takes several forms:

- the Carrefour Quality Lines, which provide traceability back to the boat or farm;
- the Aquaculture Stewardship Council (ASC) label for responsible aquaculture, which guarantees respect for the environment, ensures animal well-being and monitors working conditions;
- the Marine Stewardship Council (MSC) label for responsible fishing, which guarantees the commitment of fishing personnel, abstaining from overfishing and respect for the marine environment;
- the Bio label indicating products from environmentally friendly farms;
- targeting sustainable fish stocks and using environmentally friendly sea fishing techniques, *e.g.* fishing without controversial fish aggregating devices liable to damage fish stocks.

Carrefour is committed to supporting its partners in this area. The Group's action plan here benefits from regular input from international NGOs and fishery organisations on questions of biodiversity and seafood products.

Overfishing is a global problem requiring local responses. Solutions to protect resources must be adapted to each fishing area and put into practice jointly with local stakeholders. The approach is therefore being phased in consistent with country-by-country initiatives.

Act for Food – Promote sustainable fishing

In Belgium, Spain and France, Carrefour is intensifying its support for sustainable fishing by extending its range and ensuring traceability.

Carrefour's performance

Carrefour has been phasing out sale of vulnerable species since 2007. Twelve vulnerable species have been withdrawn from sale in France.

Customers in France can count on a range of sustainably sourced seafood:

- seventy percent of the fish in the frozen food section is MSC-certified, including 100% of Carrefour wild cod and hake;
- in the canned fish section, specifications for Carrefour's own-brand canned tuna stipulate fishing techniques and methods having lower ecosystem impact;
- in the fresh fish section, the responsible fishing and fish-farming programme was rolled out across all hypermarkets and 30 supermarkets in late 2018. The traditional fishmonger sections in these stores now sell 100% MSC-certified cod and 100% ASC-certified Carrefour Quality Lines salmon, these being the two most popular fish in France. All Carrefour Quality Lines prawns from Madagascar are also ASC-certified. These products are now available self-service in all Carrefour stores in France. Carrefour guarantees that 100% of Carrefour Quality Lines salmon is raised GMO-free and without antibiotics.

Carrefour Italy has a special partnership with MSC to develop products from sustainable fishing practices: stores sell 16 MSC-certified Carrefour own-brand products.

	2018	**2017**	**Change**
Sales of MSC, ASC and CQL seafood products[1] *(in millions of euros)*	443.9	310.9	+42.8%
Proportion of Carrefour-brand fish sourced from sustainable fishing practices[2] *(in %)*	37.3%	34.6%	+5.2%

(1) Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

(2) Scope: Non-comparable BUs (87.72% of 2018 consolidated sales excl. VAT) - excl. AR, PO (incl. in 2017), RO (incl. in 2017) - incl. CH (excl. in 2017) and TW (excl. in 2017)..

Highlights

- Carrefour signed a unique partnership with the **Seafood Watch** programme led by the Monterey Bay Aquarium®, a US ocean preservation NGO. The aim is to **map Carrefour Brazil's fishing supply chain** to identify ways of **ensuring the sustainability of farming and fishing processes** overall. The findings will guide Carrefour's purchasing policy in Brazil and encourage suppliers to undertake wide-reaching changes wherever necessary. An inventory of the species with the largest consumption volumes in Brazil will also instruct public- and private-sector players on sustainability in fishing.
- The **Marine Stewardship Council** (MSC) has published a report on retail player commitments with regard to its sustainable fishing label. According to this report, "Carrefour leads the field among retail players selling own-brand products with the MSC label in France", **with more than 75 MSC-labelled items**, accounting for 29% of its wild seafood products. Since 2016, "Carrefour has been **the only retailer to offer MSC-labelled fresh fish on its hypermarket shelves**" (Survey on behaviour of seafood product consumers in France, Globescan 2018 for MSC).
- Carrefour has joined the **MSC Stakeholder Advisory Council** (STAC), which advises the organisation's Board of Directors on matters including procedures for verifying compliance with label requirements. Carrefour's aim here is to help improve the label's relevance by aligning it as closely as possible with consumer expectations.

- Carrefour is in favour of applying the principle of precaution with regard to **electric fishing**. In 2018, Carrefour France confirmed its commitment to not selling species fished electrically. All Carrefour France suppliers have confirmed compliance with this exclusion, for all fish sold in the fresh fish section and Carrefour-brand frozen fish.
- Carrefour France sells five canned tuna items featuring **line-caught** produce (a selective fishing technique with lower impact on fish concentrations).
- To protect populations of **wild bass**, Carrefour France has halted sale in France of this species during the reproduction period. Capture in February and March disrupts the fish's natural cycle and impedes population renewal. Sale is suspended during this period, with Carrefour France offering customers farmed bass including an organic option.
- Carrefour introduced two new Carrefour Quality Lines in 2018: scallops and MSC-certified whelks.
- Carrefour China has launched 20 MSC- and ASC-labelled seafood products nationwide.

2.2.6 A circular economy for packaging

Carrefour's policy

With the announcement of the Carrefour 2022 transformation plan, Carrefour set an objective in 2018 on reducing the environmental impact of packaging: **the quantity of packaging per number of consumer sale units for Carrefour-brand products would be reduced by 5% from 2017 to 2022.**

In May 2018 Carrefour took its commitment to saving resources a step further with the announcement of a new goal: **100% reusable, recyclable or biodegradable packaging by 2025** *[CSR & Food Transition Index]*. In addition, together with global competitors, major brands and NGOs, in December 2018 Carrefour signed the Global Declaration on Plastics initiated by the Ellen MacArthur Foundation to make this goal a market standard.

This objective extended the one first announced in 2016, aiming for a 10,000-tonne reduction in packaging by 2025 compared to 2017 *[CSR & Food Transition Index]*.

In light of the Group's drive towards a circular economy for packaging, Carrefour has started rolling out a five-part action plan running from 2018 to 2025:

1) transform the customer experience by developing reusable packaging solutions;
2) reduce packaging at the source and find alternatives to plastics, which are difficult to recycle;
3) improve the recyclability of packaging consistent with national recycling infrastructures;
4) work with customers to improve collection and sorting of recyclable packaging;
5) include more recycled material in Carrefour-brand products.

Each country takes on these five project areas and launches their own specific operations. They commit to rolling out at least one operation in each of the five categories every year.

Carrefour also now endorses the Ellen MacArthur Foundation's vision in favour of a genuinely circular economy for plastics.

Carrefour's performance

	2018	**2017**
Reduction in packaging since 2017 *(in tonnes)*	1,867	938

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Highlights

Carrefour has joined the New Plastics Economy Global Commitment initiated by the Ellen MacArthur Foundation in partnership with the United Nations Environment Programme (UNEP). This seeks to bring in a new standard for plastic packaging. The elimination of unnecessary and problematic plastics is a major point in the vision promoted by this Global Commitment. In joining the movement, Carrefour undertakes to publish yearly figures on plastic consumption and on the progress made in eliminating and recycling plastic materials.

Carrefour France has developed many short- and medium-term operations for each part of its packaging plan, including the following:

- selling produce in reusable bags at hypermarket fresh produce stands (action under way, part 1);
- discontinuing plastic packaging for self-service organic fruit and vegetables, starting with bananas and cucumbers (action under way, part 2);
- setting up "Lemon Tri" collection systems for PET bottles at 17 stores (part 3);
- incorporating recycled plastic in Carrefour-brand soda, juice and mineral water bottles, with the aim being to reach a 50% proportion by 2022 (action under way, part 4);
- making reusable Carrefour shopping bags from recycled plastic collected at warehouses and stores (action under way, part 5).

Other Group host countries have developed their own operations. Carrefour Spain has launched a biodegradable product tray. Carrefour Poland is continuing work with own-brand suppliers on optimising packaging weight: five products were improved in 2018, with weight savings totalling 750 kg. In Taiwan, Carrefour encourages customers to use their own bags at the delicatessen stand.

The Group is developing a packaging qualification and accounting system to record weight, recyclability of components and percentage of recycled material for each own-brand product. This system is being rolled out in France, Spain, Italy and Belgium, prior to Group-wide application. It will improve the management of two indicators:

- the quantity of packaging per number of consumer sale units;
- the proportion of recyclable packaging put on the market.

2.2.7 Forest protection

Actions addressing UN Sustainable Development Goal 15

Carrefour supports initiatives to promote sustainable forestry management, combat deforestation and encourage sourcing of products that are not a result of deforestation (target 15.2).

Carrefour's policy

To preserve biodiversity, protect local populations and counter climate change, Carrefour is committed to the cause of combatting supply-chain-related deforestation. For Carrefour, forest protection also helps ensure sustainable supplies of farming and forestry raw materials.

In 2010, Carrefour took up the Consumer Goods Forum (CGF) goal to move toward zero deforestation by 2020. Carrefour is intent on helping to reduce deforestation related to the raw materials liable to be used in its products. It will be rolling out a Sustainable Forests action plan on deforestation-linked products by 2020 [CSR & Food Transition Index].

Carrefour has been working with stakeholders to draw up a sustainable forests policy and action plan since 2013.

Priority raw materials under this plan have been identified through sources including the following:

- raw materials indicated by Carrefour stakeholders (chiefly the WWF® and the FAO®) as being major factors in deforestation;
- raw materials identified by stakeholders as being a potential source of social non-compliance;
- products containing significant concentrations of raw materials.

Carrefour will be concentrating on four priority raw materials under its commitment to the goal of zero deforestation: palm oil, soy, wood/paper and Brazilian beef.

Carrefour applies the following principles on sustainable forest management:

1. protecting of high-conservation-value (HCV) forests, peat bogs, high-carbon-stock (HCS) areas and remarkable ecosystems;
2. banning forest clearance by fire, and implementation of good practices to reduce greenhouse gas emissions in existing plantations;
3. observing of human rights and workers' rights;
4. respecting local populations' rights, in particular through a policy of free and informed consent, and preventing land-use conflicts;
5. supporting for small-scale producers, through inclusion in sustainable supply chains;
6. banning GMOs where possible (in particular for palm oil and wood) and the use of endangered species listed in the International Union for Conservation of Nature (IUCN) red list or by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
7. reducing the amount of pesticides, encouraging their responsible use, and banning the most dangerous among them.

Since 2005, Carrefour has taken a comprehensive approach to reducing the amount of paper used in its publications (*e.g.* reducing paper grammage, going paperless, and optimising distribution) and increasing the relative proportion of recycled or certified paper. Carrefour also works with printers to reduce the amounts of paper used in its sales and marketing publications.

Carrefour's performance

	2018	**2017**
Roll-out of a Sustainable Forests action plan on deforestation-linked products by 2020	48.5%	39.8%

Scope: Comparable BUs – Beef, Wood/Paper and Soy: 100% of 2018 consolidated sales excl. VAT - Palm oil: 83.6% of 2018 consolidated sales excl. VAT (excl. AR, CH, TW).

This composite indicator covers raw materials considered a priority in the combat against deforestation: palm oil, soy, Brazilian beef and wood and paper. The result is the mean of four values: percentage target fulfilment for each of the four priority raw materials. This indicator is incorporated into the CSR & Food Transition Index.

Highlights

Carrefour published its Sustainable Forests 2020 policy and specified Sustainable Forestry Purchasing Rules governing supplies of palm oil, soy, Brazilian beef and products made with wood or wood fibres (such as writing paper, furniture, wooden products, and private label charcoal) for Carrefour-brand products.

Carrefour also chose to join the Alliance for the Preservation of Forests.

Palm oil

Carrefour's policy

Since 2010, Carrefour's policy is to replace palm oil in its own-brand products when this improves the product's nutritional quality. For those Carrefour-brand products which still require palm oil, it is the Group's intention to guarantee that by 2020 the palm oil contained in them will not in any way impact deforestation. It has determined purchasing criteria for its suppliers accordingly.

Carrefour applies **RSPO (Roundtable on Sustainable Palm Oil) certification** as a minimum standard for the palm oil used in Carrefour-brand products. Other certifications such as Rainforest Alliance also correspond to Carrefour's policy requirements.

Carrefour also endeavours to ensure that it sources from suppliers capable of providing physically traceable and sustainable palm oil. It is working with its main suppliers to map the supply chain through to the relevant guarantee point. This **traceability** approach also enables Carrefour to ensure that suppliers share its procurement policy.

Carrefour is involved in a number of **joint initiatives with stakeholders** on the production of more sustainable palm oil:

- supporting organisations that promote standards consistent with Carrefour's policy on palm oil, such as the Palm Oil Innovation Group (POIG) and the French Alliance for Sustainable Palm Oil (*Alliance Française pour une Huile de Palme Durable*);
- working with key supply-chain players to promote Carrefour purchasing rules;
- contributing to the review of RSPO principles and criteria, seeking alignment with Carrefour's demanding requirements. In fact, Carrefour supported the adoption of criteria more ambitious than those previously in force, consistent with its own procurement policy. The Group was pleased to see these taken up in the new version of the RSPO standard, adopted by the General Assembly in 2018.

Carrefour's performance

Since 2015, 100% of the palm oil used by Carrefour has been sourced from RSPO-supported suppliers.

In addition, 75% of the palm oil in its products is segregated or mass-balance, meaning it is wholly or partially monitored for sustainability throughout the supply chain.

Carrefour has replaced palm oil in more than 500 products, keeping or improving their nutritional and taste qualities.

	2018	2017
Proportion of palm oil from RSPO-supported suppliers (segregated and mass-balance)*	75.0%	72.7%
Proportion of palm oil certified sustainable and wholly monitored (RSPO segregated)*	40.7%	31.0%
Proportion of palm oil certified sustainable and partially monitored (RSPO mass-balance)*	34.3%	41.7%

* *Percentage based on weight of material in products sold.*

Scope: Comparable BUs (83.64% of 2018 consolidated sales excl. VAT) excl. AR, CH, TW.

Deforestation-free and GMO-free soya

Carrefour's policy

Carrefour has set the goal of reducing the negative ecosystem impacts of soy in its supply chain by 2020. It intends to do this through cooperation, sourcing sustainable livestock feed and developing alternatives to animal proteins.

Carrefour **works with various organisations** at local and international scale to develop more sustainable soy and livestock feed.

- Soy Moratorium: Carrefour has supported the Soy Moratorium since the initial report was published in 2006. This agreement has yielded positive results for the protection of the Amazon, and Carrefour encourages expanding it to other biomes.
- Cerrado Manifesto: Carrefour took up this initiative in 2017, along with over 60 other companies, and takes part in discussions on protecting this remarkable ecosystem in Brazil with the government, NGOs and producers.

- *Grupo de Trabalho de Soja* (GTS): support group for soy supply-chain commitment in Brazil.
- *Grupo Trabalho Cerrado in Brazil*: GTS support group aiming to put an end to deforestation in Cerrado.
- Consumer Goods Forum (CGF): initiatives for soy produced with no deforestation impact.
- Round Table on Responsible Soy (RTRS): multi-stakeholder platform in favour of certification for responsible soy.
- Duralim: French Cooperative Charter dating from 2016 on sustainable livestock feed.

Highlights

Carrefour encourages development of **local vegetable proteins for livestock feed**. In 2016, Carrefour and Avril announced the creation of Sojalim, a sustainable soy production line based in south-west France. This collaborative venture involves the two cooperatives Euralis and Fipso and relies on pooling livestock farmers common needs, Carrefour's long-term commitment to buy the produce, and Avril's involvement in soy planting and processing. It now offers livestock farmers the option of locally produced animal feed. This is used, for example, to produce Carrefour Quality Lines poultry, egg and pork products.

Carrefour is also developing a GMO-free animal feed traceable or certified to the Proterra standard. More than 350 Carrefour products sold in France, including those in the Carrefour Quality Lines, are produced using GMO-free feed based on traceable or certified soy.

Priority wood and paper products

Carrefour's policy

Carrefour has set two goals regarding supplies of products made from wood or wood fibres (including own-brand writing paper, furniture, wooden articles and charcoal):

- ensure that 100% of the Group's marketing publications are certified to FSC® (Forest Stewardship Council®) or PEFC® (Programme for the Endorsement of Forest Certifications®), or made from recycled fibres;
- attain 100% compliance with Carrefour's sustainable forests policy by 2020 in ten priority product categories, defined as those using the largest volumes of wood and paper (toilet paper, printing paper and garden furniture, for example).

In 2011, Carrefour drew up a **demanding Suppliers Charter.** This sets out Carrefour's commitment to sustainable forests, specifies supply criteria, and puts forward clear recommendations to help suppliers comply with them. The charter has been signed by suppliers using wood and paper pulp to make Carrefour-brand products.

Carrefour has developed **risk analysis tools** to assess suppliers' wood supplies according to three criteria:

- volume: product categories consuming the highest wood equivalent tonnages;
- species: type of wood used, to guarantee the absence of species at high risk or forbidden by the Carrefour Charter (such as those appearing on the IUCN red list of threatened species);
- origin: level of risk associated with the wood's country or region of origin.

On the basis of the findings, Carrefour guides its suppliers to help them set up audit and certification measures or opt for supplies from a different region.

Carrefour uses several **certifications** to ensure supplies comply with its policy and to promote sustainable forest management. The highly robust FSC® certification ("100%", "Mixed" or "Recycled") is used for higher-risk regions and PEFC® certification for others. Carrefour also uses the European Ecolabel to ensure best practices during product manufacture.

Carrefour's performance

Since 2015, the Group has taken steps to boost sales of Carrefour PEFC and FSC products. Sales saw a steep rise in 2018.

Change in sales	**2018**	**2017**	**Change**
Sales of Carrefour PEFC and FSC products *(in millions of euros)*	176	102.0	+72.5%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

	2018	**2017**
Proportion of Carrefour-brand products in ten priority categories sourced from sustainable forests *(in %)*	16%	7%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Highlights

Own-brand products:

- 100% of the wood charcoal sold in France is FSC® certified or made from wood of French origin;
- 100% of tropical wood (acacia and eucalyptus) garden furniture from Carrefour's international purchasing centre is FSC®-certified;
- since 2018, 100% of toilet paper for sale in France, Spain, Italy and Belgium has been certified FSC® "Mixed";
- the articles in Carrefour's EcoPlanet stationery range are made from 100% recycled paper.

Non-retail products: 95% of the printing paper used at the Group's French offices is certified, and 90% is certified to FSC® or Blue Angel.

Marketing publications: Since 2014, more than 99% of the paper used by the Carrefour group for marketing publications is recycled or certified.

Packaging Carrefour has developed a policy on reduction, reuse, recycling and composting of packaging (*detailed in Section 2.2.6*). All cardboard packaging used for TEX textile products is FSC® certified.

Brazilian beef

Brazilian beef production is a major factor in a number of social issues, including deforestation, ecosystem conservation and respect for human rights.

To address the challenges involved, Carrefour Brazil has brought in a policy specifying five supply criteria applicable to the fresh beef sold in Carrefour stores in Brazil. Supplies must not originate in regions:

1) affected by deforestation;
2) under environmental embargo;
3) in conservation units;
4) corresponding to land belonging to indigenous populations;
5) where illegal work is practised.

The Group's objective is to **ensure that 100% of the fresh Brazilian beef sold in Carrefour stores in Brazil complies** with its five supply criteria by 2020.

Supplier Satellite geo-referencing

Carrefour has set up a satellite **geo-referencing platform** to ensure that 100% of the fresh beef sold by Carrefour Brazil meets its requirements. This platform references data from thousands of supplier farms, to monitor all the beef produced in Brazil. This makes it possible to identify any non-compliance with Carrefour's five supply criteria. The geo-referencing platform is **integrated into the Carrefour purchasing programme**, to guarantee fulfilment of the policy for all beef purchasing requests. In 2018, 83.3% of the slaughterhouses supplying Carrefour Brazil set up a geo-referencing system for their supplier-producers.

Carrefour's performance

	2018	2017
Percentage of geo-referenced tier 2 Brazilian beef suppliers	83.3%	80%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

The Carrefour Quality Line for beef

Carrefour develops its own range of **Carrefour Quality Line** products, with full traceability from farm to store shelf, to ensure compliance with the five supply criteria. All beef supplies for Carrefour Quality Lines are covered by this traceability.

Cooperation with stakeholders

Carrefour Brazil also takes part in several **working groups** to come up with pragmatic solutions for reducing the risks that cattle farming with poses to forest protection.

- GTPS (working group on sustainable cattle): defining the common criteria to adopt.
- GTFI (working group on indirect suppliers): monitoring indirect suppliers' practices.
- Working group of the Brazilian Environment Ministry: involving several stakeholders in the supply chain.
- Working group on retailers and abattoirs: developing supplier audit protocols.

Carrefour Foundation support for small-scale producers

In addition to these actions, the Carrefour Foundation supports an initiative for supporting small-scale producers at the start of the supply chain in the **Mato Grosso** region. This project, in partnership with **IDH, Sustainable Trade Initiative**, seeks to develop the production of "zero deforestation" beef and free up land for responsible soy growing, putting an end to massive deforestation in the state of Mato Grosso (*see Section 2.4.5*).

2.3 Stores and e-commerce

Carrefour offers its customers an in-store and online shopping experience designed to express its sense of social responsibility and commitment to the food transition for all. Carrefour stores reflect the relevance of its economic and commercial model, serving as a vital link between consumers and the agricultural world. The Group seeks to make its formats efficient by optimising logistics systems, developing firm regional and local anchoring, minimising the environmental impact and scaling down the environmental impact.

Carrefour's stores are making specific efforts to address the fight against food and other waste, to reduce energy consumption and greenhouse gas emissions, and to develop rooftop and local bee-keeping. Other focuses in Group policy include responsible management of building construction and renovation operations, and responsible store format planning consistent with local situations.

2.3.1 Combatting food waste

Actions addressing UN Sustainable Development Goal 12

Through its Antigaspi programme, Carrefour is committed to achieving a 50% reduction in the volume of food waste at retail level, and is working hard to reduce food waste along the production and supply chains (target 12.3).

Carrefour's policy

Carrefour shares the Consumer Goods Forum (CGF) goal of achieving a 50% reduction in food waste by 2025 (compared to 2016). [CSR & Food Transition Index]

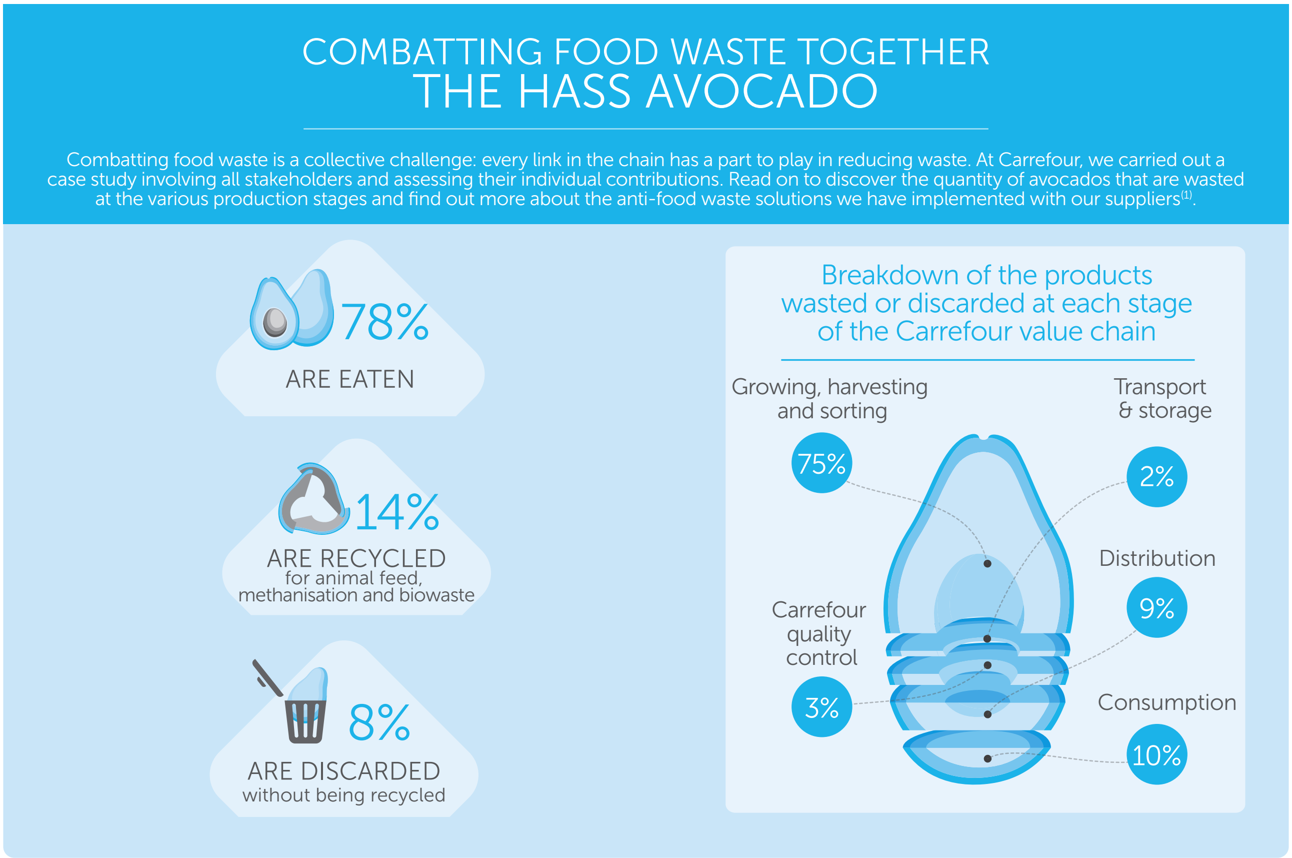
To reach this goal, Carrefour is implementing a global policy on cutting down food waste. This involves a number of measures:

- adopting a more professional approach to waste at stores, by matching stock levels to demand flows, running special offers as use-by dates approach, devising product second-life solutions, recycling waste, and making donations to food aid charities or subsidised grocery stores;
- developing solutions with suppliers, by extending the shelf life of Carrefour's own-brand products, conducting surveys on production waste, and selling visually defective products that are as good as non-defective ones;
- running solidarity operations. All consolidated supermarkets and hypermarkets in France and all hypermarkets in Poland have contracts with food aid charities on distribution of their unsold products, and the Carrefour Foundation is actively involved in emergency humanitarian aid and food provision (*detailed in Section 2.4.5*);
- promoting waste reduction among customers, by developing innovative solutions, raising awareness and offering support to make progress in this area.

Highlights

- Carrefour and the Consumer Goods Forum are assessing and consolidating in-store food waste data in a joint pioneering process with a view to publishing the first consolidated results as soon as possible. Carrefour is finalising the development of an in-store food waste monitoring tool which will enable it to compare percentage reductions in food waste with 2016, the base year. The indicator is calculated on the basis of the Food Loss and Waste Accounting and Reporting Standard (FLW Standard).
- Carrefour has **evaluated food waste throughout the value chain in 2018**, from the farm to the consumer's table, for five of its best-selling fresh products: avocados, cod, carrots, bread and chicken. This evaluation was carried out with direct assistance from suppliers and indirect support from farmers and from the ADEME 2016 survey on food waste and loss.

FIGURE 10 – COMBATTING FOOD WASTE EVERY STEP OF THE WAY: EXAMPLE WITH THE AVOCADO



COMBATTING FOOD WASTE TOGETHER
THE HASS AVOCADO

Combatting food waste is a collective challenge: every link in the chain has a part to play in reducing waste. At Carrefour, we carried out a case study involving all stakeholders and assessing their individual contributions. Read on to discover the quantity of avocados that are wasted at the various production stages and find out more about the anti-food waste solutions we have implemented with our suppliers[1].

- Carrefour pushed ahead with **food waste avoidance programmes** for products having minor appearance defects or approaching their use-by date, but still as good and as safe as the rest. Drawing inspiration from the *Tous Antigaspi* operation in France, in 2018 Carrefour Brazil launched a programme for fruit and vegetables outside the usual size or appearance norms. These *únicos* ("one-offs"), as they are called, would be offered at a discount in 74 hypermarkets and supermarkets in the state of São Paulo. Along similar lines, products approaching the use-by date are sold at a 50% discount. This also applies to fresh meat, bakery, fish and cold meat products nearing the date limit, offered at special discounts. The "eat now" programme in Argentina also offers discounts on products approaching their use-by dates. In Spain, Carrefour runs an annual contest rewarding the best waste avoidance proposal. In 2018, the winning idea involved packaging fruit at different stages of ripeness together.
- Carrefour and its suppliers began a joint programme in 2017 intended to **extend or remove use-by and best-before dates.** So far, more than 400 Carrefour own-brand products have had their use-by date and best-before date extended, while the latter has been removed from over 100 products.
- Carrefour supports **innovation on food waste avoidance from start-ups**. Working to full-loop principles, Carrefour France partnered the start-ups *Élixir Saveurs Solidaires, J'aime Boc'oh* and *Sandrine Saveur* on **second-life solutions for unsold fruit and vegetables**, in the form of compotes, smoothies, purées, soups, jams, etc. for subsequent sale in stores.
- In Argentina, Carrefour continued its wide-reaching **awareness-raising campaign** #NoTiresComida ("Don't waste food") launched in 2016 in partnership with Unilever. Carrefour stores ran programmes across the country, and on social networks, reaching some eight million people in all.
- In Poland, Carrefour **partners food-bank donation operations** at all hypermarkets.

- All Group host countries ran food waste avoidance operations for **World Food Day**:
  - in France and Belgium, Carrefour continued its commitment to the Too Good to Go® application, which offers baskets of unsold food at low cost and agitates for better information on "minimum durability dates". To **clarify how use-by and best-before dates are determined**, Carrefour France appealed to consumers to sign and massively share the #changetadate petition. Carrefour is in favour of a review of European legislation, bringing in simplified wording along the lines of "best by";
  - Carrefour Spain signed a partnership agreement with the Universidad Autónoma de Madrid, the Spanish Ministry of Agriculture and three suppliers, on joint food waste avoidance operations;
  - in Romania, a kitchen laboratory ran an awareness-raising operation addressing students at Tartasesti University on different ways to cook products with appearance defects or approaching their use-by dates, but with no loss of taste;
  - in China, waste-avoidance cooking classes have been posted nationwide on the Weibo and Wechat social networks, and hundreds of students have learned ways to cook fruit and vegetables that would otherwise be wasted.

2.3.2 Reducing and recovering waste

Carrefour's policy

In the context of its circular economy endeavours, Carrefour is committed to recovering 100% of waste by 2025 *[CSR & Food Transition Index]*.

To pursue this goal, Carrefour is implementing a global policy that involves a number of measures:

- working with suppliers to cut down its stores' production of waste packaging and point-of-sale advertising materials;
- encouraging waste sorting and recovery at stores, working with partners on innovative solutions such as joint collection rounds and biomethane and compost production from organic waste;
- taking part in the development of sorting and recovery processes in countries where these are covered by regulations (Europe and Taiwan), thereby transforming waste management from a constraint into a financial opportunity, in partnership with organisations specialising in recovery of cardboard, plastic, organic waste and wood;
- contributing to the organisation of waste sorting and recovery processes in countries such as Brazil, where such processes are not governed by official regulations.

Carrefour runs two complementary programmes on waste reduction and recovery:

- a programme to combat food waste (*detailed in Section 2.3.1*) which limits the production of organic waste;
- a programme to limit the impact of packaging (*detailed in Section 2.2.6*) which reduces the amount of plastic and cardboard packaging produced.

Carrefour is a member of the voluntary European initiative REAP (Retailers' Environmental Action Programme), working to reduce the environmental impact of its members' businesses and supply chains by promoting more sustainable products and by raising customer awareness on environmental issues. Along with the other members, Carrefour is a signatory to the initiative's Circular Economy Plan. Under this plan, Carrefour has published details on the progress made towards meeting its commitments, on matters including waste prevention and management.

Carrefour France has set up a virtuous-circle system on local conversion of stores' organic waste into fuel, with new biomethane delivery vehicles and service stations (*detailed in Section 2.3.3*).

Carrefour's performance

In 2018, 66.5% of waste was recovered, (73.2% on a comparable basis compared with 2017). In 2018, the reporting scope was widened thanks to processes put in place in Brazil and Taiwan to improve the reliability of waste tracking and to train and raise awareness among employees.

Percentage of waste recycled	2018	2017	Change
Total waste (in thousands of tonnes)			
Percentage HM and SM waste recycled - Europe	73.2%	70%	+3.2 points
Percentage HM and SM waste recycled - World	66.5%	-	-

Scope: Non-comparable BUs (87% of 2018 consolidated sales excl. VAT vs. 83% of 2017 consolidated sales excl. VAT) - excl. AR, CH, ESP (PRX, C&C), IT (SM, PRX).

Waste recycled by type	2018	2017	Change
Total *(in thousands of tonnes)*	479.5	435.5	+10.1%
Cardboard/paper waste	62%	63%	- 1 point
Food donations	10%	13%	-3 points
Organic waste	14%	13%	+1 point
Other waste (plastic, wood, fluorescent bulbs, ink cartridges, cooking oils, metals, food waste donated to animal associations)	14%	11%	+3 points

Scope: Non-comparable BUs (87% of 2018 consolidated sales excl. VAT vs 83% of 2017 consolidated sales excl. VAT) excl. AR, CH, ESP (PRX, C&C) IT (SM, PRX).

The decrease in donations in 2018 can be attributed to the deployment of the food waste avoidance policy (detailed in Section 2.3.1). Initiatives put in place to reduce the number of unsold products in stores include extending use-by dates and removing minimum durability dates from more than 500 products, matching stock levels to demand flows, running special offers as use-by dates approach and devising product second-life solutions.

Recovery of organic waste is a priority. Processes for producing biomethane as truck fuel are under development in several of the European countries in which the Group operates (detailed in Section 2.3.3).

Highlights

In 2018, Carrefour France brought in a polystyrene collection and recycling solution covering 100% of its hypermarkets.

Carrefour Banque's ongoing customer awareness-raising programme on digital bank statements is proving effective: by the end of 2018, 90% of customers were receiving monthly statements for their PASS cards in digital format.

2.3.3 Reducing greenhouse gas emissions

Actions addressing UN Sustainable Development Goal 13

Through introducing an internal carbon price and rolling out a waste reduction policy and climate action plan, Carrefour has integrated a key climate change goal into its investment strategy (target 13.2).

Carrefour's policy

The fight against climate change is a collective challenge. With its customers, suppliers and partners, Carrefour is implementing solutions in order to adapt to climate change and ease the transition to a low-carbon economy. These are specified in the form of several commitments:

- as a member of the Consumer Goods Forum (CGF) which comprises more than 400 members from the consumer goods industry, Carrefour is committed to reducing the carbon footprint caused by deforestation, refrigerants and food waste;
- Carrefour adheres to the Caring for Climate (C4C) initiative underpinned by the UN Global Compact. Alongside 450 other companies, Carrefour has promised to reduce its greenhouse gas emissions (GHG) by setting targets, outlining strategies, putting them into practice, and reporting the results.

Carrefour is targeting a reduction of 40% in its CO_2 emissions by 2025 [CSR & Food Transition Index], and of 70% by 2050, compared to 2010.

Upstream logistics and in-store consumption of gas, electricity and refrigerants are the main items in Carrefour's greenhouse gas emissions list. Carrefour's climate protection efforts therefore focus on greenhouse gas emissions from stores, and its overall objective breaks down into several targets, as follows:

- a 30% reduction in energy consumption by 2025 compared to 2010, through implementing appropriate action plans;
- a 40% reduction in refrigerant-related CO_2 emissions by 2025 compared to 2010, through phasing out hydrofluorocarbon (HFC) refrigerants and limiting refrigerant fluid leakage;
- a 30% reduction in transport-related CO_2 emissions by 2025 compared to 2010, through optimisation of logistics models and development of alternatives to diesel fuel;
- increasing the proportion of renewable energies in power consumed;
- encouraging Carrefour suppliers to outline quantified commitments to reduce CO_2 in their direct scope and upstream.

Carrefour has put together a **scope 3 Climate Action Plan**. Since the first three indirect external emission items account for close to 90% of all scope 3 emissions, the plan focuses on three priority areas:

- downstream goods transport (*detailed in Section 2.3.3*);
- goods, with an emphasis on agricultural produce (*detailed in Section 2.2.3*) and goods made in wood or paper (*detailed in Section 2.2.7*);
- partnerships with suppliers. This includes, for example, the objective of having the ten biggest Carrefour suppliers adopt approaches consistent with the Science Based Targets initiative, and its 30 biggest suppliers take up a climate commitment by 2025.

To pursue this goal, Carrefour is implementing a global policy that involves a number of measures:

- rolling out key low-carbon technologies at stores;
- applying the internal CO_2 price for examining new investment projects submitted to the Group Investment Committee;
- communicating on good energy saving practices to customers and personnel at stores;
- working with logistics, transport and energy partners to develop new responsible transport solutions, for city-centre deliveries in particular;
- setting up a climate change Risk Adaptation Plan (*detailed in Section 4.8 Risk management*).

Performance

The targets it has set itself will spur Carrefour to innovate with new technologies and new concepts capable of reducing stores' energy, refrigerant and transport costs.

	2018	2017	Change
Reduce our CO_2 emissions by 40% by 2025, and by 70% by 2050, *vs.* 2010) ☑	-30.6%	-24.4%	-6.2 points

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT) - 2010 data restated.
☑ *2018 figures subject to reasonable assurance checks.*

Direct and indirect CO_2 emissions total 2.8 million tonnes of CO_2 equivalent. As of 2018, Carrefour's CO_2 emissions have fallen by 6.2% since 2017 and by 31.2% since 2010, consistent with its target of a 40% reduction by 2025.

Carrefour measures GHG emissions from the following sources:

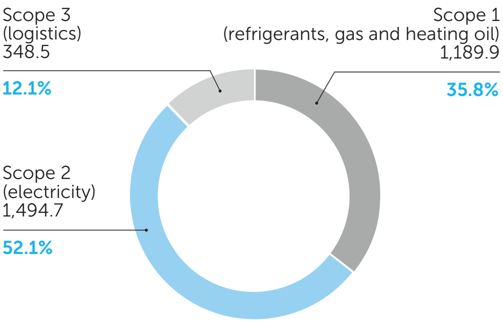
- direct sources of GHG emissions (scope 1) such as gas and fuel consumption and use of refrigerants in cooling production plants and air conditioning;
- indirect sources of GHG emissions (scope 2), mainly electricity consumption;
- indirect external sources of GHG emissions (scope 3), namely downstream goods transport.

Most GHG emissions are either scope 1 (35.8% in 2018) or scope 2 (52.1% in 2018). Downstream logistics (scope 3) operations account for 12.1% of emissions. Owing to the geographic breakdown of the Carrefour group's activities, greenhouse gas emissions are concentrated in Europe (including France), which accounts for more than half of total emissions. Emissions are calculated according to the guidelines of the international GHG Protocol, and are then subject to reasonable assurance checks by an independent third party.

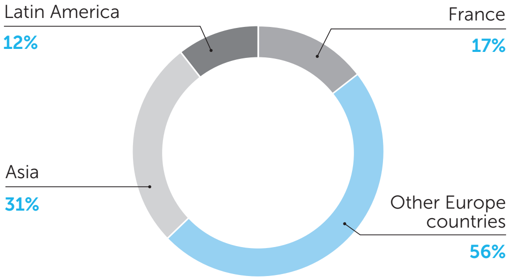
According to the Organisation Environmental Footprint Sector Rules (OEFSR), the three most significant scope 3 items for retailers are:

- upstream production of products (43%);
- product usage (43%);
- logistics (8%).

GHG EMISSIONS BY SOURCE *(IN THOUSANDS OF T.CO2 EQ.)*



GHG EMISSIONS BY REGION *(IN THOUSANDS OF T.CO2 EQ.)*



Scopes:

- ▨ **Scope 1:** Refrigerants: Comparable BUs (82.6% of 2018 consolidated sales excl. VAT) - excl. AT, AR, SM, PRX; Gas and heating oil: Comparable BUs (100% of 2018 consolidated sales excl. VAT);
- ▨ **Scope 2:** Comparable BUs (100% of 2018 consolidated sales excl. VAT);
- ▨ **Scope 3:** (87.6% of 2018 consolidated sales excl. VAT) - excl. AT.

Highlights

Carrefour Belgium has announced a climate plan for a 50% reduction in CO_2 emissions by 2025, compared to 2010 levels which will be implemented starting in 2019.

Carrefour France took part in the Météo and Climat Forum run by the meteorologists and climatologists of the Météo and Climat Club, where, it addressed the public on the climate change implications of eating in-season produce.

Reducing store energy consumption

Carrefour's policy

Carrefour is committed to reducing its stores' energy consumption and phasing out the use of fossil fuels. This will help the Group make the transition to low-carbon energies and keep its energy costs in check, despite energy price inflation in several countries.

The Group manages investments along these lines, through measures including low-energy lighting, night-time covers and doors for cooling units, natural coolants in refrigeration systems, heat recovery on hot water systems, insulated walls and roofs, etc.

Carrefour monitors the most efficient techniques and technologies available for refrigeration systems, air-conditioning systems, lighting, etc. It shares best practices and keeps track of changes in consumption and corresponding costs.

Teams in Group host countries have been issued with a list of five priority action and technology recommendations: installing doors for cooling systems operating at 0°C to 8°C, electronic speed controllers, LED lighting and submetering systems, and phasing out high-impact HFC refrigerants for cooling systems.

Carrefour's performance

Carrefour has set itself the target of reducing energy consumption by 30% per square metre of sales area by 2025 compared to 2010.

The Antigaspi policy has brought about a total drop of 18.3% in energy consumption per square metre since 2010, achieved largely through technologies implemented in stores.

Percentage change in energy consumption per sq.m. of sales area *vs.* 2010 ☑	2018	2017	Change
TOTAL	-18.2%	-16.3%	-2 points

Scope: Comparable BUs (100% of 2018 consolidated scope) - 2010 data restated.
☑ 2018 figures subject to reasonable assurance checks.

In-store energy consumption – electricity, gas and fuel ☑ *(kWh per sq.m. of sales area)*	2018	2017	Change
TOTAL	521.3	529.3	-1.5%

Scope: Comparable BUs (100% of 2018 consolidated scope).
☑ *2018 figures subject to reasonable assurance checks.*

Highlights

To speed up solar energy development, Carrefour France is carrying out a diagnostic of roofs and car parks at existing buildings capable of accommodating photovoltaic installations by 2022. In 2018, 36 hypermarkets were selected for fitting with photovoltaic shades. The electricity generated will be used on site, accounting for 10% to 20% of each site's annual consumption. Carrefour France will also be examining photovoltaic installation opportunities on all new projects for store and warehouse construction or extension. It is also considering fitting electric vehicle charging stations and diversifying its electricity supplies across all its stores.

The energy consumed by the 45 hypermarkets, 39 convenience stores, two warehouses and head office in Belgium is 100% wind-generated.

Carrefour Belgium was also named Energy manager of the Year by Howest and Antwerp universities (Artesis Plantijn), in partnership with Energik, the Flemish Energy and Environment Technologies Association. This award recognised the exemplary measures on energy management taken at Carrefour stores, such as the system for recovering energy for heating, air conditioning and hot water production at the Koksidje store.

In Poland, where conventional energy is heavily dependent on coal, Carrefour has set up solar panels at two sites.

In China, Carrefour has set up closed refrigeration units for fresh produce at over 59 stores, and LED lighting at all stores. Photovoltaic panels have been installed at two stores.

Reducing store refrigerant emissions

Carrefour's policy

Hydrofluorocarbons (HFCs), particularly those used in refrigeration units, have several thousand times more global warming potential than natural refrigerants such as CO_2. In line with the Consumer Goods Forum (CGF), Carrefour is committed to eliminating the use of HFCs by 2025.

Cooling systems (refrigerators operating between 0°C and 8°C and freezers at -18°C) are the Group's largest source of energy consumption and greenhouse gas emissions from stores. Refrigerant leakage accounts for almost 40% of Group emissions and is therefore one of the most important challenges that Carrefour is facing.

The Group is working in two areas to reduce this source of waste:

1. preventing and limiting leaks by stepping up equipment maintenance and keeping it as leak-free as possible in all countries of operation;
2. systematically examining the most appropriate solution when replacing refrigeration systems.

Carrefour is phasing in hybrid refrigeration systems or 100% natural low-energy refrigeration solutions, which have low global warming potential and lower power consumption. While these systems use less refrigerant and reduce energy consumption by 10% to 20%, they do require additional investment. Following a technical feasibility analysis, these technologies are gradually being adopted for all cooling and refrigeration units.

Carrefour's performance

In 2018, Carrefour's refrigerant-related greenhouse gas emissions were down by 48% on 2010.

% change in CO_2 emissions relating to refrigerants per sq.m. *vs.* 2010 ☑	2018	2017	Change
TOTAL	-48%	-38%	-10 points

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT) – 2010 data restated.
☑ *2018 figures subject to reasonable assurance checks.*

In 2018, 346 stores were equipped with all-natural refrigerants in Carrefour's countries of operation. In total, counting 100% natural fluid and hybrid systems, 624 stores are currently equipped with these new technologies.

Number of stores equipped with a hybrid or 100% natural fluid system.	**2018**	**2017**	**Change**
100% natural fluid (HFC- or HCFC*-free)	346	257	+35%
Hybrid (a mix of HFC and natural refrigerants)	278	286	-3%
TOTAL	624	543	+15%

* *Hydrochlorofluorocarbons.*

Scope: Comparable BUs (86.2% of 2018 consolidated sales excl. VAT) – excl. AT, AR, (SM/PRX).

Quantity of refrigerants refilled after leaks *(in kg/1,000 m^2 of retail space)*	**2018**	**2017**	**Change**
TOTAL	31.4	37.2	-16%

Scope: Comparable BUs (86.2% of 2018 consolidated sales excl. VAT) – excl. AT, AR (SM/PRX).

Reducing transport-related emissions

Logistics, customer and personnel transport, and goods transport are key items in the Carrefour business model. Carrefour seeks to optimise environmental and economic efficiency on all three items, and innovates to step up the development of carbon-free solutions. Customers benefit directly from this transition, as regards both purchasing power and convenience in their everyday journeys.

Carrefour's policy

To reduce its energy consumption, CO_2 emissions and transport costs, supply chain teams are working with carriers to improve truck loading, optimise travel distances and phase in alternative transport modes.

Implementation of this Group policy is adapted to local contexts in each country. In France, it focuses on four areas:

- fleet modernisation, for clean, quiet transport;
- logistics optimisation and carbon footprint reduction;
- responsible purchasing and cooperation with partners;
- journey convenience for customers and personnel.

Fleet modernisation, for clean, quiet transport

Carrefour is modernising its vehicles fleet. More than 200 trucks are already running on biomethane fuel, emitting less pollution and making less noise. The Carrefour fleet includes more than 200 trucks certified to the Carrefour PIEK standard, enabling stores to obtain Certibruit® noise-level certification (under 60dB). In late 2018, some twenty Carrefour France stores in dense urban areas received the Certibruit® "low-noise deliveries" label. Carrefour is also taking steps to reduce noise pollution related to night deliveries.

With its *Cercle des Transporteurs* partners, Carrefour France has developed a fleet of vehicles running on biomethane. The immediate benefits of biomethane fuel compared with diesel Euro 6 for a truck of the same capacity are a 75% reduction in CO_2 emissions, zero emission of fine particles and a 50% reduction in noise nuisance. By the end of 2018, there were more than 200 biomethane-fuelled trucks making clean, quiet deliveries in Paris, Lyon, Marseille, Lille and Bordeaux. Nine bio-NGV service stations were available for refuelling the Carrefour fleet and vehicles from any other shipping companies opting for biomethane. A dozen or so more of these service stations will be opening in 2019. Carrefour actively encourages the use of this biofuel in the other countries where it operates.

Where the necessary infrastructure is in place, Carrefour continues to prefer waterway, rail or multimodal transport.

Delivery to stores – or downstream logistics – involves a combination of rail and road solutions. These solutions amounted to avoiding some 1.6 million kilometres of road travel in France.

Logistics optimisation and carbon footprint reduction

Since 2013, Carrefour has worked on optimising logistics and reducing its carbon footprint through better delivery rates, increasing the number of packages per truck, and having suppliers make direct deliveries to stores when volumes permit.

Logistics teams, suppliers and stores work together to streamline deliveries of different orders from different store formats.

Vehicles load goods from several suppliers in the same store delivery round, and reload at suppliers located near Carrefour stores on the return trip. The aim is to reduce the environmental impact of transport activities by minimising empty-truck mileage, optimising use of available resources and keeping the number of trucks on the road to a minimum.

Responsible purchasing and cooperation with partners

The *Cercle des Transporteurs* is an innovative project incubator comprising 22 major shipping partners. Since 2011, this organisation has been running regular workshops to discuss and instigate actions addressing the medium- and long-term challenges of shipping goods by road: flow optimisation, vehicle and equipment technologies, personnel training, rolling out best practices, sustainability, road safety and IT solutions. The 2018 workshops covered: shortage of drivers and poor image for the profession, technical solutions (truck engine, refrigeration unit motor, choice of refrigerant), e-transport challenges (traceability, connected transport, digital delivery slips, etc.).

In France, Fret 21 is a voluntary initiative on CO_2 commitment by shipping company order-givers. Carrefour France was a founding signatory of this initiative in 2015, committing to a 10% reduction in CO_2 emissions in three years, through rolling out biomethane-fuelled vehicles, optimising journey distances and fuelling, and cooperating with partners on projects such as developing virtuous solutions with the *Cercle des Transporteurs*.

Journey convenience for customers and personnel

To improve customer journey convenience, Carrefour is developing city-centre stores, and in 2018 opened the first *Drive Piéton* ("Pedestrian Drive-in") units in France (35 in all). The aim is to improve store accessibility for the best possible customer convenience.

Because customers mainly access hypermarkets by car, Carrefour chose to back the cost-price fuel operation in France in 2018. To help electric vehicle development, charging stations were set up in hypermarket car parks.

Carrefour also set up a personnel transport plan.

Carrefour's performance

Carrefour is committed to a 30% reduction in its transport-related CO_2 emissions by 2025 *vs*. 2010. The reduction to date stands at 43%.

% change in transport-related CO_2 emissions vs. 2010 ☑	**2018**	**2017**	**Change**
TOTAL	-8.4%	-5.3%	-3.1 points

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT) - 2010 data restated.
☑ *2018 figures subject to reasonable assurance checks.*

CO_2 emissions per shipping unit totalled 6.4 kg of CO_2 per pallet, *vs*. 6.5 kg in 2017 – a 2.0% decrease.

CO_2 emissions per shipping unit *(in kg of CO_2/pallet)*	**2018**	**2017**	**Change**
TOTAL	6.41	6.55	-2%

Scope: Comparable BUs (87.6% of 2018 consolidated sales excl. VAT) - excl. AT.

Highlights

Under Carrefour France's ongoing Conducteur Carrefour programme, delivery drivers are seen as Group ambassadors, and a guide, videos and training have been made available to maintain good practices and operational excellence. An addition was made to this programme, regarding opportunities in the driving profession for women and those looking to change career.

Carrefour Italy modernised its fleet, which now comprises thirty Euro 6 and three natural-gas trucks, forty electric vehicles for home deliveries and a fleet of electric cars for office activities.

2.3.4 Developing apiculture

Carrefour's policy

Carrefour backs bee-keeping initiatives out of an awareness that pollination is essential for food security and diversity. In the context of the food transition for all, the roof-top hives set up by Carrefour stores pay testament to the vital link they create between customers and farmers. Carrefour targets bee-keeping plans for all the countries it operates in by 2020. This programme has four priorities:

1. expand hives on store rooftops to support local bee-keepers, who sell the honey in the stores and run customer awareness-raising operations;
2. favour the sale of locally- and nationally-produced honey in Carrefour stores to support the work of bee-keepers;
3. develop a Carrefour Quality Lines honey in each country of operation to forge direct partnerships with bee-keepers and to guarantee traceability;
4. add a section on protecting pollinators to the Carrefour Quality Lines specifications for fruit and vegetables.

Carrefour's performance

	2018	2017	Change
Number of Group stores and headquarters equipped with beehives	73	69	+0.6%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Highlights

There are today more than 240 beehives at Carrefour sites (stores, warehouses, headquarter buildings) in Belgium, France and Poland. The honey is collected by a local beekeeper and sold in store or donated to charities or schools. These initiatives raise awareness of the importance of preserving biodiversity, and of the role played by bees as pollinators.

Carrefour France continued its work on bee and pollinator conservation by specifying the elimination of products harmful to pollinators and the introduction of hives and land set aside for apiculture in plots used for producing fruit and vegetables in the Carrefour Quality Lines. Carrefour Italy also implemented measures to protect pollinators in 13 Carrefour Quality Lines in 2018, as well as 11 partner-producers.

Carrefour launched a new Limousin honey, meeting Carrefour honey production standards. This joins the three other, Corsican, honeys in its Carrefour Quality Lines honey range.

Carrefour sells “share products” in partnership with the Noé biodiversity preservation organisation. Its pain pour les abeilles (“Bread for bees”) campaign finances fallow land for bee-keeping around the plots of Carrefour’s supplier farms.

At the forum on cereals run with flour mills and cooperatives in 2018, the collective decided that the Agroecology Charter for the cereals line (*detailed in Section 2.2.3*) would include a section on pollinator protection.

In France, Carrefour’s specifications on apples and nectarines for Carrefour Quality Lines include specific criteria on pollinator protection.

2.3.5 Biodiversity considerations in sustainable construction and renovation

Carrefour’s policy

For its real-estate activity in France, Italy and Spain, Carrefour Property has brought in a sustainable construction and building in-use policy specifying best environmental practices at each stage in the building lifecycle.

This is based on BREEAM (Building Research Establishment Environmental Assessment Method) certification, which affords full and exacting coverage of factors including energy, transport, water, materials, waste, ecology, soil use, pollution and innovation.

BREEAM Construction certification requires that buildings be designed and built with respect for the environment and occupant health and safety.

- During the design phase, store architecture is designed to optimise energy consumption. There is an emphasis on natural, environment-friendly materials with low-carbon impact, and on renewable energies. Each project is designed to blend seamlessly into the natural or urban landscape with minimal environmental impact.
- All projects submitted for planning permission for trading premises undergo a full lifecycle analysis. In particular, when Carrefour aims to meet the BREEAM certification lifecycle analysis criterion, lifecycle analyses factor in two possible material solutions, in order to determine which would have the lowest environmental impact.
- To minimise the carbon impact of personal transport, shopping mall construction projects specify measures encouraging visitors and employees to use environment-friendly solutions. These include making agreements with bus companies on additional stop-off and pick-up points, and providing car-share areas, charging stations for electric cars and bikes, cycle paths and cycle sheds, etc.
- Preservation of biodiversity is also factored in from the initial building design stages. For each shopping mall construction or renovation project, a survey of the surrounding plant and animal life is conducted by an ecologist. Special provisions are made for local fauna, with habitats for insects, birds, and bees. Garden areas are managed with ecological principles in mind and plants are specifically selected to maintain a balanced environment.

During the building phase, all contractors at Carrefour store construction sites are required to sign the Green Construction Site Charter, which covers matters such as soil and air pollution, waste sorting criteria, water consumption, and vibration and noise levels.

BREEAM environmental performance certification for Carmila shopping cent

The Building Research Establishment Environmental Assessment Method, or BREEAM, was drawn up by the Building Research Establishment in 1990 as a voluntary third-party certification programme on the environmental performance of buildings. It is one of the most widely recognised international standards in this field. It examines a building's environmental impact from ten angles, to produce a final score that determines the building's overall rating: Unclassified, Pass, Good, Very Good, Excellent, Outstanding.

The assessment covers some 70 criteria in nine categories:

MANAGEMENT: adoption of sustainable management practices and actions throughout all project phases: design, contracting, construction, handover, project monitoring, etc.

HEALTH AND WELL-BEING: daylight, interior and exterior lighting, natural ventilation, interior air quality, volatile organic compounds, temperature, acoustic performance, safe pedestrian access, etc.

ENERGY: energy efficiency, reduction of CO_2 emissions (outdoor lighting, reduced-energy equipment, etc.), energy consumption metering, renewable energies, etc.

TRANSPORT: access to public transport, alternative transport modes, safety for pedestrians and cyclists, access to services (pharmacies, post offices, schools, etc.).

WATER: water consumption, leakage detection, irrigation systems, etc.

MATERIALS: lifecycle analysis, sustainability, supply-chain responsibility, etc.

WASTE: construction site waste-management plan, aggregate recycling, waste disposal units, etc.

ENVIRONMENT AND ECOLOGY: ecological value of site, protection and creation of ecological habitats, long-term biodiversity improvement, ecologists' recommendations, etc.

POLLUTION: NO_x emissions from heating sources, reduction in night-time light pollution, noise reduction, minimisation of watercourse pollution, allowance for flood risks, etc.

During the building's in-use phase, a management system tracks water and energy consumption at all sites. Environmental criteria are included in store leases and fitting specifications, on matters such as reduced-energy equipment, environmentally friendly materials and waste sorting. Since September 2013, all lease-holders have been required to sign the environmental appendix to their leases.

The shopping mall renovation programme undertaken by the Carrefour group with the real-estate companies Carmila and Carrefour Property specifies the use of environmentally sound solutions. In addition, landscaping improvements are incorporated into renovated sites through planting local species.

Lastly, service stations managed by Carrefour are equipped with facilities designed to prevent environmental risks and odours. The Group constantly monitors the regulatory compliance of its facilities and closely tracks fuel inputs and outputs to control the risk of leakage.

Carrefour's performance

Since 2014, Carrefour France has aimed to have all new shopping mall construction and expansions BREEAM Construction certified. The target level for shopping mall expansions is "Very Good". By December 31, 2018, 15 centres had been certified (13 in France and 2 in Spain).

Carrefour also has a certification process for the in-use phase. Five sites hold BREEAM-In-Use certification in France and 11 more sites are applying for it.

Highlights

Eight BREEAM certifications were obtained in France, and a BREEAM certification programme has been launched in Italy.

In 2018, all site managers in France received training on management and monitoring of energy and water consumption.

2.3.6 Promoting responsible water consumption

Carrefour's policy

Carrefour targets exemplary performance on the management of water consumption at its stores. The amount of water consumed by stores varies with store size and activities. Most of the water is consumed in preparing food (meat, fish, bread, pastries and deli products), cleaning equipment and floors, producing ice for the seafood display, in staff restrooms and watering green spaces. Carrefour is committed to reducing the water consumption of its stores through tighter monitoring and more thorough checks.

Carrefour also includes environmental and social clauses in its cleaning specifications, and requires service providers to take action on limiting water consumption.

For several years now, Carrefour has also been working on water use in the supply chain, through its Clean Water Project (*detailed in Section 2.4.4*).

In June 2017, Carrefour Banque launched a new unit of account in its Carrefour Horizons life insurance contract. This enables customers to save in the BNPP Aqua account, thereby investing in companies that are active across the whole of the water value chain (water treatment and purification technologies; installation, upkeep and renovation of water supply networks).

Carrefour's performance

Carrefour monitors water consumption and is rolling out action plans to save water. Stores are phasing in solutions such as rainwater recovery and water-saving taps. To improve management of water consumption under current conditions of growing water scarcity in the country, Carrefour Brazil conducts online monitoring of water consumption at all its stores and has started work on upgrading its water supply lines.

Given the nature of their business, stores do not produce heavily polluted wastewater. Wastewater treatment and recycling systems have been introduced in some countries.

Amount of water consumed	**2018**	**2017**	**Change**
cu.m per sq.m of sales area	1.63	1.65	-1.03%
cu.m. *(in millions)*	18.4	18.1	+1.9%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

2.3.7 E-commerce

E-commerce operations are covered in Carrefour's policies on reducing greenhouse gas emissions, especially as regards the optimisation of goods transport and deliveries (*see 2.3.3*). Policies also cover the impact of the packaging of products sold online, as outlined above (*see 2.2.6*). In addition, Carrefour runs various social responsibility operations through its online shopping platform:

- home deliveries use reusable bags. Customers are invited to give them back to the delivery agent the next time. Returned bags are centralised at the logistics platform and recycled by a specialist company. Around two million bags were processed in this circular system in 2018;
- the **Act for Food** programme Carrefour launched in November 2018 appears on the *Carrefour livré chez vous* online store. This worldwide programme highlights some of the specific operations Carrefour is running to speed up the food transition in all the countries in which it operates. The online store highlights the products concerned by the Act for Food commitments. The point-by-point classification provides customers with a clear and immediately understandable view of some of the specific products concerned by the Carrefour initiative;
- on its Quitoque website, Carrefour offers healthy, balanced food baskets comprising quality in-season products. Recipes are monitored by dieticians and nutritionists for balance and coverage of nutritional needs. A vegetarian option is also available. This e-shopping model thus combines the virtues of healthy eating, convenient shopping and the pleasure of home cooking.

2.3.8 Community responsibility

With its worldwide network of 12,111 stores, Carrefour is a major player in community dynamics across all the regions it covers. Store formats are adapted to different situations and local conditions:

- city-centre Carrefour City and Carrefour Express stores are planned consistent with local urban development conditions to facilitate people's access to convenience stores even in the most isolated neighbourhoods;
- in suburban areas, Carrefour follows consumer movement patterns to offer the closest possible contact, with hypermarket and cash-and-carry outlets addressing the social dynamic toward affordable pricing and breadth of choice;
- in rural areas, the mesh of Carrefour Market, Proxi and Contact stores provides pleasant and convenient shopping conditions for consumers living far away from the larger metropolitan stores;
- across all regions, Carrefour is developing an online shopping option enabling everyone to access an unlimited product range with direct home delivery.

In France, Carrefour has more than 5,220 stores, reaching the whole of the population. In all urban and rural areas, Carrefour banners make a positive contribution to local dynamics and town and country amenities.

There are 1,592 Carrefour stores in urban areas, 558 in suburban areas and 1,491 in rural areas (excluding wholesale operations)[1].

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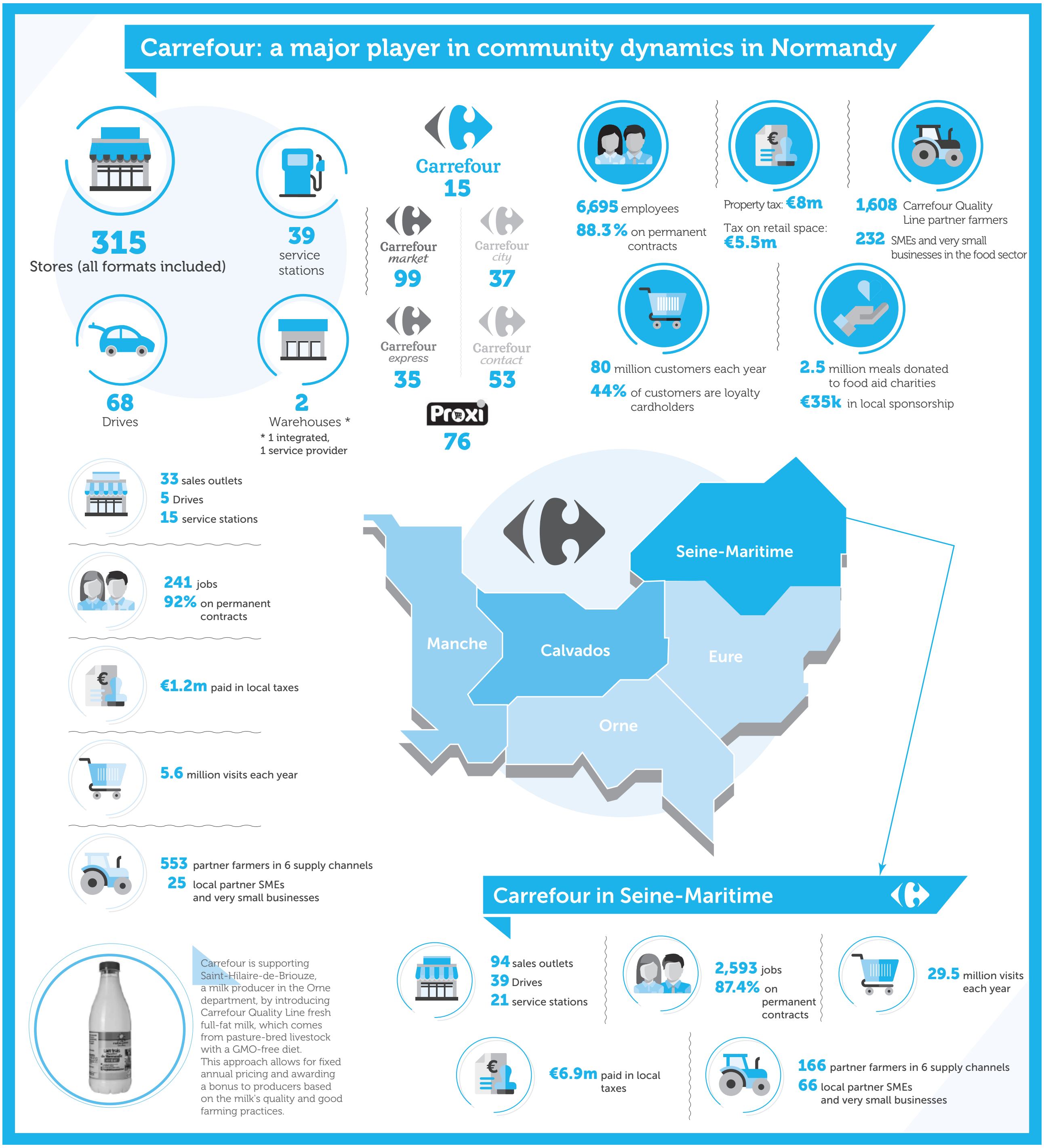
[1] *Figures on the basis of integrated stores.*

In 2018, Carrefour began a new initiative on highlighting its community involvement in France. The aim is to measure and strengthen the community anchoring of its various store formats. For example, Carrefour published a special leaflet on its coverage of the Normandy region (*see Figure 11*).

Across its 315 Normandy stores, all formats included, Carrefour employs more than 6,500 people, 88% on permanent employment contracts, and 303 as traditional culinary professionals. The 12 Carrefour Quality Lines are supplied by 1,600 partner farms, and food donations total 2.5 million meals.

FIGURE 11: CARREFOUR COMMUNITY IMPACT REGION BY REGION



Carrefour: a major player in community dynamics in Normandy

315 Stores (all formats included)

39 service stations

68 Drives

2 Warehouses *
* 1 integrated,
1 service provider

Carrefour **15**

Carrefour market **99**

Carrefour city **37**

Carrefour express **35**

Carrefour contact **53**

Proxi **76**

6,695 employees
88.3% on permanent contracts

Property tax: **€8m**
Tax on retail space: **€5.5m**

1,608 Carrefour Quality Line partner farmers
232 SMEs and very small businesses in the food sector

80 million customers each year
44% of customers are loyalty cardholders

2.5 million meals donated to food aid charities
€35k in local sponsorship

33 sales outlets
5 Drives
15 service stations

241 jobs
92% on permanent contracts

€1.2m paid in local taxes

5.6 million visits each year

553 partner farmers in 6 supply channels
25 local partner SMEs and very small businesses

Carrefour is supporting Saint-Hilaire-de-Briouze, a milk producer in the Orne department, by introducing Carrefour Quality Line fresh full-fat milk, which comes from pasture-bred livestock with a GMO-free diet.
This approach allows for fixed annual pricing and awarding a bonus to producers based on the milk's quality and good farming practices.

Carrefour in Seine-Maritime

94 sales outlets
39 Drives
21 service stations

2,593 jobs
87.4% on permanent contracts

29.5 million visits each year

€6.9m paid in local taxes

166 partner farmers in 6 supply channels
66 local partner SMEs and very small businesses

2.4 Customers and partners

Working with customers, Carrefour promotes new ways of eating and implements its commitments within a large-scale global programme, Act for Food. To safeguard continuity of its operations, Carrefour maintains control over its supply chain by promoting the food transition and CSR, and by checking that suppliers provide decent working conditions. The Carrefour Foundation builds on the Group's action by supporting the food transition for all.

2.4.1 Implementing the food transition with our customers

Customers want more sustainable food

Consumers are concerned about the food they eat and want to be reassured about its quality. They are paying attention to the products they buy once again.

More importantly, consumers are taking control of their eating habits and no longer want to delegate their health and diet choices to someone else. They want their daily meals to be consistent with their idea of what food production and healthy eating habits should be and, in doing so, are challenging current production models.

Carrefour supports its customers in this transition by leading initiatives that will fundamentally change production methods and consumer habits. The Group wants to rethink its model to better integrate consumers into the design of its products and services. The Group, after supporting the *C'est qui le patron?!* consumer brand in 2016, launched a large-scale consumer engagement programme in 2018, Act for Food.

Carrefour has set a goal of ensuring that a food transition action plan has been rolled out in all the countries where the Group operates by 2022. [CSR & Food Transition Index]

Act for Food: galvanising people around solutions for the food transition

Carrefour has decided to implement Act for Food. This global programme features concrete measures that Carrefour pledges to take in order to speed up the food transition. Each measure is a tangible solution that works towards this goal. The programme aims to help customers realise the role they can play and present the tools available to them. This gives them the power to shape the future of food and how it is produced.

FIGURE 13 – ACT FOR FOOD AROUND THE WORLD

Carrefour communicates its Act for Food commitments in all of its host countries, in order to promote the concrete initiatives implemented to speed up the food transition. The following table shows the main categories covered by Act for Food commitments made at local level. The numbers correspond to the number of commitments announced by the countries in each category.

Category of Act for Food commitment	**Number of Act for Food commitments by country**									
	Argentina	Belgium	Brazil	Spain	France	Italy	Poland	Romania	Taiwan	China
Ensuring quality and traceability and elminating controversial substances	4	4	3	9	4	4	2	4	1	3
Developing agroecology and organic products		3		4	3	4	1	1	2	1
Ensuring animal welfare, reducing the use of antibiotics	1	1		1	3	4	2	2		
Advocating sustainable consumption of seafood		1	1	2	1					
Combatting food waste					2					
Developing business relationships that support the food transition		3	1	5		2	1	2	1	1
Reduce the impact of packaging		3		1						

*The inventory of Act for Food commitments was announced at the end of November 2018.

Carrefour's Act for Food programme educates people about the long term and hopes to support and engage consumers in their food choices.

The Act for Food website (*https://actforfood.carrefour.com/*) outlines the actions and commitments taken in the Group's 10 countries – France, Spain, Belgium, Italy, Poland, Romania, Brazil, Argentina, Taiwan and China – with clear evidence of their accomplishments. The website is divided into three areas – "Our initiatives", "Why take action?" and "Our commitments" – and includes an interactive feature that lets consumers vote on one of the two projects that they would like to see brought to completion. A version is available in each of the Group's 10 countries to highlight local issues.

Carrefour's target is for all countries to implement an annual Act for Food communication programme. [CSR & Food Transition Index].

Showcase the food transition in stores

Carrefour wants to make sure that 80% of its customers have recognised the food transition in its stores by *2022. [CSR & Food Transition Index]*

The results are collected by customer surveys conducted annually across all Group host countries.

	2018	**2017**
Percentage of customers that recognised the Group's food transition in stores*	43%	44%

Scope: Comparable BUs (92% of 2018 consolidated sales excl. VAT) - excl. CH.
** Survey updated in 2018.*

Several Group host countries led communication or engagement campaigns in 2018. For example, Carrefour France promoted energy savings, responsible fishing, biodiversity, organic products, CSR, socially responsible recycling and waste.

Carrefour Banque has implemented targeted communication actions to present to its PASS card-holder customers the Act for Food programme and the range of organic products available in Carrefour stores in France.

With the first International Food Transition Store Challenge, Carrefour recognised its food transition champions, *i.e.*, employees who promoted the initiative on a daily basis and motivated other staff members and customers to eat healthier diets. The event also provided the opportunity for in-store teams in each country to share their best practices in promoting the food transition.

Lastly, four vegetable gardens were created at Carrefour sites to teach city consumers about living things, eating better, seasonal products and the reality of farming. In addition to integrating biodiversity into an urban environment, this programme aims to educate people and restore social cohesion.

Inform consumers about nutrition and quality

Carrefour believes that consumers are entitled to objective nutritional information. To meet consumers' expectations, Carrefour has set a goal of ensuring that an action plan to improve eating habits has been rolled out by 2022 in all the countries where the Group operates. More specifically, the objective is for these countries to:

1) provide nutritional information about Carrefour's own-brand products;
2) communicate with customers about improving eating habits through repeated actions on various media.

Carrefour will gradually include the Nutri-Score of its own-brand products on packaging and retail websites as product ranges are renewed at European level. In all countries where it operates, the Group also works with public authorities to develop these initiatives and implement trials to test various solutions:

- in France, Carrefour **is fully transparent about sharing nutritional information** about its own-brand products on the **Open Food Facts** database. In 2018, Carrefour completed the nutritional profile, featuring photos, of nearly 4,000 products. Consumers can use this information *via* apps that score products based on their nutritional value, additive content and farming method (organic *versus* conventional). Additionally, Carrefour contributes to developing, nationwide, a shared system to inform consumers;
- in Poland, Carrefour applies the **SENS simplified nutrition labelling system**, created by the French Federation of Trade and Retail Companies (FCD), to its products. Using differently coloured triangles, this easy-to-understand system simply recommends how often the food should be eaten. First adopted in 2017 for eight products, Carrefour Poland rolled out the labelling system to almost 250 products in 2018;
- in Belgium, Carrefour displays product **Nutri-Scores** on retail websites;
- in Spain, Carrefour joined the government initiative to devise a similar system.

To meet consumers' growing demand for transparency, Carrefour uses the food blockchain for its own-brand products (*detailed in Section 2.2.1*). Using this technology, consumers can scan the QR Code displayed on the product packaging to access information about the product and its pathway.

Offer eco-labelled cleaning and personal hygiene products

Carrefour has developed a range of cleaning and personal hygiene products certified by three main ecolabels. The range, known as "EcoPlanet", includes:

- paper products containing certified fibres that have FSC certification;
- Carrefour EcoPlanet household cleaning, laundry and paper hygiene products with EU Ecolabel certification;
- EcoPlanet feminine hygiene products with Nordic Ecolabel certification.

Currently, 366 Carrefour-brand products have the EU Ecolabel in the household and personal care, paper, paint and solvents product categories.

2.4.2 Building relationships with suppliers to support the food transition

Carrefour is highly dependent on its global and local ecosystems for conducting its business. The vitality of the regions where Carrefour supermarkets operate and the agility of the SMEs with which the Group works contribute significantly to its ability to effectively satisfy its customers. The ecosystem's vibrancy enables Carrefour to take advantage of innovative expertise, making it stand out with new product ranges in line with the food transition. This is why Carrefour invests in its suppliers and networks, providing support in order to facilitate the transition. Through dialogue, driven by quality business relationships or special contracts, Carrefour and its suppliers can develop innovations and products that consumers want, such as organic, agroecological and local products, and innovations designed by SMEs.

Maintain responsible supplier relationships

Carrefour was awarded the responsible supplier relationships and responsible purchasing certification yet again in 2018. This certification reflects the sustainable and balanced relationship the Group maintains with its suppliers. It indicates respect for suppliers' interests, financial fairness, the prevention of corruption, contribution to regional development, and the inclusion of environmental protection and quality criteria in the contractual relationship. Following an external audit, Carrefour was awarded this certification in 2015 for a three-year period by a Committee of representatives from public authorities, the retail sector, the food industry and the upstream agriculture sector. A compliance check is performed annually.

A 2018 survey conducted by an independent organisation on behalf of France's Federation of Enterprises and Entrepreneurs (FEEF) gave Carrefour a rating above the average assigned to French retailers for the **quality of its business relations**. Respondents specifically appreciated Carrefour's openness, respect and exchange in its relations, as well as its information sharing, and identified with its targets, vision and common strategy. Carrefour's negotiations with SMEs were deemed balanced. Carrefour identified areas where progress is needed, especially in warehouse delivery, and set up joint working groups between Carrefour and suppliers to improve processes.

In addition to the external mediator clause included in contracts, an internal mediator addresses any questions that agricultural partners may have. The internal mediator is independent of the Purchasing, Commercial and Litigation departments. S/he can be reached directly within 48 hours by suppliers and the external mediator for agricultural business relationships, regardless of the sales negotiations, contracts or annual agreements they have with Carrefour.

Engage with industry partners to build collective solutions

Carrefour is a member of the Board of Directors and partner to the fifth edition of the Open Agrifood Forum. A hub for collaboration and dialogue, this think tank unites people from all sectors of the food industry. The two-day annual event aims to find ways to steer the industry towards greater respect for people and the environment. As a source of innovation and creative solutions, Open Agrifood has also set up a "do tank" – Open Agrifood Initiatives – which turns discussions and debates into real, collaborative projects.

Offer SMEs special relationships

The 5,000 SMEs working in partnership with Carrefour supply more than one in three products on the Group's shelves. Carrefour's special relationship with these companies has been established on a product basis. In 1976, 28 SMEs took part in the launch of unbranded products (*produits libres*) and 20 of them supply Carrefour to this day. The Reflets de France brand, which systematically favours SMEs, is another example of this special relationship.

Since 2014, the Group's **SME plan** in France has strengthened cooperation between Carrefour and SMEs across all food and non-food industries.

Carrefour's **INNBOX tool for SMEs** is permanently available to provide SMEs with free expertise from Carrefour on areas such as product quality, design, packaging, logistics, etc. to support the development of innovative food products.

The Group's financial services company Finifac, has developed **credit solutions** for SMEs and farmers by extending the range of services used to streamline the supplier payment process.

In France, the **Carrefour SME Club** promotes close relationships between Carrefour and its SME partners, with advantages such as direct access to in-store contacts and Carrefour's marketing and supplier listing departments. Members will also be invited to seminars to discuss topics they have in common. The first of 15 regional branches, Eastern France now has 31 local SMEs and very small businesses. Two new branches are being set up in Bordeaux and the Greater Paris region.

Lastly, in France, all buyers who join the Company, as well as the most experienced members of staff, are given specific training on building close relationships with SMEs.

Highlights

The Carrefour SME Club met twice in 2018. At the first meeting, a round table was held to open the discussion on sharing between Carrefour and SMEs. Companies requested more transparency regarding organisational structure to facilitate negotiations. At the second meeting, Carrefour responded to their requests by providing them with direct contacts within the Company.

To maintain its local network and enhance its close relationships with suppliers, Carrefour France took part in or organised several events.

- Carrefour France participated in two exhibitions open to the general public during the year: the Nouvelle-Aquitaine *Salon de l'Agriculture* (agricultural show) and the Châlons-en-Champagne *Foire* (trade fair). The Carrefour stand at these shows highlighted local and regional partners, the Group's food-related professions through the presence of in-store teams, and regional bodies for listing suppliers. Carrefour also met with SMEs and organisations active in the farming industry to discuss their needs.

- The fifth Carrefour SME and innovation trade fair (*Salon Carrefour des PME et de l'Innovation*) featured 350 exhibition stands, of which 97 were held by SMEs participating for the first time, and 500 by Carrefour employees. An array of innovative new food products was showcased, including healthy snacks, organic and vegan products and products that comply with ethical standards, animal welfare and agroecology. Carrefour took advantage of the event to present food industry trends to suppliers.
- Carrefour also organised a trade fair exclusively for SMEs active in the organic sector to increase the number of organic product listings at its stores.

Carrefour and Gourmandes et Cie were honoured at the 2018 *Grés d'Or* awards. This award handed out by the French Federation of Enterprises and Entrepreneurs (FEEF) recognises partnerships between SMEs and retailers. Products are available at 700 Carrefour stores, and business revenue between the Company and the retailer grew to 350,000 euros in 2018.

Carrefour China granted a loan of over 125,000 euros to farmers and shepherds in the Xinjiang province as part of its microcredit programme.

In application of its action plan to help very small businesses, Carrefour Belgium set a target to reach 25 million euros in revenue with products from local and regional suppliers.

Promote local suppliers

Carrefour's policy

Carrefour gives priority to products sourced locally from the country in which they are sold, particularly food products. The Group wants to create a network of SMEs in its countries of operation, connect them to its stores and involve them in its growth.

To promote local suppliers, Carrefour develops lines of regional specialty products in all of its countries of operation.

To expand its product offer and increase the visibility of products from local producers, Carrefour Belgium worked with them to develop an Ethical Standards Charter. Since 2013 in Belgium, for example, producers located no more than 40 kilometres from a hypermarket have been able to become listed as a supplier within two weeks and enter into direct contact with that store. These producers supply 10,000 products that benefit from advantageous terms and are prominently featured inside Carrefour stores.

Carrefour France prioritises French producers for its Carrefour Bio organic lines, especially fresh fruit and vegetables, eggs, milk, beef, pork and poultry, guaranteed as being produced in France.

In Romania, Carrefour works with a farming cooperative set up two years ago to establish a long-term partnership with local producers.

Act for Food – supporting local producers

In **Belgium**, **Brazil**, **Spain**, **France**, **Italy**, **Poland**, **Romania** and **Taiwan**, Carrefour is emphasising its support for local producers.

Carrefour's performance

Carrefour has set a goal of ensuring that a programme focused on local products and purchasing has been rolled out in all the countries where the Group operates by 2020 [CSR & Food Transition Index].

In Italy, the Terre d'Italia range boasts over 470 products from 177 producers. Sales grew by 10.4% compared with 2017. Its products are sold in five other countries where the Group operates (France, Belgium, Poland, Romania and Taiwan).

In Spain, the De Nuestra Tierra brand offers 195 products from 68 producers. Sales of these products, which are also available in France, grew by 13.4% in 2018.

In 2018, 1,300 organic food products were on store shelves in France; one out of every two organic products sold is a Carrefour own-brand product. Most of these products are sourced from national production sites. Only exotic products and citrus fruits not grown in France are imported, or other products imported from the European Union if French production falls short.

On a Group scale, the proportion of sales of Carrefour-brand food products sourced from national suppliers represented 70.7% in 2018.

% of sales of Carrefour brand food products sourced from national suppliers	2018	2017
Europe (incl. France)	70%	73%
South America	84%	96%
Asia	83%	33%
TOTAL	**70.7%**	**74%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Highlights

To boost customer engagement in financing local producers and putting their products in its stores, Carrefour France initiated a participatory finance test project with Mimosa, a crowdfunding platform for farming projects. Twelve projects were selected at two shopping centres. Thirteen projects received support, with 11 benefitting from financial assistance. Over 50,000 euros was collected for farmers, who also gained visibility through the products featured in Carrefour stores.

In 2018, Carrefour Belgium guaranteed that 95% of milk, 95% of meat, and 75% of cold cuts that it sold were Belgian made. It also pledged to ensure that all eggs are sourced locally as of January 1, 2019.

To support local farmers, Carrefour Poland implemented minimum purchase agreements. Eight of these agreements were signed in 2018.

Support fair trade products

In France, Carrefour group was the first major retailer to sell a fair trade product back in 1998, with Malongo brand coffee produced by small growers. Many MaxHavelaar® certified products have since been added to store shelves through brands such as Alter Eco, Ethiquable, Lobodis, etc. Twenty years later, Carrefour and MaxHavelaar® have signed a number of international agreements.

In 2018, 789 fair trade product listings were available at Carrefour stores worldwide. Product sales generated nearly 1.5 million euros in development bonuses for cooperatives, on top of the fairer retail price paid to producers, which have financed study grants, water purifiers, schools, a maternity unit, and more.

Carrefour's own-brand range, launched in partnership with MaxHavelaar® now has 25 product listings, which are also organic, in five product categories: bananas, coffee, chocolate, honey and tea.

Fair trade products	**2018**	**2017**	**Change**
Number of Carrefour brand fair trade products listed *(in units)*	94	74	+27.0%
Sales (incl. VAT) of fair trade products (private label and national brand) *(in millions of euros)*	149.4	152.5	-2%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

2.4.3 Promoting CSR in our supply chain

Commitment Charter and purchasing rules

Suppliers of Carrefour brand products must comply with the **Supplier Commitment Charter** (*detailed in Section 2.4.4*). The charter also applies to suppliers of non-Carrefour brand products, and therefore establishes the framework within which all Group suppliers must conduct their activities.

Carrefour has drawn up a **list of "sensitive" production phases** that may present human rights and environmental risks. These phases may either take place during the manufacturing processes of Carrefour suppliers or further upstream in the value chain. Carrefour raises the awareness of its suppliers to these issues and asks them to implement inspection procedures if necessary.

Carrefour also **identified 22 key raw materials** associated with social and environmental risks throughout their value chain. These raw materials have been prioritised based on their risk level and materiality for Carrefour. This will enable the Group to define official policies, action plans and specific purchasing rules for all of these raw materials by 2022. Brazilian beef, soy, palm oil, wood and paper are already covered.

The **Supplier Commitment Charter** and **Purchasing Rules specific to sensitive production phases and raw materials** are appended to the Purchasing Rules that provide the framework for the social and environmental compliance of all certified products (*detailed in Section 2.4.4*).

Supplier self-assessment

Since 2007, Carrefour has provided all of its suppliers with an online sustainable development self-assessment test, developed in conjunction with the World Wildlife Fund (WWF®) and based on the ISO 26000 social responsibility standard. In France, at the request of suppliers and in collaboration with four supplier associations, Carrefour has shared with its suppliers the know-how it has acquired over the last ten years in conducting self-assessment tests and has helped to roll out a test for the entire sector, supported by the same standard, Valorise. The first shared self-assessment campaign was conducted in 2017 in French and English. The test was translated into German and Spanish in 2018 and is used by nine retailers.

Carrefour's performance

Valorise continues to be adopted by suppliers. The 2018 figures reflect the implementation of the test in France.

% of suppliers that answered the CSR self-assessment	2018	2017
World (incl. France)[(1)]	31.5%	34%
France[(2)]	19%	17%

(1) Scope: excl. ES, BR, AR, TW (65% of 2018 consolidated sales excl. VAT).
(2) Scope: suppliers of certified food products only.

2.4.4 Ensuring suppliers improve working conditions

Carrefour's policy

Carrefour is committed to constantly improving working conditions and protecting human rights among its suppliers. For this purpose, Carrefour has put in place a set of tools and procedures for monitoring its suppliers and helping them achieve compliance.

Purchasing Rules

The Purchasing Rules provide the framework for the social and environmental compliance of purchases of all certified products. In other words, all products purchased by Carrefour, whether or not for retail sale, food or non-food, must meet specifications defined by Carrefour and undergo specific quality checks. The purchasing rules for social and environmental compliance of retail or non-retail certified product purchases were updated in 2018, especially regarding scope of application, country risk, accepted audit standards and supply chain.

They apply to all Group entities and all production countries based on their risk level determined in the country risk map.

These rules stipulate:

- that all suppliers must sign a Commitment Charter (*described below*);
- the process and compliance rules for social audits (*described below*);
- that all the Group's purchasing entities must appoint a person in charge of social and environmental compliance;
- an action plan to bring sensitive production phases and raw materials into compliance with specific purchasing rules (*detailed in Section 2.4.3*).

They apply to all production countries based on their risk level determined in the country risk map. These rules were adapted in 2018 and disseminated in all countries where the Group operates.

1. Country risk map

To identify the countries most likely not to comply with the charter, Carrefour established a **country-by-country risk map**, which was revised in 2018 in line with the duty of care plan (*detailed in Section 2.1.3*).

The list of risk countries is based on the country-by-country risk classification defined by amfori-BSCI and on the ITUC Global Rights Index. The country classification also takes into account recommendations from the International Federation for Human Rights and from Carrefour's local teams.

Procurement potential and purchasing rules depend on the risk rating assigned to each country:

- severe risk: production and supply are suspended in these countries;
- high risk: authorisation at Group level is required for any production in these countries. Once the country is approved, Carrefour teams working in the country approve and monitor plants;
- risk: the plant is selected in strict application of the Group's Purchasing Rules;
- low risk: Purchasing Rules apply, but an audit is not required.

2. Supplier Commitment Charter

The commitment of suppliers of Carrefour-brand products to human rights is reflected first and foremost through their signature of a **Supplier Commitment Charter**, which is an integral part of all purchasing contracts in all Group host countries. Initially drawn up in 2000 in partnership with the International Federation for Human Rights, it was first called the Charter of Social and Ethical Standards. Renamed and updated in 2018 under the duty of care plan (*detailed in Section 2.1.3*), the Charter now includes an **ethics hotline**, available online or by telephone 24 hours a day, 7 days a week in all Group languages.

The Charter is designed to ensure that Carrefour continues to uphold and remains compliant with:

- the Universal Declaration of Human Rights;
- the eight core conventions of the International Labour Organization;
- OECD Guidelines for Multinational Enterprises;
- the ten principles of the United Nations Global Compact;
- the United Nations Guiding Principles on Business and Human Rights;
- the international agreement signed with the UNI Global Union.

The Charter reiterates Carrefour's **Ethics Principles** (*detailed in Section 2.6.2*), which provide a set of guidelines for fair and transparent business practices, and shares these principles of action with suppliers.

Lastly, the Charter stipulates that suppliers must comply with the Group's human rights, ethics and environmental requirements, which are set out in nine sections:

1. prohibition of forced or compulsory labour, in the form of servitude, debt bondage or prison labour;
2. prohibition of child labour;
3. respect for freedom of association and the right to collective bargaining;
4. prohibition of all forms of discrimination, harassment and violence;
5. health and safety;
6. decent wages, benefits and working conditions;
7. working hours;
8. business ethics;
9. environmental protection (natural environment and resources).

The charter prohibits any concealed or unreported subcontracting, and demands, as a knock-on effect, that suppliers have the same social compliance requirements for their own suppliers. Based on reciprocity, the charter states that Carrefour may not impose any conditions on suppliers that would prevent them from complying with the charter.

Moreover, Carrefour undertakes to support its suppliers as much as possible in implementing these social principles, specifically by deploying corrective measures in the event of non-compliance.

3. Social audits

For **suppliers located in high-risk countries**, the Group conducts social audits on all plants that manufacture Carrefour-brand products. In 2018, the Group reviewed the accepted audit standards and incorporated the BSCI system, which includes a specific section on the environment.

The audit process is as follows:

1. preliminary review: the sourcing teams perform on-site checks to verify if the plant complies with basic social, environmental and quality requirements. This is the first key stage in the process;
2. initial audit: an independent firm performs an unannounced social audit. If the plant complies sufficiently with the standards defined by the social clause initiative (*initiative clause sociale* – ICS) or BSCI (Business Social Compliance Initiative), it may be added to the list of suppliers. A report and accompanying action plan are issued systematically to correct any instances of non-compliance or to make improvements to any identified areas of weakness.

   If the audit findings contain an alert, *i.e.*, a critical point of non-compliance, the supplier will not be added to the list in its current state. The alerts, defined using the ICS method, reflect cases including child labour, forced labour, disciplinary measures, attempted corruption, document falsification, and safety conditions threatening the lives of workers;
3. follow-up audit: once the plant is added to the list of suppliers, unannounced follow-up audits are carried out periodically by independent firms. The frequency of these audits depends on how critical the non-compliance points recorded were during previous audits, within a maximum of two years. Carrefour carries out second-opinion audits on a regular basis to ensure its requirements are being correctly complied with by the independent firms employed.

   If the follow-up audit findings contain an alert, the supplier must take immediate corrective action. An inspection is then carried out within a reasonable timeframe to ensure the corrective action has been taken;
4. specific audit: Carrefour may hire an external firm to check one-off or specific items, as with the Bangladesh Accord signed in 2013 by a coalition of international brands and the biggest trade unions to promote fire safety and the safety of buildings in the country.

   For **suppliers located in low-risk countries**, the inspection system is adapted to take the business, local problems and on-site practices into account, as external audits are not performed systematically.

Supplier support and training

Carrefour trains its suppliers in partnership with consultants or local NGOs. Carrefour Sourcing teams roll out specific training programmes every year. Carrefour has also created the "Good Factory Standard" manual for training purposes. Broken down by industry and/or type of product (household goods, textiles, wood, leather, etc.), it contains photographs to ensure that all factory workers can understand it, regardless of their geographic location or level of education.

In 2018, Carrefour stepped up its work with direct suppliers in Bangladesh and India to provide plants with training and other tools to deal with identified risks.

Carrefour also supports its suppliers to improve CSR performance within the supply chain outside its direct scope. For example, Carrefour has listed its tier 2 suppliers in Bangladesh (over 500 plants) and mapped social and environmental risks in their plants. The Group has also developed a simplified audit standard for all tier 2 suppliers. The standard covers specific priority issues in each different country. In 2019, Carrefour's direct suppliers will be required to produce the results of social and environmental inspections for each of their own suppliers across every region and every product.

Suppliers' environmental performance

Carrefour includes environmental requirements in its tools and standards outlined above (Purchasing Rules, Good Factory Standard). Carrefour also develops local projects to meet specific needs of its suppliers:

- in Bangladesh and India, Carrefour issued **guidelines for handling chemicals in plants**: purchasing, inventory, use and release. These guidelines, set out in the Carrefour Chemical Guidebook, involve training and annual unannounced inspections to check water quality at treatment plants and the correct application of the Business for Social Responsibility (BSR) standard;
- in Bangladesh, Carrefour is a member of the Partnership for Cleaner Textile. This means that the Carrefour plants in Bangladesh that use washing or dyeing processes (30% of its plants in the country) were audited and received support for six months in managing their water and energy consumption;
- in China, Carrefour works with the Institute of Public & Environmental Affairs (IPE), a non-profit environmental research organisation, to address issues of non-compliance with Chinese environmental laws within its supply chain. Carrefour began collecting environmental data from its contractors to integrate into the IPE platform and identify potential environmental non-compliance. Corrective action plans will be implemented for any cases of non-compliance.

Commitment to the industry

Carrefour is also committed to harmonising the various social verification systems in place and developing shared instruments and standards for implementing international labour standards. This is one of the reasons Carrefour uses the ICS standard, a benchmark shared by nearly 50 French companies and the BSCI's Business Social Compliance Programme shared by more than 2,000 companies worldwide. With the UN, the Group is also lending its support to the drafting of legally binding universal corporate and human rights standards, as well as more demanding European standards.

Carrefour's performance

Social audits

Carrefour has performed compliance audits on all supplier factories located in high-risk or risk countries. The audit is not an end in itself, but rather a tool that paves the way for dialogue and the implementation of a compliance plan to bring the supplier's working conditions in line with requirements. In 2018, the audits conducted by the Group covered just over 700,000 workers in the factories audited.

The Group is continuing with its efforts to stabilise its list of suppliers. More than 58% of audits were conducted to follow up on the implementation of action plans or as part of regular repeat audits of existing suppliers (every two years at most).

Number of social audits (initial audits)	**2018**	**2017**
Bangladesh	94 (35)	116 (37)
China	828 (266)	948 (338)
India	104 (69)	103 (66)
Turkey	64 (42)	53 (36)
Other countries	263 (154)	232 (152)
TOTAL	1,353 (566)	1,452 (629)

To reduce the number of supplier social audits conducted, Carrefour benefitted from audits conducted by other members of the ICS initiative in 2018, corresponding to 25% of total audits. Conversely, other ICS members benefited from 28% of the audits conducted by Carrefour.

Number of audits with alerts (potential production plants)	**2018**	**2017**
Bangladesh	17%	17%
China	19%	21%
India	13%	14%
Turkey	19%	21%
Other sourcing countries	16%	13%
TOTAL	18%	19%

An alert is a critical point of non-compliance identified during the audit. In 2018, 18% of audits conducted on potential production plants generated one or more alerts. When alerts apply to accredited suppliers, immediate action is required. Carrefour only retains suppliers once they have been cleared by a second audit within a three-month period.

In Bangladesh, for example, 2% of all **active and accredited plants** were subject to an alert.

Breakdown of alerts by category *(Potential production plants as a % of alerts issued)*	**2018**	**2017**
Factory management system	12%	9%
Child labour	2%	3%
Forced labour	1%	0%
Discrimination and disciplinary practices	1%	1%
Freedom of association	1%	1%
Working hours	31%	33%
Compensation, benefits and conditions	28%	27%
Health and safety	24%	26%
TOTAL	100%	100%

The main occurrences of non-compliance discovered in the Carrefour supplier network related to working hours, compensation levels and workers' health and safety. The ICS methodology applied stricter audits of working hours in 2018.

Support and training

Training on purchasing rules and the BSCI programme was provided for staff in France and Spain. Some 80 purchasing and quality staff members were trained, along with more than 250 people from Global Sourcing teams (Shanghai, Hong Kong, Bangladesh, India, Turkey, Cambodia and Vietnam).

Training courses on these specific social and environmental topics were also provided for both Carrefour teams (100 employees trained) and suppliers (290 trained), especially as part of the Clean Water Project: management of chemicals, best practices for water treatment systems, etc.

Highlights

- In 2018, Carrefour set out minimum purchasing rules for cotton. These rules ban the purchase of cotton from Uzbekistan and Syria. They provide for random traceability audits, including on-site visits by Carrefour employees and third-party audits.
- Carrefour continues its involvement in the **Bangladesh Transition Accord** to improve safety conditions in textile factories in Bangladesh. Valid for three years and renewable for one year, this accord should make it possible to finalise the compliance programme that was started under the previous accord, and ensure that a locally managed organisation in Bangladesh will take the reins once the accord expires. Carrefour hopes to achieve close to 100% implementation of remediation plans following inspections and to create an efficient Health and Safety Committee at each factory. All plants in Bangladesh are involved in at least one CSR project (installation of solar panels, mobile app training for employees, introduction of health insurance, etc.), while over 85% have rolled out two or more.
- With the support of the Carrefour Foundation (*detailed in Section 2.4.5*), Carrefour has worked on setting up a health insurance system in Bangladesh with plans to promote it nationwide. The system was offered to 10,000 workers at five test facilities, including two of Carrefour's suppliers. To develop these health insurance plans and help workers understand how they work and their benefits, the Carrefour Foundation makes contributions for the first few years to supplement employee and factory payments into the scheme.
- In 2018, Carrefour joined the **Better Buying** platform, which lets suppliers rate their customers' purchasing practices anonymously and suggest how they can improve. Supported by the University of Delaware and funded by the C&A Foundation, Humanity United and the Ethical Trading Initiative, the rating platform was designed by the non-profit organisation Fair Factories Clearinghouse (FFC). The Better Buying initiative aims to transform buyer practices by enabling business relationships to support buyers in developing financial, environmental and social sustainability. More specifically, its goals are to improve working conditions, the way buying companies negotiate and honour contracts, and maximise profitability for suppliers and buyers. There are already 170 Carrefour suppliers involved in the evaluation process.

2.4.5 Being a socially responsible retailer

Actions addressing UN Sustainable Development Goal 2

Carrefour is working towards food security through the actions of the Carrefour Foundation (target 2.1).

Carrefour's policy and its corporate foundation

Created in 2000, the Carrefour Foundation conducts sponsorship programmes in countries where the Group operates. It supports projects working towards the food transition for all and actions enabling individuals in situations of exclusion to live with greater dignity.

The Foundation supports, develops and coordinates solidarity initiatives run by teams in Belgium, France, Italy, Poland, Romania, and local foundations: Carrefour China Foundation for Food Safety, Carrefour Taiwan Cultural and Educational Foundation, Fundación Solidaridad Carrefour in Spain, Fundación Carrefour Argentina and Instituto Carrefour in Brazil. These foundations draw on their local connections to work on solidarity projects with organisations in the field.

Between submission and completion, projects go through four main steps:

1. Identification

After their initiation and support by local organisations, projects must fit with the Carrefour Foundation's objectives to be selected. In each country where it operates, Carrefour and Foundation staff identify potential projects by carefully surveying local actions. Identified projects are then sent to the Foundation for selection. Nearly a thousand projects are submitted every year.

2. Selection

Foundation teams work with local Carrefour staff to review projects based on a set of objective criteria: verification of bylaws, goals, quantified targets, detailed budget, social innovation developed by the project, and so on. After this selection process, the project is submitted to the Board of Directors for approval.

3. Funding

For each project, the Carrefour Foundation works with country sponsorship teams to determine the appropriate financial and technical assistance required by the organisation. The Board of Directors chooses, either directly or indirectly by delegation, which projects to support based on their consistency with the objectives of the Carrefour Foundation, the relevance of their action, and available resources. An agreement is signed with the local organisation and support for the project is initiated.

4. Monitoring and evaluation

The Foundation and Carrefour's local teams are then responsible for managing the project and implementing a system to track, support and assess the project regularly, free of any economic considerations. The Carrefour Foundation ensures that the resources allocated are put to good use and reviews the results achieved. This review measures the project's impact and benefits, and assesses its outlook. Based on these results and requirements, a request for additional funding can be submitted to extend the project over the medium or long term.

Carrefour's performance

The Foundation's budget in 2018 was 6.75 million euros, with operating expenses accounting for 7%. Below, key information is provided on the Foundation's activity over the year:

- the Foundation supported 72 programmes in 13 countries;
- the Foundation Carrefour helped 2,700 producers transition towards organic farming or more sustainable sectors, and assisted in creating 16 urban gardens;
- almost 1,330 employees on integration programmes were hired by organisations supported by the Foundation in 2018;
- two emergency aid actions were carried out.

Highlights

All of the Carrefour Foundation's actions and partnerships for 2018 are described in detail in the Carrefour Foundation's annual report and on its website at: *www.fondation-carrefour.org/fr*. A selection is presented below.

Producing sustainably

The Carrefour Foundation helped finance the programme to **develop organic, eco-friendly milk led by the WWF®**. The project aims to support the production of almost 70 farmers, representing 10 million litres of organic milk. In addition to supporting an organic and eco-friendly milk, this project uses eco-friendly packaging made with renewable plant resources, promotes animal welfare and ensures production transparency through the Carrefour blockchain (*detailed in Section 2.2.1 for details on blockchain*).

The Carrefour Foundation gave financial support to **help small producers in Mato Grosso** in partnership with **IDH, the Sustainable Trade Initiative**, a foundation that promotes the development of sustainable trade. The project aims to develop "zero deforestation" cattle production and set aside land for sustainable soy farming, to stop the massive deforestation in the state of Mato Grosso. It provides producers with training, machinery and advanced technical assistance for managing livestock and pastures. It helps them select highly productive cattle breeds and build a viable social and economic model. By doubling the yield of farms, it increased the income of more than 450 small beef producers.

Transforming without waste

The Carrefour Foundation funded the **Refettorio Madeleine community kitchen** which combats food waste while promoting social cohesion and the well-being of the poorest population groups. This community initiative offers full, balanced meals made with unsold food prepared by a team of young chefs for people in difficulty.

Distributing and facilitating access to food for all

Stores enter into local contracts with **food aid charities** whereby they donate products nearing their use-by date each day. In 2018, donations represented 76 million meals provided by Carrefour in France, where all consolidated hypermarkets and supermarkets make daily donations to more than 800 local food aid charities.

For the sixth consecutive year, the Carrefour Foundation joined forces with food banks, organising the collection of food in 10 countries. In France, with the help of Carrefour staff, volunteers collected the equivalent of 4.4 million meals in 1,585 stores(1).

In 2018, the Foundation co-financed 15 refrigerated vehicles for food banks (9 in France, 1 in Argentina, 5 in Spain), 8 for Secours Populaire and 1 for the Red Cross.

Since 2002, the Foundation has financed the acquisition of 254 refrigerated vehicles (24 in 2018), 62 cold storage rooms (3 in 2018) and 49 refrigeration chambers (7 in 2018) to store and transport fresh products.

Eating healthy

The Carrefour Foundation funded the initiative led by the China Children and Teenagers' Foundation (CCTF) to combat anaemia and malnutrition by funding a daily supplementary food ration for 550 six-month to two-year-old children in five Chinese provinces.

Supporting the circular economy

The Carrefour Foundation contributed financial aid to *Travail et Vie*, an organisation that supports professional and social integration. This support went into developing a farming business and biowaste collection for 15 employees on integration programmes, installing an electro-mechanical composter and purchasing an electric vehicle.

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(1) Source: Fédération Française des Banques Alimentaires

2.5 Employees

2.5.1 Employment

In 2018, Carrefour celebrated its 60th anniversary and 40 years in the international arena.

With its 363,862 employees, the Group welcomes over 12,000 customers directly in retail stores and *via* digital channels in 10 countries.

Changes in headcount

Carrefour's policy

Carrefour's workforce decreased 4% in 2018, like-for-like compared with 2017. This was due to several factors.

- In Europe, especially France and Belgium, Carrefour introduced new business models, bringing some stores under franchise or management lease.
- The Group cut back its staff, particularly at its headquarters, and sold some stores in France, Belgium and Argentina. In these three countries, restructuring plans were always backed with a sustained social dialogue process (*detailed in Section 2.1.3*) and a set of measures to help employees relocate or progress in their job search within or outside the Company.
- In line with the Carrefour 2022 transformation plan, Carrefour has taken measures to increase productivity.

Carrefour is a responsible employer committed to developing flexible arrangements in terms of either work schedules or remote working. For example, in 2018 Carrefour Romania began allowing its in-store staff to request schedule adjustments. Drawing on existing programmes in other countries such as France, various criteria are considered, such as personal life demands, commute, etc.

The vast majority of Carrefour employees work in the store network in customer-facing roles, with the highest percentage of them at hypermarkets (71% in 2018).

Carrefour's performance

Breakdown by store format

The breakdown between the Carrefour group's different store formats and businesses remained stable from 2017 to 2018. The decline in the share of the workforce at hypermarkets excluding Atacadão (57.6% in 2018 versus 59% in 2017) was offset by the increase in staff levels at Atacadão stores recognised as hypermarkets.

The breakdown of the workforce within the different formats remained stable.

Format	2018	2017
Total hypermarkets	71%	70%
Supermarkets	16%	16%
Total other formats ad businesses	13%	14%

Workforce by region

Only Atacadão (Brazil), Romania and Taiwan increased their workforce in 2018 (by 11%, 5.4% and 1.3%, respectively).

Region	2018	2017	Change	Change as a %
Latin America	100,292	98,849	+1443	+1.5%
Europe	213,215	223,118	-9,903	-4.4%
Asia	50,355	56,956	-6,601	-11.6%
TOTAL GROUP	**363,862**	**378,923**	**-15,061**	**-4.0%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Type of employment contract

The majority of Carrefour's personnel works full time (73.8%) on permanent contracts (90.6%).

Contract	2018	2017	Change
Permanent contracts	90.6%	92.1%	-1.5 points
Fixed-term contracts	9.4%	7.9%	+1.5 points
% of part-time employees	26.2%	25.2%	+1 point

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Type of new hires

Employees are hired on permanent and fixed-term contracts. The use of fixed-term contracts helps deal with increased workloads during busy seasons with high demand.

Number of new hires	2018	2017	Change
Permanent contracts	69,400	71,167	-2%
Fixed-term contracts	90,010	86,569	+4%
TOTAL	**159,410**	**157,736**	**+1%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Departures

Departures by reason	2018	2017	Change
Redundancy	24,925	22,722	+9.7%
Resignation	41,499	40,681	+2.0%
End of trial period	20,433	20,565	-0.6%
TOTAL	**86,857**	**83,968**	**+3.4%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Breakdown by job category

Category	2018	2017
Senior Directors	0.1%	0.1%
Directors	0.6%	0.6%
Managers	10.9%	11.2%
Employees	88.3%	88.1%
TOTAL	**100.0%**	**100.0%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Carrefour's employment policy

As a responsible employer, the Carrefour group gears its employment policy towards internal promotion, diversity and developing partnerships with the local ecosystem.

The internal promotion policy encourages Group employees to plan for the future, evolve and grow within the organisation. It supports vertical and horizontal mobility for management positions and professions of the future within the retail industry (*detailed in Section 2.1.2*).

Carrefour welcomes society as whole, in all its diversity, by ensuring that its stores are reflective of customers everywhere. The Group is also a disability-inclusive employer that draws on the support of local organisations in each country where it operates in its hiring and integration practices (*detailed in Section 2.1.4*).

2.5.2 Developing employees' skills

Carrefour makes it a key objective to develop the skills of its employees. Skills development is a source of motivation for Carrefour teams and prepares employees for the future of the retail industry while enhancing their employability.

Within the Group, skills development is supported by:

- a training programme that reflects the Group's strategic focuses to be rolled out in 2019;
- a mobility and internal promotion policy that supports learning and development towards new professions that take into account industry changes and individual aspirations;
- a compensation policy that aims to attract and retain Group employees.

Training policy

Training is a priority for Carrefour. Every year, employees receive an average of over 11 hours of training in all Group host countries. Along with the mandatory topics covered regarding health and safety, strategic training areas mirror the main priorities of the Carrefour 2022 transformation plan.

In 2018, Carrefour ramped up its training programmes in the following four areas in all countries where it operates:

- the digital transformation;
- the food transition (particularly for fresh produce);
- people management;
- customer-oriented culture.

	2018	**2017**
Average number of training hours per employee	11.4	12.3
Total number of training hours over the year *(in millions)*	3.7	4.1

Scope: Comparable BUs (93.4% of 2018 consolidated sales excl. VAT) - excl. China.

The digital transformation

Digital innovation has been a core focus of the Group's strategy for several years. All countries where Carrefour operates are developing programmes and tools to help employees better understand digital environment and culture. In 2018, Carrefour launched a partnership with Google and other major companies to enhance the Group's digital culture.

Highlights

- Google training programmes, France: about 400 ambassadors have been trained to become local representatives for employees within their scope. An e-learning course open to all employees was also launched on the online platform.
- Digital bus, France: this roaming learning centre helps in-store employees to adapt to digital technology and introduces them to internal and external tools.
- ISDI Digital Business School, Spain: the Executive Committee and employees take training through this digital institution created by Internet experts to speed up the transformation towards a new, more competitive economic model.
- Digital Academy, Belgium: training modules available in e-learning, classroom or coaching formats teach staff about how Carrefour and its business are shifting towards digital technology, and help them develop their digital profile.

The food transition and fresh produce

The Group's ambition is to become the leader of the food transition for all. That means employees must perfectly understand the challenges of the food transition to offer better solutions and advise customers. In 2018, 9,700 employees were trained on key topics, such as the organic market and fresh produce.

Highlights

In France, 5,000 people benefited from training that revolves around food: organic products, food hygiene, food waste, well-being, etc. These programmes aim to:

- help Carrefour gain recognition as the retailer that offers the best every day through the food transition;
- understand changing eating habits to better meet customers' needs;
- combat food waste and manage waste in the workplace and at home;
- share tips for eating healthier.

Brazil's *Bem Cuidar* programme encourages employees to adopt a healthier lifestyle.

The Act for Food on Tour programme travelled around Italy for six weeks, stopping in Milan, Turin and Rome, to train, inform and involve as many employees as possible from all store formats.

Adapting people management to Carrefour 2022

Digital technology has radically changed the way we build value together. So the way we manage people has to keep pace. At Carrefour, we pay close attention to upskilling managers by way of innovative, engaging programmes.

Carrefour University has developed its range of courses to line up perfectly with the Carrefour 2022 transformation plan. This training is intended to enable managerial staff to:

- understand technological and social change, and its impact on the retail industry and the organisation;
- fully grasp company strategy and integrate it into their scope of action;
- bring their teams on board with Company strategy and transformation projects.

Highlights

Some 1,000 managers from different countries were trained to become digital transformation ambassadors in their country or within their team. This programme of training sessions, dubbed "Go Transform", is supported with a platform where the community of ambassadors could come together to share best practices and promote digital culture.

Carrefour University contributes to Group objectives by providing all the Group's senior executives with leadership training. This training spans several subjects, including the food transition, multi-channel environments, customer-focused strategy, and open and simple organisations that optimise productivity. More than 300 of the Group's senior executives are trained every year.

In France, 800 managers have taken part in courses on the culture of change and innovation.

Training to foster a customer-oriented culture

Listening to customers and anticipating their needs and the paths they will take to meet those needs are priorities for all Carrefour employees, regardless of their function. Achieving that requires ongoing training and information, especially in today's multi-channel environment and with the substantial changes taking place in the retail industry. As a result, numerous training initiatives have focused on how to listen to and understand customers better.

Highlights

- LEON training programme, Poland: in stores, staff learn the basics of a customer-focused approach and its importance in standing out from the competition. The training course lasts one day for employees and two days for managers. The programme will be implemented in waves to reach 2,500 managers and 13,000 employees by the end of 2019.
- "100% customer- and employee-focused", France: 20,800 hypermarket employees were trained on how to bring out staff energy to gain the favour of our customers.

Internal promotion and mobility, a core aspect of the Carrefour development model

Internal promotion

The Carrefour group features a variety of career path options and promotes social advancement.

With over 120 different job categories and a presence in 10 countries, Carrefour offers a wide range of genuine career mobility opportunities.

The Group provides professional experiences which create the environment for employees to show their initiative. This allows them to flourish on a personal level while contributing to the Company's performance.

By placing the emphasis on internal promotion, the Group acts as a springboard for the social advancement of its employees. As an example, store employees can rise to the position of department or section manager. In a specific case, as part of the Women Leaders programme, the Carrefour group has undertaken to promote the advancement of women and provide them with support to reach positions at the highest levels of responsibility (*see section on diversity*).

Highlights

In France, the internal store director graduate programme accelerates the career of hypermarket managers (level 7). In two years, this innovative course provides them with the tools they need to become a store director. Given the programme's success, additional classes will open in 2019.

In Argentina, Carrefour has a training school for store directors. In 2018, 1,214 employees from different store formats were enrolled. To register, applicants must:

- have a positive performance evaluation;
- have served in their current position for at least one year;
- inform their manager that they would like to apply for the training programme.

In all, 123 applicants were selected. They have access to e-learning courses on a variety of subjects, including 555 (customer-focused programme), handling customer complaints, managing priorities and dealing with management, along with basic principles in supply chain and finance.

They visit other Carrefour stores over a period of two months to gain expertise in the field and meet with logistics and goods representatives at headquarters for a week.

To wrap up their training programme, participants create a benchmark based on three competing banners. They assess their strengths and weaknesses in several areas, such as processed fresh produce, non-food products, check-out and the customer-focused approach. Using this analysis, they suggest best practices to implement at Carrefour stores.

In France, all permanent employees have the option of taking professional certification training in five main areas: coordination and management, food services, logistics, product sales and commercial business. These nationally recognised certificates reflect the acquisition of specific skills. Participants take a training course under the guidance of a mentor. Their skills are evaluated continuously through in-class and final exams.

Performance

Thanks to all the Group's actions and programmes, employees' average length of service has increased (8.9 years in 2018, up from 8.6 years in 2017), and 3,128 employees were promoted in 2018.

In total, 49.5% of new managers, 61.1% of new Directors and 47% of new Senior Directors were promoted internally in 2018.

International career paths within the Group created opportunities for 92 expatriates in 2018: 35% in Europe, 21% in Latin America, 38% in Asia (including Global Sourcing) and 6% in Africa with Group partners.

Rate of internal promotion	**2018**	**2017**
Senior Director	47.0%	47.4%
Director	61.1%	67.8%
Manager	49.5%	46.5%
TOTAL	**50.0%**	**47.3%**

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

Internal mobility

Carrefour group employees also develop their skills through internal mobility. Employees can discover a new profession by changing positions or a new business by learning new skills.

Carrefour's work-based learning programmes enable young employees to gain expertise in all areas of the Group's business.

Some countries have also launched non-professional skills development programmes to support employees in their internal mobility. For example in France, Carrefour offers support in learning basic professional and non-professional skills through its CléA certification programme. These skills include developing communication in French, mathematical reasoning, digital communication, teamwork, working independently, health and safety, and the ability to learn gestures and postures.

2.5.3 Creating an environment that helps employees to achieve fulfilment

Carrefour wants all of its 360,000 employees to work in a conducive and fluid work environment. To achieve that, the Carrefour group pledges to:

- implement a shared workplace health policy across all its countries;
- protect employee health and reduce the risk of workplace accidents;
- lead innovative actions to improve quality of life in the workplace;
- establish constructive and regular social dialogue.

Ensuring good working conditions

The work environment changes with customers' needs. The Carrefour group constantly adapts to maintain its leading position and provide a safe and pleasant work environment for its 360,000 employees.

The Group upholds the regulations in place on the prevention of workplace accidents and occupational illnesses in every country.

Carrefour takes applicable regulations a step further by sharing best practices. In 2017, the Group created an "international health-safety-quality of life at the workplace" network to bring together managers responsible for these issues in its different countries.

Five key focuses were defined to structure the Group's workplace health policy deployed worldwide:

- limiting and preventing risks of workplace accidents, travel-related accidents and occupational illnesses;
- achieving work/life balance;
- limiting and preventing psychosocial risks;
- implementing training on the employee's work environment;
- improving the quality of the employee's work environment.

Within each organisation and each country, teams devoted to workplace health and safety management design an action plan in line with applicable regulations and priority risks.

In addition to regulatory requirements, the Group ensures that all its employees understand health and safety rules by providing training as soon as they are hired, with regular updates throughout their career. The Group offers numerous training options in areas such as machine operation safety, preventing risks associated with physical activity, fire safety, and more. Carrefour also leads awareness campaigns on work processes and prevention measures. On top of these efforts, procedures and audits are used to improve working conditions.

France's Supply Chain rolled out an innovative tool that uses virtual reality to help employees understand the occupational risks associated with their future duties and work environments before starting the job. This means they can take the appropriate prevention measures. For example, an employee immersed in a virtual warehouse can identify the risks involved in the job. Safety instructions are provided at the same time to accelerate learning of basic workplace health and safety rules.

Protecting employees' health

The Carrefour group has set three key objectives for its occupational risk prevention programme:

- assess occupational risks to ensure effective prevention measures;
- eliminate musculoskeletal disorders (MSDs);
- prevent psychosocial risks.

In France, supermarkets renewed their Health and Quality of Life in the workplace agreement.

Assessing key risks in the prevention programme

To reduce the number and severity of workplace accidents, Carrefour puts risk assessment and prevention at the heart of its health and safety management system.

The Es@nté digital tool distributes the occupational risk prevention programme to all managers and compiles updates on events. This solution manages and coordinates two procedures:

1. assessment of occupational risks;
2. administrative and HR management of workplace accidents and occupational illnesses.

Es@nté was developed in France for hypermarkets and will be rolled out at supermarkets and the Supply Chain in the short term. Risks are assessed based on analyses conducted by prevention staff over the past few years. They have identified safety hazards in 45 and 60 workstations and devised preventive measures for each of them. Organisations can then manage and monitor their action plans *via* the application.

Es@nté sends required information directly to the national health insurance system, facilitating the administrative management of workplace accidents for the line manager, HR manager, or member of the health, safety and working conditions Committee. Following any workplace accident, the manager or managers analyse the circumstances using the 5M method, which examines environment, method, equipment, labour and materials. They then develop an action plan to limit or remove the root cause.

Eliminating musculoskeletal disorders

In France, Carrefour has had a unit dedicated to preventing occupational risks since 2012. In recent years, the network has pooled its efforts to address a key issue, musculoskeletal disorders, or MSDs, which account for 45% of workplace accidents and occupational illnesses.

To reduce these risks, Carrefour has invested heavily in handling assistance equipment: automatic pallet wrapping machines, stocking carts, lift devices, etc. The Group has also conducted an in-depth study of workstation ergonomics. By end 2018, some 200 workstations had been analysed in France.

At a handful of Carrefour France stores, warm-up exercises help employees prepare and become more aware of their body before they start work. This initiative is part of an increased drive to prevent employee accidents within the first two hours after starting the job. And it is beneficial in more ways than one. The warm-up exercises not only prepare the muscles better but also provide the opportunity to build mindfulness and team cohesion.

Preventing stress and psychosocial risks

The Carrefour group's preventive approach aims to assess the main psychosocial risk factors and develop appropriate action plans. Numerous actions have been taken at the local level at the instigation of countries and entities: stress management training, a free remote listening and psychological support system, and in-store risk assessments followed by corrective action plans, etc.

Carrefour France has had a free-to-call social support service since 2015 to provide solutions suited to the situations of individual employees. A team of social workers helps employees with their personal or professional issues: financial difficulties or changes of situation such as divorce, separation, move, etc. This service is part of the psychological support system available since 2012.

Carrefour France continued with its efforts to prevent psychosocial risks in 2018 across all of its entities.

Innovating to enhance quality of life in the workplace

The Group makes a point of offering several solutions to enhance quality of life for its employees:

- developing exercise programmes to improve health for all;
- providing easy access to digital solutions to simplify work methods and arrangements;
- deploying remote and teleworking options in all Group host countries;
- protecting work/life balance.

Developing exercise programmes to improve health for all our employees

Carrefour's Act for Food transformation project features a new tag line, "we are all entitled to the best". Going forward with that philosophy, programmes to promote employee health focusing on lifestyle and eating habits have been deployed in Group host countries.

Poland, Romania, Argentina, Brazil, Taiwan, China and Belgium have developed exercise programmes in partnership with professionals. Programmes to discourage smoking, excess weight and sun exposure are also available to employees.

Digital technology facilitating work methods

To speed up its digital transformation, Carrefour has forged a partnership with Google. In 2018, employees were given access to new set of work tools, G Suite. Its highly versatile services facilitate sharing, collaboration and remote work with features such as Drive for file sharing, video conferencing capabilities, Group calendars, and more.

Go Transform is a training plan designed in collaboration with Google to smooth out the transition to the new tools and teach employees how to use them. A community of ambassadors was also set up to support all users within the organisation.

Moving towards flexible work arrangements

In the past few years, the Carrefour group, working with trade unions, has made significant changes to its work arrangements by introducing more flexible options. In 2018, all countries except Argentina offered remote working systems. These practices are primarily aimed at employees working at headquarters and more vulnerable individuals, such as pregnant women and people with disabilities.

In Romania, in-store staff are free to adapt their working hours to their personal needs and distance between home and work. Each staff member must take into account the needs of their colleagues, and the manager defines and approves final schedules.

Taking steps to protect employees' work/life balance

To ensure that all employees flourish in their professional activities, Carrefour is committed to promoting work/life balance.

In 2008, Carrefour France was one of the first 30 groups in France to sign the Parenthood Charter and to commit to introducing practical initiatives in this field. Since then, Carrefour has been a member of the corporate parenthood monitoring group (*Observatoire de la parentalité en entreprise*) and signed 15 commitments on work/life balance.

Employees at Carrefour France headquarters in Massy have had access to an on-site nursery since 2015.

Performance

The Group's target is for all countries to draw up an action plan for health, safety, security and quality of life in the workplace by 2020. [CSR & Food Transition Index]

RATE OF WORK ABSENCES AND WORKPLACE ACCIDENT FREQUENCY AND SEVERITY

	2018	2017
Rate of absence due to workplace and travel-related accidents	0.61%	0.55%

Scope: Comparable BUs (88.85% of 2018 consolidated sales excl. VAT) - excl. CH and AT.

	2018	2017
Workplace accident frequency rate* *(number of accidents/millions of theoretical work hours)*	22.8	24.5
Workplace accident severity rate** *(number of days absent due to workplace accident/1,000 work hours)*	0.69	0.62

* *Scope: Comparable BUs (93.40% of 2018 consolidated sales excl. VAT) - excl. CH.*
** *Scope: Comparable BUs (88.85% of 2018 consolidated sales excl. VAT) - excl. CH and AT.*

ABSENTEEISM RATE BY REASON

	2018	2017
Illness *(including occupational illness)*	4.77%	4.35%
Workplace accident	0.55%	0.50%
Travel accident	0.06%	0.06%

Scope: Comparable BUs (88.85% of 2018 consolidated sales excl. VAT) - excl. CH and AT..

Ensuring strong employee relations

Carrefour has long been committed to collaboration through strengthened national and international social dialogue. Carrefour's social dialogue plays a key role in its corporate culture. It is essential to Company performance and guarantees a positive social environment in all store formats.

2018 was a busy year for social dialogue, combining economic and business transformation with employee support. This provided the setting for Carrefour France to initiate, at the end of the year, negotiations on its new agreement on human resources and skills planning (*gestion prévisionnelle des emplois et des compétences* – GPEC) in support of employee mobility.

Three levels of social dialogue

The Carrefour group maintains three levels of social dialogue: international, European and national. The approach is adapted to all Group host countries and entities to cover all labour and other issues specific to the local context.

1. International social dialogue

In 2018, Carrefour continued its long-standing approach to promoting international social dialogue.

At its European Consultation and Information Committee meeting on October 3, 2018, the Carrefour group – represented by its Chairman and Chief Executive Officer, Alexandre Bompard – and UNI Global Union (international union federation), represented by its General Secretary, Christy Hoffman – renewed their global framework agreement. The agreement aims to promote social dialogue and diversity while guaranteeing basic rights and principles in the workplace. It encompasses new measures to combat violence against women, a matter of particular importance, reflecting current ILO negotiations for a new convention designed to end violence and harassment in the workplace. The global agreements are non-negotiable, having been acknowledged by G20 member states.

Key points of the global framework agreement with UNI Global Union

The 2018 agreement is in keeping with agreements previously signed between Carrefour group and UNI Global Union in 2001 and 2015. It reiterates, updates and supplements the main provisions of the agreement:

- promote constructive and continuous social dialogue that respects reputation, image and confidentiality;
- promote and encourage diversity and equal opportunity in the workplace *via* joint initiatives, mainly relating to gender balance, discrimination and violence against women;
- promote and encourage the defence of and respect for the basic human rights of workers – freedom of association and collective bargaining – along with their safety and working conditions at Carrefour and at supplier and franchise sites.

Carrefour's ability to negotiate and implement this type of agreement at an international level is unanimously appreciated by its partners at UNI Global Union.

In addition, Carrefour representatives are invited to meet annually with trade unions in the countries where the Group operates during Global Alliance meetings organised by UNI Global Union.

The Group's participation in the Global Deal initiative with the French Ministry of Labour since 2017 has identified Carrefour as one of the French companies that has signed the most international agreements and that contributes to upholding the values of protection for the basic rights of employees around the world.

2. European social dialogue

In 1996, Carrefour created its European Works Council, the European Consultation and Information Committee (ECIC), by way of an agreement signed with the FIET (part of the UNI). This agreement was renewed and added to considerably in 2011 with the UNI Global Union (International Union Federation). Since then, it has gone from strength to strength, and is recognised as one of the first of its kind in Europe thanks to the quality of its work and dialogue between employees and management.

Communication and consultation within the European Works Council takes many varied, innovative and complementary forms.

- An Annual Plenary meeting provides a platform to discuss many themes relating to the Group's business, the economic climate, competitors, organisational changes and developments, diversity, etc. Carrefour's Chairman and Chief Executive Officer speaks at the meeting every year, paving the way for discussions on the Group's strategy.
- An annual information and training seminar focuses on a specific theme selected by the members of its Steering Committee. The theme in 2018 was the elimination of violence against women. This meeting is also an opportunity for a Steering Committee expert to give a presentation on the Group's economic and financial situation.
- Special Committees meet to discuss issues relating to sustainable development, diversity and new technologies.
- Communication *via* a regular newsletter and a specific Internet site keeps members of the Committee informed throughout the year.

ECIC members are selected on the basis of their expertise and knowledge of the subjects covered.

Carrefour also plays an active role in European sector social dialogue meetings within the European trade structure, Eurocommerce, alongside the trade union delegation from UNI Europa.

Highlights

The training and information session of the Carrefour European Consultation and Information Committee (ECIC) focused on combatting violence against women. Devoted to discussions and debates, this event received support from the French National Committee for UN Women, Act Against Exclusion Foundation (FACE) and the International Labour Organization (ILO).

Discussions between Carrefour, representatives from UNI Global Union and European trade unions, stakeholders in the debate, reached a shared vision. As such, the Carrefour European Consultation and Information Committee issued a formal joint statement on the elimination of violence against women. This statement has been annexed to the international agreement to promote social dialogue, diversity and respect for fundamental rights in the workplace signed on October 2018.

3. Social dialogue in Group host countries: main collective agreements

a) France:

- Group collective agreement on the creation of the joint observatory for the Carrefour 2022 transformation plan;
- Group collective agreement on the creation of a joint dialogue and consultation body for franchise and management lease structures at Carrefour;
- Group collective agreement to establish early retirement leave as part of its human resources and skills planning;
- discretionary profit-sharing scheme at Carrefour group France;
- non-discretionary profit-sharing scheme at Carrefour group France;
- collective agreement on the Headquarters Voluntary Separation Plan (Carrefour 2022);
- collective agreement on support for the restructuring project for Carrefour Proximité France;
- collective agreement to promote internal mobility and cover the voluntary separation plan at Carrefour hypermarkets;
- collective agreement on protection plans for employees who work for a Carrefour supermarket or hypermarket to be brought under a franchise or management lease;
- collective agreements on the annual mandatory negotiation at Rue du Commerce, Carrefour Systèmes d'Information, Carrefour customer service, Carautoroute, Carrefour Administrative divisions France and Carrefour Property;
- collective agreement on flexible work arrangements at Rue du Commerce;
- collective agreement on remote working at Interdis;
- collective agreements on the terms for additional profit-sharing for 2017 at Carrefour Banque, CARMA, Market Pay, Carrefour Administrative divisions France and at Carrefour hypermarkets;
- collective agreement on aligning work schedules at Carrefour Supply Chain;
- agreement on social dialogue and the implementation of employee representative Committees at Carrefour hypermarkets SAS.

b) Belgium:

- collective agreements on the collective bonuses for managers and for all levels of employees.

c) Spain:

- collective bargaining agreement (flexible work schedules, savings on the cost of fixed-term employment contracts) and the Plan to support gender equality and end harassment and unfair treatment.

d) Romania:

- amendment to the collective agreement on minimum wage; on compensation for withholding income tax, implemented by Romanian legislation; and on the implementation of omni-channel operations.

e) China:

- additional clauses to extend four agreements on the basic human rights of employees (working hours, time off, health and safety);
- three amendments to extend minimum wages;
- four amendments to extend women's rights (mainly covering the basic human rights of female employees during pregnancy, maternity and nursing).

f) Poland:

- agreement with regard to the revision of the minimum wage for employees, the night-shift pay, the permanent contract policy, the consideration of requests from part-time workers to increase their working hours and from full-time employee concerning their schedules.

2.5.4 Encouraging diversity and equal opportunity

As a Group with a multi-local, neighbourhood presence, Carrefour has always been committed to reflecting and integrating the social diversity of the areas where it operates.

Very early on, Carrefour made a commitment to promote diversity and make the most of this asset by signing the Diversity Charter in 2004. A new charter made up of six commitments was introduced in 2018 to strengthen the commitment of Carrefour and signatory companies. It extends the combat against all forms of discrimination while continuing concrete initiatives to support equal opportunity.

In 2018, the Group continued to:

- encourage and promote gender equality at the Company by stepping up the Women Leaders programme and obtaining Gender Equality European & International Standard (GEEIS) certification in more Group host countries;
- fight violence against women;
- promote the development of people with disabilities and highlight individuality within our teams.

Gender equality

In 2018, 208,320 women were employed by the Group, which represents 57.3% of total headcount. Carrefour implements many programmes and commitments to ensure gender equality. As such, Carrefour pledges to provide:

- a fair compensation policy;
- access to training for all;
- measures to facilitate work/life balance, such as flexible work arrangements with the pooling of schedules, measures for parents, etc.;
- support for women in career development or promotion within the Group.

Carrefour introduced the international Women Leaders programme in 2011 to improve diversity and increase the number of women in management positions.

The Women Leaders programme

This programme embodies several of Carrefour's commitments:

- Carrefour's Chairman and Chief Executive Officer signed the UN Women's Empowerment Principles (WEPs) in 2013, followed by the Executive Directors of Carrefour Spain, Argentina, Brazil, Belgium and China;
- Directors in all countries have pledged to implement measures and targets, adapted to each country's specific context (*e.g.*, 50% of store directors in Taiwan are women) and renewed every two years since 2013 at Women Leaders conventions for senior executives;
- the commitments under the Group's CSR & Food Transition Index (*detailed in Section 2.1.3*): "40% of appointments to key positions will be women by 2025" and "100% of countries will have obtained GEEIS certification by 2020".

Gender Equality European & International Standard certification process (GEEIS)

The GEEIS is an international label that evaluates and promotes organisations that take a proactive approach to gender equality. It certifies the involvement of a company and the quality of its initiatives to improve gender equality in business, education and training in issues related to work/life balance, salary, involvement of trade unions, etc.

In 2018, Taiwan's GEEIS certification was renewed based on a follow-up audit conducted two years after the initial audit. China and Italy passed GEEIS audits for the first time.

At end-2018, 10 entities had GEEIS certification: Carrefour group, Argentina, Brazil, Spain, China, Hypermarkets in France, Carrefour Market in France, Italy and Romania.

Performance

The Carrefour group set itself two gender equality targets [CSR & Food Transition Index]:

- at least 40% of appointments to key positions within the Group will be women by 2025;
- 100% of countries will have obtained GEEIS certification by 2020.

BREAKDOWN BY GENDER (MALE/FEMALE)

% of women by category	2018	2017
Senior Directors	17.7%	17.3%
Directors	26.5%	25.0%
Managers	42.2%	41.5%
Employees	59.4%	59.9%
TOTAL GROUP	57.3%	57.5%

Scope: Comparable BUs (100% of 2018 consolidated sales excl. VAT).

The percentage of women in management positions is one of the Group's key management indicators. In 2018, 41.1% of the Group's managers were women, up from 36.2% in 2012.

	2018	2017	Change
Percentage of women in management positions	41.1%	40.4%	+1.8%

Scope: Comparable BUs (100% of 2018 consolidated scope).

Ending violence against women

The Carrefour group is deeply involved in combatting violence against women. While these tragic situations mainly occur within the private sphere, they affect every aspect of a woman's life. They disrupt women's professional lives, jeopardise equal opportunity and promotion, and of course harm their health and safety.

In 2018, three actions reflected our goal to actively support women and end all forms of violence:

- joining the European initiative Cease;
- renewing the partnership with the French National Committee for UN Women;
- signing an international agreement with the UNI Global Union.

Carrefour, member of the European initiative CEASE

Carrefour looks at all risk factors to which its employees could be exposed, in order to guarantee their physical and mental health. One in three women has been subjected to physical or sexual violence, most of the time perpetrated by a current or former intimate partner, and over one in five women know a colleague or former colleague who has been in an abusive relationship(1). This issue affects Carrefour, as it does every company.

In light of this situation, Carrefour is committed to ending violence against women as a member of the European initiative CEASE and the 1in3Women network coordinated in France by the Act Against Exclusion Foundation (FACE). It brings together over 15 European companies, including BNP Paribas, Carrefour, Kering, Korian, Lagardère (through the Elle Foundation) and SNCF. In 2018, Carrefour signed the charter developed by this network, which works to end violence against women.

The CEASE/1in3Women project spans three years and aims to meet the following goals:

1. understand what gender-based violence is and its impact, based on figures and qualitative information;
2. raise awareness about this form of violence within our own organisations, among our peers and stakeholders as well as the general public;
3. create an egalitarian culture within our organisations;
4. produce or use policies, tools, training and processes for our Human resources departments, management teams and all employees – whatever gender – to bring a response when employees express that they have experienced violence;
5. allow our female employees to talk openly and promote a caring environment for those who have been the victim of violence;
6. facilitate access to specialised organisations that can support employees who have experienced domestic violence;
7. develop a network of diverse stakeholders (private and public organisations, non-profits, public institutions, trade unions) to work together on this issue;
8. measure the impact of measures to support victims of violence within our organisations and share results with our stakeholders.

By signing the Network Charter, Carrefour has pledged to raise awareness about this form of violence within the Company, among peers, stakeholders and the general public, and facilitate access to specialised organisations that can support employees who have experienced intimate partner violence.

Orange Day campaign with UN Women France

For five years, Carrefour has been a partner to France's National Committee for UN Women, an organisation that works to support women's rights and promote gender equality.

Every year from November 25 to December 10, the French National Committee for UN Women invites civil society leaders to join in its action to end violence against women and girls.

November 25 is International Day for the Elimination of Violence against Women, and December 10 marks International Human Rights Day. These two key dates frame a period of campaigning to find solutions, report cases, raise funds, spread messages and promote actions to stop violence committed against women.

The official colour of the campaign is orange, a radiant, optimistic colour, which symbolises a better world without violence against women and girls. The first day of activism, November 25, has since become Orange Day.

Hypermarket and supermarket customers were able to participate in the event. For two days, for any purchase of 1 kg of organic oranges for 2 euros, 0.50 euro was donated to UN Women France.

A strong commitment in the international agreement between Carrefour and UNI Global Union

At Carrefour's European Consultation and Information Committee meeting on October 3, 2018, the Group's Chairman and Chief Executive Officer, Alexandre Bompard, and the General Secretary of the international union federation UNI Global Union, Christy Hoffman, renewed the global agreement previously signed in September 2015.

An important section on combatting violence against women rounded out existing provisions on social dialogue (*detailed in Section 2.1.3*).

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(1) *Violence against women: an EU-wide survey, European Union Fundamental Rights Agency (2014)*

Individuality as an integral part of disability policy

The Carrefour group has made its approach to hiring and integrating people with disabilities, and keeping them in employment, a fundamental part of its human resources policy. The first agreement on the employment of people with disabilities was signed in 1999 at French hypermarkets. Twenty years later, Carrefour is setting the example with its disability policy. Employment of people with disabilities at hypermarkets and supermarkets is well above France's legal minimum rate of 6%. **Carrefour is aiming for people with disabilities to make up 4% of its workforce by 2025** [CSR & Food Transition Index].

In its efforts to change the way people view disability, Carrefour supports and takes part in several events to raise awareness about disability and embrace difference within its teams.

In 2018, as in previous years, Carrefour participated in European Disability Employment Week, which has been organised for the past 22 years by ADAPT, a French organisation that promotes the social and professional integration of people with disabilities. The Group's disability employment rate has risen 20% in the past five years, and it currently employs more than 12,377 people with disabilities.

Carrefour France Supply Chain took part in the Free Handi'se Trophy race for the fifth year running. This intercompany competition aims to change people's views and behaviour regarding employees with disabilities. Four Carrefour teams, each made up of two disabled and two non-disabled employees, took up the challenge in the race from Bordeaux to Nantes.

In Poland, Carrefour, working with the organisation Ekon, hired 370 people with disabilities.

In Romania, Carrefour has led an action plan for over two years, with recruitment posters displayed in all stores, a referral system, and partnerships with specialised organisations. More than 200 employees with disabilities had been hired through this programme by end-2018.

In Italy, Carrefour has made disability one of its four priority focuses in its diversity strategy. Italian stores currently employ about 600 people with disabilities.

Carrefour Brazil's disability employment rate is 3.7%, representing nearly 1,450 people. Every year, Atacadão continues its action to support the employment of people with disabilities, with regional meetings, awareness initiatives and ongoing dialogue with the *Brazilian National Confederation of Commerce Workers*.

For a decade now, Carrefour Supermarkets has been supporting the *Rêves de Gosses* (Childhood Dreams) project coordinated by the organisation *Les Chevaliers du Ciel*. Created in 1996 by aviation enthusiasts, this non-profit works to enhance acceptance of differences between "ordinary" children and "extraordinary" children, and helps them make their dreams come true. Sick, disabled and poor children, or children who have simply had a rough life, come together to work on this educational project to open up the ordinary world to them, with the support of teaching staff from specialised centres. The organisation then offers the children a day of festivities with a first flight experience, refreshments, gifts, events and more.

Performance

The percentage of Carrefour employees recognised as having a disability (3.4% in 2018) has risen since 2011 (when it was 2.6%). Given the size of the Group, this represents a significant number of employees with disabilities: 12,253 in 2018 (CSR and Food Transition Index).

	2018	2017	Change
Percentage of employees recognised as having a disability	3.4%	3.3%	+0.1 point
Number of employees with a disability	12,253	12,251	-2.5%

2.6 Responsible business conduct

2.6.1 Fair practices

Carrefour tax policy

As part of its responsible business conduct policy, the Carrefour group takes great care to comply with the regulations applicable in all countries where it operates, and in particular the regulations on tax evasion. The Carrefour group applies a transparent fiscal policy, which involves:

- ensuring the tax team is well trained and highly skilled, and kept up to date with ongoing changes in tax laws;
- maintaining long-term, trust-based relationships with the tax authorities;
- ensuring compliance of our operations with local tax regulations, without using artificial schemes that could lead to tax evasion;
- applying an intra-group transaction policy compliant with the OECD principles;
- guaranteeing tax transparency with the tax authorities, in particular through Country-by-Country Reporting (CBCR).

Tax management and compliance

Carrefour is committed to complying with the applicable tax regulations in every country in which the Group operates. No Carrefour entity is located in a country listed on the French or European Union lists of non-cooperative jurisdictions for tax purposes (e.g., the EU "blacklist" published by the Council of the European Union).

Carrefour's tax decision-making process is based on compliant and transparent tax practices, specifically:

- we aim to pay an appropriate amount of tax according to where the value is created within the normal course of commercial activity, and not to artificially transfer value to low tax jurisdictions;
- we do not use opaque corporate structures or entities located in tax havens to hide relevant information from the tax authorities;
- we comply with the arm's length principle for transfer pricing and do not use transfer pricing as a tax planning tool. However, as we are a decentralised organization, intra-group transactions are not significant in Carrefour's business operations, representing less than 5% of total trade sales;
- we provide the tax authorities with the relevant information they require within a reasonable timeframe.

Carrefour's relationships with the tax authorities are based on mutual trust and transparency. We know that non-compliance with local tax laws and regulations could result in damage to the Group's reputation or to its relationships with the countries where we operate.

Our ethics whistleblowing system can be used by Carrefour employees, suppliers or service providers to report – in confidence – any situations or behaviour that do not comply with the Group's Ethics Principles, including for tax matters.

Highlights

In 2018, the Group's entities paid a total of 1,093 million euros to discharge their tax obligations. In addition, the Group's payroll taxes amounted to approximately 1,909 million euros for its 360,000 employees.

In its 2018 Consolidated Financial Statements, the Group recognised an income tax expense of 539 million euros on taxable income of 496 million euros.

In France, Carrefour is subject to more than 80 different taxes. In 2018, it paid (i) annual taxes of more than 457 million euros including 91 million euros in respect of the Cotisation sur la valeur ajoutée des entreprises (CVAE, local business tax) and 366 million euros on factors of production (included in pre-tax income, in particular taxes based on retail space) and (ii) payroll taxes net of the Crédit impôt compétitivité emploi (CICE, tax credit for competitiveness and unemployment) totalling 1,034 million euros.

Anti-corruption

Carrefour is committed to fostering a culture of trust and integrity throughout the Group and with its stakeholders.

Ethics and integrity have always been part of its core values.

Carrefour will not tolerate any form of corruption and it complies with all applicable anti-corruption laws.

A global ethics system applicable to all subsidiaries and employees of the Group has been developed and rolled out since 2010 based on:

- a "Code of Professional Conduct" first drawn up in 2010 based on ten principles; revised in 2014 and renamed "Our Ethics Principles" and distributed to employees in all integrated countries;
- these documents set out Carrefour's zero-tolerance policy with respect to corruption;
- governance by Ethics Committees (at Group and Country level) whose organisation, principles, role and responsibilities are described in dedicated charters. The Group Ethics Committee is chaired by the Group Secretary General, thus providing a link with the Group's governing bodies;
- local whistleblowing arrangements and an outsourced global whistleblowing service put in place in December 2016 in all countries, available 24/7 *via* Internet (*ethique.carrefour.com*) or hotline;
- sharing "Our Ethics Principles" with suppliers by means of charters.

In 2016 and 2017, all Executive Committees in countries where Carrefour operates spent three hours discussing ethics, behaviour and responsibility issues, including corruption, with a large part of the debate devoted to practical cases.

Each country subsidiary follows local regulations as required, in particular as regards corruption, and implements suitable compliance programmes.

Over the past few years, all local subsidiaries have therefore developed and deployed procedures, training modules and systems to prevent corruption and conflicts of interest.

More generally, the corpus of rules that forms the Group's internal control framework is a major driver of prevention. It is evaluated by the various entities each year and subject to control through internal audits.

Carrefour has also been a member of the NGO Transparency International (France) since 2009 and contributes to its work in this capacity.

A system strengthened following France's Sapin II law

To take its anti-corruption commitment a step further, Carrefour has **strengthened its existing system** through the following initiatives:

- an **"Anti-bribery and Corruption Policy"** applicable to all Group entities was distributed in February 2018. It sets out all the principles and positions to be taken and includes practical examples;
- **a bribery and corruption risk mapping** process was carried out as part of a broader approach to compliance risk, taking into account the main new regulations, including the European General Data Protection Regulation (GDPR) and the French duty of care law of March 27, 2017;
- the risk map identifies risk situations requiring preventive action to avoid corruption and limit the impacts;
- a **major awareness and training campaign** has been rolled out for exposed functions and employees, through a combination of in-person training, e-learning and a motion graphic design intended for all Group employees. Several thousand people have already attended in-person training;
- a **detailed analysis of accounting control procedures** has been performed with assistance from a specialist firm.

In addition to the applicable penalties for corruption under local regulations, Carrefour has also set out **formal disciplinary measures** for misconduct, indicating aggravating and mitigating factors and the consequences for each person involved.

In 2018, Carrefour joined TRACE International, thereby gaining access to expertise and tools that can also be made available to its subsidiaries. TRACE membership also promotes the exchange of best practices and provides opportunities to take part in meetings with other member companies at regional and international level.

Principles shared with all stakeholders

Carrefour takes great care when selecting its partners to make sure that they share the values with regards to ethics.

All suppliers must endorse Carrefour's Ethics Principles through charters that are either appended to contracts or signed directly by the supplier.

Carrefour expects third parties with which the Group has a relationship to take measures to prevent the main bribery and corruption risks based on the specific requirements of their business sector and country of operation.

They are also required to have an information and training system in place for their employees who are exposed to those risks.

Anyone can report a practice or action they believe to be in breach of or incompatible with one of the Ethics Principles by contacting dedicated personnel using the Group's whistleblowing system.

Relations with the public authorities

The Carrefour group consistently applies the rules in force and endeavours to promote responsible practices in its relations and dealings with the public authorities.

In all countries where it operates, relations with the public authorities are governed by an ethical framework that complies with the applicable regulations. For example, as required by the Sapin II law, Carrefour's lobbying activities in France are entered on the register of interest representatives, which is monitored by France's High Authority for Transparency in Public Life.

2.6.2 Carrefour's duty of care

As a leading food retailer and a key player in the global economy, Carrefour is well aware of its social responsibilities. Carrefour's retail approach and business model are closely linked to the renewability of natural resources, the quality and quantity of agricultural production, the engagement of its employees and the confidence of consumers and all its stakeholders.

For the past 20 years, Carrefour has demonstrated its commitment to the protection of human rights and the environment through partnerships with major NGOs working in these areas, including the WWF for environmental protection (1998), UNI Global Union for working conditions and fundamental freedoms (2001), and the FIDH for human rights (2000).

Carrefour has been a party to the United Nations Global Compact since 2001.

It is also one of the pioneers in implementing practical initiatives to improve environmental and social practices in global supply chains. Such initiatives include its membership in the social clause initiative and the sustainability self-assessment tool for suppliers. These commitments are relayed internally in Carrefour's own business operations and among its external stakeholders.

Carrefour has thus long been committed to preventing the risk of violations of human rights and fundamental freedoms, health and safety, and the environment – the areas addressed by French duty of care law no. 2017-399 of March 27, 2017.

This document constitutes both the duty of care plan required by the new law and the report on its effectiveness. It describes the processes and methods used by Carrefour, the additional measures taken under the duty of care plan, and the policies, actions and performance measures applied in order to deploy the plan.

This approach is based on Carrefour's Ethics Principles, a Code of Conduct setting the framework for the day-to-day behaviour and actions of its employees. The aim is to instil these same principles throughout the global value chain through the Supplier Charter and Ethical Standards Charter, which are an integral part of all purchase contracts for goods and services in all Carrefour's countries of operation.

This commitment is present throughout the Group's various business activities through many other initiatives, including partnerships, dialogue with stakeholders, CSR strategy, and social dialogue. It takes shape through the engagement of the women and men who work for the Carrefour group.

Risk mapping

Risk mapping approach

The risk mapping approach is defined and managed by the Group Risk and Compliance department. The aim is to give management a holistic view of the issues and risks that is as effective, objective and comprehensive as possible.

It addresses risks related to Carrefour's business operations and activities in all countries where it operates or sources products.

It involves internal and external stakeholders in the process of identifying and reviewing the key risks according to their areas of expertise. The first step in the risk mapping process described below therefore involves consulting with the relevant operational staff and with partner NGOs and trade unions.

Lastly, it enables the countries and the relevant internal functions to share a structured process and an ordered view of the risks, and to take a harmonised approach in response to the current regulatory requirements.

Risk mapping process

The compliance risk mapping process comprises two key steps:

- identifying as comprehensively as possible all the risks to which Carrefour exposes the environment and its stakeholders;
- assessing those risks with regard to the probability of occurrence and the severity of potential impacts. The risk is then rated based on a combination of its importance (Carrefour group footprint) and its frequency (recurrence of risk situations);
- the next step is to prevent identified risks.

Carrefour has identified three types of risk:

- risks related to its various business activities;
- risks related to business sectors with which Carrefour interacts regularly;
- risks related to countries in which Carrefour operates or sources certain products.

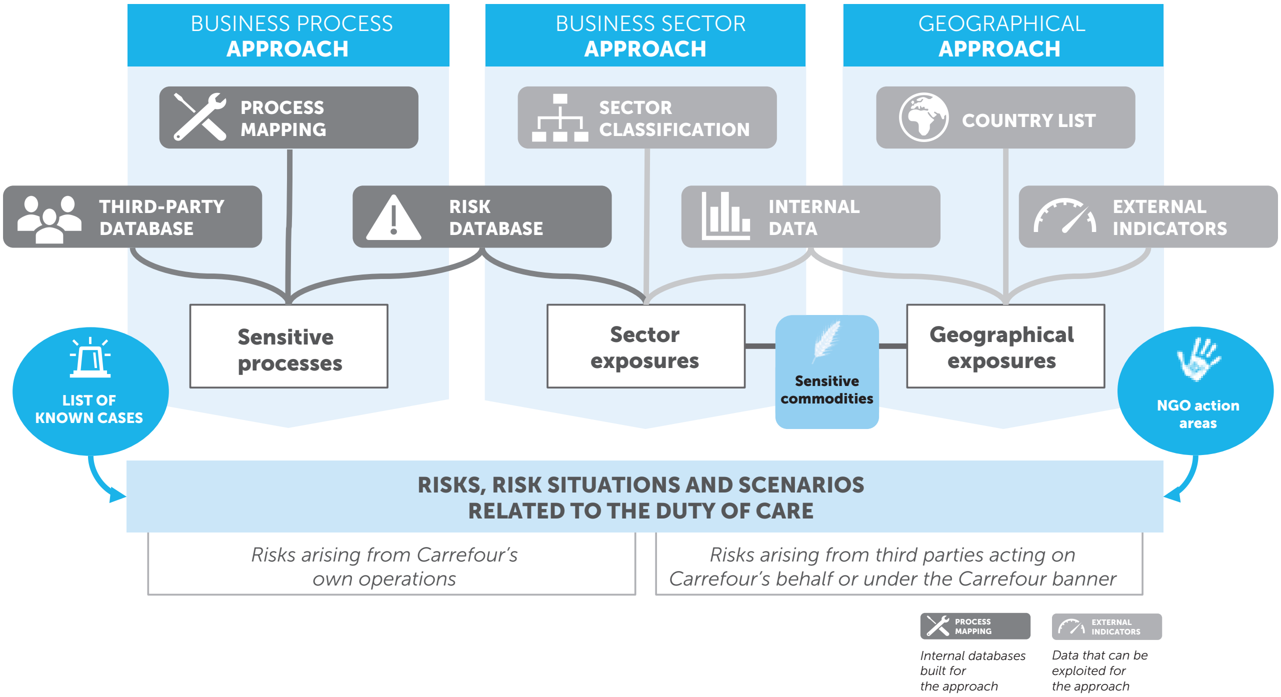
Carrefour uses the following proprietary and shared databases, which are updated regularly, to draw up a comprehensive risk map:

- compliance risk database: the various compliance issues are classified into generic risks, based mainly on the ILO's fundamental conventions for the protection of human rights. For environmental protection, the identified risks include contribution to global warming, water pollution and uncontrolled waste management;
- third-party database: identification and classification of stakeholders into 14 categories, such as public agents, intermediaries, shareholders, employees, media, etc.

Identification and description of risks and risk situations

Identifying risks therefore combines several approaches, which are summarised in the diagram below.

FIGURE 13: IDENTIFICATION OF RISKS AND RISK SITUATIONS



1. The business approach consists in cross-referencing the Carrefour process risk map (more than 400 processes mapped) with the compliance risk database to identify "sensitive processes", and describing the risk situations encountered in these sensitive processes.
2. The geographical approach consists of identifying country risks based on recognised external public indicators.
3. The sector approach (based on the "NAF" business sector classification used in France) consists of supplementing the operational and geographical approaches with:
   - a review of incidents already encountered by the Group or companies operating in comparable or related sectors, through an in-depth analysis of "public cases";
   - internal and external consultations and appraisals;
   - sector and thematic reviews.

This combination of approaches is supplemented by cross-referencing with other information sources, including:

- a regularly updated list of known human rights or environmental violations by companies operating in the retail industry or comparable or related sectors;
- consultations with NGOs actively involved in environmental and human rights issues, and a documented analysis of known actions taken by NGOs that campaign for human rights and the environment in order to identify and cross-reference issues of interest and the main countries concerned.

Each risk situation is therefore assessed for its inherent risk based on the probability of occurrence and the severity of its potential impacts. For example, the existence of previous known cases similar to the situation under review is an aggravating factor with an impact on the probability of occurrence. Geography can also be an aggravating factor for some compliance risks.

Severity is assessed on the basis of five types of potential impact on the Group or its stakeholders: business, financial, legal, human/social and image. Rating scales and assessment indicators are assigned to each of the two assessment criteria.

After assessment, the risk situations and related risks are then ranked in order of importance using a risk classification and ranking grid (minor risks, significant risks or major risks, according to the combination of probability and severity).

Consultation with stakeholders and update

In the risk analysis, Carrefour not only consults its own staff but also draws on the expertise of its partners, FIDH, WWF and the trade unions, to identify risk situations. This risk mapping process is monitored continuously and updated annually, mainly through existing partnerships.

A total of 115 risks were identified and assessed using the method described above, the following have been identified as priority with regard to the requirements of the duty of care law (Figure 14):

FIGURE 14: KEY RISKS RELATED TO HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, HEALTH, SAFETY, AND THE ENVIRONMENT DUE TO THE COMPANY'S OPERATIONS

	No.	Key risks	Category
Health and safety	A.1.	Failure to respect work-life balance	Quality of life in the workplace
	A.2.	Refusal to accommodate reasonable requests for flexible working arrangements (working from home, non-standard hours, working time, etc.)	Quality of life in the workplace
	A.3.	Occupational illnesses	Occupational health
	A.4.	Physical disorders related to working conditions	Occupational health
	A.5.	Failure to take adequate account of arduous work	Occupational health
	A.6.	Health aspect associated with a lack of safety and hygiene in the food processing chain	Consumer safety
	A.7.	Health aspect associated with storage, warehousing management and delivery of products to the consumers	Consumer safety
Human rights and fundamental freedoms	B.1.	Unjustified differences in pay for equivalent work, particularly between men and women	Gender diversity & equal opportunity
	B.2.	Obstruction to cultural diversity	Diversity and anti-discrimination
	B.3.	Inappropriate treatment in the workplace due to religious beliefs or opinions, or freedom of conscience	Diversity and anti-destcrimination
	B.4.	Discrimination due to political or union leanings, particularly regarding promotion	Diversity and anti-discrimination
	B.5.	Obstruction to collective bargaining agreements benefiting employees (social protection, profit-sharing, savings plans, etc.)	Social dialogue
	B.6.	Obstruction to union action and consultation with union representatives	Social dialogue
Environment	C.1.	Environmental impact resulting from agricultural practices or methods used by direct suppliers to select and produce raw materials	Threats to natural heritage and biodiversity
	C.2.	Environmental impact of introducing non-recyclable packaging into the market, particularly plastics	Circular economy
	C.3.	Food and non-food waste due to the generation and non-recovery of waste in warehouses and stores	Uncontrolled energy management
	C.4.	Environmental impact of site, store and warehouse energy consumption	Uncontrolled energy management
	C5	Lack of traceability of raw materials and ingredients used in the products sold	Non-compliance with social commitments
	C.6	Greenhouse gas emissions due to refrigeration and air-conditioning equipment	Climate change

Measures taken to implement the duty of care plan in 2018 and preventive action taken in response to the risks identified are described in the effectiveness report.

Framework and measures for preventing serious violations

Engagement tools shared with employees and partners

Various Codes of Conduct and charters govern the activity of Carrefour's employees (Ethics Principles) and its suppliers, service providers and partners (Supplier Engagement Charter, Franchisee Charter, etc.).

Ethics Principles: Code of Professional Conduct

All employees are given a copy of the Ethics Principles, which new employees are asked to sign. Their purpose is to establish the ethical framework governing the day-to-day activity of all employees.

Everyone is expected to read and be familiar with this framework and to comply with the commitments made in:

- the Universal Declaration of Human Rights;
- the eight fundamental conventions of the International Labour Organization (ILO);
- the guiding principles of the OECD;
- the principles of the UN Global Compact;
- the guiding principles of the United Nations;
- the international agreement with the UNI, renewed in 2015.

The Ethics Principles are to:

- respect diversity;
- contribute to a safe, healthy working environment;

- ensure high-quality employee relations;
- refuse to tolerate any form of harassment or discrimination;
- select and deal with suppliers fairly and impartially;
- develop transparent business relationships;
- respect commitments to partners;
- refuse to engage in any form of collusion or unfair practice;
- assure the safety of people and property;
- safeguard the Company's resources and assets;
- guarantee confidentiality;
- preserve the environment;
- act with integrity, both individually and collectively;
- provide reliable, accurate information;
- avoid conflicts of interests;
- refuse any form of bribery or corruption.

Social, Environmental and Ethical Charters

The Supplier Engagement Charter has been drawn up with Carrefour's partners in compliance with international fundamental principles (*see Ethics Principles above*). It contains nine sections on human rights, ethics and the environment:

1. prohibition of forced or compulsory labour;
2. prohibition of child labour;
3. respect for freedom of association and the right to collective bargaining;
4. prohibition of all forms of discrimination, harassment and violence;
5. workers' health and safety;
6. decent wages, benefits and working conditions;
7. working hours;
8. ethics Principles;
9. respect for the environment.

The charter prohibits clandestine or undeclared subcontracting, and has a cascade effect by requiring suppliers to demand the same social compliance standards of their own suppliers.

In a spirit of reciprocal commitment, the charter does not allow Carrefour to impose any conditions on suppliers that would prevent them from complying with the charter.

The Supplier Engagement Charter forms an integral part of all purchase contracts in all countries.

It also forms the basis for charters aimed at other partners such as suppliers of national brand products, service providers and franchisees.

Sustainability self-assessment

In 2017, the sustainability self-assessment tool initially devised in association with the WWF for Carrefour's own suppliers was made available to other companies *via* the Internet under the name Valorise. The tool enables suppliers to carry out a CSR self-assessment and to improve through the advice given and practical examples provided.

Preventive action in the Group and its subsidiaries

The Group's commitment is embodied in the Ethics Principles, which are signed by all employees. Carrefour has organisational structures, policies and methods in place to ensure that its commitments are adhered to and to prevent violations in its business operations, especially in terms of human rights and fundamental freedoms, health and safety of people, and the environment.

These risk prevention procedures are based on social dialogue, diversity and health & safety policies and an ambitious environmental policy.

Robust, constructive social dialogue

Carrefour is committed to consultation through high-quality internal and external social dialogue in support of individual and collective progress, both at Group level and at country and entity level.

In 2001, Carrefour signed an agreement with the International Union Federation - UNI Global Union, which was renewed in 2015, reflecting its commitment to respect fundamental labour rights in its business operations.

The quality of Carrefour's social dialogue extends beyond mere legal and regulatory requirements and is implemented in all Group host countries and entities. Discussions and consultations with employee or trade union representatives can be organised and coordinated at local, national or transnational level, depending on locally-identified needs. Respect for trade union rights and strong, constructive social dialogue expressed in frequent negotiations and joint agreements mean that staff representatives are present in almost all Group activities.

Diversity policy

Carrefour has long been committed to encouraging diversity and signed the Diversity Charter in 2004. Every year, it makes new commitments confirming its global and local approach to foster respect for fundamental freedoms in the workplace.

The main areas of commitment and action are:

- gender parity throughout the organisation: a target of 40% of women appointed to key positions in the Group by 2025;
- combatting all forms of discrimination: a target of 4% of employees with a declared disability within the Group by 2025;
- support for those who have difficulty finding work.

Health and safety policy

Carrefour complies with the applicable regulations for the prevention of workplace accidents and occupational illnesses in all its countries of operation. With a view to anticipating changes in regulatory requirements, the Group ensures that all its employees understand health and safety rules, provides preventive training on subjects such as in-store safety and posture and movements, and conducts regular employee awareness campaigns.

The Group has procedures in place in its countries of operation and performs regular audits. To reduce the number and severity of workplace accidents, Carrefour also puts risk assessment and prevention at the heart of its health management system. All countries are required to draw up a health, safety and quality of life plan by 2020.

Carrefour's strategy also addresses issues related to the prevention of serious threats and harm to consumer safety in response to the risks identified in the risk map. Procedures are in place to ensure the safety of food and products sold in its stores.

Environmental policy

Carrefour's CSR strategy addresses issues related to the prevention of serious threats and harm to the environment in response to the risks identified in the risk map. Its policies concern activities related to:

- products;
- stores and e-commerce.

Carrefour's supplier listing and responsible purchasing policy is strengthened each year to cover the main ecosystems under threat and gradually encourage all stakeholders, especially those involved in the supply chain, to adopt responsible manufacturing approaches.

Product policies designed to protect biodiversity address the following areas of action, each with its own specific targets:

- making organic food affordable for everyone;
- developing agroecology;
- encouraging sustainable fishing and aquaculture;
- commitment to a circular packaging economy;
- forest protection.

Since 2013, Carrefour has encouraged the various professions, suppliers and customers to adhere to its Antigaspi Plan on combatting waste, its bee conservation plan and its sustainable construction and renovation policy. Carrefour's policies cover **all forms of waste and threat or harm to biodiversity related to its operations**. The stores therefore have reduction targets in the following areas:

- combatting food waste;
- reducing and recycling waste;
- reducing energy consumption and combatting climate change;
- saving water;
- reducing the impact of packaging;
- developing apiculture;
- building and renovating sustainably while protecting biodiversity.

Preventive action at suppliers

Carrefour takes a holistic approach to prevention (training, support and self-assessment) and control over its suppliers (internal and external audits, monitoring action plans) and its partners in order to prevent serious violations. This approach is based on and will evolve in line with the types of risk identified for each country.

Risk prevention: support and self-assessment for suppliers

All contracts include the Supplier Charter, which serves to remind suppliers and service providers of Carrefour's commitments.

Carrefour develops training and awareness tools for its suppliers in partnership with consultants or local NGOs. For example, the "Good Factory Standard" is a practical training manual which is broken down by industry and/or product type (household goods, textiles, wood, leather, etc.) and contains photographs to ensure that all factory workers can understand it, regardless of their geographic location or level of education. Training courses are also given in specific subjects based on the potential risks identified in a country, area or activity.

The self-assessment tool for suppliers (Valorise), which is available online and has been shared with other retail brands since 2017, also helps suppliers to embark on a CSR approach.

Supplier social compliance audits

In countries where a geographical risk has been identified, Carrefour's ultimate aim is to perform social audits on all production facilities that manufacture Carrefour-brand products.

The process comprises several steps:

- a preliminary review by Carrefour of the facility's compliance with social, environmental and basic quality requirements;
- an initial audit, preferably unannounced, performed by an independent firm selected by Carrefour, based on a standard shared with other brands, to determine whether the facility can be listed;
- unannounced follow-up audits performed periodically by an independent firm to validate actions taken;
- specific audits may be performed by an external company or by partners to review specific or one-off incidents involving the facility or the audit firms' practices and procedures.

For suppliers not based in countries identified as at-risk, the audit system is adapted to take account of the risks related to the supplier's business, local problems and practices.

Supplier environmental compliance audits

Environmental audits are performed at the premises of suppliers that manufacture labelled or certified Carrefour-brand products, and where production facilities or processes may present a risk for the environment.

Carrefour implements specific programmes for major identified risks, such as the Clean Water Project in Asia, in order to prevent or remedy industrial pollution risks.

Health and safety issues and water treatment are currently covered by Carrefour's social compliance audit process. Carrefour's teams are in the process of determining their suppliers' vigilance level and methods in terms of overall environmental compliance, based on action already taken.

Carrefour Foundation initiatives to protect fundamental freedoms

Created in 2000, the Carrefour Foundation works to combat exclusion at international level. Thanks to Carrefour's staff and their skills, its efforts are directed at two major areas: emergency humanitarian aid and a socially responsible food transition.

The Foundation's work is aligned with Carrefour's food transition strategy as it helps the weakest and most vulnerable members of society, both in France and abroad, to live with more dignity and to have access to a healthier, balanced and diversified diet.

Since 2018, the Foundation has, for example, supported:

- projects to help the agricultural world shift to more sustainable farming methods;
- anti-waste projects to upgrade substandard products and make them available to the neediest;
- emergency humanitarian aid projects to help people in desperate situations.

Alert and whistleblowing system

Carrefour's partners and employees are all permanent conduits for raising the alert when necessary.

A dispute management procedure is incorporated in the UNI Global Union agreement, enabling complaints made by a trade union representative or a Carrefour employee to be reported to the UNI and Carrefour's management, with assurance that the matter will be dealt with.

Carrefour has also set up its own ethics whistleblowing system that can be used by Group employees or stakeholders to report any situations or behaviour that do not comply with the Group's Ethics Principles. The system covers all the subject matters addressed in the Ethics Principles, and in particular human rights and the environment.

Confidentiality is assured at all stages of the process and Carrefour has pledged not to take any disciplinary action against an employee who reports an ethics issue in good faith. The system helps Carrefour to prevent serious violations of its Ethics Principles and to take the necessary measures when a violation does take place.

It is one of the tools promoted under the agreement between Carrefour and UNI Global Union.

http://ethics.carrefour.com/

Corrective and mitigation programmes for serious violations

Carrefour has developed action programmes adapted to the various situations arising from its operations. These programmes may be deployed at Group or country level, alone or in conjunction with competitors, or as part of the Group's interactions with its suppliers. They also evolve in line with the risk situations identified in the Group's operations, the information reported *via* the ethics alert system and the outcomes of audits performed.

Post-audit corrective action plan

Independent audits and inspections of supplier premises give rise to action plans designed to remedy any violations observed regardless of their severity. The supplier is required to implement each corrective action in the plan before a specified deadline. Compliance with the action plan and implementation deadlines is monitored through follow-up audits.

If a supplier audit report contains a critical non-compliance issue, Carrefour will be informed within 48 hours. These issues mainly concern child labour, forced labour, disciplinary measures, attempted corruption, document falsification and safety conditions threatening the lives of workers. Immediate action is then taken by Carrefour and/or the supplier.

Training or specific support may be provided to suppliers where warranted by the non-compliance issues (see section above on "Risk prevention: support and self-assessment for suppliers").

Collaborative corrective or mitigation actions

Carrefour firmly believes that human rights and the environment are not competitive matters. Wherever it can, the Group seeks to implement a collaborative approach between brands and stakeholders to strengthen the effectiveness of mitigating or corrective actions and to provide a coordinated, structured response to the risks encountered.

In the event of a violation of human rights or the environment, corrective programmes are implemented in conjunction with the stakeholders and local communities concerned, according to the situation facing them.

Two major projects that Carrefour has recently been involved with to mitigate or remedy serious violations are the Clean Water Project and the Accord on Fire and Building Safety in Bangladesh (*http://bangladeshaccord.com*).

2018 duty of care plan effectiveness report

The relevance and completeness of the duty of care plan is evaluated in working meetings with stakeholders, particularly those with expertise in the matters addressed by the plan: WWF® France, FIDH and UNI Global Union. In connection with this assessment, the plan will be revised on an annual basis.

In accordance with the French duty of care law no. 2017-399 of March 27, 2017, an initial report on the effectiveness of measures taken under the plan has been drawn up for 2018. The report is presented in the table below and refers to the Group's policies, action taken in 2018 and the Key Performance Indicators presented in the various sections of this chapter.

Engagement tools shared with employees and partners

	Framework and prevention measures	Effectiveness in 2018
Ethics principles: Code of Professional Conduct	• Introduction of an ethics framework	All employees are given a copy of the Ethics Principles, which new employees are asked to sign.
Social, Environmental and Ethical Charters	• Formal Carrefour Supplier Engagement Charter on human rights, ethics and the environment	See Section 2.4.4 Ensuring our suppliers improve working conditions
Sustainability self-assessment	• Sustainability self-assessment tool to be made available to suppliers	See Section 2.4.4 Promoting CSR in the supply chain

Preventive action in the Group and its subsidiaries

	Framework and prevention measures	Effectiveness in 2018
Robust, constructive social dialogue	• Discussions and consultations with employee and trade union representatives. • Negotiations and collective bargaining agreements. • Presence of staff representatives in the Group's business activities.	See Section 2.5.3 Creating an environment that helps employees to achieve fulfilment – Ensuring high quality labour relations.
Diversity policy	The main commitments involve: • gender equality in the Company; • preventing all forms of discrimination; • support for those who have difficulty finding work.	See Section 2.5.4 Encouraging diversity and equal opportunity – Gender equality. See Section 2.1.3 CSR method – Assessing CSR performance – Food Transition Index.
Health and safety policy	• Prevention of workplace accidents and occupational illnesses. • Awareness campaigns among all staff about health and safety rules. • Preventive training on in-store safety and posture and movements. • Implementation of procedures at country level and regular audits. Deployment of a health and safety plan in all countries. • Product safety.	See Section 2.5.3 Creating an environment that helps employees to achieve fulfilment - innovative actions on quality of life in the workplace. See Section 2.2.1 Commitment to food quality - Guarantee quality and safety of Carrefour products.
Environmental policy	• Develop environmentally friendly products. • Optimise logistics arrangements, distribution activities and non-retail activities to limit their environmental impact.	**Products:** • making organic food affordable for everyone (see Section 2.2.2); • developing agroecology (see Section 2.2.3); • encouraging sustainable fishing and aquaculture (see Section 2.2.5); • commitment to a circular packaging economy (see Section 2.2.6); • action to protect forests (see Section 2.2.7). Formats: • combatting food waste (see Section 2.3.1); • reducing and recovering waste (see Section 2.3.2); • combatting climate change (see Section 2.3.4); • developing apiculture (see Section 2.3.4); • building and renovating sustainably while protecting biodiversity (see Section 2.3.1); • encouraging responsible water consumption (see Section 2.3.2).

Preventive action at suppliers

	Framework and prevention measures	Effectiveness in 2018
Risk prevention: support and self-assessment for suppliers	• Risk prevention (training, support and self-assessment)	Prevention: • responsible relations and dialogue with suppliers (see Section 2.4.2); • sustainability self-assessment tool made available to suppliers (see Section 2.4.3). Local prevention programmes: • organic cotton in India (see Section 2.2.2); • Sea Food Task Force (see Section 2.2.5); • Bangladesh Accord (see Section 2.4.4); • Good Factory Standard (see Section 2.4.4); • Clean Water Project (see Section 2.4.4.); • Better Buying project (see Section 2.4.4).
Supplier social compliance audits	• Defining and documenting purchasing rules to ensure that Carrefour brand suppliers comply with the labour laws. • Developing supplier awareness training and tools.	Social purchasing rules: ensuring our suppliers improve working conditions (see Section 2.4.4). • Purchasing rules. • Risk map by country. • Supplier Engagement Charter. • Social audits. Training and awareness of employees and suppliers: • training in social purchasing rules (see Section 2.2.4); • Good Factory Standard (see Section 2.4.4); • BSCI standard training of employees and suppliers (see Section 2.4.4); • Better Buying project (see Section 2.4.4).
Supplier environmental compliance audits	• Environmental audits at the premises of suppliers that manufacture labelled or certified Carrefour-brand products, and where production facilities or processes may present a risk for the environment. • Inclusion of health and safety issues in Carrefour's social compliance audit process. • Implementation of specific projects for major identified risks.	Environmental audits: • AB certification (see Section 2.2.2); • MSC and ASC certification (see Section 2.2.5); • FSC and PEFC certification (see Section 2.2.7); • Ecolabel certification (see Section 2.4.1). Specific audits and projects: • including the BSCI standard in supplier audit processes (see Section 2.4.4); • including environmental requirements in the Good Factory Standard (see Section 2.4.4); • IPE project to assess the environmental performance of production plants in China (see Section 2.4.4); • Clean Water Project in Asia (see Section 2.4.4); • Partnership for Cleaner Textile in Asia (see Section 2.4.4); • organic cotton – OCA membership (see Section 2.2.2); • Georeferencing of Brazilian beef suppliers (see Section 2.2.7).

Carrefour Foundation initiatives to protect fundamental freedoms

The Carrefour Foundation supports projects that promote the food transition for everyone, as well as initiatives to help the excluded live with more dignity and respect (see Section 2.4.5, Being a socially responsible retailer).

Alert and whistleblowing system

Agreement with UNI Global Union for a dispute management procedure.

A dedicated whistleblowing system for employees and stakeholders: *http://ethics.carrefour.com/*

2.7 Carrefour's non-financial results

2.7.1 Non-financial indicators

PRODUCTS

Commitments	Indicators	2018	2017
Develop agroecology, organic products and fair trade	**Number of Carrefour Quality Lines**	508	464
	Total sales (incl. VAT) of Carrefour Quality Line products *(in millions of euros)*	922.7	838.2
	Number of certified organic food products	3,309	2,566
	Sales (incl. VAT) of organic food products (private label and national brand) *(in millions of euros)**	1,692.6	1,334.0
	Sales (incl. VAT) of organic products (private label and national brand) *(in millions of euros)**	1,762.9	1,386.6
	Number of fair trade products (Carrefour own-brand)	94	74
	Sales (incl. VAT) of fair trade products (own-brand and national brand) *(in millions of euros)*	149.4	152.5
Encourage the sustainable consumption of seafood	**Sales of seafood products labelled MSC and ASC + CQL seafood** *(in millions of euros)*	443.9	310.9
Stop deforestation linked to the procurement of Brazilian beef, paper, palm oil, wood and soybean products by 2020	**% of palm oil sourced from RSPO-certified suppliers**	100	100
	% of palm oil certified as sustainable and fully traced (RSPO Segregated)	*41*	*31.0*
	% of palm oil RSPO certified as "mass balance" (partially traced palm oil)	*34*	*41.7*
	% of palm oil covered by GreenPalm certificates	*25*	*27.3*
	% certified/recycled paper in catalogues	99.9	99.9
	Sales of PEFC- and FSC-certified Carrefour products *(in millions of euros)*	176	102.0
Reduce packaging	**Reduce packaging by 10,000 tonnes by 2025** *(in tonnes)*	-1,867	-940

* *Les chiffres de vente sont reportés sur une année glissante (octobre 2017 - septembre 2018). Le montant des ventes TTC totales de produits bio enannée calendaire 2018 est de 1,8Md€.*

STORES

Commitments	**Indicators**	**2018**	**2017**
Recover waste	**% of waste recovered** (food donations included)	**66.5 (73.2)**	**70.0**
	Recycled waste *(total in thousands of tons)*	479.5	435.5
	Recycled waste – batteries returned by customers *(in thousands of tonnes)*	0.68	0.6
	Recycled waste – other end-of-life products returned by customers *(in thousands of tonnes)*	12.4	11.1
	Number of disposable plastic bags purchased *(in millions)*	683	775
Combat climate change	**% change in CO_2 emissions *versus* 2010** ☑	**-31%**	**-24.4%**
	GHG emissions by source (in thousands of tonnes of CO_2 equivalent) ☑	2,868.6	3,033.8
	Scope 1 (refrigerants, gas and heating oil) (in thousands of tonnes of CO_2 equivalent) ☑	*1,025*	*1,190.0*
	Scope 2 (electricity) (in thousands of tonnes of CO_2 equivalent) ☑	*1,494*	*1,494.7*
	Scope 3 (logistics) (in thousands of tonnes of CO_2 equivalent) ☑	*348.4*	*348.5*
	% change in energy consumption per sq.m. of sales area compared with 2010 ☑	**-18.2%**	**-16.3%**
	In-store energy consumption *(kWh per sq.m. of sales area)* ☑	521.3	529.3
	% change in refrigerant-related CO_2 emissions per sq.m. compared with 2010 ☑	**-47%**	**-37.6%**
	Number of stores equipped with hybrid or all-natural refrigerant system	624	455
	All-natural refrigerants (HFC- or HCFC-free)	*346*	*200*
	Hybrid (a mix of HFC and natural refrigerants)	*278*	*255*
	Quantity of refrigerants refilled following leaks *(kg per 1,000 sq.m. of sales area)* ☑	31.4	37.2
	% change in CO_2 emissions per shipping unit transported compared with 2010 ☑	**-8%**	**-5.3%**
	CO_2 emissions per shipping unit *(kg of CO_2/pallet)* ☑	6.41	6.55
	Amount of water consumed per sq.m. of sales area *(cu.m/sq.m.)*	1.63	1.65
	Amount of water consumed *(cu.m)*	18.4	18.1
	% of water saved in one year per sq.m. of sales area	1.3%	1.2%

☑ *2018 figures subject to reasonable assurance checks.*

CUSTOMERS AND PARTNERS

Indicators		2018	2017
Improve the way our results/actions are communicated to the non-financial community	**RobecoSAM rating**[1]	69	68
	Carbon Disclosure Project – Climate rating	A	A-
	VigeoEiris rating	-	67
Promote CSR in the supply chain and prioritise local suppliers	**% of suppliers fully participating in the CSR self-assessment**	35.3	34
	% of Carrefour-brand food products sold that are sourced from direct national suppliers	70.7	74.0
Ensure that Carrefour's suppliers respect human rights	% of follow-up audits among social audits	58	57
	Number of social audits	1,353	1,452
Be a socially responsible retailer	**Number of meal equivalents donated to food aid associations** *(in millions)*	100.7	109.2
	Foundation budget *(in millions of euros)*	6.75	6.4
	Number of projects supported	73	74
	Number of countries of intervention	9	9

EMPLOYEES

Commitments	Indicators	2018	2017
Act as a responsible employer	Workforce *(total)*	363,862	378,923
	% of managers who are women	41.1	41.5
	% of employees on permanent contracts	90.6	92.1
	% of employees on part-time contracts	26.2	25.2
	Rate of internal promotion *(in %)*	50.0	47.3
	Number of new hires on permanent contracts	69,400	71,167
	Rate of absence due to workplace and travel-related accidents *(in %)*	0.61	0.55
	Number of employees with a disability	12,253	12,561
	% of employees recognised as having a disability	3.4%	3.3%
	Total number of training hours given over the year *(in millions)*[2]	3.7	4.1
	Average number of training hours per employee[2]	11.4	12.3

(1) The evaluation rating system was changed in 2017.
(2) Excl. CH.

2.7.2 Non-Financial Information Statement cross-reference table

This section has been prepared in accordance with Article R. 225-105 of the French Commercial Code.

Article R. 225-105 of the French Commercial Code	Section of the Registration Document
Business model	1.5.10 A business model based on value creation and distribution
Principal risks related to the business	4.8 Risk Management 2.1.3 Carrefour's CSR methodology
Reasonable policies and procedures to prevent, identify and mitigate risks	2.2 Products 2.3 Stores 2.4 Customers and partners 2.5 Employees > sections on "Carrefour's policy"
Outcome of these policies, including Key Performance Indicators.	2.2 Products 2.3 Stores 2.4 Customers and partners 2.5 Employees > sections on "Carrefour's performance"
Reasons for the lack of policy addressing one or more risks	*All risks identified by Carrefour are covered by a policy.* 2.1.3 Carrefour's CSR methodology Figure 4 – Mapping of the Group's risk factors and social issues and associated policies
Labour information	
a) Employment	
• total workforce and breakdown of employees by gender, age and geographic region	2.5.1 Employment • Trends in headcount
• new hires and redundancies	2.5.1 Employment • Carrefour's employment policy
• salaries and salary changes	3.4 Compensation and benefits granted to Company Officers
b) Work organisation	
• organisation of work schedules	2.5.3 Creating an environment that helps employees to achieve fulfilment • Innovative action to improve quality of life in the workplace
• absenteeism	2.5.3 Creating an environment that helps employees to achieve fulfilment • Innovative action to improve quality of life in the workplace
c) Health and safety	
• workplace health and safety	2.5.3 Creating an environment that helps employees to achieve fulfilment • A proactive approach to health and safety
• workplace accidents, particularly their frequency and severity, as well as occupational illnesses	2.5.3 Creating an environment that helps employees to achieve fulfilment • Innovative action to improve quality of life in the workplace
d) Employee relations	
• organisation of workplace dialogue, specifically procedures for notifying, consulting and negotiating with employees	2.5.3 Creating an environment that helps employees to achieve fulfilment • Strong, regular social dialogue and high quality labour relations
• overview of collective agreements, in particular regarding workplace health and safety	2.5.3 Creating an environment that helps employees to achieve fulfilment • Strong, regular social dialogue and high quality labour relations
e) Training	
• policies on training, in particular on environmental protection	2.5.2 Developing employees' skills • Training policy
• total number of training hours	2.5.2 Developing employees' skills • Training policy

Article R. 225-105 of the French Commercial Code	Section of the Registration Document
f) Equal treatment	
• measures taken to promote equal treatment of men and women	2.5.4 Encouraging diversity and equal opportunity • Diversity Charter • Gender equality, a key principle in our workforce • Women Leaders: the programme continues • Combatting violence against women • Gender Equality International Standard certification process (GEEIS)
• measures taken to promote employment of the disabled and their integration into the job market	2.5.4 Encourage diversity and equal opportunity • Individuality as an integral part of disability policy
• anti-discrimination policy	2.5.4 Encouraging diversity and equal opportunity
Environmental information	
a) General environmental policy:	
• organisation of the Company to handle environmental issues and, where applicable, procedures for conducting environmental assessments or certifications	2.1.1 CSR, a core component of the food transition for everyone • Governance of the food transition and CSR
• resources devoted to environmental and pollution risk prevention	2.2.2. Developing affordable organic produce 2.2.3. Developing agroecology 2.2.5. Promoting sustainable fishing and aquaculture 2.2.6. A circular economy for packaging 2.2.7. Action to protect forests 2.3.1. Combatting food waste 2.3.2. Reducing and recovering waste 2.3.3. Reducing greenhouse gas emissions 2.3.4. Developing apiculture 2.3.1 Biodiversity considerations in sustainable construction and renovation 2.3.2 Promoting responsible water consumption
• amount of provisions and guarantees for environmental risks, provided that this information is not likely to seriously harm the Company in the context of pending litigation	None (France)
b) Pollution	
• measures taken to prevent, reduce or redress any discharge into the air, water or soil that has a serious impact on the environment	2.3.3 Combatting climate change
• steps taken to reduce all forms of pollution, in particular noise and light pollution, specific to an activity	2.3.3 Combatting climate change • Combatting transport waste
c) Circular economy	
i) Waste prevention and management	
• measures taken with regard to waste prevention, recycling, reuse and other forms of waste recovery and disposal	2.2.6 A circular economy for packaging; 2.3.2 Reducing and recovering waste
• measures to combat food waste	2.3.1 Combatting food waste
ii) Sustainable use of resources	
• water consumption and water supply based on local requirements	2.3.6 Promoting responsible water consumption
• consumption of raw materials and measures taken to use them more efficiently	2.2.6 A circular economy for packaging
• energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	2.3.3 Combatting climate change
• land use	2.3.5 Biodiversity considerations in sustainable construction and renovation

Article R. 225-105 of the French Commercial Code	Section of the Registration Document
d) Climate change	
main greenhouse gas emissions generated by the Company's business, in particular through the use of the goods and services it produces	2.3.3 Combatting climate change
measures taken to adapt to the consequences of climate change	2.3.3 Combatting climate change
medium and long-term targets set for reducing greenhouse gas emissions and measures taken to achieve them	2.3.3 Combatting climate change
e) Biodiversity protection	
measures taken to preserve or restore biodiversity	2.2.3 Developing agroecology 2.2.5 Promoting sustainable fishing and aquaculture 2.2.7 Action to protect forests 2.3.4 Developing apiculture 2.3.5 Biodiversity considerations in sustainable construction and renovation
Social information	
a) Social commitments to sustainability	
impact of the Company's business on local employment and development	2.3.8 Carrefour's regional responsibility 2.4.2 Building relationships with suppliers to promote the food transition Offering SMEs a different kind of relationship Promoting local suppliers Supporting fair trade
impact of the Company's business on nearby or local populations	2.4.5 Being a socially responsible retailer
relationships and dialogue with stakeholders	2.1.3 Carrefour's CSR methodology Dialogue with stakeholders
partnership and sponsorship activities	2.4.5 Being a socially responsible retailer
c) Subcontracting and suppliers	
attention to social and environmental concerns as a factor in the purchasing policy	2.4.3 Promoting CSR in our supply chain 2.4.4 Ensuring our suppliers improve working conditions
consideration of suppliers' and subcontractors' social and environmental responsibility in dealings with them	2.4.3 Promoting CSR in our supply chain 2.4.4 Ensuring our suppliers improve working conditions
d) Fair practices	
measures taken to promote consumer health and safety	2.2.1 Commitment to food quality
Anti-corruption and tax evasion	
actions taken to prevent corruption	2.1.4. Anti-corruption
actions taken to prevent tax evasion	2.6.1. Fair practices
Actions taken to promote human rights	
g) Promotion of and compliance with the provisions of the International Labour Organization's fundamental conventions regarding	
respect for freedom of association and the right to collective bargaining	2.4.4 Ensuring our suppliers improve working conditions 2.6.2 Framework and measures for preventing serious violations
elimination of discrimination in respect of jobs and professions	
elimination of forced or compulsory labour	
effective abolition of child labour	
b) Other actions taken to promote human rights	2.4.4 Ensuring our suppliers improve working conditions

2.7.3 GRI-G4 cross-reference table

GRI reporting standards	Section of the Regisration Document
Universal standards	
GRI 101: General Principles	**2.7.4 Detailed reporting method for CSR indicators**
GRI 102: General Standard Disclosures	**1. Strategy of the Carrefour group**
Strategy	1. Strategy of the Carrefour group
Ethics	2.6.2 Framework and measures for preventing serious violations ● Ethics Principles: Code of Professional Conduct
Governance	Chapter 3. Corporate Governance
Stakeholder Engagement	2.1.3 Carrefour's CSR methodology ● Dialogue with stakeholders 2.5.3 Creating an environment that helps employees to achieve fulfilment ● Strong, regular social dialogue and high quality labour relations
Report inputs	2.7.1 Non-financial indicators 2.7.3 GRI-G4 cross-reference table 2.7.4 Detailed reporting method for CSR indicators 2.7.5 Independent third-party report on consolidated social, environmental and societal information published in the management report
GRI 103: Management Approach	**2.1.3 Carrefour's CSR methodology** **2.7.4 Detailed reporting method for CSR indicators**
GRI 200: Economic Standards	
201: Economic performance	Chapter 5: Consolidated Financial Statements as of December 31, 2018
202: Market Presence	1.5 Description of the Group's business
203: Indirect Economic Impacts	1.5.10 A business model based on creating shared value 2.3.8 Community responsibility 2.4.5 Being a socially responsible retailer
204: Procurement practices	2.4.2 Building relationships with suppliers to promote the food transition ● Promoting local suppliers
205: Anti-corruption	2.1.4. Anti-corruption
206: Anti-competitive behaviour	1.5 Description of the Group's business
GRI 300: Environmental Standards	
301: Materials	2.2.6 A circular economy for packaging 2.3.1 Combatting food waste
302: Energy	2.3.3. Reducing greenhouse gas emissions ● Reducing in-store energy consumption ● Reducing transport-related emissions
303: Water	2.3.6 Promoting responsible water consumption
304: Biodiversity	2.2.3 Developing agroecology 2.2.4 Guaranteeing for animal welfare 2.2.5 Promoting sustainable fishing and aquaculture 2.2.6 Commitment to a circular packaging economy 2.2.7 Action to protect forests 2.3.5 Biodiversity considerations in sustainable construction and renovation
305: Emissions	2.3.3. Reducing greenhouse gas emissions ● Reducing in-store energy consumption ● Reducing transport-related emissions
306: Effluents and waste	2.3.2 Reducing and recovering waste
308: Supplier environmental assessment	2.4.3 Promoting CSR in our supply chain
GRI 400: Social Standards	
401: Employment	2.5.1 Employment
402: Labour/management relations	2.5.3 Creating an environment that helps employees to achieve fulfilment ● A proactive approach to health and safety

GRI reporting standards	Section of the Regisration Document
403: Occupational health and safety	2.5.3 Creating an environment that helps employees to achieve fulfilment ● A proactive approach to health and safety
404: Training and education	2.5.2 Developing employees' skills ● Training policy
405: Diversity and equal opportunity	2.5.4 Encouraging diversity and equal opportunity
406: Anti-corruption	2.5.4 Encouraging diversity and equal opportunity
407: Freedom of Association and Collective Bargaining	2.5.3 Creating an environment that helps employees to achieve fulfilment ● Strong, regular social dialogue and high quality labour relations
408: Child labour	2.4.4 Ensuring our suppliers improve working conditions
409: Forced or compulsory labour	2.4.4 Ensuring our suppliers improve working conditions
410: Security Practices	2.4.4 Ensuring our suppliers improve working conditions
411: Rights of Indigenous Peoples	No identified cases of indigenous rights violations
412: Human Rights Assessment	2.4.4 Ensuring our suppliers improve working conditions
413: Local communities	2.4.5 Being a socially responsible retailer
414: Supplier Environmental Assessment	2.4.3 Promoting CSR in our supply chain 2.4.4 Ensuring our suppliers improve working conditions
416: Customer health and safety	2.2.1 Commitment to food quality
417: Marketing and Labelling	2.2.1 Commitment to food quality ● Guarantee product transparency and traceability
418: Customer Privacy	4.8.1 Main risk factors and uncertainties

2.7.4 Detailed reporting methodology for CSR indicators

For the preparation of the 2018 management report, the CSR department mobilises the relevant Group departments (Quality, Human Resources, Legal, Marketing, Assets, Sales and Merchandise, and Logistics) and country representatives.

Principles for drawing up the Non-Financial Information Statement

The Carrefour group's Non-Financial Information Statement adheres to the following principles:

- CSR context: Carrefour places its own performance within the context of the social, economic and environmental constraints that weigh upon the Group, and put the resulting data into perspective;
- stakeholders' involvement: By maintaining an ongoing dialogue with stakeholders (customers, employees, franchisees, suppliers, local communities and shareholders), the Carrefour group can anticipate and meet the expectations of its target audiences and prevent risks. Its transparent commitments, and the involvement of its stakeholders in carrying them out, means it can envisage long-term solutions and ensure the engagement of all those concerned. The ongoing dialogues and partnerships are maintained either at a Group level by the CSR department, or at a local level by the countries, the Carrefour banner and the stores;
- materiality: The management report focuses on the social, economic and environmental issues that are most relevant to the Group's operations;
- frequency: Carrefour has produced and published a non-financial report every year for the past 17 years. Since 2012, it has been integrated into the Group's management report;
- clarity: The Carrefour group endeavours to present information that can be easily understood by the greatest number of people, with an appropriate level of detail.

Scope of reporting

Principles applied

Comprehensiveness: the Group strives to be as comprehensive as possible. Its CSR report describes the implementation of its policy in the ten consolidated countries, and the Key Performance Indicators cover 95.7% of the Group's consolidated sales excluding VAT.

Comparability: the scope is clearly explained next to each graph and BUs excluded from the scope are indicated. For figures and changes presented over several years, the report indicates whether calculations are based on comparable Business Units (BUs). If non-comparable BUs are included in the calculation, the items included or excluded compared to the previous year are specified.

Scope of environmental indicators

The scope covers all integrated stores open and operating under the Group banner for the entire reporting period. The scope excludes consumption related to non-Group activities, transport of people, warehouses, franchised stores, head offices and other administrative offices. Any BUs that were sold or closed during the reporting period are not included.

For indicators on non-commercial purchases (*e.g.*, sales and marketing publications) the consumption level of stores opened during the year as well as franchised stores may be included.

The number of square metres of sales area includes all stores open on the first day of the reporting period and does not include storage areas, food preparation areas or the adjacent shopping mall, if applicable.

The same rules regarding scope and environmental indicators apply to Installations Classified for the Protection of the Environment (ICPE) coming under the regulations of stores and other sites.

The ratio used to calculate the number of meal equivalents donated to food aid associations in all Group host countries is 1 meal = 500 g. As Carrefour Spain only has a database in euros, it used the ratio of 1 euro = 1 kg to calculate the quantity of food donated.

Scope of HR indicators

The scope covers all of the Group's BUs and headquarters. Any BUs that were sold or closed during the reporting period are not included.

The Non-Financial Information Statement presented in this chapter encompasses Carrefour Banque and Carrefour Property Development, both of which are covered by Carrefour SA (the parent company).

CSR Indicators

Principles applied

CSR reporting adheres to the following principles:

- **accuracy:** the Carrefour group strives to ensure the accuracy of published data by stepping up the number of manual and automatic internal controls;
- **comparability:** the Group strives to maintain consistency throughout its reports. Figures presented for several years apply the same definition.

Choice of indicators

Since 2003, Carrefour has used indicators associated with its strategic priorities for CSR. These indicators, which are revised over the years, are designed to monitor the commitments and progress made in terms of its environmental and social performance. Each indicator is chosen for its relevance to risks and societal challenges identified by the Group and with regard to its CSR policies.

References used

The information detailed in this section complies with the requirements of French government order no. 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017, providing for a Non-Financial Information Statement as stipulated notably under Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code (*Code de Commerce*). This information concerns the activities of Carrefour SA (the parent company) and all the Group's consolidated companies. Carrefour SA's Non-Financial Information Statement notably covers Carrefour Banque, with risks relating to the banking sector integrated into the risk analysis presented in Section 2.1.

The 2018 management report adheres to the guidelines of the Global Reporting Initiative, the guiding principles of the OECD and the Global Compact's recommendations for "communication on progress" (CoP). Carrefour's CoP is published yearly on the United Nations website (*https://www.unglobalcompact.org/*) and is certified as "Advanced" (since 2014) following a peer review under the aegis of Global Compact France.

A CSR reporting manual stipulating the Group's collection, calculation and consolidation rules is updated each reporting period and distributed to all CSR reporting managers.

Methodology: specificities and limitations

Some environmental and social indicators may have methodology constraints arising from a lack of uniformity between national and international laws and definitions (*e.g.*, regarding work-related accidents) and/or from the qualitative, and therefore subjective, nature of certain data (*e.g.*, indicators linked to purchasing quality, the logistics process, stakeholders and consumer awareness).

In some cases, KPIs may involve an estimation (as with the energy and water consumption indicators, which are calculated on the amount billed at an average price per kWh or cubic metre). If necessary, BUs are required to specify and justify the relevance of assumptions used in making estimates.

Environmental information

CO_2 emissions

To evaluate the CO_2 emissions related to store energy consumption (electricity, gas and heating oil) and refrigerants, conversion factors (of kWh and kg, expressed as kg of CO_2 equivalent) from recognised international bodies, such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) are used. BUs may also use specific national indicators.

In France, the level of emissions related to electricity consumption by BUs is updated annually based on changes made to the electricity supply agreement (50% regulated market/50% open market). In 2018, the biodiesel emission factor was also updated to provide greater precision.

Concerning logistics-related CO_2 emissions, CO_2 emissions related to outbound road transport (shipping of goods between warehouses and stores) are taken into account. A conversion rate equal to 2.6667 kilogrammes of emitted CO_2 per litre of fuel consumed, established with ADEME (French environment and energy management agency), is used. This indicator counts CO_2 emissions related to the transportation of goods between warehouses and stores. The following CO_2 emissions are not taken into account:

- emissions generated during the inbound transport of goods to the warehouse;
- emissions generated by direct deliveries (direct "producer-to-store" transportation of goods without going through a warehouse);
- emissions generated by customer and employee journeys;
- emissions generated by outbound rail transport (mainly in France) and maritime transport.

Note that "store/warehouse" return trips are only taken into account for fleets hired for Carrefour's exclusive use.

Logistics KPI (CO_2 emissions per shipping unit): in the vast majority of cases, CO_2 emissions related to the transport of goods are calculated on the basis of distance travelled since there is no actual data on service providers' fuel consumption and average consumption by type of vehicle. Countries where logistics are handled mainly by suppliers are also excluded from the reporting scope.

Pallets (transport units) used for backhauling are not included in the total number of pallets used in outbound transport.

Energy KPI: the quantity of energy reported corresponds to the quantity purchased and not the quantity actually consumed for heating oil and gas (15% of the energy consumed by the stores).

Water KPI: the quantity of water reported corresponds mainly to the quantity of water purchased. Depending on the country, water collected by some stores through drilling may not be counted when there is no charge for its withdrawal. In addition, in some cases, there is an insignificant overvaluation of consumption (consumption of water for the shopping centre, costs related to and indissociable from the costs of water consumption).

Refrigerants KPI: any leaks that may have occurred prior to a change of equipment are not quantified in the reporting. They correspond to emissions generated between the last maintenance operation and replacement of the unit. The impact is insignificant at Group level thanks to both regular monitoring of the units and the staggered timetable for their replacement. Note that the mass balances are not systematically carried out each time the fluid is reloaded or at year-end. Some BUs purchase and store refrigerants in advance and may include refrigerants still stored in containers in year Y consumption.

Exceptionally, 2017 CO_2 emissions data relating to refrigeration and the quantity of refrigerants refilled following leaks in French hypermarkets were extrapolated based on average leakage during the reporting period for 20% of hypermarkets.

Waste KPI: the chosen reporting scope includes BUs that use waste collection companies which provide information about the tonnage of waste removed. Generally speaking, when waste is collected directly by local authorities, no information is available. When waste is collected and grouped at the warehouses, the corresponding quantities are not systematically included in the reporting.

Considering the methodological limitations outlined above and the difficulties in gathering data, the reporting scope may vary depending on the indicator. For each indicator that pertains to a limited scope, the scope is specified. For analysing any changes in the indicators, we factor out all BUs for which we lack data for one of the comparison years.

Product information

Number of listed organic products: the number of listed organic products reported pertains to the number of organic products labelled by outside third parties found among retailer-branded products whose sales during the year were not zero. The number of Group listed products corresponds to the sum of the listed products sold in each country. With regard to textiles, colours are differentiated but not sizes.

Fair-trade products: since the fair-trade product label does not exist in all countries where the Group operates, this indicator includes unlabelled products for which the procedures used are similar to those required for labelling. This applies in particular to direct purchases of products sold in China.

Brazilian beef: the percentage of geo-referenced tier 2 Brazilian beef is calculated using the number of tier 2 geio-referenced suppliers. The tier 2 suppliers correspond to the slaughterhouses.

Human resources information

Headcount at the end of the period: all company personnel with an employment contract (excluding interns and suspended contracts) on December 31. In China, fixed-term contracts of over tow years are considered as permanent contracts.

Work-related accidents: for some BUs for which data is obtained based on the payroll tool, the number of work-related accidents with time off work is estimated according to the number of hours of absence due to a work-related accident.

Hiring: Belgium student contract hires are not taken into account.

Limitations linked to current legislation: the definition of certain indicators (work-related accidents, absenteeism, and employees declared as disabled workers) is defined by the laws in effect in each country, which may cause discrepancies in the method used.

Methods of data collection, consolidation and control

Reporting period

Reporting is performed once annually for the management report submitted to the Board of Directors for approval.

The period used for annual reporting is the calendar year (January 1 to December 31) for human resources indicators.

Starting in 2012, to meet the requirements of Article 225 of Grenelle II, the indicators corresponding to the stores, merchandise and logistics are now calculated over a 12-month, year-on-year period running from October to September. In the analyses, these figures are considered comparable with the data presented over a calendar year for previous years.

Data collection methods

The system in place is based on dual information reporting that allows for collection of qualitative and quantitative data from the various countries and banners. For qualitative information, best practices applied in the countries are submitted *via* e-mail. In terms of quantitative information, the new BFC application deployed in 2014 is used for the consolidation and reporting of key environmental performance indicators. The Group also uses this application for financial consolidation and reporting although the Carrefour strategy tool is used on an exceptional basis for organic product sales in two countries.

Key social performance indicators are reported through the Group's Human Resources reporting tool. Reporting liaisons identified in each country are responsible for coordinating environmental and social reporting for their respective countries.

Environmental data control methods

The BFC reporting application features automatic consistency checks to prevent data entry errors. It also allows users to insert explanatory comments, which makes auditing and internal control easier. Each reporting manager verifies the data entered before it is consolidated at Group level, with the help of a check-list and control tips that are explained in the definition sheet for each indicator. The Group's CSR department carries out a second level of data control. Inconsistencies and errors that are found are reviewed together with the countries and corrected as needed.

Social data control methods

Social data are locally checked before being entered in the Group human resources tool. The Group's Human resources department carries out a second level of data control. Inconsistencies and errors that are found are reviewed together with the countries and corrected as needed.

External audit

Principle applied: reliability

Quantified data are produced, consolidated, analysed and published. Selected data are subject to verification by an outside third party.

External audit

The reporting procedures have been verified by the external Statutory Auditor, Mazars, appointed as an independent third party. For key performance indicators and information considered most significant, substantive tests have been conducted on the data. Indicators identified with the symbol have been reviewed with reasonable assurance.

2.7.5 Report by the independent third party on the consolidated non-financial statement included in the Group management report

This is a free translation into English of the Independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31st of December 2018

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated non-financial statement for the year ended... (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Management Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators. The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

It is also our responsibility to conclude, in accordance with the Company's demand and out of the accreditation scope, with a reasonable assurance on the fact that the information selected by the Company is presented fairly in accordance with the Guidelines, in all material respect.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory requirements and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the key risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II of the French Commercial Code;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 23% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 5 people between November 2018 and March 2019 and took a total of approximatively 15 weeks.

We conducted around 30 interviews with the people responsible for preparing the Statement, representing in particular CSR, Human Resources and Risk Management Directions.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respect.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

- The publication perimeter of the indicators "Number of training hours", "Frequency rate and severity rate of work accidents" and "Absenteeism rate" does not include data from Carrefour China Hypermarkets and represents 91% of the workforce.

Reasonable assurance report on selected CSR information

Regarding information selected by the Group and identified by the symbol √, we conducted similar work as described in paragraph ""Nature and scope of our work" above for CSR information that we consider to be most significant but of greater depth, especially regarding the number of tests.

The selected sample represents between 71% to 81% of the quantitative environmental data considered as material data of environmental issues information identified by the symbol √.

We deem this work allows us to express a reasonable assurance on the information selected by the company and identified by the symbol √.

Conclusion

In our opinion, the information selected by the Group and identified by the symbol √ were prepared, in all material respects, in accordance with the Guidelines.

Fait à Paris La Défense, le 4 mars 2019

L'organisme tiers indépendant

MAZARS SAS

Edwige REY

Associée RSE & Développement Durable

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(1) Energy consumption in GWh and in kWh/m^2 (primary indicator for the GHG emissions calculation); CO2 emissions from stores energy consumption per m^2; CO2 emissions from refrigerant fluids consumption per m^2; CO2 emissions per transportation unit.

(2) Key Performance Indicators : Percentage of women in management positions; % of women appointed to key positions; Frequency rate of work accidents; Severity rate of work accidents; total number of training hours per employee; % of recycled and valorized waste (food waste included); Share of products sales derived from responsible fishing / fish-farming; % of gross sales of top 10 families of wood/paper/pulp products from responsible forest sources; % of Brazilian beef suppliers georeferenced zero deforestation; % of social audits with alert; % of suppliers participating in the CSR self-diagnostic.

Other information: Workforce and breakdown by gender, age, geographic region and employee category; Total number of hires; Total number of departures; Number of employees with a disability; Sales amount of organic products (controlled and national brand); Sales amount of products from Carrefour Quality Lines; Avoided quantity of packaging waste; Blockchain technology on traceability of products.

(3) Carrefour France Hypermarkets et Supermarkets, Carrefour China Hypermarkets: all information mentioned in 1 and 2 footnotes.

Carrefour Brazil Hypermarkets and Supermarkets : Energy consumption in GWh and kWh/m^2 (primary indicator for the GHG emissions calculation); CO2 emissions from stores energy consumption per m^2; CO2 emissions from refrigerant fluids consumption per m^2; CO2 emissions per transportation unit; % of recycled and valorized waste (food waste included); Share of products sales derived from responsible fishing / fish-farming; % of gross sales of top 10 families of wood/paper/pulp products from responsible forest sources; % of Brazilian beef suppliers georeferenced zero deforestation; % of non-valorized food waste; Sales amount of organic products (controlled and nation brand); Sales amount of products from Carrefour Quality Lines; Avoided quantity of packaging waste; % of women appointed to key positions; Total number of training hours per employee.

Carrefour Spain Hypermarkets and Supermarkets: Energy consumption in GWh and kWh/m^2 (primary indicator for the GHG emissions calculation); CO2 emissions from stores energy consumption per m^2; CO2 emissions from refrigerant fluids consumption per m^2; CO2 emissions per transportation unit; % of recycled and valorized waste (food waste included).

Atacadão Brazil – Carrefour Poland Hypermarkets and Supermarkets – Carrefour Romania Hypermarkets: Energy consumption in GWh and kWh/m^2 (primary indicator for the GHG emissions calculation); CO2 emissions from stores energy consumption per m^2; CO2 emissions from refrigerant fluids consumption per m^2.

3

CORPORATE GOVERNANCE

3.1 Corporate governance code

The Company refers to the AFEP-MEDEF corporate governance code for listed companies (AFEP-MEDEF code), as amended in June 2018. The AFEP-MEDEF code may be consulted at the Company's head office. The corporate governance code may be consulted on the AFEP website (*www.afep.com/en/*) and the MEDEF website (*www.medef.com/en/*).

3.2 Composition, conditions of preparation and organisation of the Board of Directors' work

3.2.1 The Board of Directors

3.2.1.1 Composition of the Board of Directors in 2018

The Board of Directors has nineteen members including two Directors representing employees. The composition of the Board of Directors and its specialised Committees is presented in the following table:

					Duration of appointment				Board of Directors' specialised committees					
Director	Nationality	Age	Gender	Independent	Date of appointment	Date of last renewal	End of term[1]	Other corporate offices[2]	Accounts Committee	Compensation Committee	Appointments Committee	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	French	46	M		07/18/17	06/15/18	2021 AGM	1					■
Philippe Houzé *Lead Director*	French	71	M		06/11/15	06/15/18	2021 AGM	1	☐		☐		☐
Bernard Arnault[5]	French	70	M		07/28/08	06/15/17	2020 AGM	1					
Nicolas Bazire	French	61	M		07/28/08	06/15/18	2021 AGM	4	☐	☐			☐
Jean-Laurent Bonnafé	French	57	M		07/28/08	06/15/17	2020 AGM	1					
Thierry Breton	French	64	M	✓	07/28/08	05/17/16	2019 AGM	2		■			
Flavia Buarque de Almeida	Brazilian	51	F		04/12/17	-	2019 AGM	1			☐		
Stéphane Courbit	French	54	M	✓	06/15/18	-	2021 AGM	-		☐			☐
Abilio Diniz	Brazilian	82	M		05/17/16	-	2019 AGM	1					✷
Aurore Domont	French	50	F	✓	06/15/18	-	2021 AGM	-			☐	■	
Charles Edelstenne	French	81	M	✓	07/28/08	05/17/16	2019 AGM	2		☐	■		
Thierry Faraut[3]	French	48	M		11/23/17	-	2020 AGM	-			☐		
Stéphane Israël	French	48	M	✓	06/15/18	-	2021 AGM	-	■				
Mathilde Lemoine	French	49	F	✓	05/20/11	06/15/18	2021 AGM	1	☐				
Patricia Moulin Lemoine	French	70	F		06/11/15	06/15/18	2021 AGM	-				☐	
Martine Saint-Cricq[3]	French	61	F		10/04/17	-	2020 AGM	-				☐	
Marie-Laure Sauty de Chalon	French	56	F	✓	06/15/17	-	2020 AGM	2				☐	
Lan Yan	French	62	F	✓	06/15/17	-	2020 AGM	-		☐			

(1) Date of the Shareholders' Meeting convened to approve the Financial Statements for the previous financial year.

(2) Other corporate offices held within listed companies (outside the Carrefour group). When several corporate offices are held within listed companies of the same group, they are identified as one sole corporate office.

(3) Director representing employees.

(4) Director from 06/15/18 to 11/07/18

(5) Director until 04/15/19

■ Chairman / ✷Vice-Chairman / ☐ Member

Directors, except Directors representing employees, are appointed by the Ordinary Shareholders' Meeting upon proposal of the Board of Directors on the recommendation of the Appointments Committee. They are appointed for a term of three years.

3.2.1.2 Changes in the composition of the Board of Directors and its specialised Committees in 2018

Changes in the composition of the Board of Directors and its specialised Committees in 2018 are summarised in the following table:

	Departures	Appointments	Renewals

	Departures	Appointments	Renewals
Board of Directors	Georges Ralli* Diane Labruyère-Cuilleret* Bertrand de Montesquiou* Anne-Claire Taittinger* Amélie Oudéa-Castéra*	Stéphane Courbit* Aurore Domont* Stéphane Israël* Amélie Oudéa-Castéra*	Alexandre Bompard Nicolas Bazire Philippe Houzé Mathilde Lemoine* Patricia Moulin Lemoine
Audit Committee	Georges Ralli* Bertrand de Montesquiou* Amélie Oudéa-Castéra*	Stéphane Israël*(1) Amélie Oudéa-Castéra*	-
Compensation Committee	Flavia Buarque de Almeida Anne-Claire Taittinger*	Nicolas Bazire Stéphane Courbit*	-
Appointments Committee	Nicolas Bazire Diane Labruyère-Cuilleret* Bertrand de Montesquiou* Anne-Claire Taittinger* Amélie Oudéa-Castéra*	Charles Edelstenne*(1) Flavia Buarque de Almeida Aurore Domont* Thierry Faraut** Amélie Oudéa-Castéra*	
CSR Committee	Diane Labruyère-Cuilleret* Bertrand de Montesquiou*	Aurore Domont*(1) Martine Saint-Cricq**	-
Strategic Committee	Georges Ralli* Amélie Oudéa-Castéra*	Stéphane Courbit* Amélie Oudéa-Castéra*	-

** Independent Director.*
*** Director representing employees.*
(1) Appointment as Chair of the Committee.

Changes in the composition of the Board of Directors

The Shareholders' Meeting of June 15, 2018 ratified the Board's appointment of Alexandre Bompard as Director on July 18, 2017 and renewed his term of office for three years.

The same Shareholders' Meeting also renewed the terms of office of Patricia Moulin Lemoine, Mathilde Lemoine, Philippe Houzé, Nicolas Bazire and Alexandre Bompard and appointed four new Independent Directors: Amélie Oudéa-Castéra, Aurore Domont, Stéphane Israël and Stéphane Courbit, replacing Diane Labruyère-Cuilleret, Georges Ralli and Bertrand de Montesquiou, whose terms expired at the Shareholders' Meeting to be held on June 15, 2018, and Anne-Claire Taittinger, who announced her decision to step down from the Board of Directors.

On November 7, 2018, Amélie Oudéa-Castéra stood down as Director following her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group.

At its meeting on January 22, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva as Independent Director to replace Amélie Oudéa-Castéra for the remainder of her term of office, i.e., until the Shareholders' Meeting called to approve the Financial Statements for the year ending 2020. Ratification of her appointment will be sought at the Shareholders' Meeting to be held on June 14, 2019.

At its meeting on April 24, 2019, and after acknowledging Bernard Arnault's resignation, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Alexandre Arnault as a Director to replace Bernard Arnault for the remainder of his term of office, i.e., until the Shareholders' Meeting called to approve the Financial Statements for the year ending 2019. Ratification of his appointment will be sought at the Shareholders' Meeting to be held on June 14, 2019. In addition, the Board of Directors decided, on the recommendation of the Appointments Committee, to propose the renewal of the terms of office of Flavia Buarque de Almeida, Abilio Diniz, Thierry Breton and Charles Edelstenne at the Shareholders' Meeting to be held on June 14, 2019.

Changes in the composition of the Board of Directors' specialised Committees

Following the changes in the composition of the Board of Directors made at the Shareholders' Meeting of June 15, 2018, the Board of Directors reviewed the composition of its specialised Committees on the recommendation of the Appointments Committee.

Stéphane Israël (Independent Director) was appointed Chair of the Audit Committee to replace Georges Ralli.

Charles Edelstenne (Independent Director) was appointed Chair of the Appointments Committee to replace Bertrand de Montesquiou. Flavia Buarque de Almeida, Aurore Domont (Independent Director) and Thierry Faraut (Director representing employees) also joined the Appointments Committee to replace Diane Labruyère-Cuilleret, Anne-Claire Taittinger and Nicolas Bazire.

Nicolas Bazire and Stéphane Courbit (Independent Director) joined the Compensation Committee to replace Flavia Buarque de Almeida and Anne-Claire Taittinger.

Aurore Domont (Independent Director) was appointed Chair of the CSR Committee to replace Diane Labruyère-Cuilleret. Martine Saint-Cricq (Director representing employees) also joined the CSR Committee to replace Bertrand de Montesquiou.

Stéphane Courbit (Independent Director) joined the Strategic Committee to replace Georges Ralli.

Lastly, at its meeting of April 24, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva to the Audit Committee and the CSR Committee.

A balanced composition of the Board of Directors

These changes in the composition of the Board of Directors and its specialised Committees were discussed by the Appointments Committee and the Board of Directors as part of the Board renewal process that began in 2017. The addition of two new, younger Directors of different nationalities and with different skills and experience has made the Board more international and expanded its entrepreneurial and digital expertise.

The Board of Directors has 19 members in total, eight of whom are women, thus representing a proportion of 41.2% (this proportion does not include Directors representing employees). Three of the Directors are non-French.

The Board of Directors benefits from the diversity of its Directors' backgrounds, their complementary experience (including retail, financial, industrial, economic, sales, digital and innovation expertise) and, in some cases, their in-depth experience and knowledge of the Group's business, industry and environment both in France and abroad. Directors are present, active and committed, which contributes to the quality of the Board of Directors' deliberations with respect to the decisions it takes. Directors' profiles and their levels of experience and expertise are described in their biographies in Section 3.2.1.4 of this Registration Document.

A balanced composition of the Group Executive Committee

The Group Executive Committee was created on September 22, 2017 and is chaired by Alexandre Bompard, Carrefour's Chairman and Chief Executive Officer. The Committee's role is to strengthen oversight of the Group and closely monitor the implementation of its transformation plan. The Group Executive Committee comprises Group managers and individuals from other horizons who contribute complementary expertise. Upon its creation, it had 14 members, including one woman.

It now has 16 members, including three women.

This change in the composition of the Group Executive Committee reflects, on a broader scale, the progress achieved by Carrefour in addressing the major challenge of ensuring women can reach positions of responsibility. Within one year, the proportion of women on the Group's management team has considerably increased and several women have been appointed to strategic positions within the Group's businesses, outside the Executive Committee.These achievements can be explained primarily by Group policy, which has been focused on gender equality for a number of years, particularly with regards to diversity in the 10% of positions at the highest levels of responsibility. Carrefour introduced the international Women Leaders programme in 2011 to improve diversity and increase the number of women in management positions. This programme embodies several of Carrefour's commitments, including the signature in 2013 of the UN's Women's Empowerment Principles. Carrefour's commitment in this respect is also reflected in the Group's CSR & Food Transition Index, which measures the achievement of the following key indicators: "Women to account for at least 40% of appointments to key positions within the Group by 2025" and "each country to obtain GEEIS certification by 2020" (detailed in Section 2.1.3 of this Registration Document).In 2018, this policy enabled Carrefour to increase the percentage of women in management roles (41.1%), in Director roles (26.5%) and in Senior Director roles (17.7%) (detailed in Section 2.5.4 of this Registration Document).

Designation of Directors representing employees

Following the meeting of the European Works Council (*Comité d'Information et de Concertation Européen Carrefour*) on October 4, 2017 designating Martine Saint-Cricq as a Director representing employees, she joined the Board of Directors on October 18, 2017.

Following the meeting of the Group Committee (*Comité de Groupe français Carrefour*) on November 23, 2017 designating Thierry Faraut as a Director representing employees, he joined the Board of Directors on January 17, 2018.

Their biographies are presented in Section 3.2.1.4 of this Registration Document. As required by law, they have both resigned from their positions as trade union employee representatives.

The Directors representing employees have the same status, rights and responsibilities as the other Directors.

Directors representing employees did not receive any attendance fees in 2018.

The Board of Directors granted Directors representing employees 20 hours of training per year and 15 hours of preparation time per meeting. They received internal training to familiarise them with the role of and rules pertaining to Directors, as well as their rights, obligations and responsibilities in that capacity. Martine Saint-Cricq also received training provided by the French Institute of Directors (*Institut Français des Administrateurs* – IFA) paid for by the Group.

Furthermore, the Board of Directors offered them the opportunity to participate in an integration programme designed to enhance their knowledge of the Group's business and organisation. To this end, they have had interviews with Group Senior managers.

3.2.1.3 Composition of the Board of Directors as of April 24, 2019

					Duration of appointment				Board of Directors' specialised committees					
Director	Nationality	Age	Gender	Independent	Date of appointment	Date of last renewal	End of term(1)	Other corporate offices(2)	Accounts Committee	Compensation Committee	Appointments Committee	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	French	46	M		07/18/17	06/15/18	2021 AGM	1					■
Philippe Houzé *Lead Director*	French	71	M		06/11/15	06/15/18	2021 AGM	1	☐		☐		☐
Claudia Almeida e Silva(4)	Portugaise	45	F	✓	01/22/19	-	2021 AGM	-	☐			☐	
Alexandre Arnault	French	26	M		04/24/19(4)	-	2020 AGM	-					
Nicolas Bazire	French	61	M		07/28/08	06/15/18	2021 AGM	4	☐	☐			☐
Jean-Laurent Bonnafé	French	57	M		07/28/08	06/15/17	2020 AGM	1					
Thierry Breton	French	64	M	✓	07/28/08	05/17/16	2019 AGM	2		■			
Flavia Buarque de Almeida	Brazilian	51	F		04/12/17	-	2019 AGM	1			☐		
Stéphane Courbit	French	54	M	✓	06/15/18	-	2021 AGM	-		☐			☐
Abilio Diniz	Brazilian	82	M		05/17/16	-	2019 AGM	1					✸
Aurore Domont	French	50	F	✓	06/15/18	-	2021 AGM	-			☐	■	
Charles Edelstenne	French	81	M	✓	07/28/08	05/17/16	2019 AGM	2		☐	■		
Thierry Faraut(3)	French	48	M		11/23/17	-	2020 AGM	-			☐		
Stéphane Israël	French	48	M	✓	06/15/18	-	2021 AGM	-	■				
Mathilde Lemoine	French	49	F	✓	05/20/11	06/15/18	2021 AGM	1	☐				
Patricia Moulin Lemoine	French	70	F		06/11/15	06/15/18	2021 AGM	-				☐	
Martine Saint-Cricq(3)	French	61	F		10/04/17	-	2020 AGM	-				☐	
Marie-Laure Sauty de Chalon	French	56	F	✓	06/15/17	-	2020 AGM	2				☐	
Lan Yan	French	62	F	✓	06/15/17	-	2020 AGM	-		☐			

(1) Date of the Shareholders' Meeting convened to approve the Financial Statements for the previous financial year.

(2) Other corporate offices held within listed companies (outside the Carrefour group). When several corporate offices are held within listed companies of the same group, they are identified as one sole corporate office.

(3) Director representing employees.

(4) Date of appointment by the Board of Directors; ratification proposed at the 2019 Shareholders' Meeting.

■ *Chairman* / ✸*Vice-Chairman* / ☐ *Member*

3.2.1.4 Directors' awareness of ethical rules

Each Director must adhere to the Directors' Guide, which includes the rules of conduct and responsibilities to which a Director is bound, in accordance with the applicable legal and regulatory provisions, the Board of Directors' Internal Rules and the recommendations in the AFEP-MEDEF code to which the Company refers.

All Directors are required to independently perform their duties with integrity, loyalty and professionalism. They must act in all circumstances in the Company's interest. When participating in the Board of Directors' deliberations and voting, they do so in their capacity as representatives of the Company's shareholders.

Stock market ethics

The Group has taken into consideration European Regulation No. 596/2014 on market abuse effective since July 3, 2016. This regulation replaces the January 28, 2003 European directive and establishes new rules and measures applicable to listed companies and their Senior managers/Company Officers regarding inside information.

Directors are affected in particular by the regulation regarding the prevention of insider dealing and misconduct, both on a personal level and as regards the duties they perform at companies which are shareholders of the Company, and they must also adhere to the Stock Market Ethics Charter put in place by the Company. Information considered to be sensitive and confidential, as well as information considered to be inside information under the applicable regulation, must therefore be kept confidential. Such information is no longer considered confidential once it is published by the Company through a press release, it being specified that information communicated in this way is no longer considered to be confidential. Directors are also required to refrain from carrying out or attempting to carry out any transactions in Company shares during closed periods, particularly those relating to the publication of annual, half-yearly and quarterly financial information.

Independence criteria

According to the AFEP-MEDEF code, Directors are independent if they have no relationship of any kind with the Company, its Group or its Management that could compromise their freedom of judgement. Thus, an Independent Director must not only be a Non-executive Director, i.e., one not performing any management duties within the Company or its Group, but must also be free of any particular vested interest (as a significant shareholder, employee, or otherwise) in the Company or its Group.

The Board of Directors referred to the following AFEP-MEDEF code criteria in determining a Director's independence:

- not be or have been over the past five years:
  - an employee or Executive Officer of the Company,
  - an employee, Executive Officer or Director of a company that the Company consolidates,
  - an employee, Executive Officer or Director of the Company's parent company or a company that the latter consolidates;
- not to be an Executive Officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an Executive Officer of the Company (currently in office or having held such office over the past five years) is a Director;
- not to be a customer, supplier, investment banker or commercial banker:
  - that is material for the Company or its group, or
  - for which the Company or its group represents a significant proportion of business;
- not to be related by close family ties to a Company Officer;
- not to have been a Statutory Auditor of the Company over the past five years;
- not to have been a Director of the Company for more than 12 years.

Directors representing main shareholders of the Company may be regarded as independent if the relevant shareholder does not exercise any control over the Company. However, beyond a threshold of 10% of the share capital or voting rights, the Board of Directors will, on the recommendation of the Appointments Committee, review the Director's independence taking into account the Company's ownership structure and the existence of any potential conflicts of interest.

Review of Directors' independence

The Board of Directors' Internal Rules require that it conduct an annual review, on the recommendation of the Appointments Committee, of each Director's independence.

In accordance with the AFEP-MEDEF code, and on the recommendation of the Appointments Committee, the Board of Directors conducted the annual assessment of the Directors' independence on April 24, 2019. Of the 19 Directors, nine are deemed to be Independent, i.e., 52.9%, in accordance with the recommendation set out in the AFEP-MEDEF code (this proportion does not include Directors representing employees).

Thus, Claudia Almeida e Silva, Aurore Domont, Mathilde Lemoine, Marie-Laure Sauty de Chalon, Lan Yan, Thierry Breton, Stéphane Courbit, Charles Edelstenne and Stéphane Israël are considered to be Independent Directors.

On the recommendation of the Appointments Committee, the Board of Directors determined that none of the Independent Directors have any material business relationships with the Group, directly or indirectly, that could create a conflict of interests from the point of view of either the Group or the Director concerned. Several criteria were used to determine the materiality of business relationships: the precedence and history of the contractual relationship between the Group and the group within which a Company Director holds a Company office or has executive duties; the existence of arm's length conditions in the contractual relationship; the absence of economic dependence or exclusivity; the non-material nature of the proportion of sales resulting from business relationships between the group concerned and the Carrefour group.

In accordance with the Board of Directors' Internal Rules, Directors express their opinions freely and commit to preserving in all circumstances their independence of analysis, judgement, decision-making and actions. They also undertake to reject any pressure, whether direct or indirect, that could be exerted upon them from other Directors, specific groups of shareholders, creditors, suppliers or any other third party. Each Director shall refrain from seeking or accepting from the Company or its affiliates, directly or indirectly, any advantages that could be considered likely to compromise his or her independence.

The table below shows the position of each Director (except for the Directors representing employees), based on the independence criteria set out in the AFEP-MEDEF code:

Director(1)	**Criterion 1** *Employee or Company officer in the past 5 years*	**Criterion 2** *Cross-directorships*	**Criterion 3** *Significant business relationships*	**Criterion 4** *Family ties*	**Criterion 5** *Statutory Auditors*	**Criterion 6** *In office for more than 12 years*	**Criterion 7** *Non-executive corporate officer*	**Criterion 8** *Main shareholder*
Alexandre Bompard *Chairman and Chief Executive Officer*	X	✓	✓	✓	✓	✓	✓	✓
Philippe Houzé *Lead Director*	✓	✓	✓	X	✓	✓	✓	X
Claudia Almeida e Silva(*)	✓	✓	✓	✓	✓	✓	✓	✓
Alexandre Arnault	✓	✓	✓	✓	✓	✓	✓	X
Bernard Arnault(2)	✓	✓	✓	✓	✓	✓	✓	X
Nicolas Bazire	✓	✓	✓	✓	✓	✓	✓	X
Jean-Laurent Bonnafé	✓	✓	X	✓	✓	✓	✓	✓
Thierry Breton(*)	✓	✓	✓	✓	✓	✓	✓	✓
Flavia Buarque de Almeida	✓	✓	✓	✓	✓	✓	✓	X
Stéphane Courbit(*)	✓	✓	✓	✓	✓	✓	✓	✓
Abilio Diniz	✓	✓	✓	✓	✓	✓	✓	X
Aurore Domont(*)	✓	✓	✓	✓	✓	✓	✓	✓
Charles Edelstenne(*)	✓	✓	✓	✓	✓	✓	✓	✓
Stéphane Israël(*)	✓	✓	✓	✓	✓	✓	✓	✓
Mathilde Lemoine(*)	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Moulin Lemoine	✓	✓	✓	X	✓	✓	✓	X
Amélie Oudéa-Castera(*) (3)	✓	✓	✓	✓	✓	✓	✓	✓
Marie-Laure Sauty de Chalon(*)	✓	✓	✓	✓	✓	✓	✓	✓
Lan Yan(*)	✓	✓	✓	✓	✓	✓	✓	✓

(1) In the table:
✓ signifies an independence criterion that has been met;
X signifies an independence criterion that has not been met.
(*) Independent Director.
(2) Director until 04/15/19
(3) Director from 06/15/18 to 11/07/18

Lead Director

Following its decision to combine the duties of Chairman and Chief Executive Officer, the Board of Directors decided at its meeting on June 21, 2011, to create the position of Lead Director. At its meeting on June 15, 2017, and on the recommendation of the Appointments Committee, the Board of Directors appointed Philippe Houzé as Lead Director. In its decision, the Board of Directors took into consideration the fact that Philippe Houzé does not qualify as an Independent Director. However, given the duties conferred on the Lead Director within Carrefour, the Board of Directors considered that Philippe Houzé was the best person to assure oversight of the Board's practices and procedures and to represent the interests of the shareholders due to his experience in the business sector and in corporate governance, as well as his position as representative of one of the Company's main shareholders.

According to the Board of Directors' Internal Rules, the role of the Lead Director is to assist the Chairman of the Board of Directors in his duties to ensure that the Company's governance bodies are operating correctly. He has particular responsibility for examining situations where there is a real or potential conflict of interest, which could affect Directors or the Chairman of the Board of Directors in respect of the interests of the business, whether this relates to operational projects, strategic management or specific agreements.

Managing conflicts of interest

In accordance with the Board of Directors' Internal Rules, the Directors are also made aware of the rules relating to conflicts of interest. A conflict of interest exists in situations in which a Director or a member of his/her family could personally benefit from how the Company's business is run, or in which the Director or his/her family member could have any type of relationship or connection with the Company, its affiliates or its management that could compromise his/her free exercise of judgement.

Each Director shall endeavour to avoid any conflicts of interest that may exist between his/her moral and material interests and those of the Company.

As soon as they become aware of any situation involving a real or potential conflict of interest with the Company and its affiliates, Directors must inform the Board of Directors and must refrain from participating in such deliberations and from voting on the related resolution.

The Chairman of the Board of Directors may ask the Director not to attend such deliberations. Directors must therefore promptly inform the Chairman of the Board of Directors of any agreement which they or a company of which they are a Director, in which they hold a significant stake, either directly or indirectly, or in which they have a direct interest, entered into with the Company or one of its affiliates, or which has been entered into through an intermediary.

The Chairman of the Board of Directors may at any time, ask the Directors to sign a statement certifying that they do not have any conflicts of interest.

During its meeting on January 17, 2018, the Board of Directors authorised the Group's acquisition of the Carrefour Market business in Charnay-Lès-Mâcon owned by the Labruyère & Eberlé group, on the basis of an independent audit firm report stating that the acquisition cost was fair for Group's shareholders. The Board of Directors has not been asked to issue an opinion regarding any new positions accepted by the Executive Officers in listed companies outside the Group.

Company Officers' statement

There are no family relationships between the Company Officers (Directors, the Chairman and Chief Executive Officer), with the exception of Patricia Moulin Lemoine and Philippe Houzé, who are related by marriage (sister and brother-in-law) .

To the Company's knowledge and as of the date this Registration Document was prepared, in the past five years no Company Officers have been:

- convicted of fraud;
- involved in a case of bankruptcy, receivership or liquidation in their capacity as a Company Officer;
- subject to an official public sanction by statutory or regulatory authorities (including designated professional bodies);
- prevented by a court from acting as a member of a Board of Directors or of a Management or Supervisory Board, or from being involved in an issuer's management or business operations.

To the Company's knowledge and as of the date this Registration Document was prepared, no real or potential conflict of interest has been identified between the duties of any Company Officers (Directors, the Chairman and Chief Executive Officer) with respect to the Company and their private interests and/or other duties than those described in the previous section, "Managing conflicts of interest".

To the Company's knowledge and as of the date this Registration Document was prepared, there are no arrangements or agreements concluded with the main shareholders, customers, suppliers or other parties whereby one of the Company Officers has been selected as a member of one of their Boards of Directors, Management or Supervisory Boards, or as a member of their Executive Management.

To the Company's knowledge and as of the date this Registration Document was prepared, none of the Company Officers are bound to the Company or to one of its affiliates by a service contract.

3.2.1.5 Directors' biographies

Alexandre Bompard

Chairman and Chief Executive Officer

Chairman of the Strategic Committee

Born on October 4, 1972. French.

Number of Company shares owned: 100,000

Date of appointment to the Board of Directors: July 18, 2017

Approval of the Shareholders' Meeting: June 15, 2018

Date of last renewal: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Alexandre Bompard is a graduate of Institut d'Études Politiques de Paris, with a degree in Public Law and a postgraduate degree in Economics. He is also a graduate of École Nationale de l'Administration (ENA) (Cyrano de Bergerac class). After graduating from ENA, Alexandre Bompard joined the French General Inspectorate of Finance (1999-2002). He went on to become the technical advisor to François Fillon, then Minister for Social Affairs, Labour and Solidarity (April-December 2003). From 2004 to 2008, he held several positions within the Canal+ group, notably as Chief of Staff for Chairman Bertrand Méheut (2004-2005) and Director of Sport and Public Affairs (June 2005-June 2008). In June 2008, he was appointed Chairman and Chief Executive Officer of Europe 1 and Europe 1 Sport. In January 2011, Alexandre Bompard joined the Fnac group where he was appointed Chairman and Chief Executive Officer. On June 20, 2013, he launched Fnac's IPO. In the fall of 2015, Fnac offered to take over the Darty group and on July 20, 2016 Alexandre Bompard became Chairman and Chief Executive Officer of the new entity Fnac Darty. He is a *Chevalier de l'Ordre des Arts et des Lettres* (France). Since July 18, 2017, Alexandre Bompard has been Chairman and Chief Executive Officer of Carrefour. In addition, he has chaired the Carrefour Foundation since September 8, 2017.

Alexandre Bompard

Other positions held as of December 31, 2018

In France:

- Chairman of the Board of Directors of the Carrefour Foundation (Carrefour group)
- Director of Orange*
- Member of the Board of Directors of Le Siècle (an independent organisation under French law 1901)

Positions held in the last five years that expired

In France:

- Chairman and Chief Executive Officer (Expiry of term: July 2017), Director and member of the Corporate, Environmental and Social Responsibility Committee of Fnac Darty* (Expiry of term: November 2017)
- Chairman and Chief Executive Officer of Fnac Darty Participations et Services (Expiry of term: July 2017)
- Director of Les Éditions Indépendantes (Expiry of term: 2015)
- Member of the Supervisory Committee of Banijay group Holding (Expiry of term: January 2018)
- Member of the Strategic Committee of Lov Banijay (Expiry of term: January 2018)

Abroad:

- Director of Darty Ltd (United Kingdom) (Expiry of term: July 2017)

** Listed company.*

Claudia Almeida e Silva

Independent Director

Member of the Audit Committee and the CSR Committee

Born on September 24, 1973. Portuguese.

Number of Company shares owned: 0

Date of appointment to the Board of Directors: January 22, 2019

Ratification of the appointment by the Shareholders' Meeting: June 14, 2019

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Claudia Almeida e Silva is Managing Partner of Singularity Capital, an investment fund dedicated to start-ups, and an adviser within the Startup Lisboa incubator.

She began her career in 1997 as a consultant at Coopers & Lybrand in Portugal, then at PricewaterhouseCoopers where she was appointed manager of the Customer Relationship Management (CRM) practice in 1999.

In 2002, Claudia Almeida e Silva joined the Conforama retail group in Portugal, where she served as Commercial Director in charge of Marketing, Supply Chain and Product Management.

In 2005, she joined Fnac, where she became General Manager of the Portuguese subsidiary in 2008 and, from 2013, member of the Group Executive Committee in charge of supervising Spain and Brazil.

She is a graduate of the Lisbon School of Business and Economics, of which she is now an Executive in Residence.

Her in-depth knowledge of the start-up sector and retail experience in Southern Europe and Brazil are valuable assets to support the Group's transformation plan, Carrefour 2022.

Other positions held as of December 31, 2018

Abroad:

- Managing Director of Singularity Capital SA (Portugal)
- Managing Director of Praça Hub Lda (Portugal)

Positions held in the last five years that expired

- Legal manager of Fnac Portugal (Portugal)

Alexandre Arnault

Director

Born on May 5, 1992. French.

Number of Company shares owned: 0

Date of appointment to the Board of Directors: April 24, 2019

Ratification of the appointment by the Shareholders' Meeting: June 14, 2019

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

Alexandre Arnault heads up RIMOWA, a company he brought into the LVMH group and whose integration he has been overseeing since January 2017. Alexandre Arnault began his career in the United States, working in strategy consulting at McKinsey & Company and subsequently in private equity at KKR in New York. He then joined LVMH and the family investment holding company, Groupe Arnault, focusing on innovation in the technology sector. In this capacity, Alexandre Arnault helped to define and implement a strategy to address the rise of e-commerce in the luxury goods industry. He also helped make and monitor numerous investments in technology companies in the United States and in Europe. Alexandre Arnault graduated from École Telecom ParisTech and holds a Master's degree from École Polytechnique.

He brings to the Board of Directors his expertise in technology and e-commerce.

Other positions held as of December 31, 2018

In France:

- Chairman of RIMOWA France Sarl 15
- Chairman of RIMOWA International SAS
- Chairman of 24 Sèvres SAS
- Chairman of Köln Investments

Abroad:

- Managing Director of 110 Vondrau Holding Inc. (Canada)
- Managing Director of RIMOWA Austria GmbH (Austria)
- Managing Director of RIMOWA CZ Spol S.r.o (Czech Republic)
- Managing Director of RIMOWA Distribution, INC (United States)
- Director of RIMOWA Far East Limited (Hong Kong)
- Director of RIMOWA Great Britain, Limited (United Kingdom)
- Managing Director of RIMOWA Group GmbH (Germany)
- Managing Director of RIMOWA Inc (United States)
- Managing Director of RIMOWA Italy Srl (Italy)
- Director of RIMOWA Japan Co Ltd (Japan)
- Director of RIMOWA Macau Ltd (Macau)
- Managing Director of RIMOWA North America Inc (Canada)
- Managing Director and Chairman of the Board of Directors of RIMOWA Schweiz AG (Switzerland)
- Director of RIMOWA Shanghai Commercial and Trading Co (China)
- Director of RIMOWA Spain S.L.U (Spain)

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* *Listed company.*

Nicolas Bazire

Director

Member of the Compensation Committee, Audit Committee and Strategic Committee

Born on July 13, 1957. French.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Nicolas Bazire became Chief of Staff to French Prime Minister Édouard Balladur in 1993. He served as Managing Partner at Rothschild & Cie Banque from 1995 to 1999.

Since 1999, he has served as Chief Executive Officer of Groupe Arnault SEDCS.

Nicolas Bazire brings to the Board of Directors the benefit of his experience as a Director of major multinationals and executive of listed companies, in addition to his expertise in the banking and financial sectors.

Other positions held as of December 31, 2018

In France:

- Chief Executive Officer of Groupe Arnault SEDCS
- Director of LVMH Moët Hennessy-Louis Vuitton (SE)*
- Director, member of the Performance Audit Committee and member of the Nominations and Compensation Committee of Christian Dior (SE)*
- Director and Chairman of the Appointments and Compensation Committee of Atos SE*
- Director and member of the Audit and Accounts Committee, the Appointments Committee, the Governance Committee and the Strategic Committee of Suez SA*
- Director and member of the Compensation Committee of LV group (SA)
- Director of Agache Développement SA
- Director of Europatweb SA
- Deputy Chief Executive Officer and permanent representative of Groupe Arnault, Director of Financière Agache SA
- Director and member of the Compensation Committee of Groupe Les Échos SA
- Vice-Chairman of the Supervisory Board and member of the Appointments Committee of Les Échos SAS
- Member of the Supervisory Committee of Montaigne Finance SAS
- Deputy Chief Executive Officer (Non-Director) and permanent representative of Groupe Arnault, Director of Semyrhamis SA
- Director of Fondation Louis Vuitton (corporate foundation)
- Permanent representative of UFIPAR, Director of Louis Vuitton Malletier (SA)
- Permanent representative of Montaigne Finance, Director of GA Placements SA

Abroad:

- Permanent representative of UFIPAR, Director and Rapporteur (external examiner) on the Finance and Audit Committee of Société des Bains de Mer de Monaco SA* (Monaco)

Positions held in the last five years that expired

In France:

- Director of Financière Agache Private Equity SA (Expiry of term: 2015)

** Listed company.*

Jean-Laurent Bonnafé

Director

Born on July 14, 1961. French.

Number of Company shares owned: 1,030

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: June 15, 2017

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

An engineering graduate of École Polytechnique and École des Mines, Jean-Laurent Bonnafé joined the BNP group in 1993 in the Key Accounts Division.

After being appointed Head of Strategy and Development in 1997, he oversaw the merger process between BNP and Paribas. In 2002, Jean-Laurent Bonnafé was appointed Head of the BNP Paribas group's French Retail Banking Division and French Network manager, and became a member of the BNP Paribas group Executive Committee. On September 1, 2008, he was appointed Deputy Chief Executive Officer in charge of retail banking at the BNP Paribas group.

On December 1, 2011, Jean-Laurent Bonnafé was appointed Chief Executive Officer of BNP Paribas.

Jean-Laurent Bonnafé brings to the Board of Directors the benefit of his experience as an executive and Director of international companies, his knowledge of financial and banking markets, his expertise in equity management and his financial vision of shareholding structures.

Other positions held as of December 31, 2018

In France:

- Chief Executive Officer and Director of BNP Paribas*

Positions held in the last five years that expired

Abroad:

- Director of BNP Paribas Fortis (Belgium) (Expiry of term: 2016)
- Director of BNL – Banca Nazionale del Lavoro (Italy) (Expiry of term: 2014)
- Director of Erbe SA (Belgium) (Expiry of term: 2013)

** Listed company.*

Thierry Breton

Independent Director

Chairman of the Compensation Committee

Born on January 15, 1955. French.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: May 17, 2016

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2018

Experience and expertise

Thierry Breton graduated from École Supérieure d'Électricité (Supelec) in Paris. In 1986, he became Project Manager of the Poitiers Futuroscope theme park. He later served as an advisor to Education Minister René Monory. Thierry Breton also sat on the Poitou-Charentes Regional Council from 1986 to 1992, serving as Vice-Chairman as from 1988. He then joined Bull as Head of Strategy & Development, before being appointed as Deputy Chief Executive Officer. Appointed to Bull's Board of Directors in February 1996, he was later made Vice-Chairman of the Board of Directors and then Chief Executive Officer of the Bull group.

After holding positions as Chairman and Chief Executive Officer of Thomson (1997-2002) and Chairman and Chief Executive Officer of France Telecom (2002-2005).

He served as France's Minister of the Economy, Finance and Industry between February 2005 and May 2007, and taught at Harvard University between 2007 and 2008.

In November 2008, he was appointed Chairman and Chief Executive Officer of Atos.

Thierry Breton brings to the Board of Directors the benefit of his experience as an executive at major multinationals, as well as in the financial sector, in his capacity as former Minister in the fields of finance and governance, which he taught at Harvard (including a corporate social responsibility component). He also lends his experience in the fields of innovation, R&D and digital transformation in his capacity as Chairman of the French National Association for Research and Technology (ANRT).

Other positions held as of December 31, 2018

In France:

- Chairman and Chief Executive Officer of Atos SE*
- Chairman of the Board of Directors of Wordline*
- Chairman of the ANRT
- Member of the Académie des Technologies

Abroad:

- Director of Sonatel* (Senegal)
- Member of the Global Advisory Council of Bank of America Merrill Lynch (United States)

Positions held in the last five years that expired

In France:

- Chairman of the Board of Directors of Bull SA (Expiry of term: 2016)
- Chief Executive Officer of Atos International SAS (Expiry of term: 2014)

Abroad:

- Director of SATS* (Singapore)

** Listed company.*

Flavia Buarque de Almeida

Director

Member of the Appointments Committee

Born on August 4, 1967. Brazilian.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: April 12, 2017

Approval of the Shareholders' Meeting: June 15, 2017

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2018

Experience and expertise

Flavia Buarque de Almeida received her undergraduate degree from Fundaçao Getulio Vargas (1989) and her MBA from Harvard University (1994).

From 1989 to 2003, she was a Consultant and Partner at McKinsey & Company. She has served as an Independent Director of Lojas Renner and as a Director of the Camargo group, which includes Camargo Corrêa, Camargo Corrêa Cimentos (now Intercement), Construções e Comércio Camargo Corrêa, Alpargatas, and Santista Têxtil. She was also Director of the Harvard University Board of Overseers.

From November 2009 to April 2013, she was a Partner with the Monitor group, in charge of its operations in South America. From May 2003 to September 2009, she served as the Managing Director of Participações Morro Vermelho.

Since July 2013, Flavia Buarque de Almeida has served as Managing Director and Partner at Península Capital, where she is responsible for the Private Equity business.

She was a Director at GAEC Educação from October 2014 to October 2017. In addition, she has held the position of Director of W2W E-Commerce de Vinhos SA since August 2016 and of BRF SA since April 2017.

Flavia Buarque de Almeida brings to the Board of Directors the benefit of her experience and knowledge of private equity, as well as her financial vision of shareholding structures, her knowledge in strategy, the mass retail industry and corporate governance, and her international experience. She also lends to the Board of Directors her experience in listed companies and her experience as a Director of national and international listed companies.

Other positions held as of December 31, 2018

In Brazil:

- Managing Director and Partner of Peninsula Capital Participações SA
- Director of W2W E-Commerce de Vinhos SA
- Director of BRF SA*

Positions held in the last five years that expired

In Brazil:

- Director of the Harvard University Board of Overseers (Expiry of term: June 2017)
- Independent Director of Lojas Renner SA* (Expiry of term: 2016)

** Listed company.*

Stéphane Courbit

Independent Director

Member of the Strategic Committee and the Compensation Committee

Born on April 28, 1965. French.

Number of Company shares owned: 7,000

Date of appointment to the Board of Directors: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Stéphane Courbit is a graduate of ISG Paris and IUT Valence. He began his career working for French TV and radio personality Christophe Dechavanne. In 1994, he teamed up with TV producer and anchorman Arthur and created ASP (Arthur Stéphane Production), which produced the long-running TV show *Les Enfants de la Télé*. In 1998, Endemol acquired a stake in ASP, which subsequently changed its name to Endemol France, becoming France's leading audiovisual production company in just a few years. Stéphane Courbit sold his stake in 2006 and left the company in 2007.

The same year, he founded Lov group, a holding company that invests in audiovisual production, luxury hotels, the Internet and energy. The merger between Banijay group and Zodiak in February 2016 put Stéphane Courbit at the helm of one of the largest audiovisual production companies in the world.

Stéphane Courbit is the President of Lov group, a company primarily oriented towards audiovisual production, online betting and luxury hotels.

Stéphane Courbit brings to the Board of Directors the benefit of his extensive experience gained as an entrepreneur in the media and Internet sectors and as the leader of a global company, as well as his skills and expertise in content production and digital media.

Stéphane Courbit

Other positions held as of December 31, 2018

In France:

- President of Lov Group Invest SAS
- Representative of Lov Group Invest SAS, Chairman of Financière Lov
- Representative of Lov Group Invest SAS, Chairman of Banijay Group SAS and Banijay Group Holding SAS, and member of the Supervisory Board of Banijay Group Holding SAS
- Representative of Lov Group Invest SAS, Chairman of Financière Lov, itself Chairman of Banijay Entertainment SAS
- Chairman of Betclic Everest Group SAS
- Representative of Betlic Everest Group SAS, Chairman of Betclic Group SAS
- Representative of Financière Lov, Chairman of Lov Hotel Collection Holding SAS
- Representative of Lov Group Invest SAS, legal manager of Airelles SNC
- Representative of Lov Group Invest SAS, Chairman of Melezin SAS
- Representative of Lov Group Invest SAS, Chairman of Bastide de Gordes & Spa SAS
- Representative of Lov Group Invest SAS, legal manager of Solières SNC
- Representative of Lov Group Invest SAS, Chairman of Lov Sapineaux SAS
- Representative of Lov Group Invest SAS, Chairman of LDH SAS
- Representative of Lov Group Invest SAS, Chairman of Lov Banijay SAS
- Representative of Lov Group Invest SAS, Chairman of Lovestate SAS (Lovestate is also Chairman of Financière Lovestate)
- Representative of Lov Group Invest SAS, Chairman of Mangas Lov SAS
- Representative of Lov Group Invest SAS, Chairman of Ormello SNC
- Representative of Lov Group Invest SAS, Chairman of Choucalov SAS
- Representative of Lov Group Invest SAS, Chairman of Fold Holding SAS
- Legal manager of SCI Parking De La Garonne
- Legal manager of SCI James & Co
- Legal manager of SCI Gordita
- Legal manager of SCI Blancs Mills
- Legal manager of SCI Néva Thézillat
- Legal manager of SARL 5 Thézillat
- Legal manager of SCI Zust
- Legal manager of SCI Les Zudistes
- Legal manager of EURL Zust
- Legal manager of EURL Les Zudistes
- Legal manager of SCI 607
- Legal manager of SCI 611
- Legal manager of SCI Jaysal II
- Legal manager of SCI Minos
- Legal manager of SCI Roux Milly
- Legal manager of SCI ST Le Phare

Positions held in the last five years that expired

In France:

- Chairman of Lov Hotel Collection SAS
- Chairman of Banijay Holding SAS
- Observer of Direct Energie SA*

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* *Listed company.*

Abilio Diniz

Director

Vice-Chairman of the Strategic Committee

Born on December 28, 1936. Brazilian.

Number of Company shares owned: 1,068

Date of appointment to the Board of Directors: May 17, 2016

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2018

Experience and expertise

A seasoned retail professional, Abilio Diniz co-founded Grupo Pão de Açúcar with his father and served as Chairman of the Board of Directors from 1993 to 2013.

He was a member of the Brazilian National Monetary Council between 1979 and 1989.

Abilio Diniz has a degree in Business Administration from Fundação Getúlio Vargas (FGV), and since 2010 has been giving a course at FGV called "Leadership 360º", which aims to train and coach young leaders.

He was Chairman of the Board of Directors of BRF, the world's largest animal protein exporter, from 2013 to 2018 and is currently Chairman of the Board of Directors of the Península group, his family's group of investment companies.

Abilio Diniz brings to the Board of Directors the benefit of his experience and expertise in retail and consumer goods, knowledge of retail business, global strategy, private equity and governance, as well as his financial view of shareholding structures, international knowledge and experience in listed companies and as a Director of national and international listed companies.

Other positions held as of December 31, 2018

In Brazil:

- Director of Atacadão SA* (Carrefour group)
- Chairman and Director of Reco Master Empreendimentos e Participações SA, Peninsula Participações SA, Zabaleta Participações Ltda and Paic Participações Ltda
- Director of Peninsula Capital Participações SA, Ciclade Participações Ltda, Onyx 2006 Participações Ltda, Papanicols Empreendimentos e Participações Ltda, Santa Juliana Empreendimentos e Participações Ltda, Ganesh Empreendimentos e Participações Ltda, Naidiá Empreendimentos e Participações Ltda, Ayann Empreendimentos e Participações Ltda, Chapelco Empreendimentos e Participações Ltda, Adams Avenue Real Estate LLC, Adams Avenue Realty Holding Corporation, Edgewood Real Estate LLC, Edgewood Realty Holding Corporation, Orca SARL, Tarique Limited, and Plenae Comércio e Serviços Para o Bem-Estar EIRELI

Positions held in the last five years that expired

In France:

- Observer of the Board of Directors of Carrefour* (Expiry of term: 2016)

In Brazil:

- Chairman of the Board of Directors of BRF (Expiry of term: 2018)

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* *Listed company.*

Aurore Domont

Independent Director

Chair of the CSR Committee and Member of the Appointments Committee

Born on December 20, 1968. French.

Number of Company shares owned: 0

Date of appointment to the Board of Directors: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Aurore Domont holds a Master's degree in Business Law from Paris I – Panthéon Sarbonne University. She began her career at CEP Communication before joining the Lagardère Publicité group in 1996, where she notably held the position of Deputy Chief Executive Officer in charge of Radio and Press.

In January 2011, Aurore Domont was appointed Executive Director of Prisma Pub, the advertising arm of the Prisma Media group. In August 2013, she became the President of FigaroMedias and a member of the Executive Committee of the Figaro group.

Aurore Domont brings to the Board of Directors the benefit of her experience in global and omni-channel communication strategies and in the digital transformation of businesses. Her work has also given her a solid understanding of various areas of digital technology, including data management, social media, programming, mobile and video.

Other positions held as of December 31, 2018

In France:

- President of FigaroMedias
- President of Social & Stories
- Director of Figaro Classified
- Member of the Board of Directors of SRI
- Member of the Supervisory Board of Mediasquare
- Member of the Supervisory Board of Société du Figaro
- Member of the Supervisory Board of Zebestof
- Member of the Board of Directors of Social & Stories
- Member of the Board of Directors of Touchvibes

Positions held in the last five years that expired

In France:

- Member of the Supervisory Board of Mediasquare

Charles Edelstenne

Independent Director

Chairman of the Appointments Committee and member of the Compensation Committee

Born on January 9, 1938. French.

Number of Company shares owned: 1,157

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: May 17, 2016

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2018

Experience and expertise

A qualified chartered accountant (IFEC graduate), Charles Edelstenne joined Dassault Aviation in 1960 as Head of the Financial Analysis Unit.

He went on to hold posts such as Deputy Secretary General, Secretary General and Executive Deputy Chairman, Economic and Financial Affairs, before being appointed to the Board in 1989. He was elected as Chairman and Chief Executive Officer in 2000, a combined role he held until January 8, 2013.

Founder, Chief Executive Officer and current Chairman of the Board of Directors of Dassault Systèmes SE.

Charles Edelstenne brings to the Board of Directors the benefit of his experience as an executive and Director of multinationals and listed companies, as well as his expertise in finance and his knowledge of digital transformation and innovation.

Other positions held as of December 31, 2018

In France:

- Director and Honorary President of Dassault Aviation SA*
- Chairman of the Board of Directors of Dassault Systèmes SE*
- Honorary President of GIFAS (*Groupement des Industries Françaises Aéronautiques et Spatiales*)
- Chairman of GIMD SAS (Groupe Industriel Marcel Dassault SAS)
- Director of Sogitec Industries SA
- Director of Thales SA*
- Chairman and Chief Executive Officer of Dassault Médias SA
- Chairman of Figaro group
- Director of Groupe Figaro Benchmark SASU
- Manager of ARIE civil partnership
- Manager of ARIE 2 civil partnership
- Manager of NILI civil partnership
- Manager of NILI 2 civil partnership
- Director of Monceau Dumas

Abroad:

- Director of SABCA* (Société Anonyme Belge de Constructions Aéronautiques) (Belgium)
- Director of Dassault Falcon Jet Corporation (United States)
- Director of Banque Lepercq de Neuflize & Co., Inc. (United States)

Positions held in the last five years that expired

In France:

- Chairman and Chief Executive Officer of Dassault Aviation SA* (Expiry of term: 2013)

Abroad:

- Chairman of Dassault Falcon Jet Corporation (United States) (Expiry of term: 2013)
- Chairman of Dassault International Inc. (United States) (Expiry of term: 2013)

** Listed company.*

Thierry Faraut

Director representing employees

Member of the Appointments Committee

Born on May 15, 1970. French.

Date of designation by the Group Committee: November 23, 2017

Date of integration to the Board of Directors: January 17, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

Thierry Faraut joined the Carrefour group in 1996. After two years as an intern, he became a Butchery department manager, first in Lyon, then in Marseille. In 2003, he was named central trade union delegate for Continent France and later for Carrefour hypermarkets in 2006.

In 2010, he oversaw the French national trade union of Carrefour managers (*Syndicat National de l'Encadrement Carrefour* – SNEC) and became trade union delegate for the Carrefour group. He was elected Vice-Chairman of the Distribution Division of the French federation of management trade unions (*Fédération CFE-CGC*) for the food industry in 2011. With SNEC, he participated in partnerships with Carrefour and humanitarian organisations working on behalf of underprivileged children in Senegal and Benin. In addition, he was a member of the Group Committee (*Comité de Groupe français Carrefour*).

Thierry Faraut brings to the Board of Directors the benefit of his experience working directly with customers, his precise knowledge of the Group's store formats and markets and his overall understanding of the mass retail industry. His vision, which takes into account both economic and labour issues, has been shaped by his experience working with trade unions.

Other positions held as of December 31, 2018

- None

Positions held in the last five years that expired

In France:

- Group delegate for SNEC CFE-CGC (Expiry of term: November 2017)
- Trade union representative for SNEC CFE-CGC on the Group Committee (Expiry of term: November 2017)

Philippe Houzé

Lead Director

Member of the Audit Committee, Appointments Committee and Strategic Committee

Born on November 27, 1947. French.

Number of Company shares owned: 3,167

Date of appointment to the Board of Directors: June 11, 2015

Date of last renewal: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Philippe Houzé is Chairman of the Executive Board at Galeries Lafayette, a family-owned group with 125 years of history in fashion, business and retail with brands such as Galeries Lafayette, BHV/MARAIS, La Redoute, Louis Pion, Galeries Lafayette-Royal Quartz Paris, Guérin Joaillerie and BazarChic.

After graduating from INSEAD Business School, Philippe Houzé began his career with Monoprix in 1969. He was appointed Chief Executive Officer of Monoprix in 1982 and Chairman and Chief Executive Officer in 1994, holding the position until November 2012. He was Co-Chairman of the Galeries Lafayette group from 1998 to 2004 and became Chairman of the Executive Board in 2005.

Philippe Houzé is currently Chairman and Chief Executive Officer of the Galeries Lafayette group, France's largest chain of department stores.

With his sales, marketing and fashion industry expertise, he used innovative concepts to transform Monoprix, making it a leading local retailer in town and city centres. As Chairman of the Executive Board of the Galeries Lafayette group, he played a role in making Galeries Lafayette the leading department store in Europe, with the ambition of becoming a benchmark for omni-channel, responsible and innovative business, and promoting the French "Art of Living".

In 2014, Philippe Houzé orchestrated the acquisition of a significant stake in the Carrefour group on behalf of Motier SAS, the Galeries Lafayette family holding company. In 2017, he led the acquisition of 51% of the share capital of La Redoute, with the goal of holding 100% of the shares by 2021. In 2015, Philippe Houzé received the "International Retailer of the Year" award on behalf of Galeries Lafayette from the National Retail Federation (NRF), a prestigious American retail trade association bringing together key global industry players.

As a committed stakeholder in the French economy, Philippe Houzé has made a personal commitment to sustainable development: he has been heavily involved in the regeneration of town and city centres while taking into consideration the Galeries Lafayette group's environmental and social responsibilities. As outlined in his book, *La vie s'invente en ville*, he intends to continue working on behalf of inner city areas and help build a brighter future for the next generations. Following in the footsteps of the Group's founders, Philippe Houzé continues to support Galeries Lafayette's commitment to contemporary art and creation.

He supported the launch of the Fondation d'entreprise Galeries Lafayette, of which he is a Director. The Fondation held its grand opening in March 2018 in the heart of the Marais district in Paris, in a building renovated by Pritzker Prize-winning architect Rem Koolhaas.

He is Chairman of the Supervisory Committee of BHV, a Director of HSBC France and Lead Director at Carrefour. He is also a member of the Carrefour group Audit Committee, Appointments Committee and Strategic Committee.

Philippe Houzé

As part of his strong commitment to the student community, he is Chairman of the Board of ESCP Europe, a Director of Institut Français de la Mode (IFM) and President of the INSEAD France Council, as well as a member of the INSEAD Board of Directors. He is also a member and former Chairman of the Association Internationale des Grands Magasins (AIGM), a former Directo of the National Retail Federation (NRF) in the United States, a member and former Chairman of the Union du Grand Commerce de Centre Ville (UCV), an elected member of the Chamber of Commerce and Industry of Paris Île-de-France (CCIP) and a member of the Association Française des Entreprises Privées (AFEP).

He is Vice-Chairman of the Association Alliance 46.2 Entreprendre en France pour le Tourisme.

Philippe Houzé is a *Commandeur de la Légion d'Honneur, Chevalier de l'ordre des Arts et Lettres et des Palmes Académiques*.

Other positions held as of December 31, 2018

In France:

- Chairman of the Executive Board of Galeries Lafayette
- Chairman of the Supervisory Committee of La Redoute SAS
- President of the INSEAD France Council
- Chairman of Guérin Joaillerie SAS
- Chairman of Motier Domaines SAS
- Vice-Chairman and Chief Executive Officer of Motier SAS
- Vice-Chairman of the Association Alliance 46.2 Entreprendre en France pour le Tourisme
- Director, Chairman of the Appointments Committee and Chairman of Compensation Committee of HSBC France*
- Director of Lafayette Anticipation-Fondation d'entreprise Galeries Lafayette (Founder)
- Chairman of the Supervisory Committee of BHV Exploitation SAS
- Member of the Board of Directors of INSEAD
- Member of the Union du Grand Commerce de Centre Ville (UCV)
- Elected member at the Chamber of Commerce and Industry of Paris Île-de-France (CCIP)
- Chairman of the Board of ESCP Europe
- Director of Institut Français de la Mode (IFM)

Positions held in the last five years that expired

In France:

- Chairman of the Board of Novancia Business School (Expiry of term: 2016)
- Director of IDBYME SA (Expiry of term: 2015)
- Member of the Supervisory Committee of Bazar de l'Hôtel de Ville – BHV SAS (Expiry of term: 2015)
- Observer of the Board of Directors of Carrefour* (Expiry of term: 2015)
- Vice-Chairman of Fondation France INSEAD (Expiry of term: 2014)
- Chairman and member of Union du Grand Commerce de Centre Ville (UCV) (Expiry of term: 2014)
- Permanent representative of Galeries Lafayette SA on the Boards of Directors of Laser and Laser Cofinoga (Expiry of term: 2014)
- Director of Monoprix SA (Expiry of term: 2013)
- Chairman of the Board of Directors of Artcodif SA (Expiry of term: 2013)
- Chairman of Galeries Lafayette Haussmann – GL Haussmann SAS (Expiry of term: 2013)
- Chief Executive Officer of Galeries Lafayette Participations SAS (Expiry of term: 2013)
- Chairman of the Board of Directors of Fondation d'Entreprise Monoprix (Expiry of term: 2013)

Abroad:

- Director of the National Retail Federation (NRF – United States) (Expiry of term: 2013)

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* *Listed company.*

Stéphane Israël

Independent Director

Chairman of the Audit Committee

Born on January 3, 1971. French.

Number of Company shares owned: 1,500

Date of appointment to the Board of Directors: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

Following two years of preparatory classes at the prestigious Henri IV secondary school in Paris, Stéphane Israël began his tertiary studies in 1991 at École Normale Supérieure where he obtained postgraduate and teaching degrees in history (1993-1995) before going on to attend École Nationale d'Administration (ENA) in 1999.

He taught at Harvard University (1994-1995) and Université de Valenciennes in northern France (1997-1998) and worked for the Chairman of the French National Assembly from 1997 to 1998.

In 2001, he joined the *Cour des Comptes* (second chamber), France's Court of Accounts, as an auditor and was appointed as a senior auditor in 2007. In 2004, he contributed to the report on corporate tax competition published by France's Taxation Board. From 2005 to 2007, he worked as an associate professor at École Normale Supérieure (ENS) in Paris and founded and directed a joint programme with the school to prepare students for the ENA entrance exam.

In 2007, Stéphane Israël joined the Airbus group, where he served as advisor to Louis Gallois, CEO of EADS (as the group was known at the time), before holding various operational management positions in the group's space division, including in budget and programme control for the M45/M51 ballistic missile project management unit and in the services segment of the European Global Monitoring for Environment and Safety (GMES) programme.

From 2012 to 2013, he was Chief of Staff to the French Minister for Productive Recovery.

In April 2013, he joined Arianespace SA as Chairman and Chief Executive Officer. He is also the Chairman of Medef International's France-South Korea Business Club and was named a *Chevalier de l'Ordre National du Mérite*.

Stéphane Israël brings to the Board of Directors the benefit of the skills and expertise that he has acquired through his extensive experience in the management of a multinational company, in business strategy and innovation, and in the areas of accounting and finance.

Other positions held as of December 31, 2018

In France:

- Executive Chairman of Arianespace SAS
- Chief Executive Officer of Arianespace Participation SA
- Member of the Executive Committee of ArianeGroup
- Chairman and Chief Executive Officer of Starsem SA
- Chairman and Chief Executive Officer of S3R

Positions held in the last five years that expired

In France:

- Director and member of the Audit Committee of Havas SA
- Director of CDC International Capital
- Chairman and Chief Executive Officer of Arianespace Participation SA
- Chairman and Chief Executive Officer of Arianespace SA

Mathilde Lemoine

Independent Director

Member of the Audit Committee

Born on September 27, 1969. French.

Number of Company shares owned: 2,982

Date of appointment to the Board of Directors: May 20, 2011

Date of last renewal: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

With a PhD in economics, Mathilde Lemoine is an economist specialising in macroeconomic issues and international trade.

She started her career as a teacher and researcher and subsequently held the position of Economist and General Secretary of the *Observatoire Français des Conjonctures Économiques* (OFCE). She later became a member of several ministerial offices for which she helped prepare Ministerial Conferences at the WTO. She was an external examiner (*rapporteur*) for the Expert Conference on the Climate and Energy Contribution (2009) and a member of the Commission for the Liberation of Growth, known as the Attali Commission (2010). She participated in a government task force reporting on the competitiveness drivers of French industry, and contributed her expertise on the French economy. She was a member of the *Conseil d'Analyse Économique* and the *Commission Économique de la Nation*. In 2013, she was appointed to the *Haut Conseil des Finances Publiques* (HCFP) for a five-year renewable term, in which role she analyzes public finance in France and its consistency with European commitments. From 2006 to 2015 she was Director of Economic Research and Market Strategy at HSBC France and Senior Economist at HSBC Global Research.

She is currently Group Chief Economist of Edmond de Rothschild. She joined the group to set up an Economic Research department and lead a team of economists to propse structural analyses, an assessment of short- and medium-term macroeconomic risks and international macroeconomic forecasts. She is also a Professor at Sciences Po and a member of the Board of Directors of École Normale Supérieure (ENS).

Mathilde Lemoine has published numerous books and writes regularly on international macroeconomic issues, monetary policy and financial issues. She recently published work on the investment in human capital, employee mobility and the link between skills and competitiveness. She is a columnist for the weekly news magazines *L'Agefi Hebdo* and *Challenges*. Her latest book is *Les grandes questions d'économie et de finance internationales* (published by Boeck, 3rd edition, 2016).

Mathilde Lemoine brings to the Board of Directors the benefit of her experience as a director of international organisations, her knowledge of financial markets and her expertise in macroeconomics.

Mathilde Lemoine (continued)

Other positions held as of December 31, 2018

In France:

- Member of the Board of Directors of CMA-CGM
- Member of the Board of Directors of Dassault Aviation SA*
- Member of the Board of Directors of Ecole Normale Supérieure

Positions held in the last five years that expired

In France:

- Member of the Haut Conseil des Finances Publiques (Expiry of term: March 2018)
- Member of the Executive Committee of HSBC France* (Expiry of term: 2016)
- Director of Institut Français des Relations Internationales (IFRI) (Expiry of term: 2016)

Abroad:

- Director of Neptune Orient Lines Limited (Expiry of term: September 2016)

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* *Listed company.*

Patricia Moulin Lemoine

Director

Member of the CSR Committee

Born on February 20, 1949. French.

Number of Company shares owned: 1,094

Date of appointment to the Board of Directors: June 11, 2015

Date of last renewal: June 15, 2018

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

Experience and expertise

After graduating from Institut d'Études Politiques de Paris in 1970 with a public service degree, she was admitted as an attorney in 1971 and practiced between 1972 and 2014 with expertise in employment, commercial, intellectual property and family law.

In addition, she taught civil and insurance law to employees of Assurances Générales de France (1977-1994) and labour law at the University of Paris VIII's Sociology department (1985-1992).

Patricia Moulin Lemoine brings to the Board of Directors the benefit of her knowledge of the retail sector, as well as experience in corporate governance and corporate social responsibility.

Other positions held as of December 31, 2018

In France:

- Chief Executive Officer of Motier (SAS)
- Chair of the Supervisory Board of Galeries Lafayette SA
- Vice-Chair of the Supervisory Committee of BHV Exploitation (SAS)
- Chair of Grands Magasins Galeries Lafayette SAS
- Chair of Immobilière du Marais (SAS)
- Member of the Supervisory Board of S2F Flexico
- Vice-Chair of the French-American Foundation France
- Member of the Supervisory Board of Banque Transantlantique

Positions held in the last five years that expired

In France:

- Vice-Chair of the Supervisory Committee of Bazar de l'Hôtel de Ville – BHV (SAS) (Expiry of term: 2015)
- Director of Théatre Labruyère (Expiry of term: 2018)

Martine Saint-Cricq

Director representing employees

Member of the CSR Committee

Born on April 20, 1958. French.

Date of designation by the European Works Council (*Comité d'Information et de Concertation Européen Carrefour*), and Information Committee: October 4, 2017

Date of integration to the Board of Directors: October 18, 2017

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

Martine Saint-Cricq joined the Carrefour group in 1983 as an employee at the Carrefour Labège store. In 1987, she was elected employee representative for the *Force Ouvrière* (FO) trade union.

After being elected to a variety of positions as representative within the Group, she held the position of secretary to the Group Committee. She simultaneously held positions with UNI Europa Commerce, UNI Europa (Women's Conference) and UNI Global Union (World Congress).

Martine Saint-Cricq has also served on the Board of Directors of the Carrefour Foundation since January 19, 2009. Since October 2007, she has been a member of the UNI Europa and UNI Global Union Women's Committees. She has also been a member of the UNI Europa Commerce Steering Committee since June 2011. In addition, until June 2018 she acted as secretary in charge of equality for FGTA FO, a federation of workers in the agriculture, food and tobacco industries in France.

Martine Saint-Cricq brings to the Board of Directors the benefit of her perspective as an employee and her knowledge of the Group, its store formats and markets. Her experience working with trade unions on a national and international level and especially her expertise in equal rights allow her to make a valuable contribution to evaluating these subjects in a multinational environment.

Other positions held as of December 31, 2018

In France:

- Director representing employees at the Carrefour Foundation (Carrefour group)

Positions held in the last five years that expired

In France:

- Member of the Labège Store Committee (Expiry of term: October 2017)
- Member of the Group Committee (Expiry of term: October 2017)
- Member of the Carrefour European Consultation and Information Committee (ECIC) (Expiry of term: October 2017)

Marie-Laure Sauty de Chalon

Independent Director

Member of the CSR Committee

Born on September 17, 1962. French.

Number of Company shares owned: 2,000

Date of appointment to the Board of Directors: June 15, 2017

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

Marie-Laure Sauty de Chalon is a graduate of Institut d'études politiques de Paris and has a degree in law. After working in print media and television, she founded Carat Interactive in 1997.

In 2001, she was Chair and Chief Executive Officer of Consodata North America. Following this experience, in 2004, she became Head of Aegis Media France and Southern Europe.

Between 2010 and 2018, she held the position of Chair and Chief Executive Officer of Auféminin. In July 2018, she founded Factor K, in which the NRJ group subsequently acquired a minority holding. Marie-Laure Sauty de Chalon has also been a member of the French Competition Authority (*Autorité de la concurrence*) since 2014 and teaches at Institut d'études politiques de Paris.

Marie-Laure Sauty de Chalon brings to the Board of Directors the benefit of her digital expertise and experience working internationally in a company which blends online retail and content. Her experience working in a listed company, which is also a start-up, is an asset for achieving digital transformation in large groups.

Other positions held as of December 31, 2018

In France:

- Member of the Supervisory Board of JCDecaux SA*
- Director and member of the Ethics and Sustainable Development Committee of LVMH Moët Hennessy-Louis Vuitton (SE)*
- Member of the Board of the French Competition Authority
- Director of Coorpacademy

Positions held in the last five years that expired

In France:

- Chair and Chief Executive Officer of Auféminin SA*
- Managing Director of Auféminin.com Productions SARL
- Chair of Etoilecasting.com SAS
- Chair of Les rencontres auféminin.com SAS
- Chair of Marmiton SAS
- Member of the Supervisory Board of My Little Paris SAS
- Director of Fondation Nestlé France (Expiry of term: 2015)
- Chair of SmartAdServer SAS (Expiry of term: 2015)
- Director of Fondation PlaNet Finance (Expiry of term: 2013)

Abroad:

- Co-Managing Director of GoFeminin.de GmbH (Germany)
- Director of Sofeminin.co.uk (United Kingdom)

** Listed company.*

Lan Yan

Independent Director

Member of the Compensation Committee

Born on January 17, 1957. French.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: June 15, 2017

Term of office expires: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019

Experience and expertise

Lan Yan obtained a Bachelor's degree in French Literature from the Beijing University of Foreign Languages in 1981, an LLM in Law from Beijing University in 1984 and a Doctorate in Law (PhD) from the Graduate Institute of International Studies in Geneva in 1991. She was a Research Associate at Harvard Law School from 1987 to 1988 and was admitted to the Paris Bar Association in 1994.

In 1991, Lan Yan joined the Beijing office of Gide Loyrette Nouel and became the first female foreign partner in 1997. She has been their Chief Representative since 1998.

She was also an arbitrator for the China International Economic and Trade Arbitration Commission (CIETAC), as well as for the China Committee of the International Chamber of Commerce (ICC).

In April 2011, Lan Yan was appointed Managing Director and Head of Greater China Investment Banking at Lazard.

In addition, she is the French Trade Advisor (CCE) and Honorary Consul of Monaco in Beijing, as well as a *Chevalier de la Légion d'Honneur* (France) and *Chevalier de l'Ordre de Saint-Charles* (Monaco).

Lan Yan brings to the Board of Directors the benefit of her knowledge of the Chinese market and corporate governance, as well as her international experience.

Other positions held as of December 31, 2018

In China:

- Managing Director of Lazard
- Vice-Chair of the China Art Foundation (NGO)
- Member of the Seoul International Business Advisory Council (SIBAC)
- Member of the HEC Paris International Advisory Board
- Director of Etablissement Public du château, du musée et du domaine national de Versailles

Positions held in the last five years that expired

In China:

- Independent Director of China Merchants Bank Co. Ltd (Expiry of term: 2013)
- Member of the International Advisory Board of Moët Hennessy (Expiry of term: 2016)

3.2.2 Operation of the Board of Directors

Conditions of preparation and organisation of the Board of Directors' work

The Board of Directors' Internal Rules set out the conditions under which the work of the Board of Directors is prepared and organised. They supplement the legal and statutory provisions and the recommendations of the AFEP-MEDEF code to which the Company refers.

The Board of Directors' Internal Rules are divided into three chapters, relating to:

- the role, procedures and assessment of the Board of Directors, as well as Directors' compensation;
- the specialised Committees of the Board of Directors and their respective standard rules and guidelines, composition and duties;
- the Directors' rights and responsibilities.

The Board of Directors' Internal Rules aim to organise the work of the Board of Directors and its specialised Committees, define the powers of the Board of Directors and describe the Directors' rights and responsibilities with respect to the corporate governance best practices to which the Board of Directors refers. The Internal Rules are updated by the Board of Directors in order to take into account legal and regulatory changes and corporate governance practices.

Duties of the Board of Directors

The Board of Directors approves the Company's business strategy and oversees its implementation. It examines and decides on major transactions. The Directors are kept informed of changes in the markets and the competitive environment, as well as the key issues that the Company faces, including those related to social and environmental responsibility.

According to its Internal Rules, the Board of Directors' duties include, *inter alia*:

- approving the Company's strategy and overseeing its implementation;
- setting any necessary limits on the powers of the Chairman and Chief Executive Officer;
- in particular, it:
  - conducts any controls and audits it deems appropriate,
  - controls the Company's management methods and verifies the fairness of its Financial Statements,
  - examines and approves the Financial Statements, establishes the agenda for Shareholders' Meetings to which it reports on its activities in the annual report and approves the various statutory and regulatory reports,
  - examines regulated agreements and commitments and gives prior approval;
- ensuring that high-quality financial information and relevant, balanced and instructive information on the Company's strategy, development model and plans for addressing major non-financial issues are provided to shareholders and investors;
- each year, on the recommendation of the Appointments Committee, drawing up the list of Directors qualified as independent, with respect to AFEP-MEDEF code criteria;
- examining the budget once a year and overseeing its implementation.

Frequency of and attendance at Board of Directors and specialised Committee meetings in 2018

The Board of Directors and its specialised Committees met eighteen times in 2018, with an average attendance rate of 95.8%.

18
meetings

95.8%
attendance rate

Director	Board of Directors	Audit Committee	Compensation Committee	Appointments Committee	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	100%	-	-	-	-	100%
Philippe Houzé *Lead Director*	100%	100%	-	100%	-	100%
Bernard Arnault[4]	16.67%	-	-	-	-	-
Nicolas Bazire	83.33%	60%	100%	100%	-	100%
Jean-Laurent Bonnafé	66.67%	-	-	-	-	-
Thierry Breton	66.67%	-	100%	-	-	-
Flavia Buarque de Almeida	100%	-	100%	-	-	-
Stéphane Courbit[1]	100%	-	100%	-	-	-
Abilio Diniz	66.67%	-	-	-	-	100%
Aurore Domont[1]	100%	-	-	-	100%	-
Charles Edelstenne	66.67%	-	100%	-	-	-
Thierry Faraut	100%	-	-	-	-	-
Stéphane Israël[1]	100%	100%	-	-	-	-
Mathilde Lemoine	100%	100%	-	-	-	-
Patricia Moulin Lemoine	83.33%	-	-	-	100%	-
Martine Saint-Cricq	100%	-	-	-	100%	-
Marie-Laure Sauty de Chalon	100%	-	-	-	100%	-
Lan Yan	100%	-	100%	-	-	-
Diane Labruyère-Cuilleret[3]	100%	-	-	100%	100%	-
Bertrand de Montesquiou[3]	66.67%	100%	-	100%	100%	-
Amélie Oudéa-Castéra[2]	100%	50%	-	-	-	-
Georges Ralli[3]	66.67%	100%	-	-	-	100%
Anne-Claire Taittinger[3]	100%	-	100%	100%	-	-

(1) Director since June 15, 2018.
(2) Director from June 15, 2018 to November 7, 2018.
(3) Director until June 15, 2018.
(4) Director until April 15, 2019.

The Board of Directors' Internal Rules stipulate that the Board of Directors meet at least four times a year.

19
members

6
meetings

86.8%
attendance rate

In 2018, the Board of Directors held discussions without the Chairman and Chief Executive Officer's attendance on topics related to his compensation, in accordance with recommendation 17.3 of the AFEP-MEDEF code. The Directors did not express the need to organise additional meetings without the Chairman and Chief Executive Officer, who is the only Executive Director among the Board of Directors' 19 members.

The Board of Directors' work in 2018

Having considered the summaries prepared by the Audit, Appointments, Compensation, CSR and Strategic Committees with respect to their work, the Board of Directors mainly focused its work on the following areas:

- *financial management:*

  The Board of Directors considered the Audit Committee's work throughout the year. After hearing the summary of the Chairman of the Audit Committee and the Statutory Auditors, the Board of Directors approved the annual and half-yearly Company and Consolidated Financial Statements and the related reports and draft press releases. It reviewed the quarterly sales figures and related draft press releases and, on June 15, 2018, implemented the Company's new share buyback programme. It (i) approved forecast management documents, (ii) authorised the issue of non-dilutive cash-settled convertible bonds, (iii) renewed annual authorisations granted to the Chairman and Chief Executive Officer with regard to bond issues and guarantees, and (iv) reviewed the Group's funding policy and commitments;
- *follow-up on the Group's strategy, its activities and its operations:*

  In January 2018, on the recommendation of the Strategic Committee, the Board of Directors approved the "Carrefour 2022" transformation plan and the 2018 budget based on that plan. It was kept informed of progress in the various projects related to the four underlying pillars of the Group's transformation. It also reviewed the situation in countries where the Group operates and authorised the acquisition of the Carrefour Market business in Charnay-Lès-Mâcon owned by the Labruyère & Eberlé group, of which Diane Labruyère is Deputy Chief Executive Officer, on the basis of an independent audit firm report stating that the acquisition cost was fair for Group's shareholders.
  The Board of Directors was informed about the economic and competitive climate, the market performance of the Carrefour share and financial rating issues;
- *corporate governance*:
  - appointments and renewal of Directors' terms of office: on the recommendation of the Appointments Committee, the Board of Directors proposed the appointment of four new Independent Directors at the Shareholders' Meeting of June 15, 2018: Amélie Oudéa-Castéra, Aurore Domont, Stéphane Israël and Stéphane Courbit, replacing Diane Labruyère-Cuilleret, Georges Ralli and Bertrand de Montesquiou, whose terms were not renewed, and Anne-Claire Taittinger, who announced her decision to step down from the Board of Directors to contribute to the Board renewal process initiated at the Shareholders' Meeting of June 15, 2017. At the same meeting, the Board also proposed the renewal of the terms of Patricia Moulin Lemoine, Mathilde Lemoine, Alexandre Bompard, Philippe Houzé and Nicolas Bazire,
  - the Board of Directors also began the search for a new Independent Director to replace Amélie Oudéa-Castéra, who stepped down on November 7, 2018 following her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Group,
  - Directors' independence: in accordance with the AFEP-MEDEF code, and on the recommendation of the Appointments Committee, the Board of Directors conducted the annual assessment of the Directors' independence and analysed the situation of the four new Directors, Amélie Oudéa-Castéra, Aurore Domont, Stéphane Israël and Stéphane Courbit, to qualify them as Independent Directors,
  - composition of the Board of Directors' specialised Committees: following the appointment of new Directors, the composition of the specialised Committees was changed: Aurore Domont was appointed Chair of the CSR Committee and Stéphane Israël as Chair of the Audit Committee. Amélie Oudéa-Castéra was appointed member of the Appointments Committee and the Strategic Committee. Stéphane Courbit was appointed member of the Compensation Committee and the Strategic Committee,
  - amendment of the Board of Directors' Internal Rules: the Board of Directors updated its Internal Rules to increase the maximum number of members per Committee from five to six, and to specify, in accordance with the AFEP-MEDEF code, that Directors representing employees are not taken into account to calculate the proportion of Independent Directors per Committee,
  - market abuse regulation: the six new Directors were individually informed of the Group's adoption of rules and measures, as established by the EU regulation on market abuse, applicable to listed companies and their Executive Officers/Company Officers regarding inside information. Accordingly, they were each given a Stock Market Ethics Charter in the appendix of the Directors' Guide;
- *compensation of Company Officers:*
  - compensation of Georges Plassat, Chairman and Chief Executive Officer until July 18, 2017: Georges Plassat informed that Board that, due to the incomprehension surrounding the financial terms and conditions of his departure, he had decided to waive the benefit of his non-compete clause and the corresponding termination payment. Following this decision, on the recommendation of the Compensation Committee, the Board of Directors reviewed and approved an agreement with Georges Plassat retracting his non-compete benefit,
  - compensation of Alexandre Bompard, Chairman and Chief Executive Officer: on the recommendation of the Compensation Committee, the Board of Directors decided on his compensation package and compensation policy for 2018. On the recommendation of the Compensation Committee, it also approved a change to his non-compete agreement to bring it into line with the new AFEP-MEDEF code recommendations,

  - Directors' compensation: the Board of Directors decided to maintain the annual budget for Directors' attendance fees, which was set at 1,200,000 euros at the Shareholders' Meeting of June 15, 2017, but to change the allocation principles in order to give a much heavier weighting to the variable portion paid to Directors based on their attendance at meetings;
- *CSR:*

  The Board of Directors considered the work of the CSR Committee throughout the year. It was informed of the 2017 CSR results, the results of the "food transition" programmes in each country and priority issues for Carrefour, grouped into the following themes: healthy eating, local, organic, children and babies, increasing fruit and vegetable consumption, transparency and responsible pricing. It analysed the report on the implementation of the global Act for Food campaign and the practices, procedures and work of the Advisory Food Committee. It received additional information on the Group's strategy to combat food waste, and lastly, it reviewed the commitments, analysis and action plans as regards packaging;
- *Shareholders' Meeting of June 15, 2018:*

  The Board of Directors approved the Notice of Meeting, the agenda, the draft resolutions, the Board of Directors' report to the Shareholders' Meeting, and the report of the Chairman of the Board of Directors on corporate governance and internal control and risk management procedures. It set the dividend policy and delegated all powers to the Chairman and Chief Executive Officer to increase the share capital in order to pay out the dividend in new Company shares. It approved the regulated agreements and commitments concluded during the financial year and conducted an annual review of the regulated agreements and commitments that continued during the financial year. In accordance with the "Sapin II" law and the recommendations of the AFEP-MEDEF code, it asked the Shareholders' Meeting to approve the components of compensation due or awarded in respect of 2017 to Georges Plassat, Chairman and Chief Executive until July 18, 2017, and to Alexandre Bompard, Chairman and Chief Executive Officer since July 18, 2017, as well as his compensation policy for 2018. Lastly, it proposed that the Shareholders' Meeting grant it new delegations of authority and powers regarding securities issues, thereby superseding the previous delegations of authority.

Assessment of the Board of Directors

In accordance with its Internal Rules, the Board of Directors frequently assesses its procedures and the fulfilment of its duties. Accordingly, it reviews its operating procedures and the quality of the information published and of its decision-making and discussions, as well as each Director's actual contribution to the work of the Board of Directors and its specialised Committees.

To this end, the Board of Directors has to dedicate an agenda item to these procedures once a year.

At end-2016, a formal assessment of the Board of Directors was carried out by an external consultant under the responsibility of the Appointments Committee. The purpose of this assessment was to evaluate the Board of Directors' operating procedures and the performance of its duties but also to identify the progress made since the assessment performed in December 2013, in order to identify potential areas for improvement.

In January 2017, the analysis of the results was presented to the Board of Directors by the Chairman of the Appointments Committee. In addition to the Directors' active participation in Board of Directors' meetings, the analysis particularly highlighted that the experience and skills of each Director were deemed to be relevant and useful to the Board of Directors' discussions. Moreover, it demonstrated that the Board of Directors has the necessary skills at its disposal to successfully fulfil its strategic objectives.

During 2018, the Board of Directors continued the renewal process that began in 2017 by appointing, on the recommendation of the Appointments Committee, new, younger Directors of different nationalities and with different skills and experience. The Board of Directors has thus become more international and expanded its entrepreneurial and digital expertise.

Given the radical changes in its composition in 2017 and 2018, the Board of Directors considered it too soon to conduct a self-assessment. However, a new formal assessment of the Board of Directors will be conducted by an external consultant under the responsibility of the Appointments Committee in the second half of 2019.

3.2.3 Board of Directors' specialised Committees

The Board of Directors has set up specialised Committees that review any questions submitted to them for their opinion by the Board of Directors or the Chairman of the Board of Directors.

To take into account the nature and specific characteristics of the Company's operations, the Board of Directors created the following specialised Committees:

- the Audit Committee;
- the Compensation Committee;
- the Appointments Committee;
- the CSR Committee;
- the Strategic Committee.

The specialised Committees are made up of Directors appointed by the Board of Directors for the period during which they are in office. During the 2018 financial year, the composition of the specialised Committees was reviewed following the appointment of new Directors (as described in Section 3.2.1.2 of this Registration Document).

These specialised Committees regularly report on their work to the Board of Directors and share with it their observations, opinions, proposals and recommendations. To this end, the Chair of each specialised Committee (or, if they are unavailable, another member of the same specialised Committee) gives an oral summary of their work to the Board of Directors at its upcoming meeting.

Duties of these specialised Committees have not been set up to be delegated powers that have been conferred to the Board of Directors in accordance with legal provisions or the Articles of Association. The specialised Committees have consultative power and conduct their work under the responsibility of the Board of Directors, which alone has statutory decision-making power and which remains collectively responsible for the fulfilment of its duties.

The Chairman of the Board of Directors ensures that the number, duties, composition and operation of the specialised Committees are adapted to the needs of the Board of Directors and best corporate governance practices at all times.

Each specialised Committee, except for the Strategic Committee, is chaired by an Independent Director appointed from among its members.

The secretary of each specialised Committee is an individual selected by its Chair.

These specialised Committees meet as often as necessary on the invitation of their Chair, or at the request of one-half of their members. They may call upon external experts where needed.

The Chair of a specialised Committee may ask the Chairman of the Board of Directors to interview any of the Group's Senior managers regarding issues falling within the specialised Committees' scope, as defined by the Board of Directors' Internal Rules.

3.2.3.1 The Audit Committee

The Audit Committee meets at least four times a year.

Composition

Until November 7, 2018, 60% of the Audit Committee members qualified as Independent Directors within the meaning of the AFEP-MEDEF code (which recommends that at least two-thirds of members be independent). The Board of Directors is satisfied with this composition given the decision to limit the number of Committee members, with two Directors representing the main shareholders, and to enhance the effectiveness of the Committee's work, which requires a high level of expertise in finance and accounting. In addition, the Committee is chaired by an Independent Director.

Following Amélie Oudéa-Castéra's resignation as Director on November 7, 2018 upon her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group, at its meeting on April 24, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva as a member of the Audit Committee in order to maintain a ratio of 60% members defined as Independent Directors within the meaning of the AFEP-MEDEF code.

As of December 31, 2018, the composition of the Audit Committee was as follows:

- Chairman: Stéphane Israël (Independent Director);
- members: Nicolas Bazire, Philippe Houzé, Mathilde Lemoine (Independent Director).

4
members

5
meetings

88%
attendance rate

In accordance with Article L. 823-19 of the French Commercial Code (*Code de commerce*) and the AFEP-MEDEF code, the members of the Audit Committee must have expertise in finance and accounting. In addition to his experience with the French Court of Accounts, the Chairman of the Audit Committee, Stéphane Israël, an Independent Director, has sufficient professional experience in management and direction of international groups to be considered an expert in finance, as described in his biography in Section 3.2.1.4 of this Registration Document. The other members of the Committee, in particular Mathilde Lemoine, Independent Director, also have finance skills derived from their experience, professional background and training as described in Section 3.2.1.4 of this Registration Document.

Duties

The Audit Committee monitors issues relating to the preparation and verification of accounting and financial information. Its main duties are as follows:

- *in respect of the review of the Financial Statements:*
  - it ensures that the accounting methods adopted to prepare the Company and Consolidated Financial Statements are relevant and consistent before they are submitted to the Board of Directors; it monitors the procedures used to prepare the Financial Statements and assesses the validity of the methods used to present material transactions; it ensures that the time frame for providing the Financial Statements and reviewing them is adequate,
  - it monitors the process for preparing financial information and, where applicable, makes recommendations to ensure the integrity of such information; it is provided with the main financial communication documents,
  - it monitors the effectiveness of the internal control, risk management and, where applicable, Group internal audit systems relating to the preparation and processing of accounting and financial information, without compromising its independence; it ensures that such systems are in place and implemented, and that corrective measures are undertaken in the event that any significant failings or anomalies are identified. To this end, the Statutory Auditors and the Group internal audit and risk control managers submit their main findings to the Committee,
  - it consults the Group internal audit and risk control managers and issues its opinion on the organisation of their services. It must be kept informed about the Group internal audit programme and must be provided with the Group internal audit reports or a regular summary of these reports,
  - it examines the risks and material off-balance sheet commitments, assesses the significance of any malfunctions or failings of which it is informed and notifies the Board of Directors thereof; to this end, the review of the Financial Statements must be accompanied by a presentation prepared by Executive Management describing the Company's risk exposure and its material off-balance sheet commitments, as well as a presentation prepared by the Statutory Auditors highlighting both the key findings of their statutory audit, including any audit adjustments and significant internal control failings identified during their engagement, and accounting options applied; it examines the section of the report of the Chairman of the Board of Directors to the Shareholders' Meeting covering internal control and risk management procedures,
  - it regularly reviews the mapping of the Group's main risks that may be reflected in the accounts or which have been identified by Executive Management and may have an impact on the Financial Statements; it takes note of the main characteristics of the risk management systems and the results of their operations, drawing in particular on the work of the internal audit and risk control managers and the Statutory Auditors,
  - it examines the scope of consolidation and, where applicable, the reasons why certain companies are not included in said scope;
- *in respect of relations with the Statutory Auditors:*

  The Statutory Auditors must submit to the Audit Committee:
  - their general work programme and the sampling procedures used,
  - their proposed amendments to the Financial Statements or accounting documents and their comments on the assessment methods used,
  - any irregularities or inaccuracies they have identified,
  - the conclusions of the comments and amendments with regard to the results of the period compared with those of the previous period,
  - an additional audit report prepared in accordance with the regulations in force setting out the findings of the statutory audit, by no later than the date of submission of the audit report.

  The Committee consults with the Statutory Auditors, in particular during the meetings covering the review of the process for preparing the financial information and reviewing the Financial Statements, to enable them to report on the performance and findings of their engagement. The Statutory Auditors accordingly inform the Committee of the main areas of risk or uncertainty regarding the Financial Statements they have identified, their audit approach and any difficulties they encountered during their engagement.

  They also inform the Committee of any significant internal control failings they have identified during their engagement concerning the procedures relating to the preparation and processing of accounting and financial information;
- *in respect of the rules governing the independence and objectivity of the Statutory Auditors:*
  - it recommends the Statutory Auditor selection process to the Board of Directors and oversees said process. If a tendering procedure is used, the Committee supervises the procedure and validates the specifications and choice of firms consulted; it submits a recommendation to the Board of Directors on the Statutory Auditor(s) proposed by the Shareholders' Meeting and also submits a recommendation to the Board of Directors at the time when the terms of office of the Statutory Auditor(s) are to be renewed, in accordance with the regulations in force,
  - it monitors the performance of the Statutory Auditors' engagement; it considers the findings and conclusions of the French High Council of Statutory Auditors (*Haut Conseil du Commissariat aux Comptes*) following the audits carried out in accordance with the regulations applicable to Statutory Auditors,
  - it ensures that the Statutory Auditors comply with the independence conditions set out in the applicable regulations; it analyses, alongside the Statutory Auditors, the risks to their independence, including those relating to the amount and breakdown of their fees and the measures taken in order to protect against and mitigate these risks; it

  also ensures that the Statutory Auditors comply with the conditions relating to the acceptance or the performance of their engagement and obtains from the Statutory Auditors an annual statement attesting to their independence and detailing the amount and breakdown, by category of engagement, of the fees paid to them during the financial year,
  - it approves the provision of any non-prohibited non-audit services by the Statutory Auditors, such as those provided for in the applicable regulations.

  The Committee regularly reports to the Board of Directors on the performance of its duties. It also reports to the Board of Directors on the findings of the Statutory Audit engagement, how this engagement has contributed to the integrity of the financial information and the role it has played in this process, and immediately informs it of any difficulties encountered;

- *interviews:*

  For all issues related to the performance of its duties, the Audit Committee may interview the Group's audit and accounting managers, as well as the Group internal audit and risk control managers without any other members of the Company's Executive Management in attendance, if it deems it appropriate. The Chairman of the Board of Directors must be informed of this in advance.

  The Audit Committee may call on external experts as necessary.

2018 principal activities

During the course of the five meetings of the Audit Committee, the following main topics were reviewed:

- *in respect of the review of the Financial Statements:*
  - review of the draft Company and Consolidated Financial Statements for the financial year ended December 31, 2017 and related reports,
  - review of the half-yearly Consolidated Financial Statements and the related report,
  - review of disputes and risks as part of the analysis of provisions,
  - results of goodwill impairment tests,
  - Group operations and results in 2017; impacts of reorganisation and productivity measures under the Carrefour 2022 transformation plan on the Consolidated Financial Statements for the year ended December 31, 2017,
  - dividend recommendation for 2017,
  - progress report on IFRS 16 on leases, due to be implemented in 2019,
  - impacts of applying IFRS 9 on financial instruments and IFRS 15 on revenue recognition,
  - impacts of applying IAS 29 (hyperinflationary economies) in Argentina,
  - hard-close procedures,
  - review of the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information for the year ended December 31, 2017;
- *in respect of internal control:*
  - follow-up on the Group Internal audit department's tasks,
  - the Group's 2018-2019 financing policy and credit rating,
  - review of risk mapping, including IT risks,
  - strengthening of internal governance (review of the practices and procedures of the Group Investment Committee) and its roll-down to country level;
- *in respect of compliance with regulations:*
  - review of work done to ensure compliance of internal procedures with:
    - European Regulation No. 2016/679 on data protection (GDPR),
    - the "Sapin II" law on transparency, combatting corruption and modernisation of economic life;
- *in respect of relations with the Statutory Auditors:*
  - follow-up on the Statutory Auditors' audit process,
  - review of non-audit services provided by the Statutory Auditors, as governed by the applicable regulations.

3.2.3.2 The Compensation Committee

The Compensation Committee meets as often as necessary.

Composition

A majority of the members of the Compensation Committee qualify as Independent Directors, in accordance with the provisions of the AFEP-MEDEF code.

As of December 31, 2018, the composition of the Compensation Committee was as follows:

- Chairman: Thierry Breton (Independent Director);
- members: Nicolas Bazire, Charles Edelstenne (Independent Director), Stéphane Courbit (Independent Director) and Lan Yan (Independent Director).

5
members

2
meetings

100%
attendance rate

Duties

The Compensation Committee is responsible for formulating proposals on the various components of compensation paid to Directors (in particular with regard to the total amount of attendance fees and the allocation procedures) and to Executive Officers.

It is responsible for reviewing all issues relating to the personal status of the Executive Officers, including compensation, pension and death & disability benefits, benefits in kind and the provisions governing the termination of their term of office.

It is mainly in charge of formulating proposals on decisions to grant stock options (to subscribe and/or purchase Company shares) to Executive Officers and all or some of the salaried employees of the Company and its affiliates in accordance with the Shareholders' Meeting authorisations.

It examines the conditions under which options are granted and provides a list of beneficiaries of options and the number of options allocated to each of them. It formulates proposals determining the characteristics of options, such as the subscription and/or purchase price of shares, their duration, any applicable conditions on the exercise of the options and the relevant procedures.

It is also responsible for formulating proposals on the free allocation of existing or new shares in accordance with the Shareholders' Meeting authorisations. It proposes the names of beneficiaries of the share allocations and any conditions specifically related to the length of vesting and lock-up periods and criteria for share allocations.

It is informed of the compensation policy for top executives who are not Company Officers.

2018 principal activities

Over the course of the Compensation Committee's two meetings, the following main topics were reviewed:

- *compensation of Executive Officers:*
  - determination of Georges Plassat's 2017 variable compensation,
  - determination of the amount of Georges Plassat's pension supplement and fulfilment of performance conditions for 2017,
  - determination of the terms of Georges Plassat's repayment of the termination payment received by him under his non-compete agreement, which he has decided to waive,
  - amendment to Alexandre Bompard's non-compete agreement to bring it into line with the new AFEP-MEDEF code recommendations,
  - determination of Alexandre Bompard's 2018 fixed compensation,
  - determination of Alexandre Bompard's 2017 variable compensation and setting of conditions for 2018,
  - determination of Alexandre Bompard's long-term compensation,
  - determination of the amount of Alexandre Bompard's pension supplement, fulfilment of performance conditions for 2017 and setting of conditions for 2018;
- *Shareholders' Meeting of June 15, 2018:*
  - review of the compensation policy for Alexandre Bompard,
  - review of the presentation of compensation components for Georges Plassat, the Deputy Chief Executive Officers and Alexandre Bompard in the 2017 Registration Document and components that must be submitted to an advisory vote and for the approval of the Shareholders' Meeting, in accordance with AFEP-MEDEF code recommendations and the French Commercial Code ("Say on Pay"),
  - authorisation procedure for regulated agreements and commitments concluded during the financial year relating to Alexandre Bompard's compensation,
  - proposal to leave the annual budget for Directors' attendance fees unchanged, to be submitted to a vote at the Shareholders' Meeting.

3.2.3.3 The Appointments Committee

The Appointments Committee meets as often as necessary.

Composition

Until November 7, 2018, a majority of the members of the Appointments Committee qualified as Independent Directors and there were no Executive Officers, in accordance with the provisions of the AFEP-MEDEF code.

Following Amélie Oudéa-Castéra's resignation as Director on November 7, 2018 upon her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group, only 50% of the members qualify as Independent Directors.

As of December 31, 2018, the composition of the Appointments Committee was as follows:

- Chairman: Charles Edelstenne (Independent Director);
- members: Flavia Buarque de Almeida, Philippe Houzé, Aurore Domont (Independent Director), Thierry Faraut (Director representing employees).

5
members

2
meetings

100%
attendance rate

During the first half of 2018, Alexandre Bompard, Chairman and Chief Executive Officer was involved in the work carried out by the Appointments Committee in particular regarding the appointment and renewal of terms of Directors for the June 15, 2018 Shareholders' Meeting.

Duties

The Appointments Committee reviews and formulates an opinion on any candidate being considered for Director or Executive Officer positions. It submits proposals to the Board of Directors after an in-depth examination of all the factors to be taken into account in its decision-making process, particularly in light of the composition of and changes to the Company's shareholder base to ensure a well-balanced Board of Directors. It also assesses the appropriateness of the renewal of terms of office.

It organises a procedure for the nomination of future Independent Directors.

Independent Director qualification criteria are discussed by the Appointments Committee and reviewed each year by the Board of Directors prior to the publication of the annual report.

It is also responsible for assessing Directors' independence and reporting its findings to the Board of Directors. If necessary, the Appointments Committee reviews situations caused by a Director's repeated absence.

The Committee makes recommendations to the Board of Directors on the appointment of specialised Committee members when their terms are up for renewal.

It also assists the Board of Directors in adapting the Company's corporate governance practices and assessing their efficiency.

It reviews solutions to ensure that good corporate governance practices remain in place.

It reviews the Chairman's draft report on corporate governance and any other document required by law or regulations.

2018 principal activities

Over the course of the Appointments Committee's two meetings, the following main topics were reviewed:

- *governance:*
  - review of amendments to the Board of Directors' Internal Rules to change the name of the Accounts Committee to the Audit Committee, to take into account all the recommendations of the AFEP-MEDEF code on the calculation of the proportion of Independent Directors per Committee and to raise the maximum number of members of each Committee,
  - changes in the composition of the Board of Directors and its specialised Committees with a view to appointing or renewing the terms of Directors,
  - determination of training and preparation time granted to Directors representing employees;
- *Shareholders' Meeting of June 15, 2018:*
  - annual review of certain Directors' independence and assessment of the situation of four new women Directors to verify that they qualify as Independent Directors,
  - review of the "Governance practises" section of the Chairman's report on corporate governance,
  - changes in the composition of the Board of Directors,
  - appointments and renewal of terms of office for the Shareholders' Meeting;

- *renewal of the Board of Directors*:
  - addition of new, younger Directors of different nationalities and with different skills and experience to make the Board more international and expand its entrepreneurial and digital expertise;
- *Board of Directors' specialised Committees:*
  - review of the composition of the Board of Directors' specialised Committees (including their chairmanship) following the appointment of new Directors.

3.2.3.4 The CSR Committee

The CSR Committee meets as often as necessary.

Composition

A majority of the members of the CSR Committee qualify as Independent Directors within the meaning of the AFEP-MEDEF code.

At its meeting of April 24, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva to the CSR Committee.

As of December 31, 2018, the composition of the CSR Committee was as follows:

- Chair: Aurore Domont (Independent Director);
- members: Patricia Moulin Lemoine, Marie-Laure Sauty de Chalon (Independent Director) and Martine Saint-Cricq (Director representing employees).

4
members

2
meetings

100%
attendance rate

Duties

The CSR Committee:

- reviews the Group's CSR strategy and the roll-out of the related CSR initiatives;
- verifies that the Group's CSR commitments are integrated in light of the challenges specific to the Group's business and objectives;
- evaluates risks, identifies new opportunities and takes account of the impact of the CSR policy in terms of business performance;
- reviews the annual report on non-financial performance;
- reviews the summary of ratings awarded to the Group by ratings agencies and in non-financial analysis.

2018 principal activities

During the course of the two meetings of the CSR Committee, the following main topics were reviewed:

- CSR report appended to the 2017 management report;
- report on the "food transition" programmes in each country;
- priority issues for Carrefour, grouped into the following themes: healthy eating, local, organic, children and babies, increasing fruit and vegetable consumption, transparency and responsible pricing;
- report on implementation of the global Act for Food campaign;
- practices, procedures and work of the Advisory Food Committee;
- Group's strategy to combat food waste;
- commitments, analysis and action plans as regards packaging.

3.2.3.5 The Strategic Committee

The Strategic Committee meets as often as necessary.

Composition

As of December 31, 2018, the composition of the Strategic Committee was as follows:

- Chairman: Alexandre Bompard;
- Vice-Chairman: Abilio Diniz;
- members: Nicolas Bazire, Philippe Houzé, Stéphane Courbit (Independent Director).

5 members

1 meeting

100% attendance rate

Duties

The Strategic Committee prepares the Board of Directors' work on the Group's strategic objectives and the key topics of interest, including:

- development priorities and opportunities for diversifying the Group's operations;
- strategic investments and significant partnership projects.

2018 principal activities

The Directors were asked to address the preparation and monitoring of the transformation plan.

3.3 Executive Management and the Group Executive Committee

3.3.1 Executive Management

Executive Management structure

By decision of the Shareholders' Meeting on July 28, 2008, the Company adopted the form of a *société anonyme* (public limited company) with a Board of Directors. By its decision of June 21, 2011, the Board of Directors combined the duties of Chairman and Chief Executive Officer. The Board of Directors' decision to combine the duties of Chairman and Chief Executive Officer was designed to simplify the decision-making process and enhance the efficiency and responsiveness of the Company's governance.

When Alexandre Bompard was appointed as Chairman and Chief Executive Officer on July 18, 2017, the Board of Directors decided to maintain the Company's current management structure, which combines the duties of Chairman and Chief Executive Officer.

The ratification and renewal of his directorship were approved by the Shareholders' Meeting of June 15, 2018.

Limitations of powers of the Chairman and Chief Executive Officer

By virtue of the Board of Directors' Internal Rules, the Chairman and Chief Executive Officer cannot carry out the following transactions or actions in the name and on behalf of the Company without the Board of Directors' prior consent:

- investment and divestment transactions under consideration by the Group, in particular acquisitions and disposals of assets or holdings, subscriptions to any issues of shares, partnership interests or bonds and the conclusion of partnerships and joint-venture agreements, as well as any transaction likely to affect the Group's strategy, in an amount exceeding 250 million euros per investment/divestment on behalf of the Group. The Chairman and Chief Executive Officer does not have sole decision-making power for more than two successive transactions of an individual amount less than or equal to 250 million euros per financial year;
- financial transactions, regardless of their conditions, in an amount exceeding 2 billion euros; the Chairman and Chief Executive Officer must report to the Board of Directors for transactions below this amount;
- decision to directly establish overseas sites through the creation of a branch, a direct or indirect affiliate, or the acquisition of an interest or the withdrawal from these sites;
- any merger, spin-off or asset transfer for net asset transfer values in excess of 250 million euros, excluding any internal restructuring;
- the total or partial sale of non-financial assets not valued in the statement of financial position, including brands, particularly the Carrefour brand and customer data;
- in the event of a dispute, any transaction or settlement in an amount greater than 100 million euros per case.

The Lead Director, Philippe Houzé, safeguards the quality of corporate governance by assisting the Chairman of the Board of Directors in his duties to ensure that the Company's governance bodies are operating correctly. In this capacity, he pays particular attention to situations where there is a real or potential conflict of interest, which could affect Directors or the Chairman of the Board of Directors in respect of the Company's interests, whether this relates to operational projects, strategic management or specific agreements.

In 2018, the Board of Directors held discussions without the Chairman and Chief Executive Officer's attendance on topics related to his compensation, in accordance with recommendation 17.3 of the AFEP-MEDEF code. The Board of Directors did not express the need to organise additional meetings without the Chairman and Chief Executive Officer.

3.3.2 The Group Executive Committee

The Group Executive Committee comprises Group managers and individuals from other horizons who contribute complementary expertise.

Chaired by the Chairman and Chief Executive Officer, the Group Executive Committee is comprised of 16 members:

	Main position held within the Group
Alexandre Bompard	Chairman and Chief Executive Officer
Executive Directors – Regions	
Pascal Clouzard	Executive Director, France
Guillaume de Colonges	Executive Director, Northern and Eastern Europe (Belgium, Poland and Romania)
Thierry Garnier	Executive Director, Asia (China and Taiwan)
Noël Prioux	Executive Director, Latin America (Brazil and Argentina)
Eric Uzan	Executive Director, Spain
Gérard Lavinay	Executive Director, Italy
Executive Directors – Operations	
Amélie Oudéa-Castéra	Executive Director, E-Commerce, Data and Digital Transformation
Marie Cheval	Executive Director, Financial Services and Hypermarkets France
Jacques Ehrmann	Executive Director, Assets, International Development and Innovation
François-Melchior de Polignac	Executive Director, Merchandise, Supply and Formats
Executive Directors – Corporate	
Matthieu Malige	Chief Financial Officer
Laurent Vallée	General Secretary
Jérôme Nanty	Executive Director, Human Resources for the Group and France
Dominique Benneteau-Wood	Executive Director, Communication for the Group and France
Frédéric Haffner	Executive Director, Strategy and M&A

Alexandre Bompard

Information on Alexandre Bompard's educational background and work experience is described in Section 3.2.1.4 of this Registration Document.

Pascal Clouzard

Pascal Clouzard is a graduate of the ENSTA ParisTech institute of advanced engineering and of the Entrepreneur Master's programme at HEC Business School. After beginning his career in consulting with A.T. Kearney – where he spent eight years at the Lisbon, Madrid and Paris offices – he joined Carrefour in 1999 as Group Director of Food Purchases, and subsequently became Group Director of Non-Food Purchases. He joined Carrefour Spain in 2006, serving as Marketing Director, Merchandise Director and Executive Director for Hypermarkets. He was appointed Chief Executive Officer of Carrefour Spain in 2011. Since 2014, Pascal Clouzard has also served as the Group's lead coordinator for digital. Since October 2, 2017, he has held the position of Executive Director for France.

Guillaume de Colonges

Guillaume de Colonges holds a university degree in Economics and completed an advanced management course at Harvard Business School in the United States. He began his career as a floor manager at Carrefour Anglet in 1992, before taking on various operational posts in hypermarkets in France and Poland. Subsequently, he acquired operational experience as Commercial and Supply Chain Director, and from 2000 to 2008 as Director of supermarket and hypermarket operations in Turkey and Taiwan. He then became Managing Director of Carrefour in Asia in Malaysia and in Singapore in 2009 and at Carrefour Turkey in 2011. In 2014, Guillaume de Colonges became Executive Director Poland. Since October 2, 2017, he has been Executive Director, Northern and Eastern Europe (Belgium, Poland and Romania). He directly oversees the operations of Carrefour Belgium.

Thierry Garnier

Thierry Garnier is a graduate of École Polytechnique and École des Mines. He began his career at the Ministry of Industry and in 1996 became a Technical Advisor to Michel Barnier, Minister of State for European Affairs. He joined Carrefour in 1997 as Hypermarket Director before becoming Hypermarkets Regional Director in France. In 2003, Thierry Garnier was appointed Managing Director of Supermarkets in France and in 2008 he became International Executive Director of the Carrefour group. In April 2012, he became Executive Director, China & Taiwan. Since October 2, 2017, Thierry Garnier has served as Executive Director, Asia (China and Taiwan). He directly oversees the operations of Carrefour China.

Noël Prioux

Noël Prioux has a technical qualification in accountancy. He began his career with Carrefour in 1984, holding various operational positions within the West Regional Division for Carrefour France Hypermarkets. In 1996, Noël Prioux was appointed Director of Financial Services in France, then Executive Director, Turkey. From 2001 to 2003, he was in charge of Carrefour hypermarkets in France. Subsequently, he managed Group international subsidiaries in Colombia, South Asia and Spain from 2004 to 2011. In June 2011, he became Executive Director, France. Since October 2, 2017, Noël Prioux has been Executive Director, Latin America (Argentina and Brazil). He directly oversees the operations of Grupo Carrefour Brasil.

Éric Uzan

Éric Uzan holds a degree in Business Management and Public Administration. He began his career at Carrefour in 1981 and rose through the ranks to become Managing Director for northwest France in 1996. From 1998, he served in turn as Executive Director, Greece, Mexico, Brazil, Argentina, Thailand and Indonesia. In 2013, he became Executive Director, Italy. Frédéric Haffner serves as Executive Director, Spain.

Gérard Lavinay

Gérard Lavinay began his career at Euromarché in 1980, holding several positions both in-store and in the logistics department in that hypermarket chain which was taken over by Carrefour in 1991. From 1998 onwards, he held various positions at Carrefour in Greece before joining Carrefour Chile's Executive Management team in 2003. He returned to France in 2004 and served as Group Supply Chain Director and Group Managing Director for IT and Supply Chain. In 2008, he was appointed Executive Director for Supermarkets in France. Gérard Lavinay joined Carrefour Belgium in 2009 as Executive Director and Managing Director. In 2013, he supervised Carrefour's operations in Northern Europe (Belgium, Poland and Romania) and international merchandise support and coordination teams. Gérard Lavinay was appointed Executive Director, Merchandise, Supply and Formats in 2017. Since October 1, 2018, he has served as Executive Director, Italy.

Amélie Oudéa-Castéra

Amélie Oudéa-Castéra is a graduate of Institut d'Études Politiques de Paris, ESSEC business school and École Nationale de l'Administration (ENA). She has been the President of non-profit sports organisation *Rénovons le Sport Français* since early 2018. She held various positions with the AXA group from 2008 to 2017, including Chief Marketing & Digital Officer and Deputy Head of AXA France's retail business. On November 12, 2018, Amélie Oudéa-Castéra was appointed Executive Director, E-Commerce, Data and Digital Transformation.

Marie Cheval

Marie Cheval is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). In 1999, she joined the French General Inspectorate of Finance. From 2002 to 2011, she held a number of positions with the La Poste group: Director of Financial Services Strategy for La Poste and later for La Banque Postale, Marketing and Sales Director (2006-2009), then Director of Operations (2009-2011). In 2011, Marie Cheval joined the Société Générale group as Director of Global Transactions and Payment Services. She was appointed Chief Executive Officer of Boursorama in 2013. On October 2, 2017, Marie Cheval joined the Carrefour group as Executive Director, Customers, Services and Digital Transformation for the Group and France. On September 14, 2018, she was appointed Executive Director, Financial Services and Hypermarkets France.

Jacques Ehrmann

Jacques Ehrmann is a graduate of HEC Business School. He began his career as General Secretary of Le Méridien Hotels in 1989 before moving on to General Management of Euro Disney (1995-1997) and Club Méditerranée (1997-2002). He joined the Casino group in 2003 as Managing Director for Property and Development, where he led the creation of Mercialys and was part of the General Management team for seven years. In 2013, Jacques Ehrmann joined Carrefour group's Executive Management as Executive Director for Assets, Development and New Activities. In April 2014, he was also appointed Chairman and Chief Executive Officer of Carmila, a company specialised in the revitalisation of shopping centres adjacent to Carrefour hypermarkets. Since October 2, 2017, Jacques Ehrmann has held the position of Executive Director for Assets, International Development and Innovation. He serves as Chairman and Chief Executive Officer of Carmila.

François-Melchior de Polignac

François-Melchior de Polignac is a graduate of HEC Business School and holds a Master's degree in international relations from the University of Cambridge. He began his career as a financial controller at L'Oréal before moving to the Boston Consulting group where he spent three years. He joined Carrefour's Mergers and Acquisitions department in 2000 before becoming Director of a hypermarket. He then took over as Director of supermarkets in Poland. He was then tasked with a transformation project across the Group before taking over as Executive Director, Romania. In 2013, he was appointed Managing Director of Carrefour Belgium. In 2017, he became Executive Director, Transformation, Merchandise and Partnerships and since October 1, 2018, he has been Executive Director, Merchandise, Supply and Formats.

Matthieu Malige

Matthieu Malige is a graduate of HEC Business School and École des Travaux Publics and holds a Master of Science degree from UCLA. He started his career at Lazard Frères. From 2003 to 2011, he held various positions within the Carrefour group: Director of Strategy and Development, Chief Financial Officer of Carrefour Belgium and Chief Financial Officer of Carrefour France. In 2011, he joined the Fnac group as Chief Financial Officer and on July 20, 2016 following the Company's acquisition of Darty, he became Chief Financial Officer of the Fnac Darty group. On October 16, 2017, Matthieu Malige was appointed Chief Financial Officer of the Carrefour group.

Laurent Vallée

Laurent Vallée is a graduate of ESSEC Business School, Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). He began his career at the *Conseil d'État*, France's administrative Supreme Court, where he served in particular as Government Commissioner and Constitutional Advisor to the Government's Secretary General. From 2008 to 2010, Laurent Vallée was a lawyer with the Clifford Chance law firm, before being appointed Director of Civil Affairs at the Ministry of Justice in April 2010. He was then General Corporate Secretary of the Canal+ group from 2013 to 2015. Since March 2015, he has served as Secretary General of the *Conseil Constitutionnel*, France's constitutional council. On August 30, 2017, Laurent Vallée joined the Executive Management team as General Secretary of the Carrefour group.

Jérôme Nanty

Jérôme Nanty is a graduate of Institut d'Études Politiques de Paris and has a Master's degree in public law. He began his career in 1986 at Société Générale before joining the capital markets division of Crédit Lyonnais bank in 1989, first as a bond market operator and subsequently as a manager of a portfolio of bond issuers. In 1998, he joined the bank's human resources department as manager of employment policy and later labour relations. From 2001 to 2004, he served as Director of Labour and Social Relations for the Crédit Lyonnais group. From 2003 onwards, he held the same position at the Crédit Agricole group. As such, he was in charge of the labour aspect of the merger of Crédit Lyonnais with Crédit Agricole. He was appointed as Director of Human Resources at LCL in 2005 and at the Caisse des Dépôts group in 2008. From 2013 to 2016, he was General Secretary of the Transdev group. Since July 2016, he has served as General Secretary and Director of Human Resources of the Air France-KLM group. On October 2, 2017, Jérôme Nanty joined the Carrefour group as Executive Director, Human Resources for the Group and France.

Dominique Benneteau-Wood

Dominique Benneteau-Wood holds a degree in industrial economics and a Master's degree in economics. She joined the Carrefour group on August 20, 2018 as Executive Director, Communications for the Group and France. From March 2017, she was Communications Director of Air France-KLM and Deputy Managing Director of Air France in charge of brands and communications. From January 2014, she was Communications Director of Transdev, a leader in mobility and public transport and subsidiary of Caisse des Dépôts and Veolia, where she was also acting company secretary from July to December 2016. Dominique Benneteau-Wood spent a large part of her career with the Havas group at W&Cie, where she was general manager from 2010 to 2014. Before joining W&Cie in 2001, she was a strategic planner at Euro RSG Design (1989-1992), a consultant at Bracq Gauvin Design (1992-1993), an independent consultant (1994-1999) and senior consultant at Piaton & Associés (2000-2001).

Frédéric Haffner

Frédéric Haffner is a graduate of HEC Business School. In 1999, he joined Rothschild & Cie, where he led a number of mergers and acquisitions and financing transactions to support the international development of major French and European corporations. He joined Carrefour in 2014 as Director of M&A. In 2017, he coordinated the IPO of Carmila and Grupo Carrefour Brasil. Since October 2, 2017, Frédéric Haffner has served as Executive Director, Strategy and M&A.

3.4 Compensation and benefits granted to Company Officers

3.4.1 Directors' compensation

The Shareholders' Meeting of June 15, 2017 set the annual budget for Directors' attendance fees at 1,200,000 euros for the period from August 1, 2016 to July 31, 2017, and for subsequent periods, to take into account renewed terms of office and appointments of Directors and the new composition of the Board of Directors' specialised Committees.

At its meeting on April 11, 2018, the Board of Directors decided to amend the allocation procedures for Directors' attendance fees. These procedures had not changed since 2012. The variable portion of attendance fees paid to Directors based on their frequency of attendance now takes precedence.

As from August 1, 2018, the attendance fees are allocated as follows:

- Chairman of the Board of Directors: 10,000 euros;
- Vice-Chairman of the Board of Directors: 40,000 euros;
- Lead Director: 40,000 euros;
- Director: 45,000 euros comprised of:
  - a variable portion of 25,000 euros,
  - a fixed portion of 20,000 euros;
- Chair of the Audit Committee: 30,000 euros;
- Chair of the Compensation Committee, the Appointments Committee, the CRS Committee and the Strategic Committee: 10,000 euros;
- members of specialised Committees: compensation of 10,000 euros for belonging to one or more specialised Committees, based on the Committee member's frequency of attendance.

The variable portion of Directors' attendance fees is paid in proportion to the number of Board of Directors' and/or specialised Committee meetings attended by the members (100% of the variable portion will be allocated for attendance at all meetings).

Directors' attendance fees are paid once a year, in August.

The two Directors representing employees have an employment contract within the Group and are therefore compensated for work unrelated to their directorship. Consequently, this compensation is disclosed. They did not receive any attendance fees in 2018 but will be eligible for them as of August 1, 2019 and July 31, 2020 and the following periods.

A proposal will be made to the Shareholders' Meeting of June 14, 2019 to set the total annual attendance fees allocated to Directors at €1,280,000 euros for the current period and the following periods, in order to account for the attendance fees allocated to Directors representing employees and the new composition of the specialised Committees.

During 2017 and 2018, Directors received attendance fees in the following amounts excluding other compensation (except for the Executive Officers, as described in Section 3.4.2 of this Registration Document):

	Directors' attendance fees paid in 2017 and 2018 *(in euros)*(1)	
	2018	**2017**
Alexandre Bompard	75,000	2,451
Bernard Arnault	37,857	36,111
Nicolas Bazire	75,238	63,000
Jean-Laurent Bonnafé	42,143	42,777
Thierry Breton	62,143	63,888
Flavia Buarque de Almeida	50,000	16,199
Stéphane Courbit(3)	11,429	-
Abilio Diniz	53,571	42,777
Aurore Domont(3)	6,429	-
Charles Edelstenne	53,571	52,777
Thierry Faraut(4)	0	-
Philippe Houzé	115,000	70,044
Stéphane Israël(3)	13,095	-
Diane Labruyère-Cuilleret(2)	68,571	65,000
Mathilde Lemoine	55,000	55,000
Bertrand de Montesquiou(2)	66,905	65,000
Patricia Moulin Lemoine	53,571	55,000
Amélie Oudéa-Castéra(5)	6,429	
Georges Ralli(2)	121,905	125,000
Martine Saint-Cricq(6)	0	-
Marie-Laure Sauty de Chalon	55,000	6,726
Anne-Claire Taittinger(2)	53,571	55,000
Lan Yan	55,000	6,726
TOTAL	**1,131,428**	**1,049,260**

(1) Gross amounts before withholding tax for non-French residents and payroll tax for French residents.
(2) Director until June 15, 2018.
(3) Director since June 15, 2018.
(4) Director representing employees since November 23, 2017.
(5) Director from June 15, 2018 to November 7, 2018.
(6) Director representing employees since October 4, 2017.

3.4.2 Compensation of Executive Officers

3.4.2.1 Report on the principles and criteria for determining, allocating and awarding compensation to Executive Officers in accordance with Article L. 225-37-2 of the French commercial code

At its meeting on April 24, 2019, the Board of Directors decided that it would submit to the Shareholders' Meeting to be held on June 14, 2019 the following resolution on the compensation of the Chairman and Chief Executive Officer:

The Shareholders' Meeting, deliberating under the conditions required for Ordinary Shareholders' Meetings as to quorum and majority, having examined the Board of Directors' report, in accordance with Article L. 225-37-2 of the French commercial code, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits in kind that may be awarded to Alexandre Bompard in his capacity as Chairman and Chief Executive Officer for the 2018 financial year, as shown in the Board of Directors' report included in the Notice of Meeting.

I/ Principles for determining the compensation of the Chairman and Chief Executive Officer

The rules and principles used in determining the compensation and other benefits of the Chairman and Chief Executive Officer are approved by the Board of Directors on the recommendation of the Compensation Committee; the Board of Directors refers in particular to the AFEP-MEDEF code.

The principles used in determining the compensation of the Chairman and Chief Executive Officer are as follows:

Balance

The Board of Directors ensures that no component of compensation is disproportionate. It also ensures that each component of compensation is relevant to the Company's interests.

Consistency

The compensation policy for the Chairman and Chief Executive Officer seeks to reward the Group's operating performance, as well as the Chairman and Chief Executive Officer's individual performance.

The policy reflects the responsibilities, experience, performance and potential of the Chairman and Chief Executive Officer.

Performance

The Chairman and Chief Executive Officer's compensation is closely linked to the Group's operating performance, the purpose being to reward him for his performance and progress made, in particular through annual variable compensation and a long-term incentive plan.

The Chairman and Chief Executive Officer's variable compensation is subject to the fulfilment of certain performance conditions set by the Board of Directors, on the recommendation of the Compensation Committee, and which include quantitative financial and non-financial objectives, as well as qualitative objectives that are precise, simple, measurable and rigorous.

The Board of Directors may periodically review these objectives and amend them accordingly to better reflect the Group's strategic ambitions; the Board also ensures their continued implementation.

Moreover, to get the Chairman and Chief Executive Officer actively involved in the Group's growth over the long term and to be more closely aligned with shareholders' interests, compensation may also include Company performance shares.

In line with the Group's corporate social responsibility (CSR) commitments, CSR-related non-financial performance objectives may also be taken into account when determining the compensation of the Chairman and Chief Executive Officer.

Comparability

The Chairman and Chief Executive Officer's compensation must be competitive in order to attract, motivate and retain talent at the highest levels of the Group. To assess the Group's competitiveness, other companies' compensation practices are regularly analysed based on a panel of French and foreign companies that serve as benchmarks in their respective markets.

II/ Criteria for determining, allocating and awarding the components of compensation of the Chairman and Chief Executive Officer

The Board of Directors, on the recommendation of the Compensation Committee, set the components of the Chairman and Chief Executive Officer's compensation as follows (detailed in Section 3.4.2.2 of this Registration Document):

Annual fixed and variable compensation

Annual compensation comprises a fixed portion and a variable portion. This compensation reflects the responsibilities, experience and skills of the Chairman and Chief Executive Officer, as well as market practices.

Fixed compensation

Annual fixed compensation is reviewed at relatively long intervals although it may be re-examined by the Board of Directors in certain cases, particularly when the Chairman and Chief Executive Officer's term is up for renewal. It has not changed since the Chairman and Chief Executive Officer was first appointed.

Annual variable compensation

Annual variable compensation may not exceed a maximum amount expressed as a percentage of annual fixed compensation.

Annual variable compensation may not exceed 200% of the Chairman and Chief Executive Officer's annual fixed compensation. For 2019, the Board of Directors set the maximum annual variable compensation at 165% of the Chairman and Chief Executive Officer's annual fixed compensation.

Annual variable compensation is subject to the fulfilment of performance conditions based on achieving quantitative financial and non-financial objectives, as well as individual qualitative objectives. The performance objectives are based, for 80% of annual variable compensation, on achieving quantitative financial and non-financial objectives and, for the remaining 20%, on achieving individual qualitative objectives as defined by the Board of Directors on the recommendation of the Compensation Committee. The expected level of achievement of the objectives used to determine annual variable compensation is established precisely by the Board of Directors but is not disclosed for confidentiality purposes. For 2019, the Board of Directors set the maximum annual variable compensation at 165% of the Chairman and Chief Executive Officer's annual fixed compensation.

The annual variable compensation for 2019 may not, in accordance with Article L. 225-100, paragraph 6 of the French commercial code, be paid unless approved by the Ordinary Shareholders' Meeting held to approve the Financial Statements for the year ended December 31, 2019.

Long-term incentive plan

The long-term incentive plan may include stock options, performance shares or a cash payout under the following terms and conditions:

- the long-term incentive plan may not exceed 50% of the gross maximum compensation;
- in order to benefit from the plan, the person concerned must fulfil predominantly quantitative performance conditions, as set by the Board of Directors on the recommendation of the Compensation Committee, over a multi-year period;
- in order to benefit from the plan, the person concerned must remain in office at the end of the financial years considered.

If stock options or performance shares are granted, the Board of Directors will set the number of shares that the Chairman and Chief Executive Officer is required to hold until the termination of his term of office, in accordance with the provisions of the French commercial code.

The Chairman and Chief Executive Officer is not permitted to hedge any stock options or performance shares held or any shares obtained upon the exercise of stock options held throughout the entire term of the holding period set by the Board of Directors.

On February 27, 2019, the Board of Directors decided to award the long-term incentive plan for 2019 in the form of performance shares for a value representing 47.5% of the gross maximum compensation (i.e., 3,596,428 euros).

Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Compensation Committee, the Chairman and Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held. Accordingly, the Chairman and Chief Executive Officer has a company car.

Other benefits in kind may be provided for in specific situations.

Directors' attendance fees

The Board of Directors may decide to pay Directors' attendance fees to the Chairman and Chief Executive Officer in his capacity as Director, Chairman of the Board of Directors and specialised Committee member.

These attendance fees are paid in accordance with the rules applicable to Directors, as described in Section 3.4.1 of this Registration Document. They are comprised of a fixed portion and a variable portion based on the Directors' frequency of attendance at meetings of the Board of Directors and of its specialised Committees.

Exceptional compensation

In certain special circumstances, the Board of Directors may decide to award exceptional compensation to the Chairman and Chief Executive Officer. Payment of such compensation must be properly justified and based on a specific triggering event.

It may take the form of stock options, performance shares or a cash payout.

In the event of a cash payout, the 2019 exceptional compensation may not, in accordance with Article L. 225-100, paragraph 6 of the French commercial code, be paid unless approved by the Ordinary Shareholders' Meeting held to approve the Financial Statements for the year ended December 31, 2019.

Compensation or benefits due or likely to be due upon taking office

In accordance with the comparability principle described above, the Board of Directors may, on the recommendation of the Compensation Committee, award compensation related to the act of taking of office.

Such compensation may include stock options, performance shares or a cash payout.

Supplementary defined benefit pension plan

The Chairman and Chief Executive Officer is eligible for the supplementary defined benefit pension plan, provided for under Article L. 137-11 of the French social security code, offered to the Group's key senior executives as a retention tool.

The Board of Directors will take any necessary decisions regarding changes to this pension plan due to regulatory developments and in particular as a result of the EU's Pension Mobility Directive (2014/50/EU of April 16, 2014), implemented into French law through the PACTE law.

The plan is described in Section 3.4.2.3 of this Registration Document.

Termination payment

As announced at the Shareholders' Meeting on June 15, 2018, the Chairman and Chief Executive Officer, Alexandre Bompard, informed the Board of Directors of his decision to waive the benefit of the termination payment agreed by the Board on July 18, 2017. He is therefore no longer eligible for this termination payment.

Non-compete commitment

The Board of Directors may also decide to enter into a non-compete commitment with the Chairman and Chief Executive Officer.

The non-compete commitment entered into upon Alexandre Bompard's appointment as Chairman and Chief Executive Officer was amended by the Board of Directors on July 26, 2018 to bring it into line with the new AFEP-MEDEF recommendations. The amended commitment will be submitted to the Shareholders Meeting of June 14, 2019 for approval.

The purpose of the new commitment is to prohibit the Chairman and Chief Executive Officer from working for a competitor within a number of specified businesses operating in the retail food industry for a period of 24 months.

The non-compete payment will apply for a period of 24 months from the date of termination.

The payment is set at the equivalent of 12 months' fixed and maximum annual variable compensation. The non-compete payment will be made in instalments.

The Board of Directors may waive the implementation of the non-compete commitment upon the Chief Executive Officer's termination.

The commitment also provides that the non-compete payment will not be made if the Chief Executive Officer has claimed his pension benefits. No payment will be made after the age of 65.

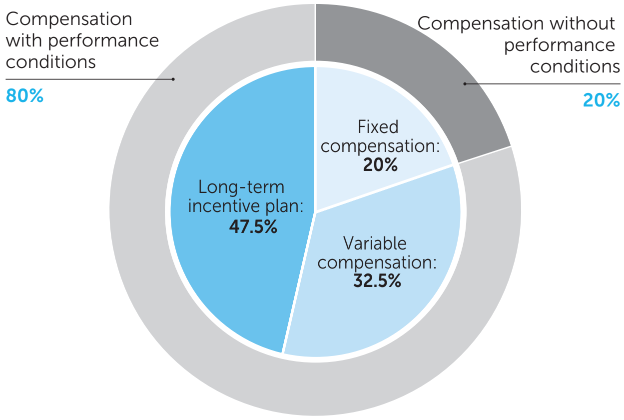
3.4.2.2 Components of compensation payable to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2019

The Board of Directors set the structure of Alexandre Bompard's 2019 compensation as follows:

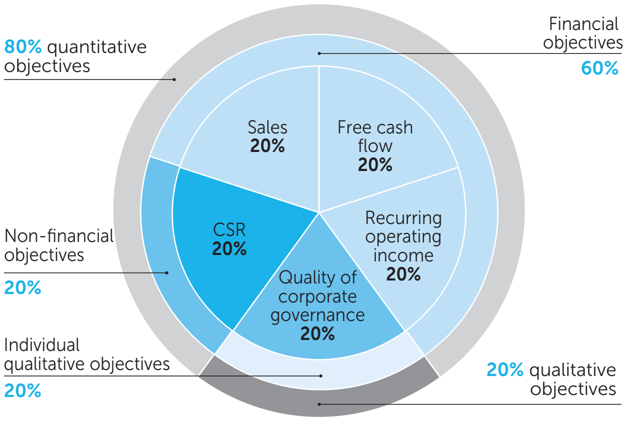
	Montants en €	Présentation
Fixed compensation	1 500 000 euros	At its meeting on April 24, 2019, the Board of Directors maintained the amount of annual fixed compensation at 1,500,000.
Annual variable compensation	Up to 165% of fixed compensation	Annual variable compensation could represent up to 165% of annual fixed compensation if objectives are achieved at 130%.
Type of criteria	**Weighting**	**Comments**
Quantitative criteria (financial and non-financial)		Annual variable compensation is subject to the fulfilment of quantified financial and non-financial quantified objectives, for 80%, and qualitative objectives, for 20%. These objectives are defined by the Board of Directors. The expected level of achievement of the objectives used to determine annual variable compensation is established precisely by the Board of Directors but is not disclosed for confidentiality purposes.
Sales	20%	
Recurring operating income	20%	
Free cash flow	20%	
CSR	20%	
Qualitative criteria		
Quality of corporate governance	20%	
Total	100%	
Long-term incentive plan (performance shares)	Value representing 47.5% of the gross maximum compensation (fixed annual, target variable and long-term variable)	On February 27, 2019, the Board of Directors decided to award the long-term incentive plan for 2019 to the Chairman and Chief Executive Officer in the form of performance shares, for a value representing 47.5% of his gross maximum compensation (i.e., €3,596,428). This award is made under the 14th resolution adopted by the Shareholders' Meeting of May 17, 2016. The shares are entirely subject to performance conditions, and will vest on February 28, 2022 if both of the following conditions are met: achievement of the performance criteria to be assessed on February 27, 2021, and continuing service with the Group as of February 27, 2022.
The Board of Directors set out the following performance criteria: recurring operating income, adjusted free cash flow, total shareholder return (based on a panel of retail companies) and corporate social responsibility (based on Carrefour's index). Each criterion has a weighting of 25%. The rate of achievement of each criterion will range from a minimum of 50% and a maximum of 150% of a target objective set at 100%. The progression of the achievement rate will be linear between the minimum and maximum. The total number of shares vested will however be limited to 100% of the number of shares awarded by the Board of Directors.		
Benefits in kind		The Chairman and Chief Executive Officer has a company car.
Directors' attendance fees		Attendance fees are paid in accordance with the rules applicable to Directors, as described in Section 3.4.1 of this Registration Document.

As detailed in Section 3.4.2.3 of this Registration Document, the 2018-2019 long-term incentive plan will be paid in 2020 further to its approval by the Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2019, subject to continuing service and performance conditions. The amount thereof will be determined on the basis of objectives assessed for 2018 and 2019, up to a maximum of 3,252,000 euros.

2019 COMPENSATION STRUCTURE



2019 ANNUAL VARIABLE COMPENSATION



3.4.2.3 Compensation due or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2018

The Shareholders' Meeting of June 15, 2018 approved the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits in kind that may be awarded to the Chairman and Chief Executive Officer, Alexandre Bompard, in accordance with Article L. 225-37-2 of the French commercial code.

The table below summarises the components of compensation due or paid to Alexandre Bompard in respect of 2018 in his capacity as Chairman and Chief Executive Officer.

The payment of the variable and exceptional components of compensation due in respect of the 2018 financial year is subject to the approval of the Shareholders' Meeting of June 14, 2019, in accordance with Article L. 225-100, paragraph 6 of the French commercial code.

	2017 financial year		**2018 financial year**	
(in euros)	**Amounts due for the financial year**	**Amounts paid during the financial year**	**Amounts due for the financial year**	**Amounts paid during the financial year**
Alexandre Bompard Chairman and Chief Executive Officer since July 18, 2017				
Fixed compensation(1)	750,000	750,000	1,500,000	1,500,000
Variable compensation(1)	1,237,500	N/A	2,475,000	1,237,500
Long-term incentive plan(2)	N/A	N/A	3,252,000	N/A
Termination payment	N/A	N/A	N/A	N/A
Directors' attendance fees(3)	2,451	2,451	75,000	75,000
Benefits in kind(1) (4)	1,450	1,450	3,055	3,055
TOTAL	**1,991,401**	**753,901**	**7,305,055**	**2,815,555**

(1) Prorated over six months in 2017.

(2) This amount corresponds to the 2017-2018 long-term cash incentive plan. It will be paid after approval by the Shareholders' Meeting held on June 14, 2019.

(3) Period from July 18, 2017 to July 31, 2017 for 2017 attendance fees, and from August 1, 2017 to July 31, 2018 for 2018 attendance fees.

(4) Company car

	2018 financial year
Estimated value of options granted during the financial year	N/A
Estimated value of performance-based shares granted during the financial year	N/A

The components of compensation due or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in 2018 are as follows:

Annual compensation

Alexandre Bompard received annual compensation comprising a fixed portion and a variable portion.

Annual fixed compensation

For 2018, Alexandre Bompard's annual fixed compensation amounted to 1,500,000 euros, unchanged on an annual basis.

Annual variable compensation

Alexandre Bompard's annual variable compensation was based on the fulfilment of objectives and could represent up to 165% of his annual fixed compensation, depending on the extent to which objectives were achieved. The achievement of his objectives at 100% would entitle him to annual variable compensation amounting to 100% of his annual fixed compensation. The achievement of his objectives at 120% would entitle him to annual variable compensation amounting to 165% of his annual fixed compensation. Between the lower and upper targets, variable compensation increases on a straight-line basis.

The performance objectives for his annual variable compensation were based, for 80%, on achieving quantified objectives (sales, recurring operating income, free cash flow(1) and corporate social responsibility), and, for the remaining 20%, on achieving qualitative objectives (quality of governance). Each target had a weighting of 20%.

At its meeting on April 24, 2019, the Board of Directors reviewed the performance level achieved for each objective. Performance levels were 126% for the financial objectives, 175% for the CSR objective, and 200% for the qualitative objective. Overall performance thus stood at 151%. Alexandre Bompard's annual variable compensation was set at 165% of his fixed annual compensation, i.e., 2,475,000 euros. This sum may not be paid until approved by the Shareholders' Meeting of June 14, 2019.

Long-term incentive plan

At its meeting on July 18, 2017, the Board of Directors, on the recommendation of the Compensation Committee, decided to award Alexandre Bompard a cash-based long-term incentive plan for 2017 and 2018, representing 45% of his total target compensation (i.e., fixed annual compensation plus the 165% target variable compensation referred to above and the long-term incentive plan), on the following terms and conditions:

- in order to benefit from the plan, two of the three objectives set by the Board of Directors had to be fulfilled at more than 100% for two consecutive years (sales, recurring operating income and CSR);
- in order to benefit from the plan, Alexandre Bompard had to remain Chairman and Chief Executive Officer at the end of the financial years set out above.

On April 11, 2018, the Board of Directors noted that two of the three 2017 objectives had been fulfilled at more than 100%. On April 24, 2019, the Board of Directors noted that all three 2018 objectives had been fulfilled at more than 100%.

Alexandre Bompard will therefore receive the sum of 3,252,000 euros after approval by the Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2018.

It is herein specified that a cash-based long-term incentive plan has been implemented under the same conditions and with the same objectives as the 2017-2018 long-term incentive plan, but with the assessment of objectives based on 2018 and 2019.

Benefits in kind

Alexandre Bompard has a company car with a driver, corresponding to a gross benefit in kind of 3,055 euros.

Compensation or benefits due or likely to be due upon taking office

None.

Directors' attendance fees

The amount of Directors' attendance fees paid to Alexandre Bompard in his capacity as Chairman of the Board of Directors, Director and Chairman of the Strategic Committee is determined according to the rules defined in Section 3.4.1 of this Registration Document. They amounted to 75,000 euros for the period August 1, 2017 to July 31, 2018.

Supplementary defined benefit pension plan

On July 18, 2017, the Board of Directors decided that the Chairman and Chief Executive Officer, Alexandre Bompard, would be eligible for the supplementary defined benefit pension plan, provided for under Article L. 137-11 of the French social security code, offered to the Group's key senior executives as a retention tool.

The characteristics of this plan are as follows:

Eligibility conditions

Plan membership is subject to fulfilment of the following cumulative conditions:

- plan participants must have completed at least three years of actual continued service within the Group;
- their gross annual compensation must be greater than 18 times the annual ceiling for social security contributions; and
- they must be employed by the Group when they retire in accordance with the provisions of Article L. 137-11 of the French social security code.

Methods for determining reference compensation

Reference compensation is calculated as the average of the gross annual compensation received within the Group over the last three calendar years preceding the year of retirement.

This average may not exceed 60 times the annual ceiling for social security contributions.

In determining the reference compensation, only the annual base and the annual variable compensation paid are taken into consideration. Any other form of compensation is excluded, whether direct or indirect.

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(1) Before exceptional items

Rate of accrual of pension rights

The amount of the annual pension supplement is equal to 2.75% of the reference compensation per year of service, subject to the performance conditions being met.

The annuity thus calculated will be added to any other pensions or retirement annuities (social security old age pension, compulsory top-up pension for managers [AGIRC/ARRCO], annuities from supplementary company schemes, etc.).

The number of years of service retained for calculating the pension supplement will be that acquired by the plan member within the Group as an employee or an Executive Officer. It takes into account that person's entire length of service within the Group, including under non-consecutive contracts.

Fulfilment of performance conditions

The accrual of pension rights under this scheme is subject to performance conditions.

Any given year is only taken into account in determining the amount of the annuity if it corresponds to a year during which the performance conditions were met.

Each year, the Board of Directors determines the applicable performance conditions that correspond, barring exceptions, to meeting at least 80% of the financial performance conditions. Meeting these performance conditions triggers the payment of annual variable compensation to the Chairman and Chief Executive Officer.

At the end of each year, the Board of Directors checks whether the performance conditions were met during the year. If this is not the case, the year is not taken into account when calculating the annuity.

Moreover, the allocation of a pension supplement presupposes that, for at least two-thirds of the years, the performance conditions have been validated during the Chairman and Chief Executive Officer's period of service within the Group.

Methods for determining caps

The amount of the annuity is subject to a double cap. If this cap is exceeded, it is reduced accordingly.

The cumulative amount of the gross annual annuity and of all the annuities from supplementary Group retirement schemes cannot exceed 25% of the reference compensation.

Moreover, the amount of the gross annual annuity cannot exceed the difference between:

- 45% of the reference compensation; and
- the gross annual amount of all the base, compulsory top-up and supplementary pensions.

Methods of financing pension rights

The annuities are paid by an insurance company to which the Company pays premiums according to the financing requirements that evolve as the beneficiaries retire and claim their pensions.

Charges and contributions payable by the Company

The employer pays an annual contribution of 24% on the premiums paid to the insurance company.

During its meeting on April 24, 2019 and on the recommendation of the Compensation Committee, the Board of Directors noted that the applicable performance conditions have been fulfilled for 2018, which correspond to the fulfillment of at least 80% of the financial performance conditions of the annual variable compensation of the Chairman and Chief Executive Officer.

The estimated amount of the gross annual annuity at December 31, 2018 would have been 131,116 euros.

Termination payment

As announced at the Shareholders' Meeting on June 15, 2018, the Chairman and Chief Executive Officer, Alexandre Bompard, informed the Board of Directors of his decision to waive the benefit of the termination payment agreed by the Board on July 18, 2017. He is therefore no longer eligible for this termination payment.

Non-compete commitment

The non-compete commitment entered into upon Alexandre Bompard's appointment as Chief Executive Officer was amended by the Board of Directors on July 26, 2018 to bring it into line with the new AFEP-MEDEF recommendations.

No amount is due or was paid in this respect in 2018.

3.4.3 Breakdown of compensation and benefits granted to Executive Officers

The tables summarising the compensation paid to Executive Officers during the year may be found in Section 3.4.2 of this Registration Document.

DIRECTORS' ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY DIRECTORS

Table presented in Section 3.4.1 of this Registration Document.

STOCK OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER OR A GROUP COMPANY

None.

STOCK OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE OFFICER

None.

PERFORMANCE-BASED SHARES GRANTED TO EACH EXECUTIVE OFFICER BY THE ISSUER OR A GROUP COMPANY

None.

PERFORMANCE-BASED SHARES WHICH BECAME AVAILABLE DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE OFFICER

None.

HISTORICAL INFORMATION ON STOCK OPTION PLANS

None.

MULTI-ANNUAL VARIABLE COMPENSATION OF EACH EXECUTIVE OFFICER

Name and position of the Executive Officer	Plan	2017 financial year	2018 financial year
Alexandre Bompard Chairman and Chief Executive Officer since July 18, 2017	2017-2018 compensation plan	N/A	3,252,000

	Employment contract		Supplementary pension plan[1]		Compensation or benefits due or likely to be due upon termination or a change in position[1]		Compensation related to a noncompete clause[1]	
	Yes	No	Yes	No	Yes	No	Yes	No
Alexandre Bompard Chairman and Chief Executive Officer		X	X			X	X	

(1) These components of compensation are detailed in Sections 3.4.2.1 and 3.4.2.3 of this Registration Document.

3.5 "Comply or Explain" rule of the AFEP-MEDEF code

In accordance with the "Comply or Explain" rule of the AFEP-MEDEF code, the Company indicates in this section the provisions of the code that it did not apply in 2018.

Recommendations of the AFEP-MEDEF code	Group practice and explanation
The Lead Director must be independent (Article 3.2)	At its meeting on June 15, 2017, on the recommendation of the Appointments Committee, the Board of Directors appointed Philippe Houzé as Lead Director. In its decision, the Board of Directors took into consideration the fact that Philippe Houzé does not qualify as an Independent Director. However, given the duties conferred on the Lead Director at Carrefour, the Board of Directors considered that Philippe Houzé was the best person to assure oversight of the Board's practices and procedures and to represent the interests of the shareholders due to his experience in the business sector and in corporate governance, as well as his position as representative of one of the Company's main shareholders.
The Board of Directors must debate its operations annually (Article 9.3)	Given the radical changes in its composition in 2017 and 2018, the Board of Directors considered it too soon to conduct a self-assessment. However, a new, formal assessment of the Board of Directors will be conducted by an external consultant under the responsibility of the Appointments Committee in the second half of 2019.
Independent Directors must make up at least two-thirds of the Audit Committee (Article 15.1)	Until November 7, 2018, 60% of Audit Committee members qualified as Independent Directors within the meaning of the AFEP-MEDEF code. The Board of Directors is satisfied with this composition given the decision to limit the number of Committee members, with two Directors representing main shareholders, and to enhance the effectiveness of the Committee's work, which requires a high level of expertise in finance and accounting. In addition, the Committee is chaired by an Independent Director. Following Amélie Oudéa-Castéra's resignation as Independent Director on November 7, 2018 upon her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group, this proportion temporarily fell to 50% pending the appointment of a new Audit Committee member qualifying as an Independent Director. At its meeting on April 24, 2019, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Claudia Almeida e Silva as a member of the Audit Committee in order to maintain a ratio of 60% members defined as Independent Directors within the meaning of the AFEP-MEDEF code.
The majority of the Appointments Committee members must be Independent Directors (Article 16.1)	Until November 7, 2018, a majority of the members of the Appointments Committee qualified as Independent Directors, in accordance with the provisions of the AFEP-MEDEF code. Following Amélie Oudéa-Castéra's resignation as Independent Director on November 7, 2018 upon her appointment as Executive Director, E-Commerce, Data and Digital Transformation for the Carrefour group, only 50% of the members qualify as Independent Directors, in accordance with the provisions of the AFEP-MEDEF code. The Board of Directors considers this composition to be satisfactory given the balance of Independent Directors and Directors representing shareholders, the presence of a Director representing employees and the position of Chair being held by an Independent Director.
The Compensation Committee should comprise a Director representing employees (Article 17.1)	After reviewing their wishes, Martine Saint-Cricq and Thierry Faraut, Directors representing employees, joined the CSR Committee and Appointments Committee, respectively.

3.6 Regulated agreements and commitments referred to in Articles L. 225-38 *et seq.* and L. 225-42-1 of the French Commercial Code

We hereby inform you that one new regulated commitment governed by Articles L. 225-38 *et seq.* and L. 225-42-1 of the French Commercial Code was authorised by the Board of Directors during the past year, as set out in the Statutory Auditors' special report in accordance with Article L. 225-40 of said code, which must mention any regulated agreements and commitments authorised and concluded during the financial year, as well as any such regulated agreements and commitments that have continued during the financial year. No new agreements were authorised by the Board of Directors during the year ended December 31, 2018.

Accordingly, a proposal will be submitted to the Shareholders' Meeting of June 14, 2019 concerning the non-compete payment granted to Alexandre Bompard, the Chairman and Chief Executive Officer.

During its meeting on April 24, 2019, the Board of Directors reviewed the regulated agreements and commitments authorised in previous years and that continued during this financial year.

3.7 Transactions in the Company's shares carried out by Company Officers

In accordance with Article 223-26 of the AMF's General Regulations, we hereby inform you that the following transactions were carried out during the 2018 financial year by persons referred to in Article L. 621-18-2 of the French monetary and financial code (*Code monétaire et financier*):

Transaction date	**First name/last name or corporate name**	**Office held at the Company on the transaction date**	**Transaction type**	**Financial instrument**	**Price per share** *(in euros)*	**Transaction amount** *(in euros)*
04/12/2018	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition	Shares	15.9650	399,125.00
05/17/2018	Cervinia Europe SARL	A legal entity linked to Bernard Arnault, Director	Sale	Forward agreement (shares)	N/A	19,983,699.00
05/17/2018	Groupe Arnault SE	A legal entity linked to Bernard Arnault and Nicolas Bazire, Directors	Sale	Forward agreement (shares)	N/A	1,590,873.00
05/17/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Sale	Forward agreement (shares)	N/A	N/A
05/17/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
06/28/2018	Stéphane Courbit	Director	Acquisition	Shares	14.09	98,630.00
07/03/2018	Cervinia Europe SARL	A legal entity linked to Bernard Arnault, Director	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	18,109,371.00
07/03/2018	Groupe Arnault SE	A legal entity linked to Bernard Arnault and Nicolas Bazire, Directors	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	1,441,656.44
07/04/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	35,638,139.04
07/13/2018	Abilio Diniz	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	466.48
07/13/2018	Flavia Buarque de Almeida	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	452.76
07/13/2018	Stanhore International Trading SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Transfer of 1,770,602 shares for no consideration under a structured financing arrangement disclosed to the AMF on March 30, 2016	Shares	N/A	N/A
07/13/2018	Eric Uzan	Executive Director, Southern Europe	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	1,317.12
07/13/2018	Gérard Lavinay	Executive Director, Merchandise	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	4,335.52
07/13/2018	Jean-Pierre Audebourg	Chief Financial Officer	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	1,152.48

Transaction date	First name/last name or corporate name	Office held at the Company on the transaction date	Transaction type	Financial instrument	Price per share *(in euros)*	Transaction amount *(in euros)*
07/13/2018	Noël Prioux	Executive Director, Latin America	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	2,291.24
07/13/2018	Stanhore International Trading SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	27,636,209.72
07/13/2018	Stéphane Thouin	Executive Director	Acquisition by opting to receive payment of the dividend in shares	Shares	13.72	246.96
07/17/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Sale	Shares	13.72	35,638,139.04
07/27/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Acquisition	Shares	15.3447	23,017,050.00
07/27/2018	Stanhore International Trading SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Sale	Shares	15.6598	3,158,252.80
07/27/2018	Stanhore International Trading SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Sale	Shares	15.58376	654,829.60
08/01/2018	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition	Shares	15.3084	500,324.44
08/30/2018	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition	Shares	15.4070	373,265.39
12/14/2018	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Acquisition	Shares	15.0192	9,762,480.00
01/07/2019	Peninsula Europe SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Extension of a structured financing arrangement, which initially covered 30,754,124 Carrefour shares, to 31,087,145 Carrefour shares. 333,021 Carrefour shares were pledged as collateral for Peninsula Europe SARL's obligations under the structured financing arrangement	Shares	N/A	N/A
01/07/2019	Peninsula Europe SARL	A legal entity linked to Abilio Diniz and Flavia Buarque de Almeida, Directors	Extension of a structured financing arrangement, which initially covered 28,681,014 Carrefour shares, to 28,991,586 Carrefour shares. 310,572 Carrefour shares were pledged as collateral for Peninsula Europe SARL's obligations under the structured financing arrangement	Shares	N/A	N/A
04/05/2019	Cervinia Europe SARL	A legal entity linked to Bernard Arnault, Director	Acquisition	Shares	16.8135	3,056,442.10

3.8 Statutory Auditors' special report on related-party agreements and commitments

This is a translation into English of the Statutory Auditors' report on the regulated agreements and commitments with third parties issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' Report on Regulated Agreements and Commitments

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2017

To the Carrefour Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on the regulated party agreements and commitments.

It is our responsibility to inform you, on the basis of the information provided to us, of the principal terms and conditions, the purpose and benefits to the Company of the agreements and commitments brought to our attention or which we may have identified during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), to assess the interest of the conclusion of these agreements and commitments for the purpose of approving them.

In addition, it is our responsibility, where appropriate, to provide you with the information stipulated in Article R.225-31 of the French Commercial Code (Code de commerce) relating to the implementation during the year of the agreements and commitments previously approved at the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires auc comptes) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the documents from which it was derived.

Agreements and commitments subject to the approval at the Shareholders' Meeting

Agreements and commitments authorized and concluded during the past year

Pursuant to Article 225-40 of the French Commercial Code, the following agreements and commitments concluded during the past year, which were previously authorized by the Board of Directors, have been brought to our attention.

Non-compete obligation binding of Mr. Alexandre Bompard, Chief Executive Officer

Person concerned :

Mr. Alexandre Bompard, Chairman and Chief Executive Officer

Nature and purpose

As its meeting on 26 July 2018, the Board of Directors authorized a new non-compete obligation binding in favor of Mr. Alexandre Bompard's in exchange for the grant of a settlement payment.

Terms and conditions :

In order to make Mr. Alexandre Bompard non compete obligation binding compliant with the new Code AFEP/MEDEF recommendations, Mr. Alexandre Bompard renounced to his settlement payment which was formerly authorized as its meeting on July 2017, 18th of the Board of Directors.

The purpose of this new non compete obligation binding is to prohibit Mr. Alexandre Bompard from exercicing professional duties in a certain number of specific companies in the food retail industry during the 24 months after the end of his duties.

The respect of this non compete obligation is subject to the payment of 3 975 000 euros to Mr. Alexandre Bompard. In return of the respect of this non compete obligation, Mr. Alexandre Bompard will receive this amount after the end of his duties and during the duration of the prohibition.

In accordance with the recommendations of the AFEP-MEDEF code of corporate governance , this settlement payment will be subjected to a split payment. The first part will be paid 12 months after the ending of his duties. The second part will be paid 24 months after the ending of his duties. Settlement payment will not be due to Mr. Alexandre Bompard if he carries out a professional activity at the end of his duties (employee or not) in Carrefour Group.

This obligation allows Carrefour to renounce to the execution of this obligation at the effective date of end of his duties. Thus, upon the termination of Mr. Alexandre Bompard's duties, it will be up to the Board of Directors to assess whether the continuation of this agreement is in the interest of the Company. If not, the Board of Directors may unilaterally renounce to the execution of the obligation and the payment of the settlement.

The payment of the settlement will be excluded as soon as Mr. Alexandre Bompard can assert his rights to retirement and no compensation could be paid after 65 years old..

Reasons justifying that the agreement is in the Company's interest:

Granting of the settlement payment is subject to a non-compete obligation for which Mr. Alexandre Bompard would be committed to held at the end of his duties as Chairman and Chief Executive Officer.

The Board of Directors has determined that it's in the Company's interest, given the nature of the function and the confidential information that Mr. Alexandre Bompard has as Chairman and Chief Executive Officer and more specifically of his knowledge of the Company's customers and strategy, to conclude a non-compete obligation .

Agreements and commitments already approved by the Shareholder's Meeting

Agreements and commitments authorized in previous years and having continuing effect during the year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, authorized in previous years by the Shareholders' Meeting, have had continuing effect during the year.

Agreement with the company Kampos, whose Managing Director is Mr. Georges Ralli, a member of the Board of Director of the Company,

Person concerned:

Mr. Georges Ralli, member of the Board of Directors of the Company and Managing Director of the company Kampos.

Nature and purpose:

At its meeting on March 2017, 8th, the Company's Board of Directors authorized an agreement with the company Kampos relating to a technical analysis in connection with the IPO of the Carrefour Group's Brazilian subsidiary.

Terms and conditions:

Consideration for the technical analysis assignment, estimated to last six months, comprises a flat rate of €45,000, excluding expenses borne by the Company upon presentation of supporting documents. The assignment was performed during financial year 2017, and the consideration paid in 2018.

This agreement was regulated until the Shareholder Meeting on June 2018, 15th which approved 2017 financial statements. After this date, Administrator Georges Ralli's mandate had expired.

Syndicated loan agreement with a syndicate of banks, including BNP Paribas

Person concerned:

Jean-Laurent Bonnafé, member of the Board of Director of the Company and director and CEO of BNP Paribas.

Nature and purpose:

At its meeting on April 2017, 12th, the Board of Directors authorized the replacement of the seven-year revolving credit facility (maturing in 2019) entered into on April 2012, 4th and modified by the rider dated July 2014, 31st, with a new revolving credit facility entered into on May 2017, 2nd with a syndicate of banks, including BNP Paribas.

Terms and conditions:

The new revolving facility agreement, entered into on May 2017, 2nd, of which the extension facility maturing one year signed on May 2018, 2nd, provides for a revolving credit line of €1,400 million. This extension facility has the sole purpose to lengthen the maturity of the credit line; any other characteristics had been modified. All the banks approved this extension facility.

Interest payable on amounts drawn is calculated at Euribor plus an initial margin of 0.25%. This initial margin of 0.25% is adjusted according to a credit margin grid based on the long-term credit margin rating of the Company. In addition to interest, a utilization fee is charged based on the portion of the facility drawn. If the line of credit is not drawn, Carrefour must pay a non-utilization fee equal to 35% of the applicable margin (0.25% margin adjusted, if applicable, according to the credit margin rating).

As of December 31, 2018, this line of credit was not drawn by the Company.

Syndicated loan agreement with a syndicate of banks, including BNP Paribas

Person concerned :

Jean-Laurent Bonnafé, member of the Board of Director of the Company and director and CEO of BNP Paribas.

Nature and purpose:

At its meetings on October 2014 15th, the Board of Directors authorized a new revolving credit facility signed on January 2015, 22nd in remplacement of July 2010 23rd and November 2011 21st contracts entered into with a syndicate of banks, including BNP Paribas.

Terms and conditions:

A €2,5 billion syndicated loan agreement (Revolving Facility Agreement) accompanied by a €1 billion security line of credit (Swingline) was signed on January 22, 2015. Following the exercise of the two extension options of the January 22, 2015 contract, (effective extensions in January 2016 and in January 2017) its term expires in January 2022.

Interest payable on amounts drawn is calculated at EURIBOR plus an initial margin of 0.275% for the revolving facility and at EONIA plus an initial margin of 0.275% and mandatory costs for the swingline facility. The initial margin of 0.275% is adjusted according to a credit margin grid based on the long-term credit rating of the Company. In addition to interest, a utilization fee is charged based on the portion of the facility drawn (fee representing between 0.10% and 0.40% of the amount drawn).

If the line of credit is not drawn, Carrefour must pay a non-utilization fee equal to 35% of the applicable margin (35% of the 0.275% margin adjusted, if applicable, according to the credit margin grid).

As of December 31, 2018, this line of credit was not drawn by the Company.

Agreements and commitments authorized in previous years with no effect during the year

We have been informed that the following agreements and commitments, authorized in previous years by the Shareholders' Meeting, have had no effect during the year.

Commitments given by the Company in favor of Mr. Alexandre Bompard, Chairman and Chief Executive Officer, concerning the supplementary defined benefit pension plan.

Person concerned:

Mr. Alexandre Bompard, Chairman and Chief Executive Officer.

Nature and purpose:

On 18 July 2017, the Board of Directors authorized Mr. Alexandre Bompard's eligibility for the supplementary defined benefit pension plan.

Terms and conditions:

Mr. Alexandre Bompard will be eligible for the supplementary defined benefit pension plan intended for the Group's main executives whose gross annual remuneration is greater than 18 times the French social security annual ceiling.

Eligibility for the plan is subject to all of the following conditions: receiving gross annual remuneration (fixed and variable) in excess of 18 times the French social security annual ceiling; being on the Carrefour payroll when the basic social security pension is taken; working at the Carrefour Group for at least three consecutive years; and having reached the age mentioned in Article L.161-17-2 of the Social Security Code.

The benchmark remuneration is equal to the average gross annual remuneration received at Carrefour Group during the last three calendar years preceding the year of cessation of activity. This average is capped at 60 times the French annual social security ceiling. To determine benchmark remuneration, only the gross base salary and annual variable remuneration paid are considered, to the exclusion of any other direct or indirect form of remuneration.

The annual supplementary pension benefits amount to 2.75% of the benchmark remuneration per year of seniority, subject to compliance with applicable performance targets. The pension amount is also calculated by deducting benefits from supplementary pension plans in place at Carrefour (benefits from a collective retirement savings plan or from a pension plan funded by salary contributions are not taken into account).

The seniority applied to calculate supplementary pension benefits is that acquired by the Chairman and Chief Executive Officer as an employee or executive within the Carrefour Group.

The acquiring of supplementary pension plan benefits is subject to performance targets implemented in accordance with the requirements of Article L.225-42-1 of the French Commercial Code. A year is only taken into account in determining the pension amount if the performance conditions for that year are attained. The Board of Directors determines the applicable performance conditions each year corresponding, subject to exception, to at least 80% satisfaction of quantitative performance conditions triggering the payment of annual variable remuneration of the Chairman and Chief Executive Officer.

Furthermore, the grant of an additional pension requires the validation of at least two-thirds of the years with respect to the performance conditions during the length of affiliation of the Chief Executive Officer in the Carrefour Group.

The aggregate amount of gross annual pension plus any gross annuities from supplementary pension plans in force within the Carrefour Group (for the portion of pension corresponding to employer funding) is capped at 25% of benchmark remuneration. Furthermore, the amount of gross annual pension cannot exceed the difference between: 45% of benchmark remuneration and the gross annual amount of all social security contributions for basic, additional and supplementary pensions.

At the end of each year, the Board of Directors verifies the achievement of the performance conditions during the prior year. In the event that the conditions are not met, the year in question will not be taken into account when calculating the pension amount.

At the end of the term of office of the Chairman and Chief Executive Officer, the Board of Directors will meet to verify that all performance conditions have been met. If this is the case, the additional pension will automatically be granted. If not, no additional pension will be paid.

Commitments given by the Company in favor of Mr. Alexandre Bompard, Chairman and Chief Executive Officer, in the event of termination of his duties

Person concerned:

Mr. Alexandre Bompard, Chairman and Chief Executive Officer.

Nature and purpose:

At its meeting on July 18, 2017, the Board of Directors has previously authorized the implementation of a settlement payment to Mr. Alexandre Bompard.

Terms and conditions:

Mr. Alexandre Bompard having renounced to this settlement payment at its meeting on the July 2018, 26th of the Board of Directors, this commitment became null due to the granting of the non-compete obligation binding, in order to be compliant with the new Code AFEP -MEDEF recommendations.

The Statutory Auditors

Courbevoie and Paris-La Défense , April 25th 2019

French original signed by

MAZARS	KPMG S.A.	DELOITTE & ASSOCIES
David Chaudat	Patrick-Hubert Petit	Antoine De Riedmatten
Emilie Loreal	Caroline Bruno-Diaz	Stéphane Rimbeuf

4

BUSINESS REVIEW AS OF DECEMBER 31, 2018

4.1 Consolidated sales and earnings performance

The business review as of December 31, 2018 includes the management report required under Article L. 225-100 of the French Commercial Code.

4.1.1 Main earnings indicators

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the reclassification of the integrated convenience stores business in France in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

The 2018 information takes into account the impact of the first-time application of IAS 29 – *Financial Reporting in Hyperinflationary Economies* to operations in Argentina at January 1, 2018 without restating 2017 data. These restatements are described in Section 4.4.3.

(in millions of euros)	**2018**	**2017 restated**	**% change**	**% change at constant exchange rates**
Net sales	76,000	78,315	(3.0)%	3.4%
Gross margin from recurring operations	**17,067**	**18,081**	**(5.6)%**	**1.6%**
in % of net sales	*22.5%*	*23.1%*		
Sales, general and administrative expenses and amortisation	(15,162)	(15,946)	(4.9)%	2.5%
Recurring operating income	1,905	2,135	(10.8)%	(5.1)%
Recurring operating income before depreciation	*3,469*	*3,735*	*(7.1)%*	*(1.8)%*
Recurring operating income after net income from companies accounted for by the equity method	**1,919**	**2,139**	**(10.3)%**	**(4.6)%**
Non-recurring operating income and expenses, net	(1,161)	(1,162)	(0.1)%	9.2%
Finance costs and other financial income and expenses, net	(262)	(445)	(41.1)%	(43.7)%
Income tax expense	(539)	(618)	(12.8)%	(1.5)%
Net income from continuing operations - Group share	(259)	(254)	2.0%	29.8%
Net income from discontinued operations - Group share	(301)	(277)	8.7%	8.8%
NET INCOME - GROUP SHARE	**(561)**	**(531)**	**5.6%**	**18.9%**
FREE CASH FLOW[1]	**636**	**503**		
NET DEBT AT DECEMBER 31, 2018	**3,785**	**3,743**		

- Net sales totalled 76.0 billion euros in 2018, an increase of 3.4% at constant exchange rates.
- Recurring operating income before depreciation and amortisation came in at 3,469 million euros (down 1.8% at constant exchange rates).
- Recurring operating income fell by 5.1% at constant exchange rates, to 1,905 million euros.
- Non-recurring operating income and expenses represented a net expense of 1,161 million euros, including reorganisation costs of 727 million euros resulting from decisions made on announcement of the 2022 transformation plan.
- Finance costs and other financial income and expenses, net, stood at 262 million euros. The 182 million-euro improvement compared with 2017 was attributable to a decrease in the Group's net debt and the favourable impact of applying IAS 29 to operations in Argentina from January 1, 2018 (Section 4.4.3).
- Income tax expense amounted to 539 million euros, representing an effective tax rate of 109% as a result of non-recurring items recorded in 2018.
- The Group reported a net loss from continuing operations of 259 million euros, an amount that was comparable to the restated loss for 2017.
- Discontinued operations generated a net loss – Group share of 301 million euros *versus* a 277 million-euro loss in 2017, reflecting the termination of the Group's integrated convenience stores business in France.
- Taking into account all of these items, the Group ended the year with a net loss – Group share of 561 million euros, *versus* a net loss of 531 million euros in 2017.
- Free cash flow[1] came to 636 million euros, *versus* restated free cash flow of 503 million euros in 2017.

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(1) Free cash flow corresponds to cash flow from operating activities before net finance costs, and after the change in working capital, less net cash from/(used in) investing activities.

4.1.2 Analysis of the main income statement items

Net sales by region

The Group's operating segments consist of the countries in which it does business, combined by region, and "Global functions", corresponding to the holding companies and other administrative, finance and marketing support entities.

(in millions of euros)	**2018**	**2017 restated**	**% change**	**% change at constant exchange rates**
France	35,615	35,253	1.0%	1.0%
Rest of Europe	21,076	21,112	(0.2)%	0.0%
Latin America	13,809	16,042	(13.9)%	15.7%
Asia	5,501	5,907	(6.9)%	(4.1)%
TOTAL	**76,000**	**78,315**	**(3.0)%**	**3.4%**

The Group generated net sales of 76.0 billion euros in 2018, up 3.4% at constant exchange rates. Despite highly competitive markets in Europe and France, growth accelerated in all regions in the second half of the year. The Group also benefited from significantly higher net sales in Brazil across all formats, reflecting strong business momentum, ongoing expansion of the Atacadão store network and development of the financial services business.

- sales in France grew 1% to 35.6 billion euros. All formats contributed to the increase, led by the supermarkets and convenience stores. The main growth drivers were food, organic offers and e-commerce, which continued to enjoy a strong growth dynamic. Non-food sales continued to decline.
- sales in the rest of Europe were stable, despite a loss of momentum in Italy where markets are under pressure. The decline in Italy was offset by higher sales in Romania and Poland, where marketing initiatives in the second half limited the effects of legislation restricting Sunday opening. The environment also remained difficult in Spain and Belgium, where competition remained tough.
- in Latin America, sales climbed 15.7% at constant exchange rates. In Brazil, the Group recorded organic growth of 8% in 2018, helped by strong marketing performances, development of the e-commerce business, sustained expansion of cash & carry operations and significant advances in financial services. In Argentina, in a challenging macro-economic environment, sales growth was supported by successful marketing initiatives leading to higher volumes.
- in Asia, 2018 sales were down 4.1% at constant exchange rates, due to lower volumes in China. The Group is continuing to adapt its business model, in particular by reducing and re-allocating selling space and developing offerings in the fresh product and e-commerce segments, which grew sharply over the year. The downtrend in China was partly offset by continued strong momentum in Taiwan.

Net sales by region – contribution to the consolidated total

(in %)	**2018**	**2018 at constant exchange rates**	**2017 restated**
France	46.9%	44.0%	45.0%
Rest of Europe	27.7%	26.1%	27.0%
Latin America	18.2%	22.9%	20.5%
Asia	7.2%	7.0%	7.5%
TOTAL	**100.0%**	**100.0%**	**100.0%**

At constant exchange rates, the portion of consolidated net sales generated outside France continued to rise, representing 56% in 2018, *versus* 55% in 2017.

Recurring operating income by region

(in millions of euros)	**2018**	**2017 restated**	**% change**	**% change at constant exchange rates**
France	466	822	(43.3)%	(43.3)%
Rest of Europe	664	677	(1.9)%	(1.7)%
Latin America	767	715	7.3%	23.6%
Asia	45	4	981.0%	1,027.9%
Global functions	(38)	(83)	(54.4)%	(55.2)%
TOTAL	**1,905**	**2,135**	**(10.8)%**	**(5.1)%**

Recurring operating income contracted by 5.1% at constant exchange rates, to 1,905 million euros. Part of the decline was due to the 33 million-euro negative impact of applying IAS 29 to operations in Argentina as from January 1, 2018.

In France, recurring operating income came to 466 million euros, down 43.3% compared with 2017 (restated to reflect the reclassification of ex-Dia stores in accordance with IFRS 5). Operating margin narrowed to 1.3% of net sales from 2.3% in 2017. The decline reflects:

- still weak growth in sales;
- a competitive market environment;
- investments made to boost competitiveness, carried out ahead of cost-cutting initiatives (whose effects have taken more time to be felt than outside France);
- targeted investments for developing automated logistics solutions and launching the Act for Food campaign;
- the impact of the "yellow vest" protests during the fourth quarter of 2018.

In Europe (excluding France), recurring operating income amounted to 664 million euros, with operating margin[1] remaining stable at 3.2%. Carrefour operates in a fiercely competitive environment shaped by discounters and independent retailers. Cost reduction measures helped to offset competitive pressure and investments in marketing.

In Latin America, recurring operating income came in at 767 million euros, with operating margin widening to 5.6% from 4.5% in 2017.

The increase reflects the higher recurring operating margin recorded in Brazil on the back of improved marketing performance, expansion of the Atacadão store base and the sharp rise in the contribution of the financial services business in Brazil.

Argentina also delivered a strong increase in recurring operating income at constant exchange rates, despite the challenging macro-economic environment. The implementation of a crisis prevention plan helped to bring recurring operating income back to break-even, excluding the impact of IAS 29.

In Asia, the Group's operations generated recurring operating income of 45 million euros in 2018, for an operating margin of 0.8%, after coming close to break-even in 2017.

In particular, the action plans implemented in China started to deliver results, especially in terms of cost savings and unprofitable store closures.

Depreciation and amortisation

Depreciation and amortisation of property and equipment, intangible assets and investment property amounted to 1,494 million euros in 2018. At 2.0% of sales, the ratio was stable compared to 2017.

Including depreciation of logistics equipment recorded under "Cost of sales", a total of 1,564 million euros was recognised in the 2018 consolidated income statement, compared with 1,599 million euros in 2017.

Net income of equity-accounted companies

Net income of equity-accounted companies totalled 14 million euros, *versus* 4 million euros in 2017.

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(1) Ratio of recurring operating income to net sales.

Non-recurring income and expenses

This classification is applied to certain material items of income and expense that are unusual in terms of their nature and frequency, such as non-recurring impairment charges, restructuring costs and provision charges recorded to reflect revised estimates of risks provided for in prior periods, based on information that came to the Group's attention during the reporting period.

Non-recurring items represented a net expense of 1,161 million euros in 2018, an amount virtually unchanged from the 1,162 million - euros net expense recorded in 2017.

The detailed breakdown is as follows:

(in millions of euros)	**2018**	**2017 restated**
Net gains on sales of assets	57	22
Restructuring costs	(727)	(279)
Other non-recurring items	(289)	(13)
Non-recurring income and expenses net before asset impairments and write-offs	**(959)**	**(271)**
Asset impairments and write-offs	(202)	(891)
Impairments and write-offs of goodwill	*(3)*	*(707)*
Impairments and write-offs of tangible and intangible assets	*(199)*	*(184)*
NON-RECURRING INCOME AND EXPENSES, NET	**(1,161)**	**(1,162)**

As in 2017, gains on disposals of assets in 2018 primarily related to sales of various individually non-material assets, mainly in France and Italy.

Restructuring costs recognised in 2018 result from plans to streamline operating structures launched as part of the transformation plan. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the voluntary redundancy plan implemented in France and affecting 2,400 jobs;
- restructuring measures launched in Belgium and affecting around 1,000 employees;
- the voluntary redundancy plan implemented in Argentina and affecting some 1,000 jobs.

Restructuring costs recorded in 2017 primarily concerned France (particularly costs relating to the overhaul of supply chains), Italy, Argentina, China (store closure plan), and Spain (plan to integrate the hypermarkets acquired from Eroski).

Other non-recurring income and expenses recorded in 2018 mainly concerned France and Brazil.

Impairment losses of 97 million euros were recognised in 2018 against fixed assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in France, Italy and China, and 82 million euros' worth of assets were written off during the year.

In 2017, impairment tests led the Group to recognise a 700 million-euro impairment loss against goodwill allocated to its Italian operations.

A description of non-recurring income and expenses is provided in Note 7.3 to the Consolidated Financial Statements.

Operating income

The Group ended 2018 with operating income of 758 million euros, *versus* 978 million euros in 2017.

Finance costs and other financial income and expenses

Finance costs and other financial income and expenses represented a net expense of 262 million euros in 2018, corresponding to 0.3% of sales *versus* 0.6% in 2017.

(in millions of euros)	**2018**	**2017 restated**
Finance costs, net	(233)	(317)
Other financial income and expenses, net	(29)	(128)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(262)**	**(445)**

Finance costs, net fell by 84 million euros to 233 million euros, reflecting the reduction in Group debt over the year and the refinancing arranged on more favourable terms.

Other financial income and expenses represented a net expense of 29 million euros, compared with a net expense of 128 million euros in 2017. Part of the improvement was due to the 53 million-euro positive adjustment recorded in "Other financial income" upon first-time application of IAS 29 – *Financial Reporting in Hyperinflationary Economies* to operations in Argentina as from January 1, 2018 (Notes 4.3 and 14.6 to the Consolidated Financial Statements). Another contributing factor was the 16 million-euro reduction in the Argentine tax on financial transactions compared with 2017, due to the fall in the peso.

Income tax expense

Income taxes amounted to 539 million euros in 2018, compared with 618 million euros the year before. Representing 109%, *versus* 116% in 2017, the effective tax rate was strongly impacted by non-recurring expenses that had no tax effect in 2018 (unrecognised deferred tax assets on tax loss carryforwards).

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to 216 million euros 2018, *versus* 169 million euros in 2017. The increase reflected the sale of Grupo Carrefour Brasil shares to non-controlling interests at the time of the IPO in July 2017 and the sub-group's solid performance in 2018.

Net income/(loss) from continuing operations – Group share

The Group reported a net loss from continuing operations of 259 million euros in 2018, a level comparable to the 254 million euro-loss reported the year before.

Net income/(loss) from discontinued operations – Group share

In 2018, the Group reported a 301 million-euro net loss from discontinued operations, of which 297 million euros corresponded to the losses of the integrated convenience stores business in France which was discontinued during the year. It is reported on a separate line in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, together with the comparative 278 million-euro loss for 2017 (Note 5 to the Consolidated Financial Statements).

All 273 former Dia stores had been excluded from the scope of consolidation by end-July 2018 following their closure.

4.2 Group financial position

4.2.1 Shareholders' equity

At December 31, 2018, shareholders' equity stood at 11,286 million euros, compared with 12,159 million euros at the previous year-end, representing an 873 million euro decrease.

This decrease mainly reflects:

- the net loss for the year of 344 million euros;
- other comprehensive income for a negative 404 million euros (mainly explained by exchange differences on translating operations in Brazil);
- 2017 dividends paid in 2018 in an amount of 242 million euros, of which 152 million euros paid to Carrefour shareholders and 90 million euros to non-controlling shareholders of subsidiaries.

The effect of the first-time application of IFRS 9 - *Financial instruments* on opening equity at January 1, 2018 was a negative 259 million euros and was largely offset by the 237 million-euro positive effect of applying IAS 29 - *Hyperinflation* (Section 4.4).

4.2.2 Net debt

At December 31, 2018, net debt stood at 3,785 million euros, unchanged from the previous year-end. The total breaks down as follows:

(in millions of euros)	**2018**	**2017**
Bonds	7,545	6,596
Other borrowings	405	522
Finance lease liabilities	275	301
Total borrowings before derivative instruments recorded in liabilities	8,225	7,419
Derivative instruments recorded in liabilities	50	78
TOTAL LONG AND SHORT TERM BORROWINGS (1)	**8,275**	**7,497**
Of which, long term borrowings	*6,936*	*6,428*
Of which, short term borrowings	*1,339*	*1,069*
Other current financial assets	190	161
Cash and cash equivalents	4,300	3,593
TOTAL CURRENT FINANCIAL ASSETS (2)	**4,490**	**3,753**
NET DEBT = (1) - (2)	**3,785**	**3,743**

Long and short-term borrowings (excluding derivatives) mature at different dates, through 2026 for the longest tranche of bond debt, leading to balanced repayment obligations in the coming years, as shown below:

(in millions of euros)	**2018**	**2017**
Due within one year	1,289	991
Due in 1 to 2 years	1,129	1,333
Due in 2 to 5 years	3,298	3,056
Due beyond 5 years	2,510	2,039
TOTAL	**8,225**	**7,419**

At December 31, 2018, the Group's liquidity position was underpinned by 3.9 billion euros' worth of committed syndicated lines of credit with no drawing restrictions expiring in 2022 and 2023.

Cash and cash equivalents totalled 4,300 million euros at December 31, 2018 compared with 3,593 million euros at December 31, 2017, representing an increase of 707 million euros.

4.2.3 Cash flows for the period and cash and cash equivalents

Net debt increased by 42 million euros over the year, after decreasing by 788 million euros in 2017. The change is analysed in the simplified statement of cash flows presented below:

(in millions of euros)	2018	2017 restated
Cash flow from operations	2,107	2,653
Change in trade working capital requirement	44	248
Change in other receivables and payables	70	(93)
Change in consumer credit granted by the financial services companies	(168)	32
Investments	(1,611)	(2,369)
Change in amounts due to suppliers of fixed assets	(53)	(77)
Other	247	109
Free cash flow	636	503
Acquisitions of subsidiaries and investments in associates	(172)	(246)
Purchases and disposals without change in control	0	479
Cash dividends/reinvested dividends	(146)	677
Finance costs, net	(233)	(317)
Exchange rates	(206)	(138)
Other	63	(171)
Decrease/(Increase) in net debt	(58)	788
IFRS 9 impact on opening balance	16	
Decrease/(Increase) in net debt - IFRS 9 impact on opening balance	(42)	

Free cash flow came to 636 million euros in 2018, compared with restated free cash flow of 503 million euros in 2017, and mainly comprised:

- cash flow from operating activities of 2,107 million euros;
- the change in trade working capital, which amounted to 44 million euros in 2018 *versus* 248 million euros in 2017;
- operational investments in an amount of 1,611 million euros, compared with 2,369 million euros in 2017. The significant decrease reflects changes in the Group's investment strategy and the more selective approach adopted during the second half of 2017 and the whole of 2018, which is designed to make capex projects more productive.

4.2.4 Financing and liquidity resources

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting conservative financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium-Term Notes (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the *Banque de France*;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At December 31, 2018, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. In April 2018, the Group extended the maturity of its 1.4 billion-euro syndicated credit line by one year to May 2023. Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

In Brazil, two debenture issues were carried out by Atacadão SA during the year, with maturities of three and five years respectively, for a total of 1.5 billion reals (Note 14.2.2 to the Consolidated Financial Statements). The commercial promissory notes (*notas promissórias*) issued by Atacadão SA in 2017 for a total of 2 billion reals were repaid in 2018.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years.

As of December 31, 2018, Carrefour was rated BBB+ with a negative outlook by Standard & Poor's and Baa1 with a stable outlook by Moody's.

4.2.5 Restrictions on the use of capital resources

There are no material restrictions on the Group's ability to recover or use the assets and settle the liabilities of foreign operations, except for those resulting from local regulations in its host countries. The local supervisory authorities may require banking subsidiaries to comply with certain capital, liquidity and other ratios and to limit their exposure to other Group parties.

4.2.6 Expected sources of funding

To meet its commitments, Carrefour can use its free cash flow and raise debt capital using its EMTN and commercial paper programmes, as well as its credit lines.

4.3 Financial outlook

The powerful transformation momentum initiated in 2018 and the results already achieved, in a complex macroeconomic context, reinforce management's confidence in the relevance of the Carrefour 2022 plan, supporting the Group's ambition: To be the leader in the food transition for all.

The Group will continue its transformation in 2019 by strengthening the 2018 initiatives.

The financial targets for the Carrefour 2022 strategic plan are as follows:

- Cost reduction plan raised to €2.8bn on an annual basis by 2020 (vs €2.0bn initially)
- €5bn of food e-commerce sales in 2022
- €5bn in sales of organic products in 2022
- The disposal of non-strategic real estate assets for €500m by 2020

4.4 Other information

4.4.1 Accounting principles

The accounting policies used to prepare the 2018 Consolidated Financial Statements are the same as those used for the 2017 Consolidated Financial Statements, expect for the first-time application of IAS 29 to operations in Argentina (Section 4.3) and the following standards, amendments and interpretations, which were applicable as of January 1, 2018:

- IFRS 9 – *Financial Instruments*, along with amendments to IFRS 4 – *Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts*: the impact of these texts on the Consolidated Financial Statements is described in Section 4;
- IFRS 15 – *Revenue from Contracts with Customers* (including *Clarifications to IFRS 15* published in April 2016): this standard had no material impact on the Consolidated Financial Statements (Section 4);
- Amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions*: these amendments had no material impact on the Consolidated Financial Statements;
- Amendments to IAS 40 – *Transfers of Investment Property*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*: this interpretation had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements 2014-2016 Cycle: these amendments had no material impact on the Consolidated Financial Statements.

Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* and to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (applicable as of January 1, 2019), were early adopted by the Group at the date of its first-time application of IFRS 9. Application of these amendments had no material impact on the financial statements.

With the exception of the two aforementioned amendments, the Group decided not to early adopt the following standards, amendments and interpretations whose application was not mandatory as of January 1, 2018:

Adopted for use in the European Union

a. IFRS 16 – Leases

IFRS 16, which will replace IAS 17 – *Leases* and the related interpretations as from January 1, 2019, sets out the principles for recognising leases and introduces major changes in the accounting for leases by lessees, since it eliminates the distinction for lessees between operating and finance leases.

Under IFRS 16, all leases are to be brought onto the statement of financial position by recognising a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 will therefore affect the presentation of lease transactions in the income statement (with rental expense replaced by a depreciation expense and interest expense) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, will impact financing cash flows).

The Group began to prepare for IFRS 16 implementation in 2016, and the process is in its final stages.

The decision has been made to transition to IFRS 16 as of January 1, 2019 using the simplified retrospective approach, without restating the 2018 Consolidated Financial Statements.

The process to collect property lease data is nearing completion. Work is also in progress to determine the framework for estimating reasonably certain periods of use (which depend, in particular, on local leasing regulations and practices in each country and on the type of underlying asset in each case), and the method of calculating the discount rates to be used to accurately estimate the transition-date effect of applying IFRS 16 (as of January 1, 2019).

The lease commitments described in Note 8.5 to the Consolidated Financial Statements for the year ended December 31, 2018, calculated over the non-cancellable term of property leases taking into account the contractual or legal provisions enabling leases to be terminated before the end of the lease term, are not entirely representative of the lease liability to be recognised in accordance with IFRS 16.

The method and approach used by the Group to determine the impact of applying IFRS 16 are presented in Note 1.2 to the Consolidated Financial Statements.

b. IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The interpretation, which is effective as from January 1, 2019, may be applied:

- fully retrospectively; or
- partly retrospectively, by recognising the cumulative effect of initially applying the interpretation in opening equity for the year in which the interpretation is applied for the first time.

The possible effects of applying IFRIC 23 are currently being analysed, along with the transition options.

Not yet adopted for use in the European Union

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
IFRS Annual Improvements 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – *Compensation Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
Amendments to the Conceptual Framework	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2022

(1) Subject to adoption by the European Union.

The Group is currently analysing the potential impacts of applying IFRS 17. It does not expect the application of the other standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

4.4.2 Seasonal fluctuations in business

Like those of other retailers, Carrefour's sales are subject to significant seasonal fluctuations, with the result that comparisons between the consolidated financial statements for the first and second halves of the year are not particularly meaningful. This is particularly the case for recurring operating income and cash flow generation between the two periods.

Second-half sales are traditionally higher than those for the first half, due to increased activity in December. Operating expenses on the other hand – such as payroll costs, depreciation and amortisation – are spread more or less evenly over the year. As a result, recurring operating income is generally lower in the first half than in the second.

Cash flows generated by the Group are also strongly impacted by seasonal trends, with working capital requirement rising sharply in the first half as a result of the large volume of supplier payments due at the beginning of the year for the purchases made ahead of the previous year's peak selling period in December.

4.4.3 Significant events of the year

4.4.3.1 "Carrefour 2022" transformation plan

On January 23, 2018, the Carrefour group unveiled its transformation plan based on the following objectives:

- deploy a streamlined and open organisation;
- achieve productivity and competitiveness gains;
- create a leading omni-channel universe;
- overhaul the offering to promote food quality.

The Group's headquarters around the globe have been scaled back in order to improve teams' operational efficiency and responsiveness. Accordingly:

- in the Île-de-France region, the corporate headquarters in Boulogne Billancourt was closed at the end of 2018 and the project to build a new 30,000 square-metre headquarters in Essonne has been abandoned;
- a majority collective agreement was signed with Carrefour's trade unions on May 24, 2018 regarding the voluntary redundancy plan aimed at reducing staff numbers at the Group's headquarters in France by 2,400 out of a total workforce of 10,500. The Group began to implement the plan at the end of June 2018 following its approval by the labour administration and the completion of the consultation procedure involving employee representative bodies. The plan's implementation was complete by the end of the year. A majority collective agreement was also signed with trade unions with regard to the employment protection plan for the ex-Dia integrated stores without a buyer;
- in Belgium, the information and consultation procedure with labour organisations that began after the January 25, 2018 announcement of a transformation plan resulted in the signature of a term sheet in June 2018. The planned measures include setting up a new organisation structure for the hypermarkets and headquarters to enhance the teams' operational efficiency and optimise operating costs. They will affect 1,000 employees and will be completed during the first half of 2019;
- in Argentina, a voluntary redundancy plan affecting some 1,000 jobs (at the head office and in stores) was implemented during 2018.

The cost of these measures is covered by provisions recorded as of June 30, 2018 (Notes 7.3 and 11.1 to the Consolidated Financial Statements).

A further objective is to create headroom to improve the Group's efficiency and competitiveness in the interest of serving its customers. This implies a significant reduction in its cost base and a more effective investment policy focused on its growth drivers. As well as a cost reduction plan, the roll-out of this objective will eliminate certain loss centres. Consequently, the Group decided that struggling stores would exit its scope of consolidation. The decision resulted in the termination of the Group's integrated convenience store business in France. Of the 352 stores making up the Dia integrated store network as of December 31, 2017, 273 were sold or closed, with a buyer being found for 27 stores.

The business has therefore been classified in accordance with the provisions of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The resulting impacts on the Consolidated Financial Statements are set out in Note 5 to the Consolidated Financial Statements.

4.4.3.2 Strategic partnership in China

On January 23, 2018, Carrefour announced that it had signed a term sheet with Tencent and Yonghui regarding a potential investment in Carrefour China. Also on January 23, 2018, Carrefour and Tencent announced that they had signed a preliminary agreement regarding strategic business cooperation in China in order to bring together Carrefour's retail knowledge with Tencent's digital expertise and innovation capabilities. Discussions are ongoing to reach an agreement on the terms of (i) cooperation and (ii) the acquisition by Tencent and Yonghui of a stake in Carrefour China.

4.4.3.3 Securing the Group's long-term financing

On March 22, 2018 (settlement on March 27, 2018), the Group issued 500 million US dollars' worth of six-year cash-settled convertible bonds (maturing in March 2024). The bonds were issued at 96.75% of their nominal value, and do not bear interest as they are zero-coupon bonds. The resulting initial conversion price is 20.0776 euros, including a conversion premium of 20% over the Carrefour reference share price. They may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.

In parallel with the bond issue, the Group purchased cash-settled call options on its own shares in order to hedge its economic exposure relating to cash payments due on bonds in the event that investors exercise their conversion rights.

The above operations, for which a EUR/USD cross currency swap was arranged, provide the Group with the equivalent of standard euro-denominated bond financing (see a description of the related accounting treatment in Note 14.2 to the Consolidated Financial Statements).

On June 5, 2018 (settlement on June 12, 2018), the Group carried out a new 500 million-euro five-year bond issue (maturing in June 2023) with a coupon of 0.875%.

On November 26, 2018 (settlement on December 4, 2018), the Group carried out a new 500-million euro seven-year bond issue (maturing in May 2026) with a coupon of 1.75%.

The issues consolidated the Group's long-term financing, maintained the average maturity of its bond debt (at 3.6 years at December 31, 2018) and further reduced its borrowing costs. On April 25, 2018, Brazilian subsidiary Atacadão also carried out a bond issue in two tranches for a total amount of 1.5 billion reals (around 350 million euros), maturing in three and five years.

In addition, Carrefour has bank credit facilities totalling 3,900 million euros. A first 2,500 million-euro facility was signed on January 22, 2015 and falls due on January 22, 2022. A second line totalling 1,400 million euros signed on May 2, 2017 was extended in April 2018 and now matures on May 2, 2023 *versus* May 2, 2022 previously.

4.4.3.4 2017 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 15, 2018, the shareholders decided to set the 2017 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 13.72 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 21 to July 4, 2018. At the end of this period, shareholders owning 56.93% of Carrefour's shares had elected to reinvest their 2017 dividends.

July 13, 2018 was set as the date for:

- settlement/delivery of the 14,575,028 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 200 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 152 million euros.

4.4.4 Impact of changes of accounting method and application of IAS 29

a. IFRS 9 – *Financial Instruments*

This new standard, which describes the principles to be applied for the classification and measurement of financial assets and liabilities, replaced IAS 39 – *Financial Instruments: Recognition and Measurement* as from January 1, 2018. IFRS 9 notably introduces:

- a new approach to classifying financial instruments based on the business model and contractual terms of financial instruments (first topic);
- a new financial asset impairment (credit loss) model based on expected losses as opposed to the former model based on incurred losses (second topic); and
- new hedge accounting principles, excluding macro hedge accounting (third topic).

A description of the main changes in accounting policies as a result of applying IFRS 9 and the impacts of these changes are summarised in Note 4.1 to the Consolidated Financial Statements.

The overall impact of applying the standard as of the date of first-time application amounted to a negative 259 million euros (net of tax). The comparative periods presented were not restated, as allowed by the option provided in the transitional provisions of IFRS 9.

b. IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15, which defines the principles for recognising revenue, replaced IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, along with the related interpretations (including IFRIC 13 – *Customer Loyalty Programmes*), as from January 1, 2018. IFRS 15 applies to all contracts with customers except for leases (rental revenue and sublease income), financial instruments (interest income) and insurance contracts, which are dealt with in other standards.

IFRS 15 defines a single framework for recognising revenue. It introduces new concepts and principles with regard to revenue recognition, particularly in terms of identifying performance obligations and allocating the transaction price to performance obligations when there are several different performance obligations in a given contract.

An analysis of typical transactions and contracts representing different major sources of revenue for the Group showed that the accounting policies applied by the Group to recognise net sales (revenue) and other operating revenue remained appropriate under IFRS 15.

The principles for recognising net sales and other revenue applied by the Group are discussed in further detail in Note 7.1 to the Consolidated Financial Statements and the impacts of applying IFRS 15 on the Consolidated Financial Statements are presented in Note 4.2 to the Consolidated Financial Statements.

First-time application of IFRS 15 had no impact on opening equity at January 1, 2018.

c. IAS 29 - *Financial Reporting in Hyperinflationary Economies*

In Argentina, all of the three-year cumulative inflation rates commonly used to evaluate the country's inflation exceed 100% and the rate is not expected to ease significantly in 2019 in light of the peso's current weakness.

The criteria in IAS 29 – *Financial Reporting in Hyperinflationary Economies* are therefore met and AMF and ESMA both consider that Argentina should be qualified as a hyperinflationary economy within the meaning of IFRS as from July 1, 2018.

Consequently, IAS 29 is applicable to the Group's operations in Argentina as from January 1, 2018 as if it had always been a hyperinflationary economy.

- In accordance with IAS 29, non-monetary assets and liabilities are restated by applying a general price index, but monetary assets and liabilities are not restated. All local currency items in the income statement and statement of other comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. The statement of financial position, income statement and statement of comprehensive income are translated into euros at the closing rate for the reporting period.
- Comparative information for 2017 is not restated. Consequently, the impact of restating the financial statements of the Argentinian subsidiary has been recognised in consolidated equity at January 1, 2018.

The overall impact of applying the standard as of the date of first-time application amounted to a positive 237 million euros (net of tax). The comparative periods presented were not restated, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, which states that previously presented comparative information in the currency of a non-hyperinflationary economy should not be restated.

d. Restatement of comparative information

The sale or closure of ex-Dia stores as part of the transformation plan (Note 2.1 to the Consolidated Financial Statements) resulted in the termination of the Group's integrated convenience stores business in France. This business, representing a network of 352 stores at December 31, 2017, was classified within discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

In accordance with IFRS 5, the following reclassifications were made in the Consolidated Financial Statements for the year ended December 31, 2018:

- the net profits or losses of the closed, sold or held-for-sale stores (including closure costs) are shown on the "Net income/(loss) from discontinued operations" line. To enable a meaningful comparison, the net profits or losses of these stores in 2017 were also reclassified on this line;
- in the statement of cash flows, all of these stores' cash flows for 2018 are presented on the lines "Impact of discontinued operations", with 2017 cash flows reclassified accordingly.

Key consolidated income statement figures for integrated convenience stores in France classified in accordance with IFRS 5 in 2018 and 2017 are as follows:

(in millions of euros)	**2018**[1]	**2017**
Net sales	347	582
Gross margin from recurring operations	80	133
Sales, general and administrative expenses, depreciation and amortisation	(186)	(263)
Recurring operating income	(107)	(130)
Operating income	(297)	(278)
Income before taxes	(297)	(278)
Income tax expense	-	-
Net income/(loss) for the period	(297)	(278)

(1) The figures shown for 2018 include the profits or losses of the stores up to the date of their sale or closure.

4.4.5 Main related-party transactions

The main related-party transactions are disclosed in Note 9.3 to the Consolidated Financial Statements.

4.4.6 Subsequent events

On January 7, 2019, Atacadão SA issued debentures in Brazil for a total amount of 900 million reals (around 200 million euros) in two tranches with respective maturities of two months (for 200 million reals) and 12 months (for 700 million reals).

On January 31, 2019, Carrefour France presented to trade unions its hypermarket business transformation plan combining the integration of technology and the elimination of certain activities and job positions. The planned measures include installing self-checkout and scanner equipment for customers, transitioning to a low-cost self-service model in some stores, and shifting to all-automatic mode in some service stations.

On February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2020 to the trade unions. The plan sets out several operational measures, such as opening several hundreds of stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model to comprise three clusters and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures that will reduce the number of employees by a maximum of 590 people.

4.4.7 Corporate social responsibility

For a number of years, the Carrefour group has maintained a proactive and committed CSR policy, engaging in a wide range of concrete initiatives and involving every country in which it operates. These initiatives are described in Carrefour's Registration Document, which also contains the Group's Non-Financial Information Statement in chapters 1 and 2.

Carrefour has long fostered a risk-aware culture embracing the issues of human rights and fundamental freedoms, health and safety, and the environment, which are the areas addressed by France's duty of care law passed on March 27, 2017. The duty of care plan described in Section 2.6.2 of Carrefour's Registration Document sets out the formal processes and methods embedded in the Group's corporate social responsibility approach and the additional measures taken under the duty of care plan.

4.5 First-quarter 2019 sales

- First-quarter 2019 sales inc. VAT:
  - Group sales up 2.7% on a like-for-like basis;
  - Further acceleration in Brazil (6.6% LFL), where convenience and e-commerce continue their good momentum;
  - Slight sales rise in France (1.0% LFL), supported by food (2.0% LFL) ;
  - Growth of more than 30% in Group food e-commerce sales;
- Rapid progress in the Carrefour 2022 transformation plan:
  - Leader in the food transition for all: continued growth in organic sales in Q1 2019 ;
  - Construction of a sustainable growth model: in Q1 2019, Carrefour launched new initiatives to improve its price and non-price competitiveness and systematize the revamp of the hypermarket;
  - Culture of operational efficiency and financial discipline: continued actions to improve operational performance and transform organizations, with new projects in France and Italy.

			Total variation[2]	
	Sales inc. VAT *(€m)*	**LFL**[1]	**At current exchange rates**	**At constant exchange rates**
France	9,034	+1.0%	-3.3%	-3.3%
Europe	5,358	-1.5%	-3.3%	-2.8%
Latin America (pre-IAS 29)	3,880	+14.5%	-2.5%	+15.6%
Asia	1,744	-3.4%	-1.5%	-3.5%
GROUP (PRE-IAS 29)	**20,016**	**+2.7%**	**-3.0%**	**+0.5%**
IAS 29 [3]	**(29)**			
GROUP (POST-IAS 29)	**19,987**			

(1) Excluding petrol and calendar effects and at constant exchange rates.
(2) Variations presented in relation to the restated 2018 sales, i.e. excluding sales of ex-Dia stores that exited the Group's scope.
(3) Hyperinflation and currency effect in Argentina.

4.5.1 Carrefour 2022 transformation plan: new initiatives since the start of 2019

After launching a powerful transformation dynamic in 2018, establishing itself as the leader in the food transition for all, making significant commercial investments and attaining a sustained pace of cost reductions, Carrefour is continuing its initiatives in 2019.

Leader of the food transition for all

As 2019 gets underway, the Group is strengthening its leadership role with new concrete actions:

- As part of its policy to support the agricultural sector, four agreements to revalue the price of milk paid to producers were concluded in February 2019;
- In April, Carrefour and Nestlé announced that they were giving consumers the opportunity to access information from the first blockchain on a national brand (Mousline) in Europe;
- The Too Good To Go application against food waste was deployed in all French supermarket stores from mid-April;
- In Brazil, Carrefour is pursuing the development of organic and healthy products. At the end of March 2019, dedicated areas were deployed in 49 hypermarkets, compared with 24 at the end of December 2018.

Sales of organic products continued their strong growth momentum, up more than 20% in Q1 2019, particularly in France:

- The dedicated organic areas set up in 2018 are very successful in all types of catchment area and Carrefour is today the leading organic food player in France;
- Carrefour obtained the necessary authorisations and finalised in early April the acquisition of the specialised So Bio banner. The Group is now concentrating on the development of this specialised banner, which complements Carrefour Bio.

Construction of a sustainable growth model

Numerous initiatives to strengthen competitiveness:

In early 2019, Carrefour has made strong choices in favour of the consumer and is strengthening its competitiveness.

- In France, in order to encourage customer loyalty, the Group launched permanent price reductions with "Large Brand rewards" and "Loyalty rewards". These operations apply to all formats and channels, a first for Carrefour. In April, Carrefour also launched in hypermarkets the "Unbeatable prices" campaign on ten fruits and vegetables that are part of the daily diet;
- In Argentina, in a hyper-inflationary context, Carrefour has frozen prices of meat for three months and significantly improved its price positioning and perception;
- In Spain, the Group initiated investments in fresh products in the southern part of the country;
- In Italy, Carrefour launched mid-April a multi-format operation, "Prezzo ribassato," with price reductions on 5,000 products.

Hypermarket revamp:

In February, Carrefour announced that it will systematise and internationalise the logic of adapting hypermarkets to the specificities of each catchment area, in order to offer a more fluid customer path and a better shopping experience. The Group is continuing to reduce underproductive sales area, mainly non-food (global target of 400,000 sq.m. reduction by 2022).

- Further sales area reduction, notably in favor of Drive, outlets and shopping malls;
- Reopening of the Avignon store on April 4 (reduction of sales area and assortments, racking, lower prices, etc.), inspired by Maxi in Argentina;
- Adjustment of the hypermarket model in Italy, with planned sales area reductions in five hypermarkets.

Highlighting food know-how and adapting the non-food offer:

The Group wants to make its stores the showcase of the food transition. It is accelerating the redesign of its commercial proposition and rethinking assortments and services.

- Reduction of assortments (-15% targeted in 2020 globally, -6% already achieved in 2018), with the aim of improving the clarity of the offer;
- Continued work on Carrefour-branded products, which should account for one-third of sales by 2022;
- In French hypermarkets: New commercial concepts (e.g., Plural Beauty), creation of a "service" area (e.g., Evreux), etc.
- Expansion of Gome partnership in China: deployment of consumer electronics corners in 140 hypermarkets;
- Experimenting new categories: signature in early April of a partnership to install pharmacies or parapharmacies in hypermarkets in Belgium.

Deployment of the omnichannel ecosystem:

In Q1 2019, Carrefour stepped up its digital transformation efforts. Food e-commerce sales grew by more than 30% in the first quarter.

- Development of online order preparation tools: opening in January of a new order preparation platform on the outskirts of Paris;
- Pick-up and delivery services: 1,678 Drives worldwide (+62 in Q1), including 62 pedestrian Drives in France at end-March (*versus* 51 at end-February);
- Carrefour has announced a partnership with Rappi, the express delivery app in Brazil;
- Continued deployment of new technologies and services: self check-out with payment through facial recognition available in all stores in China since mid-April
- Opening of the Carrefour-Google Lab in March 2019 and implementation of the first experiments.

Roll-out of new stores in growth formats:

Carrefour continues to expand rapidly, with the opening of new convenience stores (target of 3,000 openings by 2022) and Cash & Carry.

- Opening of 91 new convenience stores in Q1 2019;
- Opening of four Atacadão in Brazil in Q1 2019 (20 planned in 2019);
- Conversion of four stores to the Maxi banner in Argentina in Q1 2019.

Culture of operational efficiency and financial discipline

Transformation of organisations:

In Q1 2019, Carrefour launched new initiatives to transform its organisations and make them simpler and more agile.

- In France, the transformation plan notably includes the reduction in sales area and simplification of in-store organisation (decompartmentalisation of functions and greater staff versatility). A new GPEC agreement was signed in March to promote internal mobility. In addition, to support employees whose job is more specifically affected, the Group has opened negotiations to establish a Collective Contractual Severance agreement;
- In Italy, in order to be more efficient, the transformation plan includes the reorganisation of the head office and is expected to result in a reduction of a maximum of 590 full-time positions, i.e, around 4% of the workforce, of which half in stores.

Operational efficiency and financial discipline:

In all countries, Carrefour is pursuing a cost reduction drive and is strengthening the selectivity and productivity of its investments.

- Purchasing alliances unveiled in 2018 (Tesco, Système U, Pam & Vege, Provera) enabled Carrefour to break out of isolation. The Group confirms that the first gains will come in 2019;
- Carrefour continues to implement an industrialised approach in the revamp of operating processes and goods not for resale

Solid balance sheet:

Carrefour reaffirms its commitment to a solid balance sheet, which is an important asset in the context of rapid changes in food retail. At March 31, 2019, the Group was rated Baa1 with negative outlook by Moody's and BBB with a stable outlook by Standard & Poor's.

4.5.2 First-quarter 2019 sales inc. VAT: growth of 2.7% (LFL)

		Variation ex petrol ex calendar		Total variation inc. petrol	
	Sales inc. VAT (€m)	LFL	Organic	at current exchange rates	at constant exchange rates
FRANCE	**9,034**	**+1.0%**	**0.0%**	**-3.3%**	**-3.3%**
Hypermarkets	4,659	+0.1%	-0.3%	-3.4%	-3.4%
Supermarkets	3,003	+1.5%	-0.7%	-3.1%	-3.1%
Convenience /other formats	1,372	+2.6%	+2.5%	-3.2%	-3.2%
OTHER COUNTRIES	**10,982**	**+3.9%**	**+4.9%**	**-2.7%**	**+3.5%**
Other European countries	**5,358**	**-1.5%**	**-1.7%**	**-3.3%**	**-2.8%**
Spain	2,161	-2.8%	-2.4%	-1.9%	-1.9%
Italy	1,214	-3.8%	-5.6%	-7.7%	-7.7%
Belgium	987	-0.4%	-1.8%	-3.5%	-3.5%
Poland	**494**	**+3.0%**	**+2.8%**	**-3.4%**	**-0.6%**
Romania	502	+3.3%	+7.1%	+3.2%	+5.0%
Latin America (pre-IAS 29)	**3,880**	**+14.5%**	**+18.0%**	**-2.5%**	**+15.6%**
Brazil	3,306	+6.6%	+11.3%	+1.4%	+8.8%
Argentina (pre-IAS 29)	574	+49.1%	+47.0%	-20.0%	+46.5%
Asia	1,744	-3.4%	-3.6%	-1.5%	-3.5%
China	1,198	-4.4%	-5.3%	-4.0%	-5.7%
Taiwan	546	-1.1%	+0.4%	+4.5%	+1.6%
GROUP TOTAL (PRE-IAS 29)	**20,016**	**+2.7%**	**+2.8%**	**-3.0%**	**+0.5%**
IAS 29[1]	**(29)**				
GROUP TOTAL (POST-IAS 29)	**19,987**				

(1) Hyperinflation and currencies.

In the first quarter of 2019, Carrefour's pre-IAS 29 gross sales totaled 20,016 million euros, up 0.5% at constant exchange rates. After taking into account an unfavourable exchange rate effect of 3.4%, mainly due to the depreciation of the Brazilian real and the Argentine peso, sales were down 3.0% at current exchange rates. After application of IAS 29, the Group's Q1 2019 consolidated sales inc. VAT totaled 19,987 million euros. On a like-for-like basis (LFL), sales rose 2.7% in the quarter. Total growth at constant exchange rates (0.5%) also includes a calendar effect marked by Easter (-1.6%), the contribution of gasoline sales (-1.0%), as well as openings (+1.2%) and scope and other effects (-0.9%).

In France, in a new regulatory context (EGALIM law), Carrefour's like-for-like sales rose by 1.0%, driven by a satisfactory performance in food (up 2.0% LFL), while non-food remains difficult (down 5.4% LFL).

- Price investments have been made in all formats and channels with the new Primes programs launched in February. Initiatives are continuing with the launch in April of the "Unbeatable prices" on ten fruits and vegetables that are part of the daily diet;
- Growth momentum in organic products, e-commerce and convenience formats is solid;

- Carrefour continued to reduce underproductive sales areas in hypermarkets.

The market context remains difficult in Europe (-1.5% LFL):

- In **Spain** (-2.8% LFL), the environment remains very competitive. Performance was impacted by closures on Sunday in the Levante region (new regulations). Following a clean-up in inventory, destocking operations of non-food products are less significant than in 2018. Actions launched in 2018 (strengthening digital, fresh, organic products and Carrefour-branded products) should accelerate in 2019;
- In **Italy** (-3.8% LFL), in a market under pressure, the trend over the quarter remained similar to that of 2018 (-4.0% LFL). The Carrefour Italy transformation plan, unveiled in February 2019, is getting underway;
- In **Belgium** (-0.4% LFL), in a persistently competitive market, Carrefour posted an improvement over the fourth quarter of 2018 (-3.1% LFL);
- Growth continues in **Romania** (+3.3% LFL) and in **Poland** (+3.0% LFL) where commercial initiatives limited the impact of the law imposing store closures on certain Sundays.

Strong momentum continued in Latin America (+14.5% LFL):

- In **Brazil**, Carrefour posted significant growth of 6.6% on a like-for-like basis, in a market that benefited from further food inflation:
  - Atacadão (+6.8% LFL) continued its expansion with the opening of four new stores;
  - The acceleration at Carrefour Retail (+6.1% LFL) continued, notably reflecting the solid performance in proximity formats, strong e-commerce growth and double-digit non-food sales in hypermarkets;
  - Financial services maintained their strong growth with a 23.4% increase in billings in Q1 and further growth in the number of cardholders (8.2 million at end-March, of which 1.7 million bearers of Atacadão cards).
- In **Argentina** (+49.1% LFL), the good commercial momentum continued, with an acceleration of the growth of sales and volumes in spite of a complex macroeconomic context, following strong price investments.

LFL sales in **Asia** were down 3.4%:

- In **China** (-4.4% LFL), Carrefour recorded a slightly better performance than in 2018, driven by a strong acceleration in e-commerce. The Group is continuing its transformation initiatives, notably with the opening of a second Le Marché store in Shenzhen in March.
- In **Taiwan** (-1.1% LFL), activity was hit by challenging market conditions during the Chinese New Year campaign.

4.5.3 Accounting standards

Application of IFRS 16 - Principles of Accounting for Leases

Since January 1, 2019, Carrefour has applied IFRS 16, which concerns the principles of accounting for leases, and replaces IAS 17 - Leases and its interpretations. The Group opted for the simplified retrospective approach, without restating the 2018 Consolidated Financial Statements. The consolidated financial statements for the first half of 2019, to be published end-July, will be established in accordance with IFRS 16 accounting rules. Carrefour estimates the new IFRS 16 lease liability at about 5.0 billion euros at January 1, 2019. This estimate is subject to change until the Group presents its first-half consolidated financial statements, including first-time application on the opening balance sheet.

Application of IAS 29 - Accounting treatment of hyperinflation for Argentina as from July 1st, 2018, effective January 1st, 2018

In Argentina, the cumulative inflation rate over the last three years is greater than 100%, according to a combination of indices used to measure the country's inflation (inflation of wholesale prices and consumer prices having exceeded the 100% threshold), and no significant decrease in inflation is expected in 2019 in a context in which, moreover, the Argentine peso has depreciated.

As a result, the criteria of the IAS 29 norm are fulfilled and according to a consensus shared by the AMF and ESMA, Argentina is considered a hyperinflationary economy within the meaning of IFRS as of July 1, 2018. Thus, the terms of IAS 29 relating to financial reporting in hyperinflationary economies become applicable from January 1, 2018 as if Argentina had always been in hyperinflation.

The impact on Q1 2019 revenue is presented in the table below:

Sales inc. VAT *(€m)*	**2018**(1)	**LFL**(2)	**Calendar effect**	**Scope effect and others**	**Petrol effect**	**2019 at constant exchange rates**	**Currencies**	**2019 at current exchange rates**	**IAS 29**(3)	**2019 at current exchange rates post-IAS 29**
Q1	20,626	+2.7%	-1.6%	+0.3%	-1.0%	20,722	-3.4%	20,016	(29)	19,987

(1) Restated for IFRS 5.
(2) Excluding petrol and calendar effects and at constant exchange rates.
(3) Hyperinflation and currencies.

Variations ex calendar and ex petrol are presented in relation to the restated 2018 sales, i.e., excluding sales of ex-Dia stores that exited the Group's scope.

4.5.4 Expansion under banners - First-quarter 2019

Thousands of sq.m.	Dec. 31, 2018	Openings/ Store enlargements	Acquisitions	Closures/ Store reductions	Total Q1 2019 change	March 31, 2019
France	5,546	15	-	-13	+2	5,548
Europe (ex France)	5,598	21	-	-27	-5	5,593
Latin America	2,510	23	-	-	+23	2,534
Asia	2,667	0	-	-9	-9	2,658
Others[1]	1,223	25	-	-2	+23	1,246
GROUP	**17,545**	**85**	**-**	**-50**	**+35**	**17,579**

(1) Africa, Middle East and Dominican Republic.

4.5.5 Store network under banners – First-quarter 2019

No. of stores	Dec. 31, 2018	Openings	Acquisitions	Closures/ Disposals	Transfers	*Total Q1 2019 change*	March 31, 2019
HYPERMARKETS	**1,384**	**3**	**-**	**-1**	**1**	***+3***	**1,387**
France	247	-	-	-	1	*+1*	248
Europe (ex France)	452	1	-	-	-	*+1*	453
Latin America	189	-	-	-	-	-	189
Asia	372	-	-	-1	-	*-1*	371
Others[1]	124	2	-	-	-	*+2*	126
SUPERMARKETS	**3,319**	**21**	**-**	**-17**	**-1**	***+3***	**3,322**
France	1,056	3	-	-3	-1	*-1*	1,055
Europe (ex France)	1,776	6	-	-12	-	*-6*	1,770
Latin America	147	1	-	-	-	*+1*	148
Asia	73	-	-	-1	-	*-1*	72
Others[1]	267	11	-	-1	-	*+10*	277
CONVENIENCE STORES	**7,029**	**91**	**-**	**-112**	**-**	***-21***	**7,008**
France	3,918	42	-	-46	-	*-4*	3,914
Europe (ex France)	2,511	47	-	-62	-	*-15*	2,496
Latin America	516	1	-	-	-	*+1*	517
Asia	29	1	-	-4	-	*-3*	26
Others[1]	55	-	-	-	-	-	55
CASH & CARRY	**379**	**7**	**-**	**-1**	**-**	***+6***	**385**
France	144	1	-	-	-	*+1*	145
Europe (ex France)	49	2	-	-1	-	*+1*	50
Latin America	173	4	-	-	-	*+4*	177
Asia	-	-	-	-	-	-	-
Others[1]	13	-	-	-	-	-	13
GROUP	**12,111**	**122**	**-**	**-131**	**-**	***-9***	**12,102**
France	5,365	46	-	-49	-	*-3*	5,362
Europe (ex France)	4,788	56	-	-75	-	*-19*	4,769
Latin America	1,025	6	-	-	-	*+6*	1,031
Asia	474	1	-	-6	-	*-5*	469
Others[1]	459	13	-	-1	-	*+12*	471

(1) Africa, Middle East and Dominican Republic.

4.6 Glossary of financial indicators

Definitions

Like for like sales growth

Sales generated by stores opened for at least twelve months, excluding temporary store closures, at constant exchange rates, excluding petrol and calendar effects and excluding IAS 29 impact.

Organic sales growth

Like for like sales growth plus net openings over the past twelve months, including temporary store closures, at constant exchange rates.

Gross margin

Gross margin is the difference between the sum of net sales, other income, reduced by loyalty programme costs and the cost of goods sold. Cost of sales comprises purchase costs, changes in inventory, the cost of products sold by the financial services companies, discounting revenue and exchange rate gains and losses on goods purchased.

Recurring Operating Income (ROI)

Recurring Operating Income is defined as the difference between gross margin and sales, general and administrative expenses, depreciation and amortisation and provisions.

Recurring Operating Income Before Depreciation and Amortisation (EBITDA)

Recurring Operating Income Before Depreciation and Amortisation (EBITDA) excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below.

Operating income (EBIT)

Operating income (EBIT) is defined as the difference between gross margin and sales, general and administrative expenses, depreciation, amortisation and non-recurring items.

Non-recurring income and expenses are certain material items that are unusual in terms of their nature and frequency, such as impairment, restructuring costs and expenses related to the revaluation of pre-existing risks on the basis of information that the Group became aware of during the accounting period.

Free cash flow

Free cash flow is defined as the difference between funds generated by operations (before net interest costs), the variation of working capital requirements and capital expenditure.

4.7 Parent company financial review

4.7.1 Business and financial review

As the Group's holding company, Carrefour (the Company) manages a portfolio of shares in French and foreign subsidiaries and affiliates.

In 2018, operating income amounted to 144 million euros and essentially consisted of costs rebilled to other Group entities.

Net financial income of 1,419 million euros was recognised in 2018 compared with a net financial expense of 4,264 million euros in 2017. The 5,683 million-euro improvement in net financial income is mainly attributable to:

- the recognition in 2018 of 232 million euros in net charges to provisions for impairment of financial investments *versus* net charges of 5,292 million euros in 2017;
- an 826 million-euro increase in dividends received compared with 2017.

Net non-recurring expense represented 87 million euros in 2018 and consisted mainly of charges to provisions for miscellaneous contingencies.

Net income for the year amounted to 1,484,608,036.82 euros.

Other transactions

On March 22, 2018, Carrefour issued 500 million US dollars' worth (nominal amount) of non-dilutive six-year cash-settled convertible bonds (maturing in March 2024) to institutional investors.

The issue was hedged in euros to provide the Company with the equivalent of standard euro-denominated bond financing (see a description of the related accounting treatment in Note 14.2 to the Consolidated Financial Statements).

Carrefour also issued bonds to institutional investors on two separate occasions as part of its Euro Medium-Term Notes (EMTN) programme. The first issue was carried out on June 5, 2018, and settled on June 12, 2018, for 500 million euros' worth of 5-year 0.875% bonds maturing on June 12, 2023, and the second was carried out on November 26, 2018, and settled on December 4, 2018, for another 500 million euros' worth of 7-year 1.75% bonds maturing on May 4, 2026.

The issues consolidated the Company's long-term financing, extended the average maturity of its bond debt (to 3.6 years) at December 31, 2018 and further reduced its borrowing costs.

Payment cycles of suppliers and customers

In accordance with the disclosure requirements of Article L. 441-6-1 of the French commercial code (*Code de commerce*), the table below shows the Company's trade payables and trade receivables by due date.

PAYMENT CYCLES OF SUPPLIERS AND CUSTOMERS

	Article D. 441 I-1: Unpaid and overdue incoming invoices at the reporting datev						**Article D. 441 I-2: Unpaid and overdue outgoing invoices at the reporting date**					
Year ended December 31, 2018 *(in thousands of euros)*	**0 days**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 + days**	**Total (1 day or more)**	**0 days**	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 + days**	**Total (1 day or more)**
(A) BY AGEING CATEGORY												
Number of invoices	2	26	19	4	69*	118	0	1	1	2	14	21*
Total amount (including VAT) of the invoices	74	824	419	23	1 179*	2 444	0	54	24	2 175	15 248	17 501*
Percentage of total amount of purchases (including VAT) over the period	0 %	0 %	0 %	0 %	1 %	1 %						
Percentage of revenue (including VAT) over the period								0 %	0 %	2 %	12 %	14 %
(B) INVOICES EXCLUDED FROM (A) RELATING TO DOUBTFUL OR UNRECOGNISED PAYABLES AND RECEIVABLES												
Number of invoices excluded	none						none					
Total amount of invoices excluded	0						0					
((C) STANDARD PAYMENT DEADLINES USED (CONTRACTUAL OR LEGAL DEADLINES - ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)												
Payment deadlines used to calculate late payments	X Contractual deadlines: (specify) Legal deadlines: (specify) The contractual deadlines applied fall within a 20- to 60-day period.						X Contractual deadlines: (specify) Legal deadlines: (specify) The contractual deadlines applied fall within a 20- to 60-day period.					

* *Mainly correspond to intragroup invoices.*

4.7.2 Subsidiaries and affiliates

As part of its effort to manage its equity portfolio, during the year the Company carried out the transactions described below:

- subscription to the capital increase of Adialea in an amount of 10 million euros;
- sale of CRFP20 to Carrefour Netherlands BV;
- transfer of CRFP19's assets and liabilities.

4.7.3 Income appropriation

It is recommended that the Shareholders' Meeting appropriate distributable income as follows:

Net income for the year	**€1,484,608,036.82**
Allocation to the legal reserve	€8,254,421.25
Retained earnings at December 31, 2018	€924,985,489.61
Income available for distribution	€2,401,339,105.18
2018 dividends paid out of distributable profit	**€358,705,838.00**(1)
Balance of retained earnings after allocation	€2,042,633,267.18

(1) *Calculated based on shares eligible for dividends (after deduction of treasury shares at December 31, 2018)*

The amount of retained earnings after appropriation of 2018 net income was increased by the amount of the 2017 dividends that were not paid on treasury shares.

In the event of a change in the number of shares eligible for dividends with respect to the 789,252,839 shares comprising the share capital at December 31, 2018, the total dividend amount would be adjusted and the amount allocated to retained earnings would be determined on the basis of the dividends actually paid.

The total dividend amount of €358,705,838, which represents a dividend of 0.46€ per share before payroll taxes and the 21% withholding tax (*prélèvement obligatoire non libératoire*) stipulated in Article 117 *quater* of the French general tax code (*Code général des impôts*), qualifies, for individuals who are resident in France for tax purposes, for the 40% tax relief described in Article 158-3-2 of the French general tax code.

It is recommended that the Shareholders' Meeting offer each shareholder the option to receive the dividend payment:

- in cash;
- or in new Company shares.

The new shares, if the option is exercised, will be issued at a price equal to 90% of the average opening prices listed during the 20 trading sessions on Euronext Paris prior to the date of this Shareholders' Meeting, less the amount of the dividend that is the subject of this resolution and rounded up to the nearest euro cent. Such issued shares would carry dividend rights as of January 1, 2019 and rank *pari passu* with the other shares in the Company's share capital.

Shareholders may opt for payment of the dividend in cash or in new shares from June 24, 2019 to July 5, 2019 inclusive, by sending their request to the financial intermediaries that are authorised to pay the dividend or, for Registered Shareholders listed in the issuer-registered accounts held by the Company, to its authorised representative, Société Générale, CS 30812, 44308 Nantes Cedex 03, France.

For shareholders who have not exercised their option by July 5, 2019, the dividend will be paid in cash.

For shareholders who have not opted for payment in shares, the dividend will be paid in cash on July 11, 2019. For shareholders who have opted for a dividend payment in shares, the settlement by delivery of shares will take place on the same date.

As required by law, the dividends paid per share for the three preceding financial years and the amounts eligible for tax relief under Article 158-3-2 of the French general tax code are set out below:

Financial year	Gross dividend paid	Dividends eligible for 40% tax relief	Dividends not eligible for 40% tax relief
2015	€0.70	€0.70	-
2016	€0.70	€0.70	-
2017	€0.46	€0.46	

4.7.4 Research and development

The Company does not implement any research and development policy.

4.7.5 Recent developments

See the Group's management report at December 31, 2018, for information on the outlook for 2019 based on the roll-out of the "Carrefour 2022" plan throughout the Company, its subsidiaries and the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method.

4.7.6 Company earnings performance in the last five financial years

(in millions of euros)	**2018**	**2017**	**2016**	**2015**	**2014**
I - Capital at year-end					
Share capital	1,973	1,937	1,891	1,846	1,837
Issue and merger premiums	16,856	16,693	16,367	16,023	15,930
Number of existing ordinary shares	789,252,839	774,677,811	756,235,154	738,470,794	734,913,909
II – Results of operations for the financial year					
Income before tax, employee profit-sharing and depreciation, amortisation and provisions	1,726	893	219	626	2,166
Income tax	186	230	261	193	238
Employee profit-sharing payable for the financial year					
Income (loss) after tax and employee profit-sharing and depreciation, amortisation and provisions	1,485	(4,160)	433	831	4,440
Distributed income(1)		356	529	517	500
III – Net income per share					
Income (loss) after tax and employee profit-sharing but before depreciation, amortisation and provisions	2.42	1.45	0.63	1.11	3.27
Income after tax, employee profit-sharing and depreciation, amortisation and provisions	1.88	(5.37)	0.57	1.13	6.04
Net dividend allocated to each share(1)		0.46	0.70	0.70	0.68
IV – Employees					
Average number of employees during the financial year	6	7	7	7	8
Amount of payroll for the financial year	12	17	15	21	22
Amount paid as employee benefits for the financial year (social security, social services)	5	6	4	5	7

(1) For 2018, this was set by the Board of Directors and will be submitted to the 2019 Shareholders' Meeting for approval.

4.8 Risk management

In an uncertain, constantly changing environment, proactive risk management is an essential part of sustainable development for the Company's business, and is an aim shared by all employees. This approach also enables the review of all processes within the Company and the identification of opportunities and areas for improvement.

The risk management system implemented by the Group is primarily based on identifying and accounting for principal risk factors and uncertainties which may have a material impact on its activities, financial position or image (II/1).

For the past several years, the Group has been committed to a coordinated risk management policy based on mapping of major risks, rules and the communication of best practices, with the implementation of a risk prevention and management system (II/2).

As part of a regular analysis and review of insurable risks, the Group also implements solutions to transfer risks to the insurance market (II/3).

To manage difficult situations that may significantly impact its activities, financial position or image, the Group has also developed a comprehensive crisis management system (III).

4.8.1 Principal risk factors

The principal risk factors identified by the Group are presented below, grouped into five categories:

- strategy and governance;
- operations;
- business environment;
- finance; and
- financial services.

In 2018, the Group focused on:

- European regulatory changes, and in particular the new European regulation on personal data protection (General Data Protection Regulation – GDPR), prevention of market abuse, and implementation of the requirements set out in France's Sapin II law (transparency, anti-corruption and economic reform) and the new duty of care law;
- information system security in view of the growing threats related to cybercrime and the online sales development strategy; and
- product quality and safety.

On January 23, 2018, the Group presented its "Carrefour 2022" transformation plan designed to adapt its business model and organisation to become the world leader in the food transition for all. The plan is structured around four pillars: deploy a simplified and open organisation, achieve productivity and competitiveness gains, create a leading omni-channel universe of reference and overhaul the offer to promote food quality. The Group risk mapping includes plans to prevent and manage the operational and strategic risks related to this transformation plan.

Strategy and governance	Operations	Business environment	Financial risk management	Financial services
• Strategy definition, adjustment and Implementation • Compliance and fair practices • Corporate social responsibility • Environment • Disputes and litigation	• Relevance and performance of economic and business models • Operational and financial control of growth and expansion • Partnerships and franchising • Control of the supply chain • Product quality, compliance and safety • Safety of people and property • Human resource management • Continuity, integrity and confidentiality of information systems • Control and valuation of assets	• Political and social environment • Enconomic environment and market volatility • Environment, regulatory pressure and developments • Changes in the industry and the competitive environment • Natural disasters and climate change • Terrorism and crime	• Liquidity risk • Interest-rate risk • Currency risk • Credit risk • Equity risk • Quality of financial management, budgets and reporting	• Liquidity risk • Credit risk

4.8.1.1 Strategy and governance

Strategy definition, adjustment and implementation

Description of the risk

In a political, economic, social and competitive environment which is both uncertain and complex, any inefficiencies in developing, communicating and rolling out the Group's vision and strategy may damage its reputation and its financial and operational performance. Likewise, any issues in managing projects or restructurings could also negatively impact the Group.

The "Carrefour 2022" transformation plan sets out a number of objectives, including financial targets, which are based on various assumptions about the Group's business and economic conditions. The Group may not be able to fully achieve its transformation objectives and, even if they are achieved, they may not produce the expected benefits or may not produce them as soon as expected. The Group's inability to successfully implement and achieve its transformation objectives could have an adverse impact on its reputation and on its financial and operating performance.

Risk management

As part of business tracking and key action plans, each country carries out extensive work in building and implementing strategy in cooperation with Executive Management. Objectives and commitments are regularly reviewed to ensure that resources are allocated in the best possible manner. Progress in the strategic plan is monitored at top Group level, with regular progress reports at Executive Committee and Board meetings.

Compliance and fair practices

Description of the risk

In an increasingly litigious world, where regulatory authorities have broader power, the failure to comply with regulations or contractual commitments, within the scope of the Group's operational activities and in its relations with its employees, can have a material impact on the Group's financial performance and reputation. Accordingly, the Group has had to take recent regulatory developments into account, particularly the Sapin II anti-corruption law and the European General Data Protection Regulation (GDPR).

Risk management

In October 2016, the Group distributed its Ethics Principles, providing employees with a set of guidelines on how to conduct themselves in the workplace on a daily basis. The Ethics Principles are shared with suppliers and service providers under Ethics Charters as described in the Group's regulatory framework. Procedures are currently being implemented to assess the position of customers, key suppliers and intermediaries based on the risk map.

A whistleblowing system introduced in 2016 can be used to report any breaches of the Ethics Principles, particularly with regard to corruption and conflicts of interest. Information, and in particular the whistleblower's identity, is guaranteed to be kept confidential throughout the entire process. No disciplinary action may be taken against an employee who reports an ethics issue in good faith.

The Group has tracked the measures that were implemented in 2017 to comply with the Sapin II law. Similarly, it has performed monitoring procedures in connection with the government order of December 1, 2016 strengthening French legislation on anti-money laundering and counter-terrorism financing, which implements in French law the European Directive of May 20, 2015 as described in Section 4.7.2 of the Company's Registration Document on the risk prevention and management system.

Corporate social responsibility

Description of the risk

Looking beyond regulatory compliance, given consumers' growing concerns about responsible and sustainable retailing and the nature and reality of commitments, corporate social responsibility (CSR) policies and actions may impact the Group's reputation and its financial performance.

Risk management

For a number of years, the Group has maintained a proactive CSR policy, as described in the Company's Registration Document. Chapters 1 and 2 of the Registration Document describe the wide range of concrete initiatives in which Carrefour is engaged and the involvement of all countries where the Group operates as well as the Group's Non-financial Information Statement. The assessment of environmental, labour and societal risks is an essential component in developing and updating the Group's CSR approach.

Carrefour has long fostered a risk-aware culture embracing the issues of human rights and fundamental freedoms, health and safety, and the environment, which are the areas addressed by France's duty of care law passed on March 27, 2017. The duty of care plan described in Section 2.6.2 of the Registration Document sets out the formal processes and methods embedded in the Group's corporate social responsibility approach and the additional measures taken for effective implementation of the plan.

Since 2017, the Group has ranked among the top five global retailers in terms of CSR and is the only French company among the 12 leaders in the Food & Staples Retailing sector of the Dow Jones Sustainability Index World (DJSI).

Environment

Description of the risk

In the scope of its activities, the Group may be exposed to a wide range of environmental risks related to product design and sale, the transport of goods and the operation of its stores and warehouses. These activities can have an impact on the environment through commodity production methods, choice of packaging, and consumption of fuel, energy and refrigerants.

Risk management

Assessment of environmental risks and issues aims to improve our knowledge and our understanding of the related challenges and to enable the Group to better address risks in order to protect its business, employees and customers.

Environmental protection and preservation is considered by the Group, along with industrial risks, with a focus on prevention through study and analysis, but also through the operational implementation of prevention or treatment systems. All initiatives intended to reduce the environmental footprint of our business activities and measures taken to mitigate the impacts of climate change are presented in the Company's Registration Document in Section 2 on Corporate Social Responsibility. While environmental regulations are tightening in many countries and consumers are becoming increasingly aware of the need to protect the environment, particular attention is paid to natural resource management (wood, fishery resources, water, etc.).

Disputes and litigation

Description of the risk

In the scope of its recurring activities, the Group is involved in various legal and administrative proceedings and is subject to administrative audits, whose outcomes are uncertain with potentially material impacts on its financial position or reputation. The Group's exposure to any material litigation is described in Note 11.2 to the Consolidated Financial Statements.

Risk management

The various Legal departments manage and oversee disputes at the country and Group levels. Provisions are also recorded in the financial statements for disputes and litigation when an obligation to a third party exists at the period-end.

To the Group's knowledge, other than the proceedings described in Notes 11.2 and 11.3 to the Consolidated Financial Statements, there are no other ongoing governmental, legal or arbitration proceedings to which the Group may be a party that are likely to have, or have had during the last 12 months, a material impact on the Group's financial position.

4.8.1.2 Operations

Relevance and performance of economic and business models

Description of the risk

In a highly competitive environment with very unstable markets, it is essential for economic and business models to be relevant and rapidly adaptable to changing consumption habits and patterns, such as the development of e-commerce and changing eating behaviours. Likewise, efficient and effective purchasing can have a material impact on the Group's operational, non-financial and financial performance, in terms of both organisation and design of purchasing models and the ability to deploy them in-store.

Risk management

Adapting business models to customer expectations is a major challenge for the development and design teams, which is why the Group leverages a forward-looking approach, ongoing assessments and constant monitoring. For example, effective processes driving the food transition for all programme enable the economic model to be adapted to new consumer demands, such as the development of food safety standards and quality, and responsible purchasing and production. The social impacts of Carrefour's business operations are also taken into account to adjust its economic model, for example by limiting food waste, recycling waste and reducing greenhouse gases.

Operational and financial control of growth and expansion

Description of the risk

In a highly competitive environment with cost pressure and increasingly scarce high-quality locations in certain countries, the Group may be unable or find it difficult to identify, obtain or develop the best sites, in line with its strategy of always seeking to increase profitability based on valid and reliable assumptions while taking into account all risk factors. This may impact its financial performance and ability to fulfil its objectives and lead it to inadequately identify, assess and integrate new assets or companies.

Risk management

All of these factors are considered in the proposals analysed by the country-level Finance departments, in connection with the Development department and, where applicable, the Carrefour Property teams. The most significant proposals are reviewed and first approved by the Group Investment Committee (CIG).

Partnerships and franchising

Description of the risk

Since most of the Group's stores under banner are operated as franchises and the Group's growth relies on partnerships in several countries, the evaluation, selection, support and oversight of these various franchisees and partners may have an impact on financial and operational performance, and on the Group's reputation in the event the partners' practices do not comply with regulations or the Group's standards and values.

Risk management

Partner risks are analysed when considering a new partnership or monitoring existing ones. As part of the implementation and execution of franchise and partnership agreements, support documentation for business operations is provided to franchisees and partners. This documentation covers the Group's business and financial methods, its quality, health and safety standards, the Ethics Charter and the Graphic Charter. The documents are periodically updated, and franchise advisers offer support for their implementation through regular visits to partners and franchisees. Purchasing partnerships for the largest national brands are also entered into with other market operators, such as Système U, Tesco, Fnac-Darty and Cora. They are monitored specifically and appropriate protection measures taken.

Control of the supply chain

Description of the risk

In an interdependent global market with a large number of suppliers and increased flows, in both physical and digital retailing, the performance of logistics processes and continuity of supply to the Group's stores, both consolidated and franchised, as well as the delivery of customer orders placed through e-commerce, are essential to customer satisfaction and the achievement of operational and financial targets, with greater risk in emerging markets and multinational corporations' growing responsibility for their supply chains.

Risk management

Given that purchasing is a key way of standing out from the competition, the Group's organisation is adapted to its international scope while capitalising on its knowledge of local markets and relying on entities dedicated to sourcing new products. Risk mapping of the purchasing function describes the purchasing processes, identifies purchasing risks and classifies identified risks in terms of source, position in the process, cause and effect.

Particular care is paid to the risk of disruption in the supply chain. This involves identifying a warehouse's exposure to risk, classifying and quantifying the potential impacts of the risk of disruption in the supply chain and prioritising investment to improve the level of control.

Over a number of years, the Group has developed expertise which ensure the flow of supplies to its stores, relying on integrated logistics platforms and service providers, along with business continuity plans in the event of an unusual situation.

In response to the radical changes in the sector driven by changing consumer behaviour and available technologies, Carrefour has launched a cross-functional programme in France called "Appro 360°", which aims to increase supply chain agility. The interchange between technology and processes in the programme has strengthened the supply chain's ability to adapt to fast, far-reaching changes driven by the Group's strategic objectives set out in the "Carrefour 2022" plan. The programme's objectives are to maximise service level, optimise flows and control costs.

This has resulted in shorter distances between the warehouse and the store, fleet sharing, optimised delivery rounds and loading time gains, lower inventory levels because of a reduced number of stocking locations and improved in-store service rates.

Product quality, compliance and safety

Description of the risk

Ensuring quality and safety of the Group's own-brand products and complying with health standards in stores are major issues that have been subject to more intense focus since the introduction in September 2018 of the "Act for Food" programme designed to promote healthier eating. These issues could have major impacts on reputation and financial performance, potentially resulting in liability for the Group.

The same is true in terms of monitoring logistics as well as recall and withdrawal procedures for all products sold.

Risk management

The Group Quality department has developed a number of standards and tools, including Quality Charters, which are deployed in all countries where the Group operates. The country-level Quality departments are also part of the Quality network, with regular meetings and discussions aimed at increased sharing of best practices and ensuring a consistent approach. The Group has also launched a major employee training programme and regularly communicates with customers about food safety.

The *Actforfood.fr* digital platform presents and contextualises the concrete actions taken by the Group to promote food quality and healthier eating.

In addition, the system includes a procedure for swiftly removing any potentially dangerous product from inventory and taking it off the shelves. This procedure is evolving in order to provide additional automated solutions to increase the safety level even further. For example, to make sure that non-compliant products cannot reach the end consumer, online information platforms have been developed to help the relevant supplier provide the data required for product recall. The platforms are also used to identify and warn the warehouses and stores likely to have received batches of non-compliant products, for more effective recall. As a further precaution, the EAN barcode of recalled products is also blocked at checkout.

Carrefour-brand products are subject to more stringent procedures and controls, from design to marketing, as part of a comprehensive approach presented in Chapter 2 of the Company's Registration Document on "Corporate Social Responsibility". Measures include the signature of a set of specifications by all parties involved, checking the supplier's accreditations, carrying out technical and social audits, performing additional analysis and managing customer complaints.

Lastly, Carrefour has developed blockchain technology for comprehensive traceability of food products. The digital traceability system is being gradually rolled out to consumers, who can access the database using a QR Code and consult the data traced through an interface created by the Group. Blockchain technology ensures that stored data are immutable and that the data log about the product remains intact.

Safety of people and property

Description of the risk

Compliance with health and safety regulations and the protection of Group assets are important priorities. Insufficient consideration of these issues could negatively impact the Group's reputation, operations and financial performance, and may also have legal consequences.

Risk management

An appropriate crisis management system in case of a major event is an important part of limiting its potentially significant negative consequences, especially with regard to business continuity.

The Group's risk prevention organisation ensures the personal safety of employees and customers and the security of property at all Group sites by using human, technical and organisational resources appropriate to the risks. Risks associated with the safety and security of property and people are mapped.

A detailed assessment of health risks is performed at Group level for local and expatriate employees.

Coordinated by Executive Management and the country Safety departments, each country has a specific organisation and tools to report information quickly in the event of an incident and deploy the appropriate resources.

Human resource management

Description of the risk

With more than 363,000 employees worldwide, Carrefour is one of the largest private employers in many countries. In a highly competitive talent market with major demographic changes, the Group faces a challenge in attracting, retaining, training, motivating, compensating and developing employees and top candidates. Growth in its business depends on the skills, motivation and engagement of its employees.

As part of its strategic transformation plan, in 2018 Carrefour significantly reduced its cost basis, including social measures that could have an impact on the corporate environment and the Group's image.

Risk management

Carrefour pays close attention to human resources management. Employees are encouraged to develop their skills through a wide-scale training, mobility and promotion policy. As a responsible, engaged employer, Carrefour strives to combat discrimination and violence against women. It promotes gender equality, disability employment and work/life balance, and makes sure that all its employees enjoy decent working conditions. Its policy in this regard is described in Chapter 2 of the Company's Registration Document on Corporate Social Responsibility.

In 2018, retraining and other support measures were put in place to promote external or internal mobility under agreements negotiated and signed by the social partners. In addition, an ambitious cultural and management change programme was introduced to support the transformation.

Continuity, integrity and confidentiality of information systems

Description of the risk

Although most of the Group's activities and a number of its functions largely depend on information systems developed or administered by internal resources or outside service providers, any weakness in these tools could noticeably disrupt operations and result in material impacts on financial and operational performance, especially with regard to the ordering, cash handling and financial reporting systems.

With information systems that are constantly changing and difficult to grasp as a whole, along with an increase in nomadic computing and cybercrime, information systems security is a major challenge as regards the protection of employee and customer data and the availability of our tools.

Risk management

The Group is implementing a number of measures to ensure continuity of operations and the protection of sensitive data. Data confidentiality, integrity, availability and traceability are guaranteed by an information management system.

An information management system designed to ensure internal data confidentiality, integrity, availability and traceability covers the following risks: fraudulent use of data and systems, racist, sexual or offensive statements, discrimination or harassment, illegal downloads, illegal use of equipment, software or data, publication of confidential information, misuse of passwords, and use of personal, identifiable information.

The Group Information Systems department is responsible for the development and consistency of all computer applications within the Group, as part of a coordinated approach. A dedicated team, which relies on a network in all countries where the Group operates, works to ensure information system security through tailored governance, shared standards and regular controls.

The Group's Data Security Committee, which includes the Group General Secretary and the heads of Digital Transformation, Information Systems and Data Security, is responsible for overseeing the system. It refers to the Group's information security policy, which sets out all the rules applicable to all Group entities.

Control and valuation of assets

Description of the risk

Site quality and control of the Group's assets are key factors for competitiveness and operating and financial performance. This involves anticipating and maintaining an optimal level of property holdings, while remaining attentive to the environment (energy consumption, impacts on biodiversity, etc.), and to the maintenance, management and value of the Group's assets. The act of performing property appraisals may present a number of risks related to real estate and financial markets.

With a significant portion of stores operated under commercial leases, the Group's inability to renew them under favourable terms could impact financial performance. The same applies to inefficient or sub-optimal management of tenant relations at sites owned by the Group.

For asset acquisitions, the cost of some acquisitions may require significant financial resources, particularly external financing which the Group cannot guarantee will be obtained under satisfactory conditions. For asset disposals, if the economic situation or the real estate market should worsen, the Group may not be in a position to dispose of its commercial real estate assets under satisfactory financial conditions or deadlines, if such should prove necessary.

Lastly, with the Group also carrying out real estate development for certain sites, the risks related to this activity might incur delays or even cancellations of investment transactions, their completion at a higher cost than initially projected, or lower profits than those expected at the outset.

Risk management

Under the responsibility and coordination of the Executive Director for Assets, Development and Innovation, who is notably in charge of all Carrefour Property activities, each country implements an asset control and valuation policy tailored to its strategy. Activities are monitored and optimised using tools such as software, external reports and analyses.

Cargo Property Assets (previously Cargo Property Holding), a property company dedicated to the Group's supply chain assets in France, ensures control over the logistics centres, which are key property assets. Cargo is 32%-owned by the Group alongside co-investors and holds around one-third of the Group's distribution centres in France. The Group manages and is the sole tenant of Cargo.

4.8.1.3 Business environment

Political and social environment

Description of the risk

Some of the Group's activities are exposed to risk and uncertainty in countries which have experienced or may experience a period of political or social instability or weak governance. Carrefour operates in countries such as France and Brazil that have recently experienced events that could potentially disrupt its operations. It closely monitors developments in these events as well as the risk that they may not be adequately addressed due to local production and customs.

Risk management

During the past several years, the Group has developed a global monitoring system and country-specific risk mapping which take into account a number of indicators. These tools are regularly updated and provide a forward-looking method of tracking. They are updated annually and provide forward-looking monthly tracking, in order to support decision making in the context of the Group's international growth. For example, some countries where the Group operates through franchise partners, as in the Middle East and Tunisia, are experiencing social tensions or political instability, leading the Group to carefully monitor these developing situations over the long term. All proposals or plans to operate in a new country and all security risks related to stores in a particular geographic area are carefully reviewed and assessed to ensure an insightful decision-making process. In addition, analyses are carried out at local level to assess the strength of the Group's foothold in its host communities (see Section 2.3.8).

Economic environment and market volatility

Description of the risk

The economic situation in countries where the Group operates may affect demand, spending levels and the consumer habits of the Group's customers. Such impacts may be intensified by the instability and unpredictability of the global, national or regional economic climate. Volatility in asset prices and the cost of raw materials and commodity-related products (agriculture, metals, fuel, energy costs, etc.) may also impact sales, costs and results.

Risk management

Due to the nature of its activities, the Group pays particular attention to monitoring and taking into account the changing economic climate and future outlooks in the countries where it operates, specifically through a number of studies and exchanges. Given the interdependence of activities and the price sensitivity for Group customers, changes in market prices are also taken into consideration at various levels, especially purchases of goods and general and administrative expenses. The Group pays close attention to the economic climate in its countries of operation and more particularly in certain emerging countries, such as in Latin America.

Key economic indicators in countries where the Group operates are tracked monthly (particularly country risk) and taken into account in both strategic planning and project assessments. Specific reports drawn up by specialists in certain geographical areas are used to support the analysis work. As part of this tracking process, the Group may call upon a panel of experts and on specialist studies dealing with commodity-related issues. It leverages effective tools to obtain a forward-looking view of food and non-food commodity prices.

Environment, regulatory pressure and developments

Description of the risk

Regulations applicable to the Group in countries where it operates, along with regulatory changes and actions taken by local, national and international regulators, are likely to impact our activities and the Group's financial performance. The Group is subject to a wide range of laws and regulations in France and abroad, including competition law, which govern the operation of establishments open to the public, consumer protection, relationships between industry and retail, and regulations specific to certain activities (such as banking, insurance, payment, supply chain, e-commerce, real estate and service stations).

For example, the French "EGalim" law on agriculture and healthy, sustainable food, which was adopted on October 2, 2018 and came into effect on November 1, 2018, will have an impact on Carrefour's pricing and sales promotion policies in France.

Risk management

The local Legal department in each country is responsible for monitoring regulations and taking them into consideration, under the coordination of the Group Legal department. Focused on forward-planning and optimal allocation of resources, the Group Legal department also monitors legal risks, specifically taking into account the environment as well as regulatory and legal changes.

For example, the Group has taken note of the new European Union data protection regulation, which came into effect as of May 2018 in all EU member states. The Group has implemented a pan-European programme to govern and coordinate the compliance work required by the General Data Protection Regulation (GDPR) at Group level. The programme is based on action plans for each country and on key roles in each country (data protection officer, employee business line officer, customer business line officer, information systems officer).

When setting up purchasing alliances, which come under close scrutiny from the French Competition Authority (*Autorité de la concurrence*), preventive measures are taken to avoid the dissemination of sensitive information, while complying with the relevant regulations.

Changes in the industry and the competitive environment

Description of the risk

Highly exposed to changes in consumer behaviour in a world of changing technology, the mass retail industry is characterised by intense competition, with unstable, saturated markets in Europe and relatively constrained margins. This drives constant, rapid changes within the industry that may impact the Group's operations and performance.

Furthermore, the retail market is evolving rapidly due mainly to the development of online shopping and changes in consumer behaviour. E-commerce has enjoyed a spectacular boom, radically shaking up conditions in all markets and countries where Carrefour's banners operate. Consumption habits, consumer behaviour and the retail landscape have all changed. Each of these factors could have an impact on the Group's operations and performance.

Risk management

The changing competitive environment is monitored and addressed at country level, and handled at Group level by Executive Management and Strategic Management, in an effort to foresee and identify growth opportunities or decisions to be made.

Natural disasters and climate change

Description of the risk

In most countries where it operates, the Group may be exposed to natural disasters, with direct or indirect impacts on its activities, assets, customers and employees, and entailing consequences for its financial position. In an environment impacted by climate change, uncertain meteorological conditions may also affect its operations, especially with regard to customer behaviour.

Risk management

The Group has conducted extensive work to improve the management of natural risks in its operations, including an in-depth study in 2016 to identify the most exposed sites. Environmental risks and issues are mapped regularly in order to develop knowledge, improve assessment, update preventive measures and adjust insurance coverage. This work was carried out in all countries where the Group operates, either directly or through franchises. A forward-looking exercise was conducted on climate change by using a mapping of natural risks and risk- and country-based assessments to identify "sensitive" sites and prevention fact sheets.

Terrorism and crime

Description of the risk

The retail industry is particularly exposed to criminal and terrorist risks given the numerous parties with which it has dealings, its vast number of sites, and the flows of people, products and finances that its activity generates. This entails both material direct and indirect impacts, especially in stores. Cybercrime risk is described in the risk factor section above relating to the continuity, integrity, confidentiality and security of information systems.

Risk management

Preventive and protective measures for each site are determined based on risk exposure and the country Safety departments regularly review the systems in place and adjustments made as a given threat develops.

The Group is currently mapping its exposure to criminal and terrorist risks in all of its processes, from country level right down to store level.

Terrorist events around the world since 2015 have led the Group to revalidate and, where applicable, readjust the prevention and crisis management systems in several countries where it operates.

4.8.1.4 Financial risk management

The main risks associated with the financial instruments used by the Group are liquidity, interest rate, currency, credit and equity risks. They are described in detail in Note 14.7 to the Consolidated Financial Statements.

Due to the differing natures of the various businesses, financial risks arising from the bancassurance business (including Carrefour Banque in particular) are managed separately from those related to the retail business.

An organisation has been set up around a cash-pooling system to track financial risks. A reporting system ensures that Group Executive Management can oversee the department's implementation of the approved management strategies.

The risks associated with the consumer credit business are managed and tracked directly by the entities concerned. Corporate Treasury and Financing oversees the proper implementation of the rules governing the consumer credit business, jointly with the other investors in the business, where applicable. A reporting system is in place between local teams and Corporate Treasury and Financing.

Liquidity risk

Description of the risk

A schedule of borrowings by maturity and detailed information on liquidity risk appear in Note 14.7 to the Consolidated Financial Statements.

Liquidity risk is the risk that Carrefour will be unable to settle its financial liabilities when they fall due.

The Group manages its liquidity risk by ensuring, to the extent possible, that it has sufficient liquid assets at all times to settle its liabilities when they fall due, whatever the market conditions.

Risk management

A Liquidity Committee meets at monthly intervals to check that the Group's financing needs are covered by its available resources.

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting conservative financing strategies in order to ensure that the Group has a sufficiently strong credit rating and can raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium Term Notes (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the *Banque de France*;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At December 31, 2018, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. The Group has extended the maturity of its 1.4 billion-euro syndicated credit line by one year to May 2023.

Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

On April 25, 2018, Brazilian subsidiary Atacadão also carried out a bond issue in two tranches for a total amount of 1.5 billion reals (around 350 million euros), maturing in three and five years (see Note 2.3 to the Consolidated Financial Statements). The commercial promissory notes (*notas promissórias*) issued by Atacadão SA in 2017 for a total of 2 billion Brazilian reals were repaid in 2018.

The Group considers that its liquidity position is robust. as it has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years.

Interest-rate risk

Description of the risk

Interest rate risk is the risk of a change in interest rates leading to an increase in the Group's net borrowing costs. Detailed information on interest-rate risk appears in Note 14.7 to the Consolidated Financial Statements.

Risk management

Interest rate risk is managed at headquarters level by Corporate Treasury and Financing, which reports monthly to an Interest Rate Risk Committee responsible for recommending hedging strategies and methods to be used to limit interest rate exposures and optimise borrowing costs.

Long-term borrowings are generally at fixed rates of interest and do not therefore give rise to any exposure to rising interest rates.

Various financial instruments are nonetheless used to hedge borrowings against the risk of changes in interest rates. These are mainly basic swaps and options. Hedge accounting is applied in all cases where the required criteria are met.

Variable rate long-term borrowings are hedged using financial instruments that cap rises in interest rates over all or part of the life of the debt.

Currency risk

Detailed information on currency risk appears in Note 14.7 to the Consolidated Financial Statements.

Description of the risk

Currency transaction risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from commercial transactions denominated in foreign currency.

Currency translation risk is the risk of an unfavourable change in exchange rates reducing the value of the net assets of a subsidiary whose functional currency is not the euro, after conversion into euros for inclusion in the Group's Consolidated Financial Statements.

The consolidated statement of financial position and income statement are exposed to a currency translation risk: consolidated financial ratios are affected by changes in exchange rates used to translate the income and net assets of foreign subsidiaries operating outside the eurozone.

Risk management

Currency transaction risk: The Group conducts its international operations through subsidiaries that operate almost exclusively in their home country, such that purchases and sales are denominated in local currency. As a result, the Group's exposure to currency risk on commercial transactions is naturally limited and mainly concerns imported products. Currency risk related to import transactions (*i.e.*, goods purchases billed in foreign currencies) covered by firm commitments is hedged by forward purchases of the payment currency. Currency hedges are generally for periods of less than 12 months.

Currency translation risk: The translation risk on foreign operations outside the eurozone mainly concerns the Brazilian real, Argentine peso and Chinese renminbi. For example, changes in the average exchange rates used in 2018 compared with those for 2017 decreased consolidated net sales by 4,960 million euros, or 6.5%, and recurring operating income by 121 million euros, or 6.4%.

Lastly, when financing is arranged locally, it is generally denominated in local currency.

Credit risk

1) Trade receivables

Description of the risk

Trade receivables correspond mainly to rebates and commercial income receivable from suppliers, amounts receivable from franchisees in respect of delivered goods and franchise fees, shopping mall rental receivables and receivables relating to the property development business. Trade receivables are measured at amortised cost (see Note 14 to the Consolidated Financial Statements). They are recognised for the initial invoice amount, less a loss allowance recorded in accordance with the simplified impairment model based on expected losses defined in IFRS 9 – *Financial Instruments* (see Note 14.7.4 to the Consolidated Financial Statements).

Risk management

At December 31, 2018, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,424 million euros (see Note 7.4.3 to the Consolidated Financial Statements). At that date, past due receivables amounted to a net 188 million euros, of which 51 million euros were over 90 days past due (3.6% of total trade receivables net of impairment excluding receivables from suppliers). No impairment has been recognised for these receivables as the Group considers that the risk of non-recovery is very limited.

2) Investments (cash equivalents and other current financial assets)

Description of the risk

The Group's short-term cash management strategy focuses on acquiring liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

The credit risk associated with an investment is the risk of failure or default of the counterparty.

Investments are made for the most part by Corporate Treasury and Financing, in diversified instruments such as term deposits with leading banks and mutual funds classified by the French financial markets authority (Autorité des marchés financiers – AMF) as "money market" and "short-term money market" funds without any withdrawal restrictions. Investments made at the country level are approved by Corporate Treasury and Financing.

Risk management

Counterparty risk monitoring procedures are implemented to track counterparties' direct investment strategies and the underlying assets held by mutual funds in which the Group invests. The Group's objective is to never hold more than 5% of a fund's units and the fund's total net assets must be more than 250 million euros.

Equity risk

Description of the risk

Equity risk corresponds to the potential impact of changes in the Carrefour share price on its share-based payment commitments and on treasury shares.

Risk management

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

Marketable securities portfolios and other financial investments held by the Group consist for the most part of money market instruments that do not expose the Group to any material equity risk.

From time to time, the Group buys back its shares on the market or purchases call options on its shares.

These shares are mainly used to cover stock option and performance share plans. At December 31, 2018, shares held by the Group covered its total commitments under past and existing plans.

The equity risk associated with the conversion options embedded in the bonds issued by the Group in June 2017 and March 2018 is fully hedged by symmetrical options contracted with banks. The derivatives are recognised as assets and liabilities in the statement of financial position in a total amount of 31.4 million euros.

Quality of financial management, budgets and reporting

Description of the risk

The quality of financial management, budgets and reporting is an important matter for Carrefour, as it provides stakeholders with a true and fair view of the Group's current and future financial postion. Management's decisions are supported by reporting data and accurate monitoring.

Risk management

The organisation and procedures for financial and accounting matters are set forth in the Group's Reference Guide to Corporate Rules, which applies to all subsidiaries.

The procedures and tools used are intended to control financial flows in all countries where the Group operates, to verify that budgets and forecasts best reflect observed trends, to prepare a realistic estimate of future performance, and to ensure that the Consolidated Financial Statements provide a true and fair view of the Group's financial position and results.

4.8.1.5 Financial services

Financial services distribute consumer credit, savings products, insurance products and payment service solutions, exposing them to classic financial risks (risks of providing financing and insurance, risks related to financial ratios, liquidity risk, etc.) along with regulatory obligations to which financial and banking institutions are subject, specifically systems to combat money laundering and terrorism financing.

Liquidity risk

A schedule of borrowings by maturity and detailed information on liquidity risk appear in Note 14.7 to the Consolidated Financial Statements.

Description of the risk

Liquidity risk, or the risk of being unable to settle financial liabilities when they fall due, is monitored by Carrefour Banque within the framework of an Executive Management-approved liquidity strategy that is part of the Group's overall strategy. Carrefour Banque's refinancing situation and its access to sufficient liquid assets are assessed based on internal standards, early warning indicators and regulatory ratios.

Risk management

The objectives of liquidity risk management are to:

- ensure that refinancing needs are met, based on monthly assessments of projected cash surpluses or shortfalls over a three-year rolling period performed by comparing static forecasts of committed financing facilities with dynamic lending forecasts;
- achieve compliance with the Basel III liquidity coverage ratios, through a process that is designed to deliver a sustainable improvement in asset quality by investing in a dedicated fund eligible for inclusion in the ratio calculation and thus extending the maturity of liabilities in order to improve the net stable funding ratio;
- diversify refinancing sources to include confirmed bank lines of credit, bond issues, securitisation programmes, money market issues and customer deposits. During 2018, Carrefour Banque carried out a 400 million-euro four-year bond issue in addition to regular issuance of negotiable debt securities.

The master trust structure for revolving credit securitisation enables dynamic, agile management of the series of asset-backed securities issued by the securitisation fund. A 300 million-euro series is currently being issued under the Master Credit Card Pass securitisation programme.

In November 2014, Carrefour Banque secured its refinancing sources by rolling over its 750 million-euro five-year syndicated line of credit and negotiating two one-year extension options. The second extension option was exercised in 2016, extending the facility's maturity to November 2021. Liquidity back-up, including confirmed lines of credit, stands at 2.1 billion euros.

Credit risk

Description of the risk

Credit risk relates to the possibility that Carrefour Banque counterparties may not fulfil their financial obligations.

Risk management

Carrefour Banque has a risk management procedure and a map of processes for managing credit risk.

Carrefour Banque has defined materiality thresholds for incidents uncovered through internal control procedures.

To protect against default by borrowers, the Group's finance companies have set up systems to check the quality and repayment capacity of their customers. These include:

- decision-making aids such as credit scoring, budget simulation and credit history checking tools which establish the credit quality of the counterparty;
- interrogation of positive and negative credit history databases, where they exist;
- active management of collection processes;
- credit risk monitoring and control systems.

Within each credit company, a Credit Risk department is responsible for all of these processes, and the Board of Directors receives copies of all Credit Risk Management Committee reports.

At Group level, a Credit Risk - Europe unit has been set up to oversee and implement credit risk management policies in France, Spain, Belgium and Italy.

Detailed information on the Group's exposure to credit risk appears in Note 14.7 to the Consolidated Financial Statements (detailed table provided).

4.8.2 Risk prevention and management system

The risk prevention and management system implemented by the Group relies primarily on identifying, analysing and addressing major risks likely to affect people, assets, the environment, the Group's objectives or its reputation.

Risk represents the possibility of an event occurring that could affect the Group's personnel, assets, environment, objectives or reputation.

Risk management is a dynamic system comprising a set of resources, standards of conduct, procedures and actions adapted to the individual characteristics of the Company and its subsidiaries, which enables the Group's Executive Management to keep the risks at a level the Group deems to be acceptable. Its main objectives are to:

- create and preserve the Group's value, assets and reputation;
- secure the Group's decision-making and procedures to promote the achievement of objectives;
- motivate Group employees to adopt a shared vision of the main risks and raise their awareness of the risks inherent in their business.

The risk management system has several objectives and is based on a cross-functional approach with people as its core pillar:

- risk management aims to anticipate rather than incur risks;
- it gives executives an objective, overarching view of the Company's potential threats and opportunities, enables them to take risks on a controlled, considered basis and supports the decision-making process;
- the development of a positive risk management culture helps to raise awareness and consideration of all factors and creates an environment that fosters accountability, initiative and innovation.

Effective risk management relies on a shared vision of challenges and optimal coordination.

The Group incorporates risk management into its day-to-day business practices. Risk management is a job shared by all employees with the aim of developing a risk management culture.

For example, the Group launched three projects during 2018 that were still ongoing at the end of the period:

- implementing the requirements of the European Regulation of April 16, 2014 on market abuse, which came into effect on July 3, 2016 and replaced the January 28, 2003 European Directive, establishing new rules and measures applicable to listed companies and their Executive Officers and Company Officers regarding inside information. The Group has adapted its internal procedure pursuant to this new EU regulation. A Stock Market Ethics Charter has been circulated to the relevant people and sets out the rules that apply with regard to:
  - management of insider lists (permanent and occasional) and lists of persons with access to sensitive and confidential information subject to confidentiality requirements,
  - information and communication with insiders and persons subject to confidentiality requirements,
  - procedure for the deferred disclosure of inside information, and
  - disclosure of Directors' and Executive Officers' share dealings;
- in June 2017, establishing a formal anti-bribery and corruption policy and its presentation to the staff representative bodies. Bribery and corruption risks were mapped as part of the Group's compliance risk mapping exercise.

  It is based on a review of all third parties with which the Group has a relationship and combines several approaches that look at the Group's business and geographical operations from different angles. A structured approach and an ordered view of the risks were shared with the countries and relevant internal functions. To implement this anti-bribery and anti-corruption policy, the host countries use guidelines illustrated with specific examples tailored to the targeted audience, for example at purchasing level or store level. A training system has been set up and is aimed at managers and other employees who are most exposed to the risk of bribery and corruption. Group-wide rules on accepting gifts and invitations are included in this policy. All employees involved in a purchasing, negotiation or accreditation process (principal, buyer, decision-maker) are required to sign a statement of independence each year.

- drawing up a formal duty of care plan. The approach is based on Carrefour's Ethics Principles, a key document setting the framework for the day-to-day behaviour and actions of its employees. The aim is to instil these same principles throughout the global value chain through the Supplier Charter, which is an integral part of all purchase contracts for goods and services in all Carrefour's countries of operation, and the Supplier Ethics Charter signed separately by suppliers and service providers. It is rolled down to the Group's various business activities through many other initiatives, including partnerships, dialogue with stakeholders, CSR strategy and social dialogue. It takes form through the engagement of the people who work for the Carrefour group. The relevance and completeness of the duty of care plan will be assessed in working meetings with stakeholders, particularly those with expertise in the matters addressed by the plan: WWF France, the International Federation for Human Rights (*Fédération internationale des ligues des droits de l'homme* – FIDH) and UNI Global Union. As required by the law, the Group will report annually on the implementation of this duty of care plan. The first report will cover 2018 and will be published in 2019.

Within the Group, the adoption and implementation of risk management principles is delegated to the Group Functional departments and the Country Executive Management teams, which are responsible for identifying, analysing and addressing the main risks they face.

The Group's Functional departments are responsible for identifying and documenting the main risk management rules applicable to their function. They support the countries in implementing their own rules by organising functional lists of directly accessible specialised information.

The Country Executive Management teams:

- perform regulatory monitoring and recognise impacts;
- establish procedures and suitable measures for preventing and protecting against risks occurring and limiting impacts;
- manage incidents;
- notify the Group's Executive Management of any event that is likely to have an impact on the Group's image or financial performance.

The Group Risks & Compliance department leads the risk management system and provides methodological support to the Operational and Functional departments. It does so by deploying an oversight, assessment and mapping tool for major risks and developing an operational risk map.

The risk assessment tool is completed each year by the Country Executive Management teams on the basis of identified risk factors. These assessments are reviewed during interviews with the Group Risks & Compliance department.

The Group Risks & Compliance department has also developed other tools such as country-by-country mapping of health risks, natural risks, criminal and terrorist risks, and legal risks, while conducting studies on emerging risks and supporting certain Operational departments. It also supports the Purchasing departments in expanding their knowledge and assessment of supplier risk.

In operational terms, the Group Risks & Compliance department coordinates and leads a network of Security/Risk Prevention officers present in all Group countries. Every year since 2011, Carrefour communicates a Risk Prevention Charter which defines the scope of action, the role and responsibilities of the country-level Security/Risk Prevention functions, and the ethical rules they must follow.

In each country where the Group operates, a Security/Risk Prevention department is responsible for the security of the Company's property, equipment and intangible assets and ensures the safety of the people on its sites. It is tasked with implementing the human, organisational and technical resources necessary to manage both accidental and intentional risks (natural disasters, malicious acts, theft, etc.).

The safety and security of people and property is one of the essential elements of the risk management system, ensuring:

- protection suitable for the Group's customers, employees, service providers and sites;
- regulatory compliance of sites in all countries where the Group operates;
- protection and enhancement of the Group's image and reputation.

The prevention policy relies on risk mapping, loss analysis and the identification of emerging risks as part of an ongoing oversight process and specific studies.

The Group Risks & Compliance department prepares a consolidated annual report on the Security/Risk Prevention function at Group level, with benchmarks between management and performance indicators for the function in each country, in terms of loss, workforce, resources and action plans.

In recognition of its industry-leading CSR strategy, the Group has been included in the Dow Jones Sustainability Index World (DJSI) since 2017.

4.8.3 Insurance

For the past several years, the Group's insurance strategy has focused on providing the best possible protection for people and assets.

4.8.3.1 Group insurance policy

The Group's insurance strategy is primarily based on identifying insurable risks through a regular review of existing and emerging risks, in close cooperation with operational managers, the various Carrefour group departments involved and external specialists.

Worldwide programmes

The Carrefour group has implemented comprehensive, worldwide programmes (especially for property damage and business interruption and civil liability policies) that provide uniform coverage for all formats (consolidated stores only), wherever the stores are located (except in countries where regulations prohibit this type of arrangement).

Thus, the Group has a solid understanding of the limits of the coverage in place, and the certainty that its insurance programmes have been taken out with leading global insurers.

Acquisitions during the year

The Carrefour group ensures that acquisitions carried out over the course of the insurance year are quickly covered under its comprehensive programmes, or, where applicable, benefit from its DIC/DIL (difference in conditions/difference in limits) coverage policies, in order to ensure solid control over existing coverage and benefits.

Prevention policy

The Group's insurance policy requires that risk prevention measures be monitored by the Group Risks & Compliance department in coordination with local Group liaisons in each country, as well as with the Group's insurers.

Transfer of risk to the insurance market

The Group transfers identified insurable risks to the insurance market or self-insures, in accordance with the Group insurance policy and consistent with the Group's general policies.

Self-insurance of certain risks

In order to optimise insurance costs and better manage risk, the Group has a policy of maintaining certain high-frequency risks within property damage and business interruption, civil liability and goods transportation through its captive re-insurance company. The results of this captive company are consolidated in the Group's financial statements.

A stop-loss provision per claim and per insurance year has been established in order to protect the captive company's interests and limit its commitments.

4.8.3.2 Information concerning the main insurance programmes

The following is provided for information purposes only in order to illustrate the scope of action in 2018. This information should not be regarded as unchanging, since the insurance market is constantly evolving. The Group's insurance strategy therefore depends on and adapts to insurance market conditions.

Property damage and business interruption coverage

This insurance protects the Group's assets through an "all risks, with exceptions" policy, on the basis of guarantees available on the insurance market to cover the traditional risks for this type of coverage, which include fire, lightning, theft, natural disaster and the resulting operating losses.

The limits of this property damage and business interruption policy are consistent with those of an international retail company. Deductibles are established as appropriate for the various store formats.

Exclusions in force for this policy comply with market practices.

Civil liability coverage

This programme is intended to cover the Group's activities against the financial consequences of its civil liability in the event that the Company may be held liable for resulting damage and/or bodily harm caused to third parties.

The limits of this civil liability policy are consistent with those of an international retail company. Deductibles vary from country to country.

Exclusions in force for this policy comply with market practices.

The Group is also covered against the risk of harming the environment as part of its comprehensive, worldwide civil liability insurance programme.

Mandatory insurance

The Group takes out different insurance programmes in accordance with local law, including:

- auto insurance;
- construction insurance (building defects, ten-year builder liability, etc.);
- professional liability insurance related to its activities:
  - banking,
  - insurance,
  - travel.

4.8.4 Crisis management

To address extraordinary situations that may impact business continuity and the fulfilment of its objectives, the Group has established a global crisis management organisation.

At Group level, the Group Risks & Compliance department coordinates the crisis management system directly with Executive Management, in close cooperation with the Group Communications department.

Depending on the nature and scope of the event, the crisis may be handled locally, reporting to Country Executive Management, or at country level in accordance with crisis management principles, as defined in the Group's regulatory framework.

Each Country Executive Director establishes a formal crisis management organisation to address the main scenarios likely to impact business continuity, by bringing together all internal functions concerned and relying on a network of external experts who are mobilised as necessary depending on the type of crisis.

This organisation specifically includes a backup plan at the level of each establishment, an appropriate system for product recall and withdrawal, in accordance with the Group Quality department's recommendations and standards, as well as an alert system to permit rapid reporting of information from all sites.

All members of the Country Executive Committee and the other internal players involved are trained in crisis management and crisis communications. Performing crisis simulations frequently tests the collective abilities of each Country Executive Committee.

A number of tools have also been developed at Group level.

4.9 Internal control system

Introduction

Responsibility for the Group-wide set-up, maintenance and steering of internal control procedures as well as the resources for their implementation lies with the Group's Executive Management, which has submitted this section of the report to the Statutory Auditors and the Board of Directors, which approved it on February 27, 2019 on the recommendation of the Audit Committee.

Applicable reference framework

The Carrefour group's internal control system is based on the AMF's reference framework, updated on July 22, 2010. This section has been prepared in accordance with Article L. 225-100-1 of the French Commercial Code.

Scope

The internal control system presented in this report is implemented in the Company and all its fully-consolidated subsidiaries, and covers a larger scope than the procedures relating to the preparation and processing of accounting and financial information.

4.9.1 Definition and objectives of the internal control system

The internal control system comprises a set of resources, standards of conduct, procedures and actions adapted to the individual characteristics of the Company and its subsidiaries, which:

- contribute to the control of its activities, the efficiency of its operations and the efficient use of its resources; and
- enable it to take into consideration, in an appropriate manner, all major operational, financial or compliance-related risks.

More specifically, the internal control system is designed to ensure:

- that the Group's economic and financial targets are achieved in accordance with laws and regulations;
- that instructions and directional guidelines established by the Group's Executive Management in respect of internal control are applied;
- that the internal processes are working correctly, particularly those contributing to the security of assets;
- that financial information is reliable.

By helping to prevent and control the risks that may prevent the Group from achieving its objectives, the internal control system plays a key role in the management and oversight of its activities. However, as the AMF reference framework underscores, no matter how well designed and properly applied, an internal control system cannot fully guarantee that the Group's objectives will be achieved. There are inherent limitations in all internal control systems, which arise, in particular, from uncertainties in the outside world, the exercise of judgement or problems that may occur due to technical or human failure, or simple error.

4.9.2 Internal control organisation and parties involved

4.9.2.1 Internal control organisation

Internal control activities are designed to ensure that the necessary measures are taken in order to reduce exposure to the strategic, operational and asset risks likely to affect the achievement of the Group's objectives. Control activities take place throughout the organisation, at every level and in every function, including prevention and detection controls, manual and IT controls, and hierarchical controls.

The Group is organised geographically to ensure that specific local needs and interests are addressed effectively and that operations are as responsive as possible, with each country serving as a basic link in its organisation. The internal control system comprises formal procedures and operating methods for each country, which stipulate ways of carrying out an action or process in accordance with the Group's regulatory framework.

The internal control system is based on this organisational principle:

- the Group's Executive Management sets the reference framework for the Group's internal control system. Executive Management's role is to design, coordinate, lead and continuously supervise internal control systems, and it has defined a Group regulatory framework that covers all the principles and standards applicable to all Group entities and employees.

  All countries are required to implement the Group regulatory framework. Its main aims are to cover all risks related to the Group's assets through more than 100 rules:

  - accounting and financial risks;
  - risks associated with the safety and security of property and people;
  - risks to the continuity, integrity, confidentiality and security of information systems;
  - compliance risk;

  - general internal control risks such as the segregation of tasks matrix and risk mapping;
- at country level, the Country Executive Management teams are responsible for adopting and implementing internal control procedures. They have established procedures and operating methods, including control activities required to cover all the strategic, operational and asset risks relating to their businesses and organisation. These procedures and operating methods include and extend the key controls set out in the Group regulatory framework.

4.9.2.2 Parties involved in internal control

A. At Group level

The **Group's Executive Management** is responsible for the internal control system.

It is also tasked with designing, implementing and overseeing the internal control systems suited to the size of the Group, its activity and its organisation.

It initiates any corrective actions that are needed to rectify an identified malfunction and to maintain a situation within the limits of acceptable risk. It ensures that these actions are successfully implemented.

Executive Management's duties in relation to the internal control system also include defining the corresponding roles and responsibilities in the Group.

The Group's Executive Management has created the following organisation structure:

- the **Group Finance department** is responsible for:
  - ensuring that accounting and financial information is reliable;
  - managing risks that may be reflected in the financial statements and have an impact on them;
  - measuring Group performance and budget control;
  - following Group investment procedures;
- the **Group Legal department** is responsible for:
  - overseeing the governance policy for legal services,
  - establishing the governance policy of Group subsidiaries;
  - managing the Group's legal risks;
  - establishing the Group's market abuse prevention policy;
- the **Group Risks & Compliance department** is responsible for:
  - identifying, analysing, assessing and addressing risks within the Group, in support of the Functional departments and Country Executive Directors;
  - managing risks associated with the safety and security of people and property, through a Risk Prevention Charter and a safety policy for travel abroad;
  - establishing an overall compliance framework by drawing up and circulating compliance programmes throughout the entire Group;
  - coordinating the Group crisis management system;
- the **Group Property department** is responsible for:
  - establishing the Group's property policy;
  - risk management related to security and the operation of establishments open to the public;
- the **Group Quality department** is responsible for:
  - establishing the product quality, health and safety policy within the Group;
  - managing security, quality, compliance and product safety risk;
  - coordinating crisis management relating to product safety risks;
- the **Group CSR department** is responsible for:
  - ensuring Carrefour suppliers uphold human rights,
  - defining and implementing processes to ensure that suppliers comply with the Group's Social and Ethical Standards Charter, which is an integral part of all procurement contracts;
  - managing the control process, which includes a preliminary review with the sourcing teams, an initial audit with an independent firm, follow-up audits by independent firms with second-opinion audits carried out by the Group and, lastly, specific audits to check one-off or specific items;
  - helping suppliers to achieve compliance in partnership with FIDH;
  - raising awareness among suppliers and sourcing teams and providing them with training;
  - implementing a duty of care and prevention plan with respect to the environment, employees, human rights and corruption, jointly with the Group Risks & Compliance department;
- the **Group Human Resources department** is responsible for:
  - establishing a human resource management policy within the Group that:
    - ensures the proper availability level of resources, suitable for current and future business requirements;
    - monitors employees' career development and commitment;
    - ensures high-quality social dialogue;
    - defines the framework for the compensation policy and employee benefits and guides the associated commitments;
    - helps to create a culture of collective development and performance;
  - coordinating social risk management;
- the **Group Information Systems department** is responsible for:
  - establishing the information systems security policy within the Group. Information systems aim to respond to needs and meet requirements regarding information security, reliability, availability and traceability:
    - at Group level, the accounting and financial information system is based on a reporting and consolidation tool for preparing the Consolidated Financial Statements and measuring the Group's operating performance;
    - the Country Executive Directors are responsible for their own information systems, and have implemented measures to ensure system security and digital data integrity;

  - managing risks relating to the continuity, integrity, confidentiality and security of information systems;
- the **Group Insurance department** is responsible for setting up insurance to cover the Group's insurable risks as effectively as possible and according to available capacity on the market, pursuant to Group insurance policies. It works with the Group Risks & Compliance department in transferring a portion of the risks to the insurance market;
- the **Group Internal Audit department** is tasked with:
  - assessing the operation of asset risk management and related internal control systems by performing the tasks included in the annual audit plan;
  - regularly monitoring and making any necessary recommendations to improve these systems;
  - leading and consolidating the annual self-assessment campaigns to develop internal control tools as carried out by the Country Executive Directors.

The **Board of Directors** reports on the Group's principal risks and uncertainties in the management report.

It takes note of the process for preparing financial information as well as the essential characteristics of the internal control and risk management systems communicated in a timely manner by the Audit Committee and the Group's Executive Management. It also takes note of the CSR risk prevention plan provided by the CSR Committee.

The role of the **Audit Committee** established by the Board of Directors is to:

- review the financial statements and ensure that the accounting methods adopted to prepare the Company and Consolidated Financial Statements are relevant and consistent before they are presented to the Board of Directors. It monitors the procedures used to prepare the financial statements and assesses the validity of the methods used to present material transactions;
- monitor the process for preparing financial information and, where applicable, make recommendations to ensure the integrity of such information;
- monitor the effectiveness of the internal control, risk management and, where applicable, internal audit systems relating to the preparation and processing of accounting and financial information, without compromising its independence. It ensures that such systems are in place and implemented, and that corrective measures are undertaken in the event that any failings or anomalies are identified. For this purpose, the Statutory Auditors and the internal audit and risk control managers submit their main findings to the Committee. It consults the internal audit and risk control managers and issues its opinion on the organisation of their services. It must be kept informed about the internal audit programme and must be provided with the internal audit reports or a regular summary of these reports;
- review risks and material off-balance sheet commitments, assess the significance of any malfunctions or weaknesses reported to it and inform the Board of Directors where appropriate. As such, the review of the financial statements must be accompanied by a presentation prepared by Group Executive Management describing the Company's risk exposure and its material off-balance sheet commitments, as well as a presentation prepared by the Statutory Auditors highlighting both the key findings of their statutory audit, including any audit adjustments and significant internal control failings identified during their engagement, and accounting options applied. The Audit Committee is also responsible for examining and analysing the information on internal control and risk management included in the management report;
- it regularly reviews the mapping of the Group's main risks that may be reflected in the financial statements or which have been identified by Group Executive Management and may have an impact on the financial statements. It takes note of the main characteristics of the risk management systems and the results of their operations, drawing in particular on the work of the internal audit and risk control managers and the Statutory Auditors.

The role of the **CSR Committee** set up by the Board of Directors is to:

- review the Group's CSR strategy and the roll-out of the related CSR initiatives;
- verify that the Group's CSR commitments are integrated in light of the challenges specific to the Group's business and objectives;
- assess risks, identify new opportunities, take account of the impact of the CSR policy in terms of business performance;
- review the annual report on non-financial performance;
- review the summary of ratings awarded to the Group by ratings agencies and in non-financial analysis.

B. At country level

The **Country Executive Director** is responsible for setting up, running and supervising the internal control system at country level. The country internal controllers support the Country Executive Director by:

- helping to define the country internal control system, particularly by ensuring that the Group internal control framework is properly rolled out;
- ensuring that procedures defined by the country and the Group are properly applied.

4.9.2.3 Internal control environment

4.9.2.3.1 Internal control procedures and measures

The Group has set up a formal control environment using various procedures and control measures, with for example a Group regulatory framework, Ethics Principles and a definition of the powers, responsibilities and objectives assigned at each level of the organisation, according to the principle of the separation of duties:

- at country level, the Group regulatory framework is reflected in precise operating procedures. It is the tool with which each country conducts its internal controls, which are, in turn, audited by the Group;
- the Ethics Principles have been distributed to all Group employees since October 2016. Their purpose is to establish the ethical framework within which all employees must conduct their work on a day-to-day basis. An ethics whistleblowing system can be used by Group employees to report any situations or behaviour that do not comply with the Ethics Principles;

- the policies reflecting the Group's values through principles for professional conduct that guarantee excellence and the sustainability of the Group's performance. Every employee participates in their implementation;
- the Group's Executive Management has established rules of governance limiting the powers of the Company officers of each Group company. Prior approval by the Board of Directors or the equivalent body of the company concerned is required for some transactions. Delegations of powers and responsibilities are established at country and Group level in accordance with hierarchical and functional organisational charts. This structure complies with the principle of the separation of duties;
- lastly, this structure is conveyed by a management framework that is underpinned by medium-term objectives organised according to country and by the steering of activities in line with annual budget targets and corresponding to individual plans.

The Group ensures that relevant and reliable information is disseminated and conveyed to the parties concerned so that they can perform their duties in accordance with Group standards and procedures:

- the GroupOnline Intranet system provides employees with a number of practical tools, including information on the primary standards and procedures with which they must comply;
- the Group regulatory framework has been communicated to all Country Executive Directors responsible for disseminating it;
- procedures setting out best practices and the information reporting process are also communicated to the various countries by the Group's main departments;
- the Group's accounting policies are sent to every Finance Director at the end of each quarter;
- the Group Investment Committee's governance rules are sent to all Finance Directors.

Similarly, the countries make sure to relay relevant, reliable information to the parties concerned so that they can perform their duties in accordance with Group standards and procedures.

4.9.2.3.2 Guidance and monitoring of the internal control system

Continuous monitoring

Continuous monitoring is organised so that incidents can be pre-empted or detected as rapidly as possible. Management plays a long-term daily role in the effective implementation of the internal control system. Specifically, it establishes corrective action plans and reports to the Group's Executive Management on significant malfunctions when necessary.

Periodic monitoring

Periodic monitoring takes place through managers and operatives, country internal controllers and the Group Internal Audit department:

- managers and operatives check that the internal control system is working correctly, identify the main risk incidents, draw up action plans and ensure that the internal control system is appropriate in view of the Group's objectives;
- the country internal controllers periodically check that control activities are being properly implemented and that they are effective against risks. Control activities are defined and implemented by process managers, coordinated by internal controllers who report to members of the Country Executive Committee and to the Country Executive Director. Coordination by the internal controllers ensures consistency in control activity methodology and guarantees comprehensive coverage of all risks across all processes;
- the Group Internal Audit department provides the Country Executive Management teams, the Audit Committee and the Group's Executive Management with the findings of their engagement and their recommendations.

Furthermore, the Statutory Auditors report on any significant internal control failings they have identified during their engagement concerning the procedures relating to the preparation and processing of accounting and financial information.

Each Country Executive Director has established a formal annual self-assessment process:

- this uses standard tools that focus on existing frameworks and are based on an internal control risk analysis for each business and on the identification of key control points;
- the results of the internal control self-assessment covering asset risks are centralised periodically at Group internal audit level;
- one of the Group Internal Audit department's objectives in implementing actions is the quantitative measurement, through scoring systems, of the divergence between the self-assessment and the level of internal control determined on the basis of its work. Monitoring these divergences makes it possible to gauge the quality of the country's internal-control self-assessment.

Guidance and supervision of the internal control system involve the monitoring, by the country internal controllers, of the action plans relating to the internal control self-assessment and risk mapping processes and of the recommendations of the Group Internal Audit department.

The monitoring of action plans covering asset risks is centralised periodically at the level of the Group Internal Audit department.

As an additional step in the guidance and supervision system, the Country Executive Director signs a letter of affirmation on the internal control system, confirming his or her appropriation of and responsibility for internal control in terms of reporting and correcting deficiencies.

The Group's Executive Management supervises the internal control system in particular by reviewing the minutes of meetings of the following bodies and departments:

- Group Ethics Committee;
- Group Investment Committee;
- Data Security Committee;
- Financial Committees that guide the Group's financial policy;
- Antigaspi Committee;
- Group Information Systems department;
- Group Internal Audit department;
- Group Risks & Compliance department;
- any other *ad hoc* Committee meeting convened according to the needs identified by the Group's Executive Management.

Lastly, the Audit Committee set up by the Board of Directors monitors the effectiveness of the internal control and risk management systems. Its role and purpose are described above.

4.9.2.4 Internal accounting and financial control

4.9.2.4.1 General organisational principles of accounting and financial control

Internal accounting and financial control aims to ensure:

- the compliance of reported accounting information with the applicable rules (IFRS international accounting standards);
- the application of instructions and strategic objectives established by the Group;
- the prevention and detection of fraud and accounting and financial irregularities;
- the presentation and reliability of published financial information.

Risks related to the production of accounting and financial information can be classified into two categories:

- those related to the accounting of recurring operations in the Group's host countries, whose control systems must be set as close as possible to decentralised operations;
- those related to the accounting of non-recurring operations that may have a material impact on the Group's financial statements.

The internal-control system described in the following paragraphs incorporates this risk approach.

Management within each country is responsible for identifying risks that impact the preparation of financial and accounting information as well as taking the necessary steps to adapt the internal control system.

With regard to information that requires special attention given its impact on the Consolidated Financial Statements, the Group Reporting and Consolidation department requests the necessary explanations and may perform such controls itself. It can also assign an external auditor to carry out such controls or submit a request to the Chairman and Chief Executive Officer for the Internal Audit department to intervene.

The Group Reporting and Consolidation department checks the country-level consolidated reporting packages at the end of each monthly period. If need be, corrections are made to the reporting packages by the countries themselves.

4.9.2.4.2 Management of the accounting and finance organisation

Organisation of the finance function

The finance function is mainly based on a two-level organisation:

- the Group Financial Control department defines the IFRS accounting principles applicable to Carrefour and provides leadership and oversight of the production of Consolidated Financial Statements and management reports. This department includes a Reporting and Consolidation department and a Performance Analysis department:
  - the Reporting and Consolidation department monitors standards, defines the Group accounting doctrine ("IFRS accounting principles applicable to Carrefour"), produces and analyses the Consolidated Financial Statements and prepares the consolidated accounting and financial information, and is the direct link to the Finance departments at country level;
  - the Performance Analysis department analyses both prospective and retrospective management reports. It requests explanations from the country-level Finance departments and alerts the Group's Executive Management to key issues and any potential impact;
- the country-level Finance departments are responsible for the production and control of the country-level Company and Consolidated Financial Statements. They are also responsible for deploying an internal-control system within their scope that is adapted to their specific challenges and risks, taking into account the Group's recommendations and directives. Management control and merchandise management control at country level also fall within their responsibility.

The country/business unit/functional administrator accounting function is handled by centralised teams in each country, under the supervision of the country-level Finance Director. These teams belong to the Finance and Management network and are led by the Group Finance department, particularly through the sharing of information on a collaborative platform.

The Group Executive Director – Finance and Management appoints the country-level Finance Directors.

Accounting principles

Group accounting principles are specified in a regularly updated document that is communicated to all those involved in the process.

The IFRS accounting principles applicable to Carrefour are reviewed twice a year, before the end of each financial year and six-month period. They are defined by the Standards department, which forms part of the Group Reporting and Consolidation department, and are presented to the Statutory Auditors. Material changes, additions or deletions are presented to the Audit Committee.

An updated version is available to all members of the Finance and Management network on the collaborative platform.

The Group Financial Control Manual must be used by the country-level Finance departments. If necessary, country-level Finance departments consult the Group Reporting and Consolidation department, which alone can provide interpretations and clarifications.

The country-level Finance Directors meet regularly to discuss new changes to the IFRS accounting principles applicable to Carrefour and any application issues encountered.

The Standards Director, who reports to the Reporting and Consolidation Director, performs technical monitoring of IFRS and leads the process of updating Group accounting principles in liaison with the countries. It reviews technical issues raised within the Group and ensures that Carrefour is represented in professional organisations that deal with accounting standards.

Tools and operating methods

The Group continues to standardise the accounting systems used in the various countries. Specifically, this has led to the implementation of an organisational model that includes the establishment of shared national service centres (for the processing and payment of invoices involving merchandise, fixed assets, general expenses and payroll), thus standardising and documenting procedures in the various countries and ensuring the appropriate separation of duties. Operating methods are made available to all users.

The Group uses a consolidation and reporting tool to detail, make reliable and facilitate the transmission of data, controls and consolidation operations.

Accounting and financial information systems are subject to the same security requirements as all other systems.

Consolidation/reporting process and principal controls

To assist the Group consolidation process, each country is responsible for reporting its own financial data by legal entity and for consolidating the financial statements at its own level.

The Group Reporting and Consolidation team leads this process and is responsible for producing the Group's Consolidated Financial Statements. Responsibilities have been defined by country, as have cross-functional analysis responsibilities within the team. Consolidation takes place monthly. The annual Consolidated Financial Statements are subject to an audit and the half-yearly Consolidated Financial Statements are subject to a limited review. Only the half-yearly and annual Consolidated Financial Statements are subject to a limited review and are published. The Group uses identical tools, data and regional breakdowns for its management reports and Consolidated Financial Statements.

Subsidiaries prepare their own statutory financial statements as well as the Consolidated Financial Statements converted into euros for their region. The Finance department in each country makes use of controls in place in the consolidation tool. Countries also have access to a Group benchmark for expected controls during the production of accounting and financial information and the consolidation process. The Reporting and Consolidation department checks for consistency and performs a reconciliation and analysis at the end of each month.

The main options and accounting estimates are subject to review by the Group Reporting and Consolidation department and the country-level Finance Directors, including during meetings for financial statement reporting options, organised before the financial statements are reported at Group and country level in cooperation with external auditors.

Between reporting dates, country visits by the Reporting and Consolidation department teams provide opportunities to improve processes at country level by promoting understanding and dissemination of the Group's accounting principles and addressing specific issues within the various countries. If necessary, inspections can lead to recommendations aimed at improving the country's consolidation procedures.

A hard-close procedure was introduced by the Reporting and Consolidation department in late May to anticipate, as far in advance as possible, any potentially sensitive subjects relating to the six-month reporting period, which is subject to a review by the Statutory Auditors.

Also, a review is carried out in late September by the Statutory Auditors to assess the quality of the Group's internal control system and of the processes associated with measuring income and expenses that, due to their nature and amount, have a material impact on Group performance, so that any weaknesses can be rectified before the financial year-end. The countries are asked to carry out specific work, which is reviewed by the Statutory Auditors. This work focuses mainly on internal control of the supplier cycle, a review of the main disputes and risks, and impairment testing of stores and goodwill.

In order to provide an opinion to the Board of Directors on the draft financial statements, the Audit Committee reviews the annual and half-yearly financial statements and the findings of the joint Statutory Auditors' team concerning their work.

Accordingly, the Audit Committee meets regularly and as often as necessary in order to monitor the process of preparing the accounting and financial information and ensure that the principal accounting options applied are pertinent.

Oversight of the internal-control system

Oversight of the internal control system is mainly based on:

- a self-assessment process for the application and oversight of the main regulations defined by the Group concerning internal accounting and financial control. Action plans are defined at country level where necessary and are subject to monitoring;
- in-country actions by the Group Internal Audit department. The internal audit plan incorporates tasks to review internal accounting and financial control.

Oversight also involves assessing the information provided by the Statutory Auditors as part of their in-country operations. The country-level Finance Directors systematically provide the Group Reporting and Consolidation department with summaries of actions and letters of recommendation from the Statutory Auditors. It oversees the implementation of these recommendations.

The entire process is regularly presented to the Audit Committee. When significant shortcomings are detected in a country's internal control system, the Audit Committee is given a quarterly presentation of changes to action plans.

At each reporting date, the Group Internal Audit department receives letters of affirmation, signed by the Country Executive Director and country-level Finance Director, certifying that the consolidation reporting packages are fair and were prepared in accordance with the IFRS accounting principles applied by Carrefour.

4.9.2.4.3 Control over financial communications

Role and purpose of financial communications

The objective of financial communications is to provide the entire financial community with clear information about the Group's strategy, business model and performance, by publishing accurate, true and fair information while upholding the principle of shareholder equality with regard to information.

Organisation of financial communications

Financial communications address a diverse audience, primarily comprised of institutional investors, individual shareholders and employees. They are disseminated as required by law (Shareholders' Meeting) or the AMF's regulations (periodic publications, press releases). The Group also uses other channels for its financial communications, including conference calls, investor presentations on results or events (investors day), meetings, conferences and roadshows for financial analysts and investors, the Registration Document and annual report, and the corporate website.

In organisational terms:

- the Shareholder Relations department is responsible for informing the general public (individual shareholders);
- the Investor Relations department, Group Executive Director – Finance and Management, and the Chairman and Chief Executive Officer are the sole contacts for analysts and institutional investors;
- the Group Human Resources department, with support from the Group Communications department, manages information intended for employees;
- the Group Communications department manages press relations.

Procedures for controlling financial communications

The Group Financial Control department is the exclusive source of financial information.

Internal controls regarding the financial communications process focus on compliance with the principle of shareholder equality, among other issues. All press releases and significant announcements are prepared by mutual agreement between the Financial Communications department, which is part of the Group Finance department, and the Group Communications department.

The segregation of roles and responsibilities allows for strict independence between Executive Management teams, sensitive departments (*e.g.*, mergers and acquisitions) and the Financial Communications department.

Financial communications policy

The Group Finance department defines and implements the policy on disclosing financial results to the markets. The Carrefour group discloses its sales on a quarterly basis and its results on a half-yearly basis. The Board of Directors is informed of all periodic publications and press releases on financial and strategic operations, and makes comments as appropriate.

The Group Financial Communications department is also involved in setting the financial calendar and reviewing financial communications for Atacadão, the listed Brazilian subsidiary controlled by the Group, and ensures that their financial communications are consistent.

5

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the reclassification of the integrated convenience stores business in France in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5.

The Consolidated Financial Statements are presented in millions of euros, rounded to the nearest million. As a result, there may be rounding differences between the amounts reported in the various statements.

5.1 Consolidated income statement

(in millions of euros)	**Notes**	**2018**	**2017 restated**	**% change**
Net sales	*7.1*	76,000	78,315	(3.0)%
Loyalty program costs		(740)	(642)	15.3%
Net sales net of loyalty program costs		**75,261**	**77,673**	**(3.1)%**
Other revenue	*7.1*	2,656	2,719	(2.3)%
Total revenue		77,917	80,392	(3.1)%
Cost of sales	*7.2*	(60,850)	(62,311)	(2.3)%
Gross margin from recurring operations		**17,067**	**18,081**	**(5.6)%**
Sales, general and administrative expenses, depreciation and amortisation	*7.2*	(15,162)	(15,946)	(4.9)%
Recurring operating income		1,905	2,135	(10.8)%
Net income from equity-accounted companies	*9*	14	4	284.3%
Recurring operating income after net income from equity-accounted companies		**1,919**	**2,139**	**(10.3)%**
Non-recurring income and expenses, net	*7.3*	(1,161)	(1,162)	(0.1)%
Operating income		758	978	(22.4)%
Finance costs and other financial income and expenses, net	*14.6*	(262)	(445)	(41.0)%
Finance costs, net		*(233)*	*(317)*	*(26.5)%*
Other financial income and expenses, net		*(29)*	*(128)*	*(77.2)%*
Income before taxes		**496**	**533**	**(6.9)%**
Income tax expense	*10.1*	(539)	(618)	(12.8)%
Net loss from continuing operations		**(43)**	**(85)**	**(49.7)%**
Net loss from discontinued operations	*5*	(301)	(277)	8.8%
NET INCOME/(LOSS) FOR THE YEAR		(344)	(362)	(4.9)%
Group share		**(561)**	**(531)**	**5.6%**
of which net loss from continuing operations		(259)	(254)	2.2%
of which net loss from discontinued operations		(301)	(277)	8.8%
Attributable to non-controlling interests		**216**	**169**	**28.3%**

Basic earnings per share *(in euros)*	**2018**	**2017 restated**	**% change**
Loss from continuing operations per share	(0.34)	(0.34)	(0.2)%
Loss from discontinued operations per share	(0.39)	(0.37)	6.4%
Basic loss per share – Group share	(0.73)	(0.70)	3.2%

Diluted earnings per share *(in euros)*	**2018**	**2017 restated**	**% change**
Diluted loss from continuing operations per share	(0.34)	(0.34)	(0.2)%
Diluted loss from discontinued operations per share	(0.39)	(0.37)	6.4%
Diluted loss per share – Group share	(0.73)	(0.70)	3.2%

Details of earnings per share calculations are provided in Note 13.6.

5.2 Consolidated statement of comprehensive income

(in millions of euros)	**Notes**	**2018**	**2017**
Net loss for the year		(344)	(362)
Effective portion of changes in the fair value of cash flow hedges	*13.4*	(3)	(17)
Changes in the fair value of available-for-sale financial assets(1)	*13.4*	N/A	(3)
Changes in the fair value of debt instruments through other comprehensive income(2)	*13.4*	(6)	N/A
Exchange differences on translating foreign operations(3)	*13.4*	(446)	(473)
Items that may be reclassified subsequently to profit or loss		**(454)**	**(493)**
Remeasurements of defined benefit plans obligation	*12.1/13.4*	50	10
Changes in the fair value of equity instruments through other comprehensive income(4)		0	N/A
Items that will not be reclassified to profit or loss		**50**	**10**
Other comprehensive loss after tax		(404)	(482)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(748)**	**(844)**
Group share		(849)	(889)
Attributable to non-controlling interests		101	45

Presented net of the tax effect (see Note 13.4).

(1) *The available-for-sale financial assets category no longer exists under IFRS 9 – Financial Instruments, applied by the Group with effect from January 1, 2018 (see Note 4).*

(2) *Changes in the fair value of debt instruments classified as financial assets at fair value through other comprehensive income as from January 1, 2018 pursuant to IFRS 9, to be subsequently reclassified to profit or loss (Note 4).*

(3) *In both 2018 and 2017, exchange differences on translating foreign operations mainly reflect the decline of the Brazilian real and, to a lesser extent, the Argentine peso.*

(4) *Changes in the fair value of equity instruments (shares and other securities) which the Group has irrevocably elected to classify as financial assets at fair value through other comprehensive income as from January 1, 2018 pursuant to IFRS 9, with no subsequent reclassification to profit or loss (see Note 4).*

5.3 Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	December 31, 2018	December 31, 2017
Goodwill	*8.1*	7,983	7,977
Other intangible assets	*8.1*	1,461	1,364
Property and equipment	*8.2*	12,637	13,097
Investment property	*8.4*	389	410
Investments in companies accounted for by the equity method	*9*	1,374	1,355
Other non-current financial assets	*14.5*	1,275	1,367
Consumer credit granted by the financial services companies – long term	*7.5*	2,486	2,455
Deferred tax assets	*10.2*	723	636
Other non-current assets	*7.4*	379	337
Non-current assets		28,709	28,996
Inventories	*7.4*	6,135	6,690
Trade receivables	*7.4*	2,537	2,750
Consumer credit granted by the financial services companies – short term	*7.5*	3,722	3,866
Other current financial assets	*14.2*	190	161
Tax receivables	*7.4*	853	890
Other assets	*7.4*	887	851
Cash and cash equivalents	*14.2*	4,300	3,593
Assets held for sale		46	16
Current assets		18,670	18,816
TOTAL ASSETS		**47,378**	**47,813**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	**Notes**	**December 31, 2018**	**December 31, 2017**
Share capital	*13.2*	1,973	1,937
Consolidated reserves and income for the year		7,196	8,122
Shareholders' equity, Group share		9,169	10,059
Shareholders' equity attributable to non-controlling interests	*13.5*	2,117	2,099
Total shareholders' equity		11,286	12,159
Long-term borrowings	*14.2*	6,936	6,428
Provisions	*11*	3,521	3,003
Consumer credit financing – long term	*7.5*	1,932	2,661
Deferred tax liabilities	*10.2*	541	489
Non-current liabilities		12,930	12,581
Short-term borrowings	*14.2*	1,339	1,069
Suppliers and other creditors	*7.4*	14,161	15,082
Consumer credit financing – short term	*7.5*	3,582	2,817
Tax payables	*7.4*	1,142	1,282
Other payables	*7.4*	2,938	2,813
Liabilities related to assets held for sale		-	11
Current liabilities		23,162	23,074
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**47,378**	**47,813**

5.4 Consolidated statement of cash flows

(in millions of euros)	**2018**	**2017 restated**
Income before taxes	496	533
CASH FLOWS FROM OPERATING ACTIVITIES		
Income tax	(513)	(588)
Depreciation and amortisation expense	1,536	1,601
Capital gains on sales of assets	(29)	(49)
Change in provisions and impairment	488	863
Finance costs, net	233	317
Net income and dividends received from equity-accounted companies	37	76
Impact of discontinued operations(1)	(141)	(100)
Cash flow from operations	**2,107**	**2,653**
Change in working capital requirement(2)	115	156
Impact of discontinued operations(1)	55	2
Net cash from operating activities (excluding financial services companies)	**2,276**	**2,810**
Change in consumer credit granted by the financial services companies	(168)	32
Net cash from operating activities	2,108	2,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets(3)	(1,611)	(2,369)
Acquisitions of non-current financial assets	(3)	1
Acquisitions of subsidiaries and investments in associates(4)	(190)	(260)
Proceeds from the disposal of subsidiaries and investments in associates	1	9
Proceeds from the disposal of property and equipment and intangible assets	172	158
Proceeds from the disposal of non-current financial assets	20	4
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets(3)	(28)	(106)
Investments net of disposals	**(1,639)**	**(2,564)**
Other cash flows from investing activities	13	(54)
Impact of discontinued operations(1)	13	(17)
Net cash used in investing activities	(1,613)	(2,635)

(in millions of euros)	2018	2017 restated
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests(5)	89	969
Acquisitions and disposals of investments without any change of control(6)	(0)	479
Dividends paid by Carrefour (parent company)(7)	(152)	(151)
Dividends paid by consolidated companies to non-controlling interests	(82)	(141)
Change in treasury stock and other equity instruments	42	(40)
Change in current financial assets(8)	(45)	34
Issuance of bonds(8)	1,758	981
Repayments of bonds(8)	(744)	(1,250)
Net financial interests paid	(245)	(320)
Other changes in borrowings(8)	(89)	(197)
Impact of discontinued operations(1)	(2)	0
Net cash from financing activities	529	362
Net change in cash and cash equivalents before the effect of changes in exchange rates	**1,023**	**570**
Effect of changes in exchange rates	(315)	(283)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**708**	**288**
Cash and cash equivalents at beginning of year	3,593	3,305
Cash and cash equivalents at end of year	4,300	3,593

(1) Restatements made to reflect the classification of cash flows relating to discontinued operations in accordance with IFRS 5 are detailed in Note 5.

(2) The change in working capital is analysed in Note 7.4.1.

(3) Acquisitions mostly include operational investments in fast-growing formats, the Group's digitisation and the roll-out of a leading omni-channel offering; the decrease in this caption reflects the Group's investment strategy, as well as the oversight measures that were put in place in second-half 2017 and were fully operational in 2018 (productivity improvements and more selective maintenance and remodelling expenditure).

(4) This item mainly relates to the acquisition of a minority interest in the share capital of Showroomprivé and a majority interest in the capital of Quitoque (transactions described in Note 3.2.1). In 2017, it chiefly related to the acquisition of stores in Spain.

(5) In 2018, proceeds from share issues to non-controlling interests mainly correspond to the share capital of Cargo Property Assets (formerly Cargo Property Holding) subscribed and paid up during the period by third-party investors (non-controlling interests). In 2017, in addition to Cargo Property Assets, this item corresponded mainly to the cash capital increase carried out by Grupo Carrefour Brasil in connection with the July 2017 IPO, as described in Note 3.2.2 (primary offering of 840 million euros, net of directly related issue costs).

(6) Changes in this item in 2017 primarily result from the sale by the Group of 139,834,428 Grupo Carrefour Brasil shares in connection with the secondary offering of the IPO for the Group's Brazilian operations and the exercise of the call option by Península (see Note 3.2.2).

(7) Dividends paid by Carrefour (parent company) correspond to cash dividends paid to shareholders who chose not to reinvest their dividends (see Note 2.4).

(8) Note 14.2 provides a breakdown of total borrowings. Changes in liabilities arising from financing activities are detailed in Note 14.4.

5.5 Consolidated statement of changes in shareholders' equity

	Shareholders' equity, Group share						
(in millions of euros)	**Share capital(1)**	**Translation reserve**	**Fair value reserve(2)**	**Other consolidated reserves and net income**	**Total shareholders' equity, Group share**	**Non-controlling interests**	**Total shareholders' equity**
Shareholders' equity at December 31, 2016	1,891	(569)	(3)	9,108	10,426	1,582	12,008
Net income/(loss) for the year 2017	-	-	-	(531)	(531)	169	(362)
Other comprehensive income/(loss) after tax	-	(349)	(20)	11	(358)	(124)	(482)
Total comprehensive income/(loss) 2017	**-**	**(349)**	**(20)**	**(520)**	**(889)**	**45**	**(844)**
Share-based payments	-	-	-	12	12	1	13
Treasury stock (net of tax)	-	-	-	(31)	(31)	-	(31)
2016 dividend payment(3)	46	-	-	(197)	(151)	(103)	(254)
Change in capital and additional paid-in capital(4)	-	-	-	470	470	370	840
Effect of changes in scope of consolidation and other movements(4)	-	32	-	191	223	204	427
Shareholders' equity at December 31, 2017	1,937	(885)	(24)	9,032	10,059	2,099	12,159
IFRS 9 first application adjustments(5)				(141)	(141)	(119)	(259)
IAS 29 first application adjustments(6)				237	237	0	237
Shareholders' equity at January 1, 2018	1,937	(885)	(24)	9,129	10,155	1,980	12,136
Net income/(loss) for the year 2018	-	-	-	(561)	(561)	216	(344)
Other comprehensive income/(loss) after tax	-	(333)	(5)	50	(288)	(115)	(404)
Total comprehensive income/(loss) 2018	**-**	**(333)**	**(5)**	**(510)**	**(849)**	**101**	**(748)**
Share-based payments	-	-	-	6	6	1	6
Treasury stock (net of tax)	-	-	-	42	42	-	42
2017 dividend payment(3)	36	-	-	(189)	(152)	(90)	(242)
Change in capital and additional paid-in capital(4)	-	-	-	(15)	(15)	113	98
Effect of changes in scope of consolidation and other movements	-	-	-	(17)	(17)	12	(6)
Shareholders' equity at December 31, 2018	1,973	(1,219)	(30)	8,445	9,169	2,117	11,286

(1) At December 31, 2018, the share capital was made up of 789,252,839 ordinary shares (see Note 13.2.1).

(2) This item comprises:
- *the effective portion of changes in the fair value of cash flow hedges;*
- *the financial asset fair value reserve (changes in the fair value of financial assets carried at fair value through other comprehensive income).*

(3) The 2016 dividend, totalling 523 million euros, was paid:
- *in cash for 151 million euros; and*
- *in new shares for 372 million euros (corresponding to the aggregate par value of the new shares for 46 million euros and premiums for 326 million euros).*

Dividends paid to non-controlling interests in 2017 for 103 million euros mainly concern Spanish, French and Brazilian subsidiaries.

The 2017 dividend, totalling 352 million euros, was paid:
- *in cash for 152 million euros; and*
- *in new shares for 200 million euros (corresponding to the aggregate par value of the new shares for 36 million euros and premiums for 164 million euros).*

Dividends paid to non-controlling interests in 2018 came to 90 million euros and related mainly to the Group's Brazilian and French subsidiaries.

(4) Changes in capital and additional paid-in capital and other movements in 2017 mainly reflect the July 2017 Grupo Carrefour Brasil IPO: the primary offering of 840 million euros generated (i) an increase of 370 million euros in non-controlling interests and (ii) an increase of 470 million euros in shareholders' equity, Group share corresponding to the dilution gain; Carrefour's sale of 139,834,428 Grupo Carrefour Brasil shares within the context of the secondary offering and following Peninsula's exercise of its call option resulted in (i) a 274 million-euro disposal gain net of tax and directly related selling costs recorded within "Shareholders' equity, Group share" and (ii) the recognition of non-controlling interests for 208 million euros.

Changes in capital and additional paid-in capital in 2018 primarily concern the share issue by Cargo Property Assets to third-party investors (non-controlling interests) in the second half of the year.

(5) The Group applied IFRS 9 – Financial Instruments for the first time as of January 1, 2018. In light of the Group's chosen transition approach, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of IFRS 9 (detailed in Note 4) has been recognised in equity at January 1, 2018.

(6) The Group applied IAS 29 – Financial Reporting in Hyperinflationary Economies for the first time as of January 1, 2018. In accordance with IAS 21, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of IAS 21 (detailed in Note 4) has been recognised in equity at January 1, 2018.

5.6 Notes to the Consolidated Financial Statements

Note 1 Basis of preparation of the Consolidated Financial Statements

The Consolidated Financial Statements for the year ended December 31, 2018 were approved for publication by the Board of Directors on February 27, 2019. They will be submitted to shareholders for final approval at the Annual General Meeting.

Carrefour (the "Company") is domiciled in France. The Consolidated Financial Statements for the year ended December 31, 2018 reflect the financial position and results of operations of the Company and its subsidiaries (together the "Group"), along with the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method. The presentation currency of the Consolidated Financial Statements is the euro, which is the Company's functional currency.

1.1 Statement of compliance

In accordance with European Regulation (EC) 1606/2002 dated July 19, 2002, the 2018 Consolidated Financial Statements have been prepared in compliance with the international financial reporting standards and accounting standards adopted for use in the European Union as of December 31, 2018 and applicable at that date, with 2017 comparative information prepared using the same standards.

International accounting standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRS Interpretations Committee (IFRIC) Interpretations and Standing Interpretations Committee (SIC) Interpretations.

All of the standards and interpretations endorsed by the European Union are published in the Official Journal of the European Union, which can be accessed in the EUR-Lex.

At December 31, 2018, the standards and interpretations adopted for use in the European Union were the same as those published by the IASB and applicable at that date.

The Consolidated Financial Statements also include the material disclosures required by Standard no. 2016-09 published by the French accounting authorities (*Autorité des normes comptables* – ANC).

1.2 Changes of method and application of IAS 29

The accounting policies used to prepare the 2018 Consolidated Financial Statements are the same as those used for the 2017 Consolidated Financial Statements, expect for the first-time application of IAS 29 to operations in Argentina (see Note 4.3) and the following standards, amendments and interpretations, which were applicable as of January 1, 2018:

- IFRS 9 – *Financial Instruments,* along with amendments to IFRS 4 – *Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts*: the impact of these texts on the Consolidated Financial Statements is described in Note 4;
- IFRS 15 – *Revenue from Contracts with Customers* (including *Clarifications to IFRS 15* published in April 2016): this standard had no material impact on the Consolidated Financial Statements (Note 4);
- amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions*: these amendments had no material impact on the Consolidated Financial Statements;
- amendments to IAS 40 – *Transfers of Investment Property*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*: this interpretation had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements 2014-2016 Cycle: these amendments had no material impact on the Consolidated Financial Statements.

Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* and to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (applicable as of January 1, 2019), were early adopted by the Group at the date of its first-time application of IFRS 9. Application of these amendments had no material impact on the financial statements.

With the exception of the two aforementioned amendments, the Group decided not to early adopt the following standards, amendments and interpretations whose application was not mandatory as of January 1, 2018:

ADOPTED FOR USE IN THE EUROPEAN UNION

Standards, amendments and interpretations	Effective date for the Group
IFRS 16 – *Leases*	January 1, 2019

Main provisions and consequences for the Group:

IFRS 16, which will replace IAS 17 – *Leases* and the related interpretations as from January 1, 2019, sets out the principles for recognising leases and introduces major changes in the accounting for leases by lessees, since it eliminates the distinction for lessees between operating and finance leases.

Under IFRS 16, all leases are to be brought onto the statement of financial position by recognising a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 will therefore affect the presentation of lease transactions in the income statement (with rental expense replaced by a depreciation expense and interest expense) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, will impact financing cash flows).

The Group began to prepare for IFRS 16 implementation in 2016, and the process is in its final stages.

The decision has been made to transition to IFRS 16 as of January 1, 2019 using the simplified retrospective approach, without restating the 2018 Consolidated Financial Statements.

The Group has also opted to apply the two exemptions proposed in the standard, concerning leases for which the underlying asset is of low value and short-term leases (for periods of 12 months or less).

Leases concern:

- property assets for the most part (several thousand leases), including (i) properties used directly by Carrefour and (ii) properties sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- vehicles, to a lesser extent; and
- a few warehousing and storage contracts with a lease component.

The leased assets' reasonably certain period of use will be determined based on:

- the inherent characteristics of the different types of store (convenience stores, supermarkets, hypermarkets, cash & carry stores) or other property assets (logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account will include the store's profitability, any recent capital expenditure in the store and the existence of possible alternative premises;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to (i) Company cars, (ii) cars and vans for rental to customers, (iii) trucks and (iv) light commercial vehicles.

On the IFRS 16 transition date, lease liabilities will be measured using the lessee's incremental borrowing rate. After the transition date, the interest rate implicit in the lease will be used or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

In parallel, the Group is finalising implementation of a computer application to identify leases and to calculate and generate the data needed to account for leases in accordance with IFRS 16. The application will be integrated in the Group's management system.

The process to collect property lease data is nearing completion. Work is also in progress to determine the framework for estimating reasonably certain periods of use (which depend, in particular, on local leasing regulations and practices in each country and on the type of underlying asset in each case), and the method of calculating the discount rates to be used to accurately estimate the transition-date effect of applying IFRS 16 (as of January 1, 2019).

The lease commitments described in Note 8.5 to the Consolidated Financial Statements for the year ended December 31, 2018, calculated over the non-cancellable term of property leases taking into account the contractual or legal provisions enabling leases to be terminated before the end of the lease term, are not entirely representative of the lease liability to be recognised in accordance with IFRS 16.

IFRIC 23 – *Uncertainty over Income Tax Treatments*	January 1, 2019

Main provisions and consequences for the Group:

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The interpretation, which is effective as from January 1, 2019, may be applied:

- fully retrospectively; or
- partly retrospectively, by recognising the cumulative effect of initially applying the interpretation in opening equity for the year in which the Interpretation is applied for the first time.

The possible effects of applying IFRIC 23 are currently being analysed, along with the transition options.

Not yet adopted for use in the European Union

Standards, amendments and interpretations	Effective date[1]
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
IFRS Annual Improvements 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – *Compensation Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
Amendments to the Conceptual Framework	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2022

(1) Subject to adoption by the European Union.

The Group is currently analysing the potential impacts of applying IFRS 17. It does not expect the application of the other standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

1.3 Use of estimates and judgement

Preparation of Consolidated Financial Statements involves the use of management estimates and assumptions that may affect the reported amounts of certain assets, liabilities, income and expenses, as well as the disclosures contained in the notes. These estimates and assumptions are reviewed at regular intervals by Group management to ensure that they are reasonable in light of past experience and the current economic situation. Actual results may differ from current estimates. In addition to using estimates, Group management is required to exercise judgement when determining the appropriate accounting treatment of certain transactions and activities and how it should be applied.

The main estimates and judgements applied for the preparation of these Consolidated Financial Statements concern:

- useful lives of operating assets (see Note 8);
- definition of cash-generating units (CGUs) for the purpose of impairment tests on non-current assets other than goodwill (see Note 8.3);
- recoverable amount of goodwill, other intangible assets and property and equipment (see Note 8.3);
- fair value of identifiable assets acquired and liabilities assumed in business combinations (see Note 3.1);
- measurement of rebates and commercial income (see Note 7.2.1);
- classification of leases (see Notes 8.2 and 8.5);
- measurement of provisions for contingencies and other business-related provisions (see Note 11);
- determination of the level of control or influence exercised by the Group over investees (see Notes 3 and 9);
- assumptions used to calculate pension and other post-employment benefit obligations (see Note 12.1);
- recognition of deferred tax assets and some tax credits (see Note 10);
- measurement of impairment of loans granted by the financial services companies (see Note 7.5.1) as well as provisions for credit risk on loan commitments (see Note 11.1).

1.4 Measurement methods

The Consolidated Financial Statements have been prepared using the historical cost convention, except for:

- certain financial assets and liabilities measured using the fair value model (see Note 14);
- assets acquired and liabilities assumed in business combinations, measured using the fair value model (see Note 3.1);
- non-current assets held for sale, measured at the lower of carrying amount and fair value less costs to sell.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the hierarchy defined in IFRS 13 – *Fair Value Measurement*, fair value may be measured using the following inputs:

- level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs: models that use inputs that are observable for the asset or liability, either directly (*i.e.*, prices) or indirectly (*i.e.*, price-based data);
- level 3 inputs: inputs that are intrinsic to the asset or liability and are not based on observable market data for the asset or liability.

Argentina has been classified as a hyperinflationary economy within the meaning of IFRS since July 1, 2018. Consequently, IAS 29 is applicable to the Group's operations in Argentina as from January 1, 2018. The effects of applying IAS 29 on opening equity are presented in Note 4.

Note 2 Significant events of the year

2.1 "Carrefour 2022" transformation plan

On January 23, 2018, the Carrefour group unveiled its transformation plan based on the following objectives:

- deploy a simplified and open organisation;
- achieve productivity and competitiveness gains;
- create an omni-channel universe of reference;
- overhaul the offer to promote food quality.

The Group's headquarters around the globe have been scaled back in order to improve teams' operational efficiency and responsiveness. Accordingly:

- in the Île-de-France region, the corporate headquarters in Boulogne-Billancourt was closed at the end of 2018 and the project to build a new 30,000 square-meter headquarters in Essonne has been abandoned;
- a majority collective agreement was signed with Carrefour's trade unions on May 24, 2018 regarding the voluntary redundancy plan aimed at reducing staff numbers at the Group's headquarters in France by 2,400 out of a total workforce of 10,500. The Group began to implement the plan at the end of June 2018 following its approval by the labour administration and the completion of the consultation procedure involving employee representative bodies. The plan's implementation was complete by the end of the year. A majority collective agreement was also signed with trade unions with regard to the employment protection plan for the ex-Dia integrated stores without a buyer;
- in Belgium, the information and consultation procedure with labour organisations that began after the January 25, 2018 announcement of a transformation plan resulted in the signature of a term sheet in June 2018. The planned measures include setting up a new organisational structure for the hypermarkets and headquarters to enhance the teams' operational efficiency and optimise operating costs. They will affect 1,000 employees and will be completed during the first half of 2019;
- in Argentina, a voluntary redundancy plan affecting some 1,000 jobs (at the head office and in stores) was implemented during 2018.

The cost of these measures is covered by provisions recorded as of June 30, 2018 (see Notes 7.3 and 11.1). Most of the provisions remaining at December 31, 2018 will be utilised in 2019.

A further objective is to create headroom to improve the Group's efficiency and competitiveness in the interest of serving its customers. This implies a significant reduction in its cost base and a more effective investment policy focused on its growth drivers. As well as a cost reduction plan, the roll-out of this objective will eliminate certain loss centres. Consequently, the Group decided that struggling stores would exit its scope of consolidation. The decision resulted in the termination of the Group's integrated convenience store business in France. Of the 352 stores making up the Dia integrated store network as of December 31, 2017, 273 were sold or closed, with a buyer being found for 27 stores.

The business has therefore been classified in accordance with the provisions of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The resulting impacts on the Consolidated Financial Statements are set out in Note 5.

2.2 Strategic partnership in China

On January 23, 2018, Carrefour announced that it had signed a term sheet with Tencent and Yonghui regarding a potential investment in Carrefour China. Also on January 23, 2018, Carrefour and Tencent announced that they had signed a preliminary agreement regarding strategic business cooperation in China in order to bring together Carrefour's retail knowledge with Tencent's digital expertise and innovation capabilities. Discussions are ongoing to reach an agreement on the terms of (i) cooperation and (ii) the acquisition by Tencent and Yonghui of a stake in Carrefour China.

2.3 Securing the Group's long-term financing

On March 22, 2018 (settlement on March 27, 2018), the Group issued 500 million US dollars' worth of six-year cash-settled convertible bonds (maturing in March 2024). The bonds were issued at 96.75% of their nominal value, and do not bear interest as they are zero-coupon bonds. The resulting initial conversion price is 20.0776 euros, including a conversion premium of 20% over the Carrefour reference share price. They may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.

In parallel with the bond issue, the Group purchased cash-settled call options on its own shares in order to hedge its economic exposure relating to cash payments due on bonds in the event that investors exercise their conversion rights.

The above operations, for which a EUR/USD cross currency swap was arranged, provide the Group with the equivalent of standard euro-denominated bond financing (see a description of the related accounting treatment in Note 14.2).

On June 5, 2018 (settlement on June 12, 2018), the Group carried out a new 500 million-euro five-year bond issue (maturing in June 2023) with a coupon of 0.875%.

On November 26, 2018 (settlement on December 4, 2018), the Group carried out a new 500-million euro seven-year bond issue (maturing in May 2026) with a coupon of 1.75%.

The issues consolidated the Group's long-term financing, maintained the average maturity of its bond debt (at 3.6 years at December 31, 2018) and further reduced its borrowing costs. On April 25, 2018, Brazilian subsidiary Atacadão also carried out a bond issue in two tranches for a total amount of 1.5 billion reals (around 350 million euros), maturing in three and five years.

In addition, Carrefour has bank credit facilities totalling 3,900 million euros. A first 2,500 million-euro facility was signed on January 22, 2015 and falls due on January 22, 2022. A second line totalling 1,400 million euros signed on May 2, 2017 was extended in April 2018 and now matures on May 2, 2023 *versus* May 2, 2022 previously.

2.4 2017 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 15, 2018, the shareholders decided to set the 2017 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 13.72 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 21 to July 4, 2018. At the end of this period, shareholders owning 56.93% of Carrefour's shares had elected to reinvest their 2017 dividends.

July 13, 2018 was set as the date for:

- settlement/delivery of the 14,575,028 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 200 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 152 million euros.

Note 3 Scope of consolidation

3.1 Accounting principles

Basis of consolidation

The Consolidated Financial Statements include the financial statements of subsidiaries from the date of acquisition (the date when the Group gains control) up to the date when the Group ceases to control the subsidiary, and the Group's equity in associates and joint ventures accounted for by the equity method.

(i) Subsidiaries

A subsidiary is an entity over which the Group exercises control, directly or indirectly. An entity is controlled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group considers all facts and circumstances when assessing whether it controls an investee, such as rights resulting from contractual arrangements or substantial potential voting rights held by the Group.

The profit or loss of subsidiaries acquired during the year is included in the Consolidated Financial Statements from the date when control is acquired. The profit or loss of subsidiaries sold during the year or that the Group ceases to control, is included up to the date when control ceases.

Intra-group transactions and assets and liabilities are eliminated in consolidation. Profits and losses on transactions between a subsidiary and an associate or joint venture accounted for by the equity method are included in the Consolidated Financial Statements to the extent of unrelated investors' interests in the associate or joint venture.

(ii) Associates and joint ventures

Entities in which the Group exercises significant influence (associates), and entities over which the Group exercises joint control and that meet the definition of a joint venture, are accounted for by the equity method, as explained in Note 9 "Investments in equity-accounted companies".

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(iii) Other investments

Investments in companies where the Group does not exercise control or significant influence over financial and operating policy decisions are qualified as available-for-sale financial assets and reported under "Other non-current financial assets". The accounting treatment of these investments is described in Note 14 "Financial assets and liabilities, finance costs and other financial income and expenses".

Business combinations

Business combinations, defined as transactions where the assets acquired and liabilities assumed constitute a business, are accounted for by the purchase method. Business combinations carried out since January 1, 2010 are measured and recognised as described below, in accordance with IFRS 3 – *Business Combinations* (as revised in 2008).

- As of the acquisition date, the identifiable assets acquired and liabilities assumed are recognised and measured at fair value.
- Goodwill corresponds to the excess of (i) the sum of the consideration transferred (*i.e.*, the acquisition price) and the amount of any non-controlling interest in the acquiree, over (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. It is recorded directly in the statement of financial position of the acquiree, in the latter's functional currency, and is subsequently tested for impairment at the level of the cash-generating unit (CGU) to which the acquiree belongs, by the method described in Note 8.3. Any gain from a bargain purchase (*i.e.*, negative goodwill) is recognised directly in profit or loss.
- For business combinations on a less than 100% basis, the acquisition date components of non-controlling interests in the acquiree (*i.e.*, interests that entitle their holders to a proportionate share of the acquiree's net assets) are measured at either:
  - fair value, such that part of the goodwill recognised at the time of the business combination is allocated to non-controlling interests ("full goodwill" method);
  - or the proportionate share of the acquiree's identifiable net assets, such that only the goodwill attributable to the Group is recognised ("partial goodwill" method).

The method used is determined on a transaction-by-transaction basis.

- The provisional amounts recognised for a business combination may be adjusted during a measurement period that ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, or at the latest 12 months from the acquisition date. Adjustments during the measurement period to the fair value of the identifiable assets acquired and liabilities assumed or the consideration transferred are offset by a corresponding adjustment to goodwill, provided they result from facts and circumstances that existed as of the acquisition date. Any adjustments identified after the measurement period ends are recognised directly in profit or loss.
- For a business combination achieved in stages (step acquisition), when control is acquired the previously held equity interest is remeasured at fair value through profit or loss. In the case of a reduction in the Group's equity interest resulting in a loss of control, the remaining interest is also remeasured at fair value through profit or loss.
- Transaction costs are recorded directly as an operating expense for the period in which they are incurred.

At the IFRS transition date, the Group elected to maintain the accounting treatment for business combinations applied under previous accounting standards, in line with the option available to first-time adopters under IFRS 1 – *First-time Adoption of International Financial Reporting Standards*.

Changes in ownership interest not resulting in a change of control

Any change in the Group's ownership interest in a subsidiary that does not result in control being acquired or lost is qualified as a transaction with owners in their capacity as owners and recorded directly in equity in accordance with IFRS 10 – *Consolidated Financial Statements*. It is shown in cash flows from financing activities in the statement of cash flows.

Translation of the financial statements of foreign operations

The Consolidated Financial Statements are presented in euros.

An entity's functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Group entities is the currency of their home country.

The financial statements of entities whose functional currency is not the euro and is not the currency of a hyperinflationary economy are translated into euros as follows:

- assets and liabilities are translated at the period-end closing rate;
- income and expenses are translated at the weighted average exchange rate for the period;
- all resulting exchange differences are recognised in "Other comprehensive income" and are taken into account in the calculation of any gain or loss realised on the subsequent disposal of the foreign operation;
- items in the statement of cash flows are translated at the average rate for the period unless the rate on the transaction date is materially different.

In 2018, Argentina was classified as a hyperinflationary economy within the meaning of IAS 29 (see Note 1.4).

Translation of foreign currency transactions

Transactions by Group entities in a currency other than their functional currency are initially translated at the exchange rate on the transaction date.

At each period-end, monetary assets and liabilities denominated in foreign currency are translated at the period-end closing rate and the resulting exchange gain or loss is recorded in the income statement.

Intra-group loans to certain foreign operations are treated as part of the net investment in that operation if settlement of the loan is neither planned nor likely to occur. The gain or loss arising from translation of the loan at each successive period-end is recorded directly in "Other comprehensive income" in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

Non-current assets and disposal groups held for sale and discontinued operations

If the Group expects to recover the carrying amount of a non-current asset (or disposal group) principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under "Assets held for sale" in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. Liabilities related to non-current assets held for sale are also reported on a separate line of the consolidated statement of financial position (under "Liabilities related to assets held for sale"). Following their classification as held for sale, the assets concerned are measured at the lower of their carrying amount and fair value less costs to sell and they cease to be depreciated or amortised.

All the assets and liabilities of the discontinued operation are presented on separate lines on each side of the statement of financial position after eliminating intra-group items.

A discontinued operation is a component of an entity that has been either disposed of or classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

It is classified as a discontinued operation at the time of sale or earlier if its assets and liabilities meet the criteria for classification as "held for sale". When a component of an entity is classified as a discontinued operation, comparative income statement and cash flow information is restated as if the entity had met the criteria for classification as a discontinued operation on the first day of the comparative period.

3.2 Main changes in scope of consolidation

3.2.1 Changes in 2018

Strategic partnership with Showroomprivé

On January 11, 2018, Carrefour announced that it had signed a strategic agreement with Showroomprivé, Europe's second-largest online private sales player. This partnership is part of both Groups' strategy of developing a leading omni-channel offering, and notably covers areas such as sales, marketing, logistics and data.

In order to seal the partnership, Carrefour acquired 16.9% of Showroomprivé's share capital (13.7% of its voting rights) on February 7, 2018. This took the form of an off-market acquisition of the block of shares owned by Conforama, a Steinhoff group subsidiary, at a price of 13.5 euros per share, for a total amount of around 79 million euros, paid in full during the first half of 2018.

In December 2018, Carrefour acquired newly issued Showroomprivé shares at a price of 2.5 euros per share, representing a total investment of 11 million euros.

Following these transactions, Carrefour holds 20.5% of Showroomprivé's share capital and 17.7% of its voting rights. The founders have retained 33.1% of the capital and 42% of the voting rights.

Since the Group exercises significant influence over Showroomprivé in light of its representation on the Company's Board of Directors, the shareholding acquired on February 7, 2018 was recognised in the Consolidated Financial Statements as from the same date using the equity method of accounting. Use of the equity method to account for Showroomprivé is still appropriate following the December 2018 share issue.

Acquisition of Quitoque

On March 15, 2018, Carrefour acquired a majority stake in the Quitoque start-up, a leading player in home-delivered meal kits and a French pioneer in the Foodtech industry. In accordance with IFRS 3 – *Business Combinations*, the Group measured the assets acquired and liabilities assumed at the acquisition date. Based on these provisional measurements, provisional goodwill in the amount of 36 million euros was recognised in the consolidated statement of financial position as of December 31, 2018 in respect of the Quitoque acquisition. The revenue and profit attributable to Quitoque recorded in the consolidated statement of comprehensive income for the period was not material.

This acquisition enables Carrefour to expand its e-commerce offer in the food segment. It is consistent with the Group's aim of building a benchmark omni-channel model and becoming the world leader in the food transition for all.

Acquisition of So.bio

On July 18, 2018, Carrefour announced that it had acquired So.bio, a chain of retail stores specialised in organic products. As of December 31, 2018, this acquisition remained subject to approval by the relevant anti-trust authorities.

So.bio currently has ten stores in southwest France.

This acquisition is part of the "Carrefour 2022" transformation plan and of the Group's ambition to become the world leader in the food transition for all.

Acquisition of Planeta Huerto

On September 28, 2018, Carrefour announced that its subsidiary, Greenweez, Europe's leading online distributor of organic products, had acquired Planeta Huerto.

Based in Alicante, Spain, Planeta Huerto was created at the end of 2011 by the Sanchez brothers. In seven years, it has established itself as the undisputed leader in Spain and Portugal in online sales of organic, healthy and sustainable products. Planeta Huerto currently has in excess of 250,000 customers and more than 35,000 products classified into a few main categories: the organic supermarket and products that customers can use to grow produce themselves at home.

Planeta Huerto will retain its brand name and its teams, and the Sanchez brothers will continue to run the Company within the framework of a joint project with Greenweez so that both companies can continue to enjoy strong growth and keep improving their services by taking reciprocal advantage of each other's expertise and knowledge.

The revenue and profit attributable to Planeta Huerto recorded in the consolidated statement of comprehensive income for the period was not material.

3.2.2 Changes in 2017

IPO of the Group's Brazil operations

The initial public offering of Grupo Carrefour Brasil shares took place on July 20, 2017 and consisted of:

- a primary offering of 205,882,353 shares issued by Grupo Carrefour Brasil; and
- a secondary offering of 125,631,365 Grupo Carrefour Brasil shares, of which 68,831,365 shares sold by Carrefour (including additional shares placed in respect of the secondary over-allotment option).

Carrefour also sold 71,003,063 Grupo Carrefour Brasil shares to Península after the latter exercised its call option.

After completion of the IPO and the exercise by Península of its call option, Carrefour holds a 71.8% interest in Grupo Carrefour Brasil, while Península holds 11.5% and Grupo Carrefour Brasil's free float is 16.7%.

These operations had no impact on the analysis of control over Group subsidiaries in Brazil, which therefore continue to be consolidated within Carrefour's Consolidated Financial Statements.

The primary offering resulted in (i) the recognition of non-controlling interests in an amount of 370 million euros, and (ii) an increase of 470 million euros in shareholders' equity, Group share corresponding to the dilution gain. In accordance with IFRS 10 – *Consolidated Financial Statements*, Carrefour's sale of Grupo Carrefour Brasil shares within the context of the secondary offering and following Península's exercise of its call option, resulted in (i) a 274 million-euro disposal gain net of tax and directly related selling costs recorded within "Shareholders' equity, Group share" and (ii) the recognition of non-controlling interests for 208 million euros.

Absorption of Carmila by Cardety

Carmila was absorbed by Cardety on June 12, 2017. Shares in the new entity, named Carmila, are listed on Euronext Paris. In addition, the Carmila group increased its share capital by 628.6 million euros in July 2017 in order to finance its 2017-2020 development plan. Having subscribed to the capital increase in an amount of 50 million euros, Carrefour owned 35.76% of the shares and voting rights of Carmila.

In parallel with the merger, the entity's corporate governance rules were adapted, resulting in the restructuring of its administration and management bodies, and amendments to its Articles of Association and the Board of Directors' internal rules. In light of the amended corporate governance rules, the Group considers that it has significant influence over the new entity, Carmila, which is accounted for using the equity method. The Group's position is primarily based on the fact that the Carrefour group is not represented by a majority on the Board of Directors, which comprises 14 members, of which eight are independent and five are appointed by Carrefour. Therefore, the Group cannot alone impose decisions requiring the Board's prior consent, which partly concern the relevant activities.

Prior to the merger, both Cardety and Carmila were accounted for using the equity method. Accordingly, the only impact of this transaction on the Consolidated Financial Statements was the recognition of a non-material dilution gain.

Acquisition of hypermarkets in Spain

On February 29, 2016, the Carrefour group announced it had signed an agreement with the Eroski group to acquire 36 compact hypermarkets with a total sales area of 235,000 square meters, as well as eight shopping malls and 22 service stations adjacent to the stores.

The conditions precedent were met during 2017 for the acquisition of 31 stores.

In accordance with IFRS 3 – *Business Combinations*, following the evaluation of the assets acquired and liabilities assumed carried out by the Group, the acquisition-date fair value of the net assets acquired, which correspond primarily to land and buildings included within "Property and equipment" and "Investment property", was estimated at 78 million euros. Considering the 168 million-euro acquisition price, fully paid in cash during the year, goodwill of 90 million euros was recognised in the 2017 Consolidated Financial Statements.

The effect of the acquisition on 2017 consolidated operating income and net income was not material.

The revenue and profit attributable to the acquired operations (part of the Spain operating segment) recorded in the consolidated statement of comprehensive income for the period was not material.

3.3 Scope of consolidation at December 31, 2018

The list of consolidated companies (subsidiaries and associates) is presented in Note 18.

The Group reviewed its analyses of control over subsidiaries in which it is not the sole investor, in light of changes in facts and circumstances during the year, and particularly those transactions described in Note 3.2. Based on its review, there were no changes in the type of control exercised over these subsidiaries.

3.4 Net income/(loss) from discontinued operations

The 297 million-euro net loss from discontinued operations in 2018 corresponds to the losses of the integrated convenience stores business in France which was discontinued during the year. It is reported on a separate line in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, together with the comparative 278 million-euro loss for 2017 (see Note 5).

Note 4 Impact of changes in accounting policies

IFRS 9 – *Financial Instruments*, IFRS 15 – *Revenue from Contracts with Customers* and IAS 29 – *Financial Reporting in Hyperinflationary Economies* have been applied for the first time as of January 1, 2018. IAS 29 is not a new international accounting standard but was applied with effect from January 1, 2018 in light of the hyperinflationary situation in Argentina (see Note 4.3).

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below. The overall impact of these changes as of the date of first-time application, amounting to a negative 23 million euros (net of tax), was included in equity at January 1, 2018.

- Concerning IFRS 9, the overall impact of applying the standard as of the date of first-time application amounted to a negative 259 million euros (net of tax). The comparative periods presented were not restated, as allowed by the option provided in the transitional provisions of IFRS 9.
- First-time application of IFRS 15 had no impact on opening equity at January 1, 2018. The Group adopted the "cumulative catch-up" transition approach whereby the cumulative impact of the initial application of IFRS 15 was recognised in equity at January 1, 2018, with no restatement of 2017 comparative data.
- Concerning IAS 29, the overall impact of applying the standard as of the date of first-time application amounted to a positive 237 million euros (net of tax). The comparative periods presented were not restated, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, which states that previously presented comparative information in the currency of a non-hyperinflationary economy should not be restated.

The table below summarises the impact of applying IFRS 9 and IAS 29 on the opening statement of financial position in the Consolidated Financial Statements for the year ended December 31, 2018:

ASSETS

(in millions of euros)	**December 31, 2017**	**IFRS 9 first application adjustments**	**IAS 29 first application adjustments**	**January 1, 2018**
Goodwill	7,977			7,977
Other intangible assets	1,364		6	1,370
Property and equipment	13,097		283	13,379
Investment property	410		25	434
Investments in companies accounted for by the equity method	1,355	7		1,362
Other non-current financial assets	1,367	(14)		1,353
Consumer credit granted by the financial services companies – long term	2,455	(60)		2,395
Deferred tax assets	636	124		760
Other non-current assets	337			337
Non-current assets	28,996	57	314	29,367
Inventories	6,690			6,690
Trade receivables	2,750	(3)		2,747
Consumer credit granted by the financial services companies – short term	3,866	(233)		3,633
Other current financial assets	161	(2)		159
Tax receivables	890			890
Other assets	851	(1)		850
Cash and cash equivalents	3,593			3,593
Assets held for sale	16			16
Current assets	18,816	(239)	-	18,578
TOTAL ASSETS	**47,813**	**(182)**	**314**	**47,945**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2017	IFRS 9 first application adjustments	IAS 29 first application adjustments	January 1, 2018
Share capital	1,937			1,937
Consolidated reserves and income for the year	8,122	(141)	237	8,219
Shareholders' equity, Group share	**10,059**	**(141)**	**237**	**10,155**
Shareholders' equity attributable to non-controlling interests	2,099	(119)	0	1,980
Total shareholders' equity	12,159	(259)	237	12,136
Long-term borrowings	6,428	(17)		6,410
Provisions	3,003	90		3,094
Consumer credit financing – long term	2,661			2,661
Deferred tax liabilities	489	4	77	570
Non-current liabilities	12,581	78	77	12,735
Short-term borrowings	1,069			1,069
Suppliers and other creditors	15,082			15,082
Consumer credit financing – short term	2,817			2,817
Tax payables	1,282			1,282
Other payables	2,813			2,813
Liabilities related to assets held for sale	11			11
Current liabilities	23,074	-	-	23,074
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,813**	**(182)**	**314**	**47,945**

4.1 IFRS 9 – Financial Instruments

This new standard, which describes the principles to be applied for the classification and measurement of financial assets and liabilities, replaced IAS 39 – *Financial Instruments: Recognition and Measurement* as from January 1, 2018. IFRS 9 notably introduces:

- a new approach to classifying financial instruments based on the business model and contractual terms of financial instruments (first topic);
- a new financial asset impairment (credit loss) model based on expected losses as opposed to the former model based on incurred losses (second topic); and
- new hedge accounting principles, excluding macro hedge accounting (third topic).

4.1.1 Topic 1: Classification and measurement of financial assets and liabilities

IFRS 9 introduces a new model for classifying and measuring financial assets based on the characteristics of contractual cash flows and the assets' business model. The four categories set out in IAS 39 for classifying financial assets have been replaced by the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through profit or loss (FVPL);
- financial assets at fair value through other comprehensive income (FVOCI).

These new principles for classifying and measuring financial assets did not have a material impact on the accounting policies applied by the Group, since most financial assets, previously classified within "Loans and receivables", continue to be recorded at amortised cost under IFRS 9, as detailed below:

	IAS 39		IFRS 9	
Financial assets at January 1, 2018	**Category**	**Carrying amount** *(in millions of euros)*	**Category**	**Carrying amount** *(in millions of euros)*[1]
Investments in non-consolidated companies	Available-for-sale financial assets (FVOCI/Historical cost)	101	FVOCI (option)	78
			FVPL	23
Other long-term investments	Available-for-sale financial assets (FVOCI)	425	FVOCI	249
			FVPL	177
	Loans and receivables (amortised cost)	841	Amortised cost	841
Other non-current financial assets		**1,367**		**1,367**
Consumer credit granted by the financial services companies	Loans and receivables (amortised cost)	6,321	Amortised cost	6,321
Trade receivables	Loans and receivables (amortised cost)	2,750	Amortised cost	2,750
Other current financial assets	Available-for-sale financial assets (FVOCI)	70	FVOCI	70
	Loans and receivables (amortised cost)	64	Amortised cost	64
	Derivative instruments - FVPL	11	FVPL	11
	Derivative instruments - Cash flow hedges (FVOCI)	16	FVOCI	16
Other assets[2]	Loans and receivables (amortised cost)	506	Amortised cost	506
Cash and cash equivalents	Fair value	3,593	FVPL	3,593
ASSETS		**14,698**		**14,698**

(1) Excluding the impact of IFRS 9, topics 2 and 3 set out below.
(2) Excluding prepaid expenses.

More detailed information on the Group's approach to classifying and measuring its financial assets is provided in Note 14 (see the section on accounting policies along with 14.1 "Financial instruments by category").

The only impact of IFRS 9 on the Group's financial liabilities results from the change in the accounting for financial liabilities with renegotiated terms (when the renegotiated terms are not considered substantial): IFRS 9 requires the original effective interest rate to be applied and the impact of the renegotiated terms to be recognised immediately in profit or loss. This change, applied retrospectively to bonds renegotiated in 2014, is reflected in the Group's Consolidated Financial Statements by:

- a 17 million-euro increase in consolidated reserves (excluding deferred taxes) at January 1, 2018;
- additional annual interest expense of approximately 3.6 million euros over the residual term of the renegotiated liabilities (*i.e.*, up to 2022).

4.1.2 Topic 2: Impairment of financial assets

IFRS 9 replaces the IAS 39 financial asset impairment model, which was based on actual credit losses, with a model based on expected credit losses. This new model applies to financial assets carried at amortised cost and financial assets representing debt instruments carried at fair value through other comprehensive income, as well as to loan commitments and financial guarantee contracts.

This change primarily affects the banking and insurance business. The Group has developed a new methodological framework for this business, which notably defines rules for assessing an increase in credit risk, for determining expected losses (at one year and at maturity) and for taking information into account on a prospective basis (see Note 7.5).

Applying these new provisions as of the date of first-time application of IFRS 9 results in an increase of 294 million euros in impairment recognised against loans and credit granted by the Group's banking subsidiaries (excluding the tax effect). This increase arises mainly from the recognition of expected losses on loans and credit for which there is no objective evidence of impairment within the meaning of IAS 39. It also results in the recognition of a 90 million-euro provision (excluding the tax effect) for expected losses on undrawn loan commitments and credit facilities (expected losses recognised as from the signature of a lending agreement).

Additional impairment of 14 million euros was also recognised in respect of expected credit losses on long-term receivables from equity interests.

Applying the new impairment model to trade receivables and lease receivables did not have a material impact on the Consolidated Financial Statements: expected credit losses at maturity on receivables not yet due (calculated based on the past due period) were estimated at 4 million euros at January 1, 2018.

This change in accounting policy had a negative 277 million-euro impact (net of tax) on equity at January 1, 2018.

4.1.3 Topic 3: Hedge accounting

The Group chose to adopt the new general hedge accounting model introduced by IFRS 9, whereby hedge accounting must be aligned with its risk management objectives and strategy. IFRS 9 also requires a more qualitative and prospective approach to assessing hedge effectiveness.

These new principles did not have a material impact on the Group's Consolidated Financial Statements, since all transactions eligible for hedge accounting under IAS 39 remain eligible for hedge accounting under IFRS 9. The impact of the change in the accounting for the time value of options at the transition date (interest rate derivatives classified as cash flow hedges) is not material (negative impact of 1.6 million euros).

4.2 IFRS 15 – Revenue from Contracts with Customers

IFRS 15, which defines the principles for recognising revenue, replaced IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, along with the related interpretations (including IFRIC 13 – *Customer Loyalty Programmes*), as from January 1, 2018. IFRS 15 applies to all contracts with customers except for leases (rental revenue and sublease income), financial instruments (interest income) and insurance contracts, which are dealt with in other standards.

IFRS 15 defines a single framework for recognising revenue. It introduces new concepts and principles with regard to revenue recognition, particularly in terms of identifying performance obligations and allocating the transaction price to performance obligations when there are several different performance obligations in a given contract.

An analysis of typical transactions and contracts representing different major sources of revenue for the Group showed that the accounting policies applied by the Group to recognise net sales (revenue) and other operating revenue remained appropriate under IFRS 15. The factors considered are described below:

- impact of IFRS 15 on the timing of recognition of net sales and other revenue:

(i) revenue from sales to end customers in stores and service stations, which represents the bulk of the Group's net sales, continues to be recorded when the customer pays at the check-out, pursuant to IFRS 15 (the date on which control of the goods and services is transferred to the customer, since the sales do not represent any other unsatisfied performance obligation at that date),

(ii) revenue from sales to end customers on e-commerce sites and from sales to franchisees is recognised at the time of delivery (the date on which control of the goods sold is transferred to the customer),

(iii) generally speaking, revenue from property development continues to be recognised at the date the built property is delivered to the customer; only revenue relating to off-plan sales in France is recognised over time (based on the percentage of completion of the construction work, as measured based on costs incurred), since control is transferred to the customer as and when the work is completed by Carrefour;

- impact of IFRS 15 requirements in terms of payments made to customers, applicable to payments received from suppliers: these new requirements did not impact the Group's accounting for commercial income billed to suppliers, which continues to be recognised as a deduction from cost of sales;
- impact of the changes introduced by IFRS 15 to determine whether an entity acts as principal (*i.e.*, on its own behalf) or as an agent: analyses carried out of the requirements introduced by IFRS 15 (based on the transfer of control) did not identify any material differences with previous analyses performed in accordance with IAS 18 principles (based on the transfer of risks and rewards);
- the portion of an initial sale that is allocated to award credits under a customer loyalty programme is qualified as a separate performance obligation from that resulting from the initial sale. The result of measuring award credits allocated under the Group's customer loyalty programmes proportionately to the stand-alone selling price in accordance with IFRS 15, compared to that obtained by the residual method applied by the Group, is not material.

The principles for recognising net sales and other revenue applied by the Group are discussed in further detail in Note 7.1.

4.3 IAS 29 – Financial Reporting in Hyperinflationary Economies

In Argentina, all of the three-year cumulative inflation rates commonly used to evaluate the country's inflation exceed 100% and the rate is not expected to ease significantly in 2019 in light of the peso's current weakness.

The criteria in IAS 29 – *Financial Reporting in Hyperinflationary Economies* are therefore met and AMF and ESMA both consider that Argentina should be qualified as a hyperinflationary economy within the meaning of IFRS as from July 1, 2018.

Consequently, IAS 29 is applicable to the Group's operations in Argentina as from January 1, 2018 as if it had always been a hyperinflationary economy.

- All local currency items in the income statement and statement of other comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. The statement of financial position, income statement and statement of comprehensive income are translated into euros at the closing rate for the reporting period.
- Comparative information for 2017 is not restated. Consequently, the impact of restating the financial statements of the Argentinian subsidiary has been recognised in consolidated equity at January 1, 2018.

Note 5 Restatement of comparative information

The sale or closure of ex-Dia stores as part of the transformation plan (see Note 2.1) resulted in the termination of the Group's integrated convenience stores business in France. This business, representing a network of 352 stores at December 31, 2017, was classified within discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

In accordance with IFRS 5, the following reclassifications were made in the Consolidated Financial Statements for the year ended December 31, 2018:

- the net profits or losses of the closed, sold or held-for-sale stores (including closure costs) are shown on the "Impact of discontinued operations" line. To enable a meaningful comparison, the net profits or losses of these stores in 2017 were also reclassified on this line;
- in the statement of cash flows, all of these stores' cash flows for 2018 are presented on the lines "Impact of discontinued operations", with 2017 cash flows reclassified accordingly.

Key consolidated income statement figures for integrated convenience stores in France classified in accordance with IFRS 5 in 2018 and 2017 are as follows:

(in millions of euros)	**2018 (1)**	**2017**
Net sales	347	582
Gross margin from recurring operations	80	133
Sales, general and administrative expenses, depreciation and amortisation	(186)	(263)
Recurring operating loss	(107)	(130)
Operating loss	(297)	(278)
Loss before taxes	(297)	(278)
Income tax expense	-	-
Net loss for the period	(297)	(278)

(1) The figures shown for 2018 include the profits or losses of the stores up to the date of their sale or closure.

5.1 Impact on the consolidated income statement for 2017

(in millions of euros)	**2017 published**	**IFRS 5 reclassification**	**2017 restated**
Net sales	78,897	(582)	78,315
Loyalty program costs	(644)	2	(642)
Net sales net of loyalty program costs	**78,253**	**(580)**	**77,673**
Other revenue	2,722	(3)	2,719
Total revenue	80,975	(583)	80,392
Cost of sales	(62,760)	449	(62,311)
Gross margin from recurring operations	**18,214**	**(133)**	**18,081**
Sales, general and administrative expenses, depreciation and amortisation	(16,209)	263	(15,946)
Recurring operating income	2,006	130	2,135
Net income from equity-accounted companies	4	-	4
Recurring operating income after net income from equity-accounted companies	**2,010**	**130**	**2,139**
Non-recurring income and expenses, net	(1,310)	148	(1,162)
Operating income	700	278	978
Finance costs and other financial income and expenses, net	(445)	-	(445)
Finance costs, net	*(317)*	-	*(317)*
Other financial income and expenses, net	*(128)*	-	*(128)*
Income before taxes	**255**	**278**	**533**
Income tax expense	(618)	-	(618)
Net loss from continuing operations	**(363)**	**278**	**(85)**
Net income/(loss) from discontinued operations	1	(278)	(277)
NET INCOME/(LOSS) FOR THE PERIOD	(362)	-	(362)
Group share	**(531)**	-	**(531)**
of which net loss from continuing operations	(531)	278	(254)
of which net income/(loss) from discontinued operations	1	(278)	(277)
Attributable to non-controlling interests	**169**	-	**169**

5.2 Impact on the consolidated cash flow statement for 2017

(in millions of euros)	**2017 published**	**IFRS 5 reclassification**	**2017 restated**
Income before taxes	255	278	533
CASH FLOWS FROM OPERATING ACTIVITIES			
Income tax	(588)	-	(588)
Depreciation and amortisation expense	1,632	(31)	1,601
Capital gains on sales of assets	(49)	-	(49)
Change in provisions and impairment	1,013	(150)	863
Finance costs, net	317	-	317
Net income and dividends received from equity-accounted companies	76	-	76
Impact of discontinued operations	(4)	(96)	(100)
Cash flow from operations	**2,653**	**0**	**2,653**
Change in working capital requirement	157	(2)	156
Impact of discontinued operations	(0)	2	2
Net cash from operating activities (excluding financial services companies)	**2,810**	**0**	**2,810**
Change in consumer credit granted by the financial services companies	32	-	32
Net cash from operating activities	2,843	0	2,843
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment and intangible assets	(2,379)	9	(2,369)
Acquisitions of non-current financial assets	1	-	1
Acquisitions of subsidiaries and investments in associates	(260)	-	(260)
Proceeds from the disposal of subsidiaries and investments in associates	9	-	9
Proceeds from the disposal of property and equipment and intangible assets	158	-	158
Proceeds from the disposal of non-current financial assets	4	-	4
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	(117)	11	(106)
Investments net of disposals	**(2,584)**	**20**	**(2,564)**
Other cash flows from investing activities	(54)	-	(54)
Impact of discontinued operations	3	(20)	(17)
Net cash used in investing activities	(2,635)	0	(2,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues to non-controlling interests	969	-	969
Acquisitions and disposals of investments without any change of control	479	-	479
Dividends paid by Carrefour (parent company)	(151)	-	(151)
Dividends paid by consolidated companies to non-controlling interests	(141)	-	(141)
Change in treasury stock and other equity instruments	(40)	-	(40)
Change in current financial assets	34	-	34
Issuance of bonds	981	-	981
Repayment of bonds	(1,250)	-	(1,250)
Net financial interests paid	(320)	-	(320)
Other changes in borrowings	(197)	-	(197)
NET CASH FROM FINANCING ACTIVITIES	362	0	362
Net change in cash and cash equivalents before the effect of changes in exchange rates	570	0	570
Effect of changes in exchange rates	(283)	-	(283)
NET CHANGE IN CASH AND CASH EQUIVALENTS	288	0	288
Cash and cash equivalents at beginning of the period	3 305	-	3 305
Cash and cash equivalents at end of the period	3 593	-	3 593

Note 6 Segment information

Accounting principles

IFRS 8 – *Operating Segments* requires the disclosure of information about an entity's operating segments derived from the internal reporting system and used by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance. The Carrefour group's operating segments consist of the countries in which it conducts its business through the integrated store network, as each country's results are reviewed monthly by the Group's Chief Executive Officer who is the chief operating decision-maker within the meaning of IFRS 8.

Countries located in the same region are considered to have similar characteristics and have been combined to create four geographical segments, as allowed by IFRS 8. These segments are:

- France;
- rest of Europe: Spain, Italy, Belgium, Poland and Romania;
- Latin America: Brazil and Argentina;
- Asia: China and Taiwan.

The income and expenses of certain support entities are allocated to the various countries proportionately to the services provided to each, with any unallocated income and expenses reported under "Global functions".

Segment assets include goodwill, other intangible assets, property and equipment, investment property and "other segment assets", corresponding to inventories, trade receivables, consumer credit granted by the financial services companies and other assets. Segment liabilities comprise suppliers and other creditors, consumer credit financing and other payables.

Segment capital expenditure corresponds to the acquisitions of property and equipment and intangible assets (other than goodwill) reported in the statement of cash flows.

The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the Consolidated Financial Statements.

6.1 Segment results

2018 *(in millions of euros)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	76,000	35,615	21,076	13,809	5,501	0
Other revenue	2,656	843	695	756	298	65
Recurring operating income before depreciation and amortisation	3,469	1,095	1,122	983	204	64
Recurring operating income(1)	1,905	466	664	767	45	(38)
Capital expenditure	1,611	537	385	429	94	166
Depreciation and amortisation expense(2)	(1,564)	(629)	(458)	(216)	(159)	(102)

2017 restated *(in millions of euros)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Net sales	78,315	35,253	21,112	16,042	5,907	0
Other revenue	2,719	868	692	802	300	56
Recurring operating income before depreciation and amortisation	3,735	1,482	1,136	936	182	(2)
Recurring operating income	2,135	822	677	715	4	(83)
Capital expenditure	2,369	894	636	526	164	150
Depreciation and amortisation expense(2)	(1,599)	(661)	(459)	(221)	(178)	(81)

(1) Recurring operating income in Latin America takes into account a 33 million-euro negative adjustment resulting from the application of IAS 29 in Argentina as from January 1, 2018.
(2) Including the depreciation and amortisation relating to logistics equipment included in the cost of sales.

6.2 Segment assets and liabilities

December 31, 2018 *(in millions of euros)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Assets						
Goodwill	7,983	4,901	2,508	467	107	1
Other intangible assets	1,461	268	503	161	34	495
Property and equipment	12,637	5,448	3,642	2,677	863	7
Investment property	389	9	137	120	122	-
Other segment assets	16,999	8,743	3,135	3,633	863	626
Total segment assets	39,470	19,370	9,925	7,057	1,989	1,129
Unallocated assets	7,908					
TOTAL ASSETS	47,378					
Liabilities (excluding equity)						
Segment liabilities	23,756	11,195	5,553	4,440	2,085	483
Unallocated liabilities	12,336					
TOTAL LIABILITIES	36,092					

December 31, 2017 *(in millions of euros)*	**Total**	**France**	**Europe**	**Latin America**	**Asia**	**Global Functions**
Assets						
Goodwill	7,977	4,814	2,518	537	106	1
Other intangible assets	1,364	275	451	157	27	453
Property and equipment	13,097	5,670	3,896	2,574	946	11
Investment property	410	4	160	120	126	-
Other segment assets	17,839	9,158	3,402	3,808	923	549
Total segment assets	40,686	19,921	10,427	7,195	2,128	1,015
Unallocated assets	7,127					
TOTAL ASSETS	47,813					
Liabilities (excluding equity)						
Segment liabilities	24,655	11,658	5,781	4,616	2,137	462
Unallocated liabilities	11,000					
TOTAL LIABILITIES	35,654					

Note 7 Operating items

7.1 Revenue

Accounting principles

Revenue ("Total revenue") comprises net sales and other revenue.

Net sales correspond to sales *via* the Group's stores, e-commerce sites and service stations (to end customers) and cash-and-carry sales (to franchisees).

Other revenue comprises revenue from the banking and insurance businesses (including bank card fees, and arranging fees for traditional and revolving credit facilities), property development revenue, travel agency revenue, commission on e-commerce sales made on behalf of third parties (marketplaces), shopping mall rental income and franchise fees (mainly in the form of royalties).

(i) Recognition of net sales and other revenue

Revenue from sales in stores and service stations, which represents the bulk of the Group's net sales, is recorded when the customer pays at the check-out, pursuant to IFRS 15. Control is transferred when the goods and services are transferred to the customers, because the sales do not include any other unsatisfied performance obligation at that date. Some of the products on sale in the Group's stores are sold with a right of return. This concerns only certain specific product categories and the return period is limited based on local regulations in the countries concerned and/or the Group's general conditions of sale.

E-commerce sales correspond to sales on the Group's e-commerce sites (direct sales) and to commission on e-commerce sales carried out on behalf of third parties (marketplaces). The Group acts as the principal for direct sales on its e-commerce sites. Revenue from direct sales is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred). In the same way as for in-store sales, certain products offered on the Group's e-commerce sites are sold with a time-limited right of return. In the case of marketplace sales, the Group acts as an agent and revenue from these sales corresponds to the commission billed to the third-party suppliers of the goods concerned.

Revenue from sales to franchisees is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred).

Net banking revenue generated by the Group's financial services companies consists mainly of net interest revenue that does not fall within the scope of IFRS 15 and is accounted for in accordance with IFRS 9 (since January 1, 2018). IFRS 15 only applies to payment card services that do not qualify as financing or credit transactions (bank card fees, arranging fees for traditional and revolving credit facilities). These fees are recognised over the life of the underlying contracts.

Revenue from franchise fees is accounted for in accordance with the specific provisions of IFRS 15 concerning intellectual property licences (dynamic licences). The remuneration received in exchange for the right to use the Group's brand and expertise is calculated as a percentage of the net sales generated by the franchise outlet and is recognised over time.

The accounting treatment of business lease fees is the same as for franchise fees.

Revenue from leases and sub-leases where the Group is lessor does not fall within the scope of IFRS 15 and is accounted for in accordance with IAS 17 (IFRS 16 as from January 1, 2019).

The property development business corresponds primarily to the construction and extension of shopping centres adjacent to Carrefour hypermarkets and their subsequent sale. It also includes the specialty leasing business, corresponding to the enhancement of space in the shopping centres' common areas for the sale or display of products during a limited period. The property development business is conducted by Carrefour Property, a wholly-owned subsidiary of the Group. Generally speaking, revenue from property development continues to be recognised at the date the built property is delivered to the customer; only revenue relating to off-plan sales is recognised over time (based on the percentage of completion of the construction work, as measured based on costs incurred), since control is transferred to the customer as and when the work is completed by the Group.

(ii) Accounting treatment of customer loyalty programmes

When the purchase of goods or services entitles the customer to award credits under a loyalty programme, the contract with the customer comprises two separate performance obligations:

- the obligation to deliver the goods or services, which is satisfied immediately; and
- the obligation to subsequently supply goods or services at a reduced price or free of charge.

The sale proceeds are allocated between these two performance obligations proportionately to their respective specific sale prices.

7.1.1 Net sales

(in millions of euros)	**2018**	**2017 restated**	**% change**
Net sales	76,000	78,315	(3.0)%

Excluding the currency effect, 2018 net sales amounted to 80,960 million euros *versus* 78,315 million euros the previous year, an increase of 3.4%.

Changes in exchange rates reduced net sales by 4,960 million in 2018, and for the most part concerned the Latin America segment.

Net sales by country(1)

(in millions of euros)	**2018**	**2017 restated**
France	35,615	35,253
Rest of Europe	21,076	21,112
Spain	8,750	8,634
Italy	4,702	4,919
Belgium	3,907	3,993
Poland	1,828	1,785
Romania	1,890	1,781
Latin America	13,809	16,042
Brazil	11,919	13,248
Argentina	1,889	2,795
Asia	5,501	5,907
China	3,646	4,050
Taiwan	1,855	1,857

(1) Substantially all revenue is recognised on a specific date. Revenue recognised over time is not material at Group level.

7.1.2 Other revenue

(in millions of euros)	**2018**	**2017 restated**	**% change**
Financing fees and commissions(1)	1,383	1,384	(0.1)%
Franchise and *location-gérance* fees	258	258	(0.0)%
Rental revenue	218	228	(4.3)%
Revenue from sub-leases	246	256	(4.2)%
Property development revenue(2)	70	89	(20.9)%
Other revenue(3)	481	504	(4.5)%
TOTAL OTHER REVENUE	2,656	2,719	(2.3)%

(1) Including net banking revenue and net insurance revenue generated by the Group's financial services and insurance companies.

(2) Corresponding to the sale price of properties developed by the Group for resale. After deducting development costs recorded in "Cost of sales", the property development margin amounted to 30 million euros in 2018 (including 13 million euros from the specialty leasing business) compared with 20 million euros the previous year.

(3) Other revenue includes sales commissions, commissions received from suppliers, revenue from ticket/travel agency sales and in-store advertising fees.

7.2 Recurring operating income

Accounting principles

Recurring operating income is an earnings indicator disclosed in order to help users of the Consolidated Financial Statements to better understand the Group's underlying operating performance. It corresponds to operating income (defined as earnings from continuing operations before interest and tax) before material items that are unusual in terms of their nature and frequency and are reported under "Non-recurring income" or "Non-recurring expenses" (see Note 7.3).

7.2.1 Cost of sales

Accounting principles

Cost of sales corresponds to the cost of purchases net of rebates and commercial income, changes in inventory (including impairments), discounting revenue, exchange gains and losses on goods purchases, logistics costs and other costs (primarily the cost of products sold by the financial services companies and the production costs of the property development business).

Rebates are calculated based on immediate or deferred discount rates on purchases, as specified in the contractual terms negotiated each year. Rebates can be:

- unconditional, *i.e.*, proportionate to total purchases and subject to no other conditions;
- conditional, *i.e.*, dependent on meeting certain conditions (*e.g.*, growth in the supplier's net sales with the Group).

Commercial income corresponds to income from services carried out by Carrefour for its suppliers.

Rebates and commercial income recognised in "Cost of sales" are measured based on the contractual terms specified in the agreements signed with suppliers.

7.2.2 Sales, general and administrative expenses, and depreciation and amortisation

(in millions of euros)	2018	2017 restated	% change
Sales, general and administrative expenses	(13,668)	(14,409)	(5.1)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	(1,494)	(1,536)	(2.8)%
TOTAL SG&A EXPENSES AND DEPRECIATION AND AMORTISATION	**(15,162)**	**(15,946)**	**(4.9)%**

Sales, general and administrative expenses

Sales, general and administrative expenses break down as follows:

(in millions of euros)	2018	2017 restated	% change
Employee benefits expense	(8,139)	(8,458)	(3.8)%
Property rentals	(1,045)	(1,056)	(1.0)%
Advertising expense	(884)	(969)	(8.8)%
Fees	(814)	(883)	(7.8)%
Maintenance and repair costs	(762)	(835)	(8.8)%
Energy and electricity	(565)	(616)	(8.2)%
Taxes other than on income	(549)	(580)	(5.3)%
Other SG&A expenses	(910)	(1,012)	(10.2)%
TOTAL SG&A EXPENSES	**(13,668)**	**(14,409)**	**(5.1)%**

Depreciation and amortisation

Including supply chain depreciation recognised in cost of sales, total depreciation and amortisation expense recognised in the consolidated income statement amounted to 1,564 million euros in 2018 (2017: 1,599 million euros), as follows:

(in millions of euros)	**2018**	**2017 restated**	**% change**
Property and equipment	(1,252)	(1,328)	(5.8)%
Intangible assets	(211)	(175)	20.8%
Assets under finance leases	(15)	(20)	(22.6)%
Investment property	(16)	(13)	16.5%
Depreciation and amortisation of property and equipment, intangible assets, and investment property	**(1,494)**	**(1,536)**	**(2.8)%**
Depreciation and amortisation of logistic activity	**(70)**	**(63)**	**10.8%**
TOTAL DEPRECIATION AND AMORTISATION	**(1,564)**	**(1,599)**	**(2.2)%**

7.3 Non-recurring income and expenses

Accounting principles

In accordance with the recommendation of the French accounting authorities (*Autorité des normes comptables* [ANC] recommendation no. 2013-03 dated November 7, 2013), non-recurring income and expenses are reported on a separate line of the income statement. Non-recurring items are defined as "items that are limited in number, clearly identifiable and non-recurring that have a material impact on consolidated results".

This classification is applied to certain material items of income and expense that are unusual in terms of their nature and frequency, such as non-recurring impairment charges, restructuring costs and provision charges and incomes recorded to reflect revised estimates of risks provided for in prior periods, based on information that came to the Group's attention during the reporting year.

They are presented separately in the income statement to "help users of the financial statements to better understand the Group's underlying operating performance and provide them with useful information to assess the earnings outlook".

(in millions of euros)	**2018**	**2017 restated**
Net gains on sales of assets	57	22
Restructuring costs	(727)	(279)
Other non-recurring income and expenses	(289)	(13)
Non-recurring income and expenses, net before asset impairments and write-offs	**(959)**	**(271)**
Asset impairments and write-offs	(202)	(891)
of which Impairments and write-offs of goodwill	*(3)*	*(707)*
of which Impairments and write-offs of property and equipment and intangible assets	*(199)*	*(184)*
NON-RECURRING INCOME AND EXPENSES, NET	**(1,161)**	**(1,162)**
of which:		
Non-recurring income	*135*	*397*
Non-recurring expense	*(1,295)*	*(1,558)*

Net gains on sales of assets

As in 2017, gains on disposals of assets in 2018 primarily related to sales of various individually non-material assets, mainly in France and Italy.

Restructuring costs

Restructuring costs recognised in 2018 resulted from plans to streamline operating structures launched as part of the first pillar of the transformation plan described in Note 2.1. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the voluntary redundancy plan implemented in France and affecting 2,400 jobs;
- restructuring measures launched in Belgium and affecting around 1,000 employees;
- the voluntary redundancy plan implemented in Argentina and affecting some 1,000 jobs.

A provision was accrued at June 30, 2018 for the amount which the Group estimates it will have to pay in severance in respect of these restructuring plans.

The expense recognised in 2017 primarily included the costs relating to the overhaul of supply chains in France as well as the plan to integrate the hypermarkets acquired in Spain.

Other non-recurring income and expenses

Other non-recurring income and expenses recorded in 2018 mainly concerned France and Brazil.

- In France, under an agreement with trade union representatives, employees who participated in the profit-sharing scheme in 2017 had their profit-share for that year increased by 350 euros and were also given a 150-euro voucher. The payments were made and the vouchers distributed in April 2018. In addition, employees on the payroll as of December 31, 2018 who were paid up to three times the “SMIC” minimum wage were awarded a special “purchasing power” bonus of 200 euros, paid in February 2019. The special bonuses were decided in application of the French Act of December 24, 2018 introducing a range of emergency economic and social measures.
- In Brazil, allowances were recorded in 2018 to write down certain ICMS sales tax credits.

Impairment losses and asset write-offs

In 2018, impairment losses of 97 million euros were recognised against fixed assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in France, Italy and China (see accounting principles explained in Note 8.3). In 2017, impairment losses against fixed assets other than goodwill amounted to 154 million euros and mainly concerned the above three countries.

In addition, 82 million euros’ worth of software and other assets were written off during the year (2017: 30 million euros).

In 2017, impairment tests led the Group to recognise a 700 million-euro impairment loss against goodwill allocated to its Italian operations.

7.4 Working capital

7.4.1 Change in working capital

The change in working capital reported in the consolidated statement of cash flows under “Net cash from operating activities” breaks down as follows:

(in millions of euros)	**2018**	**2017 restated**	**Change**
Change in inventories	279	22	257
Change in trade receivables	(7)	(73)	66
Change in trade payables	(225)	329	(553)
Change in loyalty program liabilities	(2)	(29)	27
Change in trade working capital requirement	44	248	(204)
Change in other receivables and payables	70	(92)	162
CHANGE IN WORKING CAPITAL REQUIREMENT	115	156	(41)

Working capital, like all other items in the statement of cash flows, is translated at the average exchange rate for the period (except for working capital in Argentina, see Note 4).

7.4.2 Inventories

Accounting principles

In accordance with IAS 2 – *Inventories*, goods inventories and the inventories of the property development business (properties under construction) are measured at the lower of cost and net realisable value.

The cost of goods inventories corresponds to the latest purchase price plus all related expenses. This method is appropriate given the rapid inventory turnover, and the resulting values are close to those obtained by the first in-first out (FIFO) method. The cost of goods inventories includes all components of the purchase cost of goods sold (with the exception of exchange gains and losses) and takes into account the rebates and commercial income negotiated with suppliers.

Net realisable value corresponds to the estimated selling price in the ordinary course of business, less the estimated additional costs necessary to make the sale.

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Inventories at cost	6,352	6,927
Impairment	(218)	(237)
INVENTORIES, NET	**6,135**	**6,690**

7.4.3 Trade receivables

Accounting principles

Trade receivables correspond for the most part to rebates and commercial income receivable from suppliers, amounts receivable from franchisees, shopping mall rental receivables and receivables of the property development business.

Trade receivables are measured at amortised cost (see Note 14). They are recognised for the initial invoice amount, less a loss allowance recorded in accordance with the simplified impairment model based on expected losses defined in IFRS 9 – *Financial Instruments* (see Note 14.7.4).

Certain Group subsidiaries operate receivables discounting programmes. In accordance with IFRS 9, receivables sold under these programmes are derecognised when substantially all of the related risks and rewards (*i.e.*, mainly default, late payment and dilution risks) are transferred to the buyer.

(in millions of euros)	**December 31, 2018**	**December 31, 2017(1)**
Receivables from clients	1,611	1,601
Impairment	(188)	(168)
Receivables from clients, net	1,424	1,433
Receivables from suppliers	1,113	1,317
TOTAL TRADE RECEIVABLES	**2,537**	**2,750**

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing trade receivables from 2,750 million euros as of December 31, 2017 to 2,747 million euros as of January 1, 2018 (see Note 4).

7.4.4 Suppliers and other creditors

Accounting principles

Suppliers and other creditors correspond primarily to trade payables. They also include payables that suppliers have transferred to financial institutions as part of reverse factoring programmes. These programmes are set up by the Group to enable suppliers to receive payment for the Group's purchases in advance of the normal payment terms. The Group's analyses show that there is no substantial difference in the nature or terms of the liabilities before and after factoring (the payment and other contractual terms are unchanged) and they therefore continue to be classified as trade payables.

Suppliers and other creditors as of December 31, 2018 included reverse factored payables for a total of 2.0 billion euros (December 31, 2017: 1.9 billion euros).

Suppliers and other creditors are classified in the category of "Financial liabilities measured at amortised cost", as defined in IFRS 9 – *Financial Instruments* (see Note 14). They are initially recognised at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

7.4.5 Tax receivables and payables

Tax receivables

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
VAT and sales tax receivables	479	527
Other tax (other than on income) receivables	42	41
Current income tax receivables(1)	333	322
TOTAL TAX RECEIVABLES	**853**	**890**

(1) In 2018, CICE (tax credit for competitiveness and employment) receivables were sold for a total of 123 million euros (2017: 197 million euros). The Group was able to demonstrate that substantially all the risks and rewards of ownership of the tax credits had been transferred to the buyer and the credits were therefore derecognised by analogy with the principle in IFRS 9 concerning the derecognition of financial assets. The cost of this discounting transaction amounted to 1.5 million euros (2017: 1.6 million euros) and was recorded in "Other financial income and expenses".

Tax payables

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
VAT and sales tax payables	355	425
Other tax (other than on income) payables	652	699
Current income tax payables	135	157
TOTAL TAX PAYABLES	**1,142**	**1,282**

7.4.6 Other current assets and other payables

Other current assets

(in millions of euros)	**December 31, 2018**	**December 31, 2017**[1]
Prepaid expenses	329	344
Proceeds receivable from disposals of non-current assets	22	44
Employee advances	19	18
Other operating receivables, net	517	445
TOTAL OTHER CURRENT ASSETS	**887**	**851**
Prepaid expenses – long term	60	73
Tax receivables – long term[2]	319	264
TOTAL OTHER NON-CURRENT ASSETS	**379**	**337**

(1) The first-time application of IFRS 9 as from 2018 had the effect of reducing other current assets from 851 million euros as of December 31, 2017 to 850 million euros as of January 1, 2018.

(2) These correspond to tax credits expected to be collected in over 12 months. At December 31, 2018, the total amount of the Brazilian ICMS tax credits, mainly attributable to favourable rulings handed down by the Brazilian Supreme Court, represented 713 million euros. This amount has been written down by 374 million euros (resulting in a net receivable of 339 million euros) to reflect the market value of the tax credits, which the Company intends to use over a period not exceeding three years. In the income statement, the total amount of the Brazilian ICMS tax credits for the year are recorded in recurring operating income and those for prior years are recorded in non-recurring income.

Other payables

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Accrued employee benefits expense	1,695	1,608
Payables to suppliers of non-current assets	576	640
Deferred revenue	120	118
Other payables	546	447
TOTAL OTHER CURRENT PAYABLES	**2,938**	**2,813**

7.5 Banking and insurance activities

Accounting principles

To support its core retailing business, the Group offers banking and insurance services to customers, mainly in France, Spain and Brazil.

The financial services companies offer their customers "Carrefour" bank cards that can be used in the Group's stores and elsewhere, consumer loans and savings products such as life insurance and passbook savings accounts.

Due to its contribution to the Group's total assets and liabilities and its specific financial structure, this secondary business is presented separately in the Consolidated Financial Statements:

- consumer credit granted by the financial services companies (payment card receivables, personal loans, etc.) is presented in the statement of financial position under "Consumer credit granted by the financial services companies – long-term" and "Consumer credit granted by the financial services companies – short-term", as appropriate;
- financing for these loans is presented under "Consumer credit financing – long-term" and "Consumer credit financing – short-term", as appropriate;
- the other assets and liabilities of the banking activities (property and equipment, intangible assets, cash and cash equivalents, accrued taxes and payroll costs, etc.) are presented on the corresponding lines of the statement of financial position;
- net revenues from banking activities are reported in the income statement under "Other revenue";
- the change in the banking and insurance activities' working capital is reported in the statement of cash flows under "Change in consumer credit granted by the financial services companies".

7.5.1 Consumer credit granted by the financial services companies

As of December 31, 2018, consumer credit granted by the financial services companies totalled 6,208 million euros (December 31, 2017: 6,321 million euros), as follows:

(in millions of euros)	December 31, 2018	December 31, 2017[1]
Payment card receivables	4,511	4,352
Loans	2,110	2,450
Consumer credit (on purchases made in Carrefour stores)	97	70
Other financing	627	273
Impairment	(1,136)	(824)
TOTAL CONSUMER CREDIT GRANTED BY THE FINANCIAL SERVICES COMPANIES	**6,208**	**6,321**
Short-term financing	*3,722*	*3,866*
Long-term financing	*2,486*	*2,455*

(1) *The first-time application of IFRS 9 as from 2018 had the effect of reducing consumer credit granted by the financial services companies from 6,321 million euros as of December 31, 2017 to 6,028 million euros as of January 1, 2018. The 293 million-euro decrease concerned short-term financing for 233 million euros and long-term financing for 60 million euros (see Note 4).*

Credit risk management and impairment approach

Accounting principles

The impairment model for consumer credit granted by the financial services companies was adjusted in line with the requirements of IFRS 9 – *Financial Instruments* using a two-step process:

- classification of outstanding loans in uniform risk categories based on the probability of default; then
- modelling of the probability of credit losses over a 12-month period or at maturity (representing the remaining term of the financial instrument), based on the classification of the instrument.

Classification of consumer credit

Consumer credit is divided into three categories, based on an analysis of potentially significant increases in credit risk:

- category 1: credit granted to consumers whose credit risk has not significantly increased since the credit was initially recognised;
- category 2: credit granted to consumers whose financial situation has worsened (significant increase in credit risk) since the credit was initially recognised but for which no objective evidence of impairment (default) of a specific credit has yet been identified;
- category 3: credit granted to consumers in default.

(i) Significant increase in credit risk

The main criteria applied by the Group to identify a significant increase in credit risk since initial recognition and where necessary, to reclassify category 1 assets within category 2, are as follows:

- late payment criterion: payments more than 30 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms with payment less than 30 days past due.

The Group determines whether there has been a significant increase in credit risk for each of its contracts and applies the “contagion” principle, whereby reclassification of a given credit granted to a consumer will lead to all credit granted to that consumer to be reclassified accordingly.

(ii) Objective evidence of impairment (default)

Carrefour considers that there is objective evidence of impairment if any of the following criteria are met:

- late payment criterion: payments more than 90 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms (not considered substantial) owing to significant difficulties of the debtor, with payment more than 30 days past due;
- litigation criterion: credit in dispute at the reporting date;
- “contagion” criterion: if a given credit granted to a consumer meets the aforementioned criteria, all credit granted to that consumer is also deemed to meet those criteria.

The consumer credit concerned is classified in category 3.

Estimates of expected credit losses

Calculation of the amount of expected credit losses is based on four main inputs: probability of default, loss given default, exposure at default and the discount rate. Each of these inputs is calibrated according to the consumer credit segmentation – itself based on the products distributed by each entity (personal loans, credit cards/renewable facilities and credit granted for a specific purpose) – based on historical data and taking into account prospective factors. The methods used to calibrate these inputs are consistent with those adopted to meet regulatory and prudential requirements (particularly the Basel Accord).

Expected credit losses are calculated over a 12-month period for consumer credit classified in category 1 and over the life of the credit for items classified in categories 2 and 3.

To protect against default by borrowers, the Group's financial services companies have set up systems to check the quality and repayment capacity of their customers. These include:

- decision-making aids such as credit scoring applications, income/debt simulation tools and credit history checking procedures;
- interrogation of positive and negative credit history databases, where they exist;
- active management of collection processes;
- credit risk monitoring and control systems.

Within each credit company, a Credit Risk department is responsible for all of these processes, and the Board of Directors receives copies of all Credit Risk Management Committee reports.

At Group level, a Credit Risk – Europe unit has been set up to oversee and implement credit risk management policies in France, Spain, Belgium and Italy.

As of December 31, 2018, 68% of the gross value of consumer credit granted by the financial services companies was classified in category 1, 18% in category 2 and 14% in category 3.

7.5.2 Consumer credit financing

The related consumer credit financing amounted to 5,514 million euros at December 31, 2018 (December 31, 2017: 5,478 million euros), as follows:

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Bonds and notes(1)	1,764	1,932
Debt securities (retail certificates of deposit, medium-term notes)(2)	1,363	1,032
Bank borrowings	601	554
Customer passbook savings deposits	456	567
Securitisations(3)	300	410
Other refinancing debt to financial institutions	1,017	973
Other	12	10
TOTAL CONSUMER CREDIT FINANCING	**5,514**	**5,478**
Short-term borrowings	*3,582*	*2,817*
Long-term borrowings	*1,932*	*2,661*

(1) In March 2018, Carrefour Banque redeemed the 500 million-euro bond it had issued in 2014 at three-month Euribor +75 bps and, in June 2018, issued a new four-year 400 million-euro bond at three-month Euribor +62 bps, maturing in June 2022.

(2) Debt securities mainly comprised certificates of deposit and medium-term notes issued by Carrefour Banque.

(3) Master Credit Cards Pass reloadable securitisation programme with compartments launched by Carrefour Banque in November 2013. Asset pool: 560 million euros. Proceeds from the securitisation: 400 million euros. The fund amount at December 31, 2018 was 300 million euros following the redemption during the first half of 110 million euros' worth of senior tranches. The securitisation fund is fully consolidated in the Group's financial statements.

Note 8 Intangible assets, property and equipment, investment property

8.1 Intangible assets

Accounting principles

Goodwill

Goodwill is initially recognised on business combinations as explained in Note 3.1.

In accordance with IAS 36 – *Impairment of Assets*, goodwill recognised on business combinations is not amortised but is tested for impairment every year, or more frequently if there is an indication that its carrying amount may not be recovered, by the method described in Note 8.3.

Other intangible assets

Intangible assets consist mainly of software and other intangible assets related to the stores.

Separately acquired intangible assets are initially recognised at cost and intangible assets acquired in business combinations are recognised at fair value (see Note 3.1).

Software is amortised by the straight-line method over periods ranging from one to eight years.

Goodwill, which constitutes the main intangible asset, is reported separately from other intangible assets in the statement of financial position.

(in millions of euros)	December 31, 2018	December 31, 2017
Goodwill, net	7,983	7,977
Other intangible assets	1,461	1,364
INTANGIBLE ASSETS, NET	**9,444**	**9,341**

8.1.1 Goodwill

The recoverable amount of goodwill is generally monitored at the level of the cash-generating units (CGUs) represented by the countries in which the Group conducts its business through its integrated store networks.

The total carrying amount of goodwill as of December 31, 2018 was very close to the year-earlier amount (6 million euros higher), because goodwill recognised on acquisitions for the year in France was offset by negative translation adjustments, primarily on goodwill recognised in Brazil and Argentina.

(in millions of euros)	Net goodwill at December 31, 2017	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2018
France	4,814	78	-	-	9	-	4,901
Belgium	956	-	-	(0)	-	-	956
Spain	952	-	-	-	-	-	952
Brazil	498	-	-	-	1	(53)	446
Italy	253	-	-	(2)	(0)	-	251
Poland	252	-	-	-	-	(7)	244
Argentina	39	-	-	-	-	(19)	20
Other countries	213	-	-	-	-	0	213
TOTAL	**7,977**	**78**	**-**	**(3)**	**10**	**(79)**	**7,983**

The 663 million-euro decrease in net goodwill in 2017 was mainly due to impairment losses recognised for 707 million euros in Italy.

(in millions of euros)	Net goodwill at December 31, 2016	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2017
France	4,775	39	-	-	-	-	4,814
Belgium	956	-	-	-	-	-	956
Spain	862	90	-	-	-	-	952
Brazil	575	-	-	-	-	(77)	498
Italy(1)	960	-	-	(707)	-	-	253
Poland	238	-	-	-	-	13	252
Argentina	53	-	-	-	-	(13)	39
Other countries	221	-	-	-	-	(9)	213
TOTAL	**8,640**	**129**	**-**	**(707)**	**-**	**(85)**	**7,977**

(1) Impairment recognised in 2017 concerned goodwill allocated to countries (operating segments) for 700 million euros, and to stores for 7 million euros.

8.1.2 Other intangible assets

(in millions of euros)	December 31, 2018	December 31, 2017(1)
Other intangible assets, at cost	3,510	3,233
Amortisation	(2,146)	(1,974)
Impairment	(101)	(90)
Intangible assets in progress	198	195
OTHER INTANGIBLE ASSETS, NET	**1,461**	**1,364**

(1) The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of other intangible assets from 1,364 million euros as of December 31, 2017 to 1,370 million euros as of January 1, 2018 (see Note 4).

Changes in other intangible assets

(in millions of euros)	Cost	Amortisation and impairment	Net carrying amount
At December 31, 2016	3,202	(1,937)	1,266
Acquisitions	379	-	379
Disposals	(81)	33	(48)
Translation adjustment	(70)	43	(27)
Amortisation	-	(181)	(181)
Impairment	-	(18)	(18)
Changes in scope of consolidation, transfers and other movements	(3)	(3)	(6)
At December 31, 2017	3,427	(2,063)	1,364
IAS 29 first application adjustments	27	(21)	6
At January 1, 2018	3,454	(2,084)	1,370
Acquisitions	377	-	377
Disposals	(69)	34	(36)
Translation adjustment	(66)	41	(25)
Amortisation	-	(217)	(217)
Impairment	-	(20)	(20)
Changes in scope of consolidation, transfers and other movements	13	0	13
AT DECEMBER 31, 2018	**3,707**	**(2,246)**	**1,461**

8.2 Property and equipment

Accounting principles

Property and equipment mainly comprise buildings, store fixtures and fittings and land.

Initial recognition

In accordance with IAS 16 – *Property, Plant and Equipment*, land, buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Qualifying assets are defined in IAS 23 – *Borrowing Costs* as assets that necessarily take a substantial period of time to get ready for their intended use or sale, corresponding in the Group's case to investment properties, hypermarkets and supermarkets for which the construction period exceeds one year.

Assets under construction are recognised at cost less any identified impairment losses.

Useful lives

Depreciation of property and equipment begins when the asset is available for use and ends when the asset is sold, scrapped or reclassified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

Land is not depreciated. Other property and equipment, or each significant part of an item of property or equipment, are depreciated by the straight-line method over the following estimated useful lives:

Buildings	● Building	40 years
	● Site improvements	10 to 20 years
	● Car parks	6 to 10 years
Equipment, fixtures and fittings		4 to 8 years
Other		3 to 10 years

In light of the nature of its business, the Group considers that its property and equipment have no residual value.

Depreciation periods are reviewed at each year-end and, where appropriate, adjusted prospectively in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

Leases

New long-term leases – particularly property leases – are analysed in accordance with IAS 17 – *Leases* to determine whether they represent finance leases, *i.e.*, leases that transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee, or operating leases. For property leases, the analysis is performed separately for the land on the one hand and the building on the other.

Finance leases are accounted for as follows:

- the leased assets are recognised in the statement of financial position at fair value or, if lower, the present value of the minimum lease payments. They are depreciated over their useful life, in the same way as assets owned outright, or, if shorter, over the lease term;
- the liability for the future lease payments is recognised in the statement of financial position under "Long-term borrowings" and "Short-term borrowings" (see Note 14.2.1);
- lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are classified as operating leases. Operating lease payments are recognised in the income statement (under "recurring operating expenses") on a straight-line basis over the life of the lease (see Note 7.2.2).

	December 31, 2018			
(in millions of euros)	**Cost**	**Depreciation**	**Impairment**	**Net carrying amount**
Land	2,606	(88)	(99)	2,419
Buildings	10,611	(5,175)	(264)	5,173
Equipment, fixtures and fittings	16,060	(12,055)	(352)	3,653
Other fixed assets	430	(298)	(5)	127
Assets under construction	567	-	-	567
Finance leases – land	448	-	-	448
Finance leases – buildings	1,166	(915)	-	250
Finance leases – equipment, fixtures and fittings	83	(83)	-	0
TOTAL PROPERTY AND EQUIPMENT	**31,971**	**(18,614)**	**(719)**	**12,637**
Of which assets held under finance leases	*1,697*	*(998)*	-	*699*

	December 31, 2017⁽¹⁾			
(in millions of euros)	**Cost**	**Depreciation**	**Impairment**	**Net carrying amount**
Land	2,576	(79)	(95)	2,402
Buildings	10,403	(4,933)	(259)	5,211
Equipment, fixtures and fittings	15,842	(11,461)	(425)	3,956
Other fixed assets	431	(286)	(4)	141
Assets under construction	658	-	-	658
Finance leases – land	456	-	-	456
Finance leases – buildings	1,171	(899)	-	272
Finance leases – equipment, fixtures and fittings	84	(83)	-	0
TOTAL PROPERTY AND EQUIPMENT	**31,621**	**(17,741)**	**(783)**	**13,097**
Of which assets held under finance leases	*1,711*	*(983)*	-	*728*

(1) The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of property and equipment from 13,097 million euros as of December 31, 2017 to 13,379 million euros as of January 1, 2018 (see Note 4).

Changes in property and equipment

(in millions of euros)	Cost	Depreciation and impairment	Net carrying amount
At December 31, 2016	31,169	(17,763)	13,406
Acquisitions[1]	1,995	-	1,995
Disposals	(796)	644	(153)
Depreciation	-	(1,438)	(1,438)
Impairment	-	(266)	(266)
Translation adjustment	(804)	352	(453)
Changes in scope of consolidation, transfers and other movements	58	(53)	5
At December 31, 2017	31,621	(18,524)	13,097
IAS 29 first application adjustments	752	(469)	283
At January 1, 2018	32,372	(18,993)	13,379
Acquisitions[1]	1,226	-	1,226
Disposals	(838)	681	(156)
Depreciation	-	(1,310)	(1,310)
Impairment	-	(84)	(84)
Translation adjustment	(954)	473	(481)
Changes in scope of consolidation, transfers and other movements	165	(102)	63
At December 31, 2018	31,971	(19,334)	12,637

(1) *Acquisitions: the amount shown for acquisitions essentially includes operational maintenance and refurbishment investments for the Group's assets and investments to develop the store network, along with investments made by Cargo Property, the real estate entity dedicated to logistics that was created in 2016. The decrease in acquisitions reflects the changes in the Group's investment strategy and the more selective approach adopted during the second half of 2017 and the whole of 2018.*

8.3 Impairment tests

Accounting principles

In accordance with IAS 36 – *Impairment of Assets*, intangible assets and property and equipment are tested for impairment whenever events or changes in the market environment indicate that the recoverable amount of an individual asset and/or a cash-generating unit (CGU) may be less than its carrying amount. For assets with an indefinite useful life – mainly goodwill in the case of the Carrefour group – the test is performed at least once a year.

Individual assets or groups of assets are tested for impairment by comparing their carrying amount to their recoverable amount, defined as the higher of their fair value less costs of disposal and their value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. Impairment losses on property and equipment and intangible assets (other than goodwill) may be reversed in future periods provided that the asset's increased carrying amount attributable to the reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Impairment of assets other than goodwill

Impairment tests on property and equipment are performed at the level of the individual stores (CGUs), for all formats.

In accordance with IAS 36, intangible assets (other than goodwill) and property and equipment are tested for impairment whenever there is an indication that their recoverable amount may be less than their carrying amount. All stores that report a recurring operating loss before depreciation and amortisation in two consecutive years (after the start-up period) are tested.

Recoverable amount is defined as the higher of value in use and fair value less the costs of disposal.

Value in use is considered to be equal to the store's discounted future cash flows over a period of up to five years plus a terminal value. Fair value is estimated based on the prices of recent transactions, industry practice, independent valuations or the estimated price at which the store could be sold to a competitor.

The discount rate applied is the same as for impairment tests on goodwill.

Goodwill impairment

IAS 36 requires impairment tests to be performed annually at the level of each CGU or group of CGUs to which the goodwill is allocated.

According to the standard, goodwill is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated should represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and should not be larger than an operating segment as defined in IFRS 8 – *Operating Segments* before aggregation.

For the purpose of analysing the recoverable amount of goodwill, each individual country is considered to represent a separate CGU. The choice of this level is based on a combination of organisational and strategic criteria. In particular, operations within each country (hypermarkets, supermarkets, etc.) use shared resources (country-level centralised purchasing organisation, marketing systems, headquarters functions, etc.) that represent an essential source of synergies between the various operations.

Value in use corresponds to the sum of discounted future cash flows for a period generally not exceeding five years, plus a terminal value calculated by projecting data for the final year to perpetuity at a perpetual growth rate. A specific discount rate by country is used for the calculation. Future cash flows used in the impairment tests carried out in 2018 were estimated based on the financial trajectories defined by the Executive management teams at country level and approved by the Group's Executive Management.

The discount rate for each country corresponds to the weighted average cost of equity and debt, determined using the median gearing rate for the sector. Each country's cost of equity is determined based on local parameters (risk-free interest rate and market premium). The cost of debt is determined by applying the same logic.

Fair value is the price that would be received to sell the operations in the country tested for impairment in an orderly transaction between market participants. Fair value is measured using observable inputs where these exist (multiples of net sales and/or EBITDA for recent transactions, offers received from potential buyers, stock market multiples for comparable companies) or based on analyses performed by internal or external experts.

Additional tests are performed at the interim period-end when there is an indication of impairment. The main impairment indicators used by the Group are as follows:

- internal impairment indicator: a material deterioration in the ratio of recurring operating income before depreciation and amortisation to net revenues excluding petrol between the budget and the most recent forecast;
- external impairment indicator: a material increase in the discount rate and/or a severe downgrade in the IMF's GDP growth forecast.

Impairment losses recognised on goodwill are irreversible, including those recorded at an interim period-end.

8.3.1 Impairment of goodwill and sensitivity analysis

The impairment tests performed in 2018 did not result in any impairment losses being recorded against goodwill. Based on the impairment tests carried out in 2017, the Group recognised a 700 million-euro impairment loss against goodwill allocated to its Italian operations.

8.3.1.1 Countries for which the recoverable amount of goodwill was close to the carrying amount

In the impairment tests carried out at December 31, 2018, the recoverable amount of the Italy and Poland CGUs was found to be close to – but still greater than – the carrying amount. Consequently, no impairment was recognised but sensitivity analyses were performed for both countries.

Italy

An impairment loss of 700 million euros was recorded against Italian goodwill in 2017 to reflect the significant decline in the value in use of the Group's operations in this country. The indications of impairment prompted the Group to carry out an in-depth analysis to determine the Italian operations' fair value. This analysis adopted a multi-criteria valuation approach which took into account multiples observed for comparable companies in the retail sector in Europe, and the market value of Italian real estate assets, determined based on independent appraisals.

The multi-criteria approach was also used to test Italian goodwill for impairment at December 31, 2018. The resulting fair value represented Executive Management's best estimate and confirmed that the 251 million-euro carrying amount of goodwill at December 31, 2018 was reasonable.

Poland

New sensitivity analyses were performed on Polish goodwill at December 31, 2018 to measure changes in the main financial assumptions that could lead to an impairment loss being recognised. The amounts below represent the difference between the recoverable amount and the carrying amount of the net assets allocated to the CGU concerned. The "-" sign indicates that the scenario would have led to the recognition of an impairment loss for the amount shown.

Sensitivity to changes in WACC and perpetual growth rate

		WACC *(%)*				
		-1.00%	**-0.50%**	**0.00%**	**0.50%**	**1.00%**
Perpetual growth (%)	-0.50%	297	212	142	84	34
	-0.25%	350	256	179	115	61
	0.00%	410	304	**219**	148	89
	0.25%	477	358	262	185	120
	0.50%	553	418	311	225	154

A 50 bp decrease in the EBITDA margin (recurring operating income before depreciation and amortisation as a proportion of net sales) assumption used to determine the terminal value would not have changed the conclusions of the impairment test.

8.3.1.2 Other countries

For the other countries where the Group conducts business, the analysis of sensitivity to a simultaneous change in the key inputs based on reasonably possible assumptions did not reveal any probable scenario according to which the recoverable amount of any of the groups of CGUs would be less than its carrying amount.

8.3.1.3 Main financial assumptions used to estimate value in use

The perpetual growth rates and discount rates (corresponding to the weighted average cost of capital – WACC) applied for impairment testing purposes in 2018 and 2017 are presented below by CGU:

	2018		**2017**	
Country	**After-tax discount rate**	**Perpetual growth rate**	**After-tax discount rate**	**Perpetual growth rate**
France	5.9%	1.6%	6.3%	1.8%
Spain	6.5%	2.1%	6.8%	2.1%
Italy	6.7%	1.7%	6.7%	1.7%
Belgium	6.0%	1.8%	6.2%	1.8%
Poland	7.9%	2.7%	8.4%	3.0%
Romania	9.4%	3.1%	9.0%	2.6%
Brazil	12.5%	4.6%	12.3%	4.4%
Argentina	25.3%	13.3%	16.2%	7.4%
China	9.2%	2.3%	9.7%	2.4%
Taiwan	6.8%	1.8%	7.2%	1.9%

8.4 Investment property

Accounting principles

IAS 40 – *Investment Property* defines investment property as property (land or a building or both) held to earn rentals or for capital appreciation or both. Based on this definition, investment property held by the Group consists of shopping malls (retail and service units located behind the stores' checkout area) that are exclusively or jointly owned or subject to a finance lease and represent a surface area of at least 2,500 square metres. These assets generate cash flows that are largely independent of the cash flows generated by the Group's other retail assets.

Investment property is recognised at cost and is depreciated over the same period as owner-occupied property (see Note 8.2).

Rental revenue generated by investment property is reported in the income statement under "Other revenue" on a straight-line basis over the lease term. The incentives granted by the Group under its leases are an integral part of the net rental revenue and are recognised over the lease term (see Note 8.2).

The fair value of investment property is measured twice a year:

- by applying a multiple that is a function of (i) each shopping mall's profitability and (ii) a country-specific capitalisation rate, to the gross annualised rental revenue generated by each property; or
- by obtaining independent valuations prepared using two methods: the discounted cash flows method and the yield method. Valuers generally also compare the results of applying these methods to market values per square metre and to recent transaction values.

In view of the limited external data available, particularly concerning capitalisation rates, the complexity of the property valuation process and the use of passing rents to value the Group's own properties, the fair value of investment property is determined on the basis of level 3 inputs.

(in millions of euros)	**December 31, 2018**	**December 31, 2017**[(1)]
Investment property at cost	576	593
Depreciation and impairment	(187)	(183)
TOTAL INVESTMENT PROPERTY, NET	**389**	**410**

(1) The first-time application of IAS 29 as from 2018 had the effect of increasing the carrying amount of investment property from 410 million euros as of December 31, 2017 to 434 million euros as of January 1, 2018 (see Note 4).

Changes in investment property

(in millions of euros)	
At December 31, 2016	314
Depreciation	(18)
Translation adjustment	(20)
Acquisitions	12
Investment properties acquired in a business combination	29
Transfers from "Property and equipment"	93
At December 31, 2017	410
IAS 29 first application adjustments	25
At January 1, 2018	434
Depreciation	(14)
Translation adjustment	(35)
Acquisitions	8
Investment properties acquired in a business combination	0
Transfers from "Property and equipment"	(4)
At December 31, 2018	389

Rental revenue generated by investment property, reported in the income statement under "Other revenue", totalled 73.8 million euros in 2018 (2017: 76.6 million euros). Operating costs directly attributable to the properties amounted to 16.0 million euros in 2018 (2017: 12.3 million euros).

The estimated fair value of investment property at December 31, 2018 was 982 million euros (December 31, 2017: 988 million euros). Changes in fair values in the various countries were not individually material.

8.5 Leased property

All property leases have been reviewed to determine whether they are operating leases or finance leases to be accounted for by the method described in Note 8.2.

8.5.1 Finance leases

The following table shows future minimum lease payments due for the non-cancellable term of finance leases at December 31, 2018 and 2017:

Lease commitments at December 31, 2018 *(in millions of euros)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	486	42	158	285
Discounted present value	307	40	126	141

Lease commitments at December 31, 2017 *(in millions of euros)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	546	47	165	333
Discounted present value	324	44	130	150

Rental expense and rental revenue from subleases recorded in the income statement are as follows:

Lease payments and revenue from subleases *(in millions of euros)*	**2018**	**2017**
Minimum lease payments made during the year	(35)	(40)
Contingent lease payments made during the year	-	(0)
Revenue from subleases received during the year	16	17

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 21 million euros at December 31, 2018 (December 31, 2017: 14 million euros).

8.5.2 Operating leases

The following table shows future minimum lease payments due for the non-cancellable term of operating leases at December 31, 2018 and 2017:

Lease commitments at December 31, 2018 *(in millions of euros)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	3,569	1,100	1,618	851
Discounted present value	2,872	1,027	1,289	557

Lease commitments at December 31, 2017 *(in millions of euros)*	**Total**	**Within one year**	**In one to five years**	**Beyond five years**
Minimum future lease payments	3,712	1,115	1,744	853
Discounted present value	2,928	1,034	1,358	536

Rental expense and rental revenue from subleases recorded in the income statement are as follows:

Lease payments and revenue from subleases *(in millions of euros)*	**2018**	**2017**
Minimum lease payments made during the year	(1,213)	(1,217)
Contingent lease payments made during the year	(10)	(12)
Revenue from subleases received during the year	245	255

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 78 million euros at December 31, 2018 (December 31, 2017: 197 million euros).

Note 9 Investments in equity-accounted companies

Accounting principles

The consolidated statement of financial position includes the Group's share of the change in the net assets of companies accounted for by the equity method (associates and joint ventures), as adjusted to comply with Group accounting policies, from the date when significant influence or joint control is acquired until the date when it is lost.

Companies accounted for by the equity method are an integral part of the Group's operations and the Group's share of their net profit or loss is therefore reported as a separate component of recurring operating income ("Recurring operating income after net income from equity-accounted companies"), in accordance with the recommendation of the French accounting authorities (*Autorité des normes comptables* [ANC] recommendation no. 2013-01).

The carrying amount of investments in equity-accounted companies is tested for impairment in line with the accounting principles described in Note 8.3.

9.1 Changes in investments in equity-accounted companies

Changes in investments in equity-accounted companies can be analysed as follows:

(in millions of euros)	
At December 31, 2016	1,361
Translation adjustment	(19)
Share of net income	4
Dividends	(80)
Acquisitions and capital increases	64
Other movements	24
At December 31, 2017	1,355
IFRS 9 first application adjustments	7
At January 1, 2018	1,362
Translation adjustment	(15)
Share of net income	14
Dividends	(51)
Acquisitions and capital increases	115
Other movements	(51)
At December 31, 2018	1,374

9.2 Information about associates

The following table shows key financial indicators for associates:

(in millions of euros)	% interest	Total assets	Shareholders' equity	Non-current assets	Net sales/ revenues	Net income/ (loss)
Carmila (France)	35%	5,489	2,754	5,047	340	30
Provencia SA (France)	50%	454	263	247	861	26
Showroomprive.com (France)	21%	447	197	197	655	(5)
Carrefour SA (Turkey)	46%	437	30	236	906	(2)
Costasol (Spain)	34%	97	57	60	129	7
Mestdagh (Belgium)	25%	290	22	109	585	(42)
Ulysse (Tunisia)	25%	131	62	112	335	14
Other companies(1)	NA	971	346	552	1,424	(1)

(1) Corresponding to a total of 191 companies, none of which is individually material.

As of December 31, 2018, the two main associates were Carmila with a carrying amount of 908 million euros (December 31, 2017: 942 million euros) and Provencia with a carrying amount of 122 million euros (December 31, 2017: 118 million euros). These two associates represented 75% of the total value of equity-accounted companies at end-2018.

All of the summary financial data presented in the table above have been taken from the financial statements of associates, restated where necessary to reflect adjustments made to harmonise accounting methods on application of equity accounting. These data have not been adjusted for any changes in fair value recognised at the time of the acquisition or for any loss of control and elimination of the Group's share of profit or loss arising on asset disposals or acquisitions carried out between the Group and the associate.

Carmila was set up in 2014 by the Group and its co-investment partners. Its corporate purpose is to enhance the value of the shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy. Carmila is accounted for by the equity method because the governance system established with the co-investors allows Carrefour to exercise significant influence over its financial and operating policy decisions.

Up until its merger with Cardety on June 12, 2017, Carmila's governance was organised by a shareholders' agreement between Carrefour (owner of a 42% stake in Carmila) and other institutional investors (owner of the remaining 58% stake). This agreement specified the composition of the Board of Directors and the list of decisions requiring the Board's prior approval (votes subject to a simple or qualified majority, depending on the importance of the matters discussed).

In parallel with the merger of Carmila into Cardety (details of which are provided in Note 3.2.2), the entity's corporate governance rules were adjusted, resulting in the restructuring of its administration and management bodies, and amendments to its Articles of Association and the Board of Directors' internal rules. In light of the amended corporate governance rules, the Group considers that it has significant influence over the new entity, Carmila, which is accounted for using the equity method. The Group's position is primarily based on the fact that the Carrefour group is not represented by a majority on the Board of Directors, which comprises 14 members, of which eight are independent and five are appointed by Carrefour. Therefore, the Group cannot alone impose decisions requiring the Board's prior consent, which partly concern the relevant activities.

The following table presents key financial indicators for Carmila at December 31, 2018 and 2017 (as published in Carmila's Consolidated Financial Statements(1)). Carmila's net asset value measured based on the best practice recommendations of the European Public Real Estate Association (NAV EPRA) came to 3,876 million euros at December 31, 2018.

(in millions of euros)	**2018**	**2017**
Revenue (rental income)	340	301
Operating income before fair value adjustment of assets	261	230
Operating income(1)	275	394
Net income from continuing operations	164	314
Total non-current assets(1)	6,092	5,521
Total current assets	411	513
of which cash and cash equivalents	*71*	*329*
Total non-current liabilities	2,550	2,158
Total current liabilities	301	334
% interest held by Carrefour	*35.4%*	*35.8%*
Amount of the investment in equity-accounted company	908	942
Carrefour - Cash dividends received from Carmila	36	66

(1) Since Carmila opted to apply the fair value model for the accounting of its investment properties, in accordance with the option provided in IAS 40, the figures presented in the above table are adjusted to reflect real estate fair value corrections. Before being accounted for by the equity method in the Group financial statements, Carmila's Consolidated Financial Statements are therefore restated to apply the cost model applied by Carrefour.

9.3 Transactions with associates (related parties)

The following table presents the main related-party transactions carried out in 2018 with companies over which the Group exercises significant influence:

(in millions of euros)	**Carmila (France)**	**Carrefour SA (Turkey)**	**Provencia (France)**	**Mestdagh (Belgium)**	**Ulysse (Tunisia)**
Net sales (sales of goods)	-	1	590	49	8
Franchise fees	-	2	9	8	2
Property development revenue(1)	67	-	-	-	-
Sales of services	15	-	-	6	-
Fees and other operating expenses	(7)	-	-	-	-
Receivables at December 31, 2018	32	0	31	4	4
Payables at December 31, 2018	(6)	(4)	-	-	-

(1) Amounts are presented before elimination of the Group's share in the associate of revenues and proceeds arising on transactions carried out between the Group and the associate.

Note 10 Income tax

Accounting principles

Income tax expense comprises current taxes and deferred taxes. It includes the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) local business tax in France assessed on the value-added generated by the business, which is reported under income tax expense because the Group considers that it meets the definition of a tax on income contained in IAS 12 – *Income Tax*.

Deferred taxes are calculated on all temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and their tax basis (except in the specific cases referred to in IAS 12), and carried-forward tax losses. They are measured at the tax rates that are expected to apply to the period when the asset will be realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position under "Non-current assets" and "Non-current liabilities".

The recoverability of deferred tax assets is assessed separately for each tax entity, based on estimates of future taxable profits contained in the business plan for the country concerned (prepared as described in Note 8.3) and the amount of deferred tax liabilities at the period-end. A valuation allowance is recorded to write down deferred tax assets whose recovery is not considered probable.

10.1 Income tax expense for the period

(in millions of euros)	**2018**	**2017 restated**
Current income tax expense (including provisions)	(544)	(496)
Deferred income taxes	5	(122)
TOTAL INCOME TAX EXPENSE	**(539)**	**(618)**

Tax proof

Theoretical income tax for 2018 and 2017 has been calculated by multiplying consolidated income before tax by the standard French corporate income tax rate. For 2018, theoretical income tax expense amounted to 171 million euros compared with actual net income tax expense of 539 million euros, as follows:

(in millions of euros)	**2018**	**2017 restated**
Income before taxes	496	533
Standard French corporate income tax rate	*34.4%*	*34.4%*
Theoretical income tax expense	**(171)**	**(184)**
Adjustments to arrive at effective income tax rate:		
• Differences between the standard French corporate income tax rate and overseas nominal taxation rates	33	(40)
• Effect of changes in applicable tax rates	(40)	(46)
• Tax expense and tax credits not based on the taxable income(1)	(36)	19
• Tax effect of other permanent differences	(15)	(135)
• Deferred tax assets recognised on temporary differences and tax loss carryforwards of previous years(2)	66	139
• Deferred tax assets not recognised on temporary differences and tax loss carryforwards arising in the year(3)	(260)	(98)
• Valuation allowances on deferred tax assets recognised in prior years(3)	(113)	(270)
• Tax effect of net income from equity-accounted companies	(5)	(1)
• Other differences	1	(1)
TOTAL INCOME TAX EXPENSE	**(539)**	**(618)**
Effective tax rate	*108.6%*	*116.0%*

(1) *The reported amount of taxes with no tax base takes into account the CVAE local business tax in France, amounting to 51 million euros in 2018 (2017: 62 million euros), withholding taxes and changes in provisions for tax risks (see Note 11.2.1). It also includes the tax effect associated with the net profits or losses of discontinued operations (see Note 5).*

(2) *Deferred tax assets recognised in 2018 on prior years' tax losses primarily concerned Belgium. In 2017, they mainly concerned Brazil.*

(3) *Valuation allowances recorded on deferred tax assets mainly concerned France, China and Argentina.*

10.2 Deferred tax assets and liabilities

The Group had a net deferred tax asset of 182 million euros at December 31, 2018, *versus* 147 million euros at the previous year-end.

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Deferred tax assets	723	636
Deferred tax liabilities	(541)	(489)
NET DEFERRED TAX ASSETS	**182**	**147**

The following table shows the main sources of deferred taxes:

				Change			
(in millions of euros)	**December 31, 2017**	**Adjustments on first-time application of IFRS 9 and IAS 29**	**At January 1, 2018**	**Income statement**	**Income tax on other comprehensive income (OCI)**	**Changes in consolidation scope, translation adjustment, other**	**December 31, 2018**
Tax loss carryforwards	1,108		1,108	289	-	(135)	1,262
Property and equipment	205		205	(72)	-	(1)	131
Non-deductible provisions	738		738	93	(14)	(37)	779
Goodwill amortisation allowed for tax purposes	247		247	67	-	1	315
Other intangible assets	4		4	(0)	-	(0)	4
Inventories	172		172	(17)	-	(4)	151
Financial instruments	5	127	133	2	1	(0)	136
Other temporary differences	118		118	(83)	-	(58)	(23)
Deferred tax assets before netting	2,597	127	2,725	280	(13)	(235)	2,756
Effect of netting deferred tax assets and liabilities	(508)		(508)	0	-	24	(484)
Deferred tax assets after netting	2,090	127	2,217	280	(13)	(211)	2,272
Valuation allowances on deferred tax assets	(1,454)	(4)	(1,457)	(290)	-	197	(1,550)
Net deferred tax assets	636	124	760	(10)	(13)	(14)	723
Property and equipment	(208)	(77)	(285)	(14)	-	50	(250)
Provisions recorded solely for tax purposes	(413)		(413)	18	-	(0)	(394)
Goodwill amortisation allowed for tax purposes	(171)		(171)	(2)	-	17	(157)
Other intangible assets	(1)		(1)	0	-	0	(1)
Inventories	(19)		(19)	3	-	-	(16)
Financial instruments	(7)	(4)	(12)	7	(7)	(2)	(14)
Other temporary differences	(177)		(177)	1	-	(18)	(193)
Deferred tax liabilities before netting	(997)	(81)	(1,078)	14	(7)	46	(1,025)
Effect of netting deferred tax assets and liabilities	508		508	0	-	(24)	484
Deferred tax liabilities after netting	(489)	(81)	(570)	14	(7)	22	(541)
NET DEFERRED TAXES	**147**	**42**	**190**	**5**	**(20)**	**8**	**182**

10.3 Unrecognised deferred tax assets

Unrecognised deferred tax assets amounted to 1,550 million euros at December 31, 2018 (December 31, 2017: 1,454 million euros), including 1,026 million euros related to tax loss carryforwards (December 31, 2017: 738 million euros) and 524 million euros on temporary differences (December 31, 2017: 716 million euros).

Note 11 Provisions and contingent liabilities

Accounting principles

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recorded when, at the period-end, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the provision is estimated based on the nature of the obligation and the most probable assumptions. Provisions are discounted when the effect of the time value of money is material.

Contingent liabilities, which are not recognised in the statement of financial position, are defined as:

- possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- present obligations that arise from past events but are not recognised because (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability.

11.1 Changes in provisions

(in millions of euros)	**December 31, 2017**	**IFRS 9 first application adjustments**	**At January 1, 2018**	**Translation adjustment**	**Increases**	**Discounting adjustment**	**Reversals of surplus provisions**	**Utilisations**	**Other**	**December 31, 2018**
Post-employment benefit obligations[1]	1,256	-	1,256	0	87	(64)	(123)	(60)	0	1,095
Claims and litigation	1,280	-	1,280	(91)	421	-	(206)	(116)	1	1,290
Tax reassessments	*960*	-	*960*	*(65)*	*279*	-	*(138)*	*(35)*	*(4)*	*998*
Disputes with current and former employees	*166*	-	*166*	*(16)*	*82*	-	*(33)*	*(61)*	*4*	*143*
Legal disputes	*154*	-	*154*	*(10)*	*59*	-	*(35)*	*(20)*	*1*	*149*
Restructuring	108	-	108	(0)	695	-	(25)	(80)	(1)	697
Provisions related to banking and insurance business[2]	215	90	306	(7)	23	-	(22)	(25)	1	276
Other[3]	144	-	144	(0)	65	-	(38)	(17)	10	163
TOTAL PROVISIONS	**3,003**	**90**	**3,094**	**(98)**	**1,290**	**(64)**	**(413)**	**(298)**	**12**	**3,521**

(1) See Note 12.

(2) Provisions relating to the banking and insurance businesses include provisions for credit risk on loan commitments (off-balance sheet) recognised in accordance with IFRS 9 (see Notes 4 and 7.5.1), and provisions set aside to cover insurance underwriting risk.

(3) Other provisions mainly concern onerous contracts.

Group companies are involved in a certain number of claims and legal proceedings in the normal course of business. They are also subject to tax audits that may result in reassessments. The main claims and legal proceedings are described below. In each case, the risk is assessed by Group management and their advisors.

At December 31, 2018, the claims and legal proceedings in which the Group was involved were covered by provisions totalling 1,290 million euros (December 31, 2017: 1,280 million euros). No details are provided because the Group considers that disclosure of the amount set aside in each case could be seriously detrimental to its interests.

11.2 Claims and litigation

In the normal course of its operations in around a dozen different countries, the Group is involved in tax, employee-related and commercial disputes and legal proceedings.

11.2.1 Tax reassessments

Certain Group companies have been or are currently the subject of tax audits conducted by their local tax authorities.

In Brazil, tax audits are in progress covering, in particular, the tax on the distribution of goods and services (ICMS), related tax credits (determination of the amounts claimable and documentation of the claims), and federal contributions to the social integration programme and to the financing of the social security system (Pis-Cofins). The Group has challenged most of the assessments, particularly the constitutionality of certain legislative provisions on which they are based. The estimated risk in each case is reviewed regularly with Carrefour Brazil's advisors and an appropriate provision is recorded. At December 31, 2018, the corresponding provision totalled 510 million euros (December 31, 2017: 518 million euros) and legal deposits paid in connection with reassessments contested by the Group – recorded in "Other non-current financial assets" (see Note 14.5) – amounted to 471 million euros (December 31, 2017: 509 million euros).

In France, Carrefour was notified of corporate income tax reassessments relating to (i) the scope of the cap on deductible financial expenses in 2015 (Carrefour is challenging this reassessment) and (ii) the one-year deferral of payroll tax deductions on bonuses.

The tax authorities in several countries have disallowed part of the headquarters expenses deducted by Group companies. The Group has contested these reassessments.

11.2.2 Employee-related disputes

As a major employer, the Group is regularly involved in disputes with current or former employees.

From time to time, disputes may also arise with a large group of current or former employees. In Brazil, many former employees have initiated legal proceedings against the Group, primarily claiming overtime pay that they allege is due to them.

11.2.3 Legal and commercial disputes

The Group is subject to regular audits by the authorities responsible for overseeing compliance with the laws applicable to the retail industry and by the competition authorities. Disputes may also arise with suppliers as a result of differing interpretations of legal or contractual provisions.

11.3 Contingent liabilities

To the best of the Group's knowledge, there are no contingent liabilities that may be considered likely to have a material impact on the Group's results, financial position, assets and liabilities or business.

In Brazil, due to the highly complex tax rules, especially those applicable to retailers, the Group is exposed to tax risks which the Group and its counsel consider are unlikely to lead to an outflow of resources. The tax risks represented a total exposure of 2.1 billion euros at December 31, 2018. The main tax risk concerns the deductibility for tax purposes of amortisation expense on goodwill related to the 2007 acquisition of Atacadão, representing a total exposure of 603 million euros at December 31, 2018. This exposure should be reduced to 55 million euros following the partial ruling handed down by Brazil's High Court for tax matters in February 2018 which has not yet been published.

The Group continues to believe that the risk is unlikely to lead to an outflow of resources.

In 2018, the Group filed claims under the tax amnesty program in respect of several ICMS tax credit disputes relating to the transfer of "commodities" in the states of Rio de Janeiro, Rio Grande de Sul and Paraiba and for which the final rulings could be handed down before the end of 2019. The Group's position remains unchanged with regard to the disputes that are expected to be settled after 2019 and the risk of an unfavourable ruling in the "commodity" disputes is considered unlikely. It is expecting the Supreme Court to adjust its ruling in its favour by end-2019.

In France, on July 16, 2018, the French Competition Authority (*Autorité de la concurrence*) announced the beginning of investigations regarding purchasing alliances in the predominantly food-based retail industry.

Note 12 Number of employees, employee compensation and benefits

Accounting principles

Group employees receive short-term benefits (such as paid vacation, paid sick leave and statutory profit-sharing bonuses), long-term benefits (such as long-service awards and seniority bonuses) and post-employment benefits (such as length-of-service awards and supplementary pension benefits). Post-employment benefits may be paid under defined contribution or defined benefit plans.

All of these benefits are accounted for in accordance with IAS 19 – *Employee Benefits*. Short-term benefits (*i.e.*, benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services) are classified as current liabilities (under “Other payables”) and recorded as an expense for the year in which the employees render the related services (see Note 7.2.2). Post-employment benefits and other long-term benefits are measured and recognised as described in Note 12.1.

Two types of share-based payment plans have been set up for management and selected employees – stock option plans and performance share plans. These plans fall within the scope of IFRS 2 – *Share-based Payment* and are accounted for as described in Note 12.2.

12.1 Pension and other post-employment benefits

Accounting principles

Post-employment benefits are employee benefits that are payable after the completion of employment. The Group’s post-employment benefit plans include both defined contribution plans and defined benefit plans.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity that is responsible for the plan’s administrative and financial management as well as for the payment of benefits, such that the Group has no obligation to pay further contributions if the plan assets are insufficient. Examples include government-sponsored pension schemes, defined contribution supplementary pension plans and defined contribution pension funds.

The contributions are recorded as an expense for the period in which they become due.

Defined benefit and long-term benefit plans

A liability is recognised for defined benefit obligations that are determined by reference to the plan participants’ years of service with the Group.

The defined benefit obligation is calculated annually using the projected unit credit method, taking into account actuarial assumptions concerning future salary levels, retirement age, mortality, staff turnover and the discount rate.

The discount rate corresponds to the interest rate observed at the period-end for investment grade corporate bonds with a maturity close to that of the defined benefit obligation. The calculations are performed by a qualified actuary.

The net liability recorded for defined benefit plans corresponds to the present value of the defined benefit obligation less the fair value of plan assets (if any). The cost recognised in the income statement comprises:

- current service cost, past service cost and the gain or loss on plan amendments or settlements (if any), recorded in operating expense;
- interest expense on the defined benefit liability, net of interest income on the plan assets, recorded in net financial expense.

Remeasurements of the net defined benefit liability (comprising actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling) are recognised immediately in “Other comprehensive income”.

12.1.1 Description of the main defined benefit plans

The main defined benefit plans concern supplementary pension benefits paid annually in some countries to retired employees of the Group, and length-of-service awards provided for in collective bargaining agreements that are paid to employees upon retirement. The plans, which are presented below, mainly concern France, Belgium and Italy.

French plans

Group employees in France are entitled to a length-of-service award when they retire, determined in accordance with the law and the applicable collective bargaining agreement. The award is measured as a multiple of the individual's monthly salary for the last 12 months before retirement, determined by reference to his or her years of service.

In 2009, the Group set up a supplementary pension plan, amended in 2015. The main characteristics of the plan are as follows:

- eligibility: plan participants must have completed at least three years' service at the time of retirement and their annual compensation must be greater than 18 times the annual ceiling for social security contributions;
- benefits: 2.75% of the reference compensation per year of service, subject to the applicable performance conditions being met for each year. No benefits are paid if a minimum number of years has not been validated in connection with the performance conditions;
- years of service taken into account for the calculation of plan benefits: years of service with the Carrefour group under consecutive or non-consecutive employment contracts. The plan's terms do not provide for any increase in benefits for participants who have completed more than a certain number of years' service;
- the reference compensation is calculated as the average of the last three salaries (basic salary + annual variable compensation) received over the last three calendar years preceding retirement or 60 times the annual ceiling for social security contributions, whichever is lower;
- annual benefit cap: 25% of the reference compensation and the difference between 45% of the reference compensation and the total basic and supplementary pension benefits received by the plan participant;
- reversionary pension: upon the participant's death, payable to the surviving spouse in an amount equal to 50% of the original benefit.

Belgian plans

The Group's main commitments in Belgium concern "prepensions" and the "solidarity fund".

The prepension scheme provides for the payment of unemployment benefits during the period from the retirement age proposed in the collective bargaining agreement to the statutory retirement age. Carrefour is committed to topping up the benefits paid by the Belgian State, so that the individuals concerned receive 95% of their final net salary. The retirement age under Belgian law, amended in 2015, is 65 (unless otherwise provided). Under the collective bargaining agreement applicable to Carrefour, employees are eligible for prepension benefits from the age of 62 (unless otherwise provided).

The solidarity fund is a corporate supplementary pension plan that offers participants the choice between a lump sum payment on retirement or a monthly pension for the rest of their lives. The plan was closed in 1994 and replaced by a defined contribution plan. Consequently, the projected benefit obligation only concerns pension rights that vested before 1994.

Furthermore, as of 2016, an additional provision has been recorded for defined contribution plans with a minimum legal guaranteed yield, in view of the current economic conditions.

Italian plans

The Group's commitments in Italy primarily concern the *Trattemento di Fine Rapporto* (TFR) deferred salary scheme. The TFR scheme underwent a radical reform in 2007, with employers now required to pay contributions to an independent pension fund in full discharge of their liability. The Group's obligation therefore only concerns deferred salary rights that vested before 2007.

12.1.2 Net expense for the period

The expense recorded in the income statement is detailed as follows:

2017 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost[1]	31	12	0	1	44
Interest cost (discount effect)	11	6	2	1	18
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	(1)	-	-	-	(1)
EXPENSE (INCOME) FOR 2017	**40**	**15**	**2**	**1**	**58**

2018 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost[1]	(42)	(8)	(0)	1	(50)
Interest cost (discount effect)	13	6	2	1	22
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	(1)	-	-	0	(1)
EXPENSE (INCOME) FOR 2018	**(31)**	**(5)**	**1**	**1**	**(33)**

(1) The following table presents details of service cost:

2017 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	57	17	0	1	74
Past service cost (plan amendments and curtailments)	1	(4)	-	(0)	(3)
Settlements and other	(26)	-	(0)	-	(26)
Total Service cost 2017	31	12	0	1	44

2018 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	52	16	0	1	68
Past service cost (plan amendments and curtailments)	0	(24)	-	-	(24)
Settlements and other	(93)	-	(1)	-	(94)
Total Service cost 2018	(42)	(8)	(0)	1	(50)

The service cost for 2018 represented a net positive amount of 33 million euros, due to plan curtailments arising from redundancy plans in France, Belgium and other countries (see Note 2.1). Reversals of the related provisions were recorded in "Non-recurring income and expenses". The other income and expenses for pension and other post-employment benefit plans in 2018 were recorded in employee benefits expense, except for 19 million euros recorded in financial expense.

12.1.3 Breakdown of the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Defined benefit obligation	889	450	128	42	1,509
Fair value of plan assets	(16)	(230)	-	(7)	(253)
PROVISION AT DECEMBER 31, 2017	**873**	**221**	**128**	**35**	**1,256**
Defined benefit obligation	770	398	115	42	1,326
Fair value of plan assets	(6)	(217)	-	(8)	(231)
PROVISION AT DECEMBER 31, 2018	**764**	**181**	**115**	**35**	**1,095**

12.1.4 Change in the provision

(in millions of euros)	**France**	**Belgium**	**Italy**	**Other countries**	**Group total**
Provision at December 31, 2016	858	253	136	32	1,279
Movements recorded in the income statement	40	15	2	1	59
Benefits paid directly by the employer	(7)	(12)	(9)	(0)	(28)
Effect of changes in scope of consolidation	(5)	-	-	-	(5)
Change in actuarial gains and losses(1)	(13)	(28)	(1)	4	(38)
Other	(0)	(8)	-	(2)	(10)
Provision at December 31, 2017	873	221	128	35	1,256
Movements recorded in the income statement	(31)	(5)	1	1	(33)
Benefits paid directly by the employer	(18)	(12)	(12)	(0)	(42)
Effect of changes in scope of consolidation	(8)	-	-	-	(8)
Change in actuarial gains and losses(1)	(51)	(13)	(2)	2	(64)
Other	(1)	(10)	(0)	(3)	(14)
Provision at December 31, 2018	764	181	115	35	1,095

(1) This line breaks down as follows:

2017 *(in millions of euros)*	**France**	**Belgium**	**Italy**	**Other countries**	**Group total**
Actuarial (gain)/loss due to experience	6	-	1	2	9
Actuarial (gain)/loss due to demographic assumption changes	(6)	-	(0)	1	(5)
Actuarial (gain)/loss due to financial assumption changes	(12)	(20)	(2)	0	(34)
Return on plan assets (greater)/less than discount rate	(1)	(8)	-	0	(9)
Changes in actuarial gains and losses 2017	(13)	(28)	(1)	4	(38)

2018 *(in millions of euros)*	**France**	**Belgium**	**Italy**	**Other countries**	**Group total**
Actuarial (gain)/loss due to experience	(24)	-	0	0	(24)
Actuarial (gain)/loss due to demographic assumption changes	(11)	-	-	1	(10)
Actuarial (gain)/loss due to financial assumption changes	(16)	(15)	(2)	0	(32)
Return on plan assets (greater)/less than discount rate	(0)	1	-	(0)	1
Changes in actuarial gains and losses 2018	(51)	(13)	(2)	2	(64)

12.1.5 Plan assets

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Fair value at December 31, 2016	53	227	-	7	286
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(31)	(16)	-	7	(40)
Actuarial gain/(loss)	1	8	-	(0)	9
Other	(6)	8	-	(7)	(5)
Fair value at December 31, 2017	16	230	-	7	253
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(11)	(24)	-	(3)	(38)
Actuarial gain/(loss)	0	(1)	-	0	(1)
Other	-	10	-	3	13
Fair value at December 31, 2018	6	217	-	8	231

Plan assets break down as follows by asset class:

	December 31, 2018				December 31, 2017			
	Bonds	Equities	Monetary investments	Real estate and other	Bonds	Equities	Monetary investments	Real estate and other
France	28%	3%	68%	1%	57%	7%	33%	3%
Belgium	33%	9%	57%	0%	36%	9%	55%	0%

All bonds and equities held in plan asset portfolios are listed securities.

12.1.6 Actuarial assumptions and sensitivity analysis

The assumptions used to measure defined benefit obligations for length-of-service awards are as follows:

	2018	2017
Retirement age	62-67	62-67
Rate of future salary increases	1.9% to 2.5%	1.9% to 2.5%
Inflation rate	1.9%	1.9%
Discount rate	1.6%	1.4%

At December 31, 2018, a discount rate of 1.60% was used for France, Belgium and Italy (December 31, 2017: 1.44%). The discount rate is based on an index of AA-rated corporate bonds with maturities similar to the estimated duration of the defined benefit obligation.

In 2018, the average duration of the defined benefit obligation under French, Belgian and Italian plans was 11.6 years, 8.2 years and 8.5 years respectively (2017: 11.3 years, 9 years and 9.2 years respectively).

Sensitivity tests show that:

- a 25-bps increase in the discount rate would reduce the defined benefit obligation under the French, Belgian and Italian plans by around 31 million euros;
- a 25-bps increase in the inflation rate would increase the defined benefit obligation under the French, Belgian and Italian plans by around 24 million euros.

12.2 Share-based payments

Accounting principles

Two types of share-based payment plans have been set up for members of management and selected employees – stock option plans and performance share plans.

As the plans are equity-settled, the benefit represented by the share-based payment is recorded in employee benefits expense with a corresponding increase in shareholders' equity in accordance with IFRS 2 – *Share-based Payment*. The cost recorded in employee benefits expense corresponds to the fair value of the equity instruments on the grant date (*i.e.*, the date on which grantees are informed of the plan's characteristics and terms). Fair value is determined using the Black-Scholes option pricing model for stock options and the share price on the grant date for performance shares. Performance conditions that are not based on market conditions are not taken into account to estimate the fair value of stock options and performance shares at the measurement date. However, they are taken into account in estimates of the number of shares that are expected to vest, as updated at each period-end based on the expected achievement rate for the non-market performance conditions.

The cost calculated as described above is recognised on a straight-line basis over the vesting period.

The cost of share-based payment plans for 2018 recorded under "Employee benefits expense" in recurring operating income was 6.3 million euros, with a corresponding increase in equity (2017: 13.1 million euros).

Details of the stock option and performance share plans set up for Executive Management and selected employees are presented below.

12.2.1 Stock option plans

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2018, since the 2010 plans based on performance conditions and continued employment in the Group expired in July 2017. Movements in these plans in 2017 were as follows:

	2018	2017
Options outstanding at January 1	-	1,823,200
of which, exercisable options	-	*1,823,200*
Options granted during the year[1]	-	-
Options exercised during the year	-	-
Options cancelled or that expired during the year[2]	-	(1,823,200)
Options outstanding at December 31	-	-
of which, exercisable options	-	-

(1) The Compensation Committee decided not to grant any Carrefour SA stock options in 2017 or 2018.
(2) The 2010 plans expired in July 2017. The 1,823,200 options that had not been exercised as of that date were cancelled.

On March 21, 2017, the Board of Directors of Atacadão decided to award options on existing or new Atacadão shares. This stock option plan was approved by Atacadão's Shareholders' Meeting held on the same date. Options awarded under this plan represent a maximum number of 9,283,783 shares, or 0.47% of Atacadão's share capital. The options are subject to the following vesting conditions:

- one-third of the options vest at the date of the Company's IPO;
- one-third of the options will vest 12 months after the date of the IPO;
- one-third of the options will vest 24 months after the date of the IPO.

The options may be exercised up to March 21, 2023 at a price of 11.7 reals.

The table below shows the **main assumptions used** to calculate the fair value of the options awarded in 2017.

Fair value of the options at the grant date	**Brazil 2017 "Pre-IPO" Plan**
Exercise price *(in R$)*	11.7
Estimated fair value of the share *(in R$)*	11.7
Volatility *(in %)*	29.02%
Dividend growth *(in %)*	1.35%
Risk-free interest rate *(in %)*	10.25%
Expected life of share option *(years)*	2.72
Model	Binomial
Fair value option at grant date *(in R$)*	3.73

Movements during the period in the stock option plan were as follows:

	2018
Options outstanding at January 1	7,838,783
of which, exercisable options	*2,612,928*
Options granted during the year	500,000
Options exercised during the year	(2,391,617)
Options cancelled or that expired during the year	(2,094,279)
Options outstanding at December 31	3,852,887
of which, exercisable options	*1,284,296*

12.2.2 Performance share plans

On July 27, 2016, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Annual Shareholders' Meeting held on May 17, 2016 to grant performance shares (new or existing shares) to some 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board meeting at which the rights were granted. The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition (for 30%).

Details of the performance share plans in progress at December 31, 2018 are presented below.

	2016 Performance plan
Shareholders' Meeting date	May 17, 2016
Grant date(1)	September 15, 2016
Vesting date(2)	July 28, 2019
Total number of shares allotted at the grant date	1,944,850
Number of grantees at the grant date	950
Fair value of each share *(in euros)*(3)	20.18

(1) Notification date (i.e., date on which grantees were notified of the plans' characteristics and terms).
(2) The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.
(3) The Carrefour share price on the grant date (reference price) adjusted for estimated dividends not received during the vesting period.

Movements in performance share grants were as follows:

	2018	**2017**
Shares allotted at January 1	1,739,450	1,942,150
of which, vested shares	*8,000*	-
Shares granted during the year	-	-
Shares delivered to the grantees during the year	(12,000)	(3,500)
Shares cancelled during the year	(210,900)	(199,200)
Shares allotted at December 31	1,516,550	1,739,450
of which, vested shares	*0*	*8,000*

12.3 Management compensation (related parties)

The following table shows the compensation paid by the Carrefour group during the year to the Group's key management personnel.

(in millions of euros)	**2018**	**2017**
Compensation for the year(1)	8.5	5.3
Prior year bonus(2)	4.8	11.4
Benefits in kind (accommodation and company car)	0.4	0.1
Total compensation paid during the year	13.7	16.8
Employer payroll taxes	4.1	5.1
Termination benefits(3)	-	4.0

(1) In 2017, the key management personnel were the members of the Board of Directors, the six members of the Group's management team (up to October 2, 2017), and the 14 members of the Group's Executive Committee (as from October 2, 2017). In 2018, the management team's fixed compensation was calculated on a full-year basis (including for the 16 members of the Group's Executive Committee at end-2018).

(2) Amounts shown for the year 2017 include compensation paid to Mr Georges Plassat, Chairman of the Board of Directors and Chief Executive Officer of the Carrefour group until July 18, 2017, in respect of the 2014/2015 and 2016/2017 long-term incentive plans.

(3) Note that Mr Georges Plassat decided to waive the application of the non-compete clause that had been granted to him, and consequently waived payment of the corresponding termination payment (June 16, 2018 press release).

Other management benefit plans are as follows:

- defined benefit pension plan described in Note 12.1. The plan liability and cost attributable to members of the management team cannot be disclosed separately as the total liability and cost are allocated among members of management and other plan participants using allocation keys;
- stock options and performance shares: the serving members of the management team at December 31, 2018 held 133,000 performance shares (December 31, 2017: 123,000), for which the vesting conditions are described in Note 12.2.2. The recognised cost of share-based payment plans for members of the management team was not material in either 2018 or 2017.

Attendance fees paid to members of the Board of Directors amounted to 1.1 million euros in 2018 (2017: 1 million euros).

12.4 Number of employees

	2018	**2017**
Senior Directors	489	522
Directors	2,222	2,267
Managers	40,978	42,575
Employees	317,241	330,790
AVERAGE NUMBER OF GROUP EMPLOYEES	360,930	376,154
NUMBER OF GROUP EMPLOYEES AT THE YEAR-END	363,862	378,923

Note 13 Equity and earnings per share

13.1 Capital management

The parent company, Carrefour SA, must have sufficient equity capital to comply with the provisions of France's Commercial Code.

The Group owns interests in a certain number of financial services companies (banks, insurance companies). These subsidiaries must have sufficient equity capital to comply with capital adequacy ratios and the minimum capital rules set by their local banking and insurance supervisors.

Capital management objectives (equity and debt capital) are to:

- ensure that the Group can continue operating as a going concern, in particular by maintaining high levels of liquid resources;
- optimise shareholder returns;
- keep gearing at an appropriate level, in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

In order to maintain or adjust its gearing, the Group may take on new borrowings or retire existing borrowings, adjust the dividend paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell assets in order to use the proceeds to pay down debt.

13.2 Share capital and treasury stock

13.2.1 Share capital

At December 31, 2018, the share capital was made up of 789,252,839 ordinary shares with a par value of 2.5 euros each, all fully paid.

(in thousands of shares)	**2018**	**2017**
Outstanding at January 1	774,678	756,235
Issued for cash	-	-
Issued upon exercise of stock options	-	-
Issued in payment of dividends	14,575	18,443
Cancelled shares	-	-
Outstanding at December 31	789,253	774,678

The increase during the year corresponded to new shares issued to shareholders who chose to reinvest their 2017 dividend (see Notes 2.4 and 13.3).

13.2.2 Treasury stock

Accounting principles

Treasury stock is recorded as a deduction from shareholders' equity, at cost. Gains and losses from sales of treasury stock (and the related tax effect) are recorded directly in shareholders' equity without affecting net income for the year.

At December 31, 2018, a total of 9,457,539 shares were held in treasury (December 31, 2017: 11,719,539 shares).

The shares held in treasury are intended notably for the Group's stock option and performance share plans, or for the liquidity agreement set up in July 2016 with Rothschild & Cie Banque (which replaced the 2014 agreement with Oddo Corporate Finance).

All rights attached to these shares are suspended for as long as they are held in treasury.

13.3 Dividends

At the Annual Shareholders' Meeting held on June 15, 2018, the shareholders decided to set the 2017 dividend at 0.46 euros per share with a dividend reinvestment option.

At the end of the option period on July 4, 2018, shareholders owning 56.93% of Carrefour's shares had elected to reinvest their 2017 dividend.

July 13, 2018 was set as the date for:

- settlement/delivery of the 14,575,028 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 200 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 152 million euros.

13.4 Other comprehensive income

	2018			2017		
Group share *(in millions of euros)*	**Pre-tax**	**Tax**	**Net**	**Pre-tax**	**Tax**	**Net**
Effective portion of changes in the fair value of cash flow hedges	5	(7)	(2)	(29)	10	(19)
Changes in the fair value of available-for-sale financial assets	N/A	N/A	N/A	(2)	1	(1)
Changes in the fair value of debt instruments through other comprehensive income	(4)	1	(4)	N/A	N/A	N/A
Exchange differences on translating foreign operations	(333)	0	(333)	(349)	0	(349)
Items that may be reclassified subsequently to profit or loss	**(332)**	**(7)**	**(339)**	**(380)**	**11**	**(369)**
Remeasurements of defined benefit plans obligation	65	(14)	50	39	(29)	11
Changes in the fair value of equity instruments through other comprehensive income	0	(0)	0	N/A	N/A	N/A
Items that will not be reclassified to profit or loss	**65**	**(14)**	**51**	**39**	**(29)**	**11**
TOTAL OTHER COMPREHENSIVE LOSS - GROUP SHARE	**(267)**	**(21)**	**(288)**	**(340)**	**(18)**	**(358)**

	2018			2017		
Non-controlling interests *(in millions of euros)*	**Pre-tax**	**Tax**	**Net**	**Pre-tax**	**Tax**	**Net**
Effective portion of changes in the fair value of cash flow hedges	(1)	0	(1)	4	(1)	2
Changes in the fair value of available-for-sale financial assets	N/A	N/A	N/A	(3)	1	(2)
Changes in the fair value of debt instruments through other comprehensive income	(3)	1	(2)	N/A	N/A	N/A
Exchange differences on translating foreign operations	(112)	0	(112)	(124)	0	(124)
Items that may be reclassified subsequently to profit or loss	**(116)**	**1**	**(115)**	**(123)**	**(0)**	**(124)**
Remeasurements of defined benefit plans obligation	(0)	0	0	(1)	1	(0)
	0	0	0	N/A	N/A	N/A
Items that will not be reclassified to profit or loss	**(0)**	**0**	**0**	**(1)**	**1**	**(0)**
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) - NON-CONTROLLING INTERESTS	**(116)**	**1**	**(115)**	**(124)**	**0**	**(124)**

13.5 Shareholders' equity attributable to non-controlling interests

Non-controlling interests mainly concern:

- the sub-group made up of Carrefour Banque SA and its subsidiaries (part of the France operating segment), which is 60% owned by the Group;
- the Grupo Carrefour Brasil sub-group made up of Atacadão and its subsidiaries (part of the Brazil operating segment), which is 71.8% owned by the Group.

The following tables present the key information from the sub-groups' Consolidated Financial Statements:

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Carrefour Banque SA sub-group

Income statement *(in millions of euros)*	**2018**	**2017**
Revenue (Net Banking revenue)	323	360
Net income	17	38
of which:		
- *attributable to the Carrefour group*	*10*	*23*
- *attributable to non-controlling interests*	*7*	*15*

Statement of financial position *(in millions of euros)*	**December 31, 2018**	**December 31, 2017**
Non-current assets	1,652	1,823
Current assets	3,112	3,021
Non-current liabilities (excluding shareholders' equity)	1,883	2,631
Current liabilities	2,462	1,686
Dividends paid to non-controlling interests	0	9

Grupo Carrefour Brasil sub-group

Income statement *(in millions of euros)*	**2018**	**2017**
Total revenue	12,615	13,945
Net income	433	475
of which:		
- *attributable to the Carrefour group*	*275*	*319*
- *attributable to non-controlling interests*	*156*	*155*

Statement of financial position *(in millions of euros)*	**December 31, 2018**	**December 31, 2017**
Non-current assets	4,235	4,313
Current assets	4,027	4,222
Non-current liabilities (excluding shareholders' equity)	1,332	1,122
Current liabilities	3,766	4,102
Dividends paid to non-controlling interests	58	57

There are no individually material non-controlling interests in other subsidiaries.

13.6 Earnings per share (Group share)

Accounting principles

In accordance with IAS 33 – *Earnings Per Share*, basic earnings per share is calculated by dividing net income, Group share by the weighted average number of shares outstanding during the period. Treasury shares, including shares held indirectly through the equity swap described in Note 13.2.2, are not considered to be outstanding and are therefore deducted from the number of shares used for earnings per share calculations. Contingently issuable shares are treated as outstanding and included in the calculation only from the date when all necessary conditions are satisfied.

Diluted earnings per share is calculated by adjusting net income, Group share and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares correspond exclusively to the stock options and performance shares presented in Note 12.2.1. Their dilutive effect is calculated by the treasury stock method provided for in IAS 33 which consists in applying the proceeds that would be generated from the exercise of stock options to the purchase of shares at market price (defined as the average share price for the period). In accordance with this method, stock options are considered to be potentially dilutive if they are in the money (based on the sum of the exercise price and the fair value of the services rendered by the grantee, in accordance with IFRS 2 – *Share-based Payment*).

Basic earnings per share	**2018**	**2017 restated**
Net loss from continuing operations	(259)	(254)
Net loss from discontinued operations	(301)	(277)
Net loss for the year	(561)	(531)
Weighted average number of shares outstanding[1]	772,905,012	755,487,674
Basic loss from continuing operations per share *(in euros)*	(0.34)	(0.34)
Basic loss from discontinued operations per share *(in euros)*	(0.39)	(0.37)
Basic loss per share *(in euros)*	(0.73)	(0.70)

(1) In accordance with IAS 33, the weighted average number of shares used to calculate 2017 earnings per share was adjusted to take into account the effect of the 2017 dividends paid in shares on July 13, 2018 (retrospective adjustment of the effect of the 10% discount on shares issued in payment of dividends, determined by the treasury stock method).

Diluted earnings per share	**2018**	**2017 restated**
Net loss from continuing operations	(259)	(254)
Net loss from discontinued operations	(301)	(277)
Net loss for the year	(561)	(531)
Weighted average number of shares outstanding, before dilution	772,905,012	755,487,674
Potential dilutive shares	-	-
Stock grants	-	-
Stock options	-	-
Diluted weighted average number of shares outstanding	772,905,012	755,487,674
Diluted loss from continuing operations per share *(in euros)*	(0.34)	(0.34)
Diluted loss from discontinued operations per share *(in euros)*	(0.39)	(0.37)
Diluted loss per share *(in euros)*	(0.73)	(0.70)

Since the Group recorded a loss from continuing operations in 2018, performance shares are not considered to have a dilutive impact.

Note 14 Financial assets and liabilities, finance costs and other financial income and expenses

Accounting principles

Non-derivative financial assets

In accordance with IFRS 9 – *Financial Instruments*, the main financial assets are classified in one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVPL).

Their classification determines their accounting treatment. Financial assets are classified by the Group upon initial recognition, based on the characteristics of the contractual cash flows and the objective behind the asset's purchase (business model).

Purchases and sales of financial assets are recognised on the trade date, defined as the date on which the Group is committed to buying or selling the asset.

(i) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments (mainly loans and receivables) that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is to hold assets to collect contractual cash flows.

They are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method. For short-term receivables with no specified interest rate, fair value is considered to be equal to the original invoice amount.

These assets are impaired as described below.

Financial assets at amortised cost include trade receivables, other loans and receivables (reported under "Other financial assets"), deposits and guarantees, and consumer credit granted by the financial services companies.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Available-for-sale financial assets are measured at fair value, with changes in fair value recognised in "Other comprehensive income", under "Changes in the fair value of debt instruments at fair value through other comprehensive income" until the underlying assets are sold, at which time they are transferred to profit or loss.

This category also includes investments in equity instruments (primarily shares) that the Group has irrevocably elected to classify in this category. In this case, when the shares are sold, the unrealised gains or losses previously carried in equity (other comprehensive income) will not be reclassified to profit or loss; only dividends will be transferred to the income statement.

This category notably includes investments in non-consolidated companies which the Group has elected to recognise at fair value through other comprehensive income (an option generally chosen by the Group).

The fair value of listed securities corresponds to their market price. For unlisted securities, fair value is determined first and foremost by reference to recent transactions or by using valuation techniques based on reliable and observable market data. However, where there is no observable market data for comparable companies, the fair value of unlisted securities is usually measured based on the present value of future estimated cash flows or on the revised net asset value, as calculated by reference to internal inputs (level 3 of the fair value hierarchy).

(iii) Financial assets at fair value through profit or loss

This category includes all debt instruments that are not eligible to be classified as financial assets at amortised cost or at fair value through other comprehensive income, as well as investments in equity instruments such as shares which the Group has chosen not to measure at fair value through other comprehensive income.

They are measured at fair value with changes in fair value recognised in the income statement, under financial income or expense.

Impairment

Trade receivables and other current financial assets (other than consumer credit granted by the financial services companies) carried at amortised cost are impaired based on the total lifetime expected losses resulting from a payment default, pursuant to the simplified approach allowed under IFRS 9. Impairment is calculated using a provision matrix which is applied to receivables past due and not yet past due (provision rates based on the length of time past due, as calculated for each country and each receivable with similar characteristics).

For consumer credit granted by the financial services companies and other non-current financial assets carried at amortised cost, impairment is determined using the general approach available under IFRS 9 and corresponds:

- on initial recognition of the asset, to expected losses over the next 12 months;
- when the credit risk significantly increases, to the total lifetime expected losses resulting from default.

The approach applied to consumer credit granted by the financial services companies is described in Note 7.5.1.

Non-derivative financial assets held by the Group

The main non-derivative financial assets held by the Group are as follows:

- non-current financial assets: this line of the statement of financial position mainly includes deposits and guarantees, investments of insurance companies (corresponding mainly to bonds and other debt securities) and of the Group's other financial services companies, along with investments in non-consolidated companies;
- trade receivables;
- consumer credit granted by the financial services companies (see Note 7.5.1);

- other current financial assets: mainly debt securities held by the financial services companies and measured at fair value, along with short-term deposits.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value plus transaction costs and premiums directly attributable to their issue. They are subsequently measured at amortised cost.

Non-derivative financial liabilities held by the Group

The main non-derivative financial liabilities held by the Group are as follows:

- borrowings: "Long-term borrowings" and "Short-term borrowings" include bonds and notes issued by the Group, finance lease liabilities, other bank loans and overdrafts, and financial liabilities related to securitised receivables for which the credit risk is retained by the Group;
- suppliers and other creditors;
- consumer credit financing (see Note 7.5.2);
- other payables: other payables classified in current liabilities correspond to all other operating payables (mainly accrued employee benefits expense and amounts due to suppliers of non-current assets) and miscellaneous liabilities.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of business, mainly interest rate and currency risks. Exceptionally, the risk of changes in the prices of certain commodities – mainly diesel – may also be hedged.

Derivatives are initially recognised at fair value. They are subsequently measured at fair value with the resulting unrealised gains and losses recorded as explained below.

(i) Derivatives designated as hedging instruments

Hedge accounting is applied if, and only if, the following conditions are met:

- the hedging instrument and hedged item forming the hedging relationship are eligible for hedge accounting;
- at the inception of the hedge, there is a clearly identified and formally documented hedging relationship and the effectiveness of the hedge can be demonstrated (qualitative and prospective tests);
- there is formal designation and structured documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

The derivatives used by the Group may be qualified as either cash flow hedges or fair value hedges. The Group does not currently hedge its net investment in foreign operations.

Cash flow hedges

For instruments qualified as cash flow hedges, the portion of the change in fair value determined to be an effective hedge is recognised in "Other comprehensive income" and accumulated in shareholders' equity until the hedged transaction affects profit. The ineffective portion of the change in fair value is recognised in the income statement, under "Financial income and expense".

The main cash flow hedges consist of interest rate options and swaps that convert variable rate debt to fixed rate debt, and forward purchases of foreign currencies that hedge future goods purchases in foreign currency.

Fair value hedges

Changes in fair value of instruments qualified as fair value hedges are recognised in the income statement, with the effective portion offsetting changes in the fair value of the hedged item.

Examples of fair value hedges include swaps set up to convert fixed rate bonds and notes to variable rate. The hedged portion of the underlying financial liability is remeasured at fair value. Changes in fair value are recognised in the income statement and are offset by the effective portion of symmetrical changes in the fair value of the interest rate swaps. At both December 31, 2018 and December 31, 2017, the Group had no fair value hedges of assets or liabilities.

(ii) Other derivative instruments

Other derivative instruments are measured at fair value, with changes in fair value recognised in profit or loss. Derivative instruments used by the Group include interest rate and currency swaps and vanilla interest rate options.

Fair value calculation method

The fair values of currency and interest rate instruments are determined using market-recognised pricing models or prices quoted by external financial institutions.

Values estimated using pricing models are based on discounted future cash flows for futures and forward contracts or, for options, the Black-Scholes option pricing model. The models are calibrated using market data such as yield curves and exchange rates obtained from recognised financial data services.

The fair value of long-term borrowings is estimated based on the quoted market price for bonds and notes or the value of future cash flows discounted based on market conditions for similar instruments (in terms of currency, maturity, interest rate and other characteristics).

Fair value measurements of derivative financial instruments incorporate counterparty risk in the case of instruments with a positive fair value, and own credit risk for instruments with a negative fair value. Credit risk is measured using the mathematical models commonly used by market analysts. At December 31, 2018 and December 31, 2017, the effect of incorporating these two types of risk was not material.

14.1 Financial instruments by category

At December 31, 2018 *(in millions of euros)*	**Carrying amount**	**Breakdown by category** **Financial assets at fair value through profit or loss**	**Financial assets at fair value through OCI**	**Amortised cost**	**Derivative instruments at fair value through profit or loss**	**Derivative instruments at fair value through OCI**	**Fair value**
Investments in non-consolidated companies	92	12	80	-	-	-	92
Other long-term investments	1,183	44	360	780	-	-	1,183
Other non-current financial assets	1,275	56	440	780	-	-	1,275
Consumer credit granted by the financial services companies	6,208	-	-	6,208	-	-	6,208
Trade receivables	2,537	-	-	2,537	-	-	2,537
Other current financial assets	190	-	67	37	46	40	190
Other assets[1]	558	-	-	558	-	-	558
Cash and cash equivalents	4,300	4,300	-	-	-	-	4,300
ASSETS	**15,069**	**4,356**	**507**	**10,120**	**46**	**40**	**15,069**
Total long- and short-term borrowings	8,275	-	-	8,225	41	9	8,421
Total consumer credit financing	5,514	-	-	5,502	0	12	5,514
Suppliers and other creditors	14,161	-	-	14,161	-	-	14,161
Other payables[2]	2,818	-	-	2,818	-	-	2,818
LIABILITIES	**30,768**	**-**	**-**	**30,706**	**41**	**21**	**30,915**

At December 31, 2017 *(in millions of euros)*	**Carrying amount**	**Breakdown by category** **Financial assets at fair value through profit or loss**	**Available-for-sale financial assets**	**Loans and receivables**	**Financial liabilities at amortised cost**	**Debt hedged by fair value hedges**	**Derivative instruments**	**Fair value**
Investments in non-consolidated companies	101	-	101	-	-	-	-	101
Other long-term investments	1,266	-	425	841	-	-	-	1,266
Other non-current financial assets	1,367	-	526	841	-	-	-	1,367
Consumer credit granted by the financial services companies	6,321	-	-	6,321	-	-	-	6,321
Trade receivables	2,750	-	-	2,750	-	-	-	2,750
Other current financial assets	161	-	70	64	-	-	27	161
Other assets[1]	506	-	-	506	-	-	-	506
Cash and cash equivalents	3,593	3,593	-	-	-	-	-	3,593
ASSETS	**14,698**	**3,593**	**596**	**10,483**	**-**	**-**	**27**	**14,698**
Total long- and short-term borrowings	7,497	-	-	-	7,419	-	78	7,878
Total consumer credit financing	5,478	-	-	-	5,468	-	10	5,478
Suppliers and other creditors	15,082	-	-	-	15,082	-	-	15,082
Other payables[2]	2,695	-	-	-	2,695	-	-	2,695
LIABILITIES	**30,751**	**-**	**-**	**-**	**30,663**	**-**	**88**	**31,133**

(1) Excluding prepaid expenses.
(2) Excluding deferred revenue.

Analysis of assets and liabilities measured at fair value

The table below shows assets and liabilities presented according to the fair value hierarchy provided for in IFRS 13 – *Fair Value Measurement* (see Note 1.4):

December 31, 2018 *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies	-	12	80	92
Other long-term investments	404	-	-	404
Other current financial assets - FVOCI	67	-	-	67
Other current financial assets - Derivative instruments recorded in current financial assets	-	86	-	86
Cash and cash equivalents	4,300	-	-	4,300
Consumer credit financing - Derivative instruments recorded in liabilities	-	(12)	-	(12)
Borrowings - Derivative instruments recorded in liabilities	-	(49)	(1)	(50)

December 31, 2017 *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies	-	-	101	101
Other long-term investments	425	-	-	425
Other current financial assets - Available-for-sale	70	-	-	70
Other current financial assets - Derivative instruments recorded in current financial assets	-	27	-	27
Cash and cash equivalents	3,593	-	-	3,593
Consumer credit financing - Derivative instruments recorded in liabilities	-	(10)	-	(10)
Borrowings - Derivative instruments recorded in liabilities	-	(76)	(2)	(78)

14.2 Net debt

14.2.1 Net debt calculation

Net debt at December 31, 2018 amounted to 3,785 million euros, unchanged from December 31, 2017. The total breaks down as follows:

(in millions of euros)		**December 31, 2018**	**December 31, 2017**
Bonds and notes		7,545	6,596
Other borrowings		405	522
Finance lease liabilities		275	301
Total borrowings before derivative instruments recorded in liabilities		8,225	7,419
Derivative instruments recorded in liabilities		50	78
TOTAL BORROWINGS	[1]	**8,275**	**7,497**
of which Long-term borrowings		*6,936*	*6,428*
of which Short-term borrowings		*1,339*	*1,069*
Other current financial assets		190	161
Cash and cash equivalents		4,300	3,593
TOTAL CURRENT FINANCIAL ASSETS	[2]	**4,490**	**3,753**
NET DEBT	[1] - [2]	**3,785**	**3,743**

14.2.2 Bonds and notes

		Face value					Book value of the debt
(in millions of euros)	**Maturity**	**December 31, 2017**	**Issues**	**Repayments**	**Translation adjustments**	**December 31, 2018**	**December 31, 2018**
Public placements[1]		6,196	1,406	(279)	50	7,373	7,207
Euro Bond Fixed rate, EUR, 7 years, 5.25%	2018	279	-	(279)	-	-	-
EMTN, EUR, 6 years, 1.75%	2019	1,000	-	-	-	1,000	1,000
EMTN, EUR, 10 years, 4.00%	2020	1,000	-	-	-	1,000	999
EMTN, EUR, 11 years, 3.875%	2021	1,000	-	-	-	1,000	995
EMTN, EUR, 8 years, 1.75%	2022	1,000	-	-	-	1,000	957
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2023	417	-	-	20	437	396
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750	745
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750	746
Cash-settled convertible bonds, 6 years, 0%	2024	-	406	-	31	437	378
EMTN, EUR, 5 years, 0.88%	2023	-	500	-	-	500	496
EMTN, EUR, 7.5 years, 1.75%	2026	-	500	-	-	500	496
Placements[2]		504	351	(465)	(52)	338	338
Notas promissorias comerciais, BRL 500 million, 6 months, 102% CDI	2018	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 8 months, 102.25% CDI	2018	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 14 months, 102.3% CDI	2019	126	-	(117)	(9)	-	-
Notas promissorias comerciais, BRL 500 million, 19 months, 103.25% CDI	2019	126	-	(114)	(12)	-	-
Debentures, BRL 500 million, 5 years, 105.75% CDI	2023	-	117	-	(5)	113	113
Debentures, BRL 1,000 million, 3 years, 104.4% CDI	2021	-	234	-	(9)	225	225
TOTAL BONDS AND NOTES		6,700	1,758	(744)	(2)	7,711	7,545

(1) Issues carried out by Carrefour SA.
(2) Issues carried out by Atacadão SA.

On March 22, 2018, Carrefour issued 500 million US dollars' worth of six-year cash-settled convertible bonds. The bonds, which do not bear interest, may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.

In accordance with IFRS 9 – *Financial Instruments*, conversion options on the bonds qualify as embedded derivatives and are therefore accounted for separately from inception. Subsequent changes in the fair value of these options are recognised in income and set off against changes in the fair value of the call options purchased on Carrefour shares in parallel with the bond issue.

The bonds are recognised at amortised cost, excluding the conversion feature.

Two EUR/USD cross-currency swaps for 250 million US dollars were arranged at the inception of the transaction for the same maturity. The swaps have been accounted for as a cash flow hedge and had a positive fair value of 33 million euros at December 31, 2018.

The fair value in euros of the currency swap for 500 million US dollars set up in 2017 to hedge bonds redeemable in cash issued on June 7, 2017 (classified as a cash flow hedge for accounting purposes) was a negative 5 million euros at December 31, 2018.

14.2.3 Other borrowings

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Latin America borrowings	90	237
Other borrowings	165	145
Accrued interest[1]	92	92
Other financial liabilities	58	48
TOTAL OTHER BORROWINGS	**405**	**522**

(1) Accrued interest on total borrowings, including bonds and notes.

14.2.4 Cash and cash equivalents

Accounting principles

Cash includes cash on hand and demand deposits.

Cash equivalents are highly liquid investments with an original maturity of less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Cash	1,309	1,685
Cash equivalents	2,991	1,908
TOTAL CASH AND CASH EQUIVALENTS	**4,300**	**3,593**

There are no material restrictions on the Group's ability to recover or use the assets and settle the liabilities of foreign operations, except for those resulting from local regulations in its host countries. The local supervisory authorities may require banking subsidiaries to comply with certain capital, liquidity and other ratios and to limit their exposure to other Group parties.

14.2.5 Other current financial assets

(in millions of euros)	December 31, 2018	December 31, 2017[1]
Other current financial assets - FVOCI	67	70
Deposits with maturities of more than three months	26	53
Derivative instruments	86	27
Other	11	11
TOTAL OTHER CURRENT FINANCIAL ASSETS	**190**	**161**

(1) *The first-time application of IFRS 9 as from 2018 had the effect of reducing other current financial assets from 161 million euros as of December 31, 2017 to 159 million euros as of January 1, 2018.*

14.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

14.3.1 Analysis by interest rate

	December 31, 2018		December 31, 2017	
(in millions of euros)	Before hedging	After hedging	Before hedging	After hedging
Fixed rate borrowings	7,791	7,791	6,701	6,701
Variable rate borrowings	434	434	717	717
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**8,225**	**8,225**	**7,419**	**7,419**

14.3.2 Analysis by currency

(in millions of euros)	December 31, 2018	December 31, 2017
Euro	7,608	6,500
Brazilian real	432	623
Argentine peso	0	122
Taiwan dollar	62	66
Polish zloty	57	65
Chinese yuan	61	37
Romanian leu	4	5
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**8,225**	**7,419**

The above analysis by currency concerns borrowings including the impact of currency swaps.

Euro-denominated borrowings represented 92% of total borrowings (excluding derivative instruments recorded in liabilities) at December 31, 2018 (December 31, 2017: 88%).

14.3.3 Analysis by maturity

(in millions of euros)	December 31, 2018	December 31, 2017
Due within 1 year	1,289	991
Due in 1 to 2 years	1,129	1,333
Due in 2 to 5 years	3,298	3,056
Due beyond 5 years	2,510	2,039
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**8,225**	**7,419**

14.4 Changes in liabilities arising from financing activities

(in millions of euros)	**Other current financial assets**	**Borrowings**	**Total Liabilities arising from financing activities**
At December 31, 2017	(161)	7,497	7,336
IFRS 9 first application adjustments	2	(17)	(16)
At January 1, 2018	(159)	7,479	7,320
Changes from financing cash flows	**(11)**	**899**	**888**
Change in current financial assets	(11)	-	(11)
Issuance of bonds	-	1,758	1,758
Repayments of bonds	-	(744)	(744)
Net financial interest paid	-	(245)	(245)
Other changes in borrowings	-	130	130
Non-cash changes	**(19)**	**(104)**	**(123)**
Effect of changes in foreign exchange rates	8	(122)	(114)
Effect of changes in scope of consolidation	0	6	6
Changes in fair values	(11)	(5)	(16)
Finance costs, net	-	233	233
Other changes	(16)	(215)	(232)
At December 31, 2018	(190)	8,275	8,085

14.5 Other non-current financial assets

(in millions of euros)	**December 31, 2018**	**December 31, 2017**(2)
Deposits(1)	701	741
Financial services companies' portfolio of assets	405	426
Investments in non-consolidated companies	92	101
Long-term loans	10	9
Other	68	90
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	1,275	1,367

(1) Deposits and guarantees include legal deposits paid in Brazil in connection with the disputes discussed in Notes 11.2 and 11.3 (disputes relating mainly to tax reassessments challenged by the Group) pending final court rulings, as well as security deposits paid to lessors under property leases.

(2) The first-time application of IFRS 9 as from 2018 had the effect of reducing other non-current financial assets from 1,367 million euros as of December 31, 2017 to 1,353 million euros as of January 1, 2018.

14.6 Finance costs and other financial income and expenses

Accounting principles

This item corresponds mainly to finance costs. Other financial income and expenses consist for the most part of discounting adjustments and late interest payable on certain liabilities.

This item breaks down as follows:

(in millions of euros)	**2018**	**2017**
Interest income from loans and cash equivalents	**13**	**25**
Interest income from bank deposits	13	24
Interest income from loans	(0)	0
Finance costs	**(245)**	**(342)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(200)	(319)
Cost of receivables discounting in Brazil	(25)	-
Interest expense on finance lease liabilities	(21)	(23)
Ineffective portion of fair value hedges of borrowings	-	1
Finance costs, net	(233)	(317)
Other financial income and expenses, net	**(29)**	**(128)**
Actualisation cost on defined employee benefit debt	(22)	(18)
Interest income on pension plan assets	3	3
Financial transaction tax	(22)	(38)
Late interest due in connection with tax reassessments and employee-related litigation	(28)	(37)
Dividends received on available-for-sale financial assets	3	3
Proceeds from the sale of available-for-sale financial assets	22	9
Cost of sold available-for-sale financial assets	(16)	(2)
Exchange gains and losses	(0)	(4)
Cost of bond buybacks	(9)	(7)
Changes in the fair value of interest rate derivatives	(1)	(9)
Impact of hyperinflation in Argentina - application of IAS 29	53	-
Other	(12)	(28)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(262)**	**(445)**
Financial expenses	*(356)*	*(485)*
Financial income	*94*	*41*

14.7 Risk management

The main risks associated with the financial instruments used by the Group are liquidity, interest rate, currency, credit and equity risks. The Group's policy for managing these risks is described below.

Due to the differing natures of the various businesses, financial risks arising from the banking and insurance business (including Carrefour Banque in particular) are managed separately from those related to the retail business.

An organisation has been set up to track financial risks based on a cash-pooling system managed by the Corporate Treasury and Financing department. A reporting system ensures that Group Executive Management can oversee the department's implementation of the approved management strategies.

The risks associated with the consumer credit business are managed and tracked directly by the entities concerned. Corporate Treasury and Financing oversees the proper implementation of the rules governing the consumer credit business, jointly with the other investors in the business where applicable. A reporting system exists between local teams and Corporate Treasury and Financing.

14.7.1 Liquidity risk

14.7.1.1 Retail business

Liquidity risk is the risk that Carrefour will be unable to settle its financial liabilities when they fall due.

The Group manages its liquidity risk by ensuring, to the extent possible, that it has sufficient liquid assets at all times to settle its liabilities when they fall due, whatever the conditions in the market.

A Liquidity Committee meets at monthly intervals to check that the Group's financing needs are covered by its available resources.

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting conservative financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium-Term Notes (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the Banque de France;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At December 31, 2018, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. In April 2018, the Group extended the maturity of its 1.4 billion-euro syndicated credit line by one year to May 2023. Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

In Brazil, two debenture issues were carried out by Atacadão SA in 2018, with maturities of three and five years respectively, for a total of 1.5 billion reals (see Note 14.2.2). The commercial promissory notes (*notas promissórias*) issued by Atacadão SA in 2017 for a total of 2 billion reals were repaid in 2018.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.6 years.

14.7.1.2 Banking and insurance business

Carrefour Banque's liquidity risk is monitored within the framework of an Executive Management-approved liquidity strategy that is part of the Group's overall strategy. Carrefour Banque's refinancing situation is assessed based on internal standards, early warning indicators and regulatory ratios.

Liquidity risk management objectives are to:

- ensure that refinancing needs are met, based on monthly assessments of projected cash surpluses or shortfalls over a three-year period performed by comparing static forecasts of committed financing facilities with dynamic lending forecasts;
- achieve compliance with the new Basel III liquidity coverage ratios, through a process that is designed to deliver a sustainable improvement in asset quality by investing in a dedicated fund eligible for inclusion in the ratio calculation and extending the maturity of liabilities in order to improve the net stable funding ratio;
- diversify refinancing sources to include bank lines of credit, bond issues, securitisation programmes, money market issues and customer deposits. In March 2018, Carrefour Banque redeemed the 500 million euros' worth of bonds issued in 2014. In June 2018, Carrefour Banque carried out a 400 million-euro bond issue to support the financing and development of its businesses (see Note 7.5.2). The master trust structure allows it to dynamically manage asset-backed securities series issued by the securitisation fund.

  In November 2014, Carrefour Banque secured its refinancing sources by rolling over its 750 million-euro five-year syndicated line of credit and negotiating two one-year extension options. The second of these was exercised in 2016, extending the facility's maturity to November 2021.

The following tables analyse the cash flows generated by the Group's financial and other liabilities by period.

December 31, 2018 *(in millions of euros)*	**Carrying amount**	**Contractual cash flows**	**Within 1 year**	**In 1 to 5 years**	**Beyond 5 years**
Fixed rate borrowings	7,612	8,333	1,584	4,277	2,472
Unhedged borrowings	338	338	-	338	-
Finance lease liabilities	275	486	42	158	285
Derivative instruments	50	43	3	13	27
Total Borrowings	8,275	9,199	1,629	4,786	2,785
Suppliers and other creditors	14,161	14,161	14,161	-	-
Consumer credit financing	5,514	5,514	3,582	1,932	-
Other payables[(1)]	2,818	2,818	2,818	-	-
TOTAL FINANCIAL LIABILITIES	**30,768**	**31,693**	**22,190**	**6,718**	**2,785**

December 31, 2017 *(in millions of euros)*	**Carrying amount**	**Contractual cash flows**	**Within 1 year**	**In 1 to 5 years**	**Beyond 5 years**
Fixed rate borrowings	7,117	7,557	1,285	4,325	1,947
Finance lease liabilities	301	546	47	165	333
Derivative instruments	78	64	25	0	39
Total Borrowings	7,497	8,167	1,358	4,490	2,319
Suppliers and other creditors	15,082	15,082	15,082	-	-
Consumer credit financing	5,478	5,478	2,817	2,661	-
Other payables[(1)]	2,695	2,695	2,695	-	-
TOTAL FINANCIAL LIABILITIES	**30,751**	**31,422**	**21,952**	**7,151**	**2,319**

(1) Excluding deferred revenue.

14.7.2 Interest rate risk

Interest rate risk is the risk of a change in interest rates leading to an increase in the Group's net borrowing costs.

It is managed at headquarters level by Corporate Treasury and Financing, which reports monthly to an Interest Rate Risk Committee responsible for recommending hedging strategies and methods to be used to limit interest rate exposures and optimise borrowing costs.

Long-term borrowings are generally at fixed rates of interest and do not therefore give rise to any exposure to rising interest rates. Various financial instruments are nonetheless used to hedge borrowings against the risk of changes in interest rates. These are mainly basic swaps and options. Hedge accounting is applied in all cases where the required criteria are met.

Variable rate long-term borrowings are hedged using financial instruments that cap rises in interest rates over all or part of the life of the debt.

The following table shows the sensitivity of total borrowings to changes in interest rates over one year:

	50-bps decline		**50-bps increase**	
(in millions of euros) (- = loss; + = gain)	**Impact on shareholders' equity (OCI)**	**Impact on income statement**	**Impact on shareholders' equity (OCI)**	**Impact on income statement**
Investments	-	(10.0)	-	10.0
Swaps qualified as cash flow hedges	(2.7)	-	2.5	-
Options qualified as cash flow hedges	(7.3)	-	12.5	-
Instruments classified as held for trading	-	(0.1)	-	0.5
TOTAL EFFECT	**(10.0)**	**(10.1)**	**15.0**	**10.5**

14.7.3 Currency risk

Currency transaction risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from commercial transactions denominated in foreign currency.

The Group conducts its international operations through subsidiaries that operate almost exclusively in their home country, such that purchases and sales are denominated in local currency. As a result, the Group's exposure to currency risk on commercial transactions is naturally limited and mainly concerns imported products. Currency risks on import transactions (*i.e.*, goods purchases billed in foreign currencies) covered by firm commitments are hedged by forward purchases of the payment currency. Currency hedges are generally for periods of less than 12 months.

The following table shows the effect of an increase/decrease in exchange rates on currency instruments:

	10% decline		10% increase	
(in millions of euros) *(- = loss; + = gain)*	**Impact on shareholders' equity (OCI)**	**Impact on income statement**	**Impact on shareholders' equity (OCI)**	**Impact on income statement**
Position EUR/USD	-	(137.3)	-	137.3
Position EUR/RON	-	2.8	-	(2.8)
Position EUR/PLN	-	(10.4)	-	10.4
Position EUR/HKD	-	5.2	-	(5.2)
Position EUR/CNY	-	-	-	-
Position USD/RON	-	1.5	-	(1.5)

Currency translation risk is the risk of an unfavourable change in exchange rates reducing the value of the net assets of a subsidiary whose functional currency is not the euro, after conversion into euros for inclusion in the Group's consolidated statement of financial position.

The consolidated statement of financial position and income statement are exposed to a currency translation risk: consolidated financial ratios are affected by changes in exchange rates used to translate the income and net assets of foreign subsidiaries operating outside the eurozone.

The translation risk on foreign operations outside the eurozone mainly concerns the Brazilian real, Argentine peso and Chinese renminbi. For example, changes in the average exchange rates used in 2018 compared with those for 2017 decreased consolidated net sales by 4,960 million euros, or -6.5%, and recurring operating income by 121 million euros, or -6.4%.

Lastly, when financing is arranged locally, it is generally denominated in local currency.

14.7.4 Credit risk

The Group's estimated exposure to credit risk is presented below:

(in millions of euros)	**December 31, 2018**	**December 31, 2017**
Investments in non-consolidated companies	92	101
Other long-term investments	1,183	1,266
Total Other non-current financial assets	1,275	1,367
Consumer credit granted by the financial services companies	6,208	6,321
Trade receivables	2,537	2,750
Other current financial assets	190	161
Other assets(1)	558	506
Cash and cash equivalents	4,300	3,593
MAXIMUM EXPOSURE TO CREDIT RISK	**15,069**	**14,698**

(1) Excluding prepaid expenses.

14.7.4.1 Retail business

1) Trade receivables

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates and commercial income) and tenants of shopping mall units (rent). Impairment losses are recognised where necessary, based on an estimate of the debtor's ability to pay the amount due and the age of the receivable.

At December 31, 2018, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,424 million euros (see Note 7.4.3). At that date, past due receivables amounted to a net 188 million euros, of which 51 million euros were over 90 days past due (3.6% of total trade receivables net of impairment excluding receivables from suppliers). No impairment has been recognised for these receivables as the Group considers that the risk of non-recovery is very limited.

2) Investments (cash equivalents and other current financial assets)

The Group's short-term cash management strategy focuses on acquiring liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

Investments are made for the most part by Corporate Treasury and Financing, in diversified instruments such as term deposits with leading banks and mutual funds classified by the AMF as "money market" and "short-term money market" funds without any withdrawal restrictions. Investments made at the country level are approved by Corporate Treasury and Financing.

Counterparty risk monitoring procedures are implemented to track counterparties' direct investment strategies and the underlying assets held by mutual funds in which the Group invests. The Group's objective is to never hold more than 5% of a fund's units and to never invest more than 250 million euros in any single fund.

14.7.4.2 Banking and insurance businesses

A description of credit risk management processes and the method used to determine and record impairment losses in the banking and insurance businesses is provided in Note 7.5.1.

Analysis of due and past due consumer loans

			Amounts due and past due at the period-end			
(in millions of euros)	**December 31, 2018**	**Amounts not yet due at the period-end**	**0 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**More than one year**
Consumer credit granted by the financial services companies	6,208	4,852	1,084	73	87	112

			Amounts due and past due at the period-end			
(in millions of euros)	**December 31, 2017**	**Amounts not yet due at the period-end**	**0 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**More than one year**
Consumer credit granted by the financial services companies	6,321	6,063	46	47	57	108

Analysis of consumer loans by maturity

(in millions of euros)	December 31, 2018	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	2,128	920	1,153	55
Belgium	158	6	144	9
Spain	2,173	1,222	402	549
Italy	177	74	103	-
Argentina	99	99	-	-
Brazil	1,472	1,401	71	0
TOTAL	**6,208**	**3,722**	**1,874**	**613**

(in millions of euros)	December 31, 2017	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	2,383	1,018	1,300	64
Belgium	162	8	143	11
Spain	2,057	1,293	293	471
Italy	205	92	92	22
Argentina	141	139	2	-
Brazil	1,374	1,316	58	-
TOTAL	**6,321**	**3,866**	**1,887**	**568**

14.7.5 Equity risk

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

Marketable securities portfolios and other financial investments held by the Group consist for the most part of money market instruments that do not expose the Group to any material equity risk.

From time to time, the Group buys back its shares on the market or purchases call options on its shares.

These shares are mainly used to cover stock option and performance share plans. At December 31, 2018, shares held by the Group covered its total commitments under past and existing plans.

The equity risk associated with the conversion options embedded in the bonds issued by the Group in June 2017 and March 2018 is fully hedged by symmetrical options contracted with banks. The derivatives are recognised as assets and liabilities in the statement of financial position in a total amount of 31.4 million euros.

Note 15 Off-balance sheet commitments

Accounting principles

Commitments given and received by the Group that are not recognised in the statement of financial position correspond to contractual obligations whose performance depends on the occurrence of conditions or transactions after the period-end. There are three types of off-balance sheet commitments, related to (i) cash transactions, (ii) retailing operations and (iii) acquisitions of securities. The Group is also party to leases that give rise to future commitments such as for the payment of rent on retail units leased by the Group from owners (commitments given), and the payment of rent on retail units in shopping malls owned by the Group and leased to other parties (commitments received).

		By maturity			
Commitments given *(in millions of euros)*	**December 31, 2018**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**December 31, 2017**
Related to cash management transactions	11,381	10,452	851	78	11,606
Financial services companies	*11,171*	*10,353*	*817*	*1*	*11,403*
Other companies	*210*	*99*	*34*	*77*	*203*
Related to operations/real estate/expansion	2,671	1,534	1,055	82	2,672
Related to purchases and sales of securities	130	49	16	65	159
Related to leases	3,569	1,100	1,618	851	3,712
TOTAL	17,750	13,134	3,541	1,076	18,149

		By maturity			
Commitments received *(in millions of euros)*	**December 31, 2018**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**December 31, 2017**
Related to cash management transactions	6,383	822	4,688	873	6,351
Financial services companies	*1,848*	*252*	*725*	*871*	*1,799*
Other companies	*4,535*	*570*	*3,963*	*2*	*4,552*
Related to operations/real estate/expansion	1,204	311	739	154	1,321
Related to purchases and sales of securities	330	240	54	36	323
Related to leases	627	272	289	66	671
TOTAL	8,544	1,646	5,769	1,129	8,666

Off-balance sheet commitments related to cash transactions include:

- credit commitments given to customers by the financial services companies in the course of their operating activities, and credit commitments received from banks;
- mortgages and other guarantees given or received, mainly in connection with the Group's real estate activities;
- committed lines of credit available to the Group but not drawn down at the period-end.

Off-balance sheet commitments related to operations mainly include:

- commitments to purchase land given in connection with the Group's expansion programmes;
- miscellaneous commitments arising from commercial contracts;
- performance bonds issued in connection with the Group's expansion programmes;
- rent guarantees and guarantees from shopping mall operators;
- guarantees for the payment of receivables.

Off-balance sheet commitments related to securities consist of commitments to purchase and sell securities received from or given to third parties:

- for the most part in France, in connection with the Group's franchising activities;
- including immediately exercisable put and call options and sellers' warranties given to third parties. No value is attributed to sellers' warranties received by the Group.

Off-balance sheet commitments related to leases correspond to minimum operating lease payments to be made over the non-cancellable lease term.

At December 31, 2018, 591 hypermarket properties and 447 supermarket properties were owned outright out of a total integrated store base of 1,086 hypermarkets and 1,399 supermarkets.

Rent on store properties not owned by the Group totalled 1,045 million euros in 2018 (see Note 7.2.2).

Of total future minimum rentals due under operating and finance leases, 28% are due within one year, 45% in one to five years and 27% beyond five years.

Future rentals under operating leases – determined based on the Group's minimum commitment in terms of both duration and amount for each of the property leases in progress at the period-end – amounted to 3,569 million euros at December 31, 2018, or 2,872 million euros after discounting (see Note 8.5).

The Group also owns various shopping malls built mainly on the same sites as its hypermarkets and supermarkets and leased to third parties, as well as a number of store premises leased to franchisees. Rental revenues from these retail units in 2018 amounted to 218 million euros. Future rentals receivable from these retail units – determined based on the tenants' commitment in terms of both duration and amount for each of the leases in progress at the period-end – amounted to 627 million euros at December 31, 2018, or 527 million euros after discounting.

Note 16 Subsequent events

On January 7, 2019, Atacadão SA issued debentures in Brazil for a total amount of 900 million reals (around 200 million euros) in two tranches with respective maturities of two months (for 200 million reals) and 12 months (for 700 million reals).

On January 31, 2019, Carrefour France presented to trade unions its hypermarket business transformation plan combining the integration of technology and the elimination of certain activities and job positions. The planned measures include installing self-checkout and scanner equipment for customers and transitioning to a low-cost self-service model in some stores, and shifting to all-automatic mode in some service stations.

On February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2020 to the trade unions. The plan sets out several operational measures, such as opening several hundreds of stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model to comprise three clusters and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures that will reduce the number of employees by a maximum of 590 people.

Note 17 Fees paid to the Auditors

	Fees 2018								
(in thousands of euros)	**Deloitte & Associés[1]**	**Network**	**Total Deloitte**	**KPMG SA[1]**	**Network**	**Total KPMG**	**MAZARS[1]**	**Network**	**Total MAZARS**
Financial statements certification services	1,789	588	2,377	3,210	5,249	8,459	1,309	748	2,057
Carrefour SA - Issuer	*314*	*-*	*314*	*474*	*-*	*474*	*328*	*-*	*328*
Subsidiaries (controlled entities)	*1,475*	*588*	*2,063*	*2,736*	*5,249*	*7,985*	*981*	*748*	*1,729*
Other services[2]	24	510	534	226	580	806	51	250	301
Carrefour SA - Issuer	*20*	*-*	*20*	*29*	*-*	*29*	*48*	*84*	*132*
Subsidiaries (controlled entities)	*4*	*510*	*514*	*197*	*580*	*777*	*3*	*166*	*169*
TOTAL	1,813	1,098	2,911	3,436	5,829	9,265	1,360	998	2,358

(1) Carrefour SA (holding company) Statutory Auditors (excluding services provided by their network).
(2) Including services that are by law to be provided by Statutory Auditors.

Other services provided by Carrefour SA's auditors include mainly services in relation to the issuance of certificates and agreed-upon procedures on financial information and internal control.

Note 18 List of consolidated companies

18.1 Fully consolidated companies at December 31, 2018

France	Percent interest used in consolidation
ALSATOP	100
AMIDIS ET CIE	100
ANTIDIS	100
AVENUE	52
BELLEVUE DISTRIBUTION	100
BERESA	100
BLO DISTRIBUTION	100
BRUVALDIS	100
CSD	74
CSF	100
CADS	100
CALLOUETS	51
CARAUTOROUTES	100
CARDADEL	100
CARFUEL	100
CARGO PROPERTY ALLONNES	32
CARGO PROPERTY BAGÉ LA VILLE	32
CARGO PROPERTY BAIN DE BRETAGNE	32
CARGO PROPERTY BRIE COMTE ROBERT	32
CARGO PROPERTY CHOLET	32
CARGO PROPERTY COMBS LA VILLE	32
CARGO PROPERTY CREPY	32
CARGO PROPERTY EPAUX BEZU	32
CARGO PROPERTY GERANT	100
CARGO PROPERTY ASSETS	32
CARGO PROPERTY LA COURNEUVE	32
CARGO PROPERTY LABENNE	32
CARGO PROPERTY LAUDUN	32
CARGO PROPERTY LUNEVILLE	32
CARGO PROPERTY PLAISANCE DU TOUCH	32
CARGO PROPERTY POUPRY ARTENAY	32
CARGO PROPERTY SAVIGNY SUR CLAIRIS	32
CARGO PROPERTY ST QUENTIN FALLAVIER	32
CARGO PROPERTY VENDIN	32
CARIMA	100
CARMA	50
CARMA VIE	50
CARREFOUR ADMINISTRATIF FRANCE	100
CARREFOUR BANQUE	60

France	Percent interest used in consolidation
CARREFOUR DRIVE	100
CARREFOUR FRANCE	100
CARREFOUR France PARTICIPATION	100
CARREFOUR HYPERMARCHES	100
CARREFOUR IMPORT	100
CARREFOUR LIBERTY	100
CARREFOUR MANAGEMENT	100
CARREFOUR MARCHANDISES INTERNATIONALES	100
CARREFOUR MONACO	100
CARREFOUR NOLIM	100
CARREFOUR OMNICANAL	100
CARREFOUR PARTENARIAT INTERNATIONAL	100
CARREFOUR PROPERTY France	100
CARREFOUR PROPERTY GESTION	100
CARREFOUR PROPERTY INTERNATIONAL	100
CARREFOUR PROXIMITE France	100
CARREFOUR SA	100
CARREFOUR SERVICES CLIENTS	100
CARREFOUR STATION SERVICE	100
CARREFOUR SUPPLY CHAIN	100
CARREFOUR VOYAGES	100
CENTRE DE FORMATION ET COMPETENCES	100
CHALLENGER	100
CIGOTOP	100
CLAIREFONTAINE	100
CLP	100
CMCB DISTRIBUTION	100
COMPAGNIE D'ACTIVITE ET DE COMMERCE INTERNATIONAL -CACI-	100
CORSAIRE	50
COVIAM 21	100
COVIAM 8	100
COVIAM 9	100
COVICAR 2	100
COVICAR 40	100
COVICAR 46	100
COVICAR 47	100
COVICAR IC 6	32
COVICAR IC 8	32
CPD BILLY	100
CPF ASSET MANAGEMENT	100
CPF PROJECT	100

France	Percent interest used in consolidation
CRF REGIE PUBLICITAIRE	100
CRFP13	100
CRFP20	100
CRFP21	100
CRFP22	100
CRFP23	100
CRFP8	100
CROQUETTELAND	70
CSD TRANSPORTS	74
CSI	100
DAUPHINOISE DE PARTICIPATIONS	100
DE LA FONTAINE	51
DE SIAM	51
DIGITAL MEDIA SHOPPER	100
DISEVAL	100
DISTRIVAL	100
DOREL	100
EPG	66
FALDIS	100
FCT MASTER CREDIT CARD 2013	60
FINANCIERE RSV	100
FINIFAC	100
FONCIERE LES 4 ROUTES	100
FORUM DEVELOPPEMENT	100
FRAMIDIS	100
FRANCE SFA	100
FRED 8	100
GAMACASH	100
GANDIS	100
GEILEROP	100
GENEDIS	100
GERNIMES	100
GIE BREST BELLEVUE	80
GRANDVINS-PRIVÉS.COM	100
GREENWEEZ	98
GUILVIDIS	100
GUYENNE & GASCOGNE	100
GVTIMM	51
HAUTS DE ROYA	100
HYPARLO	100
HYPERADOUR	100
HYPERMARCHES DE LA VEZERE	50
IMMAUFFAY	100
IMMO ARTEMARE	51
IMMO BACQUEVILLE	51
IMMOBILIERE CARREFOUR	100
IMMOBILIERE ERTECO	100
IMMOCYPRIEN	51
IMMODIS	100
IMMOLOUBES	51

France	Percent interest used in consolidation
IMMOTOURNAY	51
INTERDIS	100
LA CROIX VIGNON	51
LALAUDIS	99
LANN KERGUEN	51
LAPALUS	100
LE COURTEMBLET	100
LEATILD	100
LES TASSEAUX	51
LES VALLEES	51
LESCHENES	100
LOGIDIS	100
LUDIS	100
LVDIS	100
LYBERNET (EX CARMA COURTAGE)	50
MAISON JOHANES BOUBEE	100
MAJOR	100
MARKET PAY	100
MARKET PAY TECH	100
MATOLIDIS	100
MAXIMOISE DE CREATION	51
MENUDIS	100
MICHEL HOCHARD	100
MONTEL DISTRIBUTION	100
MY DESIGN	100
NOOPART	100
NOSAEL	51
OOSHOP	100
PASDEL	100
PHIVETOL	100
PLANETA HUERTO	98
PROFIDIS	100
PROPHI	100
PUECH ECO	100
QUITOQUE	79
RESSONS	51
RUE DU COMMERCE	100
SAFETY	100
SAINT HERMENTAIRE	100
SALUDIS	100
SAMAD	100
SCI COVICAR IC 7	32
SCI IC AULNAY	100
SCI PROXALBY	74
SDR	100
SELIMA	100
SIGOULIM	51
SOCIETE COMMERCIALE BIOUX	100
SOCIETE DES NOUVEAUX HYPERMARCHES	100

France	Percent interest used in consolidation
SODIMODIS	100
SODISAL	100
SODITA	100
SODITRIVE	100
SOFALINE	100
SOFIDIM	99
SOVAL	100
STELAUR	100
STENN	100
SUPER AZUR	100
SUPERADOUR	100
SUPERDIS	97
TROTTEL	50
UNIVU	100
VAN K	100
VEZERE DISTRIBUTION	50
VICIENSE	100
VIZEGU	90
ZORMAT	100

Germany	Percent interest used in consolidation
CARREFOUR PROCUREMENT INTERNATIONAL AG & CO. KG	100

Argentina	Percent interest used in consolidation
BANCO DE SERVICIOS FINANCIEROS SA	60
INC SA	100

Belgium	Percent interest used in consolidation
BRUGGE RETAIL ASSOCIATE	100
CARREFOUR BELGIUM	100
CARUM	100
DRIVE 1	100
DRIVE 2	100
ECLAIR	100
FILUNIC	100
FIRST IN FRESH	100
GROSFRUIT	100
HALLE RETAIL ASSOCIATE	100
HEPPEN RETAIL ASSOCIATE	100
MARKET A1 CBRA	100
MARKET B2 CBRA	100
MARKET C3 CBRA	100
MARKET D4 CBRA	100
MARKET E5 CBRA	100
MARKET F6 CBRA	100
ORTHROS	100
ROB	100
SCHILCO	100
SHIP TO	100
STIGAM	100
VANDEN MEERSSCHE NV	100
SOUTH MED INVESTMENTS	100
CAPARBEL	100
CARREFOUR Finance	100
FIMASER	60

Brazil	Percent interest used in consolidation
ATACADAO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA - Bank	37
ATACADAO DISTRIBUICAO COMERCIO E INDUSTRIA SA	72
BANCO CSF SA	37
BSF HOLDING SA	37
CARREFOUR COMMERCIO E INDUSTRIA LTDA	72
CMBCI INVESTIMENTOS E PARTICIPAÇÕES LTDA	72
COMERCIAL DE ALIMENTOS CARREFOUR SA	72
E MIDIA INFORMACOES LTDA	72
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	72
PANDORA PARTICIPACOES LTDA	72
RIOBONITO ASSESSORIA DE NEGOCIOS LTDA	72
TROPICARGAS TRANSPORTES LTDA	72
VERPARINVEST SA	72

China	Percent interest used in consolidation
BEIJING CARREFOUR COMMERCIAL CO., LTD.	55
BEIJING CHAMPION SHOULIAN COMMUNITY CHAIN STORES CO LTD	100
BEIJING CHUANGYIJIA CARREFOUR COMMERCIAL	100
BEIJING REPRESENTATIVE OFFICE OF CARREFOUR SA	100
CARREFOUR (CHINA) CONVENIENCE STORE INVESTMENT CO.,LTD.	100
CARREFOUR (CHINA) MANAGEMENT & CONSULTING SERVICES CO.	100
CARREFOUR (SH) E-COMMERCE CO.,LTD	100
CARREFOUR (SHANGHAI) INVESTMENT MANAGEMENT AND CONSULTING SERVICES CO.,LTD.	100
CARREFOUR(SH) SUPPLY CHAIN CO.	100
CHANGCHUN CARREFOUR COMMERCIAL CO., LTD.	100
CHANGSHA CARREFOUR HYPERMARKET	100
CHANGZHOU YUEDA CARREFOUR COMMERCIAL CO., LTD.	60
CHENGDU CARREFOUR HYPERMARKET CO LTD	100
CHONGQING CARREFOUR COMMERCIAL CO LTD	65
DALIAN CARREFOUR COMMERCIAL CO., LTD.	100
DONGGUAN CARREFOUR COMMERCIAL CO., LTD	100
FOSHAN CARREFOUR COMMERCIAL CO.,LTD	100
FUZHOU CARREFOUR COMMERCIAL CO LTD	100
GUANGZHOU JIAGUANG SUPERMARKET CO	100
GUIZHOU CARREFOUR COMMERCIAL CO.,LTD	100
HAIKOU CARREFOUR COMMERCIAL	100
HANGZHOU CARREFOUR HYPERMARKET CO., LTD	100
HARBIN CARREFOUR HYPERMARKET CO., LTD	100
HEBEI BAOLONGCANG CARREFOUR COMMERCIAL CO., LTD.	100
HEFEI YUEJIA COMMERCIAL CO., LTD.	60
HUHHOT CARREFOUR COMMERCIAL COMPANY CO.,LTD.	100
JINAN CARREFOUR COMMERCIAL CO., LTD	100
KUNMING CARREFOUR HYPERMARKET CO., LTD	100
NANCHANG YUEJIA COMMERCIAL CO.,LTD	60

China	Percent interest used in consolidation
NANJING YUEJIA SUPERMARKET CO LTD	65
NINGBO CARREFOUR COMMERCIAL	100
QINGDAO CARREFOUR COMMERCIAL	95
QUJING CARREFOUR HYPERMARKET CO.,LTD.	100
SHANDONG CARREFOUR COMMERCIAL CO., LTD.	100
SHANGAI CARHUA SUPERMARKET LTD	55
SHANGHAI GLOBAL SOURCING CONSULTING CO LTD	100
SHANGHAI JIAYUAN COMMERCIAL CO.LTD.	100
SHANGHAI PROXIMITY SUPERMARKET	100
SHANXI YUEJIA COMMERCIAL CO.,LTD	55
SHENYANG CARREFOUR COMMERCIAL CO LTD	100
SHENZHEN CARREFOUR COMMERCIAL	100
SHENZHEN LERONG SUPERMARKET CO LTD	100
SHIJIAZHUANG CARREFOUR COMMERCIAL CO., LTD.	100
SICHUAN CARREFOUR COMMERCIAL CO., LTD.	100
SOCIEDAD DE COMPRAS MODERNAS, SA SHANGHAI REPRESENTATIVE OFFICE	100
SUZHOU YUEJIA SUPERMARKET CO., LTD	55
THE CARREFOUR(CHINA) FOUNDATION FOR FOOD SAFETY LTD.	100
TIANJIN JIAFU COMMERCIAL CO., LTD.	100
TIANJIN QUANYE CARREFOUR HYPERMARKET CO., LTD	100
WUHAN HANFU SUPERMARKET CO., LTD.	100
WUXI YUEJIA COMMERCIAL CO., LTD.	55
XIAMEN CARREFOUR COMMERCIAL CO LTD	100
XIAN CARREFOUR HYPERMARKET CO LTD	100
XINJIANG CARREFOUR HYPERMARKET	100
XUZHOU YUEJIA COMMERCIAL CO LTD	60
ZHENGZHOU YUEJIA COMMERCIAL CO., LTD.	60
ZHUHAI CARREFOUR COMMERCIAL CO.,LTD.	100
ZHUHAI LETIN SUPERMARKET CO., LTD.	100
ZHUZHOU CARREFOUR COMMERCIAL CO., LTD.	100

Spain	Percent interest used in consolidation
CARREFOUR NAVARRA, SL	100
CARREFOUR NORTE, SL	100
CARREFOUR PROPERTY ESPANA, SLU	100
CARREFOURONLINE, SLU	100
CENTROS COMERCIALES CARREFOUR, SA	100
CORREDURIA DE SEGUROS CARREFOUR, SAU	100
FINANZAS Y SEGUROS	100
GROUP SUPECO MAXOR, SLU	100
INVERSIONES PRYCA, SAU	100
NORFIN HOLDER, SL	100
SERVICIOS FINANCIEROS CARREFOUR, EFC, SA	60
SIDAMSA CONTINENTE HIPERMERCADOS, SA	100
SOCIEDAD DE COMPRAS MODERNAS, SAU	100
SUPERMERCADOS CHAMPION, SAU	100
VIAJES CARREFOUR, SLU	100

Italy	Percent interest used in consolidation
CARREFOUR BANCA	60
CARREFOUR ITALIA FINANCE SRL	100
CARREFOUR ITALIA SPA	100
CARREFOUR PROPERTY ITALIA SRL	100
CONSORZIO NICHELINO	64
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BRIANZA	53
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BUROLO	89
CONSORZIO PROPRIETARI CENTRO COMMERCIALE GIUSSANO	77
CONSORZIO PROPRIETARI CENTRO COMMERCIALE MASSA	54
CONSORZIO PROPRIETARI CENTRO COMMERCIALE THIENE	58
CONSORZIO PROPRIETARI CENTRO COMMERCIALE TORINO MONTECUCCO	87
CONSORZIO PROPRIETARI CENTRO COMMERCIALE VERCELLI	84
DIPERDI SRL	100
GALLERIA COMMERCIALE PADERNO SRL	100
GALLERIA COMMERCIALE PROPERTY FUTURA SRL	100
GS SPA	100
SCARL SHOPVILLE GRAN RENO	58
SOCIETA SVILUPPO COMMERCIALE SRL	100

Hong Kong	Percent interest used in consolidation
CARREFOUR ASIA LTD	100
CARREFOUR GLOBAL SOURCING ASIA	100
CARREFOUR TRADING ASIA LTD (CTA)	100

Ireland	Percent interest used in consolidation
CARREFOUR INSURANCE LIMITED	100

Luxembourg	Percent interest used in consolidation
VELASQUEZ SA	100

Netherlands	Percent interest used in consolidation
CARREFOUR CHINA HOLDINGS BV	100
CARREFOUR NEDERLAND BV	100
CARREFOUR PROPERTY BV	100
FICADAM BV	100
HYPER GERMANY BV	100
INTERCROSSROADS BV	100
INTERNATIONAL MERCHANDISE TRADING BV	100
SOCA BV	100

Poland	Percent interest used in consolidation
CARREFOUR POLSKA	100
CPA WAW 1	100

Romania	Percent interest used in consolidation
ALLIB ROM SRL	100
ARTIMA SA	100
BRINGO MAGAZIN	70
CARREFOUR PRODUCTIE SI DISTRIBUTIE	100
CARREFOUR ROUMANIE	100
COLUMBUS ACTIVE SRL	100
COLUMBUS OPERATIONAL SRL	100
MILITARI GALERIE COMERCIALA	100
SUPECO INVESTMENT SRL	100

Switzerland	Percent interest used in consolidation
CARREFOUR WORLD TRADE	100
HYPERDEMA (PHS)	100

Taiwan	Percent interest used in consolidation
CARREFOUR INSURANCE BROKER CO	60
CARREFOUR TELECOMMUNICATION CO	60
CHARNG YANG DEVELOPMENT CO	30
PRESICARRE	60

18.2 Equity-accounted companies at December 31, 2018

France	Percent interest used in consolidation
ABREDIS	50
ADIALEA	45
ALEXANDRE	50
ANGIDIS	50
ANTONINE	50
ARLOM	50
AROBLIS	50
AUBINYC	50
AUDIST SAS	49
AZAYDIS	34
AZIMMO	34
BAMAZO	50
BELONDIS	50
BIADIS	34
BLS RETRAIL	50
BORDEROUGE	50
BOURG SERVICES DISTRIBUTION “BSD”	50
BPJ	26
BS DISTRIBUTION	50
CABDIS	50
CALODIAN DISTRIBUTION	50
CAMPI	50
CARDUTOT	26
CARGAN	50
CERBEL	50
CEVIDIS	50
CHAMNORD	56
CHERBOURG INVEST	48
CHRISTIA	50
CINQDIS 09	50
CJA DISTRIBUTION	50
CLOVIS	50
CLUNYDIS	50
CODINOG	50
COFLEDIS	50
COLODOR	50
COROU	50
CRISANE	50
DECODIS	26
DEPOT PETROLIER DE LYON	50
DEPOTS PETROLIERS COTIERS	24
DIRIC	50
DISTRI PALAVAS	50
DISTRIBOURG	50
DISTRICAB	50
DISTRIFLEURY	50
DOUDIS	50
DU MOULIN	49
EDENDIS	50
EN CONTACT	34
ENTREPOT PETROLIER DE VALENCIENNES	34
FABCORJO	50
FARO	50
FIVER	50
FONCIERE MARSEILLAN	50
FONCIERE PLANES	50
FONCIERE SOLANDIS	34
FRELUM	50
GALLDIS	50
GGP DISTRIBUTION	50
GPVM	30
GRANDI	50
GRDIS	50
GWENDA	50
HBLP	25
IDEC	50
IMMO ST PIERRE EGLISE	50
J2B	50
JEDEMA	50
JLEM	50
JMS74 DISTRIBUTION	50
JOSIM	34
JTDS MARKET	50
JUPILOU	50
LA CATALANE DE DISTRIBUTION	50
LA CRAUDIS	50
LAITA BELON DISTRIBUTION	50
LB LE PLAN	50
LE CLAUZELS	50
LE PETIT BAILLY	50

France	Percent interest used in consolidation
LES OLIVIERS	50
LEZIDIS	50
LSODIS	50
LUMIMMO	51
LYEMMADIS	50
MADIS	50
MAGODIS	50
MAISON VIZET FABRE	40
MALISSOL	50
MARIDYS	50
MASSEINE	50
MAUDIS	50
MBD	50
MIMALI	50
MORTEAU DISTRIBUTION	50
NASOCA	50
NC DISTRIBUTION	50
NCL	50
NEW CARMILA	35
NOUKAT	50
OLICOURS	50
OUISDIS	50
OULLIDIS	50
PAM	50
PHILODIS	50
PLAMIDIS	50
PLANE MARSEILLAN	50
PRIGONDIS	50
PRODIX	50
PROVENCIA SA	50
RD2M	50
REBAIS DISTRIBUTION	50
RIMADIS	50
ROND POINT	34
ROSE BERGER	26
SADEV	26
SAINT JUERY DISTRIBUTION	50
SALACA	50
SAM	50
SAS DISTRI GIGNAC	50
SASD	26
SCB	26
SCGR DISTRIBUTION	50
SCI 2C	50
SCI 2F	50
SCI FONCIERE DES ALBERES	50
SCI IMMODISC	50
SCI LA BEAUMETTE	49
SCI LA CLAIRETTE	50
SCI LATOUR	60

France	Percent interest used in consolidation
SCI PONT D’ALLIER	50
SCI SOVALAC	50
SCOMONDIS	50
SDAP	26
SEREDIS	26
SERPRO	50
SHOWROOMPRIVE	21
SIFO	50
SME	50
SOBRAMIC	50
SOCADIS	50
SOCADIS CAVALAIRE	50
SODIBOR	50
SODICAB	50
SODILIM	50
SODIMER	50
SODYEN	50
SOLANDIS	34
SOMADIS	50
SOQUIMDIS	50
SOVADIS	50
SOVALDIS	50
SPC DISTRI	50
ST BONNET DISCOUNT	50
ST PAUL DE DISTRIBUTION	50
STE DU DEPOT PÉTROLIER DE NANTERRE	20
TIADIS	50
TURENNE	50
VALCRIS DISTRIBUTION	50
VALMENDIS	50
VICUN	50

Belgium	Percent interest used in consolidation
MESTDAGH	25

Brazil	Percent interest used in consolidation
COSMOPOLITANO SHOPPING EMPREENDIMENTOS SA	36

Spain	Percent interest used in consolidation
2013 COUÑAGO NEVADO, SL	26
2013 CID OTERO, SL	26
2013 ALBADALEJO VALENCIA, SL	26
2013 MARTINEZ CARRION, SL	26
2013 GISBERT CATALA, SL	26
2013 SOBAS ROMERO, SL	26

Spain	Percent interest used in consolidation
2013 CORCOLES ARGANDOÑA, SL	26
2012 ALVARO EFREN JIMENEZ, SL	26
2012 CORDOBA RODRIGUEZ, SL	26
2012 ERIK DAVID, SL	26
2012 FLORES HERNANDEZ, SL	26
2012 LIZANDA TORTAJADA, SL	26
2012 NAYARA SAN MARTIN YANGÜELA, SL	26
ANTONIO PEREZ 2010, SL	26
COSTASOL DE HIPERMERCADOS, SL	34
D-PARKING, SCP	58
GLORIAS PARKING, SA	50
SUPERMERCATS HEGERVIC MATARO, SL	26
ILITURGITANA DE HIPERMERCADOS, SL	34
JM MARMOL SUPERMERCADOS, SL	26
LAREDO EXRPRESS J.CARLOS VAZQUEZ, SL	26
LUHERVASAN, SL	26
SUPERMERCATS SAGRADA FAMILIA, SL	26
SUPERMERCADO CENTENO, SL	26
VALATROZ, SL	26

Italy	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ASSAGO	50

Italy	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE SIRACUSA	33
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ROMANINA	46
CONSORZIO TRA I PROPRIETARI DEL PARCO COMMERCIALE DI NICHELINO	30

Netherlands	Percent interest used in consolidation
ARAVIS INVESTMENTS BV	50

Poland	Percent interest used in consolidation
C SERVICES	30

Romania	Percent interest used in consolidation
PLOIESTI SHOPPING CITY	50

Turkey	Percent interest used in consolidation
CARREFOUR SABANCI TICARET MERKEZI AS CARREFOURSA	46

Tunisia	Percent interest used in consolidation
ULYSSE	25

5.7 Statutory Auditors' Report On The Consolidated Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Carrefour Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Carrefour for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in Note 4 to the financial statements relating to the impact of the first-time adoption as of January 1, 2018 of the standards IFRS 9 « Financial instruments» and IFRS 15 « Revenue from Contracts with Customers ». Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Tax provisions of Brazilian subsidiaries: estimation of provisions and contingent liabilities (See notes 1.3, 11.1, 11.2.1 and 11.3 to the consolidated financial statements)	
In Brazil, the Group is involved in tax risks, in particular, on the tax on the distribution of goods and services (ICMS) and to the corresponding tax credits recorded, on the federal contributions related to the social integration programme and to the financing of the social security system (Pis-Cofins) and on the tax amortization of goodwill recognised in 2007 in the context of the acquisition of Atacadão. The assessment of the risk related to each tax litigation is regularly reviewed by the Group's tax department and the subsidiary's Management, with the support of its external counsels for the most significant tax litigations in order to determine the need of recording a provision or not, and in the case where a provision should be recorded, to estimate the amount of the provision. We considered the tax risk of the brazilian subsidiaries, for both the estimation of the provisions and the information disclosed in the financial statement as a key audit matter due to the amount and the number of tax risks, to the complexity of the tax legislation especially for retail companies in Brazil and the level of management judgment in the assessment of the outcome of the ongoing litigations and the amount of the provision to be booked.	We have obtained an understanding of the internal controls implemented by the Group to identify tax risks in the brazilian subsidiaries. In order to appreciate if the provisions for tax risks in for brazilian subsidiaries have been correctly estimated, we performed the following procedures, with the assistance of our tax experts: ● Conducted interviews with the tax department in order to assess the current state of the risks identified, the investigations and reassessments made by the tax authorities and monitor the development of ongoing tax disputes; ● Analysed the opinion of the external counsels of the entities of the Group on the ongoing tax disputes and the information on ongoing procedures and their potential financial impacts that have been provided by the external counsels in response to our written confirmation requests; ● Performed a review of the estimates and positions adopted by the management to measure the provisions booked; ● Assessed the information disclosed in notes 11.2.1 and 11.3 of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Measurement and recognition of rebates and service agreement (See notes 1.3 and 7.2.1 to the consolidated financial statements)	
The Group enters into a significant number of purchase agreements with suppliers which include: ● Commercial discounts based on the purchase volumes or on other contractual terms such as the achievement of threshold or the increase of purchase volumes (« rebates ») ; ● Revenues from services provided to suppliers by the Group (« service agreements »). Rebates and service agreements received from suppliers by the Group are estimated based on the contractual terms agreed in the purchase agreement with suppliers and are recorded as a reduction of cost of sales. Given the significant number of agreements and the specificities of each agreement, the correct measurement and recognition of rebates and service agreements in accordance with contractual terms and purchase volumes represent a key audit matter.	We have obtained an understanding on the internal controls implemented by the Group on the measurement and the recognition of rebates and service agreements. We assessed their design and implementation and we tested their effectiveness through a sample of agreements. Our other procedures consisted mainly, for a sample of rebates and service agreements of : ● Matching the data used for the calculations of rebates and service agreements with the contractual terms mentioned in the agreements signed with the suppliers; ● Comparing last year's estimates with actual figures in order to assess the reliability of the rebates and service agreement measurement's process (review of the release of prior year's rebates) ; ● Matching the purchase volumes used for the calculation of the expected rebates and service agreements for the year ended December 31, 2018 with the purchase volumes recorded in the Group's procurement system; ● Performing substantive analytical procedures to ensure the consistency of rebates and service agreements variation and performing additional analysis in case of significant variations are identified.

Specific Verifications

As required by legal and regulatory requirements law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the information relating to the group provided in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration. A report will be issued on this information by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Carrefour by the Shareholders' Meetings held on April 15, 2003 for Deloitte & Associés, on September 5, 1968 for KPMG S.A. (considering the firm merger and acquisition during previous years) and on June 21, 2011 for Mazars.

As at December 31, 2018, Deloitte & Associés, KPMG S.A. and Mazars were in the 16th year, 51st year and 8th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris-La Défense and Courbevoie, March 4, 2019

French original signed by

DELOITTE & ASSOCIES	KPMG S.A.	MAZARS
Antoine De Riedmatten	Patrick-Hubert Petit	David Chaudat
Stéphane Rimbeuf	Caroline Bruno-Diaz	Emilie Loreal

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CARREFOUR SA FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6.1 Balance sheet

The financial statements are presented in millions of euros, rounded to the nearest million. As a result, there may be rounding differences between the amounts reported in the various statements.

Assets

		December 31, 2018			December 31, 2017
(in millions of euros)	**Notes**	**Total**	**Amortisation, depreciation and impairment**	**Net**	**Net**
Intangible fixed assets		19	13	6	9
Tangible fixed assets		2	2	-	-
Financial investments		37,098	7,255	29,843	30,071
Fixed assets	3	37,119	7,270	29,849	30,080
Accounts receivable	4	1,257	221	1,036	536
Cash and marketable securities	5	234	81	153	276
Current assets		1,490	302	1,188	812
Prepayments and deferred charges	4	84	-	84	45
TOTAL ASSETS		38,693	7,572	31,121	30,937

Equity and liabilities

(in millions of euros)	**Notes**	**December 31, 2018**	**December 31, 2017**
Share capital		1,973	1,937
Issue and merger premiums		16,856	16,693
Legal reserve		189	189
Regulated reserves		378	378
Other reserves		39	39
Retained earnings		925	5,436
Net income for the year		1,485	(4,160)
Shareholders' equity	6	21,844	20,512
Provision for contingencies and charges	7	449	295
Bonds		7,460	6,283
Financial liabilities	8	7,460	6,283
Trade payables		17	24
Accrued taxes and payroll costs		63	139
Other operating liabilities		-	48
Operating liabilities	8	81	211
Other miscellaneous liabilities		1,277	3,607
Accruals and deferred revenue		10	29
Miscellaneous liabilities	8	1,287	3,636
TOTAL EQUITY AND LIABILITIES		31,121	30,937

6.2 Income statement

(in millions of euros)	**2018**	**2017**
Reversals of impairment and provisions, and transferred charges	31	11
Other income	114	137
Total operating income	144	148
Other purchases and external charges	(149)	(195)
Wages and salaries, payroll taxes	(4)	(23)
Depreciation, amortisation, impairment and other provision expense	(23)	(15)
Taxes other than on income, other operating expenses	(2)	(6)
Total operating expenses	(178)	(239)
Operating loss	(34)	(91)
Income from shares in subsidiaries and affiliates	1,911	1,085
Interest income, revenue from disposals of marketable securities	37	129
Reversals of impairment and other provisions	13	98
Total financial income	1,961	1,312
Impairment and other provision expense	(362)	(5,338)
Interest and other financial expenses	(180)	(238)
Total financial expenses	(543)	(5,576)
Financial income (expense), net	1,419	(4,264)
Recurring income (expense) before tax, net	1,385	(4,355)
Non-recurring income from revenue transactions	2	7
Non-recurring income from corporate actions	5	-
Reversals of impairment and other provisions	8	2
Total non-recurring financial income	14	9
Non-recurring expense from revenue transactions	(2)	(2)
Non-recurring expense from corporate actions	(6)	(1)
Depreciation, amortisation, impairment and other provision expense	(93)	(41)
Total financial expenses	(101)	(44)
Non-recurring expense, net	(87)	(35)
Employee profit-sharing	-	-
Income tax benefit	186	230
NET INCOME (LOSS)	**1 485**	**(4 160)**

6.3 Statement of cash flows

(in millions of euros)	**2018**	**2017**
Net income (loss)	1,485	(4,160)
Depreciation and amortisation	2	2
Provisions and impairment of financial assets, net of reversals	404	5,238
Other changes	-	(96)
Cash flow from operations	1,890	984
Change in other receivables and payables	(166)	(47)
Net cash from operating activities	1,725	937
Acquisitions of shares in subsidiaries and affiliates	(10)	(260)
Disposals of tangible and intangible fixed assets	1	-
Disposals of shares in subsidiaries and affiliates	5	-
Other cash flows from (used in) investing activities(1)	81	4
Net cash from investing activities	78	(256)
Dividends paid	(152)	(151)
Net change in debt	1,178	(840)
Change in intra-Group receivables and payables	(2,870)	362
Net cash used in financing activities	(1,844)	(629)
Net change in cash and cash equivalents	(42)	52
Cash and cash equivalents at beginning of year(2)	42	(10)
Cash and cash equivalents at end of year(2)	(0)	42
Net change in cash and cash equivalents	(42)	52

(1) Of which change in treasury shares (recorded in assets, under marketable securities – see Note 5).
(2) Excluding treasury shares.

6.4 Notes to the Company Financial Statements

Note 1 Accounting principles

The financial statements of the Company have been prepared and are presented in accordance with the principles and policies defined in *Autorité des Normes Comptables* (ANC) Regulation 2014-03, approved by government order of September 8, 2014, and amended by ANC Regulation 2016-07, approved by government order of November 4, 2016.

The financial statements have been prepared on a going concern basis using the accruals method, in accordance with the principle of prudence.

Accounting policies have been applied consistently from one year to the next.

Assets and liabilities are measured according to the historical cost convention.

There were no changes in measurement or presentation methods in 2018 compared with the previous year.

1.1 Tangible and intangible fixed assets

Intangible fixed assets are mainly composed of software, stated at acquisition cost.

Tangible fixed assets are stated at cost, corresponding to the purchase price and ancillary expenses.

Intangible fixed assets are amortised and tangible fixed assets are depreciated over their estimated useful lives, as follows:

- software: 3 to 8 years;
- computer equipment: 3 years;
- building fixtures and fittings: 8 years;
- other: 3 to 10 years.

If the net carrying amount of a tangible or intangible fixed asset is not expected to be recovered through the future economic benefits generated by the asset, an impairment loss is recognised for the difference between its carrying amount and the higher of its value in use and fair value.

1.2 Financial investments

Financial investments consist of shares in subsidiaries and affiliates, including any allocated merger deficits, loans and advances to subsidiaries and affiliates and other financial assets.

Shares in subsidiaries and affiliates are stated at cost.

At January 1, 2016, on the first time application of ANC Regulation 2015-06, merger deficits resulting mainly from the merger of Carrefour-Promodès in 2000 were allocated to the investments in Carrefour France, Norfin Holder, Caparbel, Carrefour Nederland BV and Hyparlo based on the respective unrealised gains as at that date.

Shares in subsidiaries and affiliates are tested for impairment at each year-end to confirm that their net carrying amount (including the net carrying amount of any allocated merger deficits) does not exceed their value in use.

Value in use is estimated based on a range of criteria including the Company's interest in the investee's net assets, projected future cash flows from the investment and a fair value measurement of the net assets based on reasonable business projections or observable data if they exist (multiples of net sales and/or income statement aggregates for recent transactions, offers received from buyers, stock market multiples for comparable companies) or based on analyses performed by internal or external experts, adjusted where applicable for net debt.

An impairment loss is recorded when the value in use is lower than the net book value (including, when applicable, the net book value of the allocated merger deficit).

Impairment losses are recorded in net financial income or expense, along with amounts written off on disposal of the interests concerned. Gains and losses on disposal of shares in subsidiaries and affiliates are recorded in non-recurring income or expenses.

1.3 Accounts receivable

Accounts receivable mainly correspond to intra-group receivables related to the provision of services, in which case the receivables are recognised when the service is provided.

Accounts receivable are recorded in the balance sheet at their nominal amount. An impairment loss is booked when there is a risk that they may not be recovered.

1.4 Marketable securities

Marketable securities include:

- Carrefour shares designated as being held for allocation to employees under stock option plans and free share plans. They are not written down to market value because they are intended to be allocated to employees and a provision is recorded in liabilities as explained below in Note 1.8 on provisions;
- Carrefour shares available for allocation to employees or to stabilise the share price. These shares are stated at the lower of cost and market value, corresponding to the average share price for the month of December.

1.5 Foreign currency transactions

Income and expenses recorded in foreign currencies are translated at the exchange rate on the transaction date. Receivables, payables and cash in foreign currency are recorded in the balance sheet at the year-end exchange rate. The difference arising from the application of the year-end rate is recorded in the balance sheet under “Prepayments and deferred charges”.

1.6 Pension benefit obligations

Pension benefit obligations corresponding to amounts payable to employees on retirement and benefits payable under supplementary pension schemes are measured using the projected unit credit method. The main actuarial assumptions used to measure the obligations are described below.

The Company applies the rules set out under ANC Recommendation 2013-02 for the recognition and measurement of pension benefits and other obligations.

The provision at December 31, 2018 reflects the full amount of the present value of pension benefit obligations (including actuarial gains and losses and past service costs), net of plan assets.

1.6.1 Termination benefit obligations

The Company’s total liability for amounts payable to employees on retirement is covered by a provision recorded in the balance sheet. Company employees in France are entitled to a lump-sum payment when they retire.

The assumptions used to calculate the provision are as follows:

- rate of future salary increases: 2.84%;
- payroll tax rate: 35%;
- discount rate: 1.60%;
- staff turnover rate: average of the actual turnover rates for headquarters staff in 2016, 2017 and 2018, *i.e.*, employees with 0 to 5 years’ seniority: 6.89%, employees with 6 to 10 years’ seniority: 7.72%, employees with 11 to 15 years’ seniority: 4.87%, employees with 16 to 20 years’ seniority: 4.19%, employees with 21 to 25 years’ seniority: 4.34%, and employees with 26 years’ seniority or more: 4.97%. For employees aged over 55, the turnover rate is assumed to be zero;
- mortality table: TH 2013-2015/TF 2013-2015.

1.6.2 Retirement obligations

In 2009, the Company set up a supplementary pension plan. The main terms of this defined benefit plan, which was amended in 2015, are as follows:

- eligibility: plan participants must have completed at least three years' service at the time of retirement and their annual compensation must be greater than 18 times the annual ceiling for Social Security contributions;
- years of service taken into account for the calculation of plan benefits: years of service with the Carrefour group under consecutive or non-consecutive employment contracts. The Company does not grant any length-of-service awards;
- benefits: 2.75% of the reference compensation per year of service, subject to the applicable performance conditions being met for each year. No benefits are paid if a minimum number of years has not been validated in connection with the performance conditions;
- reference compensation: average of the last three years' salary and bonus preceding the retirement date or 60 times the annual ceiling for Social Security contributions, whichever is lower;
- annual benefit cap: 25% of the reference compensation and the difference between 45% of the reference compensation and the total basic and supplementary pension benefits received by the plan participant;
- upon the participant's death, a reversionary pension is payable to the surviving spouse in an amount equal to 50% of the original benefit.

1.7 Income tax

Carrefour SA is the head company of a tax group.

Each company in the tax group records in its accounts the income tax expense or benefit that it would have paid or received if it had been taxed on a stand-alone basis.

The tax saving or additional tax charge corresponding to the difference between the sum of the taxes payable by the companies in the tax group and the tax expense or benefit calculated on the basis of the tax group's consolidated profit or loss is recorded by Carrefour SA.

The corporate income tax rate in France is 28% for taxable income of up to 500,000 euros, and 33.33% for taxable income over and above that amount. Companies are also required to pay a surtax (*contribution additionnelle*) corresponding to 3.3% of their tax liability beyond the first 763,000 euros, bringing the total tax rate to 34.43%.

Tax credits deductible from income tax expense are reported in the income statement under "Income tax benefit".

1.8 Provisions

A provision is recorded when (i) the Company has an obligation towards a third party, (ii) the amount of the obligation can be reliably estimated, (iii) it is probable that an outflow of resources will be necessary to settle the obligation and (iv) no equivalent economic benefit is expected to be received in return.

A liability is recognised when (i) the decision has been made to set up a stock option or free share plan, (ii) the Company has an obligation to deliver existing shares to grantees and (iii) it is probable or certain that an outflow of resources will be necessary to settle the obligation without any equivalent economic benefit being received in return. When the free shares or stock option rights may only be exercised at the end of a specified period of employee service, the liability is recognised as a provision that is reduced over the vesting period as the employee service is received.

1.9 Risk information

1.9.1 Interest rate and foreign exchange risk

Interest rate hedging instruments are used mainly to limit the effects of changes in interest rates on the Company's variable-rate borrowings.

The main instruments are interest rate swaps and options and forward foreign exchange purchase and sale contracts, purchased over-the-counter from leading banking counterparties.

Gains and losses on hedging instruments are recognised on a symmetrical basis with the loss or gain on the hedged item. A provision is booked at the year-end for unrealised losses on outstanding derivative instruments not in a hedging relationship.

Details of derivative instruments outstanding at December 31, 2018 are presented in Note 10.

1.9.2 Equity risk

Equity risk concerns Carrefour shares acquired for allocation upon exercise of stock options. When their market price is less than the option exercise price, the shares are reclassified as "Shares available for allocation" in the marketable securities account, and an impairment loss is recognised for the difference between their purchase price and the average Carrefour share price for the month of December.

See Note 5 for details.

Note 2 Significant events of the year

2.1 Financial income (expense), net

Net financial income of 1,419 million euros was recognised in 2018 compared with a net financial expense of 4,264 million euros in 2017. The 5,683 million-euro improvement in this item is mainly attributable to:

- the recognition in 2018 of 232 million euros in net charges to provisions for impairment of financial investments *versus* net charges of 5,292 million euros in 2017. Impairment testing methods and their outcomes are described in Notes 1.2 and 3 to the Financial Statements;
- an 826 million-euro increase in dividends received compared with 2017;
- a 74 million-euro decrease in financial expenses on borrowings, mainly reflecting:
  - a fall in interest paid on bonds,
  - a fall in premiums paid on hedging instruments (the majority of 2017 caps were cancelled);
- a 96 million-euro decrease in the merger surplus after a merger surplus of 96 million euros was recognised in 2017 following the merger of PRM and Boedim.

2.2 Issuance of 500 million US dollars worth of non-dilutive cash-settled convertible bonds maturing in March 2024

On March 27, 2018, Carrefour issued 500 million US dollars' worth of non-dilutive six-year cash-settled convertible bonds (maturing in March 2024) to institutional investors.

The bonds were issued at 97.25% of their nominal value, and do not bear interest as they are zero-coupon bonds. The resulting initial conversion price is 20.0776 euros, including a conversion premium of 20% over the Carrefour reference share price.

They may be converted into cash only and will not give rise to the issuance of new shares or carry rights to existing shares.

In parallel with the convertible bond issue, Carrefour purchased cash-settled call options on its own shares in order to hedge its economic exposure relating to cash payments due on bonds in the event that investors exercise their conversion rights.

In order to hedge its foreign exchange risk, Carrefour also set up two cross-currency swaps.

The above operations provide Carrefour with the equivalent of standard euro-denominated bond financing.

The issue consolidated Carrefour's long-term financing, sustained the average maturity of its bond debt (3.6 years at December 31, 2018) and further reduced its borrowing costs.

2.3 Securing Carrefour's long-term financing

At December 31, 2018, Carrefour had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3,900 million euros.

During the year, the Group also extended the maturity of its 1,400 million-euro syndicated credit line by one year to May 2023.

This operation has contributed to the ongoing strategy to secure Carrefour's long-term financing sources by sustaining the average maturity of its facilities.

2.4 Realisation of the CICE tax credit

Carrefour sold its CICE (*Crédit impôt compétitivité emploi*) tax credit receivables for an aggregate amount of 129 million euros.

Note 3 Fixed assets

(in millions of euros)	**Intangible fixed assets**	**Tangible fixed assets**	**Financial fixed assets**[1]	**Total**
Cost				
At January 1, 2018	20	2	37,094	37,116
Acquisitions	-	-	10[2]	10
Disposals and scrap	(1)	-	(5)[3]	(6)
Gross amount at December 31, 2018 (A)	19	2	37,098	37,119
Depreciation/amortisation and impairment				
At January 1, 2018	11	2	7,023	7,036
Depreciation/amortisation for the year	2	-	-	2
Impairment recorded and reversed during the year	-	-	232[4]	232
Total depreciation/amortisation and impairment at December 31, 2018 (B)	13	2	7,255	7,270
NET TOTAL (A) - (B)	**6**	**0**	**29,843**	**29,849**

(1) Detailed information on financial fixed assets is presented in Note 14 (excluding deposits and guarantees in the amount of 5 million euros).

(2) Mainly corresponding to the subscription to the Adialea capital increase.

(3) Corresponding to the value of shares in Raise Investissement sold in December 2018.

(4) Mainly corresponding to the impairment of the merger deficit allocated to Carrefour Nederland BV and Norfin Holder shares in an amount of 45 million euros and 92 million euros, respectively:

° The impairment test consists in calculating the difference between value in use and the net carrying amount of the shares, including any allocated merger deficits;

° The value in use used for the test is based on the valuations carried out in November 2018 on all owned land.

The carrying amount of Carrefour France S.A.S. shares, including allocated merger losses, represented 6,222 million euros at December 31, 2018.

No impairment losses or reversals were recognised as a result of the impairment tests performed on the merger deficit allocated to Carrefour France shares at December 31, 2018.

° The impairment test consists in calculating the difference between value in use, determined based on future cash flow projections, and the net carrying amount of the shares, including any allocated merger deficits.

° Value in use is estimated using the sum of discounted future cash flows for a period generally not exceeding five years, plus a terminal value calculated by projecting data for the final year to perpetuity at a perpetual growth rate. A specific discount rate by country is used for the calculation. Cash flows used in the impairment tests in 2018 were estimated based on the financial trajectories defined by the Executive Management teams at country level and approved by the Group's Executive Management.

The main financial assumptions used for the purposes of Carrefour France S.A.S.'s impairment testing are as follows:

i. post-tax discount rate: 5.9%,

ii. perpetual growth rate: 1.6%.

Note 4 Current assets, prepayments and deferred charges

(in millions of euros)	**December 31, 2018**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in more than 5 years**
Accounts receivable	1,257	1,257		
Subtotal accounts receivable	1,257	1,257		
Translation losses	33	33		
Other prepayments and deferred charges	51	0	25	26
Subtotal prepayments and deferred charges	84	33	25	26
TOTAL	**1,340**	**1,290**	**25**	**26**

Prepayments and deferred charges mainly include bond redemption premiums for 36 million euros and bond issuance costs for 11 million euros, which are amortised over the life of the corresponding bonds.

Note 5 Marketable securities

Marketable securities include:

- 9,457,539 Carrefour shares available for allocation to employees of Carrefour and its subsidiaries, for 233 million euros.

In 2018, changes in Carrefour shares held by the Company were as follows:

(in millions of euros)	**Number**	**Cost**	**Impairment**	**Provisions**
As of December 31, 2017	11,719,539	274	(58)	(25)
Stock options purchased to cover stock option plans expired but not exercised	-	-		-
Disposal of shares under a liquidity agreement	(2,250,000)	(41)		-
Shares allocated to the 2016 free share plan	(12,000)	-		
Impairment of shares not yet allocated to specific share-based payment plans, or allocated to out-of-the-money stock options	-	-	(23)	-
Obligations to deliver shares				5
As of December 31, 2018	9,457,539	233	(81)	(20)

The market value of Carrefour shares held at December 31, 2018, based on the final quoted price for the year of 14.91 euros per share, was 141 million euros.

Note 6 Shareholders' equity

6.1 Share capital

The share capital is made up of 789,252,839 shares with a par value of 2.50 euros each.

6.2 Changes in shareholders' equity

(in millions of euros)	**Share capital**	**Issue and merger premiums**	**Other reserves, retained earnings and net income**	**Total shareholders' equity**
Shareholders' equity at December 31, 2017 including net income for the year	1,937	16,693	1,882	20,512
Distribution of dividends[1]				
Decided at the 2018 Annual Shareholders' Meeting	-	-	(356)	(356)
Issuance of new shares as part of the 2017 dividend	36	164	-	200
Change in premiums, reserves and retained earnings	-	-	4	4
Shareholders' equity at December 31, 2018 before net income for the year	1,973	16,856	1,530	20,359
Net income for 2018				1,485
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2018 INCLUDING NET INCOME FOR THE YEAR	**1,973**	**16,856**	**1,530**	**21,844**

(1) The 2017 dividend was paid in July 2018, in cash for 152 million euros and in Carrefour shares for 200 million euros, resulting in the issuance of 14,575,028 new shares.

Dividends not paid on Carrefour shares held in treasury on the ex-dividend date, in the amount of 4 million euros, were credited to retained earnings.

6.3 Treasury share reserve

The net carrying amount of Carrefour shares held in treasury at December 31, 2018 was 152 million euros.

Note 7 Provisions and impairment

7.1 Changes of provisions and impairment

(in millions of euros)	December 31, 2017	Increases	Reversals		December 31, 2018
			Used	Surplus	
Obligations to deliver shares	25	-	-	(5)	20
Pension obligations	82	8	-	(17)	73
Other[1]	188	232	-	(65)	356
Provision for contingencies and charges	**295**	**240**	**-**	**(87)**	**449**
On financial investments	7,023	234	-	(3)	7,255
On accounts receivable	203	18	-	-	221
On other items (marketable securities)	59	24	-	(2)	81
Impairment	**7,285**	**276**	**-**	**(4)**	**7,557**
TOTAL PROVISIONS AND IMPAIRMENT	**7,580**	**516**	**-**	**(91)**	**8,006**
Analysis					
Movements recorded in operating income and expense		21	-	(30)	
Movements recorded in financial income and expense		362	-	(13)	
Movements recorded in non-recurring income and expense		133	-	(48)	
TOTAL		**516**	**-**	**(91)**	

(1) "Other" relates to provisions for risks related to subsidiaries and affiliates and provisions for miscellaneous contingencies and disputes.

7.2 Characteristics of stock option plans and free share plans

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2018, since the 2010 plans based on performance conditions and continued employment in the Group expired in July 2017.

On July 27, 2016, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Annual Shareholders' Meeting held on May 17, 2016 to grant performance shares (existing shares or shares to be issued) to about 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board meeting at which the rights were granted. The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition (for 30%).

The main characteristics of the performance share plan in progress at December 31, 2018 are presented below:

	2016 Performance plan
Date of the Annual Shareholders' Meeting	May 17, 2016
Grant date[1]	September 15, 2016
Vesting date[2]	July 28, 2019
Number of shares awarded at grant date	1,944,850
Number of grantees at grant date	950
Fair value of each share in euros[3]	20.18

(1) Notification date (i.e., date on which grantees were notified of the plans' characteristics and terms).
(2) The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.
(3) The Carrefour share price on the grant date (reference price) adjusted for estimated dividends not received during the vesting period.

Movements in performance shares under the plan in progress were as follows in 2018:

	2018	2017	2016
Number of free shares granted at January 1	1,739,450	1,942,150	-
of which shares outstanding	*8,000*	-	-
Shares granted in 2018	-	-	1,944,850
Shares delivered to the grantees in 2018	(12,000)	(3,500)	-
Shares cancelled in 2018	(210,900)	(199,200)	(2,700)
Number of free shares granted at December 31	1,516,550	1,739,450	1,942,150
of which shares outstanding	-	*8,000*	-

Note 8 Borrowings

8.1 Change in financial liabilities

(in millions of euros)	**December 31, 2017**	**Increases**	**Decreases**	**December 31, 2018**	**o/w accrued interest**
Bonds	6,283	1,456	279	7,460	*87*
TOTAL FINANCIAL LIABILITIES	**6,283**	**1,456**	**279**	**7,460**	***87***

8.2 Maturities of liabilities

Maturities of liabilities (excluding dividends payable) ***(in millions of euros)***	**December 31, 2018**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in more than 5 years**
Bonds	7,460	1,087	3,937	2,436
Trade payables	17	17	-	-
Accrued taxes and payroll costs	63	63	-	-
Other miscellaneous liabilities(1)	1,277	1,275	2	-
Translation gains	10	10	-	-
TOTAL	**8,828**	**2,452**	**3,939**	**2,436**

(1) *Liabilities due within one year essentially correspond to borrowings from subsidiaries.*

Note 9 Related parties

There were no material transactions with related parties other than wholly-owned subsidiaries that were not entered into on arm's length terms.

Note 10 Off-balance sheet commitments

10.1 Other commitments

(in millions of euros)	December 31, 2018	December 31, 2017
Guarantees	27	24
Subsidiaries' tax losses utilised by Carrefour SA	1,198	962
Rent guarantees(1)	265	171
Other guarantees given	17	29
Total commitments given	1,506	1,186
Undrawn syndicated lines of credit(2)	3,900	3,900
Rent guarantees(1)	265	171
Total commitments received	4,165	4,071

(1) Rent guarantees:
Rent guarantees given or received under real estate leases: the guarantee corresponds to the future minimum payments due under non-cancellable real estate leases.

(2) At December 31, 2018, the Company had two undrawn syndicated lines of credit obtained from a pool of leading banks totalling 3,900 million euros, of which 2,500 million euros expires in 2022 and 1,400 million euros expires in 2023.

10.2 Notional amount of derivative instruments by maturity

(in millions of euros)	December 31, 2018	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
Issuer swap (Carrefour variable-rate borrower)				
Euribor/fixed rate	(75)	-	(75)	-
Purchased calls				
Symmetrical with USD 500m convertible bonds	873	-	437	437
Currency swaps				
EUR/USD on convertible bonds	873	-	437	437
Purchased interest rate options (caps)				
Notional amount	700	-	700	-
Purchased interest rate options (floors)				
Notional amount	-			
Purchased swaptions				
Notional amount	1,550	550	1,000	-
Sold swaptions				
Notional amount	(250)	-	(250)	-

10.3 Fair value of derivative instruments

(in millions of euros)	**December 31, 2018**
Purchased calls	31
Currency swaps	28
Purchased interest rate options (caps)	1
Purchased interest rate options (swaptions)	5
Sold interest rate options (swaptions)	(2)
Interest-rate swaps	(2)

Note 11 Employees

11.1 Average number of employees

	2018	**2017**
Managerial	6	7
TOTAL EMPLOYEES	**6**	**7**

11.2 Compensation

Details of management compensation are provided in the business review.

Note 12 Tax

12.1 Unrecognised deferred taxes

	December 31, 2017		**Changes**		**December 31, 2018**	
(in millions of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
1- Temporarily non-deductible expenses						
Provisions for pension obligations	21	-	(2)	-	19	-
Provisions for impairment of receivables	-		-	-	-	
Provisions for contingencies and charges	2	-	(1)	-	1	-
Other			1		1	
2- Temporarily non-taxable revenue						
Capital gains on mergers and asset contributions qualifying for rollover relief	-	250	-		-	250
TOTAL	**23**	**250**	**(2)**	**-**	**21**	**250**

The amount of 250 million euros corresponds to deferred taxes following share contribution transactions qualifying for preferential tax treatment under Article 210 B of the French Tax Code (*Code général des impôts*).

12.2 Breakdown of net income and corresponding tax

(in millions of euros)	**Before tax**	**Tax**	**After tax**
Recurring income before profit-sharing	1,385	(47)	1,338
Non-recurring expense, net	(87)	(1)	(88)
Group relief	-	235	235
2018 BOOK INCOME	**1,298**	**186**	**1,485**

Note 13 Subsequent events

No events have occurred since the year-end that would have a material impact on the Company.

Note 14 Subsidiaries and affiliates

Data in greyed out cells have not been provided because their disclosure would be seriously prejudicial to the Company's interests.

(in millions of euros)	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment net	Gross amount of merger losses allocated to shares	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received
A- DETAILED INFORMATION										
1. Subsidiaries (over 50% owned)										
France										
CARMA	23	64	50.0%	44	44	-	-	6	-	-
CARREFOUR BANQUE	101	543	60.0%	124	124	-	-	45	345	-
CARREFOUR FRANCE	1,995	3,131	99.6%	3,979	3,979	6,952	2,243	(305)	40	-
CARREFOUR MANAGEMENT	0	0	100.0%	23	0	-	-	0	-	-
CARREFOUR SYSTEMES D'INFORMATION	164	(11)	100.0%	168	76	-	-	(85)	421	-
CRFP 8	3,381	282	74.8%	2,528	2,528	-	-	4	-	101
CRFP 13	863	514	38.0%	385	385	-	-	39	-	-
GUYENNE ET GASCOGNE	106	15	100.0%	428	428	-	-	(4)	16	-
HYPARLO	63	146	100.0%	450	450	180	155	28	0	28
TOTAL				**8,128**	**8,014**	**7,132**	**2,398**	**(271)**	**823**	**129**
International										
CARREFOUR ASIA	117	(165)	100.0%	124	0					-
CARREFOUR NEDERLAND	2,259	2,519	100.0%	3,603	3,603	767	675			1,210
NORFIN HOLDER	2	4,352	79.9%	3,177	3,177	2,872	2,688			205
CAPARBEL	6,334	0	100.0%	6,334	6,334	636	636			9
TOTAL				**13,239**	**13,114**	**4,275**	**3,998**	**0**	**0**	**1,423**
2. Affiliates (10%-50% owned)										
International										
ATACADÃO	1,710	1,023	32.8%	251	251	-	-			51
CARREFOUR FINANCE	6,823	342	25.0%	1,668	1,668	-	-			-
CARREFOUR ITALIA	1,917	(876)	30.0%	2,072	80	-	-			-
TOTAL				**3,991**	**1,999**	**0**	**0**	**0**	**0**	**51**
B- AGGREGATE INFORMATION										
1. Other subsidiaries										
France				23	23	0	0			255
International				2	1	0	0			29
2. Other investments										
France				56	46	0	0			0
International				248	243	0	0			24

(in millions of euros)	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment net	Gross amount of merger losses allocated to shares	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received
C- GENERAL INFORMATION ABOUT INVESTMENTS										
French subsidiaries (total)				8,151	8,037	7,132	2,398			384
International subsidiaries (total)				13,240	13,116	4,275	3,998			1,452
French affiliates (total)				56	46	0	0			0
International affiliates (total)				4,239	2,243	0	0			75
TOTAL				25,686	23,441	11,407	6,397			1,911

The columns “Share capital”, “Reserves and retained earnings”, “Last published income” and “Last published revenue” correspond to information for 2017 since the 2018 data have not yet been authorised for issue by the appropriate governance bodies.

6.5 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

To the Carrefour Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Carrefour for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matter

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matter relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the financial statements.

Key Audit Matter

Measurement of the value in use of the shares in Carrefour France S.A.S.

(Notes 1.2, 2.1, 3 and 14 to the financial statements)

As of December 31, 2018, the net book value of the shares in Carrefour France S.A.S. including allocated merger losses amounted to €6,222 million. The impairment test of these shares carried out at year-end did not emphasize the need to book an impairment loss or a reversal in the financial statements for the year ended December 31, 2018.

As stated in Note 1.2 to the financial statements, shares in subsidiaries and affiliates are subject to impairment tests at each year-end in order to verify that their net carrying amount (including, where necessary, the net carrying amount of allocated merger losses) does not exceed their value in use. Otherwise, an impairment loss is recognized in the financial result.

As stated in Note 3, the value in use of the shares in Carrefour France S.A.S. has been determined based on projections of future cash flows established by Carrefour France's Executive Management and validated by the Group's Executive Management, based on significant judgments from Management, such as the discounting of future cash flows over a period not exceeding five years with a determination of a terminal value calculated from the extrapolation of the final year's data to the perpetual growth rate and the use of a specific discount rate per country.

Due to the significant net carrying amount of the shares, the uncertainties relating to the probability of the realization of the future cash flow forecasts used to measure the value in use and the sensitivity to changes of the financial data and assumptions used, we considered the measurement of the value in use of the shares in Carrefour France S.A.S. to be a key audit matter.

Responses as part of our audit

In order to estimate the value in use of the shares in Carrefour France S.A.S. as determined by management, our work mainly consisted in:

- assessing the appropriateness of the methodology used to determine the value in use;
- analyzing the consistency of the cash flow forecasts used with our understanding of the group's strategic outlook and guidance for French operations;
- compare the actual performance observed for past periods with the previous forecasts to verify the reliability of the forecasting process;
- ensure that the value resulting from future cash flow forecasts has been adjusted to the amount of net debt;
- analyzing the reasonableness of the financial parameters used (discount and perpetual growth rates) with the assistance of our

specialists in financial valuation and relying particularly on experts valuations;

- assessing the appropriateness of the disclosures in Notes 1.2, 2.1, 3 and 14 to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

We were appointed as statutory auditors of Carrefour by the Shareholders' Meetings held on April 15, 2003 for Deloitte & Associés, on September 5, 1968 for KPMG S.A. (considering the firm merger and acquisition during previous years) and on June 21, 2011 for Mazars.

As of December 31, 2018, Deloitte & Associés, KPMG S.A. and Mazars were in the 16th, 51st, and 8th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matter that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, and Courbevoie, April 25, 2019

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	KPMG S.A.	MAZARS
Antoine DE Riedmatten	Patrick-Hubert Petit	David Chaudat
Stephane Rimbeuf	Caroline Bruno-Diaz	Emilie Loreal

7

INFORMATION ABOUT THE COMPANY AND THE CAPITAL

7.1 Information about the Company

7.1.1 Corporate name/Trade and Companies Register

Carrefour

Registered with the Evry Trade and Companies Register under no. 652 014 051

7.1.2 Head office

93, avenue de Paris, 91300 Massy, France

Phone: +33 (0)1 64 50 50 00

7.1.3 Legal form/term

French public limited company (*société anonyme*) governed by the provisions of the French Commercial Code (*Code de commerce*).

By decision of the Shareholders' Meeting of July 28, 2008, the Company adopted the form of a public limited company with a Board of Directors. Following its deliberations on June 21, 2011, the Board of Directors decided to combine the duties of Chairman and Chief Executive Officer.

This Board of Directors' decision to combine the duties of Chairman and Chief Executive Officer met the objective to simplify the decision-making process and enhance the efficiency and responsiveness of the Company's governance.

The term of the Company, which began on July 11, 1959, will expire on July 10, 2058, unless the Company is wound up in advance or its term is extended.

7.1.4 Main provisions of the Articles of Association

7.1.4.1 Corporate purpose (Article 3)

The purpose of the Company is to:

- create, acquire and operate, in France and abroad, stores for the sale of all items, products, foodstuffs and merchandise and, secondarily, provide within the said stores all services that may be of interest to customers;
- purchase, manufacture, sell, represent and package the said products, foodstuffs and merchandise;
- in general, carry out all industrial, commercial, financial, property and real estate operations relating directly or indirectly to the said purpose or which may facilitate the said purpose or ensure its development.

The Company may act, directly or indirectly, and conduct any and all of these operations in any country, on its own behalf or on behalf of third parties, either alone or within partnerships, alliances, groups or companies, with any other persons or companies, and carry out and complete them in any manner whatsoever.

The Company may also acquire any and all interests and stakes in any French or foreign companies or businesses, regardless of their purpose.

7.1.4.2 The Board of Directors (Articles 11, 12, 13 and 14)

The Company is managed by a Board of Directors comprising between three and eighteen members.

When the number of Directors appointed by the Ordinary Shareholders' Meeting exceeding 75 years of age is higher than one third of the Directors in office, the oldest Director shall be deemed to have resigned; his or her mandate shall expire at the nearest Ordinary Shareholders' Meeting.

Each Director must own at least 1,000 shares during his/her term of office, with the exception of the Directors representing employees.

The members of the Board of Directors are appointed for a three-year term, including the Directors representing the employees, and a third (or an equivalent proportion) of the members of the Board of Directors appointed by the Ordinary Shareholders' Meeting is renewed every year. At the Board of Directors meeting following the initial appointments, the names of the Directors exiting the Board at the end of their first and second year are determined by drawing lots. Exiting Directors are eligible for re-election.

Directors, including the Directors representing employees, shall cease to hold office at the end of the Ordinary Shareholders' Meeting, called to approve the Financial Statements for the ended financial year, that is held during the year in which said Director's term of office is to expire.

When the Company falls within the scope of Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also include one or two Directors representing employees.

In accordance with applicable laws, when the number of Directors, calculated according to Article L. 225-27-1-II of the French Commercial Code, is lower than or equal to twelve (12), a Director representing employees is appointed by the Group Committee (*Comité de Groupe français Carrefour*). When the number of Directors exceeds twelve (12), and provided that this criterion is still fulfilled at the day of appointment, a second Director representing employees is appointed by the European Works Council (*Comité d'Information et de Concertation européen Carrefour*). When the number of Directors, initially exceeding twelve (12) members, falls to twelve (12) members or below, the Director appointed by the European Works Council shall remain in office until the expiry of his or her term of office.

The Director(s) representing employees are not taken into account for the determination of the maximum number of Directors provided by the French Commercial Code, or for the enforcement of Article L. 225-18-1 paragraph 1 of the French Commercial Code.

The office of the Director representing employees expires before its term under the conditions laid out in the law and this Article, in particular in cases of termination of his/her/their employment agreement except in the event of an intergroup transfer. If the conditions laid out in Article L. 225-27-1 of the French Commercial Code are not fulfilled at the end of a given financial year, the office of the Directors representing employees expires at the end of the meeting at which the Board of Directors acknowledges that the Company is no longer subject to this legal requirement.

In the event of a vacancy, for any reason, of the office of a Director representing employees, the vacant seat is filled according to the conditions laid out in Article L. 225-34 of the French Commercial Code. Until the date of replacement of the Director representing employees, the Board of Directors may validly meet and deliberate.

In addition to the provisions of Article L. 225-29 paragraph 2 of the French Commercial Code, and for the avoidance of doubt, it is specified, that the failure of the Committees designated by the Articles of Association to appoint a Director representing employees does not affect the validity of the deliberations of the Board of Directors, in accordance with the law and this Article.

Subject to the provisions of this Article and to legal provisions, the Directors representing employees have the same status, rights and obligations as the other Directors.

The Board of Directors appoints a Chairman, from among its members, who shall be a natural person. The age limit for the position of Chairman is set at seventy-five (75) years. The Chairman may perform his functions until the Shareholders' Meeting called to approve the Financial Statements for the past financial year, held during the year in which the Chairman reaches his seventy-fifth birthday.

The Chairman may be appointed for the entire duration of his/her term of office as a Director.

The Board of Directors appoints a Vice-Chairman from among its members, who is asked to replace the Chairman in case of absence, temporary unavailability, resignation, death or non-renewal of his/her term of office. In the event of temporary unavailability, this replacement is valid only as long as the Chairman is unavailable; in all other cases, it is valid until a new Chairman is elected.

The Chairman organises and directs the Board of Directors' work, reporting thereon to the Shareholders' Meeting.

The Board of Directors meets as often as required to serve the Company's interests, either at the head office or at any other place indicated in the Notice of Meeting.

The Directors are called to meetings by the Chairman or, where necessary, by the Vice-Chairman, by any means, including orally.

Board of Directors' meetings are chaired by the Chairman of the Board of Directors or, where necessary, by the Vice-Chairman.

Proceedings are conducted under the conditions of *quorum* and majority prescribed by law.

The Secretary of the Board of Directors is authorised to certify copies and extracts of meeting minutes.

The Board of Directors determines the Company's business strategy and oversees its implementation.

Subject to the powers expressly attributed to the Shareholders' Meetings and within the scope of the corporate purpose, the Board of Directors deals with all matters relating to the proper management of the Company and, through its proceedings, handles other matters concerning it.

The Board of Directors conducts the controls and audits that it deems appropriate. The Directors receive all information needed to perform their duties and may consult any documents that they deem appropriate.

7.1.4.3 Management (Article 16)

As provided by law, the management of the Company comes under the responsibility of either the Chairman of the Board of Directors or another private individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

Based on a majority vote of the Directors present or represented, the Board of Directors chooses between the two aforementioned management methods.

The Board of Directors appoints, from among its members or otherwise, the Chief Executive Officer, a private individual under the age of 70, who has the broadest powers to act on the Company's behalf under all circumstances. The Chief Executive Officer exercises his/her powers within the scope of the corporate purpose and subject to those powers expressly attributed by law to the Shareholders' Meetings and the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties.

The age limit for the position of Chief Executive Officer is 70. The duties of a Chief Executive Officer who reaches this age limit following the Shareholders' Meeting convened to approve the previous year's Financial Statements and held during the year in which this age is reached.

When the Company is managed by the Chairman, the provisions of the laws and regulations or Articles of Association relating to the Chief Executive Officer are applicable to him/her. The Chairman assumes the title of Chairman and Chief Executive Officer and may perform his/her duties until the Ordinary Shareholders' Meeting convened to approve the previous year's Financial Statements and held during the year in which he/she reaches the age of 70.

The Board of Directors may determine the areas in which the Chief Executive Officer must consult the Board of Directors in performing his/her duties.

7.1.4.4 Crossing of thresholds (Article 7)

Pursuant to Article 7 of the Articles of Association, in addition to compliance with the legal obligation to inform the Company when holding certain percentages of the capital and related voting rights, any private individual or legal entity, acting alone or in concert, that holds a number of shares representing a proportion of the share capital or voting rights greater than or equal to 1% of the share capital or voting rights, or any multiple of this percentage, must inform the Company of the total number of shares and voting rights held, as well as the securities giving future access to the capital and the voting rights potentially related to them, by registered post with acknowledgement of receipt within five trading days of the date on which the threshold is crossed.

The obligation to inform the Company also applies when the shareholder's percentage of capital or voting rights falls below each of the aforementioned thresholds.

The penalties provided by law for failure to comply with the obligation to declare the crossing of the statutory thresholds also apply in the event of failure to declare the crossing of the thresholds stipulated in these Articles of Association, at the request, as noted in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least 5% of the Company's capital or voting rights.

7.1.4.5 Shareholder rights (Article 9)

Double voting rights are conferred on all fully paid up registered shares that have been registered in the name of the same shareholder for at least two years.

Double voting rights are cancelled for any shares converted into bearer form or whose ownership is transferred, subject to any exceptions provided for by law.

Solely the Extraordinary Shareholders' Meeting is authorised to modify shareholders' rights, as provided by law.

7.1.4.6 Shareholders' Meetings (Articles 20 to 23)

All shareholders are entitled to attend Shareholders' Meetings in person or by proxy, upon presentation of identification and evidence of share ownership, in the form and at the place indicated in the Notice of Meeting, in accordance with the conditions set forth under applicable laws and regulations.

Every shareholder has the right to participate in Shareholders' Meetings by way of a proxy granted to any other person or legal entity of his or her choice, and may also vote by post, subject to the conditions set forth under applicable laws and regulations.

Any shareholder may, if the Board of Directors so decides when convening the Shareholders' Meeting, also participate in and vote at Shareholders' Meetings *via* videoconference or any other means of telecommunication (including the Internet) that enables him/her to be identified under the conditions and according to the procedures laid down by the laws in force. Shareholders are notified of such a decision in the Notice of Meeting published in the French bulletin of compulsory legal notices (*Bulletin des annonces légales obligatoires*).

Those shareholders who use, for this purpose and within the required periods, the electronic voting form provided on the website set up by the Shareholders' Meeting organiser are considered to be shareholders present or represented. The electronic form may be completed and signed directly on the site using a login and password, as provided for in the first sentence of the second paragraph of Article 1316-4 of the French civil code (*Code civil*).

The proxy or vote thus cast electronically prior to the Shareholders' Meeting, as well as the acknowledgement of receipt provided, will be considered binding documents that are enforceable against all persons, it being specified that, in the event of a transfer of shares occurring prior to the date set forth under the applicable laws and regulations, the Company will invalidate or modify accordingly, depending on the situation, the proxy or vote cast prior to said date.

Shareholders' Meetings are convened by the Board of Directors under the conditions and within the time limits prescribed by law. They are held at the head office or in any other place indicated in the Notice of Meeting.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman or a Director designated by the Board of Directors.

Vote teller duties are fulfilled by the two shareholders, present and willing, who hold the greatest number of votes, either in their own name or by proxy.

The Meeting Committee (*Bureau*) appoints a secretary, who does not need to be a member of the Shareholders' Meeting.

Ordinary and Extraordinary Shareholders' Meetings voting under the conditions of *quorum* and majority prescribed by law exercise the powers assigned to them in accordance with the law.

7.1.4.7 Provision of the issuer's Articles of Association that would delay, postpone or prevent a change in its control

None.

7.2 Information on the capital

7.2.1 Change in share capital

Capital increase

The Shareholders' Meeting of June 15, 2018, under its third resolution, resolved to offer each shareholder the option to receive the payment of the net dividend, to which the shareholder is entitled by virtue of shares held, in the form of new Company shares.

The Company's share capital was accordingly increased by a nominal amount of 36,437,570 euros (thirty-six million, four hundred thirty-seven thousand five hundred seventy euros) through the creation of 14,575,028 new Company shares, which were fully paid up as of their issue, carry dividend rights as of January 1, 2018 and rank *pari passu* with the other shares in the Company's share capital.

Following this increase, the share capital amounts to 1,973,132,097.50 euros (one billion, nine hundred seventy-three million, one hundred thirty-two thousand, ninety-seven euros and fifty cents). It is divided into 789,252,839 shares of 2.50 euros each.

Shares not representing capital: number and primary characteristics

None.

Amount of convertible or exchangeable securities or securities with stock purchase warrants

None.

Information on the conditions governing any right of acquisition and/or any obligation relating to unpaid share capital, or on any undertaking to increase the capital

None.

Information on the capital of any member of the Group that is under option or subject to a conditional or unconditional agreement to be put under option, and the details of such options

None.

7.2.2 Summary of delegations of authority and powers concerning capital increases

Type	Guarantee amount	Duration	Expiry date
Issue of shares and/or marketable securities with preferential subscription rights			
• Shares	€500 million	26 months	August 15, 2019
• Other marketable securities	€4.4 billion	26 months	August 15, 2019
Issue of shares and/or marketable securities without preferential subscription rights as part of a public tender or public exchange offer made by the Company for another company			
• Shares	€175 million	26 months	August 15, 2019
• Other marketable securities	€1.54 billion	26 months	August 15, 2019
Issue of shares and/or marketable securities without preferential subscription rights (private investment)			
• Shares	€175 million	26 months	August 15, 2019
• Other marketable securities	€1.54 billion	26 months	August 15, 2019
Issue of shares and/or marketable securities to remunerate contributions-in-kind granted to the Company in an amount of up to 10% of the share capital	10%	26 months	August 15, 2019
Capital increase by incorporation of reserves, profits and premiums	€500 million	26 months	August 15, 2019
Capital increase in favour of employees who are members of a Company savings plan (shareholder waiver of preferential subscription rights)	€35 million	26 months	August 15, 2019
Free allotment of new or existing Company shares to salaried employees and officers of the Company and its affiliates (shareholder waiver of preferential subscription rights)(1)	0.8% 0.25% (Company officers)	38 months	July 16, 2019

(1) Pursuant to the authorisation given in the 14th resolution adopted by the Shareholders' Meeting of May 17, 2016, and based on the Compensation Committee's recommendation, the Board of Directors decided at its meeting on July 27, 2016 to grant performance shares (new or existing) to 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

CHANGE IN THE COMPANY'S CAPITAL

Event	Change in the number of shares	Capital *(in euros)*
Position at June 30, 1999	233,069,544	582,673,860.00
Capital increase in payment for the exchange offer initiated on the shares of Promodès	109,427,940	
Capital increases following the exercise of stock options	4,866	
Position at December 31, 1999	342,502,350	856,255,875.00
Capital increase in payment for the takeover merger of Promodès	6,387,126	
Cancellation of 15,000 CDVs in connection with the above merger	(15,000)	
Allotment of free shares (at a rate of one new share per old share)	348,874,476	
Capital increases following the exercise of stock options	6,600	
Capital increases following the exercise of stock purchase warrants	8,412	
Capital increases following bond conversions	1,062,032	
Capital increase reserved for employees	12,317,444	
Position at December 31, 2000	711,143,440	1,777,858,600.00
Capital increases following the exercise of stock options	12,300	
Capital increase following the exercise of stock purchase warrants	84	
Capital increase following bond conversions	30	
Position at December 31, 2001	711,155,854	1,777,889,635.00
Capital increases following the exercise of stock options	9,000	
Capital increase following bond conversions	72	
Capital increase in payment for the takeover merger of Bontemps	4,535,604	
Cancellation of the shares received in connection with the above merger	(4,535,604)	
Capital increase in payment for the exchange offer initiated on the shares of Centros Comerciales Carrefour (Spain)	4,976,845	
Position at December 31, 2002	716,141,771	1,790,354,427.50
Capital increase following the exercise of stock purchase warrants	612	
Position at December 31, 2003	716,142,383	1,790,355,957.50
Capital reduction through cancellation of shares	(11,022,833)	
Position at December 31, 2004	705,119,550	1,762,798,875.00
Capital increase in payment for the takeover merger of Paroma	79,158,600	
Cancellation of the shares received in connection with the above merger	(79,159,434)	
Position at April 20, 2005	705,118,716	1,762,796,790.00
Capital reduction through cancellation of shares	(216,000)	
Position at December 31, 2005	704,902,716	1,762,256,790.00
Position at December 31, 2006	704,902,716	1,762,256,790.00
Position at December 31, 2007	704,902,716	1,762,256,790.00
Position at December 31, 2008	704,902,716	1,762,256,790.00
Position at December 31, 2009	704,902,716	1,762,256,790.00
Capital reduction through cancellation of shares	(25,566,716)	
Position at December 31, 2010	679,336,000	1,698,340,000.00
Position at December 31, 2011	679,336,000	1,698,340,000.00
Capital increase in payment for the Guyenne & Gascogne exchange offer	13,331,250	1,731,668,125.00
	692,667,250	
Capital increase resulting from the option to pay the dividend in shares	16,547,403	
Position at December 31, 2012	709,214,653	1,773,036,632.50
Capital increase resulting from the option to pay the dividend in shares	14,769,539	
Position at December 31, 2013	723,984,192	1,809,960,480.00
Capital increase resulting from the option to pay the dividend in shares	10,929,717	
Position at December 31, 2014	734,913,909	1,837,284,772.50

Event	Change in the number of shares	Capital *(in euros)*
Capital increase resulting from the option to pay the dividend in shares	3,556,885	
Position at December 31, 2015	738,470,794	1,846,176,985.00
Capital increase resulting from the option to pay the dividend in shares	17,764,360	
Position at December 31, 2016	756,235,154	1,890,587,885.00
Capital increase resulting from the option to pay the dividend in shares	18,442,657	
Position at December 31, 2017	774,677,811	1,936,694,527.50
Capital increase resulting from the option to pay the dividend in shares	14,575,028	
Position at December 31, 2018	789,252,839	1,973,132,097.50

7.2.3 Treasury share buybacks

Treasury shares

At December 31, 2018, the Company held 9,457,539 treasury shares (*i.e.*, 1.20% of the share capital).

The market value of treasury shares held at December 31, 2018, based on the final quoted price known for the year of 14.91 euros per share, was 141 million euros.

At December 31, 2018, none of the Company's affiliates held Carrefour shares.

Share buybacks

The Shareholders' Meeting held on June 15, 2018, deliberating pursuant to Article L. 225-209 of the French Commercial Code, authorised the Board of Directors to purchase Company shares, enabling it to use the option of dealing in treasury shares, to:

- engage in market making activities in the secondary market or ensure the liquidity of Company shares through an investment services provider, under the terms of a liquidity agreement that complies with the professional rules of the French financial markets association (*Association française des marchés financiers* – AMAFI) approved by the AMF, and in accordance with the market practices accepted by the AMF;
- implement any Company stock option plan or any similar plan, in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code;
- allocate or transfer shares to employees for their investment in the Company's development and/or to implement any savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French labour code (*Code du travail*);
- allocate free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- in general, meet all obligations relating to stock option plans or other allocation of Company shares to employees and/or Company officers of the Group or of related companies;
- deliver shares upon the exercise of rights attached to securities giving access to share capital by means of redemption, conversion, exchange, exercise of a warrant or any other means;
- cancel some or all of the shares thus repurchased; or
- engage in any market making activities that may be recognised by law or the AMF.

For each of the goals pursued, the number of shares purchased was as follows:

1. Liquidity agreement

   On July 14, 2016, Carrefour entered into a liquidity agreement with Rothschild & Cie Banque, which complies with the professional rules of the AMAFI approved by the AMF on March 21, 2011.

   In 2018, the Company purchased 6,695,053 shares at an average price of 16.73 euros per share, and sold 8,945,053 shares at an average price of 17.21 euros per share. No shares were held by the Company under the agreement as of November 30, 2018, the date on which it was terminated by the Company.

2. Stock option plan

   There were no Carrefour stock option plans outstanding at December 31, 2018, as the performance share plans set up in 2010 expired in July 2017.

3. Performance share plan

   Following the death of two employees, 12,000 shares were delivered in 2018 under the performance share plan of July 27, 2016, in accordance with the plan rules.

4. Cancellation

   The Company did not cancel any shares in 2018.

5. Sale of treasury shares

   No shares were sold in 2018 (other than under the liquidity agreement).

Description of the share buyback programme approved by the Shareholders' Meeting of June 15, 2018

1. Date of the Shareholders' Meeting that approved the share buyback programme and implementation decision:

   Approval of the programme: Shareholders' Meeting of June 15, 2018.

   Implementation decision: Board of Directors' meeting of June 15, 2018.

2. Number of shares and percentage of capital held directly or indirectly by the issuer:

   At May 31, 2018, the Company held 9,623,039 treasury shares, *i.e.*, 1.24% of the share capital.

3. Purposes for which shares are held by the Company:

   9,457,539 shares are used to cover stock option plans, performance share plans and any other allocations of shares, and 165,500 shares are held by the Company through the liquidity agreement.

4. Objectives of the share buyback programme:

   Purchases will be made, in descending order of priority, to:

   - engage in market making activities in the secondary market or ensure the liquidity of Company shares through an investment services provider, under the terms of a liquidity agreement that complies with the professional rules of the AMAFI approved by the AMF, and in accordance with the market practices accepted by the AMF;
   - implement any Company stock option plan or any similar plan, in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code;
   - allocate or transfer shares to employees for their investment in the Company's development and/or to implement any savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French labour code;
   - allocate free shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code;
   - in general, meet all obligations relating to stock option plans or other allocations of Company shares to employees and/or Company officers of the Group or of related companies;
   - deliver shares upon the exercise of rights attached to securities giving access to share capital by means of redemption, conversion, exchange, exercise of a warrant or any other means;
   - cancel some or all of the shares thus repurchased, provided that the Board of Directors has a valid authorisation from the Extraordinary Shareholders' Meeting allowing it to reduce share capital by cancelling shares acquired as part of a share buyback programme; or
   - engage in any market making activities that may be recognised by law or the AMF.

   The purchase, sale or transfer of shares may be carried out and paid for by any means, on one or more occasions, on the open market or through a private transaction, including the use of option mechanisms, derivatives – in particular the purchase of call options – or securities giving a right to shares of the Company, under the terms set forth by the market authorities. Moreover, the maximum portion of capital that can be bought, sold or transferred as blocks of securities may extend to the entire share buyback programme.

   The Company may not use the authority granted by the Shareholders' Meeting of June 15, 2018 and continue to implement its share buyback programme in the event of a tender offer involving shares or other securities issued or initiated by the Company.

5. Maximum percentage of capital, maximum number and characteristics of the shares the Company intends to acquire and maximum purchase price:

   The maximum purchase price per share is 36 euros and the maximum number of shares that may be purchased is 77,467,781 (representing approximately 10% of the share capital at December 31, 2017). The total amount that the Company may use to buy back its own shares may not exceed 2,788,840,116 euros.

   Given that the Company already held 9,623,039 treasury shares at May 31, 2018, representing 1.24% of the share capital as of that date, the maximum number of shares that may be purchased under this authorisation is 67,844,742.

6. Term of the share buyback programme:

   Eighteen months from June 15, 2018 pursuant to the authorisation granted at the Shareholders' Meeting, *i.e.*, until December 14, 2019.

7. Transactions carried out by way of acquisition, disposal or transfer under the previous share buyback programme:

Percentage of capital held directly and indirectly by the Company *(in shares and as a percentage)* at the beginning of the previous programme on May 31, 2018	9,568,539/1.27%
Number of shares cancelled over the past 24 months	
Number of shares held at May 31, 2018 *(in shares and as a percentage)*	9,623,039/1.24%
Gross book value of the portfolio *(in euros)*	236,029,168
Market value of the portfolio *(in euros)*	148,435,377

	Total gross flows		Open positions on the day of the programme description's publication			
	Purchases	*Sales/Transfers*	*Open purchase position*		*Open sale position*	
Number of shares	8,955,104	8,900,604	Call options purchased	Forward purchases	Call options sold	Forward sales
Average maximum maturity						
Average transaction price	20.16	20.27				
Strike price						
Amount	180,495,460	180,402,882				

Grant of options

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2018, since the 2010 plans based on performance conditions and continued employment in the Group expired in July 2017. Movements in these plans in 2018 were as follows:

	2018	**2017**
Number of options outstanding at January 1	-	1,823,200
of which, exercisable options	*-*	*1,823,200*
Options granted in 2018(1)	-	-
Options exercised in 2018	-	-
Options cancelled or that expired in 2018(2)	-	(1,823,200)
Number of options outstanding at December 31	-	-
of which, exercisable options	*-*	*0*

(1) Based on the recommendations of the Compensation Committee, the Board of Directors did not grant any stock options in 2018.

(2) The 2010 plans expired in July 2017. The 1,823,200 options that had not been exercised as of that date were cancelled.

Grant of shares

On July 27, 2016, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Shareholders' Meeting held on May 17, 2016 to grant performance shares (new or existing) to 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board of Directors' meeting at which the rights were granted.

The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition for 30%.

Details of the performance share plans in progress at December 31, 2018 are presented below.

	2016 Performance plan
Date of the Annual Shareholders' Meeting	May 17, 2016
Grant date(1)	September 15, 2016
Vesting date(2)	July 28, 2019
Number of shares awarded at grant date	1,944,850
Number of grantees at grant date	950
Fair value of one share *(in euros)*(3)	20.18

(1) Notification date (i.e., date on which grantees were notified of the plans' characteristics and terms).
(2) The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.
(3) The Carrefour share price on the grant date (reference price) adjusted for estimated dividends not received during the vesting period.

Movements in performance shares in 2018 were as follows:

	2018	2017
Number of free shares granted at January 1	1,739,450	1,942,150
of which, shares outstanding	*8,000*	*0*
Shares granted in 2017	-	-
Shares delivered to grantees in 2017	(12,000)	(3,500)
Shares cancelled in 2017	(210,900)	(199,200)
Number of free shares granted at December 31	1,516,550	1,739,450
of which, shares outstanding	-	*8,000*

7.3 Shareholders

7.3.1 Main shareholders

At December 31, 2018, the share capital amounted to 1,973,132,097.50 euros (one billion, nine hundred seventy-three million, one hundred thirty-two thousand, ninety-seven euros and fifty cents). It is divided into 789,252,839 shares of 2.50 euros each.

The Company is authorised to identify bearer shares.

The number of voting rights at December 31, 2018 was 1,009,864,055. After deducting the voting rights that cannot be exercised from this figure, the total number of voting rights is 1,000,406,516.

CAPITAL (AT DECEMBER 31, 2018)

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2018 was as follows:

Shareholders	Number of shares	Capital (%)	Number of actual voting rights	Actual voting rights (%)	Number of theoretical voting rights	Theoretical voting rights (%)
	79,624,211	10.09%	156,978,422	15.69%	156,978,422	15.54%
Galfa	22,291,101(1)	2.82%	-	-	22,291,101	2.21%
Subtotal – Galfa	101,915,312	12.91%	156,978,422	15.69%	179,269,523	17.75%
Peninsula Europe	60,078,731(2)	7.61%	119,513,869	11.95%	119,513,869	11.83%
Cervinia Europe	39,368,215	4.99%	77,414,716	7.74%	77,414,716	7.67%
Groupe Arnault	3,134,046	0.40%	5,790,798	0.58%	5,790,798	0.57%
	412,858	0.05%	801,432	0.08%	801,432	0.08%
Bunt	24,999,996(1)	3.17%	-	-	24,999,996	2.48%
Subtotal – groupe Arnault	67,915,115	8.60%	84,006,946	8.40%	109,006,942	10.79%
Employees	7,499,500	0.95%	14,642,250	1.46%	14,642,250	1.45%
Shares owned	9,457,539	1.20%	-	-	9,457,539	0.94%
Public	542,386,642	68.72%	625,265,029	62.50%	577,973,932	57.23%
TOTAL	789,252,839	100.00%	1,000,406,516	100.00%	1,009,864,055	100.00%

(1) Held via call options.
(2) Shares pledged to two banks under structured financing arrangements.

Carrefour shareholder agreement

There is no shareholder agreement at Carrefour.

Note that the breakdown of capital and voting rights as published at December 31, 2017 and December 31, 2016 was as follows:

CAPITAL (AT DECEMBER 31, 2017)

Shareholders	Number of shares	Capital (%)	Number of actual voting rights	Actual voting rights (%)	Number of theoretical voting rights	Theoretical voting rights (%)
	77,474,211	10.00%	151,756,385	15.91%	151,756,385	15.71%
Galfa	22,291,101(1)	2.88%	-	-	22,291,101	2.31%
Subtotal – Galfa	99,765,312	12.88%	151,756,385	15.91%	174,047,486	18.02%
Stanhore International Trading SARL	60,078,731(2)	7.76%	96,038,237	10.07%	96,038,237	9.94%
Cervinia Europe	39,368,215	5.08%	74,968,036	7.86%	74,968,036	7.76%
Groupe Arnault	3,134,046	0.40%	3,134,046	0.33%	3,134,046	0.32%
	412,858	0.05%	412,858	0.04%	412,858	0.04%
Bunt	24,999,996(1)	3.23%	-	-	24,999,996	2.59%
Subtotal – groupe Arnault	67,915,115	8.77%	78,514,940	8.23%	103,514,936	10.72%
Employees	7,529,183	0.97%	14,671,433	1.54%	14,671,433	1.52%
Shares owned	11,719,539	1.51%	-	-	11,354,539	1.18%
Public	527,669,931	68.11%	613,007,836	64.26%	566,081,739	58.62%
TOTAL	774,677,811	100.00%	953,988,831	100.00%	965,708,370	100.00%

(1) *Held via call options.*
(2) *Shares pledged to two banks under structured financing arrangements.*

CAPITAL (AT DECEMBER 31, 2016)

Shareholders	Number of shares	As a %	Number of ordinary voting rights	As a %	Number of extraordinary voting rights	As a %
Blue Partners(1)	38,611,574	5.11%	45,174,022	5.05%	45,174,022	5.05%
Cervinia Europe	38,046,501	5.03%	73,646,322	8.24%	73,646,322	8.24%
Groupe Arnault	2,656,752	0.35%	2,656,752	0.30%	2,656,752	0.30%
Bunt(2)	25,401,013	3.36%	25,401,013	2.84%	25,401,013	2.84%
Subtotal – Concert(3)	104,715,840	13.85%	146,878,109	16.43%	146,878,109	16.43%
Galfa(4)	87,414,211	11.56%	142,914,486	15.98%	142,914,486	15.98%
Stanhore International Trading SARL(5)	57,973,181	7.67%	57,973,181	6.48%	57,973,181	6.48%
Energy Jet SRL	1,461,957	0.19%	1,461,957	0.16%	1,461,957	0.16%
Subtotal – Abilio Diniz	59,435,138	7.86%	59,435,138	6.65%	59,435,138	6.65%
Employees	7,376,156	0.98%	14,715,332	1.65%	14,715,332	1.65%
Shares owned	9,473,039	1.25%	-	-	-	-
Public	487,820,770	64.51%	530,276,090	59.30%	530,276,090	59.30%
TOTAL	756,235,154	100.00%	894,219,155	100.00%	894,219,155	100.00%

(1) *Of which 4,135,736 Carrefour shares lent by Blue Partners with right of recall at its sole initiative by virtue of Article L. 233-9 I, 6° of the French Commercial Code.*
(2) *Of which 24,999,996 shares held through assimilation of Carrefour shares that can be acquired under a call option.*
(3) *At December 31, 2016, Blue Partners and Cervinia Europe owned 42,162,269 shares granting double voting rights.*
(4) *Of which 10,000,000 shares held in relation to a call option to be settled physically or in cash.*
(5) *Of which 30,754,124 shares pledged to one bank under a structured financing arrangement.*

Employee shareholding

At December 31, 2018, Group employees held 0.95% of the Company's share capital through the Company mutual fund.

7.3.2 Information referred to in Article L. 233-13 of the French Commercial Code

At the end of 2018, Galfa, a simplified joint-stock company formed under French law whose head office is located at 27, rue de la Chaussée d'Antin, 75009 Paris, France, held more than one-tenth of the share capital and more than three-twentieths of the voting rights.

Cervinia Europe, a private limited company formed under Luxembourg law whose head office is located at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg, groupe Arnault, a European company governed by a Management Board and a Supervisory Board under French law whose head office is located at 41, avenue Montaigne, 75008 Paris, France and Bunt, a private limited company formed under Luxembourg law whose head office is located at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg, held more than one-twentieth of the share capital and voting rights.

Peninsula Europe SARL whose head office is located at 26, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg held more than one-twentieth of the share capital and more than one-tenth of the voting rights.

7.3.3 Information referred to in Article L. 225-37-5 of the French Commercial Code

To the Company's knowledge, the composition of the share capital is as shown in the table in Section 7.3.1 of this Registration Document.

To the Company's knowledge, there is no agreement between its principal shareholders that could result in a change of control of the Company if implemented subsequently.

The summary table of current delegations of authority and powers granted to the Board of Directors appears in Section 7.2.2 of this Registration Document. Any delegation whose implementation is likely to jeopardise a public offer is suspended during the public offer period.

7.4 Stock market information

Carrefour is listed on the Paris Stock Exchange (Euronext Paris – Compartment A – ISIN code: FR0000120172). It is eligible for the Deferred Settlement Service and is included in the CAC 40, SBF 120, FTSE Eurotop 100 and Stoxx Europe 600 Retail indices.

At December 31, 2018, Carrefour's share was in 33rd position in the CAC 40 index in terms of market capitalisation, with a weighting of 0.83%.

Changes in Carrefour's share price must be assessed over the long term, given that short-term changes do not always reflect the Group's fundamentals.

	2014	2015	2016	2017	2018
Closing price *(in euros)*(1)					
● *highest*	29.20	32.80	26.74	23.64	19.62
● *lowest*	22.09	23.65	20.90	16.47	13.14
● *at December 31*	25.30	26.65	22.89	18.04	14.91
Number of shares at December 31	734,913,909	738,470,794	756,235,154	774,677,811	789,252,839
Market capitalisation at December 31 *(in billions of euros)*	18.6	19.7	17.3	14.0	11.8
Average daily volume(1)(2)	2,985,228	3,064,488	3,167,915	3,310,080	3,723,706
Net income from recurring operations per share *(in euros)*	1.67	1.35	1.06	(0.70)	(0.73)
Net dividend *(in euros)*	0.68	0.70	0.70	0.46	0.46(3)
Yield	2.69%	2.63%	3.06%	2.55%	3.09%

(1) Source: Euronext.
(2) Average daily volume on Euronext.
(3) Subject to approval by the Shareholders' Meeting on June 14, 2019.

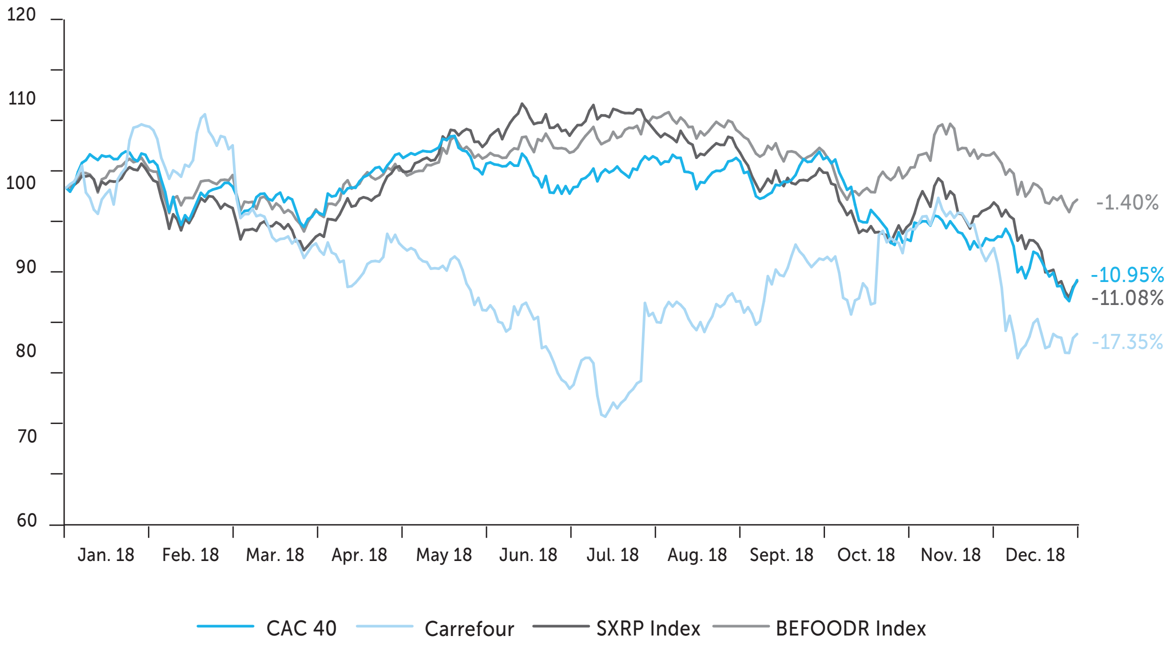
CARREFOUR SHARE PRICE IN 2018

	Highest share price*	Lowest share price*	Average closing price*	Number of shares traded	Amount of capital traded*
January	19.4	17.485	18.43	96,443,553	1,796,573,832
February	19.615	18.235	18.85	62,487,527	1,175,310,670
March	17.81	16.54	17.12	79,734,053	1,368,362,112
April	17.055	15.92	16.50	71,613,413	1,176,976,071
May	16.855	15.425	16.33	61,234,496	994,508,561
June	15.58	13.87	14.97	87,443,171	1,311,270,399
July	15.575	13.14	13.97	113,035,625	1,589,766,836
August	15.78	14.955	15.39	65,629,602	1,010,615,250
September	16.825	15.11	16.14	72,755,805	1,178,728,182
October	17.16	15.33	16.37	96,146,237	1,575,710,601
November	17.825	15.9	17.15	65,969,171	1,128,330,670
December	15.3	14.395	14.82	77,052,497	1,146,944,975

Source: Euronext.
** In euros.*

SHARE PRICE IN 2018 (100 BASE)

Carrefour share price in relation to the CAC 40, BEFOODR[1] and STOXX Europe 600 Retail[2] indices



Source: Bloomberg.

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(1) Composition of Bloomberg Europe Food Retailers (BEFOODR) index: Ahold Delhaize, Carrefour, Casino, Colruyt, ICA Gruppen, Jeronimo Martins, Kesko OYJ, Metro AG, Morrison, Ocado, Sainsbury, SPP Group, Tesco.

(2) Composition of Stoxx Europe 600 Retail index: Ahold Delhaize, B&M European Value Retail, Carrefour, Colruyt, Delivery Hero, Dufry, Galenica, H&M, ICA Gruppen, Inchcape, Inditex, Jeronimo Martins, Just Eat, Kering, Kesko OYJ, Kingfisher, Marks & Spencer, Metro, Morrison, Next, Ocado, Sainsbury, Tesco, WH Smith, Zalando.

8

ADDITIONAL INFORMATION

8.1 Publicly available documents

Documents concerning the Company and, in particular, its Articles of Association, Financial Statements and the reports presented to its Shareholders' Meetings by the Board of Directors and the Statutory Auditors may be consulted at the head office at 93, avenue de Paris, 91300 Massy, France.

These documents are also available on the Company's website: *www.carrefour.com*.

8.2 Person responsible

8.2.1 Person responsible for the Registration Document and the annual financial report

Alexandre Bompard, Chairman and Chief Executive Officer.

8.2.2 Declaration by the person responsible for the Registration Document and the annual financial report

"I hereby certify, having taken all reasonable measures to this end, that the information contained in this Registration Document is, to the best of my knowledge, true and correct, and that there are no omissions that are likely to affect its import.

I hereby certify that, to the best of my knowledge, the Financial Statements were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income of the Company and of all the consolidated companies, and that the attached management report gives a true and fair view of the changes in the business, results and financial position of the Company and of all the consolidated companies, as well as a description of the main risks and uncertainties to which they are subject.

I have obtained a letter from the Statutory Auditors stating that they have completed their assignment, which included checking the information concerning the financial position and the Financial Statements provided in this Registration Document and reading it entirely."

April 29, 2019

Alexandre Bompard

Chairman and Chief Executive Officer

8.3 Person responsible for the financial information

Matthieu Malige

Chief Financial Officer

8.4 Persons responsible for auditing the Financial Statements

	Date of initial appointment	Date of last renewal	Term of office[1]
PRINCIPAL STATUTORY AUDITORS			
Deloitte & Associés 6 place de la Pyramide, 92908 Paris la Défense Cedex, France Signatories: Stéphane Rimbeuf and Antoine De Riedmatten	April 15, 2003	June 11, 2015	2021
KPMG SA Tour Eqho, 2, avenue Gambetta, 92066 Paris La Défense Cedex, France Signatories: Caroline Bruno-Diaz and Patrick-Hubert Petit	September 5, 1968	June 11, 2015	2021
MAZARS 61, rue Henri-Régnault, 92400 Courbevoie, France Signatories: Emilie Loreal and David Chaudat	June 21, 2011	June 15, 2017	2023
ALTERNATE STATUTORY AUDITORS			
BEAS 7-9, Villa Houssay, 92200 Neuilly-sur-Seine Cedex, France	April 15, 2003	June 11, 2015	2021
SALUSTRO REYDEL Tour Eqho, 2, avenue Gambetta, 92066 Paris La Défense Cedex, France	June 11, 2015	-	2021

(1) Date of the Shareholders' Meeting called to approve the Financial Statements for the previous year ended December 31.

8.5 Information incorporated by reference

In accordance with Article 28 of EU Regulation 809/2004 of April 29, 2004, this Registration Document includes by reference the following information, to which the reader is invited to refer:

- for the financial year ended December 31, 2017: Consolidated Financial Statements, Company Financial Statements and related Statutory Auditors' reports included in the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 26, 2018 under number D.18-0392, on pages 214 to 292, 298 to 315, 293 to 296 and 316 to 318 respectively;
- for the financial year ended December 31, 2016: Consolidated Financial Statements, Company Financial Statements and related Statutory Auditors' reports included in the Registration Document filed with the AMF on April 25, 2017 under number D. 17-0425, on pages 170 to 244, 248 to 266, 245 to 246 and 267 to 268 respectively.

The information included in these two Registration Documents, other than that indicated above, is, where applicable, replaced or updated by the information included in this Registration Document. The two Registration Documents are available under the conditions described in Section 8.1 "Publicly available documents" of this Registration Document.

8.6 Concordance tables

8.6.1 Registration Document concordance table

Appendix I Commission Regulation (EC) 809/2004	**Page no.**	**Chapter/Section no.**
1/ Persons responsible		
1.1. Identity	358	8.2.1
1.2. Certification	358	8.2.2
2/ Statutory Auditors		
2.1. Identity	359	8.4
2.2. Change, if any		N/A
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3.2. Interim financial information		N/A
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5.2.2. Principal investments in progress	*20-23/188* *250-251* *303-304*	*1.5.2-4.2.3* *5.6 (Note 6)* *5.6 (Note 15)*
5.2.3. Principal future investments		*N/A*
6/ Business overview		
6.1. Principal activities	19-26	1.5
6.2. Principal markets	19-26	1.5.1 to 1.5.8
6.3. Exceptional factors	30 20-22	1.6.1 and 1.6.2 1.5.2
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8/ Property, plant and equipment		
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8.2. Environmental issues	58-60/62-69 69-80	2.2.3, 2.25 to 2.2.7 2.3.1 to 2.3.6
9/ Operating and financial review		
9.1. Financial condition	187-189	4.2
9.2. Operating results	182-186	4.1
10/ Capital resources		
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10.2. Cash flow	188 230	4.2.3 5.4
10.3. Borrowing requirements and funding structure	187-188 290-303	4.2.2-4.2.4 5.6 (Note 14)

Appendix I Commission Regulation (EC) 809/2004	Page no.	Chapter/Section no.
10.4. Restrictions on the use of capital resources	189 295	4.2.5 5.6 (Note 14.2.4)
10.5. Anticipated sources of funds	189	4.2.6
11/ Research and development, patents and licences	203	4.7.4
12/ Trend information		
12.1. Most significant trends since the end of the last financial year	194	4.4.6
12.2. Events reasonably likely to have a material effect on prospects	189	4.3
13/ Profit forecasts or estimates		N/A
14/ Administrative, management and supervisory bodies and senior management		
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15/ Remuneration and benefits		
15.1. Remuneration paid and benefits in kind	165-173	3.4
15.2. Provisions for pensions and retirement	278-282	5.6 (Note 12.1)
16/ Board practices		
16.1. Expiration of current terms of office	131	3.2.1.1
16.2. Service contracts with members of administrative, management or supervisory bodies	135	3.2.1.4
16.3. Information about the Board of Directors' Committees	154-161	3.2.3
16.4. Compliance with the applicable corporate governance regime	130/174	3.1/3.5
17/ Employees		
17.1. Number of employees	93-102	2.5
17.2. Shareholdings and stock options	167 173 348-351	3.4.2.1 3.4.3 7.2.3
17.3. Arrangements for involving employees in the capital	93 158-159 352-354	2.5.1 3.4.3 7.3
18/ Major shareholders		
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18.2. Existence of different voting rights	344	7.1.4.5
18.3. Direct or indirect control		N/A
18.4. Arrangements that could result in a change of control if implemented	352-354	7.3
19/ Related party transactions	175/178-180 273	3.6/3.8 5.6 (Note 9.3)
20/ Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
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20.2. Pro forma financial information		N/A
20.3. Financial statements	226-318/320-340	5.6
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Appendix I Commission Regulation (EC) 809/2004	Page no.	Chapter/Section no.
23/ Third party information, statement by experts and declarations of any interest		
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23.2. Confirmation	125-127	2.7.5
24/ Documents on display	358	8.1
25/ Information on holdings	306-313 336-337	5.6 (Note 18) 6.4 (Note 14)

8.6.2 Annual financial report concordance table

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2/ Consolidated Financial Statements	225-313	5.1 to 5.6
3/ Management report		
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Analysis of results	182-186	4.1
Analysis of financial position	187-189	4.2
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Principal risks and uncertainties	205-216	4.8.1
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5/ Statutory Auditors' reports on the Company Financial Statements and Consolidated Financial Statements	314-317 338-340	5.7 6.5
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8.6.3 Management report concordance table

Reference texts			Page no.	Chapter/ Section no.
		Comment on the financial year		
French commercial code (Code de commerce)	L. 225-100-1, L. 232-1, L. 233-6 and L. 233-26	Situation of the Company during the financial year and objective, comprehensive analysis of changes in the business, results and financial position of the Company and of the Group	182-204	4.1 to 4.4 and 4.6 to 4.7
French commercial code	L. 225-100-1	Key non-financial performance indicators relating to the Company's specific activity	115-117	2.7.1
French commercial code	L. 233-6	Significant acquisitions during the financial year of equity interests in companies whose head office is located in France	241	3.2.1
French commercial code	L. 232-1 and L. 233-26	Significant events between the financial year-end and the report preparation date	194	4.4.6
French commercial code	L. 232-1 and L. 233-26	Foreseeable changes in the situation of the Company and of the Group	189	4.3
French general tax code (Code général des impôts)	243 *bis*	Dividends distributed for the three previous financial years and amount of income distributed for these same financial years eligible for the 40% tax reduction	203	4.7.3

Reference texts			**Page no.**	**Chapter/ Section no.**
French commercial code	L. 441-6, L. 441-6-1 and D. 441-4	Information on the payment cycles of the Company's suppliers and customers	201-202	4.7.1
		Presentation of the Group		
French commercial code	L. 225-100-1	Description of the principal risks and uncertainties to which the Company is subject	205-214	4.8.1
French commercial code	L. 225-100-1	Financial risks related to the impact of climate change and presentation of the measures the Company has taken to reduce said impact by implementing a low-carbon strategy in all areas of its operations	211	4.8.1.3
French commercial code	L. 225-100-1	Main characteristics of the internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information	217-223 214-215	4.9 and 4.8.2
French commercial code	L. 225-100-1	Details on the Company's objectives and policy concerning hedges in each main transaction category for which hedge accounting is used	300	5.6 (Note 14.7.2)
French commercial code	L. 225-100-1	The Company's exposure to price, credit, liquidity and cash flow risks	211-214	4.8.1.4
French Commercial Code	L. 225-102-1, R. 225-105 and R. 225-105-1	Social and environmental consequences of the business	37-128	2
French Commercial Code	L. 225-102-1	Collective bargaining agreements entered into by the Company and their impact on the Company's financial performance and employee working conditions	97-101	2.5.3
French Commercial Code	L. 225-102-2	If the Company operates a facility of the type referred to in Article L. 515-36 of the French environmental code *(Code de l'environnement)*: ● description of risk prevention policy regarding technological accidents; ● report on civil liability insurance coverage for property and people and details on how the Company plans to ensure that victims are adequately compensated in the event of a technological accident for which the Company is liable (including "Seveso" facilities)		N/A
French Commercial Code	L. 225-102-4	Duty of care plan enabling the Company to identify risks and prevent serious violations as regards human rights and fundamental freedoms, health, safety, and the environment due to the Company's operations and those of its suppliers and subcontractors	107-114	2.6.2
French Commercial Code	L. 232-1	Research and development activities	203	4.7.4
		Information regarding corporate governance		
French commercial code	L. 225-185	Conditions under which options may be exercised and held by the Executive Officers	173	3.4.3
French commercial code	L. 225-197-1	Conditions under which performance shares granted to the Executive Officers may be held	173	3.4.3
French monetary and financial code	L. 621-18-2	Transactions involving the Company's shares carried out by executives and related persons	176-177	3.7
French commercial code	L. 225-184	Options granted to or subscribed or purchased during the financial year by the Company Officers and each of the top ten employees who are not Company Officers, and options granted to all employees, by category	173	3.4.3
		Information about the Company and capital		
French commercial code	L. 225-211	Details of purchases and sales of treasury shares during the financial yearInformation relating to treasury share buybacks carried out by the Company with a view to allocating them to employees and/or executives Information relating to treasury share buybacks carried out by the Company with a view to allocating them to employees and/or executives	348-351	7.2.3
French commercial code	R. 228-90	Possible adjustments for securities giving access to the capital in the event of buybacks of shares or financial transactions		N/A

Reference texts			Page no.	Chapter/ Section no.
French commercial code	L. 225-102	Report on employee profit-sharing as of the last day of the financial year, and proportion of capital represented by shares held by employees under the Company savings plan and by current and former employees under Company mutual funds	352-354	7.3
French commercial code	L. 464-2	Injunctions or financial penalties for anti-competitive practices		N/A
French commercial code	L. 233-13	Identity of private individuals or legal entities holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at Shareholders' Meetings	354	7.3.2
French monetary and financial code	L. 511-6	The amount of loans due within less than two years granted by the Company on an ancillary basis to micro-enterprises, SMEs or middle-market companies with which it has economic ties justifying such loans		N/A
		Information related to the Financial Statements		
French commercial code	L. 232-6	Possible changes in the presentation of the Financial Statements and the valuation methods used		N/A
French commercial code	R. 225-102	Company earnings performance in the last five financial years	204	4.7.6
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8.6.4 Corporate governance report concordance table

Reference texts			Page no.	Chapter/ Section no.
		Compensation		
French commercial code	L. 225-37-2	Presentation of the proposed resolutions regarding the compensation policy	169-170	3.4.2.2
French commercial code	L. 225-37-3L. 225-100, II R. 225-29-1	Total compensation and benefits of any kind due or paid during the financial year to each Company Officer Compensation and benefits received by companies controlling or controlled by the Company for a position held within the Company	165-173	3.4
French commercial code	L. 225-37-3	Commitments of any kind made by the Company to its Company Officers relating to compensation, indemnity or benefits due or likely to be due upon the assumption of, the termination of, or change in these duties or subsequent thereto	165-173	3.4
French commercial code	L. 225-37-3	Withholding of attendance fees for failure to meet gender parity requirements		N/A
French commercial code	L. 225-37-3	Reference to resolutions voted on as part of the *ex-ante* vote	167-168	3.4.2.1
		Information about the Company's Executive Management and general management		
French commercial code	L. 225-37-4	List of all Company Officers' mandates and duties they performed in any company during the financial year	138-149	3.2.1.5
French commercial code	L. 225-37-4	Regulated agreements and commitments entered into between a Company Officer or a shareholder holding more than 10% of the voting rights, and a subsidiary	178-180	3.8
French commercial code	L. 225-37-4	Executive Management's choice of management methods	162	3.3.1
French commercial code	L. 225-37-4	Summary of outstanding delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors concerning capital increases	346	7.2.2
French commercial code	L. 225-37-4	Composition of the Board of Directors, conditions of preparation and organisation of the Board of Directors' work	150-161	3.2.2
French commercial code	L. 225-37-4	Application of the principle of gender equality	132 135	3.2.1.2 3.2.1.4
French commercial code	L. 225-37-4	Limitations of powers of the Chief Executive Officer	162	3.3.1

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French commercial code	L. 225-37-4	Reference to the corporate governance code	130	3.1
French commercial code	L. 225-37-4	Specific rules governing shareholders' participation in Shareholders' Meetings	342-345	7.1.4
French commercial code	L. 225-37-5	Rules applicable to the appointment and replacement of members of the Board of Directors and to the amendment of the Company's Articles of Association	342-345	7.1.4
French commercial code	L. 225-37-5	Powers of the Board of Directors, including in particular the issue or buyback of shares	150 162 348-351	3.2.2 3.3.1 7.2.3
		Information about the capital		
French commercial code	L. 225-37-5	Structure and change of the Company's capital	346-351 352-354	7.2 7.3
		Factors that could have an impact in the event of a public offer		N/A
French commercial code	L. 225-37-5	Statutory restrictions about the exercise of voting rights and share transfers or contractual clauses brought to the Company's knowledge		N/A
French commercial code	L. 225-37-5	Direct or indirect interests in the Company's capital brought to the Company's knowledge	352-354	7.3
French commercial code	L. 225-37-5	List of holders of any security conferring special rights of control and description of these securities		N/A
French commercial code	L. 225-37-5	Control mechanisms provided under a possible employee share ownership scheme when the rights of control are not exercised by employees		N/A
French commercial code	L. 225-37-5	Agreements between shareholders brought to the Company's knowledge and which may result in restrictions on share transfers and the exercise of voting rights		N/A
French commercial code	L. 225-37-5	Agreements concluded by the Company that are amended or terminated in the event of a change in control of the Company, unless this disclosure would seriously harm its interests (except in cases of a legal obligation to disclose)		N/A
French commercial code	L. 225-37-5	Agreements providing for compensation to members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment ends as a result of a public offer	165-173	3.4

CONTACTS

Carrefour group Head office
93 Avenue de Paris
TSA 55555
91889 Massy Cedex

Investor relations
investisseurs@carrefour.com

Shareholder relations
contact@actionnaires.carrefour.com

Shareholders' Club
Autorisation 93261
92535 Levallois-Perret Cedex
France
Tel.: 0805 902 902
club@actionnaires.carrefour.com

Registered shareholders
Société Générale Securities Services
32 rue du Champ de Tir
CS 30812
44308 Nantes cedex 3
France
Tel.: +33 (0)2 51 85 67 89
Fax: +33 (0)2 51 85 53 42

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Société anonyme with capital of 1,973,132,097.50 euros
Head office: 93, Avenue de Paris – 91300 Massy – France
652 014 051 RCS Evry