Registration Document

Annual Financial Report

2016

REGISTRATION DOCUMENT

2016 Annual Financial Report

This is a free translation into English of the Registration Document issued in French and it is provided solely for the convenience of English speaking users.

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

As the reference in food retail,
Carrefour operates nearly 12,000 stores and e-commerce sites in more than 30 countries.
As a multi-local, multi-format and omni-channel retailer, the Group employs more than 384,000 people worldwide and generated total sales of 103.7 billion euros under its banners in 2016.
Every day, Carrefour welcomes 13 million customers around the world and is actively committed to quality and to more sustainable trade.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

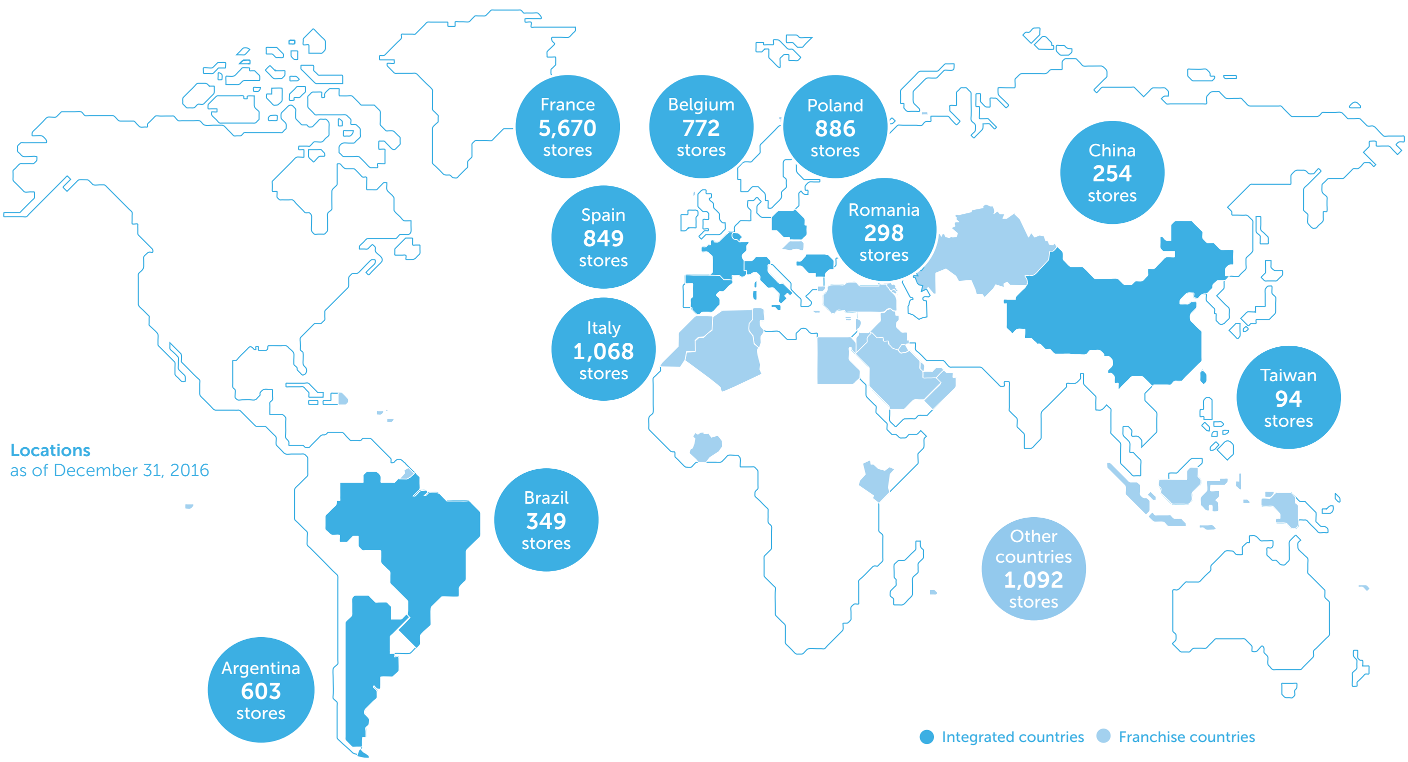
This Registration Document was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 25, 2017, in accordance with Article 212-13 of the AMF General Regulation. It may be used to endorse a financial transaction in conjunction with a prospectus certified by the AMF. This document has been established by the Issuer and is binding on its signatories.

2016 key figures

A multi-local group

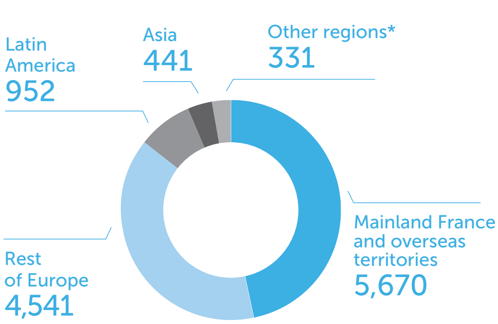
13 million
checkouts every day in our stores

Nearly **105 million**
customer households around the world

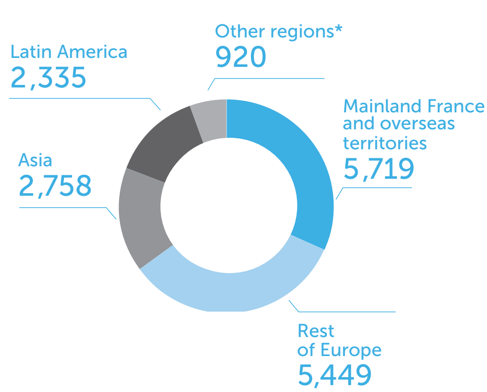


Store network

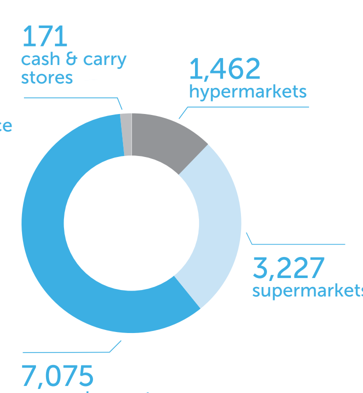
By region
In number of stores



By region
In thousands of sq.m. of sales area



By format



* Africa, Middle East and the Dominican Republic

A multi-format and omni-channel group

Hypermarkets, supermarkets, convenience stores and cash & carry stores;
E-commerce sites and solutions.

11,935 stores
in more than 30 countries

1.3 million
unique visitors a day
across all of the Carrefour websites

12.4 million
fans, followers and subscribers
on Carrefour social media

Store network (including franchisees and partners)

(number of stores as of December 31, 2016)	Hypermarkets	Supermarkets	Convenience stores	Cash & carry stores	TOTAL 2016	TOTAL 2015
France	229	1,034	4,156	139	5,558	5,539
Partnerships in French overseas territories	14	28	66	4	112	111
Total France	**243**	**1,062**	**4,222**	**143**	**5,670**	**5,650**
Belgium	45	442	285		772	753
Italy	57	412	586	13	1,068	1,101
Poland	86	159	641		886	813
Romania	32	213	53		298	192
Spain	175	129	545		849	718
Partnerships in other European countries	44	422	202		668	1,490
Total Rest of Europe	**439**	**1,777**	**2,312**	**13**	**4,541**	**5,067**
Argentina	79	126	398		603	588
Brazil	237	42	70		349	288
Total Latin America	**316**	**168**	**468**	**-**	**952**	**876**
China	229		25		254	236
Taiwan	64	30			94	83
Partnerships in other Asian countries	81	8	2	2	93	87
Total Asia	**374**	**38**	**27**	**2**	**441**	**406**
Partnerships in other countries*	90	182	46	13	331	297
Total Group	**1,462**	**3,227**	**7,075**	**171**	**11,935**	**12,296**

* Africa, Middle East and the Dominican Republic

A leading employer

384,151
employees

92.4%
of employees with permanent work contracts

75.4%
of employees work full time

39.2%
of managers are women

Workforce by region

Europe
57%

Latin America
26%

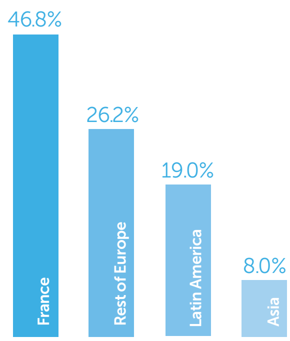
Asia
17%

Financial performance

Total sales under Group banners including petrol
€103.7 billion

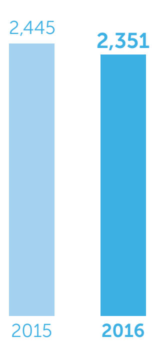
Sales including VAT
€85,700 million
(up 2.7% at constant exchange rates)

Change
(in millions of euros)

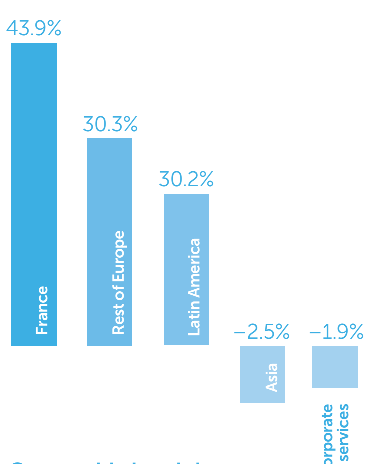


Geographic breakdown

Recurring operating income
€2,351 million
(down 3.2% at constant exchange rates)

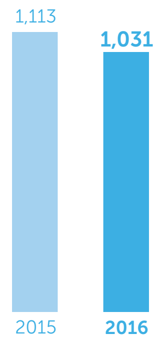


Change
(in millions of euros)



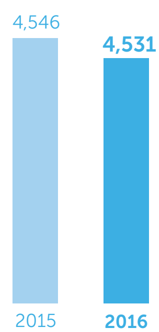
Geographic breakdown

Adjusted net income, Group share
€1,031 million
(down 7.4% at current exchange rates)



Change
(in millions of euros)

Net debt
€4,531 million
(down 15 million euros)

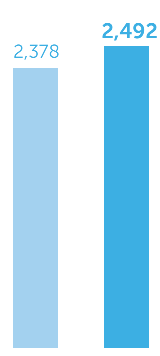


Change
(in millions of euros)

Net debt/EBITDA
1.2x in 2016

Credit rating
BBB+
Stable outlook

Capital expenditure*
€2,492 million



Change
(in millions of euros)

** Excluding Cargo*

Free cash flow from continuing operations*
€1,039 million

Change
(in millions of euros)

** Before exceptional items*

CSR performance

COMBATTING WASTE

Targets	2016
Recover waste	
• Recover 100% of waste by 2025	**71.6%** (+2.9 points vs. 2015)
Combat climate change	
• Reduce CO_2 emissions by 40% by 2025 compared with 2010	**-24.7%** (+7.5 points vs. 2015)
• Reduce energy consumption per sq.m. of sales area by 30% by 2025 compared with 2010	**-15.4%** (+2.6 points vs. 2015)
• Reduce refrigerant-related CO_2 emissions by 40% by 2025 compared with 2010	**-45.3%** (+14.9 points vs. 2015)
• Reduce transport-related CO_2 emissions by 30% by 2025 compared with 2010	**-7.1%** (+0.1 point vs. 2015)

PROTECTING BIODIVERSITY

Targets	2016
Develop agroecology and organic products	
• Foster direct relations with producers, to increase the number of Carrefour Quality Lines	**464** partnerships (+4.5% vs. 2015)
• Promote organic farming	**1,107.4 million euros** in sales of organic products (+32.2% vs. 2015)
Encourage the sustainable consumption of seafood	
• Promote Carrefour Quality Lines and MSC & ASC-certified seafood	**199 million euros** in sales of MSC, ASC and CQL-certified seafood (+7.8% vs. 2015)
Encourage sourcing of products that do not contribute to deforestation	
• Ensure that all of the palm oil used in Carrefour products is sourced from RSPO-certified suppliers	**100%**
• Use 100% certified and/or recycled paper in catalogues	**99.6%**
• Increase sales of PEFC and FSC-certified Carrefour products	**105 million euros** in sales of PEFC and FSC-certified products
Develop apiculture	
• Encourage Carrefour countries to adopt a local approach to apiculture	**48** sites equipped with beehives

SUPPORTING OUR PARTNERS

Targets	2016
Act as a responsible employer	
• Develop employees' skills	**14** training hours on average per employee
• Encourage diversity and equal opportunity	**39.2%** of managers are women
• Encourage the hiring and retention of people with disabilities	**3.3%** of employees have a disability
Listen to our customers	
• Include CSR in the customer barometer linked to Carrefour's brand image	**26%** of our customers identified our CSR messages in stores
Improve the way our results/actions are communicated to the non-financial community	
• RobecoSAM rating	**74**
• Carbon Disclosure Project rating	**B**
• VigeoEiris rating	**55**
Promote CSR in the supply chain and prioritise local suppliers	
• Promote CSR to suppliers	**58%** of suppliers fully participating in the CSR self-assessment
• Promote local suppliers	**73.8%** of Carrefour own-brand food products sold were sourced from direct national suppliers (+3 points vs. 2015)
Be a socially responsible retailer	
• Use food as a way to combat exclusion	**142.8** million meal equivalents donated to food aid associations

1

Presentation of Carrefour

1.1 History of Carrefour

The *Carrefour Supermarchés* company was born on July 11, 1959 following a meeting between Marcel Fournier, owner of a novelty shop in Annecy, and the Badin-Defforey family business, a grocery wholesaler in Lagnieu. Both from an entrepreneurial background, they hit upon a new idea: self-service, French-style, that they tried out in a 200-sq.m. store. Their success was immediate, and they soon had to expand, leading to the opening of an 850-sq.m. supermarket in June 1960 at the crossroads of Avenue Parmelan and Avenue André Theuriet in Annecy, followed by a second store in Cran-Gevrier in the Annecy suburbs in April 1963.

Did you know?

The first supermarket was located at the junction of five streets and roads. That is why this revolutionary new French-style self-service store was named Carrefour, the French word for crossroads.

It was around the same time, in 1961, that the company SARL Promodis (later to become Promodès), was created. Headed by two Normandy families with a background in wholesale trade, the Duval-Lemonniers and the Halleys, it opened its first supermarket in Mantes-la-Ville in 1962.

On June 15, 1963, Carrefour inaugurated the concept of the hypermarket in France, opening a store in 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. This innovative concept, in response to the growth of mass consumption in France, was a huge success. It was followed by a new supermarket in the Villeurbanne town centre, in the Lyon suburbs, in March 1964, which was later expanded into a hypermarket. The next store, which opened in Vénissieux in 1966, was a hypermarket with a sales area of 10,000 sq.m. Fully air-conditioned, it was the first to offer a selection of furniture and large household appliances, laying the foundations for the modern hypermarket with 20,000 products and "everything under one roof".

The Group's central purchasing unit, the *Société d'achats modernes* – Samod, was established in 1967 to supply the new hypermarkets being opened by Carrefour in Chartres and Anglet in 1967, in Annecy-Brogny, Dijon Quétigny and Créteil in 1968, and then in Bourges, Chambéry, Grenoble, Mérignac and Nevers in 1969.

Did you know?

The Company's logo was created in 1966 to mark the opening of the hypermarket in Vénissieux, near Lyon. It depicts 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.

In the wake of the events of May 1968, consumer products strove to outdo each other in terms of originality, and new technological equipment began to permeate every aspect of daily life. As a pioneer, the Group had to establish an organisational structure that would enable it to prosper. To finance its growth, Carrefour was listed on the Paris Stock Exchange on June 16, 1970, a first for the retail sector.

To make its stores even more appealing, the Group created a fuel retail subsidiary at the start of the 1970s.

Looking to offer its customers ever more affordable products, Carrefour reinvented its business in 1976 when it decided to sell its own products. This was the birth of the *produits libres* (unbranded products) in plain packaging that would go on to revolutionise the consumer products business. From that point, the mission of the Carrefour teams was not just to negotiate prices and conditions with the major brands, but also to develop products, select suppliers and guarantee quality.

1960 First Carrefour supermarket in Annecy

1963 Customer in the first Carrefour hypermarket in Sainte-Geneviève-des-Bois

1966 Inauguration of the Vénissieux hypermarket

Did you know?

The launch of the unbranded *produits libres* in 1976 exceeded all expectations and was a huge success with customers. In 1985, they became "Carrefour products." By attaching its own brand to the products it was selling, Carrefour soon made its name as a trusted label among customers.

At the same time, Carrefour was expanding internationally and exploring new markets: Spain in 1973, followed by Brazil in 1975. In the seventies, Promodès launched the Continent banner in France, as well as the Shopi and 8 à Huit banners, to broaden the network of convenience stores where customers could pick up extra items quickly and conveniently. In 1979, the Dia banner was established in Spain, with a first store in Madrid, before undergoing an ambitious international expansion programme in Spain, Greece, Turkey, China, Brazil and Argentina, and under the banners of Ed and Dia in France and Minipreço in Portugal.

Carrefour's development meant an increase in staff numbers, and also saw the Group fulfil its founding ambition to encourage a culture of initiative and personal and professional development for its employees. Since 1967, all employees have benefited from a non-discretionary profit-sharing scheme, supplemented in the late 1970s by a particularly attractive healthcare and insurance plan, and in 1987 by a discretionary profit-sharing agreement.

The 1980s brought a wealth of new challenges. Changes in legislation and new consumer habits encouraged international development, in Argentina (1982) and then in Taiwan (1989), and the diversification of the product offering: food, textiles, household appliances, hi-fi equipment, financial and insurance services, and more. It was in 1980 that Carrefour established the PASS financial services company to manage the PASS card launched in 1981 – both a credit card and a customer loyalty card. Just three years after its launch, 200,000 customers had PASS cards, using them for more than four million transactions. Over the course of the decade, Carrefour established Tex, its own-brand textiles line, which at the time included 450 products, and First Line (later to become Carrefour Home), its household appliance, TV and hi-fi equipment brand.

Promodès, for its part, created the franchised Champion banner and acquired 128 supermarkets from Primistère in 1988, enabling it to strengthen its presence in Paris and the Île-de-France region. In 1990, the Company bought Codec and signed an agreement with the Arlaud group, three of whose hypermarkets came under the Continent banner.

That same year, Carrefour purchased the French hypermarket chains, Montlaur and Euromarché. The 1990s gave Carrefour the opportunity to continue to develop its international business, with the Group gaining a foothold in Italy (1993), China (1995) and Poland (1997).

For its part, in 1996, Promodès acquired 105 Félix Potin stores, and in 1997, the Catteau company.

Always a precursor in its field, Carrefour ushered in the era of organic products in the retail sector in 1992 with its *Boule Bio* organic bread. During the 1990s, Carrefour revolutionised its offering and its stores around a central theme: becoming the reference for quality and fresh produce. From that point on, Carrefour butchers, bakers, pastry chefs and fishmongers developed, prepared, cut and put together their products in front of customers. The idea was to demonstrate the professionalism and expertise of the teams while showcasing the freshness and quality of products in a traditional market setting.

Did you know?

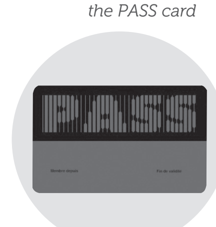
In order to guarantee consumers quality and fresh produce, Carrefour developed a new relationship with the agricultural sector in 1992, signing on to a completely different type of partnership. This was the birth of the Carrefour Quality Lines, which guarantee fair prices for producers and consumers as well as flavourful products derived from authentic expertise and that are good for people and the environment.

Year after year, Carrefour continued to diversify its business, launching the first Carrefour Holidays offer, the first Carrefour Telecom subscriptions and the first cut-flower offering. In 1995, a Health & Beauty department was also tested in Carrefour's Belle-Épine store in France. An immediate success, it was soon expanded to become a *Parapharmacie* (Drugstore) section. Managed by a pharmacist and his team, the new section featured 2,500 products including major brands at prices that were 20% lower than those found in standard pharmacies.

1975 First hypermarket in Brazil (Pinheiros)

1976 Carrefour launches the "produits libres"

1981 Carrefour launches its own payment card – the PASS card



1989 First hypermarket in Asia (Ta-Shun – Taiwan)

In 1996, the first partnerships with Food Banks were also set up to redistribute food approaching its use-by date to those in need. Over time, Carrefour stores would introduce more initiatives of this type, driven by the sense of civic duty and altruism of its local teams.

These responsible commitments would progressively become more formalised and extended to a number of areas, such as local procurement policies.

A firm defender of employee relations, that same year Carrefour created one of the first works councils in Europe, the European Consultation and Information Committee (ECIC), before entering into a long-term partnership with the International Federation for Human Rights in 1997.

In France, the 1990s drew to a close with changes and regroupings of banners. In 1997, Carrefour signed an agreement with Guyenne & Gascogne, Coop Atlantique and the Chareton group. In October 1998, Carrefour purchased Comptoirs Modernes, acquiring more than 700 stores operating under the Stoc, Comod and Marché Plus banners. On December 31, 1998, Carrefour had 351 hypermarkets worldwide.

The following year, on August 30, 1999, Carrefour submitted a friendly tender offer for Promodès shares. 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.

In response to changing consumer habits, the online supermarket Ooshop was quick to offer a range of 6,000 products, including more than one thousand items of fresh produce. Further development led to the opening of the Company's first store in Romania in 2001 and the purchase of 17 motorway service stations in France. Over the course of the decade, the Group went on to strengthen its presence in certain countries, either through controlled expansion or targeted acquisitions in France and in Romania (Hyparlo, Artima), Belgium (GB), Poland (Ahold), Italy (GS), Brazil (Atacadão), Argentina (Norte) and Spain (Plus).

Ever conscious of its customers' needs, in 2004 Carrefour committed to helping them to "consume better," believing that, beyond the purchases people make to feed, clothe and entertain themselves, each person can take action to improve his or her well-being, health and lifestyle and, in so doing, contribute to ensuring that consumption is a source of progress for all.

Carrefour also introduced its first free loyalty card, which went on to attract more than 5 million customers in its first 12 months. As for its employees, Carrefour committed to ensuring that its workforce was representative of France's population in all its rich diversity, by signing the Diversity Charter.

In 2008, Carrefour began a major renovation programme in its stores, transforming the Champion supermarkets under the Carrefour Market banner. In record time, the 1,000 French stores were rebranded to offer a wider, more diverse range of products and services, a simplified customer path through the aisles, and a unique loyalty programme, the Carrefour card. The first convenience stores under the Carrefour City, Carrefour Contact and Carrefour Express banners were introduced, first in France and then in the other countries served by the Group.

Did you know?

Carrefour continues to develop its range of products and services, guided by innovation and the commitment of its banners to quality and price. In 2009, French customers were treated to 2,000 new Carrefour brand products on the shelves.

The new Carrefour banners, as well as some historical banners, gradually expanded in all countries. For example, the Atacadão model continued to grow in Brazil with the opening of 11 stores in 2010. That same year, the Group expanded 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.

In numerous countries, Carrefour chooses to develop its banners through strategic partnerships with local players. In 2009, the Group signed a franchising agreement with Label'Vie, a Moroccan retail business. In July 2011, Carrefour completed the spin-off of Dia SA, a hard-discount business, which became independent and was listed on the Madrid Stock Exchange.

On the customer side, Carrefour continued to pursue its commitment to offering a wide range of quality products and services and the best value for money, notably through its *Garantie Prix le plus bas* (Guaranteed lowest price) programme covering more than 500 major-brand products, its *Garantie Fraîcheur* (Freshness guarantee) programme in France, a new Club Carrefour programme in Argentina, and various other promotional events focused on customer purchasing power, such as the "14 days without VAT" initiative in Romania in 2011.

1992 Carrefour breaks new ground with the "Boule Bio" bread

1995 Opening of the first hypermarkets in China

2001 Norte store in Argentina

Adapting to new consumer habits, Carrefour Drive was gradually rolled out across France. Developed to complement the stores, this new service allows customers to order online and pick up their shopping in just a few minutes. At the same time, Carrefour leveraged the rapid development of new technology by introducing, in a number of countries, e-commerce sites and new in-store services: touch screens, paperless catalogues, scanners, mobile apps and more.

In 2012 and 2013, the Group refocused its activities on markets where the banner had a solid position. Carrefour partner CT Corp became an exclusive franchisee in Indonesia, and the partnership with Sabanci Holding in Turkey was reorganised, as was the exclusive franchise partnership with the Majid Al Futtaim group in the Middle East, which was renewed and extended to cover new formats and new countries.

At the same time, the Group strengthened its activities with the consolidation of Guyenne & Gascogne following the success of a tender offer in France and the acquisition of Eki stores in Argentina.

Partnerships were signed with Itaú Unibanco, Brazil's largest private bank, and E. Sun Bank in Taiwan, to enable Carrefour to develop its financial services. Carrefour joined forces with the CFAO group, establishing a joint company to develop various formats of Carrefour stores in West and Central Africa.

In 2013, an asset modernisation programme was launched to improve the quality of service and reception for customers. During the first year of the programme, 49 hypermarkets and 83 supermarkets were renovated and remodelled in France to ensure a balanced commercial offer, tailored to the needs and desires expressed by customers. In order to create a better sales ecosystem with greater consistency between stores, shopping malls, car parks and surrounding areas, Carrefour worked with international investors to establish Carmila in April 2014. The new company's remit is to enhance the value of shopping centres adjacent to Carrefour hypermarkets in France, Spain and Italy.

In 2014, Carrefour acquired the French network of Dia stores and incorporated 128 Coop Alsace convenience stores. In Italy, the Group acquired 53 Billa supermarkets and 17 Il Centro stores. The Group's centre of gravity was shifting as it moved closer to its customers. The Group maintained a steady expansion policy with a net total of more than 750 new stores throughout the world. In December 2014, Carrefour strengthened its local roots in Brazil by welcoming Península into the capital of its local subsidiary with a 10% stake, enabling it to take advantage of the new shareholder's recognised experience in the local retail business to pursue the development of its multi-format model. A cooperative purchasing agreement between Carrefour and Cora/Supermarchés Match was also signed at the end of the year in France.

Year after year, the Carrefour model is gradually evolving in response to the changing needs and expectations of customers. In 2016, Carrefour continued to consolidate its market leadership positions by enhancing the multi-format nature of its network. The convenience banners made further inroads in many countries during the year, with the development of Carrefour Bio in France, Carrefour Easy in China, the first Carrefour Express in Brazil, the transformation of Dia stores in France, etc. The hypermarket and supermarket revitalisations are also supported by Atacadão's expansion in Brazil and the acquisition of Billa supermarkets in Romania and Eroski stores in Spain. In every country, Carrefour continued to develop its food and non-food e-commerce offering, spearheaded by the acquisition of Rue du Commerce and Greenweez in France and the launch of new e-commerce operations in China, Poland, Argentina and Brazil.

2008 First Carrefour Market supermarket opens in Milan

2010 Eleven new Atacadão stores open in Brazil

2012 Carrefour launches the "Guaranteed lowest price" campaign in French hypermarkets

2015 The Group continues to develop its Carrefour Drive service

1.2 Presentation of Carrefour

For more than 50 years, Carrefour has operated its retail business in a constant dedication to meeting the expectations of its customers in more than 30 countries around the world. As the reference in food retail, Carrefour develops its offering through a vast network of nearly 12,000 stores, from hypermarkets to neighbourhood convenience stores, and through a variety of e-commerce solutions, in a commitment to meeting every need. In this way, Carrefour combines the benefits of a multi-format store base and the agility offered by digital technology. The development of efficient supply chain and real estate systems is supporting retail.

Through its commitments to a retail model that is at once innovative, sustainable and a source of value, Carrefour is actively contributing to the transformation of the retailing market for the benefit of all.

Wherever it operates, Carrefour is committed to its host communities, offering jobs and vocational training, fostering diversity and equal opportunity, combatting waste and preserving biodiversity, supporting local suppliers and SMEs, and engaging in corporate philanthropy and community outreach. This is the true meaning of the multi-local model deployed by Carrefour internationally, nationally and locally.

1.2.1 A multi-local retailer

With 11,935 stores in more than 30 countries, Carrefour is the reference in food retail. Present in mainland France and its overseas territories (47.5% of the store network), other European countries (38%), Latin America (8%), Asia (3.7%), and other regions such as Africa, the Middle East and the Dominican Republic (2.8%), the Group operates a network of consolidated and franchised stores, and stores managed with local partners.

In every country and region, Carrefour banners provide a convenient offering, selected on the basis of a close reading of customer aspirations, needs, tastes and customer purchasing patterns.

This process is facilitated by the Group's active contribution to the vitality and development of the territories, by partnering with regional producers, creating jobs, sponsoring and organising events, and taking part in economic, environmental, social and solidarity projects, in partnership with local stakeholders.

Carrefour is a multi-local retailer. Its stores are locally rooted, responsive and attentive to their customers, with the support, logistics and leverage of an international retailing group.

Carrefour has three operational models: integrated, franchised and partnership stores. Alongside its directly operated stores, Carrefour operates a network of franchised stores. The franchise model, inherited from Promodès, is based on specific capabilities and franchisees that have demonstrated outstanding retailing expertise. In some regions of the world, Carrefour privileges local partnerships with professionals who have deep roots in their communities. This model combines the strength of Carrefour's multi-format model with its partners' granular, in-depth knowledge of local markets.

1.2.2 A multi-format and omni-channel retailer

With its different banners, retail formats, and e-commerce sites, Carrefour has all the capabilities it needs to cater to the diversity of needs of its customers, whether business or individual customers, in town or country, in France and abroad.

Worldwide, the Group's stores offer a variety of formats and channels, including hypermarkets with a general product offering at the best possible price, an invitation to explore new horizons; supermarkets, the leading food format with a broad range of fresh produce; convenience stores for service and practicality; cash & carry stores for trade customers; and e-commerce to serve new consumer habits.

Carrefour is convinced that its multi-format and omni-channel model is a powerful driver of future growth and the ability to meet the multitude of customer needs and expectations. The Group is steadily strengthening this fundamental, year after year, by continuing to expand its banners. In every country, existing stores are being refurbished and new concepts developed to offer well-designed shopping environments resonant with emerging expectations, as with the opening of the first Carrefour Express convenience stores in Brazil in 2014 and Carrefour Easy in China in 2015, the revitalisation of the customer experience in a large number of hypermarkets and supermarkets, and the expansion of the Carrefour City, Carrefour Contact and Carrefour Bio banners in France in 2016.

As a pioneering retailer and the inventor of the French-style hypermarket, Carrefour is fully committed to transforming its model in ways that continue to delight its customers. Thus, in addition to pursuing its multi-format expansion, the Group now operates online food and non-food websites in all of the integrated countries and is deploying new customer-focused initiatives every day, including mobile payments, home delivery, in-store or Carrefour Drive order pick-up, a connected home shopping device, and innovative mobile apps.

The Group is also helping to improve its own and its suppliers' business practices by capitalising on the opportunities offered by digital technology, such as new supply chain management systems and operational applications emerging from the development of the Internet of things. To make digitisation an opportunity and create value for everyone, Carrefour is also supporting innovative start-ups in such varied fields as grocery delivery and the fight against waste.

Hypermarkets

With sales areas of between 2,400 and 23,000 sq.m., Carrefour's hypermarkets are perfect for any major shopping trip. Customers can find an assortment of 20,000 to 80,000 products, both food (fresh produce, consumer goods, local specialities, etc.) and non-food (clothing, consumer electronics, home furnishings, cultural goods, etc.). Around the world, Carrefour's hypermarkets provide high quality and low prices year-round. Customer satisfaction is also ensured through sales and promotions introducing new products, price offers, and a diverse range of services.

In some markets, the Group is also developing stores open to both professionals and individual customers, where products are sold in batch quantities and presented on palettes at wholesale prices. The Atacadão banner, for example, is continuing to expand in Brazil and in Morocco, as is Carrefour Maxi in Argentina.

In 2016, Carrefour pursued its initiatives aimed at enhancing the shopper experience in every country by continuously improving its assets and merchandise offering. Among the many examples were the projects deployed during the year in the new generation hypermarkets in Villiers-en-Bière (France), Mons and Coxyde (Belgium), Poznań (Poland) and Cambuci (Brazil). In every case, the shopping experience is being refreshed in ways that address changing customer expectations, with new product offerings, innovative new services, digital POS systems, on-site or take-out foodservices, etc. The Group has also strengthened its presence in Spain with the planned acquisition of 36 compact hypermarkets from the Eroski group, the first two of which were opened by year-end.

At year-end, Carrefour had 1,462 hypermarkets under Group banners worldwide, including 243 in France, 439 in the rest of Europe, 316 in Latin America, 374 in Asia, and 90 in other countries[1].

Supermarkets

Group supermarkets offer a wide and varied selection of food items, with shelves that are fully stocked with fresh produce and local products, a tailored assortment of non-food items, attractive prices in every aisle, and regular promotions. These selling points have made them a standard for food shopping in urban and rural areas alike. In stores ranging from 1,000 to 3,500 sq.m., customers can enjoy welcoming, traditional marketplace-inspired stores for their everyday shopping under the Carrefour Market, Carrefour Bairro and Supeco banners.

In 2016, Carrefour continued to renovate its supermarket banners, along the lines of the new Carrefour Market store concepts rolled out in Italy, Poland, Belgium and France and the Carrefour Bairro concept deployed in Brazil. At the same time, Carrefour enhanced its model's multi-format personality by continuing its expansion in Taiwan and integrating the Billa stores acquired in Romania in 2015.

At year-end, Carrefour had 3,277 supermarkets under Group banners worldwide, including 1,062 in France, 1,777 in the rest of Europe, 168 in Latin America, 38 in Asia, and 182 in other countries[1].

Convenience stores

The fundamental principle behind Carrefour's network of convenience stores is that they offer a selection of essential products that reflect their customers' needs and shopping habits, at fair prices and with extended opening hours. Customers can do their daily shopping at these convenient, nearby stores in pleasant and modern surroundings. They can also find products and services aligned with their expectations, from budget meals to everyday essentials, express check-out lines for quicker shopping, and home delivery services. With stores ranging from 60 to 900 sq.m., the Group's banners (Carrefour Express, Carrefour City, Carrefour Contact, Carrefour Bio, Carrefour Easy, Carrefour Montagne, 8 à Huit, Proxi, etc.) are all committed to setting the standard in neighbourhood convenience stores.

In 2016, Carrefour continued to expand its banners, opening 658 convenience stores over the year, including 171 in France, 126 in Poland and 172 in Spain. The Group is now multi-format in all of the integrated countries, with 25 Carrefour Easy stores in China and 70 Carrefour Express outlets in Brazil at year-end 2016. Banner revitalisation continued apace in France with the development of the Carrefour Bio banner, the new Carrefour City concepts and the rebranding of 622 Dia stores under the various Carrefour banners.

In all, at year-end, Carrefour had 7,075 convenience stores worldwide, including 4,222 in France, 2,312 in the rest of Europe, 468 in Latin America, 27 in Asia, and 46 in other countries[1].

Cash & carry stores

Cash & carry stores offer restaurant owners, merchants and other trade customers a broad selection of food and non-food products at wholesale prices, along with a range of services tailored to their needs, such as opening hours to suit the food industry, delivery services and loyalty programmes.

In 2016, Promocash, France's leading franchised cash & carry network, continued to upgrade its stores and develop new services. Today, it offers 14,000 food and non-food items in more than 140 stores. For example, the freshly renovated outlets in Clermont-Ferrand, Dijon and Melun now feature reconfigured fresh produce stands, new wine displays and dedicated ordering websites, enabling around-the-clock shopping.

In all, at year-end, Carrefour had 171 cash & carry stores worldwide, including 143 in France, 13 in the rest of Europe, two in Asia, and 13 in other countries[1].

(1) Africa, Middle East and the Dominican Republic.

An omni-channel model

To let customers choose where, when and how they want to shop, Carrefour offers a range of solutions to make their lives easier by deploying an omni-channel approach based on the seamless interaction between stores and online solutions, which increases opportunities to develop contact with customers. In this approach, Carrefour adopts a local strategy, adapted country by country.

Easily accessible from a phone, computer or tablet, Carrefour's food and non-food e-commerce portals offer customers an extensive range of products, competitive prices, promotions, advice and a choice of delivery or pick-up options. Carrefour is also developing a full array of mobile solutions to facilitate the shopping process, while broadening and deepening its social media presence to interact directly with customers.

2016 was also marked by further progress towards the omni-channel approach. Carrefour now has an online offering in all of its integrated countries, with in particular the launch of a non-food offering in Brazil, a food offering in China and a marketplace in Spain. In France, in addition to rolling out a new interface for its *carrefour.fr* portal, Carrefour has enriched its digital ecosystem with targeted acquisitions to accelerate the deployment of e-commerce activities. It has acquired Rue du Commerce (more than 3 million non-food items) and Greenweez (20,000 organic items in addition to those offered in store) as well as Top Achat, Croquetteland, Grands Vins Privés and My Design. In addition, it has continued to drive further growth at Ooshop, with a broader, more precisely defined assortment, and has expanded its click & collect services nationwide. Customers in France can now count on a network of 569 Carrefour Drive across the country. Carrefour is also pursuing the development of innovative services, such as home delivery in less than an hour in the Île-de-France region (*livraisonexpress.carrefour.fr*) and Summer Drive opened on Belgian beaches during the summer.

STORE NETWORK (INCLUDING FRANCHISEES AND PARTNERS)

Data as of December 31, 2016	Hypermarkets	Supermarkets	Convenience stores	Cash & carry stores	Total store base 2016	Total store base 2015	Total sales area *(in thousands of sq.m.)* 2016	Total sales area *(in thousands of sq.m.)* 2015
France	229	1,034	4,156	139	5,558	5,539	5,585	5,537
Partnerships in French overseas territories	14	28	66	4	112	111	134	131
Total France	243	1,062	4,222	143	5,670	5,650	5,719	5,668
Belgium	45	442	285		772	753	936	929
Italy	57	412	586	13	1,068	1,101	984	1,031
Poland	86	159	641		886	813	673	640
Romania	32	213	53		298	192	411	296
Spain	175	129	545		849	718	1,820	1,786
Partnerships in the rest of Europe	44	422	202		668	1,490	625	1,357
Total Rest of Europe	439	1,777	2,312	13	4,541	5,067	5,449	6,039
Argentina	79	126	398		603	588	669	667
Brazil	237	42	70		349	288	1,666	1,590
Total Latin America	316	168	468	-	952	876	2,335	2,258
China	229		25		254	236	1,804	1,820
Taiwan	64	30			94	83	440	430
Partnerships in other Asian countries	81	8	2	2	93	87	514	484
Total Asia	374	38	27	2	441	406	2,758	2,734
Partnerships in other countries[(1)]	90	182	46	13	331	297	920	828
TOTAL GROUP	**1,462**	**3,227**	**7,075**	**171**	**11,935**	**12,296**	**17,181**	**17,526**

(1) Africa, Middle East and the Dominican Republic.

1.2.3 A diversified business base

Depending on his or her desires or requirements at any given moment, each customer can shop and interface in a variety of retail formats and channels, while systematically enjoying the same guarantees, commitment and service. This is the vision of the omni-channel model that Carrefour is deploying in its different countries, starting with the basics of the retailing business and the expectations of each customer, so that they can purchase not only food, but also consumer goods, travel services, insurance, etc.

Fulfilling this vision demands a multitude of skills and expertise, in both backoffice and customer-facing jobs.

1.2.3.1 Store and website operations

As core building blocks of the Carrefour model, operational efficiency and customer satisfaction are the focus of every employee's attention at every level and in every job, whether store manager, department manager, cashier, specialised salesperson, baker, or butcher. To this end, Carrefour hires and trains seasoned professionals in the retail and distribution trades.

In 2016, Carrefour continued to operate nearly 12,000 stores around the world and strengthened its multi-format and omni-channel model. The integration and training of the teams at Dia in France, Billa in Romania and Eroski in Spain supported the gradual changeover of their stores to Group banners. To help drive the growth of Carrefour's digital business, new skills are also being acquired to enable the teams to offer online customers the market's most satisfying e-shopping experience.

1.2.3.2 Product offerings

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 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. Price competitiveness is a prerequisite, the result of focusing a wide range of expertise on ensuring that customers come out the winners.

(fresh produce and local products)

As a major draw for customers, fresh produce demands all of the care and expertise of employees. In every store, Carrefour offers a broad range of high-quality fresh produce in environments that are carefully designed to deliver an enjoyable shopping experience, with well-stocked stalls, easy-to-reach products, 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. Today, products from the 464 Carrefour Quality Lines are offered to customers around the world. In addition, the Group is increasingly emphasising products sourced from local or national suppliers, which now represent close to 74% of all Carrefour brand food products sold.

In China, for example, Carrefour's commitment is expressed by sourcing its fruits and vegetables directly from growers. Launched in 2007, this project now enables more than 1.29 million farmers to sell their products to Carrefour shoppers. This initiative, which is being steadily expanded year after year, is helping to improve farmers' incomes as well as their knowledge of production techniques and management concepts, while enabling Carrefour to carefully control product quality.

(national-brand and own-brand products)

In addition to the best-selling brand-name products, Carrefour offers a wide variety of own-brand food products: Carrefour, Carrefour Bio, Carrefour Selection, No Gluten, Carrefour Baby and Carrefour Kids, Carrefour Ecoplanet, Reflets de France, Terre d'Italia, De Nuestra Tierra, Viver, Bon App', Veggie, etc.

For example, the Reflets de France brand, which celebrated its 20th anniversary in 2016, promotes traditional products that reflect France's culinary heritage. It currently spans more than 570 items marketed in 45 countries. In this way, the Group banners are driving innovation and responding to the perceived needs of their shoppers. In 1992, for example, Carrefour was the first retailer to sell an organic product and is now the leading organic grocer in France with a 20.1% market share[1].

Merchandising teams are also developing exclusive global brands for non-food products, such as Tex (apparel), Les Cosmétiques Design Paris (beauty & personal care), Hyba (garden care), Poss (household appliances, photo, cinema, audio and multimedia), Mandine (kitchenware), Klindo (household care) and Nalk & Rey (small personal care appliances).

(1) Market share by value – Nielsen Homescan panel for the organic product segment (FMCG and self-service fresh produce) in France, over a 12-week period ending December 25, 2016 (HM, SM and SDMP, excluding Drive).

(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 produce. 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 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 or 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. In France, Carrefour works with 5,000 SMEs, making it the country's leading retailer of products made by domestic SMEs[1].

1.2.3.3 Retail services

From financing to leisure and 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 at the best price.

While varying by country and local practices, Carrefour services help customers to optimise their shopping time and budgets by offering opportunities to book theatre tickets, buy flowers, print photos or hire a van for a move or a car for a weekend outing. In each country, Carrefour is continuing to improve existing services, in particular by developing new digital applications and solutions to support customer mobility. For example, customers can now calculate a loan, prepare their next holiday, or check the availability of a rental car online before going to pick it up at the nearest store.

Carrefour offers customers financing, savings and insurance solutions through more than 950 agencies and financial services stands around the world. Located right next to the entrance of the stores, these agencies and financial stands support Carrefour's core business, for example, by offering payment cards, as well as financing solutions and extended warranties for purchased consumer goods. As of end-2016, more than 13 million Carrefour cards were in circulation in the 10 integrated countries.

Did you know?

Carrefour Banque is the Group's banking subsidiary that markets banking and insurance products in France, Italy and Belgium. Today, it serves more than 2.5 million customers with exclusive services and benefits, while enabling them to save money when they shop. Carrefour Banque and Insurance also manages 2.9 billion euros in total loans outstanding and 2.3 billion euros in customer savings.

In 2016, Carrefour also created **Market Pay**, an authorised payment institution. As a wholly-owned subsidiary, its purpose is to combine all of Carrefour's electronic payment systems, such as Carrefour cards, POS terminals and online payment solutions, and to centralise payment acceptance and acquisition services for all of the retail channels. Among other things, Market Pay will improve the security of payment data collected from customers of Carrefour banners and develop new payment solutions for the Group.

1.2.3.4 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 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, delivering them to point of sale, stocking them on store shelves or delivering them directly to customers.

Recent years have seen a significant commitment of capital expenditure to upgrade IT systems and assets. As of end-2016, Carrefour had more than 100 warehouses in its integrated countries, operated either by service providers or employees.

In France, Carrefour is gradually yet profoundly transforming its organisation by introducing a multi-format and cross-business logistics process, supported by a major redeployment of the logistics facilities. Among the benefits are an improvement in the service to stores, optimisation of order preparation and a reduction in distances travelled (target: a 20% reduction by 2018 vs. 2012). In 2016, 14 new property projects were completed, including seven new hubs that brought more than 400,000 sq.m. of logistics space on stream.

(1) Based on the Nielsen Homescan panel findings over a 52-week period ending December 25, 2016 (HM and SM, excluding SDMP).

At the same time, Carrefour has joined with co-investing partners to create a new company, **Cargo**, to manage its logistics real estate assets in France. The company, which owns around a third of Carrefour's distribution hubs, is 32%-held by Carrefour, which operates the facilities as sole tenant.

In China, Carrefour has deployed an integrated supply chain to serve the new regionalised store network and to support expansion of the convenience store formats and e-commerce. Six warehouses are now up and running to supply 254 stores across the country.

In other countries, supply chains are helping to drive the transformation of the Carrefour model. For example, Carrefour Argentina has opened a new warehouse in Isidro Casanova near Buenos Aires to support the expansion of its Carrefour Express convenience store network. In Poland, supply chain optimisation is also proceeding apace with the construction of a fifth logistics centre in Bydgoszcz. This multi-temperature warehouse will begin to supply all of the stores in the north and west of the country, from Gdańsk to Wroclaw, in 2017.

1.2.3.5 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, 2016, the Group operated 17.2 million sq.m. of sales area under its banners, tangible fixed assets being mainly comprised of sales areas operated by the Group. The Group's store ownership strategy depends on the country and the format.

In 2016, the expansion of the Group's various banners continued with the creation of an additional 538,000 sq.m. of gross sales area, while investments were maintained in asset refurbishments and upgrades. In France, for example, Carrefour continues to renovate its store network with 105 hypermarkets and 476 supermarkets renovated since 2013. In Brazil, 60 Carrefour hypermarkets and 13 Carrefour Bairro supermarkets have been upgraded since the programme was launched.

The projects to extend or renovate Carrefour stores, coordinated with the revitalisation of the adjacent shopping malls and car parks, also continued apace during the year, for example, in Bourges (France) and Gdańsk (Poland).

In general, the Group owns most of its retail property outright. In France, Spain and Italy, the hypermarket and supermarket buildings are held by **Carrefour Property**, that 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 highly ambitious retailing environment projects to life in other countries, with the support of the **Property Division**'s commercial real estate experts in Belgium, Romania, Poland, China, Taiwan, Brazil and Argentina.

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. In this way, the Group is enhancing and sustaining the vitality of its retail ecosystems, by renovating its malls and providing a balanced commercial offering, by deploying differentiating marketing services and solutions, and by developing expansion projects to make the sites even more attractive.

The Group can also rely on the **Carmila** property company, specialised in enhancing the appeal of Carrefour shopping centres. 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 stores in the shopping malls.

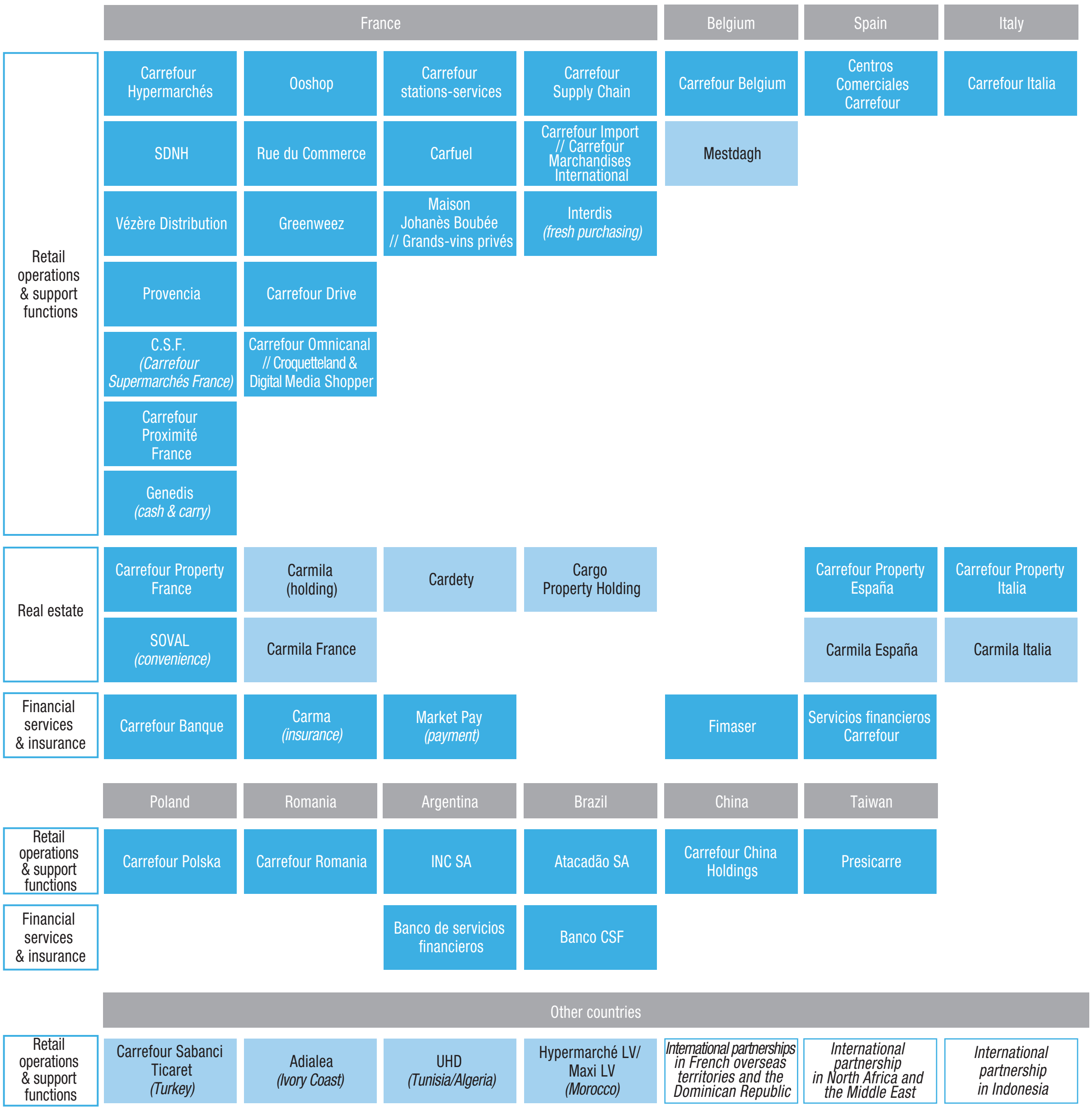
Did you know?

Carmila, which is 42%-owned by Carrefour, is dedicated to revitalising the shopping centres anchored to Carrefour hypermarkets in France, Spain and Italy. Created in April 2014, it is currently one of Europe's shopping centre leaders, with 194 sites (116 in France, 70 in Spain and eight in Italy) valued at a total of more than 5 billion euros. In partnership with Carrefour Property, Carmila is developing more than 40 extension projects, while deploying a retail property management strategy designed to sustain the attractiveness of tenant retailers by implementing innovative customer-focused marketing solutions.

On March 2, 2017, Carmila and Cardety announced a draft merger agreement under which Carmila will be absorbed by Cardety.

NB: Details of asset ownership may be found in Note 6 to the Consolidated Financial Statements for the year ended December 31, 2016, on page 193 of this document.

1.2.4 Simplified organisational chart



Simplified organisational chart as of December 31, 2016

50% or more owned — Less than 50%-owned — No equity stake

1.3 Carrefour in 2016

1.3.1 Highlights

Strong sales growth in the food segment

As a reference in food retail, Carrefour is committed to providing its customers with high-quality products by leveraging its expertise in fresh produce, developing its sourcing channels and expanding its offering of organic products and exclusive brands. In 2016, food represented 83% of Carrefour total sales, up 4.1% at constant exchange rates.

Expansion of the convenience store banners around the world

In all countries, Carrefour continued to pursue its multi-format approach, which shifted the Group's centre of gravity towards the convenience format, such as in Brazil, where there are now 70 Carrefour Express stores, and China, with 25 Carrefour Easy units. At the same time, in Europe, Carrefour's expansion was manifested in the development of the Carrefour Bio banner in France, the renewal of the partnership with Cepsa in Spain and the opening of 126 stores in Poland.

Launch of new e-commerce sites in Brazil, China and Poland

Following on from the rollout of the non-food offer in 2015, Polish customers can now choose from among 12,000 items in the hypermarket assortment in the *eCarrefour.pl* online store, with the possibility of home delivery or pick-up in one of the 86 Carrefour hypermarkets. At the same time, Carrefour Brazil inaugurated its non-food e-commerce site, showcasing a diversified range of housewares, consumer electronics, health and personal care products, automotive products, and tools. Carrefour teams in China have gradually deployed their online food store in new regions, so that sites are now up and running in seven major cities. As from year-end 2016, Carrefour has an online offering in all of its integrated countries.

Integration of the Billa stores in Romania

In late June 2016, Carrefour Romania received the green light from local competition authorities to purchase 86 Billa supermarkets, representing 83,000 sq.m. of sales area at locations around the country. The acquisition has broadened Carrefour's multi-format presence, with the opening of the first stores rebranded with the Carrefour Market banner.

Transformation of the Dia store base in France

After the acquisition of the Dia network in France was finalised on December 1, 2014, Carrefour began to gradually transform the stores into its own supermarket and convenience store formats. As of December 31, 2016, the transformation was almost complete, with a total of 622 stores rebranded: 87 Carrefour Market, 187 Carrefour Contact, 197 Carrefour Contact Marché and 151 Carrefour City/Carrefour Express/Carrefour Bio stores.

Acquisition of Eroski group stores in Spain

On February 29, 2016, Carrefour agreed to acquire 36 compact hypermarkets, eight shopping malls and 22 adjacent service stations from the Eroski group, giving it a presence in 27 new cities and strengthening its position in Spain. By the end of the year, the agreement had resulted in the transformation of the first two hypermarkets in Zamora and Lorca.

Omni-channel for the Carrefour ecosystem in France

Carrefour continued to develop an efficient digital ecosystem with the acquisition of Rue du Commerce, a leading non-food online retailer, and Greenweez, the leading organic products e-commerce business. In line with the omni-channel approach, these sites have been seamlessly integrated into Carrefour's existing e-commerce offering, so that Rue du Commerce customers, for example, can now chose to pick up their orders in 48 hours, at no extra cost, in one of more than 1,000 Group stores. Carrefour is also continuing to develop its click & collect business, with 569 Carrefour Drive as of year-end 2016, and is testing a one-hour express delivery service in the greater Paris region.

Operational excellence for customers

Carrefour continued its store upgrade programme, with the renovation of a large number of hypermarkets, for example, in Villiers-en-Bière in France, Mons in Belgium, Carugate in Italy, Poznań in Poland and Ping Jhen in Taiwan. These stores now carry a refreshed merchandise offering and increasingly innovative services to address customer expectations. With the same goal in mind, new supermarket concepts are being deployed in a number of countries, along the lines of the new Carrefour Market in Italy or the Paris Saint-Marcel store in France. As part of this process, 120 new supermarkets were refurbished in France in 2016.

Expansion of the store network operated by partners

Carrefour pursued its multi-format expansion by supporting its various partners in France's overseas territories and at an international level. In the Middle East, the Majid Al Futtaim group opened 11 hypermarkets, 13 supermarkets and two convenience stores. The first Carrefour hypermarkets opened their doors in Kazakhstan, in Almaty, the country's economic centre, and in Kenya in the "Hub Karen" shopping mall. The Group also inaugurated a seventh Carrefour hypermarket in the Sultanate of Oman, two hypermarkets in Iraq, and two supermarkets in Egypt. In North Africa, the UTIC and Label'Vie groups, Carrefour's Tunisian, Algerian and Moroccan partners, strengthened their positions with 13 openings in 2016. In the Dominican Republic, GBH opened its first supermarket, in Santo Domingo, adding to its long-standing hypermarket. In Guadeloupe, the Despointes group also opened a new Carrefour Market supermarket and two convenience stores.

Continuation of the strategy to offer dynamic retail environments

Assets continued to be renovated in every country. In France, Carrefour renovated 11 hypermarkets and 124 supermarkets in 2016, for a total of 105 hypermarkets and 476 supermarkets refurbished since 2013. In Brazil, 60 Carrefour hypermarkets and 13 Carrefour Bairro supermarkets have been upgraded since the programme was launched. In every country, the Carrefour, Carrefour Property and Carmila teams are working in close coordination to strengthen the consistency and efficiency of the retail ecosystem.

New supply chain and IT solutions to drive operational excellence

In every country, Carrefour constantly aligns its organisation with the needs of its stores, for example in response to the expansion of the convenience store network or e-commerce operations. In 2016, 14 new property projects were completed in France, including seven new hubs that brought more than 400,000 sq.m. of logistics space on stream. At the same time, the rollout of the back office simplification plan (PSBO) and the evolution of the IT architecture (Phenix) continues. In China, Carrefour has steadily deployed an integrated supply chain to serve the new regionalised store network.

Celebrating 20 years of the Reflets de France brand

Carrefour customers and partners have long shared in the success of the Reflets de France brand, which was created in 1996 to promote France's rich culinary heritage and ensure that traditional skills are handed down to the next generation. Twenty years later, the brand spans 574 regional specialities produced by 346 partners, 84% of which are SMEs. Exported to more than 45 countries, Reflets de France products have been available since 2016 in Italy, Thailand and Singapore, helping to enhance awareness of French culinary expertise in the global marketplace.

Launch of new Carrefour Quality Lines worldwide

Carrefour continued to develop the Carrefour Quality Lines, a programme based on long-term partnerships with farmers, breeders and food processors. The year saw the launch of new lines in a large number of countries, including grapes from Putruele in Argentina, pears from Korla in China and Salers cheese in France. For more than 20 years, Carrefour has been committed to working with producers to support production and breeding practices which promote high-quality, savoury, authentic and varied products. At the end of 2016, nearly 20,000 producers were partners and 464 Carrefour Quality Lines were developed in stores worldwide.

Reaffirmed commitments to disability inclusion

Carrefour, which chaired the International Labour Organization's Global Business & Disability Network in 2016, hosted a major conference organised by the ILO to get international companies engaged in disability inclusion. The important event attested to the policies that Carrefour has actively implemented in this area since 1999. Carrefour currently employs more than 11,000 employees with disabilities.

Celebrating 20 years of the ECIC

Created on July 31, 1996, the European Consultation and Information Committee (ECIC) acts as the Group's European Works Council. As a forum for consultation, information and social dialogue, it enables trade union representatives from Carrefour's European countries to discuss the Group's situation, major objectives and strategy and to stay informed, trained and consulted on the related issues. To mark its 20th anniversary, representatives of Carrefour, UNI Global Union, the ILO, Eurocommerce and the European Commission spoke on the pioneering aspects of Carrefour's approach, which guides an employee representative body that is one of the most widely recognised in Europe for the quality of its social dialogue.

A sustained commitment to combatting waste

In addition to the everyday initiatives led by its teams, Carrefour engages its customers and partners in combatting all forms of waste. In 2016, Carrefour's "Major Suppliers Challenge" got 3,300 suppliers worldwide involved in a collective initiative to tackle food waste. In addition, the "Food Waste Challenge" helped to identify solutions being deployed by innovative start-ups.

New initiatives to help preserve biodiversity

In every country, Carrefour is undertaking concrete initiatives to foster responsible supply channels that protect ecosystems more effectively and help to preserve natural resources. In particular, in 2016, Carrefour demonstrated its commitment to responsible fishing, by obtaining, for the first time in France, MSC sustainable fishing and ASC sustainable aquaculture certification for the fresh seafood sections in some 30 stores. Carrefour has also set the goal of having 50% of seafood come from a responsible supply channel by 2020. Carrefour has also announced its commitment to eliminating all single-use plastic bags from its integrated stores worldwide by 2020.

A sustained commitment to slotting local products

In every country, Carrefour is pursuing an assertive drive to promote local products and regional specialities, for example, by showcasing Burgos and Salamanca products in stores in Spain and signing an agreement in Italy with the Regional Council of Piedmont to promote Piedmontese dairy products. In France, the "Fabulous French SMEs" that have partnered with Carrefour were also celebrated in a national advertising campaign.

1.3.2 Summary financial review

"Carrefour has emerged from 2016 a stronger company. The increase in sales, for the fifth consecutive year, attests to the effectiveness of our multi-format and omni-channel model, which is now being rolled out in all our countries." Georges Plassat, Chairman and Chief Executive Officer

Strong growth in consolidated net sales

2016 was another year of growth in net sales for the Group, with consolidated net sales rising by 3.0% like-for-like excluding petrol and the calendar effect. At constant exchange rates, net sales ended the year up 2.7%. Recurring operating income before depreciation and amortisation[1] stood at 3,886 million euros, for a margin of 5.1%, stable versus 2015. Recurring operating income amounted to 2,351 million euros this year, for an operating margin of 3.1%. Adjusted net income, Group share totalled 1,031 million euros.

France: growth in like-for-like sales

In France, the Group strengthened its positioning in the grocery segment and the vitality of its multi-format model. In 2016, like-for-like sales excluding petrol and the calendar effect rose by 0.3%, building on the 1.3% growth reported in 2015.

Recurring operating income came to 1.03 billion euros, for an operating margin of 2.9%.

International: success of the multi-local model

In 2016, sales rose in the rest of Europe, lifted by the ongoing recovery in Spain, the improvement in Italy, and a firm performance in the other countries. Margins in the region also improved, with recurring operating income gaining a strong 25.7% at constant exchange rates over the year.

Operations in Latin America had a solid year, resulting in like-for-like growth in sales of 16.7% despite an already high basis of comparison in 2015. Recurring operating income from this region also enjoyed another year of growth, coming in at 3.7% at constant exchange rates. Carrefour strengthened its position in Brazil and Argentina as a leading food retailer.

In Asia, sales declined by 4.3% like-for-like in 2016, reflecting the slowdown in the Chinese economy and the rapid transformation in consumer spending patterns. Carrefour's model in China is evolving to adapt to this context. Operations in Taiwan continued to deliver a robust performance.

Solid cash flow and stable investment

Cash flow from operating activities stood at 3.0 billion euros in 2016 versus 2.7 billion euros the year before. Carrefour continued to invest to upgrade its assets and to modernise and expand the store base, committing a total of 2.5 billion euros during the year. The Group significantly strengthened its multi-local and multi-format presence, which contributed to the current balance of its country and business portfolio. Consolidated free cash flow from continuing operations before exceptional items totalled 1,039 million euros in 2016, up from 951 million euros the year before.

(1) Including supply chain depreciation.

1.3.3 Consolidated key figures

(in millions of euros)	2016	2015	2014
Consolidated income statement			
Net sales	76,645	76,945	74,706
Recurring operating income before depreciation and amortisation*	3,886	3,955	3,803
Recurring operating income	2,351	2,445	2,387
Recurring operating income after net income from equity-accounted companies	2,315	2,489	2,423
Operating income	1,943	2,232	2,572
Net income from continuing operations	934	1,120	1,300
Net income from continuing operations, Group share	786	977	1,182
Net income	894	1,123	1,367
Net income, Group share	746	980	1,249
Consolidated statement of cash flows			
Cash flow from operating activities	2,964	2,733	2,504
Net cash from operating activities	3,305	2,818	2,609
Net cash from/(used in) investing activities	(2,856)	(2,136)	(3,397)
Net cash from/(used in) financing activities	0	(821)	(874)
Net change in cash and cash equivalents	581	(388)	(1,643)
Consolidated statement of financial position			
Net debt	4,531	4,546	4,954
Shareholders' equity	12,008	10,672	10,228
Shareholders' equity, Group share	10,426	9,633	9,191

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

1.3.4 Carrefour in France and around the world

Carrefour has been opening stores under its banners in France and abroad for more than 50 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 consolidated and franchised stores, and stores that it runs with partner companies.

In 2016, Carrefour opened or acquired 963 stores under Group banners, representing some 664,000 sq.m. of gross additional sales area. As of the end of 2016, Carrefour had 11,935 stores under its banners in more than 30 countries.

In 2016, Carrefour reported net sales of 76.65 billion euros, a 2.7% increase at constant exchange rates that reflected the net impact of:

- 3.0% growth in same-store sales;
- 3.0% organic growth in sales excluding petrol, for an average 2.6% annual gain since 2012;
- a favourable 0.1% calendar effect;
- a 0.6% decline in petrol sales;
- a 0.2% increase in net proceeds from acquisitions and disposals during the year.

Fluctuations in exchange rates (mainly the depreciation of the Brazilian real and Argentinian peso) had a 3.1% negative impact on consolidated net sales, which ended the year down 0.4% at current exchange rates.

Recurring operating income stood at 2.35 billion euros, a decline of 3.2% at constant exchange rates and of 3.8% at current exchange rates. The contraction was primarily attributable to the more complicated competitive environment in France, whose impact was partially offset by the strong growth in recurring operating income in the rest of Europe (up 25.7% at constant exchange rates) and in Latin America (up 3.7% at constant exchange rates). Overall, recurring operating income represented 3.1% of net sales.

The Group continued to invest as planned in 2016, with outlays rising by a slight 4.8% year-on-year to 2.49 billion euros (excluding Cargo).

Carrefour in France

The Carrefour Group's share of the French market, across all formats, stood at 22.3% in 2016 [(1)]. It was the country's leading mass grocer, with 5,670 stores under its banners at year-end, in four formats: 243 Carrefour hypermarkets, 1,062 Carrefour Market supermarkets, 4,222 convenience stores operating primarily under the Carrefour City, Carrefour Contact, Carrefour Express, Carrefour Bio, Carrefour Montagne, 8 à Huit and Proxi banners, and 143 Promocash cash & carry outlets. The proprietary store base included 1,111 units, of which 215 hypermarkets, 497 supermarkets, 395 convenience stores and four cash & carry stores.

Carrefour also operates in French overseas territories through a number of long-standing partnerships. In Guadeloupe, for example, the Despointes group opened a new 2,000 sq.m. Carrefour Market supermarket in Petit Bourg and two convenience stores during the year. Carrefour now operates 112 stores under its banners in the French overseas territories, including 14 hypermarkets, 28 supermarkets, 66 convenience stores, and four cash & carry stores.

Carrefour's business in France in 2016 was notably marked by the consolidation of its market leadership and the enhancement of the multi-format features of its network, by expanding the convenience and supermarket banners, and by completing the rebranding of the Dia stores acquired in late 2014. Carrefour is also continuing to deploy its omni-channel strategy, reflected in the acquisitions of Rue du Commerce and Greenweez, the strengthening of the Carrefour Drive services, and the development of new digital solutions, such as mobile apps and in-store digital services.

In 2016, Carrefour opened or acquired 194 stores under Group banners in France, including one hypermarket, 10 supermarkets and 183 convenience stores, representing a total of 67,000 sq.m. of gross additional sales area.

Net sales totalled 35.9 billion euros. Like-for-like sales excluding petrol and the calendar effect rose by a further 0.3% in France during the year overall, buoyed by sales of food products. Hypermarkets saw a 1.5% decline in like-for-like sales, whereas supermarkets enjoyed a 2.6% increase and other formats (mainly convenience stores) gained 1.8%.

(1) Market share by value – Nielsen Scantrack panel of FMCG and self-service fresh produce consumers in France, over a 52-week period ending December 25, 2016 (hypermarkets, supermarkets, discounters, convenience stores and Drive).

Recurring operating income, which totalled 1.03 billion euros, declined by 13.4%, for an operating margin that represented 2.9% of net sales. Over the past four years, recurring operating income in France has increased by close to 11%, equivalent to growth of 30 basis points as a percentage of sales since 2012 (pro forma). This increase was led by:

- an improvement in gross margin as a result of the positive shift in the mix of everyday low prices, promotions, loyalty programmes, and supply chain gains;
- operating cost discipline.

In France, operational investments (excluding Cargo) totalled 1.17 billion euros, representing 3.3% of net sales.

Carrefour in other European countries

Carrefour banner stores in Europe (excluding France) amounted to 4,541 at the end of 2016. These included 439 hypermarkets, 1,777 supermarkets, 2,312 convenience stores and 13 cash & carry stores. Carrefour operates proprietary stores in five integrated countries: Belgium, Spain, Italy, Poland and Romania. The integrated store base included 1,429 units, of which 386 hypermarkets, 762 supermarkets, 268 convenience stores and 13 cash & carry stores.

Over the year, Carrefour opened or acquired 604 stores under its banners in Europe, gaining an additional 295,000 sq.m. of gross sales area. These included eight hypermarkets, 203 supermarkets, 392 convenience stores and one cash & carry outlet.

Net sales in Europe totalled 20.1 billion euros in 2016, an increase of 1.8% at current exchange rates. For the second year in a row, all of the European country operations reported like-for-like growth.

Recurring operating income totalled 712 million euros for the year, an increase of 25.7% at constant exchange rates. Profitability improved over the year, with a 70-basis point increase in operating margin to 3.5% of net sales demonstrating the effectiveness of the business model.

Carrefour has had a presence in **Spain** since 1973 and is the country's second-largest grocery retailer and the leading hypermarket operator. As of end-2016, its multi-format stores under banners included 175 hypermarkets, 129 supermarkets and 545 convenience stores. Net sales totalled 8 billion euros. Carrefour's business in the country is solid and based on a multi-format strategy complemented by an omni-channel strategy. The expansion of convenience stores has been based primarily on the development of the Express banner in partnership with Cepsa service stations. The Group has also started to integrate the Eroski hypermarkets, with two stores rebranded at year-end. The launch of the marketplace has helped to drive digital growth in the country.

Present in **Italy** since 1993, Carrefour ranks fifth in a fragmented grocery market and holds strong regional positions, particularly in Val d'Aosta, Piedmont, Lazio and Lombardy. It manages a local store base comprising 57 hypermarkets, 412 supermarkets, 586 convenience stores, and 13 cash & carry stores. Net sales declined by 1.0% to 4.9 billion euros in 2016. As was the case in every country, Carrefour teams strengthened the Group's multi-format personality by continuing to cluster the stores.

In **Belgium**, Carrefour ranks among the country's top three retailers and is the leading multi-format group with 45 hypermarkets, 442 supermarkets and 285 convenience stores. Net sales stood at 4.0 billion euros, up 0.7% compared with 2015. The programme to upgrade assets and improve the customer journey continued in 2016 with the rollout of new formats in Market supermarkets and Express convenience stores, and a new generation of hypermarkets. Several initiatives also boosted the development of online grocery solutions, such as the presence of a Carrefour Summer Drive at the beach resort in Knokke.

Carrefour directly operates in two other countries, **Poland** and **Romania**, which generated combined net sales of 3.2 billion euros, up 8.9% on 2015.

Carrefour has been operating in **Poland** since 1997 with a network of stores under its banners that includes 86 hypermarkets, 159 supermarkets and 641 convenience stores. In 2016, Carrefour's multi-format model was strengthened through the opening of 126 convenience stores.

In **Romania**, where Carrefour has been operating since 2001, the Group manages 32 hypermarkets, 213 supermarkets and 53 convenience stores. One of the highlights of 2016 was the integration of 85 Billa supermarkets, which consolidated Carrefour's share of the Romanian market and broadened its national footprint.

The Group is also present in Europe through partnerships, as in Turkey with the Sabanci group. Carrefour has 668 stores under its banners in Europe outside France, including 44 hypermarkets, 422 supermarkets and 202 convenience stores.

Operational investments in Europe totalled 625 million euros in 2016, representing 3.1% of net sales versus 2.9% in 2015.

Carrefour in 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 Group has 952 stores in total, including 316 hypermarkets, 168 supermarkets and 468 convenience stores.

In 2016, the network was expanded with the opening of 12 new Atacadão stores and 49 convenience stores in Brazil, and the addition of 15 convenience stores in Argentina. These new stores added 84,000 sq.m. of gross sales area.

In Latin America, net sales rose by a steep 16.7% like-for-like, off of an already strong 15.7% gain in 2015. An unfavourable currency effect over the year meant that reported sales rose by just 0.9% at current exchange rates. Recurring operating income stood at 711 million euros in 2016, up 3.7% at constant exchange rates.

In **Brazil**, Carrefour is the leading grocery retailer, with 237 Carrefour hypermarkets and Atacadão stores, 42 supermarkets and 70 convenience stores as of year-end 2016. Net sales in Brazil totalled 11.8 billion euros, up 14.6% at constant exchange rates. Every format turned in an excellent performance. Carrefour's multi-format profile was enhanced by the gradual expansion of the Express brand and Atacadão, the hypermarket renovation programme and the launch of the non-food ecommerce site. These initiatives are helping to offer customers new shopping experiences, while also revitalising the drugstores and service stations.

Carrefour has been operating in **Argentina** since 1982 and is the leading grocery retailer thanks to its multi-format presence. The Group manages 79 Carrefour hypermarkets, six Carrefour Maxi stores, 126 supermarkets, and 398 convenience stores. Net sales totalled 2.7 billion euros in 2016, an increase of 20.2% at constant exchange rates.

Operational investments in Latin America totalled 519 million euros in 2016, representing 3.6% of sales.

Carrefour in Asia

Present in Asia since 1989, Carrefour has operations in China and Taiwan, as well as in Indonesia through franchise. The region counts 441 stores under Group banners, including 374 hypermarkets, 38 supermarkets, 27 convenience stores and two cash & carry stores.

A total of 40 stores were opened over the year, adding a further 92,000 sq.m. of sales area.

Net sales in Asia totalled 6.2 billion euros, down 3.6% at constant exchange rates. A recurring operating loss was recognised in an amount of 58 million euros.

Carrefour has been present in **China** since 1995 and is a leading player in grocery retail. Net sales in the country totalled 4.4 billion euros, a decline of 7.0% at constant exchange rates. The Group is continuing to build its long-term position with the implementation of a local action plan that includes the creation of an integrated supply chain, the closure of inefficient stores, a more selective expansion programme, and the development of convenience stores and online retailing. At the end of 2016, Carrefour had 254 stores in the country, including 229 hypermarkets and 25 Carrefour Easy convenience stores.

In **Taiwan**, the Carrefour network includes 64 hypermarkets and 30 supermarkets. Local sales rose by 6.8% at constant exchange rates in 2016. The opening of ten supermarkets and the development of online food sales are the main initiatives being led to strengthen Carrefour's multi-format and omni-channel profile in Taiwan.

Carrefour also has a presence in Indonesia through a partner franchisee, which operates 81 hypermarkets, eight supermarkets, two convenience stores and two cash & carry outlets.

Operational investments in Asia totalled 174 million euros in 2016, representing 2.8% of net sales.

Other regions

Carrefour also operates 331 stores with local franchisee partners in Africa, the Middle East, and the Dominican Republic in various formats, including 90 hypermarkets, 182 supermarkets, 46 convenience stores, and 13 cash & carry stores.

In 2016, Carrefour continued to expand its banner base by supporting its partners outside Europe and in the French overseas territories.

In the Middle East, the Majid Al Futtaim group consolidated its multi-format expansion with the opening of 11 hypermarkets, 13 supermarkets and two convenience stores. In February, the first Carrefour hypermarkets opened their doors in Kazakhstan, in Almaty, the country's economic centre, and in Kenya in the Hub Karen shopping mall. The Group also inaugurated a seventh Carrefour hypermarket in the Sultanate of Oman, two hypermarkets in Iraq, and two supermarkets in Egypt.

In North Africa, Carrefour's Tunisian, Algerian and Moroccan partners UTIC and Label'Vie also strengthened their positions with 13 openings in 2016, including eight new Carrefour Market units, three new Carrefour Express outlets and one new Atacadão store.

In addition, in the Dominican Republic, Carrefour's partner GBH opened its first supermarket, in Santo Domingo, adding to its long-standing hypermarket.

2

Corporate social responsibility

2.1 CSR at Carrefour

2.1.1 2016 highlights

In keeping with previous years, Carrefour forged ahead with the rollout of its Corporate Social Responsibility (CSR) policy across its countries of operation and business lines. The main highlights were:

- to help combat climate change – through its commitment to support the "Caring for Climate" initiative, for example – and to favour low-carbon investment, Carrefour introduced an internal carbon price *(detailed in Section 2.3.2.3)*;
- a ramp-up in its commitments to promote a sustainable fishing policy. By 2020, 50% of Carrefour seafood products (fished or farmed) sold will come from responsible suppliers *(detailed in Section 2.3.3.2)*;
- at COP22 in Marrakech, Carrefour committed to eliminate all free single-use carrier bags from all of its consolidated stores worldwide by 2020 *(detailed in Section 2.3.2.3)*;
- a quality employee relations approach transformed the businesses of Erteco France: working conditions were improved and priority was given to protecting jobs and rewarding skills *(detailed in Section 2.3.1)*;
- the Carrefour Group European Consultation and Information Committee (ECIC) celebrated its 20th anniversary, providing an opportunity for numerous stakeholders to speak at the ECIC plenary session to praise the Group's commitment and reiterate the need for continued, quality employee relations *(detailed in Section 2.3.1)*;
- Carrefour launched its first international diversity day, "Carrefour celebrates diversity", which involved a broad international campaign to raise awareness among staff, and promote diversity and inclusive policies in the workplace *(detailed in Section 2.3.1)*;
- Carrefour chaired the ILO National Business and Disability Network and hosted the ILO's "Global Business Engagement for Disability Inclusion" conference to encourage other multinationals to join the network *(detailed in Section 2.3.1)*;
- Carrefour ramped up its efforts in the area of supplier relationships, and was awarded "sustainable supplier relationship" certification for the second consecutive year in France *(detailed in Section 2.3.4.1)*;
- the Carrefour Group enhanced communication on its non-financial performance and in 2016 joined its most successful peers from an economic, environmental and social perspective on the Dow Jones Sustainability Index Europe (DJSI);
- the Group adopted a CSR index which provides an overview of its commitments and performance. In 2017, the index will be used to ensure business lines work towards a common set of goals *(detailed in Section 2.1.3.3)*. The first performance indicators compiled using the index will be collated in 2017 and published in 2018;
- the Board of Directors' CSR Committee met on two occasions to discuss Group current events *(detailed in Section 2.1.3.1)*;
- Carrefour pursued its commitment to co-build its CSR action plan by holding seven consultation meetings with stakeholders *(detailed in Section 2.1.3.1)*;
- the Group stepped up its support for FoodTech start-ups, a sector for new, innovative technologies for the food industry. As a partner of the Hello Tomorrow Global Summit held in Paris, the Group organised the Food Waste Challenge and awarded prizes to two start-ups for their innovative solutions to combat food waste *(detailed in Section 2.3.2.1)*;
- the Major Supplier Challenge honoured winning projects designed to limit food waste *(detailed in Section 2.3.2.1)*.

2016 was a year for new initiatives with internal and external stakeholders. Similarly, the scope of the CSR programme was broadened to incorporate new subjects and commitments, and the results achieved were made more visible, particularly for customers. A significant contribution was made to achieving the aims of the Group's CSR programme.

2.1.2 Carrefour's CSR programme

Carrefour employees are responsible for carrying out the Group's CSR programme *(the human resources policy is outlined in Section 2.3.1)*. It comprises three distinct pillars:

- working to eliminate all forms of waste *(detailed in Section 2.3.2)*;
- protecting biodiversity *(detailed in Section 2.3.3)*;
- providing continuous support to partners *(detailed in Section 2.3.4)*.

This strategy has its foundations in the Group's commitment to social and environmental responsibility. After almost 25 years, it reflects the attention paid to developments over time.

- **Carrefour Quality Lines (*Filières Qualité Carrefour* – FQC) have existed since 1992, incorporating the basic principles of agroecology.** In 1996, the Group decided to take a precautionary approach to genetically modified organisms (GMOs). In 2010, it boasted more than 350 "GMO-free" labelled products. Agroecology became an integral part of Carrefour's product lines, with the introduction in 2005 of responsibly sourced seafood products and the *Carrefour Agir* range in 2006. In 2011, palm oil was replaced in almost 100 Carrefour products in France. As of 2013, the Carrefour Quality Lines became agroecology laboratories in all the countries in which the Group operates *(detailed in Section 2.3.3)*. Specific FQC indicators are used today to steer and monitor their performance.

- **Carrefour has been working for almost 20 years on guaranteeing the responsibility of its supply chain.** In 1998, the Group took part in the launch of the Social Clause Initiative (*Initiative clause sociale,* ICS) and followed this up with the rollout of a system to manage suppliers' compliance with this clause. In 2000, it became a member of the FIDH (International Federation for Human Rights) to jointly outline and implement a human rights action plan. In 2014, Carrefour achieved its objective of auditing 100% of suppliers in at-risk countries. In 2016, it continued with its efforts to promote the convergence of social standards.
- **The Carrefour Group has taken a responsible approach to sustainable development since 2001, the year the UN Global Compact was signed.** In 2002, it set up key performance indicators to measure and communicate each year on progress made from an environmental, social and economic viewpoint. The CSR Index was added in 2016.
- **Carrefour has encouraged suppliers of own-brand products to perform a sustainable development self-assessment since 2006 in France**, and 2007 elsewhere. The Group has involved its supply chain in initiatives, organising sustainable development awards for suppliers in 2009, followed several years later by the Major Supplier Challenge for climate-related subjects in 2015 and food waste in 2016.
- **In 2004, Carrefour signed the Diversity Charter and adopted a Code of Ethics.** In 2015, it signed a new agreement with the UNI Global Union. This replaced the previous agreement signed in 2001 and renewed its commitment in support of workers' rights and equal opportunity in the workplace *(detailed in Section 2.3.1)*.

CSR has taken on greater importance in the last few years in particular:

- **in 2012 and 2013, the Group outlined the main principles of its CSR strategy**, using ISO 26000 guidelines as a benchmark. Three pillars were established: working to eliminate all forms of waste, protecting biodiversity and providing support to partners. In 2014, the Group published its first set of CSR results;
- **in 2013, Carrefour launched a comprehensive plan to eliminate all forms of waste.** Particular attention was paid to making energy savings in stores and reducing food waste *(detailed in Section 2.3.2)*. A committee was established at Group level (*Antigaspi* Committee) to monitor the plan's performance;
- **in 2014 and 2016, Carrefour hired a third-party expert to update its risk mapping and risk materiality assessment** to revise its risk strategy and its management in view of CSR risks and opportunities and stakeholder expectations *(detailed in Section 2.1.3.1)*;
- **in 2015, the CSR objectives for 2016 were drawn up on a country-by-country basis.** Each country now has its own CSR objectives and results;
- **consolidated at Group level, the CSR results have been presented at the Shareholders' Meeting since 2015, and concomitantly with the Group's results since 2016;**
- **lastly, in 2016, Carrefour introduced a composite indicator to measure its overall performance in order to provide greater transparency in reporting its commitment "To do its job well" and its CSR results.** The CSR index consists of the commitments made by Carrefour as part of its CSR strategy, which has been broken down into 16 objectives *(detailed in Section 2.1.3.3)*. It is one of the CSR methodology tools used by Carrefour.

2.1.3 Carrefour's CSR methodology

Carrefour's CSR methodology can be split into four iterative steps: review and improve strategy and objectives; plan; act, innovate and assess performance; and ensure risks are managed. Change is shared at operational level by countries, stores and across all business lines. Innovation is promoted as a source of creativity that brings new solutions, as ideas are shared among all of the stakeholders. Dialogue with stakeholders is an essential component of the methodology.

2.1.3.1 Improving the CSR strategy and objectives

The CSR strategy and objectives are improved regularly on the basis of the progress made on action plans, CSR performance, new commitments made by the Group and the risk assessment process.

CSR governance

The CSR Committee of the Carrefour Board of Directors meets at least twice a year under the chairmanship of Amaury de Sèze (Independent Director), with Diane Labruyère-Cuilleret (Independent Director) and Patricia Lemoine in attendance. In 2016, the committee reviewed the Group's risk analysis methods, the ISO 26000 compliance process, the Climate & Energy Plan, and the employee-related aspects of its CSR commitment, including the programme to promote diversity and equal opportunity in the workplace. The latter includes the promotion of gender equality and diversity, disability employment and youth employment, the introduction of the sustainable fishing campaign, participation in COP22, in-store CSR initiatives and CSR communication to investors.

Formed more than 10 years ago, 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. It reports directly to Carrefour's Deputy Chief Executive Officer, the Group's General Secretary.

It relies on departments in each country, deploying local CSR networks tasked with implementing and coordinating CSR action plans among local teams.

Defining challenges and the materiality matrix

Following on from the initial ISO 26000 diagnostic performed in 2012-2013 that was used to draw up the three-pillar CSR strategy, Carrefour performed its first materiality assessment in 2014. In 2016, Carrefour appointed a third-party expert to update its risk mapping and risk materiality assessment by reviewing the documentation available and performing an assessment of internal and mainly external expert stakeholders.

Challenges were identified and ranked in terms of materiality based on:

- their importance for stakeholders;
- 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 new materiality matrix contains eight key challenges on the basis of CSR risks and opportunities and stakeholder expectations in the following areas:

- sustainable relationships with suppliers and suppliers' working conditions;
- employee relationships and working conditions (health and work-life balance);
- product quality and labelling;
- the environment (particularly energy and waste).

This new matrix confirms the predominance of these challenges in Carrefour's strategy. Their consistency with the existing CSR strategy supports the Carrefour Group's CSR programme.

Working towards sustainable development goals

Carrefour firmly supports the 17 sustainable development goals established by the United Nations. To play its part in reaching these goals, the Carrefour Group has made commitments to reach six goals and eight targets which are particularly relevant in light of its operations. It intends to focus its efforts and influence in these areas.

Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Target 2.1: Carrefour is working towards food security through the actions of the Carrefour Foundation *(detailed in Section 2.3.4.4)*.

Target 2.4: Carrefour is promoting agroecology and encouraging 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 *(detailed in Section 2.3.3.1)*.

5 GENDER EQUALITY

Goal 5: Achieve gender equality and empower all women and girls

Target 5.1: Carrefour is working to combat all forms of discrimination and promote all aspects of diversity, particularly in relation to women *(detailed in Section 2.3.1.4)*.

Target 5.5: Through its Women Leaders programme, Carrefour ranks among the companies making sure that women play a full and effective role in the workplace and have full access to all management functions at every decision-making level *(detailed in Section 2.3.1.4)*.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Ensure sustainable consumption and production patterns

Target 12.3: Through its programme to combat waste (*Antigaspi*), Carrefour is making great strides towards reducing the volume of food waste at retail and consumption level. It is also working hard to reduce food waste along the production and supply chains *(detailed in Section 2.3.2.1)*.

13 CLIMATE ACTION

Goal 13: Take urgent action to combat climate change and its impacts

Target 13.2: Through the introduction of an internal carbon price and the rollout of its *Antigaspi* policy and its Energy and Climate plan, Carrefour has integrated a key climate change goal into its investment strategy *(detailed in Section 2.3.2.2)*.

14 LIFE BELOW WATER

Goal 14: Conserve and sustainably use the oceans, seas and marine resources

Target 14.4: Carrefour promotes the sustainable production and consumption of seafood to bring an end to overfishing and destructive fishing practices *(detailed in Section 2.3.3.2)*.

15 LIFE ON LAND

Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

Target 15.2: Carrefour supports every initiative to promote sustainable forestry management, combat deforestation and encourage sourcing of products that are not a result of deforestation *(detailed in Section 2.3.3.3)*.

Stakeholder dialogue

To ensure that its CSR strategy stays relevant, that new commitments are in line with the strategy, and draw up action plans jointly, Carrefour has for many years promoted dialogue with its stakeholders.

- Carrefour has created action plans in conjunction with various associations, such as the WWF *(detailed in Section 2.3.2)* and FIDH *(detailed in Section 2.3.4.3)*. It has partnered with WWF France since 1998 to reduce its environmental impacts, particularly as regards the natural resources used in consumer goods. The Group also supports WWF France in its actions aimed at protecting oceans and coastlines, overseas forests, as well as the TRAFFIC project aimed at combatting illegal international wildlife trade.
- The agreement signed by Carrefour with Union Network International *(detailed in Section 2.3.1)* is the basis for employee relations within the Group. It commits the Group to promoting union rights and the right to collective bargaining in the countries in which it operates. The European Consultation and Information Committee (ECIC) provides a forum for dialogue and consultation between management, employees and executive management. The annual ECIC plenary meeting provides a platform to discuss the Group's activities, including human resources and CSR. A CSR Committee within the ECIC meets three times a year. Employee representatives take part in drawing up action plans and are asked to provide their opinion about the latest innovations.
- Several times a year, the Group brings together some forty experts from the Group, NGOs, the government, customers, investors and suppliers. These meetings are an opportunity to assess the current situation and make functional recommendations on a specific CSR theme. The seven meetings in 2016 focused on the use of agroecology in growing fruit and vegetables and in winemaking, marine resources, small producers, apiculture, suppliers' respect of human rights, and diversity and disabilities.

  As a result of these workshops, the Group was able to draw up a development strategy for agroecology for its main FQC products and identify priority products. It was also able to design a project to value fair trade, establish a sustainable fishing working group capable of drawing up a list of fish species and sensitive fishing techniques, draw up an action plan for bees, design an international diversity day and produce an action plan to improve working conditions for employees in plants managed by the Group's suppliers.

- Carrefour systematically replies to questionnaires sent by NGOs, investors and ratings agencies *(results of the CDP (carbon disclosure project), RobecoSAM DJSI index, and the Vigeo Eiris questionnaire are detailed in Section 2.1.3.3)*. In 2016, Carrefour received numerous enquiries about the materiality of its CSR challenges (*Section 2.1.3.1*), information security and cybersecurity (*Section 2.1.3.5),* food waste (*Section 2.3.2.1*), SME relationships (*Section 2.3.4.1*), and human rights (*Section 2.3.4.3*).

2.1.3.2 Plan, act and innovate

The rollout of the CSR strategy is managed by Carrefour executive management *via* senior country managers and its various business lines. This dual approach aims to encourage innovation and the paradigm shifts required to implement CSR strategy.

Involvement of countries

The Country Executive Directors received two internal booklets containing the CSR results for 2016 and the CSR objectives for 2017 broken down by country. To coordinate and manage all aspects of CSR policy, each Country Executive Director has appointed a CSR correspondent and oversees the implementation of projects.

Teams from the various countries take part in international events. In 2016, these included the internal carbon price, the Major Supplier Challenge, the COP22 and efforts to combat food waste. Countries draw inspiration from these events and seek to emulate their Group peers.

Involvement of the stores

Each store assimilates and implements the actions and commitments made. CSR strategy is most apparent at store level. They get the most out of the actions implemented, through, for example, *Antigaspi* waste reduction initiatives, partnerships with beekeepers, relationships with waste treatment facilities and food donations.

Business line involvement

Business lines are arranged into networks (merchandise, supply chain, quality and CSR, technical, finance, etc.) which are used to exchange information between countries and business lines. CSR follows this same information stream to call on operational teams and encourage them to propose innovative projects that cover all three pillars of the CSR strategy. For certain activities, such as imported non-food product purchasing or seafood purchasing, Carrefour joins forces with the business lines to establish the purchasing rules, and organises compliance inspections.

2.1.3.3 Evaluating CSR performance

The indicators and data contained in the CSR report (included in Chapter 2 of this Registration Document) are audited and checked by an independent, third-party Statutory Auditor (Mazars in 2016). The report complies with Article 225 of Grenelle II and with the "Core" level (essential elements) of the not-for-profit Global reporting initiative's (GRI) G4 sustainability reporting guidelines.

CSR Index

Carrefour created its own CSR Index in 2016 to provide an overview of the Group's existing commitments in the four areas of CSR. The index reflects the Group's CSR performance, measures the progress made on its action plans and ensures that all of the business lines are working towards achieving a common set of goals.

Simple and easy-to-understand, the index is both reliable and credible. The method used to compile the Index and its contents have been approved by Vigeo Eiris, an agency that specialises in providing CSR performance research. The indicators will be monitored for the first time in 2017 and will be audited by an independent third party.

The index can be broken down into four distinct areas, each of which contains four objectives on the following themes:

COMBAT WASTE	BIODIVERSITY	PARTNERS	SOCIAL DYNAMICS AND DIVERSITY
1. Food waste	1. Products from Carrefour's Quality Lines (FQC) and organic farming	1. Customer satisfaction	1. Diversity
2. Waste	2. Sustainable fishing	2. Customer well-being and food	2. Gender equality
3. CO_2 emissions	3. Sustainable forests	3. Suppliers and CSR	3. Disability
4. Packaging	4. Apiculture	4. Relationships with SMEs	4. Health/safety/ working conditions

Internal indicators

Since 2006, Carrefour's non-financial indicators have been calculated from data measured in the countries of operation. Since 2014, non-financial data are reported *via* the same reporting tool as is used for financial consolidation. The methodology and report of the independent third party are published in this Registration Document *(see Section 2.4.5)*. The work performed in 2016 received an unqualified opinion.

External evaluations

Carrefour systematically replies to questionnaires sent by NGOs, investors and ratings agencies. In 2016, Carrefour's improved ratings were partly due to efforts made to be more exhaustive when answering the questions.

In the same year, the Carrefour Group joined its most successful peers from an economic, environmental and social perspective on the Dow Jones Sustainability Index Europe (DJSI). Carrefour is the only French company in its sector listed in the index.

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

Carrefour's rating	2016	2015	2014
CDP	B*	96B	66C
DJSI	74	69	62
Vigeo Eiris	55	-	45

* *Change in evaluation rating system.*

2.1.3.4 Managing risk, ethics and compliance

Risk assessment is a key element in designing a CSR strategy and establishing CSR objectives. The mechanism used by the Carrefour Group to identify and assess risk takes account of CSR-related themes.

Risk management and mapping

The risk management system implemented by the Group relies primarily on identifying, analysing and addressing significant risks likely to affect people, assets, the environment, the Group's objectives and its reputation. The Country Executive Directors, with the support of the Group Risks & Compliance Department, are responsible for risk management within the Group.

Twenty-three risk factors have been identified by the Group *(detailed in Section 3.5)*. These factors cover five themes: the business environment, strategy and governance, operations, financial risks and financial services.

The Group Risks & Compliance Department has developed a country-based risk mapping from external sources as well as risk mapping that covers specific topics, including health risks, natural risks, criminal and terrorist risks, and legal risk. The department also conducts studies on certain emerging risks and supports various Operational and Functional Departments. For example, it supports the Purchasing Departments in their knowledge and evaluation of supplier risk.

In operational terms, the Group Risks & Compliance Department coordinates and leads a network of Security/Risk Prevention Directors present in all Group countries.

Ethics Principles

In October 2016, the Group's Executive Management published Ethics Principles whose purpose is to establish the ethical framework within which all Group employees must conduct their activities on a day-to-day basis.

Each employee must read and be familiar with the Code, which adheres to the principles of:

- the Universal Declaration of Human Rights;
- the eight core conventions of the International Labour Organization (ILO);
- the guiding principles of the OECD;
- the principles of the Global Compact, of which the Group has been a member since 2001;
- the international agreement signed with the UNI.

There are several principles underlying business ethics: refrain from all unfair practices or agreements, act with integrity, avoid conflicts of interests and reject all forms of corruption.

Other principles provide a reminder of CSR requirements: respect diversity, promote good employee relations, ban all forms of harassment and discrimination, select and treat suppliers with objectivity and loyalty, develop transparent commercial relationships, uphold partner commitments and protect the environment.

Ethics Committees

A Group Ethics Committee chaired by the Deputy Chief Executive Officer – Group Secretary General and ethics committees in each country of operation are responsible for deploying the Group's ethics principles and ensuring that they are followed. The committees rely in particular on professional misconduct warning systems set up in accordance with local regulations as well as on an external comprehensive warning system.

Ethics training

Training and information sharing sessions have been set up to help employees learn and adhere to the Group's ethics principles. An e-learning module for all employees will be rolled out in 2017.

Sharing our Ethics Principles with suppliers

To reinforce ethics in daily business practices, a Supplier Charter is included in commercial contracts with Carrefour product suppliers. This charter outlines Carrefour's Ethics Principles and its commitment to various human rights issues. Moreover, the Group performs social audits of product suppliers to ensure the charters are adhered to *(detailed in Section 2.3.4.3)*.

Carrefour's other suppliers and service providers are required to sign the Supplier Ethics Charter, which also outlines Carrefour's Ethics Principles.

Ethics warning system

An ethics warning system can be used by Group employees wishing to bring to the Group's attention any situations or behaviour that do not comply with the Group's Ethics Principles.

It was implemented in all countries of operation in 2016. Available in many languages, it can be used by Group employees to bring to the Group's attention any situations or behaviour that do not comply with the Group's Ethics Principles. This system is made available to employees in addition to other warning systems set up by line management, the Human Resources and Legal Departments, and individual countries. Information, and in particular the whistle blower's identity, is guaranteed to be kept confidential throughout the entire warning process.

No disciplinary action may be taken against an employee who reports an ethics issue in good faith.

Data security

The Group is implementing a number of measures to ensure continuity of operations and the protection of sensitive data *(detailed in Section 3.5.1.3 of the next chapter)*.

Data confidentiality, integrity, availability and traceability are guaranteed by an information management system. The following risks have been taken into account: 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.

Measures to combat corruption

To enhance its efforts to combat corruption and help exchange best practices, the Group participates in the work of the Business in Society Commission in the French section of the International Chamber of Commerce (ICC France). Carrefour has also adhered to the principles of Transparency International (France) since 2009.

The Group has established Company-wide rules, on accepting gifts and invitations, applicable to all employees. In addition, all employees involved in a purchasing process are required to sign a statement of independence each year, the purpose of which is to reduce and, where applicable, address conflicts of interests.

2.1.4 Carrefour's societal impact

The table below provides a financial summary of the benefits that Carrefour's financial results generated for stakeholders in 2016.

Distribution of added value among stakeholders

REVENUE (INFLOW)

Customers	Partners	Financial revenue
Carrefour's sales excluding VAT reached **76,645 million euros** (excluding loyalty schemes – **591 million euros**).	**2,720 million euros** Other Carrefour revenue: revenue from financial services companies, real estate development, rental income and other revenue.	Carrefour earned **53 million euros** from its financial and strategic investments in the form of interest and dividends.

EXPENSES (OUTFLOW)

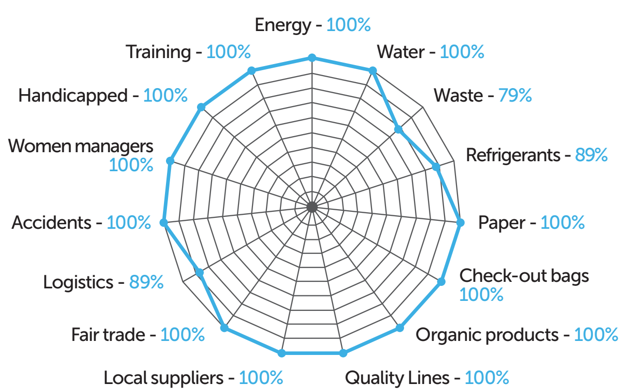
Suppliers	Employees	State and local authorities	Financial institutions	Shareholders
Carrefour spent **66,071 million euros** on goods and services from its suppliers.	In 2016, Carrefour booked almost **8,240 million euros** for gross salaries, social security charges and benefits paid to its **384,151** employees in 10 countries.	Carrefour paid a total of **1,178 million euros** in taxes, including **269 million euros** in corporate income tax.		Carrefour disbursed: • **121 million euros** in dividends to parent company shareholders; • **86 million euros** to minority shareholders in other Group companies.

2.2 Carrefour's CSR performance

Taking inspiration from the objectives set and adhering to the methodology, Carrefour's CSR performance is monitored closely.

2.2.1 Summary of process and reporting scope

SCOPE OF COVERAGE OF 2016 CSR REPORTING (IN CONSOLIDATED SALES EXCL. VAT)



Carrefour makes every effort to include as many non-financial indicators as possible to measure the Group's performance and evaluate to what extent its objectives have been reached. Non-financial reporting therefore covers the deployment of the CSR approach in all 10 of Carrefour's countries of operation (France, Italy, Spain, Belgium, Poland, Romania, Brazil, Argentina, China and Taiwan). Franchises are not included.

The subjects of the indicators listed in this graph make up on average 97.3% of the Group's consolidated sales (excl. VAT) – with 100% coverage for a large majority of indicators.

Product, store and logistics indicators apply to all of the Group's units. They are calculated year-to-year from October to September. Human resources indicators are calculated per calendar year. The scope and process of reporting are detailed in Section 2.4.4.

2.2.2 Dashboard of Carrefour's commitments, objectives and key indicators

To steer its initiatives and measure its CSR performance, Carrefour began reporting on non-financial indicators in 2006, based on the most relevant national and international frameworks for its sector of activity.

Consisting of a series of indicators monitored on an annual basis, Carrefour's non-financial reporting covers the three priority areas of focus outlined in the CSR strategy *(detailed in Section 2.1.3.1)*.

COMBATTING WASTE	2016
2025 Targets	
Recover waste	
• Recover 100% of waste	71.6% (+2.9 points vs. 2015)
Combat climate change	
• Reduce CO_2 emissions by 40% versus 2010	(24.7)% (+7.5 points vs. 2015)
• Reduce energy consumption per sq.m. of sales area by 30%	(15.4)% (+2.6 points vs. 2015)
• Reduce refrigerant-related CO_2 emissions by 40% (per sq.m.)	(45.3)% (+14.9 points vs. 2015)
• Reduce transport-related CO_2 emissions by 30% (per pallet)	(7.1)% (+0.1 point vs. 2015)

PROTECTING BIODIVERSITY	2016
Targets	
Develop agroecology and organic products	
• Foster direct relations with producers, to increase the number of agroecology supply lines for Carrefour Quality Lines	464 partnerships
• Promote organic farming	1,107.4 million euros in sales of organic products
Encourage the sustainable consumption of seafood	
• Promote seafood products labelled MSC & ASC and Carrefour Quality Lines for seafood	199 million euros in sales
Encourage sourcing of products (soy, beef, palm oil, wood and paper) that do not contribute to deforestation	
• Ensure that all of the palm oil used in Carrefour products is sourced from RSPO-certified suppliers	100%
• Use 100% certified/recycled paper in catalogues	99.6%
• Increase sales of PEFC and FSC-certified Carrefour products	105 million euros
Develop apiculture	
• Encourage Carrefour countries to adopt a local approach to apiculture	48 stores/headquarters equipped with beehives in the Group

SUPPORTING OUR PARTNERS	2016
Targets	
Act as a responsible employer	
• Develop employees' skills	14 training hours on average per employee
• Encourage diversity and equal opportunity	39.2% of managers are women 3.3% of employees have a disability
Listen to our customers	
• Include CSR in the customer barometer linked to Carrefour's brand image	26% of our customers identified our CSR messages in stores
Improve the way our results/actions are communicated to the non-financial community	
• Improve Carrefour's position in the RobecoSAM indices	Listed on the DJSI Europe in 2016
Promote CSR in the supply chain and prioritise local suppliers	
• Promote CSR to suppliers	58% of suppliers fully participating in the CSR self-assessment
• Promote local suppliers	73.8% of sales of Carrefour brand food products sourced from direct national suppliers
Be a socially responsible retailer	
• Use food as a way to combat exclusion	142.8 million meal equivalents donated to food aid associations

2.3 Action plans

2.3.1 Carrefour's human resources policy

2.3.1.1 Promoting employment

Over 380,000 employees serving customers around the world

The breakdown of the workforce by geographic region and store format reflects Carrefour's multi-local, multi-format model. At end-2016, Carrefour boasted 384,151 employees in 10 countries. On a like-for-like basis, staff numbers increased slightly between 2015 and 2016, mainly due to expansion in Romania through the acquisition of the Billa supermarket chain, and in Spain due to the acquisition of two hypermarkets and the opening of convenience stores.

Workforce by geographic region	2016	2015	Change
Europe	218,639	214,660	1.9%
Latin America	98,370	98,383	0.0%
Asia	67,142	67,877	(1.1)%
TOTAL GROUP	**384,151**	**380,920**	**0.8%**

A significant majority of Carrefour employees work in stores, and particularly in hypermarkets (70.8% in 2016).

Workforce by store format	2016	2015
Hypermarkets	70.8%	70.6%
Supermarkets	15.8%	16.0%
Other	13.4%	13.4%
TOTAL	**100%**	**100%**

The split of employees by category reflects the Group's focus on customer service: 88.4% of its employees were involved in this area in 2016. It also highlights the role Carrefour plays in society through its capacity to hire employees with various levels of qualification.

Workforce by category	2016	2015
Senior directors	0.1%	0.1%
Directors	0.6%	0.6%
Managers	10.9%	10.6%
Employees	88.4%	88.7%

Carrefour has always given priority to local employment, and its employees come from its stores' nearby communities. In France, this is illustrated by the Group's long-standing partnership with the state employment agency, *Pôle Emploi (detailed in Section 2.3.1.4)*. The Companies and Communities Charter (*charte Entreprises et Quartiers*) signed in 2013 between Carrefour and the Ministry of Urban Affairs (*Ministère de la Ville*) is currently in place in 11 *départements* and one region.

By resembling the customers that visit its stores around the world, Carrefour welcomes society as a whole, in all its diversity. In 2016, Carrefour France received an award as one of the top 10 companies for diversity recruitment in France (*Trophée Top 10 des Recruteurs de la diversité*).

New hires were down on 2015 due to a lower number of departures, particularly in Latin America (see table below), and tougher trading conditions in China.

When employees leave the Company due to restructuring, there is a lengthy social dialogue process and a set of measures in place to help relocate these employees or support their job search within or outside the Company.

Number of new hires	2016	2015	Change
Permanent contracts	81,453	91,484	(11.0)%
Fixed-term contracts	83,405	80,001	+4.3%
TOTAL	**164,858**	**171,485**	**(3.9)%**

Departures by reason	2016	2015	Change
Redundancy	22,090	22,059	0.1%
Resignation	44,132	47,819	(7.7)%
End of trial period	18,090	18,340	(1.4)%
TOTAL	**84,312**	**88,218**	**(4.4)%**

A flexible organisation that respects employees

The majority of Carrefour staff have permanent contracts, which are seen by employees as a source of stability.

Average workforce by type of contract	2016	2015
Permanent contracts	92.4%	92.3%
Fixed-term contracts	7.6%	7.7%

Carrefour creates organisational models that ensure consistent quality of service while taking into account employee expectations and complying with local regulations. Part-time work and fixed-term contracts address the need to tailor store activities to customer flow.

Several initiatives help to increase the basic hours worked by part-time employees who want to work more hours for financial or professional reasons, or to provide flexibility in their personal schedule: reducing part-time work, introducing job versatility, increasing work schedule pooling and experimenting with remote working.

Part-time work and job versatility	2016	2015
% of part-time employees	24.6%	22.9%

Carrefour has developed a job versatility option in its hypermarkets, initially in France and then gradually in Belgium. It offers employees who are interested the opportunity to do some of their work in a different department within the store or to do a different job. In this way, they can increase their work hours and, as a result, their salary, diversify their workplace experience and learn about new business lines. In France, 1,236 hypermarket staff are taking advantage of this option, 90% of them women.

Development of work schedule pooling to suit the needs of "Carrefour-Customers-Employees"

The work schedule pooling system enables check-out assistants to plan their work hours to suit their personal needs and simultaneously meet the store's needs based on its level of business. A joint committee was set up in 2016 to carry out an assessment of the work schedule pooling scheme, identify possible areas of improvement based on societal changes, and make recommendations to suit the needs of all three groups ("Carrefour-Customers-Employees"). Five pilot stores have been selected to assess, adjust and approve the proposed changes in 2017.

Remote working

Remote working is designed to enable employees to work flexibly while helping them to be more efficient. It is particularly suitable for certain functions, making it possible, for example, to avoid commuting to work every day. Various pilot projects have been run within the Group to study this option, which has been offered to all employees in France and at the Belgian and Italian head offices.

2016 examples (in France)

- A new remote working agreement was signed in June by Carrefour Marchandises employees to give them more flexible options regarding commuting and years of service, and authorising remote working for up to 50% of employees in a team.
- The Group Information Systems Department introduced remote working in July for management-grade staff based on the same terms and conditions.
- Carrefour convenience stores launched a 15-month pilot test in September 2016. A remote working agreement subject to certain conditions and at every level is in the pipeline for 2017. Employees and managers have been provided with a decision-making kit, and the possibility of providing training *via* an e-learning module is currently being looked into.
- Promocash set up a pilot scheme for remote working in 2016 for a limited number of employees, and drew up a Remote Working Charter and guide to help employees and managers. A draft agreement is in the pipeline for 2017.
- The Carrefour Group's head office entities (Carrefour Management and Carrefour Partenariat International) also signed a fixed-term remote working agreement in September 2016 to test the scheme before it is implemented in order to adapt it if necessary before going on to renew it.

2.3.1.2 Developing employees' skills

Carrefour believes that there are no satisfied customers without engaged, motivated employees. An employee's motivation depends particularly on their development *via* their career path or training – and on the balance between what they contribute and what they receive in return.

Modernising our practices

To modernise practices and create new ideas, the Human Resources Department is developing partnerships with start-ups. It is offering employees an innovative work experience in line with the expectations of younger generations. The department is also giving employees the opportunity to discover new work practices by running pilot schemes on a small scale. These schemes can then be rolled out to a larger audience if they prove to be conclusive and particularly worthwhile. Working with start-ups in this way enables Carrefour to become more agile and to take an innovative, forward-looking approach to the various objectives that are given to the Human Ressources Department.

In a similar vein, Carrefour France has taken two steps that show the important role played by innovation and digital technologies in its human resources strategy.

First, it has created a new careers website focused on social networks and the user experience. The site gives users direct access to local job offers, featuring a streamlined application process and personalised coaching for those who need it.

Second, the "Digital Graduate" programme has been launched to recruit the Group's digital experts of the future. The programme now includes a three-month start-up immersion course.

Training employees to meet customer expectations

The training plan, which the Group shares with its host countries and entities, hinges on two key objectives:

- developing Carrefour employees' skills in order to provide better customer service, improving fresh produce skills and supporting digital development;
- encouraging employees' managerial and personal development.

Appropriate training is offered for each of the 120 business lines represented at Carrefour in order to ensure excellence.

Each country and entity implements a training plan to meet its particular needs.

In the last few years, countries of operation have focused on providing training to foster a customer-oriented culture. The approach involves developing a detailed understanding of what customers expect in stores.

2016 examples

- "Hospitality Academy Training" in Taiwan: this programme focused on customer service in partnership with a five-star hotel training school. The aim is to train store employees to offer customers a four-star service for a two-star price.
- "Be Like Leon" is the new customer service guide for Polish employees. "Leon" is a cartoon character at the heart of this new guide. His name in Polish spells out the basic concepts underlying good customer service: L – Likeable (*Lubiany*), E – Empathetic, O – Open, N – Trustworthy (*Niezawodny*).
- "Customer Centric Training" is a programme run by Carrefour China to promote a customer-oriented culture at every level of the organisation.

Increasing professionalism in the fresh produce segment

Carrefour makes fresh produce a core component of its strategy and is aiming to maintain its leadership in this segment. With this in mind, a number of countries undertook specific initiatives in 2016:

- Carrefour Italy opened a "business line school" devoted to providing training in "traditional fresh produce" (TFP) with the help of specialists in the field. Thirteen hypermarket product departments received TFP certification alongside 29 supermarket departments;
- the Carrefour Poland training centre trained 370 TFP managers for its hypermarkets. As part of the training course implemented in conjunction with the French Chamber of Trades and Crafts (CMAP), almost 60 employees were trained to become butchers, bread makers and bakers and were awarded professional certification.

Digital innovation

Since 2015, Carrefour has been focusing on digital innovation and, in 2016, the Group created its own international digital network overseen by the Executive Director of Carrefour Spain. Group-level training courses were held in the United States to train executives in changes affecting the retail business, specifically with respect to technological innovation. In 2016, 110 executives participated in these programmes. The countries also worked in this direction:

- in partnership with the Politecnico di Milano business school, Carrefour Italy created a Masters programme covering three main subject areas: digital technology, innovation and the development of new sales services. Thirty-three talented employees took this course in 2016;
- Carrefour France is pursuing its digital transformation in several ways and launched a new training course to promote innovation (*L'Inno Booster*). Three sessions of this new course were held in 2016 in the form of a digital expedition. A Hackathon was organised to come up with a new "digital learning" programme to offer a different approach to new employee training. An application was used to provide employees with a digital challenge in the form of store security training;
- Carrefour Belgium launched a new "C my Attitude" e-learning platform, a fast, fun, mobile application designed to teach students employed on a seasonal basis the basic attitude they need to adopt when dealing with customers.

Performance

One of Carrefour's key performance indicators is the average number of hours' training received by each employee.

	2016	2015	Change
Average number of training hours per employee	14.0	13.6	2.8%
Total number of training hours given over the year *(in millions)*	5.2	5.1	1.9%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

Internal promotion is core to the Carrefour development model

Offering a variety of career path options and promoting social advancement

With over 120 different business lines and a presence in 10 countries, Carrefour offers highly varied career paths and genuine career mobility opportunities. Developing a career depends on a series of different professional experiences.

The Group provides professional experiences which allow all employees to show their initiative and flourish on a personal level while contributing to the Company's performance.

In 2016, Carrefour Belgium provided its managers with an Internal Mobility Charter highlighting the benefits of mobility within a career, and explaining the individual roles of managers and employees.

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 quickly rise to the position of department or section manager. 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 (detailed in Section 2.3.1.4).

A certified training programme run in conjunction with a business school has been introduced in French hypermarkets for women leaders. The programme provides specific career development support for women working as department or section managers.

Average length of service at Group level is 8.2 years.

In total, 50% of new managers, 65% of new directors and 69% of new Senior directors were promoted internally in 2016.

The possibility of international career paths within the Group means that there are approximately 154 expatriates (36% in Europe, 18% in Latin America, 40% in Asia including Global Sourcing and 6% in Africa with Group partners).

Rate of internal promotion	2016	2015
Senior director	69.0%	56.1%
Director	65.5%	62.3%
Manager	50.0%	50.6%
TOTAL	**50.7%**	**51.1%**

3,665 employees (excluding Erteco) were promoted in France in 2016.

The signature of a new three-year Group agreement on human resources and skills planning (*gestion prévisionnelle des emplois et des compétences* – GPEC) in 2015 and the associated revamped Intranet site, *enviedebouger.carrefour.fr*, facilitate internal, geographic and operational mobility in France.

enviedebouger.carrefour.fr a tool to promote mobility

The *enviedebouger.carrefour.fr* Intranet site has existed for a number of years as part of the Group's human resources and skills planning initiative.

Aimed at promoting internal, geographic and operational mobility in France, the site was overhauled in 2016 to improve its effectiveness and make it more user-friendly.

The new site contains internal/external mobility requests, can be used to fill out a simplified application form quickly and easily and is accessible *via* several different platforms. Applicants also receive answers more quickly when they apply for a position.

Between October 2015 and October 2016, almost 4,000 mobility requests were made, about 75% by employees and 25% by management.

Thanks to the *enviedebouger.carrefour.fr* Intranet site, close to 2,000 employees voluntarily change location as part of the Group's internal mobility program.

In order to offer everyone the same opportunities for advancement, training is provided for employees with literacy problems (based on the Evolupro programme). The course is run by Carrefour hypermarkets in France and provides store employees who so wish with the opportunity to learn or improve their French, thereby contributing to their ability to fulfil their role and their employability. At end-July 2016, 1,061 people had benefited from the programme. An additional 61 staff members are signed up for the 2016/2017 session. In total, at end-June 2017, 1,122 employees will have followed this training programme (66% of whom are women).

Lastly, in order to increase the employability of staff, Carrefour France is continuing with the rollout of vocational qualification certificates (*certificats de qualification professionnelle* – CQP) created by its professional trade and retail federation branch (*Fédération du Commerce et de la Distribution* – FCD). At end-September 2016, 77 department leader CQPs (hypermarkets and supermarkets) and 36 logistics agent (supply chain) CQPs had been awarded.

Carrefour worked with the FCD during the year to create new CQPs.

- In France, 16 CQPs were created and overhauled. Based on groups of skills, they will enable many more employees to obtain certificates and therefore have guaranteed access to training as required by the vocational training reforms.
- In Poland, certified training courses have been created for Carrefour employees in partnership with the Warsaw Chamber of Crafts and Trades. Carrefour Poland received an HR innovation award for this initiative.

Encouraging employees' managerial development

Carrefour employees at managerial level or with a specific skill receive personal career development advice. Their "path" is therefore marked out at an early managerial stage in order to offer tailored training programmes. Employees are assessed in two areas based on Group standards: knowledge of their business line and level of customer service.

In 2016, the rollout of the streamlined career management process continued across all of Carrefour's consolidated countries of operation. In Belgium, the process is used for the entire management team and not only for senior executives. The "path" to be taken is identified by analysing employees' past experience and aspirations, and by holding discussions with line managers, local HR representatives and Group HR representatives. New career management software is available to help monitor and identify employees.

To ensure employees are fully prepared to take on their new responsibilities, individually tailored development programmes are drawn up. These may include training courses, a change of scope, participating in cross-cutting or more high-level projects, coaching, etc. In this way, Carrefour can prepare the groundwork for its future organisation and identify the best people in the short- to medium-term.

High-level training to prepare tomorrow's leaders

Since 2013, the Group has offered a selection of training seminars designed for directors in all business areas. Carrefour University continues to make progress. In 2016, the 500-mark was passed for directors that had been trained on one of its international programmes. All of Carrefour's countries of operation actively participate in these programmes.

Particular emphasis is placed on innovation. Two new programmes were created in partnership with the London Business School and HEC.

The new "Voice of Customer" programme has been designed to support the implementation of a customer-oriented culture across all countries of operation. The first programme will run at the start of 2017.

The Leadership programme focuses on the importance of diversity *via* the development of a new training programme whose first session was held in Canada.

Carrefour University also made a blog available to everybody that takes part in its business expeditions. The goal is to create discussion forums and to encourage a culture of sharing best practices.

Recognising contributions with fair rewards

In accordance with its values and global agreement on respecting basic labour rights, Carrefour complies with local regulations and the social standards in each country in which it conducts its integrated activities.

Carrefour seeks to reward each employee based on the contribution they make to the Company's business and growth in a fair and objective manner. Compensation is related to the employee's level of responsibility and financial and individual performance. Financial performance depends on each store's and each country's performance. Individual performance is assessed by managers who look at how objectives were reached rather than simply at the result obtained.

Over and above financial compensation, Carrefour offers attractive employee benefits to meet the needs of employees and their families.

Ensuring employees are committed to their responsibilities and goals

For employees to be truly committed, responsibilities must be clear and specific and targets must be perfectly understood. Clear objectives are set annually in accordance with each employee's scope of responsibility. They target the relevant priorities and are communicated early in the year.

Carrefour encourages managers to provide regular feedback to their employees. The main assessment tool is the annual performance appraisal. The appraisal is an opportunity for employees and their managers to discuss their performance over the year, how they would like their career to develop, and their training needs.

Compensating employees fairly

In every country, the annual compensation review is designed to ensure fairness of compensation levels: proposals for changes are analysed by each entity to ensure that they are consistent with the responsibilities and performance of each employee.

The level of employee compensation is analysed in comparison with both the general market and the retail market through surveys carried out by specialist firms.

Recognising individuals' contributions through variable compensation

Several measures are in place to recognise the contribution made by Carrefour employees.

- **All the Group's managers are eligible for variable annual compensation**, the amount of which varies in line with the financial results of their entity and their individual performance in relation to the objectives set initially, and then assessed by their line manager.
- **Programmes to recognise employees' commitment to customer service**. In Taiwan, the Star Associates programme rewards employees for their excellent customer service. "Stars of the month" are nominated by their colleagues and congratulated. Their achievement is covered in a special internal newsletter article and ceremony, and they are awarded bonuses. Bonuses are also awarded to employees who help to improve the rate of customer satisfaction.
- **Over 56% of Group employees are today eligible to profit-sharing schemes** in addition to their basic salary and, if applicable, their annual variable compensation. In some countries, these plans are specific to store directors and their management teams. In 2016 in France, Carrefour renewed its collective profit-sharing scheme agreement, applying a formula that is more advantageous than the legal minimum requirement.
- **The award of performance shares** ensures that 950 Carrefour Group employees identified as crucial to the Group's omni-channel development will benefit from future results. They have been chosen from staff members throughout the world across all formats based on their skills, contribution to key projects, potential and performance.

Offering benefits for employees and their families

Carrefour is a responsible employer that offers benefits to all employees in all of its countries of operation. The types of benefits are adapted to respect local practices and obligations and to meet the needs of employees and their families.

In France, the Group encourages employee savings by offering a Group savings plan (PEG) and a Group collective retirement savings plan (PERCO) which benefit from a top-up payments scheme by the Group to match employees' contributions. At December 31, 2016, Carrefour employees held 0.98% of the Group's share capital through the "Carrefour Actions" stock ownership plan. From its range of Company mutual funds (FCPE), Carrefour offers staff two socially responsible funds: Carrefour Équilibre Solidaire and Carrefour Prudence Solidaire, where they can put their money to work while helping others.

Since 2015 in France, all employees and their families have benefited from an excellent common supplementary healthcare and insurance scheme. In 2016, the Group joined forces with employee representative organisations to create new, innovative solutions with a high degree of social responsibility for the benefit of employees as of 2017. Improvements have been made to the solidarity funds dedicated to healthcare, assistance for returning home after being hospitalised, and support for well-being and nutrition.

In 2016, the Carrefour Group joined the Global Business Network for Social Protection Floors founded by the International Labour Office, the International Labour Organization's permanent secretariat. It provides a platform for businesses to share experiences on best practices and work together to address the issue of social protection.

Carrefour integrated social protection into its CSR index, to ensure: "100% of countries implement an action plan on healthcare/security/quality of life at the workplace". This includes: sickness coverage, maternity coverage, healthcare coverage for employees and their family, health protection, medical visits and medical solidarity funds. The Group's performance on this index is outlined in the section entitled "Ensuring good working conditions".

2.3.1.3 Creating an environment that helps employees to achieve fulfilment

Carrefour wants all of its employees to achieve fulfilment at work. It therefore makes every effort to promote dialogue between employees and management, ensure employees are able to voice their opinions and provide them with the best possible working conditions.

Robust, regular social dialogue encouraged through high-quality social relationships

A culture of social dialogue at Group level

The Group has long been committed to consultation through high-quality internal and external social dialogue in support of individual and collective development.

In 1996, Carrefour created its European works council, the European Consultation and Information Committee (ECIC), by way of an agreement signed with the FIET (now 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/training seminar** focuses on a specific theme selected by the members of its Steering Committee. The theme in 2016 was Carrefour's Quality Lines. In 2017, it will look at digital/mobile technologies and the changes experienced at Carrefour Spain. This seminar also provides a Steering Committee expert with the opportunity to give a presentation on the Group's economic and financial situation.
- **Special committees** meet to discuss sustainable development, diversity and new technologies.
- **Communication** in the form of a regular newsletter and *via* a specific Internet site keeps members of the committee informed throughout the year.

ECIC members are selected on the basis of their quality, expertise and expert knowledge of the subjects covered.

Highlights

Members of Carrefour's European works council celebrated its 20th anniversary during the plenary meeting held in Rome in October 2016. The meeting was attended by representatives of some major international organisations. By supplementing their knowledge and skills, committee members can participate more effectively in different meetings and have a better understanding of their role, place and rights in the social dialogue at Carrefour.

In 2015, Carrefour signed a new international agreement with UNI Global Union, reflecting a shared desire to promote social dialogue, diversity, and respect for fundamental rights in the workplace. By signing this agreement, both parties acknowledged the need to spread knowledge of the provisions of this agreement among Carrefour's partners (suppliers of own-brand products and franchise holders).

To monitor implementation of the agreement, Carrefour and UNI Global Union representatives met in June and November 2016. Their discussions focused on the efforts made to ensure the provisions of the agreement are complied with and to share any remarks regarding its implementation.

In addition, Carrefour representatives are invited to meet annually with trade unions in the countries where the Group operates during Carrefour Global Alliance meetings organised by UNI Global Union.

In 2016, Carrefour was awarded the *Confiance et Partage* (trust and sharing) social dialogue trophy for its innovative agreement and the quality of its social dialogue at the international level.

Lastly, Carrefour plays an active role in European sector social dialogue meetings within the European trade structure, Eurocommerce, in association with the trade union delegation from UNI Europa. In this way, Carrefour made a significant contribution in 2016 to promoting measures in favour of healthcare and security at the workplace.

"In 2016, two major events provided evidence of both UNI Global Union's and Carrefour's commitment to promoting constructive social dialogue.

On October 12, 2016, Carrefour was awarded the Social Dialogue Trophy for the new global framework agreement that it had recently signed. On this occasion, both Carrefour and UNI Global Union emphasised the importance of implementing this agreement, by guaranteeing above all else freedom of association in all of the countries where Carrefour operates, and by extending the agreement to its subcontractors and franchises.

On October 5, 2016, UNI Global Union joined in the 20th anniversary celebrations of Carrefour's ECIC (European Consultation and Information Committee). It was able to celebrate its 20th year thanks to the dedication of its motivated delegates and the Group's commitment to social responsibility through its work with unions and employees. According to UNI, this transnational body plays a key role which makes it possible to involve employees in the Group's global and multinational strategies.

UNI Europa Commerce has been one of the Group's partners for a long time. The signature of the revised global framework agreement with UNI Global Union in 2015 is another example of the commitment to and involvement in efforts to promote social dialogue and adhere to strict working standards."

Laila Castaldo – UNI Global Union

Improving and developing country-level social dialogue initiatives

Carrefour's social dialogue extends beyond simple legal and regulatory requirements and is implemented in all Group countries and entities. Discussions and consultations with employee or trade union representatives can be local, national or transnational, depending on locally-identified needs. These meetings are organised by local management, the Group or UNI Global Union, and contribute to maintaining a high level of social dialogue in countries where the Group is present. They are held in compliance with the Carrefour UNI Global Union international agreement.

For example, at end-August 2016, a discussion/consultation meeting was held in São Paolo. It was attended by HR representatives from Carrefour Brazil, Atacadão and Carrefour Argentina, affiliated Brazilian and Argentinian unions, the Group and UNI Global Union.

Respect for trade union rights, constructive social dialogue, frequent negotiations and the signature of joint agreements mean that staff representatives are present in almost all Group activities.

In October 2016, Carrefour Romania's Human Resources Department organised an information meeting for managers of the recently-purchased Billa supermarket chain to discuss the usefulness of union representation as well as the expected level of social dialogue. Delegates from the Romanian trade unions confederation also attended this meeting.

MAIN COLLECTIVE AGREEMENTS

Country/Organisation	Type of agreement
France	Non-discretionary profit-sharing scheme - France Supplementary non-discretionary profit-sharing scheme - France
Spain	2016-2018 collective agreement for supermarkets
Brazil	Collective agreement with the São Paolo regional union
Hypermarkets France	Supplementary discretionary profit-sharing agreement Supplementary management pension plan End-of-career support agreement for supervisors and managers
Supermarkets France	Equal opportunity, diversity and fight against discrimination agreement Amendment to the career path and training agreement
Supply Chain France	Amendment to the framework agreement relating to employee discretionary profit sharing
Other France entities	Gender equality and quality of life in the workplace agreement - Property and Carmila Generation contract agreement – Property and Camila Time-saving account agreement – Promocash 2016 Social Programme – Maison Johanès Boubée Review and adjustments to the collective agreement – Carrefour Information Systems Store replacement agreement Erteco France/Carrefour Convenience (Proximité) France Remote working agreement - Interdis, CMI, Group head office
Romania	Amendment to the collective agreement

Support for restructuring through social dialogue

Historically and culturally, Carrefour supports its restructuring through social dialogue.

Carrefour's European consultation and information Committee is therefore notified or consulted every year about organisational developments and adaptations in the various European countries where the Group operates.

Depending on their practices or the regulations in force, a number of entities also support these operations during specific consultation phases with their social partners.

The Group agreement on human resources and skills planning (GPEC) renewed in 2015 and associated agreements (method and framework) support the restructuring and mobility programmes of the Carrefour Group's entities in France. More than a simple document, the GPEC reflects a certain ethos shared among the social partners which is fully in keeping with the Group's social dialogue policy.

By anticipating the social consequences of implementing projects, the GPEC agreement will make it easier to find solutions for employee mobility and employees' general long-term employability.

The associated agreements provide support measures with a minimum level of social guarantees in the event of a voluntary separation plan or employment protection plan. An Employment and GPEC Committee ensures these agreements are applied correctly and, if necessary, suggests new or additional solutions. Mobility and Skills Spaces will also assist the employees concerned in determining and achieving their career paths.

Beginning in 2015 and completed in 2016, the transformation of Erteco France's businesses acquired in 2014 was underpinned by an effective process of social dialogue. New banners and a new sales environment, significantly improved working conditions, priority to protecting jobs and rewarding skills all made a considerable contribution to successfully integrating Erteco into Carrefour France.

These agreements also provided a framework for the support provided when Guyenne & Gascogne underwent restructuring in 2015 and 2016, as well as the Carrefour Banque project launched in 2016 which will continue in 2017.

In April 2016, Carrefour and its social partners celebrated 10 years of providing support to restructuring projects *via* the GPEC and social dialogue.

Listening to employees

Listening to employees and employee commitment are key factors that contribute to the corporate atmosphere. Every entity sets up procedures for listening to employees' expectations so as to contribute to developing the Group's culture and fostering employee engagement. In France, the internal opinion barometer measures employee satisfaction at headquarters, and within Group hypermarkets and supermarkets.

In 2016, over 70 internal satisfaction surveys were carried out by the Human Resources Department. The online food retail and supply chain activities were included in these interactive surveys to better understand and meet employee expectations.

Subjects covered included how the Company is perceived, the reputation of the site or store, management and professional satisfaction (atmosphere and working conditions, training and social policy). Each entity surveyed also had the option of completing and customising the standard questionnaire.

The surveys take the form of meetings attended by a representative panel of employees from varying levels of responsibility. Overall, a sample of 20%-30% of employees on average from surveyed entities took part. These anonymous surveys are followed up with corrective measures.

42 supermarkets and 25 hypermarkets were audited in 2016.

3,668 employees took part in the Carrefour survey.

77% of employees in France recommended Carrefour to their friends seeking employment.

Ensuring good working conditions

The process starts by ensuring respect for the operational teams and listening to their needs, introducing flexible working practices and a commitment to a better work/life balance. Carrefour upholds the regulations in place on the prevention of workplace accidents and occupational illnesses in every country.

A proactive approach to health and safety

In addition to regulatory requirements, the Group ensures that all its employees understand health and safety rules; provides preventive training (in-store safety, health, including movements and working posture) and awareness campaigns; establishes procedures in the countries where it operates; 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 and safety management system.

The rate of absence due to workplace and travel-related accidents in 2016 was 0.50%, a slight decrease from 0.60% in 2011. The numerous measures implemented by Carrefour (see below) aim to prevent and even reduce accidents in the workplace.

In 2015, Carrefour seized the opportunities provided by new digital solutions to step up its prevention activities and meet legal and regulatory requirements in France. Carrefour E-S@nté was created to help each store carry out an assessment of occupational risks for each workstation and enable them to implement and monitor annual action plans. It can also be used to report workplace accidents and carry out an analysis of each event. Carrefour E-S@nté replaces the "Numérisques" and "Spectra" tools created in 2010 to improve health in the workplace. It helps to monitor and map all Carrefour sites in real time, showing the state of progress of risk assessment campaigns, accidents in the workplace and the implementation of prevention mechanisms. At the Préventica 2015 show in Lyon, Carrefour won an award for the Carrefour E-S@nté tool – the prize for software innovation in Health and Safety in the Workplace. In July 2016, E-S@nté also won an HR Innovation award from *Cercle de la prospective HR*, a French HR organisation.

Carrefour France created a dedicated body for workplace health and safety in 2012. Several major projects have been launched, such as the prevention of psychosocial risks, the appointment of a Company doctor and the prevention of workplace risks associated with the "drive-in" format. The latter resulted in the signing of two partnership agreements with the Île-de-France health insurance fund (CRAMIF) in 2012, the first on drive-in collection points and the second on training workplace risk prevention officers for Carrefour France.

In 2016, the training agreement covered:

- 550 employees trained and certified as workplace health and safety representatives;
- more than 180 employees trained as MSD-PSR representatives (to combat musculoskeletal disorders and psychosocial risks).

Most of those trained work for the hypermarket division. In addition to the network of safety officers, the position of manager for quality of life and health in the workplace was introduced in 2015 in the Logistics, Market and Maison Johanès Boubée and Convenience entity.

In 2016, the drive-in agreement covered:

- the creation of new equipment to reduce the risk of employees having an accident in the workplace or contracting an occupational illness;
- the replacement of old with new equipment in 100% of Drive Market stores.

Also, in 2015, the partnership with the Île-de-France regional health insurance fund – CRAMIF – was strengthened with the signature of an agreement covering all of Carrefour France's logistics sites. The agreement relates to the improvement of working conditions and the prevention of risks relating to manual handling in the Carrefour France warehouses.

Workplace ergonomics and combatting musculoskeletal disorders (MSDs)

The main occupational illnesses identified by the Carrefour Group are those related to musculoskeletal disorders. Numerous preventive actions are taken to avoid them.

In France, the stores are equipped with ergonomic equipment designed to reduce handling operations. This equipment is based on stricter standards and recommendations than those provided for by current regulations. Special platforms have been designed for stacking supermarket shelves to enable employees to reach higher shelves more easily. Tables with a steady base and platforms for working at height have been specially created in supermarkets to facilitate shelf-stacking. For more than five years now, Carrefour has set a 1.8 metre limit on the height of pallets leaving integrated warehouses. Today, nearly 99% of pallets delivered are less than 1.8 metres high.

French supermarkets and hypermarkets are equipped with high-lift pallet trucks or manual trucks with handles at a constant height for smaller stores to keep postural stresses to a minimum. Carrefour France is also designing new equipment to help with handling in conjunction with its partners such as France's National Health Insurance Fund for Employees (*la Caisse nationale d'assurance maladie des travailleurs salariés* – CNAMTS), CRAMIF and Company doctors.

As part of the Vitamin C programme launched in 2016, Carrefour Belgium has offered all staff over 45 a personal assessment of their imbalances, muscular pain caused by one-sided loads, muscles used very frequently and poor posture. They can also receive advice and recommendations from a coach. This programme was available in six hypermarkets and 10 supermarkets, covering almost 500 employees.

Carrefour Belgium also published a guide entitled "Good health in the workplace" which was distributed to all of its hypermarket and supermarket employees.

Preventing stress and psychosocial risks

Over the past 15 years, stress has emerged as a major psychosocial risk faced by companies. The Carrefour Group's preventive approach aims to assess the main 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.

In 2015, Carrefour France introduced a new toll-free social support service to provide solutions suited to the situations of individual employees. A team of social workers helps employees with their personal or professional problems (financial, change of situation such as divorce, separation, move, etc.). This service complements the counselling service set up in 2012.

Carrefour France continued with its efforts to prevent psychosocial risks in 2015 across all of its entities. A methodology for analysing these risks was designed by the French Health Department in 2014 and offered to the Group's hypermarkets. Thirty hypermarkets rolled out the methodology which helps to analyse risks and develop an action plan to deal with them. Health and Safety managers who are also in-store health representatives will all be trained in the use of this methodology in 2017.

Overview of health and safety agreements

The table below shows some of the main and supplementary agreements signed in 2016 with trade unions or staff representatives on workplace health and safety. The list is not exhaustive. Clauses added to previous agreements are not included.

New in 2016
Second additional clause to the Health in the Workplace Agreement of July 2012 – Hypermarkets France
Health in the Workplace Agreement, "Prevention of hardship and improvement in working conditions" – Maison Johanès Boubée
Additional clause to the Health in the Workplace Agreement of May 2013 – SDNH France

Protecting work/life balance

To ensure that all employees flourish in their professional activities, Carrefour is committed to promoting work/life balance. Promoting work/life balance is one of the four focus areas of the Women Leaders programme *(detailed in Section 2.3.1.4)*. Measures benefiting both women and men have been implemented within the Group.

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 area. Since then, Carrefour has been a member of the corporate parenthood monitoring group *(Observatoire de la parentalité en entreprise)*.

In 2015, the Carrefour France Executive Committee signed 15 work/life balance commitments; the main points are respect for a well-balanced lifestyle, the optimisation of meetings, the proper use of emails, and managers setting an example.

In 2016, these 15 commitments were included in a campaign using humorous illustrations to raise awareness of these issues among employees.

Employees at Carrefour France headquarters in Massy have benefited from an on-site nursery since 2015. In 2016, the Carrefour Management nursery was merged with the Group's HQ nursery in Boulogne.

In 2016, Carrefour Market updated and distributed a guide on parenthood to all of its employees.

The pooling of work schedules and remote working *(detailed in Section 2.3.1.1)* both help employees find a better work/life balance.

Innovative actions for a better working life

Having a better working life is at the heart of current social thinking, so Carrefour is implementing programmes to improve the work environment and atmosphere.

2016 examples

- As part of the *Vivir Mejor* (Live Better) programme in Argentina, a variety of services and events were organised for employees, such as massages, shiatsu, singing lessons, meditation, sports tournaments, etc. Similarly, a best store practices competition was organised to help promote quality of life in the workplace.
- Carrefour China rolled out the "Coffee Talk" concept at its central and regional headquarters and stores to create specific opportunities for directors, managers and employees to meet and interact.
- Carrefour Spain continued to organise events to boost employee well-being as part of its Carrefour Life programme.
- Carrefour Italy organised a similar programme which includes organising sports tournaments, family days, solidarity campaigns, birthday parties, etc.
- Carrefour Taiwan organises a day out with all of its employees every autumn. Children and spouses are also invited to attend. This activity was ranked first by employees in the internal satisfaction survey.

Performance

The Group's target is for all countries to draw up an action plan for health, safety, security and quality of life at work by 2020.

RATE OF WORK ABSENCES AND WORKPLACE ACCIDENT FREQUENCY AND SEVERITY

	2016	2015
Rate of absence due to workplace and travel-related accidents	0.50%	0.56%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

	2016	2015
Workplace accident frequency rate *(number of accidents/millions of theoretical work hours)*	22.1	22.8
Workplace accident severity rate *(number of days absent due to workplace accident/1,000 work hours)*	0.56	0.63

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

ABSENTEEISM RATE BY REASON

	2016	2015
Illness *(including occupational illness)*	3.73%	4.43%
Workplace accident	0.45%	0.50%
Travel accident	0.05%	0.06%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

2.3.1.4 Encouraging diversity and equal opportunity

Carrefour's policy

As a multi-local, neighbourhood Group, 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. Every year, it enters into new commitments to confirm its global and local approach. In 2016, for example, the Group continued to:

- step up the Women Leaders programme to promote gender equality and promote women to important positions of responsibility;
- raise managers' awareness of the fight against discrimination and stereotypes and the need to promote diversity and equal opportunity;
- support for those who have difficulty finding work.

Continuing with the Women Leaders programme

Women account for over 57% of Carrefour's total workforce, *i.e.* more than half. On the other hand, they are not as well represented at the highest management levels (15.7% of Senior directors are women).

The Women Leaders programme, launched in 2011, affirms Carrefour's ambition to achieve gender equality. The programme is based on four priorities:

- each country's definition of its own objectives (in line with the principle of subsidiarity, which applies across the Group);
- making women more visible by promoting their achievements;
- making gender equality a core factor in hiring and career development decisions;
- promoting work/life balance.

In 2015, the signature of the international agreement to promote social dialogue, diversity and respect for fundamental rights at the workplace signed with UNI Global Union *(detailed in Section 2.3.1.2)* focused on promoting gender equality.

Practical action plans in each country

Following the first Women Leaders convention in 2013, the Group countries have identified and implemented their action plans. In 2015, at the second Women Leaders convention, Country Executive Directors officially announced targets and commitments to take specific measures by 2017-2018. As a result, mentoring programmes for ambitious women managers are in place in France (year three group started in 2016), Italy, Argentina, and specific career development programmes have been created, such as the Women Leaders training programme within the hypermarket division in France. This programme was designed in partnership with a business school. It comprises nine management training days and is held over a nine-month period. Certificates are awarded to those completing the course once they hand in a dissertation.

Several women's networks exist in France and Italy, and a Carrefour *Por Elas* network was founded in Brazil in 2015.

Women in this network conducted a survey in 2016 of store and HQ managers and directors to identify the obstacles to career development among female staff and specific actions to be taken in the short and medium term.

Steps taken in the last few years have resulted in several female appointments to key positions within the Group:

- in 2016, 40% of hypermarket directors' appointments were filled by women at Carrefour hypermarkets in France;
- almost 50% of directors' appointments in hypermarkets in Taiwan were women;
- women were appointed to the following very important positions of responsibility within the Group and countries in 2015 and 2016: Supply Chain Director and CEO Rue du Commerce in France, Legal Director in Argentina, Regional Operations Director in Spain, and Supermarket Operations Director in France.

An undertaking at the highest level, rolled out gradually

Carrefour's 2013 signature of the UN Women's Empowerment Principles (WEPs) made it the first major food and non-food retailer to join the 600 businesses that had already signed around the world. The seven WEPs are based on a commitment to and progress towards equality between men and women. In keeping with this commitment, Carrefour has signed a partnership agreement with the UN Women National Committee in France to promote the WEPs in France and around the world. This agreement was renewed in 2015 for a period of two years and will probably be renewed again in 2017. Once the undertaking had been taken at Group level, Carrefour was keen for it to be taken at country level too. So the Executive Directors of Carrefour Argentina, Brazil, Italy and Spain have also signed WEPs. The 200 main executives of Carrefour Belgium have signed and adopted an equality pact inspired by the principles of the WEPs.

Gender Equality International Standard certification process

This international standard certifies the involvement of a company and the quality of its initiatives concerning gender equality in business, gender diversity education and training, work/life balance, wage practices, involvement of trade unions, etc. By end-2016, certification had been obtained for six entities: the Carrefour Group, Carrefour hypermarkets and Carrefour Market in France, Carrefour Argentina, Carrefour Romania and Carrefour Taiwan. The Group would like all of its entities to apply for this certification over the next few years *(details in the performance section below)*.

Performance

The Carrefour Group set itself two gender equality targets:

- at least 40% of appointments to key positions within the Group must be women by 2025;
- 100% of countries to obtain Gender Equality European and International Standard (GEEIS) certification.

BREAKDOWN BY GENDER (MALE/FEMALE)

% of women by category	2016	2015
Senior directors	15.7%	12.8%
Directors	24.4%	23.7%
Managers	40.3%	39.4%
Employees	59.9%	60.1%
TOTAL GROUP	**57.5%**	**57.6%**

The percentage of women in management positions is one of the Group's key management indicators. In 2016, 39.2% of the Group's managers were women, a figure that has risen steadily since 2012 (when it was 36.2%).

	2016	2015	Change
Percentage of women in management positions	39.2%	38.3%	+5.7%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

Combatting discrimination, promoting diversity and equal opportunity

Carrefour fights against discrimination and promotes all forms of diversity. This is reaffirmed in the international agreement to promote social dialogue, diversity and respect for fundamental rights in the workplace signed on September 30, 2015.

Respecting diversity is the first subject covered in the Ethics Principles document entitled "Our ethical guidelines" distributed to all countries in 2016.

In addition in France, an external comprehensive warning system was set up in October 2016 to report Code violations such as discrimination and harassment, as well as restrictive practices, or issues relating to health and safety at the workplace and environmental protection.

To support the actions already taken in favour of diversity and equal opportunity, and to encourage the development of new actions, Carrefour launched its first international diversity day in 2016, entitled: "Carrefour celebrates diversity". A logo and Group brochure entitled "Solutions for diversity and equal opportunity" were distributed for use on the day to all of the countries of operation. A poster campaign was also rolled out to raise awareness and combat discrimination against all forms of stereotyping. Conferences, employment sector partner events, speeches by disabled employees and role plays were held in stores and headquarters in all of Carrefour's integrated countries.

Numerous, diverse initiatives were taken in all countries of operation throughout the day.

2016 examples

Carrefour Italy launched a competition for ideas to combat stereotypes. More than 400 postcards containing ideas were received. They will be examined closely in 2017 and a selection of the best ideas will be put into practice.

Carrefour Argentina signed an agreement with the Argentinian government to promote diversity on Carrefour's international diversity day.

Carrefour Spain organised a major conference with employment sector partners to raise awareness internally and externally of subjects relating to the Women Leaders initiative, disability and social integration.

Carrefour Brazil organised a Diversity Week for the second consecutive year at its headquarters and stores, which ended on the same day as the international diversity day. During Diversity Week, directors spoke about the following issues: diversity, photography competitions, role plays, conferences on origins, LGBT, gender equality and disability.

Several practices to promote diversity and equal opportunity in France are also worth mentioning:

- in partnership with *Pôle Emploi*, Carrefour France has in the last few years taken a simulation-based approach to recruitment. Since talent cannot be judged on diplomas alone, recruitment is based above all else on a candidate's real skills determined by asking them to perform certain practical exercises;
- in 2016, Carrefour France provided its store managers and departmental managers with a personal opinions guide to help managers deal with complex situations relating to differences of opinion based on religious, philosophical or political beliefs while continuing to promote diversity and allow freedom of expression;
- following an equal opportunity training course and awareness campaign for all store directors in 2015, Carrefour Market signed its first agreement in cooperation with all affiliated trade unions to promote equal opportunity and diversity and to fight discrimination.

Support for those who have difficulty finding work

Collaboration with partners in the employment sector

Carrefour France and France's *Pôle Emploi* job centre have been partners since 1992. They renewed their national framework agreement for three years in 2015. It covers three topics:

- develop initiatives related to digital technology;
- make the recruitment process simpler and more secure for candidates;
- support the return to employment and help secure the career path of new recruits.

Carrefour France has teamed up with numerous organisations, including the École de la deuxième chance (second chance school) in the *département* of Seine-et-Marne (77) which supports young people who have dropped out of school and want a second chance, or the *Apprentis d'Auteuil* scheme, which provides 30 young people who have gone through the *parcours avenir* scheme at school to help them understand the world of work with support in gradually getting into the job market.

In 2016, Carrefour France continued with the rollout of the Companies and Communities Charter which was signed in 2013 between Carrefour and the Ministry of Urban Affairs. A reflection of Carrefour's commitment to supporting local communities, this agreement is aimed at promoting access to employment for people living in priority urban areas and thereby contributes to the economic and social development of these areas. It has now been rolled out to 11 *départements* and one region.

Initiatives in support of employment for young people and seniors

The Carrefour Group is committed to contributing to the local development of the communities in which it operates and has always focused on hiring local young people through work-based learning programmes and/or by providing mentoring for new hires.

Carrefour is committed to guaranteeing good working conditions for everyone, regardless of their age, in the knowledge that employees of different ages bring complementary skills to the workplace.

2016 examples

- In 2016, Carrefour ran the 8th competition to find the best butcher's and baker's apprentices in its hypermarkets and supermarkets. This year, the spotlight was placed on the apprentices and their mentors. The 2016 competition won the LSA award for diversity and CSR in the intergenerational category.
- Carrefour Belgium launched its Vitamin C programme in 2016 for senior workers to guarantee their well-being and stable employment.

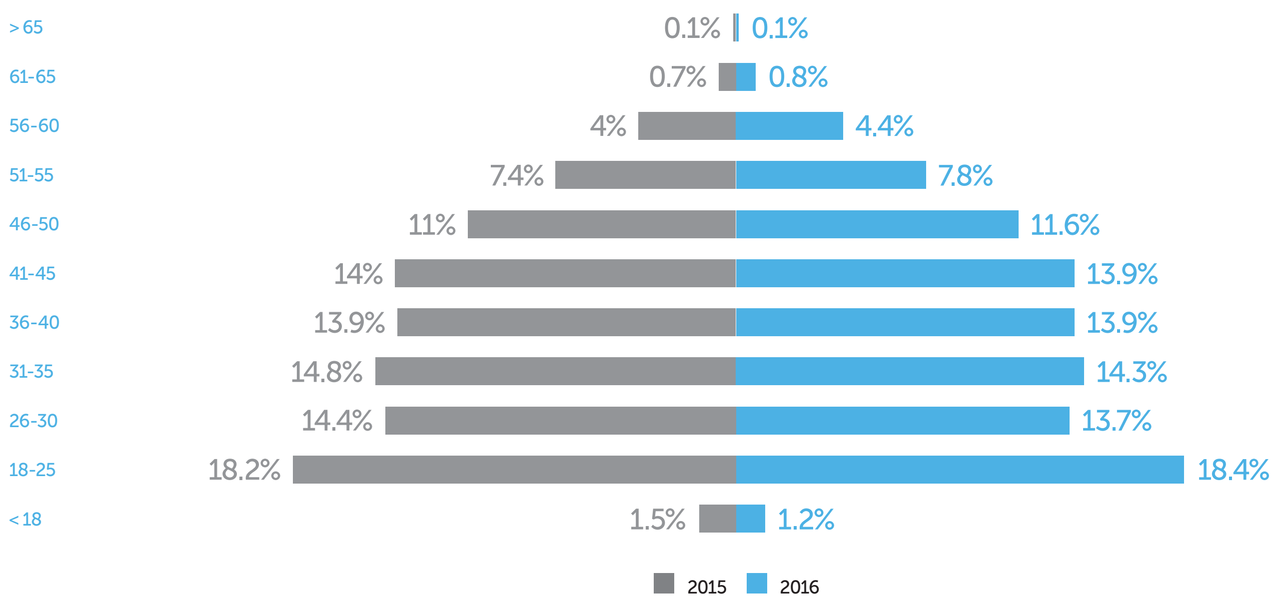
- Carrefour Poland launched two baker's apprenticeships in September 2016. Twenty-eight young girls will alternate between this training course and their work at Carrefour over a four-year period. Other employees have been trained to become their tutors.
- Every year, Carrefour Poland takes 25 university students on three-month internships at its headquarters. Carrefour is among 12 companies recognised by Poland's national human resources body for the educational value offered by its internships.
- Carrefour Romania also launched the "C4 Yourself" programme in 2016 which takes young people on internships at its headquarters. Forty-three interns have taken part in the programme so far.
- In Brazil, 2,777 youths in the 14-24 age group are taking part in the Young Talents (*Jovem Talento*) programme run in conjunction with several training bodies.

Carrefour also pays particular attention to employing seniors and ensuring that they enjoy good working conditions in the later stages of their careers.

Performance

The chart below shows that 20% of the Group's workforce are under the age of 25, while 12% are over 50. The proportion of young people is therefore particularly high in the Carrefour teams.

WORKFORCE BY AGE GROUP



Actions to help the most vulnerable population groups

Carrefour is developing initiatives to help those most in need return to the workplace.

Highlights

- Carrefour France has joined forces with *Restos du Coeur*, a not-for-profit organisation that helps feed those most in need, to organise coaching sessions and mock interviews. In 2016, it created a preparatory course to provide access to a butcher's training course to help those seeking to return to work find well-paid employment. Of the 17 people who signed up for the preparatory course (*Préparation Opérationnelle à l'Emploi Individuelle* – POEI), 14 of them signed vocational training contracts to obtain a butcher's vocational training certificate (*certificats de qualification professionnelle* – CQP).
- Carrefour France is also taking steps to help young people from priority education zones (*zone d'éducation prioritaire* – ZEP) to develop their entrepreneurial spirit and sense of innovation. For example, 33 second-year vocational business diploma students (*baccalauréat*) from the Françoise Secondary School (*lycée*) in Tournefeuille received guidance from the Carrefour Market team in south-west France on how to create their own second-hand clothes store mini-business.
- In Brazil, 2,819 young people and adults suffering economic hardship have benefited from the information and recruitment drives carried out by stores since 2012 as part of the *Conexao Varejo* (retail network) programme.
- Carrefour Romania launched a "Girls' Capital" programme which offers support to young girls with diplomas from low-income families. In 2016, ten female Carrefour employees acted as mentors to these young girls.

Several initiatives were taken in 2016 in various countries to lend support to women who have been the victims of abuse.

- Carrefour Argentina has joined forces with UN Women to support the work of the Pink Helmets for Equality and against Gender Violence. A global poster campaign to raise awareness of the fight against gender violence was launched in 2016 and picked up by many Carrefour stores.
- In France in 2016, Carrefour Market renewed the agreement signed in 2015 with the Salon-de-Provence town hall to help employ women with social and professional integration problems, giving priority to those suffering abuse.
- Also in 2016, Carrefour Romania formed a partnership with the national agency for gender equality (ANES). As part of this partnership, Carrefour stores will distribute a 24-hour helpline number for victims of abuse. As well as lending support to four crisis centres, it will also help to train and recruit these victims to help them reintegrate into society.

Practical actions to integrate disabled workers and keep them in employment

Carrefour's France Hypermarket division signed its first Disability Agreement in 1999.

In early 2014, hypermarkets and supermarkets in France renewed their Disability agreements. The 6th Disability Agreement signed by the hypermarkets with all the trade union organisations includes four components: hiring and integration; retention, access, and training; communication and awareness-building; and management of the process.

Fully committed to integrating disabled workers, Carrefour is gradually rolling out its policy across all countries of operation.

At the end of 2011, Carrefour was the first large company to enter into a partnership agreement with the Disability Network of the International Labour Organization (ILO) in order to work together with community organisations and other institutions to promote the employment of disabled people around the world.

In 2015, Carrefour signed the Charter in support of the employment of disabled people proposed by the ILO's Global Business and Disability network. This charter, signed jointly by the Chairman and Chief Executive Officer of Carrefour and the Director General of the ILO, reinforces Carrefour's commitment and actions in this respect throughout the world.

In 2016, Carrefour chaired the ILO National Business and Disability Network. On June 29, 2016, it hosted the ILO conference in support of people with disabilities to encourage other multinationals to join the network and help promote the employment of disabled people around the world. The conference, attended by 150 participants, covered the following agenda: presentation of the ILO's "Business and Disability Network", welcome address by Carrefour's Chairman and Chief Executive Officer, speech by the Director General of the ILO, talk by UNI Global Union's Diversity Manager, speech by the Secretary of State responsible for disabled people and the fight against exclusion and stories from Human Resource Directors, managers in charge of specific disability assignments and disabled people. The goal was to share best practices in hiring and ensure disabled employees remain in employment over the longer term. At this conference, four major multinationals (IBM, Repsol, Sodexo and BNP Paribas) joined the network and signed the charter, followed by two more at the annual network meeting in October (Société Générale and Engie).

2016 examples

- With the Management Committee's approval, Carrefour Argentina launched a huge "360°" disability action plan in 2016.
  - 85 managers and directors received training in how to recruit and integrate disabled employees.
  - A partnership was also formed with a government body to help integrate the hard-of-hearing and people with mild learning disabilities.
  - The "Together with you" programme, a cornerstone of the plan, provides support to employees who become disabled during their career.
  - Employees are encouraged to volunteer with partner organisations for two days to help the disabled.
  - Five sheltered workshops have now been referenced as Carrefour suppliers.
  - Two experiential workshops run by disabled people have been set up in stores to raise awareness of disability issues among customers.
- In 2016, Carrefour France signed a partnership agreement with CABAT, a ministry of defence cell which provides assistance to wounded army personnel. Psychologically traumatised as a result of their experiences of war, these ex-army members are taken in on immersion courses before they are recruited as permanent staff members.
- The rate of employment of disabled people in Carrefour France's hypermarkets and supermarkets has been above the legal requirement of 6% for several years.
- Carrefour China stepped up its efforts to recruit more disabled people in 2016 and received an award from a regional body in Shanghai to recognise its efforts in this area.
- In the same year, Carrefour Poland launched an online application for disabled employees and customers.

Performance

The percentage of Carrefour employees recognised as having a disability (3.3% in 2016) has risen since 2011 (when it was 2.6%). Given the size of the Group, this represents a significant number of employees with disabilities: 12,203 in 2016.

	2016	2015
Percentage of employees recognised as having a disability	3.3%	3.0%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

	2016	2015	Change
Number of employees with a disability	12,203	11,271	+8.3%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

The Group would like all of its countries of operation to develop their own employment policy for disabled persons; it would like disabled employees to account for 4% of total Group employees by 2025.

2.3.2 Action plan to combat waste

Since 2013, Carrefour has encouraged business lines, suppliers and customers to adhere to its *Antigaspi* plan to combat waste. Symbolised by the image of a bee, the plan combats all types of waste throughout the entire product life cycle, from when the products were farmed or manufactured, to their sale, consumption and end of life. It covers five main topics: food, waste, climate/energy, packaging and water.

The plan is managed at Group level by emulating and sharing best practices. At country level, it is overseen by the Executive Directors of the countries and business lines. An *Antigaspi* Committee set up at Group level is keeping track of the plan's performance.

2.3.2.1 Combatting food waste

Carrefour's policy

Carrefour brings the challenge of combatting food waste to:

- customers: by developing innovative solutions, raising awareness and offering support to make progress in this area;
- suppliers: by extending the shelf life of Carrefour's own brand products, carrying out surveys on production waste, encouraging partners through the Major Supplier Challenge, selling visually defective products that are just as good as non-visually defective products, etc.;
- stores: matching stock needs to store requirements, selling products near their sell-by date at a discount, giving products a second life, managing the various stages of production by making products in-house wherever possible, recycling waste, making donations to food aid charities or subsidised grocery stores.

For the last few years, all consolidated supermarkets and hypermarkets in France have had contracts with food aid charities to distribute their unsold products.

The Carrefour Foundation provides these partner associations with logistical support in the form of equipment for the shipping and storing of foodstuffs *(detailed in Section 2.3.4.4)*.

In France, the *Tous AntiGaspi* product range developed in partnership with the *Gueules Cassées* cooperative helps local suppliers to market products that have minor defects but that are just as good as their non-defective equivalents. These products are sold at 30% to 40% below their original price, and one euro cent is paid to food aid charities for every product sold.

Carrefour's performance

In 2015, the members of the Consumer Goods Forum (CGF), a global network of consumer goods manufacturers and retailers, made a commitment to reduce food waste by half. Carrefour therefore set itself the target of reducing its food waste by 50% by 2025 (compared to 2016). To this end, the Group is taking steps to optimise and innovate when dealing with suppliers and serving customers, to reduce and increasingly recover food waste.

Monitoring of food waste is underway. The first measurements will be available in 2017 in keeping with the target announced.

Highlights

In 2016, Carrefour embarked on a major campaign to raise customer awareness in the fight against food waste.

An *Antigaspi* course was set up in a pilot hypermarket in France. The Group's customers and countries of operation learned what others were doing and shared their own initiatives. These included: packaging to give meat a longer shelf life in Argentina, recipes to cook leftovers in Brazil, recommendations for reducing customers' waste by effectively organising refrigerators in China, grouping together single bananas in Belgium, and cutting and preparing fruits that have reached maturity in Italy.

Carrefour Belgium held a "Regal Days" event, the first of its kind to combat food waste. For example, repackaged fruit and vegetables were sold at a reduced price, as were ready meals prepared using unsold fruit and vegetables.

Carrefour Argentina joined forces with the Food and Agriculture Organization of the United Nations and with Argentina's Ministry of Agriculture and Industry and other sector players to hold a national day to combat food waste. A total of 88 Carrefour stores took part in this special day to raise customer awareness of these issues.

Carrefour China also launched a campaign to raise awareness of food waste. It also brought in experts to advise customers on how best to preserve their fruit and vegetables.

Carrefour is continuing to work with suppliers to combat food waste.

Carrefour and its suppliers are continuing to analyse losses along the food chain and to extend or eliminate product use-by dates. At end-2016, more than 400 Carrefour own-brand products had their use-by date and best before date extended, while the latter was removed from over 50 products.

In the same year, the Major Supplier Challenge rewarded the most innovative solutions for combatting food waste. They received awards in their country of operation and were given commercial advantages or greater in-store visibility. Significant efforts ensured that these best practices were shared and new ideas were created.

In 2016, Carrefour used innovation to take the *Antigaspi* initiative even further.

The Group stepped up its support for FoodTech incubators, a sector for new, innovative technologies for the food industry. It encourages these start-ups by providing them with financial assistance or support in setting up pilot tests of their innovative solutions. For example, it provided backing to: "Optimiam", an application that can geolocate discounted surplus food; "Phénix", a tool for managing unsold foodstuffs; "Too Good to Go", an application that can geolocate unsold food at discounted prices; and "FoPo", which collects fruit and vegetables at the end of their shelf life and transforms them into edible powders with longer shelf lives. The last two start-ups won prizes at the Food Waste Challenge organised by Carrefour as a partner of the Hello Tomorrow Global Summit in Paris.

Lastly, the *Antigaspi* effort is continuing in cooperation with stores, with the daily support of *Antigaspi* coaches.

2.3.2.2 Reducing and recovering waste

Carrefour's policy

Carrefour is committed to recovering waste and limiting the quantity of waste produced. The approach to waste management varies by country. Nevertheless, the countries share best practices to reduce the amount of waste produced, promote sorting for recycling and forge partnerships to recover waste.

The programme to combat food waste *(detailed in Section 2.3.2.1)* limits the production of organic waste. Similarly, the policy to limit the impact of packaging *(detailed in Section 2.3.2.4)* reduces the amount of plastic and cardboard packaging produced.

The focus in stores is on sorting waste for recycling. As a Director and shareholder in certain eco-organisations involved in the collection and recovery of waste products, Carrefour France is helping to ensure that sorting and recycling becomes a widespread practice.

The Group is forging partnerships with networks involved in the recovery of cardboard, plastic, organic waste and wood. In so doing, it is turning its waste management from a former cost centre into a potential source of revenue.

Carrefour's performance

In 2016, 71.6% of waste was recovered, which represents an increase of 2.9 points compared to 2015. This improvement was achieved as a result of continued efforts at headquarters and in stores. In particular, the sorting of waste has improved, as has team training, while recovery networks are being optimised and monitoring and follow-up is more precise.

In 2016, Carrefour set itself the target of recovering 100% of hypermarket and supermarket waste by 2025.

	2016	2015	Change
Recover 100 percent of our waste by 2025	71.6	68.7	+2.9 points

Scope: Like-for-like BUs (68% of 2016 consolidated sales, excl. VAT) – excluding: HM: AR, AT, BR/SM: AR, BR, IT.

The amount of organic waste recovered has been increasing over the last few years with the development of anaerobic digestion and composting services. Carrefour played a role in the former's development by expressing a need for a fleet of trucks running on biomethane fuel (*detailed in Section 2.3.2.3*).

Waste recycled by type of waste	2016	2015	Change
Total *(in thousands of tonnes)*	399.9	391.9	+2.0%
Cardboard/paper waste	66%	67%	
Food donations	12%	11%	
Organic waste	13%	14%	
Other waste *(plastic, wood, fluorescent bulbs, ink cartridges, cooking oils, metals, food waste donated to animal associations)*	9%	8%	

Scope: Like-for-like BUs (68% of 2016 consolidated sales, excl. VAT) – excluding: HM: AR, AT, BR/SM: AR, BR, IT.

Lastly, to facilitate sorting and recycling of Carrefour products by customers, the Group has set up collection points at its hypermarkets and supermarkets. The waste that is recovered in-store from customers largely consists of batteries.

Quantity of recycled waste – returned by customers *(in thousands of tonnes)*	2016	2015	Change
Batteries	0.7	0.8	(13.3)%
Other end-of-life products	12.6	10.6	19.5%

Highlights

In 2016, the Group's countries of operation developed new sorting networks and enhanced their system for managing and monitoring waste recovery.

In conjunction with a partner firm, Carrefour Romania set up smart waste collection points for customers. Known as SIGUREC, the system is designed for 10 types of waste for recycling: PET, aluminium cans, glass jars/bottles, electrical and electronic equipment, batteries, paper, plastic sheeting, polystyrene containers and other types of plastic packaging (shampoo bottles, packaging for other hygiene products, etc.). The recyclable materials are securely transported directly to recycling plants in Romania. Customers that use the SIGUREC systems are rewarded by Carrefour and its partner firm in the form of vouchers that can be redeemed at Carrefour hypermarkets. In 2016, more than 7,000 units of waste in the form of PET, aluminium cans and glass bottles were collected, as well as almost 900 tonnes of WEEE (waste electrical and electronic equipment) and almost 800 tonnes of paper and cardboard waste.

2.3.2.3 Combatting climate change

Climate commitments

Carrefour's policy

The fight against climate change is a collective challenge. Carrefour is committed to implementing climate solutions in cooperation with its customers, suppliers and partners. As a member of the Consumer Goods Forum (CGF) which groups together more than 400 members from the consumer goods industry, Carrefour is committed to reducing the carbon footprint caused by deforestation, refrigerants and food waste.

Similarly, Carrefour made several climate commitments to coincide with the COP 21 conference in 2015, including:

- signature of the French Business Climate Pledge. Along with 38 other French companies, Carrefour is committed to investing in the low carbon transition and the fight against climate change;
- adhering 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 participating in the Science Based Targets initiative which is a partnership between the Carbon Disclosure Project (CDP), the Global Compact, the World Resources Institute (WRI) and the WWF. Along with more than 190 other companies, Carrefour is committed to setting CO_2 reduction targets in line with climate science to keep the global temperature increase below 2°C by 2100 compared to pre-industrial temperatures.

Carrefour therefore intends to reduce its CO_2 emissions by 40% by 2025 and by 70% by 2050 compared to the base year of 2010.

This target can be broken down into several sub-targets *(implementation detailed in Section 2.3.2.3)*.

- **Reduce energy consumption by 30% per square metre of sales area by 2025 compared to 2010** by implementing action plans and monitoring the energy consumption of stores on a weekly basis.
- **Reduce refrigerant-related CO_2 emissions by 40% by 2025 compared to 2010** through the gradual elimination of hydrofluorocarbon (HFC) refrigerants and the reduction of refrigerant fluid leaks.
- **Reduce transport-related CO_2 emissions by 30% by 2025 (versus 2010)** by optimising logistics models and developing alternatives to diesel use.
- **Increase the share of renewable energies** in power consumed.
- **Encourage Carrefour suppliers** to outline quantified commitments to reduce CO_2 in their direct scope and in upstream agricultural value chains.

Performance

The targets set require the Group to innovate with new technologies and new concepts to reduce the energy and refrigerant costs of stores as well as transport costs.

In 2016, the data for the 2010 reference year were recalculated based on a scope comparable to that of 2016.

Data relating to countries and businesses no longer included in the 2016 scope were restated for 2010. Following this change in method, 2016 performance compared with the reference year as follows:

	2016	2015	Change
Reduce our CO_2 emissions by 40% by 2025, and by 70% by 2050, vs. 2010*	(24.7)%	(17.2)%	+7.5 points

☑ *2016 figures subject to reasonable assurance checks.*
* *2010 data restated.*

For reference, the 2016 figures before the change in method are as follows:

	2016	2015	Change
Reduce our CO_2 emissions by 40% by 2025, and by 70% by 2050, vs. 2010**	(40.4)%	(34.5)%	+5.9 points

** *2010 data before change in method.*

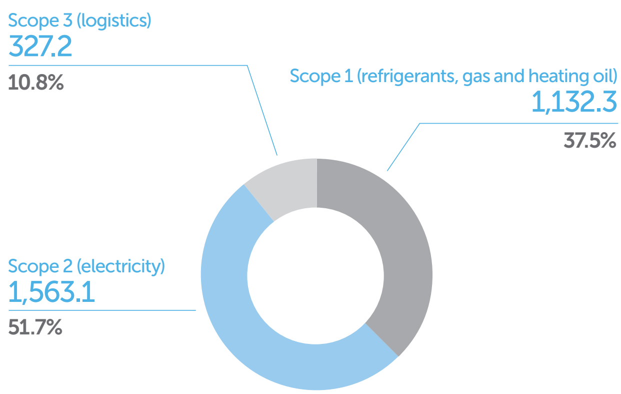
This significant reduction in CO_2 emissions achieved at end-2016 can be attributed mainly to the efforts made to improve refrigeration units. The CO_2 emissions relating to refrigeration account for almost 90% of Scope 1 and more than half of Scope 2 (electricity to operate refrigeration systems).

Total (direct and indirect) greenhouse gas emissions (GHG) amounted to 3.0 million tonnes of CO_2 equivalent (t. CO_2 eq.) in 2016, or a 9.1% reduction compared with 2015.

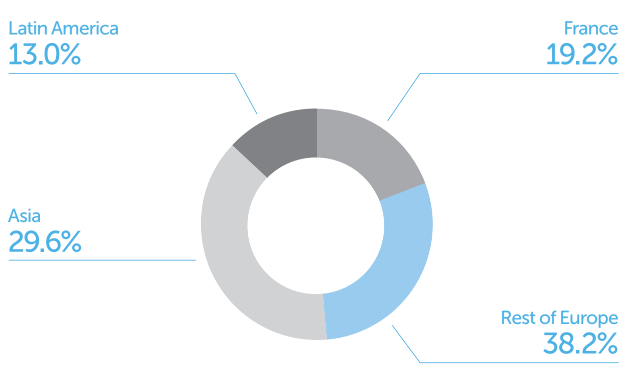
Carrefour GHG emissions are as follows:

- direct sources of GHG emissions (Scope 1): gas and fuel consumption, use of refrigerants in cooling production plants and air conditioning;
- indirect sources of GHG emissions (Scope 2): mainly the consumption of electricity;
- indirect external sources of GHG emissions (Scope 3): transport of goods and the CO_2 impact of goods sold and distributed by the Group.

GHG emissions by source (in thousands of t. CO_2 eq.)



GHG emissions by area (in thousands of t. CO_2 eq.)



The majority of the emissions are either Scope 1 (37.5% in 2016) or Scope 2 (51.7% in 2016). Logistics (Scope 3) operations only account for a small portion of emissions (10.8% in 2016). Due to the geographic breakdown of the Carrefour Group's activities, greenhouse gas emissions are concentrated in Europe, which accounts for more than half of total emissions (France included). 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, on all consolidated pre-tax sales figures.

Highlights

- Carrefour introduced a Group-level internal carbon price in 2016. The greenhouse gas effect is now an integral part of investment decisions, thereby promoting and speeding up the adoption of low carbon technologies.

  The dedicated carbon cost analysis tool models six in-store uses of energy: lighting, refrigeration, water, renewable energy production, heating and air conditioning. These uses account for 90% of Carrefour's GHG emissions. New energy technologies, such as solar and geothermal, can be analysed systematically in the Group's countries of operation.

  The mechanism and price were established with the help of all Carrefour Group employees, with the aim of setting an objective to reduce the Group's emissions. The price is adapted on the basis of specific country requirements to take into account local energy mixes and technological developments.
- In 2016, Carrefour joined the Assessing Low Carbon Transition initiative run by ADEME (French environment and energy management agency) and the Carbon Disclosure Project (CDP). Its goal is to set up a standard system of assessment of companies' performance and put them on a 2°C compatible pathway in terms of their strategy, business, investments, operations and GHG emissions.
- At COP22 in Marrakech, Carrefour announced its commitment to eliminate all free single-use carrier bags from its consolidated stores worldwide by 2020. For the last 10 years, the Group has reduced the number of free bags distributed by 50 billion. In partnership with other banners and local and central government organisations, Carrefour Argentina stopped distributing free bags at checkouts in October 2016. This will help reduce the number of bags by more than an additional 500 million a year. Furthermore, with the support of the Consumer Goods Forum (CGF), Carrefour has launched an international drive to reduce and eventually stop the free distribution of single-use bags at the checkout.

Combatting energy waste

Carrefour's policy

Carrefour's policy is to reduce the energy consumption of stores and gradually move away from the use of fossil fuels. This will help the Group make the transition to low carbon energies and keep its energy costs in check.

The Group is continuing to invest in reducing the amount of energy consumed and promoting the switch to lower carbon energies. Measures include: low-energy lighting, night time covers and doors for cooling units, natural coolants in refrigeration systems, heat recovery for sanitary hot water, insulated walls and roofs, etc.

The Group 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.

Each country is free to make its own choices and investments. The carbon price encourages the use of technologies with lower GHG emissions. The countries are also provided with a list of measures and recommended technologies, such as doors for cooling systems operating between 0°C and 8°C, and LED lighting.

Carrefour works with local partners to develop alternative energy solutions for its stores. Each time a store or logistics platform is built or renovated, the Group looks at the potential to produce renewable energies using photovoltaic, wind, geothermal or solar thermal technologies.

Carrefour has also started offering customers charging stations for electric vehicles. There are currently six stations located in France and three planned for motorway locations.

Carrefour's performance

Carrefour has set 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 cumulative drop in the amount of energy consumed of 15.4% since 2010 (after change in method). This has been achieved by putting doors on cooling units, installing LED lighting, monitoring energy consumption in stores, optimising cold rooms and sharing best practices.

% change in energy consumption per sq.m of sales area vs. 2010*	2016	2015	Change
TOTAL	(15.4)	(12.8)	+2.6 points

Scope: Like-for-like BUs (100% of 2016 consolidated scope).
☑ *2016 figures subject to reasonable assurance checks.*
* *2010 data restated.*

In-store energy consumption – electricity, gas and heating oil *(kWh/sq.m. of sales area)*	2016	2015	Change
	535.3	551.2	(2.9)%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).
☑ *2016 figures subject to reasonable assurance checks.*

Highlights

This year, all of the Group's countries of operation received carbon price training. This provided an opportunity to reiterate the climate and energy goals set.

As in previous years, all of the technical departments of the countries of operation met in 2016 to share their innovative solutions and best practices.

- Numerous discussions were held regarding the ISO 50001 energy management certification obtained by Carrefour Belgium and Carrefour Italy in 2016.
- France and Poland expressed their interest in two geothermal projects to heat and cool shopping centres, their retail outlets or the store.
- One of the Belgian hypermarkets revealed its pioneering and comprehensive approach to saving energy. It included: air conditioned refrigeration units running on CO_2 refrigerant, heating, air-conditioning and hot water from energy recovery and LED lighting. This hypermarket is expected to reduce its energy consumption and emissions by 45% and 85%, respectively.
- Lastly, a pilot project of an energy self-sufficient store in France was unveiled. The technologies and innovative solutions it employs are expected to bring about a 50% reduction in its energy consumption and produce a supply of continuous renewable energy that will help the store to become independent from the main power grid.

Combatting waste from refrigeration units

Carrefour's policy

Hydrofluorocarbons (HFCs), particularly those used in refrigeration units, have several thousand times more global warming potential than natural coolants such as CO_2. Working in conjunction with the Consumer Goods Forum (CGF), and in line with the resolution made in 2016, Carrefour is committed to eliminating their use by 2025 at the latest (see the CGF website for the entire CGF resolution: *www.theconsumergoodsforum.com*).

Refrigeration used for cooling systems (refrigerators operating between 0°C and 8°C and freezers at -18°C) is the Group's biggest source of energy consumption and of greenhouse gas emissions from stores. Refrigerant leaks account for almost 40% of Group emissions and are therefore one of the most important challenges it faces.

The Carrefour Group is taking steps in two areas to reduce this source of waste:

1. prevent and limit leaks by stepping up the maintenance of its equipment and keeping it as leak-free as possible in all countries of operation;
2. systematically change the refrigerant when refrigeration systems are replaced.

While they use less refrigerant and reduce energy consumption by 10% to 20%, hybrid refrigeration systems or 100% natural low-energy refrigeration solutions with little warming potential and lower power consumption nevertheless remain a costly option for the Group, which has decided to roll them out gradually. They are adopted systematically for hypermarkets in Belgium for all new cooling equipment, and looked at systematically in the other countries of operation.

Carrefour's performance

The substantial 45.3% reduction has been achieved through a combination of all the efforts made in refrigeration, including the detection of refrigerant leaks, maintenance initiatives and the low overall warming potential of the refrigerants used in new solutions.

% change in CO_2 emissions relating to refrigerants per sq.m. vs 2010*	2016	2015	Change
TOTAL	(45.3)	(30.4)	+14.9 points

Scope: Like-for-like BUs (88% of 2016 consolidated sales excl. VAT) – excluding: HM: AT/SM: AR.
** 2010 data restated.*

In 2016, 146 stores were equipped with all-natural refrigerants in Carrefour's countries of operation. In total, counting 100% natural fluid and hybrid systems, 348 stores are currently equipped with these new technologies.

Number of stores equipped with a hybrid or 100% natural fluid system	2016	2015	Change
All-natural refrigerants (HFC or HCFC* free)	146	90	+62.2%
Hybrid (a mix of HFC and natural refrigerants)	202	170	+18.8%
TOTAL	348	260	+33.8%

* *Hydrochlorofluorocarbons.*

The number of stores equipped with cooling units operating entirely with all-CO_2 refrigerants rose from 90 in 2015 to 146 in 2016. This technology, combined with other techniques (installation of doors on cooling units, variable speed drives, etc.) helps to reduce energy consumption.

Quantity of refrigerants replaced following leaks *(in kg per 1,000 sq.m. of sales area)*	2016	2015	Change
TOTAL	34.1	42.2	(19.2)%

Scope: Like-for-like BUs (88% of 2016 consolidated sales excl. VAT) – excluding: HM: AT/SM: AR.

Highlights

In 2016, Belgium rolled out a comprehensive, innovative propylene gas refrigeration system with a global warming potential of 3 (compared to several thousands for HFCs).

After adapting the process to suit hotter climates, Carrefour has used CO_2 equipment in the south of Spain and since 2016 in Brazil.

The Group is currently testing an integrated refrigeration system which combines air conditioning and cold storage for food with no HFCs. Initial tests indicate that energy savings may be possible.

Combatting transport waste

Carrefour's policy

To reduce its energy consumption, CO_2 emissions and transport costs, supply chain teams are working to improve truck loading and to optimise the distances travelled, favouring alternative methods of transport. This policy is implemented in close collaboration with shipping suppliers.

Optimising logistics

Since 2013, the Opti'Transport programme in France consists in optimising the Group's logistics organisation while limiting its carbon footprint by optimising the frequency of deliveries, increasing the number of packages per truck, and having suppliers make direct deliveries to stores when volumes permit.

If the country of operation has the necessary infrastructure, Carrefour favours transporting goods by waterway, rail or a combination of methods.

In France, warehouse delivery – or upstream shipping – involves multi-modal means of transport, which are used for 47% of non-food products:

- 2,278 containers were shipped by waterway in 2016, representing 23% of imported products;
- 2,312 containers were shipped by rail, corresponding to 24% of imported products.

Delivery to stores – or downstream shipping – involves a combination of rail and road solutions. With these solutions, 1.4 million kilometres of travel were avoided in France.

Working closely with our suppliers and our stores

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

Carrefour operates pooled distribution routes across multiple suppliers to deliver to its stores, and reuses its vehicles on the return journey to load up at suppliers located near these stores. The aim is to reduce the environmental impact of its transport activities by ensuring empty trucks do not travel long distances, optimal use is made of the resources available, and the number of trucks on the road is kept to a minimum. In France in particular, a logistics transformation programme is aiming to reduce the number of kilometres travelled by bringing loading and delivery locations closer together and by setting up multi-format, multi-product warehouses.

Several projects of this kind to optimise the network and logistics warehouses are under way in the Group, one of goals being to bring together fresh and dry storage operations and reduce distances travelled.

The *Cercle des Transporteurs* (shipping suppliers' club) groups together 22 carriers that work closely with Carrefour. In existence since 2011, the club is a tightly knit organisation providing opportunities for interaction, discussion and communication about the medium- and long-term challenges of shipping goods by road: optimally organising flows, choosing vehicle technologies and other equipment, training employees, sharing best practices, developing sustainably, ensuring road safety and integrating IT solutions.

Modernising our fleet

Carrefour is modernising its fleet by switching to trucks that run on biomethane and emit less pollution and make less noise.

It is also taking steps to reduce noise pollution related to night deliveries. In France, the Group would like to obtain *Certibruit* (noise control) certification for its stores in densely populated urban areas. At end-2016, 10 stores in France had received *Certibruit* certification.

Carrefour's performance

Carrefour is committed to reducing its CO_2 emissions linked to transport by 30% by 2025 vs. 2010. It has currently managed to reduce them by 7.1%.

% change in CO_2 emissions by pallet vs. 2010*	2016	2015	Change
TOTAL	(7.1)	(7.0)	+0.1 points

* *2010 data restated.*

CO_2 emissions by unit of transport are 6.42 kg CO_2/pallet, compared to 6.43 in 2015, *i.e.* a reduction of 0.1%.

CO_2 emissions per shipping unit *(kg of CO_2/pallet)*	2016	2015	Change
TOTAL	6.42	6.43	(0.1)%

Scope: Like-for-like BUs (89% of 2016 consolidated sales) – excluding HM: AT.

Highlights

In 2016, Carrefour introduced trucks that run on biomethane. There are various environmental and social advantages to these new vehicles, which emit zero fine particles and 75% less CO_2 than their diesel equivalents. Noise pollution is also 50% less than with diesel trucks. The fleet will have 200 trucks by end-2017, helping to reduce the Group's carbon footprint by 20,000 tonnes.

And Carrefour France is pursuing its drive to reduce CO_2 emissions with the *Fret 21 – Les chargeurs s'engagent* ("Freight 21 – Committed Carriers") programme launched in 2015 by carriers, the Ministry for Sustainable Development and ADEME.

In 2016, Carrefour France was designated a "centre of transport expertise". The goal is to roll out all of the best practices deployed in France to all of the other countries of operation.

2.3.2.4 Reducing the impact of packaging

Carrefour's policy

Carrefour is seeking to reduce the impact related to the packaging of its own-brand products. It has taken different measures to make this possible, including: reducing the size and weight of the packaging, changing the colour and shape, and using renewable and recyclable materials.

The Carrefour Spain and Carrefour France teams have initiated specific projects to systematically review all Carrefour product packaging. Any new product under development must comply with certain criteria related to material-reduction, optimising the fill rate and printing methods, simplifying opening/closing mechanisms, etc. To limit waste, boxes and crates for transporting fruit and vegetables have been replaced with reusable plastic bags. Retail-ready (secondary packaging used for display) packaging is being developed to reduce the amount of primary packaging used.

In France, for example, the individual flow-pack wrappers used for coffee capsules have been withdrawn after improvements were made to make the capsules leak-proof. The cardboard box has become smaller as a result. Overall, more than 40 tonnes of cardboard and 13 tonnes of plastic have been saved at the design stage, corresponding to 130 tonnes of CO_2-equivalent. On the logistics side, this new packaging has reduced the number of trucks on the road by 88, equivalent to 8 tonnes of CO_2 saved.

Furthermore, Carrefour provides collection systems for its customers' household packaging. As examples, we can cite the car park initiatives in Romania *(detailed in Section 2.3.2.2)*, online check-out collection in Brazil, and eco-organisations in France (for more information: *www.pourmoipourtous.fr*), Spain, Italy and Belgium.

Carrefour's performance

A new performance indicator introduced in 2016 targets a reduction at source. It encourages the Group to continue working closely with suppliers to optimise and reduce the impact of its packaging across all of the Group's countries of operation. The first measurements will be available in 2017.

Highlights

In France, teams worked throughout the year to make permanent changes to packaging:

- a large chapter about packaging containing several requirements was added to the quality policy;
- controls were introduced for packaging in relation to the food safety of 161 products;
- new procedures for selecting and approving packaging for Carrefour products were introduced;
- advice on how to sort and recycle the packaging for most of the food and non-food products was rolled out on an ongoing basis;
- various projects that reduced packaging waste by over 355 tonnes per year and avoided over 328 tonnes of CO_2 equivalent that would have potentially been released into the atmosphere;
- quality control and product management teams were trained to gain a better understanding of packaging;
- team members joined the New food contact materials Committee created by the French retailers' association (*Fédération du Commerce et de la Distribution en France* - FCD).

In Spain, the *Aguas arriba* project integrated a policy of combatting waste into product manufacturing processes, and into the choice of printing processes, packaging and materials. The first sustainable UHT milk carton went on the shelves, leading to a 28% reduction in CO_2 emissions compared to a traditional carton. In 2016, Carrefour Spain began calculating the CO_2 emissions related to packaging and waste management. Lastly, it also took part in the "IMPACTPapeRec" EU project for the separate collection of paper for recycling.

Carrefour Belgium reduced the packaging of 76 products.

2.3.2.5 Saving water

Carrefour's policy

Carrefour is committed to reducing the water consumption of it stores through tighter monitoring and more thorough checks. It is also addressing the issue of water in the supply chain and during the product use phase.

The amount of water consumed by stores varies depending on the surface area 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, using staff restrooms and watering green spaces.

Carrefour monitors this consumption and is implementing plans to save water. The stores are gradually introducing solutions, such as the recovery of rain water or the installation of water-saving taps.

Due to the nature of their business, wastewater produced by the stores does not contain any heavy pollutants. Wastewater treatment and recycling systems have been introduced in some countries.

Carrefour's performance

Amount of water consumed	2016	2015	Change
cu.m. per sq.m. of sales area	1.67	1.60	4.0%
cu.m. *(in millions)*	16.6	15.7	5.4%

Scope: Like-for-like BUs (100% of 2016 consolidated scope).

Between 2015 and 2016, water consumption per sq.m. rose by 4% at Group level.

Highlights

To deal with the ever-increasing scarcity of water in the country, Carrefour Brazil is continuing to take measures to reduce its consumption. In addition, a business continuity plan is in place in the event of increasing drought. A tool to track water consumption in real time (Web Water) was rolled out to every store, and a plan to overhaul the water network was introduced. Water consumption by stores was reduced by 17%-20% in 2016.

In 2016, a Belgian store installed a system to recover rain water, reducing its water consumption by 20%. This initiative was presented to all of the Group's technical departments during an annual seminar.

The results of the work along the supply chain by the Carrefour Global Sourcing teams are also worth mentioning:

- Carrefour ranked 30th on China's environmental performance index (EPI) for the management of its supply chain water pollution;
- 71% of sub-contractor tanneries received certification from the Leather Working Group (LWG);
- 100% of plants in Bangladesh, China and India received training and were audited on how to prevent chemical waste;
- in Bangladesh, 100% of plants carried out an assessment of their water management practices and 80% took steps for water conservation.

2.3.3 The action plan to protect biodiversity

2.3.3.1 Developing agroecology, organic products and fair trade

Carrefour's policy

Agroecology involves the integrated use of natural resources and mechanisms for agricultural production purposes. A source of innovation, it is demanded by both Carrefour's customers and its partners in the agricultural sector. The Group is committed to integrating the principles of agroecology into the manufacture of products in its Carrefour Quality Lines and to distributing organic, fair trade products. Its aim is to offer quality products over the long term while protecting biodiversity.

Since 1992, Carrefour has worked closely with its partners to manufacture goods using innovative practices that protect the environment and biodiversity based on a collaborative approach to the Group's Carrefour Quality Lines. CQL producers implement the principles of agroecology in a variety of ways: integrated pest control, crop rotation, no spreading sludge from water treatment plants, no soil-less crop production and no post-harvest chemical treatment of fruit and vegetables. Specific criteria for different product families complete these principles.

Some 20,000 producers are long-term partners of the Group in producing over 450 CQL products.

Furthermore, the Group has expanded its product range through the addition of organic products, fresh produce, grocery products, textiles (under the Tex brand name in France) and cosmetics. Carrefour stores now sell over 2,000 certified organic food products.

Lastly, the Group offers almost 700 fair trade products (own-brand and national brands) across the world. The biggest-selling products are coffee, chocolate, flowers, tea, honey and sugar. Carrefour intends to develop imported products from small producers with both fair trade certification (such as MaxHavelaar) and organic farming certification.

2

Carrefour's performance

The Group's aim is to develop and promote Carrefour Quality Lines, as well as sales of organic produce. In 2016, sales of these product lines increased by 17.4% year-on-year.

Carrefour Quality Lines products	2016	2015	Change
Number of Carrefour Quality Lines *(number of partnerships)*	464	444	4.5%
Sales (incl. VAT) of Carrefour Quality Lines products *(in millions of euros)*	922.7	891.1	3.5%

Organic products	2016	2015	Change
Number of certified organic food products	2,390	2,235	6.9%
Sales (incl. VAT) of organic food products – Carrefour brands and national brands *(in millions of euros)*	1,041.5	789.5	31.9%
Total sales (incl. VAT) of organic products – Carrefour brands and national brands *(in millions of euros)*	1,107.4	838.0	32.2%

Fair trade products	2016	2015	Change
Number of certified fair trade products	99	77	28.6%
Sales (incl. VAT) of fair trade products – Carrefour brands and national brands (in millions of euros)	149.0	124.1	20.1%

Scope: Like-for-like BUs (100% of 2016 consolidated sales).

Highlights

A meeting on agroecology was organised in 2016. Producers believe that agroecology encourages new initiatives and that it places science and the study of natural systems back at the heart of production models. Fruit and vegetable growers are worried about its actual implementation and feel that support will be needed from the government and customers. Wine growers want to promote agroecology among customers.

In 2016, Carrefour France launched four pilot schemes to grow fruit and vegetables without the use of any pesticides. In the first year, strawberries were grown without the use of any synthetic pesticides from the flowering period onwards. The other pilot schemes (nectarines/peaches, potatoes and apples) should produce results in 2018.

Carrefour France also tested an innovative approach to local production through its own permaculture-inspired plot and farm. Permaculture is a system based on reproducing the diversity, stability and resilience of natural ecosystems in the agricultural system used.

Carrefour Spain continued to expand its sale of organic products. All stores now have a section devoted to organic products. An organic shop-in-shop and specialised organic store were opened in 2016.

2.3.3.2 Encouraging sustainable consumption of seafood

Carrefour's policy

The first Carrefour Quality Lines aquaculture products date back to 1999. Carrefour initiated its approach to responsible fishing in 2005 with the creation of a Carrefour range of responsibly fished products. The Group then set the following target: by 2020, 50% of Carrefour seafood products sold in the fresh and frozen sections (fished or farmed) must come from responsible suppliers.

To reach this target, Carrefour is:

- favouring the more abundant species, products certified by the Marine Stewardship Council (MSC) as being from sustainable sources and fishing techniques that have the least impact on ecosystems. Carrefour has also stopped selling vulnerable species;
- supporting 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 placing greater emphasis on ASC-certified products (Aquaculture stewardship council);
- supporting local sustainable fishing through local partnerships;
- enhancing the diversity of seafood products, sharing demand out across different species and taking into account the seasonality of seafood;
- promoting the fight against illegal fishing.

The Carrefour Group is committed to supporting its partners in this process. When building an action plan, the Group regularly consults stakeholders on the subject of biodiversity and seafood products. A working group made up of four NGOs and two suppliers also helps with the action plan.

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. As a result, the approach is being developed gradually in accordance with initiatives taken at country level.

Carrefour's performance

Since 2007, Carrefour has gradually withdrawn 12 vulnerable species from sale in France. Carrefour France offers more than 60 MSC-certified products for sale in its self-service, frozen and fresh produce sections.

In Carrefour France stores:

- in the frozen food section, 100% of Carrefour wild cod is MSC-certified;
- in the canned food section, techniques that have less of an impact on ecosystems are being developed for tuna products;
- in the fresh fish section, in 2016, 33 MSC/ASC-certified hypermarkets sold 100% MSC-certified cod and 100% ASC-certified CQL salmon; these are the two most popular fish in France. These hypermarkets have received MSC sustainable fishing certification and ASC responsible aquaculture certification. Furthermore, Carrefour guarantees that the salmon are raised GMO-free and without antibiotics.

Carrefour Italy has a special partnership with MSC to develop products from sustainable fishing practices: 12 MSC-certified Carrefour own-brand products have been developed.

On international markets, the current lack of data on certain species and fishing techniques mean that it is impossible to say whether or not they are sustainable in nature. Carrefour nevertheless set the target in 2016 to have 50% of products sold by 2020 sourced from responsible fishing and aquaculture practices. The initial results will be available in 2017.

Change in sales	2016	2015	Change
Sales of MSC, ASC and FQC seafood products *(in millions of euros)*	199.0	184.6	7.8%

Scope: Like-for-like BUs (100% of 2016 consolidated sales).

Highlights

In 2016, Carrefour placed particular emphasis on stepping up its responsible fishing policy.

At Group level, the seagull symbol on product labels now tells customers which products are from sustainable fishing sources.

- Carrefour France helped the "From Nord" fishermen's group successfully obtain MSC certification.
- Carrefour and WWF France have also focused their partnership efforts on sustainable fishing. Carrefour France, WWF and Seaweb Europe, an ocean protection association, organised a sustainable fishing conference attended by fishermen, trade bodies, scientists, NGOs and journalists. A best practices guide was published by the three organisers in conjunction with the Environmental Justice Foundation (EJF) to combat illegal fishing.
- Carrefour Spain organised its first sustainable fishing forum to promote actions to protect biodiversity and the sustainability of seafood products.

2.3.3.3 Encouraging sourcing of deforestation-free products

Carrefour's policy

Carrefour is targeting zero deforestation by 2020. It set this target in 2010 at the Consumer Goods Forum (CGF). The Group then pledged to ensure that 100% of its 10 own-brand priority product families will come from sustainable forests by 2020. To reach this objective, the Group's forestry policy guarantees the sourcing from sustainable sources of soy, palm oil, wood and beef products. Priority is given to:

- beef from Brazil;
- non-GMO soy used in Carrefour brand "GMO-free" meat products;
- palm oil used as an ingredient in Carrefour own-brand products;
- Carrefour's own-brand writing paper, furniture and articles made from wood and charcoal.

Carrefour's performance

A system for monitoring Carrefour's commitment to combatting deforestation is currently being put in place. The first measurements will be available in 2017, in view of meeting the announced target.

Highlights

For the first time in 2017, Carrefour organised a meeting of stakeholders to discuss efforts to combat deforestation.

Carrefour will now display a "sustainable forests" banner in its stores to highlight its sustainable procurement policy. Customers will be able to recognise FSC (Forest Stewardship Council) and PEFC (Pan European Forest Certification) labels which guarantee the sustainable management of forests and timber and their sustainable procurement.

In 2016, Carrefour took part in the CDP Forest survey. CDP is a not-for-profit organisation that specialises in recording the impact of companies' activities on climate change. In the interests of transparency and promoting dialogue, Carrefour was among the 10% of companies asked by CDP to respond to a questionnaire to show how important the Company believes it is to combat deforestation. For its policy to fight deforestation, Carrefour received a B rating for its procurement policy on soy, palm oil, wood and wood pulp, and a C on beef. In 2016, Carrefour introduced a geographic reference system to check the origin of all of the beef sold in its stores (see below).

Brazilian beef

Carrefour's policy

In certain regions, including Amazonia, beef production is a cause of deforestation.

Since 2009, Carrefour Brazil has participated in the Working Group on Sustainable Beef (*Grupo de Trabalho da Pecuaria Sustentavel* – GTPS), which is creating a responsible beef supply chain.

In 2013, Carrefour in Brazil was the first banner to offer meat products certified by the Rainforest Alliance.

This certification of the entire production chain includes criteria for sustainable agriculture, methane emissions offsetting, respect for workers' rights and well-being, protection of ecosystems, and water conservation. It also involves complete traceability of products and systematic food safety inspections throughout the chain.

Starting in 2014, Carrefour began encouraging its suppliers to develop traceability for its Brazilian beef suppliers. Carrefour has worked with suppliers, NGOs, livestock breeders and the government to develop greater traceability.

Highlights

In 2016, Carrefour announced that it would use georeferencing to track 100% of its beef distribution. Satellite surveillance of breeding pastures will make it possible as of 2017 to reduce the risk of destruction to the Amazon rain forest and biodiversity, and will also prevent the use of land belonging to indigenous tribes.

Soy

Plant proteins (including soy) are used in animal feed for breeding purposes. With little production currently based in Europe, soy is frequently imported from Brazil, where it is one of the causes of deforestation. Carrefour is fighting deforestation related to soy crops and supports non-GMO soy crops.

To analyse the deforestation risks in its supply chains, Carrefour relies on geographic traceability for soy and adheres to the Pro Terra standard for its CQL products reared on GMO-free feeds and sold in France. The Pro Terra standard certifies non-GMO soy producers and suppliers and guarantees the absence of deforestation.

In addition, Carrefour is helping to develop deforestation-free supply lines. For example, the Group is a member of the Round Table on Responsible Soy (RTRS). This international organisation includes soy producers, industry representatives, retailers and NGOs.

Since 2006, Carrefour has supported the soy moratorium in the Amazon. This initiative, taken by professionals in the sector in coordination with Brazilian authorities and civil society, is helping to fight deforestation in the Amazon rainforest. Rolled over for the last 10 years, the soy moratorium was adopted on a permanent basis in 2016.

In France, Carrefour and the Avril group have reached an agreement to develop French plant proteins as an alternative to imported soy. As of 2017, locally grown plant protein will be used to feed poultry, some pigs, ducks and trout marketed by Carrefour France.

Palm oil

Carrefour's policy

Carrefour has supported the Roundtable on Sustainable Palm Oil (RSPO) since 2006.

Carrefour's palm oil procurement policy is based on production criteria, including the RSPO standard and additional requirements to protect natural forests and peat bogs. The Group is working closely with suppliers, NGOs, scientists and refiners to speed up the implementation of additional standards on top of those of the RSPO.

Carrefour replaces palm oil with a different oil in its own-brand products to improve their nutritional qualities.

Carrefour's performance

Currently, 100% of Carrefour's own-brand products containing palm oil come from RSPO-supported suppliers. Over and above this certification, 50 Carrefour dry grocery products come from suppliers that comply with the strictest sustainability criteria, including additional requirements to protect peat bogs and carbon-rich natural forests.

Highlights

In 2016, Carrefour pursued its efforts in France to extend traceability to include the refiners of palm oil used in Carrefour products.

Wood and paper

Carrefour's policy

Carrefour promotes sustainable forest management for its audited wood products and derivatives.

In keeping with the current regulations in force, Carrefour has strengthened its decision-making and auditing system. After analysing the risks by type of wood and procurement area, the Group established criteria for evaluating suppliers.

- The Wood Charter applies to Carrefour suppliers who use wood, wood pulp, paper and their derivatives in non-food products sold by the international purchasing centre as well as products in the household and personal care departments. The Wood Charter covers the following points: the legality of procurement, the respect of local populations; that supplies are not sourced from high conservation value forests (HCVF); that supplies are not sourced from species included on the International Union for Conservation of Nature (IUCN) red list of threatened species or species protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The Wood Charter is included as an appendix to contracts signed by all relevant suppliers.
- Suppliers in the non-food sector also receive a questionnaire to identify any improvements they can make, such as the types or sources of wood used.

Carrefour also promotes paper and wood products with PEFC or FSC certification.

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

Carrefour's performance

Since 2015, the Group has taken steps to boost sales of Carrefour PEFC and FSC products.

Change in sales	2016	2015	Change
Sales of Carrefour PEFC and FSC products *(in millions of euros)*	105.0	106.6	(1.6)%

Scope: Like-for-like BUs (100% of 2016 consolidated sales).

In France, 100% of charcoal is FSC certified from European or French sources, and 100% of garden furniture made from tropical wood (acacia and eucalyptus) is FSC certified.

In the last two years, the amount of paper used for sales and marketing publications has been less than 15 kg/sq.m. of sales area, representing a nearly 11% decrease since 2013. More than 99% of the paper used by the Group for sales and marketing publications has been recycled or certified for the past four years.

Highlights

In 2016, Carrefour continued with its efforts, particularly in providing training for quality control teams in France.

Recognised for its paper policy, Carrefour was ranked number one retailer and fourth company on the PAP50 Index (*Baromètre PAP50*) compiled by Riposte Verte and WWF France in 2016. This ranking takes into account paper consumption, responsibility for used paper and steps taken to optimise the collection of used paper.

In 2017, the Group will focus on the sustainable procurement of wood and paper products. Sustainable forests will be the main focus of the Group's partnership with WWF. Stakeholders will be consulted on this policy at the beginning of the year.

2.3.3.4 Ensuring animal welfare

Carrefour's policy

Supporting animal welfare

Carrefour takes animal welfare into account when developing products for the Carrefour Quality Lines. Since 2008, Welfarm, a global animal welfare NGO, has been working closely with Carrefour to ensure animal welfare is factored into product development.

The Group's policy in this area consists of two targets that can be evaluated by customers and stakeholders:

1. support the development of alternative production methods in networks where they are insufficient or almost non-existent;
2. define plans for progress for animal protection, from birth to slaughter, across all conventional or alternative production methods.

These commitments are evidence of the Group's commitment to:

- develop constructive dialogue with producers and animal rights organisations;
- highlight producers that take a positive approach to animal welfare;
- help inform and train everyone involved in the production line, from rancher to slaughterhouse, shipper and butcher;
- inform consumers about product origins and production methods, the characteristics and the qualities of products produced with animal welfare in mind.

Stop cloning and resistance to antibiotics

Since the creation of the Carrefour Quality Lines in 1992, Carrefour has refused to allow the use of growth hormones in livestock production. Furthermore, Carrefour has also encouraged the development of livestock breeding without the use of antibiotics. 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.

Based on its experience of working with breeders, Carrefour is convinced that a good performance can be obtained naturally through good animal welfare management, with no need for cloning.

In France, Carrefour leads the way in marketing products manufactured from animals raised free of antibiotics.

Performance

Carrefour would like to see the widespread application of regulations and additional criteria to promote animal welfare. Working closely with suppliers, the Group is developing pilot networks to support breeders using the best animal welfare practices.

To support these production methods, Carrefour offers different contracts adapted to suit each network's specific needs. For example, they may need a commitment over several years, or for specific volumes or prices, etc.

Group-wide, the use of Angora rabbit fur has been prohibited for all own-brand textiles since 2015 and work is underway to certify the cashmere supply chain.

In France, Carrefour has pledged to stop selling eggs from chickens raised in cages by 2020 for all Carrefour brands, and to help suppliers do the same by 2025. This decision affects 3.7 million hens. Fully 753 FQC pork producers no longer practice castration and offer meats from uncastrated pigs raised antibiotic-free after weaning.

In Belgium, only fresh eggs from free-range or cage-free hens have been sold since 2008.

In Taiwan, Brazil, and France, Carrefour Quality Line beef comes exclusively from grass-fed cattle.

In Poland, the CQL for chicken is helping to promote a new production method, which consists of raising chickens in the open air without using antibiotics.

2.3.3.5 Developing apiculture

Carrefour's policy

Aware of the crucial role played by pollination in guaranteeing food security and diversity, Carrefour is lending its support to the development of apiculture. Since 2011, the Group has installed beehives on the roofs of its stores or in the surrounding area to integrate biodiversity at its sites and support local beekeepers in all countries of operation.

To ramp up its efforts in this area, Carrefour this year set the target of ensuring that all Group countries of operation implemented an apiculture plan by 2020. The four pillars of this plan are:

1. continue to install beehives on store roofs to raise customer awareness of the role played by bees in protecting the environment, and to develop apiculture in suburban areas;
2. encourage the sale of locally- and nationally-produced honey in Carrefour stores to support the work of beekeepers;
3. develop a CQL honey in each country of operation to forge direct partnerships with beekeepers and to guarantee traceability;
4. add a section on the protection of pollinators to the CQL specifications for fruit and vegetables.

Highlights

Beehives now feature on the roofs of 48 locations (stores and headquarters buildings) in Belgium, France and Poland.

In France, 42 Carrefour sites now boast 150 beehives on their roofs or in the surrounding area. 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 in supporting plant species.

In 2016, Carrefour lent its support to French royal jelly producers by developing a CQL royal jelly in partnership with three beekeepers.

2.3.4 Action plan in support of Carrefour partners

2.3.4.1 Listening to our customers and partners

Ensure stakeholders focus on quality

Carrefour's quality approach is designed through constant collaboration with its stakeholders to meet the needs of consumers, for whom quality is especially important.

The Group guarantees the quality and safety of Carrefour own-brand products thanks to a policy built around five pillars: suppliers, specifications, inspection procedures, staff and data.

Sites that manufacture Carrefour own-brand products are certified or audited. The products are manufactured according to Group specifications. Inspection procedures include the use of analyses, audits and panels. Quality data are recorded and processed by Carrefour technical experts.

Unlike Carrefour own-brand products, domestic-brand products are not audited or checked by the Group; individual manufacturers are responsible for performing audits or quality control checks.

Carrefour's approach to consumer safety is stricter than current regulatory requirements. The Group takes into account the information provided by stakeholders and the latest developments in the industry to constantly improve the safety and quality of its products.

Established on the basis of stakeholder expectations, Carrefour's quality policy factors the demand for quality into every stage of the product life cycle and store operations. It is designed to meet the varied demands of the Group's partners and customers.

CARREFOUR'S QUALITY POLICY

5 pillars	Stakeholders' expectations in terms of product quality	Carrefour policy to meet stakeholders' demands and product quality requirements
Suppliers	Producers and manufacturers: • receive assistance to meet production criteria in terms of quality, social practices, hygiene and safety to continue to be listed as a supplier.	Comprehensive assessment before any supplier is listed to ensure that it complies with health and safety quality standards (IFS, BRC) and with Carrefour's own requirements, including a specific company audit in high-risk countries. Regular follow-up audits after a supplier is listed.
Specifications	Producers and manufacturers: • receive support from Carrefour. Experts, charities, scientists, NGOs, consumer associations, official services: • inform and consult Carrefour about the latest scientific and regulatory advances in the food industry; • work with Carrefour and express the expectations of civil society.	Validation of detailed specifications covering all aspects of quality (source of raw materials, recipes, etc.). Permanent monitoring of substances through risk mapping by category and criticality level based on scientific evidence. Gathering of information regarding stakeholders' concerns and expectations (formal and informal contacts with independent scientific experts by topic, monitoring of the food industry, interviews with government departments in high-risk countries, monitoring of laboratory publications, contacts with health authorities).
Inspection procedures	Consumers: • enjoy products that are audited and comply with traceability, safety and quality standards.	Samples and analyses of Carrefour own-brand products in stores and warehouses. Checks to verify the freshness, origin, and category of products in stores and warehouses. Withdrawal of non-compliant products.
	Consumers: • are listened to by Carrefour.	Feedback and discussion: customer service, round tables, etc. Awareness campaigns and provision of quality and nutritional information on Carrefour product packaging, in responsible consumer and recycling guides and online.
	Suppliers: • receive support from Carrefour.	Analysis of Carrefour own-brand products and testing of production site compliance.

5 pillars	Stakeholders' expectations in terms of product quality	Carrefour policy to meet stakeholders' demands and product quality requirements
Staff	Carrefour teams: • develop high-quality expertise; • apply Carrefour's quality procedures throughout the year.	Quality approach overseen and managed by Carrefour experts. Continuous technical education for Carrefour experts. In-house inspections to check that the quality policy is implemented and understood in each country. Training on Carrefour quality procedures.
Data	Consumers and authorities: • traceability of data.	Recording, processing and monitoring of data.

The quality policy has been broadly deployed across the Group. The level of implementation and control systems are checked on an annual basis.

All sites manufacturing Carrefour own-brand products are either certified under international standards (such as the International Food Standard), (80% in 2016) or audited by Carrefour (20% in 2016).

Given the number of Carrefour sites (2,502 in 2016), more than 50,000 analyses and over 4,300 external panels were organised in 2016.

Collaboration between Carrefour and its suppliers will always be based on lasting and trusted partnerships – hence the high proportion of suppliers who have been working with the Group for over five years (65% in 2016 and 83% for those over two years).

Number of suppliers/sites	2016	2015	Change
TOTAL	2,502	2,454	+1.9%

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

% of ratings obtained in audits	2016	2015
Between A and B-	95.1%	95%
A+	N/A	N/A
Between C and D	4.9%	5%

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

Number of inspections performed	2016	2015	Change
Analyses	54,666	52,601	+3.9%
External panels	4,399	4,588	(4.9)%

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

A CSR topic was included in the annual customer survey for the first time in 2016. The survey is used to measure Carrefour's brand image and customers' perception of its quality policy. It is sent out to 16,000 customers each month, and the results are confidential.

Every year, the Customer Service Department asks 1,600 customers their opinion on the quality of service received and undertakes any necessary remedial action.

Carrefour has an international alert system known as AlertNet to inform stores as quickly as possible if they must withdraw or recall a product. The system is available online, with free, open access for suppliers. When an alert is triggered, Carrefour withdraws the relevant products immediately, an inspection to ensure that the withdrawal is complete is conducted within 24 hours, and the quantity of products concerned is reported within three working days of the withdrawal being announced. In France, for example, 824 products were withdrawn and 75 recalled in 2016 (two of which were communicated by press release).

Inform customers through nutritional labelling

Pursuant to legislation published at the beginning of 2016 to modernise the healthcare system, the French government recommends simplified nutritional labels in chart form.

In response to a Carrefour initiative, the *Fédération du commerce et de la distribution* (FCD), a French retail trade association, put forward a proposal for a simplified nutritional labelling scheme to the Ministry of Social Affairs. The scheme proposed by Carrefour and reworked by the FCD is known as SENS (*système d'étiquetage nutritionnel simplifié*). It includes a recommendation as to how often a particular product should be consumed. The mathematical algorithm and scientific approach used have been made public. Its positive message, conveyed using different coloured triangles, is easy-to-understand and does not eliminate any product from our diet.

In 2016, the French food safety authority, (*Agence nationale de sécurité sanitaire de l'alimentation* – ANSES) approved the technical feasibility of SENS.

In the same year, Carrefour took part in an experiment using nutritional labelling systems on actual products. Supervised by the Ministry of Health and FCD, this initiative was designed to observe to what extent consumers understood the simplified labels. A total of 16 Carrefour Market stores and four pilot Carrefour Market stores placed labels on a selection of Carrefour own-brand products.

In 2016, Carrefour Poland lobbied the Polish authorities for the rollout of this kind of product labelling scheme.

Offer SMEs special relationships

4,000 SMEs in the food sector working in partnership with Carrefour supply 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 *produits libres* (unbranded products). Today, 20 of them still supply Carrefour. The Reflets de France brand, which systematically favours SMEs, is another example of this special relationship.

Carrefour builds these relationships across all of its business lines, including legal services, logistics and exports.

- Since 2014, the Group's SME plan has helped SMEs join the supplier list, negotiate a contract, and manage their commercial relationship through a dedicated *carrefour.fr* portal.
- In 2016, Carrefour raised 10 million euros to support SME investment and provide them with very low-interest loans. SMEs now have access to short-term credit if they need cash, short-term investment financing or are seeking to develop their business as part of their commercial relationship with Carrefour.
- Since 2016, "Innbox" helps SMEs looking to innovate as part of a drive to strike a balance between national brands and the retailer's own brands.
- In July 2016, Carrefour ran a national advertising campaign to highlight the "Wonderful French SMEs".
- Organised every year, the 2016 Carrefour SME and innovation trade fair (*Salon Carrefour des PME et de l'Innovation*) was attended by 510 SMEs who presented their products, and 1,100 Carrefour employees. The Group handed out eight innovation/CSR trophies to SMEs following a vote by Carrefour teams and customers.

Share climate solutions with SMEs

In 2016, the Global Compact France and Carrefour joined forces to tour France showcasing SME climate solutions. Meeting SMEs in their own regions raised general awareness of Global Compact principles. The initiative also placed the most pioneering companies in the spotlight alongside the inspiring solutions being proposed.

Maintain sustainable, responsible supplier relationships

In 2016, Carrefour France decided to market the *"C'est qui le patron?!"®* brand of milk, whose specifications are established by consumers:

- cows are provided with healthy, good-quality feed;
- herds are outdoors for 3-6 months of the year;
- fodder is sourced locally.

The brand's 51 producers, part of the Bresse-Val de Saône cooperative, compensated equitably for their work.

In 2016, Carrefour's responsible supplier relations certification for the food industry sector (*Relations fournisseur responsables* label) was renewed. This certification reflects the sustainable and balanced relationship the Group establishes 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. The authorities awarded Carrefour this certification in 2015 for a three-year period following an assessment by representatives from the retail sector, the food industry and the upstream agriculture sector. A compliance check is performed annually. Its principles form an integral part of Carrefour's Code of professional conduct, which is applicable to all employees and displayed in all Group negotiating rooms.

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. Suppliers can contact the internal mediator regardless of the sales negotiations, contracts or annual agreements they have with Carrefour. To find out more, go to: *www.pourmoipourtous.fr*.

2.3.4.2 Promoting CSR in the supply chain and prioritising local suppliers

Promoting CSR to suppliers

Carrefour's policy

Suppliers of Carrefour own-brand products must comply with the Carrefour charter of social and ethical standards drawn up in partnership with the International Federation for Human Rights (*Fédération internationale des droits de l'Homme* – FIDH). The charter requires compliance with the core conventions of the International Labour Organization (ILO) and the principles of the UN Global Compact (*detailed in Section 2.3.4.3*).

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.

Since 2007, Carrefour has provided all of its suppliers with a sustainable development self-assessment test *via* Internet. Its framework, developed in conjunction with the WWF, is based on the ISO 26000 social responsibility standard. The test enables suppliers to carry out a CSR self-assessment, compare their result to other companies in their sector and to improve through the advice given and practical examples provided. Carrefour uses this test to highlight suppliers' best practices.

Carrefour's performance

Carrefour aims to encourage all of its suppliers to give an exhaustive response to the self-assessment test. In 2016, 58% of suppliers took the test.

% of suppliers that fully participated in the CSR self-assessment	2016	2015
World	58%	69%
France	58%	78%

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 local 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.

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.

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

Finally, Carrefour prioritises French producers for its Carrefour organic lines.

Carrefour's performance

- The Terre d'Italia range boasts over 400 products from more than 150 producers. With sales of 17 million products, it grew 7.5% versus 2015.
- In Spain, the De Nuestra Tierra range offers 161 products from 54 producers. With sales of 14.9 million products, it gained 25% on average versus 2015.
- The Reflets de France brand comprises 574 regional products from 346 producers. With sales of 133 million products in 2016, it advanced 5% versus 2015.
- In 2016, 800 organic Carrefour food products were on store shelves in France and 175 million products were sold during the year. Most of these products were sourced from national production sites. Only exotic products and citrus fruits not grown in France are imported. If French production falls short, products are imported from the European Union.

On a Group scale, the proportion of sales of Carrefour own-brand food products sourced from national suppliers represented 74% in 2016 vs. 71% in 2015.

% of sales of Carrefour brand food products sourced from national suppliers	2016	2015
Europe *(o/w France)*	73%	70%
South America	96%	96%
Asia	33%	59%
TOTAL	73.8%	70.8%

2.3.4.3 Ensuring Carrefour suppliers uphold human rights

Carrefour's policy

Carrefour is committed to constantly improving working conditions and protecting human rights at 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.

The commitment of suppliers of Carrefour own-brand products to human rights is reflected first and foremost through their signature of a Social and Ethical Standards Charter which is an integral part of all procurement contracts in all of Carrefour's countries of operation. Initially drawn up in 2000, the charter is based on the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the ILO core conventions.

The charter contains seven chapters on human rights:

1. the prohibition of forced or compulsory labour;
2. the prohibition of child labour;
3. respect for freedom of association and the right to collective bargaining;
4. the prohibition of all forms of discrimination, harassment and violence;
5. workers' health and safety;
6. decent wages, benefits and working conditions;
7. working hours.

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 the extent possible, to support its suppliers in implementing these social principles, specifically by deploying corrective measures in cases of non-compliance.

To identify countries most likely not to comply with the charter, Carrefour established a country-by-country mapping of risks based on public risk indexes, the experience of its own teams and information from its partners. In around 20 countries where particular vigilance is required, the Group conducts social audits on all plants that manufacture Carrefour-brand products.

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 social clause initiative (*initiative clause sociale* – ICS) standard, 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 ICS methodology, 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 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. 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.

For suppliers located outside countries audited systematically, the inspection system is adapted to take account of the business, local problems and on-site practices as external audits are not performed systematically.

Carrefour trains its suppliers in partnership with consultants or local NGOs. Carrefour Global Sourcing teams have created the "Good Factory Standard" manual for training purposes. Broken down by sector 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. Training courses are given in specific subject areas. In 2016, a training programme was rolled out on the use of chemicals in relation to water quality. Lastly, Carrefour provides support to regional suppliers if they encounter a specific problem. In 2016 for example, Turkish suppliers received training on the subject of migrant work, and a programme was launched in Cambodia's factories to cover the topics of union representation and freedom of association.

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 20 French companies. In 2017, it will implement a business social compliance programme (BSCI) pilot scheme. Via the Consumer Goods Forum, the Group is also committed to combatting forced labour, and is actively involved with numerous local working groups. Lastly, it is helping to draw up legally binding universal corporate and human rights standards in cooperation with the UN, as well as more demanding European standards.

Carrefour's performance

Carrefour has performed compliance audits on all of supplier factories located in high-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 into line with requirements.

In 2016, the drop in the number of social audits can be attributed to the significant audit campaign organised in 2015 to take advantage of a new, more detailed audit grid, particularly in health and safety, and the drop in the number of initial audits due to the stabilisation of the number of suppliers.

Number of social audits (initial audits)	2016	2015
Bangladesh	93 (26)	109 (50)
China	942 (365)	1,016 (427)
India	44 (24)	114 (62)
Turkey	45 (32)	45 (35)
Other countries	220 (100)	171 (95)
TOTAL	**1,344 (547)**	**1,455 (669)**

In total, 23% of audits generated alerts in 2016, 12% for follow-up audits.

Number of audits with alerts*	2016	2015
Bangladesh	31%	78%
China	25%	23%
India	23%	61%
Turkey	31%	33%
Other sourcing countries	12%	23%
TOTAL	23%	30%

* *An alert is a critical point of non-compliance identified during the audit and requiring immediate action by the supplier.*

The audit framework was overhauled in 2015 and cannot be used as a comparison. The 2016 framework has a reinforced system of alerts.

Breakdown of alerts by non-compliance in 2016	Hygiene and safety	Working hours	Compensation	Other*
Bangladesh	32%	34%	23%	11%
China	25%	35%	28%	11%
India	31%	19%	31%	19%
Turkey	27%	30%	15%	27%
Other sourcing countries	43%	20%	18%	20%
TOTAL	27%	33%	27%	13%

* *Other: alerts relating to child labour, forced labour, freedom of association, discrimination or disciplinary practices.*

2016 is the fourth year of the Bangladesh Accord created in 2013 by a coalition of international brands and the biggest unions. It has produced the following results for Carrefour: 100% of Carrefour supplier factories have been audited and the rate of implementation of action plans is 80%.

Highlights

In 2016, Carrefour continued to roll out its action plan established in 2014.

1. **Stricter formalisation of purchasing rules** with the implementation of the systems required to develop, inspect, and monitor working conditions.

   In 2016, Carrefour continued with its efforts to promote the convergence of social standards. In 2017, the Group will become a member of the BSCI programme to continue deploying the action plan initiated within the framework of discussions held with ICS for the last two years. As a member of the Consumer Goods Forum, Carrefour also helped to establish a set of principles aimed at reducing forced labour. These principles will become part of Group practices in 2017.

2. **Stricter inspections and increased support for suppliers.**

   Carrefour has extended the "Good Factory Standard" manual written initially for the textile sector to encompass household goods (wood/metal furniture, etc.) and electronic products. Based on factory photographs, these guides outline good and bad practices. The aim is to raise awareness among suppliers and train Carrefour teams in the field. The "Good Factory Standard" currently covers 11 different types of production.

   Training courses on social and environmental topics for Carrefour teams (180 trained) and suppliers (110 trained) have been held, covering, for example, the latest version of the ICS questionnaire, the management of chemical products, and best practices for water treatment plants.

3. **Stricter performance measurements.**

   Carrefour has continued to work on improving its indicators for monitoring suppliers' performance (see indicators above).

   Under the Bangladesh Accord on fire and building safety, Carrefour suppliers in Bangladesh implemented 84% of action plans, with an average performance of 74% for the Accord's 190 members.

4. **Promoting respect for human rights.**

   Carrefour has supported local human rights projects, particularly freedom of association projects in a variety of countries.

Carrefour enriches its approach based on the recommendations of the FIDH, which the Group has been cooperating with since 2000, and relies on the expert advice of a large number of stakeholders in its sourcing countries.

2.3.4.4 Being a socially responsible retailer

Carrefour's policy and its corporate foundation

Created in 2000, the Carrefour Foundation conducts sponsorship programmes in countries where the Group operates. As a retailer, Carrefour's efforts are focused on two major areas: food solidarity and emergency humanitarian aid.

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.

Requests for funding are assessed on the basis of a set of objective criteria which are shared with project leaders when the requests are being examined. Country managers approve the project and work with the Foundation and the project leader to determine the appropriate financial, technical, and material assistance required to successfully implement the programme on the ground. Once the project has been approved by the Foundation's Board of Directors, an agreement is signed with the local organisation. Each country management team tracks and assesses these projects regularly. The Carrefour Foundation ensures that the resources allocated are put to good use and reviews the results achieved. It also determines the benefits of pursuing or adapting the project over the medium or long term. All of the Foundation's actions and partnerships are described in detail in the Carrefour Foundation's annual report and on its Internet site at: *www.fondation-carrefour.org/fr*

Carrefour's performance

In 2016, the Carrefour Foundation's annual budget of 4.45 million euros was increased by an additional 1.2 million euros devoted to improving working conditions. The Foundation's Board of Directors also voted for 2.7 million euros of unallocated funds to be earmarked for emergency humanitarian aid for migrant and refugee populations. In total, the Foundation's budget in 2016 stood at 8.42 million euros, with operating expenses accounting for 4.5%.

The Foundation supported 94 programmes in 16 countries.

Each programme is monitored and supported by Carrefour's teams.

Highlights

Food aid

Stores enter into local contracts with food aid charities whereby they donate products (fruit, vegetables, fresh produce and grocery items) nearing their use-by date each day. In 2016, donations represented 142.8 million meals, including 102 million in France where all integrated hypermarkets and supermarkets make daily contributions to various organisations, and where Carrefour is the key partner to more than 800 local food aid charities.

In 2016, Carrefour Belgium, Carrefour Argentina and the Carrefour Taiwan Foundation launched a call for projects to support food aid initiatives. In Belgium, the second edition of the *Clic Solidaire* programme called for donations to help collect and manage store donations, *i.e.* equipment, vehicles, professional training for volunteers, cooking and transformation of unsold products, and the creation of canning facilities.

In 2016, the Foundation renewed its support of the Fundación Conin in Argentina which combats malnutrition in children. The grants made available this year will fund medical, nutritional, psychomotor and social care for 150 young children. To date, 600 people have benefited from the programme since its inception. Carrefour staff regularly help out at the Foundation's shelters.

Logistics for social responsibility

The Foundation provides partner entities with refrigerated vehicles to transport fresh produce, as well as cold storage areas to ensure compliance with the cold chain. Since 1994, Carrefour has financed the acquisition of 295 refrigerated vehicles and 57 cold storage rooms.

In 2016, Carrefour contributed to the purchase of six refrigerated trucks and one cold storage room for the French Federation of Food Banks (FFBA). This investment made it possible to collect more than seven tonnes of food which went towards helping almost 60,000 at-risk people.

Furthermore, the Carrefour Foundation contributed to the purchase of eight refrigerated vans and one cold storage room for the *Restos du Coeur* food aid organisation. This made it possible to serve over 10 million meals and help more than 100,000 people. A refrigerated vehicle was also purchased for the Secours Populaire federation in the Haute-Savoie *département* of France.

Solidarity and antigaspi restaurants

The Foundation supported a solidarity initiative to combat food waste, launched to coincide with the 2016 Olympic Games in Rio de Janeiro. To use up the excess food from the 14 million meals served and food left unsold from the Olympic Village, the Gastromotiva organisation created an anti-waste restaurant and solidarity cafeteria known as RefettoRIO. Since the Games, the restaurant has been turned into a training centre where the organisation gives cooking lessons and raises awareness about food waste. The centre is currently providing vocational cookery/catering training to 18 disadvantaged youths.

In 2016, the Foundation also supported the creation of Taiwan's first anti-waste restaurant. Unsold food from partner retailers and wholesalers and from the association are cooked and sold at very low prices to those most in need. The restaurant is also training 20 disadvantaged young people.

Job integration through cookery and catering

The Carrefour Foundation has jointly funded an annual training course specialising in food hygiene and safety in France for the managers, volunteers and partner organisations of the French Federation of Food Banks. The Foundation has also supported the training of volunteers in the network: 100 interns attended the "food hygiene and safety management" course, 3,000 the "everyone is responsible for food hygiene" module, and over 400 the "100% hygiene best practices" session.

The Foundation also helped fund the creation of a self-service restaurant run by *Restaurants du Coeur* in Saint Brieuc which is staffed by 36 job integration trainees.

Half of the meals served are reserved for the least well-off members of the public, such as job insertion staff or those employed by work assistance establishments.

Carrefour and its Foundation also support job insertion schemes for persons taken in by not-for-profit organisations. The Carrefour employment centre (*Espace Emploi Carrefour*) runs coaching workshops to provide them with the skills they need to build a CV, pass a successful job interview and return to employment. Carrefour also recruits around 20 *Restos du Coeur* candidates every year.

Job integration through communal gardens

Carrefour continues to support the Réseau Cocagne, a network of organic plots devoted to helping with job and social integration. The network's goal is to combat social exclusion and insecurity through hiring, growing organic vegetables, and selling the end products to consumers who are members of the network. The Foundation has financed solidarity canning facilities, the planting of new roses and other plants, and the creation of three new gardens. This support has led to the creation of 38 jobs through insertion schemes in the new gardens and structures created.

Supporting persons suffering severe social exclusion

In 2016, the Foundation renewed its financial support of Samu Social in Romania. An initial budget was earmarked to fight exclusion and support the reinsertion of homeless people or those suffering severe social exclusion. Since this partnership was forged 10 years ago, gateways between the organisation and the Company have made it possible to fill positions through job insertion schemes. A second budget was set aside to help fund medical visits and cover medical costs, and provide food aid and basic necessities for the families of 100 babies and young homeless children. Carrefour Romania also plays an active role in the organisation's campaigns and employees can help out by volunteering whenever they wish.

2016 was strongly affected by the migration crisis, in France and around the world. The Carrefour Foundation disbursed one million euros in financial aid to help welcome and integrate refugee populations in France, sponsoring programmes led by non-profit organisations Aurore, Secours Populaire and Unis-Cité to improve hosting conditions and support for families. In Jordan, Greece, Iraq and Syria, the Carrefour Foundation has supported several non-profit organisations, including Samusocial International, ACTED, Solidarités International and Elise Care, to improve food security for displaced and refugee populations.

2.3.4.5 Building and renovating sustainably while protecting biodiversity

Local biodiversity

Carrefour's policy

As part of Carrefour Property's real estate activity, Carrefour France has implemented the Eco-Design Charter, the Green Site Charter and the Biodiversity Charter. These framework documents integrate environmental best practices into each phase of a building's life cycle.

During the design phase, store architecture is designed to optimise energy consumption. Preference is given to the most eco-friendly materials, renewable energies are considered wherever possible, and each project is designed to blend seamlessly into the natural or urban landscape with minimal environmental impact.

During the construction phase, companies working on construction sites for Carrefour stores have signed the Green Site Charter, whose recommendations include sorting waste, cleaning earthmover wheels, and limiting noise disturbances.

For the operations phase, environmental criteria are included in rental agreements and in specifications for outfitting stores, calling for energy-efficient equipment, eco-friendly materials, and waste sorting. An environment addendum has been signed for each new lease since September 2013.

The shopping centre renovation plan, which Carrefour undertook with the creation of the Carmila company, integrates environmentally-friendly solutions into the improvements made. For example, the use of LED lighting in shopping malls should help to generate energy savings of up to 50%. In addition, landscaping improvements are incorporated into renovated sites with the planting of 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 construction and expansions BREEAM Construction certified. The target level for shopping mall expansions is "Very Good". For new stores, the target level is "Good".

Currently, in France, four sites are BREEAM certified for the design phase; three as "Very Good" and the other one as "Good". In 2016, seven building permits were filed with BREEAM certification: five as "Very Good" and two as "Good". These projects will receive their certification in several years. Some sites in France are also BREEAM In-Use certified, which applies to the operations phase. Currently, seven sites are BREEAM In-Use certified, five of which as "Excellent" and two as "Very Good".

2.4 Carrefour CSR results

2.4.1 CSR indicators

Carrefour's non-financial indicators are listed in the table below. Key indicators are given in bold.

COMBATING WASTE			
Commitments	Indicators	2016	2015
Recover waste	**% of waste recovered** (food donations included)[1]	**71.6**	**68.7**
	Recycled waste *(total in thousands of tonnes)*[1]	399.9	391.9
	Recycled waste – batteries returned by customers *(in thousands of tonnes)*	0.7	0.8
	Recycled waste – other end-of-life products returned by customers *(in thousands of tonnes)*	12.6	10.6
	Number of disposable plastic bags purchased *(in millions)*	883	1,288
Combat climate change	**% change in CO_2 emissions versus 2010***	**(24.7)**	**(17.2)**
	GHG emissions by source *(in thousands of tonnes of CO_2 equivalent)* ☑	3,022.6	3,325.2
	Scope 1 (refrigerants, gas and heating oil) (in thousands of tonnes of CO_2 equivalent)	*1,132.3*	*1,401.7*
	Scope 2 (electricity) (in thousands of tonnes of CO_2 equivalent)	*1,563.1*	*1,602.0*
	Scope 3 (logistics) (in thousands of tonnes of CO_2 equivalent)	*327.2*	*321.5*
	% change in energy consumption per sq.m. of sales area vs. 2010*	**(15.4)**	**(12.8)**
	In-store energy consumption *(kWh per sq.m. of sales area)*	535.3	551.2
	% change in cooling-related CO_2 emissions per sq.m. vs. 2010*	**(45.3)**	**(30.4)**
	Number of stores equipped with hybrid or all-natural refrigerant systems	348	260
	All-natural refrigerants (HFC or HCFC free)	*146*	*90*
	Hybrid (a mix of HFC and natural refrigerants)	*202*	*170*
	Quantity of refrigerants refilled following leaks[2] *(kg per 1,000 sq.m. of sales area)*	34.1	42.2
	% change in CO_2 emissions per shipping unit transported vs. 2010*[3]	**(7.1)**	**(7.0)**
	CO_2 emissions per shipping unit *(kg of CO_2/pallet)*[3]	6.42	6.43
	Amount of water consumed per sq.m. of sales area *(cu.m./sq.m.)*	1.67	1.60
	Amount of water consumed *(cu.m)*	16.8	15.7
	% of water saved in one year per sq.m. of sales area	-	1.1

(1) Excluding HM: AR, BR/SM: AR, BR, IT.
(2) Excluding HM: AT/SM: AR.
(3) Excluding HM: AT.
** 2010 data restated.*
☑ 2016 figures subject to reasonable assurance checks.

PROTECTING BIODIVERSITY			
Commitments	Indicators	2016	2015
Develop agroecology, organic products and fair trade	**Number of Carrefour Quality Lines**	**464**	**444***
	Total sales (incl. VAT) of "Carrefour Quality Line" products *(in millions of euros)*	922.7	891.1*
	Number of organic food products (Carrefour own-brand)	2,390	2,235*
	Sales (incl. VAT) of organic products (own-brand and national brand) *(in millions of euros)*	**1,041.5**	**789.5***
	Sales (incl. VAT) of organic products (own-brand and national brand) *(in millions of euros)*	**1,107.4**	**838.0**
	Number of fair trade products (Carrefour own-brand)	99	77
	Sales (incl. VAT) of fair trade products (own-brand and national brand) *(in millions of euros)*	149.0	124.1
Encourage the sustainable consumption of seafood	**Sales of seafood products labelled MSC and ASC + CQL seafood** *(in millions of euros)*	**199.0**	**184.6**
Stop deforestation linked to the procurement of beef, paper, palm oil, wood and soybean products by 2020	**% of palm oil from RSPO-supported suppliers**	**100**	**100**
	% of palm oil certified as sustainable and fully traced (RSPO Segregated)	*15.5*	*14.3*
	% of palm oil certified as sustainable and partially traced (RSPO Mass balance)	*49.4*	*44.1*
	% of palm oil covered by Green Palm certificates (certificate-trading)	*35.1*	*41.6*
	% certified/recycled paper in catalogues	**99.6**	**99.6**
	Sales of Carrefour PEFC and FSC products and supplier products *(in millions of euros)*	**105.0**	**106.6**
	Quantity of paper purchased for sales and marketing materials *(kg/sq.m. of sales area)*	14.3	14.9

* *2015 data adjusted.*

SUPPORTING OUR PARTNERS			
Commitments	**Indicators**	**2016**	**2015**
Act as a responsible employer	Workforce (total)	384,151	380,920
	% of managers who are women	39.2	38.3
	% of permanent contracts	92.4	92.3
	% of part-time employees	24.6	22.9
	Rate of internal promotion *(%)*	50.7	51.1
	Number of new hires with permanent contracts	81,453	91,484
	Rate of absence due to workplace and travel-related accidents *(%)*	0.50	0.56
	Number of employees with a disability	12,203	11,271
	% of employees recognised as having a disability	3.3	3.0
	Total number of training hours over the year *(in thousands)*	5,196	5,097
	Average number of training hours per employee	14.0	13.6
Improve the way our results/actions are communicated to the non-financial community	RobecoSAM rating	74	69
	Carbon Disclosure Project rating	B(1)	96B
	VigeoEiris Score	55	45*
Promote CSR in the supply chain and prioritise local suppliers	% of suppliers fully participating in the CSR self-assessment	58	69
	% of Carrefour own-brand food products sold that are sourced from direct national suppliers	73.8	70.8
Ensure that Carrefour's suppliers respect human rights	% of follow-up audits among social audits	59	54
	Number of social audits	1,344	1,455
Be a socially responsible retailer	Number of meal equivalents donated to food aid charities *(in millions)*	142.8	100.5
	Foundation budget *(in millions of euros)*	8.4	7.75
	Number of projects supported	94	71
	Number of countries of intervention	16	15

* *2014 Score.*
(1) *Change to the evaluation method.*

2.4.2 Article 225 Grenelle II law cross-reference table

Article 225 Grenelle II law	Page of the management report
1° Labour information	
a) Employment: • total workforce and breakdown of employees by gender, age and geographic region; • new hires and redundancies; • salaries and salary changes.	38-39, 41 to 43 and 51
b) Work organisation: • organisation of work schedules; • absenteeism.	39 and 48
c) Employee relations: • organisation of social dialogue, and specifically procedures for notifying, consulting and negotiating with employees; • overview of collective bargaining agreements.	43 to 46
d) Health and safety: • workplace health and safety; • overview of the agreements signed with trade unions or employee representatives regarding workplace health and safety; • workplace accidents, particularly their frequency and severity, as well as occupational illnesses.	46 to 48
e) Training: • policies implemented with regard to training; • total number of training hours.	40 to 42
f) Equal treatment: • measures taken to promote equal treatment of men and women; • measures taken to promote employment of the disabled and their integration into the job market; • anti-discrimination policy.	48 to 53
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; • elimination of discrimination in respect of jobs and professions; • elimination of forced or compulsory labour; • effective abolition of child labour.	31 and 70 to 73
2° Environmental information	
a) General environmental policy: • organisation of the Company to handle environmental issues and, where applicable, procedures for conducting environmental assessments or certifications; • actions taken to train and educate employees regarding environmental protection; • resources devoted to environmental and pollution risk prevention; • the 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.	28 to 30 and 53 128 to 130 zero (France)
b) Pollution and waste management: • measures taken to prevent, reduce or redress any discharge into the air, water or soil that has a serious impact on the environment; • steps taken to reduce noise pollution and any other form of pollution specific to an activity.	54 to 62
c) Circular economy: c1) Pollution and waste management: • measures taken with regard to waste prevention, recycling, reuse and other forms of waste recovery and disposal; • measures to combat food waste. c2) Sustainable use of resources: • water consumption and water supply based on local requirements; • consumption of raw materials and measures taken to use them more efficiently; • energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources; • land use.	54-55 53-54 61-62 63 to 67 56 to 59 67 and 75
d) Climate change: • greenhouse gas emissions; • adaptation to the consequences of climate change.	56 to 59
e) Biodiversity protection: • measures taken to preserve and develop biodiversity.	63 to 67

Article 225 Grenelle II law	Page of the management report
3° Information regarding social commitments	
a) Local, economic and social impact of the Company's activity: • on regional employment and development; • on nearby or local populations.	70 to 75
b) Relations with the people and organisations affected by the Company's activities, including integration organisations, educational institutions, environmental protection organisations, consumer groups and local populations: • conditions for building dialogue with these people and organisations; • partnership and sponsorship activities.	31 74-75
c) Subcontracting and suppliers: • attention to social and environmental concerns as a factor in the purchasing policy; • use of subcontracting and consideration of suppliers' and subcontractors' social and environmental responsibility in dealings with them.	70 to 73
d) Fair practices: • actions taken to prevent corruption; • measures taken to promote consumer health and safety.	33-34 68 to 70
e) Other actions taken pursuant to Section 3 to promote human rights.	70 to 73

2.4.3 GRI-G4 cross-reference table

GRI - G4 Elements, DMA & Indicators	Management report section
General Standard Disclosures	
Strategy and Analysis	
G4-1	2.1.2 / 2.1.3
G4-2	2.1.3.1
Organisational Profile	
G4-3 to G4-16	2016 key figures / chap. 1 / 2.1 / 2.3.1
Identified Material Aspects and Boundaries	
G4-17 to G4-23	chap. 4
Stakeholder Engagement	
G4-24 to G4-27	2.1.3.1
Report Profile	
G4-28 to G4-33	2.1.3.3 / 2.4.3 / 2.4.4 / III[rd] couv
Governance	
G4-34 to G4-55	chap. 3
Ethics and Integrity	
G4-56 to G4-58	chap. 3 / 2.1.3.5
Specific Standard Disclosures	
DMA and indicators	
Category: economic	
Aspect: economic performance	
G4-DMA/G4-EC1 to G4-EC4	2.3.1 / 2.3.2.3
Aspect: market presence	
G4-DMA/G4-EC5 and G4-EC6	Absent
Aspect: indirect economic impacts	
G4-DMA/G4-EC7 and G4-EC8	2.3.4.2 / 2.3.4.5
Aspect: procurement practices	
G4-DMA/G4-EC9	2.3.4.2
Category: environmental	
Aspect: materials	
G4-DMA	2.1.3
G4-EN1	2.3.2.1 / 2.3.2.3 / 2.3.2.4
G4-EN2	2.3.2.4
Aspect: energy	
G4-DMA	2.1.3
G4-EN3	2.3.2.3
G4-EN4	2.3.2.3
G4-EN5	2.3.2.3
G4-EN6	2.3.2.3
G4-EN7	2.3.2.3
Aspect: water	
G4-DMA	2.1.3
G4-EN8	2.3.2.5
G4-EN9	N/A
G4-EN10	2.3.2.5
Aspect: biodiversity	
G4-DMA	2.1.3

GRI - G4 Elements, DMA & Indicators	Management report section
G4-EN11	2.3.3
G4-EN12	2.3.3
G4-EN13	2.3.3
G4-EN14	2.3.3.2
Aspect: emissions	
G4-DMA	2.1.3
G4-EN15	2.3.2.3 / 2.4.3
G4-EN16	2.3.2.3 / 2.4.3
G4-EN17	2.3.2.3 / 2.4.3
G4-EN18	2.3.2.3 / 2.4.3
G4-EN19	2.3.2.3 / 2.4.3
G4-EN20	2.3.2.3
G4-EN21	N/A
Aspect: effluents and waste	
G4-DMA	2.1.3
G4-EN22	2.3.2.5
G4-EN23	2.3.2
G4-EN24	2.3.2
G4-EN25	2.3.2
G4-EN26	N/A
Aspect: products and services	
G4-DMA	2.1.3
G4-EN27	2.3.3.1 / 2.3.3.2 / 2.3.3.3
G4-EN28	Absent
Aspect: compliance	
G4-DMA	2.1.3
G4-EN29	N/A
Aspect: transport	
G4-DMA	2.1.3
G4-EN30	2.3.2.3
Aspect: overall	
G4-DMA	2.1.3
G4-EN31	Absent
Aspect: supplier environmental assessment	
G4-DMA	2.3.4.2
G4-EN32	2.3.4.2
G4-EN33	2.3.4.2 / 2.3.4.3
Aspect: environmental grievance mechanisms	
G4-DMA	Absent
G4-EN34	N/A

GRI - G4 Elements, DMA & Indicators	Management report section
Category: social	
Sub-category: labour practices and decent work	
Aspect: employment	
G4-DMA	2.1.3
G4-LA1	2.3.1.1
G4-LA2	2.3.1.2
G4-LA3	Absent
Aspect: labour/management relations	
G4-DMA	2.1.3
G4-LA4	Absent
Aspect: occupational health and safety	
G4-DMA	2.1.3
G4-LA5	Absent
G4-LA6	2.3.1.3
G4-LA7	Absent
G4-LA8	2.3.1.3
Aspect: training and education	
G4-DMA	2.1.3
G4-LA9	2.3.1.2
G4-LA10	2.3.1.2
G4-LA11	Absent
Aspect: diversity and equal opportunity	
G4-DMA	2.1.3
G4-LA12	chap. 3
Aspect: equal compensation for women and men	
G4-DMA	2.1.3
G4-LA13	Absent
Aspect: supplier assessment for labour practices	
G4-DMA	2.1.3
G4-LA14	2.3.4.3
G4-LA15	2.3.4.3
Aspect: labour practices grievance mechanisms	
G4-DMA	Absent
G4-LA16	Absent
Sub-category: human rights	
Aspect: investment	
G4-DMA	2.1.3
G4-HR1	2.3.4.3
G4-HR2	2.3.4.3
Aspect: anti-discrimination	
G4-DMA	2.3.1.4
G4-HR3	Absent
Aspect: freedom of association and collective bargaining	
G4-DMA	2.3.1.3
G4-HR4	2.3.4.3
Aspect: child labour	
G4-DMA	2.1.3
G4-HR5	2.3.4.3

GRI - G4 Elements, DMA & Indicators	Management report section
Aspect: forced or compulsory labour	
G4-DMA	2.1.3
G4-HR6	2.3.4.3
Aspect: security practices	
G4-DMA	2.1.3
G4-HR7	2.3.4.3
Aspect: indigenous rights	
G4-DMA	Absent
G4-HR8	Absent
Aspect: assessment	
G4-DMA	2.1.3
G4-HR9	2.3.4.3
Aspect: supplier human rights assessment	
G4-DMA	2.1.3
G4-HR10	2.3.4.3
G4-HR11	2.3.4.3
Aspect: human rights grievance mechanisms	
G4-DMA	Absent
G4-HR12	Absent
Sub-category: society	
Aspect: local communities	
G4-DMA	2.3.1.1
G4-SO1	Absent
G4-SO2	N/A
Aspect: anti-corruption	
G4-DMA	2.1.3.5
G4-SO3	Absent
G4-SO4	2.1.3.5
G4-SO5	Absent
Aspect: public policy	
G4-DMA	2.1.3.5
G4-SO6	Absent
Aspect: anti-competitive behavior	
G4-DMA	2.1.3.5
G4-SO7	Absent
Aspect: compliance	
G4-DMA	2.1.3.5
G4-SO8	Absent
Aspect: supplier assessment for impacts on society	
G4-DMA	2.3.4.2 / 2.3.4.3
G4-SO9	2.3.4.2 / 2.3.4.3
G4-SO10	2.3.4.2 / 2.3.4.3
Aspect: grievance mechanisms for impacts on society	
G4-DMA	Absent
G4-SO11	Absent

GRI - G4 Elements, DMA & Indicators	Management report section
Sub-category: product responsibility	
Aspect: customer health and safety	
G4-DMA	2.1.3
G4-PR1	2.3.3.1
G4-PR2	Absent
Aspect: product and service labelling	
G4-DMA	2.1.3
G4-PR3	2.3.4.1
G4-PR4	Absent
G4-PR5	2.3.4.1
Aspect: marketing communications	
G4-DMA	Absent
G4-PR6	Absent
G4-PR7	Absent
Aspect: customer privacy	
G4-DMA	2.1.3.4
G4-PR8	Absent
Aspect: compliance	
G4-DMA	2.1.3.4
G4-PR9	Absent

2.4.4 Detailed reporting methodology for CSR indicators

The CSR Department mobilises a Steering Committee for the preparation of the 2016 management report. The committee represents all of the relevant Group Departments (Quality, Human Resources, Legal, Marketing, Assets, Sales and Merchandise, and Logistics) and includes country representatives.

Principles for drawing up the CSR report

The Carrefour Group's management report adheres to the following principles:

CSR

Carrefour places its own performance within the context of the social, economic and environmental constraints that weigh upon the Group, and puts 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. This dialogue and these partnerships are maintained either at a Group level by the CSR Department, or at a local level by the countries, the banners and the stores.

Materiality

The management report focuses on the social, economic and environmental issues that are most relevant to the Group's operations. The sections on balanced nutrition, labour rights and energy efficiency are just a few examples.

Frequency

Carrefour has produced and published a non-financial report every year for the past 16 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, while retaining an appropriate level of detail.

Scope of reporting

Principles applied

Comprehensiveness: the Group strives to be as comprehensive as possible. Its CSR reporting describes the implementation of its policy in the 10 consolidated countries, and the Key Performance Indicators (KPIs) cover 97.3% of the Group's consolidated sales excluding VAT.

Comparability: the figures presented over several years and any changes are calculated in like-for-like Business Units (BUs). The scope is clearly explained in each case. BUs excluded from the scope are indicated next to each graph shown in the report.

Scope of reporting for financial year 2016

Scope of environmental indicators (energy, water, refrigerants, waste, check-out bags and sales and marketing materials):

The reporting on CSR KPIs applies to all of the Group's BUs. The chart below shows the Group's BUs in 2016.

Country	Abbrev.	HM	SM	PRX	C&C
France	FR	Group BU	Group BU	Group BU	Group BU
Spain	ES	Group BU	Group BU	Group BU	NA
Italy	IT	Group BU	Group BU	Group BU	Group BU
Belgium	BE	Group BU	Group BU	Group BU	NA
Poland	PL	Group BU	Group BU	Group BU	NA
Romania	RO	Group BU	Group BU	NS	NA
Brazil	BR	Group BU	Group BU	NS	NA
Argentina	AR	Group BU	Group BU	Group BU	NA
China	CN	Group BU	NA	NS	NA
Taiwan	TW	Group BU	Group BU	NA	NA

Format	Abbreviation
Hypermarket	HM
Supermarket	SM
Convenience store	PRX
Cash & Carry	C&C

Legend
- Group BU
- NS - Activity under deployment
- NA - No format in the country

The scope excludes consumption from non-Group activities, transport of people, warehouses, franchised stores, head offices and other administrative offices.

The scope includes all integrated stores open from October 1 to September 30 of the reporting period. Since 2012, the reporting on these indicators, as well as the product and logistics indicators, is established on a 12-month sliding basis from October 1 to September 30. In 2016, the refrigerants and transport indicators that correspond to the Atacadão format and consolidated for hypermarkets in Brazil were not included in the report.

For indicators on check-out bags and sales and marketing materials, 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 does not include storage areas, food preparation areas or the shopping mall, if applicable. The Group recommends that BUs use the sales area of stores open as of the first day of the reporting period for calculation purposes.

The Group counts Installations Classified for the Protection of the Environment (ICPE) as coming under the regulations in stores included in its reporting scope but also at sites out of its scope such as franchising stores, service stations and warehouses. Environmental indicators for those sites are therefore not published.

Scope of HR indicators:

The scope includes all of the Group's BUs, head offices and other administrative offices, and Carrefour Banque and Carrefour Property.

In 2016, the indicators linked to the rate of absence due to work-related and travel-related accidents and to the absenteeism rate as a result of the Atacadão format and consolidated for hypermarkets in Brazil was not included in the report.

Carrefour Banque and Carrefour Property Development, as companies issuing securities on a regulated market, have published their corporate, environmental and societal information in their own management report, in accordance with regulations.

Changes in scope

Changes in scope are linked to creations, acquisitions, sales and closures of stores or BUs.

If a BU was created or acquired after January 1, 2016, it is not included in our reporting.

If a BU was sold or closed in 2016, it is excluded from our environmental data reporting for the whole year.

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, the Carrefour Group has used KPIs associated with its strategic priorities for CSR. These indicators, which are revised over the years, are designed to monitor the commitments made by the Group and the progress made in terms of its environmental and social performance. Each KPI was chosen by the Group for its relevance to the CSR strategy.

References used

The 2016 management report adheres to the guidelines of the Global Reporting Initiative, the guiding principles of the OECD and the Global Compact 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.

As an addition to the annual report, it also complies with the requirements of Article 225 of the French commercial code.

A CSR reporting protocol has been prepared by the Group's CSR Department. It stipulates the Group's collection, calculation and consolidation rules.

Furthermore, through BFC, the reporting tool used for non-financial data, each reporting manager has access to a data collection procedure, a user guide for the BFC reporting application, definitions for each KPI, and a check-list of controls, which are distributed internally to the CSR reporting managers.

Since the 2009 financial year, the Group has compiled human resources indicators using the Group Human Resources reporting application. These indicators comply with the definitions drafted jointly by the Group Human Resources Department and the CSR Department.

Methodology: specificities and limitations

All of this information is indicated in the Group's CSR reporting protocol, and in the KPI definition sheets available within the Group's reporting application for environmental KPIs and from the Group Human Resources Department for social KPIs.

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).

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) are used. These factors are used by recognised international bodies such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). BUs that have specific national indicators may use them. The associated CO_2 emissions are then calculated by the tool based on those factors.

The level of emissions related to electricity consumption by BUs in France is updated annually based on changes made to the electricity supply agreement (50% regulated market/50% open market).

Concerning logistics-related CO_2 emissions, CO_2 emissions related to outbound road transportation (shipping of merchandise between warehouses and stores) are taken into account. A conversion rate equal to 2.6667 kg 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 by spotters;
- 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 transportation (mainly in Indonesia).

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.

Also, pallets (transportation units) used for backhauling are not included in the total number of pallets used in outbound transportation.

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). In other cases, the BUs must specify and justify the relevance of assumptions used in making estimates.

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 immaterial overvaluation of consumption (consumption of water for a shopping centre, costs related to and inseparable from the cost 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 assessments are not systematically carried out each time the refrigerant is reloaded or at year-end. For BUs that purchase and store refrigerants in advance, reports on year Y consumption include refrigerants still stored in containers.

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 limitations in terms of methodology 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. When analysing any changes in the indicators, the Group factors out all BUs for which data is lacking for one of the comparison years.

Product data

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 own-brand 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.

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.

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.

Data collection, consolidation and control

Reporting period

Reporting is carried out once a year for the management report submitted to the Board of Directors for approval.

The period used for the annual reporting is the calendar year (January 1 to December 31) for human resources indicators.

Since 2012, store, merchandise and logistics indicators are calculated over a 12-month sliding period running from October to September in line with the requirements of Article 225 of Grenelle II. 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 the collection of qualitative and quantitative data from the various countries and banners. In terms of 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 key environmental performance indicators. Key social performance indicators are reported through the Group's Human Resources reporting tool. Reporting managers for each country are responsible for coordinating environmental and social reporting for their respective countries.

Data consolidation methods

The CSR Department consolidates all CSR indicators at Group level using the BFC application. The Group also uses this application for financial consolidation and reporting.

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 checked locally 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, an independent third party. For the information considered most significant, substantive tests have been conducted on the data. Indicators identified with the symbol ☑ have been reviewed with reasonable assurance.

2.4.5 Independent third-party report on consolidated human resources, environmental and social information published in the management report

This is a free translation into English of the original report issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France

Financial year ended December 31, 2016

To the shareholders,

In our capacity as independent third party, certified by COFRAC under number 3-1058[1] and member of the Carrefour network of the company's Statutory Auditor, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French commercial code (*Code de commerce*).

Company's responsibility

The Board of Directors of Carrefour is responsible for preparing a company's management report including the CSR Information required by Article R. 225-105-1 of the French commercial code in accordance with the protocol used by the Company (hereinafter the "Guidelines"), summarized in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics *(Code de déontologie)* of our profession and the requirements of Article L. 822-11 of the French commercial code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French commercial code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).
- express, at the request of the Company, a reasonable assurance as to whether the information identified by the symbol ☑ in the Part 2 “Key indicators” of the management report was prepared, in all material respects, in accordance with the Guidelines.

Our work involved 5 persons and was conducted between September 2016 and March 2017 during about 17 week intervention period.

We performed our work in accordance with the French professional standards and with the order dated May 13, 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

I - Attestation regarding the completeness of CSR Information

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company’s sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French commercial code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French commercial code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French commercial code within the limitations set out in the methodological note, presented in 2.4.4 section of the management report.

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

II – Conclusion of the fairness of CSR Information

Nature and scope of our work

We conducted about thirty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

(1) whose scope is available on the website www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[(1)]:

- at parent entity and CSR and HR Department level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of Business Units and Directions selected by us[(2)] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents.

The selected sample represents 43% of headcount and between 21% and 79% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are 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. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

*(1) **Human Resources Information:** workforce and breakdown by geographic region, by age group, by gender, % in women in the management, number of new hires, % of part-time employees, turnover, number of accidents, number of trainings hours, number of employees with a disability. **Environmental Information:** water consumed by m^2, recycled waste including donation by m^2, % of recycled waste, energy consumption in GWh and kWh/m^2, CO_2 emissions generated by energy consumption, CO_2 emissions generated by refrigeration consumption, CO_2 emission per shipping unit, paper purchased for commercial publications in kg/m^2 of sales area and 1000 tons, % of recycled or labelled paper in commercial publications, sales amount of controlled and national brand organic product listings, sales amount of Carrefour Quality Lines, % of food products from sustainable fishing. **Social information:** sales of controlled products from national suppliers, % of local products among controlled food products, number of suppliers social audits.*

*(2) **Carrefour France Hypermarket and Supermarket, Carrefour Brazil Hypermarket and Supermarket, Carrefour Atacadão:** all information mentioned above. **Carrefour China Hypermarket:** energy consumption by m^2, CO_2 emissions generated by energy consumption, CO_2 emissions generated by refrigeration consumption. **Carrefour Romania Hypermarket and Supermarket:** energy consumption by m^2, CO_2 emissions generated by energy consumption, CO_2 emissions generated by refrigeration consumption, water consumption by m^2. **Carrefour Spain Hypermarket and Supermarket:** CO_2 emissions generated by energy consumption, CO_2 emissions generated by refrigeration consumption, CO_2 emissions generated by logistics by shipping units. **Carrefour Poland Hypermarket and Supermarket:** CO_2 emissions generated by energy consumption, CO_2 emissions generated by refrigeration consumption. **Carrefour Belgium Hypermarket and Supermarket:** water consumption by m^2. **CSR Department:** number of suppliers social audits.*

III - Reasonable assurance report on selected CSR information

Nature and scope of our work

Regarding information selected by the Group and identified by the symbol ☑, we conducted similar work as described in paragraph 2 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 70% to 77% of the quantitative environmental information disclosed 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 ☑ was prepared, in all material respects, in accordance with the Guidelines.

La Défense, April 18, 2017

The Independant Third Party

MAZARS SAS

Edwige Rey
Partner CSR & Sustainable Development

3

Corporate governance

3.1 Corporate governance code

The Company refers to the AFEP-MEDEF corporate governance code for listed companies (AFEP-MEDEF code), amended in November 2016. The AFEP-MEDEF code may be consulted at the Company's head office.

3.2 Composition and operation of the Board of Directors

3.2.1 The Board of Directors

3.2.1.1 Composition of the Board of Directors

The Board of Directors has 17 members:

Directors	Date of appointment	Date of last renewal	Date that term of office expires (Shareholders' Meeting convened to approve the Financial Statements for the year)
Georges Plassat Chairman and Chief Executive Officer	May 23, 2012	June 11, 2015	December 31, 2017
Georges Ralli* Vice-Chairman	June 18, 2012	June 11, 2015	December 31, 2017
Bernard Arnault	July 28, 2008	April 15, 2014	December 31, 2016
Nicolas Bazire	July 28, 2008	June 11, 2015	December 31, 2017
Jean-Laurent Bonnafé	July 28, 2008	April 15, 2014	December 31, 2016
Thierry Breton*	July 28, 2008	May 17, 2016	December 31, 2018
René Brillet*	July 28, 2008(1)	April 15, 2014	December 31, 2016
Flavia Buarque de Almeida	April 12, 2017	-	December 31, 2018
Abilio Diniz	May 17, 2016	-	December 31, 2018
Charles Edelstenne*	July 28, 2008	May 17, 2016	December 31, 2018
Phillipe Houzé	June 11, 2015	-	December 31, 2017
Diane Labruyère-Cuilleret*	June 18, 2012	June 11, 2015	December 31, 2017
Mathilde Lemoine*	May 20, 2011	June 11, 2015	December 31, 2017
Patricia Lemoine	June 11, 2015	-	December 31, 2017
Bertrand de Montesquiou*	June 18, 2012	June 11, 2015	December 31, 2017
Amaury de Sèze* Senior Independent Director	July 28, 2008(1)	April 15, 2014	December 31, 2016
Anne-Claire Taittinger*	July 28, 2008(1)	May 17, 2016	December 31, 2018

(1) Date of appointment to the Supervisory Board: April 20, 2005.
** Independent Directors.*

The members of the Board of Directors are appointed for a three-year term.

The Board of Directors benefits from the diversity of its Directors' backgrounds, their complementary experience (including retail, financial, industrial, economic and sales expertise) and, in some cases, their in-depth experience and knowledge of the business, the sector and its environment both in France and abroad. The Directors are present, active and committed. This active involvement contributes to the quality of the Board of Directors' deliberations with respect to its decision-making process.

On the recommendation of the Chairman of the Appointments Committee, the Board of Directors, at its meeting on February 8, 2015, appointed George Ralli as Vice-Chairman of the Board of Directors. The Vice-Chairman is called on to act as Chairman if the Chairman is absent, is temporarily unavailable, resigns or dies, or if he is not reappointed as Chairman. If the Chairman is temporarily unavailable, the Vice-Chairman replaces him for a defined period of time during such unavailability; otherwise the Vice-Chairman acts as Chairman until a new Chairman is elected.

From January 2016 to the Shareholders' Meeting of May 17, 2016, Abilio Diniz acted as an Observer of the Board of Directors. He attended Board of Directors' meetings in an advisory capacity. Like the Directors, he was subject to all provisions of the Internal Rules of the Board of Directors.

3.2.1.2 Changes in the composition of the Board of Directors

Anne-Claire Taittinger, Thierry Breton and Charles Edelstenne were reappointed for a three-year term by the Shareholders' Meeting on May 17, 2016.

Abilio Diniz and Nadra Moussalem (replacing Thomas J. Barrack Jr) were appointed for a three-year term by the Shareholders' Meeting on May 17, 2016.

During the Board of Directors' meeting on April 12, 2017, Flavia Buarque de Almeida was appointed as a Director, to replace Nadra Moussalem, who resigned on March 8, 2017.

The Directors whose terms of office expire at the end of the Shareholders' Meeting of June 15, 2017 are Bernard Arnault, Jean-Laurent Bonnafé, René Brillet and Amaury de Sèze.

The table below summarises the changes to the composition of the Board of Directors that took place in 2016 and 2017:

Date	Appointments	Resignation	Renewals	Non-renewal
2016	Abilio Diniz Nadra Moussalem		Anne-Claire Taittinger Thierry Breton Charles Edelstenne	Thomas J. Barrack Jr
2017	Flavia Buarque de Almeida	Nadra Moussalem		

Subject to the approval of the Shareholders' Meeting of June 15, 2017, seven women out of a total of 17 Directors will serve on the Board of Directors, i.e., 41.2%. The Board of Directors will therefore be in compliance with Article L. 225-18-1 of the French commercial code on gender equality on boards, which stipulates that at least 40% of each gender will be represented.

In accordance with Article L. 225-27-1 of the French commercial code, the Shareholders' Meeting of June 15, 2017 will be asked to amend the Company's Articles of Association in order to lay down the procedures for appointing two Directors representing employees.

Subject to the approval of this Shareholders' Meeting, the Directors appointed to represent employees shall have the same status, rights and responsibilities as the other Directors.

3.2.1.3 Directors' awareness of ethical rules

Assessment of the 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 on April 12, 2017. Of the 17 Directors, nine are deemed to be Independent Directors, *i.e.*, 52.9%, which complies with the recommendations set out in the AFEP-MEDEF code. Thus, Diane Labruyère-Cuilleret, Mathilde Lemoine, Anne-Claire Taittinger, Georges Ralli, Thierry Breton, René Brillet, Charles Edelstenne, Bertrand de Montesquiou and Amaury de Sèze are considered to be Independent Directors.

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 vested interest (as a significant shareholder, employee or otherwise) in the Company or Group.

The Board of Directors referred to the following criteria in the AFEP-MEDEF code 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 or a company that the latter consolidates;
- not to be an Executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an Executive Officer of the Company (currently in office or having held such office for less than 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 within the previous five years;
- not to have been a Director of the Company for more than twelve years.

On the recommendation of the Chairman of the Appointments Committee, at its meeting on April 12, 2017, the Board of Directors examined the situation of Anne-Claire Taittinger, whose term of office will exceed 12 years on April 20, 2017. The Board of Directors noted that Anne-Claire Taittinger exhibited complete independence of thought, and took into account the objectivity she consistently demonstrated during its discussions and decisions, as well as her ability to express her beliefs and make sound judgements in all situations. The Board of Directors also took into account in its analysis the fact that Anne-Claire Taittinger serves as an Independent Director and as Chairman of the Accounts Committee on the board of another listed company. Consequently, the Board of Directors confirmed that the previous assessment of Anne-Claire Taittinger, according to which she was deemed to be independent, continued to be valid.

On the recommendation of the Appointments Committee, the Board of Directors determined that none of the Independent Directors have any material direct or indirect business relationships with the Group 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 Carrefour Group and the group concerned.

In accordance with the Internal Rules of the Board of Directors, Directors express their opinions freely and commit to preserving in all circumstances their independence of analysis, judgement, decision-making and actions. They also undertake rejecting 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 affiliated companies, directly or indirectly, any advantages that could be considered likely to compromise his or her independence.

Managing conflicts of interests

In accordance with the Internal Rules of the Board of Directors, the Directors are also informed of the rules relating to conflicts of interests. A conflict of interests 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 subsidiaries or its management that could compromise the free exercise of the Director's judgement. Each Director shall endeavour to avoid any conflict of interests 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 interests with the Company and its subsidiaries, Directors must inform the Board of Directors and must refrain from participating in such a vote on the related resolution. The Chairman of the Board of Directors may ask the Director not to attend such discussions. 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 affiliated companies, or which has been reached through an intermediary. The Chairman of the Board of Directors may ask the Directors at any time to sign a statement certifying that they do not have any conflict of interests.

The Board of Directors did not issue an opinion on the acceptance of any new Company officer positions in external listed companies by the Chairman and Chief Executive Officer or Deputy Chief Executive Officers, as such a situation did not arise.

At its meeting on June 21, 2011, the Board of Directors appointed Amaury de Sèze, Independent Director, as Senior Independent Director. The role of the Senior Independent 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 interests, 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.

Company officers' statement

There are no family relationships between the Company officers (members of the Board of Directors, the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers).

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 interests has been identified between the duties of any Company officers (members of the Board of Directors, the Chairman and Chief Executive Officer and Deputy Chief Executive Officers) with respect to the Company and their private interests and/or other duties.

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 subsidiaries by a service contract, with the exception of an agreement, concerning an analysis engagement, entered into with Kampos Sarl, managed by Georges Ralli, Director of the Company. This agreement was authorised by the Board of Directors of the Company at its meeting on March 8, 2017 and will be submitted to the approval of the 2018 Shareholders' Meeting, in accordance with the provisions of Article L. 225-38 of the French commercial code governing regulated agreements and commitments.

3.2.1.4 Biography

Georges Plassat

Chairman and Chief Executive Officer

Born on March 25, 1949. French.

Number of Company shares owned: 30,000

Date of appointment to the Board of Directors: May 23, 2012

Date of last renewal: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

Georges Plassat is a graduate of the École hôtelière de Lausanne and Cornell University in the United States. He held several senior positions during his tenure at the Casino group: Marketing Director (1983-1997), Chief Executive Officer of the group's Catering Division (1988-1990), Chief Executive of Casino France (1990-1992), Managing Director (1992-1994), Vice-Chairman of the Management Board (1994-1996), and ultimately Chairman of the Management Board (1996-1997). He then joined the Carrefour Group as Executive Director of Spain and Chief Executive of Pryca (1997-1999). In 2000, he became Chairman of the Management Board of Vivarte group (formerly the André group), and subsequently its Chairman and Chief Executive Officer in 2004. In April 2012, Georges Plassat joined the Carrefour Group as its Deputy Chief Executive Officer. He was appointed as Chairman of the Board of Directors and Chief Executive Officer of Carrefour on May 23, 2012 and his term was renewed on June 11, 2015.

Positions held within the Group in 2016

- Chairman and Chief Executive Officer of Carrefour
- Chairman of the Strategic Committee of Carrefour

Positions held outside the Group in 2016

- N/A

Positions held from 2012 to 2015

- Chairman and Chief Executive Officer of the Vivarte group (formerly Groupe André) (Expiry of term: 2012)

Georges Ralli

Vice-Chairman

Independent member

Born on July 23, 1948. French.

Number of Company shares owned: 5,569

Date of appointment to the Board of Directors: June 18, 2012

Date of last renewal: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

Georges Ralli holds a DESS (post-graduate diploma) in banking and finance from the University of Paris-V, and is a graduate of Institut d'Études Politiques de Paris (economics and finance option) and Institut Commercial in Nancy. He joined Crédit Lyonnais in 1970 where he served in a number of management positions until 1981 (General Accounting Research Department responsible for monitoring statutory ratios and consolidation procedures for the group – Alsace Regional Department for corporate customers – Financial Affairs Department responsible for the primary equity market business). In 1982, he became Secretary to the Commission for Savings Development and Protection, then, from 1982 to 1985, managed the Financial Negotiations Department of Crédit du Nord (primary equity and bond markets, mergers and acquisitions, proprietary investment). He joined Lazard in 1986 to develop its primary equity market business and in 1989 he moved to the Mergers and Acquisitions Department. He became Managing Partner in 1993 and was appointed as co-head of the firm's mergers and acquisitions from 1999. From 2000 to 2012, Georges Ralli was Managing Director and Deputy Chairman of the Lazard LLC Executive Committee (United States), while he simultaneously headed up its French branch (Maison Française) until 2009. Until 2012, he was President of the European mergers and acquisitions activities (Maison Lazard) and European asset management and private banking businesses activities (Lazard Frères Gestion and Lazard Wealth Management Europe). Currently, he manages IPF Partners, an investment company specialised in healthcare.

Positions held within the Group in 2016

- Vice-Chairman and member of the Board of Directors of Carrefour
- Chairman of the Accounts Committee of Carrefour
- Member of the Strategic Committee of Carrefour

Positions held outside the Group in 2016

- Manager of IPF Management 1 SARL (Luxembourg)
- Manager of IPF Partners SARL (Switzerland)
- Director, Chairman of the Audit, Risks and Sustainable Development Committee and member of the Appointments and Compensation Committee of Icade SA – *Listed company*
- Director of Quatrature Investment Managers
- Observer, member of the Audit Committee and Chairman of the Compensation Committee of Chargeurs SA – *Listed company*
- Director of Chargeurs SA – *Listed company* (Expiry of term: May 2016)
- Director of Veolia Environnement – *Listed company* (Expiry of term: April 2016)

Positions held from 2012 to 2015

- Chairman of Maison Lazard SAS (Expiry of term: 2012)
- Chairman of Lazard Frères Gestion SAS (Expiry of term: 2012)
- Managing Partner of Compagnie Financière Lazard Frères SAS (Expiry of term: 2012)
- Managing Partner of Lazard Frères SAS (Expiry of term: 2012)
- Managing Partner of Lazard Frères Gestion SAS (Expiry of term: 2012)
- Member of the Supervisory Board of VLGI SAS (Expiry of term: 2012)
- Deputy Chairman and Managing Director of Lazard Group LLC (United States) (Expiry of term: 2012)
- Chief Executive of the European Investment Banking Business of Lazard (United States) (Expiry of term: 2012)
- Co-Chairman of the European Investment Banking Committee of Lazard (United States) (Expiry of term: 2012)
- Chairman of the Board of Managers of Lazard Wealth Management Europe SARL (Luxembourg) (Expiry of term: 2012)
- Chairman of the Advisory Board of Lazard GmbH (Switzerland) (Expiry of term: 2012)
- Member of LFCM Holdings LLC (United States) (Expiry of term: 2012)
- Member of the Advisory Committee of Lazard BV (Belgium) (Expiry of term: 2012)
- Member of the European Advisory Board of Lazard (United States) (Expiry of term: 2012)
- Director of Lazard Wealth Management Holding SL (Spain) (Expiry of term: 2012)
- Director of LAZ-MD Holding LLC (United States) (Expiry of term: 2012)
- Director of Lazard Aserores Financieros SA (Spain) (Expiry of term: 2012)
- Director of Lazard AB (Sweden) (Expiry of term: 2012)
- Director of Lazard & Co. Srl (Italy) (Expiry of term: 2012)
- Director of Lazard Investments Srl (Italy) (Expiry of term: 2012)
- Director of Silic SA (Expiry of term: 2013)

Bernard Arnault

Born on March 5, 1949. French.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: April 15, 2014

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016

Experience and expertise

Bernard Arnault began his career as an engineer at Ferret-Savinel.

In 1974, he became the company's Head of Construction, and then Chief Executive Officer in 1977 and finally Chairman-Chief Executive Officer in 1978. He remained there until 1984, when he became Chairman-Chief Executive Officer of Financière Agache and Christian Dior.

He embarked on the restructuring of the Financière Agache group as part of a development strategy based on prestige brands, making Christian Dior the cornerstone of the organisation. In 1989, he became the majority shareholder of LVMH Moët Hennessy-Louis Vuitton, thus creating the world's first luxury goods group. He became its Chairman in January 1989.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour

Positions held outside the Group in 2016

- Chairman and Chief Executive Officer of LVMH Moët Hennessy-Louis Vuitton (SE) – *Listed company*
- Chairman of the Management Board of Groupe Arnault (SEDCS)
- Chairman of the Board of Directors of Christian Dior (SE)– *Listed company*
- Chairman of the Board of Directors of Fondation Louis Vuitton (corporate foundation)
- Director of Christian Dior Couture (SA)
- Chairman of the Board of Directors of Château Cheval Blanc (SC)
- Director of LVMH Moët Hennessy-Louis Vuitton Inc. (United States)
- Director of LVMH Moët Hennessy-Louis Vuitton Japan KK (Japan)
- Member of the Supervisory Committee of Financière Jean Goujon SAS
- Director of LVMH Services Limited (United Kingdom)

Positions held from 2012 to 2015

- Chief Executive Officer of Christian Dior (SE) – *Listed company* (Expiry of term: 2015)
- Director of LVMH International SA (Belgium) (Expiry of term: 2015)
- Member of the Supervisory Board of Lagardère SCA (Expiry of term: 2012) – *Listed company*

Nicolas Bazire

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 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

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. He has been Chief Executive Officer of Groupe Arnault SEDCS since 1999.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Appointments Committee of Carrefour
- Member of the Accounts Committee of Carrefour
- Member of the Strategic Committee of Carrefour

Positions held outside the Group in 2016

- Chief Executive Officer of Groupe Arnault (SEDCS)
- Director of LVMH Moët Hennessy – Louis Vuitton SE – *Listed company*
- Director and Chairman of the Appointments and Compensation Committee of Atos SE – *Listed company*
- Director and member of the Audit and Accounts Committee, the Appointments Committee and the Strategic Committee of Suez Environnement Company SA – *Listed company*
- Director 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 of Groupe Les Échos SA
- Vice-Chairman of the Supervisory Board of Les Échos SAS
- Member of the Supervisory Committee of Montaigne Finance SAS
- Deputy Chief Executive Officer (Non-Director) and legal representative of Groupe Arnault, Director of Semyrhamis SA
- Director of Fondation Louis Vuitton (corporate foundation)
- Permanent representative of UFIPAR, Director and Chairman of the Accounts Committee of Société des Bains de Mer de Monaco SA – *Listed company*
- Permanent representative of UFIPAR, Director of Louis Vuitton Malletier SA
- Permanent representative of Montaigne Finance, Director of GA Placements SA

Positions held from 2012 to 2015

- Director of Financière Agache Private Equity SA (Expiry of term: 2015)

Jean-Laurent Bonnafé

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: April 15, 2014

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016

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.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour

Positions held outside the Group in 2016

- Director and Chief Executive Officer of BNP Paribas – *Listed company*
- Director of BNP Paribas Fortis (Belgium) (Expiry of term: April 21, 2016)

Positions held from 2012 to 2015

- Director of BNP Paribas Personal Finance (Expiry of term: 2012)
- Director of Erbe SA (Belgium) (Expiry of term: 2013)
- Director of BNL – Banca Nazionale del Lavoro (Italy) (Expiry of term: 2014)

Thierry Breton

Independent member

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 convened to approve the Financial Statements for the year ending 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. Mr. Breton also sat on the Poitou-Charentes Regional Council from 1986 to 1992, serving as Vice-Chairman 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 Deputy Chairman of the Board of Directors and then Chief Executive Officer of the Bull group.

Chairman-CEO of Thomson (1997-2002) and then Chairman-CEO of France Telecom (2002-2005), he was France's Minister of the Economy, Finance, and Industry between February 2005 and May 2007, and a Harvard University professor between 2007 and 2008.

In November 2008, he was appointed Chairman-CEO of Atos.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Chairman of the Compensation Committee of Carrefour

Positions held outside the Group in 2016

- Chairman of the Board of Directors and Chief Executive Officer of Atos SE – *Listed company*
- Chairman of the Board of Directors of Worldline (Atos group) – *Listed company*
- Chairman of the Board of Directors of Bull SA (Atos group)
- Director of Sonatel (Senegal)
- Member of the Global Advisory Council of Bank of America Merrill Lynch (United States)
- Director of SATS (Singapore) – *Listed company*
- Chairman of the ANRT
- Member of the Académie des Technologies

Positions held from 2012 to 2015

- Chief Executive Officer of Atos International SAS (Expiry of term: 2014)

René Brillet

Independent member

Born on August 1, 1941. French.

Number of Company shares owned: 270,250

Date of appointment to the Supervisory Board: April 20, 2005

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: April 15, 2014

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016

Experience and expertise

Carrefour's former Chief Executive Officer in Asia, René Brillet began his career as a radio officer in the merchant navy in 1968. In 1972 he joined Carrefour and held a series of posts, ranging from Senior Accountant in Italy and Brazil to Store Manager and Head of Organisation and Procedures in Brazil. In 1981, he moved to Argentina as Executive Director, and then to Spain from 1982 to 1985, and finally to France, whose operations he managed from 1986 to 1995. In 1996, he was appointed Chief Executive Officer for Europe and then Chief Executive Officer for Asia in 1998, a position he held until February 28, 2004.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Accounts Committee of Carrefour
- Member of the Compensation Committee of Carrefour

Positions held outside the Group in 2016

- Director of Electricité et Eaux de Madagascar – *Listed company*

Positions held from 2012 to 2015

- N/A

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Flavia Buarque de Almeida

Born on August 4, 1967. Brazilian.

Date of appointment to the Board of Directors: April 12, 2017.

Ratification by the Shareholders' Meeting on June 15, 2017 of the appointment.

Experience and expertise

Flavia Buarque de Almeida serves as Managing Director and Partner at Península Capital S.A. She has been responsible for the Península Participações Private Equity business since July 2013. From November 2009 to April 2013, she was a Partner with the Monitor Group, responsible for its operations in South America and, from May 2003 to September 2009, she served as the Managing Director of Participações Morro Vermelho S.A. From 1989 to 2003, she was a Consultant and Partner at McKinsey & Company. She has been a Director at GAEC Educação S.A. since october 30, 2014. Furthermore, Flavia Buarque de Almeida serves as Director of W2W E-Commerce de Vinhos S.A. since August 2016. She has served as an Independent Director of Lojas Renner S.A. and as a Director of Camargo Group, which includes Camargo Corrêa S.A., Camargo Corrêa Cimentos S.A. (now Intercement S.A.), Construções e Comércio Camargo Corrêa S.A., Alpargatas S.A., and Santista Têxtil S.A. She is currently a member of the Harvard University Board of Overseers. She received her undergraduate degree from Fundaçao Getulio Vargas (1989) and her MBA from Harvard University (1994).

Positions held outside the Group in 2016

- Managing Director and Partner of Peninsula Capital S.A. (Brazil)
- Director of GAEC Educação S.A. (Brazil)
- Director of W2W E-Commerce de Vinhos S.A. (Brazil)
- Independent Director of Lojas Renner S.A. (Expiry of term: 2016) (Brazil)

Positions held from 2012 to 2015

- Partner at Monitor Group (Expiry of term: 2013) (Brazil)

Abilio Diniz

Born on December 28, 1936. Brazilian.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: May 17, 2016

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2018

Experience and expertise

A seasoned retail professional, Abilio Diniz co-founded Grupo Pão de Açúcar with his father and served there as Chairman of the Board of Directors from 1993 to 2013.

He is currently the Chairman of the Board of Directors of Península Participações – his family's investment company – and of BRF – the world's largest animal protein exporter. He was a member of the Brazilian National Monetary Council between 1979 and 1989 and is one of the four members of the Board of Management and Development of the Federal Government of Brazil.

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

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Strategic Committee of Carrefour
- Observer of the Board of Directors of Carrefour (Expiry of term: May 17, 2016)
- Director, member of the Human Resources Committee and member of the Strategic Committee of Atacadão SA (Brazil)

Positions held outside the Group in 2016

- Chairman of BRF SA (Brazil) – Listed company
- Director of 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, New Arabel Investments Limited, Adams Avenue Real Estate LLC, Adams Avenue Realty Holding Corporation, Edgewood Real Estate LLC, Edgewood Realty Holding Corporation, Palmanova SA, Tarique Limited, Clownsvis BV and Orca Sarl
- Chairman and Director of Recco Master Empreendimentos e Participações SA, Peninsula Participações SA, Zabaleta Participações Ltda., and Paic Participações Ltda (Brazil)

Positions held from 2012 to 2015

- Chairman of the Board of Directors of Grupo Pão de Açucar (Expiry of term: 2013) (Brazil) – *Listed company*
- Director of Casino SA (Expiry of term: 2012) – *Listed company*
- Chairman of the Board of Directors of Wilkes Participações SA (Expiry of term: 2012) (Brazil)
- Member of the Board of Globex Utilidades SA (Expiry of term: 2012) (Brazil) – *Listed company*

Charles Edelstenne

Independent member

Born on January 9, 1938. 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 convened to approve the Financial Statements for the year ending 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-CEO in 2000, a role he held until January 8, 2013.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Compensation Committee of Carrefour

Positions held outside the Group in 2016

- Director of Dassault Aviation SA – *Listed company*
- Chairman of the Board of Directors of Dassault Systèmes SA – *Listed company*
- Honorary President of Dassault Aviation SA – *Listed company*
- Honorary President of GIFAS (Groupement des Industries Françaises Aéronautiques et Spatiales)
- Chief Executive Officer of GIMD SAS (Groupe Industriel Marcel Dassault SAS)
- Member of the Supervisory Board of GIMD SAS (Groupe Industriel Marcel Dassault SAS)
- Director of Sogitec Industries SA
- Director of Thales SA – *Listed company*
- Director of SABCA (Société Anonyme Belge de Constructions Aéronautiques) (Belgium) – *Listed company*
- Director of Dassault Falcon Jet Corporation (United States)
- Director of Dassault Médias SA
- Director of Groupe Figaro Benchmark SASU
- Director of Banque Leperq de Neuflize & Co., Inc. (United States)
- Manager of ARIE civil partnership
- Manager of ARIE 2 civil partnership
- Manager of NILI civil partnership
- Manager of NILI 2 civil partnership

Positions held from 2012 to 2015

- Chairman and Chief Executive Officer of Dassault Aviation SA (Expiry of term: 2013) – *Listed company*
- Chairman of Dassault Falcon Jet Corporation (United States) (Expiry of term: 2013)
- Chairman of Dassault International Inc. (United States) (Expiry of term: 2013)

Philippe Houzé

Born on November 27, 1947. French.

Number of Company shares owned: 1,000

Date of appointment to the Board of Directors: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

Philippe Houzé is Chairman of the Board of Directors of the Galeries Lafayette group, France's largest chain of department stores.

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.

With his sales and marketing expertise, Philippe Houzé 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 has succeeded in making Galeries Lafayette a créateur de désir with innovative collections, fashion items, refurbished stores and organised events.

Today his ambition is to make the Galeries Lafayette group a multi-channel, international specialist in fashion, beauty and homeware.

The Galeries Lafayette group, which was founded in Paris in 1894, has the novel aim of "making the good and the beautiful accessible to all". He is seen as a legendary symbol of French art de vivre by shoppers at home and abroad.

In 2015, Philippe Houzé received the "International Retailer of the Year" award on behalf of Galeries Lafayette from the National Retail Federation (NRF), the prestigious American Association of Retail bringing together key global players in the sector.

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 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 is continuing to support contemporary art and design. For example, he has been personally involved in the Centre Pompidou Mobile project, in which the Galeries Lafayette group is one of the main partners. He was also actively involved in ringing in the 30th anniversary of France's Regional Contemporary Art Funds (FRAC) in 2013.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Accounts Committee of Carrefour
- Member of the Appointments Committee of Carrefour
- Member of the Strategic Committee of Carrefour

Philippe Houzé

Positions held outside the Group in 2016

- Chairman of the Management Board of Galeries Lafayette
- Chairman of the INSEAD Board France
- Chairman of the Board of Novancia Business School
- 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 and Chairman of the Appointments and Compensation Committees of HSBC France - Listed company
- Director of Lafayette Anticipation-Fondation d'Entreprise Galeries Lafayette (Founding Committee)
- Member of the Supervisory Committee of BHV Exploitation (SAS)
- Director of INSEAD
- Member of the Union du Grand Commerce de Centre Ville (UCV)
- Elected member at the Chamber of Commerce and Industry of Paris and of Paris Île-de-France (CCIP)
- Member of the Founding Committee of Expofrance 2025
- Director of ESCP

Positions held from 2012 to 2015

- Director of Casino Guichard Perrachon (Expiry of term: 2012) – *Listed company*
- Director of HSBC Banque Plc (United Kingdom) (Expiry of term: 2012)
- Permanent representative of Monoprix SA on the Board of Directors of FIDECOM (Expiry of term: 2012)
- Chairman and Chief Executive Officer of Monoprix SA (Expiry of term: 2012)
- 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)
- Director of the National Retail Federation (NRF – United States) (Expiry of term 2013)
- Vice-Chairman of Fondation France INSEAD (Expiry of term: December 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 IDBYME SA (Expiry of term: 2015)
- Member of the Supervisory Committee of Bazar de l'Hôtel de Ville – B.H.V. (SAS) (Expiry of term: 2015)
- Observer of the Board of Directors of Carrefour (Expiry of term: 2015)

Diane Labruyère-Cuilleret

Independent member

Born on November 27, 1968. French.

Number of Company shares owned: 34,580

Date of appointment to the Board of Directors: June 18, 2012

Date of last renewal: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

A graduate of HEC Paris, UC Berkeley and the Fondaçao Getulio Vargas in São Paulo, Diane Labruyère-Cuilleret began her career in the French Development Agency managing agro-industrial projects in Portuguese-speaking Africa.

She was then recruited by the Paridoc central buying office, where she set up the Research and Marketing Department. In 1997 she joined Carrefour as Director of Purchasing and Product Marketing. In 2002, she founded the Institut Robin des Bois (Robin Hood Institute) in Geneva, a private foundation financing projects, primarily in Africa, in healthcare, education and microfinance. In 2007, she joined the family-run business – Labruyère & Eberlé – where she continues to expand its food distribution activities.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Appointments Committee of Carrefour
- Member of the CSR Committee of Carrefour

Positions held outside the Group in 2016

- Chair of the Institut Robin des Bois (Switzerland)
- Director of the Fondation Antenna Technologies (Switzerland)
- Deputy Chief Executive Officer of Groupe Labruyere & Eberlé

Positions held from 2012 to 2015

- Member of the Management Board of Labruyère & Eberle (Expiry of term: 2015)

Mathilde Lemoine

Independent member

Born on September 27, 1969. French.

Number of Company shares owned: 2,159

Date of appointment to the Board of Directors: May 20, 2011

Date of last renewal: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

With a Ph.D. in economics, Mathilde Lemoine is an economist, specialising in macroeconomic issues and international trade. She is currently Group Chief Economist of Edmond de Rothschild. She is also a Professor at Sciences Po and a member of the High Council of Public Finance (HCFP). She was also appointed to the Board of Directors of École Normale Supérieure (ENS).

Mathilde Lemoine started her career as a teacher and researcher and then as Economist and General Secretary of the *Observatoire Français des Conjonctures Économiques* (OFCE). She later became a member of several ministerial offices and in particular served as macroeconomics and tax advisor at Matignon (2005-2006). She was a *rapporteur* (external examiner) 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*. From 2006 to 2015 she was Director of Economic Studies and Markets Strategy at HSBC France and Senior Economist at HSBC Global Research.

Mathilde Lemoine has published numerous books and writes regularly on international macroeconomic issues, monetary policy and financial issues. She recently published work on the human capital investment, the mobility of employees and the link between skills and competitiveness. She is an editorialist for the weekly news magazines *L'Agefi Hebdo*, *Agefi* and *Challenges*. Her latest book is *Les grandes questions d'économie et de finance internationales* (published by Boeck, 3rd edition, 2016).

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Accounts Committee of Carrefour

Positions held outside the Group in 2016

- Member of the Executive Committee of HSBC France – *Listed company* (Expiry of term: January 5, 2016)
- Member of the Board of Directors of École Normale Supérieure
- Director of Institut Français des Relations Internationales (IFRI) (Expiry of term: September 8, 2016)

Positions held from 2012 to 2015

- N/A

Patricia Lemoine

Born on February 20, 1949. French.

Number of Company shares owned: 1,057

Date of appointment to the Board of Directors: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

After graduating from Institut d'études Politiques de Paris in 1970, Patricia Lemoine was admitted as an attorney in 1971 and practised between 1972 and 2014 with a focus on employment law, commercial law, intellectual property law and family law.

She also gave training in both civil and insurance law to employees of Assurances Générales de France (1977-1994) as well as in employment law at the University of Paris VIII's sociology department (1985-1992).

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the CSR Committee of Carrefour

Positions held outside the Group in 2016

- Chief Executive Officer of Motier (SAS)
- Member of the Supervisory Board of Galeries Lafayette (SA)
- Vice-Chairman of the Supervisory Committee of BHV Exploitation (SAS)
- Chairman of Grands Magasins Galeries Lafayette (SAS)
- Chairman of Immobilière du Marais (SAS)
- Director of Théâtre La Bruyère
- Member of the Supervisory Board of S2F Flexico
- Director of the French-American Foundation France
- Member of the Supervisory Board of Banque Transantlantique

Positions held from 2012 to 2015

- Vice-Chairman of the Supervisory Committee of Bazar de l'Hôtel de Ville – B.H.V. (SAS) (Expiry of term: 2015)
- Director of Comercial Flexico (Spain) (Expiry of term: 2012)
- Director of Minigrip Belgium (Belgium) (Expiry of term: 2012)

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Bertrand de Montesquiou

Independent member

Born on July 1, 1947. French.

Number of Company shares owned: 204,610

Date of appointment to the Board of Directors: June 18, 2012

Date of last renewal: June 11, 2015

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2017

Experience and expertise

Bertrand de Montesquiou graduated from École des Hautes Études Commerciales (HEC) business school in 1969. He continued his training at the Faculté des Lettres et Sciences Humaines in Nanterre and the University of Paris-Dauphine. From 1972 to 1980, he worked at the Paris Stock Exchange as Portfolio Manager for Roth le Gentil-Varangot, then for Sellier (for which he became proxy holder in 1976) and was certified as a professional stockbroker in 1977. In 1980, he joined the family-owned retail group Guyenne et Gascogne, Carrefour's partner in southwest France and Spain, as a Deputy to Executive Management. He was appointed Chief Executive Officer in 1983, Chairman and Chief Executive Officer in 1986 and Chairman of the Management Board in 1996. He was also Vice-Chairman and Chief Executive Officer of Sogara SAS and Vice-Chairman of Centros Comerciales Carrefour (Spain).

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Chairman of the Appointments Committee of Carrefour

Positions held outside the Group in 2016

- N/A

Positions held from 2012 to 2015

- Chairman of the Management Board of Guyenne et Gascogne (Expiry of term: 2012) – *Listed company*
- Vice-Chairman and Chief Executive Officer of Sogara SAS (Expiry of term: 2012)
- Vice-Chairman of Centros Comerciales Carrefour (Spain) (Expiry of term: 2012)

Amaury de Sèze

Senior Independent Director

Independent member

Born on May 7, 1946. French.

Number of Company shares owned: 12,500

Date of appointment to the Supervisory Board: April 20, 2005

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: April 15, 2014

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016

Experience and expertise

Amaury de Sèze began his career in 1968 with Bull General Electric. In 1978, he joined the Volvo Group, where he held the posts of Chief Executive Officer, Chairman-Chief Executive Officer of Volvo France, Chairman of Volvo Corporate Europe, member of the Executive Committee of the Volvo Group and member of the Strategic Committee of Renault Volvo. He joined the Paribas Group in 1993 as member of the Executive Board of Compagnie Financière de Paribas and Banque Paribas, in charge of equity holdings and industrial affairs, and then as Head of the Equity Holdings Division of BNP Paribas. He served as Chairman of PAI Partners from 1998 to December 2007.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Chairman of the CSR Committee of Carrefour

Positions held outside the Group in 2016

- Director of BW Group (Singapore)
- Director of Groupe Bruxelles Lambert (Belgium) – *Listed company*
- Director of Erbe SA (Belgium) – *Listed company*
- Director of Pargesa Holding SA (Switzerland) – *Listed company*
- Chairman of the Supervisory Board of PAI Partners SA
- Director of RM2 (Luxembourg)
- Member of the Supervisory Board of Publicis Groupe – *Listed company* (Expiry of term: June 2016)
- Director of Imerys SA – *Listed company* (Expiry of term: June 2016)

Positions held from 2012 to 2015

- Director of Thales SA (Expiry of term: 2013) – *Listed company*
- Vice-Chairman of Power Financial Corporation of Canada (Expiry of term: 2014) – *Listed company*

Anne-Claire Taittinger

Independent member

Born on November 3, 1949. French.

Number of Company shares owned: 3,901

Date of appointment to the Supervisory Board: April 20, 2005

Date of appointment to the Board of Directors: July 28, 2008

Date of last renewal: May 17, 2016

Term of office expires: Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2018

Experience and expertise

Anne-Claire Taittinger graduated from Institut d'Études Politiques de Paris, and holds a Master's degree in urban sociology and an advanced degree in urban development from Centre de Perfectionnement aux Affaires. She began her career in 1976 at Caisse des Dépôts et Consignations as Head of Urban Development Operations at Société Centrale d'Équipement du Territoire. She joined the Louvre group in 1979 as Corporate Secretary and then became Chair-CEO of the Compagnie Financière Deville. She later became Chair-CEO of Compagnie Financière Leblanc and of Elm-Leblanc, Deputy Chair-CEO of the Industrial Division of Deville, Chair-CEO of Parfums Annick Goutal France USA, and then of Baccarat. She became Chief Executive Officer and subsequently Chair of the Management Board of Société du Louvre in 1997. In 2002 she became Chair of the Executive Board of the Taittinger group and Chief Executive Officer of its subsidiary the Louvre group when the positions of Chair of the Board and Chief Executive Officer were separated. She left these positions in July 2006 after leading the project to sell the Taittinger group to an investment fund in 2005. In September 2006, Anne-Claire Taittinger became part of a pool of investors that acquired Champagne Taittinger.

Positions held within the Group in 2016

- Member of the Board of Directors of Carrefour
- Member of the Appointments Committee of Carrefour

Positions held outside the Group in 2016

- Chair of Le Riffray SAS
- Director and Chair of the Accounts Committee of Thales SA – *Listed company*

Positions held from 2012 to 2015

- Director and Chair of the Appointments, Compensation and Corporate Governance Committees of Club Méditerranée (Expiry of term: May 2015) – *Listed company*
- Director of Financités (Expiry of term: 2013)
- Director of IFA (Institut Français des Administrateurs) (Expiry of term: 2013)
- Member of the Supervisory Board of Planet Finance (Expiry of term: 2013)
- Chief Executive Officer of SAS DFT Immobilier SAS (Expiry of term: 2012)

3.2.2 Operation of the Board of Directors

Conditions under which the Board of Directors' work is prepared and organised

The Internal Rules of the Board of Directors 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, used as a reference by the Company.

The Internal Rules of the Board of Directors are divided into three chapters, concerning:

- the role, procedures and assessment of the Board of Directors as well as the Directors' compensation;
- the specialised committees of the Board of Directors, their standard rules and guidelines, their composition and their duties;
- the rights and responsibilities of Directors.

The Internal Rules of the Board of Directors thus serves to organise the work of the Board of Directors and its specialised committees, as well as describe the rights and responsibilities of the Directors with respect to corporate governance best practices set by the Board of Directors.

The Board of Directors approves the Company's business strategy and oversees its implementation. It examines and makes decisions on major transactions. The 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.

According to its Internal Rules, the Board of Directors' duties include:

- 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,
  - reviews and audits Company management and the fairness of its Financial Statements,
  - examines and approves the Financial Statements, establishes the agenda for Shareholders' Meetings, records its activities in the annual report and approves the various statutory and regulatory reports,
  - examines regulated agreements and commitments and gives prior approval,
  - ensures that high-quality financial information is provided to the shareholders and markets,
- 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 is provided to shareholders and investors;
- each year, on the recommendation of the Appointments Committee, drawing up the list of Directors qualified as independent, based on the corporate governance criteria set out in the AFEP-MEDEF code;
- examining the budget once a year.

The Board of Directors' work in 2016

The Board of Directors met six times, with an average attendance rate of 89%.

The Board of Directors reviewed the summaries prepared by the Accounts, Appointments, Compensation, CSR and Strategic Committees with respect to their work. The Board of Directors then focused its work on the following areas:

- *Financial management:*

  The Board of Directors approved the annual and half-yearly Company and Consolidated Financial Statements and related reports, after hearing from the Chairman of the Accounts Committee and the Statutory Auditors. The Board of Directors reviewed quarterly sales and related draft press releases and on May 17, 2016, it implemented the Company's new share buyback programme. The Board of Directors approved forecast management documents, renewed annual authorisations granted to the Chairman and Chief Executive Officer with regard to bond issues and guarantees, and also reviewed the Group's liquidity policy and commitments.

- *Shareholders' Meeting:*

  The Board of Directors approved the notice of meeting, the agenda, the draft resolutions, the Board of Directors' report to the Shareholders' Meeting of May 17, 2016, 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 agreement concluded during the financial year and conducted an annual review of the regulated agreements still valid during the year. It conducted an assessment of the Directors' independence, the terms of office renewed and new appointments made within the Board of Directors.

- *Follow-up on the Group's strategy and its activities:*

  The Board of Directors reviewed the strategic plan and the situation in the countries where the Group operates, and examined the initial public offering projects of Carmila and Atacadão in Brazil. It approved certain investment projects for the Group such as the acquisition of 36 compact hypermarkets as well as eight shopping malls and 22 service stations from the Eroski group in Spain. The acquisition of Rue du Commerce and of 86 Billa supermarkets in Romania was finalised.

- *Corporate governance:*

  The Board of Directors established the CSR and Strategic Committees and appointed Abilio Diniz as an Observer pending his appointment as a Company Director. It reviewed the composition of the specialised committees of the Board of Directors following the Shareholders' Meeting of May 17, 2016 and tasked the Appointments Committee with identifying potential new candidates to ensure that at least 40% of each gender is represented in accordance with Article L. 225-18-1 of the French commercial code, and with reviewing the procedures for appointing Directors representing employees to ensure that good corporate governance practices remain in place, particularly through the succession plan. The Board of Directors also organised an assessment of its procedures by an external firm.

- *Compensation of Company officers:*

  The Board of Directors determined the amount of the variable component of the Chairman and Chief Executive Officer's annual compensation and set the amount of his 2014/2015 long-term incentive plan after noting his fulfilment of the relevant performance objectives. The Board of Directors also set the performance objectives corresponding to his annual variable compensation for 2016 and his 2015/2016 long-term incentive plan. Furthermore, it determined the amount of the pension supplement of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers, noted the fulfilment of the performance conditions and set the performance conditions for 2016. It proposed that the Shareholders' Meeting of May 17, 2016 set the Directors' annual attendance fees at 1,135,000 euros and, lastly, decided to approve the performance share allocation plan for 950 Group employees.

- *CSR:*

  The Board of Directors discussed the Group's commitments with regard to the Climate & Energy Plan (2015-2025), the social aspect of the Group's CSR commitments as expressed through initiatives to promote gender equality and youth employment and to support employees with disabilities, and the presentation of Carrefour's risk analysis method and the connection with CSR and the ISO 26000 standard. In addition, it was presented information regarding the commitment to sustainable fishing, participation in the COP22, in-store CSR initiatives and investor communication on CSR issues.

- *Business activities:*

  The Board of Directors was informed about the economic and competitive climate, the market performance of the Carrefour share and financial rating issues.

Assessment

In accordance with its Internal Rules, the Board of Directors frequently assesses its procedures and its ability to fulfil 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 person's actual contribution to the work of the Board of Directors and its specialised committees.

As a result, the Board of Directors has to include an agenda item on its procedures once a year.

A formal assessment of the Board of Directors was carried out at the end of the 2016 financial year by an external consultant. 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 December 2013 assessment in order to identify potential improvements. The assessment involved inviting each Director to complete a questionnaire and attend an individual interview with the external consultant in order to obtain his opinion on the composition of the Board of Directors and its specialised committees, as well as the functioning of the Board of Directors and its culture and strategy. The analysis compared the Company with its market peers as well as CAC 40 companies.

The report was presented to the members of the Appointments Committee, and the Chairman of the Appointments Committee in turn presented the analysis of the results to the Board of Directors.

The experience and skills of each Director were deemed to be relevant and useful to the Board of Directors' discussions. The Board of Directors has the necessary skills at its disposal to successfully fulfil its strategic objectives. The Directors actively participate in Board of Directors' meetings.

In terms of opportunities for improvement, the Board of Directors must develop its digital technology skills and strengthen its international scope. In 2017, the Board of Directors will meet the quota established under French law (Article L. 225-18-1 of the French commercial code) whereby at least 40% of its members must be women.

After presenting the assessment report, the Board of Directors discussed its procedures and explored possible avenues for improvement and actions to take.

3.2.3 Board of Directors' specialised committees

The Board of Directors 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 activities, the Board of Directors' committees are as follows:

- the Accounts 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 of their term of office.

These specialised committees regularly report on their work to the Board of Directors and share with it their observations, opinions, proposals and recommendations.

The Chairman 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.

These specialised committees have not been set up to be delegated powers conferred to the Board of Directors according to legal provisions or the Articles of Association. The specialised committees have consultative power and conduct their activities under the responsibility of the Board of Directors, which alone has statutory decision-making power and remains collectively responsible for the fulfilment of its duties.

The Chairman of the Board of Directors is responsible for ensuring that the number, tasks, composition and operation of the specialised committees reflects the needs of the Board of Directors and best corporate governance practices at all times.

Each specialised committee is chaired by an Independent Director appointed from among its members, except for the Strategic Committee.

The secretary of each specialised committee is an individual selected by the Chairman of each committee.

These specialised committees meet, as often as necessary, on the invitation of their Chairman, or at the request of one-half of their members. They may call upon external experts as necessary. The specialised committee Chairman may ask the Chairman of the Board of Directors to interview any of the Group's senior executives regarding issues within the specialised committee's scope, as defined by the Internal Rules of the Board of Directors.

3.2.3.1 The Accounts Committee

The Accounts Committee meets at least four times per year.

Composition

The Accounts Committee is composed of members with financial or accounting expertise, 60% of whom qualify as Independent Directors.

As at December 31, 2016, the composition of the Accounts Committee was as follows:

- Chairman: Georges Ralli (Independent Director);
- Members: Nicolas Bazire, René Brillet (Independent Director), Philippe Houzé, Mathilde Lemoine (Independent Director).

Duties

The Accounts 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 reviews the Financial Statements and ensures 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 chosen to present material transactions; the time frame for publishing and reviewing the Financial Statements must be 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, 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. 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,
  - 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; as such, 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, for the 2017 financial year 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 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,
  - for the 2017 financial year, 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 Accounts Committee consults 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 Accounts 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 Accounts 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:
  - the Accounts Committee 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 protection measures taken in order to 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 Accounts 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 Accounts Committee may – if it deems appropriate and without any other members of the Company's Executive Management in attendance – interview the Group's financial and accounting managers as well as the internal audit and risk control managers. The Chairman of the Board of Directors must be informed of this in advance.

The Accounts committee may call on external experts as necessary.

Activity during the financial year

The Accounts Committee met six times, with an average attendance rate of 93%.

In the course of those six meetings, the following main topics were reviewed:

- in respect of the Financial Statements:
  - review of the draft Company and Consolidated Financial Statements for the financial year ended December 31, 2015 and the half-yearly Consolidated Financial Statements and related reports,
  - review of disputes and risks as part of the analysis of provisions,
  - hard-close procedures,
  - financial communication and investor relations,
  - review of the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information;
- in respect of internal control:
  - follow-up on the Group Internal Audit Department's tasks,
  - Group cash and cash equivalents,
  - control and monitoring of investment projects,
  - Group financial information systems and country-level accounting information systems;
- in respect of the Statutory Auditors:
  - the Statutory Auditors' audit approach,
  - audit reform.

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.

As at December 31, 2016, the composition of the Compensation Committee was as follows:

- Chairman: Thierry Breton (Independent Director);
- Members: René Brillet (Independent Director), Charles Edelstenne (Independent Director).

Duties

The Compensation Committee is responsible for formulating proposals on the various components of compensation paid to members of the Board of Directors (in particular with regard to the total amount of attendance fees and the allocation procedures) and to the Chairman and Chief Executive Officer.

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 subsidiaries 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 shares or new shares in accordance with the Shareholders' Meeting authorisations. It proposes the names of beneficiaries of the share allocations and any conditions particularly related to the length of vesting and holding periods and criteria for share allocations.

It is informed of the compensation policy for top executives who are not Company officers.

Activity during the financial year

The Compensation Committee met three times, with an attendance rate of 100%.

In the course of those three meetings, the following main topics were reviewed:

- components of the Chairman and Chief Executive Officer's compensation:
  - determination of the variable component for 2015,
  - determination of the long-term incentive plan,
  - determination of the amount of the pension supplement of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers;
- compensation of the Group's senior executives:
  - information on the compensation of the Deputy Chief Executive Officers,
  - information on the senior executives' compensation policy;
- Shareholders' Meeting:
  - authorisation procedure for regulated agreements and commitments,
  - resolution to authorise the Board of Directors to make a free allocation of existing or new shares,
  - implementation of a performance share plan for 2016,
  - approval of the Directors' annual attendance fees.

3.2.3.3 The Appointments Committee

The Appointments Committee meets as often as necessary.

Composition

A majority of the members of the Appointments Committee qualify as Independent Directors.

As at December 31, 2016, the composition of the Appointments Committee was as follows:

- Chairman: Bertrand de Montesquiou (Independent Director);
- Members: Nicolas Bazire, Philippe Houzé, Diane Labruyère-Cuilleret (Independent Director), Anne-Claire Taittinger (Independent Director).

Duties

The Appointments Committee reviews and formulates an opinion on any candidate 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 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.

The committee makes recommendations to the Board of Directors on the appointment of specialised committee members when they are up for reappointment.

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.

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.

Activity during the financial year

The Appointments Committee met three times, with an attendance rate of 100%.

In the course of those three meetings, the following main topics were reviewed:

- Shareholders' Meeting:
  - annual review of the qualification of Independent Directors,
  - review of the Chairman's report on corporate governance,
  - proposal to renew the terms of office of three Directors and to appoint Abilio Diniz and Nadra Moussalem as Directors;
- Board of Directors' specialised committees:
  - duties and composition of the CSR and Strategic Committees,
  - composition of the Board of Directors' committees;
- corporate governance:
  - appointment of an Observer,
  - changes in the composition of the Board of Directors,
  - external assessment of the procedures of the Board of Directors,
  - corporate governance and succession plan.

3.2.3.4 The CSR Committee

The CSR Committee meets as often as necessary.

Composition

As at December 31, 2016, the composition of the CSR Committee was as follows:

- Chairman: Amaury de Sèze (Independent Director);
- Members: Diane Labruyère-Cuilleret (Independent Director), Patricia Lemoine.

Duties

The CSR Committee:

- reviews the Group's CSR strategy and the rollout 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, 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.

Activity during the financial year

The CSR Committee met twice with an attendance rate of 100%.

In the course of those two meetings, the following main topics were reviewed:

- the presentation of the Group's risk analysis method in connection with CSR and the ISO 26000 standard;
- the Climate & Energy Plan (2015-2025);
- the social aspect of the Group's CSR commitments;
- the presentation of the approach to "sustainable fishing";
- participation in the COP22;
- in-store CSR initiatives;
- investor communication on CSR issues: the 2017 plan.

3.2.3.5 The Strategic Committee

The Strategic Committee meets as often as necessary.

Composition

As at December 31, 2016, the composition of the Strategic Committee was as follows:

- Chairman: Georges Plassat;
- Members: Nicolas Bazire, Abilio Diniz, Philippe Houzé, Georges Ralli (Independent Director).

Duties

The Strategic Committee prepares the Board of Director's work on the Group's strategic objectives and the key topics of interest, including:

- development priorities and opportunities for diversifying the Group's activities;
- strategic investments and significant partnership projects.

Activity during the financial year

The Strategic Committee met twice, with an attendance rate of 100%.

In the course of those two meetings, the following main topics were reviewed:

- the committee's duties and operating procedures;
- the situation in the countries in which the Group operates.

3.3 Executive Management

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 consolidated the duties of Chairman and Chief Executive Officer. The Board of Directors' decision to consolidate 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.

Georges Plassat has been the Company's Chairman and Chief Executive Officer since May 23, 2012. His term of office as Chairman and Chief Executive Officer was renewed by the Board of Directors on June 11, 2015.

Acting on the Chairman and Chief Executive Officer's proposal and following the recommendation of the Chairman of the Appointments Committee, on February 8, 2015, the Board of Directors appointed two Deputy Chief Executive Officers, Pierre-Jean Sivignon, Chief Financial Officer, and Jérôme Bédier, General Secretary.

Jérôme Bédier

Deputy Chief Executive Officer

Group General Secretary

Born on January 14, 1956. French.

Date of appointment as Deputy Chief Executive Officer: February 8, 2015

Experience and expertise

A graduate of École Nationale d'Administration (ENA), Jérôme Bédier held a variety of positions between 1980 and 1986, notably as Inspecteur des Finances and as Technical Advisor to the Minister of State for Commerce, Craft Industries and Services. From 1986 to 1991, he worked at the Ministry for Commerce and Craft Industries, first as Technical Advisor and subsequently as Director of Craft Industries. From 1991 to 1995, he was a Partner at Deloitte & Touche, with responsibility for developing new international consulting engagements. From 1995 to 2011, he served as Executive Chairman of Fédération des entreprises du Commerce et de la Distribution (FCD). At the same time, he served successively on the MEDEF Executive Council and MEDEF Bureau, while also holding the position of Vice-Chairman at Eurocommerce. In 2011, he joined Capgemini Consulting as Vice-Chairman in charge of development, with a focus on the mass market and retail industries.

Jérôme Bédier joined the Carrefour Group in May 2012 as General Secretary, and was appointed Deputy Chief Executive Officer on February 8, 2015. His responsibilities encompass the Legal, CSR, Public Relations, Internal Audit, International Partnership and Foundation Departments. He oversees the Group's operations in France, China and Taiwan.

Positions held within the Group in 2016

- Chairman of the Board of Directors of the Carrefour Foundation (*Fondation d'entreprise Carrefour*)
- Director of the Carrefour China Foundation for Food Safety (China)
- Director of Presicarre (Taiwan)
- Director of Carrefour Sabanci (*Listed company* – Turkey)
- Member of the Governance Committee of Carrefour Sabanci (*Listed company* – Turkey)
- Director of Market Pay
- Chairman of the Board of Directors of Market Pay (Expiry of term: June 2016)

Positions held outside the Group in 2016

- Director of Carmila
- Director of Société Nationale Immobilière – Groupe SNI
- Elected member at the Chamber of Commerce and Industry of Paris Île-de-France (CCIP)

Positions held from 2012 to 2015

- Director of Klépierre (Expiry of term: 2012) – *Listed company*

Pierre-Jean Sivignon

Deputy Chief Executive Officer

Group Chief Financial Officer

Born on December 21, 1956. French.

Date of appointment as Deputy Chief Executive Officer: February 8, 2015

Experience and expertise

A graduate of ESSEC, Pierre-Jean Sivignon began his career in 1979 with the audit firm Peat Marwick Mitchell. In 1982, he joined the Schlumberger group, where he held various positions in the Finance Department of the Dowell Schlumberger Oilfield Services Division (in Europe and Africa), then became General Manager of the Bank and Industry Division in Paris and, finally, Group Treasurer in Paris and New York. From 2001 to 2005, he was Chief Financial Officer and member of the Executive Committee of the Faurecia group based in Paris. Pierre-Jean Sivignon joined the Philips group in Amsterdam in May 2005, where he held the positions of Chief Financial Officer and member of the Executive Committee until March 2011.

In September 2011, he became Chief Financial Officer of the Carrefour Group and, on February 8, 2015, was appointed Deputy Chief Executive Officer. He supervises Financial Services, Spain, Italy, Brazil and Argentina.

Positions held within the Group in 2016

- Director of Carrefour Banque
- Director of Carrefour Italia (Italy)
- Representative of Inversiones Pryca, a Carrefour Group company, on the Board of Directors of Centros Comerciales Carrefour (Spain)
- Chairman of the Board of Directors of Carrefour Finance (Belgium)
- Chairman of the Supervisory Board of Carrefour Nederland BV (Netherlands)
- Vice-Chairman of the Board of Directors of Carrefour Sabanci (*Listed company* – Turkey)
- Vice-Chairman of the Board of Directors of Adana Gayrimenkul Gelistirme ve Isletme Anonim Sirketi (Turkey)
- Chairman of the Board of Directors of Atacadão SA (Brazil)
- Member of the Audit Committee and Human Resources Committee of Atacadão SA (Brazil)

Positions held outside the Group in 2016

- Independent Director of Technip – *Listed company* (Expiry of term: December 2016)
- Chairman of the Audit Committee of Technip – *Listed company* (Expiry of term: December 2016)

Positions held from 2012 to 2015

- Director of GS SPA (Italy) (Expiry of term: 2015)
- Director of Presicarre (Taiwan) (Expiry of term: 2015)
- Legal manager of Carrefour Property España S.L. (Spain) – (Expiry of term: 2014)
- Member of the Supervisory Board of Guyenne et Gascogne (Expiry of term: 2013)
- Director of Majid Al Futtaim Hypermarkets LLC (United Arab Emirates) – (Expiry of term: 2013)
- Member of the Supervisory Board of PT Carrefour Indonesia (Indonesia) – (Expiry of term: 2013)
- Director of Imérys (Expiry of term: 2013) – *Listed company*
- Chairman-Chief Executive Officer and Director of Cardety (Expiry of term: 2012) – *Listed company*
- Chairman of Carrefour Property France (Expiry of term: 2012)

Limitations of powers of the Chairman and Chief Executive Officer and Deputy Chief Executive Officers

By virtue of the Internal Rules of the Board of Directors, 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 Director's prior consent:

- investment and disposal 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, of an amount in excess of 250 million euros per investment or disposal 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, of an amount in excess of 2 billion euros, the Chairman and Chief Executive Officer being accountable to the Board of Directors for transactions below this amount;
- direct establishment of overseas sites by forming a company, a direct or indirect subsidiary, or by acquiring an interest, or deciding to withdraw 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 on the balance sheet, including brands, particularly the Carrefour brand and customer data;
- in the event of a dispute, any settlement or agreement in an amount greater than 100 million euros per case.

Deputy Chief Executive Officers are subject to the same limitations of powers as the Chairman and Chief Executive Officer.

3.4 Compensation and benefits granted to Company officers

3.4.1 Compensation of Directors

To take into account the appointment of an additional Director and the implementation of two new Board of Directors' Committees, the Shareholders' Meeting of May 17, 2016 set the annual budget for Directors' attendance fees at 1,135,000 euros, for the period from August 1, 2015 to July 31, 2016 and for subsequent periods.

The annual breakdown of these attendance fees is as follows:

- Chairman of the Board of Directors: 10,000 euros;
- Vice-Chairman of the Board of Directors: 40,000 euros;
- Senior Independent Director: 40,000 euros;
- Members of the Board of Directors: 45,000 euros;
- Chairman of the Accounts Committee: 30,000 euros;
- Chairman of the Compensation Committee, Chairman of the Appointments Committee, Chairman of the CRS Committee and Chairman of the Strategic Committee: 10,000 euros;
- Members of committees: 10,000 euros.

It being specified that:

- The total compensation of 45,000 euros for membership in the Board of Directors is comprised of a fixed portion of 35,000 euros and a variable portion of 10,000 euros based on the Director's frequency of attendance at Board of Directors' meetings;
- The total compensation of 10,000 euros for membership in one or more committees is based on the committee member's frequency of attendance at committee meetings.

The variable portion of the Directors' fees is paid in proportion to the number of Board of Directors' and/or committee meetings attended by the members (100% of the variable portion will be allocated for attendance at all meetings).

Directors' annual attendance fees are paid once per year, in July.

3

During 2015 and 2016, Directors received attendance fees in the following amounts excluding other compensation (except for the Chairman and Chief Executive Officer as described in Section 3.4.2 of this chapter):

in euros	**Amount paid during the 2015 financial year**	**Amount paid during the 2016 financial year**
Georges Plassat	51,666.66	65,000.00
Bernard Arnault	37,222.22	36,666.66
Thomas J. Barrack Jr	37,222.22	36,666.66
Nicolas Bazire	63,333.33	68,750.00
Jean-Laurent Bonnafé	39,444.44	41,666.64
Thierry Breton	63,888.88	65,000.00
René Brillet	65,000.00	63,750.00
Abilio Diniz	-	13,954.33
Charles Edelstenne	52,777.77	55,000.00
Philippe Houzé	9,334.85	70,000.00
Diane Labruyère-Cuilleret	55,000.00	65,000.00
Mathilde Lemoine	55,000.00	53,750.00
Patricia Lemoine	6,001.52	53,333.30
Bertrand de Montesquiou	65,000.00	65,000.00
Nadra Moussalem	-	8,954.33
Amaury de Sèze	85,000.00	105,000.00
Georges Ralli	103,958.89	130,000.00
Anne-Claire Taittinger	53,888.88	55,000.00
TOTAL	**843,739.67**	**1,052,491.92**

3.4.2 Compensation of the Chairman and Chief Executive Officer

The rules and principles used in determining the compensation and other benefits due or paid to the Chairman and Chief Executive Officer are approved by the Board of Directors on the recommendation of the Compensation Committee.

Annual compensation

The Chairman and Chief Executive Officer receives annual compensation comprising a fixed portion and a variable portion. For the 2016 financial year, the fixed portion of the annual compensation of the Chairman and Chief Executive Officer was set at 1,500,000 euros.

The annual variable compensation of the Chairman and Chief Executive Officer is based on the fulfilment of objectives and can vary between 0% and 165% of his annual fixed compensation, based on the achievement of objectives. The performance objectives are based, for 50% of his variable compensation, on achieving financial targets (with organic sales and recurring operating income each accounting for half) and, for the remaining 50%, on achieving individual qualitative objectives (quality of the Group's governance and CSR, with each of these objectives accounting for half).

The expected level of achievement of financial targets used to determine the variable portion of annual compensation is established precisely but is not disclosed for confidentiality purposes.

During its meeting on March 8, 2017, the Board of Directors decided to set the annual variable portion of the Chairman and Chief Executive Officer's compensation at 1,821,000 euros, given that the Group's dynamic growth targets determined by the Board of Directors were achieved. His variable compensation for 2016 amounted to 121.4% of his fixed compensation.

For the 2017 financial year, the Board of Directors decided to maintain the fixed portion of his annual compensation, at 1,500,000 euros, as well as the structure of the variable portion of his annual compensation.

Long-term incentive plan

On the recommendation of the Compensation Committee, the Board of Directors awarded to the Chairman and Chief Executive Officer on April 29, 2015 a long-term incentive plan in respect of the 2014/2015, 2015/2016 and 2016/2017 financial years. This incentive plan may include stock options, performance shares or a cash payout under the following terms and conditions:

- the long-term incentive plan can only represent up to a maximum of 45% of the gross target compensation;
- in order to benefit from the plan, two of the three qualitative performance conditions (CSR) and quantitative performance conditions (sales and recurring operating income) set by the Board of Directors must be more than 100% fulfilled for two consecutive years;
- in order to benefit from the plan, Georges Plassat must remain Chairman and Chief Executive Officer at the end of the financial years set out above.

In the event that the Chairman and Chief Executive Officer leaves the Company before the end of the time period set out for the fulfilment of the performance conditions, he will not receive any payment under the long-term incentive plan, except in the case of exceptional circumstances set out by the Board of Directors, in compliance with the provisions of the AFEP-MEDEF code.

No bonus shares or stock options were granted in the Group during the 2012, 2013, 2014 and 2015 financial years and the Chairman and Chief Executive Officer did not benefit from any long-term incentive plan in respect of these financial years.

In light of this, the Board of Directors put in place a long-term cash incentive plan in respect of the 2015 and 2016 financial years in accordance with the principles set out above.

During its meeting on March 8, 2017, the Board of Directors noted, on the recommendation of the Compensation Committee, that the conditions of the long-term incentive plan had been fulfilled in respect of the 2015 and 2016 financial years, and set the gross amount due under the plan at 3,252,000 euros. The long-term incentive plan in respect of the 2016 and 2017 financial years is being implemented in the form of a performance share plan in accordance with the terms and conditions described below.

Performance share plan

In accordance with the fourteenth resolution adopted by the Shareholders' Meeting of May 17, 2016, and based on the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on July 27, 2016 to approve a performance share plan for some 950 Group employees, comprising a maximum total of 1,950,000 shares (representing 0.26% of the share capital).

Under this plan, the Board of Directors decided, on the recommendation of the Compensation Committee, to grant a maximum total of 140,000 performance shares to the Chairman and Chief Executive Officer, Georges Plassat (representing 7.2% of the shares granted and 0.019% of the share capital).

The Board of Directors decided that these shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).

The shares will vest on the condition that, at the end of the vesting period, the beneficiary holds an executive position in which capacity he is covered by the general social security scheme in accordance with Article L.311-3 of the French social security code (Code de la sécurité sociale),unless he retires before the vesting date.

In accordance with the provisions of the French commercial code, the Chairman and Chief Executive Officer shall be required to retain 50% of his vested shares in registered form during his term of office.

Supplementary defined benefit pension plan

The Chairman and Chief Executive Officer is eligible to a supplementary defined benefit pension plan, as described in Article L. 137-11 of the French social security code *(Code de la sécurité sociale)* that has been offered within the Group since 2009 for the benefit of the Group's Executive Officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers, and some key Executive Officers).

However, at its meeting on June 11, 2015, on the recommendation of the Compensation Committee, the Board of Directors amended the characteristics of the supplementary defined benefit pension plan in advance of the compliance deadline for the requirement set out in Act no. 2015-990 of August 6, 2015. For example, the vesting conditions were amended by subjecting them, among other things, to the fulfilment of performance conditions and eliminating all recognition of years of service not corresponding to actual presence within the Group.

1. 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 ceilling 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.

2. Methods for determining the reference compensation

The reference compensation is the average of the gross annual compensation received within the Group over the last three calendar years preceding 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.

3. 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 Chairman and Chief Executive Officer within the Group in his capacity as an employee or an Executive Officer. It takes into account his entire length of service within the Group including under non-consecutive contracts.

4. 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 satisfied.

Each year, the Board of Directors determines the applicable performance conditions that correspond, barring exceptions, to satisfying at least 80% of the quantitative performance conditions. Satisfying these performance conditions triggers the payment of the 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 satisfied 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.

5. 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.

6. 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.

7. 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 March 8, 2017 and on the recommendation of the Compensation Committee, the Board of Directors noted that the applicable performance conditions triggering the payment of the Chairman and Chief Executive Officer's annual variable compensation, i.e. fulfilment of at least 80% of the quantitative performance conditions, had not been met in 2016.

For information, the estimated amount of the gross annual annuity at December 31, 2016 would have been 446,015 euros.

Termination payment

During its meetings on January 29 and February 8, 2012, the Board of Directors put in place a termination payment for the Chairman and Chief Executive Officer in the event of his departure before April 2, 2015.

During its meeting on April 29, 2015, the Board of Directors, on the recommendation of the Compensation Committee, expressed its intent to maintain the principle of a termination payment.

The Chairman and Chief Executive Officer's outstanding performance justified keeping in place this termination payment. Other factors were that he did not have any long-term incentive plan for 2012 and 2013 and he agreed to a non-compete clause in exchange for the termination payment.

The Board of Directors therefore considered that all of these reasons justified departing from the recommendations, excluding (i) the termination payment in the event of departure not related to a change of strategy or control and (ii) when the Chairman and Chief Executive Officer can start claiming his pension shortly after his departure. The AFEP-MEDEF recommendations only address termination payments and not non-compete commitments.

The Board of Directors noted that this termination payment is genuinely beneficial for the Company as the Chairman and Chief Executive Officer has a vested interest in the Company's performance and this prevents him from working for a competitor in a similar capacity for a period of 18 months following the termination of his duties.

Conditions for the award of the termination payment:

1. Performance conditions

The award of a termination payment is subject to the performance conditions pegged to achieving quantitative targets (sales growth and recurring operating income) and qualitative targets (CSR).

The Chairman and Chief Executive Officer will therefore receive a termination payment if, for at least half the financial years of his term of office as well as for two out of the three years prior to the termination of his duties as Chairman and Chief Executive Officer, he fulfils all the quantitative and qualitative targets set by the Board of Directors for determining his long-term incentive plan (over 100% of the targets achieved). If a long-term incentive plan was not in place for one of the financial years considered, only the fulfilment of the targets set by the Board of Directors for determining his annual variable compensation will be taken into account.

2. Reasons for departure

A termination payment will be awarded in the event that he terminates his duties as Chairman and Chief Executive Officer, for whatever reason, subject to the exceptions set out below.

No termination payment will be awarded to the Chairman and Chief Executive Officer in the event of:

- dismissal for gross negligence or wilful misconduct;
- change of position within the Carrefour Group.

Reaching the age limit set out in Carrefour's Articles of Association does not constitute an exception to the termination payment.

3. Non-compete obligation

The termination payment is contingent on the non-compete obligation that will come into effect when the Chairman and Chief Executive Officer terminates his duties as Chairman and Chief Executive Officer of Carrefour.

This obligation will last 18 months as from the time he leaves office. The purpose is to prohibit him from working for a competitor in a similar capacity within a number of specified businesses operating in the food distribution sector.

4. Amount of the termination payment

The amount of the termination payment is equal to the compensation received for one year (fixed and variable target compensation) excluding all other forms of compensation such as that paid under the long-term incentive plan.

5. Payment of the termination payment

In accordance with the provisions of Article L. 225-42-1 of the French commercial code, no payment can be made before the Board of Directors states that the above conditions have been fulfilled (at the time of or after the termination or the effective change of position of the Chairman and Chief Executive Officer).

Directors' annual attendance fees

The amount of Directors' annual attendance fees paid to the Chairman and Chief Executive Officer is described in Section 3.4.1 of this chapter.

Benefits in kind

The Chairman and Chief Executive Officer has a company car with a driver. The financial benefit is set at 3,976 euros (gross).

3.4.3 Compensation of the Deputy Chief Executive Officers

The Deputy Chief Executive Officers, Jérôme Bédier and Pierre-Jean Sivignon, have an employment contract under which they are compensated for their respective roles as General Secretary and Chief Financial Officer. They do not receive any compensation for their terms as Executive Officers. The rules and principles used in determining the compensation and other benefits that they receive are determined by the Chairman and Chief Executive Officer as part of the compensation policy for Executive Officers.

The Deputy Chief Executive Officers receive annual compensation comprising a fixed portion and a variable portion.

The annual variable compensation of the Deputy Chief Executive Officers is based on fulfilling objectives and can vary between 0% and 200% of their annual fixed compensation. The performance objectives are based, for 50% of their variable compensation, on achieving financial targets (with gross like-for-likes sales, recurring operating income, average basket and average ticket accounting for 30%, 50%, 10% and 10%, respectively) and, for the remaining 50%, on the achievement of qualitative objectives set by the Chairman and Chief Executive Officer.

In accordance with the fourteenth resolution adopted by the Shareholders' Meeting of May 17, 2016, and based on the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on July 27, 2016 to approve a performance share plan for some 950 Group employees, comprising a maximum total of 1,950,000 shares (representing 0.26% of the share capital). The Deputy Chief Executive Officers are beneficiaries of the plan in accordance with the terms and conditions described below.

The Deputy Chief Executive Officers are eligible to a supplementary defined benefit pension plan, as described in Article L. 137-11 of the French social security code, that has been offered within the Group since 2009 to the Group's Executive Officers (Chairman and Chief Executive Officer, Deputy Chief Executive Officers, and some key Executive Officers).

However, at its meeting on June 11, 2015, on the recommendation of the Compensation Committee, the Board of Directors amended the characteristics of the supplementary defined benefit pension plan in advance of the compliance deadline for the requirements set out in Act no. 2015-990 of August 6, 2015. For example, the vesting conditions were amended by subjecting them, among other things, to the fulfilment of performance conditions and eliminating all recognition of years of service not corresponding to actual presence within the Group.

Jérôme Bédier

Annual compensation

Jérôme Bédier receives annual compensation comprising a fixed portion and a variable portion.

For the 2016 financial year, Jérôme Bédier's fixed compensation was set at 600,000 euros (gross).

For the 2016 financial year, his variable compensation was set at 561,100 euros (gross).

For the 2017 financial year, Jérôme Bédier's fixed compensation is maintained at 600,000 euros. His variable compensation remains based on the fulfilment of objectives and can vary between 0% and 200% of his fixed compensation. The performance objectives are based, for 50% of his variable compensation, on achieving financial targets (with gross like-for-likes sales, recurring operating income, average basket and average ticket accounting for 30%, 50%, 10%, and 10%, respectively) and, for the remaining 50%, on the achievement of qualitative objectives set by the Chairman and Chief Executive Officer.

Performance share plan

In accordance with the fourteenth resolution adopted by the Shareholders' Meeting of May 17, 2016, and based on the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on July 27, 2016 to approve a performance share plan for some 950 Group employees, comprising a maximum total of 1,950,000 shares (representing 0.26% of the share capital).

Under this plan, the Board of Directors decided at its meeting on July 27, 2016, based on the recommendation of the Compensation Committee, to grant a maximum total of 50,000 performance shares to the Deputy Chief Executive Officer, Jérôme Bédier (representing 2.55% of the shares granted and 0.0065% of the share capital).

The Board of Directors decided that these shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).

In accordance with the provisions of the French commercial code, Jérôme Bédier shall be required to retain 50% of his vested shares in registered form during his entire term of office.

Supplementary defined benefit pension plan

Jérôme Bédier is eligible to the same pension plan as the Chairman and Chief Executive Officer. Section 3.4.2 of this chapter describes the characteristics of the scheme applicable to Jérôme Bédier (eligibility conditions, methods for determining the reference compensation, rate of accrual of pension rights, caps, charges and contributions paid by the Company, etc.).

In accordance with the procedure for regulated agreements under Articles L. 225-38 *et seq.* of the French commercial code, the Board of Directors authorised changes on June 11, 2015 to the terms and conditions of Jérôme Bédier's supplementary defined benefit pension plan and on May 17, 2016 the Shareholders' Meeting (fourth resolution) approved these agreements.

The Chairman and Chief Executive Officer noted that the applicable performance conditions for 2016 had not been met.

The estimated amount of the gross annual annuity at December 31, 2016 would have been 109,717 euros.

Benefits in kind

Jérôme Bédier has a company car. The financial benefit is set at 2,989 euros (gross).

Pierre-Jean Sivignon

Annual compensation

Pierre-Jean Sivignon receives annual compensation comprising a fixed portion and a variable portion.

For the 2016 financial year, Pierre-Jean Sivignon's fixed compensation was set at 800,000 euros (gross).

For the 2016 financial year, his variable compensation was set at 948,000 euros (gross).

For the 2017 financial year, the fixed compensation of Pierre-Jean Sivignon is maintained at 800,000 euros. His variable compensation remains based on the fulfilment of objectives and can vary between 0% and 200% of his fixed compensation. The performance objectives are based, for 50% of his variable compensation, on achieving financial targets (with gross like-for-likes sales, recurring operating income, average basket and average ticket accounting for 30%, 50%, 10%, and 10%, respectively) and, for the remaining 50%, on the achievement of qualitative objectives set by the Chairman and Chief Executive Officer.

Performance share plan

In accordance with the fourteenth resolution adopted by the Shareholders' Meeting of May 17, 2016, and based on the recommendation of the Compensation Committee, the Board of Directors decided at its meeting on July 27, 2016 to approve a performance share plan for some 950 Group employees, comprising a maximum total of 1,950,000 shares (representing 0.26% of the share capital).

Under this plan, the Board of Directors decided at its meeting on July 27, 2016, based on the recommendation of the Compensation Committee, to grant a maximum total of 50,000 performance shares to the Deputy Chief Executive Officer, Pierre-Jean Sivignon (representing 2.55% of the shares granted and 0.0065% of the share capital).

The Board of Directors decided that these shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).

In accordance with the provisions of the French commercial code, Pierre-Jean Sivignon shall be required to retain 50% of his vested shares in registered form during his entire term of office.

Supplementary defined benefit pension plan

Pierre-Jean Sivignon is eligible to the same pension plan as the Chairman and Chief Executive Officer. Section 3.4.2 of this chapter describes the characteristics of the scheme applicable to Pierre-Jean Sivignon (eligibility conditions, methods for determining the reference compensation, rate of accrual of pension rights, caps, charges and contributions paid by the Company, etc.).

In accordance with the procedure for regulated agreements under Articles L. 225-38 *et seq.* of the French commercial code, the Board of Directors authorised changes on June 11, 2015 to the terms and conditions of Pierre-Jean Sivignon's supplementary defined benefit pension plan and on May 17, 2016 the Shareholders' Meeting (fourth resolution) approved these agreements.

The Chairman and Chief Executive Officer noted that the applicable performance conditions for 2016 had not been met.

The estimated amount of the gross annual annuity at December 31, 2016 would have been 252,892 euros.

Benefits in kind

Pierre-Jean Sivignon has a company car. The financial benefit is set at 5,017 euros (gross).

3.4.4 Breakdown of compensation and benefits granted to Executive Officers

THE COMPENSATION, OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE OFFICER ARE AS FOLLOWS:

(in euros)	2015 financial year		2016 financial year	
	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year
Georges Plassat Chairman and Chief Executive Officer since May 23, 2012				
Fixed compensation	1,500,000	1,500,000	1,500,000	1,500,000
Variable compensation(1)	2,197,500	2,250,000	2,250,000	1,821,000
Long-term incentive plan	N/A	3,252,000*	N/A	3,252,000
Directors' annual attendance fees(2)	51,667	51,667	65,000	65,000
Benefits in kind (company car with driver)	3,976	3,976	3,976	3,976
Total	3,753,143	7,057,643	3,818,976	6,641,976

	2015 financial year	2016 financial year
Estimated value of options granted during the financial year	N/A	N/A
Estimated value of performance-based shares granted during the financial year(3)	N/A	3,092,600

(1) The variable compensation due for the year is paid in year Y+1.
(2) Period of the year (August 1 to July 31).
(3) It should be noted that this is an estimated value. The shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).
** Amount that will be paid in 2017 with respect to the long-term incentive plan for the 2014/2015 financial year.*
N/A: Not applicable.

(in euros)	2015 financial year		2016 financial year	
	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year
Jérôme Bédier Deputy Chief Executive Officer since February 8, 2015				
Fixed compensation	425,926	425,926	600,000	600,000
Variable compensation(1)	502,974	585,599	585,599	577,429
Group performance plan	232,887	N/A	N/A	N/A
Benefits in kind (company car)	2,989	2,989	2,989	2,989
Total	1,164,776	1,014,513	1,188,587	1,180,417

	2015 financial year	2016 financial year
Estimated value of options granted during the financial year	N/A	N/A
Estimated value of performance-based shares granted during the financial year(2)	N/A	1,104,500

(1) The variable compensation due for the year is paid in year Y+1. Variable compensation also includes incentives and profit-sharing.
(2) It should be noted that this is an estimated value. The shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).
N/A: Not applicable.

(in euros)	2015 financial year		2016 financial year	
	Amounts paid during the financial year	Amounts due for the financial year	Amounts paid during the financial year	Amounts due for the financial year
Pierre-Jean Sivignon Deputy Chief Executive Officer since February 8, 2015				
Fixed compensation	800,000	800,000	800,000	800,000
Variable compensation(1)	1,087,174	1,025,310	1,025,310	969,091
Group performance plan	465,773	N/A	N/A	N/A
Benefits in kind (company car)	5,017	5,017	5,017	5,017
Total	2,357,964	1,830,327	1,830,327	1,774,108

	2015 financial year	2016 financial year
Estimated value of options granted during the financial year	N/A	N/A
Estimated value of performance-based shares granted during the financial year(2)	N/A	1,104,500

(1) The variable compensation due for the year is paid in year Y+1. Variable compensation also includes incentives and profit-sharing.
(2) It should be noted that this is an estimated value. The shares shall only vest following a vesting period of three years beginning as from the allocation date. The number of shares that vest will depend on the achievement of three performance conditions: two conditions linked to financial performance, EBITDA growth (35%) and organic sales growth (35%), and a CSR-related condition (30%).
N/A: Not applicable.

DIRECTORS' ANNUAL ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE COMPANY OFFICERS

Table presented on page 117.

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

Name of Executive Officer	Plan date	Number of shares granted during the financial year	Pricing of shares according to the method used for the Consolidated Financial Statements	Vesting date	Date available for trading*	Performance conditions
Georges Plassat	07/27/2016	140,000	3,092,600	07/28/2019	07/28/2019	see information on the performance share plan
Pierre-Jean Sivignon	07/27/2016	50,000	1,104,500	07/28/2019	07/28/2019	see information on the performance share plan
Jérôme Bédier	07/27/2016	50,000	1,104,500	07/28/2019	07/28/2019	see information on the performance share plan

* *In accordance with the provisiions of the French commercial code, the three Executive Officers shall be required to retain 50% of their vested shares in registered form during their entire term of office.*

PERFORMANCE-BASED SHARES WHICH BECAME AVAILABLE DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE OFFICER

None.

HISTORICAL INFORMATION ON STOCK OPTION PLANS

Data as of December 31, 2016	Presence Option Plan 05/04/2010	Performance Option Plan 07/16/2010	Presence Option Plan 07/16/2010
Date as of the Shareholders' Meeting	05/04/2010	05/04/2010	05/04/2010
Date of the Board of Directors' Meeting	05/04/2010	07/16/2010	07/16/2010
Total number of shares which may be subscribed for or purchased, including the number which may be subscribed for or purchased by the Company officers:	60,000	1,439,017	1,941,610
Lars Olofsson		171,090	
Date from which options may be exercised	05/04/2012	07/17/2012	07/17/2012
Expiry date	05/03/2017	07/16/2012	07/16/2012
Subscription or purchase price	€32.84	€29.91	€29.91
Exercise procedure (when the plan has several phases)	50% after 2 years, 75% after 3 years, 100% after 4 years	50% after 2 years, 75% after 3 years, 100% after 4 years	50% after 2 years, 75% after 3 years, 100% after 4 years
Number of shares subscribed for as of December 31, 2016	0	37,639	121,437
Cumulative number of cancelled or forfeited stock options	60,000	929,962	468,389
Stock options outstanding at the end of the financial year	0	471,416	1,351,784

HISTORICAL INFORMATION ON THE PERFORMANCE SHARE PLAN

	Plan on 07/27/2016
Date of the Shareholders' Meeting	05/17/2016
Date of the Board of Directors' Meeting	07/27/2016
Total number of performance shares including those granted to:	1,947,550
Executive Officers:	240,000
Georges Plassat	140,000
Pierre-Jean Sivignon	50,000
Jérôme Bédier	50,000
Vesting date	07/28/2019
End of lock-up period*	07/28/2019
Performance conditions	(i) 35% growth in the Company's EBITDA over a three-year period (ii) 35% growth in the Company's organic sales over a three-year period (iii) 30% Corporate Social Responsibility (CSR) objective over a three-year period
Number of shares vested at December 31, 2016	0
Cumulative number of cancelled or forfeited performance shares	2,700
Performance shares outstanding at the end of the financial year	1,944,850

* *In accordance with the provisions of the French commercial code, the three Executive Officers shall be required to retain 50% of their vested shares in registered form during their entire term of office.*

MULTI-ANNUAL VARIABLE COMPENSATION OF EACH EXECUTIVE OFFICER

Name and position of the Executive Officer	Plan	2015 financial year	2016 financial year
Georges Plassat Chairman and Chief Executive Officer	2014-2015 long-term incentive plan	3,252,000	N/A
Georges Plassat Chairman and Chief Executive Officer	2015-2016 long-term incentive plan	N/A	3,252,000

	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to be due upon termination or a change in duties		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Georges Plassat: Chairman and Chief Executive Officer since May 23, 2012		X	X		X		X	
Pierre-Jean Sivignon: Deputy Chief Executive Officer since February 8, 2015	X		X			X	X	
Jérôme Bédier: Deputy Chief Executive Officer since February 8, 2015	X		X			X	X	

3.4.5 Transactions in the Company's shares carried out by Company officers

In accordance with Article 223-26 of the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF), we hereby inform you that the following transactions were carried out during the 2016 financial year by persons referred to in Article L. 621-18-2 of the French monetary and financial code (*Code monétaire et financier*):

- on January 15, 2016, Galfa, a legal entity linked to Patricia Lemoine and Philippe Houzé, Directors of the Company, purchased shares in the amount of 7,500,540 euros, *i.e.*, a unit price of 25.0018 euros;
- on January 18, 2016, Galfa, a legal entity linked to Patricia Lemoine and Philippe Houzé, Directors of the Company, purchased shares in the amount of 10,407,376 euros, *i.e.*, a unit price of 24.2032 euros;
- on January 28, 2016, Galfa, a legal entity linked to Patricia Lemoine and Philippe Houzé, Directors of the Company, purchased call options and sold put and call options to a financial institution for a maximum of 10,000,000 underlying shares;
- on March 23, 2016, Stanhore Trading Internacional SRL, a legal entity linked to Abilio Diniz, Observer, purchased shares in the amount of 524,831,197 euros *i.e.*, a unit price of 23.69 euros. This transaction was carried out *via* a structured financing arrangement with a bank (with a final maturity date of July 7, 2021) and, in this context, 30,754,124 Carrefour shares were pledged to the bank;
- on May 2, 2016, Groupe Arnault, a legal entity linked to Bernard Arnault, Director of the Company, set up a share sale agreement, with a unit price calculated based on the average of the opening prices listed on the Euronext Paris regulated market during the 20 trading sessions preceding the Company's Shareholders' Meeting on May 17, 2016;
- on May 3, 2016, Cervinia Europe, a legal entity linked to Bernard Arnault, Director of the Company, set up a share sale agreement, with a unit price calculated based on the average of the opening prices listed on the Euronext Paris regulated market during the 20 trading sessions preceding the Company's Shareholders' Meeting on May 17, 2016;
- on June 3, 2016, Abilio Diniz, Director of the Company, purchased shares in the amount of 24,110.30 euros, *i.e.*, a unit price of 24.1103 euros;
- on June 9, 2016, Groupe Arnault, a legal entity linked to Bernard Arnault, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 1,859,717.64 euros, *i.e.*, a unit price of 21.86 euros;
- on June 9, 2016, Cervinia Europe, a legal entity linked to Bernard Arnault, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 26,632,540.78 euros, *i.e.*, a unit price of 21.86 euros;
- on June 9, 2016, Bunt, a legal entity linked to Bernard Arnault, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 272,003.98 euros, *i.e.*, a unit price of 21.86 euros;
- on June 21, 2016, Stanhore International Trading SARL, a legal entity linked to Abilio Diniz, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 39,427,439.24 euros, *i.e.*, a unit price of 21.86 euros;
- on June 21, 2016, Energy Jet SRL, a legal entity linked to Abilio Diniz, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 716,330.34 euros, *i.e.*, a unit price of 21.86 euros;
- on June 21, 2016, Fundo de Investimento em Ações Aspen – Investiment, a legal entity linked to Abilio Diniz, Director of the Company, acquired shares by opting for the payment of the dividend in shares in the amount of 647,536.92 euros, *i.e.*, a unit price of 21.86 euros;
- on June 22, 2016, Stanhore International Trading SARL, a legal entity linked to Abilio Diniz, Director of the Company, disposed of 1,196,783 shares, without payment in exchange, under the structured financing arrangement set up on March 23, 2016 and other agreements covering related income;
- on June 23, 2016, Energy Jet SRL, a legal entity linked to Abilio Diniz, Director of the Company, sold shares in the amount of 767,479.47 euros, *i.e.*, a unit price of 23.4209 euros;
- on June 23, 2016, Stanhore International Trading SARL, a legal entity linked to Abilio Diniz, Director of the Company, sold shares in the following amounts:
  - transaction 1: 8,276,465.87 euros, *i.e.*, a unit price of 23.3393 euros,
  - transaction 2: 5,336,617.72 euros, *i.e.*, a unit price of 23.4243 euros,
  - transaction 3: 570,798.94 euros, *i.e.*, a unit price of 23.3819 euros;
- on June 23, 2016, Fundo de Investimento em Ações Aspen – Investiment, a legal entity linked to Abilio Diniz, Director of the Company, sold shares in the amount of 694,970.63 euros, *i.e.*, a unit price of 23.4613 euros;
- on June 24, 2016, Jérôme Bédier, Deputy Chief Executive Officer of the Company, purchased shares in the amount of 107,842 euros, *i.e.*, a unit price of 21.5684 euros;
- on June 27, 2016, Fundo de Investimento em Ações Aspen – Investiment, a legal entity linked to Abilio Diniz, Director of the Company, sold shares in the amount of 28,036,849.43 euros, *i.e.*, a unit price of 21.2158 euros;
- on June 27, 2016, Stanhore International Trading SARL, a legal entity linked to Abilio Diniz, Director of the Company, purchased shares in the following amounts:
  - transaction 1: 14,864,640 euros, *i.e.*, a unit price of 21.2352 euros,
  - transaction 2: 13,181,873.93 euros, *i.e.*, a unit price of 21.2095 euros;
- on December 15, 2016, Bunt, a legal entity linked to Bernard Arnault, Director of the Company, extended a financial agreement involving 24,999,996 call options acquired and 24,999,996 put options sold.

3.5 Risk management

In an uncertain, constantly changing environment, proactive risk management is an essential part of sustainable development for our business, and is an aim shared by all of our employees. This approach also enables the review of all processes within the Company and identification of opportunities and areas for improvement.

The risk management system implemented by the Group is primarily based on identifying and accounting for risk factors which may have a significant impact on its activities, its financial position and its image (3.5.1).

For the past several years, the Group has been committed to a coordinated risk management policy based on risk mapping, rules and communication of best practices, with a focus on prevention (3.5.2). The risk management system is also presented in the section entitled "Chairman's report on internal control and risk management procedures" starting on page 138 of this Registration Document.

As part of a regular analysis and review of insurable risks, the Group also implements solutions to transfer risks to the insurance market (3.5.3).

To manage difficult situations that may significantly impact its activities or its image, the Group has also developed a comprehensive crisis management system (3.5.4).

3.5.1 Risk factors

The principal risk factors identified by the Group are presented below, grouped into four categories: business environment, strategy and governance, operations, and financial.

3.5.1.1 Business environment

Political and social environment

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.

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 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 are suffering from social tension or political instability, leading the Group to carefully monitor these developing situations.

Economic environment and market volatility

The economic situation in countries where the Group operates may affect demand, spending levels and our customers' consumer habits. Such impacts are 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 products related to raw materials (agriculture, metals, fuel, energy costs, etc.) may also impact sales, costs and balance sheet values.

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 merchandise and general and administrative expenses. The Group pays close attention to the economic climate in certain emerging countries, and remains attentive regarding the circumstances in other countries.

Key economic indicators in countries where the Group operates are tracked monthly and are taken into account in both strategic planning and project evaluation. The Group may call upon a panel of experts as part of this oversight.

During the year, the Group carried out an analysis of the challenges it faces relating to its raw materials, focusing on the availability and volatility thereof.

Environment, pressure and regulatory changes

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 governing 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).

The local Legal Department in each country is responsible for monitoring regulations and taking them into consideration, under the coordination and supervision of the Group Legal Department. Focused on forward-planning and optimal allocation of resources, the Group Legal Department has also developed and implemented a legal risk mapping process, specifically taking into account the environment, pressure and regulatory developments.

The Group has taken note of the new European Union data protection regulation that has entered into force and which will be applicable as of May 2018 in all 28 EU member states.

Changes in the sector and the competitive environment

Highly exposed to changes in consumer behaviour in a world of changing technology, the mass retail sector is characterised by intense competition with saturated markets in Europe and relatively low margins. This drives constant rapid changes within the sector, which could impact the Group's operations and performance.

The changing competitive environment is monitored and addressed at country level, and handled at Group level by Executive Management, in an effort to foresee and identify growth opportunities or decisions to be made.

Natural disasters and climate change

In most countries where it operates, the Group may be exposed to natural disasters, with direct or indirect impacts on its activities, its assets and its employees, and entailing consequences for its financial position. In a context of climate change, uncertain meteorological conditions may also impact its operations, especially with regard to customer behaviour.

Since 2008, the Group has conducted extensive work to improve the management of natural risks in its operations, and in 2014 updated its risk mapping in order to develop knowledge, improve assessment, adapt 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 draft prevention fact sheets.

In order to fight against climate change, the Group is committed to implementing climate solutions in conjunction with its customers, suppliers and partners, as presented in Section 2.3.2.3 of Chapter 2 of the Registration Document on Corporate Social Responsibility. The Group is also taking action on the climate via several commitments made to coincide with the COP21 conference in 2015. It therefore intends to reduce its CO_2 emissions by 40% by 2025 and by 70% by 2050, compared to the base year of 2010.

Terrorism and crime

The mass retail sector 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.

Preventive and protection measures for each site are determined based on risk exposure, with a regular review of the systems and adjustments made based on the development of threats.

Events since 2015 have led the Group to revalidate and, where applicable, readjust the prevention and crisis management systems in several countries where it operates.

3.5.1.2 Strategy and governance

Strategy definition, adjustment and implementation

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.

As part of business tracking and key action plans, each country carries out extensive work in building strategy in conjunction with Executive Management. Objectives and commitments are regularly reviewed to ensure that resources are allocated in the best possible manner.

Compliance and fair practices

In an increasingly litigious world, with regulatory authorities having broad power, the failure to comply with regulations and contractual commitments, within the scope of the Group's operational activities and in its relations with its employees, can have a significant impact on the Group's financial performance and reputation.

As part of its preventive approach at the Group and country levels, the Group Legal Department creates and implements information and training programmes involving all employees concerned.

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. An ethics warning system can be used by Group employees wishing to bring to the Group's attention any situations or behaviour that do not comply with the Group's Ethics Principles. The Company's ethics system is presented in Section 2.1.3.4 of Chapter 2 of the Registration Document on Corporate Social Responsibility.

In particular, the Group has taken into account the Sapin II anti-corruption law adopted in France on November 8, 2016 as presented in Section 2.1.3.4 of Chapter 2 of the Registration Document on Corporate Social Responsibility.

The Group has established Group-wide rules, on accepting gifts and invitations, applicable to all employees. In addition, all employees involved in a purchasing process are required to sign a statement of independence each year, the purpose of which is to reduce and, where applicable, address conflicts of interests.

Corporate social responsibility

Looking beyond regulatory compliance, given consumers' growing concerns about responsible and sustainable retailing and the nature and reality of commitments, CSR policies and actions may impact the Group's reputation and its financial performance.

For a number of years, the Group has maintained a proactive and committed CSR policy, described in detail in Chapter 2 of the Registration Document on Corporate Social Responsibility, with a wide range of concrete actions, and the involvement in a decentralised organisation based on the principle of subsidiarity of each country in which the Group operates. Assessment of environmental, labour and societal risks provides essential input when developing and updating the Group's CSR approach.

Environment

In the scope of its activities, the Group may be exposed to a wide range of environmental risks (water, air and ground pollution, noise pollution or visual pollution) mainly with respect to its large number of operated sites.

While environmental regulations are tightening in many countries and consumers are becoming increasingly aware of the need to protect the environment, certain activities and processes are particularly sensitive (waste treatment, recycling of own-brand product packaging, consumption of refrigerants and energy, explosive atmospheres, service stations, alternative transport, etc.) and particular attention is paid to natural resource management (water, fish stocks, wood, etc.).

Environmental protection and preservation is naturally 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, such as for risks related to service stations. All actions intended to reduce the environmental footprint of our business activities are presented in Chapter 2 of the Registration Document on Corporate Social Responsibility.

Assessment of environmental risk aims to improve our knowledge and understanding of the challenges and to enable the Group to better address risks in order to protect its business and employees.

Disputes/litigation

In the scope of its normal activities, the Group is involved in various legal and administrative proceedings and is subject to administrative audits, whose outcomes are uncertain with potentially significant impacts on its financial position or reputation. The Group's potential exposure to any significant litigation is described in Note 9.2 of the Consolidated Financial Statements.

The Legal Department manages and oversees 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 period-end.

To the Group's knowledge, other than the proceedings described in Note 9.2 of the Consolidated Financial Statements, there are no other ongoing governmental, judicial 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.

3.5.1.3 Operations

Relevance and performance of economic and business models

In a highly competitive environment with very unstable markets, the relevance of economic and business models and their rapid adjustment to changing consumption habits and patterns, as well as efficient and effective purchasing, can have a significant impact on the Group's operational and financial performance, in terms of the structure and design of such models and the ability to deploy them in-store.

Adapting business models to customer expectations is a major challenge for the development and design teams, using a forward-looking approach and constant monitoring. All factors and effects that may have an impact on the preparation of economic models are carefully monitored and subject to numerous pre-deployment tests.

On January 4, 2016, the Group announced the finalisation of its acquisition of all of the share capital of Rue du Commerce from Altarea Cogedim. This acquisition is a further step in the Group's rollout of its omni-channel approach in France, to better serve its customers in stores and online.

On May 17, 2016, BNP Paribas and the Group announced the development of an application that will enable customers to pay for their purchases with their mobile phones, regardless of their bank or bank card, while still claiming standard loyalty benefits. This electronic payment solution will be open to all retailers. Connected shopping opens up opportunities to create a new type of relationship with customers, with greater emphasis on personalisation, mobility, simplicity, accessibility and usefulness. BNP Paribas and the Group share the same determination to develop a rigorous basis for this new customer experience, especially as regards security and data protection.

The Group has rolled out innovative concepts in certain countries: in France, bulk bins containing 400 self-service products; in Spain, a new dry grocery layout dubbed *La Despensa*; in Italy, cluster supermarkets to step up customisation; and in Belgium, beer cellars.

Operational and financial control of growth and expansion

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.

All of these factors are considered in the proposals analysed by the country-level Financial Departments, in connection with the Development Department and, where applicable, with the Carrefour Property teams. The most significant proposals are reviewed and approved by the Group Investment Committee (CIG).

Partnerships and franchising

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 with the Group's standards and values.

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 and the Graphic Charter. The documents are periodically updated, and franchise advisers offer support for their implementation through regular visits to partners and franchisees.

Some Group projects are carried out through equity-accounted companies, where the Group's level of influence and control and its ability to manage risk may be limited.

Control of the supply chain

In an interdependent global market with a large number of suppliers and increased cross-docking in both traditional retailing and e-commerce, the performance of logistics processes and continuity of supply to the Group's consolidated and franchised stores, as well as the delivery of customer e-commerce orders, are essential to customer satisfaction and the achievement of operational and financial targets. The risks are greater in emerging markets and multinationals have a growing responsibility for their supply chains.

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.

Over a number of years, the Group has developed expertise which ensures 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 France, the Group has implemented a back office simplification plan (PSBO) and upgraded the IT architecture "Phenix", with the respective aims of simplifying information systems by rolling out its supermarket IT system in its hypermarkets (simpler ordering, inventory management, pricing verification, deliveries, real-time inventories, possibility to reserve products through e-commerce channels, better in-store margin control, etc.) and optimising data management and usage (360° vision of products, customers, inventory and real-time information, and large-scale data analysis for improved customer relationship management).

The Group has also launched the Caravelle project in France with the aim of achieving a multi-format food supply chain, revising logistics barycentres in each region and revamping its non-food model. The project will enable the Group to reduce distances between distribution centres and stores, share delivery fleets and optimise routes and truck loads. Other expected benefits of the project include lower inventory levels because of a reduced number of stocking locations and improved in-store service rates.

Under a transformation plan under way in China, six new distribution centres have been opened, procurement departments will be reorganised and e-commerce services in Shanghai and Beijing will be ramped up following the opening of Chengdu operations in August 2016.

Product quality, compliance and safety

Ensuring product safety and complying with health standards in stores is a major issue which can significantly impact reputation and financial performance, and which may in some cases result in liability for the Group.

The Group Quality Department has developed a number of standards and tools 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 significant employee training programme and regularly communicates with customers about food safety.

In addition, the system includes a procedure for the rapid withdrawal of any potentially dangerous product from inventory.

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 Registration Document on Corporate Social Responsibility.

Safety of people and property

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.

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 property security at all Group sites by using human, technical and organisational resources appropriate to the risks.

Coordinated by Executive Management, each country has an organisation to report information quickly in the event of an incident and deploy the appropriate resources.

Human resource management

As the largest private employer in many countries where the Group operates, the retail profession is based on human relations and employee engagement. 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.

As a responsible employer, the Group is implementing a major initiative adapted to these human resources challenges, presented in Chapter 2 of the Registration Document on Corporate Social Responsibility.

Continuity, integrity and confidentiality of information systems

Given that 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, weakness in these systems could noticeably disrupt operations. This could result in significant 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 also a challenge, especially the protection of employee and customer data.

The Group is implementing a number of measures to ensure continuity of operations and the protection of sensitive data.

The Group Information Systems Department handles the development and consistency of all computer applications within the Group, as part of a coordinated effort to promote synergies while taking a forward-looking approach to incorporating technological developments.

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.

Set up in 2013, the Group Data Security Committee manages the Group's data protection system, which involves all employees in information security. It uses as a reference the Group's information security policy, which sets out the rules applicable to all Group entities.

Control and valuation of assets

Under the responsibility and coordination of the Executive Director for Assets, Development and New Ventures, who is also in charge of all Carrefour Property activities, each country implements an asset control and valuation policy which is tailored to its strategy.

Site quality and control of the Group's assets are key factors for competitiveness and success. This involves determining and maintaining an optimal level of property holdings, while remaining attentive 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 property and financial market drivers.

With a significant portion of stores operated under commercial leases, the Group's inability to renew them under favourable terms could impact performance. The same applies to inefficient or sub-optimal management of tenant relations at sites owned by the Group.

For asset acquisitions or disposals, the cost of some acquisitions may require significant financial resources, particularly external financing which the Group cannot guarantee will be obtained under satisfactory conditions. In addition, 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.

Under the responsibility of the Group Legal Department, the Group pursues an active asset protection policy, which includes: filing trademarks, designs and models, and patents to ensure exclusive rights to its creations; centralised ownership of the Carrefour banner and Carrefour's flagship own-brand products; extensive surveillance of digital channels including social networks; partners' compliance with the Graphic Charter; and the legal defence of its rights to protect itself from counterfeiting and usurpation.

In order to regain control of distribution centres (which are key real estate assets) and control the real estate corresponding to some of its distribution centres, the Group has created Cargo, a real estate company dedicated to the Group's supply chain in France. The new subsidiary is 32%-owned by the Group alongside co-investors and holds around one-third of Carrefour's distribution centres. The Group manages and is the sole tenant of Cargo, which will enable the Group to be more involved in the control of its distribution centres and to have a greater say in the development of its facilities.

3.5.1.4 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 12.6 of 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. The Corporate Treasury and Financing Department based in Brussels manages the treasury and financing needs of all retail subsidiaries, on the instructions of Group Executive Management. 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.

Liquidity risk

A schedule of borrowings by maturity and detailed information on liquidity risk appear in Note 12.6 of 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.

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. Since 2007, the loan agreements for the EMTN programme include a soft change of control clause that would be triggered in the event that a change of control led to Carrefour losing its investment grade rating. In this case, the notes would not become immediately repayable but the interest rate would increase;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with *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, 2016, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros.

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 and default clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. They do not include any rating trigger, although they do allow for the pricing grid to be adjusted up or down to reflect changes in the long-term credit rating. None of the agreements contains a material adverse change clause.

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 four years and one month.

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.

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 period performed by comparing static forecasts of committed financing facilities with dynamic lending forecasts;
- gradually 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. During 2016, Carrefour Banque carried out a new bond issue to support the financing and development of its businesses (Note 5.5.2 of the Consolidated Financial Statements).

The master trust structure allows Carrefour Banque to dynamically manage asset-backed securities series issued by the securitisation fund. Within this structure, the 400 million-euro series was renewed for a two-year period, from June 2015.

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, one of which was exercised during the year, extending the facility's maturity to November 2020. The Group therefore retains an option to extend it by another year.

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. Detailed information on interest-rate risk appears in Note 12.6 of the Consolidated Financial Statements.

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 foreign-exchange risk appears in Note 12.6 of the Consolidated Financial Statements.

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.

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.

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 2016 compared with those for 2015 reduced consolidated net sales by 2,407 million euros or 3.1% and recurring operating income by 16 million euros or 0.7%.

Lastly, when financing is arranged locally, it is generally denominated in local currency.

Credit risk

1) Trade receivables

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates) 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, 2016, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,342 million euros (Note 5.4.3 of the Consolidated Financial Statements). At that date, past due receivables amounted to a net 122 million euros, of which 23 million euros were over 90 days past due (1.7% of total trade receivables net of impairment, excluding receivables from suppliers). No additional 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.

Equity risk

Equity risk corresponds to the potential impact of changes in the Carrefour share price on its share-based payment commitments and on treasury stock.

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

From time to time, the Group buys back its shares on the market or purchases call options on its shares, mainly in connection with its performance share or stock option plans. The frequency and size of these purchases depend on the share price.

At December 31, 2016, shares and options held directly or indirectly by the Group covered its total commitments under outstanding performance share and stock option plans.

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.

Quality of financial management, budgets and reporting

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 its results.

3.5.1.5 Financial services

Financial services distribute consumer credit, savings products, insurance products and payment services, 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 fight money laundering and terrorism financing.

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.

Credit risk

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 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.

Detailed information on the Group's exposure to credit risk appears in Note 12.6 of the Consolidated Financial Statements.

3.5.2 Risk prevention

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.

Risk management within the Group is decentralised at the level of the Country Executive Directors, who are tasked with identifying, analysing and handling the main risks with which they are faced.

They are supported in this by the Group Risks & Compliance Department, which coordinates the deployment of a guidance and mapping tool for major risks, while mapping operational risks and developing tools deployed in the countries.

The Group Risks & Compliance Department also worked on country-by-country mapping of health risks, natural risks, risks of crime and terrorism and legal risks, while conducting studies on emerging risks and supporting certain Operational Departments. It also supports the Purchasing Departments in their knowledge and evaluation of supplier risk.

In operational terms, the Group Risks & Compliance Department coordinates and leads a network of Security/Risk Prevention Directors present in all Group countries.

During 2011, Carrefour communicated 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 prevention policy relies on risk mapping, loss analysis and identification of emerging risks as part of its ongoing oversight 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.

3.5.3 Insurance

For the past several years, the Group's insurance strategy has focused on providing the best possible protection for people and assets.

3.5.3.1 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 collaboration 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 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 and civil liability through its captive re-insurance company. The results of this captive company are consolidated in the Group 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.

3.5.3.2 Information concerning the main insurance programmes

The following information is provided for information purposes only in order to illustrate the scope of action in 2016. 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 consequent 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 cases where 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.

3.5.4 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 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 a Country Executive Board, 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 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.

3.6 Internal control and risk management procedure

3.6.1 Internal control and risk management system

Introduction

Responsibility for the set-up, maintenance and steering of internal control and risk management procedures across the Group 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 April 12, 2017 on the recommendation of the Accounts Committee.

Applicable reference framework

The Carrefour Group's internal control and risk management system is based on the reference framework of the French financial markets authority (*Autorité des marchés financiers* – AMF), updated on July 22, 2010. This section has been prepared in accordance with Article L. 225-37, paragraph 5 of the French commercial code.

Scope

The internal control and risk management 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.

3.6.1.1 Definition and objectives of the internal control and risk management 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 utilisation 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 objectives 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 functioning correctly, particularly those contributing to the security of assets;
- that financial information is reliable.

The risk management system comprises 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.

The risk management system has several objectives as it is used by the Group as a management tool that helps to:

- create and preserve the Group's value, assets and reputation;
- increase the security of the Group's decision-making and procedures to promote the achievement of objectives;
- ensure that initiatives are consistent with the Group's values;
- mobilise Group employees to adopt a shared vision of the main risks and raise their awareness of the risks inherent in their business.

By helping to prevent and control the risks that may prevent the Group from achieving its objectives, the internal control and risk management 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 and risk management system cannot fully guarantee that the Group's objectives will be achieved. There are inherent limitations in all internal control and risk management 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.

3.6.1.2 Components of the internal control and risk management system

A. Decentralised organisation

Customers lie at the heart of everything the Carrefour Group undertakes. 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 the Group's organisation. The internal control and risk management system is based on this organisational principle:

- the Group's Executive Management sets the reference framework for the Group's internal control and risk management system. Its role is to coordinate, lead, and continuously supervise internal control and risk management systems;
- at country level, each Country Executive Management team adopts and implements the internal control and risk management principles.

The Group has set up a formal control environment using various procedures and control measures, with for example a system of Group rules, 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 rule system 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;
- Ethics Principles are distributed to every Group employee. Their purpose is to establish the ethical framework within which all employees must conduct their activities on a day-to-day basis;
- 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 legal entity; 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.

B. The internal control system

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 Group has established a Group regulatory framework to cover the main risks to its assets. Implementation of this framework is mandatory for all countries;
- the Country Executive Management teams 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's regulatory framework.

C. The risk management system

The risk management system implemented by the Group relies primarily on identifying, analysing and addressing significant 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.

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.

The Country Executive Management teams, with the support of the Group Risks & Compliance Department, are responsible for risk management within the Group.

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 adoption and implementation of risk management principles is delegated to the Country Executive Management teams, which are responsible for identifying, analysing and addressing the main risks they face.

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 assessment and mapping tool for major risks and developing operational risk mapping.

Twenty-three risk factors have been identified by the Group and are presented in the management report. These factors cover five themes: the business environment, strategy and governance, operations, financial risks and financial services.

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 an interview with the Group Risks & Compliance Department.

The Group Risks & Compliance Department also implemented country-based risk mapping taking into account external sources, health risks, natural risks, risks of crime and terrorism and legal risks, while conducting studies on certain emerging risks and supporting certain Operational Departments. It also supports the Purchasing Departments in expanding their knowledge and evaluation of supplier risk.

In operational terms, the Group Risks & Compliance Department coordinates and leads a network of Security/Risk Prevention Directors present in all Group countries. Since 2011, a Risk Prevention Charter has defined 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 throughout the countries where the Group does business;

- 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 its ongoing oversight and specific studies.

The Group Risks & Compliance Department prepares a consolidated annual report on the risk prevention function at Group level, with comparisons between management and performance indicators for the function in each country, in terms of loss, workforce, resources and action plans.

An alarm and crisis management system is set up by each Country Executive Director through a formalised crisis management organisation that deals with the major scenarios likely to affect the continuity of operations.

In October 2016, the Group's Executive Management published the Ethics Principles whose purpose is to establish the ethical framework within which all Group employees must conduct their activities on a day-to-day basis. An ethical alarm system gives Group employees the option to be alerted of situations or behaviour that conflict with the Group's Ethics Principles.

Lastly, for the past several years, the Group's insurance strategy has focused on providing the best possible protection for people and property.

The Group's insurance strategy is primarily based on identifying insurable risks through a regular review of existing and emerging risks, in close collaboration with operational managers, the various Carrefour Group Departments involved and external specialists.

The Group's Insurance Department is responsible for covering insurable risks for the entities when national legislation permits it. It is in charge of the subscription and centralised management of insurance policies.

D. Control activities covering these risks

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's regulatory framework is aimed at covering asset risks and include:

- 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;
- contractual obligation, compliance and communication 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 of the internal controllers ensures that control activities are methodologically consistent and that risks are comprehensively covered throughout all processes.

Details of internal control procedures relating to the preparation and processing of accounting and financial information for the Company and Consolidated Financial Statements are provided on page 143 of this section.

E. Guidance and monitoring of the internal control and risk management 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 and risk management 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, internal country controllers and the Group Internal Audit Department:

- managers and operatives check that the internal control and risk management system is functioning correctly, identify the main risk incidents, draw up action plans and ensure that the internal control and risk management system is appropriate in view of the Group's objectives;
- the internal country controllers periodically check that control activities are being properly implemented and that they are effective against risks;
- the Group Internal Audit Department provides the Country Executive Management teams, the Accounts Committee and the Group's Executive Management with the findings of their engagement and their recommendations.

Furthermore, the Statutory Auditors also 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 activity 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 and risk management system involve the monitoring, by the internal country 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 supervision and guidance system, the Country Executive Director signs a letter of affirmation on the internal control and risk management system, confirming his or her appropriation of and responsibility for internal control and risk management in terms of reporting and correcting deficiencies.

The Group's Executive Management supervises the internal control and risk management system in particular by reviewing the minutes of meetings of the following bodies and departments:

- the Ethics Committee;
- the Group Investment Committee;
- the IT Request Management Committee;
- financial committees that guide the Group's financial policy;
- the Information Systems Governance Department;
- the Group Internal Audit Department;
- the Group Risks & Compliance Department;
- any other ad hoc committee meeting convened according to the needs identified by the Group's Executive Management.

Lastly, the Accounts Committee established by the Board of Directors monitors the effectiveness of the internal control and risk management systems. Its duties are described in more detail in Section 3.6.1.3 of this report.

F. Dissemination of Group standards and procedures

The Group ensures that relevant and reliable information is disseminated and conveyed to the individuals 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.

Similarly, the countries make sure to relay relevant, reliable information to the individuals concerned so that they can perform their duties in accordance with Group standards and procedures.

3.6.1.3 Entities and individuals involved in internal control and risk management

A. At Group level

The Group's Executive Management is responsible for the internal control and risk management system. It is also tasked with designing, implementing and supervising the internal control and risk management 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 and risk management 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,
  - risk management that may be reflected in the accounts and have an impact on the Financial Statements,
  - 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;
- the **Group Risks & Compliance Department** is responsible for:
  - identifying, analysing, evaluating and addressing risks within the Group, in support of the Country Executive Directors,
  - managing risks associated with the safety and security of property and people,
  - leading the Group ethics system,
  - 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 CRS Department** is responsible for:
  - ensuring Carrefour suppliers uphold human rights,

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- 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 audit 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 the International Federation for Human Rights (*Fédération internationale des ligues des droits de l'homme* – FIDH),
- raising awareness among suppliers and sourcing teams and providing them with training;

- 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 employee relations,
    - 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 Governance Department** is responsible for:
  - establishing the information systems security policy within the Group; the information systems aim to respond to needs and satisfy 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 the financial information as well as the essential characteristics of the internal control and risk management systems communicated in a timely manner by the Accounts Committee and the Group's Executive Management.

The role of the **Accounts 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 chosen 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;
- examine the risks and material off-balance sheet commitments, assess the significance of any malfunctions or failings of which it is informed and notify the Board of Directors thereof; as such, 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;
- regularly review 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.

B. At country level

The **Country Executive Director** is responsible for setting up, running and supervising the internal control and risk management system at country level. The country internal controllers support the Country Executive Director by:

- helping to define the country internal control and risk management 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.

3.6.2 Data relating to internal accounting and financial control

During 2016, the Group continued to enhance its accounting and financial internal control system by boosting the role of the Functional Departments, introducing the Corporate Rules and deploying a new consolidation and reporting tool.

3.6.2.1 General organisational principles of internal accounting and financial control

Internal accounting and financial control aims to ensure:

- the compliance of reported accounting information with the applicable rules (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 country, 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 Consolidation and Reporting 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 Consolidation and Reporting Department checks the country-level consolidated reporting packages at each monthly closing. If need be, corrections are made by the countries on the reporting packages. In addition, inspections are conducted in each country at least twice a year.

Impairment testing of goodwill is handled by the Group Consolidation Department based on projections prepared by the countries in relation to the strategic plan, which is updated every year. The Group Consolidation Department also obtains and reviews impairment tests performed by the countries on property and equipment.

3.6.2.2 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 Consolidation and Reporting Department and a Performance Analysis Department:
  - the Consolidation and Reporting 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 aggregates and analyses both prospective and retrospective management reports. It requests explanations from the country-level Finance Departments and/or the regional Finance Departments, and alerts 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 network and are led by the Group Finance Department, particularly through the sharing of information on a collaborative platform.

The Group Executive Director – Finance 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 per year, before each yearly and half-yearly closing. They are defined by the Standards Department, which forms part of the Group Consolidation and Reporting Department, and are presented to the Statutory Auditors. Material changes, additions or deletions are presented to the Accounts Committee.

An updated version is available to all members of the Finance and Management network on the collaborative platform.

The IFRS accounting principles applicable to Carrefour are incumbent upon the country-level Finance Departments. If necessary, country-level Finance Departments consult the Group Consolidation and Reporting Department, which alone can provide interpretations and clarifications.

A meeting of country-level Finance Directors is held once per year, where they discuss new changes to the IFRS accounting principles applicable to Carrefour and any problems with application that have been encountered since the last meeting.

The Standards Director, who reports to the Consolidation and Reporting 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

In recent years, the Group has standardised 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.

Each country implements tools to address its specific consolidation needs. 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 requirements as all security 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 Consolidation and Reporting Department's nine-person 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 Group team. Consolidation has occurred on a monthly basis since 2015 (quarterly previously). Only the half-yearly and annual Consolidated Financial Statements are subject to a third-party review or audit 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 have had access to a benchmark for expected controls during the production of accounting and financial information and the consolidation process. The Consolidation and Reporting Department checks for consistency and performs a reconciliation and analysis at the close of each month.

The main options and accounting estimates are subject to review by the Group Consolidation and Reporting Department and the country-level Finance Directors, including during meetings for account closing options, organised before account closings at Group and country level in cooperation with external auditors.

Between account closings, country visits by the Consolidation and Reporting 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 Consolidation and Reporting Department in late May to anticipate, as far in advance as possible, any potentially sensitive subjects relating to the half-year closing.

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 annual closing. 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 Accounts Committee reviews the annual and half-yearly financial statements and the findings of the Statutory Auditors' team concerning their work.

Accordingly, the Accounts Committee meets regularly and as necessary so that it can 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 controls.

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 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 Accounts Committee. When significant shortcomings are detected in a country's internal control system, the committee is given a quarterly presentation of changes to action plans.

At each closing, 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.

3.6.2.3 Control over financial communications

Role and purpose of financial communications

The objective of financial communications is to provide information:

- on a continuous basis: quality information must be provided regularly over time. This is essential to the Group's credibility and to ensuring shareholder loyalty;
- that conveys a clear, consistent message: communications must allow investors to gain a precise, accurate understanding of the Company's value and management's capacity to boost value even further. Investors must be properly informed in order to make decisions;
- while maintaining the principle of shareholder equality with regard to information: any financial information that might have an impact on market prices must be made public *via* a single, centralised source at Group level.

Organisation of financial communications

Financial announcements address a diverse audience, primarily comprised of institutional investors, individuals and employees, *via* four channels:

- the Shareholder Relations Department is responsible for informing the general public (individual shareholders);
- the Investor Relations Department, the Deputy Chief Executive Officers and the Chairman and Chief Executive Officer are the sole contacts for analysts and institutional investors;
- the Human Resources Department, with support from the Communications Department, manages information intended for employees;
- the Communications Department manages press relations.

In practice, financial messages are prepared through close collaboration between the Finance and Communications Departments.

They are delivered as required by law (Shareholders' Meeting) and according to the AMF's regulations (periodic publications, press releases). Furthermore, beyond its legal obligations, Carrefour employs a wide array of media for its financial communications. The Group may utilise the press, the Internet, direct telephone contact, individual meetings and special forums.

Procedures for controlling financial communications

The Finance 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 Finance Department, and the Group Communications Department.

The segregation of roles and responsibilities allows for strict independence between managers, sensitive departments (*e.g.*, mergers and acquisitions) and the Financial Communications Department.

Financial communications policy

The Finance Department defines and implements the policy on disclosing financial results to the markets. The Carrefour Group discloses its sales each quarter, and reports all of its results on a half-yearly basis. Each disclosure is first presented to the Board of Directors.

In contrast to previous years, at the beginning of the 2016 financial year the Group did not issue guidance on its recurring operating income target. However, throughout the financial year the Finance Department checks that the recurring operating income target provided by the analyst consensus remains achievable and, where applicable, issues a revision when budget forecasts reveal a significant discrepancy.

3.7 Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French commercial code on the report of the Chairman of the Board of Directors

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year-ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Carrefour S.A., and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French commercial code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and providing the other disclosures required by Article L. 225-37 of the French commercial code, particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you our observations on the information contained in the Chairman's report regarding the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French commercial code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report regarding the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have identified in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information regarding the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board, in accordance with Article L. 225-37 of the French commercial code.

Other disclosures

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by Article L. 225-37 of the French commercial code.

The Statutory Auditors

Courbevoie, Paris-La Défense and Neuilly-sur-Seine, April 18, 2017

French original signed by

MAZARS	KPMG SA	DELOITTE & ASSOCIÉS
David Chaudat	Patrick-Hubert Petit Caroline Bruno-Diaz	Arnaud De Planta Stéphane Rimbeuf

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Management's discussion and analysis as of December 31, 2016

4.1 Consolidated sales and earnings performance

4.1.1 Main earnings indicators

(in millions of euros)	2016	2015	% change	% change at constant exchange rates
Net sales	76,645	76,945	(0.4%)	2.7%
Gross margin from recurring operations	17,985	18,019	(0.2%)	3.5%
in % of net sales	*23.5%*	*23.4%*		
Sales, general and administrative expenses and amortisation	(15,634)	(15,574)	0.4%	4.6%
Recurring operating income	2,351	2,445	(3.8%)	(3.2%)
Recurring operating income after net income from companies accounted for by the equity method	2,315	2,489	(7.0%)	(6.7%)
Non-recurring operating income and expenses, net	(372)	(257)	N/A	N/A
Finance costs and other financial income and expenses, net	(515)	(515)	(0.1%)	9.9%
Income tax expense	(494)	(597)	(17.3%)	(13.0%)
Net income from continuing operations - Group share	786	977	(19.5%)	(28.6%)
Net income from discontinued operations - Group share	(40)	4		
Net income - Group share	746	980		
Free cash flow (including non-recurring items)	603	687		
Net debt at December 31, 2016	4,531	4,546		

2016 was another year of growth for Carrefour. Sales rose at constant exchange rates, reflecting growth in most countries as well as the relevance of the Group's predominantly food-based multi-format model:

- sales were up 2.7% at constant exchange rates, reflecting a solid performance from the food business in all countries, robust sales growth in Brazil, and continued strong momentum in Europe (excluding France);
- recurring operating income totalled 2,351 million euros, down 3.2% at constant exchange rates, reflecting a decline in France and Asia in contrast to a rise in recurring operating income in Europe (excluding France) and in Latin America;
- non-recurring operating income and expenses represented a net expense of 372 million euros, mainly reflecting the impact of the tax on retail space in France (TaSCom) in respect of 2015 and transformation plans under way in some of the Group's host countries;
- finance costs and other financial income and expenses, net amounted to 515 million euros, which was stable compared with the 2015 figure;
- income tax expense amounted to 494 million euros, representing an improved effective tax rate of 34.6% compared with 2015;
- net income from continuing operations – Group share came in at 786 million euros, compared with 977 million euros in 2015;
- the net loss from discontinued operations totalled 40 million euros;
- taking into account all of these items, the Group ended the year with net income – Group share of 746 million euros, versus 980 million euros in 2015;
- free cash flow[1] came to 603 million euros, versus 687 million euros in 2015. Excluding supply chain investments of 249 million euros, free cash flow amounted to 852 million euros.

(1) Free cash flow is defined as the difference between funds generated by operations (before net interest costs), change in working capital requirement and capital expenditure.

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)	2016	2015	% change	% change at constant exchange rates
France	35,877	36,272	(1.1%)	(1.1%)
Rest of Europe	20,085	19,724	1.8%	2.3%
Latin America	14,507	14,290	1.5%	16.0%
Asia	6,176	6,659	(7.3%)	(3.6%)
TOTAL	**76,645**	**76,945**	**(0.4%)**	**2.7%**

Carrefour reported a fifth consecutive year of sales growth in 2016, with the net figure up 2.7% at constant exchange rates. Performance was driven by Europe (excluding France) and Latin America, where sales rose by 2.3% and 16.0%, respectively.

Performance by region can be explained as follows:

- in France, sales retreated slightly year on year;
- sales in Europe (excluding France) were up compared with 2015, chiefly driven by gains in Spain, Romania and Poland;
- in Latin America, sales continued to grow rapidly, rising by 16.0% at constant exchange rates. However, due to the extremely negative currency effect, the increase at current exchange rates was just 1.5%;
- in Asia, sales were down 3.6% at constant exchange rates.

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Net sales by region – contribution to the consolidated total

(in %)	2016[1]	2015
France	45.4%	47.1%
Rest of Europe	25.5%	25.6%
Latin America	21.0%	18.6%
Asia	8.1%	8.7%
TOTAL	**100.0%**	**100.0%**

(1) At constant exchange rates.

At constant exchange rates, the contribution of emerging markets (Latin America and Asia) to consolidated net sales continued to rise, representing 29% in 2016, versus 27% in 2015.

Recurring operating income by region

(in millions of euros)	2016	2015	% change	% change at constant exchange rates
France	1,031	1,191	(13.4%)	(13.4%)
Rest of Europe	712	567	25.5%	25.7%
Latin America	711	705	0.9%	3.7%
Asia	(58)	13	(558.3%)	(600.9%)
Global functions	(45)	(31)	45.7%	45.3%
TOTAL	**2,351**	**2,445**	**(3.8%)**	**(3.2%)**

Despite increases in Europe (excluding France) and Latin America, recurring operating income fell by 3.2% at constant exchange rates, to 2,351 million euros, equivalent to 3.1% of sales.

The decrease reflected:

- sales growth of 2.7%;
- a stable gross margin from recurring operations, representing 23.5% of sales versus 23.4% in 2015;
- changes in sales, general and administrative expenses and depreciation and amortisation, which represented 20.4% of net sales compared with 20.2% in 2015.

In France, 2016 recurring operating income totalled 1,031 million euros (2.9% of sales). In a challenging competitive environment, the Group continued to roll out its multi-format and omni-channel strategy, completing the conversion of Dia stores and the integration of Rue du Commerce.

In Europe (excluding France), recurring operating income rose 25.7% to 712 million euros at constant exchange rates. Operating margin[1] advanced by 70 points to 3.5% of sales. This sound performance was driven to a large extent by the continued recovery in Spain as well as improved profitability in Italy and Poland on the back of several years of constant innovation in these two countries.

In Latin America, recurring operating income came in at 711 million euros (up 3.7% at constant exchange rates) and represented 4.9% of sales (in line with 2015). Brazil turned in a strong performance, which included a sharp increase in profitability, highlighting the solidity of Carrefour's multi-format model in the country. Tough macroeconomic conditions in Argentina, marked by soaring inflation, continued to put pressure on the country's profitability.

In Asia, the recurring operating loss came to 58 million euros. As anticipated, strong growth in recurring operating income in Taiwan failed to offset losses in China. However, the development of our model in the country began to have a positive impact on sales towards the end of the second half.

Depreciation and amortisation

Depreciation and amortisation amounted to 1,487 million euros in 2016. At 1.9% of sales, the ratio was stable compared with 2015.

Net loss of equity-accounted companies

The net loss of equity-accounted companies totalled 36 million euros, versus net income of 44 million euros in 2015. This was mainly a result of non-recurring losses incurred by our partner in Turkey.

(1) Ratio of recurring operating income to sales.

Non-recurring income and expenses, net

Non-recurring income and expenses correspond to certain material items that are unusual in terms of their nature and frequency, such as 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 year.

Non-recurring items represented a net expense of 372 million euros in 2016.

The detailed breakdown is as follows:

(in millions of euros)	2016	2015
Net gains on sales of assets	39	64
Restructuring costs	(154)	(237)
Other non-recurring items	(127)	31
Non-recurring income and expenses, net before asset impairments and write-offs	**(242)**	**(142)**
Asset impairments and write-offs	(130)	(115)
Impairments and write-offs of goodwill	*(5)*	*(2)*
Impairments and write-offs of tangible and intangible assets	*(125)*	*(113)*
NON-RECURRING INCOME AND EXPENSES, NET	**(372)**	**(257)**

In 2016, gains on disposals of assets primarily related to sales of various individually non-material assets. In 2015, gains on disposals of assets mainly concerned assets sold to an associate, Carmila.

Restructuring costs concerned plans to streamline operating structures in several of the Group's countries. As in 2015, the expense recognised in 2016 notably includes the impact of integrating the Dia France stores acquired in late 2014, as well as costs relating to the overhaul of supply chains in France.

In 2016, impairment losses of 85 million euros (2015: 41 million euros) were recognised against property and equipment to take account of the difficulties experienced by certain stores, particularly in China. In addition, 33 million euros' worth of assets were written off during the year (2015: 61 million euros).

Other non-recurring income and expenses mainly comprise a 106 million-euro expense relating to the tax on retail space in France (TaSCom), which resulted from a change in the accounting treatment of said tax.

A description of non-recurring income and expenses is provided in Note 5.3 to the Consolidated Financial Statements.

Operating income

The Group ended the year with operating income of 1,943 million euros, versus 2,232 million euros in 2015.

Finance costs and other financial income and expenses, net

Finance costs and other financial income and expenses represented a net expense of 515 million euros, representing 0.7% of sales as in 2015.

(in millions of euros)	2016	2015
Finance costs, net	(377)	(347)
Other financial income and expenses, net	(138)	(168)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(515)**	**(515)**

Finance costs, net rose by 29 million euros to 377 million euros. The increase was chiefly attributable to the rise in interest costs on borrowings in Latin America, offset by a reduction in the average interest rate on the Group's bond debt following the retirement of existing issues and their replacement with a lower-rate issue (750 million euros at 0.75% in April 2016).

Other financial income and expenses represented a net expense of 138 million euros, compared with a net expense of 168 million euros in 2015.

Income tax expense

Income taxes amounted to 494 million euros in 2016, compared with 597 million euros the year before. The effective tax rate was 34.6% (34.8% in 2015).

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to 148 million euros, versus 143 million euros in 2015.

Net income from continuing operations – Group share

The Group reported net income from continuing operations of 786 million euros in 2016, compared with 977 million euros in 2015.

Net loss from discontinued operations – Group share

In 2016, the net loss from discontinued operations amounted to 40 million euros, corresponding mainly to the loss generated by Dia stores sold during the year or in the process of being sold at the year-end, which were accounted for in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations.*

In 2015, net income from discontinued operations amounted to 4 million euros, corresponding mainly to the final settlement of litigation dating back to prior years, less the loss generated by Dia stores sold during the year or in the process of being sold at the year-end.

4.2 Group financial position

4.2.1 Shareholders' equity

At December 31, 2016, shareholders' equity stood at 12,008 million euros, compared with 10,672 million euros at the previous year-end.

The 1,336 million euro increase reflected:

- net income for the year of 894 million euros;
- other comprehensive income of 258 million euros;
- changes in capital and premiums for 443 million euros, corresponding mainly to the portion of Cargo Property Holding's share capital subscribed by third-party investors (including uncalled capital);
- dividends paid in an amount of 247 million euros, of which 121 million euros paid to Carrefour shareholders and 126 million euros to non-controlling shareholders of subsidiaries.

4.2.2 Net debt

Net debt was reduced by 15 million euros to 4,531 million euros at December 31, 2016 from 4,546 million euros at December 31, 2015.

Net debt breaks down as follows:

(in millions of euros)	2016	2015
Bonds	6,962	6,884
Other borrowings	690	345
Commercial paper	0	0
Finance lease liabilities	322	351
Total borrowings before derivative instruments recorded in liabilities	7,974	7,580
Derivative instruments recorded in liabilities	101	49
Total long- and short-term borrowings (1)	8,075	7,629
Of which, long-term borrowings	*6,200*	*6,662*
Of which, short-term borrowings	*1,875*	*966*
Other current financial assets	239	358
Cash and cash equivalents	3,305	2,724
Total current financial assets (2)	3,544	3,083
NET DEBT = (1) - (2)	**4,531**	**4,546**

Long- and short-term borrowings (excluding derivatives) mature at different dates, through 2025 for the longest tranche of bond debt, leading to balanced repayment obligations in the coming years, as shown below:

(in millions of euros)	2016	2015
Due within one year	1,774	921
Due in 1 to 2 years	333	1,306
Due in 2 to 5 years	3,221	2,447
Due beyond 5 years	2,646	2,905
TOTAL	7,974	7,580

At December 31, 2016, the Group had access to 3.9 billion euros in committed syndicated lines of credit with no drawing restrictions expiring in 2019 and 2022, underpinning its liquidity position.

Cash and cash equivalents totalled 3,305 million euros at December 31, 2016, compared with 2,724 million euros at December 31, 2015, representing an increase of 581 million euros.

4.2.3 Cash flows for the year and cash and cash equivalents at December 31, 2016

Net debt was reduced by 15 million euros over the year, after falling by 408 million euros in 2015. The decrease is analysed in the simplified statement of cash flows presented below:

(in millions of euros)	2016	2015
Cash flow from operations	2,964	2,733
Change in trade working capital requirement	614	224
Change in other receivables and payables	(160)	52
Change in consumer credit granted by the financial services companies	(103)	(195)
Investments	(2,749)	(2,378)
Change in amounts due to suppliers of fixed assets	(70)	137
Other	107	113
Free cash flow	603	687
Acquisitions of subsidiaries and investments in associates	(187)	(50)
Purchases and disposals without change in control	(40)	208
Cash dividends/reinvested dividends	48	(474)
Finance costs, net	(377)	(347)
Other	(33)	385
Decrease/(Increase) in net debt	15	408

Free cash flow stood at 603 million euros in 2016, compared with 687 million euros in 2015, after taking into account the increase in cash flow from operating activities in an amount of 231 million euros and the change in trade working capital requirement in an amount of 390 million euros.

Cash flows used in operating activities primarily reflected the ongoing asset renovation programme and capital expenditure to modernise and develop the store network. The amount included the ongoing asset renovation programme and capital expenditure to modernise and develop the store network, as well as initial investments made by Cargo Property, the new real estate subsidiary dedicated to logistics.

4.2.4 Financing and liquid 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. Since 2007, the loan agreements for the EMTN programme include a soft change of control clause that would be triggered in the event that a change of control led to Carrefour losing its investment grade rating. In this case, the notes would not become immediately repayable but the interest rate would increase;
- 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, 2016, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. 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 and default clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. They do not, however, include any rating trigger, although the pricing grid may be adjusted up or down to reflect changes in the long-term credit rating. None of the agreements contains a material adverse change clause.

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 four years and one month.

At December 31, 2016, Carrefour was rated BBB+/A-2 with a stable outlook by S&P.

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 Outlook for 2017

Driven by 50 years of expertise, unrivalled knowledge of the fresh and organic produce segment, and its command of the entire production chain, **Carrefour is asserting itself as the world's leading food retailer**.

As the world's most multi-format retailer, and thanks to a portfolio of countries handpicked for their market momentum, Carrefour continues to invest in expansion in order to be closer to its customers. In 2017, new store openings in all formats, particularly local convenience stores, will continue at a rapid pace.

In all countries, Carrefour will continue to develop its **e-commerce business, designed as a standalone format**, enabling the Group to both increase sales and boost its non-food and services offering.

The omni-channel approach, based on a better understanding of our customers as a result of data analysis, will enable Carrefour to increase the average basket along with store **traffic.**

Carrefour is fostering a culture of innovation in its headquarters and stores by continuously innovating in concepts, products, services and formats.

Thanks to **improved operating efficiency and strict financial discipline**, Carrefour is building a model that is resolutely oriented towards creating value.

4.4 Other information

4.4.1 Accounting principles

The accounting and calculation methods used to prepare the 2016 Consolidated Financial Statements are the same as those used for the 2015 Consolidated Financial Statements, except for the following standards, amendments and interpretations, which were applicable as of January 1, 2016:

- IFRS Annual Improvements 2010-2012 Cycle;
- Amendments to IAS 19 – *Defined Benefit Plans: Employee Contributions*;
- Amendments to IFRS 11 – *Accounting for Acquisitions of Interests in Joint Operations*;
- Amendments to IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation*;
- IFRS Annual Improvements 2012-2014 Cycle;
- Amendments to IAS 1 – *Disclosure Initiative*.

Application of these amendments had no material impact on the Group's published Consolidated Financial Statements.

The Group decided not to early adopt the following standards, amendments and interpretations that were not applicable as of January 1, 2016:

- Adopted for use in the European Union:
  - IFRS 9 – *Financial Instruments* (applicable in annual periods beginning on or after January 1, 2018);
  - IFRS 15 – *Revenues from Contracts with Customers* (applicable in annual periods beginning on or after January 1, 2018).
- Not yet adopted for use in the European Union:
  - IFRS 16 – *Leases* (applicable according to the IASB in annual periods beginning on or after January 1, 2019);
  - Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses* (applicable according to the IASB in annual periods beginning on or after January 1, 2017);
  - Amendments to IAS 7 – *Disclosure Initiative* (applicable according to the IASB in annual periods beginning on or after January 1, 2017);
  - Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date postponed by the IASB indefinitely);
  - Amendments to IFRS 15 – *Clarifications to IFRS 15 Revenue from Contracts with Customers* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
  - Amendments to IFRS 2 – *Classification and Measurement of Share-Based Payment Transactions* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
  - Amendments to IFRS 4 – *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
  - Amendments to IAS 40 – *Transfers of Investment Property* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
  - IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
  - IFRS Annual Improvements 2014-2016 Cycle.

The possible impact on the Consolidated Financial Statements of applying these new and amended standards is currently being assessed.

Details of the new and amended standards and interpretations, including those not yet adopted for use in the European Union, are provided in Note 1.2 to the Consolidated Financial Statements, "Changes of method".

4.4.2 Significant events of the period

Securing the Group's long-term financing

On April 19, 2016, the Group carried out a new 750-million euro 8-year 0.75% bond issue due June 2024. The issue's settlement date was April 26, 2016.

The issue consolidated the Group's long-term financing, extended the average maturity of its bond debt (from 4.06 years to 4.25 years at April 19, 2016) and further reduced its borrowing costs.

2015 dividend reinvestment option

At the Annual General meeting held on May 17, 2016, the shareholders decided to set the 2015 dividend at 0.70 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 21.86 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 General meeting, less the net amount of the dividend of 0.70 euros per share and rounded up to the nearest euro cent.

The option period was open from May 23 to June 10, 2016. At the end of this period, shareholders owning 76.34% of Carrefour's shares had elected to reinvest their 2015 dividends.

June 21, 2016 was set as the date for:

- settlement/delivery of the 17,764,360 new shares corresponding to reinvested dividends, representing a total capital increase of 388 million euros (the aggregate par value of the new shares for 44 million euros and premiums for 344 million euros);
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 121 million euros.

Acquisition of Rue du Commerce

On August 24, 2015, Carrefour announced that it was in exclusive negotiations with Altarea Cogedim for the acquisition of 100% of the shares of Rue du Commerce, a major player in the non-food e-commerce market in France.

The acquisition was completed in January 2016 after employee representatives at Rue du Commerce had been consulted and the necessary approvals had been obtained from the competition authorities.

It represents another step in the rollout of Carrefour's omni-channel strategy in France for the benefit of its customers both in stores and online.

Acquisition of Billa Romania

On December 22, 2015, Carrefour announced that an agreement had been signed with the Rewe Group for the acquisition of Billa Romania, which operates a network of 85 supermarkets spread across the whole of Romania, representing a total sales area of 83,000 square meters.

The acquisition was completed on June 30, 2016, following approval from the competition authorities.

Through this acquisition, Carrefour will become the leading supermarket operator in Romania, strengthening its multi-format offer to better serve its customers.

4.4.3 Main related-party transactions

The main related-party transactions are disclosed in Note 7.3 to the Consolidated Financial Statements.

4.4.4 Subsequent events

In December 2016, the Group exercised its option to extend its 2,500 million-euro credit facility by one year. The extension was effective in January 2017 and the facility will now mature in January 2022.

The operation has contributed to the ongoing strategy to secure the Group's long-term financing sources by maintaining the average maturity of its facilities (from 4.4 as of December 31, 2015 to 4.1 years as of December 31, 2016).

On March 2, 2017, Carmila and Cardety, two property companies over which the Group has significant influence, announced a draft merger agreement under which Carmila will be absorbed by Cardety, whose shares are listed on Euronext Paris (compartment C). Post completion of the merger, Carrefour would own 42.4% of the new merged entity, which is to be named Carmila, while the other shareholders of Carmila and Cardety would own 55.3% and 2.3% respectively.

The merger proposal will be submitted to the relevant employee representative bodies for information and consultation purposes. Following completion of this information and consultation process, and subject to the signing of the definitive agreements and to certain regulatory approvals, the merger will be submitted for the approval of Carmila and Cardety's respective shareholders at general meetings to be held in 2017.

As part of its development plan, the merged entity may, subject to market conditions, carry out a capital increase in an amount of 500-600 million euros, which would involve issuing shares on the market in 2017.

No other events have occurred since the year-end that would have a material impact on the Consolidated Financial Statements.

4.5 First-quarter 2017 sales

Further sales growth in Q1 2017: +6.2% to 21.3 billion euros

Continued progression in food sales

Sharp increase in sales in the first quarter of 2017, reflecting the relevance of Carrefour's multi-format model and balanced country portfolio:

- Robust growth of +6.2% at current exchange rates
- Continued progression in food sales: up +2.2% like-for-like and +5.9% on a reported basis
- Significant increase of Group Gross Merchandise Value: +34%

Solid growth in international operations (+10.9% at current exchange rates):

- Good sales performance on the back of strong comparables
- Continued growth in Latin America amid a slowdown in inflation

Further sales growth in France (+0.8%):

- Continued rollout of omni-channel strategy
- Good performance in convenience and growing momentum of ex-DIA stores converted to Carrefour banners over more than 12 months

Target of 3% to 5% full-year 2017 sales growth at constant exchange rates confirmed.

	Sales incl. VAT *(€m)*	LFL ex petrol and ex calendar	Total change
International	11,889	2.1%	10.9%
France	9,406	0.5%	0.8%
GROUP	**21,295**	**1.4%**	**6.2%**

This quarter, currencies and petrol both had a favourable impact of +3.9% and +1.3% respectively. The calendar effect was particularly strong at -1.6%, notably due to the fact that Easter is in the second quarter this year and there was one less trading day in Q1 2017 as 2016 was a leap year.

Total sales under banners including petrol stood at 25.7 billion euros in the first quarter of 2017, up +4.7% at current exchange rates.

First quarter 2017 sales incl. VAT

	Sales incl. VAT *(€m)*	LFL ex petrol and ex calendar	Total change
International	11,889	2.1%	10.9%
Latin America	4,518	7.8%	30.9%
Asia	1,987	(4.0%)	(4.1%)
Other European countries	5,384	0.9%	3.6%
France	9,406	0.5%	0.8%

Carrefour posted solid growth in the first quarter of 2017, with sales of 21.3 billion euros, up 6.2%. This performance once again underscores the relevance of Carrefour's multi-format model and the good balance of its country portfolio. Food sales showed solid growth, rising by 5.9% in the quarter. Carrefour's omni-channel approach continued to gain momentum with a significant increase of +34% in Group Gross Merchandise Value this quarter.

This quarter was marked by a particularly strong calendar effect of -1.6%, due to the fact that Easter is in the second quarter this year and there was one less trading day in Q1 2017 as 2016 was a leap year. Carrefour benefited this quarter from a favorable currency effect of +3.9%, due to the appreciation of the Brazilian real. The petrol effect was also favourable, at +1.3%.

Sales in **international** activities were up +10.9% in the first quarter of 2017. This performance takes into account a negative calendar effect of -1.8% and a positive currency effect of +7.3%. Like-for-like sales growth was solid, at +2.1%, driven by a +2.8% increase in food sales.

In **Latin America**, like-for-like sales were up +7.8% (+11.7% on an organic basis), a solid performance. The currency effect was +22.1%.

In **Brazil**, the rollout of Carrefour's multi-format model continues to bear fruit in an environment marked by high unemployment and a slowdown in inflation in Q1. In this context, Carrefour posted a good performance, with like-for-like sales up +5.6% (+10.5% on an organic basis). Carrefour's success in the country reflects the continued progression of Atacadão and hypermarkets as well as further openings of convenience stores under the Express banner. Like-for-like sales in **Argentina** were up +14.6% in a difficult economic environment.

Asia posted another sequential improvement in sales, which were down -4.0% in the first quarter of 2017 (-2.3% on an organic basis). **China** recorded a like-for-like sales drop of -5.5% and sales in **Taiwan** rose for the ninth consecutive quarter, up +0.3% on a like-for-like basis on the back of strong comparables.

In **Other European countries**, sales rose again in the quarter (+3.6% in total) on a challenging comparable base in several countries. On a like-for-like basis, sales were up +0.9% in the quarter.

- In **Spain**, like-for-like sales were up +0.3% in the quarter on the back of strong comparables in the same period last year (+3.4%);
- Positive momentum continued in **Italy**, where like-for-like sales were up +1.6%, on the back of strong comparables in Q1 2016 (+4.5%);
- Like-for-like sales remained very dynamic in **Poland** and in **Romania**.

In a first quarter marked by an unfavourable calendar effect and a very competitive environment, **France** showed good resilience and posted sales growth (+0.8% in total). For the fifth year in succession, food sales were up in the first quarter, with a like-for-like increase of +1.3%.

Total sales at **hypermarkets** were down -0.8% (-1.6% LFL) in an environment that remained highly promotional throughout the quarter. Other formats continued to perform well, with total **supermarket** sales up +1.1% (+2.2% LFL) and total sales in **convenience and other formats** continuing to be particularly solid at +5.5% (+4.4% LFL), benefiting from the growth of e-commerce and the positive momentum of ex-DIA stores converted to Carrefour banners for more than 12 months.

Variation of first quarter 2017 sales incl. VAT

	Total sales incl. VAT *(€m)*	Change at current exchange rates incl. petrol	Change at constant exchange rates incl. petrol	LFL incl. petrol	LFL ex petrol ex calendar	Organic growth ex petrol ex calendar
France	9,406	0.8%	0.8%	2.1%	0.5%	(0.6%)
Hypermarkets	4,848	(0.8%)	(0.8%)	(0.4%)	(1.6%)	(2.0%)
Supermarkets	3,053	1.1%	1.1%	3.2%	2.2%	0.2%
Convenience/other formats	1,505	5.5%	5.5%	8.6%	4.4%	2.5%
International	11,889	10.9%	3.6%	0.6%	2.1%	3.9%
Other European countries	5,384	3.6%	3.6%	0.6%	0.9%	1.3%
Spain	2,110	4.3%	4.3%	0.6%	0.3%	0.8%
Italy	1,328	(0.4%)	(0.4%)	1.2%	1.6%	0.0%
Belgium	1,026	(2.7%)	(2.7%)	(2.3%)	(1.8%)	(2.1%)
Latin America	4,518	30.9%	8.8%	5.0%	7.8%	11.7%
Brazil	3,666	37.6%	7.4%	2.8%	5.6%	10.5%
Asia	1,987	(4.1%)	(5.0%)	(6.7%)	(4.0%)	(2.3%)
China	1,446	(8.6%)	(7.0%)	(8.4%)	(5.5%)	(4.1%)
GROUP TOTAL	**21,295**	**6.2%**	**2.3%**	**1.3%**	**1.4%**	**1.9%**

Expansion under banners – First quarter 2017

Thousands of sq. m.	Dec. 31. 2016	Openings/Store enlargements	Acquisitions	Closures/ Store reductions	Total Q1 2017 change	March 31, 2017
France	5,719	12	7	(11)	8	5,727
Europe (excl. France)	5,449	29	101	(50)	80	5,529
Latin America	2,335	24	-	(2)	22	2,358
Asia	2,758	27	-	(30)	(3)	2,755
Other[1]	920	20	-	(1)	20	939
GROUP	**17,181**	**112**	**109**	**(156)**	**64**	**17,246**

Store network under banners – First quarter 2017

N°. of stores	Dec. 31, 2016	Openings	Acquisitions	Closures/ Disposals	Transfers	Total Q1 2017 change	March 31, 2017
Hypermarkets	**1,480**	**9**	**19**	**(7)**	**2**	***23***	**1,503**
France	243	-	2	-	1	*3*	246
Europe (excl. France)	439	-	17	(3)	1	*15*	454
Latin America	334	3	-	-	-	*3*	337
Asia	374	4	-	(4)	-	-	374
Other[1]	90	2	-	-	-	*2*	92
Supermarkets	**3,212**	**23**	**-**	**(37)**	**(4)**	***(18)***	**3,194**
France	1,065	2	-	(4)	(3)	*(5)*	1,060
Europe (excl. France)	1,777	13	-	(31)	(1)	*(19)*	1,758
Latin America	150	-	-	(1)	-	*(1)*	149
Asia	38	3	-	-	-	*3*	41
Other[1]	182	5	-	(1)	-	*4*	186
Convenience	**7,072**	**123**	**-**	**(91)**	**2**	***34***	**7,106**
France	4,219	36	-	(37)	2	*1*	4,220
Europe (excl. France)	2,312	77	-	(52)	-	*25*	2,337
Latin America	468	7	-	(2)	-	*5*	473
Asia	27	2	-	-	-	*2*	29
Other[1]	46	1	-	-	-	*1*	47
Cash & carry	**171**	**-**	**-**	**(1)**	**-**	***(1)***	**170**
France	143	-	-	(1)	-	*(1)*	142
Europe (excl. France)	13	-	-	-	-	-	13
Asia	2	-	-	-	-	-	2
Other[1]	13	-	-	-	-	-	13
Group	**11,935**	**155**	**19**	**(136)**	**-**	***38***	**11,973**
France	5,670	38	2	(42)	-	*(2)*	5,668
Europe (excl. France)	4,541	90	17	(86)	-	*21*	4,562
Latin America	952	10	-	(3)	-	*7*	959
Asia	441	9	-	(4)	-	*5*	446
Other[1]	331	8	-	(1)	-	*7*	338

(1) Africa, Middle East and Dominican Republic.

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4.6 Parent company financial review

4.6.1 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 2016, operating income amounted to 143 million euros and essentially consisted of costs rebilled to other Group entities.

Financial income, net amounted to 204 million euros in 2016 compared with 625 million euros in 2015.

The 421 million euro decrease can be explained as follows:

- a reduction in dividend income from subsidiaries, with a negative impact of 284 million euros;
- a decrease in the merger surplus, with a negative impact of 89 million euros. The Company had booked a merger surplus of 5 million euros in 2015 as a result of a number of merger transactions, compared to a merger deficit of 84 million euros recorded in 2016 following the transfer of On Line Carrefour's assets and liabilities;
- net provision reversals with a positive impact of 2 million euros, reflecting:
  - 29 million euros in net charges to provisions for impairment of shares in subsidiaries and affiliates versus net charges of 106 million euros in 2015 (positive impact of 77 million euros),
  - increased provisions for impairment of treasury shares, due to the fall in Carrefour's share price between 2015 and 2016 and the implementation of a free share plan (negative impact of 75 million euros);
- a decrease in capital gains on disposals of treasury shares, with a negative impact of 72 million euros;
- a decrease in interest expense on intra-group and external borrowings, with a positive impact of 22 million euros.

Net non-recurring income represented 25 million euros in 2016 and consisted mainly of the reversal of a provision for miscellaneous contingencies.

Net income for the year amounted to 432,991,382.97 euros.

Other transactions

In April 2016, Carrefour carried out a new 750-million euro 8-year 0.75% bond issue maturing in April 2024.

The Company redeemed two 4.375% bond issues at maturity representing an aggregate nominal amount of 666 million euros.

These transactions consolidated Carrefour's long-term financing and further reduced its borrowing costs.

Trade payables

In accordance with the disclosure requirements of Article L. 441-6-1 of the French commercial code (*Code de commerce*), trade payable balances at December 31, 2016 and December 31, 2015 break down as follows by due date.

Carrefour: due date of trade payables *(in millions of euros)*	**December 31, 2016**	**December 31, 2015**
Due in less than one month	25.4	32.4
Due in one to two months	0.5	0.9
TOTAL	**25.9**	**33.3**

4.6.2 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 the subsidiary Market Pay in an amount of 12 million euros;
- transfer of On Line Carrefour's assets and liabilities.

4.6.3 Income appropriation

It is proposed to the Shareholder's meeting appropriating distributable income as follows:

Net income for the year	**€432,991,382.97**
Allocation to the legal reserve	€4,441,090.00
Retained earnings at December 31, 2016	€5,531,612,589.41
Income available for distribution	€5,960,162,882.38
2016 dividends paid out of distributable income	**€529,364,607.80**
Balance of retained earnings after allocation	€5,430,798,274.58

The amount of retained earnings after tax for the year ended December 31, 2015 was increased owing to the 2015 dividends that were not paid on treasury shares.

In the event of a variation in the number of shares eligible for dividends with respect to the 756,235,154 shares comprising the share capital at December 31, 2016, 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 529,364,607.80 euros, which represents a dividend of 0.70 euros 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 proposed to the Shareholder's meeting that you 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, 2017 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 21, 2017 to July 4, 2017 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 4, 2017, 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 13, 2017 after the expiration of the option period. 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
2013	€0.62	€0.62	-
2014	€0.68	€0.68	-
2015	€0.70	€0.70	-

4.6.4 Regulated agreements referred to in Article L. 225-38 *et seq.* of the French commercial code

We hereby inform you that one new regulated agreement governed by Articles L. 225-38 *et seq.* 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 entered into and authorised during the financial year, as well as any agreements that have continued during the financial year.

This regulated agreement will be submitted to the Shareholders' Meeting of June 15, 2017 for approval.

During its meeting on March 8, 2017, the Board of Directors reviewed the regulated agreements entered into and authorised during the 2016 financial year and that continued during this financial year.

4.6.5 Research and development

The Company does not implement any research and development policy.

4.6.6 Company earnings performance in the last five financial years

(in millions of euros)	2016	2015	2014	2013	2012
I - Capital at year-end					
Share capital	1,891	1,846	1,837	1,810	1,773
Issue and merger premiums	16,367	16,023	15,930	15,672	15,419
Number of existing ordinary shares	756,235,154	738,470,794	734,913,909	723,984,192	709,214,653
II – Results of operations for the financial year					
Income before tax, employee profit-sharing and depreciation, amortisation and provisions	219	626	2,166	1,758	473
Income tax	261	193	238	222	375
Employee profit-sharing payable for the financial year					
Income after tax and employee profit-sharing and depreciation, amortisation and provisions	433	831	4,440	1,804	5
Distributed income(1)	529	517	500	449	411
III – Net income per share					
Income after tax and employee profit-sharing but before depreciation, amortisation and provisions	0.63	1.11	3.27	2.73	1.20
Income after tax, employee profit-sharing and depreciation, amortisation and provisions	0.57	1.13	6.04	2.49	0.01
Net dividend allocated to each share(1)	0.70	0.70	0.68	0.62	0.58
IV – Employees					
Average number of employees during the financial year	7	7	8	9	9
Amount of payroll for the financial year	15	21	22	15	19
Amount paid as employee benefits for the financial year (social security, social services)	4	5	7	5	6

(1) For 2016, this was set by the Board of Directors and will be submitted to the Shareholders' Meeting of June 15, 2017 for approval.

4.7 Statutory Auditors' special report on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on 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.

Year-ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those 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 involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French commercial code relating to the implementation during the year of agreements and commitments previously approved by 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 aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the past year

Pursuant to Article 225-40 of the French commercial code, the following agreements, which were previously authorized by the Board of Directors, have been brought to our attention.

Commitment given in favor of Mr. Jérôme Bédier, Deputy Chief Executive Officer, in respect of his fixed annual remuneration, as General Secretary

- Person concerned:

  Mr. Jérôme Bédier, Deputy Chief Executive Officer
- Nature and purpose:

  On March 9, 2016, your Board of Directors authorised an increase in the gross fixed annual remuneration of Mr. Jérôme Bédier in respect of his duties as General Secretary.
- Terms and conditions:

  Mr. Jérôme Bédier's gross fixed annual remuneration is increased by €150,000 for the fiscal year 2016, as General Secretary.
- Reasons justifying that the agreement is in the Company's interest

  Your Board of Directors considered that the salary increase was justified by the scope of responsibilities of Mr. Jérôme Bédier in respect of his duties as General Secretary: first, from an organizational perspective within the group (as supervisor of the legal department, social responsibility, public affairs, internal audit, international partnership, foundation, chair of the group ethical committee and chair of the group information system security committee), as well as from an operational monitoring perspective (as supervisor of the following countries: France, China and Taiwan).

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

A. 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 Shareholders' Meeting, have had continuing effect during the year.

Investment agreement and shareholders' agreement with Colony Capital Acquisitions LLC

- Persons concerned:

  Mr. Thomas J. Barrack Jr, Company director until May 17, 2016 and managing director of Colony Capital LLC, the management company of Colony Capital Acquisitions LLC and Mr. Nadra Moussalem, Company director between May 17, 2016 and March 8, 2017 and Chairman of Colkart S.A.S., signatory company of the shareholders' agreement.
- Nature and purpose:

  At its meeting on January 15, 2014, your Board of Directors authorized the signing of an investment agreement with, notably, Colony Capital Acquisitions LLC.
- Terms and conditions:

  This agreement defines the terms and conditions of the transfer of Carrefour assets and the terms and conditions of investments by Carrefour and other investors, including Colony Capital Acquisitions LLC, in a new company, Carmila; this agreement also included a shareholders' agreement.

  Following the signature of the final agreement between the parties on January 24, 2014, Carmila, dedicated to enhancing the value of the shopping malls adjacent to Carrefour hypermarkets in France, Spain and Italy became the owner of a portfolio of 171shopping malls.

  The shareholders' agreement was signed on April 16, 2014.

Syndicated loans with a syndicate of banks including BNP Paribas

- Person concerned:

  Jean-Laurent Bonnafé, Company director and director and CEO of BNP Paribas.
- Nature and purpose:

  At its meetings on July 30 and October 15, 2014, your Board of Directors authorized the signing of an amendment to a syndicated loan dated April 4, 2012 and a new agreement to replace agreements dated July 23, 2010 and November 21, 2011, with a syndicate of banks including BNP Paribas.
- Terms and conditions:

  1st contract (Revolving Facility Agreement) signed on April 4, 2012, modified by an amendment dated July 31, 2014

  The syndicated loan agreement (Revolving Facility Agreement), as modified, now provides for a revolving line of credit of €1,400 million. The term of the agreement expires on April 2019.

  Interest payable on amounts drawn is calculated at EURIBOR plus an initial margin of 0.30%. This initial margin of 0.30% 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.

  If the line of credit is not drawn, Carrefour must pay a non-utilization fee equal to 35% of the applicable margin (0.30% margin adjusted, if applicable, according to the credit margin grid).

  As of December 31, 2016, this line of credit was not drawn by the Company.

  2nd contract (Revolving Facility Agreement) signed on January 22, 2015

  A €2,500 million 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, 2016, this line of credit was not drawn by the Company.

B. Agreements and commitments authorized in previous years without continuing effect during the year

Furthermore, we have been informed that the following commitments, approved by the Shareholders' Meeting in previous years, remained in force but have no effect during the past year.

Commitments given by the Company in favor of Mr. Georges Plassat, Chairman and Chief Executive Officer, in the event of termination of his duties

- Person concerned:

  Georges Plassat, Chairman and Chief Executive Officer.

- Nature and purpose:

  At its meeting on April 29, 2015, your Board of Directors approved the financial conditions to be applied in the event that Mr. Georges Plassat's duties are terminated.

- Terms and conditions:

  In the event of termination of his duties as Chairman and Chief Executive Officer, except in cases of removal for serious misconduct or wrongful acts or following a change in his appointment within Carrefour Group, Mr. Georges Plassat will be entitled to receive a settlement payment of an amount equal to one year's fixed and target variable remuneration (excluding other kinds of remuneration and especially remuneration paid under a long term incentive plan), it being specified that reaching the age limit set out in the Carrefour Articles of association does not constitute an exclusion for the purposes of the settlement payment.

  Performance conditions linked to the attainment of quantitative targets (growth in revenue and recurring operating income) and qualitative targets (CSR) are applicable to the grant of the settlement payment. Mr. Georges Plassat will receive a settlement payment if during at least half of the years comprising his terms of office as well as during two of the last three years of his appointment as Chairman and Chief Executive Officer, he has met all his quantitative and qualitative targets set by the Board of Directors for the determination of his long-term incentive plan (over 100% attainment of targets). In the absence of a long term incentive plan for one of the financial years considered, the attainment of targets set by the Board of Directors for the determination of his annual variable remuneration will be solely taken into account.

  Moreover, the settlement payment is subject to a non-compete obligation which will bind Mr. Georges Plassat during an 18-month period commencing the termination of his duties as Chairman and Chief Executive Officer.

Commitments given by the Company in favor of Mr. Georges Plassat, Chairman and Chief Executive Officer, Mr. Jérôme Bédier and Mr. Pierre-Jean Sivignon, Deputy Chief Executive Officers, concerning the supplementary defined benefit pension plan

- Persons concerned:

  Mr. Georges Plassat, Chairman and Chief Executive Officer, Mr. Jérôme Bédier and Mr. Pierre-Jean Sivignon, Deputy Chief Executive Officers.

- Nature and purpose:

  On June 11, 2015, your Board of Directors authorized an amendment to the supplementary defined benefit pension plan governed by Article L.137-11 of the French Social Security Code (Code de la sécurité sociale) to which Mr. Georges Plassat, Mr. Jérôme Bédier and Mr. Pierre-Jean Sivignon are eligible.

  It is recalled that Mr. Georges Plassat's eligibility for the pension plan in effect in the Group since 2009, was approved by the Board of Directors on January 29, 2012 and by the Shareholders' Meeting of June 18, 2012.

- Terms and conditions:

  This amended top-up defined benefit pension plan is intended for the Group's main executives (Chairman and Chief Executive Officer, Deputy Chief Executive Officers and certain key executives) and is subject to the following terms and conditions:

  - *Beneficiaries:* a minimum of three years effective seniority, gross annual remuneration in excess of 18 times the French social security annual ceiling and career achieved within Carrefour;
  - *Benefits:* 2.75% of the benchmark remuneration per year of seniority, subject to the compliance with applicable performance conditions each year. No pension is paid if a minimum number of years have not been validated with respect to performance conditions;
  - *Applicable seniority* is seniority within the Carrefour Group: it encompasses the presence within the Group including non-consecutive employment contracts. There is no provision for the grant of additional seniority;
  - *Benchmark remuneration* is equal to the average annual remuneration (base salary + annual variable remuneration) received during the last three calendar years preceding the year of cessation of activity, capped at 60 times the French social security annual ceiling;
  - *Annual pension subject to a dual cap*: (i) 25% of the benchmark remuneration and (ii) the difference between 45% of the benchmark remuneration and the annual amount of basic, additional and supplementary pensions.

- In case of death, the *surviving spouse* receives a pension equal to 50% of the beneficiary's retirement pension.
- *Respect of performance conditions*:
  - A year is only taken into account in determining the amount of the pension 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;
  - At the end of each year, the Board of Directors verifies the achievement of the performance conditions during the prior year. Thus, the Board of Directors, based on the proposal of the compensation Committee, noticed:
    - At its meeting on March 9, 2016, that performance condition corresponding to at least 80% satisfaction of the quantitative performance for the fiscal year 2015 triggering the payment of annual variable remuneration, were met.
    - At its meeting on March 8, 2017, that performance condition corresponding to at least 80% satisfaction of the quantitative performance for the fiscal year 2016 triggering the payment of annual variable remuneration, were not met.
  - Furthermore, the grant of an additional pension requires the validation of at least two-thirds of the years with respect to the performance conditions throughout the individual's presence within the Group.

The Statutory Auditors

Courbevoie, Paris-La Défense and Neuilly-sur-Seine, April 18, 2017

French original signed by

MAZARS	KPMG S.A.	Deloitte & Associes
David Chaudat	Patrick-Hubert Petit Caroline Bruno-Diaz	Arnaud de Planta Stéphane Rimbeuf

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Consolidated Financial Statements as of December 31, 2016

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	2016	2015	% change
Net sales	*5.1*	76,645	76,945	(0.4)%
Loyalty program costs		(591)	(552)	6.9%
Net sales net of loyalty program costs		**76,054**	**76,393**	**(0.4)%**
Other revenue	*5.1*	2,720	2,464	10.4%
Total revenue		78,774	78,857	(0.1)%
Cost of sales	*5.2*	(60,789)	(60,838)	(0.1)%
Gross margin from recurring operations		**17,985**	**18,019**	**(0.2)%**
Sales, general and administrative expenses, depreciation and amortisation	*5.2*	(15,634)	(15,574)	0.4%
Recurring operating income		**2,351**	**2,445**	**(3.8)%**
Net income from equity-accounted companies	*7*	(36)	44	(181.0)%
Recurring operating income after net income from equity-accounted companies		**2,315**	**2,489**	**(7.0)%**
Non-recurring income and expenses, net	*5.3*	(372)	(257)	44.9%
Operating income		**1,943**	**2,232**	**(13.0)%**
Finance costs and other financial income and expenses, net	*12.5*	(515)	(515)	(0.1)%
Finance costs, net		*(377)*	*(347)*	*8.4%*
Other financial income and expenses, net		*(138)*	*(168)*	*(17.7)%*
Income before taxes		**1,428**	**1,717**	**(16.8)%**
Income tax expense	*8.1*	(494)	(597)	(17.3)%
Net income from continuing operations		**934**	**1,120**	**(16.6)%**
Net income from discontinued operations	*3.4*	(40)	4	
Net income for the year		894	1,123	(20.4)%
Group share		**746**	**980**	**(23.9)%**
of which net income from continuing operations		786	977	(19.5)%
of which net income from discontinued operations		(40)	4	
Attributable to non-controlling interests		**148**	**143**	**3.6%**

Basic earnings per share *(in euros)*	2016	2015	% change
Earnings/(loss) from continuing operations per share	1.06	1.35	(21.1)%
Earnings from discontinued operations per share	(0.05)	0.00	
Basic earnings per share – Group share	1.01	1.35	(25.4)%

Diluted earnings per share *(in euros)*	2016	2015	% change
Diluted earnings/(loss) from continuing operations per share	1.06	1.35	(21.1)%
Diluted earnings from discontinued operations per share	(0.05)	0.00	
Diluted earnings per share – Group share	1.01	1.35	(25.4)%

Details of earnings per share calculations are provided in Note 11.6.

5.2 Consolidated statement of comprehensive income

(in millions of euros)	Notes	2016	2015
Net income for the year		894	1,123
Effective portion of changes in the fair value of cash flow hedges[1]	*11.4*	10	1
Changes in the fair value of available-for-sale financial assets[1]	*11.4*	(4)	(5)
Exchange differences on translating foreign operations[2]	*11.4*	361	(602)
Items that may be reclassified subsequently to profit or loss		**367**	**(605)**
Remeasurements of defined benefit plans obligation[1]	*10.1/11.4*	(109)	(17)
Items that will not be reclassified to profit or loss		**(109)**	**(17)**
Other comprehensive income after tax		**258**	**(623)**
Total comprehensive income		1,152	501
Group share		904	451
Attributable to non-controlling interests		248	49

(1) Presented net of the tax effect (Note 11.4).
(2) Exchange differences on translating foreign operations recognised in 2016 mainly reflect the rise of the Brazilian real and Taiwan dollar, offset to a certain extent by the decline of the Argentine peso and Polish zloty. In 2015, declines in the Brazilian real and Argentine peso were partly offset by gains in the Chinese renminbi and the Taiwan dollar.

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5.3 Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	December 31, 2016	December 31, 2015
Goodwill	*6.1*	8,640	8,495
Other intangible assets	*6.1*	1,266	1,014
Property and equipment	*6.2*	13,406	12,071
Investment property	*6.4*	314	383
Investments in companies accounted for by the equity method	*7*	1,361	1,433
Other non-current financial assets	*12.4*	1,510	1,291
Consumer credit granted by the financial services companies – long term	*5.5*	2,371	2,351
Deferred tax assets	*8.2*	829	744
Non-current assets		29,697	27,784
Inventories	*5.4*	7,039	6,362
Trade receivables	*5.4*	2,682	2,269
Consumer credit granted by the financial services companies – short-term	*5.5*	3,902	3,658
Other current financial assets	*12.2*	239	358
Tax receivables	*5.4*	1,044	1,168
Other assets	*5.4*	907	705
Cash and cash equivalents	*12.2*	3,305	2,724
Assets held for sale(1)		31	66
Current assets		19,148	17,311
TOTAL ASSETS		**48,845**	**45,095**

(1) Assets held for sale and liabilities related to assets held for sale correspond mainly to the Dia stores that were in the process of being sold at the financial year-end.

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	Notes	December 31, 2016	December 31, 2015
Share capital	*11.2*	1,891	1,846
Consolidated reserves and income for the year		8,536	7,787
Shareholders' equity – Group share		10,426	9,633
Shareholders' equity attributable to non-controlling interests	*11.5*	1,582	1,039
Total shareholders' equity		12,008	10,672
Long-term borrowings	*12.2*	6,200	6,662
Provisions	*9*	3,064	3,014
Consumer credit financing – long-term	*5.5*	1,935	1,921
Deferred tax liabilities	*8.2*	543	508
Non-current liabilities		11,742	12,106
Short-term borrowings	*12.2*	1,875	966
Suppliers and other creditors	*5.4*	15,396	13,648
Consumer credit financing – short-term	*5.5*	3,395	3,328
Tax payables	*5.4*	1,260	1,097
Other payables	*5.4*	3,153	3,244
Liabilities related to assets held for sale(1)		16	34
Current liabilities		25,095	22,317
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**48,845**	**45,095**

(1) Assets held for sale and liabilities related to assets held for sale correspond mainly to the Dia stores that were in the process of being sold at the financial year-end.

5.4 Consolidated statement of cash flows

(in millions of euros)	2016	2015
Income before taxes	1,428	1,717
CASH FLOWS FROM OPERATING ACTIVITIES		
Income tax	(269)	(663)
Depreciation and amortisation expense	1,547	1,574
Capital (gains)/losses on sales of assets	(39)	(13)
Change in provisions and impairment	(126)	(215)
Finance costs, net	377	347
Net income and dividends received from equity-accounted companies	79	8
Impact of discontinued operations	(32)	(22)
Cash flow from operations	**2,964**	**2,733**
Change in working capital requirement[1]	454	276
Impact of discontinued operations	(11)	3
Net cash from operating activities (excluding financial services companies)	**3,407**	**3,012**
Change in consumer credit granted by the financial services companies	(103)	(195)
Net cash from operating activities	**3,305**	**2,818**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets[2]	(2,749)	(2,378)
Acquisitions of non-current financial assets	3	(29)
Acquisitions of subsidiaries and investments in associates[3]	(193)	(56)
Proceeds from the disposal of subsidiaries and investments in associates	6	7
Proceeds from the disposal of property and equipment and intangible assets	152	186
Proceeds from the disposal of non-current financial assets	4	5
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	(70)	151
Investments net of disposals	**(2,847)**	**(2,115)**
Other cash flows from investing activities	(25)	(28)
Impact of discontinued operations	16	7
Net cash from/(used in) investing activities	**(2,856)**	**(2,136)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests[4]	255	14
Acquisitions and disposals of investments without any change of control[5]	(40)	208
Dividends paid by Carrefour (parent company)[6]	(121)	(390)
Dividends paid by consolidated companies to non-controlling interests	(86)	(98)
Change in treasury stock and other equity instruments[7]	30	384
Change in current financial assets	152	40
Issuance of bonds[8]	743	750

(in millions of euros)	2016	2015
Repayments of bonds[8]	(666)	(744)
Net interests paid	(378)	(360)
Other changes in borrowings[8]	111	(625)
Net cash from/(used in) financing activities	**0**	**(821)**
Net change in cash and cash equivalents before the effect of changes in exchange rates	**449**	**(139)**
Effect of changes in exchange rates	**131**	**(249)**
Net change in cash and cash equivalents	581	(388)
Cash and cash equivalents at beginning of year	2,724	3,113
Cash and cash equivalents at end of year	3,305	2,724

(1) The change in working capital is analysed in Note 5.4.1.

(2) Acquisitions of property and equipment and intangible assets are presented in Notes 6.1 and 6.2.

(3) In 2016, cash used in acquisitions of subsidiaries and investments in associates corresponds primarily to the acquisition of Billa in Romania (Note 3.2.1) and several acquisitions in France, notably in the e-commerce sector.

(4) Proceeds from share issues to non-controlling interests mainly correspond to the share capital of Cargo Property Holding subscribed and paid up in 2016 by third-party investors (non-controlling interests). See Note 3.2.1.

(5) In 2015, acquisitions and disposals of investments without any change of control primarily reflected the remaining balance received on the sale of an interest in the Group's Brazilian subsidiary to Brazilian investment firm Peninsula at end-2014, as well as a call option exercised by the same investor in first-half 2015 to increase its stake by 2%.

(6) Dividends paid by Carrefour (parent company) correspond to cash dividends paid to shareholders who chose not to reinvest their dividends (Note 2.1).

(7) The change in treasury stock and other equity instruments corresponds for the most part to the sale of treasury stock on March 23, 2015.

(8) See Note 12.2.

5.5 Consolidated statement of changes in shareholders' equity

(in millions of euros)	Shareholders' equity – Group share Share capital	 Translation reserve	 Fair value reserve[1]	 Other consolidated reserves and net income	Total Shareholders' equity – Group share	Non-controlling interests	Total Shareholders' equity
Shareholders' equity at December 31, 2014	1,837	(324)	(5)	7,682	9,191	1,037	10,228
Net income for the year 2015				980	980	143	1,123
Other comprehensive income after tax		(511)	(2)	(16)	(529)	(93)	(623)
Total comprehensive income 2015	**0**	**(511)**	**(2)**	**964**	**451**	**49**	**501**
Treasury stock (net of tax)[2]				363	363		363
2014 dividend payment[3]	9			(398)	(390)	(98)	(488)
Change in capital and additional paid-in capital				1	1	13	14
Effect of changes in scope of consolidation and other movements		1		16	17	39	55
Shareholders' equity at December 31, 2015	1,846	(835)	(7)	8,628	9,633	1,039	10,672
Net income for the year 2016				746	746	148	894
Other comprehensive income after tax		261	3	(106)	158	100	258
Total comprehensive income 2016	**0**	**261**	**3**	**640**	**904**	**248**	**1,152**
Share-based payments				3	3		3
Treasury stock (net of tax)				49	49		49
2015 dividend payment[3]	44			(165)	(121)	(126)	(247)
Change in capital and additional paid-in capital[4]						443	443
Effect of changes in scope of consolidation and other movements		5	1	(47)	(43)	(21)	(64)
Shareholders' equity at December 31, 2016	1,891	(569)	(3)	9,108	10,426	1,582	12,008

(1) This item comprises:
- *the effective portion of changes in the fair value of cash flow hedges;*
- *cumulative changes in the fair value of available-for-sale financial assets.*

(2) The change in treasury stock corresponds for the most part to the sale of treasury stock on March 23, 2015.

(3) The 2014 dividend, totalling 492 million euros, was paid:
- *in cash for 390 million euros; and*
- *in new shares for 102 million euros (corresponding to the aggregate par value of the new shares for 9 million euros and premiums for 93 million euros).*

The 2015 dividend (Note 2.1), totalling 509 million euros, was paid:
- *in cash for 121 million euros; and*
- *in new shares for 388 million euros (corresponding to the aggregate par value of the new shares for 44 million euros and premiums for 344 million euros).*

(4) The increase in non-controlling interests in 2016 chiefly corresponds to the portion of Cargo Property Holding's share capital subscribed by third-party investors (including uncalled capital).

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, 2016 were approved for publication by the Board of Directors on March 8, 2017. 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, 2016 comprise the financial statements of the Company and its subsidiaries (together the "Group") and 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 2016 Consolidated Financial Statements have been prepared in compliance with the international accounting standards adopted for use in the European Union as of December 31, 2016 and applicable at that date, with 2015 comparative information prepared using the same standards.

International accounting standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International financial reporting standards interpretation Committee (IFRIC) Interpretations and standing interpretations Committee (SIC) Interpretations.

All of the standards and interpretations adopted for use in the European Union are available on the European Commission's website,

http://ec.europa.eu/finance/accounting/ias/index_en.htm

At December 31, 2016, 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, except for IAS 39 – *Financial Instruments: Recognition and Measurement*, which was only partly adopted. The unadopted provisions of IAS 39 had no impact on the Group's Consolidated Financial Statements.

1.2 Changes of method

The accounting and calculation methods used to prepare the 2016 Consolidated Financial Statements were the same as those used in 2015, except for the changes resulting from the following amendments that were applicable as of January 1, 2016:

- IFRS Annual Improvements 2010-2012 Cycle;
- amendments to IAS 19 – *Defined Benefit Plans: Employee Contributions*;
- amendments to IFRS 11 – *Acquisition of an Interest in a Joint Operation*;
- amendments to IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation*;
- IFRS Annual Improvements 2012-2014 Cycle;
- amendments to IAS 1 – *Disclosure Initiative*.

Application of these amendments had no material impact on the Group's published Consolidated Financial Statements.

The Group decided not to early adopt the following standards, amendments and interpretations that were not applicable as of January 1, 2016:

Adopted for use in the European Union:

- IFRS 9 – *Financial Instruments* (applicable in annual periods beginning on or after January 1, 2018). This new standard, which describes the principles to be applied for the classification and measurement of financial assets and liabilities, replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. The main changes in IFRS 9 include introduction of a single approach to classifying and measuring financial instruments and a new credit loss model based on expected losses as opposed to the currently applicable incurred loss model. The Group is currently preparing the first-time adoption of IFRS 9, which will primarily affect the banking and insurance businesses.

  At this stage of the process, it is not possible to reasonably estimate the effects of IFRS 9 on the classification and measurement of financial instruments or on the amount of provisions for credit losses on financial assets;
- IFRS 15 – *Revenues from Contracts with Customers*, applicable in accounting periods beginning on or after January 1, 2018. This standard, which replaces IAS 18 – *Revenues* and IAS 11 – *Construction Contracts* and the related interpretations, defines the revenue recognition model to be used in IFRS financial statements. The Group is currently examining the effects of applying this new standard, which may have an impact on the amount and timing of revenue recognition by the Group. This impact cannot yet be reasonably estimated.

Not yet adopted for use in the European Union:

- IFRS 16 – *Leases* (applicable according to the IASB in annual periods beginning on or after January 1, 2019). This standard, which will replace IAS 17 – *Leases* and the related interpretations, sets out the principles for recognising leases and brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. It will therefore affect the presentation of operating leases in the income statement (with lease payments currently recognised in operating expense apportioned between the finance charge and the reduction of the outstanding liability), the cash flow statement (with repayment of the lease liability and the finance charge reported under net cash from/(used in) financing activities) and the statement of financial position (with a right of use asset recorded in assets and the corresponding lease liability recorded in liabilities). The Group is currently preparing the first-time adoption of this new standard. Its effects on the Consolidated Financial Statements cannot be reasonably estimated at this stage of the process;

- amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses* (applicable according to the IASB in accounting periods beginning on or after January 1, 2017);
- amendments to IAS 7 – *Disclosure Initiative* (applicable according to the IASB in annual periods beginning on or after January 1, 2017);
- amendments to IFRS 10 and IAS 28 – *Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture* (application postponed indefinitely by the IASB);
- clarification of IFRS 15 – *Revenues from Contracts with Customers* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- amendments to IFRS 4 – *Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- amendments to IAS 40 – *Transfers of Investment Property* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
- IFRS Annual Improvements 2014-2016 Cycle.

The possible impact on the Consolidated Financial Statements of applying these new and amended standards is currently being assessed.

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 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 (Note 6);
- definition of cash-generating units (Note 6.3);
- recoverable amount of goodwill, other intangible assets and property and equipment (Note 6.3);
- fair value of identifiable assets acquired and liabilities assumed in business combinations (Note 3.1);
- classification of leases (Notes 6.2 and 6.5);
- measurement of provisions for contingencies and other business-related provisions (Note 9);
- determination of the level of control or influence exercised by the Group over investees (Notes 3 and 7);
- assumptions used to calculate pension and other post-employment benefit obligations (Note 10.1);
- recognition of deferred tax assets (Note 8).

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 (Note 12);
- assets acquired and liabilities assumed in business combinations, measured using the fair value model (Note 3.1);
- non-current assets held for sale, measured at the lower of carrying amount and fair value less costs to sell (Note 3.1).

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.

Note 2 Significant events of the year

2.1 2015 dividend reinvestment option

At the Annual General Meeting held on May 17, 2016, the shareholders decided to set the 2015 dividend at 0.70 euro per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 21.86 euro 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 General Meeting, less the net amount of the dividend of 0.70 euro per share and rounded up to the nearest euro cent.

The option period was open from May 23 to June 10, 2016. At the end of this period, shareholders owning 76.34% of Carrefour's shares had elected to reinvest their 2015 dividends.

June 21, 2016 was set as the date for:

- settlement/delivery of the 17,764,360 new shares corresponding to reinvested dividends, representing a total capital increase of 388 million euros (the aggregate par value of the new shares for 44 million euros and premiums for 344 million euros);
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 121 million euros.

2.2 Securing the Group's long-term financing

On April 19, 2016, the Group carried out a new 750-million euro 8-year 0.75% bond issue due June 2024. The issue's settlement date was April 26, 2016.

The issue consolidated the Group's long-term financing, extended the average maturity of its bond debt (from 4.06 years to 4.25 years at April 19, 2016) and further reduced its borrowing costs.

2.3 Acquisition of Rue du Commerce

On August 24, 2015, Groupe Carrefour announced that it was in exclusive negotiations with Altarea Cogedim for the acquisition of 100% of the shares of Rue du Commerce, a major player in the non-food e-commerce market in France.

The acquisition was completed in January 2016 after employee representatives at Rue du Commerce had been consulted and the necessary anti-trust approvals had been obtained. The accounting impact of the business combination is presented in Note 3.2.1.

It represents another step in the roll-out of Carrefour's omni-channel strategy in France for the benefit of its customers both in stores and on-line.

2.4 Acquisition of Billa Romania

On December 22, 2015, Carrefour announced that an agreement had been signed with the Rewe Group for the acquisition of Billa Romania, which operates a network of 85 supermarkets spread across the whole of Romania, representing a total sales area of 83,000 square metres.

The acquisition was completed on June 30, 2016, following approval from the competition authorities. The accounting impact of the business combination is presented in Note 3.2.1.

Through this acquisition, Carrefour has become the leading supermarket operator in Romania, strengthening its multi-format offer to better serve its customers.

Note 3 Scope of consolidation

3.1 Accounting policies

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 7 "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 12 "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 to which the acquiree belongs, by the method described in Note 6.3. 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 after the business combination 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*. The corresponding cash outflow or inflow is reported in the consolidated statement of cash flows under "Net cash from/(used in) financing activities".

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.

No Group companies operated in a hyperinflationary economy in either 2016 or 2015.

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 carrying amount of a non-current asset (or disposal group) will be recovered 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.

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.

In addition, all the assets and liabilities of the discontinued operation are presented on separate lines on each side of the statement of financial position, for the amounts at which they would be reported at the time of sale after eliminating intra-group items.

3.2 Main changes in scope of consolidation

3.2.1 Changes in 2016

Acquisition of Billa Romania

The acquisition of Billa Romania completed on June 30, 2016 led to the recognition of provisional negative goodwill in accordance with IFRS 3 – *Business Combinations*, for a non-material amount. The revenue and profit attributable to Billa Romania recorded in the consolidated statement of comprehensive income for the period was not material.

Acquisition of Rue du Commerce

The acquisition of Rue du Commerce completed in January 2016 led to the recognition of negative goodwill in accordance with IFRS 3, for a non-material amount. The revenue and profit attributable to Rue du Commerce recorded in the consolidated statement of comprehensive income for the period was not material.

Creation of Cargo Property

Cargo Property Holding is a new real estate company set up with external investors to own logistics facilities. The Company is 32.2%-owned by the Group with the remaining shares held by three co-investors. As well as being its largest shareholder, Carrefour is also the sole lessee of the assets held by Cargo Property Holding and its subsidiaries. In light of the rules governing the appointment and dismissal of Cargo Property's legal manager, as specified in the shareholders' agreement, Carrefour has the ability to direct decisions about the relevant activities. The Group therefore considers that it controls Cargo Property Holding and its subsidiaries and these companies have been fully consolidated in the 2016 financial statements.

Other changes

Other changes in scope of consolidation in 2016 mainly resulted from the following transactions:

- transaction leading to the loss of control of Carrefour Property Development (renamed Cardety), which was 43.1% owned at December 31, 2016 (and accounted for as an associate by the equity method from April 2016);
- several acquisitions in France in the e-commerce sector (including Greenweez, the leading online organic food retailer). The impact of these transactions on the 2016 Consolidated Financial Statements was not material.

The planned acquisition from the Eroski Group of 36 compact hypermarkets with a total sales area of 235,000 square metres, 8 shopping malls and 22 service stations adjacent to the stores, announced on February 29, 2016, had not been completed as of December 31, 2016 as the conditions precedent had not been fulfilled at that date.

3.2.2 Changes in 2015

No material acquisitions or divestments were carried out in 2015.

3.3 Scope of consolidation at December 31, 2016

The list of consolidated companies (subsidiaries and associates) is presented in Note 16.

There were no changes in 2016 in the facts and circumstances considered by the Group to assess whether its subsidiaries were controlled.

3.4 Net income/(loss) from discontinued operations

In 2016, the net loss from discontinued operations, in the amount of 40 million euros, mainly concerned the Dia stores sold during the year or held for sale at the year-end, which were classified as discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

In 2015, net income from discontinued operations amounted to 4 million euros, corresponding mainly to the extinguishment of a risk dating back to prior years, less the loss generated by Dia stores sold during the year or held for sale at the year-end.

5

Note 4 Segment information

Accounting policies

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. Groupe Carrefour'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.

4.1 Segment results

2016 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	76,645	35,877	20,085	14,507	6,176	0
Other revenue	2,720	877	718	750	301	74
Recurring operating income	**2,351**	**1,031**	**712**	**711**	**(58)**	**(45)**
Operating income	**1,943**					
Finance costs and other financial income and expenses, net	(515)					
Income before taxes	**1,428**					
NET INCOME FOR THE YEAR	**894**					
Capital expenditure	2,749	1,287	625	519	174	144
Depreciation and amortisation expense	(1,487)	(616)	(414)	(183)	(199)	(74)

2015 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	76,945	36,272	19,724	14,290	6,659	0
Other revenue	2,464	801	600	684	312	66
Recurring operating income	**2,445**	**1,191**	**567**	**705**	**13**	**(31)**
Operating income	**2,232**					
Finance costs and other financial income and expenses, net	(515)					
Income before taxes	**1,717**					
NET INCOME FOR THE YEAR	**1,123**					
Capital expenditure	2,378	957	579	517	204	122
Depreciation and amortisation expense	(1,470)	(602)	(389)	(180)	(213)	(87)

4.2 Segment assets and liabilities

December 31, 2016 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global functions
Assets						
Goodwill	8,640	4,775	3,124	627	112	1
Other intangible assets	1,266	298	395	158	25	390
Property and equipment	13,406	5,716	3,782	2,815	1,079	14
Investment property	314	3	128	46	137	-
Other segment assets	17,945	9,342	3,324	3,851	1,086	342
Total segment assets	41,571	20,134	10,754	7,497	2,438	748
Unallocated assets	7,274					
TOTAL ASSETS	**48,845**					
Liabilities (excluding equity)						
Segment liabilities	25,139	11,927	5,767	4,597	2,429	420
Unallocated liabilities	11,698					
TOTAL LIABILITIES	**36,837**					

December 31, 2015 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global functions
Assets						
Goodwill	8,495	4,718	3,138	528	110	1
Other intangible assets	1,014	255	340	101	21	298
Property and equipment	12,071	5,173	3,604	2,102	1,160	32
Investment property	383	31	165	48	139	-
Other segment assets	16,514	8,954	3,024	3,066	912	558
Total segment assets	38,477	19,131	10,272	5,844	2,341	889
Unallocated assets	6,618					
TOTAL ASSETS	**45,095**					
Liabilities (excluding equity)						
Segment liabilities	23,238	11,842	5,268	3,428	2,304	395
Unallocated liabilities	11,185					
TOTAL LIABILITIES	**34,423**					

Note 5 Operating items

5.1 Revenue

Accounting policies

Revenue ("Total revenue") comprises net sales and other revenue.

Net sales correspond exclusively 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 banking and insurance activities (including bank card fees, and arranging fees for traditional and revolving credit facilities), property development revenue, travel agency fees, shopping mall rents and franchise fees.

Revenue is measured at the fair value of the consideration received or receivable in exchange for goods or services, excluding sales taxes and net of any benefits granted to customers.

Deferred loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sale transaction. They are measured at fair value with some of the proceeds of the initial sale allocated to the award credits accounted for as a liability. The deferred portion of the proceeds is recognised as revenue when the award credits are used by the customer, in accordance with IFRIC 13 – *Customer Loyalty Programmes*.

Revenue is recognised:

- on sales of goods, when the risks and rewards of ownership of the goods are transferred to the customer;
- on sales of services, in the period in which the service is rendered. Financial services revenues (bank card fees and arranging fees for traditional and revolving credit facilities) are recognised over the life of the contract.

5.1.1 Net sales

(in millions of euros)	2016	2015	% change
Net sales	76,645	76,945	(0,4)%

Excluding the currency effect, 2016 net sales amounted to 79,052 million euros versus 76,945 million euros the previous year, an increase of 2.7%.

Changes in exchange rates reduced net sales by 2,407 million euros in 2016, including negative currency effects of 2,076 million euros in the Latin America segment and 246 million euros in the Asia segment.

NET SALES BY COUNTRY

(in millions of euros)	2016	2015
France	35,877	36,272
Rest of Europe	20,085	19,724
Spain	8,049	7,923
Italy	4,892	4,940
Belgium	3,994	3,967
Poland	1,649	1,678
Romania	1,501	1,215
Latin America	14,507	14,290
Brazil	11,772	10,681
Argentina	2,735	3,609
Asia	6,176	6,659
China	4,446	5,020
Taiwan	1,729	1,639

5.1.2 Other revenue

(in millions of euros)	2016	2015	% change
Financing fees and commissions(1)	1,373	1,330	3.2%
Rental revenue	213	210	1.2%
Revenue from sub-leases	260	271	(4.1)%
Property development revenue(2)	113	-	-
Other revenue(3)	761	653	16.6%
TOTAL OTHER REVENUE	**2,720**	**2,464**	**10.4%**

(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 amounts to 38 million euros.
(3) The amounts reported on the line "Other revenue" in the above table correspond mainly to franchise fees, business lease fees and ancillary revenue.

5.2 Recurring operating income

Accounting policies

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" (Note 5.3).

5.2.1 Cost of sales

Accounting policies

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 and commercial income are measured based on the contractual terms negotiated with suppliers.

5.2.2 Sales, general and administrative expenses, and depreciation and amortisation

(in millions of euros)	2016	2015	% change
Sales, general and administrative expenses	(14,147)	(14,105)	0.3%
Depreciation and amortisation	(1,487)	(1,470)	1.2%
TOTAL SG&A AND DEPRECIATION AND AMORTISATION	**(15,634)**	**(15,574)**	**0.4%**

Sales, general and administrative expenses

Sales, general and administrative expenses break down as follows:

(in millions of euros)	2016	2015	% change
Employee benefits expense	(8,240)	(8,209)	0.4%
Property rentals	(1,022)	(1,035)	(1.2)%
Advertising expense	(955)	(896)	6.6%
Fees	(895)	(847)	5.6%
Maintenance and repair costs	(796)	(806)	(1.2)%
Energy and electricity	(670)	(673)	(0.5)%
Taxes other than on income	(578)	(598)	(3.3)%
Other SG&A expenses	(992)	(1,041)	(4.8)%
TOTAL SG&A EXPENSES	**(14,147)**	**(14,105)**	**0.3%**

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 1,535 million euros in 2016 (2015: 1,511 million euros), as follows:

(in millions of euros)	2016	2015	% change
Property and equipment	*(1,313)*	*(1,282)*	*2.5%*
Intangible assets	*(143)*	*(155)*	*(7.2)%*
Assets under finance leases	*(18)*	*(21)*	*(17.3)%*
Investment property	*(12)*	*(12)*	*0.9%*
Depreciation and amortisation of tangible and intangible assets and investment property	(1,487)	(1,470)	1.2%
Depreciation and amortisation of logistic activity	(48)	(41)	17.5%
TOTAL DEPRECIATION AND AMORTISATION	**(1,535)**	**(1,511)**	**1.6%**

5.3 Non-recurring income and expenses

Accounting policies

In accordance with the recommendation of the French accounting authorities (*Autorité des normes comptables* [ANC] recommendation 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 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)	2016	2015
Net gains on sales of assets	39	64
Restructuring costs	(154)	(237)
Other non-recurring income and expenses	(127)	31
Non-recurring income and expenses, net before asset impairments and write-offs	(242)	(142)
Asset impairments and write-offs	(130)	(115)
Impairments and write-offs of goodwill	(5)	(2)
Impairments and write-offs of property and equipment and intangible assets	(125)	(113)
NON-RECURRING INCOME AND EXPENSES, NET	**(372)**	**(257)**
of which:		
Non-recurring income	*118*	*212*
Non-recurring expense	*(490)*	*(468)*

Net gains on sales of assets

In 2016, this item consisted of a number of non-material gains on asset sales.

In 2015, gains on sales of assets primarily concerned assets sold to an associate, Carmila.

Restructuring costs

Restructuring costs concern plans to streamline operating structures in several of the Group's host countries. In both 2016 and 2015, restructuring costs primarily reflect the impact of the plan to integrate the Dia France store network acquired in late 2014, and the costs associated with the supply chain upgrade in France.

Impairment losses and asset write-offs

In 2016, impairment losses of 93 million euros (2015: 52 million euros) were recognised against fixed assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in China (see accounting principles explained in Note 6.3). In addition, assets totalling 33 million euros were written off during the year (2015: 61 million euros).

Other non-recurring income and expenses

Other non-recurring income and expenses consist mainly of the impact of a change in accounting treatment of the tax on retail space in France (TaSCom) under IFRIC 21 – *Levies*. The TaSCom Act dated July 13, 1972 was modified by France's Amended Finance Act for 2015 and by the 2017 Finance Act, which notably introduced an additional obligating event for the payment of the TaSCom, according to which an operator that ceases to operate a taxable establishment during the year is liable for tax in respect of that year calculated on a *pro rata* basis. This change in the law led to a prospective change in the TaSCom reporting year as from 2016. In practice, it meant that two years' worth of TaSCom were recognised in 2016, corresponding to the amount due at January 1, 2016, calculated on the basis of the 2015 turnover – presented in non-recurring expenses (106 million euros) – and the amount due at January 1, 2017, calculated on the basis of the 2016 turnover – included in recurring operating expenses.

5.4 Working capital

5.4.1 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)	2016	2015	Change
Change in inventories	(350)	(528)	178
Change in trade receivables	(117)	(69)	(48)
Change in trade payables	1,083	875	208
Change in loyalty program liabilities	(2)	(55)	53
Change in trade working capital requirement	614	224	390
Change in other receivables and payables	(160)	52	(212)
CHANGE IN WORKING CAPITAL REQUIREMENT	454	276	178

Working capital, like all other items in the statement of cash flows, is translated at the average rate for the period.

5.4.2 Inventories

Accounting policies

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, 2016	December 31, 2015
Inventories at cost	7,278	6,595
Impairment	(239)	(233)
INVENTORIES, NET	7,039	6,362

5.4.3 Trade receivables

Accounting policies

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.

They represent financial instruments classified as "Loans and receivables" (Note 12).

Trade receivables are initially recognised for the invoice amount. 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 (Note 12.6.4).

Certain Group subsidiaries operate receivables discounting programmes. In accordance with IAS 39 - *Financial Instruments: Recognition and Measurement,* 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, 2016	December 31, 2015
Receivables from clients	1,523	1,353
Impairment	(181)	(180)
Receivables from clients, net	**1,342**	**1,173**
Receivables from suppliers	1,341	1,096
TOTAL TRADE RECEIVABLES	**2,682**	**2,269**

5.4.4 Suppliers and other creditors

Accounting policies

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, as there is no substantial difference in the nature or terms of the liabilities before and after factoring.

They are classified in the category of "Financial liabilities measured at amortised cost", as defined in IAS 39 - Financial Instruments: Recognition and Measurement (Note 12). Suppliers and other creditors are initially recognised at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

5.4.5 Tax receivables and payables

TAX RECEIVABLES

(in millions of euros)	December 31, 2016	December 31, 2015
VAT and turnover tax receivables	811	621
Other tax (other than on income) receivables	56	62
Current income tax receivables(1)	177	485
TOTAL TAX RECEIVABLES	**1,044**	**1,168**

(1) In December 2016, CICE (tax credit for competitiveness and employment) receivables were sold for a total of 201 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 IAS 39 'Financial Instruments: Recognition and Measurement' concerning the derecognition of financial assets. The cost of this discounting transaction amounted to 3.5 million euros and was recorded in "Other financial income and expenses".

TAX PAYABLES

(in millions of euros)	December 31, 2016	December 31, 2015
VAT and turnover tax payables	379	306
Other tax (other than on income) payables	750	649
Current income tax payables	130	141
TOTAL TAX PAYABLES	**1,260**	**1,097**

5.4.6 Other current assets and other payables

OTHER CURRENT ASSETS

(in millions of euros)	December 31, 2016	December 31, 2015
Employee advances	20	23
Proceeds receivable from disposals of non-current assets	16	23
Prepaid expenses	327	288
Other operating receivables, net	544	372
TOTAL OTHER CURRENT ASSETS	**907**	**705**

OTHER PAYABLES

(in millions of euros)	December 31, 2016	December 31, 2015
Accrued employee benefits expense	1,760	1,874
Payables to suppliers of non-current assets	752	831
Deferred revenue	122	121
Other payables	519	419
TOTAL OTHER PAYABLES	**3,153**	**3,244**

5.5 Banking and insurance activities

Accounting policies

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".

5.5.1 Consumer credit granted by the financial services companies

At December 31, 2016, consumer credit totalled 6,273 million euros (December 31, 2015: 6,010 million euros), as follows:

(in millions of euros)	December 31, 2016	December 31, 2015
Payment card receivables	4,432	4,080
Loans	2,347	2,358
Consumer credit (on purchases made in Carrefour stores)	69	68
Other financing	287	349
Impairment	(863)	(846)
Other	2	2
TOTAL CONSUMER CREDIT GRANTED BY THE FINANCIAL SERVICES COMPANIES	**6,273**	**6,010**
Short-term financing	*3,902*	*3,658*
Long-term financing	*2,371*	*2,351*

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5.5.2 Consumer credit financing

The related consumer credit financing amounted to 5,330 million euros at December 31, 2016 (December 31, 2015: 5,249 million euros), as follows:

(in millions of euros)	December 31, 2016	December 31, 2015
Debt securities (retail certificates of deposit, medium-term notes)	1,251	1,645
Bank borrowings	317	214
Bonds and notes(1)	1,846	1,625
Customer passbook savings deposits	501	580
Securitisations(2)	510	510
Other refinancing debt to financial institutions	886	649
Other	19	26
TOTAL CONSUMER CREDIT FINANCING	**5,330**	**5,249**
Short-term borrowings	*3,395*	*3,328*
Long-term borrowings	*1,935*	*1,921*

(1) In 2016:
- issue of Carrefour Banque 5-year bonds due April 20, 2021 at 3-month Euribor +68bps, for 500 million euros;
- redemption by Carrefour Banque in April of variable rate bonds representing a nominal amount of 300 million euros.
In 2015:
- two new bond issues by Carrefour Banque: 5-year bonds due March 20, 2020 at 3-month Euribor +50bps, for 500 million euros; and 4-year bonds due October 19, 2019 at 3-month Euribor +88bps for 300 million euros;
- redemption by Carrefour Banque in September 2015 of fixed-rate bonds representing a nominal amount of 410 million euros.

(2) 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, 2016 was 510 million euros (December 31, 2015: 510 million euros).
The securitisation fund is fully consolidated in the Group's accounts.

Note 6 Intangible assets, property and equipment, investment property

6.1 Intangible assets

Accounting policies

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 6.3.

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 (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, 2016	December 31, 2015
Goodwill, net	8,640	8,495
Other intangible assets	1,266	1,014
INTANGIBLE ASSETS, NET	**9,906**	**9,510**

6.1.1 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.

During 2016, the total carrying amount of goodwill increased by 145 million euros, mainly reflecting translation adjustments to Brazilian goodwill and goodwill recognised on acquisitions in France, notably in the e-commerce sector.

(in millions of euros)	Net goodwill at December 31, 2015	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2016
France	4,718	66	(17)		8		4,775
Italy	964			(5)			960
Belgium	957				(1)		956
Spain	862						862
Brazil	465					110	575
Poland	246					(8)	238
Argentina	63					(10)	53
Other countries	220					1	221
TOTAL	**8,495**	**66**	**(17)**	**(5)**	**8**	**93**	**8,640**

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During 2015, the total carrying amount of goodwill increased by 267 million euros, primarily due to (i) final adjustments in the second half of 2015 to the fair value of the assets acquired and liabilities assumed in the Dia business combination, leading to a corresponding adjustment of the related goodwill and (ii) the reclassification as goodwill of items presented in "Other intangible assets" in 2014, partly offset by (iii) translation adjustments to goodwill in Brazil and Argentina.

(in millions of euros)	Net goodwill at December 31, 2014	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2015
France	4,285	90			343		4,718
Italy	963	1			1		964
Belgium	959			(2)			957
Spain	862						862
Brazil	613					(149)	465
Poland	246					1	246
Argentina	86					(23)	63
Other countries	214					6	220
TOTAL	**8,228**	**91**	**0**	**(2)**	**343**	**(165)**	**8,495**

6.1.2 Other intangible assets

(in millions of euros)	December 31, 2016	December 31, 2015
Other intangible assets, at cost	2,987	3,214
Amortisation	(1,859)	(2,243)
Impairment	(78)	(136)
Intangible assets in progress	216	179
OTHER INTANGIBLE ASSETS, NET	**1,266**	**1,014**

CHANGE IN OTHER INTANGIBLE ASSETS

(in millions of euros)	Cost	Amortisation and impairment	Net
At December 31, 2014	3,940	(2,625)	1,315
Acquisitions	302		302
Disposals	(106)	67	(39)
Translation adjustment	(98)	69	(29)
Amortisation		(161)	(161)
Impairment		(26)	(26)
Changes in scope of consolidation, transfers and other movements	(645)	297	(347)
At December 31, 2015	3,393	(2,379)	1,014
Acquisitions	357		357
Disposals	(704)	659	(45)
Translation adjustment	72	(50)	22
Amortisation		(150)	(150)
Impairment		(10)	(10)
Changes in scope of consolidation, transfers and other movements	85	(8)	76
At December 31, 2016	3,202	(1,937)	1,266

6.2 Property and equipment

Accounting policies

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	• Buildings	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 period-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 operating leases or finance leases, *i.e.*, leases that transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. 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" (Note 12.2.1);
- 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 (Note 5.2.2).

(in millions of euros)	December 31, 2016	December 31, 2015
Land	2,565	2,373
Buildings	10,200	9,232
Equipment, fixtures and fittings	15,458	14,602
Other fixed assets	430	407
Assets under construction	789	759
Finance leases – land	460	463
Finance leases – buildings	1,182	1,196
Finance leases – equipment, fixtures and fittings	84	83
Other assets under finance leases	0	0
Property and equipment at cost	31,169	29,116
Depreciation	(16,237)	(15,535)
Depreciation of assets under finance leases	(968)	(958)
Impairment	(558)	(552)
PROPERTY AND EQUIPMENT, NET	13,406	12,071

CHANGES IN PROPERTY AND EQUIPMENT

(in millions of euros)	Cost	Amortisation and impairment	Net
At December 31, 2014	29,104	(16,832)	12,272
Acquisitions[1]	2,043		2,043
Disposals	(1,008)	894	(115)
Amortisation		(1,383)	(1,383)
Impairment		(39)	(39)
Translation adjustment	(874)	310	(565)
Changes in scope of consolidation, transfers and other movements	(149)	5	(144)
At December 31, 2015	29,116	(17,045)	12,071
Acquisitions[1]	2,368		2,368
Disposals	(1,045)	914	(130)
Amortisation		(1,371)	(1,371)
Impairment		(75)	(75)
Translation adjustment	643	(221)	422
Changes in scope of consolidation, transfers and other movements	87	35	123
At December 31, 2016	31,169	(17,763)	13,406

(1) Acquisitions: in both 2016 and 2015, acquisitions of property and equipment primarily reflected the ongoing asset renovation programme and capital expenditure to modernise and expand the store base. In 2016, this figure included expenditure on rebranding Dia stores under the Carrefour banner and initial investments made by Cargo Property, the new subsidiary set up to hold logistics facilities.

6.3 Impairment tests

Accounting policies

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 Groupe Carrefour – 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 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 – " 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:

- operations within each country (hypermarkets, supermarkets, etc.) use shared resources (country-level centralized purchasing organisation, marketing systems, headquarters functions, etc.) that represent an essential source of synergies between the various operations;
- decisions to dispose of business portfolios are generally made at country level and it is rare for just a single store to be sold.

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 are estimated based on the three-year business plan drawn up by country-level Executive Management and approved by Group-level 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.

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, amortisation and provision expense 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.

6.3.1 Impairment of goodwill and sensitivity analysis

The impairment tests performed on goodwill and other intangible assets in 2016 and 2015 in accordance with IAS 36 did not lead to the recognition of any impairment losses on these assets.

The perpetual growth rates and discount rates (corresponding to the weighted average cost of capital – WACC) applied for impairment testing purposes in 2016 and 2015 are presented below by CGU:

	2016		2015	
	After-tax discount rate	Perpetual growth rate	After-tax discount rate	Perpetual growth rate
France	6.3%	1.8%	6.3%	1.6%
Spain	6.8%	1.9%	7.2%	2.1%
Italy	6.6%	1.7%	6.6%	1.6%
Belgium	6.3%	1.8%	6.5%	1.8%
Poland	8.5%	2.8%	8.2%	2.5%
Romania	8.5%	2.5%	8.5%	2.5%
Brazil	13.0%	4.8%	13.2%	5.0%
Argentina	16.6%	7.3%	19.5%	8.8%
China	8.9%	2.6%	9.5%	2.4%
Taiwan	7.4%	1.9%	7.7%	1.8%

6.3.1.1 Countries for which the recoverable amount of goodwill was close to the carrying amount

The tests carried out at December 31, 2016 did not reveal any impairments of goodwill.

For the Italy and Poland CGUs, the recoverable amount of goodwill was found to be close to – but still greater than – the carrying amount.

Sensitivity analyses were performed to determine the changes in the main assumptions that would 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 group of CGUs concerned. The "-" sign indicates that the scenario would have led to the recognition of an impairment loss for the amount shown.

ITALY

Sensitivity to changes in WACC and perpetual growth rate

		WACC (%)				
		(1.00)%	(0.50)%	0.00%	0.50%	1.00%
Perpetual growth (%)	(0.50)%	554	333	154	5	(121)
	(0.25)%	691	443	243	80	(57)
	0.00%	845	564	342	161	12
	0.25%	1,019	701	452	251	87
	0.50%	1,220	855	574	350	168

Sensitivity to changes in net sales and EBITDA margin growth rates

		Net sales growth (%)*				
		(1.00)%	(0.50)%	0.00%	0.50%	1.00%
EBITDA margin growth (%)*	(0.50)%	(103)	(72)	(42)	(11)	21
	(0.25)%	81	115	150	186	222
	0.00%	265	303	342	382	423
	0.25%	431	491	534	578	623
	0.50%	613	678	726	775	824

* *Adjustment variable for each of the years covered by the business plan.*

POLAND

Sensitivity to changes in WACC and perpetual growth rate

		WACC (%)				
		(1.00)%	**(0.50)%**	**0.00%**	**0.50%**	**1.00%**
Perpetual growth (%)	(0.50)%	100	30	(28)	(77)	(120)
	(0.25)%	146	69	5	(49)	(95)
	0.00%	197	111	40	(19)	(69)
	0.25%	253	157	79	14	(41)
	0.50%	316	208	121	50	(10)

Sensitivity to changes in net sales and EBITDA margin growth rates

		Net sales growth (%)*				
		(1.00)%	**(0.50)%**	**0.00%**	**0.50%**	**1.00%**
EBITDA margin growth (%)*	(0.50)%	(116)	(107)	(98)	(89)	(80)
	(0.25)%	(50)	(40)	(29)	(19)	(8)
	0.00%	17	28	40	52	65
	0.25%	83	96	109	123	137
	0.50%	149	164	179	194	209

* *Adjustment variable for each of the years covered by the business plan.*

6.3.1.2 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 (such as those presented above for Italy and Poland) 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.

6.4 Investment property

Accounting policies

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' check-out 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 (Note 6.2).

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 rewards granted by the Group under its leases are an integral part of the net rental revenue and are recognised over the lease term (Note 6.2).

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 fact that valuations are based on passing rents for 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, 2016	December 31, 2015
Investment property at cost	475	529
Depreciation and impairment	(161)	(146)
TOTAL INVESTMENT PROPERTY, NET	**314**	**383**

CHANGES IN INVESTMENT PROPERTY

(in millions of euros)	
At December 31, 2014	296
Depreciation	(19)
Translation adjustment	(14)
Acquisitions	41
Disposals	(14)
Transfers and other movements	93
At December 31, 2015	383
Depreciation	(17)
Translation adjustment	(4)
Acquisitions	33
Disposals	(3)
Transfers and other movements	(77)
At December 31, 2016	314

Rental revenue generated by investment property, reported in the income statement under "Other revenue", totalled 67.2 million euros in 2016 (2015: 64.9 million euros). Operating costs directly attributable to the properties amounted to 13.9 million euros (2015: 10.4 million euros).

The estimated fair value of investment property at December 31, 2016 was 681 million euros (December 31, 2015: 696 million euros).

6.5 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 6.2.

6.5.1 Finance leases

The following table shows future minimum lease payments due for the non-cancellable term of finance leases at December 31, 2016 and 2015:

LEASE COMMITMENTS AT DECEMBER 31, 2016

(in millions of euros)	Total	Within one year	In one to five years	Beyond five years
Minimum future lease payments	570	47	177	346
Discounted present value	351	44	139	168

LEASE COMMITMENTS AT DECEMBER 31, 2015

(in millions of euros)	Total	Within one year	In one to five years	Beyond five years
Minimum future lease payments	645	52	198	395
Discounted present value	399	49	156	194

Rental expense and rental revenue from sub-leases recorded in the income statement are as follows:

LEASE PAYMENTS AND REVENUE FROM SUB-LEASES

(in millions of euros)	2016	2015
Minimum lease payments made during the year	(53)	(54)
Contingent lease payments made during the year	(4)	(9)
Revenue from sub-leases received during the year	18	16

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 14 million euros at December 31, 2016 (December 31, 2015: 15 million euros).

6.5.2 Operating leases

The following table shows future minimum lease payments due for the non-cancellable term of operating leases at December 31, 2016 and 2015:

LEASE COMMITMENTS AT DECEMBER 31, 2016

(in millions of euros)	Total	Within one year	In one to five years	Beyond five years
Minimum future lease payments	3,625	1,070	1,754	801
Discounted present value	2,853	993	1,363	497

LEASE COMMITMENTS AT DECEMBER 31, 2015

(in millions of euros)	Total	Within one year	In one to five years	Beyond five years
Minimum future lease payments	3,503	1,055	1,597	851
Discounted present value	2,747	978	1,243	527

Rental expense and rental revenue from sub-leases recorded in the income statement are as follows:

LEASE PAYMENTS AND REVENUE FROM SUB-LEASES

(in millions of euros)	2016	2015
Minimum lease payments made during the year	(1,113)	(1,047)
Contingent lease payments made during the year	(23)	(26)
Revenue from sub-leases received during the year	265	308

The future minimum sublease payments expected to be received under non-cancellable subleases amounted to 138 million euros at December 31, 2016 (December 31, 2015: 141 million euros).

Note 7 Investments in equity-accounted companies

Accounting policies

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").

7.1 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, 2014	1,471
Translation adjustment	(23)
Share of net income	44
Dividends	(52)
Other movements	(7)
At December 31, 2015	1,433
Translation adjustment	(15)
Share of net income	(36)
Dividends	(79)
Capital increase	58
Other movements	0
At December 31, 2016	1,361

7.2 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)	42%	4,720	2,211	4,427	276	28
CarrefourSA (Turkey)	46%	816	86	536	1,344	(154)
Cardety (France)	43%	100	87	98	6	1
Provencia SA (France)	50%	412	229	195	799	27
Mestdagh (Belgium)	25%	287	73	96	620	8
Ulysse (Tunisia)	25%	182	75	154	355	13
Costasol (Spain)	34%	87	37	63	117	(2)
Other companies[1]		788	296	532	1,498	25

(1) Corresponding to a total of 177 companies, none of which is individually material.

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.

Its governance is organised by a shareholders' agreement between Carrefour, which owns 42% of the capital, and other institutional investors, which own the other 58%. The agreement allocates seats on Carmila's Board of Directors to the investment partners and lists the decisions requiring the Board's prior approval (by a simple or qualified majority vote depending on the importance of the issue concerned). The Board currently has twelve members, including one independent director, six directors chosen by the institutional investors and five by Carrefour, which is not able to impose decisions on its partners that require the Board's prior approval or have decisions imposed on it concerning important issues requiring a qualified majority vote.

The following table presents key financial indicators for Carmila at December 31, 2016 and 2015.

Activity	*Real estate*	
Country	*France*	
Ownership %	*42.42%*	*42.22%*

(in millions of euros)	2016	2015
Revenue (rental income)	276	260
Operating income before depreciation and amortisation	215	211
Net income from continuing operations	28	50
Total non current assets	4,427	4,174
Total current assets	294	286
of which Cash and cash equivalent	*71*	*128*
Total non current liabilities	2,150	1,957
Total current liabilities	355	197
Amount of the investment in equity-accounted company	895	942
Carrefour - Cash dividends received from Carmila	62	27

7.3 Transactions with associates (related parties)

The following table presents the main related-party transactions carried out in 2016 with companies over which the Group exercises significant influence:

(in millions of euros)	Carmila (France)	CarrefourSA (Turkey)	Cardety (France)	Provencia (France)	Mestdagh (Belgium)	Ulysse (Tunisia)
Net sales (sales of goods)	-	0	-	575	52	5
Franchise fees	-	4	-	9	8	3
Property development revenue(1)	195	-	-	-	-	-
Sales of services	12	-	1	-	10	-
Fees and other operating expenses	(7)	-	-	-	-	-
Proceeds from the disposal of non-current assets(1)(2)	42	-	1	-	-	-
Receivables at December 31	9	1	0	39	6	2
Payables at December 31	(3)	(6)	-	-	-	-

(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.

(2) The non current assets orrespond to property and equipment, investment property and financial assets.

Transactions with associates (related parties) are carried out on an arm's length basis.

Note 8 Income tax

Accounting policies

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 6.3) 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.

8.1 Income tax expense for the period

(in millions of euros)	2016	2015
Current income tax expense (including provisions)	(590)	(544)
Deferred income taxes	95	(54)
TOTAL INCOME TAX EXPENSES	**(494)**	**(597)**

Tax proof

Theoretical income tax for 2016 and 2015 has been calculated by multiplying consolidated income before tax by the standard French corporate income tax rate (including in 2015 the 10.7% *contribution exceptionnelle* surtax applicable until December 30, 2016). For 2016, theoretical income tax expense amounted to 492 million euros compared with actual net income tax expense of 494 million euros.

(in millions of euros)	2016	2015
Income before taxes	1,428	1,717
Standard French corporate income tax rate	*34.4%*	*38.0%*
Theoretical income tax expense	**(492)**	**(652)**
Adjustments to arrive at effective income tax rate:		
• Differences between the standard French corporate income tax rate and overseas nominal taxation rates	19	74
• Effect of changes in applicable tax rates	31	(7)
• Tax expense and tax credits not based on the taxable income(1)	(28)	(7)
• Tax effect of other permanent differences	(40)	(29)
• Deferred tax assets recognised on temporary differences and tax loss carryforwards of previous years(2)	150	105
• Deferred tax assets not recognized on temporary differences and tax loss carryforwards arising in the year(3)	(81)	(61)
• Valuation allowances on deferred tax assets recognized in prior years(3)	(69)	0
• Tax effect of net income from equity-accounted companies	(12)	17
• Other differences	29	(36)
TOTAL INCOME TAX EXPENSES	(494)	(597)
EFFECTIVE TAX RATE	**34.6%**	**34.8%**

(1) The reported amount of taxes with no tax base takes into account the CVAE local business tax in France, amounting to 69 million euros in 2016 (2015: 69 million euros), withholding taxes and changes in provisions for tax risks (Note 9.2.1).
(2) In 2016, deferred tax assets recognised on prior years' tax losses primarily concerned Brazil (2015: Brazil and Spain).
(3) Valuation allowances recorded on deferred tax assets mainly concerned China and Argentina.

8.2 Deferred tax assets and liabilities

The Group had a net deferred tax asset of 285 million euros at December 31, 2016, an increase of 49 million euros compared with the previous year-end.

(in millions of euros)	December 31, 2016	December 31, 2015	Change
Deferred tax assets	829	744	84
Deferred tax liabilities	(543)	(508)	(35)
NET DEFERRED TAX ASSETS	**285**	**236**	**49**

The following table shows the main sources of deferred taxes:

		Change			
(in millions of euros)	December 31, 2015	Income statement	Income tax on other comprehensive income (OCI)	Changes in consolidation scope, translation adjustment, other	December 31, 2016
Tax loss carryforwards	1,017	43	-	41	1,101
Property and equipment	262	(39)	-	(5)	218
Non-deductible provisions	854	27	17	65	962
Goodwill amortisation allowed for tax purposes	171	30	-	0	201
Other intangible assets	4	(1)	-	0	3
Inventories	174	8	-	(1)	181
Financial instruments	29	19	1	(1)	48
Other temporary differences	329	(75)	(1)	(2)	250
Deferred tax assets before netting	**2,840**	**11**	**17**	**97**	**2,964**
Effect of netting deferred tax assets and liabilities	(636)	4	-	41	(590)
Deferred tax assets after netting	**2,204**	**15**	**17**	**138**	**2,374**
Valuation allowances on deferred tax assets	(1,459)	21	(0)	(106)	(1,545)
Net deferred tax assets	744	36	17	31	829
Property and equipment	(245)	(14)	-	(33)	(292)
Provisions recorded solely for tax purposes	(320)	(60)	-	4	(376)
Goodwill amortisation allowed for tax purposes	(158)	-	-	(39)	(197)
Other intangible assets	(20)	18	-	2	(0)
Inventories	(37)	16	-	-	(21)
Financial instruments	(46)	39	(4)	(4)	(16)
Other temporary differences	(318)	65	-	19	(232)
Deferred tax liabilities before netting	**(1,144)**	**64**	**(4)**	**(51)**	**(1,134)**
Effect of netting deferred tax assets and liabilities	636	(4)	-	(41)	590
Deferred tax liabilities after netting	(508)	59	(4)	(92)	(543)
NET DEFERRED TAXES	**236**	**95**	**13**	**(60)**	**285**

8.3 Unrecognised deferred tax assets

Unrecognised deferred tax assets amounted to 1,545 million euros at December 31, 2016 (December 31, 2015: 1,459 million euros), including 768 million euros related to tax loss carryforwards (December 31, 2015: 831 million euros) and 777 million euros on temporary differences (December 31, 2015: 628 million euros).

Note 9 Provisions and contingent liabilities

Accounting policies

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.

9.1 Changes in provisions

(in millions of euros)	December 31, 2015	Translation adjustment	Increases	Discounting adjustment	Reversals of surplus provisions	Utilisations	Other	December 31, 2016
Post-employment benefit obligations(1)	1,258	2	111	124	(165)	(53)	2	1,279
Claims and litigation	1,222	153	370	-	(262)	(142)	(28)	1,312
Tax reassessments	*737*	*96*	*172*	-	*(110)*	*(14)*	*3*	*885*
Disputes with current and former employees	*261*	*34*	*120*	-	*(80)*	*(91)*	*(1)*	*243*
Legal disputes	*224*	*22*	*78*	-	*(72)*	*(37)*	*(30)*	*184*
Restructuring	169	(0)	35	-	(42)	(71)	8	98
Other(2)	364	1	86	-	(24)	(62)	10	375
TOTAL PROVISIONS	**3,014**	**155**	**602**	**124**	**(493)**	**(329)**	**(9)**	**3,064**

(1) See Note 10.
(2) Other provisions primarily concern technical risks associated mainly with the insurance business and 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, 2016, the claims and legal proceedings in which the Group was involved were covered by provisions totalling 1,312 million euros (December 31, 2015: 1,222 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.

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9.2 Disputes and legal proceedings

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.

9.2.1 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 reassessments, 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.

In France, Carrefour claimed a refund of part of the corporate income tax paid when the perpetual subordinated loan obtained by Promodès in 1991 was repaid in 2006. In July 2014, the Montreuil Tax Court ruled that Carrefour was not entitled to the refund. Then in July 2016, the Versailles Court of Appeal for tax matters overturned the Montreuil Court's ruling and found in favour of Carrefour. The tax authorities have appealed the Versailles Court's ruling before France's highest court for tax matters, the Conseil d'Etat. Carrefour has also been notified of reassessments concerning the proportion of input VAT recovered in the period 2009-2013, based on the ratio between revenues subject to and exempt from VAT. The Group has challenged the merits of these reassessments before the courts, based on the applicable tax legislation.

The tax authorities in several countries have disallowed part of the headquarters expenses deducted by Group companies. The Group has contested these reassessments.

9.2.2 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, claiming overtime pay that they allege is due to them.

9.2.3 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.

9.3 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.

Note 10 Number of employees, employee compensation and benefits

Accounting policies

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 (Note 5.2.2). Post-employment benefits and other long-term benefits are measured and recognised as described in Note 10.1.

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 10.2.

10.1 Pension and other post-employment benefits

Accounting policies

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".

10.1.1 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 Groupe Carrefour 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 67 (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, an additional provision has been recorded for defined contribution plans with a minimum legal guarantedd 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.

10.1.2 Net expense for the period

The expense recorded in the income statement is detailed as follows:

2015 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost[1]	(195)	7	(0)	0	(187)
Interest cost (discount effect)	19	7	2	1	29
Return on plan assets	(1)	(2)	-	(0)	(3)
Other items	1	-	-	-	1
EXPENSE (INCOME) FOR 2015	**(176)**	**12**	**2**	**1**	**(160)**

2016 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost[1]	(112)	13	0	1	(98)
Interest cost (discount effect)	17	10	2	1	30
Return on plan assets	(1)	(4)	-	(0)	(5)
Other items	3	0	-	(0)	3
EXPENSE (INCOME) FOR 2016	**(93)**	**19**	**3**	**1**	**(71)**

(1) The following table presents details of service cost:

2015 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	62	8	0	0	70
Past service cost (plan amendments and curtailments)	(252)	(0)	-	-	(252)
Settlements and other	(5)	0	(0)	-	(5)
Total Service cost 2015	(195)	7	(0)	0	(187)

2016 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	59	13	0	1	72
Past service cost (plan amendments and curtailments)	(154)	-	0	-	(154)
Settlements and other	(16)	-	-	-	(16)
Total Service cost 2016	(112)	13	0	1	(98)

Net amount for 2016, which includes the effect of plan amendments introduced during the year, breaks down as 95 million euros recorded in employee benefits expense and (24) million euros recorded in financial expense.

10.1.3 Breakdown of the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Defined Benefit Obligation	915	334	136	34	1,419
Fair value of plan assets	(70)	(84)	-	(6)	(161)
PROVISION AT DECEMBER 31, 2015	845	250	136	27	1,258
Defined Benefit Obligation	911	480	136	39	1,565
Fair value of plan assets	(53)	(227)	-	(7)	(286)
PROVISION AT DECEMBER 31, 2016	858	253	136	32	1,279

DBO: Defined Benefits Obligations

10.1.4 Change in the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Provision at December 31, 2014	987	261	153	23	1,425
Movements recorded in the income statement	(176)	12	2	1	(160)
Benefits paid directly by the employer	(3)	(14)	(14)	(0)	(32)
Effect of changes in scope of consolidation	(4)	-	0	(0)	(4)
Change in actuarial gains and losses[1]	41	(9)	(6)	2	28
Other	(1)	-	(0)	1	0
Provision at December 31, 2015	845	250	136	27	1,258
Movements recorded in the income statement	(93)	19	3	1	(71)
Benefits paid directly by the employer	(4)	(13)	(6)	(0)	(24)
Effect of changes in scope of consolidation	(5)	-	0	0	(5)
Change in actuarial gains and losses[1]	113	4	4	3	124
Other	3	(6)	(1)	0	(4)
Provision at December 31, 2016	858	253	136	32	1,279

(1) The change in actuarial gains and losses can be analysed as follows:

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2015 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Actuarial (gain)/loss due to experience	33	(0)	(0)	1	34
Actuarial (gain)/loss due to demographic assumption changes	25	-	0	1	26
Actuarial (gain)/loss due to financial assumption changes	(16)	(4)	(6)	0	(25)
Return on Plan Assets (Greater)/Less than Discount Rate	(1)	(5)	-	(0)	(6)
Changes in actuarial gains and losses 2015	41	(9)	(6)	2	28

2016 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Actuarial (gain)/loss due to experience	9	0	(3)	1	7
Actuarial (gain)/loss due to demographic assumption changes	26	-	(0)	2	28
Actuarial (gain)/loss due to financial assumption changes	79	147	8	0	235
Return on Plan Assets (Greater)/Less than Discount Rate	(1)	(144)	-	0	(145)
Changes in actuarial gains and losses 2016	113	4	4	3	124

10.1.5 Plan assets

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Fair value at December 31, 2014	93	89	-	6	188
Effect of changes in scope of consolidation	(0)	-	-	-	(0)
Return on plan assets	1	2	-	0	3
Benefits paid out of plan assets	(25)	(11)	-	(1)	(37)
Actuarial gain/(loss)	1	5	-	-	6
Other	0	-	-	1	1
Fair value at December 31, 2015	70	84	-	6	161
Effect of changes in scope of consolidation	-	-	-	-	-
Return on plan assets	1	4	-	0	5
Benefits paid out of plan assets	(20)	(12)	-	(0)	(33)
Actuarial gain/(loss)	1	144	-	(0)	145
Other	-	7	-	1	8
Fair value at December 31, 2016	53	227	-	7	286

Plan assets break down as follows by asset class:

	December 31, 2016				December 31, 2015			
	Bonds	Equities	Monetary investments	Real estate and other	Bonds	Equities	Monetary investments	Real estate and other
France	55%	7%	35%	3%	62%	8%	29%	1%
Belgium	39%	10%	51%	0%	69%	21%	4%	6%

All bonds and equities held in plan asset portfolios are listed securities.

10.1.6 Actuarial assumptions and sensitivity analysis

The assumptions used to measure defined benefit obligations for length-of-service awards are as follows:

	2016	2015
Retirement age	62-67	60-67
Rate of future salary increases	1.8% to 2.7%	1.8% to 2.7%
Inflation rate	1,9%	1,9%
Discount rate	1,2%	1,9%

At December 31, 2016, a discount rate of 1.2% was used for France, Belgium and Italy (December 31, 2015: 1.9%). 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 2016, the average duration of the defined benefit obligation under French, Belgian and Italian plans was 11.7 years, 9.6 years and 9.4 years respectively (2015: 10.3 years, 10.2 years and 10.6 years respectively).

Sensitivity tests show that:

- a 25-bps increase in the discount rate would have an impact of around -40 million euros on the defined benefit obligation under the French, Belgian and Italian plans;
- a 25-bps increase in the inflation rate would have an impact of around +18 million euros on the defined benefit obligation under the French, Belgian and Italian plans.

10.2 Share-based payments

Accounting policies

Two types of share-based payment plans have been set up for executive 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 2016 recorded under "Employee benefits expense" in recurring operating income was 3.2 million euros, with a corresponding increase in equity (2015: no cost recognised).

Details of the stock option and performance share plans set up for executive management and selected employees are presented below.

10.2.1 Stock option plans

No stock options have been granted since 2011.

Two types of plans were set up prior to 2011:

- Presence plans, for which the only condition was that grantees had to remain employed by the Group between the grant date and the starting date of the exercise period for each tranche of options (50% of options vested after two years, 25% after three years and 25% after four years);
- Performance plans, for which the above presence condition applied as well as two conditions based on the Group's financial performance, with 50% of the options vesting when each of these conditions were met:
  - performance conditions for the 2009 Performance plan concerned (i) sales growth for the period 2008 to 2010 and (ii) the level of 2010 free cash flow,
  - performance conditions for the 2010 Performance plan concerned growth in (i) sales and (ii) recurring operating income over the period 2009 to 2011.

All of the options were exercisable for existing Carrefour shares.

Details of stock option plans that were in progress at December 31, 2016 or expired during the year are presented below.

	2009 Performance plan	2009 Presence plan	2010 Performance plan	2010 Presence plan II
Grant date(1)	June 17, 2009	June 17, 2009	July 16, 2010	July 16, 2010
Number of options granted(2)	1,252,994	6,974,861	1,439,017	1,941,610
Life of the options	7 years	7 years	7 years	7 years
Number of grantees	57	2,571	56	507
Exercise period(3)	June 17, 2011 to June 16, 2016	June 17, 2011 to June 16, 2016	July 17, 2012 to July 16, 2017	July 17, 2012 to July 16, 2017
Number of options outstanding(4)	0	0	471,416	1,351,784
Exercise price *(in euros)*(2)	29.55	29.55	29.91	29.91

(1) Date of the meeting of the Management Board (before July 28, 2008) or Board of Directors (after that date) when the stock option grants were decided.

(2) Adjusted number of options and adjusted exercise price following the distribution of Dia shares in connection with the Maxidiscount demerger on July 5, 2011.

(3) The options vested only if the grantee was still employed by the Group at the start of the exercise period, in the following tranches:
- 50% after two years
- 25% after three years
- 25% after four years
Concerning the exercise date, specific rules apply in the event of the grantee's death.

(4) All of the options outstanding at December 31, 2016 were exercisable at that date.

Movements in stock options in 2016 were as follows:

Options outstanding at January 1, 2016	7,287,307
of which, exercisable options	*7,287,307*
Options granted in 2016(1)	-
Options exercised in 2016	-
Options cancelled or that expired in 2016(2)	(5,464,107)
Options outstanding at December 31, 2016	1,823,200
of which, exercisable options	*1,823,200*

(1) The Compensation Committee decided not to grant any stock options in 2016.

(2) The 2009 plans expired in June 2016. The 5,464,107 options that had not been exercised as of that date were cancelled.

10.2.2 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 General Meeting held on May 17, 2016 to grant performance shares (existing shares or shares to be issued) to about 950 Group employees, that correspond to 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 three executive officers will be required to retain 50% of their vested shares in registered form throughout their term of office.

Details of the performance share plans in progress at December 31, 2016 are presented below:

	2016 Performance plan
General 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 in 2016 were as follows:

Shares allotted at January 1, 2016	0
of which, vested shares	*0*
Shares granted in 2016	1,944,850
Shares delivered to the grantees in 2016	-
Shares cancelled in 2016	(2,700)
Shares allotted at December 31, 2016	1,942,150
of which, vested shares	*0*

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10.3 Management compensation (related parties)

The following table shows the compensation paid by the Group to serving members of the Management team and the Board of Directors during 2016 and 2015.

(in millions of euros)	2016	2015
Compensation for the year	4.2	3.9
Prior year bonus	5.2	6.3
Benefits in kind (accommodation and company car)	0.0	0.0
Total compensation paid during the year	9.4	10.3
Employer payroll taxes	3.3	3.5
Termination benefits	-	-

Other management benefit plans are as follows:

- defined benefit pension plan described in Note 10.1. 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, 2016 held 2,738 stock options (December 31, 2015: 6,160 stock options) and 287,500 performance shares (see description of vesting conditions in Note 10.2.2). The recognised cost of share-based payment plans for members of the management team was not material in either 2016 or 2015.

Directors' attendance fees paid to members of the Board of Directors amounted to 1.1 million euros in 2016 (2015: 0.8 million euros).

10.4 Number of employees

	2016	2015
Senior directors	512	486
Directors	2,183	2,127
Managers	41,022	40,426
Employees	328,613	332,490
AVERAGE NUMBER OF GROUP EMPLOYEES	**372,330**	**375,529**
NUMBER OF GROUP EMPLOYEES AT THE YEAR-END	**384,151**	**380,920**

Note 11 Equity and earnings per share

11.1 Capital management

The parent company, Carrefour, 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.

11.2 Share capital and treasury stock

11.2.1 Share capital

At December 31, 2016, the share capital was made up of 756,235,154 ordinary shares with a par value of 2.5 euros each, all fully paid.

(in thousands of shares)	2016	2015
Outstanding at January 1	738,471	734,914
Issued for cash	-	-
Issued upon exercise of stock options	-	-
Issued in payment of dividends	17,764	3,557
Cancelled shares	-	-
Outstanding at December 31	756,235	738,471

The increase during the year corresponded to new shares issued to shareholders who chose to reinvest their 2015 dividend (Notes 2.1 and 11.3).

11.2.2 Treasury stock

Accounting policies

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, 2016, a total of 9,473,039 shares were held in treasury (December 31, 2015: 10,990,800 shares).

(in thousands of shares)	December 31, 2016	December 31, 2015	Variation
Shares held directly	9,473	7,928	1,545
Shares held indirectly *via* an equity swap	-	3,063	(3,063)
Treasury stock	9,473	10,991	(1,518)

Shares held directly

The Carrefour shares held directly by the Company 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 replaces the 2014 agreement with Oddo Corporate Finance).

All rights attached to these shares are suspended for as long as they are held in treasury.

Shares held indirectly via an equity swap

In 2009, the Group reorganised the portfolio of treasury shares and instruments held to meet its obligations under stock option and performance share plans.

On June 15, 2009, a total of 18,638,439 shares were sold out of treasury at a price of 28.725 euros per share, generating total proceeds of 535 million euros, and 18,638,439 shares were bought back at the same price per share of 28.725 euros for forward delivery at various dates through July 2017. The transaction had no impact on the consolidated income statement.

Following the distribution of Dia shares on July 5, 2011, Carrefour delivered an additional 2,196,200 shares in exchange for a reduction in the buyback price per share to 25.184 euros.

At December 31, 2015, Carrefour was committed to buying back 3,063,097 shares under the equity swap for a total of 77 million euros (recorded as a financial liability). The shares were bought back on June 15, 2016 (Note 12.2.3).

11.3 Dividends

The 2015 ordinary dividend of 0.70 euro per share was paid on June 21, 2016 as follows:

- settlement/delivery of the 17,764,360 new shares corresponding to reinvested dividends, representing a total capital increase of 388 million euros including premiums;
- 121 million euros paid in cash to shareholders who had chosen not to reinvest their dividends.

11.4 Other comprehensive income

Group share *(in millions of euros)*	2016			2015		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	12	(4)	8	(0)	0	(0)
Changes in the fair value of available-for-sale financial assets	(7)	3	(5)	(3)	1	(2)
Exchange differences on translating foreign operations	261	0	261	(511)	0	(511)
Items that may be reclassified subsequently to profit or loss	**266**	**(2)**	**264**	**(515)**	**1**	**(513)**
Remeasurements of defined benefit plans obligation	(122)	15	(106)	(27)	11	(16)
Items that will not be reclassified to profit or loss	**(122)**	**15**	**(106)**	**(27)**	**11**	**(16)**
TOTAL OTHER COMPREHENSIVE INCOME - GROUP SHARE	**144**	**14**	**158**	**(542)**	**13**	**(529)**

Non-controlling interests *(in millions of euros)*	2016			2015		
	Pre-tax	Tax	Net	Pre-tax	Tax	Net
Effective portion of changes in the fair value of cash flow hedges	3	(1)	2	2	(1)	1
Changes in the fair value of available-for-sale financial assets	2	(1)	1	(4)	1	(2)
Exchange differences on translating foreign operations	100	0	100	(91)	0	(91)
Items that may be reclassified subsequently to profit or loss	**104**	**(1)**	**103**	**(92)**	**0**	**(92)**
Remeasurements of defined benefit plans obligation	(3)	0	(2)	(2)	0	(1)
Items that will not be reclassified to profit or loss	**(3)**	**0**	**(2)**	**(2)**	**0**	**(1)**
TOTAL OTHER COMPREHENSIVE INCOME - NON-CONTROLLING INTERESTS	**102**	**(1)**	**100**	**(94)**	**1**	**(93)**

11.5 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 sub-group made up of Atacadaõ and its subsidiaries (part of the Brazil operating segment), which is 88% owned by the Group.

The following tables present the key information from the sub-groups' Consolidated Financial Statements:

CARREFOUR BANQUE SA SUB-GROUP

Income statement *(in millions of euros)*	2016	2015
Revenue (Net Banking Product)	389	413
Net result	29	37
of which:		
• *attributable to the Group Carrefour*	*18*	*22*
• *attributable to non-controlling interests*	*12*	*15*

Statement of financial position *(in millions of euros)*	December 31, 2016	December 31, 2015
Non current assets	2,016	2,090
Current assets	2,790	2,889
Non current liabilities (excluding shareholders' equity)	1,975	1,947
Current liabilities	2,307	2,523
Dividends paid to non-controlling interests	9	13

ATACADAÕ SUB-GROUP*

Income statement *(in millions of euros)*	2016	2015
Revenue (Net Banking Product)	12,472	11,314
Net result	353	258
of which:		
• *attributable to the Group Carrefour*	*267*	*174*
• *attributable to non-controlling interests*	*86*	*84*

Statement of financial position *(in millions of euros)*	December 31, 2016	December 31, 2015
Non current assets	4,135	3,027
Current assets	4,288	3,212
Non current liabilities (excluding shareholders' equity)	2,047	1,742
Current liabilities	3,908	2,818
Dividends paid to non-controlling interests	16	16

* *Including all the activities operated by Carrefour in Brazil.*

There are no individually material non-controlling interests in other subsidiaries.

11.6 Earnings per share (Group share)

Accounting policies

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 stock, including shares held indirectly through the equity swap described in Note 11.2.2, 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 10.2.1. 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	2016	2015
Net income from continuing operations	786	977
Net income from discontinued operations	(40)	4
Net income for the year	746	980
Weighted average number of shares outstanding(1)	739,217,531	724,480,483
Basic earnings from continuing operations per share *(in euros)*	1.06	1.35
Basic earnings from discontinued operations per share *(in euros)*	(0.05)	0.00
Basic earnings per share *(in euros)*	1.01	1.35

(1) In accordance with IAS 33, the weighted average number of shares used to calculate 2015 earnings per share was adjusted to take into account the effect of the 2015 dividends paid in shares on July 21, 2016 (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	2016	2015
Net income from continuing operations	786	977
Net income from discontinued operations	(40)	4
Net income for the year	746	980
Weighted average number of shares outstanding, before dilution	739,217,531	724,480,483
Potential dilutive shares	145,127	-
Stock grants	*145,127*	-
Stock options	-	-
Diluted weighted average number of shares outstanding	739,362,658	724,480,483
Diluted earnings from continuing operations per share *(in euros)*	1.06	1.35
Diluted earnings from discontinued operations per share *(in euros)*	(0.05)	0.00
Diluted earnings per share *(in euros)*	1.01	1.35

No stock options were taken into account for the calculation of diluted earnings per share as they were out of the money in 2016 (*i.e.*, their exercise price was greater than the average share price for the year). Therefore, dilutive potential ordinary shares correspond exclusively to the performance shares presented in Note 10.2.

Note 12 Financial assets and liabilities, finance costs and other financial income and expenses

Accounting policies

Non-derivative financial assets

In accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*, the main financial assets are classified in one of the following four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

Their classification determines their accounting treatment. They are classified by the Group upon initial recognition, based on the type of asset and the purpose for which it was acquired. 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 fair value through profit or loss

These are financial assets held for trading, *i.e.*, assets acquired principally for the purpose of selling them at a profit in the short term, or financial assets designated at the outset as at fair value through profit or loss.

They are measured at fair value with changes in fair value recognised in the income statement, under financial income or expense.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that do not meet the criteria for classification as either held for trading or available for sale.

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 tested for impairment when there is an indication that their recoverable amount may be less than their carrying amount. If this is found to be the case, an impairment loss is recorded.

This category includes trade receivables, other loans and receivables (reported under "Other financial assets") and consumer credit granted by the financial services companies.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets other than loans and receivables with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group did not hold any assets classified as held-to-maturity at December 31, 2016 or December 31, 2015.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that do not meet the criteria for classification in any of the other three categories. They consist mainly of shares in non-consolidated companies.

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 available-for-sale financial assets". When the assets are sold, the gains and losses accumulated in shareholders' equity are reclassified to the income statement.

However, in the event of a prolonged or significant fall in value of an equity instrument or a decline in estimated cash flows from a debt instrument, an impairment loss is recognised in the income statement. If, in a subsequent period, the impairment decreases, the previously recognised impairment loss is released as follows:

- for equity instruments (shares and other): through "Other comprehensive income";
- for debt instruments (bonds, notes and other): where an increase is observed in estimated future cash flows, through profit or loss for an amount not exceeding the previously recognised impairment loss.

The fair value of listed securities corresponds to their market price. For unlisted securities, fair value is determined by reference to recent transactions or by using valuation techniques based on reliable and observable market data. When it is impossible to obtain a reasonable estimate of an asset's fair value, it is measured at historical cost.

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, mainly comprising investments in non-consolidated companies and long-term loans;
- trade receivables (Note 5.4.3);
- consumer credit granted by the financial services companies (Note 5.5.1);
- other current financial assets, mainly available-for-sale financial assets, measured at fair value, and short-term loans and 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 (Note 5.4.4);
- consumer credit financing (Note 5.5.2);
- 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 currency and interest rate 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:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception.

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 directly 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.

(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, 2016 and 2015, the effect of incorporating these two types of risk was not material.

12.1 Financial instruments by category

At December 31, 2016 *(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	98		98					98
Other long-term investments	1,412		427	985				1,412
Other non-current financial assets	**1,510**		**525**	**985**				**1,510**
Consumer credit granted by the financial services companies	6,273			6,273				6,273
Trade receivables	2,682			2,682				2,682
Other current financial assets	239		68	122			49	239
Other assets(1)	580			580				580
Cash and cash equivalents	3,305	3,305						3,305
ASSETS	**14,589**	**3,305**	**593**	**10,642**			**49**	**14,589**
Total long- and short-term borrowings	8,075				7,719	254	101	8,590
Total consumer credit financing	5,330				5,313		17	5,330
Suppliers and other creditors	15,396				15,396			15,396
Other payables(2)	3,031				3,031			3,031
LIABILITIES	**31,831**				**31,458**	**254**	**119**	**32,346**

(1) Excluding prepaid expenses.
(2) Excluding deferred revenue.

At December 31, 2015 *(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	78		78					78
Other long-term investments	1,213		443	770				1,213
Other non-current financial assets	**1,291**		**521**	**770**				**1,291**
Consumer credit granted by the financial services companies	6,010			6,010				6,010
Trade receivables	2,269			2,269				2,269
Other current financial assets	358			207			151	358
Other assets(1)	418			418				418
Cash and cash equivalents	2,724	2,724						2,724
ASSETS	**13,071**	**2,724**	**521**	**9,674**			**151**	**13,071**
Total long- and short-term borrowings	7,629				7,064	516	49	8,135
Total consumer credit financing	5,249				5,223		26	5,249
Suppliers and other creditors	13,648				13,648			13,648
Other payables(2)	3,123				3,123			3,123
LIABILITIES	**29,649**				**29,058**	**516**	**75**	**30,156**

(1) Excluding prepaid expenses.
(2) Excluding deferred revenue.

Assets and liabilities measured at fair value based on the hierarchy provided for in IFRS 13 – Fair Value Measurement (Note 1.4)

December 31, 2016 *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies			98	98
Other long-term investments	427			427
Other current financial assets - Available-for-sale	68			68
Other current financial assets - Derivative instruments recorded in current financial assets		49		49
Cash and cash equivalents	3,305			3,305
Consumer credit financing - Derivative instruments recorded in liabilities		(17)		(17)
Borrowings - Derivative instruments recorded in liabilities		(95)	(6)	(101)

December 31, 2015 *(in millions of euros)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in non-consolidated companies			78	78
Other long-term investments	443			443
Other current financial assets - Derivative instruments recorded in current financial assets		151		151
Cash and cash equivalents	2,724			2,724
Consumer credit financing - Derivative instruments recorded in liabilities		(26)		(26)
Borrowings - Derivative instruments recorded in liabilities		(39)	(10)	(49)

No assets or liabilities measured at fair value were reclassified between the various levels between December 31, 2015 and 2016.

12.2 Net debt

12.2.1 Net debt calculation

Net debt at December 31, 2016 amounted to 4,531 million euros, a decrease of 15 million euros from December 31, 2015. This amount breaks down as follows:

(in millions of euros)		**December 31, 2016**	**December 31, 2015**
Bonds and notes		6,962	6,884
Other borrowings		690	345
Commercial paper		-	-
Finance lease liabilities		322	351
Total borrowings before derivative instruments recorded in liabilities		7,974	7,580
Derivative instruments recorded in liabilities		101	49
TOTAL BORROWINGS	[1]	**8,075**	**7,629**
Of which, long-term borrowings		*6,200*	*6,662*
Of which, short-term borrowings		*1,875*	*966*
Other current financial assets		239	358
Cash and cash equivalents		3,305	2,724
TOTAL CURRENT FINANCIAL ASSETS	[2]	**3,544**	**3,083**
NET DEBT	[1] - [2]	**4,531**	**4,546**

12.2.2 Bonds and notes

(in millions of euros)		Face Value December 31, 2015	Face Value Issues	Face Value Repayments	Face Value December 31, 2016	Book value of the debt December 31, 2016
Public placements	*Maturity*					
Euro Bond Fixed rate, EUR, 10 years, 4.375%	*2016*	167		(167)	-	
EMTNs, EUR, 4 years, 4.375%	*2016*	500		(500)	-	
EMTNs, EUR, 8 years, 4.678%	*2017*	250			250	254
EMTN, EUR, 5 years, 1.875%	*2017*	1,000			1,000	999
Euro Bond Fixed rate, EUR, 7 years, 5.25%	*2018*	279			279	279
EMTNs, EUR, 6 years, 1.75%	*2019*	1,000			1,000	998
EMTNs, EUR, 10 years, 4.00%	*2020*	1,000			1,000	998
EMTNs, EUR, 11 years, 3.875%	*2021*	1,000			1,000	991
EMTNs, EUR, 8 years, 1.75%	*2022*	1,000			1,000	956
EMTNs, EUR, 8 years, 0.750%	*2024*	-	750		750	743
EMTNs, EUR, 10 years, 1.25%	*2025*	750			750	745
TOTAL BONDS AND NOTES		**6,946**	**750**	**(667)**	**7,029**	**6,962**

12.2.3 Other borrowings

(in millions of euros)	December 31, 2016	December 31, 2015
Equity swap liability	-	77
Latin America borrowings	376	107
Other borrowings	173	52
Accrued interest[1]	96	99
Other financial liabilities	46	10
TOTAL OTHER BORROWINGS	**690**	**345**

(1) Accrued interest on total borrowings, including bonds and notes.

12.2.4 Cash and cash equivalents

Accounting policies

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, 2016	December 31, 2015
Cash	1,558	1,286
Cash equivalents	1,747	1,439
TOTAL CASH AND CASH EQUIVALENTS	**3,305**	**2,724**

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.

12.2.5 Other current financial assets

(in millions of euros)	December 31, 2016	December 31, 2015
Available-for-sale financial assets	68	0
Derivative instruments	49	151
Deposits with maturities of more than three months	110	186
Other	12	22
TOTAL OTHER CURRENT FINANCIAL ASSETS	**239**	**358**

12.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

12.3.1 Analysis by interest rate

	December 31, 2016		December 31, 2015	
(in millions of euros)	before hedging	after hedging	before hedging	after hedging
Fixed rate borrowings	7,545	7,295	7,277	6,777
Variable rate borrowings	424	678	287	803
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,969**	**7,974**	**7,564**	**7,580**

12.3.2 Analysis by currency

The following analysis by currency concerns borrowings including the impact of currency swaps.

(in millions of euros)	December 31, 2016	December 31, 2015
Euro	7,385	7,314
Brazilian real	199	80
Argentine peso	178	28
Taiwan dollar	74	74
Chinese yuan	67	14
Polish zloty	64	65
Romanian leu	5	5
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,974**	**7,580**

Euro-denominated borrowings represented 93% of total borrowings (excluding derivative instruments recorded in liabilities) at December 31, 2016 (December 31, 2015: 96%).

12.3.3 Analysis by maturity

(in millions of euros)	December 31, 2016	December 31, 2015
Due within one year	1,774	921
Due in 1 to 2 years	333	1,306
Due in 2 to 5 years	3,221	2,447
Due beyond 5 years	2,646	2,905
TOTAL BORROWINGS (BEFORE DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,974**	**7,580**

12.4 Other non-current financial assets

(in millions of euros)	December 31, 2016	December 31, 2015
Investments in non-consolidated companies	98	78
Long-term loans	9	1
Deposits	771	618
Other	632	594
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**1,510**	**1,291**

12.5 Finance costs and other financial income and expenses

This item breaks down as follows:

(in millions of euros)	2016	2015
Interest income from loans and cash equivalents	**27**	**32**
Interest income from bank deposits	29	30
Interest income from loans	(1)	2
Finance costs	**(404)**	**(380)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(378)	(352)
Interest expense on finance lease liabilities	(26)	(27)
Ineffective portion of fair value hedges of borrowings	-	-
Finance costs, net	(377)	(347)
Other financial income and expenses, net	**(138)**	**(168)**
Actualisation cost on defined employee benefit debt	(30)	(29)
Interest income on pension plan assets	5	4
Financial transaction tax	(36)	(46)
Late interest due in connection with tax reassessments and employee-related litigation	(23)	(55)
Dividends received on available-for-sale financial assets	2	1
Proceeds from the sale of available-for-sale financial assets measured at fair value through equity	35	7
Cost of sold available-for-sale financial assets measured at fair value through equity	(32)	(2)
Exchange gains and losses	(1)	7
Cost of bond buybacks	(7)	(7)
Variation valuation Cash flow hedge	(15)	(3)
Other	(37)	(44)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(515)**	**(515)**
Financial expenses	*(583)*	*(567)*
Financial income	*68*	*51*

12.6 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 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. The Corporate Treasury and Financing department based in Brussels manages the treasury and financing needs of all retail subsidiaries, on the instructions of Group Executive Management. 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.

12.6.1 Liquidity risk

12.6.1.1 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. Since 2007, the loan agreements for the EMTN programme include a soft change of control clause that would be triggered in the event that a change of control led to Carrefour losing its investment grade rating. In this case, the notes would not become immediately repayable but the interest rate would increase;
- 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, 2016, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. 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 and default clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. They do not include any rating trigger, although they do allow for the pricing grid to be adjusted up or down to reflect changes in the long-term credit rating. None of the agreements contains a material adverse change clause.

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 four years and one month.

12.6.1.2 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. During 2016, Carrefour Banque carried out a new bond issue to support the financing and development of its businesses (Note 5.5.2) with a master trust structure that allows it to dynamically manage asset-backed securities series issued by the securitisation fund. Within this structure, the 110 million-euro series was renewed for a two-year period, as from June 2016.

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 has been 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, 2016 *(in millions of euros)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Borrowings hedged by fair value hedges	254	251	251		
Borrowings hedged by cash flow hedges	-	-			
Fixed rate borrowings	7,397	8,090	1,627	3,892	2,572
Unhedged borrowings	-	-			
Finance lease liabilities	322	570	47	177	346
Derivative instruments	101	98	83	9	6
Total Borrowings	8,075	9,009	2,008	4,077	2,924
Suppliers and other creditors	15,396	15,396	15,396		
Consumer credit financing	5,330	5,330	3,395	1,935	
Other payables[(1)]	3,031	3,031	3,031		
TOTAL FINANCIAL LIABILITIES	**31,831**	**32,766**	**23,830**	**6,012**	**2,924**

(1) Excluding deferred revenue

December 31, 2015 *(in millions of euros)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Borrowings hedged by fair value hedges	516	501	251	250	
Borrowings hedged by cash flow hedges	-	-			
Fixed rate borrowings	6,636	7,532	771	3,890	2,871
Unhedged borrowings	77	78	78		
Finance lease liabilities	351	645	52	198	395
Derivative instruments	49	48	22	17	10
Total Borrowings	7,629	8,803	1,173	4,355	3,275
Suppliers and other creditors	13,648	13,648	13,648		
Consumer credit financing	5,249	5,249	3,328	1,921	
Other payables[(1)]	3,123	3,123	3,123		
TOTAL FINANCIAL LIABILITIES	**29,649**	**30,824**	**21,272**	**6,277**	**3,275**

(1) Excluding deferred revenue.

12.6.2 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	-	(3.9)	-	3.9
Variable rate borrowings	-	-	-	-
Borrowings hedged by fair value hedges	-	(0.4)	-	0.4
Swaps qualified as fair value hedges	-	0.4	-	(0.4)
Swap qualified as cash flow hedges	-	-	-	-
Options qualified as cash flow hedges	-	(7.4)	-	11.8
Instruments classified as held for trading	-	1.4	-	(0.3)
TOTAL EFFECT	**-**	**(9.9)**	**-**	**15.4**

12.6.3 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 / BRL	-	107.9	-	(89.1)
Position EUR / USD	-	(62.3)	-	62.3
Position USD / BRL	-	7.5	-	(9.1)
Position EUR / PLN	-	7.4	-	(7.4)
Position EUR / RON	-	6.5	-	(6.5)
Position EUR / HKD	-	2.6	-	(2.6)
Position RON / USD	-	(2.0)	-	2.0

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 2016 compared with those for 2015 reduced consolidated net sales by 2,407 million euros or 3.1% and recurring operating income by 16 million euros or 0.7%.

Lastly, when financing is arranged locally, it is generally denominated in local currency.

12.6.4 Credit risk

The Group's estimated exposure to credit risk is presented below:

(in millions of euros)	December 31, 2016	December 31, 2015
Investments in non-consolidated companies	98	78
Other long-term investments	1,412	1,213
Total Other non-current financial assets	1,510	1,291
Consumer credit granted by the financial services companies	6,273	6,010
Trade receivables	2,682	2,269
Other current financial assets	239	358
Other assets[1]	580	418
Cash and cash equivalents	3,305	2,724
MAXIMUM EXPOSURE TO CREDIT RISK	14,589	13,071

(1) Excluding prepaid expenses.

12.6.4.1 Retail business

1) Trade receivables

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates) and 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, 2016, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,342 million euros (Note 5.4.3). At that date, past due receivables amounted to a net 122 million euros, of which 23 million euros were over 90 days past due (1.7% of total trade receivables net of impairment excluding receivables from suppliers). No additional 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.

12.6.4.2 Banking and insurance business

1) Credit risk management

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.

2) Provisions for non-performing consumer loans

Consumer loans are classified as non-performing when the Group believes that there is a risk that all or part of the amount due will not be recovered (for example, because of overdue payment or litigation procedure).

Provision models are developed in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement* and local banking regulations in each country, according to a two-step process:

- classification of outstanding loans in uniform risk categories based on the probability of default; then
- modelling of the loss given default based on historical data.

ANALYSIS OF DUE AND PAST DUE CONSUMER LOANS

			Amounts due and past-due at the period-end			
(in millions of euros)	December 31, 2016	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	6,273	6,030	69	55	15	104

			Amounts due and past-due at the period-end			
(in millions of euros)	December 31, 2015	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	6,010	5,829	27	39	25	90

ANALYSIS OF CONSUMER LOANS BY MATURITY

(in millions of euros)	December 31, 2016	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	2,592	1,081	1,426	85
Belgium	166	5	149	11
Spain	1,812	1,260	258	294
Italy	201	93	46	63
Argentina	176	172	4	0
Brazil	1,326	1,290	36	-
TOTAL	**6,273**	**3,902**	**1,918**	**453**

(in millions of euros)	December 31, 2015	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	2,825	1,242	1,465	118
Belgium	175	7	159	8
Spain	1,640	1,180	227	234
Italy	201	93	75	32
Argentina	166	159	8	-
Brazil	1,003	978	24	-
TOTAL	**6,010**	**3,658**	**1,958**	**393**

12.6.5 Equity risk

Equity risk corresponds to the potential impact of changes in the Carrefour share price on its share-based payment commitments and on treasury stock. Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

From time to time, the Group buys back its shares on the market or purchases call options on its shares, mainly in connection with its performance share or stock option plans.

The frequency and size of these purchases depend on the share price.

At December 31, 2016, shares and options held directly or indirectly by the Group covered its total commitments under outstanding performance share and stock option plans.

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.

Note 13 Off-balance sheet commitments

Accounting policies

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, 2016	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2015
Related to cash management transactions	11,322	9,310	1,027	985	9,706
Financial services companies	*10,191*	*9,237*	*953*	*1*	*8,961*
Other companies	*1,131*	*73*	*75*	*984*	*745*
Related to operations/real estate/expansion, etc.	3,433	1,778	1,567	87	2,430
Related to sales of securities	301	194	32	75	261
Related to leases	3,625	1,070	1,754	801	3,503
TOTAL	18,680	12,352	4,380	1,948	15,900

		By maturity			
Commitments received *(in millions of euros)*	December 31, 2016	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2015
Related to cash management transactions	6,743	1,112	5,573	57	6,633
Financial services companies	*1,833*	*242*	*1,572*	*18*	*1,860*
Other companies	*4,910*	*870*	*4,001*	*40*	*4,774*
Related to operations/real estate/expansion, etc.	1,328	329	677	322	1,040
Related to sales of securities	309	199	52	58	279
Related to leases	770	272	350	148	636
TOTAL	9,149	1,912	6,652	585	8,588

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 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;
- other commitments given or received.

Off-balance sheet commitments related to securities consist of firm commitments to purchase and sell securities received from 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:

At December 31, 2016, 707 hypermarket properties and 500 supermarket properties were owned outright out of a total integrated store base of 1,210 hypermarkets and 1,457 supermarkets.

Rent on store properties not owned by the Group totalled 1,022 million euros in 2016 (Note 5.2.2).

Of total future minimum rentals due under operating and finance leases, 27% are due within one year, 46% in one to five years and 27% beyond five years.

Future minimum rentals under operating leases – determined based on the Group's maximum commitment in terms of both duration and amount for each of the property leases in progress at the period-end – amounted to 3,625 million euros at December 31, 2016, or 2,853 million euros after discounting (Note 6.5).

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 2016 amounted to 213 million euros. Future minimum rentals receivable from these retail units – determined based on the tenants' maximum commitment in terms of both duration and amount for each of the leases in progress at the period-end – amounted to 770 million euros at December 31, 2016, or 595 million euros after discounting.

Note 14 Subsequent events

In December 2016, the Group exercised its option to extend its 2,500 million-euro credit facility by one year. The extension was effective in January 2017 and the facility will now mature in January 2022.

The operation has contributed to the ongoing strategy to secure the Group's long-term financing sources by maintaining the average maturity of its facilities (from 4.4 as of December 31, 2015 to 4.1 years as of December 31, 2016).

On March 2, 2017, Carmila and Cardety, two property companies over which the Group has significant influence, announced a draft merger agreement under which Carmila will be absorbed by Cardety, whose shares are listed on Euronext Paris (compartment C). Post completion of the merger, Carrefour would own 42.4% of the new merged entity, which is to be named Carmila, while the other shareholders of Carmila and Cardety would own 55.3% and 2.3% respectively.

The merger proposal will be submitted to the relevant employee representative bodies for information and consultation purposes. Following completion of this information and consultation process, and subject to the signing of the definitive agreements and to certain regulatory approvals, the merger will be submitted for the approval of Carmila and Cardety's respective shareholders at General Meetings to be held in 2017.

As part of its development plan, the merged entity may, subject to market conditions, carry out a capital increase in an amount of 500-600 million euros, which would involve issuing shares on the market in 2017.

No other events have occurred since the year-end that would have a material impact on the Consolidated Financial Statements.

Note 15 Fees paid to the auditors

	2016				2015			
(in millions of euros)	**Deloitte**	**KPMG**	**Mazars**	**Total**	**Deloitte**	**KPMG**	**Mazars**	**Total**
Certification of the accounts	2.3	7.9	2.1	12.3	*2.2*	7.8	2.1	12.1
Other services	2.1	1.3	0.3	3.6	*2.0*	0.7	0.2	3.0
TOTAL	**4.4**	**9.2**	**2.4**	**15.9**	*4.2*	**8.5**	**2.3**	**15.1**

Note 16 List of consolidated companies

16.1 Fully consolidated companies at December 31, 2016

FRANCE	Percent interest used in consolidation
AJACCIO DISTRIBUTION	100
ALHE DISTRIBUTION	100
ALSATOP	100
AMIDIS ET CIE	100
ANTIDIS	100
AP2L DISTRIBUTION	100
AVENUE	52
BELLEVUE DISTRIBUTION	100
BLO DISTRIBUTION	100
BOEDIM	100
BREM 63 SCI	100
C.S.D	74
C.S.F	100
CADS	99.5
CALLOUETS	51
CAMPUS ERTECO	100
CARAUTOROUTES	100
CARDADEL	100
CARFUEL	100
CARGO PROPERTY BAIN DE BRETAGNE	32.2
CARGO PROPERTY BRIE COMTE ROBERT	32.2
CARGO PROPERTY CHOLET	32.2
CARGO PROPERTY COMBS LA VILLE	32.2
CARGO PROPERTY EPAUX BEZU	32.2
CARGO PROPERTY GERANT	100
CARGO PROPERTY HOLDING	32.2
CARGO PROPERTY LAUDUN	32.2
CARGO PROPERTY LUNEVILLE	32.2
CARGO PROPERTY PLAISANCE DU TOUCH	32.2
CARGO PROPERTY SAVIGNY SUR CLAIRIS	32.2
CARGO PROPERTY VENDIN	32.2
CARIMA	100
CARMA	50
CARMA COURTAGE	50
CARMA VIE	50
CARREFOUR ADMINISTRATIF FRANCE	100
CARREFOUR BANQUE	60
CARREFOUR DRIVE	100
CARREFOUR FRANCE	100
CARREFOUR FRANCE PARTICIPATION	100
CARREFOUR HYPERMARCHES	100
CARREFOUR IMPORT	100
CARREFOUR LIBERTY	100

FRANCE	Percent interest used in consolidation
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
CARVILLENEUVE	100
CENTRE DE FORMATION ET COMPETENCES	100
CHALLENGER	100
CIGOTOP	100
CLAIREFONTAINE	100
CODIEP	100
COMPAGNIE D'ACTIVITE ET DE COMMERCE INTERNATIONAL -CACI-	100
CONCEPT 2003	100
CORSAIRE	50
COVIAM 8	100
COVIAM 9	100
COVICAR 2	100
COVICAR IC 3	100
COVICAR IC 4	96.6
COVICAR IC 6	100
COVICARGO 4	100
COVICARGO 5	100
CPF ASSET MANAGEMENT	100
CRF REGIE PUBLICITAIRE	100
CRFP13	100
CRFP14	100
CRFP15	100
CRFP19	100
CRFP20	100
CRFP21	100
CRFP22	100
CRFP23	100

FRANCE	Percent interest used in consolidation
CRFP8	100
CROQUETTELAND	70
CSD TRANSPORTS	74
CSI	100
DAUPHINOISE DE PARTICIPATIONS	100
DE LA COQUERIE	51
DE LA FONTAINE	51
DE SIAM	51
DIGITAL MEDIA SHOPPER	100
DISTRIVAL	100
DOREL	100
ECALHAN	51
ED FRANCHISE	100
EPG	66
ERTECO	100
FALDIS	99.9
FCT MASTER CREDIT CARD 2013	60
FERRARI	100
FINANCIERE RSV	100
FINIFAC	100
FONCIERE LES 4 ROUTES	100
FORUM DEVELOPPEMENT	100
FRED 8	100
GAMACASH	100
GAUTHIER	100
GEILEROP	100
GENEDIS	100
GERNIMES	100
GIE BREST BELLEVUE	79.9
GIE CARREFOUR PERSONAL FINANCE SERVICES	57.5
GM CARREFOUR	100
GRANDSVINS-PRIVÉS.COM	100
GREENWEEZ	96.8
GUILVIDIS	100
GUYENNE & GASCOGNE	100
GVTIMM	51
HAUTS DE ROYA	100
HERMES	100
HYPARLO	100
HYPERADOUR	100
HYPERMARCHES DE LA VEZERE	50
IMMAUFFAY	51
IMMO ARTEMARE	51
IMMO BACQUEVILLE	51
IMMOBILIERE CARREFOUR	100
IMMOBILIERE ERTECO	100
IMMOCYPRIEN	51

FRANCE	Percent interest used in consolidation
IMMODIS	100
IMMODIVINE	51
IMMOLOUBES	51
IMMOTOURNAY	51
INTERDIS	100
JOUFFROY	100
JUSTE	100
KERGALYS	100
LA BAUDRIERE	100
LA CROIX VIGNON	51
LA GERSOISE	100
LALAUDIS	99
LANN KERGUEN	51.2
LAPALUS	100
LAURENJI	100
LE COURTEMBLET	100
LES TASSEAUX	51
LES VALLEES	51
LOGIDIS	100
LOGISTICADOUR	100
LUDIS	100
LVDIS	100
LYBERNET	50
MAISON JOANNES BOUBEE	100
MARKET PAY	100
MARKET PAY TECH	100
MATOLIDIS	100
MAXIMOISE DE CREATION	51
MELGVEN DISTRIBUTION	100
MENUDIS	100
MICHEL DISTRIBUTION	100
MICHEL HOCHARD	100
MONTECO	100
MONTEL DISTRIBUTION	100
MPF PODIROUX	100
MY DESIGN	66
NOSAEL	51
OGEDIS	100
ON LINE CARREFOUR	100
OOSHOP	100
OPCI KART CRF	100
P.R.M.	100
PASDEL	100
PHIVETOL	100
PLORAUDIS	100
PROFIDIS	100
PROLACOUR	100
RESSONS	51

FRANCE	Percent interest used in consolidation
ROZAY DISTRIBUTION	100
RUE DU COMMERCE	100
SAINGHIN DIS	100
SAINT HERMENTAIRE	100
SAM PROSPECTIVE	90
SAMAD	100
SCI PROXALBY	74
SCYCADIS	100
SELIMA	100
SELOJA	51
SIGOULIM	51
SMD	100
SOCIETE DES NOUVEAUX HYPERMARCHES	100
SODICO	100
SODIMODIS	100
SODISAL	100
SODISCAF	100
SODITA	100
SODITRIVE	100
SOFALINE	100
SOFIDIM	98.9
SOVAL	100
STATION SUD	100
STELAUR	99.9
STENN	100
SUPER AZUR	100
SUPERADOUR	100
SUPERDIS	96.5
TARDIS	100
TERTRA	100
TOURNAN CONCOURS	100
TROTTEL	50
UNIVU	100
VARJEA	100
VEZERE DISTRIBUTION	50
VISAGE	100
VIZEGU	90.1

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
BIGG'S SA	100
BRUGGE RETAIL ASSOCIATE	100
CAPARBEL	100
CARREFOUR BELGIUM	100
CARREFOUR FINANCE	100
CARUM	100
DE NETELAAR	100
DIKON	100
DRIVE 1	100
DRIVE 2	100
ECLAIR	100
FILUNIC	100
FIMASER	60
FOMAR	100
FRESHFOOD	100
GB RETAIL ASSOCIATES SA	100
GENT DAMPOORT RETAIL ASSOCIATE	100
GROSFRUIT	100
HALLE RETAIL ASSOCIATE	100
HEPPEN RETAIL ASSOCIATE	100
LA LOUVIERE RETAIL ASSOCIATE	100
MABE	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
QUIEVRAIN RETAIL ASSOCIATE	100
R&D FOOD	100
ROB	100
RULUK	100
SCHILCO	100
SOUTH MED INVESTMENTS	100
STIGAM	100
VANDEN MEERSSCHE NV	100
VERSMARKT	100
WAPRO	100

BRAZIL	Percent interest used in consolidation
ATACADAO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA	88
BANCO CSF SA	44.9
BSF HOLDING SA	44.9
CARREFOUR COMMERCIO E INDUSTRIA LTDA	88
CMBCI INVESTIMENTOS E PARTICIPAÇÕES LTDA	88
COMERCIAL DE ALIMENTOS CARREFOUR SA	88
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	88
PANDORA PARTICIPACOES LTDA.	88
RIOBONITO ASSESSORIA DE NEGOCIOS LTDA.	88
TROPICARGAS TRANSPORTES LTDA.	88
VERPARINVEST S.A	88

CHINA	Percent interest used in consolidation
BEIJING CARREFOUR COMMERCIAL CO., LTD.	55.0
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., LTD	100
CARREFOUR (SH) E-COMMERCE CO., LTD	100
CARREFOUR (SHANGHAI) INVESTMENT MANAGEMENT AND CONSULTING SERVICES CO., LTD	100
CARREFOUR (SH) SUPPLY CHAIN CO., LTD	100
CHANGCHUN CARREFOUR COMMERCIAL CO., LTD	75
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	65
DONGGUAN CARREFOUR COMMERCIAL CO., LTD	100
FOSHAN CARREFOUR COMMERCIAL CO., LTD	100
FUZHOU CARREFOUR COMMERCIAL CO., LTD	100
GUANGZHOU JIAGUANG SUPERMARKET CO., LTD	100
GUIZHOU CARREFOUR COMMERCIAL CO., LTD	100
HAIKOU CARREFOUR COMMERCIAL	100

CHINA	Percent interest used in consolidation
HANGZHOU CARREFOUR HYPERMARKET CO., LTD	80
HARBIN CARREFOUR HYPERMARKET CO., LTD	83
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
NANJING YUEJIA SUPERMARKET CO LTD	65
NINGBO CARREFOUR COMMERCIAL	80
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	65
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
CENTROS COMERCIALES CARREFOUR, SA	100
CARREFOUR NORTE, S.L.	100
SOCIEDAD DE COMPRAS MODERNAS, SAU.	100
CARREFOUR NAVARRA, S.L.	100
SERVICIOS FINANCIEROS CARREFOUR, EFC, SA	60
GROUP SUPECO MAXOR, S.L.U.	100
NORFIN HOLDER, S.L.	100
SUPERMERCADOS CHAMPION, SAU.	100
INVERSIONES PRYCA, SAU.	100
CARREFOUR PROPERTY ESPANA, S.L.U.	100
CARREFOURONLINE, S.L.U.	100
CORREDURIA DE SEGUROS CARREFOUR, SAU.	100
ESTABLECIMIENTOS DE DESCUENTO STONE, S.L.U.	100
SIDAMSA CONTINENTE HIPERMERCADOS, SA	100
VIAJES CARREFOUR, S.L.U.	100

HONG-KONG	Percent interest used in consolidation
CARREFOUR ASIA LTD	100
CARREFOUR GLOBAL SOURCING ASIA	100
CARREFOUR TRADING ASIA LTD (CTA)	100

INDIA	Percent interest used in consolidation
CARREFOUR INDIA MASTER FRANCHISE LTD	100
CARREFOUR WC & C INDIA PRIVATE LTD	100

IRLAND	Percent interest used in consolidation
CARREFOUR INSURANCE LIMITED	100

ITALY	Percent interest used in consolidation
CARREFOUR BANCA	60
CARREFOUR ITALIA FINANCE SRL	100
CARREFOUR ITALIA SPA	100
CARREFOUR PROPERTY ITALIA SRL	99.8
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BRIANZA	52.8
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BUROLO	89

ITALY	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE GIUSSANO	77
CONSORZIO PROPRIETARI CENTRO COMMERCIALE MASSA	54.1
CONSORZIO PROPRIETARI CENTRO COMMERCIALE THIENE	57.8
CONSORZIO PROPRIETARI CENTRO COMMERCIALE TORINO MONTECUCCO	87
CONSORZIO PROPRIETARI CENTRO COMMERCIALE VERCELLI	84
DIPERDI SRL	99.8
GALLERIA COMMERCIALE PADERNO S.R.L.	99.8
GALLERIA COMMERCIALE PROPERTY FUTURA S.R.L.	99.8
GS SPA	99.8
S.C.A.R.L. SHOPVILLE GRAN RENO	57.7
SOCIETA SVILUPPO COMMERCIALE SRL	99.8

LUXEMBOURG	Percent interest used in consolidation
VELASQUES SA	100

NETHERLANDS	Percent interest used in consolidation
CARREFOUR CHINA HOLDINGS BV	100
CARREFOUR NEDERLAND BV	100
CARREFOUR PROPERTY BV	100
FICADAM BV	100
FOURET BV	100
HYPER GERMANY BV	100
INTERCROSSROADS BV	100
SOCA BV	100

POLAND	Percent interest used in consolidation
CARREFOUR POLSKA	100
CARREFOUR POLSKA WAW	100
CPA WAW 1 SKA	100
IBES	100

ROMANIA	Percent interest used in consolidation
ALLIB ROM SRL	100
ARTIMA SA	100
BRINGO MAGAZIN	51
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
PRESICARRE	60
CARREFOUR INSURANCE BROKER CO	60
CHARNG YANG DEVELOPMENT CO	30
CARREFOUR TELECOMMUNICATION CO	30.6

16.2 Equity-accounted companies at December 31, 2016

FRANCE	Percent interest used in consolidation
ABREDIS	50
ADIALEA	45
ALEXANDRE	50
ANTONINE	50
ARLOM	50
AROBLIS	50
AUBINYC	50
AUDIST SAS	50
AZAYDIS	34
AZIMMO	33.8
BAMAZO	50
BELONDIS	50
BIADIS	34
BLADIS	33.3
BORDEROUGE	50
BOURG SERVICES DISTRIBUTION "B.S.D"	50
BPJ	26
BS DISTRIBUTION	50
CABDIS	50
CALODIAN DISTRIBUTION	50
CARDETY	43
CARDUTOT	26
CARGAN	50
CARMILA	42.4
CERBEL	50
CEVIDIS	50
CHAMNORD	55.4
CHERBOURG INVEST	48
CHRISTIA	50
CINQDIS 09	50
CJA DISTRIBUTION	50
CLUNYDIS	50
CODINOG	50
COFLEDIS	50
COLODOR	50
COROU	50
COVIAM 21	50
DECODIS	26
DEPOT PETROLIER DE LYON	50
DEPOTS PETROLIERS COTIERS	24.4
DIRIC	50
DISMONPT	26
DISTRI PALAVAS	50
DISTRIBOURG	50
DISTRICAB	50
DISTRIFLEURY	50

FRANCE	Percent interest used in consolidation
DOUDIS	50
DU MOULIN	50
EDENDIS	50
ENTREPOT PETROLIER DE VALENCIENNES	34
FABCORJO	50
FARO	50
FIVER	50
FONCIERE MARSEILLAN	50
FONCIERE PLANES	50
FONCIERE SOLANDIS	33.8
FRELUM	50
GALLDIS	50
GANDIS	50
GPVM	30
GRANDI	50
GWENDA	50
HBLP	25
IDEC	50
IMMO ST PIERRE EGLISE	50
J2B	50
JOSIM	34
JUPILOU	34
LA CATALANE DE DISTRIBUTION	50
LA CRAUDIS	50
LAITA BELON DISTRIBUTION	50
LB LE PLAN	50
LE CLAUZELS	50
LE PETIT BAILLY	50
LEATILD	50
LES OLIVIERS	50
LEZIDIS	50
LSODIS	50
LUMIMMO	51
MADIS	50
MAGODIS	50
MAISON VIZET FABRE	40.3
MALISSOL	50
MARIDYS	50
MASSEINE	50
MAUDIS	50
MBD	50
MORTEAU DISTRIBUTION	50
NASOCA	50
NCL	50
NOUKAT	50
OLICOURS	50

FRANCE	Percent interest used in consolidation
OUISDIS	50
OULLIDIS	50
PAM	50
PHILODIS	50
PLAMIDIS	50
PLANE MARSEILLAN	50
PRASSIDIS	50
PRODIX	50
PROPHI	50
PROVENCIA SA	50
RD2M	50
REBAIS DISTRIBUTION	50
RIMADIS	50
ROND POINT	34
ROSE BERGER	26
SADEV	26
SAINT JUERY DISTRIBUTION	50
SAM	50
SASD	26
SCA	50
SCB	26
SCGR DISTRIBUTION	50
SCI IMMODISC	49.5
SCI LA BEAUMETTE	49
SCI LA CLAIRETTE	49.5
SCI LATOUR	60
SCI PONT D'ALLIER	49.5
SCI SOVALAC	49.5
SCOMONDIS	50
SDAP	26
SDR	50
SEREDIS	26
SERPRO	50
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
ST PAUL DE DISTRIBUTION	50

FRANCE	Percent interest used in consolidation
STE DU DEPOT PETROLIER DE NANTERRE	20
STORYDIS	50
TIADIS	50
TURENNE	50
VALMENDIS	50

BELGIUM	Percent interest used in consolidation
MESTDAGH	25

BRAZIL	Percent interest used in consolidation
COSMOPOLITANO SHOPPING EMPREENDIMENTOS SA	44

SPAIN	Percent interest used in consolidation
2011 CAYETANO PLANELLES, S.L.	26
2012 ALVARO EFREN JIMENEZ, S.L.	26
2012 CORDOBA RODRIGUEZ, S.L.	26
2012 ERIK DAVID, S.L.	26
2012 FLORES HERNANDEZ, S.L.	26
2012 LIZANDA TORTAJADA, S.L.	26
2012 NAYARA SAN MARTIN YANGÜELA, S.L.	26
2012 VICENTE ARLANDIS PONS, S.L.	26
2013 ALBADALEJO VALENCIA, S.L.	26
2013 CID OTERO, S.L.	26
2013 CORCOLES ARGANDOÑA, S.L.	26
2013 COUÑAGO NEVADO, S.L.	26
2013 GISBERT CATALA, S.L.	26
2013 MARTINEZ CARRION, S.L.	26
2013 SOBAS ROMERO, S.L.	26
ANTONIO PEREZ 2010, S.L.	26
COSTASOL DE HIPERMERCADOS, S.L.	34
D-PARKING, S.C.P.	57.5
GLORIAS PARKING, SA	50
ILITURGITANA DE HIPERMERCADOS, S.L.	34
JM MARMOL SUPERMERCADOS, S.L.	26
LAREDO EXRPRESS J.CARLOS VAZQUEZ, S.L.	26
LUHERVASAN, S.L.	26
SUPERMERCADO CENTENO, S.L.	26
SUPERMERCATS HEGERVIC MATARO, S.L.	26
SUPERMERCATS SAGRADA FAMILIA, S.L.	26
VALATROZ, S.L.	26

ITALY	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ASSAGO	49.9
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ROMANINA	46.3
CONSORZIO PROPRIETARI CENTRO COMMERCIALE SIRACUSA	33.3
S.C.A.R.L. SHOPVILLE LE GRU	39.3
GALLERIA COMMERCIALE NICHELINO S.R.L.	49.9
CARMILA THIENE S.R.L.	49.9

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

Year-ended December 31, 2016

This is a free translation into English of the Statutory Auditors' report on the Consolidated Financial Statements issued in French and is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the Consolidated Financial Statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Consolidated Financial Statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying Consolidated Financial Statements of Carrefour "the Group";
- the justification of our assessments;
- the specific verification required by French law.

The Consolidated Financial Statements have been approved by the Board of Directors. Our role is to express an opinion on these Consolidated Financial Statements based on our audit.

1. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position and the assets and liabilities of the Group as of December 31, 2016, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

2. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Note 1.3 to the Consolidated Financial Statements states that the Company's Group's Management uses estimates and makes assumptions that may affect the book value of certain assets and liabilities as well as the accompanying notes to the financial statements. Note 1.3 also states that, depending on the evolutions of those assumptions, the book value of these assets and liabilities in the future financial statements may differ from the current estimates.

We have notably verified the followings:

- your Group has performed at year-end an impairment test of goodwill and an assessment of the recoverability of other intangible and tangible assets as soon as there was any indication of impairment, according to the methodology described in Note 6.3 to the Consolidated Financial Statements. We have reviewed the methodology used to conduct the impairment tests and the identification of triggers of impairment, as well as the cash flow forecasts and assumptions used and verified the appropriate information provided in Note 6.3. to the Consolidated Financial Statements. We have reviewed the calculations performed by your Group; we have compared previous periods' accounting estimates with actual results and reviewed Management's approval process of these estimates;
- with respect to provisions, we have assessed the basis upon which such provisions have been set up, reviewed the Group's procedures to identify them, their assessment, and their recording and reviewed the information relating to the risks presented in Notes 9 and 10.1 to the Consolidated Financial Statements.

These assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by French law, we have also verified, in accordance with the professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the Consolidated Financial Statements.

The Statutory Auditors

Courbevoie, Paris-La Défense and Neuilly-sur-Seine, March 8, 2017

French original signed by

MAZARS	KPMG SA	Deloitte & Associes
David Chaudat	Patrick-Hubert Petit Caroline Bruno-Diaz	Arnaud de Planta Stephane Rimbeuf

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Company Financial Statements as of December 31, 2016

6.1 Balance Sheet at December 31, 2016

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 different statements.

Assets

(in millions of euros)	Notes	2016 Total	2016 Depreciation, amortisation and impairment	2016 Net	2015 Net
Intangible fixed assets		21	10	11	11,417
Tangible fixed assets		2	2	-	-
Financial investments		37,063	1,731	35,332	23,976
Fixed assets	*3*	37,086	1,743	35,343	35,393
Accounts receivable	*4*	1,016	203	813	812
Cash and marketable securities	*5*	250	22	228	260
Current assets		1,266	225	1,041	1,072
Prepayments and deferred charges	*4*	44	-	44	45
TOTAL ASSETS		**38,396**	**1,968**	**36,428**	**36,510**

Equity and liabilities

(in millions of euros)	Notes	2016	2015
Share capital		1,891	1,846
Issue and merger premiums		16,367	16,023
Legal reserve		184	184
Regulated reserves		378	378
Other reserves		39	39
Retained earnings		5,531	5,213
Net income for the year		433	831
Shareholders' equity	*6*	24,823	24,514
Provision for contingencies and charges	*7*	342	396
Financial liabilities			
Bonds		7,123	7,043
Bank borrowings		-	-
Operating liabilities			
Trade payables		26	33
Accrued taxes and payroll costs		106	74
Other operating liabilities		1	-
Miscellaneous liabilities			
Other miscellaneous liabilities		4,007	4,450
Liabilities	*8*	11,263	11,600
TOTAL EQUITY AND LIABILITIES		**36,428**	**36,510**

6.2 Income statement for the year ended December 31, 2016

(in millions of euros)	2016	2015
Reversals of impairment and provisions, and transferred charges	3	44
Other income	140	138
Total operating income	143	182
Other purchases and external charges	(163)	(176)
Wages and salaries, payroll taxes	(19)	(26)
Depreciation, amortisation, impairment and other provision expense	(14)	(6)
Taxes other than on income, other operating expenses	(4)	(5)
Total operating expenses	(200)	(213)
Operating loss	(57)	(31)
Income from shares in subsidiaries and affiliates	565	848
Interest income, revenue from disposals of marketable securities	35	110
Reversals of impairment and other provisions	92	67
Total financial income	692	1,025
Provision charges and impairment of financial assets	(160)	(137)
Interest and other financial expenses	(328)	(263)
Total financial expenses	(488)	(400)
Financial income, net	204	625
Recurring income before tax	147	594
Net non-recurring expense from revenue transactions	(7)	-
Net non-recurring income (expense) from capital transactions	-	-
Net non-recurring depreciation, amortisation, impairment and other provision income	32	44
Net non-recurring income	25	44
Employee profit-sharing	-	-
Income tax benefit	261	193
NET INCOME	**433**	**831**

6.3 Statement of cash flows

(in millions of euros)	2016	2015
Net income	433	831
Depreciation and amortisation	1	(1)
Provisions and impairment of financial assets, net of reversals	32	(16)
Other changes	-	(5)
Cash flow from operations	466	809
Change in other receivables and payables	47	(32)
Net cash from operating activities	513	777
Acquisitions of tangible and intangible fixed assets	(1)	-
Acquisitions of shares in subsidiaries and affiliates	(17)	(20)
Other cash flows from (used in) investing activities(1)	(34)	79
Net cash from (used in) investing activities	(52)	59
Dividends paid	(124)	(394)
Net change in debt	83	(125)
Change in intra-group receivables and payables	(486)	(344)
Net cash used in financing activities	(527)	(863)
Net change in cash and cash equivalents	(66)	(27)
Cash and cash equivalents at beginning of year(2)	56	83
Cash and cash equivalents at end of year(2)	(10)	56
Net change in cash and cash equivalents	(66)	(27)

(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.

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 period to the next, with the exception of the recognition of merger losses (see Note 2.1, "Significant events of the year").

Assets and liabilities are measured according to the historical cost convention.

There were no changes in measurement or presentation methods in 2016 compared with the previous year, with the exception of the accounting treatment applied to merger losses that were reclassified from intangible fixed assets to financial investments in accordance with ANC Regulation 2015-06 (see Note 2.1, "Significant events of the year").

1.1 Tangible and intangible fixed assets (Note 3)

Intangible assets are mainly composed of software, stated at acquisition cost. The merger losses recognised in other intangible fixed assets during the year ended December 31, 2015 have been reclassified under financial investments as of January 1, 2016, in accordance with ANC Regulation 2015-06 (see Note 2.1, "Significant events of the year").

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 book value 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 less costs to sell.

1.2 Financial investments (Note 3)

Financial investments consist of shares in subsidiaries and affiliates, advances to subsidiaries and affiliates, loans and other financial investments.

In accordance with the new ANC Regulation 2015-06 that amends the guidance for measurement and recognition of technical deficits, the Company has reclassified merger losses that were recognised as intangible fixed assets until December 31, 2015. The net carrying amount of 11,407 million euros, mainly arising as a result of the Carrefour-Promodes merger in 2000 and the Hofidis II merger losses in 2010, has been recorded under "Shares in and advances to subsidiaries and affiliates" since January 1, 2016.

The assets transferred during these merger losses transactions are, in effect, shares that were still directly or indirectly held at January 1, 2016.

In compliance with the option provided for in the ANC Regulation, the merger losses were allocated on the basis of the unrealised gains on the securities representing the Promodes and Hofidis II businesses at January 1, 2016. As a result, the merger losses were allocated to the following shares: Carrefour France, Norfin Holder, Caparbel, Carrefour Nederland BV and Hyparlo.

These amounts are tested for impairment at each year-end to confirm that their net carrying amount does not exceed their recoverable amount, defined as the higher of fair value less costs to sell and value in use. Value in use is determined by discounting the future cash flows expected to be generated by the use of the asset, adjusted for the net debt of the tested entity if applicable.

1.3 Shares in and advances to subsidiaries and affiliates (Note 3)

Shares in subsidiaries and affiliates are stated at the lower of cost and either fair value or 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.

Impairment losses are recorded in net financial income or expenses, along with impairments 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.

1.4 Loans and other financial investments (Note 3)

Loans and other financial investments are stated at nominal value.

An impairment loss is recognised when their estimated recoverable amount is less than their carrying amount.

1.5 Accounts receivable (Note 4)

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 stated at their nominal amount and an impairment loss is booked when their recoverable amount falls below their carrying amount.

1.6 Marketable securities (Note 5)

Marketable securities include:

- Carrefour shares designated as being held for allocation to employees under stock option plans. These shares are stated at cost. 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 the note 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;
- Carrefour shares under the liquidity contract. These shares are stated at the lower of cost and market value corresponding to the average share price for the month of December;
- mutual fund units, stated at the lower of cost and market value.

1.7 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 or the hedging rate if applicable. The difference arising from the application of the year-end rate is recorded in the balance sheet under "Prepayments and deferred charges".

1.8 Pension benefit obligations (Note 7)

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, 2016 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.

The provision for pension benefit obligations amounted to 84 million euros at December 31, 2016.

1.9 Retirement obligations

The Company's total liability for amounts payable to employees on retirement is covered by a provision recorded in the balance sheet.

Carrefour employees in France are entitled to a lump-sum payment when they retire, determined in accordance with the law and the applicable collective bargaining agreement.

The agreement signed at the end of 2016 amending the amounts payable on retirement to directors and managers provided for in the collective bargaining agreement, resulted in a 2 million euro decrease in provision charges.

The assumptions used to calculate the provision are as follows:

- Rate of future salary increases: 2.5%;
- Payroll tax rate: 35%;
- Discount rate: 1.21%;
- Staff turnover rate: average of the actual turnover rates for headquarters staff in 2014, 2015 and 2016, *i.e.*, employees with 0 to 5 years' seniority: 6.70%, employees with 6 to 10 years' seniority: 7.63%, employees with 11 to 15 years' seniority: 5.28%, employees with 16 to 20 years' seniority: 4.61%, employees with 21 to 25 years' seniority: 4.30%, and employees with 26 years' seniority or more: 2.59%. For employees aged over 55, the turnover rate is assumed to be zero;
- Mortality table: TV TD 10-12.

1.10 Supplementary pension plan

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;
- reversionary pension: upon the participant's death, payable to the surviving spouse in an amount equal to 50% of the original benefit.

1.11 Income tax (Note 12)

Carrefour SA is the head company of a tax group.

Under the terms of the agreement between the companies in the tax group, each company 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 33.33% and 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”.

1.12 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.

The main characteristics of stock option plans outstanding at December 31, 2016 or that expired during the year are presented below:

	2009 Performance plan	2009 Presence plan	2010 Performance plan	2010 Presence plan II
Grant date[(1)]	June 17, 2009	June 17, 2009	July 16, 2010	July 16, 2010
Number of options granted[(2)]	1,252,994	6,974,861	1,439,017	1,941,610
Life of the options	7 years	7 years	7 years	7 years
Number of grantees	57	2,571	56	507
Exercise period[(3)]	June 17, 2011 to June 16, 2016	June 17, 2011 to June 16, 2016	July 17, 2012 to July 16, 2017	July 17, 2012 to July 16, 2017
Number of options outstanding[(4)]	0	0	471,416	1,351,784
EXERCISE PRICE (IN EUROS)[(2)]	**29.55**	**29.55**	**29.91**	**29.91**

(1) Date of the meeting of the Management Board (before July 28, 2008) or Board of Directors (after that date) when the stock option grants were decided.
(2) Adjusted number of options and adjusted exercise price following the distribution of Dia shares in connection with the Maxidiscount demerger on July 5, 2011.
(3) On condition that the grantee is still employed at the start of the exercise period, options vest as follows according to years of service:
- *50% after two years;*
- *25% after three years;*
- *25% after four years.*

Concerning the exercise date, specific rules apply in the event of the grantee's death.
(4) All of the options outstanding at December 31, 2016 were exercisable at that date.

There are two types of plans:

- presence plans, for which the only condition is that grantees must remain employed by the Group between the grant date and the start of the exercise period for each tranche of options (50% of options vest after two years, 25% after three years and 25% after four years);
- performance plans, for which the above presence conditions apply as well as two conditions based on the Group's financial performance, with 50% of the options vesting when each of these conditions are met:
  - performance conditions for the 2009 Performance plan concerned (i) sales growth over the 2008 to 2010 period and (ii) the level of 2010 free cash flow,
  - performance conditions for the 2010 Performance plan concerned growth in (i) sales and (ii) recurring operating income over the 2009 to 2011 period.

The main characteristics of free share plans outstanding at December 31, 2016 are presented below:

	2016 Presence and 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 a share *(in euros)*[(3)]	20.18
Number of free shares granted at January 1, 2016	0
of which shares outstanding	*0*
Shares granted in 2016[(1)]	1,944,850
Shares vested in 2016	-
Shares cancelled in 2016[(2)]	(2,700)
NUMBER OF FREE SHARES GRANTED AT DECEMBER 31, 2016	**1,942,150**
of which shares outstanding	*0*

(1) Date of grantee notification (when grantees are informed of the plan characteristics and terms and conditions).
(2) Vesting of granted shares are subject to performance conditions and the grantees continued employment.
(3) Market price of the share on the grant date (reference price) adjusted for dividends expected during the vesting period.

1.13 Risk information

1.13.1 Interest rate and foreign exchange risk

Interest rate hedging instruments are used mainly to limit the effects of fluctuations in exchange 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 derivative instruments that do not qualify for hedge accounting.

Details of derivative instruments outstanding at December 31 are presented in Note 10.

1.13.2 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 New ANC Regulation 2015-06 amending the guidance for measurement and recognition of merger losses

In accordance with the new ANC Regulation 2015-06 that amends the guidance for measurement and recognition of technical merger losses, at January 1, 2016 the Company reclassified the merger losses that had been recognised under intangible fixed assets until December 31, 2015. The net carrying amount of the merger losses came to 11,407 million euros (13,788 million euros net of 2,381 million euros in impairment and provisions), mainly arising as a result of the Carrefour-Promodes merger in 2000 and the Hofidis II merger in 2010, and was reclassified from intangible fixed assets to financial investments at January 1, 2016.

The merger losses are now allocated to the shares transferred and held directly or indirectly by Carrefour, *i.e.*, Carrefour France, Norfin Holder, Carrefour Nederland BV, Caparbel and Hyparlo. The allocation of the net carrying amount of the merger losses was performed on the basis of the unrealised gains on the shares at January 1, 2016.

2.2 Financial income, net

Financial income, net amounted to 204 million euros in 2016 compared with 625 million euros in 2015. The 421 million euro decrease can be explained as follows:

- a reduction in dividend income from subsidiaries, with a negative impact of 284 million euros;
- a decrease in the merger surplus, with a negative impact of 89 million euros. The Company had booked a merger surplus of 5 million euros in 2015 as a result of a number of merger transactions, compared to a merger deficit of 84 million euros recorded in 2016 following the merger of On Line Carrefour's assets and liabilities;
- net provision reversals with a positive impact of 2 million euros, reflecting:
  - 29 million euros in net charges to provisions for impairment of shares in subsidiaries and affiliates versus net charges of 106 million euros in 2015 (positive impact of 77 million euros),
  - increased provisions for impairment of treasury shares, due to the fall in Carrefour's share price between 2015 and 2016 and the implementation of a free share plan (negative impact of 75 million euros);
- a decrease in capital gains on disposals of treasury shares, with a negative impact of 72 million euros;
- a decrease in interest expense on intra-group and external borrowings, with a positive impact of 22 million euros.

2.3 Net non-recurring income

Net non-recurring income represented 25 million euros in 2016 and consisted mainly of the reversal of a provision for miscellaneous contingencies.

2.4 Financial position strengthened

In April 2016, Carrefour carried out a new 750 million euro 8-year 0.75% bond issue maturing in April 2024.

The Company redeemed two 4.375% bond issues at maturity representing an aggregate nominal amount of 666 million euros.

These transactions consolidated Carrefour's long-term financing and further reduced its borrowing costs.

2.5 Realisation of the CICE tax credit

In December 2016, Carrefour sold its CICE tax credit (*Crédit impôt compétitivité emploi*) receivables for an aggregate amount of 201 million euros. Related fees and discount charges amounted to 3.5 million euros and were recorded in "Interest and other financial expenses".

Note 3 Fixed assets

(in millions of euros)	Intangible fixed assets	Tangible fixed assets	Financial investments	Total
Cost				
At January 1, 2016	13,821	2	25,637	39,460
Acquisitions	1		19[2]	20
Reclassifications	(13,788)[1]		11,407[1]	(2,381)
Retirements	(14)			(14)
At December 31, 2016 A	20	2	37,063	37,085
Amortisation, depreciation and impairment				
At January 1, 2016	2,404	2	1,661	4,067
Impairment recorded and reversed during the period			70	70
Reclassifications	(2,381)[1]			(2,381)
Retirements	(14)			(14)
At December 31, 2016 B	9	2	1,731	1,742
NET TOTAL A - B	11	-	35,332	35,343

(1) In accordance with the ANC standard 2015-06, at January 1, 2016, the Company reclassified the net carrying amount of merger losses of 11,407 million euros under financial investments (see Note 2.1, "Significant events of the year").
(2) Mainly corresponding to the subscription to the Market Pay capital increase.

Note 4 Current assets, prepayments and deferred charges

4.1 Maturities of receivables

(in millions of euros)	Total	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Accounts receivable	1,016	1,016		
Prepayments and deferred charges	44	15	24	5
TOTAL	1,060	1,031	24	5

Prepayments and deferred charges mainly include bond redemption premiums for 24 million euros and bond issuance costs for 13 million euros, which are amortised over the life of the corresponding bonds.

Note 5 Marketable securities

Marketable securities include Carrefour shares:

- 9,437,039 Carrefour shares available for allocation to employees of Carrefour and its subsidiaries, for 233 million euros;
- premiums of 4 million euros paid on call options on Carrefour shares to be acquired for allocation on exercise of stock options outstanding at December 31, 2016. The premiums' amortised cost at December 31, 2016 was 3 million euros.

At December 31, 2016, no Carrefour shares were held by the Company under the liquidity agreement.

In 2016, changes in Carrefour shares held by the Company were as follows:

		Assets *(in millions of euros)*		Provision
	Number	**Cost**	**Impairment**	*(in millions of euros)*
At December 31, 2015	7,927,703	206	(7)	-
Acquisition of shares under equity swap arrangements	3,063,097	77		
Disposal of shares under a liquidity agreement, net of acquisitions	(1,517,761)	(45)	5	
Shares allocated to the 2016 free share plan		(5)		(25)
Impairment of shares not yet allocated to specific share-based payment plans, or allocated to out-of-the-money stock options			(19)	
At December 31, 2016	9,473,039	233	(21)	(25)

The market value of Carrefour shares held at December 31, 2016, based on the final quoted price for the year of 22.89 euros per share, was 217 million euros.

This account also includes cash available for the acquisition of shares under the liquidity agreement in an amount of 12 million euros.

Note 6 Shareholders' equity

6.1 Share capital

The share capital is made up of 756,235,154 shares with a par value of 2.50 euros each.

6.2 Appropriation of profit (Articles 25 and 26 of the Company's Articles of Association)

1 - Income or loss for the year consists of the difference between income and expenses for the year after deducting depreciation, amortisation and provision expense, as shown in the income statement.

2 - At least 5% of net income for the year, less any losses brought forward from the prior year, is allocated to the legal reserve until such time as the reserve represents one-tenth of the share capital, or to increase the legal reserve if it falls below one-tenth of the capital.

The remaining balance plus any retained earnings brought forward from the prior year is available for distribution.

The Annual Shareholders' Meeting may decide to offer shareholders the option of reinvesting all or part of their dividend.

The Board of Directors may decide to pay an interim dividend, in cash or in shares, during the fiscal year, in accordance with the applicable laws and regulations.

(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, 2015 including net income for the year	**1,846**	**16,023**	**6,645**	**24,514**
Distribution of dividends*				
Decided at the 2016 Annual Shareholders' Meeting			(517)	(517)
Issuance of new shares as part of the 2015 dividend	45	344		389
Change in premiums, reserves and retained earnings			4	4
Shareholders' equity at December 31, 2016 before net income for the year	1,891	16,367	6,132	24,390
Net income for the year			433	433
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016 INCLUDING NET INCOME FOR THE YEAR	**1,891**	**16,367**	**6,565**	**24,823**

* *The 2015 dividend was paid in July 2016, in cash for 123 million euros and in Carrefour shares for 389 million euros, resulting in the issuance of 17,764,360 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 carrying amount of Carrefour shares held in treasury at December 31, 2016 was 212 million euros.

Note 7 Provisions and impairment

(in millions of euros)	January 1, 2016	Increases	Reversals		Application of new ANC regulation 2015-06(2)	December 31, 2016
			Used	Unused		
Provision for contingencies and charges						
Obligations to deliver shares		25				25
Pension obligations	71	13				84
Other(1)	324	20	(74)	(37)		233
Impairment						
On intangible fixed assets	680				(680)	-
On financial investments	1,661	75		(5)		1,731
On accounts receivable	187	16				203
Other (marketable securities)	8	22	(8)			22
TOTAL	**2,931**	**171**	**(82)**	**(42)**	**(680)**	**2,298**
Analysis						
Movements recorded in operating income and expense		13		(3)		
Movements recorded in financial income and expense		158	(82)	(7)		
Movements recorded in non-recurring income and expense				(32)	(680)	
TOTAL		**171**	**(82)**	**(42)**	**(680)**	

(1) "Other" relates to provisions for risks related to subsidiaries and affiliates and provisions for miscellaneous contingencies and disputes.
(2) Details of the application of ANC Regulation 2015-06 are provided in the section on accounting policies relating to financial investments and in Note 2.1, "Significant events of the year".

Note 8 Change in financial liabilities

(in millions of euros)	December, 31 2015	Increases	Decreases	December 31, 2016	o/w accrued interest
Bonds	7,043	750	670	7,123	93
Bank borrowings	-			-	
TOTAL	**7,043**	**750**	**670**	**7,123**	**93**

MATURITIES OF LIABILITIES

(in millions of euros)	Amount	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bonds	7,123	1,343	3,280	2,500
Trade payables	26	26		
Accrued taxes and payroll costs	106	106		
Other miscellaneous liabilities[1]	4,007	4,007		
TOTAL	**11,262**	**5,482**	**3,280**	**2,500**

(1) Liabilities due within one year essentially correspond to borrowings from subsidiaries.

Note 9 Related-party transactions

Assets	
Financial investments	35,325
Accounts receivable	716
TOTAL ASSETS	**36,041**

Liabilities	
Financial liabilities	-
Operating liabilities	30
Miscellaneous liabilities	3,979
TOTAL LIABILITIES	**4,009**

Expenses	
Operating expenses	(101)
Interest expense	(17)
Income tax expense	-
TOTAL EXPENSES	**(118)**

Revenue	
Operating revenue	140
Dividend and interest income	571
Income tax benefit	96
TOTAL REVENUE	**807**

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 Other commitments

(in millions of euros)	**Amount**	**o/w related parties**
Commitments given		
Guarantees	42	30
Forward purchases of Carrefour shares[1]	-	
Subsidiaries' tax losses utilised by Carrefour SA	998	998
Rent guarantees[2]	192	
Other guarantees given	31	
TOTAL	**1,263**	**1,028**
Commitments received		
Undrawn syndicated lines of credit[3]	3,900	
Rent guarantees[2]	192	192
TOTAL	**4,092**	**192**

(1) Forward share purchase agreement:
- In 2009, Carrefour made a forward purchase of 18,638,439 shares at a price of 28.725 euros per share.
- In 2010, 2,774,041 shares were purchased under the agreement. At December 31, 2010, 15,620,200 shares were available for purchase under the agreement at a price of 28.725 euros per share.
- In 2011, 2,196,200 additional shares were delivered for repurchase under the agreement and the forward price per share was reduced from 28.725 euros to 25.184 euros. In addition, 106,646 shares were purchased at the new price of 25.184 euros.
- In 2012, 664,970 shares were purchased at the price of 25.184 euros.
- In 2014, 3,939,973 shares were purchased at the price of 25.184 euros.
- In 2015, 10,041,714 shares were purchased at the price of 25.184 euros.
- In 2016, 3,063,097 shares were purchased at the price of 25.184 euros.
- At December 31, 2016, no shares remained available for purchase as the agreement expired in 2016.
(2) 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.
(3) At December 31, 2016, the Company had two undrawn syndicated lines of credit obtained from a pool of leading banks totalling 3,900 million euros and expiring in 2019 and 2021.

NOTIONAL AMOUNT OF DERIVATIVE INSTRUMENTS BY MATURITY AT DECEMBER 31, 2016 AND 2015

(in millions of euros)	**December 31, 2016**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**December 31, 2015**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**
Issuer swap (Carrefour variable rate borrower)								
Euribor/fixed rate	250	250	0	0	500	250	250	0
Purchased interest rate options (caps)								
Notional amount	5,050	450	4,600	0	5,550	500	4,750	300
Purchased interest rate options (floors)								
Notional amount	500	500	0	0	0	0	0	0
Purchased swaptions								
Notional amount	900	0	900	0	400	0	400	0
Sold swaptions								
Notional amount	(150)	0	(150)	0	0	0	0	0

FAIR VALUE OF DERIVATIVE INSTRUMENTS AT DECEMBER 31, 2016

(in millions of euros)	December 31, 2016
Issuer swap (Carrefour variable-rate borrower)	4
Purchased interest rate options (caps)	4
Purchased interest rate options (floors)	6
Purchased interest rate options (swaptions)	5
Sold interest rate options (swaptions)	(2)

Note 11 Average number of employees and compensation

11.1 Average number of employees

	2016
Managers	7
Supervisors	0
Administrative staff	0
TOTAL	**7**

11.2 Compensation

Statutory and discretionary profit-sharing plans have been set up by the Company for all employees with at least three months' service with the Carrefour Group.

The amounts payable under these plans were as follows in 2016 and 2015:

(in euros)	2016	2015
Discretionary profit shares paid in respect of the prior year invested in the discretionary profit-sharing fund	152,160	147,063
Statutory profit shares in respect of the prior year invested in the statutory profit-sharing fund	115,206	0

Details of management compensation are provided in the management report.

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Note 12 Tax

UNRECOGNISED DEFERRED TAXES

	December 31, 2015		Changes		December 31, 2016	
Permanent and temporary differences	**ASSETS**	**LIABILITIES**	**ASSETS**	**LIABILITIES**	**ASSETS**	**LIABILITIES**
1- Temporarily non-deductible expenses						
• Provisions for pension obligations	53		(5)		48	
• Provisions for impairment of receivables						
• Provisions for contingencies and charges	4		(1)		3	
• Other						
2- Temporarily non-taxable revenue						
• Capital gains on mergers and asset contributions qualifying for rollover relief		346		(66)		280
TOTAL	**57**	**346**	**(6)**	**(66)**	**51**	**280**

The 66 million euro reversal in deferred tax liabilities is the result of the change in tax rate from 34.43% to 28.92% in 2020, which has been applied to deferred taxes on mergers and asset transfers because theoretically the tax on these transactions will be payable after 2020.

BREAKDOWN OF NET INCOME AND CORRESPONDING TAX

(in millions of euros)	Before tax	Tax	After tax
Recurring income before profit-sharing	147	(88)	59
Non-recurring income	25	(2)	23
Group relief		351	351
BOOK INCOME	**172**	**261**	**433**

Note 13 Subsequent events

In December 2016, the Company exercised its option to extend its 2,500 million-euro credit facility by one year. The extension was effective in January 2017 and the facility will now mature in January 2022.

The operation has contributed to the ongoing strategy to secure the Company's long-term financing sources by extending the average maturity of its facilities (from 4.4 to 4.1 years as of December 31, 2016).

No other events have occurred since the year-end that would have a material impact on the Company.

Note 14 Subsidiaries and affiliates

Financial information

Certain data have not been provided because their disclosure would be seriously prejudicial to the Company's interests.

	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment net	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received	Notes
A- Detailed information										
1 Subsidiaries (over 50% owned)										
France										
BOEDIM	75.9	30.7	100.00	76.9	76.9		4.2			
CARMA	23.3	55.6	50.01	44.0	44.0		5.3		1.5	(1)
CARREFOUR BANQUE	101.3	527.5	60.00	124.4	124.4		37.5	393.4	16.9	(1)
CARREFOUR FRANCE	1,994.9	3,656.1	99.62	3,979.1	3,979.1	6,951.8	415.9	53.8	216.4	(1)
CARREFOUR MANAGEMENT	0.0	(0.7)	100.00	22.7	0.0		0.4			
CRFP 8	3,381.5	277.7	74.76	2,528.0	2,528.0		218.6		131.5	
CRFP 13	41.3	6.3	100.00	41.3	41.3		2.8			
GUYENNE ET GASCOGNE	106.4	18.6	99.88	427.7	427.7		(3.2)	242.1		(1)
HYPARLO	63.0	119.5	100.00	449.6	449.6	180.0	0.9	0.0		(1)
PRM	151.5	66.2	100.00	151.9	151.9		9.5			
TOTAL				7,845.6	7,822.9	7,131.8	691.9	689.2	366.3	
International										
CARREFOUR ASIA	20.7	(160.7)	100.00	22.9			(14.7)			
CARREFOUR NEDERLAND	2,259.1	3,202.6	100.00	3,603.1	3,603.1	766.9				(1)
NORFIN HOLDER	2.0	4,533.7	79.94	3,177.1	3,177.1	2,871.6			136.1	(1)
CAPARBEL	6,334.1	(0.6)	99.99	6,334.1	6,334.1	636.5				(1)
TOTAL				13,137.2	13,114.3	4,275.0	(14.7)	0.0	136.1	
2 Affiliates (10%-50% owned)										
France										
CRFP 14	986.0	0.0	34.87	343.8	343.8		0.0			
FINIFAC	3.7	101.0	49.32	18.0	18.0		18.2	30.1	5.4	(1)
TOTAL				361.8	361.8	0.0	18.2	30.1	5.4	
International										
ATACADAO	1,181.7	662.2	36.70	251.2	251.2				0.1	(1)
CARREFOUR FINANCE	6,816.5	135.1	25.00	1,667.7	1,667.7					(1)
CARREFOUR ITALIA	1,917.0	(166.4)	29.99	2,072.3	410.1					(1)
TOTAL				3,991.3	2,329.1	0.0	0.0	0.0	0.1	

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	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment net	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received	Notes
B- Aggregate information										
1. Other subsidiaries										
France				40.6	31.3	0.0			43.2	
International				1.5	1.5	0.0			0.0	
2. Other investments										
France				24.2	17.0	0.0			0.2	
International				247.9	240.9	0.0			12.9	
C- General information about investments										
French subsidiaries (total)				7,886.2	7,854.2	7,131.8			409.5	
International subsidiaries (total)				13,138.8	13,115.8	4,275.0			136.1	
French affiliates (total)				386.1	378.8	0.0			5.6	
International affiliates (total)				4,239.1	2,570.0	0.0			12.9	
TOTAL				**25,650.2**	**23,918.9**	**11,406.8**			**564.1**	

(1) The columns "Share capital", "Reserves and retained earnings", "Last published income" and "Last published revenue" correspond to information for 2015 since the 2016 data are not yet available.

6.5 Statutory Auditors' report on the Annual Financial Statements

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year-ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the Annual Financial Statements of Carrefour;
- the justification of our assessments;
- the specific verifications and information required by French law.

The Annual Financial Statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the Annual Financial Statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Annual Financial Statements give a true and fair view of the results of the operations for the year ended as of December 31, 2016, and of the financial position and its assets and liabilities, in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter set out in the Notes 1.1, 1.2, 2.1 and 3 to the financial statements which explain the effect of the first-time application as of January 1, 2016 of ANC recommendation no. 2015-06, issued by the French Accounting Standards Body and which is notably related to the allocation of merger losses ("Malis technique").

2. Justification of assessments

In accordance with the requirements of Article L. 823-9 of the French commercial code (*Code de commerce*), we bring to your attention the following matters:

As mentioned in the first part of this report, the Notes 1.1, 1.2, 2.1 and 3 to the financial statements explain the effect of the new accounting method related to the allocation of merger losses.

In the context of our assessment of the accounting principles applied by your company, we assessed the correct application of the new accounting method and the appropriateness of its presentation.

As stated in Notes 1.2 and 1.3 to the financial statements, financial assets, including shares in subsidiaries and affiliates and merger losses, for which forecast future cash flows no longer allow the carrying amount to be recovered, are impaired. This impairment is determined by comparing the carrying amount to the recoverable amount, which is the higher of the asset's value in use and its market value.

We assessed the information and assumptions underlying the calculation of values in use and, in particular cash flow forecasts prepared by your Company's Management. We reviewed the calculations performed by your Company, compared previous periods' accounting estimates with actual results and reviewed the Management approval process for these estimates. We remind you, however, that these estimates are based on forecasts which by nature are uncertain, and as such actual results may differ from the current estimates.

These assessments were made as part of our audit of the Annual Financial Statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by French law.

We have nothing to report on the fair presentation and consistency with the Annual Financial Statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders regarding the financial position and the Annual Financial Statements.

With regard to the information provided in accordance with Article L. 225-102-1 of the French commercial code on remunerations and benefits received by corporate officers, as well as any other commitments granted in their favor, we have verified their consistency with the financial statements or with the underlying information used to prepare the financial statements and, where necessary, with the information collected by your Company from companies controlling or controlled by your Company. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the management report provides you with all the required information relating to the identity of the shareholders and holders of the voting rights.

The Statutory Auditors

Paris-La Défense and Neuilly-sur-Seine, April 18, 2017

French original signed by

MAZARS	KPMG S.A.	Deloitte & Associes
David Chaudat	Patrick-Hubert Petit Caroline Bruno-Diaz	Arnaud de Planta Stéphane Rimbeuf

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Information about the Company

7.1 Information about the Company

7.1.1 Corporate name/Trade and Companies Register

Carrefour

Registered with the Nanterre Trade and Companies Register under no. 652 014 051

7.1.2 Head office

33 Avenue Émile-Zola, Boulogne-Billancourt (92100), France.

Phone: +33 (0)1 41 04 26 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.

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.

The term of the Company, which began on July 11, 1959, will expire on July 10, 2058, unless the term is extended or the Company is wound up in advance.

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, to 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.

As soon as the number of Directors over 70 is greater than one-third of the Directors in office, the oldest Director is automatically deemed to have resigned and his/her term of office will end on the date of the next Ordinary Shareholders' Meeting.

Each Director must own at least 1,000 shares during his/her term of office.

The members of the Board of Directors are appointed for a three-year term, and one-third (or as close a percentage as possible) of its members are replaced each year. During the Board of Directors' meeting following the first appointments, the names of the Directors whose terms will expire early at the end of the first and second years are determined by drawing lots. The outgoing Directors may be reappointed.

The Directors' duties end following the Ordinary Shareholders' Meeting called to approve the previous year's financial statements and held during the year in which their term expires.

The Board of Directors elects a Chairman from among its members, who must be a private individual. The age limit for the position of Chairman is 70. The Chairman may perform his/her duties until the Ordinary Shareholders' Meeting called to approve the previous year's financial statements and held during the year in which he/she reaches 70.

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 Chairman ensures the proper functioning of the Company's bodies and, in particular, ensures that the Directors are able to perform their duties.

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 the minutes of the meeting.

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, who must be 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 end following the Shareholders' Meeting called 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 called to approve the previous year's financial statements and held during the year in which he/she reaches 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.

The Extraordinary Shareholders' Meeting is solely 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's organiser are considered to be shareholders present or represented. The electronic form may be completed and signed directly on this 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 Ordinary and Extraordinary Shareholders' Meeting of May 17, 2016, 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 44,410,900 euros (forty-four million, four hundred ten thousand, nine hundred euros) through the creation of 17,764,360 new Company shares, which were fully paid up as of their issue, carry dividend rights as of January 1, 2016 and rank *pari passu* with the other shares in the Company's share capital.

Following this increase, the share capital amounts to 1,890,587,885 euros (one billion, eight hundred ninety million, five hundred eighty-seven thousand, eight hundred eighty-five euros). It is divided into 756,235,154 shares of 2.50 euros each.

Shares not representing capital; number and main 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 11, 2017
• Other marketable securities	€6.24 billion	26 months	August 11, 2017
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 11, 2017
• Other marketable securities	€2.17 billion	26 months	August 11, 2017
Issue of shares and/or marketable securities without preferential subscription rights (private investment)			
• Shares	€175 million	26 months	August 11, 2017
• Other marketable securities	€2.17 billion	26 months	August 11, 2017
Issue of shares and/or marketable securities to remunerate contributions-in-kind granted to the Company in an amount of up to 10% of capital	10%	26 months	August 11, 2017
Capital increase by incorporation of reserves, profits and premiums	€500 million	26 months	August 11, 2017
Capital increase in favour of employees who are members of a Company savings plan (shareholder waiver of preferential subscription rights)	€35 million	26 months	July 16, 2018
Allotment of free new or existing Company shares to salaried employees and officers of the Company and its affiliates (shareholder waiver of preferential subscription rights)	0.8% 0.25% (company officers)	38 months	July 16, 2019

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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 CDV 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	
	692,667,250	1,731,668,125.00
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**
Capital increase resulting from the option to pay the dividend in shares	3,556,885	

Event	Change in the number of shares	Capital (in euros)
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

7.2.3 Treasury share buybacks

Treasury shares

At December 31, 2016, the Company held 9,473,039 treasury shares (*i.e.*, 1.25% of the share capital) with a market value, based on the final quoted price for the year of 22.89 euros per share, of 217 million euros.

None of the Issuer's subsidiaries held Carrefour company shares.

Share buybacks

The Ordinary and Extraordinary Shareholders' Meeting held on May 17, 2016, 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, in particular to:

- engage in market making activities with respect to Carrefour shares through an investment services provider, in the context of a liquidity agreement that complies with the professional rules approved by the French financial markets authority (*Autorité des marchés financiers* – AMF);
- fulfil any stock option plan in respect of the Company, free share allocation or other forms of share allocation or compensation related to the share price, to employees or officers of the Company or a Group company;
- allot or exchange shares, upon the exercise of rights attached to securities giving access to share capital;
- keep shares and subsequently use them as payment or as exchange within the scope of acquisitions, mergers, demergers or contributions, and within the limits set by the applicable regulations;
- cancel them;
- 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 13, 2016, Carrefour terminated the liquidity agreement it had entrusted to Oddo Corporate Finance.

   At the above date, the liquidity account included the following resources:

   - 1,957,469 shares;
   - 46,762,997.91 euros.

   As from July 14, 2016 and for a term of one year that is automatically renewable, Carrefour has entrusted Rothschild & Cie with the implementation of a new liquidity agreement that complies with the professional rules of the French financial markets association (*Association française des marchés financiers* – AMAFI) that were approved by the AMF on March 21, 2011.

   For the implementation of this new agreement, the following resources have been allocated to the liquidity account:

   - 1,957,469 shares;
   - 46,762,997.91 euros.

   In 2016, the Company purchased 20,401,987 shares at an average price of 23.54 euros per share and sold 21,919,748 shares at an average price of 23.64 euros per share. At December 31, 2016, no shares were held by the Company under the liquidity agreement.

2. Shares held to meet obligations under stock option and free share plans.

   No shares were delivered in 2016 following the exercise of options by plan beneficiaries.

   On June 15, 2016, upon maturity of the forward purchase contract implemented on June 15, 2009, the Company acquired 3,063,097 shares at a price of 25.184 euros per share for a total price of 77,141,034.85 euros.

3. Cancellation

   In 2016, no shares were cancelled by the Company.

4. Sale of treasury shares

   In 2016, no shares were sold by the Company.

Description of the share buyback programme approved by the Shareholders' Meeting of May 17, 2016

1. Date of the Shareholders' Meeting that approved the share buyback programme and implementation decision:

   Approval of the programme: Shareholders' Meeting of May 17, 2016.

   Implementation decision: Board of Directors' Meeting of May 17, 2016.

2. Number of shares and percentage of capital held directly or indirectly by the issuer:

   At March 31, 2016, the Company held 8,965,320 treasury shares, representing 1.21% of the share capital.

3. Purposes for which shares are held by the Company:

   6,409,942 treasury shares are used to cover stock option plans and 2,555,378 treasury 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 with respect to Carrefour shares through an investment services provider, in the context of a liquidity agreement that complies with the professional rules approved by the AMF;
   - fulfil any stock option plan in respect of the Company, free share allocation or other forms of share allocation or compensation related to the share price, to employees or officers of the Company or a Group company;
   - allot or exchange shares, upon the exercise of rights attached to securities giving access to share capital;
   - keep shares and subsequently use them as payment or as exchange within the scope of acquisitions, mergers, demergers or contributions, and within the limits set by the applicable regulations;
   - cancel shares;
   - 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 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 May 17, 2016 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 45 euros and the maximum number of shares that may be purchased is 73,847,079 (representing approximately 10% of the capital at March 31, 2016). The total amount that the Company may use to buy back its own shares may not exceed 3,323,118,555 euros.

   Given that the Company already held 8,965,320 treasury shares at March 31, 2016, representing 1.21% of the share capital as of that date, the maximum number of shares that may be purchased under this authorisation is 64,881,759.

6. Term of the share buyback programme

   Eighteen months from May 17, 2016 pursuant to the authorisation granted at the Shareholders' Meeting, *i.e.*, until November 17, 2017.

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, 2015	4,803,179/0.65%
Number of shares cancelled over the past 24 months	
Number of shares held at March 31, 2016 *(in shares and as a percentage)*	8,965,320/1.21%
Gross book value of the portfolio *(in euros)*	224,168,569
Market value of the portfolio *(in euros)*	216,781,438

	Total gross flows		Open positions on the day of the programme description's publication			
	Purchases	**Sales/Transfers**	**Open purchase position**		**Open sale position**	
			Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	16,304,641	12,142,500				
Average maximum maturity			469 days	76 days		
Average transaction price	27.03	27.97				
Strike price			29.91	25.184		
Amount	440,724,654	339,618,040				

Grant of options in 2016

No options were granted in 2016.

Grant of shares in 2016

On July 27, 2016, the Company agreed a free share plan with the following terms and conditions:

	2016 Presence and 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 a share *(in euros)*(3)	20.18
Number of free shares granted at January 1, 2016	**0**
of which shares outstanding	0
Shares granted in 2016(1)	1,944,850
Shares vested in 2016	-
Shares cancelled in 2016(2)	(2,700)
Number of free shares granted at December 31, 2016	**1,942,150**
of which shares outstanding	0

(1) Date of grantee notification (when grantees are informed of the plan characteristics and terms and conditions).
(2) Vesting of granted shares are subject to performance conditions and the grantees continued employment.
(3) Market price of the share on the grant date (reference price) adjusted for dividends expected during the vesting period.

7.3 Shareholders

7.3.1 Principal shareholders

At December 31, 2016, the share capital was 1,890,587,885 euros (one billion, eight hundred ninety million, five hundred eighty-seven thousand, eight hundred eighty-five euros). It is divided into 756,235,154 shares of 2.50 euros each.

The Company is authorised to identify bearer shares. On the basis of extrapolations carried out using the identifiable bearer securities report as of December 2016, the number of listed shareholders exceeds 250,000 (slightly more than 2,100 of which are registered shareholders).

The number of voting rights at December 31, 2016 was 894,219,155. After deducting the voting rights that cannot be exercised from this figure, the total number of voting rights is 884,746,116.

CAPITAL (AT DECEMBER 31, 2016)

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2016 was as follows:

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[(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 S.à.R.L.	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	**59,435,138**	**7.86%**	**59,435,138**	**6.65%**	**59,435,138**	**6.65%**
Employee	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 held through assimilation lent by Blue Partners with right of recall at its sole initiative by virtue of Article L. 2339 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.

On January 23, 2017, the concert made up of the companies listed below declared that as a result of structured finance arrangements previously entered into by Blue Partners S.à.r.l. and a third party, it had fallen below, on January 20, 2017, the statutory threshold of 10% of the capital and 15% of the voting rights of the Company. The parties making up the concert were as follows: Blue Partners S.à.r.l, a private limited company formed under Luxembourg law (121 Avenue de la Faïencerie, L-1511 Luxembourg, Grand Duchy of Luxembourg), and the Groupe Arnault, which is made up of the following companies: Groupe Arnault, a European company governed by a Management Board and a Supervisory Board (41 Avenue Montaigne, 75008 Paris), Cervinia Europe, a private limited company formed under Luxembourg law (2-4 Avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg), and Bunt, a private limited company formed under Luxembourg law (2-4 Avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg).

On this date:

- Blue Partners S.à.r.l. alone fell below the statutory threshold of 5% of the capital and the voting rights of the Company;
- Blue Partners S.à.r.l. alone fell below all statutory thresholds of between 5% and 1% of the capital and the voting rights of the Company;

- the undersigned companies together fell below the statutory threshold of 10% of the capital and 15% of the voting rights of the Company;
- the undersigned companies together fell below all statutory thresholds of between 13% and 9% of the capital of the Company;
- the undersigned companies together fell below all statutory thresholds of between 16% and 12% of the voting rights of the Company.

As a result:

- Blue Partners S.à.r.l. no longer owns any Company shares or voting rights;
- the agreement between Blue Partners S.à.r.l. and Groupe Arnault, Bunt and Cervinia Europe has expired;
- Groupe Arnault, directly and through Bunt and Cervinia Europe, held 66,104,266 shares of the Company and related rights, representing 101,704,087 voting rights of the Company, i.e. 8.74% of the capital and 11.46% of the voting rights of the Company.

On March 27, 2017, the simplified joint-stock company Galfa (27 rue de la Chaussée d'Antin, 75009 Paris) notified the Company that it had exceeded the threshold of 16% of the voting rights of the Company as a result of the acquisition of 2,750,000 double voting rights.

On April 1, 2017, the simplified joint-stock company Galfa (27 rue de la Chaussée d'Antin, 75009 Paris) notified the Company that it had exceeded the threshold of 17% of the voting rights of the Company as a result of the acquisition of 14,316,725 double voting rights. At that date, Galfa held 87,414,211 shares (including 10 million call options), i.e. 11.559% of the capital, and 159,981,211 of the voting rights, i.e. 17.562% of voting rights.

Carrefour shareholder agreement

There is no shareholder agreement at Carrefour.

Note that the breakdown of capital and voting rights at December 31, 2015 and December 31, 2014 was as follows:

CAPITAL (AT DECEMBER 31, 2015)

Shareholders	Number of shares	As a %	Number of ordinary voting rights	As a %	Number of extraordinary voting rights	As a %
Blue Partners[(1)]	38,611,538	5.23%	64,564,811	7.70%	64,564,811	7.70%
Cervinia Europe	38,046,501	5.15%	71,870,406	8.57%	71,870,406	8.57%
Groupe Arnault	2,656,752	0.36%	2,656,752	0.32%	2,656,752	0.32%
Bunt[(2)]	25,388,570	3.44%	25,388,570	3.03%	25,388,570	3.03%
Subtotal	104,703,361	14.18%	164,480,539	19.61%	164,480,539	19.61%
Galfa	74,282,174	10.06%	74,282,174	8.86%	74,282,174	8.86%
Stanhore Trading International SRL	34,497,549	4.67%	34,497,549	4.11%	34,497,549	4.11%
Energy Jet SRL	1,461,957	0.20%	1,461,957	0.17%	1,461,957	0.17%
Fundo De Invest.Em Acoes Maldivas	1,321,508	0.18%	1,321,508	0.16%	1,321,508	0.16%
Subtotal	37,281,014	5.05%	37,281,014	4.45%	37,281,014	4.45%
Employee	7,406,057	1.00%	14,745,233	1.76%	14,745,233	1.76%
Shares owned	7,927,703	1.07%				
Public	506,870,485	68.64%	547,886,870	65.33%	547,886,870	65.33%
TOTAL	**738,470,794**	**100.00%**	**838,675,830**	**100.00%**	**838,675,830**	**100.00%**

(1) Of which 4,135,736 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.
At December 31, 2015, Blue Partners and Cervinia Europe owned 61,274,178 shares granting double voting rights.

CAPITAL (AT DECEMBER 31, 2014)

Shareholders	Number of shares	As a %	Number of ordinary voting rights	As a %	Number of extraordinary voting rights	As a %
Blue Partners[(1)]	41,383,842	5.63%	67,337,115	8.11%	67,337,115	8.11%
ColDevelopment SARL	1,250,000	0.17%	1,250,000	0.15%	1,250,000	0.15%
Cervinia Europe	38,046,501	5.18%	69,546,501	8.37%	69,546,501	8.37%
Groupe Arnault SAS[(2)]	2,656,752	0.36%	2,656,752	0.32%	2,656,752	0.32%
Bunt[(3)]	25,388,570	3.45%	25,388,570	3.06%	25,388,570	3.06%
Subtotal	**108,725,665**	**14.79%**	**166,178,938**	**20.01%**	**166,178,938**	**20.01%**
Galfa[(4)]	69,817,000	9.50%	69,817,000	8.41%	69,817,000	8.41%
Employee	7,783,462	1.06%	15,531,062	1.87%	15,531,062	1.87%
Shares owned	10,281,473	1.40%				
Shares owned by affiliates						
Public	538,306,309	73.25%	579,022,897	69.72%	579,022,897	69.72%
TOTAL	**734,913,909**	**100.00%**	**830,549,897**	**100.00%**	**830,549,897**	**100.00%**

(1) Of which 5,000,000 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) Held through assimilation of Carrefour shares that can be acquired under a call option.
(3) Of which 24,999,996 shares held through assimilation of Carrefour shares that can be acquired under a call option.
(4) Of which 14,316,725 shares via equity swap.
At December 31, 2014, Blue Partners and Cervinia Europe owned 57,453,273 shares granting double voting rights.

Employee shareholding

At year-end, Group employees held 0.98% 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 the 2016 financial year, Blue Partners S.à.r.l., a private limited company formed under Luxembourg law whose head office is located at 121 Avenue de la Faïencerie, L-1511 Luxembourg, Grand Duchy of Luxembourg, acting in concert with Cervinia Europe, a private limited company formed under Luxembourg law whose head office is located at 2-4 Avenue Marie-Thérèse, L2132 Luxembourg, Grand Duchy of Luxembourg, the 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-tenth of the share capital and more than three-twentieths of the voting rights.

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 three-twentieths of the voting rights.

Stanhore International Trading S.à.R.L., whose head office is located at 26, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, acting in concert with Energy Jet SRL, whose head office is located at Ruta 8 km 17, 500 Oficina 002A Edificio Beta 3 Zonamerica Montevideo Uruguay, held more than one-fifth of the share capital and voting rights.

7.3.3 Information referred to in Article L. 225-100-3 of the French commercial code

To the Company's knowledge, the composition of the share capital is as shown in the table on page 278 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 on page 273 of this Registration Document. Any delegation whose implementation is likely to jeopardise the 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, 2016, Carrefour's share was in 28th position in the CAC 40 index in terms of market capitalisation, with a weighting of 1.28%.

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.

	2012	2013	2014	2015	2016
Closing price *(in euros)*(1)					
highest	19.63	29.02	29.20	32.80	26.50
lowest	13.07	18.90	22.09	23.65	21.30
at December 31	19.35	28.81	25.30	26.65	22.89
Number of shares at December 31	709,214,653	723,984,192	734,913,909	738,470,794	756,235,154
Market capitalisation at December 31 *(in billions of euros)*	13.7	20.9	18.6	19.7	17.3
Average daily volume(1)(2)	3,239,839	2,598,027	2,985,228	3,064,488	3,167,915
Net income from recurring operations per share *(in euros)*	0.17	1.37	1.67	1.35	1.06
Net dividend *(in euros)*	0.58	0.62	0.68	0.70	0.70(3)
Yield	3.00%	2.15%	2.69%	2.63%	3.06%

(1) Source: Euronext.
(2) Average daily volume on Euronext.
(3) Subject to approval by the Shareholders' Meeting on June 15, 2017.

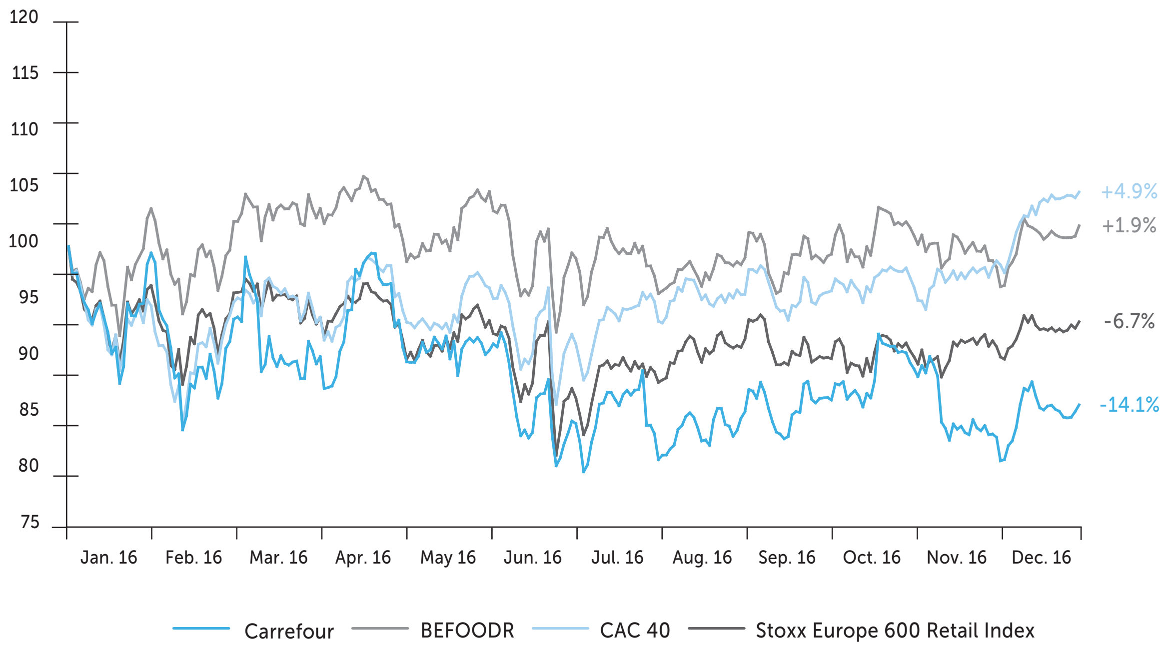
CARREFOUR SHARE PRICE IN 2016

	Highest*	Lowest*	Average closing price*	Number of shares traded	Amount of capital traded*
January	26.23	23.40	25.03	74,725,579	1,864,979,062
February	26.50	22.30	24.03	78,920,852	1,907,916,998
March	26.40	23.51	24.44	75,637,195	1,852,716,592
April	26.49	23.28	25.04	73,049,188	1,831,403,250
May	24.90	23.58	24.25	58,800,168	1,425,431,039
June	24.61	21.45	23.02	78,365,568	1,782,670,695
July	23.70	21.30	22.70	59,290,592	1,343,078,333
August	22.81	21.59	22.26	63,027,706	1,401,931,107
September	23.45	22.09	22.86	96,386,494	2,178,203,564
October	24.57	22.84	23.63	53,247,107	1,261,363,057
November	24.04	22.05	22.76	57,567,025	1,313,495,261
December	23.44	21.56	22.65	45,136,809	1,019,766,431

Source: Euronext.
** In euros.*

CHANGE IN SHARE PRICE IN 2016 (100 BASE)

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



Source: Bloomberg.

(1) Composition of Bloomberg Europe Food Retailers (BEFOODR) index: Ahold Delhaize, Carrefour, Casino, Colruyt, Dia, Green King PLC, ICA Gruppen, Jeronimo Martins, Kesko OYJ, Metro, Morrison, Sainsbury, Tesco.

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

8

Publicly available documents

8.1 Publicly available documents

Documents concerning the Company and, in particular, its Articles of Association and 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 33, avenue Émile Zola, 92100 Boulogne-Billancourt, France.

These documents are also available on the Company's website at *www.carrefour.com*.

8.2 Persons responsible for the Registration Document and Annual Financial Report

Georges Plassat, Chairman and Chief Executive Officer.

Jérôme Bédier and Pierre-Jean Sivignon, Deputy Chief Executive Officers.

8.3 Declaration by the persons responsible for the Registration Document and Annual Financial Report

"We hereby certify, having taken all reasonable measures to this end, that the information contained in this Registration Document is, to the best of our knowledge, true and correct, and that there are no omissions that could alter its scope.

We hereby certify that, to the best of our 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 situation 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 situation 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.

We have obtained a letter from the Statutory Auditors stating that they have completed their assignment, which included checking the information concerning the financial situation and the Financial Statements provided in this document and reading the entire document.

The Consolidated Financial Statements for the years ended December 31, 2014 and December 31, 2015 were subject to Statutory Auditors' reports appearing on page 211 of the 2014 Registration Document filed with the AMF on April 24, 2015 and on page 226 of the 2015 Registration Document filed with the AMF on April 25, 2016."

April 25, 2017

Georges Plassat
Chairman and Chief Executive Officer

Jérôme Bédier
Deputy Chief Executive Officer

Pierre-Jean Sivignon
Deputy Chief Executive Officer

8.4 Persons responsible for auditing the Financial Statements

Principal Statutory Auditors

Deloitte & Associés

185, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine Cedex, France

Signatories: Arnaud de Planta and Stéphane Rimbeuf

Date of initial appointment: Ordinary Shareholders' Meeting of April 15, 2003

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2020.

KPMG SA

Tour Eqho, 2 avenue Gambetta, 92066 Paris La Défense Cedex, France

Signatories: Caroline Bruno-Diaz and Patrick-Hubert Petit

Date of initial appointment: Ordinary Shareholders' Meeting of May 9, 1968

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2020.

Mazars

61, rue Henri-Régnault, 92400 Courbevoie, France

Signatory: David Chaudat

Date of initial appointment: Ordinary Shareholders' Meeting of June 21, 2011

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016.

Alternate Statutory Auditors

BEAS

7-9, Villa Houssay, 92200 Neuilly-sur-Seine Cedex, France

Date of initial appointment: Ordinary Shareholders' Meeting of April 15, 2003

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2020.

Salustro Reydel

Tour Eqho, 2 avenue Gambetta, 92066 Paris La Défense Cedex, France

Date of initial appointment: Ordinary Shareholders' Meeting of June 11, 2015

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ending December 31, 2020.

Thierry Colin

61, rue Henri-Regnault, 92400 Courbevoie, France

Date of initial appointment: Ordinary Shareholders' Meeting of June 21, 2011

Term of office expires at the Ordinary Shareholders' Meeting convened to approve the Financial Statements for the year ended December 31, 2016.

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, 2015: 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 25, 2016 under number D. 16-0391, on pages 151 to 225, 226 to 227, 229 to 249 and 250 to 251 respectively;
- for the financial year ended December 31, 2014: Consolidated Financial Statements, Company Financial Statements and related Statutory Auditors' reports included in the Registration Document filed with the AMF on April 24, 2015 under number D. 15-0399, on pages 135 to 210, 211 to 212, 213 to 231 and 232 to 233 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. These two Registration Documents are available under the conditions described in Section 8.1 "Publicly available documents" of this Registration Document.

8.6 Registration Document concordance table

Appendix I Commission Regulation (EC) 809/2004	Pages No.	Chapters/Sections No.
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1.1. Identity	284	8.2
1.2. Certification	284	8.3
2/ Statutory Auditors		
2.1. Identity	285	8.4
2.2. Change, if any		N/A
3/ Selected financial information		
3.1. Historical financial information: consolidated key figures	23	1.3.3
3.2. Interim financial information		N/A
4/ Risk factors	128-135	3.5.1
5/ Information concerning the issuer		
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5.2.1. Main investments made for each financial year of the period covered	24-26 154 184-185 234-235	1.3.4 4.2.3 5.6 (Note 4) 5.6 (Note 13)
5.2.2. Current main investments	24-26 154 184-185 234-235	1.3.4 4.2.3 5.6 (Note 4) 5.6 (Note 13)
5.2.3. Main investments planned	156	4.3
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6.2. Principal markets	24-26	1.3.4
6.3. Exceptional events	20-22	1.3.1 1.3.2
6.4. Issuer's dependence	132	3.5.1.3
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7.2. List of significant subsidiaries	236-244	5.6 (Note 16)
8/ Real estate, plants and equipment		
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Appendix I Commission Regulation (EC) 809/2004	Pages No.	Chapters/Sections No.
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12/ Information on trends		
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15/ Compensation and benefits		
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16/ Operation of administrative and management bodies		
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16.4. Compliance with the corporate governance system in force	94	3.1
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17.2. Profit-sharing and stock options	123-126 275-276 280	3.4.4 7.2.3
17.3. Agreement on employee profit-sharing	42-43 124-125 278-280	2.3.1.2 3.4.4 7.3
18/ Principal shareholders		
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18.3. Direct or indirect control		N/A
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20.2. Pro forma financial information		N/A
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Appendix I Commission Regulation (EC) 809/2004	Pages No.	Chapters/Sections No.
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23.2. Certification	89-90	2.4.5
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8.7 Annual Financial Report concordance table

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Analysis of results	148-152	4.1
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8.8 Management report concordance table

Reference texts			Pages No.	Chapters/ Sections No.
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French commercial code	L. 225-100 and L. 225-100-2	Key non-financial performance indicators relating to the Company's specific activity	76-78	2.4
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French commercial code	L. 232-1 and L. 233-26	Significant events between the financial year closing date and the report preparation date	158	4.4.4
French commercial code	L. 232-1 and L. 233-26	Foreseeable changes in the situation of the Company and of the Group	156	4.3
French general tax code	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	163	4.6.3
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French commercial code	L. 225-100 and L. 225-100-2	Description of the principal risks and uncertainties to which the Company is subject	128-135	3.5.1
French commercial code	L. 225-100 and L. 225-100-2	Use of financial instruments by the Company: financial risk management objectives and policy	132-135	3.5.1
French commercial code	L. 225-100 and L. 225-100-2	The Company's exposure to price, credit, liquidity and cash flow risks	132-135	3.5.1
French commercial code	L. 225-102-1, L. 225-102-2 and R. 225-104	Social and environmental consequences of the business (including "Seveso" installations)	27-88	2
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French commercial code	L. 225-102-1	List of all Company officers and duties they performed at any company during the financial year	98-107	3.2
French commercial code	L. 225-102-1	Total compensation and benefits in kind paid during the financial year to each Company officer	117-126	3.4
French commercial code	L. 225-102-1	Commitments of any kind made by the Company to its Company officers relating to compensation or benefits due or likely to be due upon the assumption or termination of or change in these duties or subsequent thereto	117-126	3.4
French commercial code	L. 225-184	Options granted to or subscribed or purchased by the Company officers and each of the top ten non-executive employees of the Company during the financial year, and options granted to all employees, by category	123-126	3.4.4

Reference texts			Pages No.	Chapters/ Sections No.
French commercial code	L. 225-185	Conditions under which options may be exercised and held by the Executive Officers	125	3.4.4
French commercial code	L. 225-197-1	Conditions under which performance shares granted to the Executive Officers may be held	124-125	3.4.4
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French commercial code	L. 225-100-3	Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board and to the amendment of the Company's Articles of Association	270-272	7.1.4
French commercial code	L. 225-100-3	Powers of the Board of Directors or Management Board, including in particular the issue or buyback of shares	107-109 114-116 275-276	3.2.2 3.3 7.2.3
French commercial code	L. 225-211	Details of purchases and sales of treasury shares during the financial year	275-276	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
French commercial code	L. 225-100	Summary of outstanding delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors or Management Board concerning capital increases	273	7.2.2
French commercial code	L. 225-100-3 and L. 233-13	Structure of and change in the Company's capital	273-276 278-280	7.2 7.3
French commercial code	L. 225-100-3	Restrictions pursuant to the Articles of Association on the exercise of voting rights and share transfers or contractual clauses brought to the Company's attention		N/A
French commercial code	L. 225-100-3	Direct or indirect interests in the Company's capital of which the Company is aware	278-280	7.3
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	278-280	7.3.1
French commercial code	L. 225-100-3	List of holders of any securities conferring special rights of control, and description of these securities		N/A
French commercial code	L. 225-100-3	Control mechanisms provided under an employee share ownership scheme when the rights of control are not exercised by employees		N/A
French commercial code	L. 225-100-3	Agreements between shareholders of which the Company is aware and which may result in restrictions on share transfers and the exercise of voting rights		N/A
French commercial code	L. 225-100-3	Agreements made 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

Reference texts			Pages No.	Chapters/ Sections No.
		Information about the Company and capital		
French commercial code	L. 225-100-3	Agreements providing for payments to members of the Board of Directors or Management Board or employees if they resign or are dismissed without real and serious cause or if their employment ends as a result of a tender offer	117-126	3.4
French commercial code	L. 464-2	Injunctions or financial penalties for anti-competitive practices		N/A
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