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

our ambition is to be the leader of

THE FOOD TRANSITION FOR ALL."

Universal Registration Document
2019 Annual Financial Report

CONTENTS

The elements of the Annual Financial Report are identified using the pictogram AFR

The elements of the Non-Financial Information Statement are identified using the pictogram NFPS

Universal Registration Document

2019 Annual Financial Report

The French language version of this *Document d'Enregistrement Universel* (Universal Registration Document) was filed on April 30, 2020 with the *Autorité des Marchés Financiers* (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. This *Document d'Enregistrement Universel* (Universal Registration Document) may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the *Document d'Enregistrement Universel* (Universal Registration Document). The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The publication of this Universal Registration Document comes at a time when the COVID-19 pandemic is having a severe impact on our societies and economies, in each of the countries in which we operate. In these serious and extraordinary circumstances, the Carrefour group and all of its employees are on the front lines to provide an essential service: feeding the population.

This has been our mission for 60 years. This is the mission we are successfully redefining through the "Carrefour 2022" plan, by building a new model in support of our customers. This is the mission that last year became our *raison d'être*, and is enshrined in our Articles of Association: to be leader of the food transition for all. And it is with this mission in mind that, in 2019, a year packed with achievements, we revitalised our offer, strengthened our distribution channels, and put price competitiveness back at the heart of our commercial policy.

Even today, at a time of crisis, this is the mission that we fully embrace and that we are carrying

"Carrefour demonstrated its capacity for rapid transformation in 2019, meeting or exceeding all of its financial and non-financial objectives. The energy and commitment with which we are building a new food model is now more than ever serving the needs of our customers, to meet the unprecedented challenge that the COVID-19 pandemic represents for our societies and our economies."

out with a rigorous focus on safeguarding the health of our employees and customers. Since day one, we have implemented drastic individual and collective protective measures across all our sites, going above and beyond the guidelines of governments and health authorities. We are carrying out this mission as part of a joint effort across the entire food chain. Together with our partners, we are ensuring the continuity of supply and supporting our producers. We are carrying out this mission in a spirit of solidarity, assisting caregivers, people in isolation, the elderly, the frail, and those most in need.

The year 2020, shaped by the effects of the crisis, plunges us into uncertain times; but our Group, proud of its history and empowered by the exceptional engagement of its teams, will continue to cultivate its values in the months ahead. Responsibility, solidarity, health and protection of one another will stand more than ever at the heart of our mission.

Alexandre Bompard
Chairman and Chief Executive Officer

1

PRESENTATION OF THE CARREFOUR GROUP

1.1 Group Profile – Executive Summary

1.1.1 FACTS AND FIGURES

The Carrefour group, which welcomes customers at its 12,225 stores and e-commerce sites every day across a multi-format, omni-channel network, is a global leader in food retail.

With over 321,000 employees in more than 30 countries, the Group generated 80.7 billion euros in revenue, an increase of 3.1% like-for-like, and 2,088 million euros in recurring operating income in 2019, showing growth of 7.4% like for like, at constant exchange rates, and under accounting standards comparable to those applied in 2018[1].

The "Carrefour 2022" transformation plan, which was launched in 2018, aims to turn the Group into the leader of the food transition for all, based around a sustainable and profitable growth model that enables it to seize the opportunities inherent in this changing sector. The global Act for Food programme of concrete initiatives for better eating is the reflection of the plan at store level.

2019 witnessed the acceleration of the plan roll-out and the Group used its 60th anniversary celebrations to reiterate its ambition to **become the leader of the food transition for all** and to make this ambition its **"raison d'être"**. It also intends to make quality food widely available, while supporting changes in agricultural trends and protecting the planet's resources.

In 2019, this goal was reflected in the Group's results.

The Group posted growth of more than 25% in sales of its organic products, which climbed to 2.3 billion euros in 2019. In France, the Group's offer was overhauled to highlight its food expertise and develop Carrefour-brand products, whose market penetration rate rose by two points. By making customer satisfaction a top priority, the Group achieved strong price competitiveness in several key regions, such as Latin America and Spain.

Investments in digital technology also brought results, with food e-commerce sales rising more than 30% to reach 1.3 billion euros in 2019. The Group now has 1,696 Drive pick-up points worldwide, of which 1,110 are in France. New partnerships were established with express delivery operators and online retailers in Latin America and Europe. 2019 also witnessed a flurry of digital start-up acquisitions.

The Group also focused on the rapid expansion of its innovative and high-growth formats, opening 1,042 new convenience stores worldwide and 40 Atacadão locations in Brazil since the plan was launched. Hypermarkets performed well in a number of key geographies (particularly in Brazil, Spain and Poland) by adapting to customers' newly clarified expectations. In France, this format is being modernised, with the creation of new specialist areas and shop-in-shops.

To enhance its operating and financial efficiency, the Group continued its cost reduction programme at all its locations. It also streamlined its business portfolio by completing the divestment of Carrefour China and its stake in Cargo Property Assets.

1.1.2 BUSINESS OVERVIEW

Operating in over 30 countries, the Group develops its business through its network of integrated stores in its two main markets, Europe and Latin America, as well as Taiwan and its franchised stores with its partners in other regions (Middle East, Africa,etc.). It generated 52% of its revenue outside France.

Carrefour offers its customers all retail formats: hypermarkets, supermarkets, convenience stores, cash & carry stores, and e-commerce. Its multi-channel structure gives customers the option of shopping in-store, ordering online and picking up their purchases from a sales outlet or a Drive, or having their shopping home delivered.

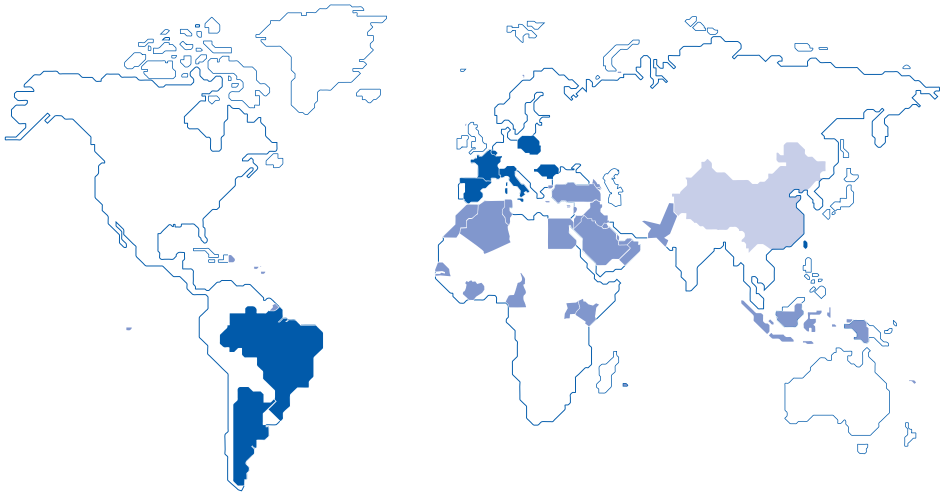
In France, the Carrefour group had 5,424 stores under its banners at end-2019, in four formats: 248 Carrefour hypermarkets, 1,071 Carrefour Market supermarkets, 3,959 convenience stores operating under the Carrefour City, Carrefour Contact, Carrefour Express and CarrefourBio banners, and 146 Promocash cash & carry outlets. In Europe (excluding France), Carrefour had 4,959 stores under its banners at the end of 2019, including 455 hypermarkets, 1,798 supermarkets, 2,646 convenience stores and 60 cash & carry stores. A key retailer in Latin America, the Group has a local multi-format network of 188 hypermarkets, 150 supermarkets, 530 convenience stores and 193 cash & carry stores in the two growth markets of Argentina and Brazil. In Asia, following the divestment of Carrefour China to the Chinese group Suning.com, 252 stores were operating at end-2019, including 175 hypermarkets and 77 supermarkets. Carrefour also operates 529 stores with local franchisee partners around the world (the Middle East, Africa etc.).

(1) Before application of IAS 29 and IFRS 16 and excluding China, 2019 recurring operating income amounted to 2,080 million euros versus 1,971 million euros in 2018.

1.1.3 OPERATING REGIONS

Carrefour Group
12,225 stores around the world

France*	Belgium	Poland	Romania
5,274 stores	**789** stores	**906** stores	**371** stores



Argentina	Brazil	Spain	Italy	Taïwan	Other
597 stores	**464** stores	**1,149** stores	**1,089** stores	**137** stores	**1,449** stores

● Integrated countries/regions ● Franchised countries/regions ● China**

* Metropolitan France.
** Carrefour divested control of Carrefour China in 2019. The agreement stipulates that the 234 stores can remain under the Carrefour banner.

1.1.4 HISTORY OF THE CARREFOUR GROUP

1959

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

1963

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

1966

The Carrefour logo was created to mark the opening of the hypermarket in Vénissieux, near Lyon. It depicted the first letter of the word Carrefour placed in the middle of a diamond with t he left half coloured red and the right half coloured blue, with black lines above and below.

1970

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

1973

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

1976

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

1981

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

1982

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

1992

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

1993

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

1996

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

1997

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

1998

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

1999

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

2007

The Group strengthened its presence in many countries between 2000 and 2010, either through controlled expansion or targeted acquisitions, including in France and Romania (Hyparlo, Artima, Penny Market), Belgium (GB), Poland (Ahold), Italy (GS), Brazil (Atacadão), Argentina (Norte) and Spain (Plus).

2008

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

2010

The Group continued its expansion of the Carrefour banners, in Brazil,for example, with the opening of 11 Atacadão stores during the year and in China, by opening 22 hypermarkets and acquiring 8 stores as part of a partnership with Baolongcang, one of the major hypermarket chains in the Hebei region in eastern China.

2013

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

2014

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

2016

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

2018

Carrefour reinvented its business model and started to implement the Carrefour 2022 transformation plan inspired by its ambition to become the world leader in the food transition for all by 2022. The idea is to enable everyone to eat better at affordable prices by offering healthy, safe, balanced foods produced using sustainable and socially responsible farming methods. To achieve its ambition, Carrefour is creating an omni-channel universe in which its online presence is closely integrated with its physical store network and the emphasis is on quality food, available everywhere at any time. In September, Carrefour launched a global advertising campaign of unprecedented proportion: Act for Food.

2019

Carrefour is celebrating its 60th anniversary. Pursuant to the "Pacte" law adopted by the French Parliament, the Group has included a raison d'être in its Articles of Association. This measure, adopted at the Shareholder's Meeting on June 14, 2019 on the recommendation of the Board of Directors, was taken to support Carrefour in fully embracing its ambition to become the world leader of the food transition for all by 2022: "Our mission is to provide our customers with quality services, products and food accessible to all across all distribution channels. Thanks to the competence of our employees, to a responsible and multicultural approach, to our broad territorial presence and to our ability to adapt to production and consumption modes, our ambition is to be the leader of the food transition for all. The Group sold its businesses in China.

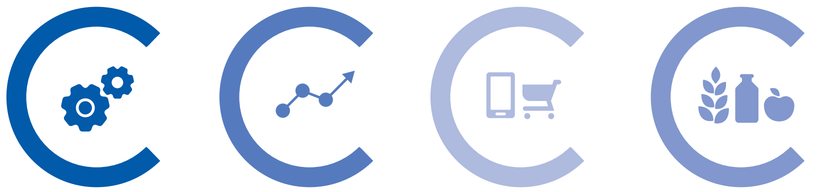
+ The highlights of 2019 and the first half of 2020 are presented in Sections 1.5.1 and 1.5.2 of this Universal Registration Document.

1.1.5 "CARREFOUR 2022" TRANSFORMATION PLAN – PROGRESS AND MONITORING REPORT

Strategy

Retailers operate in an intensely competitive environment with pressure on prices and slim margins. As technology continues to develop and consumption habits change, the industry is highly exposed to changes in consumer behaviour. Consumers now pay closer attention to the origin and quality of the products they buy. They also want multi-format and omni-channel options, which are completely transforming the retail industry.

To better meet the expectations of its customers and support them through the food transition, in 2018 the Group implemented the "Carrefour 2022" strategic transformation plan in all of the countries where the Group operates. The plan is based on four objectives: deploy a simplified and open organisation; achieve productivity and competitiveness gains; create an omni-channel universe of reference; and overhaul the Group's offer to promote food quality.



The rapid implementation of the transformation plan, introduced in 2018 and supported by the launch of the global Act for Food programme of concrete initiatives for better eating, continued to make progress in 2019: development of organic sales and food e-commerce, refocusing on the food offer, expansion of convenience stores, cost reduction programme and streamlining of the business portfolio.

For further details on the Group's strategy, see Section 1.3.

Objectives

Building on the first successes of its transformation plan, Carrefour completed and revised its targets upwards on publishing its 2019 results:

- growth in the Group's Net Promoter Score® (NPS®)[1] of 15 points over the period 2020-2022, representing a 23-point increase since the start of the plan and reflecting the priority placed on customer satisfaction;
- 3-year cost reduction plan raised to 2.8 billion euros (versus 2.6 billion euros) on a full-year basis by end-2020. 2 billion euros generated to date (1,030 million euros in 2019);
- 300 million euros in additional non-strategic property asset disposals by 2022, after meeting, one year in advance, the initial objective of 500 million euros in disposals.

Confirmation of the other financial and operational objectives:

- 4.2 billion euros in food e-commerce sales by 2022;
- 4.8 billion euros in sales of organic products in 2022;
- 350,000 sq.m. reduction in hypermarket sales area worldwide by 2022;
- 15% reduction in product assortments by 2020;
- Carrefour own-brand products accounting for one-third of sales in 2022;
- 2,700 convenience store openings by 2022.

(1) Net Promoter®, Net Promoter System®, Net Promoter Score®, NPS® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichhel and Satmetrix Systems, Inc.

1.1.6 OUR BUSINESS MODEL, BASED ON CREATING SHARED VALUE

OUR CHALLENGES

- New eating behaviours
- Consumer behaviours transformed by digital technology
- Duty to provide affordable healthy food
- Revisiting the agricultural model
- The need to preserve natural resources
- More intense competitive pressure

Capital and resources

FINANCIAL & ECONOMIC CAPITAL

- **12,225** stores and **1,696** Drive outlets worldwide
- Over **30** host **countries**
- **€80.7 billion** in gross sales
- **€2,656 million** in other income (finance companies, real estate development, leases)
- **€86 million** in financial income

HUMAN & INTELLECTUAL CAPITAL

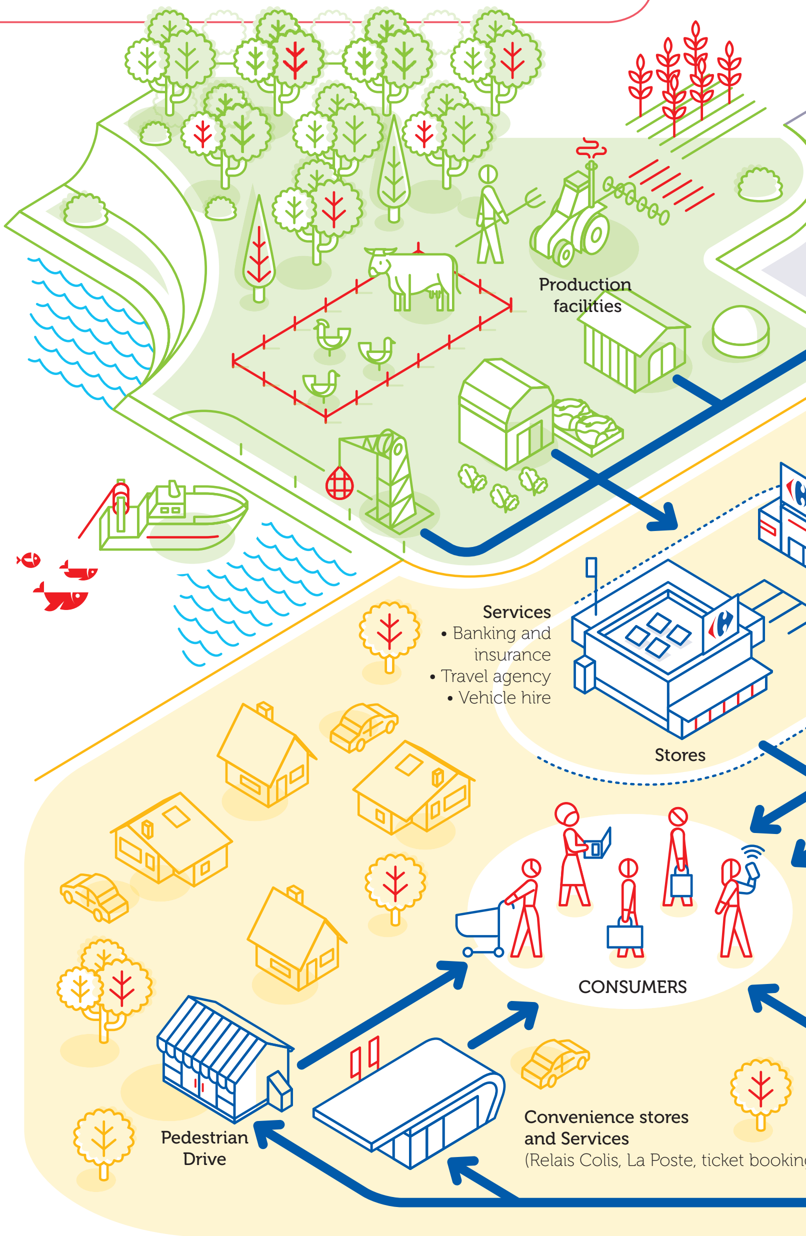
- **321,383** employees worldwide
- **300** job families
- Worldwide agreement signed with the UNI Global Union
- Act for Change managerial programme

RELATIONAL CAPITAL

- **77 million** customer households
- **1** worldwide e-commerce site
- **57 million** loyalty cardholders
- **14** international partnerships
- **2,600** production facilities in Europe
- **27,800** CQL partner producers
- Strategic partnerships and alliances
- **€7.5 million** budget allocated by the Carrefour Foundation

NATURAL & ENVIRONMENTAL CAPITAL

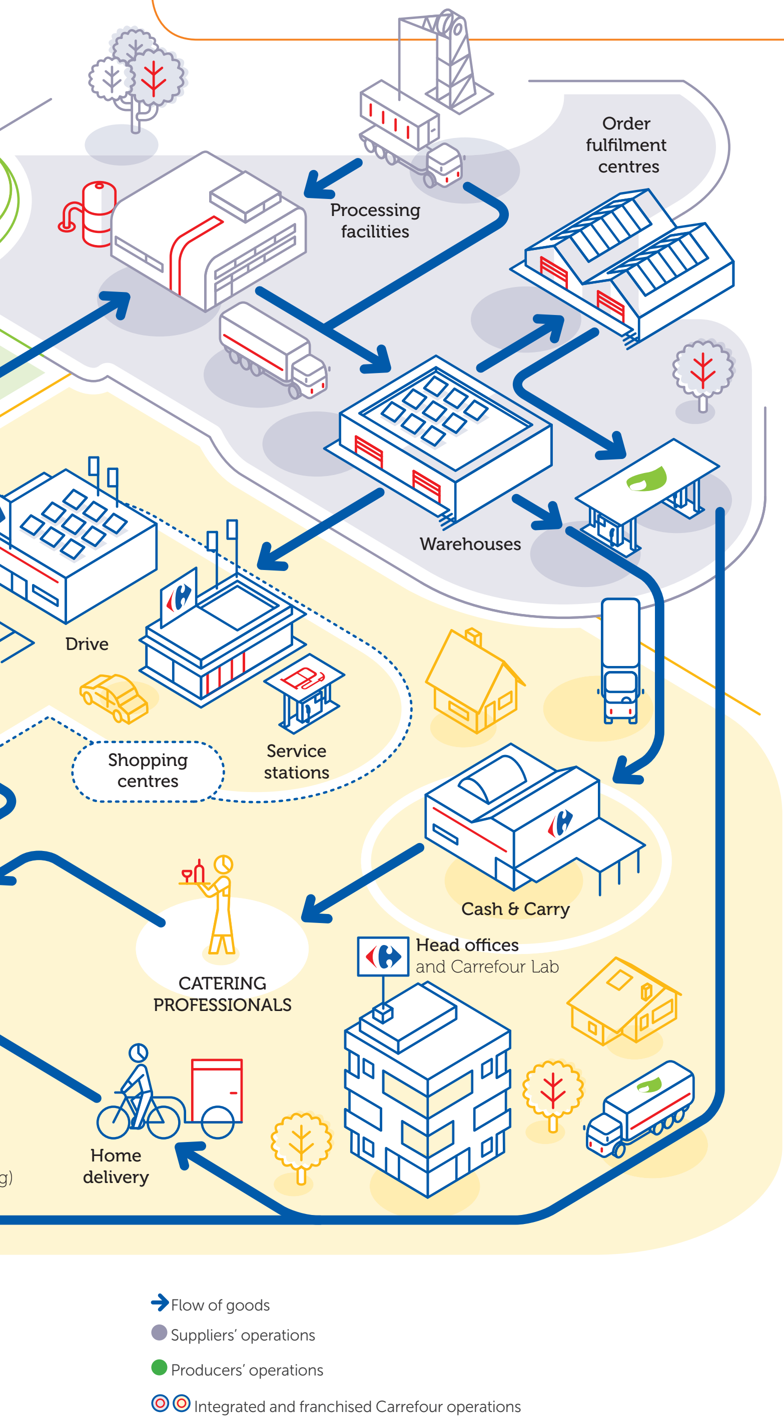
- Fossil and renewable energies
- Use of different materials, such as plastic, cardboard, etc.
- Use of natural resources from oceans, forests, land and other ecosystems
- Water consumption



Our ambition is to become leader of the food transition for all

OUR ASSETS

- Skills of our employees
- Responsible and multicultural approach
- Broad geographic footprint
- Ability to adapt to production and consumption modes



Creating shared value

FINANCIAL & ECONOMIC CAPITAL

- **€359 million** in dividends paid to parent company shareholders
- **€980 million** in income and other taxes
- **€1,695 million** in payroll taxes
- **€338 million** in net finance costs
- **€424 million** in expenses on financial transactions

HUMAN & INTELLECTUAL CAPITAL

- **€7,545 million** in wages, salaries and payroll taxes
- Employee **Net Promoter Score® (NPS®)**
- **11.6 hours** of training per employee per year
- **1,941** social audits performed at our suppliers
- **32%** women among those appointed to key positions in 2019

RELATIONAL CAPITAL

- **21 million** fans on social media
- Net Promoter Score® (NPS®) **up 8 points** in 2019
- **€61,927 million** in purchased merchandise and services
- **726** Carrefour Quality Lines
- **1,000** Carrefour organic product listings
- **105 million** meals donated to food aid charities
- **74** projects supported by the Carrefour Foundation

NATURAL & ENVIRONMENTAL CAPITAL

- **36%** reduction in CO_2 emissions (vs. 2010)
- **67%** of waste recovered and reused
- **10%** reduction in food waste (vs. 2016)
- **48%** of tested seafood products are from sustainable sources
- **4,095 tonnes** of packaging avoided since 2017

1.2 Context: global challenges and development opportunities

Societal change and the pressure of environmental restrictions are fuelling a sweeping transformation of business models inherited from the 20th century. Several shifts are taking place in the retail industry. Consumers are looking for food options that are good for their health, for producers and for the planet. Understanding and adapting to their new eating behaviour, the digital transformation of their consumption habits, and their demands for just and fair prices is absolutely crucial. Worldwide, society is challenging production-oriented agriculture, the industrialisation of harvest methods, product processing and distribution, and the disregard for seasonality. Reinventing the food industry model to protect the planet's limited natural resources and meet new consumer expectations has become a necessity.

1.2.1 NEW EATING BEHAVIOURS

The food transition is one of the major challenges of the 21st century. At a global level, the dual objective is to meet strong growth in demand while providing the world population with access to a healthy diet. Today, more than 3.2 billion people suffer from poor nutrition, whether they are undernourished or overnourished[1]. Diets in developed countries are deemed to be too high in calories, sugar, refined starches and animal-based foods, and lacking in fruit, vegetables, whole grains, legumes and fish.

People have become highly aware of this imbalance and it has brought about new behaviours and a change in diet in developed countries that emphasises quality over quantity, organic products, taste and authenticity. According to a recent survey, 64% of consumers worldwide follow a diet that limits or prohibits consumption of certain ingredients. 70% say that they make dietary choices to help prevent health issues[2]. In France, 2.6% of households contain at least one vegetarian or vegan and more than one-third have at least one flexitarian, thus reducing their consumption of meat and other animal products[3]. These new choices are affecting the entire chain of food production and distribution, from the emergence of new product ranges (*e.g.*, vegan and vegetarian) and the development of fair trade labels and brands to the ongoing boom in the organic product segment, where global sales have tripled in just ten years[4].

Consumers' purchasing decisions are also based on a multitude of expectations that extend beyond health issues to cover production conditions, including: more local and circular consumption to reduce waste; fair prices on products to ensure adequate compensation for farmers; and concern for animal welfare. In France, 57% of people say that they have changed their eating behaviours in recent years: 61% avoid losses and waste, 58% buy more seasonal products and 52% favour local products and local distribution networks[5]. Furthermore, 92% of French people believe that consuming local products is synonymous with quality[6]. More and more consumers are making the food transition.

1.2.2 CONSUMER BEHAVIOURS TRANSFORMED BY DIGITAL TECHNOLOGY

The spread of new technology holds out the promise of time saved for consumers, offering them a smoother, more transparent and more personalised experience. By 2023, the food e-commerce market is expected to grow by 152% in North America, 66% in Europe and 196% in Asia-Pacific[7]. Consumers increasingly mix physical and online shopping. Omni-channel strategies are being implemented, as boundaries are blurred between online and offline options: in-store orders with home delivery, Drives, Click & Collect, e-reservations and soon, voice command to simplify the customer experience.

Smartphones are playing a bigger role. Surveys show that 71% of consumers, of whom 83% are aged 18 to 44[8], report that they use their phones for in-store shopping to help make purchase decisions, look up product user reviews, check nutritional information, search for deals, scan bar codes and QR codes using special apps to minimise or eliminate checkout wait times. In some countries, for example China, mobile payments are already common *via* digital wallets.

(1) Source: Summary report from the EAT-Lancet Commission, "Healthy Diets from Sustainable Food Systems", 2019.
(2) Source: Nielsen Global Ingredients and Dining Out Trends, a survey conducted in 2016 among 30,000 consumers in 63 countries.
(3) Source: Étude Kantar LinkQ Flexitarisme, June 2019.
(4) Source: "Le bio dans le monde", L'Agence Bio, 2017.
(5) Source: "Baromètre de consommation et de perception des produits biologiques en France" (Survey of consumption and perception of organic products in France), L'Agence Bio, 2019 edition.
(6) Source: Mes courses pour la planète (My shopping for the planet), L'observatoire de la consommation responsable, 2017.
(7) Source: IGD Retail Analysis, "Digital Retail Models of the Future", 2019.
(8) Source: Hub Institute, Hub report, "Future of Retail & E-commerce", 2019.

Digital technology can also be harnessed to offer consumers greater personalisation. For example, 64% of French consumers, 66% of Americans and 88% of Chinese consumers believe that artificial intelligence will help retailers better understand their needs[(1)]. Customer data from loyalty programmes is already being used to deepen the understanding of customer's needs and engage in more relevant interactions through satisfaction surveys sent *via* SMS, personalised promotions sent by e-mail, etc. The rising use of digital technology also contributes to meeting the demand for transparency about the products they buy, as expressed by nine out of ten consumers[(2)]. A case in point, blockchain technology offers stronger guarantees about food safety and traceability.

1.2.3 DUTY TO PROVIDE AFFORDABLE HEALTHY FOOD

Reconciling the duty to provide healthy food with affordability is a global issue. In a recent survey conducted in 28 countries across all continents, access to healthy, high-quality food and in adequate amounts for all came out as the third and fourth priorities, respectively[(3)]. Worldwide, malnutrition began to climb again in 2015 after a decade of decline. More than 820 million people, equal to 10.8% of the world population, were undernourished in 2018[(4)].

In France, the percentage of the population with "low" purchasing power rose from 28% to 31% in one year[(5)]. When asked on which items of expenditure they would like to be able to spend more money, 43% of French households cited food in 2019, compared to 29% in 2018, an increase of 14 percentage points in just one year.

Although affordability is a key factor for many consumers, convenience is equally important and meets the need for vitality both on the outskirts and in the downtown areas of big cities. Retailers must build networks that combine segmented pricing with dense coverage to contribute to bridging the economic and geographical food gap.

1.2.4 REVISITING THE AGRICULTURAL MODEL

The UN has forecast that the global population will reach 8.5 billion by 2030 and 9.7 billion by 2050, versus 7.7 billion in 2019. That equates to a rise in population of 2 billion people over the next 30 years[(6)]. In light of this projected demographic growth, the FAO (the Food and Agriculture Organization, an agency of the United Nations) asserts that, in order to guarantee food safety for all, global food production will need to increase from the current 8.4 billion tonnes to 13.5 billion tonnes per year, *i.e.*, a 60% increase between now and 2050[(7)].

Intensive and industrial farming methods have, however, reached their limits. Today, humans use more than 70% of the Earth's ice-free land. One-third of arable land is used to grow feed for livestock and 60% of the grains produced worldwide are fed to animals. About 80% of deforestation is due to agriculture, especially to clear land for soy cultivation in order to feed livestock and for oil palm trees[(8)]. Therefore using more land to produce food is an impossible solution. In fact, current farming methods deplete soil fertility and productivity is expected to drop 30% by 2050 according to the FAO. Alternative production techniques are needed to offset these imbalances. For example, agroecological practices extend land production potential. Even though their contribution to global production remains relatively limited, these techniques are becoming increasingly widespread.

Faced with the dual challenge of keeping up with growing demand while meeting increasingly stringent environmental standards, the agricultural industry must adapt.

1.2.5 THE NEED TO PRESERVE NATURAL RESOURCES

Demographics, urbanisation and human activity are causing large-scale climate change that threatens the Earth's balance and biodiversity. The Intergovernmental Panel on Climate Change, or IPCC, estimates that the global surface temperature could rise between 1.1°C and 6.4°C within this century. Every year, 13 million hectares of forest area, home to 80% of the Earth's biodiversity, is lost, especially in tropical regions.

Fully aware of the risks at stake, most citizens across the world agree that we need to act quickly and respond to these environmental, energy and food challenges[(3)]. People better understand the impact of intensive farming on the planet. As such, they want to reset the imbalances resulting from the globalisation of food systems, calling for a less wasteful, more resource-efficient and locally focused model.

(1) Source: Havas Paris Shopper Observer, 2019.
(2) Source: Kantar TNS Food 360 Edition 2018 Study, conducted online in 14 countries.
(3) Source: "The challenge of our resources", ELABE study for Veolia conducted in January 2018 of 14,000 people in 28 countries.
(4) Source: SOFI report (FAO, WHO, WFP, UNICEF), July 2019.
(5) Source: Eighth edition of the Cofidis CSA annual survey, September 2019.
(6) Source: World Population Prospects 2019, United Nations, published in June 2019.
(7) Source: FAO http://www.fao.org/sustainability/background/en/
(8) Source: ELAB study, "Which foods in 2049?", November 2019.

1.2.6 MORE INTENSE COMPETITIVE PRESSURE

The retail industry is focused on creating a more differentiated offering that meets consumers' needs more effectively, in line with their changing expectations, eating behaviours and new buying habits. This has resulted in: expansion of convenience formats, closer ties between physical stores and e-commerce, strengthened by a portfolio of services (Drives, Click & Collect, express delivery, etc.), and the deployment of a more quality-focused offering, aligned with increased concern about health, social and environmental issues.

In this configuration, businesses that thrive the most are built on operating efficiency: ability to replicate an operating model on a large scale, an automated and highly responsive supply chain, and stringent cost management to boost price competitiveness. For example, hard and soft discounters maximise volumes for a limited assortment of goods, and their quality is improving. They roll out their model on an industrial scale and show growth in most of the countries where they operate, stepping up competitive pressure.

On the other hand, there are pure play companies. These online retailers have drastically changed the playing field, by introducing new digital services, significantly increasing the number of products available and getting consumers accustomed to being able to access the products and services they want anytime, anywhere and in just a few clicks.

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

1.3 Our “raison d’être”

To meet these global challenges and benefit from the opportunities they create, Carrefour launched the “Carrefour 2022” five-year transformation plan (see Section 1.1.5) in January 2018, at the initiative of Alexandre Bompard. This transformation will enable the Group to effectively meet customers’ expectations and support them during the food transition, while also helping producers transition to virtuous farming methods and contributing to the preservation of the world’s natural resources. Carrefour intends to play a major role in reshaping the retail sector.

This transformation momentum is helped by a favourable CSR environment in businesses. The French PACTE law, enacted in April 2019, enables businesses to define their “raison d’être”, in order to specify the role they intend to play in society. Carrefour used its 60th anniversary celebrations to be one of the first CAC 40 companies to incorporate a “raison d’être” section into the preamble of its Articles of Association and this move was duly approved by the Shareholders' Meeting of June 14, 2019:

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

Carrefour has numerous assets to help it achieve this ambition:

- a brand that is well-known worldwide;
- more than 200 million consumers of Carrefour products;
- a network of 12,225 stores in more than 30 countries and e-commerce sites that attract around 46 million monthly visitors;
- local roots and contributions by each store to the day-to-day life and development of its host community;
- and 321,000 employees putting their skills into practice every day in more than 300 different areas of expertise.

1.3.1 PROVIDE OUR CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS ACCESSIBLE TO ALL

Customers want healthier food and they expect Carrefour to support them by helping them to be more selective and more responsible and by developing an omni-channel retail universe adapted to their needs. That’s why Carrefour launched Act for Food in September 2018. This global programme of real-world, affordable, “better eating” initiatives is rolled out in each country *via* a series of commitments aimed at reducing the Group’s environmental footprint and improving the quality of the products sold.

In France, Act for Food is based on 13 key commitments:

- ensure that fresh produce under the Carrefour Bio brand is 100% French organic and affordable;
- ban 100 controversial substances from all Carrefour-brand products;
- reduce or completely end the use of chemical pesticides in its plant product lines;
- stop, or reduce, antibiotic treatment in livestock farming;
- guarantee sustainable fishing;
- rear livestock in its product lines without GMOs <0.9%;
- double vegetarian product lines;
- promote biodiversity by selling fruit and vegetables grown from farmers’ seeds;
- guarantee product transparency and traceability using blockchain technology;
- help producers switch to organic methods;
- combat food waste;
- end the sale of fruit and vegetables that are not in season;
- reduce packaging and the use of plastic.

1.3.1.1 The food transition for and with our customers

Carrefour serves nearly 77 million customer households around the world. These customers enable the Group to identify societal trends ahead of the competition and give it the firepower required to reinvent the retail model.

Meeting changing expectations

Identifying customers’ expectations is a key component of Carrefour’s transformation, enabling the Group to adapt its line-up and offer innovative solutions aligned with its customers’ needs and expectations.

In response to changing, increasingly fragmented consumer behaviours that are driven by the use of digital technology and a quest for personalisation in particular, Carrefour is adapting its organisational structure. Hypermarkets were an appropriate response to the democratisation of consumption that took place during the 30-year post-war boom. Today, however, they need to evolve in order to provide customers with the convenience they desire in a comfortably sized space.

Carrefour began overhauling its hypermarket model in all its countries of operation in 2018, reducing and optimising sales areas and redeploying the product assortment.

At the same time, the Group has been stepping up the introduction of new, innovative formats and associated services: opening more convenience stores, developing the cash & carry segment and food e-commerce, and expanding its services portfolio (particularly deliveries) and catchment areas. (For further details, see Section 1.3.1.3 "Across all distribution channels").

Developing customer satisfaction

"Serve the customer with passion" is one of the four key commitments defined in the Act for Change programme, which was rolled out in 2019 by Carrefour to align the Group's management values and culture with the objectives set out in the "Carrefour 2022" strategic plan. Listening to customers and anticipating and responding to their needs and expectations must be the top priority for all employees, whether they work in our stores or warehouses or are part of our headquarters teams. Carrefour's objective is to offer a level of service that is beyond reproach, by answering customers' questions and resolving any issues as quickly as possible and constantly striving to improve the customer experience.

Customer satisfaction is central to all Group initiatives, including the overhauling of its retail model. Carrefour's customer strategy is built on the three cornerstones of trust, service and convenience. It is supported by the rigorous monitoring of Key Performance Indicators (KPIs), including the Net Promoter Score® (NPS®), a tool for gauging customer satisfaction that was widely deployed across the Group in 2019. With customer satisfaction in mind, Carrefour has implemented action plans to enhance the flexibility of its in-store teams and reduce the out-of-stock rate. It has also introduced procedures for the detection, monitoring and rapid resolution of customer complaints. These initiatives have already produced results. By the end of 2019, Group NPS® was up 8 points compared to the beginning of the plan. This growth is particularly notable in Brazil, Argentina, Poland, Romania and Taiwan, which have all recorded clear increases in like-for-like growth. In Spain, recent improvements have contributed, from the third quarter, to resumed like-for-like growth.

Supporting citizen consumers

To help its customers support the causes they care about, Carrefour is committed to promoting collaborative consumption. In line with growing concern about environmental issues, for example, the Group has implemented solutions that enable customers to become sustainable consumers.

In November 2019, Carrefour launched an online collaborative consultation process *via* its "Mission Zero Plastic" platform to get customers involved in imagining and co-creating solutions to reduce plastic waste. The first Carrefour "engaged consumer clubs" were also created in 2019, in Spain and France, to provide a discussion forum for a community of socially conscious customers and get their feedback on new Group projects. In Spain, these extremely active citizen consumers are connected through social media and regularly invited to Carrefour stores to discuss topics relating to food and the environment.

Consumers see the retail industry as a legitimate partner in their drive to improve the quality of what they eat. With this in mind, Carrefour is working hard to inform as many people as possible about better eating, through its Act for Food programme; in-store events and special campaigns like Fraich'Kids, a fun and educational programme for French school children; and the Act for Food Caravan, which is travelling to 40 cities across Spain. Carrefour France is also developing experience boxes that give customers the opportunity to spend half a day immersed in the life of a producer – at a cheese dairy that produces Carrefour Quality Line PDO Normandy Camembert, for example, or at a mill in Brittany that makes Carrefour Bio organic cider. (For more information, see *Carrefour.com*: What about a healthier diet?).

1.3.1.2 Quality services, products and food accessible to all

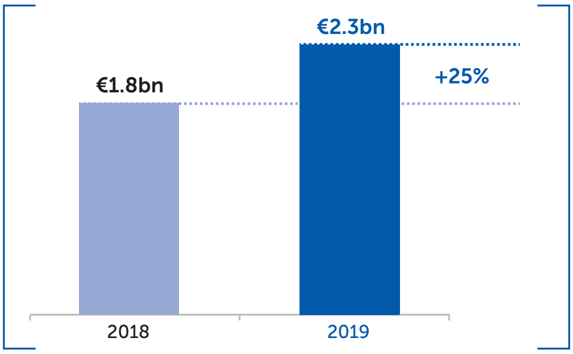
Carrefour intends to make healthier, high-quality foods available at fair prices to as many people as possible in all its countries of operation, by mobilising all of its teams.

Expanding the organic and vegetarian product offering

The food transition means speeding up the development of products that meet new health and quality requirements, while also strengthening existing ranges. All of Carrefour's own brands have been revamped to reflect the food transition, resulting in the reformulation of 2,300 products since 2018.

Organic produce is making inroads, driven by the Group's growth. The Group has built a comprehensive retail network in this segment, by expanding the space dedicated to organic products in its stores, revamping the Carrefour Bio concept and rolling it out across Europe, acquiring the specialist banner So.bio, and strengthening its online organic offering *via* the acquisition of Greenweez, Europe's leading online distributor of organic products, from its competitors in Spain, Planeta Huerto (2018), and in Italy, Sorgente Natura (2019). As France's leading retailer of organic produce, the Group generated total net sales of 2.3 billion euros in 2019, up more than 25%, and has set an objective of 4.8 billion euros in 2022. Carrefour is deploying its assortment of organic products, which exceeds 1,000 own-brand items.

GROUP SALES OF ORGANIC PRODUCTS



Carrefour is also harnessing the growing popularity of diets that exclude or reduce the consumption of meat (flexitarian, vegetarian, etc.) by developing its Carrefour Veggie range, which offers vegetarian products that are GMO-free and contain no artificial colours or flavours.

Ensuring high-quality sourcing and nutrition

Carrefour is improving the composition of its products in order to optimise their nutritional profiles in all its countries of operation. Since 2018, its teams have been working in particular to reduce sugar levels in soft drinks and salt levels in tinned vegetables. A large number of controversial substances have also been withdrawn to safeguard consumers' health. In France, for example, 100 controversial substances have been eliminated from Carrefour own-brand products, and the use of pesticides has been reduced for Carrefour Quality Lines. These initiatives are carried out in partnership with all stakeholders in the food value chain, particularly suppliers, who receive support from the Group to facilitate their transition to virtuous farming methods. (For more information, see Section 1.3.2.3 "New production and consumption modes" and Section 2.2.1.1 "Safeguarding our customers' health through our products").

Carrefour was the first retailer to commit to providing a large majority of its Carrefour Quality Lines with blockchain technology by 2022 to ensure the traceability of the associated products through all stages of their production. In 2019, 28 products worldwide already benefited from this technology. A European blockchain pioneer, Carrefour joined the IBM Food Trust consortium in October 2018 to broaden the technology's use on a global scale. (For more information, see *Carrefour.com*: Product quality, compliance and safety).

As part of its Act for Food programme, Carrefour also provides its customers with detailed additional information about the nutritional profiles of its products, including per serving data, fibre content and suggested frequency of consumption. Carrefour has been extending the use of the Nutri-Score labelling system – which classifies products according to their nutritional quality – across its product portfolio since October 2019. The label will be used on 7,000 Carrefour-brand products available in stores or online, in France and Europe, by 2022, including the Carrefour Bio and Carrefour Veggie ranges.

Bridging the food divide

Carrefour's commitment to the food transition for all is also a commitment to bridging the food divide. Carrefour refuses to let certain categories of the population, or certain communities, be excluded from the progress being made in nutritional quality, simply because of price or physical accessibility. The first step in bridging the food divide is the development of the Group's own-brand products, which serve as the foundation of its new sales promise: their market penetration rate rose by two points in 2019. This is accompanied by a rigorous pricing policy and the launch of attractive new formats in all regions.

Carrefour works tirelessly to provide its customers with everyday products at the best possible prices. It does this, for example, by developing its Carrefour Quality Lines, which offer consumers affordable, high-quality mid-market products.

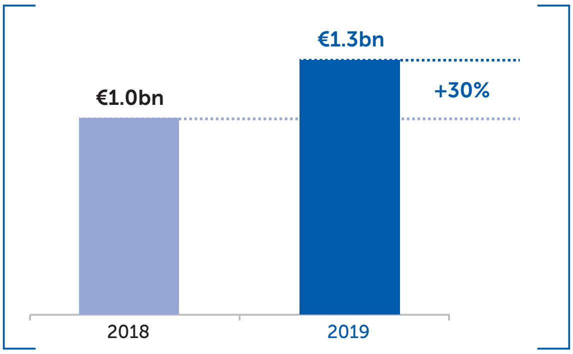
It has also been making targeted price investments since 2018 to restore its competitiveness in all host countries. In France, Carrefour has introduced "*Prix Imbattables*", unbeatable permanent prices on more than 500 consumer goods since June 2019. Also during the year, the Group strengthened its loyalty programmes, by increasing its loyalty discount. In the organic segment, the Group has received recognition for its price positioning. According to a study on organic foods published in late August by the French consumer organisation UFC Que Choisir, Carrefour's organic products cost 30% less than the same products offered by other retailers, including specialist stores. Carrefour is also introducing new budget formats. In France, the Supeco banner was launched in 2019, with the opening of two stores in September. It offers a limited choice of products that focuses on customers' preferences and gives them the option of purchasing large quantities, without compromising on quality.

Carrefour is also taking action to increase the density of its network to bring its stores closer to all its customers. (For more details, see Section 1.3.1.3 "Across all distribution channels" and Section 1.3.2.4 "Geographic footprint").

1.3.1.3 Across all distribution channels

Carrefour benefits from a global network of over 12,225 stores in more than 30 countries. Measures are currently being taken to radically transform the network, by opening new stores in promising formats, overhauling the hypermarkets, developing the e-commerce business and stepping up the integration of the physical store network with the online offering to create a comprehensive omni-channel universe. This is one of the four key objectives of the "Carrefour 2022" transformation plan, which reflects the Group's "raison d'être". Carrefour has initiated a plan to invest 2.8 billion euros in digital technology over five years, with the aim of becoming a world leader in food e-commerce by 2022. In 2019, the Group generated net sales of 1.3 billion euros worldwide in food e-commerce, a year-on-year increase of more than 30%.

GROUP FOOD E-COMMERCE SALES
(EXCLUDING CHINA)



Deploying an ecosystem of digital services

The aim of Carrefour's new business model is to provide customers with a seamless experience by enabling them to shop in a variety of different but complementary ways, such as ordering online, picking up their purchases from a Drive location, getting an express home delivery, or shopping in-store with digital services that facilitate and enhance the customer experience. By integrating physical stores with digital services, such as delivery, Drive outlets, and Click & Collect, Carrefour is able to interact with its customers anytime, anywhere to offer them a shopping experience and services that are efficient and accessible, while also securing their loyalty through a unique and completely personalised relationship.

The Group stepped up its investments in digital technology in 2019 with the aim of revamping all its customer interfaces, apps and websites. The goal is to offer a comprehensive range of services from a single website in each country, including Drives, pedestrian Drives, Click & Collect, and next-day and express delivery.

In 2019, Carrefour focused in particular on opening new Drive outlets. It now operates 1,696 Drive outlets worldwide and 1,110 in France, of which 281 were opened in 2019. Carrefour France has become the leader in the pedestrian Drive segment in its market, with 134 outlets. The Group has also broadened its home delivery offering, thanks to new express services provided in partnership with Rappi in Brazil and Glovo in France, Italy, Spain and Argentina. In France, home delivery orders increased by 40% in 2019, after the delivery service area was extended to 24 additional cities. The aim is to offer home delivery of its products in all cities and towns with more than 10,000 inhabitants by 2022.

The Carrefour group is also investing in payment solutions to simplify its customers' transactions. In 2019, it acquired a 49% stake in Ewally, a Brazilian fintech that specialises in payment services. In France, the loyalty programme was expanded in stores and on-line in February. The programme has covered 5,200 Carrefour products since September. The Group has also forged some ambitious technology-related partnerships. For example, Google has made Carrefour its first global partner in the food industry. In a shared digital hub in Paris, which was inaugurated in March 2019 and brings together nearly 300 employees from Carrefour, Google enables Carrefour to capitalise on its teams' experience in artificial intelligence to address real-world issues like anticipating stock shortages.

To support its development in e-commerce, the Group is also building a cutting-edge industrial and logistics ecosystem, based notably on a network of automated order fulfilment centres. In France, two centres were opened near Paris during the year, in January and September 2019.

Putting stores at the centre of the omni-channel universe

Stores continue to play a central role, despite the rapid digitalisation of Carrefour's operations. Going beyond their traditional role as physical sales outlets, stores are being revamped to become assets in the Group's digital strategy. They are now being placed at the centre of its omni-channel universe, serving as fulfilment and delivery centres and as pick-up, return and reimbursement points for Drives, Click & Collect customers, etc.

To cater to customer needs more effectively, in 2019 Carrefour systematised the conversion of its hypermarkets into more compact formats, of varying sizes and layouts, adapted to the specificities of each catchment area. To improve the in-store customer experience, Carrefour reduced its under-performing hypermarket sales areas by 115,000 sq.m. in late December 2019 (55,000 sq.m. in France) and is targeting a reduction of 350,000 sq.m. Group-wide by 2022. The freed-up space is notably used for online order fulfilment areas, stock clearance spaces ("Outlets") and shopping malls. Certain non-food categories, such as jewellery, have been discontinued and new shopping concepts are being tested.

Continuing to innovate in-store

Carrefour continued to develop new, specialised spaces in its stores in 2019. The *"Beauté Plurielle"* concept, which brings together beauty, health, well-being and over-the-counter drugstore products, was integrated into six hypermarkets during the year. *"Bio Expérience"* spaces, which offer customers more than 3,000 organic products spread over an area of 500 to 600 sq.m., had been rolled out in 48 stores by the end of the year. 2019 also saw the creation of 33 pet sections and an increase in the number of "Outlets" – stock clearance spaces offering discounted non-food products over an area of 500 to 1,500 sq.m. These were present in 22 hypermarkets by the end of 2019.

Plans are in place to extend the Fnac Darty shop-in-shops concept – opened as franchises in late 2018 – to around 30 Carrefour hypermarkets in 2020 and 2021. The first Aubert shop-in-shop was opened in November 2019 in the Claye-Souilly hypermarket in the Greater Paris region. The 300 sq.m. space offers an assortment of around 4,000 baby products, covering everything from hygiene and clothes to nursery furniture.

Hypermarkets in Dijon, Flins-sur-Seine, Marseille and Anglet have been fitted with "Fresh Avenues". Located at each store entrance, these areas feature themed food stalls, where customers can buy freshly prepared dishes to eat on-site or take away.

Speeding up the development of promising formats

In 2019, Carrefour stepped up its global campaign to open new store formats aligned with its customers' expectations. Together with e-commerce, these segments continue to serve as drivers of the Group's current and future growth.

Convenience stores are the fastest growing format today, with 1,042 additional stores opened since the launch of the Group's plan, for a new target of 2,700 openings in all regions by 2022. The convenience format is particularly well suited to various innovations aligned with the specific needs of local customers. In December 2019, four "New Contact" pilot stores were opened in four French regions – Charente-Maritime, Finistère, Rhône and Pas-de-Calais. Designed specifically for rural and suburban areas, these stores include a broader range of organic products, revamped fresh food counters and an on-site eating area. The new concept will continue to be rolled out in 2020.

The Group's **cash & carry** stores offer merchants, restaurant owners and other trade customers a broad selection of food and non-food products, presented directly on palettes and sold individually or in large quantities at wholesale prices. Designed to meet the expectations of businesses and consumers looking for an efficient shopping experience and low prices, this format has been a big hit in certain regions, such as Brazil, where Atacadão continues to expand. Carrefour aims to open 20 Atacadão stores per year by 2022. The cash & carry format is also being developed in Europe.

Soft discount: The Supeco banner, based on the soft discount supermarket model, was launched in France in 2019. The first two Supeco stores were opened in Valenciennes and Onnaing, in northern France, during the third quarter of the year.

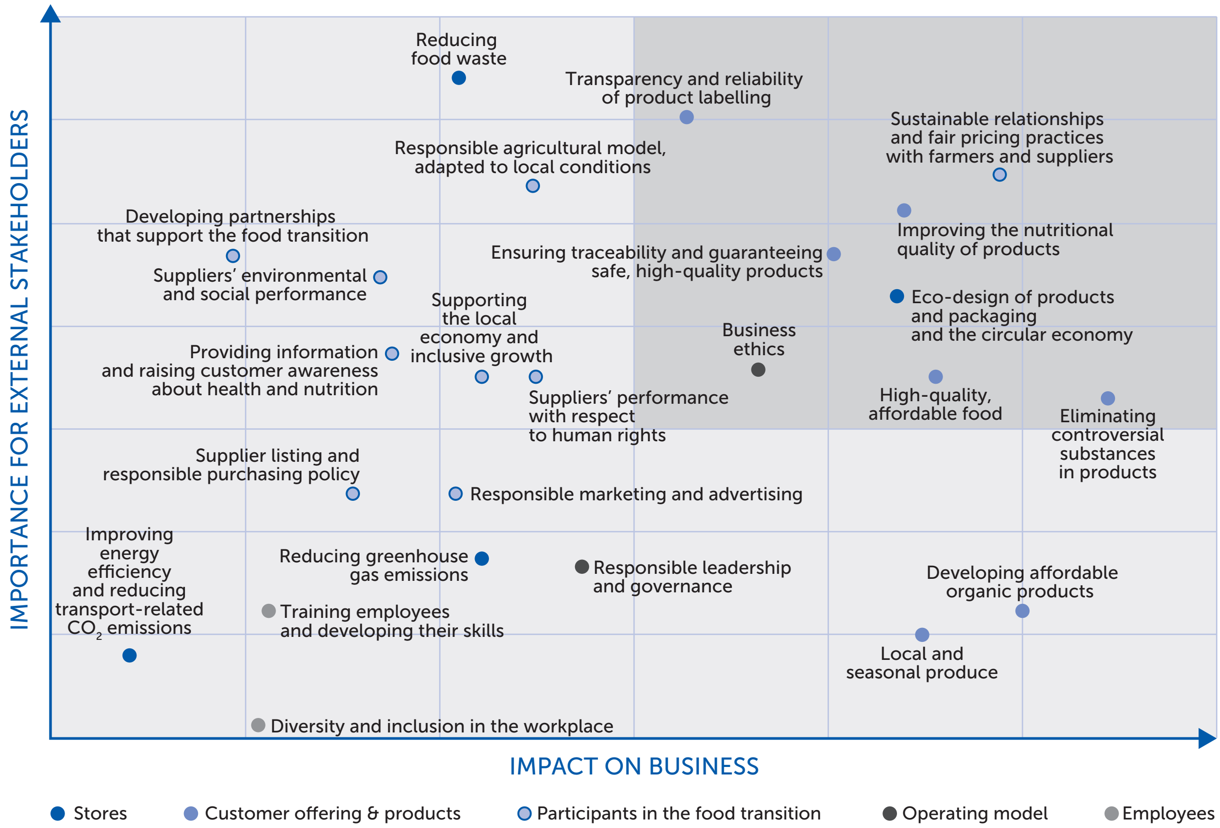
The **organic store** segment is expanding rapidly. In 2018, Carrefour France acquired So.bio, the specialist banner with 11 outlets in south-west France. In 2019, So.bio opened the biggest organic store in Paris (800 sq.m. and 10,000 products) in July and a second store in the Greater Paris region in November. Belgium got its first Carrefour Bio store in July 2019, in Brussels, and Poland followed suit in November, with the opening of a Carrefour Bio store in Warsaw. In addition, 43 new *"Bio Expérience"* organic spaces were created in hypermarkets during the year.

1.3.1.4 Stakeholder dialogue

Carrefour constantly engages in constructive dialogue with its stakeholders, who play a key role in the Group's decisions about its strategy and operations.

The Group consulted stakeholders in 2019 to update its materiality analysis, which was first published in 2014 (the first update was made in 2016). The materiality analysis enables Carrefour to map and prioritise the challenges associated with its "raison d'être", based on their importance to external stakeholders and their impact on Carrefour's performance.

Presentation of the materiality analysis



Key takeaways and application of results

The results of the materiality analysis confirm that external stakeholders' expectations match the priorities identified by the Group in its "Carrefour 2022" transformation plan and its corporate social responsibility strategy. Enhanced by qualitative data obtained during interviews with external stakeholders, the materiality analysis process has enabled Carrefour to gain insight into their expectations with regard to its "raison d'être", identify emerging issues and delve deeper into certain low-level warning signs. The matrix above shows the 24 priority issues that emerged out of the study.

1.3.2 OUR INITIATIVES TO ACCELERATE THE FOOD TRANSITION FOR ALL

To achieve its transformation, Carrefour intends to capitalise on its numerous strengths: its ability to sensitise and mobilise its employees; its capacity to reinvent its business model and rethink its organisation to enhance agility and efficiency; its commitment to supporting the transition to new production methods in partnership with the agricultural sector and the various players in the circular economy; and lastly, its strong geographic footprint, which makes the Group's stores a central part of life in both urban and non-urban communities.

This combination of assets, coupled with the development of e-commerce, enables the Group to deploy a business model based on creating shared value for all stakeholders, while aligning its approach with the 17 Sustainable Development Goals set by the United Nations for 2030.

1.3.2.1 Diversity and our employees' skills

To achieve its objectives, Carrefour can count on its people. The Group's workforce comprises more than 321,000 women and men worldwide, including 105,000 in France. Their diverse profiles and career paths represent an invaluable asset, which Carrefour develops in particular through its internal mobility programmes, its talent development initiatives, its training policy and its commitments to gender equality and the inclusion of people with disabilities. Both in-store and at headquarters, Carrefour employees participate daily in bringing the food transition to all customers, all over the world.

As part of its "Carrefour 2022" plan, the Group is streamlining its organisation and taking measures to improve efficiency.

In keeping with its tradition of social dialogue, Carrefour has chosen to support these changes by giving priority to negotiation and by offering internal mobility, redeployment and training to the employees affected. Carrefour has experience of working with the trade unions to create exemplary mobility programmes to assist employees in this regard.

In 2019, Carrefour signed two important agreements in France:

- a human resources and skills planning agreement (GPEC) that notably includes an exceptional investment in training;
- a mutual termination of contract agreement (RCC) that gave 3,000 hypermarket employees the opportunity to retire early or continue their careers outside the Group.

Making a difference with Act for Change

At a time of significant change, employee engagement is being supported by a vast campaign to enhance the Group's management values and culture. This is carried out *via* the Act for Change programme, which aims to align management behaviours with Carrefour's 2022 plan objectives, thereby translating the Group's "raison d'être" into management practices. It is based on four key commitments, which are supported by real-world initiatives:

- **"Grow and move forward together"** is about developing talent, fostering diversity and encouraging cooperation among the Group's various departments and store formats. The internal promotion and management training programmes in each country and the Carrefour University programmes at Group level have all been updated and restructured with this commitment in mind;
- **"Serve the customer with passion"** makes customer satisfaction the number one priority for all employees, with the aim of improving service quality and keeping customers coming back. As part of this commitment, the Net Promoter Score®, a tool for gauging customer satisfaction, was widely deployed across the Group and integrated into the variable compensation of all Carrefour senior executives in 2019, and all managers in France in 2020;
- **"Act with simplicity"** emphasises the importance of seamless, efficient resource management that promotes a proactive approach and a fast adaptation process. Various initiatives were implemented in this regard at the country level in 2019, including the development of digital tools, the introduction of Lean processes in several countries and the consolidation of French headquarters teams in one location;
- **"Be proud to change our business"** aims to foster innovation in support of the food transition, by encouraging experimentation and promoting openness to ideas from external sources. To get stores involved in the food transition by giving power to teams in the field, the "Act for Food Superheroes" programme launched in 2018 showcases initiatives implemented by the most dedicated employees and shares their best practices. Examples include product spotlights, partnerships with non-profits and events focused on better eating and healthy cooking. A total of 870 "food transition heroes" have been identified across the Group, which plans to expand this community of committed ambassadors to 2,000 members in 2020. The programme has been rolled out in all host countries, and events will be held each year to celebrate local superheroes.

The progress made in these four areas of the Group's cultural performance will be assessed *via* the Employee Net Promoter Score® (E-NPS), to be measured in each country three times a year.

Attracting, supporting and training talented employees

At a time of great change, attractiveness and developing skills through training and promoting employees internally are key focuses for the Group.

As part of the Act for Change programme, new multi-format, multi-disciplinary talent development programmes have been introduced for employees in Careers Committee Meetings. They include a leaders academy in Spain and Argentina, a development programme for managers based at headquarters in France and TOP People in Italy.

To prepare its employees for the changes taking place in the retail industry, Carrefour is investing heavily in training. In 2019, the Group deployed a training policy structured around the four key topics that underpin in its "raison d'être" and strategy: the food transition, a customer-oriented culture, people management and the digital transformation. To support the food transition, 10,596 interns were trained in 2019 on key topics, such as the organic market and fresh produce. The Group also implements training initiatives that focus on how to listen to and understand customers better, in order to enhance its customer-oriented culture. This is the primary objective of the "5/5/5" programme, for example, deployed in Taiwan, Argentina and Spain, and soon to be rolled out to other countries.

Lastly, to attract young talent, as well as people with different profiles and new skills that are aligned with the current strategy, Carrefour has introduced or renewed various initiatives. In particular, it has launched the "Graduates" programme, expanded the internships and apprenticeships programme, notably for professions where the Group lacks resources, and strengthened its academic partnerships, especially those relating to new technologies and the digital transformation.

(For more information, see Section 2.2.3.1 and *Carrefour.com*: Growing & moving forward together.)

Promoting diversity

As an early advocate for diversity, Carrefour signed the Diversity Charter in 2004 to give all people, in all countries, the same recruitment and career development opportunities. It also takes concrete action in this regard, signing Group-wide and national agreements with trade unions, developing programmes in partnership with international organisations and working with local associations in Brazil, France and Romania. Every year, Carrefour organises an international diversity day, enabling each country to reaffirm its commitment to combating all forms of discrimination and reminding all employees that the diversity of teams is an invaluable asset.

The Group employs 180,086 women, together representing 56% of its workforce. Numerous systems are accordingly in place ensure gender equality within the Group. They include equal pay policies, access to training for all and arrangements facilitating the work-life balance (pooled work schedules). Since 2011, the international Women Leaders programme has provided support for women seeking to access positions with greater responsibility, with the signing in 2013 of the UN Women's Empowerment Principles (WEPs) by the Chief Executive Officer and the Executive Directors for Spain, Argentina, Brazil and Belgium. Several years ago, Carrefour decided to drive continuous improvement in gender equality by obtaining Gender Equality European & International Standard (GEEIS) certification in all its countries of operation.

The Group has more than 11,885 employees with disabilities; they make up 3.8% of its workforce. Twenty years after the first agreement on the employment of people with disabilities was signed at the French hypermarkets in 1999, Carrefour is still ahead of the game in this area. The rate of employment of disabled people in its stores is well above the legal requirement of 6% in France. In Europe, it has increased by 20% over the last five years. Carrefour also participates in various awareness-raising events, such as the Free Handi'se Trophy, a long-distance corporate race, and European Disability Employment Week, which has been organised for the past 22 years by the non-profit organisation ADAPT.

1.3.2.2 Our ability to adapt to change

To give it the resources necessary to achieve its goal of becoming the leader of the food transition, Carrefour has rethought its business model from a financial and organisational perspective. These components of the "Carrefour 2022" transformation plan are designed to "deploy a simplified and open organisation" and "achieve productivity and competitiveness gains". Since 2018, Carrefour has implemented in-depth organisational changes, adopted a more efficient resource allocation strategy and pursued its debt reduction efforts, so that it can invest selectively in its priority areas – the food transition and digital technology.

Enhancing agility and cross-functionality

To capitalise more effectively on its size, the Group has fostered the synergies between its various components. Over the past two years, barriers have been broken down between countries, formats and functions. As a result, Carrefour can now take better advantage of its multi-country presence, with a governance structure that is more conducive to the pooling and standardisation of purchases across Europe. Functions that were previously segmented by format have now been united to strengthen the impact of Carrefour's sales initiatives, primarily in Belgium but also in France. These adjustments have enhanced the Group's agility and efficiency worldwide.

Forging new partnerships

To enhance its competitiveness and operating efficiency, Carrefour continues to forge partnerships with key players in areas that are strategic to the Group's development.

In the area of digital technology and e-commerce

- The operational phase has begun for the partnership with Google, which has made Carrefour its first global partner in the food industry. The digital hub – a 2,500-sq.m. space in Paris that brings together nearly 300 employees from Carrefour – was inaugurated in March 2019 and has already carried out its first experiments in the areas of data, artificial intelligence and machine learning techniques.
- A partnership has been signed with home delivery specialist Glovo in four countries (France, Spain, Italy and Argentina) to enable consumers in nine cities to benefit from a 30-minute delivery service.
- Carrefour has partnered with the express delivery app Rappi in Brazil, with Food Panda and Uber Eats in Taiwan and with the Polish eBay equivalent Allegro in Poland.

In the area of food safety and traceability

- In October 2018, Carrefour joined the IBM Food Trust, a collaborative platform based on blockchain technology that enables retailers and their suppliers to share information about product traceability and safety.
- Carrefour continued to apply blockchain technology to its Carrefour Quality Lines products during the year. In September, the Group's Normandy Camembert became the 11th CQL product in France and the 22nd product worldwide to benefit from this technology.
- In April, Carrefour announced with Nestlé that it was giving consumers the opportunity to access information from the first blockchain on a national brand (Mousline) in Europe, thanks to the IBM Food Trust platform. The two groups strengthened their collaboration in November by inaugurating the first blockchain for infant nutrition, applied to the Guigoz Bio 2 and 3 infant milk range.
- By end-2019, blockchain technology had been applied to 28 Carrefour Quality Lines and national-brand products.

In the area of purchasing

The purchasing partnerships signed in 2018 started to have a positive impact in 2019:

- with Tesco, the partnerships on product categories with a higher potential for Carrefour are gradually ramping up, with 24 global agreements signed with international brands;
- in France, progress has been made on the purchasing gains generated by Envergure (joint purchaising center with Système U).

In the area of food waste and waste reduction

- The Too Good To Go app, allows customers to identify, using their smartphones, cut-price baskets of unsold products and was deployed in 2,624 stores in France, Spain, Italy, Belgium and Poland.
- Carrefour, Système U and Veolia joined forces to reduce single-use plastic packaging with the help of (RE)SET, a specialist in circular economy innovation that is contributing its collaborative methodology for designing reusable packaging.
- Loop, the returnable packaging platform developed by TerraCycle, signed a partnership agreement with Carrefour in May to roll out its solution.

The Group has also acquired several innovative young companies positioned in market segments and services that are aligned with its omni-channel universe offered to customers, such as Ewally, a Brazilian fintech that specialises in digital payment services.

In France, Carrefour and Fnac Darty have strengthened their partnership. The two groups announced in late November 2019 that they were finalising a project to deploy some 30 Darty shop-in-shops in Carrefour hypermarkets, under exclusive operating agreements. The project is scheduled for roll-out in 2020 and 2021, subject to prior approval from the French Competition Authority.

Maintaining the cost reduction dynamic

During the year, Carrefour continued to implement the cost reduction programme launched in all its host countries in 2018. The Group achieved cost savings of 1,030 million euros in 2019, for a total saving of 2 billion euros since the beginning of the plan, allowing it to raise the 2020 savings objective under the plan to 2.8 billion euros on a full-year basis.

This performance was notably achieved thanks to:

- the pooling and standardisation of direct and indirect purchases;
- the reduction in payroll costs driven by voluntary redundancy plans;
- supply chain optimisation;
- the purchasing partnerships signed with other retailers, such as Envergure and Tesco.

These results are also the product of the significant efforts made to overhaul the in-store offering. At end-2019, the product assortment had been reduced by 10.1% versus end-2017, putting Carrefour on track to achieve an overall reduction worldwide of 15% in 2020.

Optimising the operating scope

In September 2019, Carrefour completed the sale of an 80% stake in Carrefour China to Chinese group Suning.com.

In line with its plans to dispose of non-strategic real estate assets, Carrefour sold its interest in Cargo Property Assets, which owns the Group's distribution centres in France, to Argan, a listed company that specialises in supply chain. The deal enabled Carrefour to achieve its objective – 18 months early – of divesting 500 million euros of non-strategic real estate assets by 2020.

In November, Carrefour also announced the sale of Rue de Commerce to Shopinvest, as part of its drive to refocus on the food segment. The deal is expected to close in 2020.

Enhancing price competitiveness

Streamlining its expenses in this way has enabled the Group to invest in its price competitiveness, in line with its commitments.

In 2019, the Group continued to implement this strategy of passing cost savings on to product prices for the benefit of its customers. In France, Carrefour adjusted its price positioning in June 2019, by introducing *"Prix Imbattables"* unbeatable permanent prices on more than 500 fast-moving key consumer goods. Carrefour undertakes to reimburse twice the difference if the consumer finds a similar product for a lower price in the catchment area. On 11 February, Carrefour launched *"Primes Fidélité"*, a new digital manifestation of its loyalty programme. Members are credited with a 10% discount when they purchase eligible products. To take advantage of the programme, customers can sign up at *Carrefour.com* or through the Carrefour app. The discount covers a total of more than 10,000 products, with no minimum purchase required. Also during the year, the Group strengthened the "*Primes Fidélité*" loyalty programme by increasing its loyalty discount from 10% to 15% for PASS card-holders. In Italy, the *"Prezzo ribassato"* multi-format permanent price reduction campaign on 5,000 products was extended to the rest of the country after a trial period in Turin. Price investments were also made across all formats in Belgium, with reductions on 1,000 products initiated in November 2019, covering both national and Carrefour brands. In Argentina, in a hyper-inflationary context, the Group froze its prices on meat for three months, significantly improving its price positioning and perception.

These initiatives were supported by significant investments in non-price competitiveness designed to improve the product offering – by expanding the range and enhancing the quality of Carrefour-brand products in an omni-channel universe.

Stepping up strategic investments

While reducing its costs and improving its productivity, Carrefour invested 1.7 billion euros in 2019, notably in areas of key strategic importance to its transformation plan, such as:

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

Additionally, recent strategic investments include the acquisition of controlling interests in Dejbox, a pioneer in the lunch delivery segment, and Potager City, the online leader in extra-fresh, seasonal fruits and vegetables sourced from local producers.

1.3.2.3 Transformation of production and consumption modes

The activities associated with producing and distributing food have a non-negligible impact on the planet and its ecosystems and climate. The food transition involves a transition from current practices to methods that are better for the environment and for biodiversity. Increasingly concerned about the conditions in which their food was produced, customers are calling for change. As the leader of the food transition, Carrefour is taking action on numerous fronts: facilitating the transition to more virtuous farming methods and promoting sustainable agriculture, limiting deforestation, supporting the circular economy, avoiding food waste and protecting animal welfare.

Promoting sustainable agriculture

Carrefour is helping the agricultural industry to transform its production model by stepping up sustainable sourcing. The Group facilitates the implementation of more responsible agricultural practices, such as organic farming and agroecology, by offering its Carrefour Quality Lines and organic producers secure contracts with preferential conditions.

Carrefour has set an objective of increasing sales of organic products to 4.8 billion euros in 2022. To achieve that objective, the Group enters into long-term contracts with organic farmers that set future volumes and purchase prices in advance. Carrefour also supports producers that are converting to organic farming practices by signing three to five-year contracts and offering them favourable prices. This initiative is in place in France, Belgium, Romania and Taiwan. With 540 support contracts already signed since 2018, including 330 in 2019, this objective has already been surpassed. Carrefour's responsible sourcing approach is also driving the deployment of its agroecology plan for Carrefour Quality Lines, which are expected to supply 10% of the Group's fresh produce by 2022. Partner producers use more responsible production methods, in strict compliance with Carrefour Quality Lines specifications. By 2022, all Carrefour Quality Lines products are expected to carry a competitively differentiating agroecology statement, such as "fed GMO-free", "raised without antibiotics" or "grown without chemical treatment".

Carrefour also uses ecolabels (Forest Stewardship Council, Marine Stewardship Council, Roundtable on Sustainable Palm Oil, etc.) that guarantee that products comply with strict social and environmental standards. To supplement this certification-based approach, advanced technology is also used to ensure sourcing quality. Satellite surveillance of beef ranches in Brazil, for example, enables the Group to control the risk of the Amazon rainforest's destruction.

(For more information, see Section 2.2.1.2 and *Carrefour.com*: Promoting and developing sustainable agriculture.)

Guaranteeing animal welfare

Improving the conditions in which animals are raised and slaughtered is a growing concern among the general public Carrefour has made this necessary transformation one of its priorities and is committed to a programme aimed at improving animal welfare in its supply chains. The programme is notably based on the five fundamental freedoms of animal welfare (physiological, environmental, health, behavioural and psychological freedoms), which are adapted to different farming methods. To strengthen the commitment of its own-brand suppliers, Carrefour developed an "animal welfare" policy in 2019, based on ten priority areas. These include minimising controversial practices like debeaking, banning animal tests and cloning, and limiting overcrowding and stress. In each country, an "animal welfare" policy will be adopted on this basis in 2020. Carrefour France has arranged for cameras to be installed in the abattoirs that supply products for its Carrefour, Carrefour Bio and Reflets de France brands, as well as the Carrefour Quality Lines. It also pledged to conduct an animal welfare audit at all abattoirs involved in the supply of its own-brand products in partnership with Œuvre d'Assistance aux Bêtes d'Abattoirs (OABA) and Bureau Veritas.

(For more information, see *Carrefour.com*: Guaranteeing ethical farming.)

Promoting the circular economy

Carrefour is committed to promoting more resource-efficient practices, such as eco-design and the recycling of plastic packaging, which has become a major source of marine pollution. It has therefore set an objective of reducing the amount of packaging it contributes to the market by 5% between 2017 and 2022. It also aims to use only reusable, recyclable or compostable packaging for all its own-brand products by 2025. Thanks to the development of bulk selling and returnable packaging and the use of reusable containers, various alternatives to disposable plastic packaging are offered both in-store and online. Carrefour works with its customers to improve its waste sorting system and also supports innovative initiatives in this area. In 2019, the Group joined forces with Système U and Veolia to support the launch of a packaging-oriented innovation accelerator known as "(RE)SET Retail". The aim is to drive progress in complex packaging formats like those used for biscuits, salads, pie pastries and fruit purées. Also in 2019, Carrefour launched the Loop project in partnership with TerraCycle, creating the first online store (*maboutiqueloop.fr*) that offers products in returnable packaging for home delivery in Paris, Lille and the Greater Paris region. The Loop offering will be integrated into Carrefour's own e-commerce website will be rolled out in convenience stores in 2020.

(For more information, see Section 2.2.2.3 and *Carrefour.com*: Committing to ecodesign and a circular economy for packaging.)

Combating food waste

Carrefour teams also strive to combat food waste and share the Consumer Goods Forum goal of achieving a 50% reduction in food waste by 2025. In addition to implementing measures to improve inventory management at its stores, Carrefour also takes steps to limit the volume of unsold food products: spotlighting items that are approaching their use-by date, transforming damaged fruits and vegetables to give them a second life and partnering with start-ups to sell products made from unsold foods. To avoid products being thrown out unnecessarily, the Group has launched a joint initiative with its suppliers to review or extend use-by and minimum durability dates. It also optimises its donations of unsold food products by partnering with food banks in most of its host countries. The food donated by Carrefour in 2019 represented the equivalent of 105 million meals. Unsold foods that cannot be donated are used as biowaste for the production of biomethane.

(For more information, see Section 2.2.2.1 and *Carrefour.com*: Combating food waste.)

1.3.2.4 Geographic footprint

Carrefour's operations contribute to the dynamics of the ecosystems into which they fit. Its stores give everyone access to the necessities of life, even in the most isolated communities; its partnerships with producers and SMEs support local economic development; and its Foundation implements solidarity initiatives in partnership with associations in the field.

Providing convenient local retail options

Thanks to its global network of 12,225 stores, Carrefour provides its customers with convenient local retail options in all its countries of operation. The Group aligns its formats with the specific needs and expectations of its host countries and communities. Each store has the independence necessary to adapt its product assortment and services portfolio to local needs and build close relationships with its customers.

In Metropolitan France, Carrefour has 5,424 stores: 47% in urban areas, 10% in suburban areas and 43% in rural areas (excluding wholesale operations). City-centre Carrefour City and Carrefour Express stores are planned in line with local urban development conditions to make shopping easy for everyone, including in less central neighbourhoods. In suburban areas, Carrefour follows consumer movement patterns to offer the closest possible contact, with hypermarket and cash & carry outlets addressing the social dynamic toward affordable pricing and breadth of choice. In rural areas, the mesh of Carrefour Market, Proxi and Contact stores provides convenient shopping conditions for consumers living far away from the larger metropolitan stores. The Group's New Contact stores are now being deployed in four French regions. Designed specifically for rural and suburban areas, these outlets offer an expanded range of organic products and fresh produce, as well as an on-site eating area. Carrefour is also expanding its online shopping offer in all regions to enable everyone to access the broadest possible product range *via* its home delivery service.

Contributing to the vitality of host communities

Carrefour is also a major player in community dynamics, in both urban and rural areas. The Group’s stores all contribute to their host community’s development in various ways, by creating direct and indirect jobs, setting up local distribution networks and sales partnerships with local producers (SMEs, farmers, etc.), contributing to local business projects, and taking part in environmental, social and solidarity initiatives, particularly in the areas of food donations and combating food waste.

Carrefour gives priority to products sourced locally in the country in which they are sold, particularly for food products. To promote local suppliers, Carrefour develops lines of regional specialty products in all of its countries of operation. Drawing inspiration from the SME plan introduced in France in 2014 to strengthen cooperation between Carrefour and SMEs across all food and non-food industries, the Group intends to create a network of SMEs in all its host countries, connecting them to its stores and involving them in its growth. As part of this commitment, Carrefour’s INNbox programme for SMEs is permanently available to provide SMEs with free expertise from Carrefour, in areas such as product quality, design, packaging and logistics, to support the development of innovative food products. In addition, the Group’s financial services company Finifac, has developed credit solutions for SMEs and farmers. The Carrefour SME Club also promotes close relationships between the Group and its SME partners, with advantages such as direct access to in-store contacts and Carrefour’s Marketing and Supplier listing departments. The first of 15 regional branches, Eastern France now has 31 local SMEs and very small businesses. Two new branches are being set up in Bordeaux and the Greater Paris region. To date, SME plans have already been deployed in four countries.

Each year, the French Federation of Companies and Entrepreneurs (FEEF) publishes a study on retailers’ business relationships with SMEs, intermediate-sized businesses and very small businesses.

Carrefour was also awarded responsible supplier relationships and responsible purchasing certification yet again in 2019. This certification 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.

Implementing solidarity initiatives

The Group provides day-to-day support for communities in its countries of operation. Created in 2000, the Carrefour Foundation works to promote a responsible food transition. It oversees three programmes focusing on responsible waste reduction, sustainable and responsible agriculture and social responsibility. It conducts solidarity programmes in France and in countries where the Group operates. It supports, develops and coordinates solidarity initiatives run by teams in Belgium, France, Italy, Poland and Romania and by local Foundations: Carrefour Taiwan Cultural and Educational Foundation, Fundación Solidaridad Carrefour in Spain, Fundación Carrefour Argentina and Instituto Carrefour in Brazil.

In France, the Carrefour Foundation partners projects to raise general awareness about the issues related to its programmes. For example, it helped finance the programme to develop organic, eco-friendly milk, led by the WWF. The aim is to support the production of almost 70 farmers, representing 10 million litres of organic milk, while also using environmentally responsible packaging made from renewable, plant-based resources. In Brazil, the Carrefour Foundation provides financial support to 457 small meat producers in Mato Grosso, in partnership with IDH, the Sustainable Trade Initiative. The aim is to develop cattle ranching by providing training in responsible soy farming, while also stopping mass deforestation. The programme helps ranchers build a viable social and economic model to improve their returns.

(For more information, see *Carrefour.com*: Carrefour’s local and regional responsibility.)

1.3.2.5 A responsible approach aligned with the Sustainable Development Goals

Carrefour supports the 17 Sustainable Development Goals (SDGs) that were set by the United Nations at its conference in Rio de Janeiro in 2012 to meet the urgent environmental, political and economic challenges facing the world. Carrefour is a member of Global Compact.

Carrefour adheres in particular to seven priority SDGs to which it contributes by means of its various CSR policies and its food transition for all strategy. The Group’s objectives, particularly those associated with its CSR and Food Transition Index, are aligned with these priority SDGs.

Our priority Sustainable Development Goals

1 NO POVERTY

2 ZERO HUNGER

- 50% reduction in food waste by 2025 (vs. 2016)
- 100% of countries roll out a Healthier Diet action plan by 2022
- 100% of countries implement an annual Act for Food communication programme
- 100% of countries roll out a programme focused on local products and purchasing by 2020

3 GOOD HEALTH AND WELL-BEING

- Ban controversial substances
- Ensure the quality and safety of Carrefour products
- Implement an action plan on workplace health/safety/quality of life in all host countries by 2020

4 QUALITY EDUCATION

5 GENDER EQUALITY

- Ensure that women account for at least 40% of appointments to key positions within the Group by 2025
- Obtain GEEIS certification in all countries by 2020

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- €4.8 billion in sales of organic products by 2022
- 10% Carrefour Quality Lines products in the Fresh Products range by 2022
- Guarantee transparency and traceability of Carrefour products
- 100% reusable, recyclable or compostable packaging by 2025

13 CLIMATE ACTION

- Reduce our GHG emissions (scope 1 and 2) by 40% by 2025, and by 70% by 2050, compared with 2010
- Get Carrefour's 30 biggest national brand suppliers to commit to GHG emissions reduction objectives in line with the Science Based Targets initiative's 2°C scenario

14 LIFE BELOW WATER

- 50% of Carrefour seafood products sold come from responsible fishing by 2020
- Reduction in plastic
- 10,000 tonnes of packaging avoided by 2025 (starting from 2016)

15 LIFE ON LAND

- Recover 100% of waste by 2025
- Roll-out a Sustainable Forests action plan on deforestation-linked products by 2020
- Ensure that all new shopping centre constructions and expansions are certified to BREEAM standards and roll out BREEAM In-Use certification across 75% of sites in France by 2021

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

1 2 3 4 5 6 7 8 9

1.4 Description of the Group's businesses

1.4.1 AN INTERNATIONAL OMNI-CHANNEL RETAILER

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

In 2019, Carrefour opened or acquired 826 stores under Group banners, representing some 585,200 sq.m. of gross additional sales area. As of the end of 2019, Carrefour had 12,225 stores under its banners in more than 30 countries.

Carrefour reported net sales of 72.4 billion euros in 2019, a 3.3% increase at constant exchange rates.

2019 sales including VAT (before the impact of IAS 29) amounted to 80.7 billion euros, an increase of 2.1% at constant exchange rates. This increase is attributable to the following:

- a 3.1% increase in same-store sales excluding petrol and calendar effects;
- a neutral calendar effect;
- a 1.2% positive contirubtion from store openings;
- a 0.9% unfavourable impact from changes in the scope of consolidation and other effects (including transfers);
- a 1.2% negative petrol effect.

After taking into account a 2.4% adverse currency effect, mainly due to the depreciation of the Brazilian real and the Argentine peso, sales at current exchange rates were down by a total of 0.4% in 2019. Including the impact of IAS 29, total consolidated sales including VAT in 2019 amounted to 80.7 billion euros.

Recurring operating income came to 2,088 million euros. Excluding the impact of IAS 29 and IFRS 16, recurring operating income totalled 2,080 million euros. Overall, recurring operating income represented 2.9% of sales.

Cash flow from operations stood at 3.4 billion euros in 2019 versus 2.2 billion euros the year before. Investments were kept under control and reflected greater selectivity and an improved return, with outlays coming to a total of 1.7 billion euros in 2019 compared with 1.6 billion euros in 2018. Consolidated free cash flow from continuing operations before non-recurring items (before the impact of IFRS 16) totalled 1.3 billion euros in 2019, an improvement of 17% on 2018. Including the impact of IFRS 16, free cash flow from continuing operations before non-recurring items totalled 2.2 billion euros.

France

In France, the Carrefour group had 5,424 stores under its banners at year-end, in four formats: 248 Carrefour hypermarkets, 1,071 CarrefourMarket supermarkets, 3,959 convenience stores operating under the Carrefour City, Carrefour Contact, Carrefour Express and CarrefourBio banners, and 146 Promocash cash & carry outlets. The Group's integrated network included a total of 621 stores including 204 hypermarkets, 398 supermarkets, 16 convenience stores and 3 cash & carry stores.

In mainland France, the proportion of franchised stores within the network represented 12.4% for hypermarkets, 61.6% for supermarkets and 99.6% for convenience stores.

Carrefour operates in mainland France and, through a number of long-standing partnerships, in the French overseas territories. A total of 150 stores are operated under Group banners in the French overseas territories: 15 hypermarkets, 34 supermarkets, 98 convenience stores, and 3 cash & carry stores.

In 2019, Carrefour opened or acquired 257 stores under Group banners in France, including 20 supermarkets, 235 convenience stores and 2 cash & carry stores, representing a total of 65,000 sq.m. of gross sales area.

Net sales totalled 34.8 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects were down slightly by 0.1%. Hypermarkets saw a 2.1% decline in like-for-like sales excluding petrol and the calendar effect, whereas supermarkets enjoyed a 1.9% increase and other formats (mainly convenience stores) gained 2.2%.

Recurring operating income totalled 547 million euros, for an operating margin that represented 1.6% of net sales, an increase on the 2018 figure. The increase reflected the dynamics of cost reduction and organisational transformation as well as the improvement of direct and indirect purchasing conditions. It also reflected investments in competitive prices, a more attractive offering, services and digital segments.

In France, operational investments amounted to 875 million euros. They represented 2.5% of sales.

Other European countries

In Europe (excluding France), Carrefour had 4,959 stores operating under Group banners at the end of 2019. These included 455 hypermarkets, 1,798 supermarkets, 2,646 convenience stores and 60 cash & carry stores. Carrefour operates proprietary stores in five integrated countries: Belgium, Spain, Italy, Poland and Romania. The integrated store base included 1,461 units, of which 413 hypermarkets, 745 supermarkets, 243 convenience stores and 60 cash & carry stores.

Over the year, Carrefour opened or acquired 418 stores under its banners, gaining an additional 142,000 sq.m. of gross sales area. These included 5 hypermarkets, 87 supermarkets, 314 convenience stores and 12 cash & carry outlets.

Net sales in Europe totalled 21 billion euros in 2019, a decline of 0.1% at constant exchange rates. Like-for-like sales excluding petrol and calendar effects were down 0.1%.

Recurring operating income totalled 657 million euros for the year, a decline of 0.9% at constant exchange rates, for a stable operating margin of 3.1%. This change reflected solid performance in Spain and in Eastern Europe, where the business model is proving its appeal, while growth was sluggish in Italy and Belgium where substantial competitiveness investments were made, compensated in part by increased cost reductions in the second half of the year and the finalisation of redundancy plans.

Present in Spain since 1973, the Group has a local multi-format network of 205 hypermarkets, 111 supermarkets, 810 convenience stores and 23 cash & carry stores at the end of 2019. Net sales totalled 8.8 billion euros. Like-for-like sales rose by 0.1% excluding petrol and the calendar effect. Carrefour's business in the country is solid and based on a multi-format strategy complemented by a multi-channel strategy. The year saw a return to growth in same-store sales, with particular attention paid to the customer and operational execution.

Present in Italy since 1993, Carrefour manages a local store base comprising 51 hypermarkets, 417 supermarkets, 608 convenience stores, and 13 cash & carry stores. Net sales totalled 4.5 billion euros. Like-for-like sales including VAT were down 2.6% excluding petrol and calendar effects. A transformation plan was presented in February 2019, notably comprising surface area reductions, a voluntary redundancy plan, material price investments and reinforcements in digital technology and the convenience store format.

In Belgium, Carrefour is the most multi-format group, with 40 hypermarkets, 441 supermarkets and 308 convenience stores. Net sales totalled 3.8 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects were down 1.5%. In worsening market conditions, initiatives linked to the food transition, notably the development of organic, local and Carrefour brand products, are delivering positive results. The Group has invested significantly in prices since November.

Carrefour has been operating in Poland since 1997, with 89 hypermarkets, 153 supermarkets and 664 convenience stores under its banners. Net sales totalled 1.9 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects rose by 4.9%. The growth momentum attests to the relevance of the business model and the effects of customer satisfaction initiatives.

In Romania, where Carrefour has been present since 2001, the Group manages 37 hypermarkets, 266 supermarkets, 44 convenience stores and 24 cash & carry stores. Net sales totalled 2.0 billion euros. Like-for-like sales excluding petrol and calendar effects were up 3.6%.

The Group is also present in other European countries through franchisee partnerships, primarily in Turkey with the Sabanci group. Carrefour has a total of 655 stores under banners in Turkey, including 33 hypermarkets, 410 supermarkets and 212 convenience stores.

Operational investments in Europe (excluding France) totalled 366 million euros in 2019, representing 1.7% of sales.

Latin America

Carrefour has been operating in Latin America since opening its first store in Brazil in 1975 and has become one of the continent's leading retailers. Carrefour is expanding its banners in two growth markets: Argentina and Brazil. The network comprises 1,061 units, including 188 hypermarkets, 150 supermarkets, 530 convenience stores and 193 cash & carry stores.

The network was expanded in 2019, with the opening of 20 new Atacadão stores in Brazil. In Argentina, 22 hypermarkets were converted to the Maxi format.

Net sales in Latin America totalled 14.7 billion euros in 2019, after the application of IAS 29, an increase of 23.4% at constant exchange rates. Due to an unfavourable currency effect over the year, sales declined by 6.2% at current exchange rates. Recurring operating income came to 833 million euros, an increase of 11.4% at constant exchange rates and an increase of 8.6% at current exchange rates. The operating margin ratio stood at 5.7%.

In Brazil, with strong growth in sales, recurring operating income increased 8.1% at constant exchange rates. This attests to the success of business initiatives at Carrefour Retail and Atacadão, as well as rapid growth in financial services. In Argentina, benefits from the implementation of a sales recovery and transformation plan continued to pay off, with a rise in recurring operating income.

In Brazil, Carrefour operated a network of 100 hypermarkets, 53 supermarkets, 125 convenience stores and 186 cash & carry stores as of end-2019. Net sales in Brazil totalled 12.8 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects rose by a 6.5%. Carrefour benefited from a very healthy sales performance, due especially to price repositioning in hypermarkets and the review of product assortments initiated in 2018, from the expansion of growth formats (particularly Atacadão) and from the rapid development of e-commerce. Growth was strong in financial services.

Carrefour has been operating in Argentina since 1982 where it manages a local store base comprising 88 hypermarkets, 97 supermarkets, 405 convenience stores, and 7 cash & carry stores. Net sales totalled 1.9 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects rose by 54.4%.

Operational investments in Latin America amounted to 420 million euros in 2019, representing 2.9% of sales.

Asia

Present in Asia since 1989, Carrefour has operations in Taiwan, as well as in Indonesia through franchising. At the end of 2019, the Group had a total of 252 stores under banners, including 175 hypermarkets and 77 supermarkets.

A total of 36 stores were opened during the year. These new stores added 99,000 sq.m. of sales area.

Net sales in the Asia region, representing the operations of Carrefour Taiwan and the disposal of the Carrefour China business, came to 2.0 billion euros. Like-for-like sales including VAT and excluding petrol and calendar effects rose by a 1.3%. Recurring operating income stood at 83 million euros in 2019, up 4.9% at constant exchange rates. This improvement reflects solid sales momentum, expansion and strict cost control.

In Taiwan, the Carrefour network includes 69 hypermarkets and 68 supermarkets. The opening of several hypermarkets, supermarkets and the development of food e-commerce are the main initiatives being led to strengthen Carrefour's multi-format and multi-channel profile in Taiwan.

During 2019, the Group relinquished control of its subsidiary, Carrefour China. As part of the sale of the 80% interest in Carrefour China to Suning.com, the agreement provides for the stores to remain under the Carrefour banner. At end-2019, the network comprised 234 stores, including 209 hypermarkets.

Carrefour also has a presence in Indonesia through franchises, with the Group's partner operating 106 hypermarkets and 9 supermarkets at end-2019.

Operational investments in Asia totalled 47 million euros in 2019, representing 2.4% of sales.

Other regions

Carrefour also operates 529 stores with franchisee partners around the world (the Middle East, North Africa, West Africa, etc.) in various formats, including 141 hypermarkets, 316 supermarkets, 58 convenience stores, and 14 cash & carry stores.

Development of franchise partners

In 2019, Carrefour continued to expand its banner base by supporting its partners outside Europe and in the French overseas territories, with a total of 161 new sales outlets opened during the year.

In the Middle East, the Majid Al Futtaim group continued its multi-format expansion with the opening of 12 hypermarkets and 32 supermarkets.

The Carrefour banner also set up stores in 2019 in the new territories of Senegal and Uganda.

The GBH group, a historic Carrefour Partner overseas, announced that it acquired Vindemia company, present in the Indian Ocean with, 269 stores in 2019, including 11 hypermarkets, with the acquisition to be finalised in 2020.

Competitive environment

The competitive environment differs in each of Carrefour's markets.

In France, the Group's main market representing 48% of its sales, the competition is particularly intense, with a playing field of seven major retailers in addition to Carrefour – Aldi, Auchan, Casino, E.Leclerc, Intermarché, Lidl and Système U. With a market share of 21.2%[(1)], all formats combined, the Carrefour group ranks among the market leaders.

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

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

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

In Belgium, Carrefour ranks among the country's top three retailers and is the leading multi-format group. Its main competitors include Ahold Delhaize, Aldi, Colruyt, Lidl and, since November 2019, the Dutch chain Jumbo.

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

1.4.2 STORE AND WEBSITE OPERATIONS

NETWORK OF STORES (FRANCHISED AND PARTNER STORES INCLUDED)*

Store network at December 31, 2019	Hypermarkets	Supermarkets	Convenience stores	Cash & carry stores	Total number of stores 2019	Total number of stores 2018	Total sales area *(in thousands of sq. m.)* 2019	Total sales area *(in thousands of sq. m.)* 2018
France	233	1,037	3,861	143	5,274	5,220	5,327	5,406
French CPI overseas territories and Dominican Republic	15	34	98	3	150	145	147	140
Total France	248	1,071	3,959	146	5,424	5,365	5,475	5,546
Belgium	40	441	308		789	794	927	941
Spain	205	111	810	23	1,149	1,088	2,011	2,040
Italy	51	417	608	13	1,089	1,083	940	940
Poland	89	153	664		906	850	671	672
Romania	37	266	44	24	371	360	479	466
Other	33	410	212		655	613	568	539
Total Europe (excl. France)	455	1,798	2,646	60	4,959	4,788	5,596	5,598
Argentina	88	97	405	7	597	590	648	659
Brazil	100	53	125	186	464	435	1,967	1,851
Total Latin America	188	150	530	193	1,061	1,025	2,616	2,510
Taiwan	69	68			137	128	481	449
Other	106	9			115	107	569	531
Total Asia	175	77			252	235	1,050	980
Other	141	316	58	14	529	459	1,379	1,223
Total Other	141	316	58	14	529	459	1,379	1,223
TOTAL GROUP	**1,207**	**3,412**	**7,193**	**413**	**12,225**	**11,872**	**16,116**	**15,858**

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

(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 31, 2019 (hypermarkets, supermarkets, discounters, convenience stores and drives).

Carrefour is creating an omni-channel universe in which its online presence is closely integrated with its 12,225 physical stores and this universe was expanded in 2019.

The Group's store ownership strategy is based around franchisee and consolidated stores. Franchising is capital efficient and allows the Group to draw on the engagement and local market knowledge of its partners. Carrefour franchisees benefit from the Group's expertise in food and non-food retailing, well-known brands and banners, broad product assortment, business methods and quality, health and safety standards. Franchising is developing rapidly across the Group.

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

To adapt its model even more closely to new consumer behaviours, Carrefour is creating a multi-channel customer experience that offers maximum flexibility, a wide range of services, extended hours, and solutions aligned with consumers' needs and desires, whether they want to shop in-store, order online and pick up their purchases from a sales outlet or a Drive, or have their shopping home delivered. In 2019, the Group operated 1,696 stores throughout the world and generated net sales of 1.3 billion euros in food e-commerce.

In recent years, Carrefour has developed or acquired innovative concepts and formats that are aligned with wider social and environmental trends, such as Carrefour Bio, Greenweez (France's leading online distributor of organic products), Quitoque (the French leader in home-delivered meal kits) and Atacadão in Brazil (cash & carry stores open to businesses and individuals). In 2018, Carrefour bought back So.bio, a banner specialised in organic products. The first store opened in Paris in July 2019 and a second in Essonne in November 2019. In early 2020, the Group acquired start-ups Dejbox (meal delivery to offices) and Potager City (delivery by online subscription of super fresh, seasonal fruit and vegetable boxes from local distribution networks). The Supeco model (discount supermarkets for consumers and professionals) was first launched in Spain, then extended across eastern and southern Europe, with two stores opened in Valenciennes and Onnaing in France in September 2019.

1.4.3 MERCHANDISE

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

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

Fresh produce and local products

As a major challenge for a successful food transition, fresh products demand all of the care and expertise of employees. Carrefour offers a broad range of high-quality fresh products in a pleasant environment, with well-stocked stalls, easy-to-reach items, and regional products. Around the world, Carrefour is also developing local, eco-friendly supply channels, supported by long-standing partnerships with farmers, breeders, and producers.

Carrefour-brand products

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

Carrefour own-brand products are at the core of the Group's strategy. They play a key role in achieving its objective regarding the food transition for all, through renewed and extended product ranges with greater price appeal. Carrefour is stepping up initiatives to create own-brand products that are original and of high quality, in terms of both the ingredients used and the recipes. Their packaging has also been given a makeover.

Carrefour own-brand products are set to become an ever greater part of the assortment. The target for 2022 is to have Carrefour brands representing one-third of sales. In view of this, the management team dedicated to Carrefour own-brand products has been strengthened at Group level since 2018 with the arrival of agribusiness experts. In 2019, there were 9,042 Carrefour own-brand products including more than 1,000 organic products and 750 Carrefour Bio-brand products.

The Reflets de France brand, for example, was the first to promote traditional products of all varieties that exemplify France's culinary heritage. It currently spans 622 product listings marketed in more than 30 countries.

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

Quality and safety

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

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

Relations with suppliers and SMEs

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. Carrefour's aim is to strengthen its partnerships with suppliers, support their growth and contribute to improving working conditions in countries where special vigilance is needed.

Carrefour has set up voluntary initiatives and partnerships with its own-brand and national brand suppliers focusing on a number of themes. For example, it has provided all of its suppliers with an online sustainable development self-assessment test and helped roll out a self-assessment test for the entire retail sector. The international purchasing team also organises annual meetings with international suppliers to encourage them to roll out action plans related to the food transition.

1.4.4 FINANCIAL AND PURCHASING SERVICES

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

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

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

These services include financing solutions and products that relate to the stores' operations (consumer credit, specific purpose credit, insurance, payment cards), as well as personal loans. In France, the new PASS card, launched in September 2019, gives cardholders new benefits including 15% discounts on thousands of Carrefour-brand products in all of its stores.

Carrefour Banque is the Group's banking subsidiary that markets banking and insurance products in France, Italy and Belgium. Today, it serves more than 2.2 million customers with exclusive services and benefits, while enabling them to save money when they shop. Carrefour Banque also manages a total loan book of 2.4 billion euros. To make their customers' everyday lives easier, Carrefour Banque is also capitalising on innovation and on partnerships with recognised industry players to offer a more diverse range of products and services.

In Spain, the financial services provider SFC offers credit card and payment solutions. In 2019, SFC had 2.5 million cards and 1.6 million customers. The digital transformation in Spain is underway, with the majority of cards granted *via* tablet or directly online. The launch of Carrefour Pay proved a success in the first half of 2019, with over 100,000 customers who already account for nearly 10% of all PASS transactions at Carrefour.

In Brazil, Carrefour launched the Atacadão card in 2018 and its one and a half million cardholders make Carrefour the fifth largest card issuer in the country. The acquisition of Ewally will give the Group access to the 45 million Brazilian consumers who do not have a bank account.

1.4.5 LOGISTICS AND SUPPLY CHAIN OPERATIONS

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

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

Carrefour uses advanced teams and estimation systems to manage supplier orders, inventory, order preparation platforms equipped with mechanised sorters as well as the largest fleet of non-diesel trucks in France.

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

As of end-2019, Carrefour had 125 warehouses and logistics centres in its integrated countries, operated either by service providers or employees.

1.4.6 PROPERTY MANAGEMENT

Carrefour also enjoys extensive real estate expertise, which it leverages to enhance store appeal and increase value, with the goal of creating and operating aligned, well-managed retail environments. 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 retail vision 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, 2019, the Group operated 17.5 million sq.m. of sales area under its banners, with property and equipment being mainly comprised of sales areas operated by the Group. The Group's store ownership strategy depends on the country and the format.

In general, the Group owns most of its outlets' total sales area, with ownership accounting for more than 72% of hypermarket sales area and around 45% for its supermarkets.

In France, Spain and Italy, hypermarket and supermarket real estate is held by Carrefour Property, which manages nearly 1,250 proprietary Carrefour-brand stores. The unit also has all of the real estate expertise needed to lead the Group's real estate projects, in areas such as asset management, project management and design, delegated project management and property management.

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

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

1.5 The Carrefour group in 2019

1.5.1 HIGHLIGHTS OF 2019

- **January 8:** opening of a new order preparation platform on the outskirts of Paris.
- **February 1:** launch of the "National Brand Rewards" and "Loyalty Rewards" campaigns in France, which aim to safeguard consumers' purchasing power at Carrefour stores and on the *Carrefour.fr* website.
- **February 13:** signing of four agreements – with the brands Lactalis, Sodiaal, Yoplait and Laïta – to increase revenue from dairy products for some 27,800 French producers, through the joint purchasing centre shared with U Enseigne.
- **March 1:** application of blockchain technology to Carrefour Quality Line fresh micro-filtered full-fat milk.
- **March 4:** opening the digital hub in Paris, in partnership with Google – a space for developing innovative projects in e-commerce, big data and artificial intelligence.
- **April:** launch of the *"Prix Imbattables"* campaign in France on 10 everyday fruits and vegetables and of the *"Prezzo Ribassato"* multi-format operation, with price reductions on 5,000 products.
- **April 17:** application of the first blockchain to a national brand in Europe, Mousline, in partnership with Nestlé.
- **April 17:** roll-out of the Too Good to Go app at all Carrefour Market supermarkets to combat food waste.
- **May:** organisation of the "Saturday fuel at cost" campaign at hypermarkets and supermarkets in France.
- **May 15:** implementation of the partnership with Loop in the Greater Paris region to reduce waste by offering everyday products in sustainable, returnable packaging.
- **June:** extension of the *"Prix Imbattables"* campaign to 500 key fast-moving consumer products. Carrefour undertakes to reimburse twice the difference if the consumer finds a similar product for a lower price in the catchment area.
- **June 12:** opening of the first Carrefour Bon Appétit restaurant in Paris, featuring a range of high-quality products to eat in the restaurant or take away.
- **June 14:** adoption of a "raison d'être", included in the Group's Articles of Association: "Our mission is to provide our customers with quality services, products and food accessible to all across all distribution channels."
- **July 11:** opening of the largest organic store in Paris (800 sq.m., with 10,000 shelf items) on Rue de Sèvres, under the So.bio banner.
- **July 17:** signing of a strategic partnership with the Spanish start-up Glovo with a view of offering customers a 30-minute home delivery service in France, Spain, Italy and Argentina.
- **September 3:** opening of the new Carrefour store at the Toison D'or shopping centre in Dijon, entirely redesigned as part of the hypermarket transformation plan.
- **September 4:** launch of the soft discount banner Supeco in France, with two new stores opened, in Valenciennes and Onnaing.
- **September 19:** ranking of Carrefour in the global top five in the Food & Staples Retailing industry by the Dow Jones Sustainability Index for the third consecutive year.
- **September 20:** launch of the Nutri-Score nutritional label on 7,000 Carrefour-brand products, aiming to provide reliable, recognised information about product quality.
- **September 23:** application of blockchain to Camembert de Normandie cheese, the 11th Carrefour Quality Line product in France and 22nd worldwide to use the technology.
- **September 26:** sale of 80% of Carrefour China to the Chinese group Suning.com, a leading retailer in China.
- **September 27:** opening of a new order preparation platform in the southern suburbs of Paris.
- **October 2:** signing of an agreement for the purchase of 30 million litres of mountain milk per year, to help protect mountain farming, with COOPAL (a cooperative of 403 producers), Orlait (supplier) and SLVA (bottler), at the *Sommet de l'Élevage* livestock trade fair.
- **October 2:** acquisition of a 49% stake in Ewally, a Brazilian fintech company, to expand payment solutions and digital services in Brazil.
- **October 3:** reopening of the Carrefour hypermarket in Flins-sur-Seine, redesigned in line with customer expectations.
- **October 15:** sale of all share capital in Cargo Property Assets to Argan, a listed company specialised in supply chain assets.
- **October 24:** acquisition of Sorgente Natura, an Italian leader in organic products, by Greenweez, thus consolidating its position in the specialised organic market and furthering its expansion in Europe.
- **October 28:** announcement that the Group would open its first store in Uzbekistan in 2020, through its partnership with the Majid Al Futtaim Group.
- **November 5:** launch of the My Carrefour Baby Bio baby food brand, offering a range of organic recipes designed for babies age 4 to 23 months.
- **November 7:** signing of a new Label Rouge Quality Line for beef in partnership with the cooperatives Cloé and EMC2.
- **November 8:** announcement of the sale of Rue du Commerce to Shopinvest, as Carrefour refocuses its strategy on food.
- **November 13:** signing of a new Quality Line for prawns, ASC-certified and fed without GMOs, for 1,850 tonnes per year in partnership with Custa C and Pescanova.

- **November 14:** application of the first blockchain to infant foods in partnership with Nestlé, for the Guigoz Bio 2 and 3 milk range.
- **November 19:** opening of the first Carrefour Bio store in Warsaw. Poland is the Group's fourth integrated country to open an all-organic store.
- **November 20:** opening of the first Aubert shop-in-shop, covering 300 sq.m., inside the Carrefour hypermarket in Claye-Souilly.
- **December 20:** signing of a global repricing agreement for 2020 on the cheese and milk brands produced by Sodiaal.

1.5.2 HIGHLIGHTS OF Q1 2020

- **January 14:** opening of the first Carrefour hypermarket in Kampala, Uganda, under a partnership with the Majid Al Futtaim Group.
- **January 20:** acquisition of Potager City, the leading distributor of online subscription-based boxes of extra-fresh and seasonal fruit and vegetables sourced from local producers.
- **January 24:** acquisition of Dejbox, the food delivery service for office workers operating in Paris, Lyon, Lille, Bordeaux, Nantes and Grenoble.
- **February 11:** Carrefour commits to deploying best *in ovo* egg sexing practices for all Carrefour-branded eggs as soon as an industrialized, consensual solution is found and adopted.
- **February 16:** accelerating expansion of the buoyant Atacadão format in Brazil with the acquisition of 30 Makro stores in Brazil.
- **February 26:** Carrefour and the Chambre d'Agriculture de la Réunion form a partnership to create and support the island's first organic cane sugar subsidiary.
- **March 11:** the WHO declares that the Covid-19 virus can be characterised as a "pandemic" during a press conference in Geneva.
- **April 1:** Carrefour has issued a senior bond of 1 billion euros (maturity: December 15, 2027). This bond carries an annual coupon of 2.625%.
- **April 20:** In the exceptional context of the COVID-19 pandemic:
  - the Board of Directors has decided to hold the Shareholders' Meeting of May 29, 2020 behind closed doors at the Company's headquarters without the shareholders in attendance, and recommend to shareholders a dividend of 0.23 euros per share, versus the initially planned 0.46 euros per share. In addition, the Board of Directors has decided to make several changes to its corporate governance further to its annual evaluation of procedures and the Company's ongoing dialogue with its shareholders (see Section 3.2.2. of this Universal Registration Document).
  - Alexandre Bompard informed the Board of Directors of his decision to: (I) waive 25% of his fixed compensation for a two-month period corresponding to the acute phase of the COVID-19 crisis, (ii) freeze the 2020 fixed compensation of the members of the Group's Executive Committee for the entire year, and (iii) ask said members to waive 10% of their fixed compensation for a two-month period. All of the members of the Board of Directors decided to reduce the amount of their compensation due in respect of their directorships for the year in progress by 25%. The corresponding amounts will be allocated to fund community service initiatives for Group employees in France and internationally.
- **April 28 :** Carrefour publishes its first-quarter 2020 sales (see section 5.4 of this Universal Registration Document).

1.5.3 SUMMARY OF FINANCIAL PERFORMANCE

(in millions of euros)	2019 IFRS 5 post-IAS 29 post-IFRS 16	2018 restated for IFRS 5 post-IAS 29	2017 restated for IFRS 5 [1]
CONSOLIDATED INCOME STATEMENT			
Sales incl. VAT	80,672	80,772	87,605
Net sales	72,397	72,355	78,315
Recurring operating income before depreciation and amortisation[2]	4,417	3,403	3,735
Recurring operating income	2,088	1,937	2,135
Recurring operating income after net income/(loss) from equity-accounted companies	2,090	1,952	2,139
Operating income	1,060	823	978
Net income/(loss) from continuing operations	219	36	(85)
Net income/(loss) from continuing operations, Group share	32	(187)	(254)
Total net income/(loss)	1,311	(344)	(362)
Net income/(loss), Group share	1,129	(561)	(531)
CONSOLIDATED STATEMENT OF CASH FLOWS			
Cash flow from operating activities	3,400	2,107	2,653
Net cash from operating activities	3,247	2,108	2,843
Net cash from/(used in) investing activities	(1,013)	(1,613)	(2,635)
Net cash from/(used in) financing activities	(1,987)	529	362
Net change in cash and cash equivalents	166	708	288
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Net debt	2,615	3,510[3]/3,785[4]	3,743[4]
Shareholders' equity	11,675	11,286	12,159
Shareholders' equity, Group share	9,940	9,169	10,059

(1) Including Carrefour China.
(2) Recurring operating income before depreciation and amortisation (inluding supply chain depreciation).
(3) Excluding the IAS 17 impact: liabilities relating to financing-leasing contracts recorded in accordance with IAS 17 were restated as leasing commitments.
(4) Including the IAS 17 impact.

1.5.4 SUMMARY OF STOCK MARKET PERFORMANCE

Summary of stock market indicators

Closing price *(in euros)*[1]	2014	2015	2016	2017	2018	2019
highest	*29.20*	*32.80*	*26.74*	*23.64*	*19.62*	*18.14*
lowest	*22.09*	*23.65*	*20.90*	*16.47*	*13.14*	*14.62*
at December 31	*25.30*	*26.65*	*22.89*	*18.04*	*14.91*	*14.95*
Number of shares at December 31	734,913,909	738,470,794	756,235,154	774,677,811	789,252,839	807,265,504
Market capitalisation at December 31 *(in billions of euros)*	18.6	19.7	17.3	14.0	11.8	12.1
Average daily volume[1][2]	2,985,228	3,064,488	3,167,915	3,310,080	3,723,706	2,394,148
Net dividend *(in euros)*	0.68	0.70	0.70	0.46	0.46	0.23[3]

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

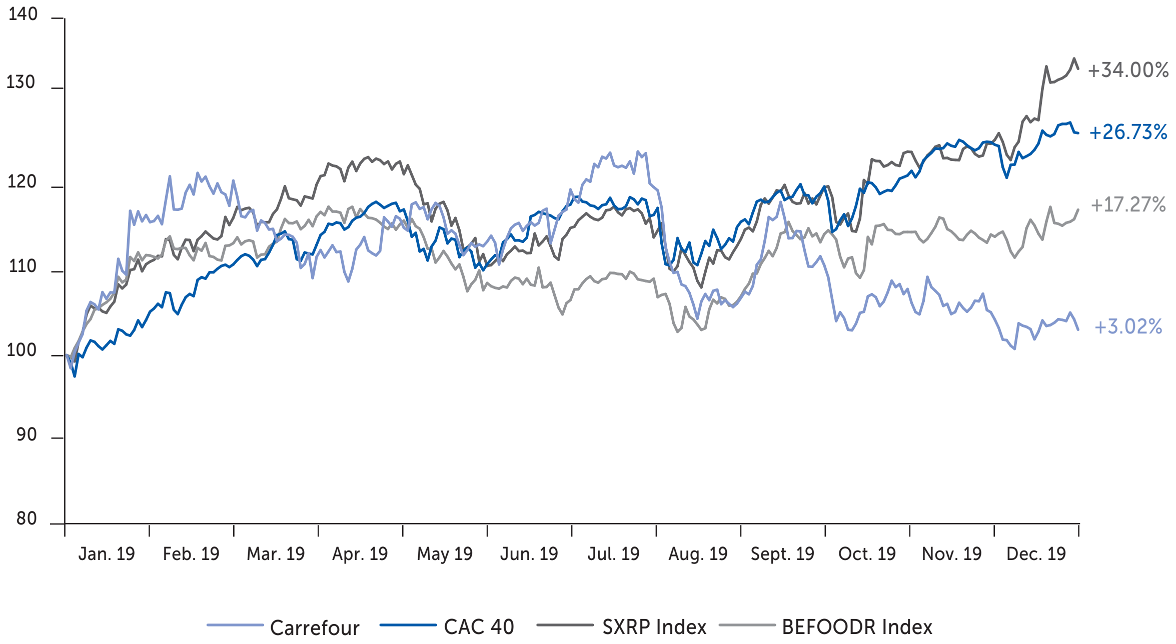
Carrefour share price in 2019

	Highest share price(*)	Lowest share price(*)	Average closing price(*)	Number of shares Traded	Amount of capital traded(*)
January	17.465	14.68	16.27	62,978,085	1,028,233,863
February	18.135	17.23	17.76	49,297,150	877,001,300
March	17.71	16.275	17.04	55,787,378	951,843,214
April	17.37	16.215	16.81	45,069,609	757,274,653
May	17.615	16.68	17.19	48,727,569	837,111,471
June	17.265	16.44	16.97	60,296,564	1,020,794,307
July	18.02	17.02	17.65	49,976,472	881,204,348
August	17.35	15.14	15.75	52,758,629	834,199,409
September	17.15	15.56	16.35	43,750,246	718,887,607
October	15.855	14.94	15.41	53,014,932	816,758,653
November	15.86	14.98	15.38	45,637,684	702,322,112
December	15.245	14.62	14.97	43,213,385	646,539,429

(*) In euros.

Share price in 2019 (100 base)

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



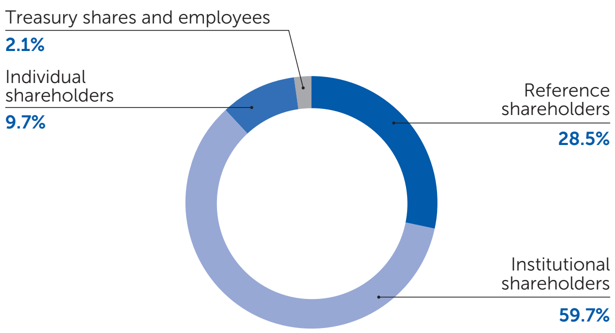
Source: Bloomberg.

Share capital and ownership structure

At December 31, 2019, the share capital amounted to 2,018,163,760 euros (two billion, eighteen million, one hundred sixty-three thousand, seven hundred sixty euros), divided into 807,265,504 shares with a par value of 2.50 euros each.

The number of voting rights at December 31, 2019 was 1,029,922,077. After deducting the voting rights that cannot be exercised, the total number of voting rights is 1,020,464,538.

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2019 was as follows:



(1) Composition of Bloomberg Europe Food Retailers (BEFOODR) index at December 31, 2019: Ahold Delhaize, Carrefour, Casino, Colruyt, ICA Gruppen, Jeronimo Martins, Kesko OYJ, Metro AG, Morrison, Ocado, Sainsbury, SSP Group, Takeaway.com, Tesco.
(2) Composition of STOXX Europe 600 Retail index at December 31, 2019: Ahold Delhaize, B&M European Value Retail, Carrefour, Casino, Colruyt, Delivery Hero, Dufry, Galenica, Greggs, HelloFresh, H&M, ICA Gruppen, Inchcape, Inditex, JD Sports Fashion, Jeronimo Martins, Just Eat, Kering, Kesko OYJ, Kingfisher, Marks & Spencer, Metro AG, Morrison, Next, Ocado, Sainsbury, Takeaway.com, Tesco, WH Smith, Zalando.

1.5.5 SUMMARY OF NON-FINANCIAL PERFORMANCE

Carrefour deployed a CSR and Food Transition index in order to monitor the achievement of its objectives, assess its CSR performance and motivate its in-house teams. In 2019, the Group's performance in meeting these objectives was included in the criteria for executive compensation and serves as the basis for calculating 25% of executive compensation as part of the long-term incentive plan, and 20% of the Chief Executive Officer's compensation.

Designed to cover a period of several years, the index measures CSR performance every year for each of the 17 indicators. The index's overall score is a simple average of the score for the 17 indicators. In 2019, Carrefour exceeded its non-financial objectives, as measured by its CSR & Food Transition Index with a score of 114%. This performance reflects the progress made in cutting greenhouse gas emissions, reducing food waste, developing organic farming and agroecology, deploying its packaging strategy and promoting diversity within its teams.

FIGURE 1 – CSR AND FOOD TRANSITION INDEX

Carrefour's 2019 CSR & Food Transition Index = 114%

	I. Products	Objective 2019	Result 2019	2019 Score 120%
1	4.8 billion euros in sales of organic products by 2022	€2.3 billion	€2.3 billion	100%
2	10% Carrefour Quality Lines products within Fresh Products by 2022	5.7%	6.6%	116%
3	50% of Carrefour fish sold from sustainable fishing by 2020	40%	47%	120%
4	Roll-out of a Sustainable Forests action plan deforestation-linked products by 2020	68%	68%	100%
5	Save 10,000 tonnes of packaging by 2025	2,446 tonnes	4,095 tonnes	167%

	II. Stores	Objective 2019	Result 2019	2019 Score 134%
6	Reduce food waste by 50% by 2025 (vs. 2016)	(7.1)%	(9.7)%	136%
7	Recover 100% of waste by 2025	70.8%	66.5%	94%
8	Reduce CO_2 emissions by 40% by 2025 (vs. 2010)	(27.2)%	(35.8)%	131%
9	2,000 employees identified as "food transition superheroes" in stores by 2020	500 superheroes	870 superheroes	174%

	III. Customers	Objective 2019	Result 2019	2019 Score 93%
10	80% of customers identify the food transition in stores by 2022	56%	66%	118%
11	100% of countries roll out a program focused on local products and purchasing by 2020	60%	44%	74%
12	100% of countries implement an annual Act for Food communication program	100%	100%	100%
13	100% of countries rolling out a Healthier Diet action plan by 2022	70%	56%	79%

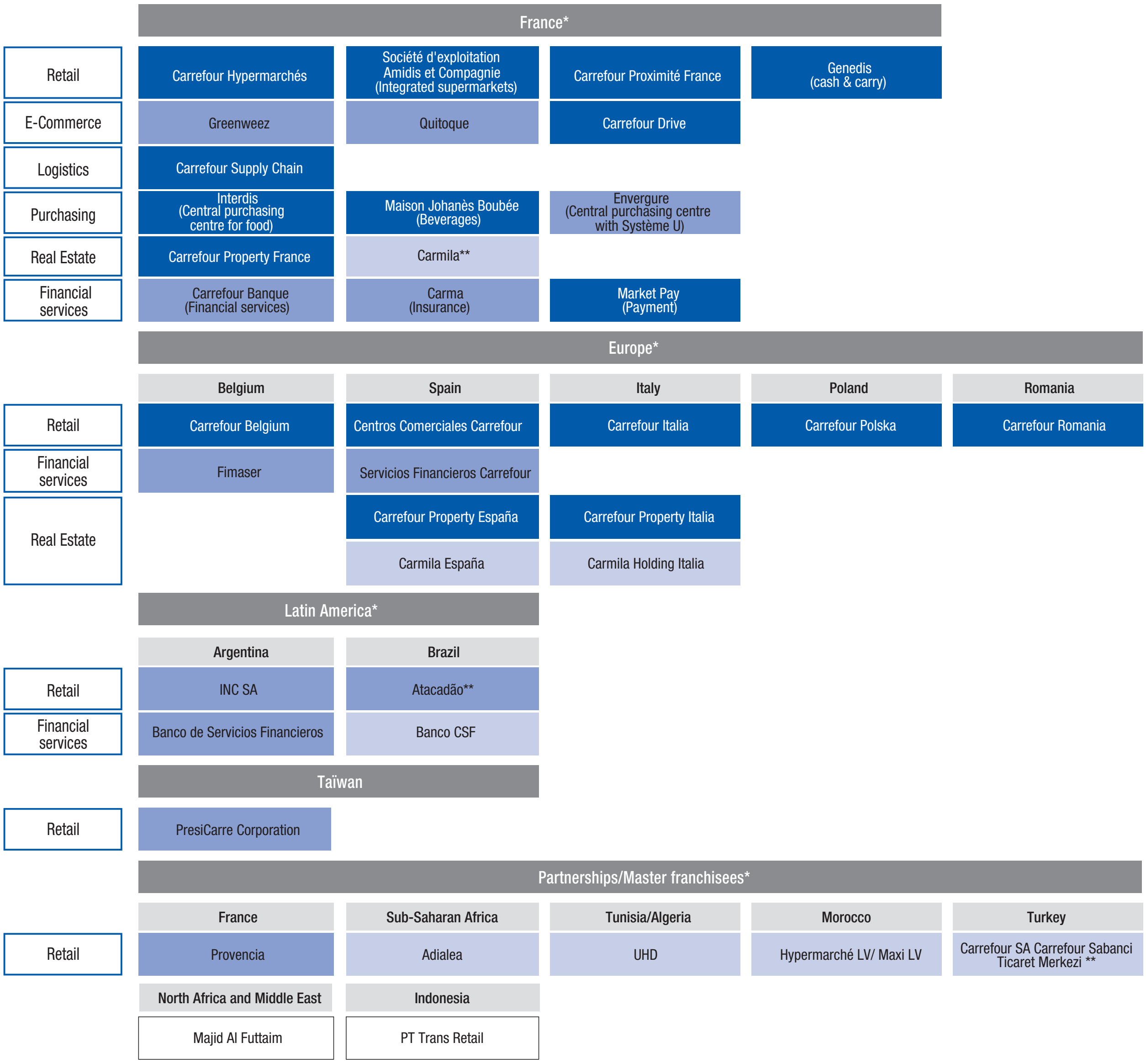
	IV. Employees	Objective 2019	Result 2019	2019 Score 108%
14	40% women among those appointed to key positions by 2025 & 100% of countries roll out GEEIS certification by 2020	27% 83%	32% 78%	117% 93%
15	Disabled employees to account for 4% of total Group employees by 2025	3.5%	3.8%	109%
16	13 training hours per Group employee by 2025	11.5 hours	11.6 hours	101%
17	100% of countries implement an action plan on health/safety/quality of life in the workplace by 2020	75%	89%	119%

Carrefour regularly replies to questionnaires by ratings agencies to assess its performance based on business, social and governance criteria. Since 2017, Carrefour has been included among the world's most successful companies in the Dow Jones Sustainability World Index (DJSI). This distinction ranks the Group as one of the top five global retailers in terms of CSR. CDP Climate change has awarded Carrefour a maximum rating of A, making it best-in-class among French retailers and, more generally, among the top 2% of companies worldwide, in the global fight against climate change.

Ratings agency	2016	2017	2018	2019
CDP – Carbon Disclosure Project	B(1)	A-	A-	A
Oekom	Prime C+	Prime C+	Prime C+	-(4)
DJSI – RobecoSAM	74	74 68(2)	69	73
MSCI	A	A	A	AA
Sustainalytics		75	74	70
Vigeo Eiris	55	67	-	A1+(3) 68
CDP Forest				
• Palm oil	B	A-	B-	B
• Soy	B	B	B-	B
• Meat	C	B	C	B-
• Wood and paper	B	A-	B-	B-

(1) Change in the assessment system in 2016.
(2) Change in the rating system in 2018 - same rating with the new system.
(3) Rating solicited by the Carrefour group in addition to the standard rating.
(4) No rating in 2019.

1.5.6 SIMPLIFIED LEGAL CHART AT DECEMBER 31, 2019



* Owned directly or indirectly by Carrefour SA
** Listed company

100% owned
50% or more owned
Less than 50% owned
No equity stake

2

CORPORATE SOCIAL RESPONSIBILITY AND PERFORMANCE

The following sections of the Universal Registration Document present the components that underpin Carrefour's Corporate Responsibility strategy.

Section 1 presents Carrefour's *raison d'être* and its ambition to become leader of the food transition for all. In line with this ambition, this chapter also looks at projects developed by the Group, a materiality analysis that ensures the alignment of these strategic priorities with stakeholder expectations, and an analysis of Carrefour's business model. Lastly, it reviews the Group's CSR performance summary and the achievement of its objectives based on the CSR and Food Transition Index.

Section 2.1 describes how CSR is structured within the Group, and the methodology enabling Carrefour to develop CSR policies in response to societal risks it has identified in its business model and through dialogue with stakeholders.

Section 2.2 presents the policies and specific action plans that have been developed as a result of the analysis of said risks and the Group's business model, as well as the Group's performance in 2019. This chapter complies with the requirements of French government order no. 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017, providing for a Non-Financial Information Statement as stipulated notably under Articles L. 225-102-1 and R. 225-105 *et seq*. of the French Commercial Code (*Code de commerce*). This information concerns the activities of Carrefour SA (the parent company) and all the Group's consolidated companies.

Section 2.3 details the Group's duty of care plan, and how it addresses the risks of violations of human rights and fundamental freedoms, health and safety, and the environment, as well as the report on the plan's effectiveness in 2019. It complies with the requirements set out in French law no. 2017-399 of March 27, 2017 with regard to the duty of care.

Section 2.4.1 presents a summary of Carrefour's non-financial report. All non-financial indicators are consolidated at the Group level, thus enabling a comprehensive measure of the results of CSR policies. Section 2.4.2 also outlines the detailed reporting method and Section 2.4.3 presents the independent third-party report on consolidated social, environmental and societal information published in the business report.

A cross-reference table specific to the Non-Financial Information Statement and GRI-G4 appear in Sections 9.6.5 and 9.6.6, respectively.

Finally, Section 4 presents the risk database incorporating the societal risks identified in the Group's business model (4.1.1).

2.1 CSR at Carrefour

2.1.1 GOVERNANCE OF CSR AND THE FOOD TRANSITION

FIGURE 1: CARREFOUR'S GOVERNANCE OF CSR AND THE FOOD TRANSITION FOR ALL

Governance bodies	Executive Committee	■ Defines strategy, policies and objectives and measures performance. ■ The Country Executive Committees locally deploy the food transition for all strategy.
	Board of Directors and CSR Committee	■ Approves the strategy drawn up by the Executive Committee and evaluates its implementation. ■ The CSR Committee meets twice a year and reports to the Board.
Group departments	General Secretary	■ Coordinates the roll-out of the food transition across the Group. ■ The CSR, Organic Market and Audit & Risk departments, among others, report to the General Secretary. ■ The General Secretary consults the Food Transition Advisory Committee.
	Strategy department	■ Tasked with defining and implementing the objectives of the "Carrefour 2022" strategic plan. ■ Coordinates the roll-out of strategic objectives for the food transition for all (developing organic, own-brand and local products, etc.).
	The Country Management teams	■ In each country, the CEO is in charge of carrying out commitments under the food transition for all programme. ■ Correspondents responsible for the food transition strategy and teams in charge of corporate responsibility set each country's objectives in line with the Group, and report on performance.
Operational departments	■ The departments responsible for store formats (physical and online) and business lines (quality, merchandise, etc.) implement the food transition for all and the CSR action plans.	

Governance of the food transition and CSR policies is exercised jointly by the Group Executive Committee, Board of Directors and CSR Committee. The Group Secretary General, Strategy and Transformation department and country-based departments coordinate the roll-out of food transition and CSR programmes on a consistent basis throughout the entire Group:

- the **Group Executive Committee** defines CSR strategy, policies and objectives, and measures CSR performance. The Executive Committee of each country rolls the strategy out at the local level;
- the **Board of Directors** approves the strategy drawn up by the Executive Committee and evaluates its implementation. In 2019, during meetings with the dedicated **CSR Committee**, the Board deliberated on financing for agricultural projects, reducing and ecodesigning packaging (Group packaging strategy, draft e-commerce strategy – Loop by Carrefour, innovation platform – (RE)SET), combating food waste (partnership with Too Good To Go), transparency (Blockchain) and the deployment of Nutri-Score;
- the **Group Secretary General** oversees implementation of the food transition throughout the Group. He is in charge of the Food Transition Advisory Committee. The **Group Secretary General** coordinates the roll-out of the food transition on a consistent basis across all countries;
- the Group **Strategy department** is tasked with defining and implementing the objectives of the "Carrefour 2022" strategic plan, which includes the objectives relating to the food transition for all.

Role and methods of departments reporting to the Secretary General

Created over 10 years ago and reporting directly to the Group Secretary General, the Group CSR department oversees implementation of the CSR methodology to help meet Carrefour's objectives in all of the countries where the Group operates. Through the use of various methods including dialogue with stakeholders, innovations and collective intelligence, the CSR department contributes to the Group's strategy on the food transition.

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

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

Other divisions are also tasked with overseeing the implementation of the food transition throughout the Group, including the Organic Produce Market department, created in 2018 and reporting directly to the Group Secretary General. This eight-person, multi-disciplinary team has correspondents in each country. It is tasked with harmonising the deployment of organic product strategy in all regions and retail formats: franchising and consolidated stores, general and specialised stores, e-commerce, and private-label and national brands.

Organisation across countries, professions and stores

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

Lastly, the CSR process is also deployed in each individual store, where the actions planned and commitments made are assimilated and implemented. CSR strategy and the food transition are still most apparent at store level.

For more information

- *Carrefour.com:* Carrefour's CSR governance and methodology.

2.1.2 CARREFOUR'S CSR METHODOLOGY

Through the CSR risk and materiality analysis, dialogue with stakeholders, comparing and contrasting benchmark indicators (GRI, SDGs, etc.), stronger governance, and supporting professions and innovation, CSR is guiding the Group's food transition strategy. Carrefour's CSR methodology has five guiding principles:

1. risk analysis (Sections 4.1.1 and 2.1.3.1) and materiality analysis (Section 1.3.2.4);
2. stakeholder dialogue;
3. defining policies and helping the business segments to deploy action plans and achieve objectives (Section 2.2);
4. using innovative, disruptive projects to test solutions with significant transformation potential;
5. evaluating non-financial performance (Section 1.5.5).

Organising dialogue with stakeholders

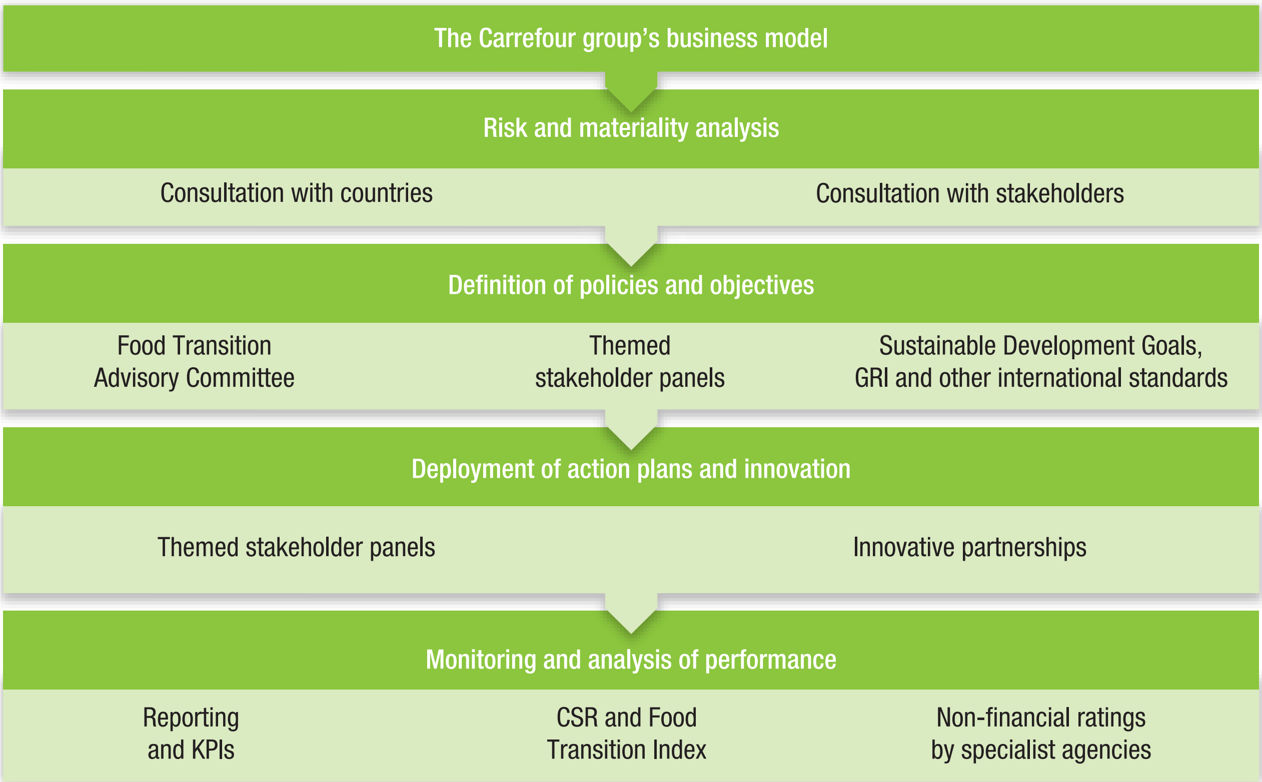
Dialogue with stakeholders informs the Group's thought processes, from devising strategic focuses and objectives to operational deployment of projects (see Figure 2). Carrefour has therefore established two-way communication channels with internal and external stakeholders, especially with executive management in the different countries, trade unions, employees at headquarters and in-store, customers, suppliers, producers, contractors, institutions, NGOs and associations, experts, investors and shareholders. The key channels for communication are presented below:

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

  The Committee members agreed to support Carrefour's transformation of its production model. In 2019, the Committee focused its priorities on the "food transition for all" transformation plan. Its members participate in projects working towards the food transition for all, share best practices, propose new ideas and lead exploratory discussions about changing food habits. The Committee has launched five projects focused on food waste, the true cost of food, soil conservation in agriculture, retail models and new store models. The Committee meets twice a year.
- Stakeholder consultation:
  - stakeholder panels: Several times a year, Carrefour arranges meetings in order to formulate functional recommendations on a specific CSR issue. These meetings are attended by around 40 people representing the Group, NGOs, government, customers, investors and suppliers, who come together to share their expertise or point of view on the subject in question. In 2019, two consultations were organised on geomonitoring systems for raw material traceability and triple capital accounting;
  - social dialogue: The Group promotes union rights and the right to collective bargaining in the countries in which it operates. Carrefour was the first retailer to sign an agreement with Union Network International, which serves as the basis for employee relations within the Group and was last renewed in 2018.

- Consultation and on-boarding of customers. Feedback channels were set up to leverage customer input, with more than 3,100 customer focus groups organised in 2019 to test recipes and customer requests processed throughout the year by the Customer Service department. To secure customer buy-in to the Group strategy, Carrefour has also established consultation channels such as the *mission-zero-plastique.carrefour.com* civic platform which has garnered over 11,000 votes. In 2019, Carrefour also created "Activist consumer groups" in Spain and France, which use social media to provide more than 100 consumers with sneak previews and in-store visits organised around different themes. In 2020, the aim is to give these groups more responsibility, recruit larger focus groups and organise meetings with the teams.
- Ratings agencies and investors. Carrefour systematically replies to questionnaires sent by NGOs, investors and ratings agencies (results from the CDP (climate and forest), oekom, DJSI-SAM, MCSI, Sustainalytics and Vigeo Eiris questionnaires are detailed in Section 1.5.5). Carrefour frequently organises informational meetings for investors and takes part in socially responsible investment (SRI) conferences to keep the financial markets informed about the Group's CSR policy.

FIGURE 2: DESCRIPTION OF CARREFOUR'S CSR METHODOLOGY, TOOLS AND IN- AND OUT-OF-HOUSE STAKEHOLDER CONSULTATION BODIES



2.1.3 NON-FINANCIAL INFORMATION STATEMENT

The Non-Financial Information Statement is made up of a presentation of the Carrefour group's business model (Section 1.1.6), the societal risk factors (Section 2.1.3.1), and the related policies, action plans and performance indicators (Sections 2.1.3.2 and 2.2).

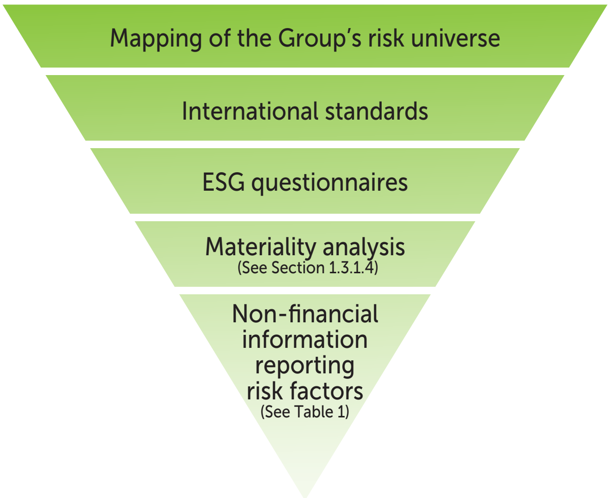
Thus, all the societal risk factors encountered by the Group in its activities are subject to its CSR policy. The CSR policy sections are structured as follows:

- products (detailed in Section 2.2.1);
- operations (detailed in Section 2.2.2);
- employees (detailed in Section 2.2.3);
- responsible business relationships (detailed in Section 2.2.4).

2.1.3.1 Identification of societal risks

Analysis of Group risks: The Group Risk department has mapped all of the Group's risk factors, which were first analysed by management in all of the countries in which Carrefour operates. This analysis is updated annually and submitted to the Audit Committee, the Group Executive Committee and the Board of Directors (see Section 4.1.1).

FIGURE 3: IDENTIFICATION OF SOCIETAL RISK FACTORS REPORTED IN THE NON-FINANCIAL INFORMATION STATEMENT



Identification of societal risks (see Figure 3): The risk mapping process was used to identify the Group's main CSR risks for the purposes of the Non-Financial Information Statement.

An additional analysis of international standards (GRI G4, ISO 26000) and feedback from ESG performance assessment questionnaires provided by CSR ratings agencies (Dow Jones Sustainability Index, Vigeo Eiris, Carbon Disclosure Project, Sustainalytics, etc.) was also conducted. This analysis was used to isolate the main societal risk factors within the Group's risk universe, ensure this universe was comprehensive and clarify certain risks.

This is how the risk factors used for non-financial information reporting purposes are identified. The manner in which they are broken down and defined throughout the Group is detailed in the table below. These findings have been confirmed by the materiality analysis conducted with both internal and external stakeholders.

TABLE 1: DEFINITION OF PRIORITY SOCIETAL RISKS USED FOR NON-FINANCIAL INFORMATION REPORTING PURPOSES

Non-financial information reporting risk factor	How the risk breaks down within the Group's risk universe	Description of the risk
Responsible raw material procurement	Use of raw materials whose value chains are alleged to have negative environmental, social and/or ethical impacts (CSR)	Carrefour could stand accused of using raw materials whose value chains are likely to be implicated in causing deforestation, depletion of scarce resources or human rights abuses (unpaid or poorly paid work, child labour, etc.).
Attracting and retaining talent	Inability or difficulties in attracting or retaining key employees	The Group could encounter difficulties in attracting or retaining scarce skills in certain key positions. This risk may arise in particular due to very scarce skills in certain domains such as digital expertise.
Developing and enhancing skills	Insufficient skills assessment, development and recognition	Poor deployment of skills assessment, development and recognition policy by managers and human resources is likely to demotivate employees and result in lower productivity.
Social dialogue	Riots, street demonstrations, strikes, protests and agricultural crises	Various types of social protests can impact the Group's businesses. Insufficient social dialogue can lead to demotivated employees. Agricultural crises may jeopardise the availability of the Group's supplies. These events are likely to result in loss of productivity and/or revenue.
Resource management and the circular economy[(1)]	Sub-optimal use of resources and failure to harness the circular economy	Carrefour is liable to attract public criticism, notably where food is wasted or waste is poorly managed. This risk could arise in the case of a real or perceived mismatch between initiatives pursued by Carrefour and customer and stakeholder expectations concerning CSR.
Anti-corruption	Non-compliance with anti-corruption legislation (Sapin II law)	The Sapin II law on transparency, corruption and modernised business practice requires French companies such as Carrefour and its subsidiaries to set up a compliance programme to both prevent and detect any corruption or use of undue influence both inside or outside France. Carrefour may fail to comply with all of the pillars and provisions of this legislation.
The fight against climate change	Poor control over energy consumption and refrigerants (CSR)	Carrefour may suffer from poor control over its energy and refrigerant consumption, particularly following the promulgation of EU F-gas and F-gas II regulations, which will gradually prohibit the replacement and use of the most polluting refrigerants (*e.g.,* Freon gas) by 2030.
	Natural disasters and climate change	Natural disasters (*e.g.,* flooding, heavy snowfall, heatwaves, etc.) may interrupt business (plant closures, breakdowns, serious damage) and endanger the lives of Carrefour customers, employees or suppliers.
Pollution and the impacts of our operations on biodiversity[(2)]	Pollution and the negative impact of business operations (including oil-based products, construction work, etc.) on biodiversity	Carrefour's business operations may have a negative impact on biodiversity, particularly in the event of pollution-related incidents. Ecosystems may be destroyed by construction work, pollution from fuel retail operations or poor waste management.
Encouraging diversity and battling all forms of harassment and discrimination	Failure to comply with principles of diversity and equality or to tackle discrimination and harassment properly	Carrefour may encounter difficulties in deploying its anti-discrimination policy, particularly with regard to gender diversity and equal pay or the employment of people with disabilities.

Non-financial information reporting risk factor	How the risk breaks down within the Group's risk universe	Description of the risk
Product quality, compliance and safety	Major deficiencies in product control and traceability	Major deficiencies in product control and traceability could have serious consequences for the health of our customers and not meet consumer expectations regarding product origin. These shortcomings could also impact Carrefour's business development and results.
	Deficiencies in drafting and complying with specifications for Carrefour own-brand products	Deficiencies in drafting – or a failure on the part of suppliers to comply with – Carrefour-brand product specifications could have negative social and environmental impacts. They may fail to meet customer expectations and could also impact Carrefour's business development and results.
Upholding human rights and decent pay across the entire value chain	Accusations that Carrefour or any of its suppliers fail to uphold rights in the workplace, human rights and/or decent pay	Carrefour strives to uphold human rights across the entire value chain. Any instances of forced labour or exploitation of children, or failure by a supplier to pay the minimum wage would have a strong negative impact on the Group's reputation.
Occupational health	Workplace accidents, psychosocial risks and occupational illnesses	As the largest private-sector employer in France and one of the top 50 employers in the world, Carrefour has a duty to safeguard its employees against workplace accidents, psychosocial risks and occupational illnesses.
Data protection	Non-compliance with data protection legislation (GDPR, LGPD, etc.)	Carrefour processes large volumes of personal data for customers, employees and suppliers. Data protection and privacy legislation – *e.g.*, the General Data Protection Regulation (GDPR) in force since May 25, 2018 in the European Union in addition to existing national legislation, and the "General Data Protection Law" (LGPD) scheduled to come into force in Brazil in August 2020 – establish a new legal data protection framework with increased protection for citizens' rights and new legal obligations for businesses. Carrefour must ensure that it complies with all of the requirements of such legislation.

(1) This risk was added following the analysis of international standards and the expectations expressed in the various ratings agency questionnaires to which the Group responds every year. Its importance was confirmed by the materiality analysis conducted with external stakeholders.

(2) This risk was clarified following the analysis of international standards and the expectations expressed in the various ratings agency questionnaires to which the Group responds every year.

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2.1.3.2 Cross-referencing of Carrefour's risks and policies

Table 2 below presents the relationship between the risks identified as part of the non-financial information reporting process, the risks identified as part of the Group's risk mapping process presented in Section 4.1.1, and the policies implemented by Carrefour.

TABLE 2: TABLE OF CROSS-REFERENCING BETWEEN RISK FACTORS REPORTED IN THE NON-FINANCIAL INFORMATION STATEMENT WITH THE CORRESPONDING POLICIES

Non-financial information reporting risk factor		Policies, action plans and performance
Responsible raw material procurement	1.3.2.3 2.2.1.3 2.2.4.1 4.1.1.3	Transformation of production and consumption modes. Sourcing raw materials at risk. Managing our supply chain. Operations - Ensuring the sustainability of the supply chain.
Attracting and retaining talent	1.3.2.1 2.2.3.1 2.2.3.3 4.1.1.3	Diversity and our employees' skills. Growing & moving forward together. Taking pride in transforming our professions. Operations - Key employees and skills.
Developing and enhancing skills	1.3.2.1 2.2.3.1 4.1.1.3	Diversity and our employees' skills. Growing & moving forward together. Operations - Key employees and skills.
Social dialogue and agricultural crises	2.2.3.2 2.2.1.2 2.2.1.3	Acting with simplicity: enable employees to work in a positive, constantly evolvingprofessional environment. Promoting and developing sustainable agriculture. Sourcing raw materials at risk.
Resource management and the circular economy	1.3.2.3 2.2.2.3 2.2.2.1	Transformation of production and consumption modes. Developing ecodesign and a circular economy for packaging. Combating food waste.
Anti-corruption	2.2.4.2 4.1.1.1	Fair practices. Strategy, governance and business environment - Corruption/Sapin II law.
The fight against climate change	2.2.2.4	Fighting and preparing for climate change.
Pollution and the impacts of our operations on biodiversity	2.2.2.2	Limiting the environmental impact of our plants.
Encouraging diversity and battling all forms of harassment and discrimination	1.3.2.1 2.2.3.1	Diversity and our employees' skills. Growing & moving forward together.
Product quality, compliance and safety	1.3.1.2 2.2.1.1 4.1.1.3	Quality services, products and food accessible to all. Our products and our customers' health. Operations - Product quality, compliance and safety.
Upholding human rights and decent pay across the entire value chain	1.3.2.3 2.2.1.3 2.2.4.1 4.1.1.3	Transformation of production and consumption modes. Sourcing raw materials at risk. Managing our supply chain. Operations - Ensuring the sustanaibility of the supply chain.
Occupational health	2.2.3.2	Acting with simplicity: enable employees to work in a positive, constantly evolvingprofessional environment.
Data protection	2.2.4.3 4.1.1.1	Information system security and personal data protection. Strategy, governance and business environment - Personal data protection.

2.2 Policies to mitigate the risks related to our business

2.2.1 DEVELOPING RESPONSIBLE PRODUCTS AND PURCHASING POLICIES

2.2.1.1 Our products and our customers' health

Context and definition

Food is key to health and poor nutrition is one of the main factors in chronic diseases. For a more balanced nutritional intake, people are advised to eat more fruit and vegetables, pulses, whole grains and dried fruit, and less salt, sugars and fats. Improving eating habits is a societal issue that requires actions from all stakeholders. Retailers need to offer healthy products, adapted to the needs of different populations and cultures, while helping to raise awareness of "healthier eating".

Carrefour seeks to ensure the quality and safety of its own-brand products, from monitoring logistics to implementing product recall and withdrawal procedures where necessary, and complying with the highest in-store hygiene standards. These issues are crucial for the Group, as they can have a major impact on its reputation and financial performance, and potentially result in liability.

In line with its *raison d'être*, Carrefour has tasked itself with providing quality services, products and food that are accessible to all. Accordingly, as part of its mission to "become the leader of the food transition for all", Carrefour aims to meet its customers' expectations in terms of nutrition, and contribute to their health and well-being by making healthy, quality food broadly available.

Policy and performance

Carrefour implements a series of requirements and procedures to guarantee the quality and compliance of the products it sells. All sites manufacturing Carrefour own-brand products are certified to either International Featured Standard or British Retail Consortium standards (83% in 2019), or audited by Carrefour (17% in 2019). Carrefour's control plans also include consumer focus groups and warehouse and in-store checks of product freshness and origin.

Key Performance Indicators	2019	2018	Change
% of sites certified to IFS or BRC standards	83%	90%	+7 pts
% of sites audited by Carrefour, o/w:	17%	10%	+7 pts
• % of audit ratings ranging between A and B	95.2%	95.4%	-0.2 pts
• % of audit ratings ranging between C and D	4.8%	4.6%	+0.2 pts

Indicators	2019	2018	Change
Number of suppliers/sites	2,606	2,616	-2.3%
Number of inspections performed – Analyses	45,815	53,451	-14%
Number of inspections performed – External panels	3,140	3,048	+3%

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

In addition to guaranteeing high quality standards, the Group promotes transparency and traceability by extending blockchain technology across its Carrefour Quality Lines. The Group is also committed to identifying and banning controversial substances from its own brands and excluding GMOs from its products and from livestock feed used in Carrefour Quality Lines.

Indicator	2019	2018	Change
Number of blockchain technologies developed in Carrefour Quality Lines	28 lines	6 lines	+22 lines in 2019

The third focus of Carrefour's ambition – nutrition and health – comprises a series of initiatives to improve nutrition in all the countries in which the Group is present by 2020. This involves developing products and services that promote a balanced, nutritious diet, providing simplified additional nutritional information about products, and raising customer and employee awareness about "healthier eating".

Key Performance Indicators	2019	2018	Objective
Number of countries running a Healthier Diet action plan	6 out of 9	6 out of 9	All countries have implemented the programme in 2020

Action plans

1. Guaranteeing product quality, compliance and safety

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

The Group guarantees that all sites manufacturing Carrefour own-brand products are certified to IFS or BRC quality standards, or audited by Carrefour. Sites audited by Carrefour are rated A to D. For C and D ratings, accreditation is either suspended or withdrawn, meaning that marketing of the products in question ceases with immediate effect. Nearly 46,000 checks were also performed in stores and warehouses in 2019 to verify the freshness and origin of products. Quality data are recorded and processed by Carrefour technical experts. The system includes a procedure for the withdrawal of any non-compliant product. Carrefour's international AlertNet system swiftly removes any potentially dangerous product from inventory and from the shelves. Stoppage at the cash desk is reinforced by EAN barcode identification.

Carrefour own-brand products are made to specifications drawn up by its Quality department: rigorous product specifications shared with suppliers set out the Group's requirements in detail. To leverage consumer feedback and get customers on board, input, discussion and awareness-raising channels have been set up. For example, over 3,100 external focus groups were organised in 2019 to test recipes. Every year, the Customer Service department commissions an independent organisation to run a survey of 1,600 customers on how their requests are processed and identify the corrective actions needed.

Carrefour is the first European retailer to use blockchain technology to share traceability information between all partners in a sector and provide its customers with maximum transparency. Blockchain technology will be rolled out to all Carrefour Quality Lines (around 270 products and 400 shelf items) by 2022. Carrefour has also joined the IBM Food Trust initiative to promote global food traceability.

To combat substances with controversial health effects more effectively, in Belgium, France, Italy and Spain, Carrefour has classified the food additives contained in its products into four categories: those that can be used without restriction (green), with certain reservations (orange and red) and those to be taken out (black). All Carrefour own-brand products have been free of genetically modified ingredients since 1999. Carrefour developed a first GMO-free animal feed soy line for Carrefour Quality Line products in Brazil in 2000, followed by a French line in 2017.

2. Promoting health and nutrition

Carrefour promotes healthy and balanced food. Since 2018, the Group has stepped up efforts to reformulate and optimise the nutritional profile of its products in all of the countries in which it is present, working in particular to reduce sugar levels in soft drinks and salt levels in tinned vegetables. Carrefour has also created product ranges of high nutritional value, such as the Nutrition & Plaisir range in France, which offer balanced meals meeting the full range of nutritional needs. The first French retailer to launch an own-brand vegetarian range, which now includes around 100 products, Carrefour is working hard to expand this further to offer an alternative to the consumption of animal proteins.

Customers are being provided with additional nutritional information thanks to the introduction of Nutri-Scores on the packaging of Carrefour own-brand products in France and on the *Carrefour.fr* website. This five-colour logo, which classifies products from A to E based on their nutritional quality, will appear on 7,000 products in France and Europe by 2022. By involving all of its partners (producers and suppliers) in the Nutri-Score initiative, Carrefour is supporting the public authorities in their food education efforts. To raise customer awareness about "healthier eating", Carrefour also communicates *via* digital media (such as "Panda" recipes in partnership with WWF France and Carrefour's Nutri-Score web page), flyers and in-store product promotion and events.

Joint initiatives and partnerships

- IBM Food Trust
- WWF France
- Consumer Goods Forum

+ Find out more

- *Carrefour.com*: Guaranteeing product quality, compliance and safety.
- *Carrefour.com*: What about a healthier diet?

2.2.1.2 Promoting and developing sustainable agriculture

Context and definition

Food has a major impact on the environment, generating 25% to 30% of total household greenhouse gas emissions. Between 40% and 70% of food-related emissions occur during the agricultural production phase[1]. Moreover, certain industrial farming methods (use of pesticides, neonicotinoids, etc.) are harmful to health and to biodiversity. The FAO believes that meat consumption in developed countries needs to be reduced to combat deforestation and preserve the climate.

Customers not only wish to consume products grown in an environmentally-friendly manner, they also want them to be processed as close to home as possible. The food transition is therefore contingent on a shift to organic and agroecological agriculture – healthier for humans and better for the planet. To meet these expectations, Carrefour – for whom food products account for more than 80% of total sales – is investing in the development and promotion of sustainable agricultural practices that combine better-tasting food with better economic and CSR performances.

Policy and performance

Carrefour is securing its organic lines and Carrefour Quality Lines to facilitate deployment of sustainable, environmentally-friendly agricultural practices. The Group is promoting a more sustainable agricultural transition through fairer terms with suppliers (including long-term pricing and volume commitments), developing and showcasing a responsible product offering and creating financing solutions.

Carrefour is focused on increasing its organic offering and aims to achieve consolidated sales of 4.8 billion euros from organic products in 2022. Carrefour France set the objective to support the development and transition of 500 farmers by 2020. This objective was achieved a year ahead of schedule in 2019.

Key Performance Indicators	2019	2018	Change	2022 target
Sales of organic products[1]	€2.3 billion	€1.8 billion	+27.8%	€4.8 billion

Indicators	2019	2018	Change	2020 target
Number of Carrefour own-brand organic product references	1,000	800	+200	
In France: number of organic farming producers, incl. a transition partnership (supported through sector-based contractual arrangements)	1,776 o/w 173 in transition	1,444		
• Growth vs 2017	535	203	+332 in 2019	+500 in 2020

The Group is aiming to capture 10% of fresh product sales by 2022 by developing Carrefour Quality Lines, which serve as Carrefour's agroecology laboratories. The objective is for all product lines to carry an agroecology-specific message by 2022 (*e.g.*, "fed on GMO-free feed", "fed without antibiotics" and "grown without chemical treatment").

Key Performance Indicators	2019	2018	Change
Market penetration rate of Carrefour Quality Lines in fresh produce *(as a %)*	6.6%	5.3%	+1.3%

Indicators	2019	2018	Change
Number of Carrefour Quality Lines products[2]	726	498	+31%
Number of Carrefour Quality Lines partner producers	27,758	27,678	+0.2%
Total sales (incl. VAT) of Carrefour Quality Lines products *(in thousands of euros)*	950,459	757,190	+25.5%

(1) Sales in the food, household and personal care sections.
(2) Change in accounting method in 2019 (see methodological note in Section 2.4.2).

More generally, Carrefour is introducing responsible policies for sourcing raw materials that are at risk from a social and environmental perspective (see 2.2.1.3 Sourcing raw materials at risk). Animal welfare is also a strategic focus for developing sustainable agriculture (see 1.3.2.3 Transformation of production and consumption modes).

(1) Association Française d'Agronomie, Climate Change and Agriculture, 2015.

Action plans

1. Developing an affordable organic offering

Carrefour is investing heavily in organic food to achieve its objectives by focusing on three areas: making the organic offering affordable by developing production channels based on support for producers; developing organic ranges that fit with consumer expectations (*i.e.*, bulk organic offering, plastic-free offering, local produce, etc.); and making organic products accessible in-store and online.

The Group offers its organic farming suppliers three- to five-year contracts that commit to volumes and purchase prices and take account of production constraints. Carrefour also supports producers who are in the process of transitioning to organic farming through long-term contracts – also lasting three to five years – which secure their investments through intermediate pricing arrangements between conventional and organic farming prices and offset the impact of lower productivity on their income. These contracts are offered in France, Belgium, Romania and Taiwan. In France, for example, Carrefour and its Foundation signed a partnership agreement in 2018 with WWF France, the Saint-Denis-de-l'Hôtel Dairy (LSDH) and cattle farmers in the APLBC collective to support the farmers in their transition to organic farming. A total of 66 milk producers receive an additional 50 euros per 1,000 litres of milk over a two-year period, at the end of which they will be offered three-year contracts.

In its stores, Carrefour aims to offer a selection of organic products closely matched to consumer demand. Under its own brand and national brands, Carrefour continues to adapt its product offering by adding vegan and raw products. Since 2018, Carrefour has been developing locally-grown organic fruit and vegetable ranges, including non-packaged produce. By 2020, organic fruit and vegetables will no longer have plastic packaging in France.

Carrefour is harnessing all store formats to achieve its ambition by developing specialised stores (Carrefour Bio, So.bio, Bio monde), showcasing organic products in general stores (aisles in hypermarkets dedicated to organic products, shop-in-shop in supermarkets, organic sections in convenience stores) and the creation of a benchmark omni-channel model for organic products (Carrefour.fr, Greenweez, Planeta Huerto, etc.).

2. Promoting agroecology via Carrefour Quality Lines (CQL)

Carrefour has a unique tool for developing agroecology: the Carrefour Quality Lines (CQL). There are 726 CQL products worldwide, involving almost 28,000 producers and offering market-fresh produce that meets strict traceability, quality and taste criteria. The Group has prepared three-year contracts with partner producers who implement responsible methods such as crop rotation, soil-less crop production, and no post-harvest chemical treatment of fruit and vegetables, etc. Carrefour draws up strict product specifications with each producer covering production methods as well as taste criteria and environmental protection obligations. Each year, 3,000 inspections and over 1,000 analyses are carried out.

Carrefour supports its Carrefour Quality Lines suppliers by developing pilot crop launches and implementing progress plans with the aim of extending agroecology practices into various lines. The Group also encourages the exchange of best practices throughout the country through producer clubs and meetings.

3. Providing financing solutions

Carrefour supports producers in their agricultural transition by providing different financing solutions:

- Carrefour's financing entities offer financial services to small- and medium-sized businesses, farmers and producers. For example, the French financing entity provides loans to help farmers transition to organic farming;
- in June 2019, Carrefour initiated the first CSR-linked credit transaction in the European retail sector by teaming up with banks to finance an investment structure dedicated to the food transition. The money will be used to fund supplier projects linked to the food transition, *e.g.*, transitioning to organic farming and switching to more animal-friendly farming methods. The first lot of funding is being used to eliminate chemical pesticides in conventional banana production in Africa, in partnership with Cirad (a French agricultural research body focused on international cooperation) with a view to marketing a Carrefour Quality Line banana;
- thanks to Carrefour's crowdfunding platform *JeParticipe.carrefour.com*, launched in partnership with MiiMOSA, agricultural food transition projects are being financed by ordinary citizens through donation matching or interest-bearing loans. At the end of 2019, Carrefour had financed 55 projects with the support of some 4,500 contributors. Seven products are available under the Carrefour brand, and others under their own brand. Carrefour invested 1,290,000 euros in 12 selected projects and over 3 million euros were raised in total;
- the Carrefour Foundation supports sector-based and local stakeholders who are committed to sustainable agricultural practices. In 2019, 31 sustainable agricultural projects were funded by the Foundation for a total amount of 3,166,235 euros (42% of the overall budget).

Joint initiatives and partnerships

- WWF
- Cirad (a French agricultural research body focused on international cooperation)
- MiiMOSA
- Open Agri Food

+ Find out more

- *Carrefour.com*: Taking pride in transforming our professions.
- *Carrefour.com*: Guaranteeing ethical farming.
- *Carrefour.com*: Protecting forests and biodiversity.
- *Carrefour.com*: Promoting sustainable fishing and aquaculture.

2.2.1.3 Sourcing raw materials at risk

Context and definition

The challenges involved in the production of raw materials are global and span the entire value chain and all of the various market players. Leading NGOs and civil society representatives regularly question retailers about these issues. Consumers are demanding more information, better quality products and greater transparency.

Carrefour's role is therefore to offer customers products that meet their expectations by improving farming practices, fishing and forestry methods and the manufacturing processes involved in producing these products.

Policy and performance

Carrefour is committed to eliminating deforestation with respect to its at-risk supplies, promoting sustainable fishing and guaranteeing animal welfare in its production chains by adapting farming conditions.

As part of its "Zero Deforestation by 2020" policy, the Group has committed to the following objectives:

1. 100% of palm oil used as an ingredient in Carrefour own-brand products must be certified RSPO Mass Balance or 'Segregated' by the end of 2020;
2. 100% of Brazilian beef suppliers must be geomonitored by the end of 2020;
3. 100% of the 10 priority wood and paper product categories must comply with the Zero Deforestation policy for Carrefour own-brand products by the end of 2020;
4. zero-deforestation livestock chains (locally-produced soy) must be developed in all countries by the end of 2020.

Key Performance Indicators(1)	2019	2018	Change	Target
Roll-out of a Sustainable Forests action plan on deforestation-linked products by the end of 2020	67.7%	50.1%	+18 pts	100% by end-2020

Indicator – Palm oil(2)	2019	2018	Change	Target
% of palm oil from RSPO-certified suppliers (segregated and mass-balance)	82.0%	75.0%	+7 pts	100% by end-2020
• Proportion of palm oil certified sustainable and wholly monitored (RSPO segregated)	51.8%	40.7%	+11 pts	100% by end-2022

Indicator – Wood and paper(3)	2019	2018	Change	Target
Sales of Carrefour PEFC and FSC products *(in millions of euros)*	205	176	+17 pts	-
Proportion of Carrefour own-brand products in the ten priority categories sourced from sustainable forests *(as a %)*	48.6%	20.0%	+29 pts	100% by end-2020

Indicator – Brazilian beef(4)	2019	2018	Change	Target
% of geo-referenced Brazilian beef suppliers	96.7%	83.3%	+12%	100% by end-2020

Indicator – Soy(4)	2019	2018	Change	Target
Number of Carrefour Quality Lines products using zero deforestation livestock feed	20	15	+33%	Development in all countries by the end of 2020

(1) This composite indicator covers raw materials considered a priority in the fight against deforestation: palm oil, wood and paper, Brazilian beef and soy.
(2) Calculated based on weight of raw material contained in the products. Scope: Non-comparable BUs (100% of 2019 consolidated sales excl. VAT *vs* 83.64% of 2018 consolidated sales excl. VAT).
(3) Scope: excl. RO. Non-comparable BUs (96.7% of 2019 consolidated sales excl. VAT *vs* 100% of 2018 consolidated sales excl. VAT).
(4) Scope: comparable BUs (100% of 2019 consolidated sales excl. VAT).

Moreover, 50% of fish sold under Carrefour brands (and in the traditional section) must come from sustainable sources by the end of 2020.

Key Performance Indicators	2019	2018	Change	Target
% of own-brand products sourced from sustainable fishing practices(1)	47.5%	28.1%	+19%	50% by end-2020

Indicator	2019	2018	Change	Target
Total sales of fish certified as organic, MSC, ASC or from Carrefour Quality Lines *(in millions of euros)*(2)	403	339	+15%	-

(1) Scope: Non-comparable BUs (93.6% of 2019 consolidated sales excl. VAT vs 87.7% of 2018 consolidated sales excl. VAT). Excl. RO, PL. Sustainable fish sales comprise fish certified as organic, MSC, ASC or from Carrefour Quality Lines, as well as fish sold under other responsible programmes.
This ratio includes:
- all products sourced from fishing or aquaculture that are audited;
- national brand products for the fresh fish section only.

(2) Scope: Comparable BUs. Excl. RO (96.7% of 2019 consolidated sales excl. VAT).

Carrefour has devised an animal welfare policy for the Group and the aim is for all countries to have national action plans up and running by 2020. Work has already been carried out on certain animal products. In 2017, Carrefour committed to ensuring that all Carrefour-brand eggs sold in Europe, Taiwan and Brazil would be sourced from alternative cage-free systems by 2025. In 2019, Carrefour also signed up to the Better Chicken Commitment initiative to improve poultry farming conditions in France.

Indicators	2019	2018	Target
% of own-brand eggs from cage-free production facilities	32.6%	-	100% in 2025
% of own- and national-brand eggs from cage-free production facilities	40.8%	-	-

Scope: excl. BE (92.1% of 2019 consolidated sales excl. VAT). First reports in 2019.

Action plans

Carrefour has established social and environmental compliance guidelines for its retail and non-retail purchases (see Section 2.2.4.1 Managing our supply chain). The Group has identified 22 sensitive raw materials that are covered by a programme to prepare action plans by 2022. In 2018 and 2019, a number of raw materials were the focus of specific action plans, *i.e.*, palm oil, wood and paper, fish and seafood, Brazilian beef, soy, cocoa, cotton, chicken and eggs.

Specific raw materials purchasing rules are drawn up in concertation with the stakeholders (*i.e.*, experts, NGOs, customers, suppliers, public authorities, etc.). Comprehensive objectives and action plans are devised, deployed and monitored by a dedicated project management team and solutions are brought to the attention of consumers.

MONITORING DEPLOYMENT

Material	Key issue	Solution deployed/identified
Palm oil	Impact on biodiversity and land use. Social development. Working conditions.	Group-level purchasing policy and rules devised for products containing palm oil: the sourcing of palm oil complies with RSPO certification requirements and must fulfil a set of additional criteria.
Brazilian beef	Impact on biodiversity and land use. Contribution to global warming.	Geo-referencing platform that maps the location of beef suppliers, including tier 1 suppliers (slaughterhouses) and tier 2 supplier farms.
Wood and paper	Impact on biodiversity and land use.	Group-level purchasing policy and rules devised for ten priority categories that account for more than 80% of wood and paper supplies; they provide for the use of FSC and PEFC, or recycled wood and paper for all of these product categories based on level of risk. Paper for commercial publications is FSC- or PEFC-certified, or recycled.

Material	Key issue	Solution deployed/identified
Fish and seafood	Impact on biodiversity. Working conditions.	Group-wide shared purchasing policy and rules are in place for fishery and aquaculture products: a range of solutions are used, including BIO, MSC, ASC, Carrefour's Quality Channels and other responsible approaches (e.g. small-scale fishing, fishing techniques that respect the marine environment).
Cotton	Impact on biodiversity and land use. Local pollution linked to pesticides. Water consumption. Social development. Working conditions.	Prohibiting sourcing from Uzbekistan and Turkmenistan. Developing 100% traced organic cotton lines in India (see case study in Section 2.2.1.4).
Soy	Impact on biodiversity and land use. Local pollution.	Certification (ProTerra) and development of local animal feed chains that guarantee zero deforestation in all countries. Participation in local initiatives such as Moratoire amazonien sur le soja and Cerrado Manifesto in Brazil.
Cocoa	Impact on biodiversity and land use. Sensitivity to global warming. Social development. Working conditions.	Transparence Cacao programme for Carrefour chocolate bars (Carrefour Sélection & Carrefour Bio products) in France. In 2019, Carrefour joined the Retailer Cocoa Collaboration to participate in a dialogue between retailers and cocoa suppliers.
Broiler meat	Animal welfare.	Carrefour France joined the "Better Chicken Commitment" in December 2019, which promotes: • improved conditions (access to natural light, lower densities and a friendlier environment); • a longer growing period; • the use of an alternative method of slaughter.
Eggs	Animal welfare.	Improving conditions (no cages, access to natural light, lower densities and a friendlier environment). In Europe, Brazil and Taiwan, Carrefour has made a commitment to remove eggs from caged hens from its shelves.

Joint initiatives and partnerships

- Consumer Goods Forum
- Round Table for Sustainable Palm Oil
- Marine Stewardship Council
- Retailer Cocoa Collaboration
- WWF France

Find out more

- *Carrefour.com:* Promoting and developing sustainable agriculture.
- *Carrefour.com:* Guaranteeing ethical farming.
- *Carrefour.com:* Protecting forests and biodiversity.
- *Carrefour.com:* Promoting sustainable fishing and aquaculture.

2.2.1.4 Case studies in 2019

Structuring organic cotton production in India

India has both the climate and the expertise needed to produce organic cotton without crop protection agents or GMOs, thus preserving all of the richness of the soil and biodiversity. In 2019, Carrefour worked with over 4,500 small organic cotton producers in the Madhya Pradesh region in central India on an innovative project combining quality organic cotton, decent pay for producers and traceability starting from the seed. The Carrefour Foundation, in partnership with the Aga Khan Foundation, helped build two organic pesticide production units that enable 2,000 local producers to obtain better yields and boost their income. Together with Action for Social Advancement (ASA), it has made it possible to drill 100 wells to provide regular irrigation to cotton fields. A total of 1,000 farmers in 18 villages were also provided with training in organic farming techniques, enabling them to develop their own fertilizers and plant care products. The Organic Cotton Accelerator (OCA) organisation oversees organic cotton seed selection and procurement and works to increase the number of farmers transitioning to organic farming. Thanks to its partner, Cotton Connect, Carrefour ensures that its Indian organic cotton suppliers receive a higher rate than conventional cotton producers. The first 100% "sustainable cotton" collection, comprising household linen, underwear, babyware and children's clothing, is a direct result of this approach. These products have been on sale under the TEX BIO brand in all of Carrefour's French and Spanish hypermarkets since spring-summer 2019. All phases – from seed to finished product – are tracked and recorded to ensure complete traceability of all TEX BIO products. Carrefour eventually plans to include a QR code on the label that will enable customers to track the cotton from the field to the store shelf.

Growing agroecological bananas

Bananas are the biggest selling item on Carrefour's fruit and vegetable stands: the Group sells 140,000 tonnes of bananas a year in France, Spain, Belgium, Italy, Romania and Poland. The offering breaks down into organic fair trade, conventional and economy-price bananas. A lot of work has gone into reducing their ecological footprint at all stages, from production to sales and getting the product to shelf, including measures to reduce waste, eliminate packaging and develop organic and agroecological distribution channels, etc. In 2019, Carrefour teamed up with Cirad (a French agricultural research body focused on international cooperation) and its longstanding suppliers (*Fruidor* in the West Indies and *Compagnie Fruitière* in Côte d'Ivoire) to introduce agroecological bananas into Carrefour Quality Lines (CQL). The project involves marketing CQL bananas from 2019 that comply with basic agroecological production criteria (*i.e.*, fewer chemical inputs, no insecticides) and improving production conditions (elimination of herbicides in 2021) with a view to eliminating chemical pesticides altogether in 2022. The project will be financed over a three-year period by the investment structure created by the Group in 2019 to help suppliers who wish to be involved in the food transition (see Section 2.2.1.2). Eliminating chemical pesticides from banana production is a unique innovation in this sector. The offering will be positioned between organic fair trade and conventional bananas and marketed in six countries (France, Spain, Belgium, Italy, Romania, Poland).

Animal welfare: a priority

The example of chicken and eggs

Carrefour has committed to a vast animal welfare improvement programme. The Group has launched a global transformation project, in liaison with its suppliers, to ensure that all of its own-brand eggs are sourced from alternative cage-free farms by 2025. In Italy and Belgium, all Carrefour eggs already come from free-range hens. Carrefour Brazil has committed to stop selling eggs from cage-raised chickens on 100% of its own-brand products by 2025 and on 100% of all products sold in its stores by 2028. In France, all Carrefour brand eggs will be sourced from alternative cage-free systems (excluding Argentina) by late 2020.

Moreover, by 2026, fresh and frozen chicken meat, and all products containing more than 50% chicken meat, marketed under Carrefour brands in France (including economy price items), will comply with the European Chicken Commitment, *i.e.*, improving the quality of life of animals and their environment (lower density, natural light, perches, substrates for pecking), more humane slaughter, external compliance audits and publication of annual reports that track progress. At least 20% of volumes will be sourced from producers that offer free-range facilities or access to an outdoor shelter.

Carrefour wants to take things a step further by offering products that comprise innovative solutions with strong market transformation potential. For example, since September 2019, Carrefour France has been selling eggs from Poulehouse, a pioneering company that does not slaughter laying hens, tests animal welfare improvement solutions, particularly *in ovo* egg sexing (*i.e.*, selecting laying hens before hatching to avoid slaughtering male chicks) and seeks to end the practice of beak trimming.

Developing an animal welfare label in France

Starting in 2020, Carrefour is providing information about animal welfare and farming methods for chickens sold under the Carrefour brand as well as the Carrefour Bio, Carrefour Quality Lines, Reflets de France and Premiers Prix brands, and is including this information with the products that use blockchain technology. This animal welfare data will concern over 20 million chickens. The first products to display this information are free range Auvergne chickens sold under Carrefour Quality Lines, starting from February 18. Carrefour teamed up with other members of *Association Etiquette Bien-Être Animal* to produce the new labels, which link animal welfare to farming methods.

Deployment of Nutri-Scores

To help customers improve their eating habits through their purchases, Carrefour has rolled out Nutri-Score – an innovative information system – throughout Europe. Nutri-Score is a five-colour label, which classifies products based on their nutritional value, from A (consumption should be encouraged) to E (consumption should be limited). The Group began displaying Nutri-Score labels on Carrefour own-brand products sold in its stores and online at *Carrefour.fr* at the end of October 2019. By 2022, the Nutri-Score logo will appear on 7,000 products in France and Europe, including Carrefour Bio and Carrefour Veggie lines. Deployment will be closely coordinated with the Group's producers and suppliers so that everyone can share the information needed to apply Nutri-Score across the entire range of food products. Nutri-Score is part of a bold global food quality promotion strategy, aimed at meeting consumer expectations by providing them with reliable and recognised product quality information. The Group has already removed 100 controversial substances from the recipes of Carrefour own-brand products since 2018. Carrefour seeks to engage all players across the entire food chain in adopting Nutri-Score to make packaging more meaningful through the use of a single system. Carrefour is using this approach to support the food education efforts of the French government by providing all its customers with clear and concrete solutions that facilitate a better understanding and effective use of the Nutri-Score system.

2.2.2 OPERATIONS: LIMITING THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS

2.2.2.1 Combating food waste

Context and definition

Every year across the planet, 1.3 billion tonnes of food end up uneaten[(1)], though still edible, with no health risk. The cost of wasting farming produce (excluding fish and seafood) is estimated at 750 billion dollars per year worldwide. In environmental terms, food waste accounts for the release of 3.3 Gt of greenhouse gases per year, making it the third biggest polluter in the world, after the United States and China.

Food waste has a number of causes: overproduction, calibration criteria, interruption in the cold chain, poor stock management, supply-demand mismatching, etc. In France, 32% of food waste is generated at the agricultural production stage, 21% at the transformation stage, 14% at the retail stage, 14% at restaurants and in catering, and 19% in domestic consumption[(2)]. At each step in the farming and food chain, there are measures to be taken on cutting down waste.

In 2018, Carrefour evaluated food waste throughout the value chain, from the farm to the consumer's table, for five of its best-selling fresh products: avocados, cod, carrots, bread and chicken. This evaluation yielded a number of solutions throughout the value chain: crop growing & harvesting, sorting, packaging & transport, quality control, distribution and consumption. These solutions could eventually be rolled out across all the products sold by Carrefour.

Cutting down on food waste is a major challenge for Carrefour, both for shrinking the environmental footprint of its activities and for improving operational efficiency. Methods such as discount management for products nearing the sell-by date and recovery of unsold produce open opportunities for cutting down waste.

Policy and performance

Carrefour shares the Consumer Goods Forum (CGF) goal to reduce food waste by 50% by 2025 compared with 2016. Carrefour's global policy on cutting down food waste has three focus areas: in-store measures, cooperation with suppliers, and consumer education. Carrefour's ambition is to ensure operational excellence in its own waste reduction and to catalyse action among stakeholders (suppliers and consumers) throughout its business ecosystem.

Key Performance Indicators	2019	2018	Target
Percentage reduction in food waste (*vs* 2016)[(1)]	9.74%	-	50% in 2025
Percentage of unsold food products recovered[(2)]	67.7%	-	-

Indicators	2019	2018	Change
Number of meal equivalents of unsold products donated to food aid associations *(thousands of meals)*[(3)]	105,382	116,530	-9.5%
Weight of unsold products recovered through sale of food baskets in partnership with Too Good To Go[(4)]	2,374 tonnes	0 tonne	+100%

(1) Scope: Excl. SP, BE, BR, RO (75% of 2019 consolidated sales excl. VAT).
(2) Scope: Excl. SP, BE, RO (81% of 2019 consolidated sales excl. VAT).
(3) Scope: This figure includes food donations by stores in all of the Group's integrated countries as well as donations made by the Group's warehouses in France.
(4) Scope: BE, SP, FR, IT, PO. See 2.2.2.4.

(1) Source: United Nations Food and Agriculture Organisation (FAO), 2019.
(2) Source: ADEME (French Environment & Energy Management Agency), 2016.

Action plans

1. An in-store approach to cutting down waste

To minimise the volume of products that have to be taken off the shelf, Carrefour starts by improving its management of stocks and orders. Store managers are issued daily information on their waste figures, with a top-40 ranking of products by value or waste rate. Fresh produce line managers use sale and production forecast charts, adjusting them to allow for weather and other factors.

Carrefour stores are tasked with finding solutions for selling products instead of having to take them off the shelves. Examples include slicing pineapples with dry leaves to cut fresh chunks for sale in trays, selling single bananas from damaged bunches, and packaging cloves of garlic or other detached products. In Belgium, Italy, France, Poland and Spain, Carrefour is committed to offering reduced-price baskets of unsold products through a total of 2,624 stores *via* the Too Good to Go application. Stores also promote products nearing their sell-by dates, which can be discounted from 30% to 60%. Fourteen hypermarkets have already put up prominent endcap displays for products with best-before dates exceeded by up to one month, and wide-scale roll-out of this measure will be following in 2020.

Carrefour is also optimizing its donations programme to improve recovery of products. Partnerships with food banks have been set up at all Carrefour hypermarkets in Brazil, Spain and France. Every morning, the stores sort out unsold products that are safe and authorized for donation to local organisations, ensuring an uninterrupted cold chain for products where needed, with refrigerated vehicles financed by the Carrefour Foundation. In 2019, Carrefour donated the equivalent of 105 million meals.

Items not authorised for donation or not collected may be offered to organisations or companies that use unsold products as raw material for creating eco-friendly products (jams, for example) that may be sold in stores. Products that can be neither donated nor processed are recycled into biomethane for use in Carrefour delivery vehicles.

2. Solutions with suppliers

In 2017, Carrefour and its suppliers began a joint programme on reviewing use-by dates. So far, more than 400 Carrefour own-brand products have had their use-by or best-before dates extended, while the latter has been removed from over 100 products. Carrefour also sells products whose best-before dates have been exceeded in prominent endcap displays. This project is being tested in 14 hypermarkets in France and early indications point to a 50% reduction in unsold products. Legally required texts along the lines of "preferably to be consumed by the end of..." are accompanied by the text "best before", for clearer consumer recognition.

3. Customer education

Special offers and in-store displays help inform customers on the cost advantage of buying products for same-day or next-day consumption. Carrefour is also pushing ahead with food waste avoidance programmes for products having minor appearance defects but still perfectly and safely eatable. In France, Carrefour uses the exclusive brand Tous Antigaspi to sell, at a 20% discount, 16 products that are non-compliant for shape or weight reasons but perfectly compliant quality-wise. In 2018, this concept was taken up with the *únicos* ("one-offs") line of discounted fruit and vegetables in 74 hypermarkets and supermarkets in the state of São Paulo, Brazil. A line based on the same principle was launched in Taiwan in 2017.

The educational approach behind these initiatives also extends to Carrefour's suppliers. A consumer education campaign on cooking with visually unappealing vegetables was launched with Barilla in Spain and Italy. A national anti-waste day was run with Unilever in Argentina. In Spain, a research programme was run with Danone, Barilla and Pascual.

Joint initiatives and partnerships

- Consumer Goods Forum
- Too Good To Go pact, bringing together industry, retail, NGOs, trade organisations and digital operators in the fight against food waste

+ Find out more

- *Carrefour.com*: Combating food waste.
- *Carrefour.com*: Studies into food waste for Carrefour's biggest-selling fresh food (avocados, cod, carrots, bread and chicken).

2.2.2.2 Limiting the environmental impact of our plants

Context and definition

Major retail sites (stores and warehouses) have a wide-ranging environmental impact, from water consumption, water stress risk, waste production, soil artificialisation, to emissions in air, water and soil. All of these issues must be taken into account at each site through considerations at the level of local governments and local economies, and extending to a global comprehensive policy. To achieve lasting reductions in their carbon footprints, stores and warehouses must act at various levels and at all life cycle stages, from initial design through to everyday operation: eco-friendly construction, operation and renovation; waste reduction and recycling; optimized water consumption; minimum discharge of pollutants into air, water and soil; preservation and restoration of biodiversity.

On all these counts, Carrefour takes up measures at its own initiative rather than stopping at those specified by external regulations. It is fully committed to reducing the environmental impacts of its 1,207 hypermarkets, 3,412 supermarkets, 7,193 convenience stores, 413 cash & carry outlets and 125 warehouses and platforms.

Policy and performance

Carrefour targets minimum waste production and recovery of 100% of hypermarket and supermarket waste by 2025.

Key Performance Indicators	2019	2018	Change	Target
Proportion of hypermarket and supermarket waste recovered(1)	66.8%	66.5%	+0.2 pts	100% in 2025

Indicator	2019	2018	Change	Target
Total waste *(in thousands of tonnes)*(1)	696,193	720,626	-1.4%	-

(1) Scope: Non-comparable BUs (88.6% of 2019 consolidated sales excl. VAT *vs* 87% of 2018 consolidated sales excl. VAT) – Excl. BE, RO.

On water management, Carrefour is working to reduce water consumption per sq.m. of sales area.

Key Performance Indicators	2019	2018	Change	Target
Water consumption per sq.m. of sales area *(cu.m.)*	1.43	1.42	-0.1%	-

Indicator	2019	2018	Change	Target
Amount of water consumed *(cu.m)*(1)	12,457	13,790	-9%	-

(1) Scope: Non-comparable BUs (96.1% of 2019 consolidated sales excl. VAT *vs* 100% of 2018 consolidated sales excl. VAT) – Excl. PL (HM, SM), RO (SM).

Carrefour has also made a number of key commitments on the protection of biodiversity. Bee-keeping plans are to be brought in by 2020 for all the countries where Carrefour operates.

In France, Spain and Italy, all new shopping centre constructions and expansions larger than 1,000 sq.m. are BREEAM (Building Research Establishment Environmental Assessment Method) certified. BREEAM In-use certification will be rolled out across 75% of sites in France by 2021.

Indicators	2019	2018	Change	Target
Countries running a bee-keeping plan	3 out of 9 countries	2 out of 9 countries	+1 country	All countries by end-2020
Projects certified to BREEAM New Construction standards *(in %)*(1)	100%	100%	-	100%
Sites certified to BREEAM In-Use standards *(% by value)*(1)	60%	15%	+45 pts	75% by end-2021
• of which Very Good *(% by value)*	87%	100%		
• of which Good *(% by value)*	13%	-		
Number of trees planted locally(1)	38,000	30,000	+26%	-

(1) Scope: sites managed by Carmila in France, Italy and Spain.

Action plans

1. Managing waste

In collaboration with its suppliers, Carrefour works to cut down the production of waste packaging and point-of-sale advertising materials at each store. This involves encouraging waste sorting and recovery through innovative solutions such as joint collection rounds and biomethane and compost production from organic waste.

Carrefour's global strategy includes participating in the development of sorting and recovery processes in countries where these are covered by official regulations. This involves joint work on the recovery of cardboard, plastic, organic waste and wood, the aim being to transform the constraint of waste management into financial opportunity. In countries without regulations on the matter, Carrefour takes part in developing these kinds of structures.

Country-specific initiatives

- France: Carrefour France has set up a virtuous-circle system involving new biomethane delivery vehicles and service stations to locally convert stores' organic waste into fuel.

2. Saving water

In 2013, Carrefour conducted an analysis of water consumption issues: direct and indirect depletion, direct and indirect discharge of organic materials, pesticides, industrial discharge, soil sealing, changes in land use, deforestation, etc. This enabled the Group to set priorities and draw up action plans for its sites, under precise monitoring (with dedicated meters), and with new solutions on rainwater recovery and water-saving taps, for example. Given the nature of their business, stores do not produce heavily polluted wastewater. Nevertheless, wastewater treatment and recycling systems have been introduced in some countries.

Country-specific initiatives:

- Brazil: To improve management of water consumption under current conditions of growing water scarcity in the country, Carrefour Brazil conducts online monitoring of water consumption at all its stores and has started work on upgrading its water supply lines.

3. Protecting biodiversity

Carrefour targets bee-keeping plans for all the countries it operates in by the end of 2020. This initiative fosters the development of suburban bee-keeping (beehives on store roofs, customer education on how bees help to protect the environment) and the referencing of local and national honey to support bee-keepers. It also covers the development of Carrefour Quality Lines honey in each country, to ensure traceability through direct partnerships with bee-keepers, and inclusion of a section on protecting pollinators in the Carrefour Quality Lines honeyspecifications for fruits and vegetables.

Country-specific initiatives:

- There are today more than 240 beehives at Carrefour sites (stores, warehouses, headquarter buildings) in Belgium, France and Poland. The honey is collected by a local bee-keeper and sold in store or donated to charities or schools.
- Carrefour Italy also implemented measures to protect pollinators in 13 Carrefour Quality Lines in 2018, as well as 11 partner-producers.

With regard to the real estate business of Carrefour Property and Carmila in France, Italy and Spain, the Group has introduced a sustainable construction policy aligned with BREEAM Construction certification standards, to ensure that buildings are designed and built in a commitment to safeguarding the environment, occupant health and safety, and preserving biodiversity. Store architecture is planned from the outset to optimise energy consumption (through the use of natural materials and renewable energies) and ensure unobtrusive integration in the natural or urban environment. On each shopping mall construction and renovation project, measures are taken to encourage shoppers to use environment-friendly transport solutions: agreements with bus companies on additional stops, provision of car-share areas, electric vehicle charging stations, etc. Special provisions are made for local wildlife, with the provision of habitats for insects and birds. Ecological balance is also sought in the choice of plants. All companies working on construction sites for Carrefour stores have signed the Green Site Charter. Service stations managed by the Group are equipped with systems for preventing environmental risks and odours. In addition, a precise log of incoming and outgoing fuel volumes is kept to minimise the risk of fuel leakage.

Joint initiatives and partnerships

- Partnership with the NGO Noé regarding sales of co-branded products
- Installation of urban rooftop vegetable plots, with Agripolis, at a Carrefour Market supermarket in Paris 11e and a hypermarket in Villiers-en-Bière, Seine-et-Marne
- Opening of a biomethane station in Cestas (33), with Planète Végétal

+ Find out more

- *Carrefour.com:* Limiting pollution at our sites and restoring biodiversity.

2.2.2.3 Developing ecodesign and a circular economy for packaging

Context and definition

More than 350 million tonnes of plastic are produced each year worldwide, with 40% for packaging. And the figure is constantly on the rise. Because packaging is considered throw-away by nature and of low cash value, and because collection infrastructures are not highly effective, the environmental impact is very considerable, as we can see with the proliferation of waste plastic in the ocean.

The rise in packaging volumes is closely linked to the boom in large-scale retail: packaging facilitates goods transport, extends product conservation and helps consumers identify product differences. If major retail is responsible for the emergence of large quantities of single-use packaging, it is also ideally placed to bring about the necessary changes in packaging practices, especially in the light of growing consumer awareness on the issue.

Carrefour wishes to spearhead a retail industry transition toward a more reasonable and measured consumption of packaging, by working alongside its rivals to promote the innovative ecodesigns of product and packaging suppliers, by raising consumer awareness on the matter, and by partnering with NGOs in the field. An initial analysis covering 800 suppliers in 2018 estimated the yearly amount of Carrefour own-brand packaging at more than 120,000 tonnes. Concerted involvement across the entire Carrefour ecosystem is needed to address this issue and smoothly bring in the necessary changes.

Policy and performance

Carrefour's policy seeks to reduce the quantity of packaging it places on the market as well to improve the use and ultimate disposal of the packaging that remains necessary, by guaranteeing, for example, its re-use or recycling. Carrefour's objective is to avoid putting 10,000 tonnes of packaging on the market by 2025 (versus 2017) by eliminating unnecessary packaging or by setting up ecodesign packaging projects.

Key Performance Indicators	2019	2018	Change	Target
Reduction in packaging *(in tonnes)*	4,095 tonnes	1,867 tonnes	+2,228 tonnes	10,000 tonnes in 2025

Carrefour is targeting 100% reusable, recyclable or compostable packaging for its own-brand products by 2025. A common reporting system across several retailers is being developed so that performance relative to this objective can be measured.

Carrefour is also targeting 80% recyclable packaging for its own-brand organic products and eliminating plastic packaging for organic fruit and vegetables in France by 2020 (unless technically impossible).

Action plans

Carrefour's commitments in each country form the basis for action plans with the following focuses:

1. Transform the customer experience by developing reusable packaging solutions

Reusable packaging solutions in all formats appear in stores: Carrefour was the first retailer to introduce a "bring your own bag" campaign in all European countries, where customers would be able to use their own containers for products bought at traditional foodstuff sections: fish & seafood, meats, delicatessen, etc. In France and Spain, sale of reusable and washable organic cotton bags to replace plastic bags will begin in 2020. In the bulk groceries and fruit & vegetable sections, customers will be able to shop using these reusable bags.

Carrefour is also developing e-commerce solutions to promote reusable packaging solutions. A short, circular-economy loop has been set up for all home delivery bags used by *Carrefour.fr*: around 2 million bags per year are recovered and reused. With TerraCycle, Carrefour launched Loop, a home delivery service with returnable long-life containers that helps to cut down on single-use packaging and included around 100 product references at end-2019.

2. Reducing and eliminating plastic packaging in stores by adopting a customer perspective

Carrefour has established a number of priorities based on in-store surveys conducted in France and Spain to identify customers' main concerns. In France, the Group plans to phase out plastic bags and films for all organic fruit and vegetables by 2020. Eliminating the use of plastic bags for organic bananas and cucumbers, effective at the end of 2019 in France, should save 23 tonnes and 6.5 tonnes of plastic every year, respectively. Priority is given to non-packaged items in all Carrefour organic produce formats and sections. There are already 145 product references available in non-packaged form in France. Plastic-free packaging is being tested in the Group's in-store bakeries. Carrefour is also working to reduce over-packaging of products on special offer and individually-wrapped portions. Packaging for electronic items, batteries and light bulbs was reduced by a total of 200 tonnes by the end of 2019.

3. Ensuring the recyclability of packaging and making it easier for consumers to collect and sort

Ecodesign initiatives are being rolled out in all countries to make packaging more recyclable. In Brazil, a packaging recyclability index has been introduced. All Carrefour own-brand suppliers underwent a recyclability diagnostic in 2019, resulting in the replacement of non-recyclable packaging for more than 5.4 million products. To promote this initiative among consumers, a specific logo identifies all recycled, recyclable, reusable and compostable products. In France, since January 2019, Carrefour has been partnering the launch of (RE)SET retail, a packaging innovation accelerator working on new complex formats for biscuits, salads, etc. The first pilot tests were designed in October 2019 and should arrive in stores in 2020.

Carrefour works with customers to improve collection and sorting. RVMs (Reverse Vending Machines) have been set up in 17 stores in France to test collection of PET bottles and aluminium cans. Experimentation on a bottle recycling community programme with the startup YOYO has been extended to 15 stores in the Paris region.

The Group is also getting its suppliers involved in the Food Transition Pact network, which provides a platform for sharing best practices and new opportunities for working together. Participating suppliers sign up to an action plan that includes eliminating unnecessary packaging, reducing packaging volumes and providing clear information about recycling.

4. Include more recycled materials in Carrefour-brand product packaging

50% of plastic used for Carrefour-brand water bottles will be recycled by 2022 in France.

Joint initiatives and partnerships

- Global Declaration on Plastics & New Plastics Economy: signed in December 2018
- National pact on plastic packaging for 2025: founding signatory in 2019
- (RE)SET: innovation accelerator on replacements for problematic packaging standards (non-recyclable plastics, nomad packaging, etc.)
- Loop: launch of the Loop by Carrefour project in cooperation with Carrefour own-brand and national brand suppliers

Find out more

- *Carrefour.com:* Developing ecodesign and circular design in packaging.
- New plastics economy: *https://www.ellenmacarthurfoundation.org/our-work/activities/new-plastics-economy*
- National pact on plastic packaging: *https://www.ecologique-solidaire.gouv.fr/sites/default/files/2019.02.21_Pacte_National_emballages_plastiques.pdf*
- Ma boutique Loop: *https://maboutiqueloop.fr/*

2.2.2.4 Fighting and preparing for climate change

Context and definition

In 2015, the COP21 Paris climate agreement set goals for limiting global warming, advocating reorientation of the world economy toward a low-carbon model and the phase-out of fossil fuels. This sets a major challenge for large-scale retail, whose environmental impact extends not only to the actual stores but through the entire logistics chain, from production site to the customer's home.

Carrefour takes part in the Science Based Targets initiative, which engages companies on setting CO_2 reduction targets compatible with keeping global warming below 2°C by 2100. A 2019 evaluation of the Group's greenhouse gas (GHG) emissions brought the following findings: 97% fall into scope 3 (indirect emissions, from activities upstream of Carrefour itself, as opposed to scopes 1 and 2, direct emissions); 76% of the Group's scope-3 emissions are from products and packaging sold in stores and 12% from the use of fuel sold.

Carrefour experiences a number of risks and opportunities arising from climate change. To start with, regulatory pressure incites stores to achieve greater energy efficiency. Second, there is the physical risk of extreme climate events, such as flooding, hail and snow, damaging roofs that were not designed to undergo them. Then we have the fact that new consumption habits (such as a preference for local produce or organic food), deriving from concern on environmental protection, will exert an increasing influence on purchase decisions and Group preferences.

Policy and performance

Carrefour is committed to aligning its strategy to the 2°C scenario developed by the IPCC. In June 2015, it announced the goal of a reduction in CO_2 emissions (scopes 1+2) worldwide by 40% and 70%, respectively, by 2025 and 2050, with respect to 2010 levels. This overall objective breaks down into several targets:

- reduce energy consumption by 30% by 2025 *vs* 2010;
- reduce our refrigerant-related GHG emissions by 40% by 2025, *vs* 2010;
- reduce our transportation-related GHG emissions by 30% by 2025, *vs* 2010;
- increase the proportion of renewable energies in power consumed by the Group.

On scope-3 activities, Carrefour's strategy focuses primarily on committing suppliers to a reduction in product-related GHG emissions by 2025 and encouraging them to outline quantified commitments to reduce CO_2 in their direct scope and upstream operations.

Key Performance Indicators	2019	2018	Change	Target
% reduction in scope 1, scope 2 and scope 3 (downstream goods transport) GHG emissions (*vs* 2010) ¤	-35.8%	-34.5%	-1.3 pts	-40% in 2025, and -70% in 2050
SCOPE 1 AND SCOPE 2				
Scope 1 and scope 2 GHG emissions *(in T. CO_2 eq.)* ¤	1,832,986	1,858,118	-1.4%	
% reduction in scope 1 and scope 2 GHG emissions (*vs* 2010) ¤	-39.1%	-37.8%	-1.3 pts	
• Energy[1]				
Energy consumption per sq.m. of sales area kWh/sq.m. ¤	517.4	533.1	-2.9%	
% reduction in energy consumption per sq.m. of sales area *vs* 2010 ¤	-20.21%	-17.7%	+2.4 pts	-30% in 2025
• Refrigerants				
Refrigerant-related CO_2 emissions[2] ¤	713,338	757,393	-6%	
% reduction in refrigerant-related GHG emissions *vs* 2010[3]	-55.6%	-52.1%	-3.5 pts	-40% by 2025
SCOPE 3: GOODS TRANSPORT				
CO_2 emissions per shipping unit *(in kg of CO_2/pallet)*[4] ¤	6.31	6.33	-0.4%	
% reduction in transport-related CO_2 emissions (*vs* 2010)[5] ¤	-7.9%	-7.1%	-0.9 pts	-30% in 2025
OTHER INDICATOR				
CDP Climate rating	A	A-		

(1) Scope: comparable BUs (100% of 2019 consolidated sales excl. VAT). 2010 data restated.
(2) Scope: excl. BRAT, RO (SM) – incl. 2018. Non-comparable BUs (86% of 2019 consolidated sales excl. VAT vs 86% of 2018 consolidated sales excl. VAT).
(3) Scope: comparable BUs (100% of 2019 consolidated sales excl. VAT). 2010 data restated.
(4) Scope: excl. BRAT. Comparable BUs (87.1% of 2019 consolidated sales excl. VAT).
(5) Scope: comparable BUs (100% of 2019 consolidated sales excl. VAT). 2010 data restated.
¤ Indicators subject to an audit providing reasonable assurance.

Action plans

1. Reduce scope 1 and scope 2 emissions

In 2013, Carrefour launched a worldwide strategic plan, encouraging all Group entities to improve their energy efficiency. Teams in Group host countries were issued a list of five priority action and technology recommendations for their stores: doors for cooling systems operating at 0°C to 8°C; electronic speed controllers; low-consumption LED lighting; submetering systems; and phase-out of high-impact HFC refrigerants for cooling systems. Carrefour is committed to phasing out HFC refrigeration units and phasing in systems using natural refrigerants (CO_2), which have much lower emission levels, by 2030 in Europe. This represents an investment of around 80 million euros over 15 years on refrigeration units in France.

The Group is also increasing its on-site production of renewable energies. In France, the Carsol project will be equipping 36 hypermarkets with photovoltaic systems in January 2020. This initiative will cover 10% of these stores' consumption (24 GWh), which accounts for 1.5% of Carrefour France's electricity consumption overall. In Europe, Carrefour Belgium, Carrefour France and Carrefour Italy hold ISO 50001 certification for their integrated stores.

On the logistics front, Carrefour is modernising its fleet, which included more than 300 PIEK-certified trucks running on biomethane at the end of 2019 and generating less pollution and noise (under 60 dB).

2. Reduce scope 3 emissions

Carrefour has put together a scope 3 Climate Action Plan on reducing the main indirect emissions arising principally from the products it sells. It seeks to engage private-label brand and national-brand suppliers on cutting down their GHG emissions. After analysing the practices of 50 of its largest national-brand suppliers, Carrefour has set a dual objective: implementation of an approach consistent with the Science Based Targets initiative by its ten biggest suppliers, and take-up of a climate commitment by its 30 biggest suppliers by 2025.

Carrefour has also made tangible commitments to reduce the greenhouse gas emissions linked to its own-brand products. Carrefour uses its Carrefour Quality Lines to support the development of agroecological farming practices through long-term progress plans and sales outlet guarantees for farmers. Its Veggie lines were introduced with a view to reducing the emissivity of the consumer's average food basket by reducing the proportion of meat. Carrefour has engaged in a packaging reduction plan (see Section 2.2.2.3). The Group is also a partner of the Loop initiative, which helps to reduce consumer-generated waste (see Section 2.2.2.5). In addition, Carrefour has implemented an anti-deforestation policy associated with the production of raw materials used in its products, the priority materials being wood and paper, palm oil, beef in Brazil and soy (see Section 2.2.1.3).

Supply chain teams in each country are working closely with carriers to improve truck loading, optimise travel distances and phase in alternative transport modes consistent with Group policy.

Carrefour's sustainability commitment also extends to its savings schemes. The Carrefour Banque range includes a savings scheme with funds totalling 348.4 million euros at the end of 2019, and a life insurance scheme holding savings deposits of 1,794 million euros at the end of 2019. Parvest Smart Food, comprising international shares in the food sector, is managed by BNPP (IMPAX). It invests 85% of its assets in food supply chain companies selected for their sustainable development practices.

3. Coping with climate change

Since 2008, the Group has carried out a number of projects on improving the management of natural risks in all its business areas. An in-depth study in 2016 identified the sites with the highest risk exposures. In all the countries where Carrefour operates, either directly or through franchises, environmental risks and problems are mapped regularly to keep evaluations up to date, update preventive measures accordingly, and adjust insurance coverage.

Joint initiatives and partnerships

- Signatory to the French Business Climate Pledge
- Consumer Goods Forum (CGF) network
- Science Based Target Initiative
- Caring for Climate (C4C)

✚ Find out more

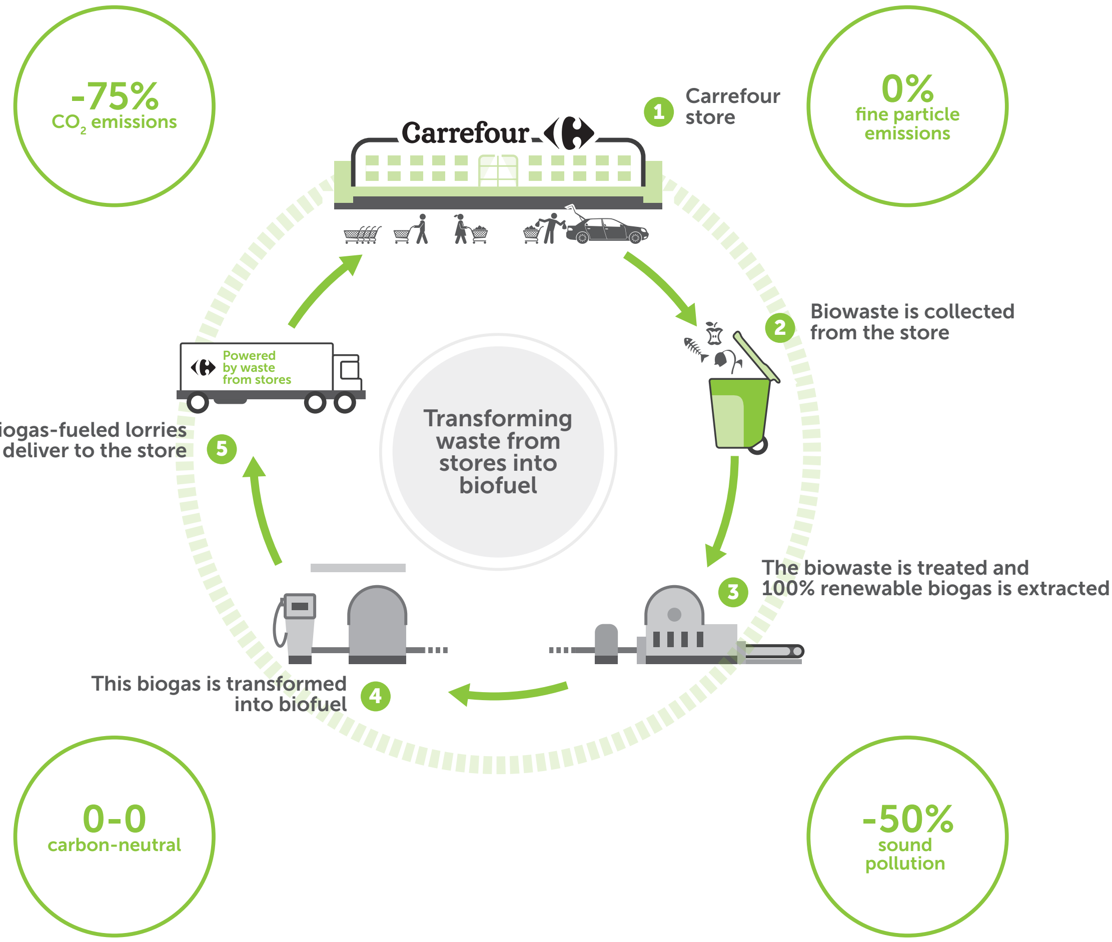
- *Carrefour.com:* Fighting and preparing for climate change.
- CDP – Climate: *https://www.cdp.net/en/companies/companies-scores*

2.2.2.5 Case studies in 2019

Expanding the biomethane fleet in France

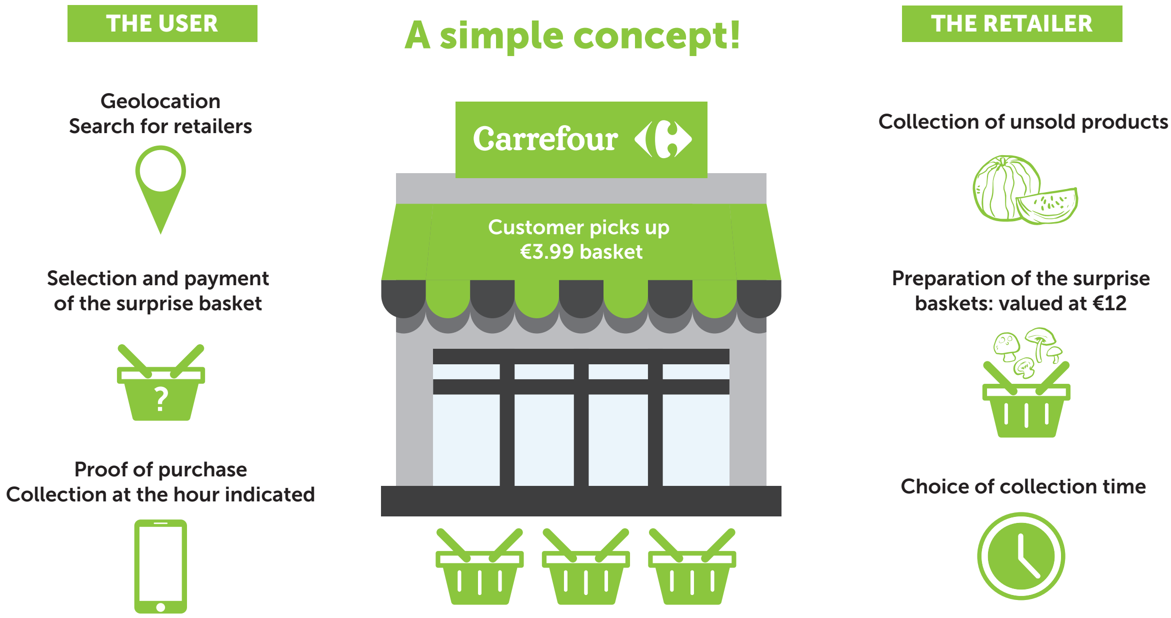
Under its commitment on phasing out diesel-fuelled delivery transport from 2030, Carrefour is expanding its fleet of vehicles running on biomethane, a fuel produced from non-consumable organic waste at its stores. The aim is to extend this clean, quiet transport mode to cover 100% of delivery rounds in the Paris region by 2020 and nationwide by 2022. Biomethane-fuelled vehicles eradicate fine particle emissions and bring a 75% reduction in CO_2 emissions and a 50% reduction in noise pollution. By the end of 2019, there were 300 biomethane vehicles in service in the Carrefour France fleet, 8% of the total, delivering goods in four major cities: Paris, Lyon, Bordeaux and Lille. In one year, these trucks covered a total of 17 million kilometres, the equivalent of 40 return trips to the moon, and avoided the emission of 13,000 tonnes of CO_2. Carrefour is stepping up the development of this fleet: there will be 400 biomethane vehicles by the end of the first quarter of 2020 and 600 by the end of the year. In 2019, 11 Carrefour bio-NGV service stations were open to Carrefour vehicles and those from other shipping companies opting for biomethane. More of these service stations will be opening across France in 2020. Carrefour actively encourages the use of this biofuel in the other countries where it operates, *e.g.*, Italy, Spain, etc.

FIGURE 2: BIOMETHANE, A CIRCULAR ECONOMY INITIATIVE



Food waste avoidance partnership with Too Good To Go

In 2018, Carrefour entered into a partnership with Too Good To Go, which offers a smartphone application enabling customers to identify stores that offer low-price surprise food baskets of day-to-day unsold products. In Belgium, France, Italy, Spain and Poland, Carrefour offers Too Good To Go baskets comprising products with "today" eat-by dates along with fruit and vegetables having minor surface damage but still perfectly eatable. In 2019, Too Good to Go was rolled out across 2,624 stores in Belgium, France, Italy, Poland and Spain, with sales totalling 1,187,400 baskets, the equivalent of more than 2,000 tonnes of unsold food.



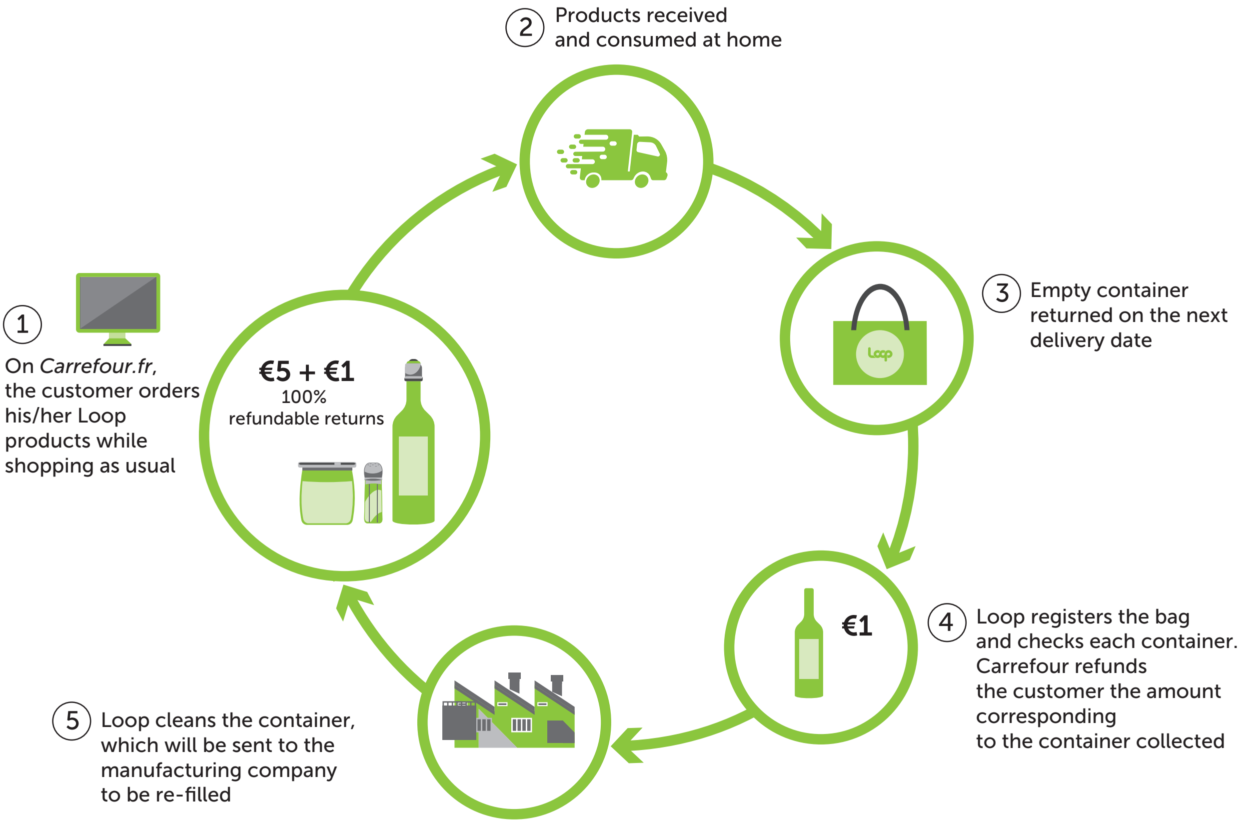
Reduction of in-store packaging: organic fruit and vegetables

Carrefour's multiple initiatives on reducing packaging start in the organic foodstuffs section, where plastic packaging appears especially incongruous to customers. The Group undertook to ensure that 100% of its organic fruit and vegetables in France would be sold without plastic packaging by 2020. To reach this goal, in 2019 it introduced non-packaged bulk products across Carrefour Bio stores and in the Bio Expérience sections of its supermarkets and hypermarkets. Plastic packaging was replaced by plain strips for bananas, cucumbers, fennel, leeks, pumpkin and black radishes. A number of further solutions are being tested: cardboard boxes for tomato trusses; ribbon for broccoli and cabbage; cardboard trays for mushrooms, apples and pears; labels for grapefruit; laser print on apples and kiwis; and paper bags for potatoes.

Waste reduction with Loop

Under its commitment on reducing packaging consumption, in May 2019 Carrefour brought in a zero-waste consumption alternative for Paris-region customers with Loop, a home delivery platform featuring deposit-carrying reusable containers. Loop was launched with TerraCycle, world number-one in the recycling of waste considered difficult to recover. Customers use the platform to order from a selection of Carrefour own-brand and national-brand items, including a choice of organic products. Once the product jars and bottles are empty, customers put them in a special Loop bag and programme their return from their personal account on the online platform. The deposits on these containers can either be deducted from the next delivery, or reimbursed. In early 2020, products sold in reusable packaging were put up directly on the *Carrefour.fr* website, enabling customers to mix both Loop and conventional products in the same order. Through this innovative initiative, Carrefour is helping to refamiliarise consumers with the deposit concept in order to reduce waste. Carrefour is the first online retailer to offer an alternative to throw-away packaging, spearheading the sustainability drive with this new circular distribution system.

FIGURE 4: LOOP BY CARREFOUR



2.2.3 EMPLOYEES

2.2.3.1 Growing and moving forward together

Context and definition

The world of work is changing in the wake of societal, technological and commercial developments, and the demands of the new generations joining the corporate world. Employees want a professional environment that gives everyone the opportunity to develop their talents and to flourish. They also want new management and work methods.

Informing a profound transformation of its model and its sector, the upheavals sweeping across the world of work pose major challenges for the Carrefour group, forcing it to recast its approach to attracting, developing and retaining talent. In 2019, Carrefour introduced an international programme called "Act for Change", giving employees the opportunity to become the main agents of the Group's transformation. The objective is to be more streamlined, open and collaborative. This programme places the food transition and customer satisfaction at the centre of each employee's actions and targets.

A Group with a multi-local, neighbourhood presence, Carrefour employs 321,383 people worldwide, 56% of whom are women. And it is the skills of all its employees that allow Carrefour to offer quality services, products and food for everyone through all distribution channels – not only in the Group's nine integrated countries, but also in the 30 countries that are home to international franchises.

Since its creation, Carrefour has been committed to reflecting and integrating the social diversity of the areas where it operates. The Group is also committed to promoting mobility within its teams and developing its employees' skills to prepare them for the future of retailing. These concerns are central to the "Growing and moving forward together" commitment, the first of the four commitments of the Act for Change programme. Act for Change was launched by the Group for its employees in 2019, as part of its managerial and cultural transformation. It sets out commitments and managerial initiatives reflecting the Group's very *raison d'être*.

Policy and performance

To support the transformation of its corporate culture, Carrefour introduced the Employee Net Promoter Score® (E-NPS), an indicator of employee commitment measured several times per year at the Group level. The conclusions are used to adjust the implementation of the Act for Change programme.

In practical terms, the "Growing and moving forward together" commitment is reflected in the implementation of firm action in three areas: internal promotion, skills development and team diversity.

Key Performance Indicators	2019	2018	Change
Average number of training hours per employee	11.6	11.4	+1.7%
Graduate retention rate for Group as a whole(1)	77%	-	-

(1) New indicator in 2019.

Indicators	2019	2018	Change
Average seniority of employees	9.0	9.3	-3.2%
Rate of internal promotion: total	45%	47%	-4.2%
Rate of internal promotion: manager	45%	46%	-2.2%
Rate of internal promotion: Director	55%	59%	-6.7%
Rate of internal promotion: Senior Director	23%	43%	-32.5%

A key plank in its commitment to diversity, the Group sees gender equality as a major aspiration. Its goal is to have women occupying at least 40% of key positions by 2025, and to obtain Gender Equality European & International Standard (GEEIS) certification in all of its host its countries in 2020. It also aims to bring the disability employment rate to 4% by 2025.

Key Performance Indicators	2019	2018	Change
Women appointed to key positions	31.5%	27.6%	+3.9 pts
% of employees recognised as having a disability	3.8%	3.7%	+0.1 pts

Indicators	2019	2018	Change
% of women among Senior Directors	18.9%	17.3%	+1.6 pts
% of women among Directors	23.4%	22.9%	+0.5 pts
% of women among managers	42.5%	41.4%	+1.1 pts
% of women among employees	57.8%	58.4%	-0.6%
TOTAL GROUP	**55.7%**	**56.5%**	**-0.8%**
% of management positions held by women	41.2%	40.1%	+1.1 pts

Action plans

1. Developing employees' skills

Internal promotion and mobility are a core aspect of the Carrefour model. With over 300 different job categories and a footprint spanning nine countries, Carrefour offers a varied range of career opportunities. In addition to the training that the Group offers each of its employees as part of the Act for Change programme, new multi-format and multi-business development programmes are available in all countries, geared towards helping those people identified in career committees as the best-performing employees to grow. Initiatives include leadership schools in Spain and Argentina, and new development programmes for head office managers in France and for the Group's executive managers (see Section 2.2.3.4 Case studies in 2019, Encouraging internal promotion).

The employee upskilling initiatives that are key to the "Growing & moving forward together" commitment enshrined in the Act for Change programme will be strengthened and ramped up over the coming years. For example in France, skills donation programmes will be made available to more employees beginning in 2020.

2. Attracting and retaining talent

In line with its transformation and to keep abreast of developments in the retail sector, Carrefour must sharpen its skills, especially in the fields of digital technology, in certain specialised activities central to its strategy (such as organic food) and even on certain job categories, including the culinary professions. In addition to training their existing employees, all of the Group's countries are taking initiatives to attract new talents. These include the launch of graduate programmes, and the development of research chairs and partnerships with higher education institutions, notably engineering and IT schools, as well as internships and apprenticeships to promote awareness and recruit in fields experiencing hiring difficulties within the Group (see Section 2.2.3.4 Case studies in 2019, Attracting rare talent).

At Group level, the Executive Management and Finance Graduate Programmes attract and develop high-level profiles internally. They are based on a rigorous selection process targeting leading business schools and a two-year programme that includes at least a year's experience in a country in which the Group is present (other than France). The objectives include succession planning for key Executive Management and Finance positions. Since 2011 for Executive Management Graduates, and since 2018 for Finance Graduates, 77% of these talented individuals have been able to take up positions or participate in high-level Company projects.

3. Promoting diversity

A. GENDER DIVERSITY

Carrefour was very quick to commit to promoting diversity: its Diversity Charter, which gives everyone the same opportunities in terms of professional development and recruitment in all countries, was signed as far back as 2004. The Group is involved in practical initiatives, including Group and nationwide agreements concluded with the unions, programmes developed under the aegis of international organisations, and cooperation in the field with NGOs in Brazil, France and Romania. Each year, the Group holds an international diversity day allowing each country to reaffirm its commitments in the fight against all forms of discrimination and to remind every employee of the wealth represented by the differences within its teams. Argentina is particularly committed on the question of integration, notably through the values of teamwork, conveyed in the "Join Us" Charter.

The Group employs 180,086 women, together representing 56% of its workforce. Numerous systems are accordingly in place to ensure gender equality within the Group. They include equal pay policies, access to training for all and arrangements facilitating the work-life balance (pooled work schedules). Since 2011, the international Women Leaders programme has provided support for women seeking to access positions with greater responsibility, with the signing in 2013 of the UN Women's Empowerment Principles (WEP) by the Chief Executive Officer and the Executive Directors for Spain, Argentina, Brazil and Belgium. For several years Carrefour, has been committed to a determined approach geared towards continuous improvement in terms of professional equality, symbolised by the decision to have the Group countries seek GEEIS certification. At the end of 2019, nine Carrefour entities had earned the international Gender Equality European (GEEIS) label: Carrefour SA, Argentina, Brazil, Spain, Taiwan, Carrefour Hypermarkets in France, Carrefour Market in France, Italy and Romania.

B. DISABILITY AT CARREFOUR

The Group has 11,885 employees with disabilities; they make up 3.8% of its workforce. Twenty years after the signing of its first agreement on the employment of people with disabilities in French hypermarkets in 1999, Carrefour is fully committed to this issue. The rate of employment of disabled people in its stores is well above the legal requirement of 6% in France. And it has increased by 20% in Europe over the last five years. The Group takes part in several events designed to embrace difference within its teams, such as European Disability Employment Week, organised for 22 years by ADAPT, and the Free Handi'se inter-company race trophy (see Section 2.2.3.4 Case studies in 2019, Integrating people with disabilities).

Joint initiatives and partnerships

- Partnership with the International Labour Organization (ILO)
- ILO Charter since 2015
- CEASE
- Orange Day with UN Women France, for the past six years
- International agreement between Carrefour and UNI Global Union signed in October 2018

Find out more

- *Carrefour.com:* Growing and moving forward together.

2.2.3.2 Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment

Context and definition

Companies are increasingly aware that human capital is their most valuable asset: giving their employees good working conditions contributes to improving company performance.

As part of the third commitment of its Act for Change programme, "Acting with simplicity", Carrefour allows its 321,383 employees to enjoy a secure and positive professional environment. The Group monitors their health and quality of life at work. It has taken resolute action on the prevention of musculoskeletal disorders (MSD), which are the cause of 45% of workplace accidents and occupational illnesses. Carrefour was also very quick to opt for consensus-building through enhanced social dialogue, both nationally and at the international level. An essential part of the Group's culture, it helps bolster the Company's performance and guarantees a benign social climate across all formats.

Policy and performance

The Group's overriding aim is to preserve the health of its employees, reduce the risk of workplace accidents, innovate in terms of quality of professional life, and maintain constructive and regular social dialogue.

Its goal is for all of its host countries to have formalised an action plan on health, safety and quality of life at work by the end of 2020. In 2019, seven out of nine countries implemented this plan of action.

At the Group level, social dialogue is governed by local collective bargaining agreements.

Key Performance Indicators	2019	2018	Change
Workplace accident frequency rate *(number of accidents/millions of theoretical work hours)*	22.75%	22.98%	-0.2 pts
Workplace accident severity rate *(number of days absent due to workplace accident/1,000 work hours)*(1)	0.70%	0.69%	+0.01 pts

Indicators(2)	2019	2018	Change
Rate of absence due to workplace and travel-related accidents	0.62%	0.61%	+0.01 pts
Absenteeism rate: illness	4.77%	4.77%	-
Absenteeism rate: workplace accident	0.56%	0.55%	+1.8%
Absenteeism rate: travel-related accident	0.06%	0.06%	-

(1) Scope: excluding AT.
(2) Hours absent (depending on the reason) as percentage of hours worked. Scope: excluding AT.

Key Performance Indicators	2019	2018	Change
Number of agreements signed(3)	460	-	-

(3) New indicator in 2019.

Action plans

1. Protecting employees' health

Protecting the health and safety of the 321,383 Carrefour employees is a priority for the Group. Each country has undertaken to implement and manage an action plan for health and safety at work, aimed above all at preventing workplace accidents and occupational illnesses, preserving work-life balance and, lastly, reducing and preventing psychosocial risks.

The prevention of the professional risks to which our employees are subject in stores and logistics starts with the basics: "Welcoming and integrating new employees". To assist employees as they take their very first steps in the Company, the Group countries have set up training courses helping them identify the professional risks linked to their working environment and how best to guard against them, giving them the information they need to grasp and adhere to applicable safety instructions, and telling them who to go to in the event of a malfunction or a danger.

Throughout our employees' professional lives, workplace health and safety are the cornerstone of training priorities. On top of the regulatory requirements allowing our employees to learn about and master safety rules for operating mechanical handling equipment, the safe use of machines and even how to fight fires, our employees take part in periodical training designed to make prevention a central focus in their professional activity. They receive training in first aid, the prevention of risks related to manual handling and the prevention of accidents at work.

Musculoskeletal disorders are a major cause of workplace accidents and occupational illnesses. To act sustainably, the Carrefour group invests regularly to provide its employees with handling assistance equipment (electric pallet trucks, shelving tables, pallet destackers, etc.). More specifically, the Group's various countries regularly seek to innovate and offer technical solutions adapted to employees' work environments and suited to the specificities of their businesses (reduced shelving depth to limit postural constraints, warm-ups before starting work, installation of mechanical gripping devices for lifting certain items, etc.).

Many initiatives designed to prevent stress and psychosocial risks are adopted locally, at the initiative of a single country or entity. They include training in stress management, free call lines and psychological support. In France, a toll-free number giving employees access to counsellor who can listen to them and provide assistance has been available since 2015.

2. Innovating to enhance quality of life in the workplace

The Group has embraced a wealth of solutions aimed at promoting a balanced life. In France, Carrefour has been a signatory to the parenting charter since 2008. It is also a member of the Quality of Life at Work Observatory. Carrefour France makes up for the entire shortfall between the Social Security payment and the actual pay of employees on maternity leave. Carrefour's main sites in France and Spain have day-care centres or agreements signed with private crèches located nearby. Carrefour Brazil has extended maternity leave from four to six months and paternity leave from 5 to 20 days. Carrefour Argentina has implemented a step-by-step return from maternity leave, allowing women to work part-time on full-time wages for up to six months after they resume work; it has also extended the paternity leave allowance to a full week, whereas the law only provides for two days.

The Group's aim through the new managerial skills ushered in with the Act for Change programme is to bring about a cultural transformation, especially in the organisation of work. For the past two years, the vast majority of countries have offered staff at headquarters, where their job category allows, the chance to adopt telework or remote work. The Group also encourages the use of technology to increase flexibility and limit travel. Lastly, Italy and France have established pooled work schedules, which allow shifts to be anticipated and planned several weeks in advance so as to better reconcile private and professional life.

Lastly, the Group has set up programmes dedicated to employee health, aimed at improving lifestyles and eating habits, above all through exercise. Argentina, Belgium, Brazil, Italy, Poland, Romania and Taiwan have established exercise programmes, in partnership with professionals. The "Health & Well-being" programme implemented in Brazil has seen 60% of the dishes offered to employees improved in line with the Group's actions on the food transition, 1,000 employees benefit from extended maternity or paternity leave, and 2,500 people take regular exercise thanks to the Gympass. Programmes to discourage smoking, excess weight and sun exposure are also available to employees.

3. Ensuring strong employee relations

The Group's employee relations are structured at several levels.

Internationally, the global framework agreement between Carrefour and the UNI Global Union international union federation promotes social dialogue and diversity; it guarantees the protection of fundamental principles and rights in the workplace. In Europe, Carrefour created its European Works Council, the European Consultation and Information Committee (ECIC), by way of an agreement signed in 1996 with the FIET (part of UNI Global Union since 2011). An Annual Plenary Meeting is held to address issues relating to business activity, the economic and competitive environment, and organisational developments. There is also an annual information and training seminar on a specific theme (professional training in 2019), as well as specific committee meetings on the issues of sustainable development, diversity and new technologies.

Within Group countries, social dialogue is governed by local collective agreements. Relations in France are governed among other texts by the "Carrefour 2022" group collective agreement for the creation of the joint observatory for social transformation, the Carrefour group's profit-sharing agreements in France, the collective voluntary redundancy agreement in hypermarkets and the renewal of the human resource and skills planning agreement. In Belgium, seven agreements have been signed, including two on pre-pension rights. In Spain, there is the collective agreement on flexitime and the plan for professional equality and the fight against harassment and pay gaps, while Italy has agreements on restructuring and workforce reduction at the headquarters and in stores. The Group continues to facilitate social dialogue, with the main collective bargaining agreements negotiated in the different countries playing a major role in the Group's economic performance and in employees' working conditions and, more broadly, in quality of life in the workplace.

Joint initiatives and partnerships

- Global framework agreement with UNI Global Union
- World Alliance – UNI Global Union
- Group Global Deal with the Ministry of Labour
- Agreement establishing the European Works Council with the FIET
- European social dialogue meetings, Eurocommerce

+ Find out more

- *Carrefour.com:* Acting with simplicity.

2.2.3.3 Taking pride in transforming our profession

Context and definition

The “Taking pride in transforming our profession” pillar, commitment 4 of the Act for Change programme, aims to bring the Group’s strategy to life within teams, stimulate innovation and experimentation, and open Carrefour employees up to the outside world.

Keen to strengthen the customer culture internally so as to facilitate the implementation of the “Carrefour 2022” transformation plan, the Group has intensified its training and recruitment investments in those skills and job categories that are central to its strategy, namely digital transformation, the food transition and management. In the digital age, the collective approach to creating value is changing radically: we need to be agile, adapting to a constantly shifting environment with all the new tools available.

Carrefour puts a particular focus on the development of the skills of its managers, for whom innovative programmes are now in place. The Group is also committed to promoting “superhero” food transition ambassadors among employees capable of inspiring their teams and raising customers’ awareness about the new challenges of the food transition.

Policy and performance

The aims of the “Taking pride in transforming our profession” commitment are reflected in several objectives: have Carrefour recognised as the leading retailer in the food transition, manage changes in the food offering so as to better meet customer needs, prevent food waste and improve waste management, and lastly, advocate good eating habits.

The Group is searching for “food transition superheroes” among its employees. These “Act for Food Superheroes” need to be able to inspire their colleagues, raise awareness among consumers of the issues involved in healthier eating and devise concrete solutions in support of the food transition, day-in, day-out. Carrefour aims to identify 2,000 food transition “Superhero” employees working in stores by the end of 2020.

KPI	2019	2018	Change
Number of food transition "Superheroes" identified	870	20	+850

Action plans

1. Training employees in line with the Group's transformation

Training is a priority for Carrefour. Every year, employees receive an average of over 11 hours of training in all Group host countries. In addition to the mandatory health and safety modules, the strategic training modules combine all the major themes of the "Carrefour 2022" transformation plan: promoting the food transition and advocating good practices for better eating, combating food waste and promoting better waste management, etc. (see Section 2.2.3.4 Case studies in 2019, Training in fresh produce).

2. Involving and inspiring employees

Carrefour is mobilising its employees around the challenges stemming from its "Carrefour 2022" transformation plan. The Group has rolled out the "Act for Food Superheroes" programme to showcase the work of employees who are most committed to the food transition programme and encourage them to share their best practices (see 2.2.3.4 Case studies in 2019). This programme harnesses the enthusiasm of Carrefour employees to get involved in the food transition. It is part of a new managerial strategy developed by Act for Change which strengthens employee leadership skills. As part of an "intrapreneurial" mindset, everyone is able to deploy a project or an initiative that serves the Group's mission. In 2019, 870 "food transition superheroes" were identified across the Group, which plans to expand this community to 2,000 members in 2020. The programme is being deployed in all countries in which the Group operates. An event is held each year to honour local superheroes and promote experience sharing.

Several times a year, Carrefour arranges meetings in order to formulate functional recommendations on a specific CSR issue. These meetings are attended by around 50 people representing the Group, NGOs, government, customers, investors and suppliers, who come together to share their expertise or point of view on the subject in question. In 2019, two consultations were organised on geomonitoring systems for raw material traceability and triple capital accounting.

✚ Find out more

- *Carrefour.com:* Taking pride in transforming our professions

2.2.3.4 Case studies in 2019

Integrating people with disabilities

For years, Carrefour has been committed to a proactive approach to recruiting, integrating and keeping people with disabilities in employment. Its aim is for them to represent 4% of the Group workforce by 2025. In 2019, to mark European Disability Employment Week (November 18-24) and International Day of People with Disability (December 3), Carrefour stepped up initiatives in several of its host countries in order to raise awareness about the issue and remind people of its commitments. The list included disability workshops in France, a communication campaign in Romania, a donation from Fundación Solidaridad Carrefour for disabled children in Spain, experience sharing between employees in Taiwan and training in sign language in hypermarkets in Italy. And beyond this responsible employer approach, Carrefour also seeks to provide support for its customers with disabilities. In Argentina, the pilot stores of the "Friendly Store" programme have been equipped with shopping carts suitable for people in wheelchairs; they also offer magnifying glasses to customers with visual impairments. Their employees have been trained to help people with disabilities during their purchases. All hypermarkets across the country have also instituted "quiet hours" during which people suffering from autism spectrum disorders or with low tolerance for noise, music and bright lighting can shop in a peaceful environment (soft music and subdued lighting). These initiatives are highly appreciated, among customers and employees alike.

Taking action against domestic violence

In Europe, one in two victims of domestic violence have voiced their predicament at work, either with colleagues or superiors. That goes to show why it is so important for companies to be mobilised. Carrefour takes part in numerous initiatives aimed at combating violence against women. A member of CEASE, a European network of companies acting on this issue, the Group is a signatory of the network's OneInThreeWomen Charter, which commits it to raising awareness among its employees, partners and customers, as well as helping its employees concerned access specialised associations for help. For five years, Carrefour has also been a partner of the UN Women France Committee, which each year runs a major awareness campaign from November 25 to December 10. The International Day for the Elimination of Violence against Women (November 25) is an opportunity for the Group's various host countries to get involved in the fight against this international scourge. Carrefour ran a poster campaign comprising three visuals in all languages aimed at promoting a caring work environment and providing employees with the resources and contacts they need to react effectively in the event of a problem. These media are also an essential means of reminding employees of the support systems and hotlines available in each country. Carrefour France has taken the system a step further by publishing a prevention guide entitled "Fighting in the workplace against violence against women". Argentina, Spain, Italy, Romania and Brazil have produced films to alert their employees to the phenomenon. They also support local associations helping victims and encouraging people to speak up within the Company.

Attracting rare talent

In all of its host countries, Carrefour has adopted specific initiatives and programmes to attract the talent the Company needs to transform itself. In France, the Group has set up two programmes to attract young graduates. The first, lasting two years, has three streams (managers, hypermarkets and finance); the second is dedicated to people working in IT security. Events at the Carrefour Digital Hub in Paris 13 are another way for the Group to recruit digital talent. In Italy, the Retail Academy Program trains 60 young talents as store managers each year. Romania has initiated an internship programme for young graduates, accessible to students, for periods of three or six months. Interns work six hours a day, acquiring professional experience, building business contacts and testing their aptitude for a specific profession. In Taiwan, the Group is recruiting young digital talent in partnership with the National Central University Career Centre. To this end, Carrefour organised an information meeting to present its digital transformation plan to 65 Taiwanese students and establish a long-term relationship with them. The Group is also working with vocational schools and the Taiwanese government to launch the Carrefour internship programme – a practical expression of the principle of "Growing and moving forward together". In 2019, Carrefour Taiwan welcomed a total of 2,035 interns.

Encouraging internal promotion

Internal promotion is one of the pillars of Carrefour's development. Career Committees are in place in all countries. In 2019, each country held inaugural multi-format Career Committee meetings; a "Group" Career Committee meeting was also held. In France, more than 700 Career Committee meetings took place over the past year. In Spain, the first class of the School of Future Leaders (*Escuela de Lideres*) saw 180 participants trained as store managers during a six-month course. A similar programme has been set up in Argentina, enabling 260 employees to acquire new technical and managerial skills. In 2018-2019, the TOP people programme developed by Carrefour Italy was attended by 25 high-potential participants. This Master's programme specialising in innovation and retail, dealing with new retail trends, customer knowledge and strategic and digital skills, was tailor-made for Carrefour by the Politecnico business school in Milan. In Taiwan, the "Carrefour Taiwan Young Talents" programme is an opportunity for selected young people working at head office and in stores to acquire a broader vision of the Group's activity and to work on business projects. Its first class of 2018-2019 saw 25 participants trained. The aim is to create a pool of 100 young talents over five years.

Training in fresh produce

Carrefour devotes substantial resources to training its employees. Fresh produce and the food transition are among the priority areas in which the Group invested in 2019 to support the roll-out of Act for Food. Training on questions related to the food transition has been greatly expanded in France, in classroom and distance learning formats alike. New e-learning modules were brought out in 2019. They covered the Carrefour Quality Lines, hygiene and quality, and product training in partnership with Atelier des Chefs. Two different training courses have also been set up in the field of organic food. The first is a two-day course designed to raise awareness among employees working in banners not specialising in organic food. The second, lasting five days, is designed to sharpen the professional skills of the teams of specialist stores, Carrefour Bio and Bio Expérience. In Belgium, nearly 60,000 hours of training were devoted to the food transition and fresh produce in 2019. They included training in partnership with suppliers (Norwegian salmon, apples and oranges) and Carrefour Quality Lines, training on organic food, blockchain and video training courses made by Carrefour. A total of 4,934 Belgian employees were trained, an increase of 21% compared with 2018. In Poland, Act for Food training courses launched on the Wiem platform in June 2019 were completed by 9,066 employees.

Food transition superheroes

All over the world, “Act for Food Superheroes” are devising and deploying their projects in support of the food transition at the local level. The solutions are highly diverse: promoting healthy products, events focusing on healthier eating and cooking, initiatives to reduce and combat waste, etc. In Argentina, Carrefour Maxi d’Ezpeleta is stepping up its commitment to healthy food and respect for the environment in a number of ways: promoting seasonal fruit, clearly displaying reusable bags for customers, encouraging recycling of waste generated by food shopping, etc. In Belgium, Carrefour Market in Waterloo is deploying initiatives to cut down on the use of plastic in all its forms, *e.g.*, replacing plastic cups with mugs, plastic covers with reusable covers, giving the fish counter a makeover, etc. Taiwan is organising “Fun table tour” healthy cooking workshops that end with tasting of food prepared by chefs. Carrefour India’s sourcing division is helping to cut down on single-use plastics by replacing plastic clothes hangers with 100% reusable cardboard hangers. All of these projects were initiated by “food transition superheroes”. The “Act for Food Superheroes” programme allows teams to bring the food transition into their stores and make it meaningful to customers. The example set by superheroes in the different countries can be an inspiration to everyone.

2.2.4 BUSINESS RELATIONSHIPS

2.2.4.1 Managing our supply chain

Context and definition

Under pressure from various stakeholders (investors, consumers, NGOs, etc.), large ordering groups are increasingly aware of the magnitude of the challenges linked to their indirect activities, *via* their supply chain. Globalisation has made the flow of goods and business relationships more complex, in turn making it harder to assess the risks linked to suppliers and subcontractors. However, companies have in recent years made progress in taking the social and environmental impacts of their purchasing processes into account. They have worked to define objectives and monitor indicators to impose good practices on their suppliers and, where necessary, to alter their practices.

The Carrefour group, which works with thousands of suppliers around the world, endeavours to assess their social and environmental compliance and to promote best CSR practices throughout its value chain.

Policy and performance

Carrefour is committed to improving working conditions and protecting human rights among its suppliers, and has implemented tools and procedures to verify its suppliers' compliance and assist them in the compliance process.

Carrefour performs compliance audits on all supplier factories located in high-risk or risk countries. The audits are conducted under Initiative for Compliance and Sustainability (ICS) and Business Social Compliance Programme (BSCI) standards. BSCI standards were incorporated in 2018 and now account for 50% of all compliance audits performed throughout the world in Carrefour's supply chain. The main occurrences of non-compliance discovered in the Carrefour supplier network related to working hours, compensation levels and workers' health and safety.

Key Performance Indicators(1)	2019	2018	Change
Percentage of audits with alerts *(potential production plants)*	19%	18%	+1 pt
• Of which alerts related to working hours	32%	31%	+1 pt
• Of which alerts related to compensation, working conditions and benefits	25%	28%	-3 pts
• Of which alerts related to health and safety	26%	24%	+2 pts

Indicators(2)	2019	2018	Change
Number of social audits *(potential production plants)*	1,941	1,353	+43%
• o/w Bangladesh	149	94	+58%
• o/w China	1,247	828	+50%
• o/w India	122	104	+17%
• o/w Turkey	93	64	+45%
• Other	330	263	+25%

(1) Audits carried out according to the ICS standard only.
(2) Audits carried out according to ICS and BSCI standards.

Carrefour provides training, implements regional projects and supports fair trade to partner its suppliers and promote CSR within its supply chains.

Indicators	2019	2018	Change
Number of Carrefour-brand fair trade products listed *(in units)*	884	789	+12%
Sales (incl. VAT) of fair trade products (private label and national brand) *(in thousands of euros)*	102,248	90,537	+13%

Action plans

Ensuring our suppliers' environmental and social compliance

The Purchasing Rules provide the framework for the social and environmental compliance of purchases of all certified products. In other words, all products purchased by Carrefour, whether or not for retail sale, food or non-food, must meet specifications defined by Carrefour and undergo specific quality checks. Updated in 2018, they apply to all Group entities and all production countries, in line with their risk levels established during country risk mapping.

These rules stipulate:

1. that all suppliers must sign a Commitment Charter;
2. the process and compliance rules for social audits;
3. that all the Group's purchasing entities must appoint a person in charge of social and environmental compliance;
4. an action plan to bring sensitive production phases and raw materials into compliance with specific purchasing rules (see Section 2.2.1.3).

1. Country risk map

To identify those countries where risk of non-compliance with the charter is highest, Carrefour has established a country-by-country risk map, which was revised in 2018 in line with the duty of care plan. The list of risk countries is based on the country-by-country risk classification defined by amfori-BSCI and on the ITUC Global Rights Index. The country classification also takes into account recommendations from the International Federation for Human Rights (FIDH) and from Carrefour's local teams. Procurement potential and purchasing rules depend on the risk rating assigned to each country.

2. Supplier Commitment Charter

The commitment of suppliers of Carrefour-brand products to human rights is reflected first and foremost through their signature of a Supplier Commitment Charter, which is an integral part of all purchasing contracts in all Group host countries. Developed in partnership with FIDH, it was updated as part of the duty of care plan in 2018. It now includes the provision of an ethics hotline, available 24/7 in all of the Group's languages, *via* the internet or by phone.

3. Social audits

For suppliers located in high-risk countries, the Group conducts social audits on all plants that manufacture Carrefour-brand products. In 2018, the Group reviewed the accepted audit standards and incorporated the BSCI system, which includes a specific section on the environment. 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.

For suppliers located in low-risk countries, the inspection system is adapted to the business, local problems and on-site practices, as external audits are not performed systematically.

Supporting suppliers and promoting CSR in supply chains

Carrefour trains its suppliers in partnership with consultants or local NGOs. Carrefour's Sourcing teams roll out specific training programmes every year. The Group has also drawn up the Good Factory Standard, a practical training document featuring a breakdown by sector and/or by type of product (bazaar, clothing, wood, leather, etc.).

Since 2007, Carrefour has provided all of its suppliers with an online sustainable development self-assessment test, based on the ISO 26000 social responsibility standard.

In 2019, 789 fair trade product listings were available at Carrefour stores worldwide. The offer generated nearly 1.5 million euros in development bonuses for cooperatives.

Joint initiatives and partnerships

- Initiative for Compliance and Sustainability (ICS)
- Business Social Compliance Programme (BSCI)
- Bangladesh Transition Accord

Find out more

- *Carrefour.com:* Managing our supply chain.
- *Carrefour.com*: Carrefour's duty of care plan.
- Supplier Commitment Charter.

2.2.4.2 Fair practices

Context and definition

As a hallmark of its responsible business conduct, Carrefour ensures compliance with the rules applicable in all of the countries where it operates.

Corruption is a criminal offence subject to national laws, international conventions and laws with extraterritorial scope, such as the American Foreign Corrupt Practices Act (FCPA), the British Bribery Act (UKBA) and the French Criminal Code. France's Sapin II law of December 9, 2016, which strengthened the country's anti-corruption system, requires large companies to adopt measures to prevent corruption. Corruption can take several forms in Carrefour's normal course of business. Bribery, gifts and favouritism can be linked to the purchasing functions, as well as business development requiring official authorisations (store openings and health authorisations for instance).

Carrefour complies with several rules and regulations for its business, including competition law and those relating to trade and industry. Competition law encompasses all laws and regulations aimed at enforcing compliance with the principles of free and fair trade and industry. Competition policy helps to stimulate productivity, give consumers a wider choice, and improve the quality of goods and services at the most competitive prices. In EU countries, competition law is based on EU law. This harmonisation provides legal certainty within a single legal framework and basic rules applicable in each EU country.

Lastly, from a tax perspective, the Group's policy is one of transparency and the payment of appropriate taxation wherever it creates value.

Policy and performance

Carrefour contributes to the fight against corruption, money laundering and the financing of terrorism by eschewing all forms of corruption and enforcing the applicable laws. The Group promotes a culture of trust and integrity, which it shares with its stakeholders, enabling each of its employees to report any violation of the law anonymously.

Carrefour is committed to the rules of fair competition in its business relations with its different partners (franchisees, suppliers, service providers, etc.). It is very careful to maintain high-quality, transparent and loyal relations with its different commercial partners and to negotiate balanced agreements that comply with applicable laws and regulations, especially competition law. The confidentiality of all information exchanged is also strictly respected and managed.

The Group ensures compliance with the applicable rules in all the countries where it operates, including those aimed at fighting tax evasion. No Carrefour entity is located in a country listed on the French or European Union lists of non-cooperative jurisdictions for tax purposes (*e.g.*, the EU "blacklist" published by the Council of the European Union).

Indicators	2019	2018	Change
Amount paid by all Group entities in respect of their tax obligations	€980 million	€1,075 million	-8.8%
Social security contributions borne by the Group	€1,695 million	€1,840 million	-7.9%

Action plans

1. Fighting corruption, money laundering and terrorism financing

Carrefour has drafted an "Anti-bribery and Corruption Policy", providing practical illustrations of concepts (such as rules governing the acceptance of gifts and invitations). This policy establishes the frame of reference in which employees must all perform their duties on a daily basis, in all of Carrefour's subsidiaries and integrated countries. It applies to all employees in all Group countries. In addition, each country subsidiary takes into account locally applicable regulations, and implements the appropriate compliance programmes and the necessary prevention measures. Carrefour expects third parties with which it has a relationship to take measures to prevent the main corruption risks and to inform their employees accordingly. The Ethics Principles are shared with suppliers through charters signed or appended to their contracts, which are an important part of the prevention process.

The Group has implemented a plan to comply with the Sapin II law on anti-corruption and the French government order of December 1, 2016, strengthening the French law on anti-money laundering and counter-terrorism financing. It covers the following points:

- an awareness-raising and training system has been rolled out for the functions on the front lines. It takes the form of face-to-face teaching and has been attended by several thousand employees. All employees involved in a purchasing process are required to sign a declaration of independence each year, with the aim of reducing and, if possible, preventing conflicts of interest. Carrefour has performed a bribery and corruption risk mapping process;
- corruption risks are mitigated by a series of accounting control procedures;
- local whistleblowing systems and an outsourced global whistleblowing service were set up in all countries in 2016. They are available 24/7 *via* the Internet *(ethique.carrefour.com)* or the hotline;
- Carrefour evaluates third parties with which it has a business relationship.

In all countries where it operates, relations with the public authorities are governed by an ethical framework that complies with the applicable regulations. For example, as required by the Sapin II law, Carrefour's lobbying activities in France are entered on the register of interest representatives, which is monitored by France's High Authority for Transparency in Public Life.

2. Competition law

Carrefour has set up and deployed processes that comprise:

- specific training in competition law compliance is regularly provided by the Legal Affairs departments in each country, mainly for those employees who are most exposed.

  In France:

  - new hires in Purchasing functions have compulsory training that includes a specific module on Purchasing law. Some of the training is organised in the form of role-play,
  - more specific and targeted training is provided when purchasing alliances are formed;
- each employee must adhere to a Code of Professional Conduct covering the principles of confidentiality and compliance with competition law *inter alia*;
- these principles are sent to the Group's commercial partners, in particular in the Carrefour Ethical Standards for Suppliers Charter, which they are asked to sign;
- contract templates drafted and circulated by the Legal departments of each country include clauses on compliance with applicable laws and regulations, including competition law. These contract templates are updated regularly to reflect changes in these rules and regulations. Each Legal department provides tailored and secure contractual solutions for the different operational departments;
- the Legal departments in each country monitor legal developments to anticipate any changes in the regulatory framework in which Carrefour conducts its business and to inform the departments concerned in order to mitigate their impacts.

3. Tax strategy

Carrefour applies a tax compliance and transparency policy, guaranteed by its well-trained expert tax team, aligned with the latest tax reforms. In its host countries, the Group cultivates long-term relationships of trust with tax authorities, providing them with the information they need within a reasonable time. It ensures the compliance of its operations with tax regulations, aiming to pay an appropriate amount of tax according to where value is created in the normal course of its commercial activity, without artificially transferring value to low-tax jurisdictions. The Group does not use opaque structures or entities in tax havens to conceal information useful to tax authorities. It applies the arm's length principle for transfer pricing, and does not use transfer pricing as a tax planning tool. As the Group's organisation is decentralised, its intra-group transactions are not significant, representing less than 5% of total trade sales. The Group applies an intra-group flow policy in line with OECD principles and guarantees transparency, notably through Country-by-Country Reporting (CBCR).

Our ethics whistleblowing system (see Section 2.3.2 for details) can be used by Carrefour employees, suppliers or service providers to report – in confidence – any situations or behaviour that do not comply with the Group's Ethics Principles, including for tax matters.

Joint initiatives and partnerships

- Member of Transparency International (France) since 2009
- Member of TRACE since 2018
- Participation in the work of the Companies in Society Commission of the French section of the International Chamber of Commerce (ICC France)

+ Find out more

- *Carrefour.com*: Our Ethics Principles (Code of Conduct).
- *Carrefour.com*: Anti-corruption policy.

2.2.4.3 Information system security and personal data protection

Context and definition

Because of its very diverse scope (stores, merchant e-commerce websites, non-merchant services and financial services), Carrefour has information systems (IS) comprising hundreds of applications that are hard to comprehend in their entirety but critical for the smooth running of its day-to-day operations. Any problem related to these tools is liable to disrupt the conduct of operations and have a significant impact on the Group's financial and operational performance, particularly in terms of ordering, collection and financial reporting systems. With the mounting incidence of cybercrime, securing information systems has become a major challenge.

At the same time, the General Data Protection Regulation (GDPR) concerning the processing of data in the European Union came into effect on May 25, 2018. Like the French Data Protection Act of 1978, it was designed around two objectives: strengthening individual rights and making those involved in data processing more accountable.

Data protection is a vital challenge for Carrefour. Compliance on this issue is an opportunity for the Group to strengthen the relationship of trust with Carrefour customers, employees and partners as part of a more comprehensive approach to digitising the Company. Non-compliance constitutes a potential threat to its image with consumers and a regulatory risk representing up to 4% of its sales (under the GDPR).

Carrefour's policy

Carrefour has set down several objectives related to data security:

- establishment of a Security Operational Centre (SOC) in each country to monitor possible infringements (100% complete);
- certification of the payment management system (PCI DSS-certified in France and under certification in Europe) covering 100% of the Group's payment infrastructure in 2019;
- establishment of a shared information security policy.

As regards data protection, Carrefour has deployed a plan to comply with the General Data Protection Regulation (GDPR).

Action plans

The Group is implementing a number of measures to ensure continuity of operations and the protection of sensitive data. Data confidentiality, integrity, availability and traceability are guaranteed by an information management system.

Securing data

The Group is currently mapping its exposure to criminal and terrorist risks in all of its processes, from country level right down to store level. Preventive and protective measures for each site are determined by the country Safety departments based on risk exposure. Each local SOC tests its infrastructure, raises alerts *via* the Security Information Management System (SIMS) and manages events. The Security department carries out an internal audit of each entity every two years, and the IT infrastructure and data security management systems are also audited by external organisations every two years. In addition, hackers are regularly brought in to perform vulnerability tests to verify the security of the Group's IT infrastructure.

In each entity, the local and Group Security Committees implement the major thrusts of a data security strategy:

- establish a minimum organisation (information systems manager, IT security manager, head of controlled parts and business risk security manager);
- ensure that 5% of OPEX, IT CAPEX and IS department employees are dedicated to security;
- get an SOC;
- offer attractive wages to ensure the retention of IT experts;
- roll out a training and recognition programme for employees who are security experts;
- ensure that operations comply with the laws of the relevant country or countries.

The Group has implemented specific procedures for employees who have access to critical information so that they are made aware of the importance of information security. Internal communications and training are provided for all Group employees. To avoid computer system interruptions and cyberattacks, a business continuity plan has been established. The Infrastructure and Support department (DIS) performs a Disaster Recovery Plan (DRP) test twice a year. Lastly, the Group is insured against breaches of information security or other incidents related to cybersecurity.

Personal data protection

At Group level, Carrefour has deployed a programme to comply with GDPR, covering:

- consent management;
- keeping data processing records;
- creation of a data rights management process;
- implementation of a training programme;
- data conservation policy;
- a policy to prevent security breaches.

2.3 Duty of care

As a leading food retailer and a key player in the global economy, Carrefour is well aware of its social responsibilities. Carrefour's retail approach and business model are closely linked to the renewability of natural resources, the quality and quantity of agricultural production, the engagement of its employees and the confidence of consumers and all its stakeholders.

For the past 20 years, Carrefour has demonstrated its commitment to the protection of human rights, health and safety, and the environment through partnerships with major NGOs working in these areas, including the WWF for environmental protection (1998), UNI Global Union for working conditions and fundamental freedoms (2001), and the FIDH International Federation for Human Rights (2000-2018). Carrefour has been a signatory of the United Nations Global Compact since 2001.

It is also one of the pioneers in implementing practical initiatives to improve environmental and social practices in global supply chains. Such initiatives include its membership in the Initiative for Compliance and Sustainability and the sustainability self-assessment tool for suppliers. These commitments are relayed internally in Carrefour's own business operations and among its external stakeholders.

Carrefour has thus long been committed to preventing the risk of violations of human rights and fundamental freedoms, health and safety, and the environment – the areas addressed by French duty of care law no. 2017-399 of March 27, 2017.

This document constitutes both the duty of care plan required by the new law and the report on its effectiveness. It describes the processes and methods used by Carrefour, the additional measures taken under the duty of care plan, and the policies, actions and performance measures applied in order to deploy the plan.

This approach is based on Carrefour's Ethics Principles, a Code of Conduct setting the framework for the day-to-day behaviour and actions of its employees. The Supplier Charter and Ethical Standards Charter serve to instil these principles throughout Carrefour's global value chain; both are an integral part of all purchase contracts for goods and services in all Carrfour's countries of operation. This commitment is present throughout the Group's various business activities through many other initiatives, including partnerships, dialogue with stakeholders, CSR strategy, and social dialogue. It takes shape through the engagement of the women and men who work for the Carrefour group.

2.3.1 RISK MAPPING AND GOVERNANCE

Risk mapping

The aim is to give management a holistic view of the issues and risks that is as effective, objective and comprehensive as possible. It addresses risks related to Carrefour's business operations and activities in all countries where it operates or sources products.

It involves internal and external stakeholders in the process of identifying and reviewing the key risks according to their areas of expertise. The first step in the risk mapping process therefore involves consulting with the relevant operational staff and with partner NGOs and trade unions.

Lastly, it enables the countries and the relevant internal functions to share a structured process and an ordered view of the risks, and to take a harmonised approach in response to the current regulatory requirements.

Identifying risks combines several approaches:

1. the business approach consists in cross-referencing the Carrefour process risk map (more than 400 processes mapped) with the compliance risk database to identify "sensitive processes", and describing the risk situations encountered in these sensitive processes;
2. the geographical approach consists in identifying country risks based on recognised external public indicators;
3. the sector approach (based on the "NAF" business sector classification used in France).

In the risk analysis, Carrefour not only consults its own staff but also draws on the expertise of its partners, the FIDH, WWF France and the trade unions, to identify risk situations. In 2019, risk severity and probability ratings were updated by these stakeholders for the purpose of updating the risk map. This risk mapping process is monitored and updated on a regular basis.

Governance of the duty of care plan

Governance of the duty of care plan is shared between the different departments involved in the process, from risk definition to implementing action plans and measuring their effectiveness and performance. Certain bodies play a key role in this governance:

- the **Carrefour Board of Directors' CSR Committee** validates the duty of care plan and assesses its implementation once a year;
- a **Risk and Sourcing Committee** was set up in 2019. It analyses the risks related to Carrefour's sourcing practices and devises strategies for dealing with them. It draws up and circulates the Group's purchasing rules. The Committee reports to the Group Secretary General and the CSR Committee. Its members are drawn from the Group's Audit & Risk, CSR, Own-brand, Fresh Produce, Legal Affairs, Quality and Merchandise departments and it meets twice a year;
- the **International European Consultation Committee.** The duty of care plan and risk mapping process relating to human rights and employee health and safety are devised in conjunction with, and submitted on a regular basis to the International European Consultation Committee. In 2019, it was the subject of four discussions specifically listed on the agenda and one risk consultation process.

+ For more information

The complete methodology used to prepare the duty of care plan together with prevention and mitigation measures and the related governance arrangements are presented in the document "Carrefour's duty of care plan" available at *Carrefour.com*.

2.3.2 DUTY OF CARE PLAN

2.3.2.1 General framework

Carrefour is committed to constantly improving working conditions and protecting human rights among its suppliers. For this purpose, Carrefour has put in place a set of purchasing rules, tools and procedures for monitoring its suppliers and helping them achieve compliance. To promote CSR within its supply chains, Carrefour has also devised solutions that make it easier to collaborate with its suppliers.

Ethics Principles: Code of Professional Conduct

All employees are given a copy of the Ethics Principles, which new employees are asked to sign. The purpose is to establish the ethical framework governing the day-to-day activities of all employees.

These principles – which every employee must know and comply with – are based on commitments contained in the Universal Declaration of Human Rights, the eight fundamental conventions of the International Labour Organization (ILO), the guiding principles of the OECD, the United Nations Global Compact and the international agreement with the UNI renewed in October 2018.

The Ethics Principles are as follows: respect diversity, contribute to a safe and healthy working environment, ensure high-quality employee relations, ban all forms of harassment and discrimination, select and treat suppliers with objectivity and loyalty, develop transparent commercial relationships, uphold partner commitments, refrain from all unfair agreements and practices, ensure the safety of people and property, safeguard the Company's resources and assets, guarantee confidentiality, protect the environment, act with integrity both individually and collectively, provide accurate and reliable reporting, avoid conflicts of interest and refrain from any form of corruption.

Commitment Charters

The Supplier and Service Provider Commitment Charter, updated in 2018, forms an integral part of all purchase contracts in all countries. It also forms the basis for charters aimed at other partners such as suppliers of own-brand and national brand products and franchisees.

The Supplier Commitment Charter has been drawn up with Carrefour's partners in compliance with international fundamental principles (see Ethics Principles above). It consists of nine chapters focusing on human rights, ethics and the environment: prohibition of forced or compulsory labour, prohibition of child labour, freedom of association and effective recognition of the right to collective bargaining, prohibition of all forms of discrimination, harassment and violence, workers' health and safety, decent wages, benefits and conditions of employment, working hours, ethics principles, and respect for the environment.

The charter prohibits clandestine or undeclared subcontracting, and has a cascade effect by requiring suppliers to demand the same social compliance standards of their own suppliers. In a spirit of reciprocal commitment, the charter does not allow Carrefour to impose any conditions on suppliers that would prevent them from complying with the charter.

Purchasing Rules

The Purchasing Rules provide the framework for the social and environmental compliance of purchases of all certified products. All products purchased by Carrefour, whether or not for retail sale, food or non-food, must meet specifications defined by Carrefour and undergo specific quality checks. They were updated in 2018 and apply to all Group entities and all production countries based on their risk level determined in the country risk map.

The rules specify the following: all suppliers must sign a Commitment Charter; the process and compliance rules for social audits; all of the Group's purchasing entities must appoint a person in charge of social and environmental compliance; and an action plan to bring sensitive production phases and raw materials into compliance with specific purchasing rules.

Procurement potential and purchasing rules depend on the risk rating assigned to each country in the country risk map.

Joint initiatives and partnerships

In addition to strong restrictive frameworks like the purchasing rules, Carrefour has set up voluntary initiatives and partnerships with its own-brand and national brand suppliers. Some examples are included below.

Sustainability self-assessment: getting SME suppliers involved

Since 2007, Carrefour has provided all of its suppliers with an online sustainable development self-assessment test, developed initially in conjunction with WWF France and based on the ISO 26000 social responsibility standard. In France, at the request of suppliers and in collaboration with four supplier and retailer associations, Carrefour has shared with its suppliers the know-how it has acquired over the last ten years in conducting self-assessment tests and has helped to roll out a test for the entire sector, supported by the same standard: Valorise. The first shared self-assessment campaign was conducted in 2017 in French and English. The test was translated into German and Spanish in 2018 and is used by nine retailers.

CSR rating of at-risk own-brand suppliers

In 2019, clothing supplier assessments began incorporating a CSR rating in addition to the usual commercial, quality, and delivery (supply chain) ratings. This CSR rating includes the results of social audits, environmental assessments and alerts, management of suppliers' suppliers, component traceability, supplier certifications and good CSR practices (aside from mandatory compliance). Carrefour's local teams meet with the evaluated suppliers to share best practices and areas for improvement and they take this rating into account when selecting suppliers. A CSR rating will also be developed and applied to suppliers from other sectors in 2020.

Meetings with national brand supplier partners

Every year, the international purchasing team meets with international supplier partners to involve them in rolling out actions related to the food transition, especially the reduction of greenhouse gas emissions (GHG). National brand supplier partners comprise the Group's 50 largest suppliers.

The "food transition for all" pact: getting the national brands on board

After making commitments in relation to its own-brand products, Carrefour is now rallying all of its suppliers around a pact for the food transition for all. The aim is to encourage suppliers to provide products and in-store tests that comply with the Group's food transition commitments in terms of packaging, biodiversity, climate, traceability and responsible products. The first volunteer candidates under the pact must present an ambitious action plan in the first-quarter of 2020. Once this has been validated by Carrefour, the candidates will join the group of partners who have signed up to the pact. In return for reporting on their programme using performance indicators, they will get access to an exclusive testing programme in all our European stores and to a Food Transition Week in September 2020.

Carrefour Foundation initiatives to protect fundamental freedoms

Created in 2000, the Carrefour Foundation works to combat exclusion at the international level (see Section 1.3.2.4). These projects serve the general interest and round out Carrefour's actions in countries and regions where the Group or its direct and indirect suppliers are present. Leveraging Carrefour's staff and their skills, the Foundation focuses on facilitating access to sustainable food for all. The Foundation's work is aligned with Carrefour's food transition strategy as it helps the weakest and most vulnerable members of society, both in France and abroad, to live with more dignity and to have access to a healthier, balanced and diversified diet.

In 2019, it invested a total amount of 7,481,652 euros in support of 74 projects in the following areas: 43% in supporting the agricultural industry's transformation towards sustainable and solidarity-based agriculture; 33% in anti-waste projects to upgrade substandard products and make them available to the neediest; and 24% dedicated to food-related social commitments.

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2.3.2.2 Risk mitigation evaluation and measurement

This section describes two distinct areas of risk: those relating to serious environmental damage and those relating to human rights, health and safety.

Measures for assessing, preventing and mitigating these risks are presented in three sections: at Carrefour; among suppliers and for customers.

Serious environmental damage

At Carrefour

The measures taken to prevent and reduce serious environmental damage within Carrefour's direct scope cover store-related and e-commerce activities.The aim of these measures is to:

- reduce food waste generated by activities;
- reduce the environmental impact of packaging;
- reduce and recycle waste generated by activities;
- reduce energy and refrigerant consumption in order to limit the impact of operations on the climate;
- reduce water consumption;
- optimise logistics flows, distribution activities and non-retail activities to limit their environmental impact;
- reduce the impacts of construction and renovations on biodiversity.

Assessment of the situation	
Environmental reporting	Deployment of an annual reporting system for Carrefour sites to ensure an effective assessment of the Group's response to its environmental challenges.

Key prevention and mitigation measures introduced	
Combating food waste	• Adopting a more professional in-store approach to waste: improving stock and order management, partnership with the Too Good to Go app, development of donations, discounts for products close to their use-by and best-before date, recycling as biowaste and biomethane. • Devising solutions with suppliers to extend use-by dates and best-before dates. • Bringing food waste to customers' attention.
Reducing the impact of packaging and reducing and recycling waste	• Transforming the customer experience by developing reusable packaging solutions (organic cotton bags, Loop initiative, etc.). • Reducing packaging at source and finding alternatives to plastics which are difficult to recycle (non-packaging solutions, replacement of polystyrene and plastic packaging, etc.). • Improving the recyclability of packaging in alignment with national recycling infrastructure (developing sorting processes). • Working with customers to improve collection and sorting of recyclable packaging (experimenting with money-back solutions).
Reducing energy consumption and combating climate change	• Teams in Group host countries have been issued with a list of five priority in-store action and technology recommendations: phasing out high-impact HFC refrigerants for cooling systems, installing doors for cooling systems to limit cooling fluid leaks, use of electronic speed controllers, low power LED lighting and sub-metering systems. The Group has committed to replacing all cooling fluid with lower-emission CO_2 in Europe by 2030. In France, this represents an investment in cooling systems of approximately 80 million euros over 15 years. • The Group is also increasing its on-site production of renewable energies. In France, more than 30 hypermarkets will be fitted with solar power production facilities in 2020, covering 10% of the energy consumption (24 GWh) of these stores. • Consolidated stores in France, Italy and Belgium have been certified ISO 50001.
Reducing greenhouse gas emissions linked to transporting goods	• Optimising logistics arrangements, distribution activities and non-retail activities to limit their environmental impact. • In France, Carrefour is modernising its fleet of 400 trucks, now PIEK certified, which by the end of 2019 ran on biomethane and generate less pollution and noise (under 60 dB).
Reducing water consumption and the impact of construction on biodiversity	• In-store water consumption is monitored by the stores and optimised in order to limit the impact of activities on water resources. • With regard to the real estate business of Carrefour Property and Carmila in France, Italy and Spain, the Group has introduced a sustainable construction policy aligned with BREEAM Construction certification standards, to ensure that buildings are designed and built in a commitment to safeguarding the environment, occupant health and safety, and preserving biodiversity.

Among Carrefour suppliers

Carrefour's supplier listing and responsible purchasing policy is strengthened each year to cover the main ecosystems under threat and gradually encourage all stakeholders, especially those involved in the supply chain, to adopt responsible manufacturing processes. The measures taken to prevent and reduce serious environmental damage among our suppliers include:

- promoting and developing agricultural practices with a low environmental impact;
- specific supplier management for high-risk sectors or locations;
- reducing the climate impacts of the goods and services purchased by Carrefour.

Asessment of the situation	
Environmental audits	Carrefour's teams are in the process of determining their suppliers' vigilance level and methods in terms of overall environmental compliance, based on action already taken. Environmental audits are performed at the premises of suppliers that manufacture labelled or certified Carrefour-brand products, and where certain production facilities or key processes may present environmental risks.
Climate accounting	Introduction of an annual climate accounting system on supply chains to determine the highest-emission items and sources.

Key prevention and mitigation measures introduced	
Promoting and developing sustainable agriculture	• Developing the organic offering and making it affordable for everyone (objective of achieving sales of 4.8 billion euros in 2022): long-term contracts, support for transitioning to organic farming, developing organic stores, developing product ranges by incorporating more nationally produced organic products, in bulk and without any packaging. • Promoting agroecology *via* Carrefour Quality Lines: including agroecology in product specifications, support through progress plans. • Providing financing solutions: financial services for the agricultural industry, creation of a food transition fund, showcasing transition projects on participatory financing platforms, commitment of the Carrefour Foundation to sustainable agricultural practices.
Developing local projects	• Incorporating environmental requirements into the Good Factory Standard. • Project with the Institute of Public and Environmental Affairs (IPE) to assess the environmental performance of production plants in China. • Clean Water Project in Asia to prevent or counteract industrial pollution risks
Climate commitments	Carrefour is seeking the commitment of its private and national brand suppliers to cut their GHG emissions. After analysing the practices of 50 of its largest national brand suppliers, the Group is pursuing a dual strategy: inciting the ten largest suppliers to adopt an approach consistent with the Science Based Targets initiative, and the 30 largest suppliers to make a climate pledge by 2025.

Serious violations of human rights, health and safety

Carrefour's policies concern activities related to stores, e-commerce, head offices and the manufacture of products by suppliers and they cover the following topics:

- failure to comply with the Universal Declaration of Human Rights (discrimination based on gender, sexual orientation, ethnic origin, treatment on the grounds of religion, forced labour, child labour, etc.);
- failure to comply with the principles of the International Labour Organization (ILO) (social dialogue, trade union rights, collective bargaining, decent wages, organization of working time, etc.);
- employee health and safety violations (working conditions, occupational illnesses, workplace accidents, etc.);
- consumer health and safety violations (quality, compliance and product safety).

At Carrefour

Assessment of the situation	
HR reporting	Deployment of an annual reporting system for Carrefour sites to ensure an effective assessment of the Group's response to its labour challenges.
Health and safety audits in stores and warehouses	Audits relating to the health and safety of employees in stores and warehouses are carried out by the internal control team. The purpose of these audits is to monitor the implementation of procedures concerning health and safety at work and the use of best practices, as well as compliance with regulatory requirements.
Key prevention and mitigation measures introduced	
Robust, constructive social dialogue	• Negotiations and collective bargaining agreements: ◦ at the international level: agreement with the International Federation of Trade Unions and UNI Global Union guaranteeing basic rights and principles in the workplace; ◦ at European level: agreement to create the European Works Council, the European Consultation and Information Committee (ECIC) signed with the FIET (part of UNI Global Union since 2011); ◦ at the country level: Local collective bargaining agreements that frame social dialogue. • Discussions and consultations with employee and trade union representatives that go beyond legislative requirements and standards. • Presence of staff representatives in the Group's business activities.
Diversity policy	• Signature of the Diversity Charter in 2004. • Group-level and national collective bargaining agreements negotiated with trade unions. • Programmes developed under the auspices of international bodies. • Cooperation on the ground with associations in Brazil, France and Romania. • Gender parity in the workplace: equal pay policy, access to training for all, arrangements to facilitate work-life balance, Women Leaders programme, signature in 2013 of WEPs (Women's Empowerment Principles) in certain countries, GEEIS (Gender Equality European and International Standard) certification. • Combating all forms of discrimination, particularly more effective integration of people with disabilities in the workplace: signature of an agreement on the employment of people with disabilities in French hypermarkets. Participating at events such as European Disability Employment Week, which has been organised for the past 22 years by ADAPT, and the Free Handi'se Trophy intercompany challenge. • Support for people who have difficulty accessing the job market.
Health and safety policy	• Preventing workplace accidents and occupational illnesses: compliance with existing regulations, anticipating changes in regulatory requirements, implementation of strict procedures, preventive training on subjects such as in-store safety and posture and movements, employee awareness campaigns, etc. In France, a dedicated body for workplace health and safety has existed since 2012 and a Health and Quality of Life in the workplace agreement has been signed. A Workplace Health and Safety management training programme has been set up for site managers and the Es@nté tool promotes the occupational risk prevention approach and facilitates administrative management of workplace accidents and occupational illnesses. • Prevention of musculoskeletal disorders: massive investment in handling assistance equipment (automatic pallet wrapping machines, stocking carts, etc.), in-depth studies on workstation ergonomics (200 by the end of 2018), adaptation of furniture, and gym sessions to prepare employees before they start work. • Stress and psychosocial risk prevention: stress management training, a free remote listening and psychological support system, etc. In France, employees have had access to a support service with a toll-free number since 2015. • The Group wants all countries to draw up an action plan for health, safety and quality of life in the workplace by the end of 2020.

Among Carrefour suppliers

Assessment of the situation	
Supplier social audits	In countries where a risk has been identified, Carrefour's ultimate aim is to perform social audits on all production facilities that manufacture Carrefour-brand products. These audits are performed by third parties in line with ICS or BSCI standards. The process comprises several steps: • a preliminary review by Carrefour of the facility's compliance with social, environmental and basic quality requirements; • an initial audit, preferably unannounced, performed by an independent firm selected by Carrefour, based on a standard shared with other brands, to determine whether the facility can be listed; • unannounced follow-up audits performed periodically by an independent firm to validate actions taken; • specific audits may be performed by an external company or by partners to review specific or one-off incidents involving the facility or the audit firms' practices and procedures. For suppliers located in low-risk countries, the inspection system is adapted to the business, local problems and on-site practices, as external audits are not performed systematically. Health and safety issues and water treatment are covered by Carrefour's social compliance audit process.

Key prevention and mitigation measures introduced	
	Carrefour's approach is based on country-by-country risk and identified issues, and is adjusted as these evolve. It is based on the overall reference frameworks set out in Section 2.3.2.1: 1. purchasing rules and specifications; 2. Supplier Commitment Charter; 3. joint initiatives and partnerships.
Post-audit corrective action plans	In the event of a violation of human rights or environmental damage, corrective programmes are implemented in conjunction with the stakeholders and local communities concerned, according to the situation facing them. The main occurrences of non-compliance identified in the Carrefour supplier network related to working hours, compensation levels and workers' health and safety. • Independent audits and inspections of supplier premises give rise to action plans designed to address any violations observed, regardless of their severity. The supplier is required to implement each corrective action in the plan before a specified deadline. Compliance with the action plan and implementation deadlines is monitored through follow-up audits. • If a supplier audit report contains a critical non-compliance issue, Carrefour will be informed within 48 hours. These issues mainly concern child labour, forced labour, disciplinary measures, attempted corruption, document falsification and safety conditions threatening the lives of workers. Immediate action is then taken by Carrefour and/or the supplier. Training or specific support may be provided by Carrefour's teams to suppliers where warranted by non-compliance issues.

Helping suppliers to achieve compliance	• Training employees and suppliers:
	  ◦ training on standards and social issues is provided to Carrefour's purchasing, quality and local sourcing teams;
	  ◦ Carrefour trains its suppliers in partnership with consultants or local NGOs. Carrefour's Sourcing teams roll out specific training programmes every year. Carrefour has also created the "Good Factory Standard" manual for training purposes;
	  ◦ in 2019, Carrefour stepped up its work with tier 1 suppliers in Bangladesh, Pakistan and India to provide plants with training and other tools to deal with identified risks.
	
	• Carrefour's procurement practices
	  ◦ factory capacity and production schedules for Carrefour's orders from its largest textile suppliers are analysed and adjusted at a very early stage, to limit problems with "working hours";

Key prevention and mitigation measures introduced	
Promoting CSR in the supply chain	Wherever it can, Carrefour seeks to implement a collaborative approach between brands and stakeholders to strengthen the effectiveness of mitigating or corrective actions and to provide a coordinated, structured response to the risks encountered. • Health and safety: To mitigate and counteract serious violations, Carrefour has recently been involved in two major projects: the Clean Water Project and the Accord on Fire and Building Safety in Bangladesh (*http://bangladeshaccord.com*). • Decent wages: Carrefour is very attentive to ensuring that decent wages are paid across the value chain and it tests new solutions in this area: ◦ Carrefour prefers an approach based on increasing in-kind benefits. With the support of the Carrefour Foundation, Carrefour has worked on setting up a health insurance system in Bangladesh with plans to promote it nationwide. In 2019, for the last year of the project, the system covers eight factories, including five Carrefour suppliers, and the support of Carrefour Foundation helps fund this health insurance plan for approximately 14,500 workers. Carrefour has set up its own supply chain for Indian organic cotton. It has forged a partnership with Cotton Connect, which ensures that farmers receive a higher rate than conventional cotton producers. At the same time, the Organic Cotton Accelerator (OCA) organisation audits compliance with Carrefour's commitments and works to increase the number of farmers transitioning to organic farming. The first "sustainable cotton" collection appeared in spring-summer 2019.

For Carrefour customers

Assessment of the situation	
Supplier audits	100% of suppliers are audited in line with international standards such as International Food Standards or British Retail Consortium (90% in 2019), or they are audited by the Group (10% in 2019).

Key prevention and mitigation measures introduced	
Ensuring the quality and safety of Carrefour products	Product quality and food safety right across the production and distribution chain is ensured by Carrefour's product specifications, quality control plans, in-store quality checks and alert and recall systems. Carrefour also seeks to get its customers involved in the continuous improvement of product and process quality (external focus groups, Consumer Service department, etc.). • Supplier compliance with product quality standards: ◦ inclusion on Carrefour's suppliers list requires a full assessment of compliance with quality, health and safety standards (IFS, BRC), and with Carrefour requirements; ◦ after inclusion, regular audits are performed on the suppliers' premises. If any non-compliance is detected, corrective action plans are implemented, failing which, the supplier is delisted. • Product specifications: ◦ Carrefour own-brand products are made according to specifications drawn up by its Quality department. Detailed quality specifications are shared with the suppliers. • Quality control plans and customer opinion surveys: ◦ quality control plans include audits of manufacturing sites (international standards or Carrefour audits), warehouse and in-store checks of product freshness, origin and category, product analyses and recall processes for non-compliant products; ◦ channels for two-way communication and listening to customers and raising their awareness have been set up: external focus groups, Consumer Service department and the provision of qualitative and nutritional information. • In-house competence: ◦ Carrefour experts oversee and manage an effective Quality approach; ◦ training in food safety and Carrefour quality procedures; ◦ in-house inspections to check that the quality policy is implemented and understood in each country. • Product data is closely tracked: ◦ all data is recorded, processed and monitored using professional apps (TraceOne, the TBQ quality dashboard, logistics oversight, etc.); ◦ deployment of innovative traceability solutions such as blockchain technology: Carrefour has developed blockchain technology for comprehensive traceability of food products. This ensures that stored data are immutable and that the data log about the product remains intact.

Key prevention and mitigation measures introduced	
Combating substances with controversial health effects	• Cutting out controversial substances. Carrefour runs a worldwide programme on cutting out controversial substances from its products. The substances contained in the products are constantly tracked, resulting in detailed risk mapping by category and by level of criticality. Carrefour teams work with stakeholders to adapt this programme locally. • Reducing pesticide use. To promote a less pesticide-intensive agriculture, Carrefour invests in organic farming and enlightened sustainable farming practices through the deployment of agroecological practices. • Cutting out GMOs. In 1998, Carrefour brought in a policy of excluding GMOs and their derivatives from its own-brand products and from the feed of livestock used in its Carrefour Quality Lines. All Carrefour own-brand products have been free of genetically modified ingredients since 1999. Since 2010, more than 350 own-brand and Carrefour Quality Line products of animal origin have been produced using animals fed without GMOs.

2.3.2.3 Whistleblowing facility

Carrefour's partners and employees are all permanent conduits for raising the alert when necessary.

Accordingly, a dispute management procedure is incorporated in the UNI Global Union agreement, enabling complaints made by a trade union representative or a Carrefour employee to be reported to the UNI and Carrefour's management, with assurance that the matter will be dealt with.

Carrefour has also set up its own ethics whistleblowing system that can be used by Group employees or stakeholders to report any situation or behaviour that does not comply with the Group's Ethics Principles. The system covers all the subject matters addressed in the Ethics Principles, and in particular human rights and the environment.

Confidentiality is assured at all stages of the process and Carrefour has pledged not to take any disciplinary action against an employee who reports an ethics issue in good faith. The system helps Carrefour to prevent serious violations of its Ethics Principles and to take the necessary measures when a violation does take place.

It is one of the tools promoted under the agreement between Carrefour and UNI Global Union.

http://ethics.carrefour.com/

2.3.3 2019 EFFECTIVENESS REPORT

Serious environmental damage

Scope		Summary of action and Performance plans for 2019
At Carrefour		In this report:
	2.2.2.2	• Limiting the environmental impact of our plants
	2.2.2.1	• Combating food waste
	2.2.2.3	• Developing ecodesign and a circular economy for packaging
	2.2.2.4	• Fighting and preparing for climate change
		Detailed information available on *Carrefour.com* to find out more: • Limiting pollution at our sites and restoring biodiversity • Combating food waste • Committing to ecodesign and a circular economy for packaging • Fighting and preparing for climate change
Among Carrefour suppliers		In this report:
	2.2.1.2	• Promoting and developing sustainable agriculture
	2.2.1.3	• Sourcing raw materials at risk
	2.2.2.4	• Fighting and preparing for climate change
	2.2.4.1	• Managing the supply chain
		Detailed information available on *Carrefour.com* to find out more: • Promoting and developing sustainable agriculture • Promoting sustainable fishing and aquaculture • Protecting forests and biodiversity • Committing to ecodesign and a circular economy for packaging • Fighting and preparing for climate change • Managing the supply chain

Serious violations of human rights, health and safety

Scope		Summary of action and Performance plans for 2019
At Carrefour		In this report:
	2.2.3.1	• Growing and moving forward together
	2.2.3.2	• Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment
		Detailed information available on *Carrefour.com* to find out more: • Growing and moving forward together • Acting with simplicity • Taking pride in transforming our professions
Among Carrefour suppliers		In this report:
	2.2.4.1	• Managing the supply chain
		Detailed information available on *Carrefour.com* to find out more: • Managing our supply chain
For Carrefour customers		In this report:
	2.2.3.1	• Growing and moving forward together
	2.2.3.2	• Acting with simplicity: enable employees to work in a positive, constantly evolving professional environment
	2.2.1.1	• Our products and our customers' health
		Detailed information available on *Carrefour.com* to find out more: • Growing and moving forward together • Straightforward policies • Product quality, compliance and safety • What about a healthier diet?

+ For more information

The full methodology used to prepare the duty of care plan together with prevention and mitigation measures and effectiveness performance indicators for 2019 are presented in “Carrefour’s duty of care plan” available at *Carrefour.com*.

2.4 Carrefour's non-financial performance

2.4.1 SUMMARY OF NON-FINANCIAL INDICATORS

Products

Commitments	Indicators	2019	2018	Change	Target
Develop agroecology, organic products and fair trade	**Market penetration rate of Carrefour Quality Lines in fresh produce** *(as a %)*	6.6%	5.3%	+1.3 pts	10% in 2022
	Number of Carrefour Quality Lines (CQL) products	726	498	-	
	Number of Carrefour Quality Lines partner producers	27,758	27,678	+0.2%	
	Total sales (incl. VAT) of Carrefour Quality Lines products *(in millions of euros)*	950,459	757,190	+25.5%	
	Total sales (incl. VAT) of organic food products under banners *(in billions of euros)*	2.3	1.8	+25%	€4.8 billion in 2022
	Number of own-brand organic products *(units)*	1,000	800	+25%	
	Total sales (incl. VAT) of fair trade products (own-brand and national brand) *(in millions of euros)*	100.25	90.537	+13%	
	Number of own-brand fair trade products *(in units)*	884	789	+12%	
Encourage the sustainable consumption of seafood	**% of own-brand products sourced from sustainable fishing practices**	47.5%	28.1%	+19%	50% by end of 2020
	Sales of sustainable, MSC and ASC + CQL seafood *(in millions of euros)*	403	339	+15%	
Stop deforestation linked to the procurement of beef, paper, palm oil, wood and soybean products by 2020	**Roll-out of a Sustainable Forests action plan on deforestation-linked products by 2020**	67.7%	50.1%	+18 pts	100% by end of 2020
	% of palm oil from RSPO-supported suppliers (segregated and mass-balance)	82.1%	75.0%	+7 pts	100% by end of 2020
	• of which % certified sustainable and wholly monitored (RSPO segregated)	51.8%	40.7%	+11 pts	100% by end of 2022
	Proportion of Carrefour-brand products in ten priority categories sourced from sustainable forests *(as a %)*	48.6%	20.0%	+29 pts	100% by end of 2020
	% certified/recycled paper in catalogues	100	99.9	+0.1 pt	100%
	Sales of PEFC- and FSC-certified Carrefour products *(in millions of euros)*	205	176	+16%	-
	% geo-referenced tier 2 Brazilian beef suppliers	96.5	83.3	+13 pts	100% by end of 2020
	Number of Carrefour Quality Lines using locally produced livestock feed	20	15	+33%	

Operations

Commitments	Indicators	2019	2018	Change	Target
Recover waste	% of waste recovered (food donations included)	66.8	66.5	+0.3 pts	100% in 2025
	Total waste *(in thousands of tonnes)*	696.2	720.6	-1.4%	
Combat climate change	**% change in CO_2 emissions *versus* 2010(*)**	**-35.8%**	**-34.5%**	**-1.3 pts**	-40% in 2025
	Total GHG emissions by source *(in thousands of tonnes of CO_2 equivalent) (*)*	2,165.9	2,194.0	-1.2%	
	• Scope 1 (refrigerants, gas and heating oil) *(in thousands of tonnes of CO_2 equivalent) (*)*	827.8	879.1	-5.8%	
	• Scope 2 (electricity) *(in thousands of tonnes of CO_2 equivalent) (*)*	1,005.2	979.0	+2.7%	
	• Scope 3 (logistics) *(in thousands of tonnes of CO_2 equivalent) (*)*	332.9	335.9	-0.9%	
	% change in energy consumption per sq.m. of sales area compared with 2010(*)	**-20.2%**	**17.7%**	**-2.4 pts**	-30% in 2025
	In-store energy consumption *(kWh per sq.m. of sales area) (*)*	517.4	533.1	-2.9%	
	% reduction in refrigerant-related CO_2 emissions per sq.m. compared with 2010(*)	**-55.6%**	**-52.1%**	**-6.4 pts**	-40% by 2025
	Number of stores equipped with a hybrid or 100% natural fluid system	752	624	+17%	
	All-natural refrigerants (HFC- or HCFC-free)	*467*	*346*	*+25%*	
	Hybrid (a mix of HFC and natural refrigerants)	*285*	*278*	*+2%*	
	% change in CO_2 emissions per shipping unit transported compared with 2010(*)	**-7.9%**	**-7.1%**	**-0.9 pts**	-30% in 2025
	CO_2 emissions per shipping unit *(in kg of CO_2/pallet) (*)*	6.31	6.33	-0.4%	
Reduce packaging	**Reduce packaging by 10,000 tonnes by 2025** *(in tonnes)*	**4,095**	**1,867**	**+119%**	10,000 tonnes in 2025
Reduce water consumption	Amount of water consumed per sq.m of sales area *(cu.m./sq.m.)*	1.43	1.42	+0.01%	
	Amount of water consumed *(cu.m)*	12.5	13.8	-9%	
Protect biodiversity on our sites	**Proportion of projects certified to BREEAM New Construction standards** *(as a %)*(1)	**100%**	**100%**	**-**	100%
	Proportion of sites certified to BREEAM In-Use standards *(as a %)*(1)	**60%**	**15%**	**+45 pts**	75% by end 2021
	• of which Very Good *(as a %)*	87%	100%	-	
	• of which Good *(as a %)*	13%	-	-	

(1) Scope: sites managed by Carmila.
(*) Indicators audited with reasonable assurance.

1 2 3 4 5 6 7 8 9

Customers and partners

Commitments	Indicators	2019	2018	Change
Improve the way our results/actions are communicated to the non-financial community	RobecoSAM rating	73	69	+4 pts
	Carbon Disclosure Project – Climate rating	A	A-	
	Vigeo Eiris rating			
	• Standard rating	68	-	+7 pts *vs* 2016
	• Requested rating	A1+	-	-
Ensure that Carrefour's suppliers respect human rights	Number of social audits	1,941	1,353	+43%
	% of ICS audits with alerts	19%	18%	+1%
Be a socially responsible retailer	**Number of meal equivalents donated to food aid associations** ***(in millions)***	105.3	116.5	-9.5%
	Foundation budget *(in millions of euros)*	6.7	6.7	-
	Number of projects supported	74	73	+1.3%

Employees

Commitments	Indicators	2019	2018	Change	Target
Act as a responsible employer	Workforce *(total)*	321,383	326,860	-1.7%	-
	% of managers who are women	**41.1%**	**40.1%**	**+1 pt**	**-**
	% of employees on permanent contracts	92.2%	91.2%	+1 pt	-
	% of employees on part-time contracts	28.2%	27.2%	+1 pt	-
	Rate of internal promotion *(in %)*	45.0%	46.9%	-2 pts	-
	Number of new hires on permanent contracts	74,153	61,545	+20%	-
	Rate of absence due to workplace and travel-related accidents *(in %)*	0.62%	0.62%	-	-
	Number of employees with a disability	11,885	11,739	+1.2%	-
	% of employees recognised as having a disability	**3.8%**	**3.7%**	**+0.1 pts**	**4% in 2025**
	Total number of training hours given over the year *(in millions)*	3.98	3.67	+8.4%	-
	Average number of training hours per employee	**11.6**	**11.4**	**+1.7%**	**13 hours in 2025**

2.4.2 DETAILED REPORTING METHODOLOGY FOR CSR INDICATORS

For the preparation of the 2019 management report, the CSR department mobilises the relevant Group departments (Quality, Human Resources, Legal, Marketing, Assets, Sales and Merchandise, and Logistics) and country representatives.

Principles for drawing up the CSR report

The Carrefour group's CSR report adheres to the following principles:

- impact and materiality: Through a risk mapping process, the Group identifies the most significant non-financial risks for its business and the Company. Only the main risks are presented in this report. The Non-Financial Information Statement therefore focuses on the most relevant social, economic and environmental issues for the Group's business;
- CSR context: 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 the Group level by the CSR department, or at the local level by the countries, banners and stores;
- frequency: Carrefour has produced and published a non-financial report every year for the past 17 years. Since 2012, it has been integrated into the Group's management report;
- clarity: The Carrefour group endeavours to present information that can be easily understood by the greatest number of people, with an appropriate level of detail.

Scope of reporting

Principles applied

Comprehensiveness. The Group strives to be as comprehensive as possible. Its CSR report describes the implementation of its policy in the ten consolidated countries, and the Key Performance Indicators cover 88.2% of the Group's consolidated sales excluding VAT.

Comparability. When the scope of reporting is not exhaustive, the scope is clearly explained next to each graph and BUs excluded from the scope are indicated. For figures and changes presented over several years, the report indicates whether calculations are based on comparable Business Units (BUs). If non-comparable BUs are included in the calculation, the items included or excluded compared to the previous year are specified.

Scope of environmental indicators

Store indicators (waste management, food waste, greenhouse gas emissions)

The scope covers all integrated stores open and operating under the Group banner for the entire reporting period. The scope excludes consumption related to non-Group activities, transport of people, warehouses, franchised stores, head offices and other administrative offices. Any BUs that were sold or closed during the reporting period are not included.

For indicators on non-commercial purchases (*e.g.*, sales and marketing publications), the consumption level of stores opened during the year as well as that of franchised stores may be included.

The number of square metres of sales area includes all stores open on the first day of the reporting period and does not include storage areas, food preparation areas or the adjacent shopping mall, if applicable.

The same rules regarding scope and environmental indicators apply to Installations Classified for the Protection of the Environment (ICPE) coming under the regulations of stores and other sites.

The ratio used to calculate the number of meal equivalents donated to food aid associations in all Group host countries is 1 meal = 500 g. As Carrefour Spain only has a database in euros, it used the ratio of 1 euro = 1 kg to calculate the quantity of food donated.

Merchandise indicators (organic products, Carrefour Quality Lines, sustainable fishing, sustainable forest management, packaging)

The scope covers products sold under the Group banner, without distinguishing between franchises, integrated stores or formats (stores, drives, online purchasing).

Scope of HR indicators

The scope covers all of the Group's BUs and headquarters. Any BUs that were sold or closed during the reporting period are not included.

The Non-Financial Information Statement presented in this chapter encompasses Carrefour Banque and Carrefour Property Development, both of which are covered by the Carrefour SA (the parent company).

CSR Indicators

Principles applied

CSR reporting adheres to the following principles:

- **Accuracy:** the Carrefour group strives to ensure the accuracy of published data by stepping up the number of manual and automatic internal controls;
- **Comparability:** the Group strives to maintain consistency throughout its reports. Figures presented for several years apply the same definition.

Choice of indicators

Since 2003, Carrefour has used indicators associated with its strategic priorities for CSR. These indicators, which are revised over the years, are designed to monitor the commitments and progress made in terms of its environmental and social performance. Each indicator is chosen for its relevance to risks and societal challenges identified by the Group and with regard to its CSR policies.

References used

The information detailed in this section complies with the requirements of French government order no. 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017, providing for a Non-Financial Information Statement as stipulated notably under Articles L. 225-102-1 and R. 225-105 *et seq.* of the French Commercial Code (*Code de Commerce*). This information concerns the activities of Carrefour SA (the parent company) and all the Group's consolidated companies. Carrefour SA's Non-Financial Information Statement notably covers Carrefour Banque, with risks relating to the banking sector integrated into the risk analysis presented in Section 2.1.

The 2019 management report adheres to the guidelines of the Global Reporting Initiative, the guiding principles of the OECD and the Global Compact's recommendations for "Communication on Progress" (CoP). Carrefour's CoP is published yearly on the United Nations website (https://www.unglobalcompact.org/) and is certified as "Advanced" (since 2014) following a peer review under the aegis of Global Compact France.

A CSR reporting manual stipulating the Group's collection, calculation and consolidation rules is updated each reporting period and distributed to all CSR reporting managers.

Methodology: specificities and limitations

Some environmental and social indicators may have methodology constraints arising from a lack of uniformity between national and international laws and definitions (*e.g.*, regarding work-related accidents) and/or from the qualitative, and therefore subjective, nature of certain data (*e.g.*, indicators linked to purchasing quality, the logistics process, stakeholders and consumer awareness).

In some cases, KPIs may involve an estimation (as with the energy and water consumption indicators, which are calculated on the amount billed at an average price per kWh or cubic metre). If necessary, BUs are required to specify and justify the relevance of assumptions used in making estimates.

Environmental information

CO_2 emissions

To evaluate the CO_2 emissions related to store energy consumption (electricity, gas and heating oil) and refrigerants, conversion factors (of kWh and kg, expressed as kg of CO_2 equivalent) from recognised international bodies, such as the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) are used. BUs may also use specific national indicators.

In France, the level of emissions related to electricity consumption by BUs is updated annually based on changes made to the electricity supply agreement (50% regulated market/50% open market). In 2018, the biodiesel emission factor was also updated to provide greater precision.

Concerning logistics-related CO_2 emissions, CO_2 emissions related to outbound road transport (shipping of goods between warehouses and stores) are taken into account. A conversion rate equal to 2.6667 kilogrammes of emitted CO_2 per litre of fuel consumed, established with ADEME (French environment and energy management agency), is used. This indicator counts CO_2 emissions related to the transport of goods between warehouses and stores. The following CO_2 emissions are not taken into account:

- emissions generated during the inbound transport of goods to the warehouse;
- emissions generated by direct deliveries (direct "producer-to-store" transportation of goods without going through a warehouse);
- emissions generated by customer and employee journeys;
- emissions generated by outbound rail transport (mainly in France) and maritime transport.

Note that "store/warehouse" return trips are only taken into account for fleets hired for Carrefour's exclusive use.

Logistics KPI (CO_2 emissions per shipping unit): in the vast majority of cases, CO_2 emissions related to the transport of goods are calculated on the basis of distance travelled since there is no actual data on service providers' fuel consumption and average consumption by type of vehicle. Countries where logistics are handled mainly by suppliers are also excluded from the reporting scope.

Pallets (transport units) used for backhauling are not included in the total number of pallets used in outbound transport.

Energy KPI: the quantity of energy reported corresponds to the quantity purchased and not the quantity actually consumed for heating oil and gas (15% of the energy consumed by the stores).

Water KPI: the quantity of water reported corresponds mainly to the quantity of water purchased. Depending on the country, water collected by some stores through drilling may not be counted when there is no charge for its withdrawal. In addition, in some cases, there is an insignificant overvaluation of consumption (consumption of water for the shopping centre, costs related to and indissociable from the costs of water consumption).

Refrigerants KPI: any leaks that may have occurred prior to a change of equipment are not quantified in the reporting. They correspond to emissions generated between the last maintenance operation and replacement of the unit. The impact is insignificant at Group level thanks to both regular monitoring of the units and the staggered timetable for their replacement. Note that the mass balances are not systematically carried out each time the fluid is reloaded or at year-end. Some BUs purchase and store refrigerants in advance and may include refrigerants still stored in containers in consumption figures for the year of purchase.

Waste KPI: the chosen reporting scope includes BUs that use waste collection companies which provide information about the tonnage of waste removed. Generally speaking, when waste is collected directly by local authorities, no information is available. When waste is collected and grouped at the warehouses, the corresponding quantities are not systematically included in the reporting.

Considering the methodological limitations outlined above and the difficulties in gathering data, the reporting scope may vary depending on the indicator. For each indicator that pertains to a limited scope, the scope is specified. For analysing any changes in the indicators, we factor out all BUs for which we lack data for one of the comparison years.

Product information

Number of listed organic Carrefour food products: the number of listed organic products reported pertains to the number of organic products labelled by outside third parties found among retailer-branded products whose sales during the year were not zero. The number of Group listed products corresponds to the number of listed organic Carrefour products sold by the Group.

Number of Carrefour Quality Lines products: The calculation methodology was adjusted in 2019. The number of CQL products corresponds to the sum of all products in the assortment that customers can identify throughout the year as being offered under the CQL programme. The following rules apply: a given product packaged in different ways is only counted once; in the meat and fish sections, a given product presented in different cuts is only counted once; if the offering is segmented by breed or variety, that breed or variety corresponds to one product.

Brazilian beef: the percentage of geo-referenced tier 2 Brazilian beef is calculated using the number of tier 2 geo-referenced suppliers. The tier 2 suppliers correspond to farms that supply the slaughterhouses.

Human resources information

Headcount at the end of the period: all company personnel with an employment contract (excluding interns and suspended contracts) on December 31. In China, fixed-term contracts of over two years are considered as permanent contracts.

Work-related accidents: for some BUs for which data is obtained based on the payroll tool, the number of work-related accidents with time off work is estimated according to the number of hours of absence due to a work-related accident.

Hiring: Belgium student contract hires are not taken into account.

Limitations linked to current legislation: the definition of certain indicators (work-related accidents, absenteeism, and employees declared as disabled workers) is defined by the laws in effect in each country, which may cause discrepancies in the method used.

Methods of data collection, consolidation and control

Reporting period

Reporting is performed once annually for the management report submitted to the Board of Directors for approval.

Starting in 2012, to meet the requirements of Article 225 of Grenelle II, the indicators corresponding to the stores, merchandise and logistics were calculated over a 12-month, year-on-year period running from October to September.

In 2019, to ensure greater collaboration within the Group, all indicators corresponding to the stores, merchandise and logistics are now calculated over a 12-month period running from January 1 to December 31. In the analyses, these figures are considered comparable with the data presented on a rolling 12-month basis for previous years (year-on-year). Some indicators were not available during the calendar year and were therefore extrapolated on a year-on-year basis. This is the case for:

- Spain:
  - waste: total waste and food donations for supermarkets,
  - animal welfare: cage-free egg sales;
- Belgium: indicators for sustainable fishing.

The period used for annual reporting is the calendar year (January 1 to December 31) for human resources indicators, without modifying the data for previous years.

Data collection methods

The system in place is based on dual information reporting that allows for collection of qualitative and quantitative data from the various countries and banners. For qualitative information, best practices applied in the countries are submitted via e-mail. In terms of quantitative information, the BFC application deployed in 2014 is used for the consolidation and reporting of key environmental performance indicators. The Group also uses this application for financial consolidation and reporting although the Carrefour strategy tool is used on an exceptional basis for organic product sales in two countries.

Key social performance indicators are reported through the Group's Human Resources reporting tool. Reporting liaisons identified in each country are responsible for coordinating environmental and social reporting for their respective countries.

Environmental data control methods

The BFC reporting application features automatic consistency checks to prevent data entry errors. It also allows users to insert explanatory comments, which makes auditing and internal control easier. Each reporting manager verifies the data entered before it is consolidated at Group level, with the help of a check-list and control tips that are explained in the definition sheet for each indicator. The Group's CSR department carries out a second level of data control. Inconsistencies and errors that are found are reviewed together with the countries and corrected as needed.

Social data control methods

Social data are locally checked before being entered in the Group human resources tool. The Group's Human Resources department carries out a second level of data control. Inconsistencies and errors that are found are reviewed together with the countries and corrected as needed.

External audit

Principle applied: reliability

Quantified data are produced, consolidated, analysed and published. Selected data are subject to verification by an outside third party.

External audit

The reporting procedures have been verified by the external Statutory Auditor, Mazars, appointed as an independent third party. For key performance indicators and information considered most significant, substantive tests have been conducted on the data. Indicators identified with the symbol √ have been reviewed with reasonable assurance.

2.4.3 REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31st of December 2019

To the Shareholders,

In our capacity as independent third party, accredited by COFRAC number 3-1058 (scope available at *www.cofrac.fr*), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the non-financial statement for the year 31st of December 2019 (hereinafter the "Statement"), included in the management report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

It is also our responsibility to conclude, in accordance with the Company's demand and out of the accreditation scope, with a reasonable assurance on the fact that the information selected by the Company[1] is presented fairly in accordance with the Guidelines, in all material respect.

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[2]:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (Non-compliance with anti-corruption laws (Sapin II law), Significant lack of product control and traceability, Failure to draft or comply with the specifications of our own-brand product, Challenge of Carrefour and its suppliers for non-compliance with labour law, human rights and/or fair remuneration (CSR), Non-compliance with laws on the protection of personal data (GDPR, etc...)), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities[2];

(1) Energy consumption in GWh and in kWh/m² (primary indicator for the GHG emissions calculation); CO_2 emissions from stores energy consumption per m²; CO_2 emissions from refrigerant fluids consumption per m²; CO_2 emissions per transportation unit.
(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[1] and covers between 22% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 5 people between November 2019 and March 2020 and took a total of 18 weeks.

We conducted some 50 interviews with the people responsible for preparing the Statement, representing in particular CSR, Human Resources and Risk Management Directions.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- No key performance indicators are presented for the policies related to the main risks "Non-compliance with anti-corruption laws (Sapin II Law)" and "Non-compliance with personal data protection law (GDPR, etc...)".

Reasonable Assurance Report on Selected CSR Information

Concerning the information selected by the company and identified by the sign √ in Appendix 1, at the request of the company on a voluntary basis, we performed work of the same nature as that described in the paragraph "Nature and scope of the work" above for the key performance indicators and for the other quantitative results that we considered the most important but in greater depth, in particular with regard to the number of tests.

The selected sample thus represents between 71% and 85% of the environmental information identified by the sign √.

We believe that this work enables us to express reasonable assurance on the information selected by the company and identified by the sign √.

Conclusion

In our opinion, the information selected by the company and identified by the sign √ has been prepared, in all material respects, in accordance with the Reporting Criteria.

Paris La Défense, March 26, 2020

Independent third party

MAZARS SAS

Edwige REY

(1) Presented in Appendix 1.

APPENDIX 1

Qualitative information (actions and results) relating to the main risks

- Use of raw materials whose value chain is questioned for its environmental, social and/or ethical impact (CSR)
- Inability or difficulties in attracting and retaining key employees
- Failure to assess, develop or value skills
- Riots, popular demonstrations, strikes, social movements and agricultural crisis (CSR)
- Non-optimized use of resources and not taking into account a circular economy
- Non-compliance with anti-corruption laws (Sapin II law)
- Failure to control energy and refrigerant consumption
- Natural Disaster and Climate Change
- Pollution and negative impact on biodiversity related to activities (including petroleum products, construction, etc.)
- Failure to respect the principles of diversity and equality and failure to combat discrimination and harassment
- Significant lack of product control and traceability
- Failure to write or comply with the specifications of our MDC products
- Carrefour and its suppliers accused of failing to comply with labour law, human rights and/or fair remuneration
- Accidents at work, psychosocial risks or occupational diseases
- Non-compliance with laws on the protection of personal data (GDPR, GDPL, etc.)

Quantitative indicators including key performance indicators

- Energy consumption in GWh and in kWh/m^2 (primary indicator for the calculation of GHG)(vs 2010) √ (1) (2) (3) (4) (5) (6) (7)
- CO_2 emissions related to energy consumption √ (1) (2) (3) (4) (5) (6) (7)
- CO_2 emissions related to refrigerants √ (1) (2) (4) (5) (8)
- CO_2 emissions per transport unit (vs 2010) √ (1) (2) (4)
- Percentage of food waste recovered (10)
- Tonnes of packaging avoided (1) (2) (4)
- Share of waste from hypermarkets and supermarkets recovered (including food donations) (1) (2)
- Sales MSC, ASC and CQL fisheries (in EUR million) (1) (2) (4)
- Total gross sales of organic products (1) (4) (6) (7) (8) (9)
- Penetration rate of CQL in fresh products (10)
- Share of palm oil from RSPO-supported commodity chains (segregated and mass balance) (1) (2) (4)
  - *of which share of palm oil used certified sustainable and fully traced (segregated RSPO)* (1) (2) (4)
- Percentage of own-brand products from sustainable fisheries (1) (2) (4)
- Percentage of tier 2 Brazilian beef suppliers georeferenced zero deforestation (2)
- Share of gross sales of top 10 families of wood/paper/pulp products from responsible forest sources (1) (2) (4)
- Percentage of social audits with alerts (10)
- Percentage of IFS or BRC certified suppliers (10)
- Percentage of sites audited by Carrefour (10) of which:
  - *Percentage of audit scores between A and B*
  - *Percentage of audit scores between C and D*
- Number of employees identified as superheroes of the in-store food transition (1) (2) (4)
- Number of countries having deployed an annual communication programme on Act for Food (1) (2) (4)
- Number of actions of the SME plan implemented (1) (2) (4)
- Percentage of countries having implemented a programme devoted to local products and suppliers (1)
- Number of countries with a Better Food Action Program in place (1) (4)
- Share of our clients having identified the food transition in our stores (10)
- Share of women in management (1)
- Percentage of women appointed to key positions (1) (2)
- Percentage of employees deemed disabilities (1)
- Frequency rate (1)
- Severity rate (1)
- Average number of training hours per employee (1) (2)
- Number of agreements signed (10)
- Retention rate of Group graduates (10)
- Number of GEEIS certifications (10)

We have selected a list of entities on which we performed our tests of details. These entities are:

(1) France HM and SM
(2) Brazil HM and SM
(3) Brazil Atacadão
(4) Spain HM and SM
(5) Argentina HM
(6) Italy HM
(7) Poland HM
(8) Romanie HM
(9) Belgium HM
(10) Group

3

CORPORATE GOVERNANCE

3.1 Corporate Governance Code

The Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies (AFEP-MEDEF Code), as amended in January 2020. The AFEP-MEDEF Code may be consulted at the Company's head office, on the AFEP website *(www.afep.com/en/)* and on the MEDEF website (*www.medef.com/en/*).

3.2 Composition, conditions of preparation and organisation of the Board of Directors' work

3.2.1 THE BOARD OF DIRECTORS

3.2.1.1 Composition of the Board of Directors in 2019

The Board of Directors has nineteen members including two Directors representing employees. The composition of the Board of Directors and its specialised Committees is presented in the following table:

					Duration of appointment		
Director	Nationality	Age	Gender	Independent	Date of appointment	Date of last renewal	End of term[1]
Alexandre Bompard *Chairman and Chief Executive Officer*	French	47	M		07/18/2017	06/15/2018	2021 AGM
Philippe Houzé *Lead Director*	French	72	M		06/11/2015	06/15/2018	2021 AGM
Cláudia Almeida e Silva	Portuguese	46	F	x	01/22/2019[4]	-	2021 AGM
Alexandre Arnault	French	27	M		04/24/2019[4]	-	2020 AGM
Nicolas Bazire	French	62	M		07/28/2008	06/15/2018	2021 AGM
Jean-Laurent Bonnafé	French	58	M		07/28/2008	06/15/2017	2020 AGM
Thierry Breton[5]	French	64	M	x	07/28/2008	06/14/2019	2022 AGM
Flavia Buarque de Almeida	Brazilian	52	F		04/12/2017	06/14/2019	2022 AGM
Stéphane Courbit	French	54	M	x	06/15/2018	-	2021 AGM
Abilio Diniz	Brazilian	83	M		05/17/2016	06/14/2019	2022 AGM
Aurore Domont	French	51	F	x	06/15/2018	-	2021 AGM
Charles Edelstenne	French	81	M	x	07/28/2008	06/14/2019	2022 AGM
Thierry Faraut[6]	French	49	M		11/23/2017	-	11/23/2020
Stéphane Israël	French	48	M	x	06/15/2018	-	2021 AGM
Mathilde Lemoine	French	50	F	x	05/20/2011	06/15/2018	2021 AGM
Patricia Moulin-Lemoine	French	70	F		06/11/2015	06/15/2018	2021 AGM
Martine Saint-Cricq[6]	French	61	F		10/04/2017	-	10/04/2020
Marie-Laure Sauty de Chalon	French	57	F	x	06/15/2017	-	2020 AGM
Lan Yan	French	62	F	x	06/15/2017	-	2020 AGM

(1) Date of the Shareholders' Meeting convened to approve the Financial Statements for the previous year.
(2) Other corporate offices held within listed companies (outside the Carrefour group). When several corporate offices are held within listed companies of the same group, they are identified as one sole corporate office.
(3) The Appointments Committee was renamed the Governance Committee on April 20, 2020.
(4) Date of appointment; ratified at the 2019 Shareholders' Meeting.
(5) Thierry Breton stood down as Director on October 24, 2019 following his appointment as Internal Market Commissioner for Europe.
(6) Director representing employees.

	Board of Directors' specialised Committees				
Other corporate offices[2]	Audit Committee	Compensation Committee	Appointments Committee[3]	CSR Committee	Strategic Committee
1					◆
1	○		○		○
	○			○	
-					
4	○	○			○
2					
2		◆			
1			○		
-		○			○
1					▣
-			○	◆	
2		○	◆		
-			○		
-	◆				
1	○				
-				○	
-				○	
2				○	
-		○			

◆ Chair
▣ Vice-Chair
○ Member

Directors, except Directors representing employees, are appointed by the Ordinary Shareholders' Meeting upon proposal of the Board of Directors on the recommendation of the Governance Committee. They are appointed for a term of three years.

3.2.1.2 Changes in the composition of the Board of Directors and its specialised Committees

Changes in the composition of the Board of Directors and its specialised Committees are summarised in the following table:

	Departures	Appointments	Renewals
Board of Directors	Bernard Arnault Thierry Breton(*)(1)	Cláudia Almeida e Silva(*) Alexandre Arnault	Thierry Breton(*)(1) Flavia Buarque de Almeida Abilio Diniz Charles Edelstenne(*)
Audit Committee	-	Cláudia Almeida e Silva(*)	-
Compensation Committee	Thierry Breton(*)(1)	Mathilde Lemoine(*)(2)	-
Appointments Committee(3)	-	-	-
CSR Committee	-	Cláudia Almeida e Silva(*)	-
Strategic Committee	-	-	-

(*) Independent Director.
(1) Thierry Breton's term of office was renewed by the Shareholders' Meeting of June 14, 2019 before he stood down as a Director on October 24, 2019.
(2) Appointment as Chair of the Compensation Committee on January 23, 2020.
(3) The Appointments Committee was renamed the Governance Committee on April 20, 2020.

Changes in the composition of the Board of Directors

The Shareholders' Meeting of June 14, 2019 ratified the Board's appointment of Cláudia Almeida e Silva and Alexandre Arnault as Directors on January 22 and April 24, 2019, respectively to replace Amélie Oudéa-Castéra and Bernard Arnault, respectively.

In addition, the Shareholders' Meeting of June 14, 2019 renewed the terms of Flavia Buarque de Almeida, Thierry Breton, Abilio Diniz and Charles Edelstenne as Directors.

Thierry Breton stood down as Director on October 24, 2019 following his appointment as Internal Market Commissioner for Europe.

At its meeting on April 20, 2020, the Board of Directors acknowledged the decisions of Jean-Laurent Bonnafé and Lan Yan not to seek the renewal of their terms. In addition, on the recommendation of the Appointments Committee, and with a view to reducing its size, the Board decided not to propose that the Annual Shareholders' Meeting to be held on May 29, 2020 appoint new Independent Directors to replace the three departing Directors.

At its meeting on April 20, 2020, the Board of Directors decided, on the recommendations of the Compensation Committee, to propose that the Annual Shareholders' Meeting to be held on May 29, 2020 renew the terms of office of Alexandre Arnault and Marie-Laure Sauty de Chalon.

Changes in the composition of the Board of Directors' specialised Committees

On the recommendation of the Appointments Committee, the Board of Directors reviewed the composition of its specialised Committees on April 24, 2019.

Cláudia Almeida e Silva (Independent Director) joined the Audit Committee to replace Amélie Oudéa-Castéra as well as the CSR Committee.

Mathilde Lemoine (Independent Director) was appointed Chair of the Compensation Committee to replace Thierry Breton from January 23, 2020.

3.2.1.3 Balanced composition of the Board of Directors, the Group Executive Committee and the Directors representing employees

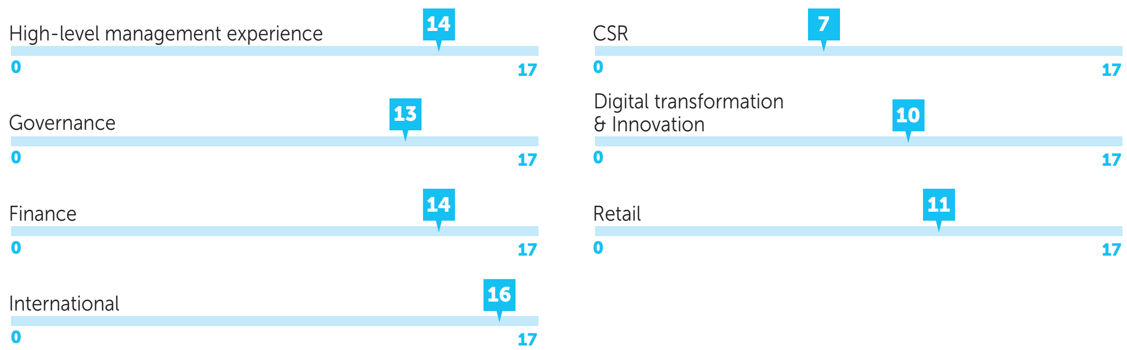
A balanced composition of the Board of Directors

These changes in the composition of the Board of Directors and its specialised Committees were discussed by the Appointments Committee and the Board of Directors as part of the Board renewal process that began in 2017. The addition of two new, younger Directors of different nationalities and with different skills and experience has made the Board more international and expanded its entrepreneurial and digital expertise.

At December 31, 2019, the Board of Directors had 16 members in total, seven of whom are women, thus representing a proportion of 44% (this proportion does not include Directors representing employees). Three of the Directors were non-French.

The Board of Directors benefits from the diversity of its Directors' backgrounds, their complementary experience (including retail, financial, industrial, economic, sales, digital and innovation expertise) and, in some cases, their in-depth experience and knowledge of the Group's business, industry and environment both in France and abroad.

MATRIX OF DIRECTORS' SKILLS IN 2019 (EXCLUDING DIRECTORS REPRESENTING EMPLOYEES)



Directors are present, active and committed, which contributes to the quality of the Board of Directors' deliberations with respect to the decisions it takes. Directors' profiles and their levels of experience and expertise are described in their biographies in Section 3.2.1.6 of this Universal Registration Document.

A balanced composition of the Group Executive Committee

The Group Executive Committee was created on September 22, 2017 and is chaired by Alexandre Bompard, Carrefour's Chairman and Chief Executive Officer. The Committee's role is to strengthen oversight of the Group and closely monitor the implementation of its transformation plan. The Group Executive Committee comprises Group managers and individuals from other horizons who contribute complementary expertise. Upon its creation, it had 14 members, including one woman.

It now has 15 members, including four women, *i.e.*, 27% in 2019 compared with 19% in 2018 and 7% in 2017.

It should be noted that this trend was observed within the Executive Committee in France, which also comprised four women in 2019 versus just one in 2017.

This change in the composition of the Group Executive Committee reflects, on a broader scale, the progress achieved by Carrefour in addressing the major challenge of ensuring women can reach positions of responsibility. The proportion of women on the Group's management team has considerably increased and several women have been appointed to strategic positions within the Group's businesses, outside the Executive Committee. These achievements can be explained primarily by Group policy, which has been focused on gender equality for a number of years, particularly with regards to diversity in the 10% of positions at the highest levels of responsibility. Carrefour introduced the international Women Leaders programme in 2011 to improve diversity and increase the number of women in management positions. This programme embodies several of Carrefour's commitments, including the signature in 2013 of the UN's Women's Empowerment Principles. Carrefour's commitment in this respect is also reflected in the Group's CSR & Food Transition Index, which measures the achievement of the following key indicators: "Women to account for at least 40% of appointments to key positions within the Group by 2025" and "each country to obtain GEEIS certification by 2020" (detailed in Section 2.1.3 of this Universal Registration Document). In 2019, this policy enabled Carrefour to increase the percentage of women in management roles (42%), in Director roles (23%) and in Senior Director roles (19%) (detailed in Section 2.2.3.1 of this Universal Registration Document).

Designation of Directors representing employees

Following the meeting of the European Works Council (*Comité d'Information et de Concertation Européen Carrefour*) on October 4, 2017 designating Martine Saint-Cricq as a Director representing employees, she joined the Board of Directors on October 18, 2017.

Following the meeting of the Group Committee (*Comité de Groupe français Carrefour*) on November 23, 2017 designating Thierry Faraut as a Director representing employees, he joined the Board of Directors on January 17, 2018.

Their biographies are presented in Section 3.2.1.6 of this Universal Registration Document. As required by law, they have both resigned from their positions as trade union employee representatives.

The Directors representing employees have the same status, rights and responsibilities as the other Directors.

They received compensation in 2019 on the same basis as other Directors.

The Board of Directors granted Directors representing employees 20 hours of training per year and 15 hours of preparation time per meeting. They received internal training to familiarise them with the role of and rules pertaining to Directors, as well as their rights, obligations and responsibilities in that capacity. Martine Saint-Cricq also received training provided by the French Institute of Directors (*Institut Français des Administrateurs* – IFA) paid for by the Group.

Furthermore, the Board of Directors offered them the opportunity to participate in an integration programme designed to enhance their knowledge of the Group's business and organisation. To this end, they have had interviews with Group Senior managers.

Lead Director

Following its decision to combine the duties of Chairman and Chief Executive Officer, the Board of Directors decided at its meeting on June 21, 2011, to create the position of Lead Director. At its meeting on June 15, 2017, and on the recommendation of the Appointments Committee, the majority of whom are Independent Directors, the Board of Directors appointed Philippe Houzé as Lead Director. In its decision, the Board of Directors took into consideration the fact that Philippe Houzé does not qualify as an Independent Director. However, given the duties conferred on the Lead Director at Carrefour, the Board of Directors considered that Philippe Houzé was the best person to assure oversight of the Board's practices and procedures and to represent the interests of the shareholders due to his experience in the business sector and in corporate governance, as well as his position as representative of one of the Company's main non-controlling shareholders. His membership of the three Board of Directors' Committees also makes the Lead Director a key intermediary for the Independent Directors and the Chairman and Chief Executive Officer. The external assessment of the Board of Directors performed at the end of 2019 underscored the Lead Director's personal investment and skills. Nevertheless, as part of the Company's ongoing dialogue with shareholders, and in order to take certain recent governance-related changes into account, the Board of Directors requested that the Governance Committee explore possible improvements to the Company's governance system ahead of the next Shareholders' Meeting. Following this work, on the recommendation of the Governance Committee, the Board of Directors at its meeting on April 20, 2020, decided to appoint Stéphane Israël, an Independent Director, as Lead Director, replacing Philippe Houzé, who was appointed Vice-Chairman of the Board of Directors.

Duties

According to the Board of Directors' Internal Rules, the role of the Lead Director is to assist the Chairman of the Board of Directors in his duties to ensure that the Company's governance bodies are operating correctly. He has particular responsibility for examining situations where there is a real or potential conflict of interest, which could affect Directors or the Chairman of the Board of Directors in respect of the interests of the business, whether this relates to operational projects, strategic management or specific agreements. He reports to the Board of Directors on his work.

2019 principal activities

In 2019, the Lead Director:

- took part in all meetings of the Board of Directors, Audit Committee, Appointments Committee and Strategic Committee, making him a key intermediary for the Independent Directors and the Chairman and Chief Executive Officer;
- had regular discussions with the members of the Board and its various committees about the practices and procedures of the Company's governance bodies;
- oversaw and took part in the Board assessment, performed by an external consultant in the second half of 2019;
- met most of the Group's senior executives in order to obtain an understanding of the Group's transformation and to discuss the Group's activities, challenges and operation in concrete terms;
- ensured that the governance rules were applied within the Board and its committees, particularly as regards compliance with the authorisation procedure for related-party agreements;
- had discussions with Lan Yan prior to the Board meeting authorising the disposal of Carrefour China (Lazard bank advised on the deal). Even though Lan Yan did not take part in negotiations with the Suning.com group, she abstained from the Board's deliberations and vote authorising the disposal, in order to prevent any potential conflict of interests.

3.2.1.4 Composition of the Board of Directors as of April 20, 2020

Director	Nationality	Age	Gender	Independent	Duration of appointment		
					Date of appointment	Date of last renewal	End of term[1]
Alexandre Bompard *Chairman and Chief Executive Officer*	French	47	M		07/18/2017	06/15/2018	2021 AGM
Philippe Houzé *Vice-Chairman*	French	72	M		06/11/2015	06/15/2018	2021 AGM
Stéphane Israël *Lead Director*	French	49	M	x	06/15/2018	-	2021 AGM
Cláudia Almeida e Silva	Portuguese	46	F	x	01/22/2019[4]	-	2021 AGM
Alexandre Arnault	French	27	M		04/24/2019[4]	-	2020 AGM
Nicolas Bazire	French	62	M		07/28/2008	06/15/2018	2021 AGM
Jean-Laurent Bonnafé	French	58	M		07/28/2008	06/15/2017	2020 AGM
Flavia Buarque de Almeida	Brazilian	52	F		04/12/2017	06/14/2019	2022 AGM
Stéphane Courbit	French	54	M	x	06/15/2018	-	2021 AGM
Abilio Diniz	Brazilian	83	M		05/17/2016	06/14/2019	2022 AGM
Aurore Domont	French	51	F	x	06/15/2018	-	2021 AGM
Charles Edelstenne	French	82	M	x	07/28/2008	06/14/2019	2022 AGM
Thierry Faraut[5]	French	49	M		11/23/2017	-	11/23/2020
Mathilde Lemoine	French	50	F	x	05/20/2011	06/15/2018	2021 AGM
Patricia Moulin-Lemoine	French	71	F		06/11/2015	06/15/2018	2021 AGM
Martine Saint-Cricq[5]	French	61	F		10/04/2017	-	10/04/2020
Marie-Laure Sauty de Chalon	French	57	F	x	06/15/2017	-	2020 AGM
Lan Yan	French	63	F	x	06/15/2017	-	2020 AGM

(1) Date of the Shareholders' Meeting convened to approve the Financial Statements for the previous year.
(2) Other corporate offices held within listed companies (outside the Carrefour group). When several corporate offices are held within listed companies of the same group, they are identified as one sole corporate office.
(3) Formerly the Appointments Committee.
(4) Date of appointment; ratified by the 2019 Shareholders' Meeting.
(5) Director representing employees.

Other corporate offices[2]	Board of Directors' specialised Committees				
	Audit Committee	Compensation Committee	Governance Committee[3]	CSR Committee	Strategic Committee
1					◆
1	○		○		○
-	◆				
-	○			○	
-					
5	○	○			○
2					
1			○		
-		○			○
1					▣
-			○	◆	
3		○	◆		
-			○		
1	○	◆			
-				○	
-				○	
2				○	
-		○			

◆ Chair
▣ Vice-Chair
○ Member

3.2.1.5 Directors' awareness of ethical rules

Each Director must adhere to the Directors' Guide, which includes the rules of conduct and responsibilities to which a Director is bound, in accordance with the applicable legal and regulatory provisions, the Board of Directors' Internal Rules and the recommendations in the AFEP-MEDEF Code to which the Company refers.

All Directors are required to independently perform their duties with integrity, loyalty and professionalism. They must act in all circumstances in the Company's interest. When participating in the Board of Directors' deliberations and voting, they do so in their capacity as representatives of the Company's shareholders.

Stock market ethics

The Group has taken into consideration EU Regulation No. 596/2014 on market abuse effective since July 3, 2016. This regulation replaces the January 28, 2003 European directive and establishes new rules and measures applicable to listed companies and their Senior managers/Company Officers regarding inside information.

Directors are affected in particular by the regulation regarding the prevention of insider dealing and misconduct, both on a personal level and as regards the duties they perform at companies which are shareholders of the Company, and they must also adhere to the Stock Market Ethics Charter put in place by the Company. Information considered to be sensitive and confidential, as well as information considered to be inside information under the applicable regulation, must therefore be kept confidential. Such information is no longer considered confidential once it is published by the Company through a press release, it being specified that information communicated in this way is no longer considered to be confidential. Directors are also required to refrain from carrying out or attempting to carry out any transactions in Company shares during closed periods, particularly those relating to the publication of annual, half-yearly and quarterly financial information.

Independence criteria

According to the AFEP-MEDEF Code, Directors are independent if they have no relationship of any kind with the Company, its Group or its Management that could compromise their freedom of judgement. Thus, an Independent Director must not only be a Non-executive Director, *i.e.*, one not performing any management duties within the Company or its Group, but must also be free of any particular vested interest (as a significant shareholder, employee, or otherwise) in the Company or its Group.

The Board of Directors referred to the following AFEP-MEDEF Code criteria in determining a Director's independence:

- not be or have been over the past five years:
  - an employee or Executive Officer of the Company,
  - an employee, Executive Officer or Director of a company that the Company consolidates,
  - an employee, Executive Officer or Director of the Company's parent company or a company that the latter consolidates;

- not to be an Executive Officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an Executive Officer of the Company (currently in office or having held such office over the past five years) is a Director;
- not to be a customer, supplier, investment banker or commercial banker:
  - that is material for the Company or its group, or
  - for which the Company or its group represents a significant proportion of business;
- not to be related by close family ties to a Company Officer;
- not to have been a Statutory Auditor of the Company over the past five years;
- not to have been a Director of the Company for more than 12 years.

A non-executive Company Officer receiving variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group cannot be considered independent.

Directors representing main shareholders of the Company may be regarded as independent if the relevant shareholder does not exercise any control over the Company. However, beyond a threshold of 10% of the share capital or voting rights, the Board of Directors will, on the recommendation of the Governance Committee, review the Director's independence taking into account the Company's ownership structure and the existence of any potential conflicts of interest.

Review of Directors' independence

The Board of Directors' Internal Rules require that it conduct an annual review, on the recommendation of the Governance Committee, of each Director's independence.

In accordance with the AFEP-MEDEF Code, and on the recommendation of the Appointments Committee, the Board of Directors conducted the annual assessment of the Directors' independence on April 3, 2020. Of the 16 Directors, eight are deemed to be Independent, *i.e.*, 50%, in accordance with the recommendation set out in the AFEP-MEDEF Code (this proportion does not include Directors representing employees).

Thus, Cláudia Almeida e Silva, Aurore Domont, Mathilde Lemoine, Marie-Laure Sauty de Chalon, Lan Yan, Stéphane Courbit, Charles Edelstenne and Stéphane Israël are considered to be Independent Directors.

On the recommendation of the Appointments Committee, the Board of Directors determined that none of the Independent Directors have any material business relationships with the Group, directly or indirectly, that could create a conflict of interests from the point of view of either the Group or the Director concerned. Several criteria were used to determine the materiality of business relationships: the precedence and history of the contractual relationship between the Group and the group within which a Company Director holds a Company office or has executive duties; the existence of arm's length conditions in the contractual relationship; the absence of economic dependence or exclusivity; the non-material nature of the proportion of sales resulting from business relationships between the group concerned and the Carrefour group.

On the recommendation of the Appointments Committee, the Board of Directors also closely examined the status of Charles Edelstenne.

His term of office is due to expire at the Shareholders' Meeting called to approve the 2021 Financial Statements. As of July 2020, he will have been a Director for longer than the maximum period of 12 years recommended by the AFEP-MEDEF Code.

The Board of Directors took into account Charles Edelstenne's reputation, professional experience, the objectivity he has consistently demonstrated during Board meetings, his critical judgement and ability to make sound decisions in all situations, in particular as regards Executive Management.

The Board of Directors also took into account the change to the management team that took place in in 2017, which meant that close ties could not be formed with the current team given the duration of his term.

Charles Edelstenne's qualities and in-depth knowledge of the Group were considered essential in light of the radical change in the composition of the Board since 2018 and its reduced size, making him a highly valuable contributor to the Board's strategic decisions.

Given this assessment, the Board of Directors considered that the length of directorship criterion defined in the AFEP-MEDEF Code among eight other criteria was not itself sufficient for Charles Edelstenne to automatically lose his independent status, and that there was no other reason to prevent him from continuing in office as an Independent Director until the end of his term at the 2022 Shareholders' Meeting.

In accordance with the Board of Directors' Internal Rules, Directors express their opinions freely and commit to preserving in all circumstances their independence of analysis, judgement, decision-making and actions. They also undertake to reject any pressure, whether direct or indirect, that could be exerted upon them from other Directors, specific groups of shareholders, creditors, suppliers or any other third party. Each Director shall refrain from seeking or accepting from the Company or its affiliates, directly or indirectly, any advantages that could be considered likely to compromise his or her independence.

1 2 3 4 5 6 7 8 9

The table below shows the position of each Director (except for the Directors representing employees), based on the independence criteria set out in the AFEP-MEDEF Code:

Director[(1)]	Criterion 1 *Employee or Company officer in the past 5 years*	Criterion 2 *Cross-directorships*	Criterion 3 *Significant business relationships*	Criterion 4 *Family ties*	Criterion 5 *Statutory Auditors*	Criterion 6 *In office for more than 12 years*	Criterion 7 *Non-executive Company officer*	Criterion 8 *Main shareholder*
Alexandre Bompard *Chairman and Chief Executive Officer*	X	✓	✓	✓	✓	✓	✓	✓
Philippe Houzé *Vice-Chairman*	✓	✓	✓	X	✓	✓	✓	X
Stéphane Israël(*) *Lead Director*	✓	✓	✓	✓	✓	✓	✓	✓
Cláudia Almeida e Silva(*)	✓	✓	✓	✓	✓	✓	✓	✓
Alexandre Arnault	✓	✓	✓	✓	✓	✓	✓	X
Nicolas Bazire	✓	✓	✓	✓	✓	✓	✓	X
Jean-Laurent Bonnafé	✓	✓	X	✓	✓	✓	✓	✓
Flavia Buarque de Almeida	✓	✓	✓	✓	✓	✓	✓	X
Stéphane Courbit(*)	✓	✓	✓	✓	✓	✓	✓	✓
Abilio Diniz	✓	✓	✓	✓	✓	✓	✓	X
Aurore Domont(*)	✓	✓	✓	✓	✓	✓	✓	✓
Charles Edelstenne(*)	✓	✓	✓	✓	✓	✓[(2)]	✓	✓
Mathilde Lemoine(*)	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Moulin Lemoine	✓	✓	✓	X	✓	✓	✓	X
Marie-Laure Sauty de Chalon(*)	✓	✓	✓	✓	✓	✓	✓	✓
Lan Yan(*)	✓	✓	✓	✓	✓	✓	✓	✓

(1) In the table:
✓ signifies an independence criterion that has been met.
X signifies an independence criterion that has not been met.
(*) Independent Director.
(2) At its meeting on April 3, 2020, the Board of Directors considered that the duration of Charles Edelstenne's term, which will exceed 12 years from the date of the 2020 Shareholders' Meeting, does not compromise his independence.

Managing conflicts of interest

In accordance with the Board of Directors' Internal Rules, the Directors are also made aware of the rules relating to conflicts of interest. A conflict of interest exists in situations in which a Director or a member of his/her family could personally benefit from how the Company's business is run, or in which the Director or his/her family member could have any type of relationship or connection with the Company, its affiliates or its management that could compromise his/her free exercise of judgement.

Each Director shall endeavour to avoid any conflicts of interest that may exist between his/her moral and material interests and those of the Company.

As soon as they become aware of any situation involving a real or potential conflict of interest with the Company and its affiliates, Directors must inform the Board of Directors, and more specifically the Lead Director, and must refrain from participating in such deliberations and from voting on the related resolution.

Directors must therefore promptly inform the Chairman of the Board of Directors and the Lead Director of any agreement which they or a company of which they are a Director, in which they hold a significant stake, either directly or indirectly, or in which they have a direct interest, entered into with the Company or one of its affiliates, or which has been entered into through an intermediary.

The Lead Director had discussions with Lan Yan prior to the Board meeting authorising the disposal of Carrefour China (Lazard bank advised on the deal). Even though Lan Yan did not take part in negotiations with the Suning.com group, she abstained from the Board's deliberations and vote authorising the disposal, in order to prevent any potential conflict of interests.

The Chairman of the Board of Directors may at any time, ask the Directors to sign a statement certifying that they do not have any conflicts of interest.

The Board of Directors has not been asked to issue an opinion regarding any new positions accepted by the Executive Officers in listed companies outside the Group.

Company Officers' statement

There are no family relationships between the Company Officers (Directors, the Chairman and Chief Executive Officer), with the exception of Patricia Moulin Lemoine and Philippe Houzé, who are related by marriage (sister and brother-in-law).

To the Company's knowledge and as of the date this Universal 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 Universal Registration Document was prepared, no real or potential conflict of interest has been identified between the duties of any Company Officers (Directors, the Chairman and Chief Executive Officer) with respect to the Company and their private interests and/or other duties than those described in the previous section, "Managing conflicts of interest".

To the Company's knowledge and as of the date this Universal 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 Universal Registration Document was prepared, none of the Company Officers are bound to the Company or to one of its affiliates by a service contract.

3.2.1.6 Directors' biographies

Alexandre Bompard

CHAIRMAN AND CHIEF EXECUTIVE OFFICER/*Chairman of the Strategic Committee*

BORN ON: October 4, 1972
NATIONALITY: French
NUMBER OF COMPANY SHARES OWNED: 130,200
DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: July 18, 2017
APPROVAL OF THE SHAREHOLDERS' MEETING: June 15, 2018
DATE OF LAST RENEWAL: June 15, 2018
TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 2 YEARS
ATTENDANCE RATE: 100%

Alexandre Bompard is a graduate of Institut d'Études Politiques de Paris, with a degree in Public law and a postgraduate degree in Economics. He is also a graduate of École Nationale de l'Administration (ENA) (Cyrano de Bergerac class). After graduating from ENA, Alexandre Bompard joined the French General Inspectorate of Finance (1999-2002). He went on to become the technical advisor to François Fillon, then Minister for Social Affairs, Labour and Solidarity (April-December 2003). From 2004 to 2008, he held several positions within the Canal+ group, notably as Chief of Staff for Chairman Bertrand Méheut (2004-2005) and Director of Sport and Public Affairs (June 2005-June 2008). In June 2008, he was appointed Chairman and Chief Executive Officer of Europe 1 and Europe 1 Sport. In January 2011, Alexandre Bompard joined the Fnac group where he was appointed Chairman and Chief Executive Officer. On June 20, 2013, he launched Fnac's IPO. In the fall of 2015, Fnac offered to take over the Darty group and on July 20, 2016 Alexandre Bompard became Chairman and Chief Executive Officer of the new entity Fnac Darty. He is a *Chevalier de l'Ordre des Arts et des Lettres* (France). Since July 18, 2017, Alexandre Bompard has been Chairman and Chief Executive Officer of Carrefour. In addition, he has chaired the Carrefour Foundation since September 8, 2017.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chairman of the Board of Directors of the Carrefour Foundation (Carrefour group)
- Director of Orange(*)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Chairman and Chief Executive Officer (Expiry of term: July 2017), Director and member of the Corporate, Environmental and Social Responsibility Committee of Fnac Darty(*) (Expiry of term: November 2017)
- Chairman and Chief Executive Officer of Fnac Darty Participations et Services (Expiry of term: July 2017)
- Director of Les Éditions Indépendantes (Expiry of term: 2015)
- Member of the Supervisory Committee of Banijay group Holding (Expiry of term: January 2018)
- Member of the Strategic Committee of Lov Banijay (Expiry of term: January 2018)
- Member of the Board of Directors of Le Siècle (an independent organisation under French law 1901) (Expiry of term: 2019)

Abroad:

- Director of Darty Ltd (United Kingdom) (Expiry of term: July 2017)

(*) Listed company.

Philippe Houzé

VICE-CHAIRMAN AS OF APRIL 20, 2020/*Member of the Audit Committee, Governance Committee and Strategic Committee*

BORN ON: **November 27, 1947**

NATIONALITY: **French**

NUMBER OF COMPANY SHARES OWNED: **3,167**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
June 11, 2015

DATE OF LAST RENEWAL:
June 15, 2018

TERM OF OFFICE EXPIRES:
Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: **4 YEARS** **ATTENDANCE RATE:** **100%**

Philippe Houzé is Chairman of the Executive Board at Galeries Lafayette, a family-owned group with 125 years of history in fashion, business and retail with brands such as Galeries Lafayette, BHV/MARAIS, La Redoute, Louis Pion, Galeries Lafayette-Royal Quartz Paris, Mauboussin and BazarChic.

After graduating from INSEAD Business School, Philippe Houzé began his career with Monoprix in 1969. He was appointed Chief Executive Officer of Monoprix in 1982 and Chairman and Chief Executive Officer in 1994, holding the position until November 2012. He was Co-Chairman of the Galeries Lafayette group from 1998 to 2004 and became Chairman of the Executive Board in 2005.

Philippe Houzé is currently Chairman and Chief Executive Officer of the Galeries Lafayette group, France's largest chain of department stores. With his sales, marketing and fashion industry expertise, he used innovative concepts to transform Monoprix, making it a leading local retailer in town and city centres. As Chairman of the Executive Board of the Galeries Lafayette group, he played a role in making Galeries Lafayette the leading department store in Europe, with the ambition of becoming a benchmark for omni-channel, responsible and innovative business, and promoting the French "Art of Living".

In 2014, Philippe Houzé orchestrated the acquisition of a significant stake in the Carrefour group on behalf of Motier SAS, the Galeries Lafayette family holding company. In 2017, he led the acquisition of 51% of the share capital of La Redoute, with the goal of holding 100% of the shares by 2021. In 2015, Philippe Houzé received the "International Retailer of the Year" award on behalf of Galeries Lafayette from the National Retail Federation (NRF), a prestigious American retail trade association bringing together key global industry players.

As a committed stakeholder in the French economy, Philippe Houzé has made a personal commitment to sustainable development: he has been heavily involved in the regeneration of town and city centres while taking into consideration the Galeries Lafayette group's environmental and social responsibilities. As outlined in his book, *La vie s'invente en ville*, he intends to continue working on behalf of inner city areas and help build a brighter future for the next generations. Following in the footsteps of the Group's founders, Philippe Houzé continues to support Galeries Lafayette's commitment to contemporary art and creation.

He supported the launch of the Fondation d'entreprise Galeries Lafayette, of which he is a Director. The Fondation held its grand opening in March 2018 in the heart of the Marais district in Paris, in a building renovated by Pritzker Prize-winning architect Rem Koolhaas.

He is Chairman of the Supervisory Committee of BHV, a Director of HSBC France, Lead Director at Carrefour until April 20, 2020, when he became Vice-Chairman of the Board of Directors. He is also a member of the Carrefour group Audit Committee, Appointments Committee and Strategic Committee.

As part of his strong commitment to the student community, he is Chairman of the Board of ESCP Business School, President of the INSEAD France Council, as well as a member of the INSEAD Board of Directors. He is also a member and former Chairman of the Association Internationale des Grands Magasins (AIGM), a former Director of the National Retail Federation (NRF) in the United States, a member and former Chairman of the Union du Grand Commerce de Centre Ville (UCV), an elected member of the Chamber of Commerce and Industry of Paris Île-de-France (CCIP), a member of the Association Française des Entreprises Privées (AFEP), and a former Director of the Institut Français de la Mode.

He is Vice-Chairman of the Association Alliance 46.2 Entreprendre en France pour le Tourisme.

Philippe Houzé is a *Commandeur de la Légion d'Honneur*, *Chevalier de l'ordre des Arts et Lettres et des Palmes Académiques*.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chairman of the Executive Board of Galeries Lafayette
- Chairman of the Supervisory Committee of La Redoute SAS
- President of the INSEAD France Council
- Chairman of Motier Domaines SAS
- Vice-Chairman and Chief Executive Officer of Motier SAS
- Vice-Chairman of the Association Alliance 46.2 Entreprendre en France pour le Tourisme
- Director, Chairman of the Appointments Committee and Chairman of Compensation Committee of HSBC France(*)
- Director of Lafayette Anticipation-Fondation d'entreprise Galeries Lafayette (Founder)
- Chairman of the Supervisory Committee of BHV Exploitation SAS
- Member of the Board of Directors of INSEAD
- Member of the Union du Grand Commerce de Centre Ville (UCV)
- Elected member at the Chamber of Commerce and Industry of Paris Île-de-France (CCIP)
- Chairman of the Board of ESCP Business School

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Director of Institut Français de la Mode (IFM) (Expiry of term: 2019)
- Chairman of Guérin Joaillerie SAS (Expiry of term: 2019)
- Chairman of the Board of Novancia Business School (Expiry of term: 2016)
- Director of IDBYME SA (Expiry of term: 2015)
- Member of the Supervisory Committee of Bazar de l'Hôtel de Ville – BHV SAS (Expiry of term: 2015)
- Observer of the Board of Directors of Carrefour(*) (Expiry of term: 2015)
- Vice-Chairman of Fondation France INSEAD (Expiry of term: 2014)
- Chairman and member of Union du Grand Commerce de Centre Ville (UCV) (Expiry of term: 2014)
- Permanent representative of Galeries Lafayette SA on the Boards of Directors of Laser and Laser Cofinoga (Expiry of term: 2014)

Abroad:

- None

(*) Listed company.

Stéphane Israël

INDEPENDENT DIRECTOR AND LEAD DIRECTOR AS OF APRIL 20, 2020/*Chairman of the Audit Committee*

BORN ON: January 3, 1971

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 1,500

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: June 15, 2018

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 1 YEAR **ATTENDANCE RATE:** 100%

Following two years of preparatory classes at the prestigious Henri IV secondary school in Paris, Stéphane Israël began his tertiary studies in 1991 at École Normale Supérieure where he obtained postgraduate and teaching degrees in history (1993-1995) before going on to attend École Nationale d'Administration (ENA) in 1999.

He taught at Harvard University (1994-1995) and Université de Valenciennes in northern France (1997-1998) and worked for the Chairman of the French National Assembly from 1997 to 1998.

In 2001, he joined the *Cour des Comptes* (second chamber), France's Court of Accounts, as an auditor and was appointed as a senior auditor. In 2004, he contributed to the report on corporate tax competition published by France's Taxation Board. From 2005 to 2007, he also worked as an associate professor at École Normale Supérieure (ENS) in Paris and founded and directed a joint programme with the school to prepare students for the ENA entrance exam.

In 2007, Stéphane Israël joined the Airbus group, where he served as advisor to Louis Gallois, CEO of EADS (as the group was known at the time), before holding various operational management positions in the group's space division, including in budget and programme control for the M45/M51 ballistic missile project management unit and in the services segment of the European Global Monitoring for Environment and Safety (Copernicus) programme.

From 2012 to 2013, he was Chief of Staff to the French Minister for Productive Recovery (Ministry in charge of industry).

In April 2013, he joined Arianespace SA as Chairman and Chief Executive Officer. In 2017, he became Executive Chairman of Arianespace SAS and joined ArianeGroup's Executive Committee as Director of Civil Programmes. He is also the Chairman of MEDEF International's France-South Korea Business Club and was named a *Chevalier de l'Ordre National de la Légion d'Honneur*.

Stéphane Israël brings the Board of Directors the skills and expertise he has acquired through his extensive experience in the management of a multinational company, in business strategy and innovation, and in the areas of accounting and finance. His skills and experience make him a valuable member of the Board of Directors and its Audit Committee.

Stéphane Israël was also appointed Lead Director of the Carrefour group on April 20, 2020.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Executive Chairman of Arianespace SAS
- Chief Executive Officer of Arianespace Participation SA
- Member of the Executive Committee of ArianeGroup
- Chairman and Chief Executive Officer of Starsem SA
- Chairman and Chief Executive Officer of S3R

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Director and member of the Audit Committee of Havas SA
- Director of CDC International Capital
- Chairman and Chief Executive Officer of Arianespace Participation SA
- Chairman and Chief Executive Officer of Arianespace SA

Cláudia Almeida e Silva

INDEPENDENT DIRECTOR/*Member of the Audit Committee and the CSR Committee*

BORN ON: September 24, 1973
NATIONALITY: Portuguese
NUMBER OF COMPANY SHARES OWNED: 0
DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: January 22, 2019
RATIFICATION OF THE APPOINTMENT BY THE SHAREHOLDERS' MEETING: June 14, 2019
TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 1 YEAR **ATTENDANCE RATE:** 100%

Cláudia Almeida e Silva is Managing Partner of Singularity Capital, an investment fund dedicated to start-ups, and an adviser within the Startup Lisboa incubator.

She began her career in 1997 as a consultant at Coopers & Lybrand in Portugal, then at PricewaterhouseCoopers where she was appointed manager of the Customer Relationship Management (CRM) practice in 1999.

In 2002, Cláudia Almeida e Silva joined the Conforama retail group in Portugal, where she served as Commercial Director in charge of Marketing, Supply Chain and Product Management.

In 2005, she joined Fnac, where she became general manager of the Portuguese subsidiary in 2008 and, from 2013, member of the Group Executive Committee in charge of supervising Spain and Brazil.

She is a graduate of the Lisbon School of Business and Economics, of which she is now an Executive in Residence.

Her in-depth knowledge of the start-up sector and retail experience in Southern Europe and Brazil are valuable assets to support the Group's transformation plan, "Carrefour 2022".

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

Abroad:

- Managing Director of Singularity Capital SA (Portugal)
- Managing Director of Praça Hub Lda (Portugal)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

Abroad:

- Legal manager of Fnac Portugal (Portugal)

Alexandre Arnault

DIRECTOR

BORN ON: May 5, 1992
NATIONALITY: French
NUMBER OF COMPANY SHARES OWNED: 1,000
DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: April 24, 2019
RATIFICATION OF THE APPOINTMENT BY THE SHAREHOLDERS' MEETING: June 14, 2019
TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019

YEARS IN OFFICE: 1 YEAR **ATTENDANCE RATE:** 75%

Alexandre Arnault heads up RIMOWA, a company he brought into the LVMH group and whose integration he has been overseeing since January 2017. Alexandre Arnault began his career in the United States, working in strategy consulting at McKinsey & Company and subsequently in private equity at KKR in New York. He then joined LVMH and the family investment holding company, Groupe Arnault, focusing on innovation in the technology sector. In this capacity, Alexandre Arnault helped to define and implement a strategy to address the rise of e-commerce in the luxury goods industry. He also helped make and monitor numerous investments in technology companies in the United States and in Europe.

Alexandre Arnault graduated from École Telecom ParisTech and holds a Master's degree from École Polytechnique.

He brings to the Board of Directors his expertise in technology and e-commerce.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chairman of RIMOWA International SAS
- Chairman of 24 Sèvres SAS
- Chairman of Köln Investments

Abroad:

- Managing Director of RIMOWA Group GmbH (Germany)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

Abroad:

- Chairman of RIMOWA France Sarl
- Managing Director of 110 Vondrau Holding Inc.
- Managing Director of RIMOWA Austria GmbH (Austria)
- Managing Director of RIMOWA CZ Spol S.r.o (Czech Republic)
- Managing Director of RIMOWA Distribution, Inc. (United States)
- Director of RIMOWA Far East Limited (Hong Kong)
- Director of RIMOWA Great Britain, Limited (United Kingdom)
- Managing Director of RIMOWA Inc. (United States)
- Managing Director of RIMOWA Italy Srl (Italy)
- Director of RIMOWA Japan Co Ltd (Japan)
- Director of RIMOWA Macau Ltd (Macau)
- Managing Director of RIMOWA North America Inc. (Canada)
- Managing Director and Chairman of the Board of Directors of RIMOWA Schweiz AG (Switzerland)
- Director of RIMOWA Shanghai Commercial and Trading Co (China)
- Director of RIMOWA Spain S.L.U (Spain)

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Nicolas Bazire

DIRECTOR/*Member of the Compensation Committee, Audit Committee and Strategic Committee*

BORN ON: July 13, 1957

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 1,000

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: July 28, 2008

DATE OF LAST RENEWAL: June 15, 2018

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 11 YEARS

ATTENDANCE RATE: 100%

Nicolas Bazire became Chief of Staff to French Prime Minister Édouard Balladur in 1993. He served as Managing Partner at Rothschild & Cie Banque from 1995 to 1999.

Since 1999, he has served as Chief Executive Officer of Groupe Arnault SEDCS.

Nicolas Bazire brings to the Board of Directors the benefit of his experience as a Director of major multinationals and executive of listed companies, in addition to his expertise in the banking and financial sectors.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chief Executive Officer of Groupe Arnault SEDCS
- Director of LVMH Moët Hennessy-Louis Vuitton (SE)(*)
- Director, member of the Performance Audit Committee and member of the Nominations and Compensation Committee of Christian Dior (SE)(*)
- Director and Chairman of the Appointments and Compensation Committee of Atos SE(*)
- Director and member of the Audit and Accounts Committee, the Appointments Committee, the Governance Committee and the Strategic Committee of Suez SA(*)
- Director and member of the Compensation Committee of LV group (SA)
- Director of Agache Développement SA
- Director of Europatweb SA
- Deputy Chief Executive Officer and permanent representative of Groupe Arnault, Director of Financière Agache SA
- Director and member of the Compensation Committee of Groupe Les Échos SA
- Vice-Chairman of the Supervisory Board and member of the Appointments Committee of Les Échos SAS
- Member of the Supervisory Committee of Montaigne Finance SAS
- Deputy Chief Executive Officer (Non-Director) and permanent representative of Groupe Arnault, Director of Semyrhamis SA
- Director of Fondation Louis Vuitton (corporate foundation)
- Permanent representative of UFIPAR, Director of Louis Vuitton Malletier (SA)
- Permanent representative of Montaigne Finance, Director of GA Placements SA

Abroad:

- Permanent representative of UFIPAR, Director and Rapporteur (external examiner) on the Finance and Audit Committee of Société des Bains de Mer de Monaco SA(*) (Monaco)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Director of Financière Agache Private Equity SA (Expiry of term: 2015)

(*) Listed company.

Jean-Laurent Bonnafé

DIRECTOR

BORN ON: **July 14, 1961**

NATIONALITY: **French**

NUMBER OF COMPANY SHARES OWNED: **1,030**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
July 28, 2008

DATE OF LAST RENEWAL:
June 15, 2017

TERM OF OFFICE EXPIRES:
Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019

YEARS IN OFFICE: **11 YEARS** **ATTENDANCE RATE:** **71%**

An engineering graduate of École Polytechnique and École des Mines, Jean-Laurent Bonnafé joined the BNP group in 1993 in the Key Accounts Division.

After being appointed Head of Strategy and Development in 1997, he oversaw the merger process between BNP and Paribas. In 2002, Jean-Laurent Bonnafé was appointed Head of the BNP Paribas group's French Retail Banking Division and French Network manager, and became a member of the BNP Paribas group Executive Committee. On September 1, 2008, he was appointed Deputy Chief Executive Officer in charge of retail banking at the BNP Paribas group.

On December 1, 2011, Jean-Laurent Bonnafé was appointed Chief Executive Officer of BNP Paribas.

Jean-Laurent Bonnafé brings to the Board of Directors the benefit of his experience as an executive and Director of international companies, his knowledge of financial and banking markets, his expertise in equity management and his financial vision of shareholding structures.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chief Executive Officer and Director of BNP Paribas(*)
- Director of Pierre Fabre SA(*)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

Abroad:

- Director of BNP Paribas Fortis (Belgium) (Expiry of term: 2016)
- Director of BNL – Banca Nazionale del Lavoro (Italy) (Expiry of term: 2014)

(*) Listed company.

Flavia Buarque de Almeida

DIRECTOR/*Member of the Governance Committee*

BORN ON: **August 4, 1967**

NATIONALITY: **Brazilian**

NUMBER OF COMPANY SHARES OWNED: **1,055**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
April 12, 2017

DATE OF LAST RENEWAL:
June 14, 2019

TERM OF OFFICE EXPIRES:
Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2021

YEARS IN OFFICE: **2 YEARS** **ATTENDANCE RATE:** **100%**

Flavia Buarque de Almeida received her undergraduate degree from Fundaçao Getulio Vargas (1989) and her MBA from Harvard University (1994).

From 1989 to 2003, she was a Consultant and Partner at McKinsey & Company. She also served as an Independent Director of Lojas Renner and as a Director of the Grupo Camargo, which includes Camargo Corrêa, Camargo Corrêa Cimentos (now Intercement), Construções e Comércio Camargo Corrêa, Alpargatas, and Santista Têxtil. In addition, she was Director of Harvard University's Board of Overseers.

From November 2009 to April 2013, she was a Partner with the Monitor group, in charge of its operations in South America. From May 2003 to September 2009, she served as the Managing Director of Participações Morro Vermelho.

In July 2013, Flavia Buarque de Almeida joined the Península Group as head of the Private Equity business.

She became Managing Director in January 2016 and then Partner at Península Capital later in 2016.

She has also been a Director of W2W e-Commerce de Vinhos SA since August 2016, of BRF SA since April 2017 and of Ultrapar Participações SA since May 2019.

Flavia Buarque de Almeida brings to the Board of Directors the benefit of her experience and knowledge of the financial and banking markets, as well as her financial vision of shareholding structures, her knowledge of the mass retail industry, strategy and corporate governance, and her international experience. She also lends to the Board of Directors her experience in listed companies and her experience as a Director of national and international listed companies.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In Brazil:

- Managing Director and Partner of Península Capital Participações SA and O3 Gestão de Recursos Ltda
- Director of W2W E-Commerce de Vinhos SA
- Director of BRF SA(*)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In Brazil:

- Director of Harvard University's Board of Overseers (Expiry of term: 2017)
- Independent Director of Lojas Renner SA(*) (Expiry of term: 2016)
- Director of GAEC Educação (expiry of term: 2017)

(*) Listed company.

Stéphane Courbit

INDEPENDENT DIRECTOR/*Member of the Strategic Committee and the Compensation Committee*

BORN ON: **April 28, 1965**

NATIONALITY: **French**

NUMBER OF COMPANY SHARES OWNED: **10,218**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
June 15, 2018

TERM OF OFFICE EXPIRES:
Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: **1 YEAR** **ATTENDANCE RATE:** **100%**

Stéphane Courbit is a graduate of ISG Paris and IUT Valence. He began his career working for French TV and radio personality Christophe Dechavanne. In 1994, he teamed up with TV producer and anchorman Arthur and created ASP (Arthur Stéphane Production), which produced the long-running TV show Les Enfants de la Télé. In 1998, Endemol acquired a stake in ASP, which subsequently changed its name to Endemol France, becoming France's leading audiovisual production company in just a few years. Stéphane Courbit sold his stake in 2006 and left the company in 2007.

The same year, he founded Lov Group, a holding company that invests in audiovisual production, luxury hotels, the Internet and energy. The merger between Banijay Group and Zodiak in February 2016 put Stéphane Courbit at the helm of one of the largest audiovisual production companies in the world. In October 2019, the Banijay Group agreed to acquire the Endemol Shine Group subject to approval from the competition authorities, which would make it the world's leading audiovisual production group.

Stéphane Courbit is the Chief Executive Officer of Lov Group, a company primarily oriented towards audiovisual production, online betting and luxury hotels.

Stéphane Courbit brings to the Board of Directors the benefit of his extensive experience gained as an entrepreneur in the media and Internet sectors and as the leader of a global company, as well as his skills and expertise in content production and digital media.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chief Executive Officer of Lov Group Invest SAS, member of the Supervisory Board of Lov Group Invest SAS
- Representative of Lov Group Invest SAS, Chairman of Financière Lov, member of the Supervisory Board of Financière Lov SAS
- Representative of Lov Group Invest SAS, Chairman of Banijay Group SAS and Banijay Group Holding SAS, member of the Supervisory Committee of Banijay Group Holding SAS
- Representative of Lov Group Invest SAS, Chairman of Financière Lov, itself Chairman of Banijay Entertainment SAS
- Chairman and Director of Betclic Everest Group SAS, member of the Administrative Committee of Betclic Everest Group SAS
- Representative of Betlic Everest Group SAS, Chairman of Betclic Group SAS
- Representative of Financière Lov, Chairman of Lov Hotel Collection Holding SAS, member of the Supervisory Committee of Lov Hotel Collection Holding SAS
- Representative of Lov Group Invest SAS, Chairman of Airelles SAS
- Representative of Lov Group Invest SAS, Chairman of Melezin SAS
- Representative of Lov Group Invest SAS, Chairman of Bastide de Gordes & Spa SAS
- Representative of Lov Group Invest SAS, Chairman of Chalet de Pierres SAS
- Representative of Lov Group Invest SAS, Chairman of Hotel Château de la Messardière SAS
- Representative of Lov Group Invest SAS, legal manager of Solières SNC
- Representative of Lov Group Invest SAS, Chairman of Lov Sapineaux SAS
- Representative of Lov Group Invest SAS, Chairman of Lov Immo SAS
- Representative of Lov Group Invest SAS, Chairman of LDH SAS, member of the Supervisory Committee of LDH SAS
- Representative of Lov Group Invest SAS, Chairman of Lov Banijay SAS
- Representative of Lov Group Invest SAS, Chairman and Chief Executive Officer of Lovestate SAS (Lovestate is also Chairman of Financière Lovestate)
- Representative of Lov Group Invest SAS, Chairman of Mangas Lov SAS
- Representative of Lov Group Invest SAS, Chairman of Ormello SNC
- Representative of Lov Group Invest SAS, Chairman of Choucalov SAS
- Representative of Lov Group Invest SAS, Chairman of Fold Holding SAS
- Legal manager of SCI Parking De La Garonne
- Legal manager of SCI James & Co
- Legal manager of SCI Gordita
- Legal manager of SCI Blancs Mills
- Legal manager of SCI Néva Thézillat
- Legal manager of SARL 5 Thézillat
- Legal manager of SCI Zust
- Legal manager of SCI Les Zudistes
- Legal manager of EURL Zust
- Legal manager of EURL Les Zudistes
- Legal manager of SCI 607
- Legal manager of SCI 611
- Legal manager of SCI Jaysal II
- Legal manager of SCI Minos
- Legal manager of SCI Roux Milly
- Legal manager of SCI ST Le Phare

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Chairman of Lov Hotel Collection SAS
- Chairman of Banijay Holding SAS
- Observer of Direct Énergie SA(*) (Expiry of term: 2015)
- Representative of Lov Group Invest, Chairman of LG Industrie SAS
- Representative of Lov Group Invest, Chairman of ILR SAS

(*) Listed company.

Abilio Diniz

DIRECTOR/*Vice-Chairman of the Strategic Committee*

BORN ON: **December 28, 1936**

NATIONALITY: **Brazilian**

NUMBER OF COMPANY SHARES OWNED: **24,808,463**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: **May 17, 2016**

DATE OF LAST RENEWAL: **June 14, 2019**

TERM OF OFFICE EXPIRES: **Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2021**

YEARS IN OFFICE: **3 YEARS** **ATTENDANCE RATE:** **100%**

A seasoned retail professional, Abilio Diniz co-founded Grupo Pão de Açúcar with his father and served as Chairman of the Board of Directors from 1993 to 2013.

He was a member of the Brazilian National Monetary Council between 1979 and 1989.

Abilio Diniz has a degree in Business Administration from Fundação Getúlio Vargas (FGV) and since 2010, has been teaching a course at FGV called "Leadership 360º", which aims to train and coach young leaders.

He was Chairman of the Board of Directors of BRF, the world's largest animal protein exporter, from 2013 to 2018 and is currently Chairman of the Board of Directors of the Península group, his family's group of investment companies.

Abilio Diniz brings to the Board of Directors the benefit of his experience and expertise in retail and consumer goods, knowledge of retail business, global strategy, private equity and governance, as well as his financial view of shareholding structures, international knowledge and experience in listed companies and as a Director of national and international listed companies.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In Brazil:

- Director of Atacadão SA(*) (Carrefour group)
- Chairman and Director of Reco Master Empreendimentos e Participações SA, Peninsula Participações SA, Zabaleta Participações Ltda and Paic Participações Ltda
- Director of: Ciclade Participações Ltda., Onyx 2006 Participações Ltda, Papanicols Empreendimentos e Participações Ltda., Santa Juliana Empreendimentos e Participações Ltda., Ganesh Empreendimentos e Participações Ltda., Naidiá Empreendimentos e Participações Ltda., Ayann Empreendimentos e Participações Ltda., Chapelco Empreendimentos e Participações Ltda., Adams Avenue Real Estate LLC, Adams Avenue Realty Holding Corporation, Edgewood Real Estate LLC, Edgewood Realty Holding Corporation, Orca SARL, Peninsula Europe SARL and Plenae Comércio e Serviços Para o Bem-Estar EIRELI

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Observer of the Board of Directors of Carrefour(*) (Expiry of term: 2016)

In Brazil:

- Chairman of the Board of Directors of BRF (Expiry of term: 2018)

(*) Listed company.

Aurore Domont

INDEPENDENT DIRECTOR/*Chair of the CSR Committee and Member of the Governance Committee*

BORN ON: December 20, 1968

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 1,000

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: June 15, 2018

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 1 YEAR

ATTENDANCE RATE: 100%

Aurore Domont holds a Master's degree in Business law from Paris I - Panthéon Sarbonne University. She began her career at CEP Communication before joining the Lagardère Publicité group in 1996, where she notably held the position of Deputy Chief Executive Officer in charge of Radio and Press.

In January 2011, Aurore Domont was appointed Executive Director of Prisma Pub, the advertising arm of the Prisma Media group. In August 2013, she became the President of FigaroMedias and a member of the Executive Committee of the Figaro group.

Aurore Domont brings to the Board of Directors the benefit of her experience in global and omni-channel communication strategies and in the digital transformation of businesses. Her work has also given her a solid understanding of various areas of digital technology, including data management, social media, programming, mobile and video.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- President of FigaroMedias
- President of Social & Stories
- Director of Figaro Classified
- Member of the Board of Directors of SRI
- Member of the Supervisory Board of Mediasquare
- Member of the Supervisory Board of Société du Figaro
- Member of the Supervisory Board of Zebestof
- Member of the Board of Directors of Social & Stories
- Member of the Board of Directors of Touchvibes
- Member of the Board of Directors of ACPM

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

None

Charles Edelstenne

INDEPENDENT DIRECTOR/*Chairman of the Governance Committee and member of the Compensation Committee*

BORN ON: January 9, 1938

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 1,000

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: July 28, 2008

DATE OF LAST RENEWAL: June 14, 2019

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2021

YEARS IN OFFICE: 11 YEARS **ATTENDANCE RATE:** 100%

A qualified chartered accountant (IFEC graduate), Charles Edelstenne joined Dassault Aviation in 1960 as Head of the Financial Analysis Unit.

He went on to hold posts such as Deputy Secretary General, Secretary General and Executive Deputy Chairman, Economic and Financial Affairs, before being appointed to the Board in 1989. He was elected as Chairman and Chief Executive Officer in 2000, a combined role he held until January 8, 2013.

Founder, Chief Executive Officer and current Chairman of the Board of Directors of Dassault Systèmes SE.

Charles Edelstenne brings to the Board of Directors the benefit of his experience as an executive and Director of multinationals and listed companies, as well as his expertise in finance and his knowledge of digital transformation and innovation.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Director and Honorary President of Dassault Aviation SA(*)
- Chairman of the Board of Directors of Dassault Systèmes SE(*)
- Honorary President of GIFAS (Groupement des Industries Françaises Aéronautiques et Spatiales)
- Chairman of GIMD SAS (Groupe Industriel Marcel Dassault SAS)
- Director of Sogitec Industries SA
- Director of Thales SA(*)
- Chairman of Dassault Médias SA
- Chairman of Figaro group
- Manager of ARIE civil partnership
- Manager of ARIE 2 civil partnership
- Manager of NILI civil partnership
- Manager of NILI 2 civil partnership
- Director of Monceau Dumas

Abroad:

- Director of SABCA(*) (Société Anonyme Belge de Constructions Aéronautiques) (Belgium)
- Director of Dassault Falcon Jet Corporation (United States)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Chief Executive Officer of Dassault Médias (Expiry of term: 2019)
- Chairman and Chief Executive Officer of Dassault Aviation SA(*) (Expiry of term: 2013)

Abroad:

- Director of Banque Lepercq de Neuflize & Co. Inc. (United States) (Expiry of term: 2019)
- Chairman of Dassault Falcon Jet Corporation (United States) (Expiry of term: 2013)
- Chairman of Dassault International Inc. (United States) (Expiry of term: 2013)

(*) Listed company.

Thierry Faraut

DIRECTOR REPRESENTING EMPLOYEES/*Member of the Governance Committee*

BORN ON: **May 15, 1970**
NATIONALITY: **French**
DATE OF DESIGNATION BY THE GROUP COMMITTEE:
November 23, 2017
DATE OF INTEGRATION TO THE BOARD OF DIRECTORS:
January 17, 2018
TERM OF OFFICE EXPIRES:
November 23, 2020

YEARS IN OFFICE: **2 YEARS** **ATTENDANCE RATE:** **100%**

Thierry Faraut joined the Carrefour group in 1996. After two years as an intern, he became a Butchery department manager, first in Lyon, then in Marseille. In 2003, he was named central trade union delegate for Continent France and later for Carrefour hypermarkets in 2006.

In 2010, he oversaw the French national trade union of Carrefour managers *(Syndicat National de l'Encadrement* Carrefour – SNEC) and became trade union delegate for the Carrefour group. With SNEC, he participated in partnerships with Carrefour and humanitarian organisations working on behalf of underprivileged children in Senegal and Benin. In addition, he was a member of the Group Committee (Comité de Groupe français Carrefour).

He was elected Vice-Chairman of the food industry section of the French federation of management trade unions (*Fédération CFE-CGC*) in November 2019.

Thierry Faraut brings to the Board of Directors the benefit of his experience working directly with customers, his precise knowledge of the Group's store formats and markets and his overall understanding of the mass retail industry. His vision, which takes into account both economic and labour issues, has been shaped by his experience working with trade unions.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

None

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Group delegate for SNEC CFE-CGC (Expiry of term: 2017)
- Trade union representative for SNEC CFE-CGC on the Group Committee (Expiry of term: 2017)

Mathilde Lemoine

INDEPENDENT DIRECTOR/*Member of the Audit Committee and Chair of the Governance Committee*

BORN ON: September 27, 1969

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 2,982

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: May 20, 2011

DATE OF LAST RENEWAL: June 15, 2018

TERM OF OFFICE EXPIRES: Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 8 YEARS **ATTENDANCE RATE:** 100%

With a PhD in economics, Mathilde Lemoine is an economist specialising in macroeconomic issues and international trade.

She started her career as a teacher and researcher and subsequently held the position of Economist and General Secretary of the *Observatoire Français des Conjonctures Économiques* (OFCE). She then became a member of several ministerial offices where she contributed her knowledge of international macro-economic affairs, helped to prepare Ministerial Conferences at the WTO and was responsible for advising the Prime Minister on tax matters. She was an external examiner (*rapporteur*) for the Expert Conference on the Climate and Energy Contribution (2009) and a member of the Commission for the Liberation of Growth, known as the Attali Commission (2010). She participated in a government task force reporting on the competitiveness drivers of French industry, and contributed her expertise on the French economy. She was a member of the *Conseil d'Analyse Économique* and the Commission Économique de la Nation. In 2013, she was appointed to the *Haut Conseil des Finances Publiques* (HCFP) for a five-year renewable term, in which role she analyses public finance in France and its consistency with European commitments. From 2006 to 2015 she was Director of Economic Research and Market Strategy at HSBC France and member of the Executive Committee and Senior Economist at HSBC Global Research.

She is currently Group Chief Economist of Edmond de Rothschild. She joined the group to set up an Economic Research department and lead a team of economists to propose structural analyses, an assessment of short- and medium-term macroeconomic risks and international macroeconomic forecasts. She has also been a Professor at Sciences Po Paris since 1996.

Mathilde Lemoine has published numerous books and analyses on international macroeconomic issues, monetary policy and financial issues. She recently published work on the investment in human capital, employee mobility and the link between skills and competitiveness. She is an editorialist for *Les Échos* (France), *L'Expansión* (Spain), *L'Agefi* (Switzerland) and *L'Agefi Hebdo* (France). Her latest book is *Les grandes questions d'économie et de finance internationales* (published by Boeck, 3rd edition, 2016).

Mathilde Lemoine brings to the Board of Directors the benefit of her experience as a Director of international organisations, her knowledge of financial markets and her expertise in macroeconomics.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Director of CMA-CGM, member of the Audit Committee and the Appointments and Compensation Committee
- Member of the Board of Directors of Dassault Aviation SA(*)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Member of the Board of Directors of École Normale Supérieure (Expiry of term: 2019)
- Member of the Haut Conseil des Finances Publiques (Expiry of term: 2018)
- Member of the Executive Committee of HSBC France(*) (Expiry of term: 2016)
- Director of Institut Français des Relations Internationales (IFRI) (Expiry of term: 2016)

Abroad:

- Director of Neptune Orient Lines Limited (Expiry of term: 2016)

(*) Listed company.

Patricia Moulin Lemoine

DIRECTOR/*Member of the CSR Committee*

BORN ON: February 20, 1949

NATIONALITY: French

NUMBER OF COMPANY SHARES OWNED: 1,167

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS:
June 11, 2015

DATE OF LAST RENEWAL:
June 15, 2018

TERM OF OFFICE EXPIRES:
Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020

YEARS IN OFFICE: 4 YEARS

ATTENDANCE RATE: 93%

After graduating from Institut d'Études Politiques de Paris in 1970, with a public service degree, she was admitted as an attorney in 1971 and practiced between 1972 and 2014 with expertise in employment, commercial, intellectual property and family law.

In addition, she taught civil and insurance law to employees of Assurances Générales de France (1977-1994) and labour law at the University of Paris VIII's Sociology department (1985-1992).

Patricia Moulin Lemoine brings to the Board of Directors the benefit of her knowledge of the retail sector, as well as experience in corporate governance and corporate social responsibility.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Chief Executive Officer of Motier (SAS)
- Chair of the Supervisory Board of Galeries Lafayette SA
- Vice-Chair of the Supervisory Committee of BHV Exploitation (SAS)
- Chair of Grands Magasins Galeries Lafayette SAS
- Chair of Immobilière du Marais (SAS)
- Member of the Supervisory Board of S2F Flexico
- Vice-Chair of the French-American Foundation France
- Member of the Supervisory Board of Banque Transantlantique

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Vice-Chair of the Supervisory Committee of Bazar de l'Hôtel de Ville - BHV (SAS) (Expiry of term: 2015)
- Director of Théatre Labruyère (Expiry of term: 2018)

Martine Saint-Cricq

DIRECTOR REPRESENTING EMPLOYEES/*Member of the CSR Committee*

BORN ON: April 20, 1958

NATIONALITY: French

DATE OF DESIGNATION BY THE EUROPEAN WORKS COUNCIL (*COMITÉ D'INFORMATION ET DE CONCERTATION EUROPÉEN CARREFOUR*), AND INFORMATION COMMITTEE:
October 4, 2017

DATE OF INTEGRATION TO THE BOARD OF DIRECTORS:
October 18, 2017

TERM OF OFFICE EXPIRES:
October 4, 2020

YEARS IN OFFICE: 2 YEARS

ATTENDANCE RATE: 100%

Martine Saint-Cricq joined the Carrefour group in 1983 as an employee at the Carrefour Labège store. In 1987, she was elected employee representative for the Force Ouvrière (FO) trade union.

After being elected to a variety of positions as representative within the Group, she held the position of secretary to the Group Committee. She simultaneously held positions with UNI Europa Commerce, UNI Europa (Women's Conference) and UNI Global Union (World Congress).

Martine Saint-Cricq has also served on the Board of Directors of the Carrefour Foundation since January 19, 2009. Since October 2007, she has been a member of the UNI Europa and UNI Global Union Women's Committees. She has also been a member of the UNI Europa Commerce Steering Committee since June 2011. In addition, until June 2018 she acted as secretary in charge of equality for FGTA FO, a federation of workers in the agriculture, food and tobacco industries in France.

Martine Saint-Cricq brings to the Board of Directors the benefit of her perspective as an employee and her knowledge of the Group, its store formats and markets. Her experience working with trade unions on a national and international level and especially her expertise in equal rights allow her to make a valuable contribution to evaluating these subjects in a multinational environment.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Director representing employees at the Carrefour Foundation (Carrefour group)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Member of the Labège Store Committee (Expiry of term: 2017)
- Member of the Group Committee for France (Expiry of term: 2017)
- Member of the Carrefour European Consultation and Information Committee (ECIC) (Expiry of term: 2017)

Marie-Laure Sauty de Chalon

INDEPENDENT DIRECTOR/*Member of the CSR Committee*

BORN ON: **September 17, 1962**
NATIONALITY: **French**
NUMBER OF COMPANY SHARES OWNED: **2,000**
DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: **June 15, 2017**
TERM OF OFFICE EXPIRES: **Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019**

YEARS IN OFFICE: **2 YEARS** **ATTENDANCE RATE:** **100%**

Marie-Laure Sauty de Chalon is a graduate of Institut d'études politiques de Paris and has a degree in law. After working in print media and television, she founded Carat Interactive in 1997.

In 2001, she was Chair and Chief Executive Officer of Consodata North America. Following this experience, in 2004, she became Head of Aegis Media France and Southern Europe.

Between 2010 and 2018, she held the position of Chair and Chief Executive Officer of Auféminin. In July 2018, she founded Factor K, in which the NRJ group subsequently acquired a minority holding. Marie-Laure Sauty de Chalon has also been a member of the French Competition Authority (*Autorité de la concurrence*) since 2014 and teaches at Institut d'études politiques de Paris.

Marie-Laure Sauty de Chalon brings to the Board of Directors the benefit of her digital expertise and experience working internationally at companies blending online retail and content in order to help the Group achieve its digital transformation.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Member of the Supervisory Board of JCDecaux SA(*)
- Director and member of the Ethics and Sustainable Development Committee of LVMH Moët Hennessy-Louis Vuitton (SE)(*)
- Member of the Board of the French Competition Authority
- Director of Coorpacademy

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Chair and Chief Executive Officer of Auféminin SA(*) (Expiry of term: 2018)
- Managing Director of Auféminin.com Productions SARL (Expiry of term: 2018)
- Chair of Etoilecasting.com SAS (Expiry of term: 2018)
- Chair of Les rencontres auféminin.com SAS (Expiry of term: 2018)
- Chair of Marmiton SAS (Expiry of term: 2018)
- Member of the Supervisory Board of My Little Paris SAS (Expiry of term: 2018)
- Director of Fondation Nestlé France (Expiry of term: 2014)
- Chair of SmartAdServer SAS (Expiry of term: 2015)
- Director of Fondation PlaNet Finance (Expiry of term: 2013)

Abroad:

- Co-Managing Director of GoFeminin.de GmbH (Germany) (Expiry of term: 2018)
- Director of SoFeminin.co.uk Ltd (United Kingdom) (Expiry of term: 2018)

(*) Listed company.

Lan Yan

INDEPENDENT DIRECTOR/*Member of the Compensation Committee*

BORN ON: **January 17, 1957**

NATIONALITY: **French**

NUMBER OF COMPANY SHARES OWNED: **1,000**

DATE OF APPOINTMENT TO THE BOARD OF DIRECTORS: **June 15, 2017**

TERM OF OFFICE EXPIRES: **Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019**

YEARS IN OFFICE: **2 YEARS** **ATTENDANCE RATE:** **86%**

Lan Yan obtained a Bachelor's degree in French Literature from the Beijing University of Foreign Languages in 1981, an LLM in law from Beijing University in 1984 and a Doctorate in law (PhD) from the Graduate Institute of International Studies in Geneva in 1991. She was a Research Associate at Harvard law School from 1987 to 1988 and was admitted to the Paris Bar Association in 1994.

In 1991, Lan Yan joined the Beijing office of Gide Loyrette Nouel and became the first female foreign partner in 1997. She has been their Chief Representative since 1998.

She was also an arbitrator for the China International Economic and Trade Arbitration Commission (CIETAC), as well as for the China Committee of the International Chamber of Commerce (ICC).

Lan Yan joined Lazard Bank in April 2011 and is now Vice-Chair of Investment Banking and Chair & CEO of Lazard Greater China.

In addition, she is the French Trade Advisor (CCE) and Honorary Consul of Monaco in Beijing, as well as a *Chevalier de la Légion d'Honneur* (France) and *Chevalier de l'Ordre de Saint-Charles* (Monaco).

Lan Yan brings to the Board of Directors the benefit of her knowledge of corporate governance, as well as her international experience.

OTHER POSITIONS HELD AS OF DECEMBER 31, 2019

In France:

- Member of the HEC Paris International Advisory Board
- Director of Établissement Public du château, du musée et du domaine national de Versailles (EPV)

Abroad:

- Vice-Chair of Investment Banking, Chair & CEO of Lazard Greater China
- Vice-Chair of the China Art Foundation (NGO)
- Member of the Seoul International Business Advisory Council (SIBAC)

POSITIONS HELD IN THE LAST FIVE YEARS THAT EXPIRED

In France:

- Member of the International Advisory Board of Moët Hennessy (Expiry of term: 2016)

Abroad:

- Independent Director of China Merchants Bank Co. Ltd (Expiry of term: 2013)

3.2.2 OPERATION OF THE BOARD OF DIRECTORS

Conditions of preparation and organisation of the Board of Directors' work

The Board of Directors' Internal Rules stipulate that the Board of Directors meet at least four times a year.

They set out the conditions under which the work of the Board of Directors is prepared and organised. They supplement the legal and statutory provisions and the recommendations of the AFEP-MEDEF Code to which the Company refers.

The Board of Directors' Internal Rules are divided into three chapters, relating to:

- the role, procedures and assessment of the Board of Directors, as well as Directors' compensation;
- the specialised Committees of the Board of Directors and their respective standard rules and guidelines, composition and duties;
- the Directors' rights and responsibilities.

The Board of Directors' Internal Rules aim to organise the work of the Board of Directors and its specialised Committees, define the powers of the Board of Directors and describe the Directors' rights and responsibilities with respect to the corporate governance best practices to which the Board of Directors refers. The Internal Rules are updated by the Board of Directors in order to take into account legal and regulatory changes and corporate governance practices.

In 2019, the Board of Directors held discussions, without the Chairman and Chief Executive Officer in attendance, on topics related to his compensation, in accordance with recommendation 18.3 of the AFEP-MEDEF Code. The Directors did not express the need to organise additional meetings without the Chairman and Chief Executive Officer, who is the only Executive Director among the Board of Directors' 18 members.

Duties of the Board of Directors

The Board of Directors approves the Company's business strategy and oversees its implementation. It examines and decides on major transactions. The Directors are kept informed of changes in the markets and the competitive environment, as well as the key issues that the Company faces, including those related to social and environmental responsibility.

According to its Internal Rules, the Board of Directors' duties include, *inter alia*:

- approving the Company's strategy and overseeing its implementation;
- setting any necessary limits on the powers of the Chairman and Chief Executive Officer;
- in particular, it:
  - conducts any controls and audits it deems appropriate,
  - controls the Company's management methods and verifies the fairness of its Financial Statements,
  - examines and approves the Financial Statements, establishes the agenda for Shareholders' Meetings to which it reports on its activities in the annual report and approves the various statutory and regulatory reports,
  - examines related-party agreements and gives prior approval;
- ensuring that high-quality financial information and relevant, balanced and instructive information on the Company's strategy, development model and plans for addressing major non-financial issues are provided to shareholders and investors;
- each year, on the recommendation of the Governance Committee, drawing up the list of Directors qualified as independent, with respect to AFEP-MEDEF Code criteria;
- examining the budget once a year and overseeing its implementation.

Frequency of and attendance at Board of Directors and specialised Committee meetings in 2019

The Board of Directors and its specialised Committees met nineteen times in 2019, with an average attendance rate of 90.5%.

19 meetings	**90.5%** attendance rate

The Board of Directors met seven times in 2019, with an average attendance rate of 88.75%.

18 members	**7** meetings	**88.75%** attendance rate

Director	Board of Directors	Audit Committee	Compensation Committee	Governance Committee[(1)]	CSR Committee	Strategic Committee
Alexandre Bompard *Chairman and Chief Executive Officer*	100%	-	-	-	-	100%
Philippe Houzé *Lead Director*	100%	100%	-	100%	-	100%
Cláudia Almeida e Silva	100%	100%	-	-	100%	-
Alexandre Arnault[(2)]	75%	-	-	-	-	-
Nicolas Bazire	100%	100%	100%	-	-	100%
Jean-Laurent Bonnafé	71%	-	-	-	-	-
Flavia Buarque de Almeida	100%	-		100%	-	-
Stéphane Courbit	100%	-	100%	-	-	100%
Abilio Diniz	100%	-	-	-	-	100%
Aurore Domont	100%	-	-	100%	100%	
Charles Edelstenne	100%	-	100%	100%	-	-
Thierry Faraut	100%	-	-	100%	-	-
Stéphane Israël	100%	100%	-	-	-	-
Mathilde Lemoine	100%	100%	-	-	-	-
Patricia Moulin Lemoine	86%	-	-	-	100%	-
Martine Saint-Cricq	100%	-	-	-	100%	-
Marie-Laure Sauty de Chalon	100%	-	-	-	100%	-
Lan Yan	71%	-	100%	-	-	-
Bernard Arnault[(3)]	0%	-	-	-	-	-
Thierry Breton[(4)]	71%	-	100%	-	-	-

(1) Formerly the Appointments Committee.
(2) Director since April 24, 2019.
(3) Director until April 15, 2019.
(4) Thierry Breton stood down as Director on October 24, 2019 following his appointment as Internal Market Commissioner for Europe.

The Board of Directors' work in 2019

Having considered the summaries prepared by the Audit, Appointments, Compensation, CSR and Strategic Committees with respect to their work, the Board of Directors mainly focused its work on the following areas:

- **financial management:**

  The Board of Directors considered the Audit Committee's work throughout the year. After hearing the summary of the Chairman of the Audit Committee and the Statutory Auditors, the Board of Directors approved the annual and half-yearly Company and Consolidated Financial Statements and the related reports and draft press releases. It reviewed quarterly sales and related draft press releases, and on June 14, 2019, implemented the Company's new share buyback program. It (i) approved forecast management documents, (ii) renewed annual authorisations granted to the Chairman and Chief Executive Officer with regard to bond issues and guarantees, (iii) reviewed the Group's financing policy and commitments, (iv) monitored the implementation of IFRS 16, (v) approved the 2019 budget and (vi) reviewed the Group's risk map;

- **follow-up on the Group's strategy, its activities and its operations:**

  Following the adoption in January 2018 of the "Carrefour 2022" transformation plan, the Board of Directors was kept abreast of progress in the various plan projects. It decided on and approved the planned disposal of a controlling interest in Carrefour China, completed on June 23, 2019, and the planned sale of Cargo Property Assets, completed on October 15, 2019. It also reviewed Carrefour's organic product strategy.

  The Board of Directors was informed about the economic and competitive climate, the market performance of the Carrefour share and financial rating issues;

- **governance:**
  - approval of the corporate governance report,
  - appointments and renewal of Directors' terms: on the recommendation of the Appointments Committee, the Board of Directors invited the Shareholders' Meeting of June 14, 2019 to ratify its appointment of two new Directors, Cláudia Almeida e Silva (to replace Amélie Oudéa-Castéra) and Alexandre Arnault (to replace Bernard Arnault) and to renew the terms of Flavia Buarque de Almeida, Thierry Breton, Abilio Diniz and Charles Edelstenne,
  - Directors' independence: in accordance with the AFEP-MEDEF Code, and on the recommendation of the Appointments Committee, the Board of Directors conducted the annual assessment of the Directors' independence and analysed the situation of the two new Directors, Cláudia Almeida e Silva and Alexandre Arnault, to qualify them as Independent Directors,
  - changes in the composition of the Board of Directors' specialised Committees: Cláudia Almeida e Silva joined the Audit Committee and the CSR Committee in 2019,
  - assessment of the Board of Directors: an external assessment of the Board of Directors was performed by a consultant under the responsibility of the Appointments Committee and the outcome was reported to the Board at its meeting on January 23, 2020,

- adoption of the Company's *raison d'être*: on the recommendation of the Appointments Committee, the Board of Directors proposed the Carrefour group's *raison d'être*, which was added to the Preamble to the Company's Articles of Association following its approval by the Shareholders' Meeting of June 14, 2019;

- **compensation of Company Officers:**
  - compensation of Alexandre Bompard, Chairman and Chief Executive Officer: on the recommendation of the Compensation Committee, the Board of Directors decided on his compensation package and compensation policy for 2019. It also approved a new long-term incentive plan for Alexandre Bompard, comprising performance share awards,
  - Directors' compensation: the Board of Directors decided to invite the Shareholders' Meeting to increase the annual amount of compensation to be allocated to the Directors from 1,200,000 euros to 1,280,000 euros. The rules for allocating compensation to the Directors remain unchanged from those set by the Board of Directors at its meeting on April 11, 2018;

- **CSR:**

  The Board of Directors considered the work of the CSR Committee throughout the year. It was informed of the 2018 CSR results, particularly as regards the "food transition" programmes in each country and priority issues for Carrefour, grouped according to the following themes: healthy eating, local, organic, children and babies, increasing fruit and vegetable consumption, transparency and responsible pricing. It analysed the report on the implementation of the global Act for Food campaign and the practices, procedures and work of the Advisory Food Committee. It received additional information on the Group's strategy to combat food waste; it reviewed the commitments, analysis and action plans as regards packaging;

- **Shareholders' Meeting of June 14, 2019:**

  The Board of Directors approved the Notice of Meeting, the agenda, the draft resolutions and the Board of Directors' report to the Shareholders' Meeting. 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 related-party agreements and commitments concluded during the financial year and conducted an annual review of the related-party agreements and commitments that continued during the financial year. In accordance with the "Sapin II" law and the recommendations of the AFEP-MEDEF Code, it asked the Shareholders' Meeting to approve the components of compensation due or awarded to Alexandre Bompard, Chairman and Chief Executive Officer in respect of 2018, as well as his compensation policy for 2019. Lastly, it proposed that the Shareholders' Meeting grant it new delegations of authority and powers regarding securities issues, thereby superseding the previous delegations of authority.

Assessment of the Board of Directors

In accordance with its Internal Rules, the Board of Directors frequently assesses its procedures and the fulfilment of its duties. Accordingly, it reviews its operating procedures and the quality of the information published and of its decision-making and discussions, as well as each Director's actual contribution to the work of the Board of Directors and its specialised Committees.

To this end, the Board of Directors has to dedicate an agenda item to these procedures once a year.

Given the radical changes in its composition in 2017 and 2018, the Board of Directors considered it too soon to conduct a self-assessment in 2018 but undertook to appoint an external consultant to perform a formal assessment of the Board's practices and procedures.

This external assessment was conducted during the second half of 2019 by an independent consultant by means of questionnaires and interviews with each of the Directors. A summary of the external assessment results was presented by the Chairman of the Appointments Committee to the Board of Directors.

It should be noted that the Board was thoroughly renewed, with the inclusion of younger members, and has the relevant skills required to support the Group in the achievement of its transformation plan. To further illustrate the effective contribution of Directors to the Board of Directors's work, it was notably decided that a matrix of the skills held by members of the Board of Directors' would be presented in this Universal Registration Document (see Section 3.2.1.3 Balanced composition of the Board of Directors, the Group Executive Committee and the Directors representing employees).

The assessment of the Board of Directors also reflects the vitality of its work, as well as strategic alignment with and confidence in the Company's management team. Additionally, the smooth functioning of the Company's governance system, which is essential at a time of profound transformation for the Group, was commended. In this regard, the members of the Board of Directors underscored the quality and rapidity of decision-making, the precise monitoring of the transformation plan, the integration of CSR issues, as well as the personal investment and skills of the Lead Director.

The Board members also expressed the wish to set aside time to organise strategic sessions. This wish was taken into account at the beginning of 2020.

Dialogue with shareholders – Changes to corporate governance

In light of the annual assessment of its procedures, the Company's ongoing dialogue with shareholders and, notably, in order to take into account the voting results of the Shareholders' Meeting held on June 14, 2019, the Board of Directors explored possible changes to the Company's governance system.

Following this work, the Board of Directors, on the recommendation of the Appointments Committee (renamed the Governance Committee), decided to:

- reduce the size of the Board by proposing not to appoint new Directors to replace Lan Yan and Jean-Laurent Bonnafé, who did not wish to seek the renewal of their terms of office, and Thierry Breton, who resigned on October 24, 2019;
- appoint Philippe Houzé as Vice-Chairman of the Board of Directors; and
- appoint Stéphane Israël, an Independent Director, as Lead Director.

In addition, on the recommendation of the Compensation Committee, the Board of Directors decided to:

- implement a strict policy for holding shares, requiring the Chairman and Chief Executive Officer to hold at least 200,000 shares in registered form throughout his term of office, corresponding to around two years' of fixed compensation at the last date on which his term was renewed (see Section 3.4.3.1 of this Universal Registration Document); and
- improve the presentation of the Chairman and Chief Executive Officer's compensation policy in order to provide clear information (see Section 3.4.3 of this Universal Registration Document), notably by explaining in detail the performance criteria taken into account by the Board of Directors to set the amount of his variable compensation and the justifications and achievement rates for each criterion.

3.2.3 BOARD OF DIRECTORS' SPECIALISED COMMITTEES

The Board of Directors has set up specialised Committees that review any questions submitted to them for their opinion by the Board of Directors or the Chairman of the Board of Directors.

To take into account the nature and specific characteristics of the Company's operations, the Board of Directors created the following specialised Committees:

- the Audit Committee;
- the Compensation Committee;
- the Appointments Committee (renamed the Governance Committee on April 20, 2020);
- the CSR Committee;
- the Strategic Committee.

The specialised Committees are made up of Directors appointed by the Board of Directors for the period during which they are in office. During the 2019 financial year, the composition of the specialised Committees was reviewed following the appointment of new Directors (as described in Section 3.2.1.2 of this Universal Registration Document).

Mathilde Lemoine replaced Thierry Breton as member and Chair of the Compensation Committee. On April 20, 2020, the Board of Directors also decided to rename the Appointments Committee the Governance Committee.

These specialised Committees regularly report on their work to the Board of Directors and share with it their observations, opinions, proposals and recommendations. To this end, the Chair of each specialised Committee (or, if they are unavailable, another member of the same specialised Committee) gives an oral summary of their work to the Board of Directors at its upcoming meeting.

Duties of these specialised Committees have not been set up to be delegated powers that have been conferred to the Board of Directors in accordance with legal provisions or the Articles of Association. The specialised Committees have consultative power and conduct their work under the responsibility of the Board of Directors, which alone has statutory decision making power and which remains collectively responsible for the fulfilment of its duties.

The Chairman of the Board of Directors ensures that the number, duties, composition and operation of the specialised Committees are adapted to the needs of the Board of Directors and best corporate governance practices at all times.

Each specialised Committee, except for the Strategic Committee, is chaired by an Independent Director appointed from among its members.

The secretary of each specialised Committee is an individual selected by its Chair.

These specialised Committees meet as often as necessary on the invitation of their Chair, or at the request of one-half of their members. They may call upon external experts where needed.

The Chair of a specialised Committee may ask the Chairman of the Board of Directors to interview any of the Group's Senior managers regarding issues falling within the specialised Committees' scope, as defined by the Board of Directors' Internal Rules.

3.2.3.1 The Audit Committee

The Audit Committee meets at least four times a year.

Composition

In 2019, 60% of the members of the Audit Committee qualified as Independent Directors within the meaning of the AFEP-MEDEF Code (which recommends that at least two-thirds of members be independent). However, the Board of Directors is satisfied with this composition given the decision to limit the number of Committee members, with two Directors representing the main shareholders, and to enhance the effectiveness of the Committee's work, which requires a high level of expertise in finance and accounting. In addition, the Committee is chaired by an Independent Director.

5 members | **5** meetings | **100%** attendance rate

As of December 31, 2019, the composition of the Audit Committee was as follows:

Chairman: **Stéphane Israël(*);**
Members: **Cláudia Almeida e Silva(*), Nicolas Bazire, Philippe Houzé and Mathilde Lemoine(*).**

(*) Independent Director.

In accordance with Article L. 823-19 of the French Commercial Code (*Code de commerce*) and the AFEP-MEDEF Code, the members of the Audit Committee must have expertise in finance and accounting. In addition to his experience with the French Court of Accounts, the Chairman of the Audit Committee, Stéphane Israël, an Independent Director, has sufficient professional experience in management and direction of international groups to be considered an expert in finance, as described in his biography in Section 3.2.1.6 of this Universal Registration Document. The other members of the Committee, in particular Mathilde Lemoine, Independent Director, also have finance skills derived from their experience, professional background and training as described in Section 3.2.1.6 of this Universal Registration Document.

Duties

The Audit Committee monitors issues relating to the preparation and verification of accounting and financial information. Its main duties are as follows:

- **in respect of the review of the Financial Statements:**
  - it ensures that the accounting methods adopted to prepare the Company and Consolidated Financial Statements are relevant and consistent before they are submitted to the Board of Directors; it monitors the procedures used to prepare the Financial Statements and assesses the validity of the methods used to present material transactions; it ensures that the time frame for providing the Financial Statements and reviewing them is adequate,
  - it monitors the process for preparing financial information and, where applicable, makes recommendations to ensure the integrity of such information; it is provided with the main financial communication documents,
  - it monitors the effectiveness of the internal control, risk management and, where applicable, Group internal audit systems relating to the preparation and processing of accounting and financial information, without compromising its independence; it ensures that such systems are in place and implemented, and that corrective measures are undertaken in the event that any significant failings or anomalies are identified. To this end, the Statutory Auditors and the Group internal audit and risk control managers submit their main findings to the Committee,
  - it consults the Group internal audit and risk control managers and issues its opinion on the organisation of their services. It must be kept informed about the Group internal audit programme and must be provided with the Group internal audit reports or a regular summary of these reports,
  - it examines the risks and material off-balance sheet commitments, assesses the significance of any malfunctions or failings of which it is informed and notifies the Board of Directors thereof; to this end, the review of the Financial Statements must be accompanied by a presentation prepared by Executive Management describing the Company's risk exposure and its material off-balance sheet commitments, as well as a presentation prepared by the Statutory Auditors highlighting both the key findings of their statutory audit, including any audit adjustments and significant internal control failings identified during their engagement, and accounting options applied; it examines the section of the management report presented to Shareholders' Meeting covering internal control and risk management procedures,
  - it regularly reviews the mapping of the Group's main risks that may be reflected in the accounts or which have been identified by Executive Management and may have an impact on the Financial Statements; it takes note of the main characteristics of the risk management systems and the results of their operations, drawing in particular on the work of the internal audit and risk control managers and the Statutory Auditors,
  - it examines the scope of consolidation and, where applicable, the reasons why certain companies are not included in said scope;
- **in respect of relations with the Statutory Auditors:**

The Statutory Auditors must submit to the Audit Committee:

  - their general work programme and the sampling procedures used,
  - their proposed amendments to the Financial Statements or accounting documents and their comments on the assessment methods used,
  - any irregularities or inaccuracies they have identified,
  - the conclusions of the comments and amendments with regard to the results of the period compared with those of the previous period,
  - an additional audit report prepared in accordance with the regulations in force setting out the findings of the statutory audit, by no later than the date of submission of the audit report.

The Committee consults with the Statutory Auditors, in particular during the meetings covering the review of the process for preparing the financial information and reviewing the Financial Statements, to enable them to report on the performance and findings of their engagement. The Statutory Auditors accordingly inform the Committee of the main areas of risk or uncertainty regarding the Financial Statements they have identified, their audit approach and any difficulties they encountered during their engagement.

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They also inform the Committee of any significant internal control failings they have identified during their engagement concerning the procedures relating to the preparation and processing of accounting and financial information;

- **in respect of the rules governing the independence and objectivity of the Statutory Auditors:**
  - it recommends the Statutory Auditor selection process to the Board of Directors and oversees said process. If a tendering procedure is used, the Committee supervises the procedure and validates the specifications and choice of firms consulted; it submits a recommendation to the Board of Directors on the Statutory Auditor(s) proposed by the Shareholders' Meeting and also submits a recommendation to the Board of Directors at the time when the terms of office of the Statutory Auditor(s) are to be renewed, in accordance with the regulations in force,
  - it monitors the performance of the Statutory Auditors' engagement; it considers the findings and conclusions of the French High Council of Statutory Auditors (*Haut Conseil du Commissariat aux Comptes*) following the audits carried out in accordance with the regulations applicable to Statutory Auditors,
  - it ensures that the Statutory Auditors comply with the independence conditions set out in the applicable regulations; it analyses, alongside the Statutory Auditors, the risks to their independence, including those relating to the amount and breakdown of their fees and the measures taken in order to protect against and mitigate these risks; it also ensures that the Statutory Auditors comply with the conditions relating to the acceptance or the performance of their engagement and obtains from the Statutory Auditors an annual statement attesting to their independence and detailing the amount and breakdown, by category of engagement, of the fees paid to them during the financial year,
  - it approves the provision of any non-prohibited non-audit services by the Statutory Auditors, such as those provided for in the applicable regulations.

  The Committee regularly reports to the Board of Directors on the performance of its duties. It also reports to the Board of Directors on the findings of the Statutory Audit engagement, how this engagement has contributed to the integrity of the financial information and the role it has played in this process, and immediately informs it of any difficulties encountered;

- **interviews:**

  For all issues related to the performance of its duties, the Audit Committee may interview the Group's finance and accounting managers, as well as the Group treasury, internal audit and risk control managers without any other members of the Company's Executive Management in attendance, if it deems it appropriate. The Chairman of the Board of Directors must be informed of this in advance.

  The Audit Committee may call on external experts as necessary.

2019 principal activities

During the course of the meetings of the Audit Committee, the following main topics were reviewed:

- **in respect of the review of the Financial Statements:**
  - review of the draft Company and Consolidated Financial Statements for the financial year ended December 31, 2018 and related reports,
  - review of the half-yearly Consolidated Financial Statements and the related report,
  - review of disputes and risks as part of the analysis of provisions,
  - results of goodwill impairment tests,
  - Group operations and results in 2018; impacts of reorganisation and productivity measures under the "Carrefour 2022" transformation plan on the Consolidated Financial Statements for the year ended December 31, 2018,
  - dividend recommendation for 2018,
  - progress report on IFRS 16 on leases, due to be implemented in 2019,
  - impacts of applying IFRS 9 on financial instruments and IFRS 15 on revenue recognition,
  - impacts of applying IAS 29 (hyperinflationary economies) in Argentina,
  - hard-close procedures,
  - review of the sections of the management report on internal control and risk management procedures and the processing of accounting and financial information for the year ended December 31, 2018;
- **in respect of internal control:**
  - follow-up on the Group Internal Audit department's tasks,
  - the Group's 2019-2020 financing policy and credit rating,
  - review of risk mapping and compliance with the requirements of the European Prospectus 3 regulation;
- **in respect of compliance with regulations:**
  - review of work done to ensure compliance of internal procedures with:
    - EU Regulation No. 2016/679 on data protection (GDPR),
    - the "Sapin II" law on transparency, combating corruption and modernisation of economic life;
- **in respect of relations with the Statutory Auditors:**
  - follow-up on the Statutory Auditors' audit process,
  - review of non-audit services provided by the Statutory Auditors, as governed by the applicable regulations.

3.2.3.2 The Compensation Committee

The Compensation Committee meets as often as necessary.

Composition

A majority of the members of the Compensation Committee qualify as Independent Directors, in accordance with the provisions of the AFEP-MEDEF Code.

5 members | **2** meetings | **100%** attendance rate

In 2019, the composition of the Compensation Committee was as follows:

Chairman: **Thierry Breton(*), until October 24, 2019;**
Members: **Nicolas Bazire, Charles Edelstenne(*), Stéphane Courbit(*) and Lan Yan(*).**

(*) Independent Director.

At its meeting on January 23, 2020, the Board of Directors decided, on the recommendation of the Appointments Committee, to appoint Mathilde Lemoine as member and Chair of the Compensation Committee.

Duties

The Compensation Committee is responsible for formulating proposals on the various components of compensation paid to Directors (in particular with regard to the total amount of Directors' compensation and the allocation procedures) and to Executive Officers.

It is responsible for reviewing all issues relating to the personal status of the Executive Officers, including compensation, pension and death & disability benefits, benefits in kind and the provisions governing the termination of their term of office.

It is mainly in charge of formulating proposals on decisions to grant stock options (to subscribe and/or purchase Company shares) to Executive Officers and all or some of the salaried employees of the Company and its affiliates in accordance with the Shareholders' Meeting authorisations.

It examines the conditions under which options are granted and provides a list of beneficiaries of options and the number of options allocated to each of them. It formulates proposals determining the characteristics of options, such as the subscription and/or purchase price of shares, their duration, any applicable conditions on the exercise of the options and the relevant procedures.

It is also responsible for formulating proposals on the free allocation of existing or new shares in accordance with the Shareholders' Meeting authorisations. It proposes the names of beneficiaries of the share allocations and any conditions specifically related to the length of vesting and lock-up periods and criteria for share allocations.

It is informed of the compensation policy for top executives who are not Company Officers.

2019 principal activities

Over the course of the Compensation Committee's meetings, the following main topics were reviewed:

- **compensation of Executive Officers:**
  - determination of Alexandre Bompard's 2019 fixed compensation,
  - determination of Alexandre Bompard's 2018 variable compensation and setting of conditions for 2019,
  - determination of Alexandre Bompard's long-term compensation,
  - determination of the amount of Alexandre Bompard's pension supplement, fulfilment of performance conditions for 2018 and setting of conditions for 2019,
  - grant of performance shares to key managers;
- **Shareholders' Meeting of June 14, 2019:**
  - review of the compensation policy for Alexandre Bompard,
  - review of the presentation of compensation components for Alexandre Bompard in the 2018 Registration Document and components that must be submitted to an advisory vote and for the approval of the Shareholders' Meeting, in accordance with AFEP-MEDEF Code recommendations and the French Commercial Code ("Say on Pay"),
  - authorisation procedure for related-party agreements and commitments concluded during the financial year relating to Alexandre Bompard's compensation.

3.2.3.3 The Governance Committee (formerly Appointments Committee)

The Governance Committee meets as often as necessary.

Composition

On April 20, 2020, the Board of Directors decided to rename the Appointments Committee the Governance Committee to better reflect the real extent of its role and duties.

At December 31, 2019 majority of the members of the Compensation Committee qualified as Independent Directors and there were no Executive Officers, in accordance with the provisions of the AFEP-MEDEF Code.

5 members	2 meetings	100% attendance rate

In 2019, the composition of the Appointments Committee was asfollows:

Chairman: **Charles Edelstenne(*);**
Members: **Flavia Buarque de Almeida, Philippe Houzé, Aurore Domont(*), Thierry Faraut (Director representing employees).**

(*) *Independent Director.*

Duties

The Governance Committee reviews and formulates an opinion on any candidate being considered for Director or Executive Officer positions. It submits proposals to the Board of Directors after an in-depth examination of all the factors to be taken into account in its decision-making process, particularly in light of the composition of and changes to the Company's shareholder base to ensure a well-balanced Board of Directors. It also assesses the appropriateness of the renewal of terms of office.

It organises the procedure for selecting future Directors.

Independent Director qualification criteria are discussed by the Governance Committee and reviewed each year by the Board of Directors prior to the publication of the annual report.

It is also responsible for assessing Directors' independence and reporting its findings to the Board of Directors. If necessary, the Governance Committee reviews situations caused by a Director's repeated absence.

The Committee makes recommendations to the Board of Directors on the appointment of specialised Committee members when their terms are up for renewal.

It also assists the Board of Directors in adapting the Company's corporate governance practices and assessing their composition and efficiency.

It reviews solutions to ensure that good corporate governance practices remain in place.

It reviews the diversity policy in the Company's governance bodies, particularly in terms of gender balance.

It reviews all matters related to the conduct of Directors and, at the request of the Lead Director, any potential conflict of interest involving the Directors.

It reviews the Chairman's draft report on corporate governance and any other document required by law or regulations.

2019 principal activities

Over the course of the Appointments Committee's meetings, the following main topics were reviewed:

- **governance:**
  - changes in the composition of the Board of Directors and its specialised Committees with a view to appointing or renewing the terms of Directors,
  - oversight of the assessment performed by an external consultant in the second half of 2019;
- **Shareholders' Meeting of June 14, 2019:**
  - annual review of certain Directors' independence and assessment of the situation of two new Directors to verify that they qualify as Independent Directors,
  - review of the report on corporate governance,
  - changes in the composition of the Board of Directors: appointments and renewal of terms of office for the Shareholders' Meeting;
- **renewal of the Board of Directors:**
  - addition of new Directors of different nationalities and with different skills and experience to make the Board more international and expand its entrepreneurial and digital expertise;
- **Board of Directors' specialised Committees:**
  - review of the composition of the Board of Directors' specialised Committees (including their chairmanship) following the appointment of new Directors.

3.2.3.4 The CSR Committee

The CSR Committee meets as often as necessary.

Composition

A majority of the members of the CSR Committee qualify as Independent Directors within the meaning of the AFEP-MEDEF Code.

5 members | **2** meetings | **100%** attendance rate

In 2019, the composition of the CSR Committee was as follows:

Chair: **Aurore Domont(*);**
Members: **Cláudia Almeida e Silva(*), Patricia Moulin Lemoine, Marie-Laure Sauty de Chalon(*) and Martine Saint-Cricq (Director representing employees).**

(*) Independent Director.

Duties

The CSR Committee:

- reviews the Group's CSR strategy and the roll-out of the related CSR initiatives;
- verifies that the Group's CSR commitments are integrated in light of the challenges specific to the Group's business and objectives;
- assesses risks, identifies new opportunities and takes account of the impact of the CSR policy in terms of business performance;
- reviews the annual report on non-financial performance;
- reviews the summary of ratings awarded to the Group by ratings agencies and in non-financial analysis.

2019 principal activities

During the course of the meetings of the CSR Committee, the following main topics were reviewed:

- review of the Non-Financial Information Statement and the CSR report included in the 2018 Registration Document;
- discussions about the Group's action plans and priority actions as regards sustainability and CSR;
- report on social innovation programmes;
- commitments, analysis and action plans as regards packaging.

3.2.3.5 The Strategic Committee

The Strategic Committee meets as often as necessary.

Composition

5 members | **1** meeting | **100%** attendance rate

In 2019, the composition of the Strategic Committee was as follows:

Chairman: **Alexandre Bompard;**
Vice-Chairman: **Abilio Diniz;**
Members: **Nicolas Bazire, Philippe Houzé, Stéphane Courbit(*).**

(*) Independent Director.

Duties

The Strategic Committee prepares the Board of Directors' work on the Group's strategic objectives and the key topics of interest, including:

- development priorities and opportunities for diversifying the Group's operations;
- strategic investments and significant partnership projects.

2019 principal activities

The Directors were asked to review the terms of the proposed disposal of Carrefour China.

3.3 Executive Management and the Group Executive Committee

3.3.1 EXECUTIVE MANAGEMENT

Executive Management structure

By decision of the Shareholders' Meeting of July 28, 2008, the Company adopted the form of a *société anonyme* (public limited company) with a Board of Directors. By its decision of June 21, 2011, the Board of Directors combined the duties of Chairman and Chief Executive Officer. The Board of Directors' decision to combine the duties of Chairman and Chief Executive Officer was designed to simplify the decision-making process and enhance the efficiency and responsiveness of the Company's governance.

When Alexandre Bompard was appointed as Chairman and Chief Executive Officer on July 18, 2017, the Board of Directors decided to maintain the Company's current management structure, which combines the duties of Chairman and Chief Executive Officer.

The ratification and renewal of his directorship were approved by the Shareholders' Meeting of June 15, 2018.

Limitations of powers of the Chairman and Chief Executive Officer

By virtue of the Board of Directors' Internal Rules, the Chairman and Chief Executive Officer cannot carry out the following transactions or actions in the name and on behalf of the Company without the Board of Directors' prior consent:

- investment and divestment transactions under consideration by the Group, in particular acquisitions and disposals of assets or holdings, subscriptions to any issues of shares, partnership interests or bonds and the conclusion of partnerships and joint-venture agreements, as well as any transaction likely to affect the Group's strategy, in an amount exceeding 250 million euros per investment/divestment on behalf of the Group;
- financial transactions, regardless of their conditions, in an amount exceeding 2 billion euros; the Chairman and Chief Executive Officer must report to the Board of Directors for transactions below this amount;
- decision to directly establish overseas sites through the creation of a branch, a direct or indirect affiliate, or the acquisition of an interest or the withdrawal from these sites;
- any merger, spin-off or asset transfer for net asset transfer values in excess of 250 million euros, excluding any internal restructuring;
- the total or partial sale of non-financial assets not valued in the statement of financial position, including brands, particularly the Carrefour brand and customer data;
- in the event of a dispute, any transaction or settlement in an amount greater than 100 million euros per case.

The Lead Director, Philippe Houzé, replaced by Stéphane Israël as of April 20, 2020, safeguards the quality of corporate governance by assisting the Chairman of the Board of Directors in his duties to ensure that the Company's governance bodies are operating correctly. In this capacity, he pays particular attention to situations where there is a real or potential conflict of interest, which could affect Directors or the Chairman of the Board of Directors in respect of the Company's interests, whether this relates to operational projects, strategic management or specific agreements.

In 2019, the Board of Directors held discussions, without the Chairman and Chief Executive Officer in attendance, on topics related to his compensation, in accordance with recommendation 18.3 of the AFEP-MEDEF Code. The Board of Directors did not express the need to organise additional meetings without the Chairman and Chief Executive Officer.

3.3.2 THE GROUP EXECUTIVE COMMITTEE

The Group Executive Committee comprises Group managers and individuals from other horizons who contribute complementary expertise.

Chaired by the Chairman and Chief Executive Officer, the Group Executive Committee is comprised of 15 members:

	Main position held within the Group
Alexandre Bompard	Chairman and Chief Executive Officer
EXECUTIVE DIRECTORS – REGIONS	
Pascal Clouzard	Executive Director, France
François-Melchior de Polignac	Executive Director, Northern and Eastern Europe (Belgium, Poland and Romania) and Chief Executive Officer of Carrefour Belgium
Noël Prioux	Executive Director, Latin America (Brazil and Argentina)
Ramie Baitieh	Executive Director, Spain
Gérard Lavinay	Executive Director, Italy
EXECUTIVE DIRECTORS – OPERATIONS	
Amélie Oudéa-Castéra	Executive Director, E-Commerce, Data and Digital Transformation
Marie Cheval	Executive Director, Financial Services and Hypermarkets France
Alexandre de Palmas	Executive Director, Convenience Stores France
Guillaume de Colonges	Executive Director, Merchandise, Supply and Formats
EXECUTIVE DIRECTORS – CORPORATE	
Matthieu Malige	Chief Financial Officer
Laurent Vallée	General Secretary
Jérôme Nanty	Executive Director, Human Resources and Assets for the Group and France
Dominique Benneteau-Wood	Executive Director, Communication for the Group and France
Morgane Weill	Executive Director, Strategy & Transformation for the Group and France

ALEXANDRE BOMPARD

Information on Alexandre Bompard's educational background and work experience is described in Section 3.2.1.4 of this Universal Registration Document.

PASCAL CLOUZARD

Pascal Clouzard is a graduate of the ENSTA ParisTech institute of advanced engineering and of the Entrepreneur Master's programme at HEC Business School.

After beginning his career in consulting with A.T. Kearney – where he spent eight years at the Lisbon, Madrid and Paris offices – he joined Carrefour in 1999 as Group Director of Food Purchases, and subsequently became Group Director of Non-Food Purchases.

He joined Carrefour Spain in 2006, serving as Marketing Director, Merchandise Director and Executive Director for Hypermarkets. He was appointed Chief Executive Officer of Carrefour Spain in 2011. Since October 2, 2017, he has held the position of Executive Director for France.

FRANÇOIS-MELCHIOR DE POLIGNAC

François-Melchior de Polignac is a graduate of HEC Business School and holds a Master's degree in international relations from the University of Cambridge. After two years with L'Oréal in Italy and three years with the Boston Consulting Group, he joined Carrefour in 2000, where he alternated between M&A, Strategy & Projects and operational functions in the Hypermarkets and Supermarkets segments. He then acquired significant experience abroad, first in Poland, followed by two years as head of Carrefour Romania and four years as head of Carrefour Belgium.

He returned to France in 2017 to implement the transformation plan and was appointed Executive Director, Merchandise, Supply and Formats in October 2018. In 2019, he was appointed Executive Director, Northern and Eastern Europe (Belgium, Poland and Romania) and Chief Executive Officer of Carrefour Belgium.

NOËL PRIOUX

Noël Prioux has a technical qualification in accountancy.

He began his career with Carrefour in 1984, holding various operational positions within the West Regional Division for Carrefour France Hypermarkets. In 1996, Noël Prioux was appointed Director of Financial Services in France, then Executive Director, Turkey. From 2001 to 2003, he was in charge of Carrefour hypermarkets in France. Subsequently, he managed Group international subsidiaries in Colombia, South Asia and Spain from 2004 to 2011. In June 2011, he became Executive Director, France.

Since October 2, 2017, Noël Prioux has been Executive Director, Latin America (Argentina and Brazil). He directly oversees the operations of Grupo Carrefour Brasil.

RAMI BAITIEH

Rami Baitieh is a graduate of École Supérieure de Commerce de Compiègne. He holds two MBAs from the University of Quebec and the Warsaw Central Business School. He began his career with Carrefour in 1995, holding various positions, first in the stores and then in the Merchandise, IT and Supply Chain departments in France, Romania and Poland. He was appointed Chief Executive Officer of Carrefour Taiwan in February 2015 and Chief Executive Officer of Carrefour Argentina in January 2018. In May 2019, he was appointed Executive Director of Carrefour Spain.

GÉRARD LAVINAY

Gérard Lavinay began his career at Euromarché in 1980, holding several positions both in-store and in the Logistics department in that hypermarket chain which was taken over by Carrefour in 1991. From 1998 onwards, he held various positions at Carrefour in Greece before joining Carrefour Chile's Executive Management team in 2003. He returned to France in 2004 and served as Group Supply Chain Director and Group Managing Director for IT and Supply Chain. In 2008, he was appointed Executive Director for Supermarkets in France. Gérard Lavinay joined Carrefour Belgium in 2009 as Executive Director and Managing Director. In 2013, he supervised Carrefour's operations in Northern Europe (Belgium, Poland and Romania) and international merchandise support and coordination teams. In 2017, Gérard Lavinay was Executive Director for Merchandise, Supply and Formats. He was notably in charge of merchandise, own-brand products, supply chain and formats. Since October 2017, he has served as Executive Director, Italy.

AMÉLIE OUDÉA-CASTÉRA

Amélie Oudéa-Castéra is a graduate of ESSEC Business School, and École Nationale de l'Administration (ENA).

Starting in July 2016, she spent almost ten years with the AXA Group, five as Chief Marketing & Digital Officer for AXA France and then five in the same position at Group level. She became a Director of the Carrefour group in June 2018. She was appointed Executive Director E-Commerce, Data and Digital Transformation for the Carrefour group on November 19, 2018.

MARIE CHEVAL

Marie Cheval is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA).

In 1999, she joined the French General Inspectorate of Finance. From 2002 to 2011, she held a number of positions with the La Poste group: Director of Financial Services Strategy for La Poste and later for La Banque Postale, Marketing and Sales Director (2006-2009), then Director of Operations (2009-2011). In 2011, Marie Cheval joined the Société Générale group as Director of Global Transactions and Payment Services. She was appointed Chief Executive Officer of Boursorama in 2013.

On October 2, 2017, Marie Cheval joined the Carrefour group as Executive Director Customers, Services and Digital Transformation for the Group and France.

ALEXANDRE DE PALMAS

Alexandre de Palmas is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). He began his career in retail property with the Casino Group and then held senior management positions at Clear Channel, Gallimard-Flammarion and then Elior. He joined the Carrefour group in August 2018 as Executive Director, Convenience and Cash & Carry France. He was appointed Chairman and Chief Executive Officer of Carmila in July 2019.

GUILLAUME DE COLONGES

Guillaume de Colonges holds a university degree in Economics and completed an advanced management course at Harvard Business School in the United States. He began his career as a floor manager at Carrefour Anglet in 1992, before taking on various operational posts in hypermarkets in France and Poland. Subsequently, he acquired operational experience as Commercial and Supply Chain Director, and from 2000 to 2008 as Director of supermarket and hypermarket operations in Turkey and Taiwan. He then became Chief Executive Officer of Carrefour in Asia and Malaysia before taking on the same post in Singapore in 2009 and at Carrefour Turkey in 2011. In 2014, Guillaume de Colonges became Executive Director Poland.

Since October 2, 2017, he has been Executive Director, Northern and Eastern Europe (Belgium, Poland and Romania). He directly oversees the operations of Carrefour Belgium. In 2019, he was appointed Executive Director, Merchandise, Supply and Formats. He is also responsible for supervising Carrefour Taiwan.

MATTHIEU MALIGE

Matthieu Malige is a graduate of HEC Business School and École des Travaux Publics and holds a Master of Science degree from UCLA.

He started his career at Lazard Frères.

From 2003 to 2011, he held various positions within the Carrefour group: Director of Strategy and Development, Chief Financial Officer of Carrefour Belgium and Chief Financial Officer of Carrefour France. In 2011, he joined the Fnac group as Chief Financial Officer and on July 20, 2016 following the Company's acquisition of Darty, he became Chief Financial Officer of the Fnac Darty group.

On October 16, 2017, Matthieu Malige was appointed Chief Financial Officer of the Carrefour group.

LAURENT VALLÉE

Laurent Vallée is a graduate of ESSEC Business School, Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA).

He began his career at the *Conseil d'État*, France's administrative Supreme Court, where he served in particular as Government Commissioner and Constitutional Advisor to the Government's Secretary General. From 2008 to 2010, Laurent Vallée was a lawyer with the Clifford Chance law firm, before being appointed Director of Civil Affairs at the Ministry of Justice in April 2010. He was then General Corporate Secretary of the Canal+ group from 2013 to 2015. Since March 2015, he has served as Secretary General of the *Conseil Constitutionnel*, France's constitutional council.

On August 30, 2017, Laurent Vallée joined the Executive Management team as General Secretary of the Carrefour group.

JÉRÔME NANTY

Jérôme Nanty is a graduate of Institut d'Études Politiques de Paris and has a Master's degree in public law.

He began his career in 1986 at Société Générale before joining the capital markets division of Crédit Lyonnais bank in 1989, first as a bond market operator and subsequently as a manager of a portfolio of bond issuers. In 1998, he joined the bank's Human Resources department as manager of employment policy and later labour relations. From 2001 to 2004, he served as Director of Labour and Social Relations for the Crédit Lyonnais group. From 2003 onwards, he held the same position at the Crédit Agricole group. As such, he was in charge of the labour aspect of the merger of Crédit Lyonnais and Crédit Agricole. He was appointed as Director of Human Resources at LCL in 2005 and at the Caisse des Dépôts group in 2008. From 2013 to 2016, he was General Secretary of the Transdev group. Since July 2016, he has served as General Secretary and Director of Human Resources of the Air France-KLM group.

On October 2, 2017, Jérôme Nanty joined the Carrefour group as Executive Director, Human Resources for the Group and France. In June 2019 he was appointed Executive Director, Human Resources and Assets for the Group and France.

DOMINIQUE BENNETEAU-WOOD

Dominique Benneteau-Wood joined the Carrefour group on August 20, 2018 as Executive Director, Communications for the Group and France.

From March 2017, she was Communications Director of Air France-KLM and Deputy Managing Director of Air France in charge of brands and communications. From January 2014, she was Communications Director of Transdev, a leader in mobility and public transport and subsidiary of Caisse des Dépôts and Veolia, where she was also acting company secretary from July to December 2016. Dominique Benneteau-Wood spent a large part of her career with the Havas group at W&Cie, where she was general manager from 2010 to 2014. Before joining W&Cie in 2001, she was a strategic planner at Euro RSG Design (1989-1992), a consultant at Bracq Gauvin Design (1992-1993), an independent consultant (1994-1999) and senior consultant at Piaton & Associés (2000-2001).

She holds a degree in industrial economics and a Master's degree in economics.

MORGANE WEILL

Morgane Weill is a graduate of Institut d'Études Politiques de Paris and École Nationale de l'Administration (ENA). She spent five years working for the General Inspectorate of Finance at France's ministry for the economy and finance where she undertook audits and consultancy assignments on various public policies covering local authorities, defence, justice, culture and customs. She joined the Carrefour group on January 1, 2018 as Alexandre Bompard's chief of staff. Her responsibilities included coordinating issues associated with the food transition (one of the Company's strategic priorities) to improve the safety, traceability, quality and responsibility of products sold worldwide. On July 1, 2019, she was appointed Executive Director for Strategy and Transformation.

3.4 Compensation and benefits granted to Company Officers

3.4.1 PROCESS FOR DETERMINING AND IMPLEMENTING COMPENSATION POLICIES FOR COMPANY OFFICERS

Compensation policies for Company Officers have been amended in order to comply with the provisions of French government order no. 2019-1234 of November 27, 2019 and its implementing decree.

Compensation policy for Directors

The compensation policy is decided by the Board of Directors after consulting with the Compensation Committee.

A majority of the members of the Compensation Committee qualify as independent directors, in accordance with the provisions of the AFEP-MEDEP Code. The Committee meets as often as necessary.

Compensation policy for the Chairman and Chief Executive Officer

The Board of Directors, after consulting the Compensation Committee, approves the principles and rules for determining the compensation of the Chairman and Chief Executive Officer, as well as the criteria for determining, allocating and awarding components of compensation of any kind.

The Board of Directors periodically reviews the performance criteria and conditions applicable to the variable components of compensation to ensure that they reflect the Group's ambitions. Achievement of the performance conditions is assessed annually by the Board after consulting with the Compensation Committee.

3.4.2 DIRECTORS' COMPENSATION

3.4.2.1 Compensation policy for Directors pursuant to Article L. 225-37-2 of the French Commercial Code

At its meeting on April 11, 2018, the Board of Directors decided to amend the allocation procedures for compensation paid to Directors for attendance at Board meetings. This allocation, which has remained unchanged, is as follows:

- Chairman of the Board of Directors: 10,000 euros;
- Vice-Chairman of the Board of Directors: 40,000 euros;
- Lead Director: 40,000 euros;
- Director: 45,000 euros comprised of:
  - a variable portion of 25,000 euros,
  - a fixed portion of 20,000 euros;
- Chair of the Audit Committee: 30,000 euros;
- Chair of the Compensation Committee, the Governance Committee, the CRS Committee and the Strategic Committee: 10,000 euros;
- members of specialised Committees: compensation of 10,000 euros for belonging to one or more specialised Committees, based on the Committee member's frequency of attendance.

The variable portion of the compensation is paid in proportion to the number of Board of Directors' and/or specialised Committee meetings attended by the members (100% of the variable portion will be allocated for attendance at all meetings).

The maximum annual amount of compensation allocated to Directors in respect of their directorship for the current period and future periods is 1,280,000 euros.

The Board of Directors may allocate exceptional compensation to its members in respect of the engagements or duties entrusted to them. This type of compensation is subject to the provisions of Articles L. 225-38 to L. 225-42 of the French Commercial Code.

Until 2019, this compensation was paid to Directors once a year, covering attendance at meetings of the Board of Directors and of its specialised Committees for the period from August 1 to July 31. In 2020, it was decided to align this compensation with the calendar year, *i.e.*, for the period from January 1 to December 31. This decision will lead to the payment in 2020 of the balance due in respect of 2019. Compensation due in respect of 2020 will be paid in 2021.

The two Directors representing employees have an employment contract within the Group and are therefore compensated for work unrelated to their directorship. Consequently, this compensation is disclosed.

3.4.2.2 Compensation allocated or paid to Directors

In 2018 and 2019, the Directors received the following amounts:

	Amount of compensation received[1]			
	2019		2018	
(in euros)	Amount allocated[2]	Amount paid[3]	Amount allocated[4]	Amount paid[5]
Alexandre Bompard	75,000	75,000	75,000	75,000
Cláudia Almeida e Silva[6]	65,000	33,810	NA	NA
Alexandre Arnault[7]	38,750	15,714	NA	NA
Bernard Arnault[8]	20,000	8,571	24,167	37,857
Nicolas Bazire	75,000	75,000	76,833	75,238
Jean-Laurent Bonnafé	37,857	37,857	36,667	42,143
Thierry Breton	57,857	61,429	56,667	62,143
Flavia Buarque de Almeida	55,000	55,000	65,000	50,000
Stéphane Courbit[9]	65,000	65,000	65,000	11,429
Abilio Diniz	55,000	51,429	46,667	53,571
Aurore Domont[9]	75,000	75,000	75,000	6,429
Charles Edelstenne	75,000	71,429	66,667	53,571
Thierry Faraut[10]	55,000	6,429	55,000	NA
Philippe Houzé	115,000	115,000	115,000	115,000
Stéphane Israël[9]	85,000	85,000	85,000	13,095
Mathilde Lemoine	55,000	55,000	55,000	55,000
Patricia Moulin-Lemoine	51,429	51,429	50,833	53,571
Amélie Oudéa-Castera[11]	NA	8,096	60,000	6,429
Martine Saint-Cricq[12]	55,000	6,429	55,000	NA
Marie-Laure Sauty de Chalon	55,000	55,000	55,000	55,000
Lan Yan	47,857	51,429	55,000	55,000
TOTAL	**1,213,750**	**1,059,048**	**1,173,500**	**820,476**

(1) Gross amounts before withholding tax for non-French residents and payroll tax for French residents.
(2) Amounts due based on actual attendance in 2019, *i.e.*, from January 1 to December 31, 2019.
(3) Amounts paid in 2019 for the period from August 1, 2018 to July 31, 2019.
(4) Amounts due based on actual attendance in 2018, *i.e.*, from January 1 to December 31, 2018.
(5) Amounts paid in 2018 for the period from August 1, 2017 to July 31, 2018.
(6) Director since January 22, 2019.
(7) Director since April 24, 2019.
(8) Director until April 15, 2019.
(9) Director since June 15, 2018.
(10) Director representing employees since November 23, 2017.
(11) Director from June 15, 2018 to November 7, 2018.
(12) Director representing employees since October 4, 2017.

3.4.3 COMPENSATION OF EXECUTIVE OFFICERS

3.4.3.1 Compensation policy for Executive Officers pursuant to Article L. 225-37-2 of the French Commercial Code

I/ Principles for determining the compensation of the Chairman and Chief Executive Officer

The rules and principles used in determining the compensation and other benefits of the Chairman and Chief Executive Officer are approved by the Board of Directors on the recommendation of the Compensation Committee, the Board of Directors refers in particular to the AFEP-MEDEF Code.

The principles used in determining the compensation of the Chairman and Chief Executive Officer, ensuring that this compensation is in line with the Company's best interests, business strategy development and continuity, are as follows:

Balance and measurement

The Board of Directors ensures that no component of compensation is disproportionate, taking various internal and external factors into consideration such as market practices, the Group's development, and the Chairman and Chief Executive Officer's performance. It also ensures that each component of compensation is relevant to the Company's interests.

Consistency and completeness

The compensation policy for the Chairman and Chief Executive Officer is established following extensive deliberation and taking into consideration the compensation of the Group's other executives and employees.

Performance

The Chairman and Chief Executive Officer's compensation is closely linked to the Group's operating performance, the purpose being to reward him for his performance and progress made, in particular through annual variable compensation and a long-term incentive plan.

The Chairman and Chief Executive Officer's variable compensation is subject to the fulfilment of certain performance conditions set by the Board of Directors, on the recommendation of the Compensation Committee, which include quantitative financial and non-financial objectives, as well as qualitative objectives that are precise, simple, measurable and rigorous.

The Board of Directors may periodically review these objectives and amend them accordingly to better reflect the Group's strategic ambitions. The Board also ensures their relevance.

Moreover, to get the Chairman and Chief Executive Officer actively involved in the Group's growth over the long term and to be more closely aligned with shareholders' interests, compensation may also include Company performance shares.

The fulfilment of performance conditions is assessed on a yearly basis by the Board of Directors after consulting with the Compensation Committee, taking into consideration the Group's financial and non-financial performance for the year and the Chairman and Chief Executive Officer's individual performance based on the targets set by the Board of Directors.

Comparability

The Chairman and Chief Executive Officer's compensation must be competitive in order to attract, motivate and retain talent at the highest levels of the Group. To assess the Group's competitiveness, other companies' compensation practices are regularly analysed based on a panel of French and foreign companies that serve as benchmarks in their respective markets.

II/ Criteria for determining, allocating and awarding the components of compensation of the Chairman and Chief Executive Officer

Alexandre Bompard was appointed Chairman and Chief Executive Officer on July 18, 2017. On June 15, 2018, his term of office was renewed for three years (with the term ending at the Shareholders' Meeting called to approve the Financial Statements for the year ending December 31, 2020).

The Board of Directors can revoke this term of office at any time in accordance with the applicable legal provisions.

At its meeting on April 20, 2020, and on the recommendation of the Compensation Committee, the Board of Directors set the components of the Chairman and Chief Executive Officer's compensation as follows (detailed in Section 3.4.3.2 of this Universal Registration Document):

Annual fixed and variable compensation

Annual compensation comprises a fixed portion and a variable portion. This compensation reflects the responsibilities, experience and skills of the Chairman and Chief Executive Officer, as well as market practices.

ANNUAL FIXED COMPENSATION

Annual fixed compensation is reviewed at relatively long intervals although it may be re-examined by the Board of Directors in certain cases, particularly when the Chairman and Chief Executive Officer's term is up for renewal. It has not changed since the Chairman and Chief Executive Officer was first appointed.

ANNUAL VARIABLE COMPENSATION

Annual variable compensation may not exceed a maximum amount expressed as a percentage of reference annual fixed compensation (referred to above).

Annual variable compensation may not exceed 200% of the Chairman and Chief Executive Officer's annual fixed compensation. For 2020, the Board of Directors set the maximum annual variable compensation at 165% of the Chairman and Chief Executive Officer's annual fixed compensation.

Annual variable compensation is subject to the fulfilment of performance conditions based on achieving quantitative financial and non-financial objectives, as well as individual qualitative objectives. The performance conditions are based, for 80% of annual variable compensation, on achieving quantitative financial and non-financial objectives and, for the remaining 20%, on achieving individual qualitative objectives as defined by the Board of Directors on the recommendation of the Compensation Committee. A new quantitative performance criterion has been introduced for the purposes of determining the 2020 annual variable compensation, in order to reflect the priority focus on customer relationships in the Group's strategy. The expected level of achievement of the objectives used to determine annual variable compensation is established precisely by the Board of Directors, in line with the Group's strategic plan, but is not disclosed for confidentiality purposes.

These criteria can be used to assess both the individual performance of the Chairman and Chief Executive Officer and the Company's performance. The Chairman and Chief Executive Officer's variable compensation is linked to the Company's overall earnings, ensuring alignment with the Group's best interests and the development of its business strategy, and thereby enhancing its sustainability.

The annual variable compensation for 2020 may not, in accordance with Article L. 225-100 III, paragraph 2 of the French Commercial Code, be paid unless approved by the Ordinary Shareholders' Meeting held to approve the Financial Statements for the year ending December 31, 2020.

Long-term incentive plan

The long-term incentive plan may include stock options, performance shares or a cash payout under the following terms and conditions:

- the long-term incentive plan may not exceed 50% of the gross maximum compensation;
- in order to benefit from the plan, the person concerned must fulfil predominantly quantitative performance conditions, as set by the Board of Directors on the recommendation of the Compensation Committee, over a multi-year period;
- in order to benefit from the plan, the person concerned must remain in office at the end of the financial years considered.

If stock options or performance shares are granted, the Board of Directors will set the number of shares that the Chairman and Chief Executive Officer is required to hold until the termination of his term of office, in accordance with the provisions of the French Commercial Code.

The Chairman and Chief Executive Officer is not permitted to hedge any stock options or performance shares held or any shares obtained upon the exercise of stock options held throughout the entire term of the holding period set by the Board of Directors.

Awarding variable compensation gives the Chairman and Chief Executive Officer a stake in the Company's earnings and share price performance. This creates a stronger relationship with shareholders.

Benefits in kind

At the Board of Directors' discretion and on the recommendation of the Compensation Committee, the Chairman and Chief Executive Officer may receive benefits in kind. The award of benefits in kind is determined in view of the nature of the position held.

Accordingly, the Chairman and Chief Executive Officer has a company car.

Other benefits in kind may be provided for in specific situations.

Compensation paid in respect of his directorship

The Chairman and Chief Executive Officer receives a compensation in his capacity as Director, Chairman of the Board of Directors and specialised Committee member.

The compensation allocated in respect of his directorship is paid in accordance with the compensation policy for Directors as described in Section 3.4.2.1 of this Universal Registration Document. It is comprised of a fixed portion and a variable portion based on his attendance at meetings of the Board of Directors and of its specialised Committees.

Exceptional compensation

In certain special circumstances, the Board of Directors may decide to award exceptional compensation to the Chairman and Chief Executive Officer. Payment of such compensation must be properly justified and based on a specific triggering event.

It may take the form of stock options, performance shares or a cash payout.

In the event of a cash payout, the 2020 exceptional compensation may not, in accordance with Article L. 225-100 III, paragraph 2 of the French Commercial Code, be paid unless approved by the Ordinary Shareholders' Meeting held to approve the Financial Statements for the year ending December 31, 2020.

Compensation or benefits due or likely to be due upon taking office

In accordance with the comparability principle described above, the Board of Directors may, on the recommendation of the Compensation Committee, award compensation related to the act of taking of office.

Such compensation may include stock options, performance shares or a cash payout. It must be explained, and its amount published, when the compensation is fixed.

Supplementary defined benefit pension plan

When submitting the resolution relating to the 2019 compensation policy for the Chairman and Chief Executive Officer to the Shareholders' Meeting for approval, the Board of Directors indicated that it would take the decisions regarding any necessary amendments to the defined benefit pension plan applicable to the Chairman and Chief Executive Officer due to regulatory developments and in particular as a result of the transposition into French law of the EU's Pension Mobility Directive (2014/50/EU of April 16, 2014).

In accordance with French government order no. 2019-697 of July 3, 2019 amending the legal regime applicable to supplementary defined benefit pension plans such as the plan in force within the Carrefour Group, the Board of Directors, on the recommendation of the Compensation Committee, decided to modify the plan applicable to the Chairman and Chief Executive Officer.

In accordance with the provisions of the said order, conditional supplementary rights may no longer accrue under supplementary defined benefit pension plans after January 1, 2020.

Acting on the Chairman and Chief Executive Officer's proposal, at its meeting on April 20, 2020, the Board of Directors decided to go beyond this legal obligation and cancel the plan as of January 1, 2020. Accordingly, all the conditional rights that had previously accrued to the Chairman and Chief Executive Officer before January 1, 2020 (corresponding to a gross annual annuity of 200,594 euros) were lost. At his request, Alexandre Bompard did not receive any compensation for the loss of the rights accrued until December 31, 2019.

With effect from January 1, 2020, the Board of Directors decided to set up a new "top-up" defined benefit plan that meets the new requirements of Article L. 137-11-2 of the French Social Security Code (*Code de la sécurité sociale*). The main characteristics of the new plan are as follows:

- beneficiaries will retain the annual rights accrued in the event that they leave the Company;
- the rights accrued in a given year will be calculated based on the compensation for that year (reference compensation), without exceeding 60 times the annual social security ceiling. To determine the reference compensation, only the annual fixed compensation of the beneficiary and the annual variable compensation paid are considered, to the exclusion of any other direct or indirect form of compensation;
- rights will accrue subject to more stringent annual performance conditions. Rights will accrue based on the same criteria as those used to determine the Chairman and Chief Executive Officer's variable compensation: three quantitative financial criteria (Sales, Recurring operating income and Free cash flow) and one non-financial CSR criterion (Carrefour CSR & Food Transition Index). The weighted average of the achievement rates for the four criteria will be used to determine the amount of rights that accrue for a given year.

The criteria are designed to reflect the operational performances of the Group and the Chairman and Chief Executive Officer insofar as they are proportionate to the responsibilities of the latter and relevant to the interests and long-term strategy of the Company.

The annual accrual rate under the plan will vary depending on the achievement rates for the performance criteria, as follows:

- 1.75% of reference compensation for a weighted average achievement rate of 75% or more;
- 2.25% for a weighted average achievement rate of 100% or more (central target rate);
- 2.75% for a weighted average achievement rate of 125% or more.

The aggregate annual percentages applied for a given beneficiary, all employers combined, will be capped at 30%.

The supplementary pension rights obtained under the plan as described above accrue to the beneficiary, it being specified that the Company may terminate its commitment at any time.

Termination payment

As announced at the Shareholders' Meeting of June 15, 2018, the Chairman and Chief Executive Officer, Alexandre Bompard, informed the Board of Directors of his decision to waive the benefit of the termination payment agreed by the Board on July 18, 2017. He is therefore no longer eligible for this termination payment.

Non-compete commitment

The Board of Directors may also decide to enter into a non-compete commitment with the Chairman and Chief Executive Officer.

The non-compete commitment entered into upon Alexandre Bompard's appointment as Chairman and Chief Executive Officer was amended by the Board of Directors on July 26, 2018 to bring it into line with the new AFEP-MEDEF recommendations. The amended commitment was approved by the Shareholders' Meeting of June 14, 2019 for approval (13th resolution).

The purpose of the new commitment is to prohibit the Chairman and Chief Executive Officer from working for a competitor within a number of specified businesses operating in the retail food industry for a period of 24 months.

The non-compete payment will apply for a period of 24 months from the date of termination.

The payment is set at the equivalent of 12 months' fixed and maximum annual variable compensation. The non-compete payment will be made in instalments.

The Board of Directors may waive the implementation of the non-compete commitment upon the Chief Executive Officer's termination.

The commitment also provides that the non-compete payment will not be made if the Chief Executive Officer has claimed his pension benefits. No payment will be made after the age of 65.

Policy for holding shares applicable to the Executive Officers

In addition to the requirement for Directors (other than Directors representing employees) to hold at least 1,000 shares during their term of office, the Board has established a strict policy requiring the Chairman and Chief Executive Officer to hold at least 200,000 shares in registered form throughout his term of office, corresponding to about two years' of fixed compensation at the last date on which his term was renewed.

The Chairman and Chief Executive Officer has five years from the date of his first appointment to comply with this minimum holding requirement.

At the date of this document, Alexandre Bompard had already acquired 130,200 Carrefour shares.

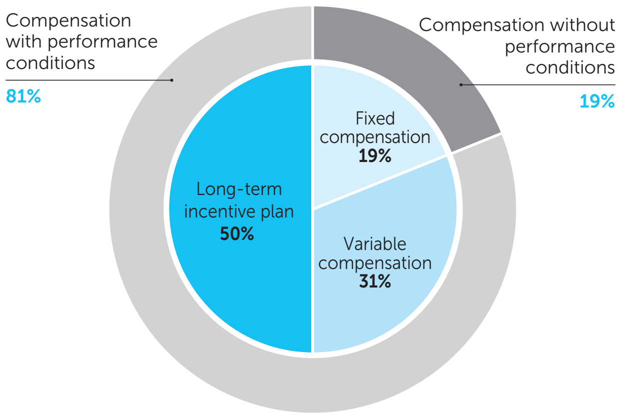
3.4.3.2 Components of compensation allocated to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2020

The Board of Directors set the structure of Alexandre Bompard's 2020 compensation as follows:

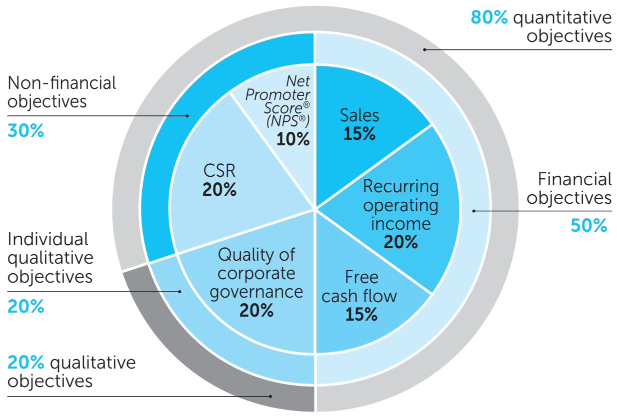
		Presentation
Fixed compensation	1,500,000 euros	At its meeting on April 20, 2020, the Board of Directors maintained the amount of annual fixed compensation at 1,500,000 euros.
Annual variable compensation	Up to 165% of fixed compensation	Annual variable compensation could represent up to 165% of the reference annual fixed compensation[1] if overall performance is greater than or equal to 130%.
Type of criteria	**Weighting**	**Comments**
Quantitative criteria (financial and non-financial) Sales Recurring operating income Free cash flow NPS® CSR *Qualitative criteria* Quality of corporate governance ***TOTAL***	 15% 20% 15% 10% 20% 20% **100%**	Annual variable compensation is subject to the fulfilment of quantitative financial and non-financial objectives, for 80%, and qualitative objectives, for 20%. These objectives are defined by the Board of Directors. At its meeting on April 20, 2020, the Board of Directors decided to introduce an additional quantitative performance criterion (the Group's Net Promoter Score®), in order to better reflect the priority focus on customer relationships in the Group's strategy. The weightings of the quantitative criteria have been adjusted accordingly. The CSR criterion is based on the in-house Carrefour CSR & Food Transition Index which is audited externally. This index is comprehensive, and aligned with the Group's strategic priorities (see Section 1.5.5 of this Universal Registration Document for the composition of and change in the index). The corporate governance quality criterion covers, *inter alia*, the assessment of the implementation of the Group's strategic plan, as well as the conditions for its roll-out across the different regions, the manner in which long-term transformation challenges are addressed, and the governance plan set up to achieve these goals. The expected level of achievement of the objectives used to determine annual variable compensation is established precisely by the Board of Directors but is not disclosed for confidentiality purposes.
Long-term incentive plan (performance shares)	Value representing 50% of the gross maximum compensation (fixed annual, maximum annual variable and long-term variable)	On February 26, 2020, the Board of Directors decided to award the long-term incentive plan to the Chairman and Chief Executive Officer in the form of performance shares, for a value representing 50% of his gross maximum compensation. This award is made under the 25th resolution adopted by the Shareholders' Meeting of June 14, 2019. The shares are entirely subject to performance conditions. The shares will vest upon the achievement of the performance conditions to be assessed over a period of three years and continuing service as of February 26, 2023. The Chairman and Chief Executive Officer shall be required to retain 30% of his vested shares in an amount not exceeding a share portfolio representing 150% of his annual fixed compensation. The Board of Directors set out the following performance criteria: Recurring operating income, Free cash flow, Total Shareholder Return (based on a panel of nine retail companies) and corporate social responsibility (based on the Carrefour RSE and Food Transition Index). Each criterion has a weighting of 25%. These objectives are set per performance criterion by the Board of Directors. They are not disclosed for reasons of confidentiality. The performance measured for each criterion determines the vesting rate of the shares corresponding to that criterion. The vesting rate will range from 50% to 150%. The progression of the vesting rate will be linear between the minimum and maximum. No shares will vest under this criterion if the vesting threshold is less than 50%. The final vesting rate of shares will be the average of these four criteria, not exceeding the number of shares awarded by the Board of Directors.
Benefits in kind		The Chairman and Chief Executive Officer has a company car.
Compensation paid in respect of his directorship		The compensation allocated in respect of his directorship is paid in accordance with the compensation policy for Directors as described in Section 3.4.2.1 of this Universal Registration Document.

(1) As set by the Board of Directors on April 20, 2020.

2020 COMPENSATION STRUCTURE



2020 ANNUAL VARIABLE COMPENSATION



3.4.3.3 Compensation allocated or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in respect of 2019

The Shareholders' Meeting of June 14, 2019 approved the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits in kind that may be awarded to the Chairman and Chief Executive Officer, Alexandre Bompard, in accordance with Article L. 225-37-2 of the French Commercial Code.

The table below summarises the components of compensation allocated or paid to Alexandre Bompard in respect of 2019 in his capacity as Chairman and Chief Executive Officer.

The payment of the variable and exceptional components of compensation due in respect of the 2019 financial year is subject to the approval of the Shareholders' Meeting of May 29, 2020, in accordance with Article L. 225-100, paragraph 6 of the French Commercial Code.

	2018		2019	
(in euros)	Amount allocated	Amount paid	Amount allocated	Amount paid
Alexandre Bompard Chairman and Chief Executive Officer				
Fixed compensation	1,500,000	1,500,000	1,500,000	1,500,000
Variable compensation	2,475,000	1,237,500	2,475,000	2,475,000
Long-term incentive plan(1)	3,252,000	N/A	3,252,000	3,252,000
Termination payment	N/A	N/A	N/A	N/A
Compensation paid in respect of his directorship(2)	75,000	75,000	75,000	75,000
Benefits in kind(3)	3,055	3,055	3,055	3,055
TOTAL	**7,305,055**	**2,815,555**	**7,305,055**	**7,305,055**

(1) This amount corresponds to (i) the 2017-2018 long-term cash incentive plan and to (ii) the 2018-2019 long-term cash incentive plan (which will be paid after approval by the Shareholders' Meeting to be held on May 29, 2020).
(2) Period from August 1, 2017 to July 31, 2018 for 2018 attendance fees, and from August 1, 2018 to July 31, 2019 for 2019 attendance fees.
(3) Company car.

The components of compensation allocated or paid to the Chairman and Chief Executive Officer, Alexandre Bompard, in 2019 are as follows:

Annual compensation

Alexandre Bompard received annual compensation comprising a fixed portion and a variable portion.

Annual fixed compensation

For 2019, Alexandre Bompard's annual fixed compensation amounted to 1,500,000 euros, unchanged.

Annual variable compensation

Alexandre Bompard's annual variable compensation was based on the fulfilment of objectives and could represent up to 165% of his annual fixed compensation, depending on the extent to which objectives were achieved. The achievement of his objectives at 100% would entitle him to annual variable compensation amounting to 100% of his annual fixed compensation. The achievement of his objectives at 130% would entitle him to annual variable compensation amounting to 165% of his annual fixed compensation. Between the lower and upper targets, variable compensation increases on a straight-line basis.

The performance objectives for his annual variable compensation were based, for 80%, on achieving quantified objectives (Sales, Recurring operating income, Free cash flow and CSR index), and, for the remaining 20%, on achieving qualitative objectives (quality of governance). Each target had a weighting of 20%.

At its meeting on April 20, 2020, the Board of Directors reviewed the performance level achieved for each target:

- **Quantitative financial criteria (Sales, Recurring operating income and Free cash flow)[1]**

  The Board of Directors noted an acceleration in Same-store sales growth (up 3.1%), an increase in Recurring operating income at constant exchange rates (up 7.4%) and a year-on-year improvement in Free cash flow excluding non-recurring items (up 17%). The performance levels achieved were set at 100.7% for the Sales criterion, 104.5% for the Recurring operating income criterion and 112.4% for the Free cash flow criterion.

- **Non-financial quantitative criterion (Carrefour CSR & Food Transition Index)**

  The CSR criterion is based on the internal Carrefour CSR & Food Transition Index, which is subject to an external audit. The index is comprehensive, reflecting the Group's strategic priorities, with an achievement rate of 114% in 2019, higher than the 2018 rate of 105%. See Section 1.5.5 of this Universal Registration Document for details on the composition of and change in this index.

  Carrefour's commitment to CSR is confirmed by the A rating awarded by the CDP, which ranks Carrefour among the top 2% of companies in terms of performance on climate change and transparency.

  The performance level achieved for this criterion was set by the Board of Directors at 170%.

- **Qualitative criterion (quality of governance and roll-out of the "Carrefour 2022" strategic plan)**

  - In its assessment, the Board of Directors considered the quality of the strategic vision presented by the Chairman and Chief Executive Officer, Alexandre Bompard, and the commitment that he has demonstrated in executing the "Carrefour 2022" transformation plan, which is progressing as announced. Faster roll-out of an omni-channel model, operational efficiency and financial discipline, sales completed under good conditions (equity interest in China, Cargo, Rue du Commerce) and an improved balance sheet are all testimony to the quality of the Chairman and Chief Executive Officer's governance. The Board also noted that his commitment and proactive approach to addressing long-term challenges contributed to the adoption of a *raison d'être*. The "Act for Change" initiatives and the increased focus on the customer satisfaction strategy (through the NPS®) were also noted. Lastly, the external assessment of the Board of Directors' work confirms that the high quality of the governance system is unanimously appreciated by all the Board members.
  - The performance level achieved for this criterion was set by the Board at 200%.

- The overall performance level for all the criteria was therefore 137.5%. The annual variable compensation of the Chairman and Chief Executive Officer, Alexandre Bompard, was set at 165% of his annual fixed compensation, *i.e.*, 2,475,000 euros. This amount may not be paid until it has been approved by the Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019.

Long-term incentive plan

At its meeting on July 18, 2017, the Board of Directors, on the recommendation of the Compensation Committee, decided to award Alexandre Bompard a cash-based long-term incentive plan for 2018 and 2019, representing 45% of his gross maximum compensation (*i.e.*, fixed annual compensation plus the maximum annual variable compensation and the long-term incentive plan), on the following terms and conditions:

- in order to benefit from the plan, two of the three objectives set by the Board of Directors had to be fulfilled at more than 100% for two consecutive years (Sales, Recurring operating income and CSR);
- in order to benefit from the plan, Alexandre Bompard had to remain Chairman and Chief Executive Officer at the end of the financial years set out above.

On April 24, 2019, the Board of Directors noted that at least two of the three 2018 objectives had been fulfilled at more than 100%. On April 20, 2020, the Board of Directors noted that at least two of the three 2019 objectives had been fulfilled at more than 100%.

Alexandre Bompard will therefore receive the sum of 3,252,000 euros after approval by the Shareholders' Meeting called to approve the Financial Statements for the year ended December 31, 2019.

Long-term incentive plan (performance shares)

On February 27, 2019, the Board of Directors decided to award the long-term incentive plan to the Chairman and Chief Executive Officer in the form of performance shares, for a value representing 47.5% of his gross maximum compensation (*i.e.*, 3,596,428 euros)[2]. These shares will vest on February 28, 2022 if the performance conditions are met and if Alexandre Bompard is with the Company at that date.

The shares are entirely subject to performance conditions to be assessed on February 27, 2021.

The Board of Directors set out the following performance criteria: Recurring operating income, Free cash flow, Total Shareholder Return (based on a panel of nine retail companies) and corporate social responsibility (based on the Carrefour CSR & Food Transition Index).

Each criterion has a weighting of 25%. The related objectives are set by the Board of Directors. They are not disclosed for confidentiality purposes. The performance on each criterion is measured, determining the vesting rate of the shares for that criterion. The vesting rate will range from 50% to 150%. The progression of the vesting rate will be linear between the minimum and maximum. Below 50%, no shares will vest with respect to the relevant criterion. The definitive vesting rate will be the average of the vesting rates for the four criteria, within the limit of the number of shares granted by the Board of Directors.

Furthermore, Alexandre Bompard has taken the decision not to use hedging instruments.

Benefits in kind

Alexandre Bompard has a company car, corresponding to a benefit in kind of 3,055 euros.

Compensation or benefits due or likely to be due upon taking office

None.

(1) Data before the application of IAS 29 and IFRS 16 (IFRS 5).
(2) Information presented in Section 8.2 of this Universal Registration Document.

Compensation paid in respect of his directorship

The amount of compensation paid in 2019 to Alexandre Bompard in his capacity as Chairman of the Board of Directors, Director and Chairman of the Strategic Committee is determined according to the policy described in Section 3.4.2 of this Universal Registration Document. It amounted to 75,000 euros for the period August 1, 2018 to July 31, 2019.

Compensation paid by a company within the scope of consolidation

Alexandre Bompard has not received any compensation due or paid by any company within Carrefour's scope of consolidation.

Supplementary defined benefit pension plan

Changes in the plan

As previously indicated (see Section 3.4.3.1 of this Universal Registration Document), the French government order of July 3, 2019 amends the legal regime applicable to supplementary defined benefit pension plans such as the plan in force within the Carrefour Group. Acting on the Chairman and Chief Executive Officer's proposal and on the recommendation of the Compensation Committee, the Board of Directors decided on April 20, 2020 to therefore cancel the plan applicable to the Chairman and Chief Executive Officer until December 31, 2019. Accordingly, all the conditional supplementary pension rights that had accrued to the Chairman and Chief Executive Officer since his arrival in the Carrefour Group (corresponding to an estimated gross annual annuity of 200,594 euros) were lost.

As the supplementary defined benefit pension plan provided for under Article L. 137-11 of the French Social Security Code was cancelled and the conditional rights accrued to the Chairman and Chief Executive Officer were lost, no information related to the plan for 2019 can be presented in this document.

Termination payment

Alexandre Bompard, Chairman and Chief Executive Officer, is not entitled to any termination payment.

Non-compete commitment

The non-compete commitment entered into upon Alexandre Bompard's appointment as Chief Executive Officer was amended by the Board of Directors on July 26, 2018 to bring it into line with the new AFEP-MEDEF recommendations and was approved by the Shareholders' Meeting of June 14, 2019.

The terms and conditions of this commitment are described in Section 3.4.3.1 of this Universal Registration Document.

No amount is due or was paid in this respect in 2019.

Total compensation compliance with the compensation policy

The fixed, variable and exceptional components of compensation and benefits in kind paid or awarded to Alexandre Bompard in his capacity as Chairman and Chief Executive Officer in respect of 2019 comply with the compensation policy decided by the Board of Directors after consulting the Compensation Committee.

Alexandre Bompard's total compensation is part of the Company's long-term strategy and allows the Chairman and Chief Executive Officer's interests to be aligned with those of the Company and the shareholders.

The Company has not diverged from the compensation policy in any respect.

Application of the last vote by the Shareholders' Meeting

The Shareholders' Meeting approved the fixed, variable and exceptional components of total compensation and benefits in kind due or paid for the 2018 financial year to Alexandre Bompard, Chairman and Chief Executive Officer.

Pay ratios and changes in compensation

In accordance with paragraphs 6 and 7 of Article L. 225-37-3 of the French Commercial Code as amended by French government order no. 2019-1234 of November 27, 2019 on the compensation of company officers of listed companies, the table below presents information for the last five years on the changes in the compensation of the Chairman and Chief Executive Officer and of Group employees and for the pay ratios based on the average and median compensation of employees.

The calculation methods were defined taking into consideration the AFEP-MEDEF guidelines on compensation multiples.

The scope used for this analysis was widened to include Carrefour Management's employees working at the Group's headquarters in France.

Please note that there has been a Company Officer change in 2017.

	2015	2016	2017	2018	2019
Average compensation ratio	54	46	47	45	42
Median compensation ratio	79	78	79	74	72
Change in the compensation of the Chairman and Chief Executive Officer		-8%	8%	4%	5%
Change in the average compensation of employees(1)		9%	5%	9%	12%

(1) Changes in average employee compensation in 2018 and 2019 primarily correspond to a structural effect relating to the voluntary redundancy plan.

3.4.4 BREAKDOWN OF COMPENSATION AND BENEFITS GRANTED TO EXECUTIVE OFFICERS

The tables summarising the compensation paid to Executive Officers during the year may be found in Section 3.4.3 of this Universal Registration Document.

Compensation allocated in respect of their directorship

Table presented in Section 3.4.2 of this Universal Registration Document.

Stock options granted during the financial year to each Executive Officer by the issuer or a Group company

None.

Stock options exercised during the financial year by each Executive Officer

None.

Performance-based shares granted to each Executive Officer by the issuer or a Group company

Information presented in Section 8.2 of this Universal Registration Document.

Performance-based shares which became available during the financial year for each Executive Officer

None.

Historical information on stock option plans

None.

Multi-annual variable compensation of each Executive Officer

Name and position of the Executive Officer	Plan	2018 financial year	2019
Alexandre Bompard Chairman and Chief Executive Officer	2017-2018 compensation plan	3,252,000	
	2018-2019 compensation plan		3,252,000

	Employment contract		Supplementary pension plan(1)		Compensation or benefits due or likely to be due upon termination or a change in position(1)		Compensation related to a non-compete clause(1)	
	Yes	No	Yes	No	Yes	No	Yes	No
Alexandre Bompard Chairman and Chief Executive Officer		X	X			X	X	

(1) These components of compensation are detailed in Sections 3.4.3.1 and 3.4.3.3 of this Universal Registration Document.

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3.5 "Comply or Explain" rule of the AFEP-MEDEF Code

In accordance with the "Comply or Explain" rule of the AFEP-MEDEF Code, the Company indicates in this section the provisions of the Code that it did not apply in 2019.

Recommendations of the AFEP-MEDEF Code	Group practice and explanation
Length of directorship is a criterion to be analysed by the Committee and the Board to assess the independence of a Director (Article 9.5.6 of the Code)	On the recommendation of the Governance Committee, the Board of Directors closely examined the status of Charles Edelstenne. Charles Edelstenne, whose term is due to expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 2021, will, as of July 2020, have been a Director for longer than the maximum period of 12 years recommended by the AFEP-MEDEF Code. Accordingly, the Board of Directors took into account Charles Edelstenne's personality, professional experience and the objectivity he has consistently demonstrated during Board meetings, his critical judgement and ability to make sound decisions in all situations, in particular as regards Executive Management. The Board of Directors also took into account the change in the management team in 2017, which meant that close ties could not be formed with the current team given the duration of his term. Charles Edelstenne's qualities and in-depth knowledge of the Group were considered essential given the radical change in the composition of the Board since 2018, making him a highly valuable contributor to the Board's strategic decisions. Given this assessment, the Board of Directors considered that the length of directorship criterion defined in the AFEP-MEDEF Code among five other criteria was not itself sufficient for Charles Edelstenne to automatically lose his independent status, and that there was no other reason to prevent him from continuing in office as an Independent Director until the end of his term at the 2022 Shareholders' Meeting.
Independent Directors must make up at least two-thirds of the Audit Committee (Article 16.1)	60% of Audit Committee members qualify as Independent Directors within the meaning of the AFEP-MEDEF Code. The Board of Directors is satisfied with this composition given the decision to limit the number of Committee members, with two Directors representing main shareholders, and to enhance the effectiveness of the Committee's work, which requires a high level of expertise in finance and accounting. In addition, the Committee is chaired by an Independent Director.
The majority of the Appointments Committee members must be Independent Directors (Article 17.1)	Half of the Audit Committee members qualify as Independent Directors within the meaning of the AFEP-MEDEF Code. The Board of Directors considers this composition to be satisfactory given the balance of Independent Directors and Directors representing shareholders, the presence of a Director representing employees and the position of Chair being held by an Independent Director.
The Compensation Committee should comprise a Director representing employees (Article 18.1)	After reviewing their wishes, Martine Saint-Cricq and Thierry Faraut, Directors representing employees, joined the CSR Committee and Governance Committee, respectively.

3.6 Related-party agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code

Authorisation procedure for arm's length and related-party agreements

The Board of Directors adopted an internal procedure for identifying and obtaining authorisation for related-party agreements, and for distinguishing them from routine agreements entered into on an arm's length basis.

In addition to the regulatory framework governing the various potential types of agreements, the procedure also requires the Company to regularly review the terms of all routine agreements entered into within the Group. The parties directly or indirectly involved in such an agreement may not take part in the review.

Agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code

We hereby inform you that two new related-party agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code were authorised by the Board of Directors on April 24, 2019, as set out in the Statutory Auditors' special report in accordance with Article L. 225-40 of said Code, which must mention any related-party agreements entered into and authorised during the financial year, as well as any agreements that have continued during the financial year. No new agreements were authorised by the Board of Directors during the year ended December 31, 2019.

At its meeting on April 24, 2019, the Board of Directors authorised the signing of (i) an amendment to a revolving credit facility agreement entered into on January 22, 2015 with a syndicate of banks including BNP Paribas, for a principal amount of 2.5 billion euros; and (ii) an amendment to a revolving credit facility agreement entered into on May 2, 2017 with a syndicate of banks including BNP Paribas, for a principal amount of 1.4 billion euros. In accordance with Article L. 225-40 of the French Commercial Code, these amendments will be submitted to the Shareholders' Meeting of May 29, 2020 for approval.

During its meeting on April 3, 2020, the Board of Directors reviewed the related-party agreements authorised in previous years and that continued during this financial year.

3.7 Transactions in the Company's shares carried out by Company Officers

In accordance with Article 223-26 of the AMF's General Regulations, we hereby inform you that the following transactions were carried out during the 2019 financial year by persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*):

Transaction date	First name/last name or corporate name	Office held at the Company on the transaction date	Transaction type	Financial instrument	Price per share *(in euros)*	Transaction amount *(in euros)*
01/07/2019	Peninsula Europe SARL	A legal entity linked to Abilio Dos Santos Diniz, Director	Extension of a structured financing arrangement, which initially covered 28,681,014 Carrefour shares, to 28,991,586 Carrefour shares. 310,572 Carrefour shares were pledged as collateral for Península Europe SARL's obligations under the structured financing arrangement	Shares	N/A	N/A
01/07/2019	Península Europe SARL	A legal entity linked to Abilio Dos Santos Diniz, Director	Extension of a structured financing arrangement, which initially covered 30,754,124 Carrefour shares, to 31,087,145 Carrefour shares. 333,021 Carrefour shares were pledged as collateral for Península Europe SARL's obligations under the structured financing arrangement	Shares	N/A	N/A
04/05/2019	Cervinia Europe SARL	A legal entity linked to Bernard Arnault, Director	Acquisition	Shares	16.81	3,056,442
05/16/2019	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Stock options	N/A	N/A
05/16/2019	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	N/A	Forward agreement (shares)	N/A	N/A
06/24/2019	Cervinia Europe SARL	A legal entity linked to Alexandre Arnault, Director	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	18,192,982
06/24/2019	Groupe Arnault SE	A legal entity linked to Alexandre Arnault and Nicolas Bazire, Directors	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	1,441,197.80
07/03/2019	Stéphane Courbit	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	3,222.04

Transaction date	First name/last name or corporate name	Office held at the Company on the transaction date	Transaction type	Financial instrument	Price per share *(in euros)*	Transaction amount *(in euros)*
07/05/2019	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	36,627,130.90
07/11/2019	Alexandre Bompard	Chairman and Chief Executive Officer	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	46,010.14
07/11/2019	Flavia Buarque de Almeida	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	472.96
07/11/2019	Península Europe SARL	A legal entity linked to Abilio Dos Santos Diniz, Director	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	27,636,205.64
07/11/2019	Península Europe SARL	A legal entity linked to Abilio Dos Santos Diniz, Director	Transfer of 902,309 shares for no consideration under a structured financing arrangement disclosed to the AMF on March 30, 2016	Shares	N/A	N/A
07/11/2019	Península Europe SARL	A legal entity linked to Abilio Dos Santos Diniz, Director	Transfer of 967,529 shares for no consideration under a structured financing arrangement disclosed to the AMF on March 30, 2016	Shares	N/A	N/A
07/11/2019	Abilio Dos Sants Diniz	Director	Acquisition by opting to receive payment of the dividend in shares	Shares	14.78	487.74
07/15/2019	Galfa SAS	A legal entity linked to Patricia Moulin Lemoine and Philippe Houzé, Directors	Sale	Shares	14.78	36,627,130.90
12/04/2019	Stéphane Courbit	Director	Acquisition	Shares	14.7150	44,145

3.8 Statutory Auditors' special report on regulated related-party agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2019

This is a translation into English of the Statutory Auditors' report on the regulated agreements and commitments with third parties issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Carrefour Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company (the "Company"), we hereby report to you on the regulated party agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the principal terms and conditions, the purpose and benefits to the Company of the agreements 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, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest of the conclusion of these agreements for the purpose of approving them.

In addition, it is our responsibility, where appropriate, to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code (*Code de commerce*) relating to the implementation during the year of the agreements previously approved at the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

Agreements subject to approval at the shareholders' meeting

Agreements authorized and concluded 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.

Amendment to the agreement of the revolving credit (revolving credit facility) concluded on May 2, 2017 with a syndicate of banks, including BNP Paribas

- **Person concerned:**

Jean-Laurent Bonnafé, member of the Board of Directors of the Company and Director and CEO of BNP Paribas.

- **Nature and purpose**

At its meeting on April 24, 2019, the Company's Board of Directors authorized the Amendment to the agreement of the revolving credit (revolving credit facility) concluded on May 2, 2017 with a principal amount of €1,400 million with a syndicate of banks, including BNP Paribas, as mentioned in the second part of this report.

- **Terms and conditions and reasons justifying that the agreement is in the Company's interest:**

This amendment to the agreement of the revolving credt (revolving credit facility) of €1,400 million, signed on June 13, 2019, has for main objective to extend the term of the credit facility by five years (with a one year extension option, which may be exercised twice) and introduce a mechanism to adjust the amount of the non-utilization fee based on the Company's CSR performance. The Board of Directors has considered this operation as a part of the strategy to secure the Company's long-term financing.

Interest payable on amounts drawn is calculated at Euribor plus an initial margin of 0.25%. This initial margin of 0.25% is adjusted according to a credit margin grid based on the long-term credit rating of the Company. In addition to interest, a utilization fee is charged based on the portion of the facility drawn.

If the line of credit is not drawn, Carrefour must pay a non-utilization fee equal to 35% of the applicable margin (0.25% margin adjusted, if applicable, according to the credit margin rating).

The non-utilization fee booked in the 2019 financial statements related to this agreement of the revolving credit is €1,500 million.

During the period ending on December 31, 2019 this line of credit was not drawn by the Company.

Amendment to the agreement of the revolving credit (revolving credit facility) concluded on January 22, 2015 with a syndicate of banks, including BNP Paribas

- **Person concerned:**

Jean-Laurent Bonnafé, member of the Board of Directors of the Company and Director and CEO of BNP Paribas.

- **Nature and purpose**

At its meeting on April 24, 2019, the Company's Board of Directors authorized the Amendment to the agreement of revolving credit (revolving credit facility) concluded on January 22, 2015 with a principal amount of €2,500 million with a syndicate of banks, including BNP Paribas, as mentioned in the second part of this report.

- **Terms and conditions and reasons justifying that the agreement is in the Company's interest:**

This amendment to the agreement of revolving credit (revolving credit facility) of €2,500 million signed on June 13, 2019 has for main objective to extend the term of the credit facility by five years (with a one year extension option, which may be exercised twice) and introduce a mechanism to adjust the amount of the non-utilization fee based on the Company's CSR performance. The Board of Directors has considered this operation as a part of the strategy to secure the Company's long-term financing.

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).

The non-utilization fee booked in the 2019 financial statements related to this agreement of the revolving credit is €2,800 million.

During the period ending on December 31, 2019 this line of credit was not drawn by the Company.

Agreements already approved by the shareholder's meeting

Agreements 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, authorized in previous years by the Shareholders' Meeting, have had continuing effect during the year.

Agreement of the revolving credit (revolving credit facility) concluded on May 2, 2017 with a syndicate of banks, including BNP Paribas

- **Person concerned:**

Jean-Laurent Bonnafé, member of the Board of Directors of the Company and Director and CEO of BNP Paribas.

- **Nature and purpose:**

At its meeting on April 12, 2017, the Board of Directors authorized the replacement of the seven-year revolving credit facility (maturing in 2019) entered into on April 4, 2012, and modified by the amendment dated July 31, 2014, with a new revolving credit facility entered into with a syndicate of banks, including BNP Paribas.

- **Terms and conditions and reasons justifying that the agreement is in the Company's interest:**

The new revolving facility agreement, entered into on May 2, 2017, of which the extension facility maturing one year signed on May 2, 2018, provided for a revolving credit line of €1,400 million. This extension facility had the sole purpose to lengthen the maturity of the credit line; no other characteristics had been modified. All the banks approved this extension facility.

Interest payable on amounts drawn is calculated at Euribor plus an initial margin of 0.25%. This initial margin of 0.25% is adjusted according to a credit margin grid based on the long-term credit margin rating of the Company. In addition to interest, a utilization fee is charged based on the portion of the facility drawn.

If the line of credit is not drawn, Carrefour must pay a non-utilization fee equal to 35% of the applicable margin (0.25% margin adjusted, if applicable, according to the credit margin rating).

This agreement of the revolving credit has been modified by the amendment authorized by the Board of Directors on April 24, 2019, as mentioned in the first part of this report.

On the date of the signature of this amendment, this line of credit was not drawn by the Company.

Agreement of the revolving credit (revolving credit facility) concluded on January 22, 2015 with a syndicate of banks, including BNP Paribas

- **Person concerned:**

Jean-Laurent Bonnafé, member of the Board of Directors of the Company and Director and CEO of BNP Paribas.

- **Nature and purpose:**

At its meetings on October 15, 2014, the Board of Directors authorized a new revolving credit facility (signed on January 22, 2015) in remplacement of July 23, 2010 and November 21, 2011 contracts entered into with a syndicate of banks, including BNP Paribas.

- **Terms and conditions:**

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).

This agreement of revolving credit has been modified by the amendment authorized by the Board of Directors on April 24, 2019, as mentioned in the first part of this report.

On the date of the signature of the amendment, this line of credit was not drawn by the Company.

The Statutory Auditors

Paris-La Défense and Courbevoie, April 20, 2020

French original signed by

DELOITTE & ASSOCIÉS	KPMG S.A.	MAZARS
Bertrand Boisselier	Caroline Bruno Diaz	Jerôme de Pastors
Stéphane Rimbeuf		Emilie Loreal

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RISK MANAGEMENT AND INTERNAL CONTROL

4.1 Risk management

In an uncertain, constantly changing environment, risk management is essential to the long-term viability of the Group's business operations.

The risk management system implemented by the Group is based on identifying and accounting for principal risk factors and uncertainties which may have a material impact on its activities, financial position or image. They are described in this Universal Registration Document in accordance with the new requirements of Regulation (EU) No. 2017/1129 (4.1.1).

For the past several years, the Group has been committed to a coordinated risk management policy based on mapping major risks, with the implementation of a risk prevention and management system (4.1.2).

As part of a regular analysis and review of insurable risks, the Group also implements solutions to transfer risks to the insurance market (4.1.3).

4.1.1 PRINCIPAL RISK FACTORS

Methodology

In association with the Country Risk departments, the Group Risk department has identified and evaluated 54 risk factors related to the Group's business operations, including the main CSR issues.

A risk self-assessment questionnaire was sent to all the Group's countries.

For each risk factor, they were asked to:

- describe the relevant past or feared events;
- rank on a scale defined at Group level:
  - probable financial impact (excluding insurance),
  - reputational impact (TV, press, social media coverage, etc.),
  - probability of occurrence,
  - ability to control the risk and measures taken to detect, prevent and mitigate its impact and probability of occurrence;
- identify the action plans that exist or need to be implemented.

Following a review of the questionnaires received by the Country Executive Committee, the Group's mapping of material risks was presented to the Group Executive Committee, the Audit Committee and the Board of Directors.

This led to the identification of 15 key risks that could, at the date of this Universal Registration Document, have a material impact on the Group's operations, financial position, reputation, results or outlook. In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, these 15 key risks are divided into three categories:

- strategy, governance and business environment;
- economic and political environment;
- operations.

As part of the risk mapping process described above, these risks are ranked and presented here in decreasing order of importance within each category (and in no particular order of importance between categories), based on:

- net financial impact;
- net reputational impact[1];
- net probability of occurrence.

The net score consists of a gross score, less the impact of any mitigation measures and actions plans implemented by the Group.

The table and risk map below summarise the 15 key risk factors identified.

A number of other risks, which were analysed as part of the Group's risk mapping process but which do not meet the materiality or specificity criteria adopted in compliance with Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, are nevertheless presented as required as part of the Non-Financial Information Statement or the management report, and can be found in Chapters 2 (2.1.3.1) and 6 (Note 15.7 to the 2019 Consolidated Financial Statements), respectively, of this Universal Registration Document.

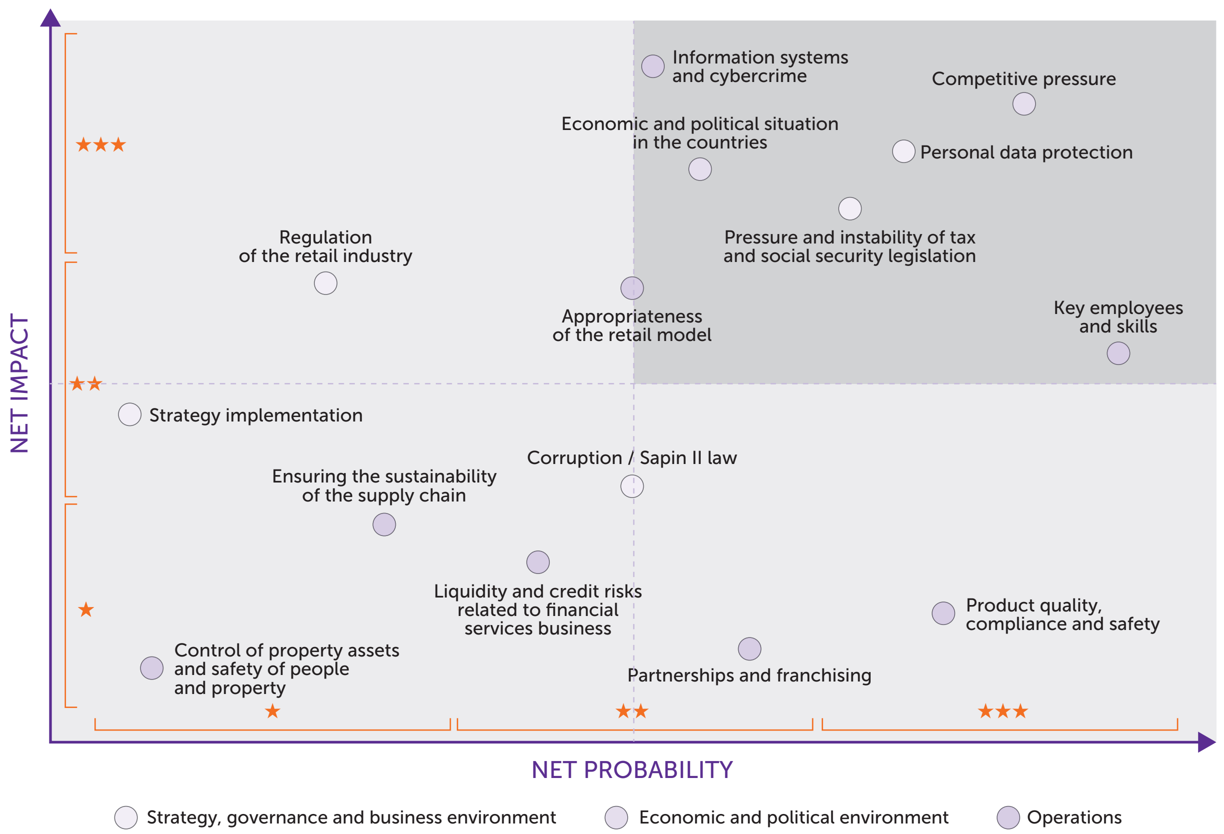
The impacts of the recent, post-reporting date events related to the emergence of the COVID-19 epidemic are at present difficult to evaluate, particularly as the situation is evolving rapidly and constantly. As a food retailer and provider of bare necessities, Carrefour's priority is to ensure the continuity of its business. The Group is operating in strict compliance with the public health rules introduced by the authorities in each country, and is continuously evaluating the measures it must take to protect the health of its employees and customers (see Section 5.4 of this Universal Registration Document). The COVID-19 epidemic is an ongoing event, the duration of which is uncertain, and measures adopted in reaction to it by public authorities (on a national or local scale) are in constant evolution. Carrefour remains vigilant as to the development of the situation and its consequences. It is still too early at this stage to assess the impact of the COVID-19 epidemic on the Group, in particular on customers' purchasing behaviour, which may quickly fluctuate (both locally and in time) depending on the evolution of the epidemic and the implementation of local measures (such as confinement).

(1) Given the importance it places on the matter, the Group has decided to refine the presentation of its risks by going above and beyond the presentation requirements set out under Regulation (EU) 2017/1129 of the European Parliament, and presenting a third impact: "net reputational impact".

Non-financial risks disclosed in the Non-Financial Statement and included in the Group's 15 key risks are identified in the table below by the Δ symbol.

Category	Group risk factor	Net impact Financial	Net impact Reputation	Net probability
Strategy, governance and business environment	Personal data protection (Δ)	★★	★★★	★★★
	Pressure and instability of tax and social security legislation	★★★	★★	★★★
	Corruption/Sapin II law (Δ)	★	★★★	★★
	Regulation of the retail industry	★★	★★	★
	Strategy implementation	★★	★★	★
Economic and political environment	Competitive pressure	★★★	★★	★★★
	Economic and political situation in the countries	★★★	★	★★
Operations	Information systems and cybercrime	★★	★★★	★★
	Key employees and skills (Δ)	★★	★★	★★★
	Appropriateness of the retail model	★★	★★	★★
	Product quality, compliance and safety (Δ)	★	★★	★★★
	Partnerships and franchising	★	★★	★★
	Ensuring the sustainability of the supply chain (Δ)	★	★★★	★
	Liquidity and credit risks related to financial services business	★	★★	★★
	Control of property assets and safety of people and property	★	★	★

Moderate ★
High ★★
Very high ★★★



4.1.1.1 Strategy, governance and business environment

Personal data protection (Δ)

Description of the risk

Personal data protection is governed by legislation such as the General Data Protection Regulation (GDPR), which came into effect in the European Union on May 25, 2018, and national legislation such as the General Data Protection law due to come into effect in Brazil in August 2020.
These regulations set out a new legal framework for personal data protection, strengthening citizens' rights and imposing new obligations on companies.

The Group has adjusted its organisation and processes, including contractual terms with its business partners. However, given the large amount of customer, employee and supplier data managed, the complexity of its information systems and its late commitment to digital technology, the Group may not always be in strict compliance with the applicable regulations.

Potential cases of non-compliance are as follows:

- failure to keep proper records of processing;
- failure to provide data subjects with clear, concise information, particularly about data retention periods, profiling, their rights and available remedies;
- inability or difficulties for data subjects to exercise their rights (*e.g.*, right to be forgotten, right to data portability);
- failure to notify any breach of personal data to the control authorities and the relevant data subjects.

Potential impacts of the risk

The risk could occur in three ways:

- breach of data integrity with the loss, leakage or illegal use of customer, employee or supplier personal data;
- lack of protection of the rights and freedoms of data subjects (customers, employees and suppliers);
- financial sanctions for non-compliance with the regulations (which can represent as much as 4% of the Group's sales in the event of non-compliance with the GDPR).

The impact is therefore both reputational and financial.

Mitigation measures

The Group has taken the following actions to mitigate this risk:

- drawing up and monitoring a compliance plan with support from the relevant departments in each country;
- appointment of a Data Protection Officer (DPO) in each country;
- training and awareness-raising of employees in personal data protection;
- audits of compliance with the new regulations.

Pressure and instability of tax and social security legislation

Description of the risk

Due to the nature of its operations, the Group pays large amounts of tax and social security contributions in the countries where it operates.

It is subject to a large number of different taxes and other levies, in particular:

- in France, with almost 80 different levies, heavily weighted to production taxes and social security contributions;
- in Brazil, with complex tax rules including a state tax on goods and services (ICMS) and federal contributions to the social integration programme and to the financing of the social security system (Pis-Cofins).

The instability of the tax and social security legislation in some countries also leads to risks and uncertainties in the Group's operations in certain geographies. The Group could experience difficulties in managing and anticipating changes in the applicable tax and social security legislation.

More specifically, the risk could occur in the following ways:

- pressure of and increase in tax regulations: general tax on polluting activities in France due to rise sharply by 2025, increase in value-added tax (especially in Italy and Spain) and tax on hypermarkets and supermarkets (in Spain and Italy);
- complexity of and developments in the Brazilian tax system;
- tax law instability in Argentina, Poland (retail tax) and Romania;
- changes in social security legislation: increase in the minimum wage in Poland in 2020, regulation of store opening hours in Italy.

Potential impacts of the risk

Poor anticipation or assessment of changes in the tax and social security environment could have an adverse impact on the Group's financial performance and operations. It could also jeopardise business continuity in some regions.

The main impacts of the occurrence of this risk would be:

- deterioration in attractiveness and competitiveness, mainly due to price image if the cost increase is passed on in selling prices;
- deterioration in profitability due to the increase in tax and social security costs, if not sufficiently passed on in selling prices;
- business continuity potentially in jeopardy in some countries;
- financial sanctions for non-compliance with the applicable legislation.

Mitigation measures

To mitigate this risk, regulatory change is monitored and taken into account by the relevant Country and Group departments, including:

- Finance department, and in particular the Tax department, as regards changes in tax legislation;
- Legal and Human Resources departments, as regards changes in social security legislation.

The following measures have also been taken:

- ongoing monitoring and mapping of tax and social security changes in each country;
- employee training in the various reforms, with the appointment of dedicated experts where necessary;
- promotion and defence of the Group's interests with the competent authorities (*e.g.*, Chamber of Commerce, Government);
- tax risk analysis to make sure that adequate provisions are taken (*e.g.*, an additional provision in 2019 in Brazil to comply with recent case law in tax matters);
- operating discipline to control the cost structure and limit the amount of new tax and social security costs passed on in selling prices.

Corruption/Sapin II law (Δ)

Description of the risk

In the course of its operations, the Group has to comply with all anti-corruption laws in all countries where it operates.

In France, the "Sapin II" law on transparency, anti-corruption and modernisation of economic life was passed by Parliament on November 8, 2016 and led to the creation of the French Anti-Corruption Agency (AFA). France has thus stepped up its anti-corruption tools and aligned its laws with the US Foreign Corrupt Practices Act and the UK Bribery Act, which predated the Sapin II law.

Sapin II, which has extraterritorial jurisdiction, requires all French companies, such as Carrefour and all its subsidiaries, to implement a compliance programme to prevent and detect any acts of corruption or bribery whether in France or abroad.

In the event of an inspection, the Group's compliance programme could be subject to recommendations, warnings or sanctions by the AFA for various breaches. The Group has a specific risk profile as regards the application of this legislation given its many business operations (physical and digital retailing, banking and insurance, and real estate) across a very broad geographical scope (Europe, Latin America and Taiwan), involving a very large number of stakeholders (employees, suppliers, partners, etc.).

Potential impacts of the risk

Non-compliance with the anti-corruption measures set out in the Sapin II law could expose the Group to poor control over bribery and corruption risks and could lead to:

- the selection of a supplier, service provider or partner based on non-impartial criteria;
- financial losses due to misappropriation of funds by an employee in collusion with a third party;
- illegally obtained government approvals as part of construction or expansion projects;
- leak of strategic information to a competitor;
- financial penalties;
- deterioration of relations with the public authorities and the Group's image.

Mitigation measures

The main measures taken by the Group to mitigate this risk are:

- establishing an anti-bribery and corruption policy;
- setting up an internal whistleblowing facility for employees to report non-compliant conduct or situations;
- drawing up and updating a risk map of exposure to all forms of bribery and corruption;
- training and raising awareness of employees who are most exposed to the risk of bribery and corruption;
- including anti-corruption principles in franchise and supply contracts;
- implementing accounting control procedures to ensure that books, records and accounts are not used to conceal acts of bribery or corruption;
- establishing Group and Country Ethics Committees to roll out the compliance programme;
- setting up a system of internal and external control and assessment of measures taken.

Regulation of the retail industry

Description of the risk

The Group's business operations are governed by a legislative and regulatory framework that aims to reconcile freedom of trade with the objectives of protecting the free play of competition (competition law and restrictive practices law) and protecting consumers (consumer law).

This framework is extremely restrictive in European countries where the Group operates (France, Belgium, Spain, Italy, Poland and Romania). In France, these practices are increasingly regulated. For example, the "Egalim" law, passed on November 1, 2018, has recently been added to the existing regulatory framework. Its objective is to promote balanced trade relations with the agricultural sector and healthy, sustainable food. Two of its main measures, the 10% increase in the loss leader pricing threshold and regulation of promotions, have led to a reworking of the price-promotion-loyalty equation within the Group.

The risk of non-compliance with the legislative and regulatory framework could occur as a result of:

- anti-competitive practices, such as cartels with competitors (for example, purchasing alliances in Europe) or cartels with suppliers, which would distort the free play of competition;
- restrictive competitive practices, such as financial negotiations with suppliers with either no or disproportionate consideration (creating a significant imbalance in the rights or obligations of the parties) and the sudden termination of business relations;
- unfair or misleading commercial practices, such as false or misleading advertising.

Potential impacts of the risk

The impacts of non-compliance with the regulations would be as follows:

- financial sanctions for anti-competitive practices;
- financial sanctions for restrictive competitive practices;
- criminal and financial sanctions for unfair or misleading commercial practices;
- harm to the Group's image and reputation.

Mitigation measures

The main measures taken by the Group to mitigate this risk are:

- a framework of strict procedures and rules governing each practice (rebates, managing promotions, pricing, etc.);
- regular employee training and awareness-raising sessions on the regulations applicable to the retail industry;
- legal intelligence and monitoring of obligations;
- taking regulatory change into consideration in business operations, in particular in managing the price-promotion-loyalty equation (*e.g.*, price reduction policy and overhauling the loyalty programme).

Strategy implementation

Description of the risk

The objectives of the "Carrefour 2022" strategic plan, initiated in 2018 and driven by Alexandre Bompard, are to deploy a simplified and open organisation, achieve productivity and competitiveness gains, create a leading omni-channel universe and overhaul the offer to promote food quality.

The plan involves potential execution risks, such as delays or actual or perceived failure to achieve certain goals. Furthermore, the plan's framework, objectives and performance indicators could prove unsuited to future market changes and need revising.

Potential impacts of the risk

Weaknesses in defining or executing the Group's transformation plan could lead to a decline in its market shares, its financial fundamentals and its image.

Failure to revise the strategic plan if necessary, to factor in changes in the overall environment, could weaken the Group's business model. It could also weaken employee commitment to achieving objectives that might prove to be too ambitious or, on the contrary, too conservative.

The risk of failure to execute the transformation could occur due to:

- an over-complex or closed organisation that could lead to operating inefficiencies or delays in achieving the transformation (particularly in the digital field) and to a deterioration of the internal climate and the quality of customer service;
- inability to make productivity and competitiveness gains could lead to a top-heavy cost structure and a loss of process efficiency;
- inability to create a leading omni-channel universe could prevent the Group from fully meeting customer expectations and acquiring a leading position in e-commerce;
- inability to overhaul its offer or model in order to provide customers with high-quality service, products and food accessible to all through all distribution channels could prevent the Group from responding to new consumer trends and achieving its ambition to become the leader of the food transition for all, in an environment where the entire sector and all stakeholders are focusing increasingly on food quality.

Mitigation measures

The Group adjusts its objectives each year to take into account changes in the business environment and customer expectations. Revisions to the transformation plan and its implementation are reviewed and monitored continuously at Executive Management level (and in particular the Strategy department) and discussed regularly by Carrefour's Board of Directors and in each country. Objectives and commitments are regularly reviewed to ensure that resources are allocated in the best possible manner.

The measures taken to ensure proper execution of the "Carrefour 2022" strategic plan are as follows:

- optimising the organisation by simplifying processes and resources and dismantling organisational barriers to promote inter-format synergies and reduce working in silos;
- exercising financial discipline and streamlining costs (purchases, logistics, head offices);
- developing retail models in response to new consumer behaviours, *e.g.* testing and rolling out new formats;
- developing omni-channel services (order preparation platforms, drives, Click & Collect, home delivery);
- overhauling e-commerce platforms and hiring digital experts to develop e-commerce;
- overhauling the offer, focusing on food quality through the global Act for Food programme (see Chapter 1).

The Group's employees actively implement its strategy through the Act for Change international programme, which was created to align the Group's management values and culture with the objectives set out in the strategic plan. This programme places the food transition and customer satisfaction at the centre of each employee's actions and objectives.

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4.1.1.2 Economic and political environment

Competitive pressure

Description of the risk

Large retailers are subject to intense competitive pressure. In a climate of technological disruption, the industry is highly exposed to changing consumer behaviour and has reached saturation point in Europe, particularly France, leading to severe pressure on margins.

Intense competitive pressure in the retail industry is reflected in:

- price wars between the various retailers;
- traditional retailers like Carrefour from the physical retail world (including specialists in fresh or organic products) moving into e-commerce (*via* Drives, pedestrian Drives, home delivery and Click & Collect);
- digital-only banners competing with historical operators by offering an innovative product and service range and increasingly establishing a physical presence, particularly through partnerships or acquisitions.

Potential impacts of the risk

The risk could lead to:

- deterioration of price image in the face of aggressive competition, including from hard discounters;
- fall in market shares;
- fall in revenue;
- deterioration of quality image leading to difficulties in justifying a price positioning based on offering a genuine advantage compared with competitors in terms of product quality and particularly food products. These difficulties are even greater in a climate where all large retailers are refocusing on food quality;
- lag in digital development compared with competitors.

Mitigation measures

The Group has taken the following actions to mitigate this risk:

- continuously adjusting the price-promotion-loyalty equation, particularly through price reduction policies and overhauling the loyalty programme;
- decreasing costs to adjust prices and slow expansion of the competition;
- developing e-commerce and omni-channel retailing, which is at the heart of the "Carrefour 2022" strategic plan (see Chapter 1);
- strategically focusing on the food transition through its global Act for Food programme;
- targeting objectives focused on customer satisfaction, particularly through the Net Promoter Score®;
- rolling out new store concepts (*e.g.*, Supeco), shelves or sections in stores (*e.g.*, beauty products, organic products) and new services (*e.g.*, pedestrian Drive);
- developing partnerships (*e.g.*, in household appliances, multimedia and childcare).

Economic and political situation in the countries

Description of the risk

The economic situation in countries where the Group operates has a significant influence on demand, spending levels and the consumer habits of the Group's customers. A deterioration of the macroeconomic environment (slowdown in growth, inflation, monetary devaluation, increase in unemployment) in most of the countries where the Group operates could have an immediate negative impact on operations and results.

Furthermore, political instability in a country or geography could lead to a deterioration of the business climate and have a direct influence on consumer spending in that country or geography. Lastly, an unfavourable change in the legislative and regulatory framework could have an adverse impact on the Group's operations and results.

Potential impacts of the risk

This risk could lead to:

- a decline in the average consumer basket causing a fall in revenue;
- increased consumer price sensitivity in a climate of declining purchasing power;
- unfavourable developments in the legislative and regulatory framework, such as price freezes on basic necessities (*e.g.*, Argentina);
- risk of translating financial statements into euros in some countries, mainly related to a depreciation of the functional currency in those countries, and in particular Brazil.

Mitigation measures

The Group has taken the following measures to mitigate the risk of an unfavourable change in the economic environment of countries where it operates:

- working on the price-promotion-loyalty equation, with price reduction policies and an overhaul of the loyalty programme;
- developing a price-focused concept (Supeco) and the cash & carry format (Atacadão);
- monitoring the changing economic climate and future outlook in the countries where it operates, specifically through a number of studies and exchanges (*e.g.*, Argentina);
- tracking key economic indicators in host countries on a monthly basis, taking them into account in both strategic planning and project assessments.

The Group has taken the following measures to deal with the political situation in countries where it operates:

- promotion and defence of the Group's interests with the competent local, regional and national authorities;
- a global monitoring system and country-specific risk mapping which take into account a number of indicators.

These tools are regularly updated and provide a forward-looking method of tracking in order to support decision making in the context of the Group's international growth. For example, some countries where the Group operates through franchise partners, as in the Near and Middle East, are experiencing political instability, leading the Group to constantly monitor these developing situations.

4.1.1.3 Operations

Information systems and cybercrime

Description of the risk

The Group's broad range of business operations (physical and digital retailing, real estate and financial services) and processes rely largely on the reliability and effectiveness of many information systems, developed or administered by internal resources or external providers.

A failure of these tools could significantly disrupt its business operations, particularly in terms of order, cash collection, financial statements preparation or financial oversight systems.

Such a failure could arise from system obsolescence and the complexity of interconnected systems in an environment of constant change. Furthermore, the rise of digital nomadism and cybercrime (hacking, phishing, defacement, etc.) is a major threat to business continuity and the integrity of sensitive data.

Potential impacts of the risk

Information system failures could lead to:

- partial or total business disruption (stores, warehouses and supply chain, websites and applications);
- poor security of sensitive data (on the Company, its customers, employees or partners), which could lead to data loss or leaks;
- malfunctions in specific areas of its operations (*e.g.*, order tracking, invoicing, cash collection);
- financial losses for the Group, its partners or customers;
- harm to its image and reputation.

Mitigation measures

The Group has taken the following measures to mitigate the impact and probability of occurrence of this risk:

- the Group's Data Security Committee, which includes the Group General Secretary and the heads of Digital Transformation, Information Systems and Data Security, is responsible for overseeing the system, supported by a local country network;
- setting up the Security Operation Center (SOC) to strengthen cybersupervision, with vulnerability analyses and penetration tests;
- introducing an obsolescence and renewal management plan;
- strengthening the regular data backup processes;
- establishing business continuity and resumption plans in the event of an incident;
- automatically encrypting sensitive data using the DataSecure programme;
- controlling IT access management using the GDI/GDA programme;
- raising user awareness;
- hiring and training security experts (*e.g.*, partnerships with engineering schools, internal training programmes for young engineers, creating dedicated functions internally to retain talent).

Key employees and skills (∆)

Description of the risk

With more than 320,000 employees worldwide, Carrefour is among the top 50 private employers in the world and the largest in France. In a highly competitive talent market where the industry's image is important, the Group faces challenges in retaining, training, motivating, compensating and developing its employees and attracting top candidates. The efficiency of its business activities depends on the skills, motivation and engagement of its employees.

The Group has initiated a profound digital transformation, which is at the heart of its strategy. It has invested massively in digital innovation. Faced with the need to adapt and change its businesses and profiles rapidly, the Group runs the risk of not being able to acquire the key talent and skills required to achieve its digital transformation and build an omni-channel universe.

As part of the strategic transformation plan initiated in 2018, acquiring sought-after skills is a major challenge for the Group, especially in the digital field or fields related to Carrefour's *raison d'être* and ambition to be the leader in the food transition. The shortage of key talent in some sectors (e-commerce) or geographies (particularly Brazil and Romania) could jeopardise its recruitment targets in these fields.

Likewise, the transformation requires developing skills to implement the omni-channel universe and the food transition. Any delay in achieving that could put a brake on the Group's transformation.

Potential impacts of the risk

Difficulties in attracting and retaining key employees and developing the skills of all employees could lead to:

- a delay in rolling out the Group's transformation;
- lack of operating efficiency and competitiveness;
- under-staffing in some areas, which can be a source of demotivation;
- loss of talent to certain competitors;
- salary inflation in order to acquire certain sought-after skills.

Mitigation measures

The main mitigation measures taken by the Group to attract and retain key employees are:

- developing its employer brand through communication, involvement with targeted schools and universities and professional events, graduate programmes targeting young talent and co-optation processes;
- a talent retention programme including career plans, skills development, coaching and mentoring, the Act for Change programme focusing on developing a broader corporate culture and managerial skills related to the Group's *raison d'être*;
- setting up specific attractiveness and retention schemes in some countries, in particular Brazil and Romania;
- greater flexibility in working methods, for example distance working.

Improving the process of assessing, developing and rewarding the Group's key skills relies mainly on:

- identifying succession plans for better anticipation of departures and internal transfers;
- improving Career Committees and talent reviews;
- strengthening training programmes for store operatives and central functions, in particular through digital literacy (*e.g.*, e-learning, internal schools and workshops run by specialists in the relevant fields);
- improving the annual performance review process, for example, by extending it to involve people other than the employee and his or her direct manager, and making it more customer-centric;
- applying new internal mobility rules for greater agility.

Appropriateness of the retail model

Description of the risk

In a context of changing consumer habits and a fierce competitive environment, the Group's products and services could prove inadequate, in particular as regards the retail model and offer, the price-promotion-loyalty equation and the expansion of appropriate formats, given the local competitive ecosystem.

Potential impacts of the risk

Inappropriateness of the retail model could lead to a decline in the Group's market shares and its profitability in the following circumstances:

- inappropriateness of the offer and retail models: the stores and shopping malls could be unsuited to new consumer habits or the specific features of the catchment area, such as the social fabric or presence of competitors. The reasons for this may lie in the concepts or offers proposed (for example, poor coordination between the physical and digital offer, insufficient local or organic ranges, or Carrefour own-brand products perceived as unattractive in terms of price positioning, variety or image) or, more specifically in France, hypermarket stores that are too big;
- inappropriateness of the price-promotion-loyalty equation: the Group could suffer from a poor price image aggravated by a lack of quality distinction compared with some of its competitors. In France, the 2018 Agriculture and Food law ("Egalim" law) has restricted Carrefour's ability to manage its price-promotion-loyalty equation;
- decline in the attractiveness of the Carrefour banner for existing or potential franchisees, who could choose a competing retailer, thus putting a brake on the development of Carrefour's franchising operations.

Mitigation measures

The Group's Executive Management and Country management teams have made adapting the retail model a priority. The aim is to focus more on consumer expectations and build an appropriate offer.

The Net Promoter Score® (NPS®) is used to make sure that Carrefour is in tune with customer needs. The Regional, Country and Group management teams analyse the indicators and draw up appropriate action plans at store, country and Group level.

The other key measures in this field include rolling out new store concepts and formats and omni-channel services, diversifying the food offer, for example, with organic and local products and ready meals, and optimising the non-food offer. The work done by the Group on its food offer focuses mainly on Carrefour own-brand products, with a view to improving quality (overhauling the specifications), variety (new product lines) and price (through pooled purchasing).

To improve the price-promotion-loyalty equation, the Group is focusing on reducing prices and overhauling its loyalty programme to include new benefits and more inter-format portability.

Product quality, compliance and safety (Δ)

Description of the risk

Ensuring quality and safety of Carrefour own-brand products and complying with health standards in stores are major issues. These issues are strengthened by the Act for Food programme launched in September 2018, and are in line with Carrefour's *raison d'être* and ambition to be the leader in the food transition (see Chapter 1 of this Universal Registration Document).

Non-compliance with specifications, a labelling problem or failure in logistics tracking could lead to Carrefour selling non-compliant products.

This risk could occur due to:

- breach of quality and health standards in the stores or warehouses;
- significant shortcomings in product controls and traceability;
- failings in the withdrawal and recall procedure for non-compliant products.

Potential impacts of the risk

Selling non-compliant products could have impacts on reputation and financial performance, potentially resulting in liability for the Group, as a result of:

- allergic reactions to ingredients, even if usually harmless, which should not have been used in manufacturing the product;
- food poisoning caused by non-compliant products, for example, due to failure of the cold chain;
- partial or total site closures due to non-compliance with health standards either in stores or warehouses;
- non-compliance with withdrawal and recall procedures, made more difficult by shortcomings in traceability or identification of the products concerned.

Mitigation measures

The Group Quality department has developed a number of standards and tools, including Quality Charters, which are deployed in all countries where the Group operates. The country-level Quality departments are also part of the Quality network, with regular meetings and discussions aimed at sharing best practices and ensuring a consistent approach at Group level.

More specifically, mitigation measures taken focus on the following issues:

- developing the quality culture in the Group through employee training and awareness-raising, regular monitoring of performance indicators, on-site audits and laboratory analysis of products;
- redefining product withdrawal and recall procedures and tools using the Alertnet system, which warns store managers of non-compliant products and blocks them at checkout;
- rolling out blockchain technology for new food products (*e.g.*, some egg, cheese, baby milk and poultry lines) to ensure full traceability and guarantee total transparency for consumers about where the products have come from.

Partnerships and franchising

Description of the risk

Most of the Group stores under banners are operated franchises, especially in the supermarket and convenience segments, and the Group's international growth relies on partnerships in several regions (*e.g.*, Africa, Middle East and Indonesia).

Poor control over the evaluation, selection, support and oversight of these various franchisees and partners could have an impact on the Group's financial and operating performance, and on its reputation should the partners' practices not comply with regulations or the Group's standards and values.

The Group could experience the following difficulties in managing its franchisees or partners:

- failings in evaluating and selecting franchisees and sites, reflected in financial difficulties or poor practices (*e.g.*, non-compliance with the applicable regulations) in some cases;
- poor management, support or oversight of a franchisee could lead to financial losses for the Group, due to its failure to recover sums due (royalties and cost of goods);
- serious deterioration of a franchisee's quality or image;
- defection of a franchisee to a competitor.

Potential impacts of the risk

The occurrence of this risk could result in:

- decline in customer satisfaction and deterioration of the Group's image;
- decline in footfall in the Group's stores;
- fall in the Group's market shares and profitability;
- loss of attractiveness as a franchisor.

Mitigation measures

The Group has taken the following actions to mitigate this risk:

- strengthening the selection process for franchisees and sites through the Investment Committee, including prior investigation of the candidates' experience and financial background and an evaluation of the sites;
- obtaining the necessary financial and bank guarantees;
- a transition phase for candidates by offering them a business lease;
- as part of the implementation and execution of franchise and partnership agreements, providing franchisees and partners with support documentation covering the Group's business and financial methods, its quality, health and safety standards, the Ethics Charter and the Graphic Charter.

All of these measures help to improve Carrefour's image as a franchisor for potential franchise candidates in terms of retail model and financial terms. In addition, a franchisee selection and support strategy has been established to optimise their performance and ensure their loyalty.

Ensuring the sustainability of the supply chain (Δ)

Description of the risk

Ensuring the sustainability of the supply chain and controlling the social and environmental impact of suppliers are major issues. The Group could experience difficulties in adapting its value chain to take account of requirements in this respect, particularly as regards the following issues:

- compliance with working conditions by all parties and suppliers (*e.g.*, textiles and fruit and vegetable picking);
- elimination of controversial ingredients and substances (*e.g.*, additives, antibiotics, palm oil, transgenic soya);
- respecting animal welfare;
- deforestation;
- use of certain materials, such as plastics;
- waste.

Potential impacts of the risk

Poor control over the supply chain could have social, environmental, reputational and financial impacts:

- social impacts: the Group could be held liable if it uses suppliers, including outside France, that do not comply with labour laws (*e.g.*, child labour or illegal immigrants);
- environmental or animal welfare impacts: for example, due to a lack of control over the use of palm oil in Carrefour brand products, or the sale of products that cause animal suffering;
- reputational impacts: for example, due to negative comments on social media and a poor perception of the Group's ambitions and commitments in terms of the food transition and, in particular, the actions under the Act for Food programme, which could lead to a decline in footfall and, therefore, the Group's market shares;
- financial impacts: financial sanctions for non-compliance with the applicable regulations and legislation.

Mitigation measures

The Group has established purchasing rules and policies setting out:

- the commitments made by suppliers through their signature of a Commitment Charter that includes the Group's ethics principles, which is an integral part of all purchasing contracts;
- compliance processes and rules for social audits of at-risk sectors (see Chapter 2);
- action plans to bring sensitive production phases and raw materials into compliance with specific purchasing rules (see Chapter 2);
- Carrefour's key objectives in developing more sustainable production methods, mainly by developing organic farming and agroecology.

The Group focuses on the following issues:

- suppliers' respect for human rights and labour rights;
- preventing risks related to health and safety of workers;
- potential environmental harm caused by some agricultural sectors (*e.g.* deforestation);
- depletion of marine resources, industrial pollution caused by sensitive production stages (dyeing plants, tanneries, etc.);
- guaranteed traceability through tools such as blockchain and supplier certification or geomonitoring (see Chapters 1 and 2).

Liquidity and credit risks related to the financial services business

Description of the risk

The Group's banking business is strictly regulated. The objective of Basel III regulations is to prevent liquidity risk by requiring banks to increase their capital ratio each year (10.75% in July 2019) and to comply with short-term and long-term liquidity ratios. Liquidity risk is the potential inability to meet commitments or to unwind or offset a position due to market conditions.

Non-compliance with these ratios could lead to operating weaknesses, which could increase the risk's probability of occurrence. Furthermore, the rise in online and document fraud obliges banks to take more care in maintaining the quality of their credit lines. Credit risk is directly related to the customer's credit quality at the time the loan is made and to the economic environment during the repayment period.

This risk could occur due to:

- non-compliance with best credit practices, such as "Know Your Customer" principles;
- poor anticipation of a downturn in the economic environment.

Potential impacts of the risk

Non-compliance with the legislation and regulations governing the banking business could expose the Group's Financial Services to:

- legal, administrative or disciplinary sanctions;
- financial losses and damage to the reputation of the Group and its Financial Services.

The occurrence of credit risk could lead to a decline in the profitability of the banking business, with:

- direct financial impacts caused by non-recovery of the loan principal and the resulting loss;
- indirect financial impacts caused by high provisions being taken against profits in anticipation of the probable loss and the application of additional charges;
- reputational impacts, with the loss of customers and devaluation of the image of the Group and its Financial Services.

Mitigation measures

To ensure a liquidity level that complies with Basel III, Carrefour Banque has an Asset and Liability Committee responsible for monitoring and anticipating financial ratios. The funding policy is regulated by a Financial Charter setting out the management rules on diversification of resources and management thresholds.

The credit risk management policy relies on scoring tools that analyse the borrower's credit quality and detect fraud. A provisioning policy in line with regulatory requirements is updated regularly.

The compliance function keeps abreast of regulatory matters to monitor any changes in banking regulations. The Compliance Committee is responsible for continuous monitoring of suspicious transactions. These controls are strengthened by internal and external audits.

Control of property assets and safety of people and property

Description of the risk

Maintenance of the Group's assets is a major issue in terms of competitiveness and financial and operating performance. Assets are managed and enhanced with an eye on environmental concerns, such as energy consumption, impact on biodiversity, etc. In addition, due to the large number of stores that operate in rented premises, the Group's inability to renew commercial leases on favourable terms could affect its financial performance. The same would apply in the event of poor management of relationships with tenants of sites owned or operated by the Group.

Compliance with regulations on the health and safety of people and property, and protection of assets are important issues for the Group. Given the many parties with which it has dealings, the vast number of sites it operates, and the continuous flows of people, products and finances, the Group is exposed to risk related to building maintenance (*e.g.*, structure integrity and fire protection), and to criminal or terrorist acts. These risks can have a direct or indirect impact on the operations of the stores and warehouses.

Potential impacts of the risk

Deterioration of the Group 's property assets could lead to:

- devaluation of its assets;
- decline in customer footfall in the stores;
- closure of a site by the authorities due to non-compliance;
- contamination of the ground with hydrocarbons due to failure to maintain the service stations;
- failure to control energy consumption leading to additional expenses.

Difficulties in assuring the safety of people and property could cause:

- injury or death and property damage following armed robbery or incidents in the stores;
- financial loss and stock outages due to high levels of known and unknown shrinkage;
- legal action.

Apart from impacts on financial and operating performance, such events could have a negative impact on the Group's image.

Mitigation measures

The Group has taken the following measures to ensure control over property assets (stores, warehouses and service stations):

- monitoring of the criticality and dilapidation of its property assets by the building managers, asset managers, Maintenance departments and third-party owners, who define and plan the necessary actions;
- implementing and monitoring the mandatory regulatory inspections;
- training teams and raising their awareness, for example with initial fire-safety and first responder training (SSIAP 3 in France);
- performing regular preventive audits of sensitive facilities and installations (*e.g.*, fire protection equipment);
- establishing a crisis management procedure in the event of an incident (including fuel leakage in service stations);
- dilapidation audits of service stations;
- monitoring energy infrastructures and focusing on energy-saving solutions.

As regards the risk of armed robbery, the Group relies mainly on:

- the Group Security department;
- strengthening security and CCTV installations;
- working with the police, for example, conducting drills and providing the store layout plans to the competent departments;
- employee training and awareness-raising about these threats and the behaviour to adopt.

The Group also combats known and unknown shrinkage through its monitoring and analysis, as well as through improvements to its anti-theft methods (*e.g.*, CCTV, anti-theft devices, etc.).

4.1.2 RISK PREVENTION AND MANAGEMENT SYSTEM

The risk prevention and management system implemented by Carrefour relies primarily on identifying, analysing and addressing risks likely to affect people, assets, the environment, the Group's objectives or its reputation.

Risk represents the possibility of an event occurring that could affect the Group's personnel, assets, environment, objectives or reputation.

Risk management is a dynamic system comprising a set of resources, standards of conduct, procedures and actions adapted to the individual characteristics of the Company and its subsidiaries, which enables the Group's Executive Management to keep the risks at a level the Group deems to be acceptable. Its main objectives are to:

- create and preserve the Group's value, assets and reputation;
- secure the Group's decision making and procedures to promote the achievement of objectives;
- motivate Group employees to adopt a shared vision of the main risks and raise their awareness of the risks inherent in their business.

The risk management system has several objectives and is based on a cross-functional approach with people as its core pillar:

- risk management aims to anticipate rather than incur risks;
- it gives executives an objective, overarching view of the Company's potential threats and opportunities, enables them to take risks on a controlled, considered basis and supports the decision-making process;
- the development of a positive risk management culture helps to raise awareness and consideration of all factors, and creates an environment that fosters accountability, initiative and innovation.

Effective risk management relies on a shared vision of challenges and optimal coordination.

The Group incorporates risk management into its day-to-day business practices. Risk management is a job shared by all employees with the aim of developing a risk management culture.

Within the Group, the adoption and implementation of risk management principles is delegated to the Group Functional departments and the Country Executive Management teams, which are responsible for identifying, analysing and addressing the main risks they face.

The Group's Functional departments are responsible for identifying and documenting the main risk management rules applicable to their function. They support the countries in implementing their own rules by organising functional lists of directly accessible specialised information.

The Country Executive Management teams:

- perform regulatory monitoring and recognise impacts;
- establish procedures and suitable measures for preventing and protecting against risks occurring and limiting impacts;
- manage incidents;
- notify the Group's Executive Management of any event that is likely to have an impact on the Group's image and/or financial performance.

The Group Risk department leads the risk management system and provides methodological support to the Operational and Functional departments. It does so by deploying an oversight, assessment and mapping tool for major risks and developing an operational risk map.

The risk assessment tool is completed each year by the Country Executive Management teams on the basis of identified risk factors. These assessments are reviewed during interviews with the Group Risk department.

The Group Risk department has also developed other tools such as annual country-by-country mapping of health risks, natural risks, criminal, terrorist and legal risks, while conducting studies on emerging risks and supporting certain Operational departments.

4.1.3 INSURANCE

For the past several years, the Group's insurance strategy has focused on providing the best possible protection for people and assets.

4.1.3.1 Group insurance policy

The Group's insurance strategy is primarily based on identifying insurable risks through a regular review of existing and emerging risks, in close cooperation with operational managers, the various Carrefour group departments involved, and external specialists.

Worldwide programmes

The Carrefour group has implemented comprehensive, worldwide programmes (especially for property damage and business interruption and civil liability policies) that provide uniform coverage for all formats (consolidated stores only), wherever the stores are located (except in countries where regulations prohibit this type of arrangement).

Thus, the Group has a solid understanding of the limits of the coverage in place, and the certainty that its insurance programmes have been taken out with leading global insurers.

Acquisitions during the year

The Carrefour group ensures that acquisitions carried out over the course of the insurance year are quickly covered under its comprehensive programmes, or, where applicable, benefit from its DIC/DIL (difference in conditions/difference in limits) coverage policies, in order to ensure solid control over existing coverage and benefits.

Prevention policy

The Group's insurance policy requires that risk prevention measures be monitored by the Group Risk department in coordination with local Group liaisons in each country, as well as with the Group's insurers.

Transfer of risk to the insurance market

The Group transfers identified insurable risks to the insurance market or self-insures, in accordance with the Group insurance policy and consistent with the Group's general policies.

Self-insurance of certain risks

In order to optimise insurance costs and better manage risk, the Group has a policy of maintaining certain high-frequency risks within property damage and business interruption, civil liability and goods transportation through its captive re-insurance company. The results of this captive company are consolidated in the Group's financial statements.

A stop-loss provision per claim and per insurance year has been established in order to protect the captive company's interests and limit its commitments.

4.1.3.2 Information concerning the main insurance programmes

The following is provided for information purposes only in order to illustrate the scope of action in 2019. This information should not be regarded as unchanging, since the insurance market is constantly evolving. The Group's insurance strategy therefore depends on and adapts to insurance market conditions.

Property damage and business interruption coverage

This insurance protects the Group's assets through an "all risks, with exceptions" policy, on the basis of guarantees available on the insurance market to cover the traditional risks for this type of coverage, which include fire, lightning, theft, natural disaster and the resulting operating losses.

The limits of this property damage and business interruption policy are consistent with those of an international retail company. Deductibles are established as appropriate for the various store formats.

Exclusions in force for this policy comply with market practices.

Civil liability coverage

This programme is intended to cover the Group's activities against the financial consequences of its civil liability in the event that the Company may be held liable for resulting damage and/or bodily harm caused to third parties.

The limits of this civil liability policy are consistent with those of an international retail company. Deductibles vary from country to country.

Exclusions in force for this policy comply with market practices.

The Group is also covered against the risk of harming the environment as part of its comprehensive, worldwide civil liability insurance programme.

Mandatory insurance

The Group takes out different insurance programmes in accordance with local law, including:

- auto insurance;
- construction insurance (building defects, ten-year builder liability, etc.);
- professional liability insurance related to its activities:
  - banking,
  - insurance,
  - travel.

4.2 Internal control system

4.2.1 DEFINITION AND OBJECTIVES OF THE INTERNAL CONTROL SYSTEM

4.2.1.1 Introduction and applicable reference framework

The Carrefour group's internal control system is based on the reference framework published by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) in 2007 and updated on July 22, 2010, and its implementation guidance. The AMF's reference framework addresses the management of risk and internal control systems as well as procedures relating to the oversight and preparation of accounting and financial information. It is consistent with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework.

The Group's banking and insurance businesses in France have their own system which complies with the decree of November 3, 2014 on internal control in companies in the banking, payment services and investment services sector, and with Directive 2009/138/EC (the "Solvency II Directive") on risk governance and management in insurance companies. These businesses are supervised by the French prudential supervision and resolution authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR).

4.2.1.2 Objectives of the internal control system

The internal control system comprises a set of permanent 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 businesses, the efficiency of its operations and the efficient use of its resources;
- enable it to deal appropriately with all major operational, financial or compliance-related risks.

More specifically, the internal control system is designed to ensure that:

- the Group's economic and financial targets are achieved in accordance with laws and regulations;
- instructions and directional guidelines established by the Group's Executive Management in respect of internal control are applied;
- internal processes are working correctly, particularly those contributing to the security of assets;
- financial information is reliable;
- the risk of error and fraud, particularly in the areas of accounting and finance, is prevented and controlled.

4.2.1.3 Scope and limitations of the internal control system

The internal control system presented in this report is implemented in the Company and all its fully-consolidated subsidiaries, and covers a larger scope than the procedures relating to the preparation and processing of accounting and financial information.

By helping to prevent and control the risks that may prevent the Group from achieving its objectives, the internal control system plays a key role in the management and oversight of its activities. However, as the AMF reference framework underscores, no matter how well designed and properly applied, an internal control system cannot fully guarantee that the Group's objectives will be achieved. There are inherent limitations in all internal control systems, which arise, in particular, from uncertainties in the outside world, the exercise of judgement or problems that may occur due to technical or human failure, or simple error.

4.2.2 INTERNAL CONTROL ORGANISATION AND PARTIES INVOLVED

4.2.2.1 Internal control environment

The Group's internal control system is part of a system of values driven by the governing bodies and Executive Management, and conveyed to all staff.

The Group has set up a formal control environment using various procedures and control measures, with for example a Group regulatory framework, Ethics Principles and a definition of the powers, responsibilities and objectives assigned at each level of the organisation, according to the principle of the separation of duties:

- at country level, the Group regulatory framework is reflected in precise operating procedures. It is the tool with which each country conducts its internal controls, which are, in turn, audited by the Group.

  Containing around 150 rules that are mandatory for all countries, the framework is deigned to cover:

  - general internal control risks such as delegations of power, separation of duties, risk mapping, business continuity plans and document archiving,
  - accounting and financial risks,
  - risks associated with the safety and security of property and people,
  - risks to the continuity, integrity, confidentiality and security of information systems,
  - compliance, corruption, bribery and money laundering risks;
- the Ethics Principles have been distributed to all Group employees since October 2016. Their purpose is to establish the ethical framework within which all employees must conduct their work on a day-to-day basis. An ethics whistleblowing system can be used by Group employees to report any situations or behaviour that do not comply with the Ethics Principles;
- the policies reflecting the Group's values through principles for professional conduct that guarantee excellence and the sustainability of the Group's performance. Every employee participates in their implementation;
- the Group's Executive Management has established rules of governance limiting the powers of the Company officers of each Group company. Prior approval by the Board of Directors or the equivalent body of the Company concerned as well as the Internal Investment Committees 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 multi-year plans rolled down to individual level.

The Group ensures that relevant and reliable information is disseminated and conveyed to the parties concerned so that they can perform their duties in accordance with Group standards and procedures:

- the Group regulatory framework has been circulated to all Country Executive Directors during the self-assessment campaign;
- 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 close instructions are sent to all Finance Directors at the end of each month and quarter;
- the Group Investment Committee's governance rules are sent to all Finance Directors.

Similarly, the countries make sure to relay relevant, reliable information to the parties concerned so that they can perform their duties in accordance with Group standards and procedures.

4.2.2.2 Internal control organisation

Internal control activities are designed to ensure that the necessary measures are taken in order to reduce exposure to the strategic, operational and asset risks likely to affect the achievement of the Group's objectives. Control activities take place throughout the organisation, at every level and in every function, including prevention and detection controls, manual and IT controls, and hierarchical controls.

The Group is organised geographically to ensure that specific local needs and interests are addressed effectively and that operations are as responsive as possible, with each country serving as a basic link in its organisation.

As part of a continuous improvement approach to internal control, Carrefour has created a Group Internal Control department, which reports to the Group Finance department and is responsible for leading and coordinating the system at Group level. As of end-2019, Group Internal Control is supported by a network of local internal control officers in the Group's countries and entities.

The Country Executive Director is responsible for setting up, running and supervising the internal control system at country level. The country internal controllers support the Country Executive Director by:

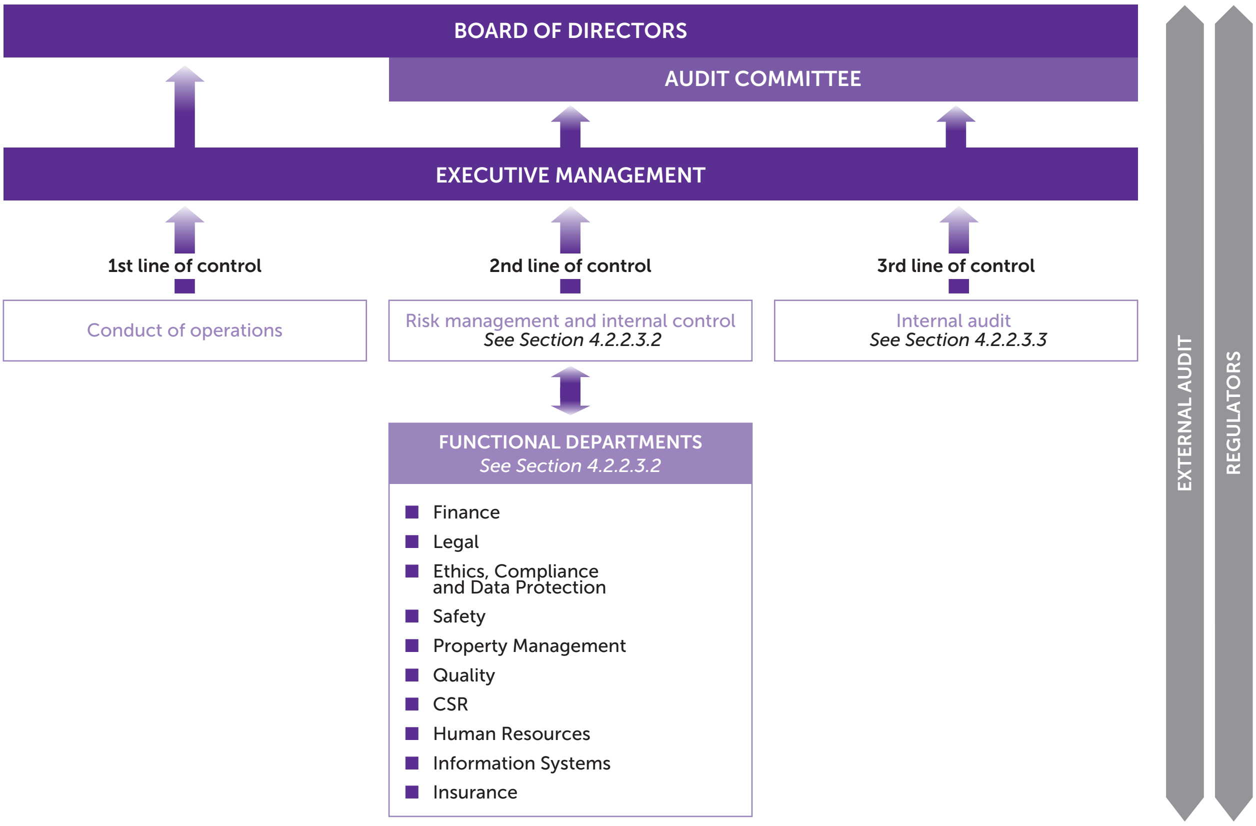
- helping to define the country internal control system, particularly by ensuring that the Group internal control framework is properly rolled out;
- ensuring that procedures defined by the country and the Group are properly applied.

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 regulatory framework.

Specialists in management, information systems, human resources, digital technology, purchasing and supply chain support the operatives at all levels of the organisation, which helps to spread best internal control practices.

4.2.2.3 Parties involved in the internal control system

The various parties involved in the Group's risk management and internal control are described below. They are organised in accordance with a "three lines of defence" model as shown in the following diagram:



First line of defence: the operational managers, responsible for evaluating, preventing and controlling risks, principally through an appropriate control system covering all processes for which they are responsible. They thus assure the day-to-day management of activities and operations using the most effective risk management practices at process level.

Second line of defence: risk management and internal control in coordination with the functional departments, which are responsible for their area of expertise. The objective is to structure and maintain the system of control over the organisation's business operations (see 4.2.2.3.2 below).

Third line of defence: Internal Audit (see 4.2.2.3.3 below).

4.2.2.3.1 Internal control governing bodies

The **Board of Directors** reports on the Group's principal risks and uncertainties in the management report.

It takes note of the process for preparing financial information as well as the essential characteristics of the internal control and risk management systems communicated in a timely manner by the Audit Committee and the Group's Executive Management. It also takes note of the CSR risk prevention plan provided by the CSR Committee.

The role of the **Audit Committee** established by the Board of Directors is to:

- review the financial statements and ensure that the accounting methods adopted to prepare the Company and Consolidated Financial Statements are relevant and consistent before they are presented to the Board of Directors. It monitors the procedures used to prepare the financial statements and assesses the validity of the methods used to present material transactions;
- monitor the process for preparing financial information and, where applicable, make recommendations to ensure the integrity of such information;
- monitor the effectiveness of the internal control, risk management and, where applicable, internal audit systems relating to the preparation and processing of accounting and financial information, without compromising its independence. It ensures that such systems are in place and implemented, and that corrective measures are undertaken in the event that any failings or anomalies are identified. For this purpose, the Statutory Auditors and the internal control and internal audit managers submit their main findings to the Committee. 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 must also be informed of the outcome of the self-assessment questionnaires and the internal control plan;

- review risks and material off-balance sheet commitments, assess the significance of any malfunctions or weaknesses reported to it, and inform the Board of Directors where appropriate. As such, the review of the financial statements must be accompanied by a presentation prepared by Group Executive Management describing the Company's risk exposure and its material off-balance sheet commitments, as well as a presentation prepared by the Statutory Auditors highlighting both the key findings of their statutory audit, including any audit adjustments and significant internal control failings identified during their engagement, and accounting options applied. The Audit Committee is also responsible for examining and analysing the information on internal control and risk management included in the management report;
- regularly review the mapping of the Group's main risks that may be reflected in the financial statements or which have been identified by Group Executive Management and may have an impact on the financial statements. It takes note of the main characteristics of the risk management systems and the results of their operations, drawing in particular on the work of the internal audit and internal control managers and the Statutory Auditors.

The role of the **CSR Committee** set up by the Board of Directors is to:

- review the Group's CSR strategy and the roll-out of the related CSR initiatives;
- verify that the Group's CSR commitments are integrated in light of the challenges specific to the Group's business and objectives;
- assess risks, identify new opportunities and take account of the impact of the CSR policy in terms of business performance;
- review the annual report on non-financial performance;
- review the summary of ratings awarded to the Group by ratings agencies and in non-financial analysis.

The Group's Executive Management sets the reference framework for the Group's internal control system. Executive Management's role is to design, coordinate, lead and continuously supervise internal control systems, and it has defined a Group regulatory framework that covers all the principles and standards applicable to all Group entities and employees. It is also responsible for the internal control system.

It is also tasked with designing, implementing and overseeing the internal control systems suited to the size of the Group, its activity and its organisation.

It initiates any corrective actions that are needed to rectify an identified malfunction and to maintain a situation within the limits of acceptable risk. It ensures that these actions are successfully implemented.

Executive Management's duties in relation to the internal control system also include defining the corresponding roles and responsibilities in the Group.

4.2.2.3.2 Internal control, functional departments and risks

The Group's Executive Management has created the following organisation structure:

Second line of control	Main role
Group Internal Control department	■ designing and maintaining the internal control framework in association with the Group's risk universe; ■ leading and consolidating the annual internal control self-assessment process; ■ analysing incidents, self-assessments and internal audit findings to propose changes; ■ monitoring the implementation of the resulting action plans; ■ communicating about and training in internal control and risk management.
Group Risk department	■ overseeing the Group risk assessment process with the countries and updating the risk map annually (including emerging risks); ■ making risk owners aware of the results; ■ monitoring the implementation of the action plans.

Functional departments	Main role
Group Finance department	■ ensuring that accounting and financial information is reliable; ■ managing risks that may be reflected in the financial statements and may have an impact on them; ■ measuring Group performance and budget control; ■ following Group investment procedures; ■ managing, updating and circulating all of the Group's financial and accounting standards; ■ establishing policies for the Group's financing, market risk control and banking relations; ■ ensuring compliance with all applicable tax regulations and legislation.
Group Legal department	■ monitoring the Group's main disputes; ■ monitoring compliance with governance rules within the Group's governance bodies and main subsidiaries; ■ monitoring the Group's main legal risks; ■ implementing a Group-wide market abuse prevention programme.

Functional departments	Main role
Group Ethics, Compliance and Data Protection department	■ establishing, overseeing and updating the Group's compliance programmes; ■ ensuring compliance with and the effective implementation of compliance procedures at Group level as defined in the compliance programme; ■ coordinating the network of compliance and data protection officers in the subsidiaries; ■ drawing up and monitoring the Group's map of corruption risks; ■ receiving and dealing with whistleblowing alerts on the Group's ethics hotline.
Group Security department	■ identifying and preventing threats; ■ managing malicious attacks on people, values, physical assets and intangible assets, to contribute to maintaining the Group's business continuity; ■ coordinating the Group's crisis management system; ■ risk management related to security and the operation of establishments open to the public.
Group Property department	■ establishing the Group's property policy.
Group Quality department	■ 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; ■ ensuring that products conform to Carrefour's commitments.
Group CSR department	■ implementing policies and action plans and monitoring the Group's objectives with respect to the Non-Financial Information Statement (see Chapter 2); ■ implementing a duty of care plan aimed at assessing and mitigating risks associated with the environment, human rights, and health and safety; ■ upholding purchasing rules for the social and environmental compliance of purchases of all controlled products. These rules stipulate: ■ the requirement for all suppliers to sign a Commitment Charter, and the procedures and standards for carrying out social audits, ■ that all the Group's purchasing entities must appoint a person in charge of social and environmental compliance, ■ an action plan to bring sensitive production phases and raw materials into compliance with specific purchasing rules; ■ helping suppliers to achieve compliance, while raising awareness and providing training among suppliers and sourcing teams.
Group Human Resources department	■ establishing a human resources management policy within the Group that: ■ ensures the proper availability level of resources, suitable for current and future business requirements, ■ monitors employees' career development and commitment, ■ ensures high-quality social dialogue, ■ defines the framework for the compensation policy and employee benefits and guides the associated commitments, ■ helps to create a culture of collective development and performance, ■ ensures compliance with labour law and all legal or contractual provisions regarding the Company's employees; ■ coordinating social risk management.
Group Data Security department	■ establishing the information systems security policy within the Group; ■ managing risks relating to the continuity, integrity, confidentiality and traceability of data, and the risk of cyberattacks in particular.
Group Insurance department	■ 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 Risk department in transferring a portion of the risks to the insurance market.

4.2.2.3.3 Group Internal Audit department

The Group Internal Audit department has a solid-line reporting relationship with the Group Secretary General and reports to the Audit Committee. It performs an independent assessment of the effectiveness of internal control and risk management systems. The Internal Audit team comprises some thirty auditors and has a department based in Brazil.

The 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.

4.2.3 MONITORING SYSTEM

4.2.3.1 Continuous monitoring

Continuous monitoring is organised so that incidents can be pre-empted or detected as rapidly as possible. Management plays a long-term daily role in the effective implementation of the internal control system. Specifically, it establishes corrective action plans and reports to the Group's Executive Management on significant malfunctions when necessary.

4.2.3.2 Periodic monitoring

Parties involved in periodic monitoring

Periodic monitoring is performed by managers, operatives, internal controllers, compliance officers, internal auditors and the Statutory Auditors:

- managers and operatives check that the internal control system is working effectively, identify the main risk incidents, draw up action plans and ensure that the internal control system is appropriate in view of the Group's objectives;
- the internal control function periodically checks that control activities are being properly implemented and that they are effective against risks. Control activities are defined and implemented by process managers, and coordinated by internal controllers who report to members of the Country Executive Committee and to the Country Executive Director. Coordination of the internal controllers by the Group Internal Control department ensures consistency in control activity methodology and guarantees comprehensive coverage of all risks across all processes;
- the Ethics and Compliance function ensures compliance with and effective implementation of the anti-corruption compliance programme and reports information on alerts and fraud to the Operations, Legal, Internal Control and Internal Audit departments;
- the Internal Audit department provides the Country Executive Management teams, the Audit Committee and the Group's Executive Management with the findings of their engagement and their recommendations;
- during their audit work, the Statutory Auditors obtain an understanding of the Group's internal control systems as regards accounting and financial reporting procedures. They identify its strengths and weaknesses, evaluate the risk of material misstatement, and make recommendations where appropriate.

Main components of internal control system oversight

Annual internal control self-assessment campaign

The annual internal control self-assessment is a mature process in the Group, and is based on questionnaires completed by all subsidiaries within the scope.

The questionnaires are consistent with existing frameworks and based on an internal control risk analysis for each business and on the identification of key control points. This process is coordinated by Group Internal Control, which reviews, consolidates and analyses the results of the questionnaires. A summary is presented to the Audit Committee.

This system contributes to spreading the internal control culture throughout the Group and also provides support in evaluating the level of internal control and assessing how well operational and functional risks are managed. The subsidiaries are required to establish an action plan to remediate any controls assessed as ineffective. The local internal control officers are involved in the self-assessment and are responsible for monitoring the action plans.

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.

After the self-assessment process, the Country Executive Directors report to Group Executive Management on their level of internal control through a letter of representation on the internal control system, confirming that the core controls set out in the Group's rules have been properly performed, that the action plans resulting from the self-assessment have been triggered and implemented within the agreed timeframe, and that significant internal control and fraud incidents have been reported to Executive Management.

At the annual close, the Country Executive Directors and Country Finance Directors also sign a letter of representation for Group Executive Management on the following:

- compliance with laws and internal procedures, in particular ethics principles;
- confidentiality and security of information systems;
- anti-bribery and corruption measures;
- personal data protection;
- governance and delegations of power;
- social responsibility;
- trueness and fairness of the financial statements in relation to the applicable accounting standards.

Monitoring of action plans

Guidance and supervision of the internal control system involve the monitoring, by the country internal controllers, of the action plans relating to the internal control self-assessment and risk mapping processes and of the recommendations of the Internal Audit department or any other control body.

Monitoring of fraud and internal control incidents

Fraud and other internal control incidents relating to ethics are carefully monitored by the Company Ethics Committees, and depending on their materiality, by the Group Ethics Committee.

The following events must be reported to the Group:

- accounting misstatements and alterations harming the integrity of the financial information, whether favourable or unfavourable to the Company or the Group;
- misappropriation or endangerment of tangible or intangible assets;
- events liable to constitute passive or active corruption or bribery;
- breaches of laws and regulations;
- other significant breaches of the ethics principles and compliance programme.

All incidents may be reported using the Group or country ethics hotline. Alerts raised are investigated to establish whether the alleged events are true or not.

They are monitored by the Ethics, Compliance and Personal Data Protection department using a single, centralised procedure applicable to all Group subsidiaries. Employees who raise a potential fraud alert in good faith may not be disciplined, dismissed or subject to any direct or indirect discriminatory measures.

Supervision by the Audit Committee and Executive Management

The Group's Executive Management supervises the internal control system in particular by reviewing the work and the minutes of meetings of the following bodies and departments:

- Group and Country Ethics Committees;
- Group Investment Committee;
- Data Security Committee;
- Financial Risk Committees;
- Country performance reviews;
- Antigaspi Committee;
- GDPR Committee;
- Group Information Systems department;
- Group Internal Control department;
- Group Internal Audit and Risk department;
- Group Ethics, Compliance and Personal Data Protection department;
- any other *ad hoc* committee meeting convened according to the needs identified by the Group's Executive Management.

Lastly, the Audit Committee set up by the Board of Directors monitors the effectiveness of the internal control and risk management systems. Its role and purpose are described above.

4.2.4 INTERNAL ACCOUNTING AND FINANCIAL CONTROL

4.2.4.1 General organisational principles of accounting and financial control

Internal accounting and financial control aims to ensure:

- the compliance of reported accounting information with the applicable rules (IFRS international accounting standards);
- the application of instructions and strategic objectives established by the Group;
- the prevention and detection of fraud and accounting and financial irregularities;
- the presentation and reliability of published financial information.

Risks related to the production of accounting and financial information can be classified into two categories:

- those related to the accounting of recurring operations in the Group's host countries, whose control systems must be set as close as possible to decentralised operations;
- those related to the accounting of non-recurring operations that may have a material impact on the Group's financial statements.

The internal control system described in the following paragraphs incorporates this risk approach.

Management within each country is responsible for identifying risks that impact the preparation of financial and accounting information as well as taking the necessary steps to adapt the internal control system.

With regard to information that requires special attention given its impact on the Consolidated Financial Statements, the Group Reporting and Consolidation department requests the necessary explanations and may perform such controls itself. It can also assign an external auditor to carry out such controls or submit a request to the Chairman and Chief Executive Officer for the Internal Audit department to intervene.

4.2.4.2 Management of the accounting and finance organisation

Organisation of the finance function

The finance function is mainly based on a two-level organisation:

- the Group Financial Control department defines the IFRS accounting principles applicable to Carrefour and provides leadership and oversight of the production of Consolidated Financial Statements and management reports. This department includes a Reporting and Consolidation department and a Performance Analysis department:
  - the Reporting and Consolidation department monitors standards, defines the Group accounting doctrine ("IFRS accounting principles applicable to Carrefour"), produces and analyses the Consolidated Financial Statements, and prepares the consolidated accounting and financial information, and is the direct link to the Finance departments at country level,
  - the Performance Analysis department analyses both prospective and retrospective management reports. It requests explanations from the country-level Finance departments and alerts the Group's Executive Management to key issues and any potential impacts;
- 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.

The Group Executive Director – Finance and Management appoints the country-level Finance Directors.

Accounting principles and procedures manuals

Group accounting principles are specified in a regularly updated document that is communicated to all those involved in the process.

The IFRS accounting principles applicable to Carrefour are reviewed twice a year, before the end of each financial year and six-month period. They are defined by the Accounting Standards department, which forms part of the Group Reporting and Consolidation department, and are presented to the Statutory Auditors. Material changes, additions or deletions are presented to the Audit Committee.

An updated version is available to all Finance and Management employees on the collaborative platform.

The Group Financial Control Manual must be used by the country-level Finance departments. If necessary, country-level Finance departments consult the Group Reporting and Consolidation department, which alone can provide interpretations and clarifications.

The country-level Finance Directors meet regularly to discuss new changes to the IFRS accounting principles applicable to Carrefour and any application issues encountered.

The Accounting Standards Director, who reports to the Reporting and Consolidation Director, performs technical monitoring of IFRS and leads the process of updating Group accounting principles in liaison with the countries. It reviews technical issues raised within the Group and ensures that Carrefour is represented in professional organisations that deal with accounting standards.

Tools and operating methods

The Group continues to standardise the accounting systems used in the various countries. Specifically, this has led to the implementation of an organisational model that includes the establishment of shared national service centres (for the processing and payment of invoices involving merchandise, fixed assets, general expenses and payroll), thus standardising and documenting procedures in the various countries and ensuring the appropriate separation of duties. Operating methods are made available to all users.

The Group uses a consolidation and reporting tool to detail, make reliable and facilitate the transmission of data, controls and consolidation operations. The tool is used by all entities and is based on blocking controls to ensure that their data is consistent and reliable before being reported to the Group. The income statement by destination helps to strengthen control of financial statement headings by using a single set of standard headings.

Accounting and financial information systems are subject to the same security requirements as all other systems.

Consolidation/reporting process and principal controls

To assist the Group consolidation process, each country is responsible for reporting its own financial data by legal entity and for consolidating the financial statements at its own level.

The Group Reporting and Consolidation team leads this process and is responsible for producing the Group's Consolidated Financial Statements. Within the team, responsibilities have been defined by country, as have cross-functional analysis responsibilities. Consolidation takes place monthly. The Statutory Auditors audit the annual Consolidated Financial Statements and perform a review of the half-yearly Consolidated Financial Statements. The half-yearly and annual Consolidated Financial Statements are also published. The Group uses identical tools, data and regional breakdowns for its management reports and Consolidated Financial Statements.

Prior to each accounting close, the Group Reporting and Consolidation department sends an instruction memo to the Finance departments of all countries and subsidiaries, containing all the information required to prepare the published financial information.

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. The Reporting and Consolidation department checks for consistency and performs a reconciliation and analysis at the end of each month.

The main options and accounting estimates are subject to review by the Group Reporting and Consolidation department and the country-level Finance Directors, including during meetings for financial statement reporting options, organised before the financial statements are reported at Group and country level in cooperation with external auditors.

A hard-close procedure was introduced by the Reporting and Consolidation department in late May to anticipate, as far in advance as possible, any potentially sensitive subjects relating to the six-month reporting period, which is subject to a review by the Statutory Auditors.

Also, a review is carried out in late September by the Statutory Auditors to assess the quality of the Group's internal control system and of the processes associated with measuring income and expenses that, due to their nature and amount, have a material impact on Group performance, so that any weaknesses can be rectified before the financial year-end. The countries are asked to carry out specific work, which is reviewed by the Statutory Auditors. This work focuses mainly on internal control of the supplier cycle, a review of the main disputes and risks, impairment testing of stores and the application of IFRS 16.

In order to provide an opinion to the Board of Directors on the draft financial statements, the Audit Committee reviews the annual and half-yearly financial statements and the findings of the joint Statutory Auditors' team concerning their work.

Accordingly, the Audit Committee meets regularly and as often as necessary in order to monitor the process of preparing the accounting and financial information and ensure that the principal accounting options applied are pertinent.

Oversight of the internal control system for accounting and financial reporting procedures

Oversight of the internal control system is mainly based on:

- a self-assessment campaign for the application and oversight of the main rules defined by the Group concerning internal accounting and financial control. Action plans are defined at country level where necessary and are subject to monitoring;
- in-country actions by the Group Internal Audit department. The internal audit plan incorporates tasks to review internal accounting and financial control.

Oversight also involves assessing the information provided by the Statutory Auditors as part of their in-country operations. The role of the Statutory Auditors includes, but is not limited to, expressing an opinion as to whether the Company and Consolidated Financial Statements give a true and fair view of the Group, and performing a review of the half-yearly Consolidated Financial Statements.

At each annual close, Group Internal Control receives letters of representation signed by the Country Executive Director and country-level Finance Director, certifying that the financial information reported to the Group is reliable, fair and prepared in accordance with the IFRS accounting principles applied by Carrefour.

4.2.4.3 Control over financial communications

Role and purpose of financial communications

The objective of financial communications is to provide the entire financial community with clear information about the Group's strategy, business model and performance, by publishing accurate, true and fair information while upholding the principle of shareholder equality with regard to information.

Organisation of financial communications

Financial communications address a diverse audience, primarily comprised of institutional investors, individual shareholders and employees. They are disseminated as required by law (Shareholders' Meeting) or the AMF's regulations (periodic publications, press releases). The Group also uses other channels for its financial communications, including conference calls, investor presentations on results or events (investors day), meetings, conferences and roadshows for financial analysts and investors, the Universal Registration Document and annual report, and the corporate website.

In organisational terms:

- the Investor Relations department, Group Executive Director – Finance and Management, and the Chairman and Chief Executive Officer are the sole contacts for analysts, institutional investors and shareholders;
- the Group Human Resources department, with support from the Group Communications department, manages information intended for employees;
- the Group Communications department manages press relations.

Procedures for controlling financial communications

The Group Financial Control department is the exclusive source of financial information.

Internal controls regarding the financial communications process focus on compliance with the principle of shareholder equality, among other issues. All press releases and significant announcements are prepared by mutual agreement between the Financial Communications department, which is part of the Group Finance department, and the Group Communications department.

Where appropriate, these departments are assisted (in particular, as part of the market abuse prevention programme) by the Group Legal department and the Legal department of Atacadão, the listed Brazilian subsidiary controlled by the Group.

Financial communications policy

The Group Finance department defines and implements the policy on disclosing financial results to the markets. The Carrefour group discloses its sales on a quarterly basis and its results on a half-yearly basis. The Board of Director is informed of all periodic publications and press releases on financial and strategic operations, and makes comments as appropriate.

The Group Financial Communications department is also involved in coordinating the financial communications of the Group and Atacadão.

5

BUSINESS REVIEW AS OF DECEMBER 31, 2019

5.1 Business review and consolidated income analysis

5.1.1 MAIN INCOME STATEMENT INDICATORS

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the classification of Carrefour China in discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5 to the Consolidated Financial Statements.

On December 31, 2018, the integrated convenience stores business in France was classified in discontinued operations in accordance with IFRS 5.

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* as of January 1, 2019. Data presented for the comparative period was not restated, as allowed for by the transitional provisions of IFRS 16.

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the year ended December 31, 2019. Comparative data for 2018 have also been adjusted for hyperinflation.

(in millions of euros)	2019	2018 restated IFRS 5	% change	% change at constant exchange rates
Net sales	72,397	72,355	0.1%	3.3%
Gross margin from recurring operations	16,088	16,154	(0.4)%	3.6%
in % of net sales	*22.2%*	*22.3%*		
Sales, general and administrative expenses and amortisation	(13,999)	(14,216)	(1.5)%	2.9%
Recurring operating income	2,088	1,937	7.8%	8.8%
Recurring operating income before depreciation	*4,417*	*3,403*	*29.8%*	*32.0%*
Recurring operating income after net income from companies accounted for by the equity method	2,090	1,952	7.1%	8.0%
Non-recurring operating income and expenses, net	(1,030)	(1,129)	(8.8)%	(6.9)%
Finance costs and other financial income and expenses, net	(338)	(258)	31.1%	30.9%
Income tax expense	(504)	(529)	(4.8)%	(1.8)%
Net income from continuing operations – Group share	32	(187)	117.0%	105.8%
Net income from discontinued operations – Group share	1,097	(373)	394.0%	394.2%
NET INCOME – GROUP SHARE	**1,129**	**(561)**	**301.4%**	**297.7%**
FREE CASH-FLOW(1)	**582**	**636**		
NET DEBT(2)	**2,615**	**3,510**		

(1) Free cash flow (pre-IFRS 16) corresponds to cash flow from operating activities (including property and non-property lease payments) rent before net finance costs, and after the change in working capital, less net cash from/(used in) investing activities.
(2) Net debt does not include finance lease liabilities (see Note 2.2).

Net debt stood at 3,785 million euros at December 31, 2018 and at 3,510 million euros excluding finance lease liabilities, under IAS 17.

- Net sales amounted to 72.4 billion euros in 2019, an increase of 3.3% at constant exchange rates and 2.1% restated for the application of IAS 29.
- Recurring operating income before depreciation and amortisation came in at 4,417 million euros, an improvement of 32% at constant exchange rates. Prior to the application of IFRS 16 and IAS 29, recurring operating income totalled 3,485 million euros in 2019 (3,415 million euros in 2018), representing a 3.4% improvement at constant exchange rates.
- Recurring operating income increased by 8.8% at constant exchange rates, to 2,088 million euros. Prior to the application of IFRS 16 and IAS 29, recurring operating income totalled 2,080 million euros in 2019 (versus 1,971 million euros in 2018), representing a 7.4% increase at constant exchange rates.
- Non-recurring operating income and expenses represented a net expense of 1,030 million euros, a 99 million-euro improvement compared with 2018, due mainly to lower restructuring costs (549 million euros).
- Finance costs and other financial income and expenses represented a net expense of 338 million euros, a rise of 80 million euros from the previous year. This reflects the net interest expense of 107 million euros on leases resulting from the first-time application of IFRS 16 – *Leases*, partially offset by a rise in proceeds from asset disposals.
- Income tax expense amounted to 504 million euros, reflecting the significant impact of non-recurring items recorded during the year.
- Net income from continuing operations – Group share, totalled 32 million euros, a 219 million-euro improvement on 2018 as IFRS 5 restated.

- Discontinued operations generated income – Group share of 1,097 million euros versus a 373 million-euro loss in 2018, and chiefly reflects the gain on the sale of the subsidiary Carrefour China. The net loss from discontinued operations in 2018 included 297 million euros relating to the deconsolidation of ex-Dia stores.
- Taking into account all of these items, the Group ended 2019 with net income – Group share of 1,129 million euros, versus a net loss of 561 million euros in 2018.
- Free cash flow (pre-IFRS 16) came to 582 million euros, versus 636 million euros in 2018. Post-IFRS 16 from January 1, 2019, free cash flow in 2019 came to 1,686 million euros, excluding lease payments in accordance with this standard.

5.1.2 ANALYSIS OF THE MAIN INCOME STATEMENT ITEMS

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.

Net sales by region

(in millions of euros)	2019	2018 restated IFRS 5	% change	% change at constant exchange rates
France	34,765	35,615	(2.4)%	(2.4)%
Rest of Europe	20,999	21,076	(0.4)%	(0.1)%
Latin America	14,665	13,809	6.2%	23.4%
Asia (Taiwan)	1,968	1,855	6.1%	3.2%
TOTAL	**72,397**	**72,355**	**0.1%**	**3.3%**

Carrefour group reported net sales of 72.4 billion euros in 2019, up 3.3% at constant exchange rates and up 2.1% restated for the application of IAS 29.

- The 2.4% decline in sales in France is primarily due to petrol and scope impacts. On a same-store basis[1], sales were stable, with a rise in food sales but a reduction in non-food sales. Lower hypermarket sales notably reflect the impact of initiatives rolled out to improve competitiveness, such as continuing to invest in prices, developing Carrefour-branded products with lower prices than national branded products, reducing underperforming non-food sales areas and discontinuing certain product categories. Supermarket and convenience store formats continued to perform well. Organic products and e-commerce food sales increased sharply.
- In Europe excluding France, sales were stable at constant exchange rates in 2019, with quarter-on-quarter improvements mainly driven by a return to growth in Spain. Competition remained fierce in Italy and Belgium, where the Group began to invest in prices. Poland and Romania posted further robust growth.
- In Latin America, total sales rose by 23.4% at constant exchange rates, reflecting strong sales momentum in Brazil and Argentina. In Brazil, growth was also fuelled by the development of the e-commerce business, sustained expansion of cash & carry operations and an increase in the volume of financial services. In Argentina, in a challenging macro-economic environment, sales growth was supported by successful marketing initiatives leading to higher volumes.
- The Asia region now represents the operations of Carrefour Taiwan as Carrefour China was classified within discontinued operations in accordance with IFRS 5. Taiwan sales climbed 6.1% at current exchange rates and 3.2% at constant exchange rates.

(1) Sales generated by stores opened for at least 12 months, excluding temporary store closures, at constant exchange rates, excluding petrol and calendar effects and excluding the IAS 29 impact.

Net sales by region – contribution to the consolidated total

(in %)	2019[(1)]	2018 restated IFRS 5
France	46.5%	49.2%
Rest of Europe	28.2%	29.1%
Latin America	22.8%	19.1%
Asia (Taiwan)	2.6%	2.6%
TOTAL	**100%**	**100%**

(1) At constant exchange rates.

At constant exchange rates, the portion of consolidated net sales generated outside France continued to rise, representing 53.5% in 2019, versus 50.8% in 2018 as IFRS 5 restated.

Recurring operating income by region

(in millions of euros)	2019	2018 restated IFRS 5	% change	% change at constant exchange rates
France	547	466	17.3%	17.3%
Rest of Europe	657	664	(1.1)%	(0.9)%
Latin America	833	767	8.6%	11.4%
Asia (Taiwan)	83	77	7.8%	4.9%
Global functions	(32)	(38)	(15.3)%	(13.8)%
TOTAL	**2,088**	**1,937**	**7.8%**	**8.8%**

In 2019, recurring operating income amounted to 2,088 million euros, an increase of 151 million euros (+8.8% at constant exchange rates and +7.4% pre-IAS 29 and pre-IFRS 16 at constant exchange rate). It includes the negative 31 million-euro impact of applying IAS 29 in Argentina as well as the positive 40 million-euro impact of applying IFRS 16 for the first time. In 2018, the total included a 33 million-euro loss related to the application of IAS 29.

In France, recurring operating income for 2019 was 547 million euros, up 17,3% (+15.6% pre-IFRS 16) in comparison with 2018. Operating margin increased to 1.6% compared to 1.3% in 2018 (1.6% versus 1.3% pre-IFRS 16), reflecting:

- on the one hand, the dynamics of lower costs, transformation of organizations and improvement of purchasing conditions, both for goods for resale and not for resale;
- on the other hand, investments in price competitiveness and in the attractiveness of the offer, services and digital.

In Europe (excluding France), recurring operating income stood at 657 million euros versus 664 million euros in 2018. This evolution reflects:

- a solid performance in Spain and in Eastern Europe, where the commercial model confirms its attractiveness;
- sluggish growth in Italy and Belgium where substantial investments in competitiveness have been made, partly offset by more significant cost reductions in the second half-year with the completion of the departure plans.

In Latin America, recurring operating income amounted to 833 million euro, a rise of 11.4% at constant exchange rates (+10,0% pre-IFRS 16 and pre-IAS 29 at constant exchange rate). In Brazil, with strong sales growth, recurring operating income is up by 8.1% at constant exchange rates (+6.5% pre-IFRS 16 at constant exchange rates). This reflects the success of commercial initiatives at Carrefour Retail and Atacadão, as well as fast growth in financial services. In Argentina, the implementation of the transformation and commercial recovery plan continues to bear fruit with a growing operating profit.

In Taiwan (Asia), profitability improved again with a recurring operating income growing to 83 million euros in 2019 versus 77 million euros in 2018, with a stable operating margin of 4.2% (4.3% versus 4.2% pre-IFRS 16). This increase reflects good growth momentum, expansion and tight cost control.

Depreciation and amortisation

Depreciation and amortisation of property and equipment, intangible assets and investment property amounted to 1,361 million euros in 2019 compared to 1,395 million euros in 2018 as IFRS 5 restated.

The application of IFRS 16 as from January 1, 2019 resulted in a 733 million-euro depreciation expense for right-of-use assets relating to property and equipment and investment property.

Including depreciation of logistics equipment and of the related IFRS 16 right-of-use assets included in the cost of sales, a total depreciation and amortisation expense of 2,328 million euros was recognised in the consolidated income statement for 2019, compared with an expense of 1,465 million euros for 2018 as IFRS 5 restated. This increase results solely from the first-time application of IFRS 16.

Net income of equity-accounted companies

Net income of equity-accounted companies totalled 2 million euros, versus 14 million euros in 2018 as IFRS 5 restated.

Non-recurring income and expenses

This classification is applied to certain material items of income and expense that are unusual in terms of their nature and frequency, such as impairment charges of non-current assets, gains and losses on sales of non-current assets, 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 1,030 million euros in 2019.

The detailed breakdown is as follows:

(in millions of euros)	2019	2018 restated IFRS 5
Net gain on sales of assets	28	57
Restructuring costs	(549)	(708)
Other non-recurring items	(308)	(289)
Non-recurring income and expenses net before asset impairments and write-offs	(830)	(939)
Asset impairments and write-offs	(200)	(189)
Impairments and write-offs of goodwill	*(1)*	*(3)*
Impairments and write-offs of tangible and intangible assets	*(200)*	*(187)*
NON-RECURRING INCOME AND EXPENSES, NET	**(1,030)**	**(1,129)**
Of which:		
Non-recurring income	343	132
Non-recurring expense	(1,373)	(1,262)

Excluding the sale of assets owned by Cargo Property Assets in October 2019, resulting in a post-IFRS 16 gain of around 45 million euros (see Note 2.3 to the 2019 Consolidated Financial Statements), net gains on sales of assets in 2019 comprise, as in 2018, gains and losses arising on various sales of assets, mainly in France and Italy.

Restructuring costs recognised in 2019 result from plans to streamline operating structures launched as part of the first pillar of the "Carrefour 2022" transformation plan. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the transformation plan for hypermarkets in France (mutually agreed termination), with almost 3,000 dossiers approved at end-2019;
- restructuring measures implemented in Italy concerning the head office and various store formats, resulting in the departure of several hundred employees.

Most of the corresponding provisions remaining at December 31, 2019 will be utilised in 2020.

The expense recognised in 2018 primarily included costs relating to the voluntary redundancy plans in France and Argentina and to restructuring measures in Belgium.

Other non-recurring income and expenses recorded in 2019 mainly concerned Brazil and France.

In Brazil, non-recurring income and expenses resulted primarily from the following two rulings:

- in May 2019, the Brazilian Supreme Court handed down an unfavourable decision to adjust its ruling on inter-state transfers of ICMS tax credits relating to "basic products". As a result of this decision, a provision (including interest and penalties) was recognised against the related non-recurring expenses in order to cover current tax disputes as well as possible new ones arising from years still potentially subject to tax audits;
- in June 2019, following a favourable and final ruling, PIS-COFINS (social security) tax credits from prior years were recognised against the related non-recurring income.

In France, changes in estimates used to calculate the cost of risk associated with Carrefour Banque in 2019 led to an overall increase in provisions recognised at December 31 in respect of certain categories of consumer credit, in particular over-indebted customers whose debt rescheduling arrangements were approved by debt commissions in prior years. This increase notably reflects experience acquired in 2019 with the adverse impact of recent regulatory changes on this type of customer.

Other non-recurring income and expenses recorded in 2018 also mainly concerned France and Brazil. In France, employees who participated in the profit-sharing scheme in 2017 had their profit-share for that year increased by 350 euros and were also given a 150-euro voucher in April 2018. In Brazil, allowances were recorded in 2018 to write down certain ICMS sales tax credits.

Operating income

Operating income amounted to 1,060 million euros in 2019, versus 823 million euros in 2018 as IFRS 5 restated.

Finance costs and other financial income and expenses

Finance costs and other financial income and expenses represented a net expense of 338 million euros in 2019, corresponding to 0.5% of sales versus 0.4% in 2018 as IFRS 5 restated.

(in millions of euros)	2019	2018 restated IFRS 5
Finance costs, net	(214)	(228)
Lease commitments	(107)	-
Other financial income and expenses, net	(17)	(30)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(338)**	**(258)**

Finance costs, net improved by 14 million euros to 214 million euros.

Following the first-time application of IFRS 16, finance costs and other financial income and expenses now include interest expense on leases as well as interest income on finance lease sub-letting arrangements, representing a net expense of 107 million euros.

Other financial income and expenses, net, improved by 13 million euros, mainly reflecting a rise in gains on sales of financial assets, including a 24 million-euro gain resulting from the sale in 2019 of virtually all of the Group's stake in Argan for 80 million euros.

Income tax expense

Income tax expense for 2019 amounted to 504 million euros, compared with 529 million euros in 2018 as IFRS 5 restated. This reflects the fact that no deferred tax assets were recognised in certain countries on temporary differences or tax loss carryforwards because of material non-recurring expenses recognised during the year.

Net income attributable to non-controlling interests

Net income attributable to non-controlling interests came to 182 million euros 2019, versus 216 million euros in 2018.

Net income/(loss) from continuing operations – Group share

As a result of the items described above, the Group share of net income from continuing operations amounted to 32 million euros in 2019, compared with a 187 million-euro loss in 2018.

Net income/(loss) from discontinued operations – Group share

In 2019, net income from discontinued operations – Group share, amounted to 1,097 million euros, corresponding mainly to the gain on the sale of Carrefour China to China's Suning.com on September 26, 2019 (see Note 2.2 to the Consolidated Financial Statements). Net income from discontinued operations also includes the earnings of Carrefour China in the first nine months of 2019. These are reported on a separate line in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, together with the comparative 373 million-euro loss for 2018 (see Note 5 to the Consolidated Financial Statements), which essentially reflects the impact of discontinuing ex-Dia store operations in France in that year.

5.2 Group financial position and cash flows

5.2.1 SHAREHOLDERS' EQUITY

At December 31, 2019, shareholders' equity stood at 11,675 million euros, compared with 11,286 million euros at the previous year-end, representing a 389 million-euro increase.

This increase reflects:

- net income for the year of 1,311 million euros;
- other comprehensive income items amounting to a 321 million-euro loss, impacted chiefly by the transfer of exchange differences with a credit balance recognised by Carrefour China for a negative 160 million euros (see Note 2.2 to the Consolidated Financial Statements) and by the remeasurement of the net defined benefit liability following the decrease in discount rates applied for the eurozone for a negative 110 millions euros;
- dividends paid in an amount of 242 million euros, of which 106 million euros paid to Carrefour shareholders (representing the cash portion) and 136 million euros to non-controlling shareholders, relating mainly to French and Brazilian subsidiaries;
- the effect of changes in the scope of consolidation and other movements which had a negative 373 million-euro impact and chiefly relate to the removal from the scope of consolidation of non-controlling interests in Cargo Property Assets with a negative 442 million-euro impact and in Carrefour China with a positive 70 million-euro impact (see Notes 2.2 and 2.3 to the Consolidated Financial Statements).

The first-time application of IFRS 16 – *Leases* has a negative 9 million-euro impact on opening equity at January 1, 2019 (see Note 4 to the Consolidated Financial Statements).

5.2.2 NET DEBT

Consolidated net debt decreased from 3,785 million euros at December 31, 2018 to 3,510 million euros at January 1, 2019 following the reclassification of 275 million euros in finance lease liabilities recognised in accordance with IAS 17 in lease commitments (see Note 15.2.1 to the Consolidated Financial Statements).

Net debt decreased by 895 million euros, or 25.5%, from 3,510 million euros at January 1, 2019 to 2,615 million euros at December 31, 2019, mainly reflecting the sales of Carrefour China and Cargo Property Assets in the second half of the year.

Net debt breaks down as follows:

(in millions of euros)	**12/31/2019**	**12/31/2018**
Bonds	6,981	7,545
Other borrowings	261	405
Finance lease liabilities(1)	-	275
Total borrowings before derivative instruments recorded in liabilities	7,241	8,225
Derivative instruments recorded in liabilities	59	50
TOTAL LONG AND SHORT TERM BORROWINGS [1]	**7,300**	**8,275**
Of which, long term borrowings	*6,303*	*6,936*
Of which, short term borrowings	*997*	*1,339*
Other current financial assets(2)	219	190
Cash and cash equivalents	4,466	4,300
TOTAL CURRENT FINANCIAL ASSETS [2]	**4,685**	**4,490**
NET DEBT = [1] - [2]	**2,615**	**3,785**

(1) Finance lease liabilities recognised in accordance with IAS 17 for 275 million euros at December 31, 2018 were reclassified within lease commitments at January 1, 2019 (see Note 4 to the Consolidated Financial Statements). Lease commitments also include liabilities under leases accounted for in accordance with IFRS 16 as of that date. Net debt totalled 3,510 million euros at January 1, 2019.

(2) In 2019, in the calculation of net debt and by symmetry, the current portion of amounts receivable from finance lease sub-letting arrangements is not included in this item.

Borrowings (excluding derivatives) mature at different dates, through 2027 for the longest tranche of bond debt, leading to balanced repayment obligations in the coming years, as shown below:

(in millions of euros)	12/31/2019	12/31/2018
Due within 1 year	939	1,289
Due in 1 to 2 years	1,127	1,129
Due in 2 to 5 years	3,368	3,298
Due beyond 5 years	1,808	2,510
TOTAL	**7,241**	**8,225**

Cash and cash equivalents totalled 4,466 million euros at December 31, 2019 compared with 4,300 million euros at December 31, 2018, representing an increase of 166 million euros.

5.2.3 STATEMENT OF CASH FLOWS

Net debt decreased by 895 million euros over the year, after increasing by 84 million euros in 2018 as IFRS 5 restated. The change is analysed in the simplified statement of cash flows presented below:

(in millions of euros)	2019	2019 pre-IFRS 16 pre-IAS 29	2018 restated IFRS 5
Cash flow from operations	3,400	2,271	2,106
Change in trade working capital requirement	510	508	86
Change in other receivables and payables	(454)	(439)	27
Change in consumer credit granted by the financial services companies	(205)	(205)	(168)
Investments	(1,725)	(1,725)	(1,560)
Change in amounts due to suppliers of fixed assets	99	106	(46)
Impact of discontinued operations	(38)	(33)	0
Other	98	98	192
Free cash flow	1,686	582	636
Acquisitions of subsidiaries and investments in associates	331	331	(189)
Purchases and disposals without change in control	0	0	()
Dividends paid/Capital increase	(148)	(148)	(146)
Finance costs, net	(214)	(221)	(228)
Foreign exchange	(70)	(70)	(200)
Lease commitments and interests	(999)	(42)	(45)
Impact of discontinued operations	(69)	106	(15)
Other	378	356	104
Decrease/(Increase) in net debt	895	895	(84)

Free cash flow came to 1,686 million euros in 2019 after the application of IFRS 16, and 582 million euros before the application of IFRS 16 (compared with IFRS 5 restated free cash flow of 636 million euros in 2018), and mainly comprised:

- cash flow from operating activities totalling 3,400 million euros, an increase compared to 2018 mainly attributable to the application of IFRS 16 (payments under leases along with any related interest are shown in financing cash flows in 2019); before the application of IFRS 16 and IAS 29, cash flow from operating activities came to 2,271 million euros (compared with 2,106 million euros in 2018);
- the change in trade working capital and other receivables and payables, which amounted to 56 million euros in 2019 versus 113 million euros in 2018 as restated;
- operational investments in an amount of 1,725 million euros, compared with 1,560 million euros in 2018 as restated.

5.2.4 FINANCING AND LIQUIDITY RESOURCES

The Group's main measures for strengthening its overall liquidity consist of:

- promoting prudent financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its *Euro Medium-Term Notes* (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the Banque de France;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At December 31, 2019, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year. The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.5 years.

As of December 31, 2019, Carrefour was rated BBB with a stable outlook by Standard & Poor's and Baa1 with a negative outlook by Moody's.

Highlights of the year include steps taken by the Group to secure its long-term financing sources (see Note 4.2.5) and the bond buyback (see Note 4.2.6).

5.2.5 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.

5.2.6 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.

5.3 Other information

5.3.1 ACCOUNTING PRINCIPLES

The accounting policies used to prepare the 2019 Consolidated Financial Statements are the same as those used for the 2018 Consolidated Financial Statements, except for the following standards, amendments and interpretations, whose application is mandatory as of January 1, 2019:

- IFRS 16 – *Leases*: the impacts of IFRS 16 on the Consolidated Financial Statements are described in Note 4.3.1;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*: the impacts of IFRIC 23 on the Consolidated Financial Statements are described in Note 4.3.2;
- amendments to IFRS 9 – *Prepayment Features with Negative Compensation*: these amendments had no material impact on the Consolidated Financial Statements;
- amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*: these amendments had no material impact on the Consolidated Financial Statements;
- amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements – *2015-2017 Cycle*: these amendments had no material impact on the Group's Consolidated Financial Statements.

Adopted by the European Union but not early adopted by the Group

Standards, amendments and interpretations	Effective date
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform*	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

Not yet adopted by the European Union

Standards, amendments and interpretations	Effective date(1)
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2021

(1) Subject to adoption by the European Union.

The Group is currently analysing the potential impacts of applying IFRS 17. It does not expect the application of the other standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

5.3.2 SIGNIFICANT EVENTS OF THE YEAR

5.3.2.1 Simplification of the organisation as part of the "Carrefour 2022" transformation plan

In 2019, the following transformation plans were announced for France and Italy:

- on May 15, 2019, Carrefour Hypermarchés France signed a majority mutually agreed termination arrangement with its trade unions, and had approved almost 3,000 dossiers by the end of that year. The agreement notably concerns shutting down the Jewellery department, moving the Multimedia department to self-service, and automating the petrol stations;
- on February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2022 to the trade unions. The plan sets out several operational measures, such as opening several hundred stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures leading to a significant reduction of the number of head office employees and sales teams, particularly at hypermarkets.

These transformation plans were rolled out in 2019. Most of the corresponding provisions remaining at December 31, 2019 (see Note 12.1 to the Consolidated Financial Statement) will be utilised in 2020.

5.3.2.2 Sale of Carrefour China

On June 23, 2019, the Group announced that it had signed an agreement to sell an 80% equity interest in Carrefour China to Chinese group Suning.com. The sale took effect on September 26, 2019, following approval from the Chinese competition authorities.

With a presence in China dating back to 1995, the company Carrefour China operates a network of 210 hypermarkets and 24 convenience stores. In 2018, it generated net sales of 3.6 billion euros and EBITDA of 66 million euros.

The final sale price for the 80% interest in Carrefour China was 4.8 billion renminbi, corresponding to 615 million euros at September 26, 2019. A disposal gain of around 1.15 billion euros was recognised within net income from discontinued operations in 2019.

The agreement signed with Suning.com gives several liquidity windows for this residual 20% stake:

- during the 90 days following the second anniversary of the transaction date (September 26, 2019), the Group may exercise a put option to sell its residual 20% interest to Suning.com at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest, *i.e.*, 20% of 6 billion renminbi, representing 153 million euros at the exchange rate as of December 31, 2019;
- at the end of this period and for a period of 90 days, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest;
- during the three years following the third anniversary of the transaction date, Carrefour may exercise a put option to sell its residual 20% interest to Suning.com at market value;
- during the three years following the fourth anniversary of the transaction date, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at market value.

As the options exercisable from the second anniversary of the transaction have virtually the same characteristics and a fixed exercise price, it is considered virtually certain that they will be exercised and that consequently, the Group effectively sold its entire equity interest in Carrefour China on September 26, 2019. A financial receivable has therefore been recognised in this respect in the consolidated statement of financial position (within "Other non-current financial assets") for 1.2 billion renminbi. The euro amount will be impacted by fluctuations in the EUR/RMB exchange rate, which will be taken to finance costs and other financial income and expenses (within "Other financial income and expenses").

For more details on the impacts of this sale on the 2019 Consolidated Financial Statements, see Note 5 to the Consolidated Financial Statements.

5.3.2.3 Sale of Cargo Property Assets

During the spring of 2019, the Group began the process to sell its subsidiary Cargo Property Assets, which owns 22 distribution centres in France. A preliminary agreement to sell the subsidiary's entire share capital was signed on July 10, 2019 with Argan, a listed property company, and the sale took effect on October 15, 2019. The subsidiary's assets comprise property and equipment with a net carrying amount of 577 million euros at the effective date of the sale.

The sale price attributable to the Group amounted to 288 million euros (corresponding to 32%). The price was settled in cash for 231 million euros and in the acquirer's listed shares for 57 million euros, representing around 5% of Argan's capital following the transaction.

For accounting purposes, the disposal gain was adjusted for the impact of applying IFRS 16 to sale and leaseback transactions (all non-current assets have been re-leased by the Group). A post-IFRS 16 disposal gain was recognised in 2019 for approximately 45 million euros before tax within non-recurring operating income.

In early December 2019, the Group sold virtually all of its stake in Argan held through private placements with institutional investors for 80 million euros, resulting in an additional 24 million-euro gain included in finance costs and other financial income and expenses. Following this transaction, the Group held 0.2% of Argan's share capital, which it sold in February 2020.

5.3.2.4 Unilateral promise given by Shopinvest to buy Rue du Commerce

On November 8, 2019, the Group announced that it had received a firm offer from Shopinvest for the acquisition of 100% of the share capital of Rue du Commerce. Following this operation, Rue du Commerce will join Shopinvest, an e-commerce group founded in 2011, which operates a portfolio of 11 websites, including 3 SUISSES.

The divestment project has been submitted to the employee representative bodies of Rue du Commerce and remains subject to other customary closing conditions at December 31, 2019.

In accordance with IFRS 5, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities from August 2019, and measured at the lower of their net carrying amount and fair value less costs to sell. In light of the financial terms of the unilateral promise given by Shopinvest, these assets were written down in full at December 31, 2019 against non-recurring operating income.

5.3.2.5 Securing the Group's long-term financing

On May 7, 2019, Carrefour carried out a new 500-million euro eight-year 1.00% bond issue maturing in May 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.75% bonds.

The two issues consolidated the Group's long-term euro financing, kept the average maturity of its bond debt stable (at 3.5 years at December 31, 2019 and 2018), and further reduced its borrowing costs.

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request.

These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of these facilities from 3.1 years to 4.5 years.

On January 7, 2019, Brazilian subsidiary Atacadão also issued short-term debentures in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019. The second tranche with an initial maturity of January 6, 2020 was redeemed early on November 28, 2019.

On November 18, 2019 the Brazilian subsidiary issued long-term debentures in three tranches, for 450, 350 and 200 million reals respectively (around 100, 80 and 45 million euros), maturing in June 2022, June 2024 and June 2026 respectively.

5.3.2.6 Bond buyback program

On November 14, 2019, Carrefour launched a partial bond buyback program covering the following bond tranches:

- 1 billion euros worth of 4.00% bonds maturing on April 9, 2020 (ISIN XS0499243300) (the "2020 bonds");
- 1 billion euros worth of 3.875% bonds maturing on April 25, 2021 (ISIN XS0529414319) (the "2021 bonds").

At the end of the buyback program, bonds representing a total nominal amount of 326,775,000 euros had been tendered to and accepted by Carrefour, including 198,085,000 euros worth of 2020 bonds and 128,690,000 euros worth of 2021 bonds.

The buyback was settled on November 26, 2019. On completion of the buyback, the residual nominal amount outstanding amounted to 801,915,000 euros under the 2020 bonds and 871,310,000 euros under the 2021 bonds.

This operation reflects Carrefour's dynamic debt management strategy aimed at optimising its borrowing costs and debt/equity structure.

5.3.2.7 2018 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 14.78 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 24 to July 5, 2019. At the end of this period, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividends.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, leading to a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

5.3.3 IMPACT OF CHANGES IN ACCOUNTING POLICIES

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* from January 1, 2019.

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below.

- Changes resulting from the application of IFRS 16 led to a net positive impact of 5.0 billion euros on total assets, including a negative impact of 9 million euros on equity. The Group has chosen to apply IFRS 16 using the simplified retrospective approach from January 1, 2019. Data presented for the comparative period was not restated, as allowed for by the transitional provisions of IFRS 16.
- The application of IFRIC 23 has not led to changes in the methods used to assess tax uncertainties used by the Group to date. However, tax risks relating to income tax, previously classified in provisions, are now shown on a separate line under current or non-current tax payables, depending on whether they fall due within or after one year (in accordance with the decision published by the IFRS IC in September 2019). These provisioned tax risks amounted to 459 million euros at December 31, 2018 (392 million euros at December 31, 2017).

The table below summarises the impact of applying IFRS 16 and IFRIC 23 on the opening statement of financial position in the Consolidated Financial Statements for the year ended December 31, 2019:

ASSETS

(in millions of euros)	12/31/2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	01/01/2019
Goodwill	7,983			7,983
Other intangible assets	1,461	(41)		1,420
Property and equipment	12,637	(367)		12,270
Investment property	389			389
Right-of-use Assets	-	5,244		5,244
Investments in companies accounted for by the equity method	1,374			1,374
Other non-current financial assets	1,275	191		1,466
Consumer credit granted by the financial services companies – portion more than one year	2,486			2,486
Deferred tax assets	723			723
Other non-current assets	379	(26)		353
Non-current assets	28,709	5,000	-	33,709
Inventories	6,135			6,135
Trade receivables	2,537			2,537
Consumer credit granted by the financial services companies – portion less than one year	3,722			3,722
Other current financial assets	190	42		232
Tax receivables	853			853
Other assets	887	(17)		870
Cash and cash equivalents	4,300			4,300
Assets held for sale	46			46
Current assets	18,670	25	-	18,694
TOTAL ASSETS	**47,378**	**5,025**	**-**	**52,403**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	12/31/2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	01/01/2019
Share capital	1,973			1,973
Consolidated reserves (including net income)	7,196	(9)		7,188
Shareholders' equity, Group share	**9,169**	**(9)**	**-**	**9,161**
Shareholders' equity attributable to non-controlling interests	2,117			2,117
Total shareholders' equity	11,286	(9)	-	11,278
Borrowings – portion more than one year	6,936	(230)		6,706
Lease commitments – portion more than one year	-	4,272		4,272
Provisions	3,521	54	(459)	3,116
Consumer credit financing – portion more than one year	1,932			1,932
Deferred tax liabilities	541			541
Tax payables – portion more than one year	-		382	382
Non-current liabilities	12,930	4,096	(77)	16,949
Borrowings – portion less than one year	1,339	(45)		1,294
Lease commitments – portion less than one year	-	984		984
Suppliers and other creditors	14,161	(2)		14,160
Consumer credit financing – portion less than one year	3,582			3,582
Tax payables – portion less than one year	1,142		77	1,219
Other payables	2,938	(1)		2,937
Liabilities related to assets held for sale	-			-
Current liabilities	23,162	937	77	24,176
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,378**	**5,025**	**-**	**52,403**

5.3.3.1 IFRS 16 – *Leases*

This note details the impacts of the first-time application of IFRS 16 – *Leases* on Carrefour's Consolidated Financial Statements. These impacts do not take into account the IFRS IC's decision of December 16, 2019, the impacts of which are currently being analysed by the Group (see point iv). The IFRS 16 accounting policies applied to the Consolidated Financial Statements for the year ended December 31, 2019 are described in Note 9 to the Consolidated Financial Statements.

i) Impacts recognised at January 1, 2019, date of the first-time application of IFRS 16

The Group has chosen to apply IFRS 16 using the simplified retrospective approach from January 1, 2019. The 2018 Financial Statements have not been not restated.

At January 1, 2019, the amount of lease commitments represents the present value of lease payments due over the reasonably certain term of the lease.

The amount of right-of-use assets represents the amount of lease commitments, adjusted where necessary for leasehold rights and for any prepaid lease payments or lease incentives receivable from the lessor and recognised at December 31, 2018. This figure also includes a provision for dismantling where applicable. Right-of-use assets are adjusted for any onerous leases.

The discount rate used at January 1, 2019 is the incremental borrowing rate (the weighted average incremental borrowing rate at January 1, 2019 is 4.62% at the consolidated level and 3.26% excluding Carrefour China) as calculated over the initial term of each lease. This was calculated for each country using a risk-free yield curve and a spread (the same spread is used for all subsidiaries in a given country).

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing and storage contracts with a lease component.

The leased assets' reasonably certain period of use is determined based on:

- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to Company cars, cars and vans for rental to customers, trucks and light commercial vehicles.

Reconciliation of off-balance sheet commitments at December 31, 2018 with IFRS 16 lease commitments at January 1, 2019

(in millions of euros)

Operating leases commitments as a lessee at December 31, 2018	3,569
Contracts not accounted for in accordance with IFRS 16 exemptions	(95)
Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain	2,301
Non discounted leases commitments under IFRS 16 at January 1, 2019	5,775
Discount impact	(793)
Discounted leases commitments under IFRS 16 at January 1, 2019	4,981
Finance leases liability under IAS 17 at December 31, 2018	275
TOTAL LEASE COMMITMENTS AT JANUARY 1, 2019	**5,256**
Including leases commitments – Portion less than one year	*984*
Including leases commitments – Portion more than one year	*4,272*

Applying IFRS 16 also impacts the following items in the Consolidated Financial Statements:

- at the transition date, right-of-use assets and lease commitments relating to leases previously classified as finance leases under IAS 17 are written back at their carrying amount immediately before the date of first-time application. Right-of-use assets relating to leases previously classified as finance leases represent 367 million euros, while finance lease liabilities represent 275 million euros;
- leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening statement of financial position in this respect for 41 million euros;
- prepaid lease payments and lease incentives to be recognised over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets;
- right-of-use assets have been derecognised and financial receivables recognised in respect of finance lease sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a negative impact of 9 million euros on opening equity.

At January 1, 2019, right-of-use assets relate to the following asset categories:

(in millions of euros)	Right of Use Assets
Land & Buildings	4,970
Equipment, fixtures and fittings	116
Investment property	158
TOTAL	**5,244**

ii) Impact on segment information

At January 1, 2019, segment assets and liabilities increased in all regions following the application of IFRS 16:

(in millions of euros)	Group	France	Europe	Latin America	Asia	Global Functions
Right-of-use assets	5,244	1,265	2,252	240	1,251	235
Lease commitments	5,256	1,255	2,433	241	1,100	228

iii) Practical expedients adopted by the Group at January 1, 2019

The Group applied the following practical expedients upon the first-time application of IFRS 16:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics. This approach was applied to vehicle fleets;
- use of its assessment of whether leases are onerous by applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at January 1, 2019. Right-of-use assets were adjusted by the amount recognised in respect of any provisions for onerous leases (leases at above-market rates) immediately before the date of first-time application;
- exclusion of initial direct costs from the measurement of right-of-use assets at the date of first-time application;
- use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The Group also chose not to review contracts to determine whether or not they contained a lease at the transition date. Accordingly, contracts not identified as leases under IAS 17 and IFRIC 4 before the date of first-time application were not reviewed. This practical expedient applies to all contracts entered into before January 1, 2019.

iv) IFRS IC decision of December 16, 2019

On December 16, 2019, the IFRS IC published its decision in response to a request for clarification on the following matters:

- determination of the enforceable period of an automatically renewable lease, or of an indefinite-term lease, that may be terminated by one of the parties subject to a specified notice period. The issue to be clarified concerned the notion of penalties on which the definition of the enforceable period is based;
- the relationship between the useful life of non-removable leasehold improvements and the lease term under IFRS 16.

The IFRS IC:

- concluded that the economics of a lease (rather than just the legal form) should be taken into account to determine the enforceable period of a lease;
- provided clarification on the relationship between the lease term under IFRS 16 and the useful life of non-removable leasehold improvements.

Carrefour did not apply this decision when preparing its Consolidated Financial Statements at December 31, 2019, since it is currently analysing the potential impacts of the guidance. In view of the large number of leases entered into by the Group in the countries in which it does business, and the publication of this decision late in the financial year, the Group has not had sufficient time to analyse the decision and precisely determine its impacts.

The Group's analyses are focusing in particular on leases:

- that are automatically renewable or can be cancelled at any time;
- that concern underlying assets (stores, warehouses) such as non-removable leasehold improvements and installations whose residual net carrying amount at the end of the IFRS 16 lease term could represent a significant penalty (within the meaning of the IFRS IC's decision) for the Group. These cases could lead to an extension in the term of the corresponding leases under IFRS 16 and/or to an adjustment of the useful life of non-removable leasehold improvements and installations.

The Group's analyses take account of the specificities of different store formats (convenience stores, supermarket and hypermarkets), as well as the particular characteristics of each different region.

Once these analyses and certain peer discussions have been finalised, the Group will be able to determine whether or not this IFRS IC decision modifies its current application of IFRS 16. In particular, these analyses could call into question IFRS 16 assessments of the term of "3/6/9"-type leases in France. The Group has several hundreds of these types of leases, for which it currently determines the lease term in accordance with the view of the ANC in February 2018 (see Note 9.1. to the Consolidated Financial Statements).

In compliance with the rules laid down by the local stock market regulator, our São Paolo-listed subsidiary Atacadão had to measure its IFRS 16 lease commitments in light of this decision when preparing its Consolidated Financial Statements for the year ended December 31, 2019. The impact of this measurement is not material at the Group level and has not been taken into account. Based on the principle of applying consistent accounting policies in the Consolidated Financial Statements and pending the Group-wide results of the analyses currently in progress, the Group's consolidated IFRS 16 lease commitments at December 31, 2019 were measured using the same principles as those applied in its opening statement of financial position at January 1, 2019.

5.3.3.2 IFRIC 23 – *Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over applicable tax treatments.

The application of IFRIC 23 has not led to changes in the methods used to assess tax uncertainties used by the Group to date. However, tax risks relating to income tax, previously classified in provisions, are now shown on a separate line under current or non-current tax payables, depending on whether they fall due within or after one year (in accordance with the decision published by the IFRS IC in September 2019). These provisioned tax risks amounted to 459 million euros at December 31, 2018 (392 million euros at December 31, 2017), including a 77 million-euro portion due in less than one year and a 382 million-euro portion due in more than one year.

5.3.4 DISCONTINUED OPERATIONS AND RESTATEMENT OF COMPARATIVE INFORMATION

On September 26, 2019, the Group sold its controlling interest in its subsidiary Carrefour China (see Note 2.2 to the Consolidated Financial Statements). As Carrefour China represents a separate major geographic area of operations, it is considered a discontinued operation in accordance with IFRS 5. Accordingly:

- net income for the subsidiary is shown on a separate line of the income statement, "Net income/(loss) from discontinued operations". To enable a meaningful comparison, its net income for 2018 was reclassified on this line;
- all cash flows relating to this subsidiary are shown on the "Impact of discontinued operations" lines in the consolidated statement of cash flows. Data for 2018 were similarly restated.

Key consolidated income statement aggregates for Carrefour China, classified as held for sale in 2019 and 2018 in accordance with IFRS 5, are as follows:

(in millions of euros)	2019[(1)]	2018
Net sales	2,610	3,646
Gross margin from recurring operations	649	913
Sales, general and administrative expenses, depreciation and amortisation	(644)	(946)
Recurring operating income/(loss)	5	(32)
Operating income/(loss)	6	(64)
Loss before taxes	(57)	(69)
Income tax expense	(7)	(10)
Net loss for the period	(64)	(79)

(1) The figures shown for 2019 include the earnings of Carrefour China up to September 26, 2019 and the impacts of applying IFRS 16 from January 1, 2019.

5.3.5 MAIN RELATED-PARTY TRANSACTIONS

The main related-party transactions are disclosed in Note 10.3 to the Consolidated Financial Statements.

5.3.6 SUBSEQUENT EVENTS

Acquisitions in France

On January 8, 2020, Carrefour acquired a majority stake in the Lyon-based company Potager City, a producer and distributor of seasonal fruit and vegetable boxes sourced from local producers.

On January 24, 2020, Carrefour acquired a majority stake in the company Dejbox, a pioneer in lunch delivery for business employees located in suburban and outlying areas. Operating in Lille, Lyon, Paris, Bordeaux, Nantes and Grenoble, plus hundreds of other nearby towns and cities, Dejbox delivers over 400,000 meals each month. As part of the Carrefour group, Dejbox will be able to expand its French operations at a rapid pace and very quickly move into international markets.

Accelerating expansion of the buoyant Atacadão format in Brazil

On February 15, 2020, Atacadão signed an agreement with Makro Atacadista to acquire 30 Cash & Carry stores (including the real estate of 22 stores, which are fully-owned, and eight leased stores) and 14 petrol stations, located in 17 states across Brazil, for a total price of 1.95 billion reals, to be paid in cash.

Closing of the transaction remains subject to certain customary conditions, notably including agreement by the owners of the rented properties and approval by CADE, Brazil's anti-trust authority.

5.3.7 RISK FACTORS

Risk factors are presented in Chapter 4 Risk Management and Internal Control of the 2019 Universal Registration Document.

5.4 First-quarter 2020 sales and outlook (Company press release dated April 28, 2020)

On April 28, 2020, the Carrefour group published a press release regarding its first-quarter 2020 sales. This press release is reproduced in this section.

Carrefour mobilized to respond to strong customer demandin the face of the COVID-19 crisis

- **Like-for-like (LFL) growth of +7.8% in Q1 2020, driven by a solid performance in January and February and precautionary purchases in March in the context of the COVID-19 pandemic.**
  - Marked progression across the Group's geographies: France (+4.3% LFL), Europe (+6.1% LFL), Latin America (+17.1% LFL) and Taiwan (+6.0% LFL).
  - Particularly pronounced contrast between food (+9.9% LFL) and non-food (-3.5% LFL).
  - Strong increase in food e-commerce sales (+45%) and in organic products (+30%).
  - Sustained commercial dynamic ahead of the pandemic (+4.3% LFL in January/February).
- **Thanks to the exceptional mobilization of all of the Group's employees in the face of the pandemic, Carrefour is responsibly ensuring its essential mission as a food distributor.**
  - Employee and customer protection, as an absolute priority.
  - Adaptation of offering and price freeze on thousands of products in all countries to help customers cope with purchasing power constraints.
  - Social responsibility measures and concrete solidarity actions: Creation of dedicated services for priority customers (particularly the elderly and caregivers), donations from the Carrefour Foundation, support for local producers.
- **The orientations of the "Carrefour 2022" plan, which have proven to be more relevant than ever, are reiterated. The objectives are confirmed.**

Alexandre Bompard, Chairman and Chief Executive Officer, declared: *"The COVID-19 pandemic creates a serious and unprecedented situation. I would like to salute the exceptional commitment shown by the Group's teams in ensuring continuity of supply and access to food for everyone, especially the most vulnerable. In the exercise of these essential missions, the protection of our employees and customers has been our obsession and we have multiplied measures and investments to this end from day one. In a very atypical quarter, our sales were boosted in January and February by the success of strategic initiatives that we launched two years ago, then experienced a notable acceleration in March. They thus recorded sustained growth over the entire period and in all our regions."*

First-quarter 2020 key figures

			Total variation[2]	
	Sales inc. VAT *(in millions of euros)*	LFL[1]	At current exchange rates	At constant exchange rates
France	9,292	4.3%	2.9%	2.9%
Europe	5,647	6.1%	5.4%	5.6%
Latin America (pre-IAS 29)	3,877	17.1%	(0.1)%	20.6%
Asia	628	6.0%	15.1%	9.2%
GROUP (PRE-IAS 29)	**19,445**	**7.8%**	**3.3%**	**7.5%**
IAS 29 [3]	(10)			
GROUP (POST-IAS 29)	**19,435**			

(1) Excluding petrol and calendar effects and at constant exchange rates.
(2) Variations presented relative to 2019 sales restated for IFRS 5.
(3) Hyperinflation and foreign exchange in Argentina.

5.4.1 A QUARTER MARKED BY ATYPICAL ACTIVITY

Strong momentum of the "Carrefour 2022" plan. Solid commercial performance ahead of the COVID-19 crisis

Carrefour 2022 transformation plan initiatives again confirmed their success in Q1 2020.

- The Group has strengthened its price competitiveness, notably with the launch in France of the "Market Loyalty Rewards" in supermarkets, which has been very successful and has exceeded initial expectations.
- Sales growth of organic products was above +30% in the quarter (more than +25% in January/February).
- Growth of food e-commerce reached +45% in Q1 (more than +30% in January/February).
- The Group continued to reduce under-productive areas in hypermarkets (c. 10,000 sq. m in Q1) and assortments (-12% since the launch of the plan).
- Carrefour-branded products progressed throughout the quarter, with a penetration rate up by circa two percentage points vs Q1 2019.
- Expansion in growth formats continued with the opening of 423 convenience stores (of which 324 in Italy) and 4 Atacadão in Q1.

Prior to the onset of the pandemic, transformation plan initiatives resulted in solid commercial momentum. The Group's LFL growth reached +4.3% in January/February, with a sequential acceleration in most countries compared to previous quarters, particularly in France and Spain.

Carrefour's priority to customer satisfaction has resulted in steady improvement in NPS® month after month, especially during the COVID-19 crisis.

March activity marked by the health crisis

Across all geographies, fairly similar consumption behaviors were observed as the pandemic spread and governments took lockdown decisions.

Ahead of lockdown measures, Carrefour recorded a strong increase in sales, with consumers making precautionary purchases, mainly in dry groceries and products with long shelf lives. All store formats and e-commerce benefited from this very sustained momentum in food. Traffic and average basket hit record levels.

Once lockdown measures were implemented, consumers favored proximity and supermarkets, which are closer to home and more accessible, at the expense of hypermarkets. Across all formats, the number of store visits was reduced, while average basket increased significantly. Food e-commerce kept up its strong momentum.

The non-food market was penalized, notably certain categories such as apparel, which was not considered a priority. In several Group countries, authorities closed down certain non-food departments.

5.4.2 CARREFOUR MOBILIZED IN THE FACE OF THE COVID-19 PANDEMIC

Protection of employees and customers

The Group immediately implemented strong measures to protect the health of employees and customers. In most cases, these measures anticipated and went beyond the health rules recommended by the public authorities in each country. They were adjusted daily.

- Barrier gestures and social distancing.
- Reinforcement of disinfection and hygiene protocols.
- Installation of plexiglass screens at checkouts.
- Regular supply of hydroalcoholic gel.
- Providing employees with gloves, full visor caps, masks and thermometers.
- Queuing at the store entrance in case of crowds.
- Ground markers to respect a safe distance.
- Specific disinfection protocols and quarantine in case of suspected contamination.

The proper application of health, hygiene and safety rules is regularly and strictly controlled and audited.

Working conditions have been adapted to spare the teams:

- adaptation of store opening hours;
- closure of integrated stores in France on Sundays during the strict lockdown period;
- generalization of teleworking for headquarter employees.

Ensure the continuity of food distribution

Carrefour teams mobilized in an exceptional manner to ensure the continuity of food distribution in a complex context.

The Group has kept the supply chain running smoothly:

- establishment of plans to secure supply in stores and warehouses, with specific measures for the most sensitive and priority products;
- establishment of a crisis unit dedicated to steering the supply chain and work with suppliers to increase direct flows;

- rationalization of supplier ranges (SKU reallocation, new suppliers, etc.), risk mapping, especially of shortages, and monitoring of alerts;
- mobilization of headquarters teams in the field, on a voluntary basis;
- recruitment of 5,000 employees in Brazil to strengthen the store teams.

In e-commerce, Carrefour has adapted to the very high demand since the start of the crisis and has reached record NPS® in this segment in France:

- Operations: Immediate implementation of virtual queues on all our websites, versatility of store teams and opening of numerous order preparation points, acceleration of mechanization and work rotations in warehouses
- Services: Development of Drive in Spain and Italy and launch of the model in Argentina and Poland, launch of the "Les Essentiels Carrefour" offer deployed in France and Italy, using a dedicated mini-site to make baskets of essential food items available to customers
- Delivery partnerships: Signature of contracts with UberEats in France and Glovo in Poland

The Group wishes to express its gratitude to its personnel in the field, in stores, in drives, in warehouses, who have contributed to the intense collective effort in this period of crisis. Bonuses, vouchers or other benefits are awarded to these employees in all countries. In France, notably, around 85,000 employees will benefit from a bonus of €1,000 net, representing a total cost of around €85m.

Mobilization in favor of purchasing power

Carrefour mobilized to defend its customers' purchasing power by strengthening its commitments and by freezing prices on thousands of products in all countries, for example on 5,000 Carrefour-branded products and 500 "Unbeatable" products in France.

Numerous solidarity actions

Carrefour is committed to helping hospital and medical staff, as well as the most vulnerable people.

- Priority checkouts and time slots have been dedicated to them in most stores.
- New services (taking orders by phone, meal deliveries, etc.) have been specially set up for them.

The Carrefour Foundation has released €3m for emergency food aid and hospitals:

- contribution to the emergency fund of the Assistance Publique-Hôpitaux de Paris Foundation in France to help medical teams in French hospitals and medical research to defeat COVID-19;
- support for medical teams at San Carlo and San Paolo hospitals in Italy;
- purchase of equipment to help local Red Cross in Poland and Romania.

Carrefour Brazil will distribute the equivalent of BRL 15m in food to families that are the most vulnerable in the face of the virus.

Support for agricultural sectors in the crisis

The health crisis has reduced opportunities for many SMEs in the agricultural/fish and food industries. Carrefour supports players in these sectors and is mobilizing to limit the economic impact they face.

- Carrefour is committed to wholesalers to support French fishing, by guaranteeing volumes and purchase prices on some ten major species.
- For seasonal products in hypermarkets, Carrefour is committed to sourcing exclusively from French farmers.
- The Group was the first retailer to contribute to the Solidarity Fund for Consumers and Citizens created by "C'est qui le patron ?". This fund aims to support people whose self-employed professional activity has been strongly impacted by the crisis (independents, shops, farmers, very small businesses).

Social and societal responsibility measures

In the exceptional context of the pandemic and in a responsible corporate approach, Alexandre Bompard informed the Board of Directors of his decision to give up 25% of his fixed compensation for a period of two months. In addition, the fixed remuneration of the members of the Executive Committee was frozen for all of 2020, and they were asked to forsake 10% of their fixed remuneration for a period of two months. Finally, the members of the Board of Directors have decided to reduce their directors' fees by 25% for the current year.

The corresponding amounts will be used to finance solidarity actions for Group employees, in France and abroad.

In a gesture of social and societal responsibility, the Board of Directors also decided to reduce the dividend proposed for the 2019 financial year by 50%, which will thus amount to 0.23 euro per share.

5.4.3 THE GROUP ENTERS THE CURRENT PERIOD STRENGTHENED BY TWO YEARS OF IMPLEMENTATION OF THE "CARREFOUR 2022" PLAN

Relevance of the transformation plan's strategic directions to address the challenges of the coming years

The coming period will, without a doubt, exacerbate certain consumption trends that had been well identified in the context of the "Carrefour 2022" plan. Thus, Carrefour is entering this period strengthened by two years of implementation of its strategic plan.

- In a particularly volatile period, the simplification of organizations carried out in the past two years and the know-how acquired in the optimization of operational processes, allow greater agility and responsiveness.
- Support for local producers and sourcing from national supply chains are obvious requirements. Carrefour intends to capitalize on and further develop its partnerships with local players (*e.g.* 630 support contracts for conversion to organic farming already signed since the start of the plan).
- The price investments made over the past two years improved price competitiveness in all countries, repositioning Carrefour as one of the most attractive retailers.
- The development of Carrefour-branded products and organic products respond to sustainable market trends: Purchasing power and healthy eating. The Group has already largely developed these products and intends to continue doing so.
- The Group is building on investments made over the past two years to develop a benchmark food e-commerce service. This strategy puts the Group in a strong position to capitalize on the solid growth of this market.

Solid balance sheet, enhanced liquidity and financial discipline: Decisive assets

Since 2018, Carrefour has shown great financial discipline and has strengthened its balance sheet and liquidity. It has one of the strongest balance sheets in the industry.

At April 28, 2020, the Group is rated Baa1 negative outlook by Moody's and BBB stable outlook by Standard & Poor's. These ratings were reiterated after the publication of the 2019 annual results.

The Group's liquidity was strengthened by a bond issue carried out in March for an amount of €1bn maturing in December 2027. The success of this transaction, largely oversubscribed, attests to the great confidence of investors in the Carrefour signature.

In addition, Carrefour Brazil obtained bank financing for BRL 1.5bn over two and three yea rs.

Moreover, the Group has two credit facilities totaling €3.9bn with a maturity in 2026, which have not been drawn down.

Carrefour's solid balance sheet is an important asset in the context of the fast-changing food retail sector as well as in the face of the current pandemic.

5.4.4 FIRST-QUARTER 2020 SALES INC. VAT

Q1 sales were strongly impacted by changes in consumer purchasing behavior and lockdown measures following the outbreak of the COVID-19 pandemic in all of the Group's countries.

On a like-for-like (LFL) basis, first quarter sales inc. VAT were up +7.8%. The period was marked by a particularly strong contrast between the performance of food (+9.9% LFL) and non-food (-3.5% LFL), which is not considered a priority by consumers at a time of crisis and was penalized by lockdown measures and the closure of certain non-food departments. Food e-commerce strongly benefited from the context and posted growth of +45% in Q1.

The Group's sales inc. VAT reached €19,445m pre-IAS 29, an increase of +7.5% at constant exchange rates. After taking into account an unfavorable exchange rate effect of -4.2%, mainly due to the depreciation of the Brazilian Real and the Argentine Peso, the total sales variation at current exchange rates amounted to +3.3%. The petrol effect was a negative -1.5%, given the drop in oil prices and restrictions on mobility at the end of the quarter. The impact of the application of IAS 29 is -€10m.

In **France,** Carrefour's performance was very mixed from one week to another and from one format to another, in line with market trends (source: Nielsen). Q1 2020 sales increased +4.3% on a LFL basis (+5.9% LFL in food and -6.1% LFL in non-food).

- Trends in hypermarkets (+0.9% LFL) improved in January/February and then benefited from precautionary purchases in March. Hypermarkets provide consumers with a broad offer, attractive prices and the opportunity to concentrate purchases in a single place.
- Supermarkets (+8.1% LFL) benefited from their intermediate positioning, combining proximity and broad choice. Carrefour has also strengthened its loyalty scheme with the new "Market Loyalty Premium" launched in January 2020.
- In convenience formats and others (+6.8% LFL):
  - excellent momentum in convenience (+11.0% LFL) continued;
  - promocash's activities were penalized by restaurant closings. Other services (Carrefour Travel, ticketing for shows, etc.) were also impacted;
  - Rue du Commerce's sales are still decreasing. The closing of the sale to Shopinvest is subject to the usual conditions and is expected during the second quarter.

In **Europe**, LFL growth reached +6.1% in the quarter. In January/February, growth in all countries improved sequentially versus previous quarters. In March, Carrefour benefited from precautionary purchases ahead of lockdown. The region has been particularly affected by the pandemic, with very strict lockdown measures, including the closure of most non-food categories in Spain and Italy. In this context:

- in **Spain** (+6.6% LFL), the approach based on customer satisfaction was a key differentiator. Carrefour innovated with the "Juntos para ayudarte" campaign, resulting in a new improvement in NPS®;
- Carrefour **Italy** (+2.5% LFL), with a strong presence in the north of the country that was particularly affected by COVID-19, has capitalized on its multiformat presence. Carrefour decided, from early March, to freeze the prices of 500 basic products;
- in **Belgium** (+6.2% LFL), Carrefour resumed market share gains in Q1, including in the period preceding the COVID-19 crisis (source: Nielsen);
- in **Poland** (+8.8% LFL) and in **Romania** (+9.7% LFL), performance remained very solid.

Strong momentum continued in **Latin America** (+17.1% LFL), which was impacted later by the COVID-19 pandemic:

- in **Brazil,** Q1 sales were up +12.2% at constant exchange rates, with like-for-like growth of +7.6% and a contribution from openings of +4.3%. Foreign exchange had an unfavorable effect of -14.1%. Performance was solid throughout the quarter, with a peak linked to precautionary purchases at the end of March:
  - Carrefour Retail posted sales up +8.9% on a LFL basis, notably thanks to strong momentum in food. Strong growth in e-commerce continued despite a slowdown in non-food,
  - Q1 sales at Atacadão are up +13.6% at constant exchange rates, with LFL growth of +7.0% and a contribution from openings of +6.0%. Atacadão continued to expand, with the opening of 4 new stores in Q1. In addition, Grupo Carrefour Brasil signed an agreement on February 16 with Makro Atacadista SA for the acquisition of 30 Cash & Carry stores, for a price of BRL 1.95bn. The transaction remains subject to customary conditions, including approval by the Brazilian competition authority,
  - Financial services posted a new increase in billings (+26.4% in Q1). During the quarter, Carrefour reinforced selectivity in granting credit;
- in **Argentina** (+70.0% LFL), strong commercial momentum continued, with traffic and volumes increasing continuously. Good commercial positioning and proximity to customers remain differentiating assets.

In Taiwan **(Asia),** sales rose +9.2% at constant exchange rates and +6.0% on an LFL basis in Q1 2020. Effects linked to the COVID-19 pandemic situation were less marked than in other Group geographies. Carrefour benefited from successful commercial operations during Chinese New Year and from the integration of 8 Taisuco stores in 2019.

5.4.5 STRATEGIC ORIENTATIONS AND OBJECTIVES CONFIRMED

The Group is continously working on precisely assessing the impact of the COVID-19 pandemic, notably on the evolution of consumer purchasing behavior.

The Group reiterates the orientations of the "Carrefour 2022" strategic plan and confirms all of its operational and financial objectives.

Operational objectives :

- improvement in the Group NPS® of +15 points over 2020-22 period, i.e. +23 points since the start of theplan;
- reduction of 350,000 sq. m of hypermarket sales area worldwide by 2022;
- -15% reduction in assortments by 2020;
- Carrefour-branded products accounting for one-third of sales in 2022;
- 2,700 convenience store openings by 2022.

Financial objectives :

- €4.2bn in food e-commerce sales in 2022;
- €4.8bn in sales of organic products in 2022;
- three-year cost-reduction plan of €2.8bn on an annual basis by end 2020. Continued cost-reduction momentum beyond 2020;
- €300m in additional disposals of non-strategic real estate assets by 2022.

5.4.6 APPENDIXES TO THE PRESS RELEASE OF APRIL 28, 2020

Application of IAS 29 - Accounting treatment of hyperinflation for Argentina

The impact on Q1 2020 sales is presented in the table below:

Sales incl. VAT *(in millions of euros)*	2019 pre-IAS 29[(1)]	LFL[(2)]	Calendar	Openings	Scope and others[(3)]	Petrol	2020 at constant rates pre-IAS 29	Forex	2020 at current rates pre-IAS 29	IAS 29[(4)]	2020 at current rates post-IAS 29
First-quarter	18,819	7.8%	0.9%	1.3%	(0.8)%	(1.5)%	7.5%	(4.2)%	19,445	(10)	19,435

(1) Restated for IFRS 5.
(2) Excluding petrol and calendar effects and at constant exchange rates.
(3) Including transfers.
(4) Hyperinflation and currencies.

First-quarter 2020 sales inc. vat

The Group's sales amounted to €19,445m pre-IAS 29. Foreign exchange had an unfavorable impact in the first quarter of -4.2%, largely due to the depreciation of the Brazilian Real and the Argentine Peso. Petrol had an unfavorable impact of -1.5%. The calendar effect was a favorable +0.9%. The effect of openings was a favorable +1.3%. The impact of the application of IAS 29 was -€10m.

		Variation ex petrol ex calendar		Total variation inc. petrol	
	Sales inc. VAT *(in millions of euros)*	LFL	Organic	at current exchange rates	at constant exchange rates
France	9,292	4.3%	3.4%	2.9%	2.9%
Hypermarkets	4,624	0.9%	0.3%	(0.7)%	(0.7)%
Supermarkets	3,183	8.1%	6.1%	6.0%	6.0%
Convenience /other formats	1,485	6.8%	7.7%	8.2%	8.2%
Other European countries	5,647	6.1%	5.7%	5.4%	5.6%
Spain	2,281	6.6%	6.3%	5.5%	5.5%
Italy	1,226	2.5%	0.6%	1.0%	1.0%
Belgium	1,053	6.2%	6.0%	6.8%	6.8%
Poland	526	8.8%	8.4%	6.5%	7.0%
Romania	561	9.7%	12.4%	11.9%	13.3%
Latin America (pre-IAS 29)	3,877	17.1%	20.1%	(0.1)%	20.6%
Brazil	3,241	7.6%	11.4%	(2.0)%	12.2%
Argentina (pre-IAS 29)	636	70.0%	68.3%	10.7%	69.7%
Asia	628	6.0%	11.7%	15.1%	9.2%
Taiwan	628	6.0%	11.7%	15.1%	9.2%
GROUP TOTAL (PRE-IAS 29)	**19,445**	**7.8%**	**8.0%**	**3.3%**	**7.5%**
IAS 29[(1)]	(10)				
GROUP TOTAL (POST-IAS 29)	**19,435**				

Variations excluding petrol and calendar effects and total variations including petrol are presented in relation to 2019 sales restated for IFRS 5.

(1) Hyperinflation and currencies.

Expansion under banners – First-quarter 2020

(thousands of sq.m.)	Dec. 31, 2019	Openings/ Store enlargements	Acquisitions	Closures/ Store reductions	Total Q1 2020 change	March 31, 2020
France	5,475	15	2	(25)	(8)	5,467
Europe (ex France)	5,596	238	-	(41)	197	5,793
Latin America	2,616	18	-	(1)	17	2,632
Asia	1,050	1	-	(5)	(4)	1,046
Others(1)	1,379	8	-	(3)	5	1,385
GROUP	**16,116**	**279**	**2**	**(75)**	**206**	**16,322**

(1) Africa, Middle East and Dominican Republic.

Store network under banners – First-quarter 2020

(No. of stores)	Dec. 31, 2019	Openings	Acquisitions	Closures/ Disposals	Transfers	Total Q1 2020 change	March 31, 2020
Hypermarkets	1,207	1	-	(3)	(3)	(5)	1,202
France	248	-	-	-	-	-	248
Europe (ex France)	455	-	-	(2)	-	(2)	453
Latin America	188	-	-	-	(3)	(3)	185
Asia	175	-	-	(1)	-	(1)	174
Others(1)	141	1	-	-	-	1	142
Supermarkets	3,412	134	1	(48)	(70)	17	3,429
France	1,071	4	1	(5)	-	-	1,071
Europe (ex France)	1,798	127	-	(39)	(71)	17	1,815
Latin America	150	1	-	(1)	1	1	151
Asia	77	1	-	-	-	1	78
Others(1)	316	1	-	(3)	-	(2)	314
Convenience stores	7,193	423	-	(127)	71	367	7,560
France	3,959	51	-	(82)	-	(31)	3,928
Europe (ex France)	2,646	370	-	(40)	71	401	3,047
Latin America	530	2	-	(5)	-	(3)	527
Asia	-	-	-	-	-	-	-
Others(1)	58	-	-	-	-	-	58
Cash & carry	413	7	-	(1)	2	8	421
France	146	1	-	-	-	1	147
Europe (ex France)	60	2	-	(1)	-	1	61
Latin America	193	4	-	-	2	6	199
Asia	-	-	-	-	-	-	-
Others(1)	14	-	-	-	-	-	14
GROUP	**12,225**	**565**	**1**	**(179)**	**-**	**387**	**12,612**
France	5,424	56	1	(87)	-	(30)	5,394
Europe (ex France)	4,959	499	-	(82)	-	417	5,376
Latin America	1,061	7	-	(6)	-	1	1,062
Asia	252	1	-	(1)	-	-	252
Others(1)	529	2	-	(3)	-	(1)	528

(1) Africa, Middle East and Dominican Republic.

5.5 Glossary of financial indicators

Free cash flow

Free cash flow is defined as the difference between funds generated by operations (before net interest costs), the variation of working capital requirements and capital expenditure.

Net free cash flow

Net free cash flow is defined as the difference between funds generated by operations (after net interest costs), the variation of working capital requirements, capital expenditure and rent payment on leases.

Like for like sales growth

Sales generated by stores opened for at least twelve months, excluding temporary store closures. Same-store sales are at constant exchange rates, excluding petrol and calendar effects and excluding the IAS 29 impact.

Organic sales growth

Like for like sales growth plus net openings over the past twelve months, including temporary store closures, at constant exchange rates.

Gross margin

Gross margin is the difference between the sum of net sales, other income, reduced by loyalty programme costs and the cost of goods sold. Cost of sales comprises purchase costs, changes in inventory, the cost of products sold by the financial services companies, discounting revenue and exchange rate gains and losses on goods purchased.

Recurring Operating Income (ROI)

Recurring Operating Income is defined as the difference between gross margin and sales, general and administrative expenses, depreciation and amortisation and provisions.

Recurring Operating Income Before Depreciation and Amortisation (EBITDA)

Recurring Operating Income Before Depreciation and Amortisation (EBITDA) excludes depreciation from supply chain activities which is booked in cost of goods sold and excludes non-recurring items as defined below.

Operating income (EBIT)

Operating income (EBIT) is defined as the difference between gross margin and sales, general and administrative expenses, depreciation, amortisation and non-recurring items. This classification is applied to certain material items of income and expense 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.

5.6 Parent company financial review

5.6.1 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 2019, operating income amounted to 144 million euros (unchanged from 2018) and essentially comprised costs rebilled to other Group entities. The operating loss recorded in 2019 came to 33 million euros, stable compared to 2018.

Net financial income for 2019 amounted to 62 million euros, down sharply year on year from 1,419 million euros in 2018. The 1,357 million euro decrease in net financial income chiefly reflects special distributions received in 2018 from Carrefour Nederland BV (1,210 million euros) and from Carrefour Monaco (219 million euros).

Net non-recurring income represented 56 million euros in 2019 and consisted mainly of reversals of provisions for miscellaneous contingencies.

Net income for the year amounted to 266 million euros, including a tax benefit of 181 million euros.

Other transactions

On May 7, 2019, Carrefour carried out a 500-million euro eight-year 1% senior bond issue due May 17, 2027. The issue's settlement date was May 15, 2019 and the issue price was 99.534%.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.750% bonds.

The two issues consolidated the Group's long-term euro financing, kept the average maturity of its bond debt stable (3.5 years at December 31, 2019 vs. 3.6 years at December 31, 2018), and further reduced its borrowing costs.

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

- The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros.
- The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros.

Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request. These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of these facilities from 3.1 years to 5 years.

On November 22, 2019, Carrefour announced the results of its bond buyback program launched on November 14, 2019, covering the following bond tranches:

- 1 billion euros worth of 4.00% bonds due April 9, 2020 (ISIN XS0499243300) (the "2020 bonds");
- 1 billion euros worth of 3.875% bonds due April 25, 2021 (ISIN XS0529414319) (the "2021 bonds").

At the end of the buyback program, bonds representing a total nominal amount of 326,775,000 euros had been tendered to and accepted by Carrefour, including 198,085,000 euros worth of 2020 bonds and 128,690,000 euros worth of 2021 bonds. The buyback was settled on November 26, 2019.

On completion of the buyback, the residual nominal amount outstanding amounted to 801,915,000 euros under the 2020 bonds and 871,310,000 euros under the 2021 bonds.

This successful operation reflects Carrefour's dynamic debt management strategy aimed at optimising its borrowing costs and debt/equity structure.

Payment cycles of suppliers and customers

In accordance with the disclosure requirements of Article L. 441-6-1 of the French Commercial Code (*Code de commerce*), the table below shows the Company's trade payables and trade receivables by due date.

PAYMENT CYCLES OF SUPPLIERS AND CUSTOMERS

	Article D. 441 I-1: Unpaid and overdue incoming invoices at the reporting date						Article D. 441 I-2: Unpaid and overdue outgoing invoices at the reporting date					
Year ended December 31, 2019 *(in thousands of euros)*	0 days	1-30 days	31-60 days	61-90 days	91+ days	Total (1 day or more)	0 days	1-30 days	31-60 days	61-90 days	91+ days	Total (1 day or more)
(A) BY AGEING CATEGORY												
Number of invoices	1	30	3	1	199	233(*)	2	0	1	1	9	16(*)
Total amount (including VAT) of the invoices	20	473	3,605	21	6,741	10,840(*)	6,936	0	98	43	19,733	19,874(*)
Percentage of total amount of purchases (including VAT) over the period	0%	0%	2%	0%	4%	6%						
Percentage of revenue (including VAT) over the period							5%	0%	0%	0%	15%	15%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DOUBTFUL OR UNRECOGNISED PAYABLES AND RECEIVABLES												
Number of invoices excluded	none						none					
Total amount of invoices excluded	0						0					
(C) STANDARD PAYMENT DEADLINES USED (CONTRACTUAL OR LEGAL DEADLINES – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)												
Payment deadlines used to calculate late payments	X	Contractual deadlines (specify)					X	Contractual deadlines (specify)				
		Legal deadlines (specify)						Legal deadlines (specify)				
	The contractual deadlines applied fall within a 20- to 60-day period.						The contractual deadlines applied fall within a 20- to 60-day period.					

(*) Mainly correspond to intragroup invoices.

5.6.2 INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

As part of its effort to manage its equity portfolio, during the year the Company carried out the following transactions:

- capital increase at Carrefour Italia for 120 million euros;
- capital increase at Carrefour Asia for 66 million euros;
- subscription to the capital increase of Adialea for 6 million euros;
- capital increase at Market Pay for 3 million euros;
- liquidation of Hyperdema for 2 million euros.

5.6.3 INCOME APPROPRIATION

It is recommended that the Shareholders' Meeting appropriate distributable income as follows:

Amounts in euros

Net income for the year	**€266,429,419.58**
Allocation to the legal reserve	€4,503,166.25
Retained earnings at December 31, 2019	€2,024,022,736.31
Income available for distribution	€2,285,948,989.64
2019 dividends paid out of distributable profit(1)	**€183,495,831.95**
Balance of retained earnings after allocation	€2,102,453,157.69

(1) Calculated based on shares eligible for dividends (after deduction of treasury shares at December 31, 2019).

The amount of retained earnings includes the dividends not paid out on treasury shares.

In the event of a change in the number of shares eligible for dividends with respect to the 807,265,504 shares comprising the share capital at December 31, 2019, 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 183,495,831.95 euros, which represents a dividend of 0.23 euros per share (taking into account 9,457,539 shares held in treasury at December 31, 2019) before payroll taxes and the 21% withholding tax (*prélèvement obligatoire non libératoire*) stipulated in Article 117 quater of the French General Tax Code (*Code général des impôts*), qualifies, for individuals who are resident in France for tax purposes, for the 40% tax relief described in Article 158-3-2 of the French General Tax Code.

It is recommended that the Shareholders' Meeting offer each shareholder the option to receive the dividend payment:

- in cash;
- or in new Company shares.

The new shares, if the option is exercised, will be issued at a price equal to 95% of the average closing prices listed during the 20 trading sessions on Euronext Paris prior to the date of the Shareholders' Meeting, less the amount of the dividend and rounded up to the nearest euro cent. Such issued shares would carry dividend rights as of January 1, 2020 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 10, 2020 to June 23, 2020 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 June 23, 2020, 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 June 29, 2020. 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
2016	€0.70	€0.70	-
2017	€0.46	€0.46	-
2018	€0.46	€0.46	-

5.6.4 RESEARCH AND DEVELOPMENT

The Company does not implement any research and development policy.

5.6.5 RECENT DEVELOPMENTS

See the Group's management report at December 31, 2019, for information on the outlook for 2020 based on the roll-out of the "Carrefour 2022" plan throughout the Company, its subsidiaries and the Group's equity-accounted associates and joint ventures.

Bond issue

On April 1, 2020, Carrefour carried out a 1 billion euro 2.625% senior bond issue due December 15, 2027.

COVID-19 epidemic

The impacts of the recent, post-reporting date events related to the emergence of the COVID-19 epidemic are at present difficult to evaluate, particularly as the situation is evolving rapidly and constantly.

As a food retailer and provider of bare necessities, Carrefour's priority is to ensure the continuity of its business. The Group is operating in strict compliance with the public health rules introduced by the authorities in each country and is constantly evaluating the measures it must take to protect the health of its employees and customers.

The COVID-19 epidemic is an ongoing event, the duration of which is uncertain, and measures adopted in reaction to it by public authorities (on a national or local scale) are in constant evolution.

Carrefour remains vigilant as to the development of the situation and its consequences.

It is still too early at this stage to assess the impact of the COVID-19 epidemic on the Group, in particular on customers' purchasing behaviour, which may quickly fluctuate (both locally and in time) depending on the evolution of the epidemic and the implementation of local measures (such as confinement).

5.6.6 COMPANY EARNINGS PERFORMANCE IN THE LAST FIVE FINANCIAL YEARS

(in millions of euros)	2019	2018	2017	2016	2015
I – Capital at year-end					
Share capital	2,018	1,973	1,937	1,891	1,846
Issue and merger premiums	17,082	16,856	16,693	16,367	16,023
Number of existing ordinary shares	807,265,504	789,252,839	774,677,811	756,235,154	738,470,794
II – Results of operations for the financial year					
Net income before tax, employee profit-sharing and and depreciation, amortisation and provisions	116	1,726	893	219	626
Income tax	181	186	230	261	193
Employee profit-sharing payable for the financial year					
Net income after tax and employee profit-sharing and depreciation, amortisation and provisions	266	1,485	(4,160)	433	831
Distributed income[1]		253	356	529	517
III – Net income per share					
Net income after tax and employee profit-sharing but before depreciation, amortisation and provisions	0.37	2.42	1.45	0.63	1.11
Net income after tax, employee profit-sharing and depreciation, amortisation and provisions	0.33	1.88	(5.37)	0.57	1.13
Net dividend allocated to each share[1]		0.46	0.46	0.70	0.70
IV – Employees					
Average number of employees during the financial year	5	6	7	7	7
Amount of payroll for the financial year	16	12	17	15	21
Amount paid as employee benefits for the financial year (social security, social services)	6	5	6	4	5

(1) Set by the Board of Directors and to be submitted for approval to the 2020 Shareholders' Meeting.

6

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

The comparative consolidated income and cash flow statement information presented in this report has been restated to reflect the classification of Carrefour China in discontinued operations in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. These restatements are described in Note 5.

On December 31, 2018, the integrated convenience stores business in France was classified in discontinued operations in accordance with IFRS 5.

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* from January 1, 2019. Data presented for the comparative period was not restated, as allowed for by the transitional provisions of IFRS 16.

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the year ended December 31, 2019. Comparative data for 2018 have also been adjusted for hyperinflation.

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.

6.1 Consolidated income statement

(in millions of euros)	*Notes*	2019	2018 restated IFRS 5	% change
Net sales	*7.1*	72,397	72,355	0.1%
Loyalty program costs		(746)	(627)	19.0%
Net sales net of loyalty program costs		**71,651**	**71,728**	**(0.1)%**
Other revenue	*7.1*	2,491	2,438	2.2%
Total revenue		74,142	74,166	(0.0)%
Cost of sales	*7.2*	(58,054)	(58,012)	0.1%
Gross margin from recurring operations		**16,088**	**16,154**	**(0.4)%**
Sales, general and administrative expenses, depreciation and amortisation	*7.2*	(13,999)	(14,216)	(1.5)%
Recurring operating income		2,088	1,937	7.8%
Net income from equity-accounted companies	*10*	2	14	(88.8)%
Recurring operating income after net income from equity-accounted companies		**2,090**	**1,952**	**7.1%**
Non-recurring income and expenses, net	*7.3*	(1,030)	(1,129)	(8.8)%
Operating income		1,060	823	28.9%
Finance costs and other financial income and expenses, net	*15.6*	(338)	(258)	31.1%
Finance costs, net		*(214)*	*(228)*	*(6.2)%*
Net interests related to leases commitment		*(107)*	-	
Other financial income and expenses, net		*(17)*	*(30)*	*(42.7)%*
Income before taxes		**722**	**565**	**27.9%**
Income tax expense	*11.1*	(504)	(529)	(4.8)%
Net income from continuing operations		**219**	**36**	**511.4%**
Net income/(loss) from discontinued operations	*5*	1,092	(380)	387.4%
NET INCOME/(LOSS) FOR THE YEAR		**1,311**	**(344)**	**480.8%**
Group share		**1,129**	**(561)**	**301.4%**
of which net income/(loss) from continuing operations		32	(187)	117.0%
of which net income/(loss) from discontinued operations		1,097	(373)	394.0%
Attributable to non-controlling interests		**182**	**216**	**(16.0)%**
of which net income from continuing operations – attributable to non-controlling interests		187	223	(16.3)%
of which net loss from discontinued operations – attributable to non-controlling interests		(5)	(7)	(23.5)%

Basic earnings per share *(in euros)*	**2019**	2018 restated IFRS 5	% change
Net income/(loss) from continuing operations – Group share – per share	0.04	(0.24)	116.6%
Net income/(loss) from discontinued operations – Group share – per share	1.39	(0.48)	387.9%
Net income/(loss) – Group share – per share	1.43	(0.72)	297.2%

Diluted earnings per share *(in euros)*	**2019**	2018 restated IFRS 5	% change
Diluted net income/(loss) from continuing operations – Group share – per share	0.04	(0.24)	116.6%
Diluted net income/(loss) from discontinued operations – Group share – per share	1.38	(0.48)	387.6%
Diluted net income/(loss) – Group share – per share	1.42	(0.72)	297.0%

Details of earnings per share calculations are provided in Note 14.6.

6.2 Consolidated statement of comprehensive income

(in millions of euros)	*Notes*	**2019**	2018
Net income/(loss) – Group share		1,129	(561)
Net income – Attributable to non-controlling interests		182	216
Net income/(loss) for the year		1,311	(344)
Effective portion of changes in the fair value of cash flow hedges	*14.4*	(5)	(3)
Changes in the fair value of debt instruments through other comprehensive income	*14.4*	(0)	(6)
Exchange differences on translating foreign operations[(1)]	*14.4*	(207)	(446)
Items that may be reclassified subsequently to profit or loss		**(212)**	**(454)**
Remeasurements of defined benefit plans obligation[(2)]	*13.1/14.4*	(110)	50
Changes in the fair value of equity instruments through other comprehensive income		1	0
Items that will not be reclassified to profit or loss		**(109)**	**50**
Other comprehensive loss after tax		(321)	(404)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**990**	**(748)**
Group share		855	(849)
Attributable to non-controlling interests		134	101

These items are presented net of the tax effect (see Note 14.4).

(1) In 2019, exchange differences on translating foreign operations mainly result from the reversal of positive translation adjustments at Carrefour China (i.e., 160 million euros) further to its sale in September 2019, and to a lesser extent from the depreciation of the Brazilian real. In 2018, exchange differences on translating foreign operations mainly reflected the depreciation of the Brazilian real and, to a lesser extent, the Argentine peso.

(2) Remeasurement of the net defined benefit liability recognised in 2019 reflects the decrease in discount rates applied for the eurozone, from 1.60% at December 31, 2018 to 0.75% at December 31, 2019. In 2018, these discount rates had increased, from 1.44% at December 31, 2017 to 1.60% at December 31, 2018.

6.3 Consolidated statement of financial position

ASSETS

(in millions of euros)	Notes	December 31, 2019	December 31, 2018
Goodwill	*8.1*	7,976	7,983
Other intangible assets	*8.1*	1,452	1,461
Property and equipment	*8.2*	11,370	12,637
Investment property	*8.4*	312	389
Right-of-use assets	*9.2*	4,388	-
Investments in companies accounted for by the equity method	*10*	1,246	1,374
Other non-current financial assets	*15.5*	1,507	1,275
Consumer credit granted by the financial services companies – portion more than one year	*7.5*	2,283	2,486
Deferred tax assets	*11.2*	823	723
Other non-current assets	*7.4*	569	379
Non-current assets		31,927	28,709
Inventories	*7.4*	5,867	6,135
Trade receivables	*7.4*	2,669	2,537
Consumer credit granted by the financial services companies – portion less than one year	*7.5*	4,007	3,722
Other current financial assets	*15.2*	252	190
Tax receivables	*7.4*	838	853
Other assets	*7.4*	738	887
Cash and cash equivalents	*15.2*	4,466	4,300
Assets held for sale		37	46
Current assets		18,875	18,670
TOTAL ASSETS		**50,802**	**47,378**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	*Notes*	December 31, 2019	December 31, 2018
Share capital	*14.2*	2,018	1,973
Consolidated reserves (including net income)		7,921	7,196
Shareholders' equity, Group share		9,940	9,169
Shareholders' equity attributable to non-controlling interests	*14.5*	1,736	2,117
Total shareholders' equity		11,675	11,286
Borrowings – portion more than one year	*15.2*	6,303	6,936
Lease commitments – portion more than one year	*9.3*	3,660	-
Provisions	*12*	3,297	3,521
Consumer credit financing – portion more than one year	*7.5*	1,817	1,932
Deferred tax liabilities	*11.2*	655	541
Tax payables – portion more than one year	*7.4*	335	-
Non-current liabilities		16,066	12,930
Borrowings – portion less than one year	*15.2*	997	1,339
Lease commitments – portion less than one year	*9.3*	912	-
Suppliers and other creditors	*7.4*	13,646	14,161
Consumer credit financing – portion less than one year	*7.5*	3,712	3,582
Tax payables – portion less than one year	*7.4*	1,095	1,142
Other payables	*7.4*	2,649	2,938
Liabilities related to assets held for sale		49	-
Current liabilities		23,061	23,162
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**50,802**	**47,378**

6.4 Consolidated statement of cash flows

(in millions of euros)	2019	2018 restated IFRS 5
Income before taxes	722	565
CASH FLOWS FROM OPERATING ACTIVITIES		
Taxes	(499)	(502)
Depreciation and amortisation expense	2,328	1,437
Gains and losses on sales of assets	26	(29)
Change in provisions and impairment	287	486
Finance costs, net	214	228
Net interests related to leases	107	-
Net income and dividends received from equity-accounted companies	101	37
Impact of discontinued operations[1]	114	(115)
Cash flow from operations	**3,400**	**2,107**
Change in working capital requirement[2]	56	113
Impact of discontinued operations[1]	(5)	56
Net cash from operating activities (excluding financial services companies)	**3,452**	**2,276**
Change in consumer credit granted by the financial services companies	(205)	(168)
Net cash from operating activities – Total	3,247	2,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment and intangible assets[3]	(1,725)	(1,560)
Acquisitions of non-current financial assets	(24)	(23)
Acquisitions of subsidiaries and investments in associates[4]	(86)	(189)
Proceeds from the disposal of subsidiaries and investments in associates[5]	338	1
Proceeds from the disposal of property and equipment and intangible assets[6]	347	169
Proceeds from the disposal of non-current financial assets	103	20
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets[3]	84	(21)
Investments net of disposals – subtotal	**(964)**	**(1,602)**
Other cash flows from investing activities	(30)	9
Impact of discontinued operations[1]	(20)	(21)
Net cash used in investing activities	(1,013)	(1,613)

(in millions of euros)	2019	2018 restated IFRS 5
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues to non-controlling interests[7]	75	89
Dividends paid by Carrefour (parent company)[8]	(106)	(152)
Dividends paid by consolidated companies to non-controlling interests	(116)	(82)
Change in treasury stock and other equity instruments	0	42
Change in current financial assets[9]	(2)	(39)
Issuance of bonds[9]	930	1,758
Repayments of bonds[9]	(1,530)	(744)
Net financial interests paid	(236)	(240)
Other changes in borrowings[9]	131	(89)
Payments related to leases[10]	(905)	-
Net interests related to leases[10]	(98)	-
Impact of discontinued operations[1]	(128)	(13)
Net cash from financing activities	(1,987)	529
Net change in cash and cash equivalents before the effect of changes in exchange rates	247	1,023
Effect of changes in exchange rates	(81)	(315)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**166**	**708**
Cash and cash equivalents at beginning of year	4,300	3,593
Cash and cash equivalents at end of year	4,466	4,300

(1) Restatements made to reflect the classification of cash flows relating to discontinued operations in accordance with IFRS 5 are detailed in Note 5.
(2) The change in working capital is set out in Note 7.4.
(3) Acquisitions mostly include operational investments in growing formats, the Group's digitisation and the roll-out of a leading omni-channel offering.
(4) This item mainly reflects the acquisition of a majority interest in the capital of So.bio (transaction described in Note 3.2.1). In 2018, this item mainly reflects the acquisition of a minority interest in the capital of Showroomprivé and a majority interest in the capital of Quitoque.
(5) In 2019, this item mainly reflects the sale of the subsidiary Carrefour China (see Note 2.2).
(6) In 2019, this item mainly reflects the sale of distribution centres owned by the subsidiary Cargo Property Assets (see Note 2.3).
(7) In 2019 and 2018, this item mainly corresponds to the share capital of the subsidiary Cargo Property Assets, subscribed and paid up during the period by third-party investors (non-controlling interests) prior to its sale (see above).
(8) Corresponds to cash dividends paid to shareholders who chose not to reinvest their dividends (see Note 2.7).
(9) Note 15.2 provides a breakdown of total borrowings. Changes in liabilities arising from financing activities are detailed in Note 15.4.
(10) In accordance with IFRS 16, effective from January 1, 2019 (see Note 4), payments under leases along with any related interest are shown in financing cash flows.

6.5 Consolidated statement of changes in shareholders' equity

(in millions of euros)	Shareholders' equity, Group share						
	Share capital[1]	Translation reserve	Fair value reserve	Other consolidated reserves and net income	Total Shareholders' equity, Group share	Non-controlling interests	Total Share-holders' equity
Shareholders' equity at December 31, 2017	1,937	(885)	(24)	9,032	10,059	2,099	12,159
IFRS 9 first application adjustments[2]				(141)	(141)	(119)	(259)
IAS 29 first application adjustments[3]				237	237	0	237
Shareholders' equity at January 1, 2018	1,937	(885)	(24)	9,129	10,155	1,980	12,136
Net income/(loss) for the year 2018	-	-	-	(561)	(561)	216	(344)
Other comprehensive income/(loss) after tax	-	(333)	(5)	50	(288)	(115)	(404)
Total comprehensive income/(loss) 2018	**-**	**(333)**	**(5)**	**(510)**	**(849)**	**101**	**(748)**
Share-based payments	-	-	-	6	6	1	6
Treasury stock (net of tax)	-	-	-	42	42	-	42
2017 dividend payment[4]	36	-	-	(189)	(152)	(90)	(242)
Change in capital and additional paid-in capital[5]	-	-	-	(15)	(15)	113	98
Effect of changes in scope of consolidation and other movements	-	-	-	(17)	(17)	12	(6)
Shareholders' equity at December 31, 2018	1,973	(1,219)	(30)	8,445	9,169	2,117	11,286
IFRS 16 first application adjustments[6]				(9)	(9)	-	(9)
Shareholders' equity at January 1, 2019	1,973	(1,219)	(30)	8,436	9,161	2,117	11,278
Net income/(loss) for the year 2019	-	-	-	1,129	1,129	182	1,311
Other comprehensive income/(loss) after tax[7]	-	(162)	(3)	(109)	(274)	(47)	(321)
Total comprehensive income/(loss) 2019	**-**	**(162)**	**(3)**	**1,020**	**855**	**134**	**990**
Share-based payments	-	-	-	10	10	0	10
Treasury stock (net of tax)	-	-	-	-	-	-	-
2018 dividend payment[4]	43	-	-	(149)	(106)	(136)	(242)
Change in capital and additional paid-in capital	2	-	-	(2)	-	12	12
Effect of changes in scope of consolidation and other movements[8]	-	-	-	19	19	(392)	(373)
Shareholders' equity at December 31, 2019	2,018	(1,381)	(33)	9,335	9,940	1,736	11,675

(1) At December 31, 2019, the share capital was made up of 807,265,504 ordinary shares (see Note 14.2.1).
(2) The Group applied IFRS 9 – *Financial Instruments* for the first time from January 1, 2018. In light of the Group's chosen transition approach, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of the standard was recognised in equity at January 1, 2018.
(3) The Group applied IAS 29 – *Financial Reporting in Hyperinflationary Economies* for the first time from January 1, 2018. In light of IAS 21, comparative data have not been restated and the impact (net of tax) resulting from the first-time application of the standard was recognised in equity at January 1, 2018.
(4) The 2017 dividend distributed by Carrefour SA, totalling 352 million euros, was paid:
- in cash for 152 million euros; and
- in new shares for 200 million euros (corresponding to the aggregate par value of the new shares for 36 million euros and premiums for 164 million euros).

Dividends paid to non-controlling interests in 2018 came to 90 million euros and related mainly to the Brazilian and French subsidiaries.
The 2018 dividend distributed by Carrefour SA, totalling 359 million euros, was paid:
- in cash for 106 million euros; and
- in new shares for 253 million euros (corresponding to the aggregate par value of the new shares for 43 million euros and premiums for 210 million euros).

Dividends paid to non-controlling interests in 2019 came to 136 million euros and related mainly to the Brazilian and French subsidiaries.
(5) Change in capital and additional paid-in capital in 2018 primarily concerned the new share issued by Cargo Property Assets to third-party investors (non-controlling interests) in the second half of the year.
(6) The Group applied IFRS 16 – *Leases* for the first time from January 1, 2019. In light of the Group's chosen transition approach, comparative data have not been restated and the impact resulting from the first-time application of IFRS 16 (detailed in Note 4) has been recognised in equity at January 1, 2019.
(7) For Group share data, the translation reserve in 2019 essentially reflects the transfer of exchange differences with a credit balance recognised by Carrefour China for a negative 130 million euros (see Note 2.2). Other consolidated reserves and net income recognised in 2019 relate to the remeasurement of the net defined benefit liability following the decrease in discount rates applied for the eurozone.
(8) For data relating to non-controlling interests, the effect of changes in the scope of consolidation and other movements in 2019 essentially relates to the removal from the scope of consolidation of non-controlling interests in Cargo Property Assets (negative 442 million-euro impact) and in Carrefour China (positive 70 million-euro impact) – see Notes 2.2 and 2.3.

6.6 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, 2019 were approved for publication by the Board of Directors on February 26, 2020. 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, 2019 reflect the financial position and results of operations of the Company and its subsidiaries (together the "Group"), along with the Group's share of the profits and losses and net assets of associates and joint ventures accounted for by the equity method. The presentation currency of the Consolidated Financial Statements is the euro, which is the Company's functional currency.

1.1 Statement of compliance

In accordance with European Regulation (EC) 1606/2002 dated July 19, 2002, the 2019 Consolidated Financial Statements have been prepared in compliance with the International Financial Reporting Standards as adopted by the European Union as of December 31, 2019 and applicable at that date, with 2018 comparative information prepared using the same standards.

International accounting standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRS Interpretations Committee (IFRS IC) Interpretations and Standing Interpretations Committee (SIC) Interpretations.

All of the standards and interpretations endorsed by the European Union are published in the Official Journal of the European Union, which can be accessed in the EUR-Lex.

At December 31, 2019, the standards and interpretations adopted by the European Union were the same as those published by the IASB and applicable at that date.

1.2 Changes of accounting policies

The accounting policies used to prepare the 2019 Consolidated Financial Statements are the same as those used for the 2018 Consolidated Financial Statements, expect for the following standards, amendments and interpretations, whose application is mandatory as of January 1, 2019:

- IFRS 16 – *Leases*: the impacts of IFRS 16 on the Consolidated Financial Statements are described in Note 4;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*: the impacts of IFRIC 23 on the Consolidated Financial Statements are described in Note 4;
- amendments to IFRS 9 – *Prepayment Features with Negative Compensation*: these amendments had no material impact on the Consolidated Financial Statements;
- amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*: these amendments had no material impact on the Consolidated Financial Statements;
- amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*: these amendments had no material impact on the Consolidated Financial Statements;
- IFRS Annual Improvements – 2015-2017 Cycle: these amendments had no material impact on the Consolidated Financial Statements.

ADOPTED BY THE EUROPEAN UNION BUT NOT EARLY ADOPTED BY THE GROUP

Standards, amendments and interpretations	Effective date
Amendments to IAS 1 and IAS 8 – *Definition of Material*	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform*	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

NOT YET ADOPTED BY THE EUROPEAN UNION

Standards, amendments and interpretations	Effective date(1)
Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Application deferred indefinitely by the IASB
Amendments to IFRS 3 – *Definition of a Business*	January 1, 2020
IFRS 17 – *Insurance Contracts*	January 1, 2021

(1) Subject to adoption by the European Union.

The Group is currently analysing the potential impacts of applying IFRS 17. It does not expect the application of the other standards, amendments or interpretations to have a material impact on its Consolidated Financial Statements.

1.3 Use of estimates and judgement

Preparation of Consolidated Financial Statements involves the use of Group Management estimates and assumptions that may affect the reported amounts of certain assets, liabilities, income and expenses, as well as the disclosures contained in the notes. These estimates and assumptions are reviewed at regular intervals by Group management to ensure that they are reasonable in light of past experience and the current economic situation. Depending on changes in those assumptions, actual results may differ from current estimates. In addition to using estimates, Group management exercises his judgement when determining the appropriate accounting treatment of certain transactions and activities and how it should be applied.

The estimates and judgements applied for the preparation of these Consolidated Financial Statements mainly concern:

- measurement of rebates and commercial income (see Note 7.2.1);
- useful lives of operating assets (see Note 8);
- definition of cash-generating units (CGUs) for the purpose of impairment tests on non-current assets other than goodwill (see Note 8.3);
- recoverable amount of goodwill, other intangible assets and property and equipment (see Note 8.3);
- measurement of right-of-use assets and lease commitments in accordance with IFRS 16 – *Leases* (see Note 9);
- measurement of impairment of loans granted by the financial services companies (see Note 7.5.1), as well as provisions for credit risk on loan commitments (see Note 12.1);
- measurement of fair value of identifiable assets acquired and liabilities assumed in business combinations (see Note 3.1);
- recognition of deferred tax assets and some tax credits (see Note 11) and determination of uncertainties in income taxes under IFRIC 23 (see Note 11.4);
- measurement of provisions for contingencies and other business-related provisions (see Note 12);
- assumptions used to calculate pension and other post-employment benefit obligations (see Note 12.1);
- determination of the level of control or influence exercised by the Group over investees (see Notes 3 and 10).

1.4 Measurement bases

The Consolidated Financial Statements have been prepared using the historical cost convention, except for:

- certain financial assets and liabilities measured using the fair value model (see Note 15);
- assets acquired and liabilities assumed in business combinations, measured using the fair value model (see Note 3.1);
- non-current assets held for sale, measured at the lower of carrying amount and fair value less costs to sell.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the hierarchy defined in IFRS 13 – *Fair Value Measurement*, there are 3 levels of inputs:

- level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities;
- level 2 inputs: models that use inputs that are observable for the asset or liability, either directly (*i.e.*, prices) or indirectly (*i.e.*, price-based data);
- level 3 inputs: inputs that are intrinsic to the asset or liability and are not based on observable market data for the asset or liability.

Argentina is classified as a hyperinflationary economy within the meaning of IFRSs. IAS 29 – *Financial Reporting in Hyperinflationary Economies* is therefore applicable to the Consolidated Financial Statements for the year ended December 31, 2019; data for the comparative period presented have also been adjusted for inflation.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

2.1 Simplification of the organisation as part of the "Carrefour 2022" transformation plan

In 2019, the following transformation plans were announced for France and Italy:

- on May 15, 2019, Carrefour Hypermarchés France signed a majority mutually agreed termination arrangement with its trade unions, and had approved almost 3,000 dossiers by the end of that year. The agreement notably concerns shutting down the jewellery department, moving the multimedia department to self-service, and automating the petrol stations ;
- on February 15, 2019, Carrefour Italy announced its transformation plan for 2019-2022 to the trade unions. The plan sets out several operational measures, such as opening several hundred stores in the Market and Express formats, stepping up the e-commerce business, updating the hypermarket model and reducing surface area on a targeted basis in some supermarkets. The plan also details reorganisation measures leading to a significant reduction of the number of head office employees and sales teams, particularly at hypermarkets.

These transformation plans were rolled out in 2019. Most of the corresponding provisions remaining at December 31, 2019 (see Note 12.1) will be utilised in 2020.

2.2 Sale of Carrefour China

On June 23, 2019, the Group announced that it had signed an agreement to sell an 80% equity interest in Carrefour China to Chinese group Suning.com. The sale took effect on September 26, 2019, following approval from the Chinese competition authorities.

With a presence in China dating back to 1995, the company Carrefour China operates a network of 210 hypermarkets and 24 convenience stores. In 2018, it generated net sales of 3.6 billion euros and EBITDA of 66 million euros.

The final sale price for the 80% interest in Carrefour China was 4.8 billion renminbi, corresponding to 615 million euros at September 26, 2019. A disposal gain of around 1.15 billion euros was recognised within net income from discontinued operations in 2019.

The agreement signed with Suning.com gives several liquidity windows for this residual 20% stake:

- during the 90 days following the second anniversary of the transaction date (September 26, 2019), the Group may exercise a put option to sell its residual 20% interest to Suning.com at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest, *i.e.*, 20% of 6 billion renminbi, representing 153 million euros at the exchange rate as of December 31, 2019;
- at the end of this period and for a period of 90 days, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at a price equal to 20% of equity as calculated at the date of the sale of the 80% interest;
- during the three years following the third anniversary of the transaction date, Carrefour may exercise a put option to sell its residual 20% interest to Suning.com at market value;
- during the three years following the fourth anniversary of the transaction date, Suning.com may exercise a call option to purchase the residual 20% interest held by Carrefour at market value.

As the options exercisable from the second anniversary of the transaction have virtually the same characteristics and a fixed exercise price, it is considered virtually certain that they will be exercised and that consequently, the Group effectively sold its entire equity interest in Carrefour China on September 26, 2019. A financial receivable has therefore been recognised in this respect in the consolidated statement of financial position (within "Other non-current financial assets") for 1.2 billion renminbi. The euro amount will be impacted by fluctuations in the EUR/RMB exchange rate, which will be taken to finance costs and other financial income and expenses (within "Other financial income and expenses").

For more details on the impacts of this sale on the Consolidated Financial Statements for the year ended December 31, 2019, see Note 5.

2.3 Sale of Cargo Property Assets

During the spring of 2019, the Group began the process to sell its subsidiary Cargo Property Assets, which owns 22 distribution centres in France. A preliminary agreement to sell the subsidiary's entire share capital was signed on July 10, 2019 with Argan, a listed property company, and the sale took effect on October 15, 2019. The subsidiary's assets comprise property and equipment with a net carrying amount of 577 million euros at the effective date of the sale.

The sale price attributable to the Group amounted to 288 million euros (corresponding to 32%). The price was settled in cash for 231 million euros and in the acquirer's listed shares for 57 million euros, representing around 5% of Argan's capital following the transaction.

For accounting purposes, the disposal gain was adjusted for the impact of applying IFRS 16 to sale and leaseback transactions (all non-current assets have been re-leased by the Group). A post-IFRS 16 disposal gain was recognised in 2019 for approximately 45 million euros before tax within non-recurring operating income.

In early December 2019, the Group sold virtually all of its stake in Argan held through private placements with institutional investors for 80 million euros, resulting in an additional 24 million-euro gain included in finance costs and other financial income and expenses. Following this transaction the Group held 0.2% of Argan's share capital, which it sold in February 2020.

2.4 Unilateral promise given by Shopinvest to buy Rue du Commerce

On November 8, 2019, the Group announced that it had received a firm offer from Shopinvest for the acquisition of 100% of the share capital of Rue du Commerce. Following this operation, Rue du Commerce will join Shopinvest, an e-commerce group founded in 2011, which operates a portfolio of 11 websites, including 3 Suisses.

The divestment project has been submitted to the employee representative bodies of Rue du Commerce and remains subject to other customary closing conditions at December 31, 2019.

In accordance with IFRS 5, the subsidiary's assets and liabilities were classified within assets held for sale and related liabilities from August 2019, and measured at the lower of their net carrying amount and fair value less costs to sell. In light of the financial terms of the unilateral promise given by Shopinvest, these assets were written down in full at December 31, 2019 against non-recurring operating income.

2.5 Securing the Group's long-term financing

On May 7, 2019, Carrefour carried out a new 500-million euro eight-year 1.00% bond issue due May 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.75% bonds.

The two issues consolidated the Group's long-term euro financing, kept the average maturity of its bond debt stable (at 3.5 years at December 31, 2019 and 2018), and further reduced its borrowing costs.

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request.

These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of these facilities from 3.1 years to 4.5 years.

On January 7, 2019, Brazilian subsidiary Atacadão also issued short-term debentures in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019. The second tranche with an initial maturity of January 6, 2020 was redeemed early on November 28, 2019.

On November 18, 2019, the Brazilian subsidiary issued long-term debentures in three tranches, for 450, 350 and 200 million reals respectively (around 100, 80 and 45 million euros), maturing in June 2022, June 2024 and June 2026 respectively.

2.6 Bond buyback program

On November 14, 2019, Carrefour launched a partial bond buyback program covering the following bond tranches:

- 1 billion euros worth of 4.00% bonds maturing on April 9, 2020 (ISIN XS0499243300) (the "2020 bonds");
- 1 billion euros worth of 3.875% bonds maturing on April 25, 2021 (ISIN XS0529414319) (the "2021 bonds").

At the end of the buyback program, bonds representing a total nominal amount of 326,775,000 euros had been tendered to and accepted by Carrefour, including 198,085,000 euros worth of 2020 bonds and 128,690,000 euros worth of 2021 bonds.

The buyback was settled on November 26, 2019. On completion of the buyback, the residual nominal amount outstanding amounted to 801,915,000 euros under the 2020 bonds and 871,310,000 euros under the 2021 bonds.

This operation reflects Carrefour's dynamic debt management strategy aimed at optimising its borrowing costs and debt/equity structure.

2.7 2018 dividend reinvestment option

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 14.78 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 24 to July 5, 2019. At the end of this period, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividends.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

1 2 3 4 5 6 7 8 9

NOTE 3 SCOPE OF CONSOLIDATION

3.1 Accounting principles

Basis of consolidation

The Consolidated Financial Statements include the financial statements of subsidiaries from the date of acquisition (the date when the Group gains control) up to the date when the Group ceases to control the subsidiary, and the Group's equity in associates and joint ventures accounted for by the equity method.

(i) Subsidiaries

A subsidiary is an entity over which the Group exercises control, directly or indirectly. An entity is controlled when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group considers all facts and circumstances when assessing whether it controls an investee, such as rights resulting from contractual arrangements or substantial potential voting rights held by the Group.

The profit or loss of subsidiaries acquired during the year is included in the Consolidated Financial Statements from the date when control is acquired. The profit or loss of subsidiaries sold during the year or that the Group ceases to control, is included up to the date when control ceases.

Intra-group transactions and assets and liabilities are eliminated in consolidation. Profits and losses on transactions between a subsidiary and an associate or joint venture accounted for by the equity method are included in the Consolidated Financial Statements to the extent of unrelated investors' interests in the associate or joint venture.

(ii) Associates and joint ventures

Entities in which the Group exercises significant influence (associates), and entities over which the Group exercises joint control and that meet the definition of a joint venture, are accounted for by the equity method, as explained in Note 10 "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 or 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 15 "Financial assets and liabilities, finance costs and other financial income and expenses".

Business combinations

Business combinations, when the Group acquires control of one or more businesses, 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 the revised IFRS 3 – *Business Combinations*.

- As of the acquisition date, the identifiable assets acquired and liabilities assumed are recognised and measured at fair value.
- Goodwill corresponds to the excess of (i) the sum of the consideration transferred (*i.e.*, the acquisition price) and the amount of any non-controlling interest in the acquiree, over (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. It is recorded directly in the statement of financial position of the acquiree, in the latter's functional currency, and is subsequently tested for impairment at the level of the cash-generating unit (CGU) to which the acquiree belongs, by the method described in Note 8.3. Any gain from a bargain purchase (*i.e.*, negative goodwill) is recognised directly in profit or loss.
- For each business combination on a less than 100% basis, the acquisition date components of non-controlling interests in the acquiree (*i.e.*, interests that entitle their holders to a proportionate share of the acquiree's net assets) are measured at either:
  - fair value, such that part of the goodwill recognised at the time of the business combination is allocated to non-controlling interests ("full goodwill" method); or
  - the proportionate share of the acquiree's identifiable net assets, such that only the goodwill attributable to the Group is recognised ("partial goodwill" method).

The method used is determined on a transaction-by-transaction basis.

- The provisional amounts recognised for a business combination may be adjusted during a measurement period that ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, or at the latest 12 months from the acquisition date. Adjustments during the measurement period to the fair value of the identifiable assets acquired and liabilities assumed or the consideration transferred are offset by a corresponding adjustment to goodwill, provided they result from facts and circumstances that existed as of the acquisition date. Any adjustments identified after the measurement period ends are recognised directly in profit or loss.

- For a business combination achieved in stages (step acquisition), when control is acquired the previously held equity interest is remeasured at fair value through profit or loss. In the case of a reduction in the Group's equity interest resulting in a loss of control, the remaining interest is also remeasured at fair value through profit or loss.
- Transaction costs are recorded directly as an operating expense for the period in which they are incurred.

At the IFRS transition date, the Group elected to maintain the accounting treatment for business combinations applied under previous accounting standards, in line with the option available to first-time adopters under IFRS 1 – *First-time Adoption of International Financial Reporting Standards*.

Changes in ownership interest not resulting in a change of control

Any change in the Group's ownership interest in a subsidiary that does not result in control being acquired or lost is qualified as a transaction with owners in their capacity as owners and recorded directly in equity in accordance with IFRS 10 – *Consolidated Financial Statements*. It is shown in cash flows from financing activities in the statement of cash flows.

Translation of the financial statements of foreign operations

The Consolidated Financial Statements are presented in euros.

An entity's functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Group entities is the currency of their home country.

The financial statements of entities whose functional currency is not the euro and is not the currency of a hyperinflationary economy are translated into euros as follows:

- assets and liabilities are translated at the period-end closing rate;
- income and expenses are translated at the weighted average exchange rate for the period;
- all resulting exchange differences are recognised in "Other comprehensive income" and are taken into account in the calculation of any gain or loss realised on the subsequent disposal of the foreign operation;
- items in the statement of cash flows are translated at the average rate for the period unless the rate on the transaction date is materially different.

In both 2019 and 2018, Argentina was classified as a hyperinflationary economy within the meaning of IAS 29 (see Note 1.4).

Translation of foreign currency transactions

Transactions by Group entities in a currency other than their functional currency are initially translated at the exchange rate on the transaction date.

At each period-end, monetary assets and liabilities denominated in foreign currency are translated at the period-end closing rate and the resulting exchange gain or loss is recorded in the income statement.

Intra-group loans to certain foreign operations are treated as part of the net investment in that operation if settlement of the loan is neither planned nor likely to occur. The gain or loss arising from translation of the loan at each successive period-end is recorded directly in "Other comprehensive income" in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

Non-current assets and disposal groups held for sale and discontinued operations

If the Group expects to recover the carrying amount of a non-current asset (or disposal group) principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under "Assets held for sale" in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. Liabilities related to non-current assets held for sale are also reported on a separate line of the consolidated statement of financial position (under "Liabilities related to assets held for sale"). Following their classification as held for sale, the assets concerned are measured at the lower of their carrying amount and fair value less costs to sell and they cease to be depreciated or amortised.

All the assets and liabilities of the discontinued operation are presented on separate lines on each side of the statement of financial position after eliminating intra-group items.

A discontinued operation is a component of the Group that has been either disposed of or classified as held for sale, and:

- represents a separate major line of business or geographical area of operations; and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

It is classified as a discontinued operation at the time of sale or earlier if its assets and liabilities meet the criteria for classification as "held for sale". When a component of an entity is classified as a discontinued operation, comparative income statement and cash flow information is restated as if the entity had met the criteria for classification as a discontinued operation on the first day of the comparative period.

3.2 Main changes in scope of consolidation

3.2.1 Transactions carried out in 2019

SALE OF CARREFOUR CHINA

See Note 2.2.

SALE OF CARGO PROPERTY ASSETS

See Note 2.3.

ACQUISITION OF SO.BIO

On July 18, 2018, Carrefour announced that it had acquired So.bio, a chain of retail stores specialised in organic products (12 outlets in France at December 31, 2019). This acquisition was subject to approval by the relevant anti-trust authorities. On February 28, 2019, the transaction was approved by the anti-trust authorities.

In accordance with IFRS 3 – *Business Combinations*, the Group measured the assets acquired and liabilities assumed at the acquisition date. Based on these provisional measurements, provisional goodwill in the amount of 37 million euros was recognised in the consolidated statement of financial position at December 31, 2019 in respect of the So.bio acquisition.

The revenue and profit attributable to So.bio recorded in the consolidated statement of comprehensive income for the period was not material.

3.2.2 Transactions carried out in 2018

STRATEGIC PARTNERSHIP WITH SHOWROOMPRIVÉ

On January 11, 2018, Carrefour announced that it had signed a strategic agreement with Showroomprivé, Europe's second-largest online private sales player. This partnership is part of both groups' strategy of developing a leading omni-channel offering, and notably covers areas such as sales, marketing, logistics and data.

In order to seal the partnership, Carrefour acquired 16.9% of Showroomprivé's share capital (13.7% of its voting rights) on February 7, 2018. This took the form of an off-market acquisition of the block of shares owned by Conforama, a Steinhoff group subsidiary, at a price of 13.5 euros per share, for a total amount of around 79 million euros, paid in full during the first half of 2018.

In December 2018, Carrefour acquired newly issued Showroomprivé shares at a price of 2.5 euros per share, representing a total investment of 11 million euros.

Following these transactions, Carrefour holds 20.5% of Showroomprivé's share capital (representing 17.7% of its voting rights). The founders have retained 33.1% of the capital and 42% of the voting rights. These respective percentages remained unchanged at December 31, 2019.

Since the Group exercises significant influence over Showroomprivé in light of its representation on the company's Board of Directors, the shareholding acquired on February 7, 2018 was recognised in the Consolidated Financial Statements from the same date using the equity method of accounting. The equity method was still deemed the appropriate method to account for Showroomprivé following the December 2018 share issue and was also used in 2019.

ACQUISITION OF QUITOQUE

On March 15, 2018, Carrefour acquired a majority stake in the Quitoque start-up, a leading player in home-delivered meal kits and a French pioneer in the Foodtech industry. In accordance with IFRS 3 – *Business Combinations*, following the evaluation of the assets acquired and liabilities assumed carried out by the Group, provisional goodwill of 36 million euros was recognised in the consolidated statement of financial position at December 31, 2018 in respect of the Quitoque acquisition. The final amount of goodwill recognised at December 31, 2019 was 36 million euros. The revenue and profit attributable to Quitoque recorded in the consolidated statement of comprehensive income for the period was not material.

ACQUISITION OF PLANETA HUERTO

On September 28, 2018, Carrefour announced that its subsidiary, Greenweez, Europe's leading online distributor of organic products, had acquired Planeta Huerto. Based in Alicante, Spain, Planeta Huerto was created at the end of 2011 by the Sanchez brothers. In seven years, it has established itself as the undisputed leader in Spain and Portugal in online sales of organic, healthy and sustainable products. The revenue and profit attributable to Planeta Huerto recorded in the consolidated statement of comprehensive income for the period was not material.

3.3 Scope of consolidation at December 31, 2019

The list of consolidated companies (subsidiaries and associates) is presented in Note 19.

The Group reviewed its analyses of control over subsidiaries in which it is not the sole investor, in light of changes in facts and circumstances during the year, and particularly those transactions described in Note 3.2. Based on its review, there were no changes in the type of control exercised over these subsidiaries.

3.4 Net income/(loss) from discontinued operations

In 2019, net income from discontinued operations amounted to 1,092 million euros, corresponding mainly to the gain on the sale of Carrefour China to China's Suning.com on September 26, 2019 (see Note 2.2). Net income from discontinued operations also includes the net income of Carrefour China in the first nine months of 2019. This net income is reported on a separate line in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, together with the comparative 380 million-euro loss for 2018 (see Note 5), which essentially reflects the impact of discontinuing the integrated convenience stores business in France in that year.

NOTE 4 IMPACT OF CHANGES IN ACCOUNTING POLICIES

The Group applied IFRS 16 – *Leases* and IFRIC 23 – *Uncertainty over Income Tax Treatments* from January 1, 2019.

A description of the main changes in accounting policies as a result of applying these standards and the impacts of these changes are summarised below.

- changes resulting from the application of IFRS 16 led to a net positive impact of 5.0 billion euros on total assets, including a negative impact of 9 million euros on equity. The Group has chosen to apply IFRS 16 using the simplified retrospective approach from January 1, 2019. Data presented for the comparative period was not restated, as allowed for by the transitional provisions of IFRS 16;
- the application of IFRIC 23 has not led to changes in the methods used to assess tax uncertainties used by the Group to date. However, tax risks relating to income tax, previously classified in provisions, are now shown on a separate line under current or non-current tax payables, depending on whether they fall due within or after one year (in accordance with the decision published by the IFRS IC in September 2019). These provisioned tax risks amounted to 459 million euros at December 31, 2018 (392 million euros at December 31, 2017) – cf. Note 7.4.5.

The table below summarises the impact of applying IFRS 16 and IFRIC 23 on the opening statement of financial position in the Consolidated Financial Statements for the year ended December 31, 2019:

ASSETS

(in millions of euros)	December 31, 2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	January 1, 2019
Goodwill	7,983			7,983
Other intangible assets	1,461	(41)		1,420
Property and equipment	12,637	(367)		12,270
Investment property	389			389
Right-of-use Assets	-	5,244		5,244
Investments in companies accounted for by the equity method	1,374			1,374
Other non-current financial assets	1,275	191		1,466
Consumer credit granted by the financial services companies – portion more than one year	2,486			2,486
Deferred tax assets	723			723
Other non-current assets	379	(26)		353
Non-current assets	**28,709**	**5,000**	**-**	**33,709**
Inventories	6,135			6,135
Trade receivables	2,537			2,537
Consumer credit granted by the financial services companies – portion less than one year	3,722			3,722
Other current financial assets	190	42		232
Tax receivables	853			853
Other assets	887	(17)		870
Cash and cash equivalents	4,300			4,300
Assets held for sale	46			46
Current assets	**18,670**	**25**	**-**	**18,694**
TOTAL ASSETS	**47,378**	**5,025**	**-**	**52,403**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in millions of euros)	December 31, 2018	IFRS 16 first application impacts	IFRIC 23 first application impacts	January 1, 2019
Share capital	1,973			1,973
Consolidated reserves (including net income)	7,196	(9)		7,188
Shareholders' equity, Group share	**9,169**	**(9)**	**-**	**9,161**
Shareholders' equity attributable to non-controlling interests	2,117			2,117
Total shareholders' equity	11,286	(9)	-	11,278
Borrowings – portion more than one year	6,936	(230)		6,706
Lease commitments – portion more than one year	-	4,272		4,272
Provisions	3,521	54	(459)	3,116
Consumer credit financing – portion more than one year	1,932			1,932
Deferred tax liabilities	541			541
Tax payables – portion more than one year	-		382	382
Non-current liabilities	12,930	4,096	(77)	16,949
Borrowings – portion less than one year	1,339	(45)		1,294
Lease commitments – portion less than one year	-	984		984
Suppliers and other creditors	14,161	(2)		14,160
Consumer credit financing – portion less than one year	3,582			3,582
Tax payables – portion less than one year	1,142		77	1,219
Other payables	2,938	(1)		2,937
Liabilities related to assets held for sale	-			-
Current liabilities	23,162	937	77	24,176
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,378**	**5,025**	**-**	**52,403**

4.1. IFRS 16 – *Leases*

This note details the impacts of the first-time application of IFRS 16 – *Leases* on Carrefour's Consolidated Financial Statements. These impacts do not take into account the IFRS IC's decision of December 16, 2019, the impacts of which are currently being analysed by the Group (see point 4.1.4). The IFRS 16 accounting policies applied to the Consolidated Financial Statements for the year ended December 31, 2019 are described in Note 9.

4.1.1 Impacts recognised at January 1, 2019, date of the first-time application of IFRS 16

The Group has chosen to apply IFRS 16 using the simplified retrospective approach from January 1, 2019. The 2018 Financial Statements have not been restated.

At January 1, 2019, the amount of lease commitments represents the present value of lease payments due over the reasonably certain term of the lease.

The amount of right-of-use assets represents the amount of lease commitments, adjusted where necessary for leasehold rights and for any prepaid lease payments or lease incentives receivable from the lessor and recognised at December 31, 2018. This figure also includes a provision for dismantling where applicable. Right-of-use assets are adjusted for any onerous leases.

The discount rate used at January 1, 2019 is the incremental borrowing rate (the weighted average incremental borrowing rate at January 1, 2019 is 4.62% at consolidated level and 3.26% excluding Carrefour China) as calculated over the initial term of each lease. This was calculated for each country using a risk-free yield curve and a spread (the same spread is used for all subsidiaries in a given country).

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing and storage contracts with a lease component.

The leased assets' reasonably certain period of use is determined based on:

- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to company cars, cars and vans for rental to customers, trucks and light commercial vehicles.

1 2 3 4 5 6 7 8 9

RECONCILIATION OF OFF-BALANCE SHEET COMMITMENTS AT DECEMBER 31, 2018 WITH IFRS 16 LEASE COMMITMENTS AT JANUARY 1, 2019

(in millions of euros)	
Operating leases commitments as a lessee at December 31, 2018	3,569
Contracts not accounted for in accordance with IFRS 16 exemptions	(95)
Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain	2,301
Non discounted leases commitments under IFRS 16 at January 1, 2019	**5,775**
Discount impact	(793)
Discounted leases commitments under IFRS 16 at January 1, 2019	**4,981**
Finance leases liability under IAS 17 at December 31, 2018	275
TOTAL LEASE COMMITMENTS AT JANUARY 1, 2019	**5,256**
Including leases commitments – Portion less than one year	*984*
Including leases commitments – Portion more than one year	*4,272*

Applying IFRS 16 also impacts the following items in the Consolidated Financial Statements:

- at the transition date, right-of-use assets and lease commitments relating to leases previously classified as finance leases under IAS 17 are written back at their carrying amount immediately before the date of first-time application. Right-of-use assets relating to leases previously classified as finance leases represent 367 million euros, while finance lease liabilities represent 275 million euros;
- leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening statement of financial position in this respect for 41 million euros;
- prepaid lease payments and lease incentives to be recognised over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets;
- right-of-use assets have been derecognised and financial receivables recognised in respect of sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a negative impact of 9 million euros on opening equity.

At January 1, 2019, right-of-use assets relate to the following asset categories:

(in millions of euros)	Right of Use Assets
Land & Buildings	4,970
Equipment, fixtures and fittings	116
Investment property	158
TOTAL	**5,244**

4.1.2 Impact on segment information

At January 1, 2019, segment assets and liabilities increased in all regions following the application of IFRS 16:

(in millions of euros)	Group	France	Europe	Latin America	Asia	Global Functions
Right-of-use assets	5,244	1,265	2,252	240	1,251	235
Lease commitments	5,256	1,255	2,433	241	1,100	228

4.1.3 Practical expedients adopted by the Group at January 1, 2019

The Group applied the following practical expedients upon the first-time application of IFRS 16:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics. This approach was applied to vehicle fleets;
- use of its assessment of whether leases are onerous by applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at January 1, 2019. Right-of-use assets were adjusted by the amount recognised in respect of any provisions for onerous leases (leases at above-market rates) immediately before the date of first-time application;
- exclusion of initial direct costs from the measurement of right-of-use assets at the date of first-time application;
- use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The Group also chose not to review contracts to determine whether or not they contained a lease at the transition date. Accordingly, contracts not identified as leases under IAS 17 and IFRIC 4 before the date of first-time application were not reviewed. This practical expedient applies to all contracts entered into before January 1, 2019.

4.1.4 IFRS IC decision of December 16, 2019

On December 16, 2019, the IFRS IC published its decision in response to a request for clarification on the following matters:

- determination of the enforceable period of an automatically renewable lease, or of an indefinite-term lease, that may be terminated by one of the parties subject to a specified notice period. The issue to be clarified concerned the notion of penalties on which the definition of the enforceable period is based;
- the relationship between the useful life of non-removable leasehold improvements and the lease term under IFRS 16.

The IFRS IC:

- concluded that the economics of a lease (rather than just the legal form) should be taken into account to determine the enforceable period of a lease;
- provided clarification on the relationship between the lease term under IFRS 16 and the useful life of non-removable leasehold improvements.

Carrefour did not apply this decision when preparing its Consolidated Financial Statements at December 31, 2019, since it is currently analysing the potential impacts of the guidance. In view of the large number of leases entered into by the Group in the countries in which it does business, and the publication of this decision late in the financial year, the Group has not had sufficient time to analyse the decision and precisely determine its impacts.

The Group's analyses are focusing in particular on leases:

- that are automatically renewable or can be cancelled at any time;
- that concern underlying assets (stores, warehouses) such as non-removable leasehold improvements and installations whose residual net carrying amount at the end of the IFRS 16 lease term could represent a significant penalty (within the meaning of the IFRS IC's decision) for the Group. These cases could lead to an increase in the term of the corresponding leases under IFRS 16 and/or to an adjustment of the useful life of non-removable leasehold improvements and installations.

The Group's analyses take account of the specificities of different store formats (convenience stores, supermarket and hypermarkets), as well as the particular characteristics of each different region.

Once these analyses and certain peer discussions have been finalised, the Group will be able to determine whether or not this IFRS IC decision modifies its current application of IFRS 16. In particular, these analyses could call into question IFRS 16 assessments of the term of "3/6/9" -type leases in France. The Group has several hundreds of these types of leases, for which it currently determines the lease term in accordance with the view expressed by the ANC in February 2018 (see Note 9.1).

In compliance with the rules laid down by the local stock market regulator, our Sao Paolo-listed subsidiary Atacadão had to measure its IFRS 16 lease commitments in light of this decision when preparing its Consolidated Financial Statements for the year ended December 31, 2019. The impact of this measurement is not material at the Group level and has not been taken into account. Based on the principle of applying consistent accounting policies in the Consolidated Financial Statements and pending the results of the analyses currently in progress, the Group's consolidated IFRS 16 lease commitments at December 31, 2019 were measured using the same principles as those applied in its opening statement of financial position at January 1, 2019.

4.2 IFRIC 23 – *Uncertainty over Income Tax Treatments*

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 – *Income Taxes* when there is uncertainty over applicable tax treatments.

The application of IFRIC 23 has not led to changes in the methods used to assess tax uncertainties used by the Group to date. However, tax risks relating to income tax, previously classified in provisions, are now shown on a separate line under current or non-current tax payables, depending on whether they fall due within or after one year (in accordance with the decision published by the IFRS IC in September 2019). These provisioned tax risks amounted to 459 million euros at December 31, 2018 (392 million euros at December 31, 2017), including a 77 million-euro portion due in less than one year and a 382 million-euro portion due in more than one year.

5 NOTE DISCONTINUED OPERATIONS AND RESTATEMENT OF COMPARATIVE INFORMATION

On September 26, 2019, the Group ceded control of its subsidiary Carrefour China (see Note 2.2). As Carrefour China represents a separate major geographic area of operations, it is considered a discontinued operation in accordance with IFRS 5. Accordingly:

- net income for the subsidiary is shown on a separate line of the income statement, "Net income/(loss) from discontinued operations". To enable a meaningful comparison, its net income for 2018 was reclassified on this line;
- all cash flows relating to this subsidiary are shown on the "Impact of discontinued operations" lines in the consolidated statement of cash flows. Data for 2018 were similarly restated.

Main consolidated income statement aggregates for Carrefour China, classified as held for sale in 2019 and 2018 in accordance with IFRS 5, are as follows:

(in millions of euros)	**2019[1]**	**2018**
Net sales	2,610	3,646
Gross margin from recurring operations	649	913
Sales, general and administrative expenses, depreciation and amortisation	(644)	(946)
Recurring operating income/(loss)	5	(32)
Operating income/(loss)	6	(64)
Loss before taxes	(57)	(69)
Income tax expense	(7)	(10)
Net loss for the period	(64)	(79)

(1) The figures shown for 2019 include the earnings of Carrefour China up to September 26, 2019 and the impacts of applying IFRS 16 from January 1, 2019.

5.1 Impact on the 2018 consolidated income statement of the IFRS 5 restatement applied to Carrefour China

(in millions of euros)	2018 published	IFRS 5 reclassification	2018 restated IFRS 5
Net sales	76,000	(3,646)	72,355
Loyalty program costs	(740)	113	(627)
Net sales net of loyalty program costs	**75,261**	**(3,532)**	**71,728**
Other revenue	2,656	(219)	2,438
Total revenue	77,917	(3,751)	74,166
Cost of sales	(60,850)	2,838	(58,012)
Gross margin from recurring operations	**17,067**	**(913)**	**16,154**
Sales, general and administrative expenses, depreciation and amortisation	(15,162)	946	(14,216)
Recurring operating income	1,905	32	1,937
Net income from equity-accounted companies	14	-	14
Recurring operating income after net income from equity-accounted companies	**1,919**	**32**	**1,952**
Non-recurring income and expenses, net	(1,161)	32	(1,129)
Operating income	758	64	823
Finance costs and other financial income and expenses, net	(262)	4	(258)
Finance costs, net	*(233)*	*5*	*(228)*
Other financial income and expenses, net	*(29)*	*(0)*	*(30)*
Income before taxes	**496**	**69**	**565**
Income tax expense	(539)	10	(529)
Net income (loss) from continuing operations	**(43)**	**79**	**36**
Net loss from discontinued operations	(301)	(79)	(380)
NET LOSS FOR THE PERIOD	**(344)**	**-**	**(344)**
Group share	**(561)**	**-**	**(561)**
of which net loss from continuing operations	(259)	72	(187)
of which net loss from discontinued operations	(301)	(72)	(373)
Attributable to non-controlling interests	**216**	**-**	**216**
of which net income from continuing operations – attributable to non-controlling interests	216	7	223
of which net loss from discontinued operations – attributable to non-controlling interests	0	(7)	(7)

5.2 Impact on the 2018 consolidated cash flow statement of the IFRS 5 restatement applied to Carrefour China

(in millions of euros)	2018 published	IFRS 5 reclassification	2018 restated IFRS 5
Income before taxes	496	69	565
Cash flows from operating activities			
Taxes	(513)	11	(502)
Depreciation and amortisation expense	1,536	(99)	1,437
(Gains)/losses on sales of assets	(29)	0	(29)
Change in provisions and impairment	488	(3)	486
Finance costs, net	233	(5)	228
Net income and dividends received from equity-accounted companies	37	-	37
Impact of discontinued operations	(141)	26	(115)
Cash flow from operations	**2,107**	**0**	**2,107**
Change in working capital requirement	115	(1)	113
Impact of discontinued operations	55	2	56
Net cash from operating activities (excluding financial services companies)	**2,276**	**0**	**2,276**
Change in consumer credit granted by the financial services companies	(168)	-	(168)
Net cash from operating activities	2,108	0	2,108
Cash flows from investing activities			
Acquisitions of property and equipment and intangible assets	(1,611)	50	(1,560)
Acquisitions of non-current financial assets	(3)	(19)	(23)
Acquisitions of subsidiaries and investments in associates	(190)	2	(189)
Proceeds from the disposal of subsidiaries and investments in associates	1	-	1
Proceeds from the disposal of property and equipment and intangible assets	172	(2)	169
Proceeds from the disposal of non-current financial assets	20	-	20
Change in amounts receivable from disposals of non-current assets and due to suppliers of non-current assets	(28)	6	(21)
Investments net of disposals	**(1,639)**	**37**	**(1,602)**
Other cash flows from investing activities	13	(3)	9
Impact of discontinued operations	13	(34)	(21)
Net cash from/(used in) investing activities	(1,613)	0	(1,613)
Cash flows from financing activities			
Proceeds from share issues to non-controlling interests	89	(0)	89
Dividends paid by Carrefour (parent company)	(152)	-	(152)
Dividends paid by consolidated companies to non-controlling interests	(82)	-	(82)
Change in treasury stock and other equity instruments	42	-	42
Change in current financial assets	(45)	6	(39)
Issuance of bonds	1,758	-	1,758
Repayment of bonds	(744)	-	(744)
Net financial interests paid	(245)	5	(240)
Other changes in borrowings	(89)	0	(89)
Impact of discontinued operations	(2)	(11)	(13)
Net cash from/(used in) financing activities	529	0	529
Net change in cash and cash equivalents before the effect of changes in exchange rates	**1,023**	**0**	**1,023**
Effect of changes in exchange rates	(315)	-	(315)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**708**	**0**	**708**
Cash and cash equivalents at beginning of the period	3,593	0	3,593
Cash and cash equivalents at end of the period	4,300	-	4,300
of which cash and cash equivalent from continuing operations at the end of the period	*4,300*	*(211)*	*4,089*
of which cash and cash equivalent from discontinued operations at the end of the period	*-*	*211*	*211*

NOTE 6 SEGMENT INFORMATION

Accounting principles

IFRS 8 – *Operating Segments* requires the disclosure of information about an entity's operating segments derived from the internal reporting system and used by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance. Group's operating segments consist of the countries in which it conducts its business through the integrated store network, as each country's results are reviewed monthly by the Group's Chief Executive Officer who is the chief operating decision-maker within the meaning of IFRS 8.

Countries located in the same region are considered to have similar characteristics and have been combined to create four geographical segments, as allowed by IFRS 8. These segments are:

- France;
- Europe (excluding France): Spain, Italy, Belgium, Poland and Romania;
- Latin America: Brazil and Argentina;
- Asia: Taiwan (China was sold in September 2019 and is shown in discontinued operations in 2019 and in 2018 as restated).

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, right-to-use assets and "other segment assets", corresponding to inventories, trade receivables, consumer credit granted by the financial services companies and other assets. Segment liabilities comprise lease commitments, suppliers and other creditors, consumer credit financing and other payables.

Segment capital expenditure corresponds to the acquisitions of property and equipment and intangible assets (other than goodwill) reported in the statement of cash flows.

The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the Consolidated Financial Statements.

6.1 Segment results

2019 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	72,397	34,765	20,999	14,665	1,968	-
Other revenue	2,491	824	667	855	84	61
Recurring operating income before depreciation and amortisation[(1)]	4,417	1,551	1,537	1,114	209	5
Recurring operating income[(2)]	2,088	547	657	833	83	(32)
Capital expenditure	1,725	875	366	420	47	17
Depreciation and amortisation expense[(3) (4)]	(2,328)	(1,004)	(880)	(281)	(126)	(37)

2018 restated IFRS 5 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Net sales	72,355	35,615	21,076	13,809	1,855	-
Other revenue	2,438	843	695	756	79	65
Recurring operating income before depreciation and amortisation[(5)]	3,403	1,185	1,122	983	138	(26)
Recurring operating income[(2)]	1,937	466	664	767	77	(38)
Capital expenditure[(5)]	1,560	683	385	429	43	19
Depreciation and amortisation expense[(4) (5)]	(1,465)	(719)	(458)	(216)	(61)	(12)

(1) In 2019, recurring operating income before depreciation and amortisation does not include lease expenses under contracts now accounted for in accordance with IFRS 16, excluding exemptions (see Note 4).

(2) In 2019, recurring operating income does not include lease expenses under contracts now accounted for in accordance with IFRS 16, excluding exemptions. However, it includes depreciation charged against the corresponding right-of-use assets (see Note 4). In all, the net impact of applying IFRS 16 is a 40 million-euro increase in 2019 recurring operating income. Recurring operating income in Latin America takes into account a 31 million-euro negative adjustment resulting from the application of IAS 29 in Argentina, compared to a 33 million-euro negative adjustment in 2018 (see Note 1.4).

(3) In 2019, depreciation and amortisation expense includes depreciation charged against right-of-use assets under contracts now accounted for in accordance with IFRS 16, excluding exemptions (see Note 4).

(4) Including the depreciation and amortisation relating to logistics equipment included in the cost of sales.

(5) CSI, responsible for IT project development for France, has been included in the "France" region since January 1, 2019. To enable a meaningful comparison with 2019 segment results, the figures recorded by CSI in 2018 were reclassified from "Global functions" to the "France" region in 2018 segment results table. This led to the reallocation of (i) recurring operating income before depreciation and amortisation for 90 million euros, (ii) capital expenditure for 147 million euros, and (iii) depreciation and amortisation expense for 90 million euros.

6.2 Segment assets and liabilities

At December 31, 2019, assets and liabilities no longer include Carrefour China following its sale in September 2019 (see Note 2.2).

December 31, 2019 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Assets						
Goodwill	7,976	4,955	2,507	450	63	1
Other intangible assets(2)	1,452	646	551	172	20	64
Property and equipment(2)	11,370	4,908	3,281	2,806	373	2
Investment property	312	11	139	110	52	-
Right-of-use Assets(1)	4,388	1,417	2,074	265	419	213
Other segment assets	16,971	8,328	3,216	4,638	270	519
Total segment assets	42,470	20,264	11,768	8,442	1,197	800
Unallocated assets	8,332					
TOTAL ASSETS	**50,802**					
Liabilities (excluding equity)						
Segment liabilities(3)	27,492	12,607	7,897	5,418	1,040	531
Unallocated liabilities	11,635					
TOTAL LIABILITIES	**39,127**					

December 31, 2018 *(in millions of euros)*	Total	France	Europe	Latin America	Asia	Global Functions
Assets						
Goodwill	7,983	4,901	2,508	467	107	1
Other intangible assets(2) (4)	1,461	700	503	161	34	64
Property and equipment(2) (4)	12,637	5,453	3,642	2,677	863	2
Investment property	389	9	137	120	122	-
Right-of-use Assets(1)	-	-	-	-	-	-
Other segment assets(4)	16,999	8,904	3,135	3,633	863	465
Total segment assets	39,470	19,967	9,925	7,057	1,989	532
Unallocated assets	7,908					
TOTAL ASSETS	**47,378**					
Liabilities (excluding equity)						
Segment liabilities(3) (4)	23,756	11,349	5,553	4,440	2,085	329
Unallocated liabilities	12,336					
TOTAL LIABILITIES	**36,092**					

(1) Segment assets include right-of-use assets recognised following the application of IFRS 16 from January 1, 2019, representing 5,244 million euros at that date (see Note 4).
(2) Leasehold rights and assets held under finance leases, previously recognised in other intangible assets and other property and equipment, are included in right-of-use assets following the application of IFRS 16 from January 1, 2019. These represented 41 million euros and 367 million euros, respectively, at January 1, 2019 (see Note 4).
(3) Segment liabilities include lease commitments (more than one year and less than one year portions) recognised following the application of IFRS 16 from January 1, 2019. Segment liabilities amounted to 5,256 million euros at January 1, 2019, including a more than one year portion of 4,272 million euros (of which 230 million euros relating to finance leases recognised in accordance with IAS 17) and a less than one year portion of 984 million euros (of which 45 million euros relating to finance leases recognised in accordance with IAS 17) (see Note 4).
(4) CSI, responsible for IT project development for France, has been included in the "France" region since January 1, 2019. To enable a meaningful comparison with segment assets and liabilities at December 31, 2019, the figures recorded by CSI in 2018 were reclassified from "Global functions" to the "France" region in the table of segment assets and liabilities at December 31, 2018. This led to the reallocation of other intangible assets for 431 million euros, property and equipment for 5 million euros, other segment assets for 161 million euros and other segment liabilities for 154 million euros.

NOTE 7 OPERATING ITEMS

7.1 Revenue

Accounting principles

Revenue ("Total revenue") comprises net sales and other revenue.

Net sales correspond to sales via the Group's stores, e-commerce sites and service stations (to end customers) and warehouse sales (to franchisees).

Other revenue comprises revenue from the banking and insurance businesses (including bank card fees, and arranging fees for traditional and revolving credit facilities), property development revenue, travel agency revenue, commission on e-commerce sales made on behalf of third parties (marketplaces), shopping mall rental income and franchise fees (mainly in the form of royalties).

(i) Recognition of net sales and other revenue

Revenue from sales in stores and service stations, which represents the bulk of the Group's net sales, is recorded when the customer pays at the check-out, pursuant to IFRS 15. Control is transferred when the goods and services are transferred to the customers, because the sales do not include any other unsatisfied performance obligation at that date. Some of the products on sale in the Group's stores are sold with a right of return. This concerns only certain specific product categories and the return period is limited based on local regulations in the countries concerned and/or the Group's general conditions of sale.

E-commerce sales correspond to sales on the Group's e-commerce sites (direct sales) and to commission on e-commerce sales carried out on behalf of third parties (marketplaces). The Group acts as the principal for direct sales on its e-commerce sites. Revenue from direct sales is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred). In the same way as for in-store sales, certain products offered on the Group's e-commerce sites are sold with a time-limited right of return. In the case of marketplace sales, the Group acts as an agent and revenue from these sales corresponds to the commission billed to the third-party suppliers of the goods concerned.

Revenue from sales to franchisees is recorded when the goods are delivered (corresponding to the date when control of the goods is transferred).

Net banking revenue generated by the Group's financial services companies consists mainly of net interest revenue that does not fall within the scope of IFRS 15 and is accounted for in accordance with IFRS 9 (since January 1, 2018). IFRS 15 only applies to payment card services that do not qualify as financing or credit transactions (bank card fees, arranging fees for traditional and revolving credit facilities). These fees are recognised over the life of the underlying contracts.

Revenue from franchise fees is accounted for in accordance with the specific provisions of IFRS 15 concerning intellectual property licences (dynamic licences). The remuneration received in exchange for the right to use the Group's brand and expertise is calculated as a percentage of the net sales generated by the franchise outlet and is recognised over time. The accounting treatment of business lease fees is the same as for franchise fees.

Revenue from leases and sub-leases where the Group is lessor does not fall within the scope of IFRS 15 and is accounted for in accordance with IFRS 16 (from January 1, 2019).

The property development business corresponds primarily to the construction and extension of shopping centres adjacent to Carrefour hypermarkets and their subsequent sale. It also includes the specialty leasing business, corresponding to the enhancement of space in the shopping centres' common areas for the sale or display of products during a limited period. The property development business is conducted by Carrefour Property, a wholly-owned subsidiary of the Group. Generally speaking, revenue from property development continues to be recognised at the date the built property is delivered to the customer; only revenue relating to off-plan sales is recognised over time (based on the percentage of completion of the construction work, as measured based on costs incurred), since control is transferred to the customer as and when the work is completed by the Group.

(ii) Accounting treatment of customer loyalty programmes

When the purchase of goods or services entitles the customer to award credits under a loyalty programme, the contract with the customer comprises two separate performance obligations:

- the obligation to deliver the goods or services, which is satisfied immediately; and
- the obligation to subsequently supply goods or services at a reduced price or free of charge.

The sale proceeds are allocated between these two performance obligations proportionately to their respective specific sale prices.

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7.1.1 Net sales

(in millions of euros)	2019	2018 restated IFRS 5	% change
Net sales	72,397	72,355	0.1%

At constant exchange rates, 2019 net sales amounted to 74,777 million euros *versus* 72,355 million euros in 2018 as restated, an increase of 3.3%. Changes in exchange rates reduced net sales by 2.4 billion euros in 2019, almost exclusively attributable to the Latin America region.

Restated for IAS 29 in Argentina, consolidated net sales for 2019 increased by 2.1% at constant exchange rates.

NET SALES BY COUNTRY[1]

(in millions of euros)	2019	2018 restated IFRS 5
France	34,765	35,615
Rest of Europe	20,999	21,076
Spain	8,799	8,750
Italy	4,516	4,702
Belgium	3,797	3,907
Poland	1,895	1,828
Romania	1,992	1,890
Latin America	14,665	13,809
Brazil	12,793	11,919
Argentina	1,872	1,889
Asia	1,968	1,855
Taiwan	1,968	1,855

(1) Substantially all revenue is recognised on a specific date. Revenue recognised over time is not material at Group level.

7.1.2 Other revenue

(in millions of euros)	2019	2018 restated IFRS 5	% change
Financing fees and commissions[1]	1,488	1,383	7.5%
Franchise and business lease fees	280	258	8.5%
Rental revenue	190	194	(2.2)%
Revenue from sub-leases[2]	36	70	(47.9)%
Property development revenue[3]	24	70	(66.4)%
Other revenue[4]	473	462	2.4%
TOTAL OTHER REVENUE	**2,491**	**2,438**	**2.2%**

(1) Including net banking revenue and net insurance revenue generated by the Group's financial services and insurance companies.
(2) The decrease is a result of the proceeds from finance lease sub-letting arrangements being recognised as financial income following the application of IFRS 16 from January 1, 2019 (see Note 4).
(3) 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 19 million euros in 2019 and 30 million euros in 2018.
(4) Other revenue notably includes sales commissions, commissions received from suppliers, revenue from ticket/travel agency sales and in-store advertising fees.

7.2 Recurring operating income

Accounting principles

Recurring operating income is an intermediate aggregate 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 (which is defined by difference as all income and expenses not resulting from financing activities, discontinued operations and tax) excluding items resulting from unusual, abnormal and infrequent events, which are reported under "Non-recurring income" or "Non-recurring expenses" (see Note 7.3).

7.2.1 Cost of sales

Accounting principles

Cost of sales corresponds to the cost of purchases net of rebates and commercial income, changes in inventory (including impairments), discounting revenue, exchange gains and losses on goods purchases, logistics costs and other costs (primarily the cost of products sold by the financial services companies and the production costs of the property development business).

Rebates are calculated based on immediate or deferred discount rates on purchases, as specified in the contractual terms negotiated each year. Rebates can be:

- unconditional, *i.e.*, proportionate to total purchases and subject to no other conditions;
- conditional, *i.e.*, dependent on meeting certain conditions (*e.g.*, growth in the supplier's net sales with the Group).

Commercial income corresponds to income from services carried out by Carrefour for its suppliers.

Rebates and commercial income recognised in "Cost of sales" are measured based on the contractual terms specified in the agreements signed with suppliers.

7.2.2 Sales, general and administrative expenses, and depreciation and amortisation

(in millions of euros)	2019	2018 restated IFRS 5	% change
Sales, general and administrative expenses[1]	(11,906)	(12,821)	(7.1)%
Depreciation and amortisation of property and equipment, intangible assets, and investment property[3]	(1,361)	(1,395)	(2.5)%
Amortisation of right-of-use assets[2]	(733)	-	
TOTAL SG&A EXPENSES AND DEPRECIATION AND AMORTISATION	**(13,999)**	**(14,216)**	**(1.5)%**

SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Sales, general and administrative expenses break down as follows:

(in millions of euros)	2019	2018 restated IFRS 5	% change
Employee benefits expense	(7,547)	(7,780)	(3.0)%
Property rentals[1]	(59)	(812)	(92.7)%
Fees	(863)	(795)	8.5%
Advertising expense	(791)	(824)	(4.0)%
Maintenance and repair costs	(713)	(715)	(0.3)%
Energy and electricity	(531)	(488)	8.9%
Taxes other than on income	(505)	(541)	(6.7)%
Other SG&A expenses	(896)	(864)	3.7%
TOTAL SG&A EXPENSES[1]	**(11,906)**	**(12,821)**	**(7.1)%**

(1) In 2019, lease expenses under property leases do not include lease expenses under contracts accounted for in accordance with IFRS 16 (see Note 4), which would have amounted to 826 million euros in 2019 had IFRS 16 not been applied from January 1, 2019.

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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 2,328 million euros in 2019 (1,465 million euros in 2018 as restated), broken down as follows:

(in millions of euros)	2019	2018 restated IFRS 5	% change
Property and equipment	(1,123)	(1,159)	(3.2)%
Intangible assets	(223)	(208)	7.4%
Assets under finance leases[3]	-	(15)	
Investment property	(15)	(13)	14.5%
Depreciation and amortisation of property and equipment, intangible assets, and investment property[3]	(1,361)	(1,395)	(2.5)%
Depreciation of right-of-use asset – property and equipment and investment properties[2]	(733)	-	
Depreciation and amortisation of logistic activity	(54)	(70)	(22.4)%
Depreciation of right-of-use asset – logistic activity[2]	(181)	-	
TOTAL DEPRECIATION AND AMORTISATION	**(2,328)**	**(1,465)**	**58.9%**

(2) In 2019, right-of-use assets under leases are accounted for in accordance with IFRS 16. These right-of-use assets are depreciated over the reasonably certain period of use for the asset (see Note 4).
(3) Depreciation charged against fixed assets under finance leases accounted for in accordance with IAS 17 in 2018 is shown within "Depreciation of right-of-use assets" from 2019 (see Note 4).

7.3 Non-recurring income and expenses

Accounting principles

In accordance with the recommendation of the French accounting standards authority (ANC) no. 2013-03 dated November 7, 2013, non-recurring income and expenses are reported on a separate line of the income statement. Non-recurring items are defined as "items that are limited in number, clearly identifiable and non-recurring that have a material impact on consolidated results".

This classification is applied to certain material items of income and expense that are unusual in terms of their nature and frequency, such as impairment charges of non-current assets, gains and losses on sales of non-current assets, restructuring costs and provision charges and income 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)	2019	2018 restated IFRS 5
Net gains on sales of assets	28	57
Restructuring costs	(549)	(708)
Other non-recurring income and expenses	(308)	(289)
Non-recurring income and expenses, net before asset impairments and write-offs	(830)	(939)
Asset impairments and write-offs	(200)	(189)
of which Impairments and write-offs of goodwill	*(1)*	*(3)*
of which Impairments and write-offs of property and equipment, intangible assets and others	*(200)*	*(187)*
NON-RECURRING INCOME AND EXPENSES, NET	**(1,030)**	**(1,129)**
of which:		
non-recurring income	*343*	*132*
non-recurring expense	*(1,373)*	*(1,262)*

NET GAINS ON SALES OF ASSETS

Excluding the sale of assets owned by Cargo Property Assets in October 2019, resulting in a post IFRS 16 gain of around 45 million euros (see Note 2.3), gains on sales of assets in 2019 comprise, as in 2018, gains and losses arising on various sales of assets, mainly in France and Italy.

RESTRUCTURING COSTS

Restructuring costs recognised in 2019 result from plans to streamline operating structures launched as part of the first pillar of the "Carrefour 2022" transformation plan. The expense included in non-recurring items relates chiefly to severance paid or payable within the scope of:

- the transformation plan for hypermarkets in France (mutually agreed termination), with almost 3,000 dossiers approved at end-2019;
- restructuring measures carried out in Italy concerning the head office and various store formats, resulting in the departure of several hundred employees.

Most of the corresponding provisions remaining at December 31, 2019 will be utilised in 2020.

The expense recognised in 2018 primarily included costs relating to the voluntary redundancy plans in France and Argentina and to restructuring measures in Belgium.

OTHER NON-RECURRING INCOME AND EXPENSES

Other non-recurring income and expenses recorded in 2019 mainly concerned Brazil and France.

In Brazil, non-recurring income and expenses resulted primarily from the following two rulings:

- in May 2019, the Brazilian Supreme Court handed down an unfavourable decision to adjust its ruling on inter-state transfers of ICMS tax credits relating to "basic products". As a result of this decision, a provision (including interest and penalties) was recognised in the Consolidated Financial Statements against the related non-recurring expenses in order to cover current tax disputes as well as possible new ones arising from years still potentially subject to tax audits;
- in June 2019, following a favourable and final ruling, PIS-COFINS credits from prior years were recognised against the related non-recurring income.

In France, changes in estimates used to calculate the cost of risk associated with Carrefour Banque in 2019 led to an overall increase in provisions recognised at December 31 in respect of certain categories of consumer credit, in particular over-indebted customers whose debt rescheduling arrangements were approved by debt commissions in prior years. This increase notably reflects experience acquired in 2019 with the adverse impact of recent regulatory changes on this type of customer.

Other non-recurring income and expenses recorded in 2018 also mainly concerned France and Brazil. In France, employees who participated in the profit-sharing scheme in 2017 had their profit-share for that year increased by 350 euros and were also given a 150-euro voucher in April 2018. In Brazil, allowances were recorded in 2018 to write down certain ICMS sales tax credits.

IMPAIRMENT LOSSES AND ASSET WRITE-OFFS

In 2019, impairment losses of 36 million euros were recognised against fixed assets other than goodwill to take account of the difficulties experienced by certain stores, particularly in France and Italy (see accounting principles explained in Note 8.3). In 2018, impairment losses against fixed assets other than goodwill amounted to 85 million euros and mainly concerned the above two countries.

Rue du Commerce non-current assets were written down in full at December 31, 2019 (see Note 2.4).

In addition, 77 million euros' worth of software and other assets were written off during the year (82 million euros in 2018).

Shares in Showroomprivé were written down by 47 million euros in 2019 to bring them into line with the price of the company's share on the market at December 31, 2019.

7.4 Working capital

7.4.1 Change in working capital

The change in working capital reported in the consolidated statement of cash flows under "Net cash from operating activities" breaks down as follows:

(in millions of euros)	2019	2018 restated IFRS 5	Change
Change in inventories	(313)	248	(561)
Change in trade receivables	(122)	(9)	(113)
Change in trade payables	913	(184)	1,098
Change in loyalty program liabilities	32	32	(0)
Change in trade working capital requirement	510	86	424
Change in other receivables and payables	(454)	27	(481)
CHANGE IN WORKING CAPITAL REQUIREMENT	**56**	**113**	**(57)**

Working capital, like all other items in the statement of cash flows, is translated at the average rate for the year.

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7.4.2 Inventories

Accounting principles

In accordance with IAS 2 – *Inventories*, goods inventories and the inventories of the property development business (properties under construction) are measured at the lower of cost and net realisable value.

The cost of goods inventories corresponds to the latest purchase price plus all related expenses. This method is appropriate given the rapid inventory turnover, and the resulting values are close to those obtained by the first-in first-out (FIFO) method. The cost of goods inventories includes all components of the purchase cost of goods sold (with the exception of exchange gains and losses) and takes into account the rebates and commercial income negotiated with suppliers.

Net realisable value corresponds to the estimated selling price in the ordinary course of business, less the estimated additional costs necessary to make the sale.

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Inventories at cost	6,052	6,352
Impairment	(184)	(218)
INVENTORIES, NET	**5,867**	**6,135**

(1) At December 31, 2018, the net carrying amount of inventories was 6,135 million euros, of which 463 million euros relating to Carrefour China (see Note 5).

7.4.3 Trade receivables

Accounting principles

Trade receivables correspond for the most part to rebates and commercial income receivable from suppliers, amounts receivable from franchisees, shopping mall rental receivables and receivables of the property development business.

Trade receivables are classified as financial assets measured at amortised cost (see Note 15). They are recognised for the initial invoice amount, less a loss allowance recorded in accordance with the simplified impairment model based on expected losses defined in IFRS 9 – *Financial Instruments* (see Note 15.7.4).

Certain Group subsidiaries operate receivables discounting programmes. In accordance with IFRS 9, receivables sold under these programmes are derecognised when substantially all of the related risks and rewards (*i.e.*, mainly default, late payment and dilution risks) are transferred to the buyer.

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Receivables from clients	1,750	1,611
Impairment	(175)	(188)
Receivables from clients, net	1,575	1,424
Receivables from suppliers	1,094	1,113
TOTAL TRADE RECEIVABLES	**2,669**	**2,537**

(1) At December 31, 2018, the net carrying amount of trade receivables totalled 2,537 million euros, of which 62 million euros relating to Carrefour China (see Note 5).

7.4.4 Suppliers and other creditors

Accounting principles

Suppliers and other creditors correspond primarily to trade payables. They also include payables that suppliers have transferred to financial institutions as part of reverse factoring programmes. These programmes are set up by the Group to enable suppliers to receive payment for the Group's purchases in advance of the normal payment terms. The Group's analyses show that there is no substantial difference in the nature or terms of the liabilities before and after factoring (the payment and other contractual terms are unchanged) and they therefore continue to be classified as trade payables.

Suppliers and other creditors at December 31, 2019 included reverse factored payables for a total of 2.1 billion euros (*versus* 2.0 billion euros at December 31, 2018).

Suppliers and other creditors are classified in the category of "Financial liabilities measured at amortised cost", as defined in IFRS 9 – *Financial Instruments* (see Note 15). They are initially recognised at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

7.4.5 Tax receivables and payables

TAX RECEIVABLES

(in millions of euros)	December 31, 2019	December 31, 2018
VAT and sales tax receivables	561	479
Other tax (other than on income) receivables	55	42
Current tax receivables	222	333
TOTAL TAX RECEIVABLES	**838**	**853**

TAX PAYABLES

(in millions of euros)	December 31, 2019	December 31, 2018
VAT and sales tax payables	262	355
Other tax (other than on income) payables	653	652
Current tax payables(1)	180	135
TOTAL TAX PAYABLES – PORTION DUE IN LESS THAN ONE YEAR(1)	**1,095**	**1,142**
TOTAL TAX PAYABLES – PORTION DUE IN MORE THAN ONE YEAR(1)	**335**	**-**

(1) The first-time application of IFRIC 23 from January 1, 2019 had the effect of increasing current tax payables from 1,142 million euros at December 31, 2018 to 1,219 million euros at January 1, 2019, and increasing non-current tax payables from 0 at December 31, 2018 to 382 million euros at January 1, 2019 (see Note 4).

7.4.6 Other assets and payables

BREAK DOWN OF OTHER ASSETS

(in millions of euros)	December 31, 2019	December 31, 2018(1)
Prepaid expenses	299	329
Proceeds receivable from disposals of non-current assets	13	22
Employee advances	18	19
Other operating receivables, net	408	517
TOTAL OTHER CURRENT ASSETS	**738**	**887**
Prepaid expenses – portion due in more than one year	2	60
Tax receivables – portion due in more than one year(2)	567	319
TOTAL OTHER NON-CURRENT ASSETS	**569**	**379**

(1) The first-time application of IFRS 16 from January 1, 2019 had the effect of reducing other current assets from 887 million euros at December 31, 2018 to 870 million euros at January 1, 2019 and reducing other non-current assets from 379 million euros at December 31, 2018 to 353 million euros at January 1, 2019 (see Note 4).

(2) These correspond to tax credits expected to be collected in over 12 months. At December 31, 2019, the total amount of the Brazilian ICMS tax credits, mainly attributable to favourable rulings handed down by the Brazilian Supreme Court, represented 891 million euros (713 million euros at December 31, 2018). This amount has been written down by 388 million euros (resulting in a net receivable of 503 million euros *versus* 339 million euros at December 31, 2018) to reflect the market value of the tax credits, which the Company intends to use over a period not exceeding three years. In the income statement, the total amount of the Brazilian ICMS tax credits for the year are recorded in recurring operating income and those for prior years are recorded in non-recurring income.

BREAK DOWN OF OTHER PAYABLES

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Accrued employee benefits expense	1,518	1,695
Payables to suppliers of non-current assets	621	576
Deferred revenue	93	120
Other payables	416	546
TOTAL OTHER CURRENT PAYABLES	**2,649**	**2,938**

(1) The first-time application of IFRS 16 from January 1, 2019 had the effect of reducing other current liabilities from 2,938 million euros at December 31, 2018 to 2,937 million euros at January 1, 2019 (see Note 4).

7.5 Banking and insurance businesses

Accounting principles

To support its core retailing business, the Group offers banking and insurance services to customers, mainly in France, Spain and Brazil.

The Group's financial services companies offer their customers "Carrefour" bank cards that can be used in the Group's stores and elsewhere, consumer credit (renewable credit facilities and amortisable loans), and savings products (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 – Portion due in more than one year" and "Consumer credit granted by the financial services companies – Portion due in less than one year", as appropriate;
- financing for these loans is presented under "Consumer credit financing – Portion due in more than one year" and "Consumer credit financing – Portion due in less than one year", as appropriate;
- the other assets and liabilities of the banking activities (property and equipment, intangible assets, cash and cash equivalents, accrued taxes and payroll costs, etc.) are presented on the corresponding lines of the statement of financial position;
- net revenues from banking activities are reported in the income statement under "Other revenue";
- the change in the banking and insurance activities' working capital is reported in the statement of cash flows under "Change in consumer credit granted by the financial services companies".

7.5.1 Consumer credit granted by the financial services companies

At December 31, 2019, consumer credit granted by the financial services companies totalled 6,290 million euros (*versus* 6,208 million euros at December 31, 2018), as follows:

(in millions of euros)	December 31, 2019	December 31, 2018
Payment card receivables	5,129	4,511
Loans	2,050	2,110
Consumer credit (on purchases made in Carrefour stores)	86	97
Other financing[1]	364	627
Impairment[2]	(1,339)	(1,136)
TOTAL CONSUMER CREDIT GRANTED BY THE FINANCIAL SERVICES COMPANIES	**6,290**	**6,208**
Portion due in less than one year	*4,007*	*3,722*
Portion due in more than one year	*2,283*	*2,486*

(1) Other financing corresponds mainly to restructured loans and credit facilities.
(2) The increase in the impairment rate for consumer credit in 2019 is mainly attributable to the subsidiary Carrefour Banque (see Note 7.3) and to a lesser extent, to Banco CSF in Brazil.

CREDIT RISK MANAGEMENT AND IMPAIRMENT APPROACH

Accounting principles

The impairment model for consumer credit granted by the financial services companies was adjusted in line with the requirements of IFRS 9 – *Financial Instruments* using a two-step process:

- classification of outstanding loans in uniform risk categories based on the probability of default; then
- modelling of the probability of credit losses over a 12-month period or at maturity (representing the remaining term of the financial instrument), based on the classification of the instrument.

CLASSIFICATION OF CONSUMER CREDIT

Consumer credit is divided into three categories, based on an analysis of potentially significant increases in credit risk:

- category 1: credit granted to consumers whose credit risk has not significantly increased since the credit was initially recognised;
- category 2: credit granted to consumers whose financial situation has worsened (significant increase in credit risk) since the credit was initially recognised but for which no objective evidence of impairment (default) of a specific credit has yet been identified;
- category 3: credit granted to consumers in default.

(i) Significant increase in credit risk

The main criteria applied by the Group to identify a significant increase in credit risk since initial recognition and where necessary, to reclassify category 1 assets within category 2, are as follows:

- late payment criterion: payments more than 30 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms with payment less than 30 days past due.

The Group determines whether there has been a significant increase in credit risk for each of its contracts and applies the "contagion" principle, whereby reclassification of a given credit granted to a consumer will lead to all credit granted to that consumer to be reclassified accordingly.

(ii) Objective evidence of impairment (default)

Carrefour considers that there is objective evidence of impairment if any of the following criteria are met:

- late payment criterion: payments more than 90 days past due (non-rebuttable presumption under IFRS 9);
- renegotiation criterion: credit with renegotiated terms (not considered substantial) owing to significant difficulties of the debtor, with payment more than 30 days past due;
- litigation criterion: credit in dispute at the reporting date;
- "contagion" criterion: if a given credit granted to a consumer meets the aforementioned criteria, all credit granted to that consumer is also deemed to meet those criteria.

The consumer credit concerned is classified in category 3.

ESTIMATES OF EXPECTED CREDIT LOSSES

Calculation of the amount of expected credit losses is based on four main inputs: probability of default, loss given default, exposure at default and the discount rate. Each of these inputs is calibrated according to the consumer credit segmentation – itself based on the products distributed by each entity (personal loans, credit cards/renewable facilities and credit granted for a specific purpose) – based on historical data and taking into account prospective factors. The methods used to calibrate these inputs are consistent with those adopted to meet regulatory and prudential requirements (particularly the Basel Accord).

Expected credit losses are calculated over a 12-month period for consumer credit classified in category 1 and over the life of the credit for items classified in categories 2 and 3.

To protect against default by borrowers, the Group's financial services companies have set up systems to check the quality and repayment capacity of their customers. These include:

- decision-making aids such as credit scoring applications, budget simulation tools and credit history checking procedures;
- interrogation of positive and negative credit history databases, where they exist;
- active management of collection and litigation processes;
- solvency analyses at the contract anniversary date;
- credit risk monitoring and control systems.

Within each credit company, a Credit Risk department is responsible for all of these processes. A summary of the Credit Risk Management Committees is systematically presented to the Company's Board of Directors.

As of December 31, 2019, 66% of the gross value of consumer credit granted by the financial services companies was classified in category 1, 17% in category 2 and 16% in category 3.

7.5.2 Consumer credit financing

The related consumer credit financing amounted to 5,529 million euros at December 31, 2019 (*versus* 5,514 million euros at December 31, 2018), as follows:

(in millions of euros)	December 31, 2019	December 31, 2018
Bonds and notes	1,859	1,764
Debt securities (retail certificates of deposit, medium-term notes)[1]	1,138	1,363
Bank borrowings	487	601
Customer passbook savings deposits	387	456
Securitisations[2]	368	300
Other refinancing debt to financial institutions	1,269	1,017
Other	20	12
TOTAL CONSUMER CREDIT FINANCING	**5,529**	**5,514**
Portion due in less than one year	*3,712*	*3,582*
Portion due in more than one year	*1,817*	*1,932*

(1) Debt securities mainly comprised negotiable European commercial paper (NEU CP) and medium-term notes (NEU MTN) issued by Carrefour Banque.
(2) This item corresponds to the Master Credit Cards Pass reloadable securitisation programme with compartments launched by Carrefour Banque in November 2013 for an asset pool: 560 million euros. Proceeds from the securitisation amounted to 400 million euros. The 300 million euros remaining at December 31, 2018 was repaid over first-half 2019. As a replacement for these securities, Carrefour Banque issued a new series of securities in October 2019 for 370 million euros, maturing in June 2022.

NOTE 8 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

8.1 Intangible assets

Accounting principles

GOODWILL

Goodwill is initially recognised on business combinations as explained in Note 3.1.

In accordance with IAS 36 – *Impairment of Assets*, goodwill recognised on business combinations is not amortised but is tested for impairment every year, or more frequently if there is an indication that its carrying amount may not be recovered, by the method described in Note 8.3.

OTHER INTANGIBLE ASSETS

Intangible assets consist mainly of software and other intangible assets related to the stores.

Separately acquired intangible assets are initially recognised at cost and intangible assets acquired in business combinations are recognised at fair value (see Note 3.1).

Software is amortised by the straight-line method over periods ranging from one to eight years.

Goodwill, which constitutes the main intangible asset, is reported separately from other intangible assets in the statement of financial position.

(in millions of euros)	December 31, 2019	December 31, 2018
Goodwill, net	7,976	7,983
Other intangible assets	1,452	1,461
INTANGIBLE ASSETS, NET	**9,429**	**9,444**

8.1.1 Goodwill

The recoverable amount of goodwill is generally monitored at the level of the cash-generating units (CGUs) represented by the countries in which the Group conducts its business through its integrated store networks.

The total carrying amount of goodwill at December 31, 2019 was very close to the year-earlier amount (a decrease of 7 million euros) because goodwill recognised on acquisitions for the year in France (including *So.bio*) was offset by the sale of Carrefour China and by the unfavourable translation adjustments recognised in Brazil and Argentina.

(in millions of euros)	Net goodwill at December 31, 2018	Acquisitions	Disposals[1]	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2019
France	4,901	50	-	-	4	-	4,955
Belgium	956	-	-	-	-	-	956
Spain	952	-	-	-	-	-	952
Brazil	446	-	-	-	(0)	(9)	437
Italy	251	-	-	(1)	(0)	-	250
Poland	244	-	-	-	-	3	247
Argentina	20	-	-	-	-	(7)	13
Other countries	213	-	(46)	-	-	(0)	167
TOTAL	**7,983**	**50**	**(46)**	**(1)**	**4**	**(14)**	**7,976**

(1) The negative balance of 46 million euros reflects the derecognition of goodwill recorded by Carrefour China following its sale in September 2019.

The total carrying amount of goodwill at December 31, 2018 remained fairly stable, with goodwill recognised on acquisitions carried out in France offset by negative translation adjustments on goodwill recognised in Brazil and Argentina.

(in millions of euros)	Net goodwill at December 31, 2017	Acquisitions	Disposals	Impairment	Other movements	Translation adjustment	Net goodwill at December 31, 2018
France	4,814	78	-	-	9	-	4,901
Belgium	956	-	-	(0)	-	-	956
Spain	952	-	-	-	-	-	952
Brazil	498	-	-	-	1	(53)	446
Italy	253	-	-	(2)	(0)	-	251
Poland	252	-	-	-	-	(7)	244
Argentina	39	-	-	-	-	(19)	20
Other countries	213	-	-	-	-	0	213
TOTAL	**7,977**	**78**	**-**	**(3)**	**10**	**(79)**	**7,983**

8.1.2 Other intangible assets

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Other intangible assets, at cost	3,640	3,510
Amortisation	(2,317)	(2,146)
Impairment	(72)	(101)
Intangible assets in progress	202	198
OTHER INTANGIBLE ASSETS, NET	**1,452**	**1,461**

(1) The first-time application of IFRS 16 from January 1, 2019 had the effect of reducing the net carrying amount of other intangible assets from 1,461 million euros at December 31, 2018 to 1,420 million euros at January 1, 2019 (see Note 4).

CHANGES IN OTHER INTANGIBLE ASSETS

(in millions of euros)	Gross carrying amount	Amortisation and impairment	Net carrying amount
At December 31, 2017	3,427	(2,063)	1,364
IAS 29 first application adjustments	27	(21)	6
At January 1, 2018	3,454	(2,084)	1,370
Acquisitions	377	-	377
Disposals	(69)	34	(36)
Translation adjustment	(66)	41	(25)
Amortisation	-	(217)	(217)
Impairment	-	(20)	(20)
Changes in scope of consolidation, transfers and other movements	13	0	13
At December 31, 2018	3,707	(2,246)	1,461
IFRS 16 first application adjustments[1]	(47)	6	(41)
At January 1, 2019	3,660	(2,240)	1,420
Disposal of Carrefour China[2]	(37)	17	(20)
Acquisitions	371	-	371
Disposals	(73)	26	(46)
Translation adjustment	(22)	12	(10)
Amortisation	-	(223)	(223)
Impairment	-	1	1
Changes in scope of consolidation, transfers and other movements	(57)	17	(40)
AT DECEMBER 31, 2019	**3,842**	**(2,389)**	**1,452**

(1) Leasehold rights, included within other intangible assets up to December 31, 2018, are now included as part of the initial measurement of right-of-use assets. Reclassifications were made in this respect in the opening statement of financial position at January 1, 2019 for a net amount of 41 million euros.
(2) The amounts reported on this line relate to other intangible assets owned by Carrefour China (classified in discontinued operations in 2019 – see Note 5) at January 1, 2019. Accordingly, other changes shown in this table for 2019 do not include amounts relating to Carrefour China in the period.

8.2 Property and equipment

Accounting principles

Property and equipment mainly comprise buildings, store fixtures and fittings, and lands.

INITIAL RECOGNITION

In accordance with IAS 16 – *Property, Plant and Equipment*, land, buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Qualifying assets are defined in IAS 23 – *Borrowing Costs* as assets that necessarily take a substantial period of time to get ready for their intended use or sale, corresponding in the Group's case to investment properties, hypermarkets and supermarkets for which the construction period exceeds one year.

Assets under construction are recognised at cost less any identified impairment losses.

USEFUL LIVES

Depreciation of property and equipment begins when the asset is available for use and ends when the asset is sold, scrapped or reclassified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

Land is not depreciated. Other property and equipment, or each significant part of an item of property or equipment, are depreciated by the straight-line method over the following estimated useful lives:

Buildings	
• Building	40 years
• Site improvements	10 to 20 years
• Car parks	6 to 10 years
Equipment, fixtures and fittings	4 to 8 years
Other	3 to 10 years

In light of the nature of its business, the Group considers that its property and equipment have no residual value.

Depreciation periods are reviewed at each year-end and, where appropriate, adjusted prospectively in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

	December 31, 2019			
(in millions of euros)	Gross carrying amount	Depreciation	Impairment	Net carrying amount
Land	2,688	(55)	(71)	2,562
Buildings	10,891	(5,790)	(208)	4,893
Equipment, fixtures and fittings	14,934	(11,513)	(245)	3,176
Other fixed assets	415	(295)	(3)	117
Assets under construction	623	-	-	623
TOTAL PROPERTY AND EQUIPMENT	**29,550**	**(17,653)**	**(527)**	**11,370**

	December 31, 2018[1]			
(in millions of euros)	Gross carrying amount	Depreciation	Impairment	Net carrying amount
Land	2,606	(88)	(99)	2,419
Buildings	10,611	(5,175)	(264)	5,173
Equipment, fixtures and fittings	16,060	(12,055)	(352)	3,653
Other fixed assets	430	(298)	(5)	127
Assets under construction	567	-	-	567
Finance leases – land	448	-	-	448
Finance leases – buildings	1,166	(915)	-	250
Finance leases – equipment, fixtures and fittings	83	(83)	-	0
TOTAL PROPERTY AND EQUIPMENT	**31,971**	**(18,614)**	**(719)**	**12,637**
Of which assets held under finance leases	*1,697*	*(998)*	-	*699*

(1) Property and equipment, net, decreased from 12,637 million euros at December 31, 2018 to 12,270 million euros at January 1, 2019 following the reclassification of 367 million euros in fixed assets held under finance leases in accordance with IAS 17 in right-of-use assets recognised pursuant to IFRS 16 (see Note 4). Other fixed assets held under finance leases recognised at December 31, 2018 and with a net carrying amount of 332 million euros were reclassified as "Land" or "Buildings" for a net amount of 206 million euros and 125 million euros, respectively.

CHANGES IN PROPERTY AND EQUIPMENT

(in millions of euros)	Gross carrying amount	Depreciation and impairment	Net carrying amount
At December 31, 2017	31,621	(18,524)	13,097
IAS 29 first application adjustments	752	(469)	283
At January 1, 2018	32,372	(18,993)	13,379
Acquisitions	1,226	-	1,226
Disposals	(838)	681	(156)
Depreciation	-	(1,310)	(1,310)
Impairment	-	(84)	(84)
Translation adjustment	(954)	473	(481)
Changes in scope of consolidation, transfers and other movements	165	(102)	63
At December 31, 2018	31,971	(19,334)	12,637
IFRS 16 first application adjustments[1]	(723)	356	(367)
At January 1, 2019	31,248	(18,977)	12,270
Disposal of Carrefour China[2]	(1,672)	1,359	(313)
Acquisitions	1,346	-	1,346
Other disposals[3]	(1,270)	609	(661)
Depreciation	-	(1,177)	(1,177)
Impairment	-	(46)	(46)
Translation adjustment	(337)	179	(157)
Changes in scope of consolidation, transfers and other movements[4]	236	(126)	110
AT DECEMBER 31, 2019	**29,550**	**(18,180)**	**11,370**

(1) Property and equipment, net, decreased from 12,637 million euros at December 31, 2018 to 12,270 million euros at January 1, 2019 following the reclassification of 367 million euros in fixed assets held under finance leases in accordance with IAS 17 in right-of-use assets recognised pursuant to IFRS 16 (see Note 4).
(2) The amounts reported on this line reflect property and equipment owned by Carrefour China (classified in discontinued operations in 2019 – see Note 5). Accordingly, other changes shown in this table for 2019 do not include amounts relating to Carrefour China in the period.
(3) Other disposals primarily include property and equipment owned by Cargo Property Assets at the time it was removed from the scope of consolidation (see Note 2.3), representing a gross amount of 653 million euros and a net amount of 577 million euros.
(4) This item corresponds mainly to the hyperinflation effect applied to property, plant and equipment held in Argentina, in accordance with IAS 29.

8.3 Impairment tests

Accounting principles

In accordance with IAS 36 – *Impairment of Assets*, intangible assets and property and equipment are tested for impairment whenever events or changes in the market environment indicate that the recoverable amount of an individual asset and/or a cash-generating unit (CGU) may be less than its carrying amount. For assets with an indefinite useful life – mainly goodwill in the case of the Group – the test is performed at least once a year.

Individual assets or groups of assets are tested for impairment by comparing their carrying amount to their recoverable amount, defined as the higher of their fair value (less costs of disposal) and their value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. Impairment losses on property and equipment and intangible assets (other than goodwill) may be reversed in future periods provided that the asset's increased carrying amount attributable to the reversal does not exceed the net carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

IMPAIRMENT OF ASSETS OTHER THAN GOODWILL

Impairment tests on property and equipment are performed at the level of the individual stores (CGUs), for all formats.

In accordance with IAS 36, intangible assets (other than goodwill) and property and equipment are tested for impairment whenever there is an indication that their recoverable amount may be less than their carrying amount. All stores that report a recurring operating loss before depreciation and amortisation in two consecutive years (after the start-up period) are tested.

Recoverable amount is defined as the higher of value in use and fair value less the costs of disposal.

Value in use is considered to be equal to the store's discounted future cash flows over a period of up to five years plus a terminal value. Fair value is estimated based on the prices of recent transactions, industry practice, independent valuations or the estimated price at which the store could be sold to a competitor.

The discount rate and the perpetual growth rate applied are the same as for impairment tests on goodwill.

GOODWILL IMPAIRMENT

IAS 36 requires impairment tests to be performed annually at the level of each CGU or group of CGUs to which the goodwill is allocated.

According to the standard, goodwill is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated should represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and should not be larger than an operating segment as defined in IFRS 8 – *Operating Segments* before aggregation.

The level of analysis at which the Group assesses the recoverable amount of goodwill corresponds to each individual country. The choice of this level is based on a combination of organisational and strategic criteria. In particular, operations within each country (hypermarkets, supermarkets, etc.) use shared resources (country-level centralised purchasing organisation, marketing systems, headquarters functions, etc.) that represent an essential source of synergies between the various operations.

Value in use corresponds to the sum of discounted future cash flows for a period generally not exceeding five years, with a terminal value calculated by projecting data for the final year at a perpetual growth rate. A specific discount rate by country is used for the calculation. Future cash flows used in the impairment tests carried out in 2019 were estimated based on the financial trajectories defined by the Executive Management teams at country level and approved by the Group's Executive Management.

The discount rate for each country corresponds to the weighted average cost of equity and debt, determined using the median gearing rate for the sector. Each country's cost of equity is determined based on local parameters (risk-free interest rate and market premium). The cost of debt is determined by applying the same logic.

Fair value is the price that would be received to sell the operations in the country tested for impairment in an orderly transaction between market participants. Fair value is measured using observable inputs where these exist (multiples of net sales and/or EBITDA for recent transactions, offers received from potential buyers, stock market multiples for comparable companies) or based on analyses performed by internal or external experts.

Additional tests are performed at the interim period-end when there is an indication of impairment. The main impairment indicators used by the Group are as follows:

- internal impairment indicator: a material deterioration in the ratio of recurring operating income before depreciation and amortisation to net revenues excluding petrol between the budget and the most recent forecast;
- external impairment indicator: a material increase in the discount rate and/or a severe downgrade in the IMF's GDP growth forecast.

Impairment losses recognised on goodwill are irreversible, including those recorded at an interim period-end.

8.3.1 Impairment of goodwill and sensitivity analysis

As in 2018, the impairment tests performed in 2019 did not result in any impairment losses being recorded against goodwill.

8.3.1.1 Countries for which the recoverable amount of goodwill was close to the carrying amount

In the impairment tests carried out at December 31, 2019, the recoverable amount of Italy was found to be close to – but still greater than – the net carrying amount. Accordingly, no impairment loss was recognised.

ITALY

An impairment loss of 700 million euros was recorded against goodwill in 2017 to reflect the significant decline in the value in use of our Italian operations. The indications of impairment prompted the Group to carry out an in-depth analysis to determine the Italian operations' fair value. This analysis adopted a multi-criteria valuation approach which took into account multiples observed for comparable companies in the retail sector in Europe, and the market value of Italian real estate assets, determined based on independent appraisals.

The multi-criteria approach was also used to test goodwill for impairment at both December 31, 2019 and 2018. The resulting fair value represented Executive Management's best estimate and confirmed that the 250 million-euro carrying amount of goodwill at December 31, 2019 was reasonable.

8.3.1.2 Other countries

For the other countries where the Group conducts business, the analysis of sensitivity to a simultaneous change in the key inputs based on reasonably possible assumptions did not reveal any probable scenario according to which the recoverable amount of any of the groups of CGUs would be less than its carrying amount.

8.3.1.3 Main financial assumptions used to estimate value in use

The perpetual growth rates and discount rates (corresponding to the weighted average cost of capital – WACC) by country, applied for impairment testing purposes in 2019 and 2018, are presented below:

	2019		2018	
Country	After-tax discount rate	Perpetual growth rate	After-tax discount rate	Perpetual growth rate
France	5.6%	1.7%	5.9%	1.6%
Spain	6.2%	1.8%	6.5%	2.1%
Italy	7.3%	1.5%	6.7%	1.7%
Belgium	5.6%	1.8%	6.0%	1.8%
Poland	7.2%	2.8%	7.9%	2.7%
Romania	8.6%	2.5%	9.4%	3.1%
Brazil	10.1%	3.5%	12.5%	4.6%
Argentina	27.9%	17.0%	25.3%	13.3%
China	N/A	N/A	9.2%	2.3%
Taiwan	5.5%	1.4%	6.8%	1.8%

8.4 Investment property

Accounting principles

IAS 40 – *Investment Property* defines investment property as property (land or a building or both) held to earn rentals and/or for capital appreciation or both. Based on the criteria of this standard, investment property held by the Group consists of shopping malls (retail and service units located behind the stores' checkout area) that are exclusively or jointly owned 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 on a straight-line basis over the same period as similar owner-occupied property (see Note 8.2).

Rental revenue generated by investment property is reported in the income statement under "Other revenue" on a straight-line basis over the lease term. The incentives granted by the Group under its leases are an integral part of the net rental revenue and are recognised over the lease term (see Note 7.1).

The fair value of investment property is measured twice a year:

- either by applying a multiple that is a function of each shopping mall's profitability and a country-specific capitalisation rate, to the gross annualised rental revenue generated by each property;
- or by obtaining independent valuations prepared using two methods: the discounted cash flows method and the yield method. Valuers generally also compare the results of applying these methods to market values per square metre and to recent transaction values.

In view of the limited external data available, particularly concerning capitalisation rates, the complexity of the property valuation process and the use of passing rents to value the Group's own properties, the fair value of investment property is determined on the basis of level 3 inputs.

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Investment property (gross carrying amount)	507	576
Depreciation and impairment	(195)	(187)
TOTAL INVESTMENT PROPERTY, NET	**312**	**389**

(1) At December 31, 2018, the net carrying amount of investment property totalled 389 million euros, of which 71 million euros relating to Carrefour China (see Note 5).

CHANGES IN INVESTMENT PROPERTY

(in millions of euros)	
At December 31, 2017	410
IAS 29 first application adjustments	25
At January 1, 2018	434
Depreciation	(14)
Translation adjustment	(35)
Acquisitions	8
Transfers and other movements	(4)
At December 31, 2018	389
Disposal of Carrefour China[1]	(71)
Depreciation	(15)
Translation adjustment	(11)
Acquisitions	8
Other disposals	(2)
Transfers and other movements	13
At December 31, 2019	312

(1) The amounts reported on this line reflect investment property owned by Carrefour China (classified in discontinued operations in 2019 – see Note 5). Accordingly, other changes shown in this table for 2019 do not include amounts relating to Carrefour China in the period.

Rental revenue generated by this investment property, reported in the income statement under "Other revenue", totalled 55 million euros in 2019 *versus* 54 million euros in 2018 as restated for Carrefour China. Operating costs directly attributable to the properties amounted to 13 million euros in 2019 *versus* 13 million euros in 2018 as restated.

The estimated fair value of investment property at December 31, 2019 was 635 million euros *versus* 982 million euros at December 31, 2018 (603 million euros excluding Carrefour China). Changes in fair values in the various countries were not individually material.

NOTE 9 LEASES

9.1 Accounting principles

Accounting principles

Leases concern:

- mainly property assets, both used directly by the Group and sub-let to third parties, such as store premises sub-let to franchisees and retail units located in shopping malls and shopping centres;
- to a lesser extent, vehicles; as well as
- a few warehousing, IT and storage contracts with a lease component.

As of January 1, 2019, all leases (excluding the recognition exemptions set out in IFRS 16 – see below) are included in the statement of financial position by recognising a right-of-use asset and a lease commitment corresponding to the present value of the lease payments due over the reasonably certain term of the lease.

IFRS 16 also affects the presentation of lease transactions in the income statement (with the lease expense recognised in recurring operating expenses replaced by a depreciation expense in recurring operating expenses and an interest expense in finance costs and other financial income and expenses) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, impact financing cash flows).

The changes introduced by IFRS 16 therefore mainly concern leases that met the definition of operating leases under IAS 17 (applicable until December 31, 2018) and which therefore did not give rise to the recognition of leased assets in the statement of financial position. Operating lease payments were previously recognised within recurring operating expenses on a straight-line basis over the lease term.

Recognition of lease commitments

Amounts taken into account in the initial measurement of the lease commitment are:

- fixed lease payments, less any lease incentives receivable from the lessor;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the option is reasonably certain to be exercised; and
- penalties for terminating or not renewing the lease, if this is reasonably certain.

Lease payments are discounted at the interest rate implicit in the lease if this can be readily determined and otherwise at the lessee's incremental borrowing rate (case applied in practice). The discount rate is tied to the weighted average date for repayment of the outstanding lease commitment.

The discount rate is calculated for each country using a risk-free yield curve and a spread (the same spread is applied for all subsidiaries in a given country). The risk-free yield curve is updated quarterly, while the spread and rating are updated annually, except in the case of a significant event expected to impact assessment of a subsidiary's credit risk.

This lease commitment is subsequently measured at amortised cost using the effective interest method.

The lease commitment may be adjusted if the lease has been modified or the lease term has been changed, or in order to take into account contractual changes in lease payments resulting from a change in an index or a rate used to determine those payments.

Recognition of right-of-use assets

Right-of-use assets are measured at cost, which includes:

- the amount of the initial measurement of the lease commitment;
- any prepaid lease payments made to the lessor;
- any initial direct costs incurred;
- an estimate of the costs to be incurred in dismantling the underlying asset or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are then depreciated on a straight-line basis over the lease term used to measure the lease commitment.

The value of the right-of-use asset may be adjusted if the lease has been modified or the lease term has been changed, or in order to take into account contractual changes in lease payments resulting from a change in an index or a rate used to determine those payments. In the event the lease is terminated before the end of the lease term under IFRS 16, the impact of derecognising the right-of-use asset and lease commitment will be included within non-recurring items.

When the lease contracts provide for initial payment of leasehold rights to the former lessee of the premises, these rights will be accounted for as a component of the right-of-use asset.

Payments under short-term leases (12 months or less) or under leases of a low-value underlying asset are recognised in recurring operating expenses on a straight-line basis over the lease term (IFRS 16 recognition exemptions).

The recoverable amount of the right-of-use asset is tested for impairment whenever events or changes in the market environment indicate that the asset may have suffered a loss in value. Impairment test procedures are identical to those for property and equipment and intangible assets that are described in Note 8.3 ("transition method" applied).

Lease term

The lease term to be used to determine the present value of lease payments is the non-cancellable period of a lease, adjusted to reflect:

- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

To determine the leased assets' reasonably certain period of use, the Group takes into account:

- the inherent characteristics of the different types of assets (stores, logistics warehouses, administrative buildings) and the country concerned by the lease. In the case of leased store premises, the characteristics taken into account include the store's profitability, any recent capital expenditure in the store and the existence of significant termination penalties in the case of integrated or franchised stores;
- a portfolio approach for leased vehicles with similar characteristics and periods of use. Four portfolios have been identified, corresponding to company cars, cars and vans for rental to customers, trucks and light commercial vehicles.

In France, several hundred commercial leases are traditional "3/6/9"-type contracts. Pursuant to commercial lease legislation in France, these leases grant the lessee a right to renew the lease at the end of the lease term or to eviction compensation. In situations where the lessor is required to pay the lessee more than negligible compensation in the event it refuses to renew the lease, the issue is whether or not the lessee holds a renewal option. In this respect, the Group has applied the view expressed by the French accounting authorities (ANC) in its position statement published on February 16, 2018. Accordingly, the enforceable period of an automatically renewable lease is nine years and beyond, and the lease term used in accordance with IFRS 16 represents the notice period (generally six months).

On December 16, 2019, the IFRS IC published its decision in response to a request for clarification on the following matters:

- determination of the enforceable period of an automatically renewable lease, or of an indefinite-term lease, that may be terminated by one of the parties subject to a specified notice period. The issue to be clarified concerned the notion of penalties on which the definition of the enforceable period is based;
- the relationship between the useful life of non-removable leasehold improvements and the lease term under IFRS 16.

The IFRS IC:

- concluded that the economics of a lease (rather than just the legal form) should be taken into account to determine the enforceable period of a lease;
- provided clarification on the relationship between the lease term under IFRS 16 and the useful life of non-removable leasehold improvements.

Carrefour did not apply this decision when preparing its Consolidated Financial Statements at December 31, 2019, since it is currently analysing the potential impacts of the guidance. In view of the large number of leases entered into by the Group in the countries in which it does business, and the publication of this decision late in the financial year, the Group has not had sufficient time to analyse the decision and precisely determine its impacts.

The Group's analyses are focusing in particular on leases:

- that are automatically renewable or can be cancelled at any time;
- that concern underlying assets (stores, warehouses) such as non-removable leasehold improvements and installations whose residual net carrying amount at the end of the IFRS 16 lease term could represent a significant penalty (within the meaning of the IFRS IC's decision) for the Group. These cases could lead to an increase in the term of the corresponding leases under IFRS 16 and/or to an adjustment of the useful life of non-removable leasehold improvements and installations.

The Group's analyses take account of the specificities of different store formats (convenience stores, supermarket and hypermarkets), as well as the particular characteristics of each different region.

Once these analyses and certain peer discussions have been finalised, the Group will be able to determine whether or not this IFRS IC decision modifies its current application of IFRS 16. In particular, these analyses could call into question assessments of the IFRS 16 term of "3/6/9" -type leases in France. The Group has several hundreds of these types of leases, for which it currently determines the lease term in accordance with the view expressed by the ANC in February 2018 (see above).

Accounting treatment for finance lease sub-letting arrangements

When the Group leases and then sub-lets a property, it recognises the main lease, for which it is the lessee, and the sublease, for which it is the lessor, as two different contracts.

If the sublease is classified as an operating lease, the right-of-use assets resulting from the main lease are maintained under assets in the statement of financial position and the proceeds from the sublease are recognised in recurring income for the term of the sublease.

If the sublease is classified as a finance lease:

- right-of-use assets resulting from the main lease are de-recognised;
- a receivable is recognised in an amount corresponding to the net investment in the sublease is recognised;
- any difference between the right-of-use assets and the net investment in the sublease is recognised in financial income and expenses;
- the lease commitment (in respect of the main lease) is maintained in liabilities.

Income tax

Deferred tax is recognised based on the net amount of temporary taxable and deductible differences.

Upon initial recognition of the right-of-use asset and lease commitment, no deferred tax is recognised if the amount of the asset equals the amount of the liability.

Net temporary differences that may result from subsequent changes in the right-of-use asset and lease commitment give rise to the recognition of deferred tax.

9.2 Right-of-use assets

	January 1, 2019[2]			December 31, 2019			
	Net carrying amount						
(in millions of euros)	IAS 17[1]	IFRS 16	Total	Gross carrying amount	Depreciation	Impairment	Net carrying amount
Land & Buildings	367	4,603	4,970	5,321	(1,126)	(3)	4,192
Equipment, fixtures and fittings	-	116	116	134	(13)	-	121
Investment property	-	158	158	86	(10)	-	75
RIGHT-OF-USE ASSET	**367**	**4,877**	**5,244**	**5,540**	**(1,149)**	**(3)**	**4,388**

(1) At January 1, 2019, 367 million euros in fixed assets under finance leases recognised at December 31, 2018 in accordance with IAS 17 were reclassified under right-of-use assets, recognised pursuant to IFRS 16 (see Note 4).
(2) At January 1, 2019, right-of-use assets amounted to 5,244 million euros, of which 836 million euros relating to Carrefour China.

CHANGE IN RIGHT-OF-USE ASSETS

	December 31, 2019		
(in millions of euros)	Gross carrying amount	Depreciation & Impairment	Net carrying amount
Assets under IAS 17 finance leases at December 31,2018	*723*	*(356)*	*367*
At January 1, 2019	5,600	(356)	5,244
Disposal of Carrefour China[1]	(878)	41	(836)
Increase	1,075	-	1,075
Decrease	(251)	73	(178)
Depreciation	-	(914)	(914)
Other movements	(7)	4	(3)
AT DECEMBER 31, 2019	**5,540**	**(1,152)**	**4,388**

(1) The amounts reported on this line relate to right-of-use assets owned by Carrefour China (classified in discontinued operations in 2019 – see Note 5) at January 1, 2019. Accordingly, other changes shown in this table for 2019 do not include amounts relating to Carrefour China in the period.

9.3 Lease commitments

LEASE COMMITMENTS BY MATURITY

(in millions of euros)	December 31, 2019
Due within 1 year	912
Due in 1 to 2 years	820
Due in 2 to 5 years	1,801
Due beyond 5 years	1,038
LEASE COMMITMENTS	**4,573**

NOTE 10 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Accounting principles

The consolidated statement of financial position includes the Group's share of the change in the net assets of companies accounted for by the equity method (associates and joint ventures), as adjusted to comply with Group accounting policies, from the date when significant influence or joint control is acquired until the date when it is lost.

Companies accounted for by the equity method are an integral part of the Group's operations and the Group's share of their net profit or loss is therefore reported as a separate component of recurring operating income ("Recurring operating income after net income from equity-accounted companies"), in accordance with the recommendation no. 2013-01 of the French accounting standards authority (ANC).

The carrying amount of investments in equity-accounted companies is tested for impairment in line with the accounting principles described in Note 8.3.

10.1 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, 2017	1,355
IFRS 9 first application adjustments	7
At January 1, 2018	1,362
Translation adjustment	(15)
Share of net income	14
Dividends	(51)
Acquisitions and capital increases	115
Other movements	(51)
At December 31, 2018	1,374
Translation adjustment	0
Share of net income	2
Dividends	(103)
Acquisitions and capital increases	27
Other movements	(54)
AT DECEMBER 31, 2019	**1,246**

10.2 Information about associates

The following table shows key financial data of associates:

(in millions of euros)	% interest	Total assets	Shareholders' equity	Non-current assets	Net sales/ Revenues	Net income/ (loss)
Carmila (France)	35%	5,479	2,576	5,003	359	30
Provencia SA (France)	50%	458	270	251	864	23
Showroomprive.com (France)	21%	403	184	228	655	(47)
Carrefour SA (Turkey)	46%	552	(29)	343	1,007	(54)
Costasol (Spain)	34%	105	50	64	162	8
Mestdagh (Belgium)	25%	266	39	94	596	17
Ulysse (Tunisia)	25%	141	90	124	331	12
Other companies[1]	N/A	929	339	558	1,576	28

(1) Corresponding to a total of 199 companies, none of which is individually material.

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At December 31, 2019, the two main associates were Carmila with a carrying amount of 838 million euros (908 million euros at December 31, 2018) and Provencia with a carrying amount of 125 million euros (122 million euros at December 31, 2018). These two associates represented 77% of the total value of equity-accounted companies at end-2019.

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 on Carmila.

Up until its merger with Cardety on June 12, 2017, Carmila's governance was organised by a shareholders' agreement between Carrefour (which held a 42% stake in Carmila) and other institutional investors (which held the remaining 58% stake). This agreement specified the composition of the Board of Directors and the list of decisions requiring the Board's prior approval (votes subject to a simple or qualified majority, depending on the importance of the matters discussed).

In parallel with the merger of Carmila into Cardety, the corporate governance rules were adjusted (restructuring of its administration and management bodies, and amendments to its Articles of Association and the Board of Directors' internal rules). In light of the amended corporate governance rules, the Group considers that it has significant influence over the new entity Carmila, which is accounted for using the equity method. The Group's position is primarily based on the fact that the Carrefour group is not represented by a majority on the Board of Directors (comprises 14 members, of which eight are independent and five are appointed by Carrefour). Therefore, the Group cannot alone impose decisions requiring the Board's prior consent, which partly concern the relevant activities.

The following table presents key financial data of Carmila at December 31, 2019 and 2018 (as published in Carmila's Consolidated Financial Statements[1]). Carmila's net asset value – European Public Real Estate Association (NAV EPRA) came to 3,799 million euros at December 31, 2019.

(in millions of euros)	2019	2018
Revenue (rental income)	359	340
Operating income before fair value adjustment of assets	282	261
Operating income[1]	192	275
Net income from continuing operations	108	164
Total non-current assets[1]	6,155	6,092
Total current assets	364	411
of which cash and cash equivalents	*178*	*71*
Total non-current liabilities	2,563	2,550
Total current liabilities	410	301
% interest held by Carrefour	*35.4%*	*35.4%*
Amount of the investment in equity-accounted company	838	908
Carrefour – Cash dividends received from Carmila	72	36

(1) Since Carmila opted to apply the fair value model for the accounting of its investment properties, in accordance with the option provided in IAS 40, the figures presented in the above table are adjusted to reflect real estate fair value corrections. Before being accounted for by the equity method in the Group financial statements, Carmila's Consolidated Financial Statements are therefore restated to apply the cost model applied by Carrefour.

Shares in Showroomprivé were written down by 47 million euros in 2019 to bring them into line with the price of the company's share on the market at December 31, 2019.

10.3 Transactions with associates (related parties)

The following table presents the main related-party transactions carried out in 2019 with companies over which the Group exercises significant influence:

(in millions of euros)	Carmila (France)	CarrefourSA (Turkey)	Provencia (France)	Mestdagh (Belgium)	Ulysse (Tunisia)
Net sales (sales of goods)	-	0	577	49	6
Franchise fees	-	3	9	8	2
Property development revenue[1]	37	-	-	-	-
Sales of services	16	-	-	6	-
Fees and other operating expenses	(5)	-	-	-	-
Receivables at December 31, 2019	56	1	24	9	2
Payables at December 31, 2019	(7)	(2)	-	-	-

(1) Amounts are presented before elimination of the Group's share in the associate of revenues and proceeds arising on transactions carried out between the Group and the associate.

NOTE 11 INCOME TAX

Accounting principles

Income tax expense comprises current taxes and deferred taxes. It includes the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE) local business tax in France assessed on the value-added generated by the business, which is reported under income tax expense because the Group considers that it meets the definition of a tax on income contained in IAS 12 – *Income Tax*.

Deferred taxes are calculated on all temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and their tax basis (except in the specific cases referred to in IAS 12), and carried-forward tax losses. They are measured at the tax rates that are expected to apply to the period when the asset will be realised or the liability will be settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position under "Non-current assets" and "Non-current liabilities".

The recoverability of deferred tax assets is assessed separately for each tax entity, based on estimates of future taxable profits contained in the business plan for the country concerned (prepared as described in Note 8.3) and the amount of deferred tax liabilities at the period-end. A valuation allowance is recorded to write down deferred tax assets whose recovery is not considered probable.

11.1 Income tax expense for the period

(in millions of euros)	2019	2018 restated IFRS 5
Current income tax expense (including provisions)	(475)	(534)
Deferred income taxes	(29)	5
TOTAL INCOME TAX EXPENSE	**(504)**	**(529)**

TAX PROOF

Theoretical income tax for 2019 and 2018 restated for IFRS 5 has been calculated by multiplying consolidated income before tax by the standard French corporate income tax rate. For 2019, theoretical income tax expense amounted to 249 million euros compared with actual net income tax expense of 504 million euros, as follows:

(in millions of euros)	2019	2018 restated IFRS 5
Income before taxes	722	565
Standard French corporate income tax rate	*34.4%*	*34.4%*
Theoretical income tax expense	(249)	(195)
Adjustments to arrive at effective income tax rate:		
• Differences between the standard French corporate income tax rate and overseas nominal taxation rates	40	36
• Effect of changes in applicable tax rates	7	14
• Tax expense and tax credits not based on the taxable income(1)	(16)	(37)
• Tax effect of other permanent differences	(12)	(14)
• Deferred tax assets recognised on temporary differences and tax loss carryforwards of previous years(2)	28	66
• Deferred tax assets not recognised on temporary differences and tax loss carryforwards arising in the year(3)	(172)	(289)
• Valuation allowances on deferred tax assets recognised in prior years(3)	(131)	(113)
• Tax effect of net income from equity-accounted companies	1	(5)
• Other differences	(0)	6
TOTAL INCOME TAX EXPENSE	**(504)**	**(529)**
Effective tax rate	*69.7%*	*93.7%*

(1) The reported amount of taxes with no income base takes into account notably the CVAE local business tax in France, amounting to 61 million euros in 2019 (51 million euros in 2018), withholding taxes and changes in provisions for tax risks (see Note 12.2.1). It also includes the tax effect associated with the net profits or losses of discontinued operations.
(2) Deferred tax assets recognised in 2019 on prior years' tax losses primarily concerned Brazil. In 2018, they related mainly to Belgium.
(3) In 2019, valuation allowances mainly concerned France, Brazil and Italy.

11.2 Deferred tax assets and liabilities

The Group had a net deferred tax asset of 168 million euros at December 31, 2019, *versus* 182 million euros at the previous year-end.

(in millions of euros)	At December 31, 2019	At December 31, 2018
Deferred tax assets	823	723
Deferred tax liabilities	(655)	(541)
NET DEFERRED TAX ASSETS	**168**	**182**

The following table shows the main sources of deferred taxes:

		Change			
(in millions of euros)	December 31, 2018	Income statement	Income tax on other comprehensive income (OCI)	Changes in consolidation scope, translation adjustment, other[1]	December 31, 2019
Tax loss carryforwards	1,262	142	-	(219)	1,185
Property and equipment	131	34	-	(46)	119
Non-deductible provisions	779	61	27	(24)	845
Goodwill amortisation allowed for tax purposes	315	1	-	-	316
Other intangible assets	4	4	-	(0)	8
Inventories	151	4	-	(28)	127
Financial instruments	136	1	1	(5)	133
Other temporary differences	(23)	(11)	-	15	(19)
Deferred tax assets before netting	2,756	238	28	(307)	2,715
Effect of netting deferred tax assets and liabilities	(484)	(3)	-	18	(469)
Deferred tax assets after netting	2,272	235	28	(290)	2,246
Valuation allowances on deferred tax assets	(1,550)	(154)	(27)	307	(1,423)
Net deferred tax assets	723	81	2	17	823
Property and equipment	(250)	(75)	-	(26)	(351)
Provisions recorded solely for tax purposes	(394)	(64)	-	11	(447)
Goodwill amortisation allowed for tax purposes	(157)	13	-	3	(141)
Other intangible assets	(1)	(16)	-	0	(16)
Inventories	(16)	(3)	-	-	(19)
Financial instruments	(14)	3	3	(9)	(17)
Other temporary differences	(193)	29	-	31	(132)
Deferred tax liabilities before netting	(1,025)	(113)	3	11	(1,124)
Effect of netting deferred tax assets and liabilities	484	3	-	(18)	469
Deferred tax liabilities after netting	(541)	(110)	3	(8)	(655)
NET DEFERRED TAXES	**182**	**(29)**	**5**	**10**	**168**

(1) The decrease of deferred tax assets corresponds mainly to the removal of Carrefour China from the consolidation scope (see Note 5).

11.3 Unrecognised deferred tax assets

Unrecognised deferred tax assets amounted to 1,423 million euros at December 31, 2019 (*versus* 1,550 million euros at December 31, 2018), including 949 million euros related to tax loss carryforwards (1,026 million euros at December 31, 2018) and 474 million euros on temporary differences (524 million euros at December 31, 2018).

11.4 Uncertain tax positions

Further to the first-time application of IFRIC 23, provisions for tax risks relating to income tax totalling 459 million euros at December 31, 2018 were reclassified within tax payables at January 1, 2019, shown as a non-current portion of 382 million euros and a current portion of 77 million euros (see Note 4).

NOTE 12 PROVISIONS AND CONTINGENT LIABILITIES

Accounting principles

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recorded when, at the period-end, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount of the provision is estimated based on the nature of the obligation and the most probable assumptions. Provisions are discounted when the effect of the time value of money is material.

Contingent liabilities, which are not recognised in the statement of financial position, are defined as:

- possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

12.1 Changes in provisions

(in millions of euros)	12/31/2018	IFRS 16 first application impacts	IFRIC 23 first application impacts[4]	At 01/01/2019	Translation adjustment	Increases	Discounting adjustment	Reversals of surplus provisions	Utilisations	Other[5]	12/31/2019
Employee benefits[1]	1,095	-	-	1,095	1	77	111	(104)	(50)	46	1,176
Claims and litigation	1,290	-	(459)	831	(27)	629	-	(216)	(122)	(0)	1,094
Tax litigations	*998*	-	*(459)*	*539*	*(20)*	*453*	-	*(132)*	*(44)*	*2*	*797*
Employee related disputes	*143*	-	-	*143*	*(5)*	*100*	-	*(36)*	*(54)*	*(1)*	*147*
Legal disputes	*149*	-	-	*149*	*(2)*	*76*	-	*(48)*	*(25)*	*(1)*	*150*
Restructuring	697	-	-	697	(4)	326	-	(29)	(379)	(62)	548
Provisions related to banking and insurance businesses[2]	276	-	-	276	(1)	18	-	(35)	(28)	0	231
Others[3]	163	54	-	217	1	89	-	(31)	(23)	(4)	249
TOTAL PROVISIONS	**3,521**	**54**	**(459)**	**3,116**	**(30)**	**1,138**	**111**	**(415)**	**(603)**	**(20)**	**3,297**

(1) See Note 13.
(2) Provisions relating to the banking and insurance businesses include provisions for credit risk on loan commitments (off-balance sheet) recognised in accordance with IFRS 9, and provisions set aside to cover insurance underwriting risk.
(3) Other provisions mainly concern onerous contracts. As of January 1, 2019, other provisions also include provisions for dismantling assets under property leases or for restoring assets to the requisite condition, recognised against the related right-of-use asset following application of IFRS 16 at that date (Note 4).
(4) The first-time application of IFRIC 23 from January 1, 2019 had the effect of reducing provisions for tax risks from 998 million euros at December 31, 2018 to 539 million euros at January 1, 2019 (see Note 4).
(5) An amount of 47 million euros was reclassified from provisions for restructuring to provisions for post-employment benefit obligations to reflect the departure of Belgian employees in 2019 under early retirement schemes.

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.

The Group's provisions for claims and litigation increased from 831 million euros at January 1, 2019 (after first-time application of IFRIC 23) to 1,094 million euros at December 31, 2019 (see Note 4). 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.

12.2 Claims and litigation

In the normal course of its operations in around a dozen different countries, the Group is involved in tax, employee-related and commercial disputes and legal proceedings.

12.2.1 Tax litigations (including those related to corporate income tax)

Certain Group companies have been or are currently the subject of tax audits conducted by their local tax authorities.

In Brazil, tax audits are in progress covering, in particular, the tax on the distribution of goods and services (ICMS), related tax credits (determination of the amounts claimable and documentation of the claims), and federal contributions to the social integration programme and to the financing of the social security system (Pis-Cofins). The Group has challenged most of the assessments, particularly the constitutionality of certain legislative provisions on which they are based. The estimated risk in each case is reviewed regularly with the group Carrefour Brazil's advisors and an appropriate provision is recorded. At December 31, 2019, the corresponding provision (including provision for risks on income tax) totalled 790 million euros (*versus* 510 million euros at December 31, 2018) and legal deposits paid in connection with reassessments contested by the Group – recorded in "Other non-current financial assets" (see Note 15.5) – amounted to 497 million euros (471 million euros at December 31, 2018). The increase in the provision chiefly reflects the unfavourable decision handed down by the Supreme Court in May 2019 to adjust its ruling on inter-state transfers of ICMS tax credits relating to "basic products" (see Note 7.3).

In France, Carrefour has contested notably the position of the administration regarding the scope of the "rabot" scheme, which capped the tax deduction of financial expenses until December 31, 2018.

In several countries, the tax authorities have disallowed part of the headquarters expenses deducted by Group companies. The Group has contested these reassessments.

12.2.2 Employee related disputes

As a major employer, the Group is regularly involved in disputes with current or former employees.

From time to time, disputes may also arise with a large group of current or former employees. In Brazil, many former employees have initiated legal proceedings against the Group, primarily claiming overtime pay that they allege is due to them.

12.2.3 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. As any company, disputes may also arise with service providers or suppliers.

12.3 Contingent liabilities

To the best of the Group's knowledge, there are no contingent liabilities that may be considered likely to have a material impact on the Group's results, financial position, assets and liabilities or business.

In Brazil, due to the highly complex tax rules, especially those applicable to retailers, the Group is exposed to tax risks which the Group and its counsel consider are unlikely to lead to an outflow of resources. The tax risks represented a total exposure of 1.9 billion euros at December 31, 2019. The main tax risk concerns the deductibility for tax purposes of amortisation expense on goodwill related to the 2007 acquisition of Atacadão, representing a total exposure of 587 million euros at December 31, 2019. The Group continues to believe that the risk is unlikely to lead to an outflow of resources.

In France, the local Competition Authority (*Autorité de la concurrence*) launched in July 2018 an investigation regarding procurement in the retail industry, predominantly food-based, which is still pending.

In Belgium, the local Competition Authority launched, in May 2019, an investigation in relation with the purchasing alliance between Carrefour Belgique and Provera.

By a decision of October 1, 2019, Carrefour Argentina (INC SA) has been referred back to a trial court for complicity in unauthorized financial intermediation for facts which occurred between 2012 and 2015 in a context of hyperinflation. The appeal filed by INC SA against this procedural decision is currently pending.

NOTE 13 NUMBER OF EMPLOYEES, EMPLOYEE COMPENSATION AND BENEFITS

Accounting principles

Group employees receive short-term benefits (such as paid vacation, paid sick leave and statutory profit-sharing bonuses), defined post-employment benefits (such as length-of-service awards and supplementary pension benefits) and other long-term benefits (such as long-service awards and seniority bonuses). Post-employment benefits may be paid under defined contribution or defined benefit plans.

All of these benefits are accounted for in accordance with IAS 19 – *Employee Benefits*. Short-term benefits (*i.e.*, benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services) are classified as current liabilities (under "Other payables") and recorded as an expense for the year in which the employees render the related services (see Note 7.2.2). Post-employment benefits and other long-term benefits are measured and recognised as described in Note 13.1.

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 13.2.

13.1 Pension and other post-employment benefits

Accounting principles

Post-employment benefits are employee benefits that are payable after the completion of employment. The Group's post-employment benefit plans include both defined contribution plans and defined benefit plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity that is responsible for the plan's administrative and financial management as well as for the payment of benefits, such that the Group has no obligation to pay further contributions if the plan assets are insufficient. Examples include government-sponsored pension schemes, defined contribution supplementary pension plans and defined contribution pension funds.

The contributions are recorded as an expense for the period in which they become due.

DEFINED BENEFIT AND LONG-TERM BENEFIT PLANS

A liability is recognised for defined benefit obligations that are determined by reference to the plan participants' years of service with the Group.

The defined benefit obligation is calculated annually using the projected unit credit method, taking into account actuarial assumptions concerning future salary levels, retirement age, mortality, staff turnover and the discount rate.

The discount rate corresponds to the interest rate observed at the period-end for investment grade corporate bonds with a maturity close to that of the defined benefit obligation. The calculations are performed by a qualified actuary.

The net liability recorded for defined benefit plans corresponds to the present value of the defined benefit obligation less the fair value of plan assets (if any). The cost recognised in the income statement comprises:

- current service cost, past service cost and the gain or loss on plan amendments or settlements (if any), recorded in operating expense;
- interest expense on the defined benefit liability, net of interest income on the plan assets, recorded in net financial expense.

Remeasurements of the net defined benefit liability (comprising actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling) are recognised immediately in "Other comprehensive income".

13.1.1 Description of the main defined benefit plans

The main defined benefit plans concern supplementary pension benefits paid annually in some countries to retired employees of the Group, and length-of-service awards provided for in collective bargaining agreements that are paid to employees upon retirement. The plans, which are presented below, mainly concern France, Belgium and Italy.

FRENCH PLANS

Group employees in France are entitled to a length-of-service award when they retire, determined in accordance with the law and the applicable collective bargaining agreement. The award is measured as a multiple of the individual's monthly salary for the last 12 months before retirement, determined by reference to his or her years of service.

In 2009, the Group set up a supplementary pension plan, amended in 2015. The main characteristics of the plan are as follows:

- eligibility: plan participants must have completed at least three years' service at the time of retirement and their annual compensation must be greater than 18 times the annual ceiling for social security contributions;
- benefits: 2.75% of the reference compensation per year of service, subject to the applicable performance conditions being met for each year. No benefits are paid if a minimum number of years has not been validated in connection with the performance conditions;
- years of service taken into account for the calculation of plan benefits: years of service with the Carrefour group under consecutive or non-consecutive employment contracts. The plan's terms do not provide for any increase in benefits for participants who have completed more than a certain number of years' service;
- the reference compensation is calculated as the average of the last three salaries (basic salary and 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.

Pursuant to the Ordinance of July 3, 2019 (transposition of the European directive known as "pension right portability"), defined-benefit pension plans can no longer allow the acquisition of new conditional rights after January 1, 2020. Therefore, this scheme will be subject to change by decision of the Group's Board of Directors.

BELGIAN PLANS

The Group's main commitments in Belgium concern "prepensions" and the "solidarity fund".

The prepension scheme provides for the payment of unemployment benefits during the period from the retirement age proposed in the collective bargaining agreement to the statutory retirement age. Carrefour is committed to topping up the benefits paid by the Belgian State, so that the individuals concerned receive 95% of their final net salary. The retirement age under Belgian law, amended in 2015, is 65 (unless otherwise provided). Under the collective bargaining agreement applicable to Carrefour, employees are eligible for prepension benefits from the age of 62 (unless otherwise provided).

The solidarity fund is a corporate supplementary pension plan that offers participants the choice between a lump sum payment on retirement or a monthly pension for the rest of their lives. The plan was closed in 1994 and replaced by a defined contribution plan. Consequently, the projected benefit obligation only concerns pension rights that vested before 1994.

Furthermore, as of 2016, an additional provision has been recorded for defined contribution plans with a minimum legal guaranteed yield, in view of the current economic conditions.

ITALIAN PLANS

The Group's commitments in Italy primarily concern the *Trattemento di Fine Rapporto* (TFR) deferred salary scheme. The TFR scheme underwent a radical reform in 2007, with employers now required to pay contributions to an independent pension fund in full discharge of their liability. The Group's obligation therefore only concerns deferred salary rights that vested before 2007.

13.1.2 Net expense for the period

The expense recorded in the income statement is detailed as follows:

2018 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost(1)	(42)	(8)	(0)	1	(50)
Interest cost (discount effect)	13	6	2	1	22
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	(1)	-	-	0	(1)
EXPENSE (INCOME) FOR 2018	**(31)**	**(5)**	**1**	**1**	**(33)**

2019 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Service cost(1)	(45)	15	(1)	1	(30)
Interest cost (discount effect)	13	7	2	1	22
Return on plan assets	(0)	(3)	-	(0)	(3)
Other items	2	-	-	(0)	2
EXPENSE (INCOME) FOR 2019	**(30)**	**19**	**1**	**1**	**(9)**

(1) The following table presents details of service cost:

2018 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	52	16	0	1	68
Past service cost (plan amendments and curtailments)	(93)	(24)	-	-	(118)
Settlements and other	-	-	(1)	-	(1)
TOTAL SERVICE COST 2018	**(42)**	**(8)**	**(0)**	**1**	**(50)**

2019 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Current service cost	42	14	0	1	57
Past service cost (plan amendments and curtailments)	(87)	1	-	-	(86)
Settlements and other	-	-	(1)	-	(1)
TOTAL SERVICE COST 2019	**(45)**	**15**	**(1)**	**1**	**(30)**

The service cost for 2019 represented a net positive amount of 9 million euros, due to plan curtailments arising from redundancy plans in France and other countries (see Note 2.1). Reversals of the related provisions were recorded in "Non-recurring income and expenses". The other income and expenses for pension and other post-employment benefit plans in 2019 were recorded in employee benefits expense, except for 19 million euros recorded in financial expense.

13.1.3 Breakdown of the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Defined benefit obligation	770	398	115	42	1,326
Fair value of plan assets	(6)	(217)	-	(8)	(231)
Provision at December 31, 2018	764	181	115	35	1,095
Defined benefit obligation	799	462	116	45	1,423
Fair value of plan assets	(7)	(229)	-	(11)	(246)
Provision at December 31, 2019	793	233	116	35	1,176

DBO: Defined Benefit Obligations

13.1.4 Change in the provision

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Provision at December 31, 2017	873	221	128	35	1,256
Movements recorded in the income statement	(31)	(5)	1	1	(33)
Benefits paid directly by the employer	(18)	(12)	(12)	(0)	(42)
Effect of changes in scope of consolidation	(8)	-	-	-	(8)
Change in actuarial gains and losses[(2)]	(51)	(13)	(2)	2	(64)
Other	(1)	(10)	(0)	(3)	(14)
Provision at December 31, 2018	764	181	115	35	1,095
Movements recorded in the income statement	(30)	19	1	1	(9)
Benefits paid directly by the employer	(19)	(11)	(14)	(0)	(44)
Effect of changes in scope of consolidation	(11)	-	(0)	-	(11)
Change in actuarial gains and losses[(2)]	90	5	14	2	111
Other[(1)]	(0)	39	-	(3)	36
Provision at December 31, 2019	793	233	116	35	1,176

(1) An amount of 47 million euros was reclassified from provisions for restructuring to provisions for post-employment benefit obligations to reflect the departure of Belgian employees in 2019 under early retirement schemes.
(2) This line breaks down as follows:

2018 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Actuarial (gain)/loss due to experience	(24)	-	0	0	(24)
Actuarial (gain)/loss due to demographic assumption changes	(11)	-	-	1	(10)
Actuarial (gain)/loss due to financial assumption changes[1]	(16)	(15)	(2)	0	(32)
Return on plan assets (greater)/less than discount rate	(0)	1	-	(0)	1
Changes in actuarial gains and losses 2018	(51)	(13)	(2)	2	(64)

2019 *(in millions of euros)*	France	Belgium	Italy	Other countries	Group total
Actuarial (gain)/loss due to experience	(6)	-	1	(1)	(5)
Actuarial (gain)/loss due to demographic assumption changes	11	-	-	2	14
Actuarial (gain)/loss due to financial assumption changes[1]	84	26	13	1	124
Return on plan assets (greater)/less than discount rate	0	(21)	-	(0)	(22)
Changes in actuarial gains and losses 2019	90	5	14	2	111

(1) The discount rates for the eurozone had increased slightly in 2018, from 1.44% at December 31, 2017 to 1.60% at December 31, 2018. They were significantly lower in 2019, down to 0.75% at the end of the year.

13.1.5 Plan assets

(in millions of euros)	France	Belgium	Italy	Other countries	Group total
Fair value at December 31, 2017	16	230	-	7	253
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(11)	(24)	-	(3)	(38)
Actuarial gain/(loss)	0	(1)	-	0	(1)
Other	-	10	-	3	13
Fair value at December 31, 2018	6	217	-	8	231
Return on plan assets	0	3	-	0	3
Benefits paid out of plan assets	(0)	(21)	-	(2)	(23)
Actuarial gain/(loss)	0	21	-	0	22
Other	1	8	-	5	13
Fair value at December 31, 2019	7	229	-	11	246

Plan assets break down as follows by asset class:

	December 31, 2019				December 31, 2018			
	Bonds	Equities	Monetary investments	Real estate and other	Bonds	Equities	Monetary investments	Real estate and other
France	31%	3%	63%	2%	28%	3%	68%	1%
Belgium	36%	10%	54%	0%	33%	9%	57%	0%

All bonds and equities held in plan asset portfolios are listed securities.

13.1.6 Actuarial assumptions and sensitivity analysis

The assumptions used to measure defined benefit obligations for length-of-service awards are as follows:

	2019	2018
Retirement age	62-67	62-67
Rate of future salary increases	2.0% to 2.4%	1.9% to 2.5%
Inflation rate	1.9%	1.9%
Discount rate	0.75%	1.6%

At December 31, 2019, a discount rate of 0.75% was used for France, Belgium and Italy (1.60% at December 31, 2018). 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 2019, the average duration of the defined benefit obligation under French, Belgian and Italian plans was 12.9 years, 9.8 years and 11.5 years respectively (*versus* 11.6 years, 8.2 years and 8.5 years in 2018).

Sensitivity tests show that:

- a 25-bps increase in the discount rate would reduce the defined benefit obligation under the French, Belgian and Italian plans by around 34 million euros;
- a 25-bps increase in the inflation rate would increase the defined benefit obligation under the French, Belgian and Italian plans by around 35 million euros.

13.2 Share-based payments

Accounting principles

Two types of share-based payment plans have been set up for members of management and selected employees – stock option plans and performance share plans.

As the plans are equity-settled, the benefit represented by the share-based payment is recorded in employee benefits expense with a corresponding increase in shareholders' equity in accordance with IFRS 2 – *Share-based Payment*. The cost recorded in employee benefits expense corresponds to the fair value of the equity instruments on the grant date (*i.e.*, the date on which grantees are informed of the plan's characteristics and terms). Fair value is determined using the Black & Scholes option pricing model for stock options and the share price on the grant date for performance shares. Performance conditions that are not based on market conditions are not taken into account to estimate the fair value of stock options and performance shares at the measurement date. However, they are taken into account in estimates of the number of shares that are expected to vest, as updated at each period-end based on the expected achievement rate for the non-market performance conditions.

The cost calculated as described above is recognised on a straight-line basis over the vesting period.

The cost of share-based payment plans for 2019 recorded under "Employee benefits expense" in recurring operating income was 10 million euros, with a corresponding increase in equity (6 million euros in 2018).

Details of the stock option and performance share plans set up for Executive Management and selected employees are presented below.

13.2.1 Stock option plans

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2019, since the 2010 plans based on performance conditions and continued employment in the Group expired in July 2017.

On March 21, 2017, the Board of Directors of Atacadão decided to award options on existing or new Atacadão shares. This stock option plan was approved by Atacadão's Shareholders' Meeting held on the same date. Options awarded under this plan represent a maximum number of 9,283,783 shares (representing 0.47% of Atacadão's share capital). The options are subject to the following vesting conditions:

- one-third of the options vest at the date of the company's IPO;
- one-third of the options will vest 12 months after the date of the IPO;
- one-third of the options will vest 24 months after the date of the IPO.

The options may be exercised up to March 21, 2023 at a price of 11.7 reals.

The table below shows the main assumptions used to calculate the fair value of the options awarded in 2017.

Fair value of the options at the grant date	Brazil 2017 "Pre-IPO" Plan
Exercise price *(in R$)*	11.7
Estimated fair value of the share at the grant date *(in R$)*	11.7
Volatility *(in %)*	29.02%
Dividend growth *(in %)*	1.35%
Risk-free interest rate *(in %)*	10.25%
Expected average life of share option *(in years)*	2.72
Model	Binomial
Fair value option at grant date *(in R$)*	3.73

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Movements during the year in the stock option plan were as follows:

	2019
Options outstanding at January 1	4,797,887
Options granted during the year	-
Options exercised during the year	(1,305,040)
Options cancelled or that expired during the year	(1,126,924)
Options outstanding at December 31	2,365,923

On June 26, 2017, Atacadão's Extraordinary Shareholders' Meeting approved a regular stock option plan providing for annual grants of stock options subject to the following conditions:

- vesting period: 36 months after each grant date;
- maximum exercise period: end of the sixth year following the date of the stock option plan;
- maximum dilution: 2.5% of the total amount of ordinary shares comprising the share capital; and
- exercise price: to be determined by the Board of Directors when granting stock options. Thprice will take into account the share price during a maximum of 30 days preceding the date of grant.

On September 26, 2019, the Board of Directors of Atacadão decided to award the first options, as shown below:

	Brazil 2019 "Regular" Plan
Grant date	September 26, 2019
Number of options granted	3,978,055
Life of the options	6 years
Number of grantees	92
Exercise period	September 26, 2022 to September 26, 2025
Number of options outstanding	3,612,789
Exercise price *(in R$)*	21.98

The table below shows the main assumptions used to calculate the fair value of the options awarded in 2019.

Fair value of the options at the grant date	Brazil 2019 "Regular" Plan
Exercise price *(in R$)*	21.98
Estimated fair value of the share at the grant date *(in R$)*	21.98
Volatility *(in %)*	27.20%
Dividend growth *(in %)*	1.09%
Risk-free interest rate *(in %)*	5.57%
Expected average life of share option *(in years)*	3
Model	Binomial
Fair value option at grant date *(in R$)*	5.20

Movements during the year in the stock option plan were as follows:

	2019
Total number of shares alloted at the grant date	3,546,029
Options granted during the year	237,335
Options exercised during the year	-
Options cancelled or that expired during the year	(170,575)
Options outstanding at December 31	3,612,789

13.2.2 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 or to be issued) to some 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board of Directors' meeting at which the rights were granted. The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition for 30%.

The table below shows details of the performance share plan which expired on July 28, 2019:

	2016 Performance plan
Shareholders' Meeting date	May 17, 2016
Grant date(1)	September 15, 2016
Vesting date(2)	July 28, 2019
Total number of shares allotted at the grant date	1,944,850
Number of grantees at the grant date	950
Fair value of each share *(in euros)*(3)	20.18

(1) Notification date (*i.e.*, date on which grantees were notified of the plans' characteristics and terms).
(2) Vesting of granted shares was subject to performance conditions and the grantees continued employment.
(3) The Carrefour share price on the grant date (reference price) adjusted for dividends expected during the vesting period.

Movements in performance share grants were as follows:

	2019	2018
Shares allotted at January 1	1,516,550	1,739,450
of which, vested shares	-	8,000
Shares granted during the year	-	-
Shares delivered to the grantees during the year	(916,098)	(12,000)
Shares cancelled during the year	(600,452)	(210,900)
Shares allotted at December 31	-	1,516,550

On February 27, 2019, 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 new or existing performance shares. This plan provided for the grant of a maximum of 3,366,200 shares (excluding shares granted to corporate officers), representing 0.43% of the share capital. The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board of Directors' Meeting at which the rights were granted. The number of shares that vest will depend on the achievement of four performance conditions:

- two conditions linked to financial performance (recurring operating income growth for 25% and free cash flow growth for 25%);
- a condition linked to an external performance criterion (TSR), benchmarking the Carrefour share price against a panel of companies in the retail sector (for 25%); and
- a CSR-related condition for 25%.

Details of the performance share plans in progress at December 31, 2019 are presented below:

	Plan 2019 Performance
Shareholders' Meeting date	May 17, 2016
Grant date(1)	February 27, 2019
Vesting date(2)	February 28, 2022
Total number of shares allotted at the grant date	3,615,346
Number of grantees at the grant date	640
Fair value of each share *(in euros)*(3)	14.33

(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.

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Movements in performance share grants were as follows:

	2019
Shares allotted at February 27, 2019	3,615,346
Shares granted during the year	-
Shares delivered to the grantees during the year	-
Shares cancelled during the year	(382,700)
Shares allotted at December 31	3,232,646

13.3 Management compensation (related parties)

The following table shows the compensation paid by the Carrefour group during the year to the Group's key management personnel.

(in millions of euros)	2019	2018
Compensation for the year	9.0	8.5
Prior year bonus	11.9	4.8
Benefits in kind (accommodation and company car)	0.4	0.4
Total compensation paid during the year	21.4	13.7
Employer payroll taxes	5.4	4.1
Termination benefits	-	-

Other management benefit plans are as follows:

- defined benefit pension plan described in Note 13.1. 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, 2019 held 797,246 performance shares (133,000 at December 31, 2018), for which the vesting conditions are described in Note 13.2.2. The recognised cost of share-based payment plans for members of the management team was not material in either 2019 or 2018.

Attendance fees paid to members of the Board of Directors amounted to 1.0 million euros in 2019 (1.1 million euros in 2018).

13.4 Number of employees

	2019	2018[1]
Senior Directors	389	489
Directors	1,759	2,222
Managers	32,478	40,978
Employees	282,005	317,241
Average number of Group employees	316,631	360,930
Number of Group employees at the year-end	321,383	363,862

(1) Unlike in 2019, employee numbers in 2018 included Carrefour China (see Note 5). Excluding Carrefour China in 2018, the average number of Group employees would have been around 321,000, and the number of Group employees at the year-end, 327,000.

NOTE 14 EQUITY AND EARNINGS PER SHARE

14.1 Capital management

The parent company, Carrefour SA, must have sufficient equity capital to comply with the provisions of France's Commercial Code.

The Group owns interests in a certain number of financial services companies (banks, insurance companies). These subsidiaries must have sufficient equity capital to comply with capital adequacy ratios and the minimum capital rules set by their local banking and insurance supervisors.

Capital management objectives (equity and debt capital) are to:

- ensure that the Group can continue operating as a going concern, in particular by maintaining high levels of liquid resources;
- optimise shareholder returns;
- keep gearing at an appropriate level, in order to minimise the cost of capital and maintain the Group's credit rating at a level that allows it to access a wide range of financing sources and instruments.

In order to maintain or adjust its gearing, the Group may take on new borrowings or retire existing borrowings, adjust the dividend paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell assets in order to use the proceeds to pay down debt.

14.2 Share capital and treasury stock

14.2.1 Share capital

At December 31, 2019, the share capital was made up of 807,265,504 ordinary shares with a par value of 2.5 euros each, all fully paid.

(in thousands of shares)	2019	2018
Outstanding at January 1	789,253	774,678
Issued for cash	-	-
Issued under the 2016 performance share plan	916	-
Issued in payment of dividends	17,097	14,575
Cancelled shares	-	-
Outstanding at December 31	807,266	789,253

The increase during the year corresponds to new shares issued to shareholders who chose to reinvest their dividend and shares granted under the 2016 performance share plan which expired in July 2019 (see Notes 2.7, 13.2.2 and 14.3).

14.2.2 Treasury stock

Accounting principles

Treasury stock is recorded as a deduction from shareholders' equity, at cost. Gains and losses from sales of treasury stock (and the related tax effect) are recorded directly in shareholders' equity without affecting net income for the year.

At December 31, 2019 and December 31, 2018, a total of 9,457,539 shares were held in treasury.

Shares held in treasury are intended for the Group's performance share plans.

All rights attached to these shares are suspended for as long as they are held in treasury.

14.3 Dividends

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

At the end of the option period on July 5, 2019, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividend.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, representing a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

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14.4 Other comprehensive income

Group share *(in millions of euros)*	2019 Pre-tax	2019 Tax	2019 Net	2018 Pre-tax	2018 Tax	2018 Net
Effective portion of changes in the fair value of cash flow hedges	(7)	3	(4)	5	(7)	(2)
Changes in the fair value of debt instruments through other comprehensive income	0	0	0	(4)	1	(4)
Exchange differences on translating foreign operations	(162)	0	(162)	(333)	0	(333)
Items that may be reclassified subsequently to profit or loss	(169)	3	(166)	(332)	(7)	(339)
Remeasurements of defined benefit plans obligation	(110)	1	(109)	65	(14)	50
Changes in the fair value of equity instruments through other comprehensive income	1	(0)	1	0	(0)	0
Items that will not be reclassified to profit or loss	(109)	1	(108)	65	(14)	51
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) – GROUP SHARE	**(278)**	**4**	**(274)**	**(267)**	**(21)**	**(288)**

Non-controlling interests *(in millions of euros)*	2019 Pre-tax	2019 Tax	2019 Net	2018 Pre-tax	2018 Tax	2018 Net
Effective portion of changes in the fair value of cash flow hedges	(1)	0	(1)	(1)	0	(1)
Changes in the fair value of debt instruments through other comprehensive income	(1)	0	(1)	(3)	1	(2)
Exchange differences on translating foreign operations	(44)	0	(44)	(112)	0	(112)
Items that may be reclassified subsequently to profit or loss	(46)	0	(46)	(116)	1	(115)
Remeasurements of defined benefit plans obligation	(2)	1	(2)	(0)	0	0
Changes in the fair value of equity instruments through other comprehensive income	0	0	0	0	0	0
Items that will not be reclassified to profit or loss	(2)	1	(2)	(0)	0	0
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) – NON-CONTROLLING INTERESTS	**(48)**	**1**	**(47)**	**(116)**	**1**	**(115)**

14.5 Shareholders' equity attributable to non-controlling interests

Non-controlling interests mainly concern:

- the sub-group made up of Carrefour Banque SA and its subsidiaries (part of the France operating segment), which is 60% owned by the Group;
- the Grupo Carrefour Brasil sub-group made up of Atacadão and its subsidiaries (part of the Brazil operating segment), which is 72% 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)*	2019	2018
Revenue (Net Banking Revenue)	303	323
Net income	(66)	17
of which:		
• *attributable to the Carrefour group*	*(40)*	*10*
• *attributable to non-controlling interests*	*(26)*	*7*

Statement of financial position *(in millions of euros)*	December 31, 2019	December 31, 2018
Non-current assets	1,420	1,652
Current assets	2,873	3,112
Non-current liabilities (excluding shareholders' equity)	1,702	1,883
Current liabilities	2,292	2,462
Dividends paid to non-controlling interests	7	0

GRUPO CARREFOUR BRASIL SUB-GROUP

Income statement *(in millions of euros)*	2019	2018
Total revenue	13,596	12,615
Net income	301	433
of which:		
• *attributable to the Carrefour group*	*229*	*386*
• *attributable to non-controlling interests*	*71*	*47*

Statement of financial position *(in millions of euros)*	December 31, 2019	December 31, 2018
Non-current assets	5,024	4,235
Current assets	4,891	4,027
Non-current liabilities (excluding shareholders' equity)	2,240	1,332
Current liabilities	4,428	3,766
Dividends paid to non-controlling interests	58	58

As Carrefour SA owns 72% of Atacadão SA, the distribution of net income is different at the level of the Consolidated Financial Statements of Carrefour group:

- 2019 net profit of 301 million euros breaks down into 165 million euros attributable to the Carrefour group and 136 million euros attributable to non-controlling interests;
- 2018 net profit of 433 million euros breaks down into 275 million euros attributable to the Carrefour group and 156 million euros attributable to non-controlling interests.

There are no individually material non-controlling interests in other subsidiaries.

14.6 Earnings per share (Group share)

Accounting principles

In accordance with IAS 33 – *Earnings Per Share*, basic earnings per share is calculated by dividing net income, Group share by the weighted average number of shares outstanding during the period. Treasury stocks, including shares held indirectly through the equity swap described in Note 13.2, 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 13.2. 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	2019	2018 restated IFRS 5
Net income/(loss) from continuing operations	32	(187)
Net income/(loss) from discontinued operations	1,097	(373)
Net income/(loss) for the year	**1,129**	**(561)**
Weighted average number of shares outstanding[1]	791,473,793	775,059,936
Basic income/(loss) from continuing operations per share *(in euros)*	0.04	(0.24)
Basic income/(loss) from discontinued operations per share *(in euros)*	1.39	(0.48)
Basic income/(loss) per share *(in euros)*	1.43	(0.72)

(1) In accordance with IAS 33, the weighted average number of shares used to calculate 2018 earnings per share was adjusted to take into account the effect of the 2018 dividends paid in shares on July 11, 2019 (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	2019	2018 restated IFRS 5
Net income/(loss) from continuing operations	32	(187)
Net income/(loss) from discontinued operations	1,097	(373)
Net income/(loss) for the year	**1,129**	**(561)**
Weighted average number of shares outstanding, before dilution	791,473,793	775,059,936
Potential dilutive shares	904,909	-
Performance shares	*904,909*	-
Diluted weighted average number of shares outstanding	**792,378,702**	**775,059,936**
Diluted income/(loss) from continuing operations per share *(in euros)*	0.04	(0.24)
Diluted income/(loss) from discontinued operations per share *(in euros)*	1.38	(0.48)
Diluted income/(loss) per share *(in euros)*	1.42	(0.72)

15 NOTE FINANCIAL ASSETS AND LIABILITIES, FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

Accounting principles

NON-DERIVATIVE FINANCIAL ASSETS

In accordance with IFRS 9 – *Financial Instruments*, the main financial assets are classified in one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVPL).

Their classification determines their accounting treatment. Financial assets are classified by the Group upon initial recognition, based on the characteristics of the contractual cash flows and the objective behind the asset's purchase (business model).

Purchases and sales of financial assets are recognised on the trade date, defined as the date on which the Group is committed to buying or selling the asset.

(i) Financial assets at amortised cost

Financial assets at amortised cost are debt instruments (mainly loans and receivables) that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is to hold assets to collect contractual cash flows.

They are initially recognised at fair value and are subsequently measured at amortised cost by the effective interest method. For short-term receivables with no specified interest rate, fair value is considered to be equal to the original invoice amount.

These assets are impaired as described below.

Financial assets at amortised cost include trade receivables, other loans and receivables (reported under "Other financial assets"), deposits and guarantees, and consumer credit granted by the financial services companies.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Available-for-sale financial assets are measured at fair value, with changes in fair value recognised in "Other comprehensive income", under "Changes in the fair value of debt instruments at fair value through other comprehensive income" until the underlying assets are sold, at which time they are transferred to profit or loss.

This category also includes investments in equity instruments (primarily shares) that the Group has irrevocably elected to classify in this category. In this case, when the shares are sold, the unrealised gains or losses previously carried in equity (other comprehensive income) will not be reclassified to profit or loss; only dividends will be transferred to the income statement.

This category notably includes investments in non-consolidated companies which the Group has elected to recognise at fair value through other comprehensive income (an option generally chosen by the Group).

The fair value of listed securities corresponds to their market price. For unlisted securities, fair value is determined first and foremost by reference to recent transactions or by using valuation techniques based on reliable and observable market data. However, where there is no observable market data for comparable companies, the fair value of unlisted securities is usually measured based on the present value of future estimated cash flows or on the revised net asset value, as calculated by reference to internal inputs (level 3 of the fair value hierarchy).

(iii) Financial assets at fair value through profit or loss

This category includes all debt instruments that are not eligible to be classified as financial assets at amortised cost or at fair value through other comprehensive income, as well as investments in equity instruments such as shares which the Group has chosen not to measure at fair value through other comprehensive income.

They are measured at fair value with changes in fair value recognised in the income statement, under financial income or expense.

Impairment

Trade receivables and other current financial assets (other than consumer credit granted by the financial services companies) carried at amortised cost are impaired based on the total lifetime expected losses resulting from a payment default, pursuant to the simplified approach allowed under IFRS 9. Impairment is calculated using a provision matrix, which is applied to receivables past due and not yet past due (provision rates based on the length of time past due, as calculated for each country and each receivable with similar characteristics).

For consumer credit granted by the financial services companies and other non-current financial assets carried at amortised cost, impairment is determined using the general approach available under IFRS 9 and corresponds:

- on initial recognition of the asset, to expected losses over the next 12 months;

- when the credit risk significantly increases, to the total lifetime expected losses resulting from default.

The approach applied to consumer credit granted by the financial services companies is described in Note 7.5.1.

Non-derivative financial assets held by the Group

The main non-derivative financial assets held by the Group are as follows:

- non-current financial assets: this line of the statement of financial position mainly includes deposits and guarantees, investments of insurance companies (corresponding mainly to bonds and other debt securities) and of the Group's other financial services companies, along with investments in non-consolidated companies;
- trade receivables;
- consumer credit granted by the financial services companies (see Note 7.5.1);
- other current financial assets: mainly debt securities held by the financial services companies and measured at fair value, along with short-term deposits.

NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities are initially recognised at fair value plus transaction costs and premiums directly attributable to their issue. They are subsequently measured at amortised cost.

Non-derivative financial liabilities held by the Group

The main non-derivative financial liabilities held by the Group are as follows:

- borrowings: "Borrowings – portion more than one year" and "Borrowings – portion less than one year" include bonds and notes issued by the Group, other bank loans and overdrafts, and any financial liabilities related to securitised receivables for which the credit risk is retained by the Group;
- lease commitments: these result from applying IFRS 16 from January 1, 2019 and also include 275 million euros in finance lease commitments recognised at December 31, 2018 in accordance with IAS 17 and reclassified within lease commitments (see Note 4);
- suppliers and other creditors;
- consumer credit financing (see Note 7.5.2);
- other payables: other payables classified in current liabilities correspond to all other operating payables (mainly accrued employee benefits expense and amounts due to suppliers of non-current assets) and miscellaneous liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of business, mainly interest rate and currency risks. Exceptionally, the risk of changes in the prices of certain commodities – mainly diesel – may also be hedged.

Derivatives are initially recognised at fair value. They are subsequently measured at fair value with the resulting unrealised gains and losses recorded as explained below.

(i) Derivatives designated as hedging instruments

Hedge accounting is applied if, and only if, the following conditions are met:

- the hedging instrument and hedged item forming the hedging relationship are eligible for hedge accounting;
- at the inception of the hedge, there is a clearly identified and formally documented hedging relationship and the effectiveness of the hedge can be demonstrated (qualitative and prospective tests);
- there is formal designation and structured documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

The derivatives used by the Group may be qualified as either cash flow hedges or fair value hedges. The Group does not currently hedge its net investment in foreign operations.

Cash flow hedges

For instruments qualified as cash flow hedges, the portion of the change in fair value determined to be an effective hedge is recognised in "Other comprehensive income" and accumulated in shareholders' equity until the hedged transaction affects profit. The ineffective portion of the change in fair value is recognised in the income statement, under "Financial income and expense".

The main cash flow hedges consist of interest rate options and swaps that convert variable rate debt to fixed rate debt, and forward purchases of foreign currencies that hedge future goods purchases in foreign currency.

Fair value hedges

Changes in fair value of instruments qualified as fair value hedges are recognised in the income statement, with the effective portion offsetting changes in the fair value of the hedged item.

Swaps set up to convert fixed rate bonds and notes to variable rate qualified as fair value hedge. The hedged portion of the underlying financial liability is remeasured at fair value. Changes in fair value are recognised in the income statement and are offset by the effective portion of symmetrical changes in the fair value of the interest rate swaps. At both December 31, 2019 and December 31, 2018, the Group had no fair value hedges of assets or liabilities.

(ii) Other derivative instruments

Other derivative instruments are measured at fair value, with changes in fair value recognised in profit or loss. Derivative instruments used by the Group include interest rate and currency swaps and vanilla interest rate options.

FAIR VALUE CALCULATION METHOD

The fair values of currency and interest rate instruments are determined using market-recognised pricing models or prices quoted by external financial institutions.

Values estimated using pricing models are based on discounted future cash flows for futures and forward contracts or, for options, the Black & Scholes option pricing model. The models are calibrated using market data such as yield curves and exchange rates obtained from recognised financial data services.

The fair value of long-term borrowings is estimated based on the quoted market price for bonds and notes or the value of future cash flows discounted based on market conditions for similar instruments (in terms of currency, maturity, interest rate and other characteristics).

Fair value measurements of derivative financial instruments incorporate counterparty risk in the case of instruments with a positive fair value, and own credit risk for instruments with a negative fair value. Credit risk is measured using the mathematical models commonly used by market analysts. At December 31, 2019 and 2018, the effect of incorporating these two types of risk was not material.

15.1 Financial instruments by category

		Breakdown by category					
At December 31, 2019 *(in millions of euros)*	**Carrying amount**	Fair value through profit or loss	Fair value through OCI	Amortised cost	Derivative instruments at fair value through profit or loss	Derivative instruments at fair value through OCI	Fair value
Investments in non-consolidated companies	100	12	88	-	-	-	100
Other long-term investments[3]	1,407	75	327	1,005	-	-	1,407
Other non-current financial assets	1,507	87	415	1,005	-	-	1,507
Consumer credit granted by the financial services companies	6,290	-	-	6,290	-	-	6,290
Trade receivables	2,669	-	-	2,669	-	-	2,669
Other current financial assets[3]	252	4	66	59	43	81	252
Other assets[4]	439	-	-	439	-	-	439
Cash and cash equivalents	4,466	4,466	-	-	-	-	4,466
ASSETS	**15,624**	**4,557**	**481**	**10,462**	**43**	**81**	**15,624**
Total borrowings[2]	7,300	-	-	7,241	43	16	7,566
Total lease commitment[1]	4,573	-	-	4,573	-	-	4,573
Total consumer credit financing	5,529	-	-	5,513	1	15	5,529
Suppliers and other creditors	13,646	-	-	13,646	-	-	13,646
Other payables[5]	2,556	-	-	2,556	-	-	2,556
LIABILITIES	**33,603**	**-**	**-**	**33,529**	**44**	**31**	**33,869**

At December 31, 2018 *(in millions of euros)*	Carrying amount	Breakdown by category					Fair value
		Fair value through profit or loss	Fair value through OCI	Amortised cost	Derivative instruments at fair value through profit or loss	Derivative instruments at fair value through OCI	
Investments in non-consolidated companies	92	12	80	-	-	-	92
Other long-term investments[3]	1,183	44	360	780	-	-	1,183
Other non-current financial assets	1,275	56	440	780	-	-	1,275
Consumer credit granted by the financial services companies	6,208	-	-	6,208	-	-	6,208
Trade receivables	2,537	-	-	2,537	-	-	2,537
Other current financial assets[3]	190	-	67	37	46	40	190
Other assets[4]	558	-	-	558	-	-	558
Cash and cash equivalents	4,300	4,300	-	-	-	-	4,300
ASSETS	**15,069**	**4,356**	**507**	**10,120**	**46**	**40**	**15,069**
Total borrowings[2]	8,275	-	-	8,225	41	9	8,421
Total lease commitment[1]	-	-	-	-	-	-	-
Total consumer credit financing	5,514	-	-	5,502	0	12	5,514
Suppliers and other creditors	14,161	-	-	14,161	-	-	14,161
Other payables[5]	2,818	-	-	2,818	-	-	2,818
LIABILITIES	**30,768**	**-**	**-**	**30,706**	**41**	**21**	**30,915**

(1) Lease commitments reflect the application of IFRS 16 from January 1, 2019. They also include 275 million euros in finance lease liabilities recognised at December 31, 2018 in accordance with IAS 17 and reclassified within lease commitments (see Note 4).
(2) Following the reclassification, total borrowings decreased from 8,275 million euros at December 31, 2018 to 8,000 million euros at January 1, 2019 (see Note 4).
(3) Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 from January 1, 2019. They were recorded in other non-current financial assets for 191 million euros and in other current financial assets for 42 million euros at January 1, 2019 (see Note 4).
(4) Excluding prepaid expenses.
(5) Excluding deferred revenue.

ANALYSIS OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The table below shows assets and liabilities presented according to the fair value hierarchy provided for in IFRS 13 – *Fair Value Measurement* (see Note 1.4):

December 31, 2019 *(in millions of euros)*	Level 1	Level 2	Level 3	Total
Investments in non-consolidated companies	-	12	88	100
Other long-term investments	402	-	-	402
Other current financial assets – Fair Value through OCI	66	-	-	66
Other current financial assets – Fair Value through profit or loss	4	-	-	4
Other current financial assets – Derivative instruments recorded in current financial assets	-	124	-	124
Cash and cash equivalents	4,466	-	-	4,466
Consumer credit financing – Derivative instruments recorded in liabilities	-	(15)	-	(15)
Borrowings – Derivative instruments recorded in liabilities	-	(59)	(0)	(59)

December 31, 2018 *(in millions of euros)*	Level 1	Level 2	Level 3	Total
Investments in non-consolidated companies	-	12	80	92
Other long-term investments	404	-	-	404
Other current financial assets – Fair Value through OCI	67	-	-	67
Other current financial assets – Derivative instruments recorded in current financial assets	-	86	-	86
Cash and cash equivalents	4,300	-	-	4,300
Consumer credit financing – Derivative instruments recorded in liabilities	-	(12)	-	(12)
Borrowings – Derivative instruments recorded in liabilities	-	(49)	(1)	(50)

1 2 3 4 5 6 7 8 9

15.2 Net debt

15.2.1 Net debt calculation

Consolidated net debt at December 31, 2019 amounted to 2,615 million euros compared to 3,785 million euros at December 31, 2018. This amount breaks down as follows:

(in millions of euros)		December 31, 2019	December 31, 2018
Bonds and notes		6,981	7,545
Other borrowings		261	405
Finance lease liabilities(1)		-	275
Total borrowings excluding derivative instruments recorded in liabilities		7,241	8,225
Derivative instruments recorded in liabilities		59	50
TOTAL BORROWINGS	**[1]**	**7,300**	**8,275**
of which borrowings due in more than one year		*6,303*	*6,936*
of which borrowings due in less than one year		*997*	*1,339*
Other current financial assets(2)		219	190
Cash and cash equivalents		4,466	4,300
TOTAL CURRENT FINANCIAL ASSETS	**[2]**	**4,685**	**4,490**
NET DEBT	**[1] - [2]**	**2,615**	**3,785**

(1) Finance lease liabilities recognised in accordance with IAS 17 for 275 million euros at December 31, 2018 were reclassified in lease commitments at January 1, 2019 (see Note 4). Lease commitments also include liabilities under leases accounted for in accordance with IFRS 16 from that date. Net debt totalled 3,510 million euros at January 1, 2019.

(2) For consistency, in 2019 the current portion of amounts receivable from finance lease sub-letting arrangements is not included in the calculation of net debt.

15.2.2 Bond debt

		Face value					Book value of the debt
(in millions of euros)	Maturity	December 31, 2018	Issues	Repayments	Translation adjustments	December 31, 2019	December 31, 2019
Public placements by Carrefour SA		7,373	500	(1,326)	17	6,564	6,429
EMTN, EUR, 6 years, 1.75%	2019	1,000	-	(1,000)	-	0	0
EMTN, EUR, 10 years, 4.00%	2020	1,000	-	(198)	-	802	802
EMTN, EUR, 11 years, 3.875%	2021	1,000	-	(129)	-	871	869
EMTN, EUR, 8 years, 1.75%	2022	1,000	-	-	-	1,000	968
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2023	437	-	-	8	445	412
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750	746
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750	747
Cash-settled convertible bonds, USD 500 million, 6 years, 0%	2024	437	-	-	8	445	396
EMTN, EUR, 5 years, 0.88%	2023	500	-	-	-	500	497
EMTN, EUR, 7.5 years, 1.75%	2026	500	-	-	-	500	496
EMTN, EUR, 8 years, 1.00%	2027	-	500	-	-	500	497
Placements by Atacadão SA		338	430	(204)	(12)	552	552
Debentures, BRL 500 million, 5 years, 105.75% CDI	2023	113	-	-	(2)	110	110
Debentures, BRL 1,000 million, 3 years, 104.4% CDI	2021	225	-	-	(5)	221	221
Debentures, BRL 900 million, 1 year, 102.30% CDI	2020	-	204	(204)	-	-	-
Debentures, BRL 450 million, 3 years, 100% CDI	2022	-	102	-	(3)	99	99
Debentures, BRL 350 million, 5 years, 100% CDI	2024	-	79	-	(2)	77	77
Debentures, BRL 200 million, 7 years, 100% CDI	2026	-	45	-	(1)	44	44
TOTAL BONDS AND NOTES		**7,711**	**930**	**(1,530)**	**4**	**7,116**	**6,981**

On May 7, 2019, Carrefour carried out a 500-million euro eight-year 1% bond issue due May 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, the Group redeemed 1 billion euros worth of six-year 1.75% bonds.

These two issues consolidated the Group's long-term financing, maintained the average maturity of its bond debt (3.5 years at December 31, 2019 and 3.6 years at December 31, 2018) and further reduced its borrowing costs.

On November 14, 2019, Carrefour completed a partial buyback of its 4% bond tranche due April 2020 and its 3.875% bond tranche due April 2021. The Group bought back bonds with a total nominal amount of 326,775,000 euros, including 198,085,000 euros (20%) relating to the 2020 tranche and 128,690,000 euros (13%) relating to the 2021 tranche. The settlement date for the buyback was fixed at November 26, 2019. This operation reflects Carrefour's dynamic debt management strategy aimed at optimising its borrowing costs and debt/equity structure.

On January 7, 2019, Brazilian subsidiary Atacadão also issued short-term debentures in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019. The second tranche was redeemed early on November 28, 2019.

On November 18, 2019 the Brazilian subsidiary issued long-term debentures in three tranches, for 450, 350 and 200 million reals respectively (around 102, 79 and 45 million euros), maturing on June 23, 2022, June 20, 2024 and June 18, 2026 respectively.

In 2018 and 2017, Carrefour issued in two tranches 500 million US dollars' worth of six-year cash-settled convertible 0% bonds.

In accordance with IFRS 9 – *Financial Instruments*, conversion options on the bonds qualify as embedded derivatives and are therefore accounted for separately from inception. Subsequent changes in the fair value of these options are recognised in income and set off against changes in the fair value of the call options purchased on Carrefour shares in parallel with the bond issue. At December 31, 2019, their fair value amounted to 34 million euros.

The bonds are recognised at amortised cost, excluding the conversion feature.

Two EUR/USD cross-currency swaps for 250 million US dollars were arranged at the inception of the transaction in 2018 for the same maturity. The swaps have been accounted for as a cash flow hedge and had a positive fair value of 59 million euros at December 31, 2019.

The fair value in euros of the currency swap for 500 million US dollars set up in 2017 to hedge bonds redeemable in cash issued on June 7, 2017 (classified as a cash flow hedge for accounting purposes) was a positive 20 million euros at December 31, 2019.

15.2.3 Other borrowings

(in millions of euros)	December 31, 2019	December 31, 2018
Latin America borrowings	75	90
Other borrowings	80	165
Accrued interest[1]	80	92
Other financial liabilities	26	58
TOTAL OTHER BORROWINGS	**261**	**405**

(1) Accrued interest on total borrowings, including bonds and notes.

15.2.4 Cash and cash equivalents

Accounting principles

Cash includes cash on hand and demand deposits.

Cash equivalents are highly liquid investments with an original maturity of less than three months that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(in millions of euros)	December 31, 2019	December 31, 2018
Cash	1,286	1,309
Cash equivalents	3,180	2,991
TOTAL CASH AND CASH EQUIVALENTS	**4,466**	**4,300**

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.

15.2.5 Other current financial assets

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Other current financial assets – Fair Value through OCI	66	67
Other current financial assets – Fair Value through profit or loss	4	-
Deposits with maturities of more than three months	12	26
Derivative instruments	124	86
Sub-lease receivable – less than 1 year[1]	34	-
Other	12	11
TOTAL OTHER CURRENT FINANCIAL ASSETS[1]	**252**	**190**

(1) Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 from January 1, 2019. The current portion of these receivables represented 42 million euros. Other current financial assets increased from 190 million euros at December 31, 2018 to 232 million euros at January 1, 2019 (see Note 4).

15.3 Analysis of borrowings (excluding derivative instruments recorded in liabilities)

15.3.1 Analysis by interest rate

	December 31, 2019		December 31, 2018[1]	
(in millions of euros)	Before hedging	After hedging	Before hedging	After hedging
Fixed rate borrowings	6,610	6,610	7,791	7,791
Variable rate borrowings	631	631	434	434
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,241**	**7,241**	**8,225**	**8,225**

(1) Total borrowings (excluding derivative instruments recorded in liabilities) decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease commitments recognised pursuant to IFRS 16, applicable from that date (see Note 4). Total borrowings of 7,950 million euros break down as 7,517 million euros of fixed-rate borrowings and 433 million euros of variable-rate borrowings.

15.3.2 Analysis by currency

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Euro	6,609	7,608
Brazilian real	631	432
Argentine peso	0	0
Taiwan dollar	-	62
Polish zloty	-	57
Chinese yuan	-	61
Romanian lei	2	4
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,241**	**8,225**

(1) Total borrowings (excluding derivative instruments recorded in liabilities) decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease commitments recognised pursuant to IFRS 16, applicable from that date (see Note 4). Total borrowings of 7,950 million euros break down as 7,465 million euros denominated in euros, 432 million euros denominated in Brazilian reals, 51 million euros denominated in Chinese yuan, and 2 million euros in Romanian lei.

The above analysis includes the effect of hedging.

Euro-denominated borrowings represented 91% of total borrowings (excluding derivative instruments recorded in liabilities) at December 31, 2019 (92% at December 31, 2018).

15.3.3 Analysis by maturity

(in millions of euros)	December 31, 2019	December 31, 2018[1]
Due within 1 year	939	1,289
Due in 1 to 2 years	1,127	1,129
Due in 2 to 5 years	3,368	3,298
Due beyond 5 years	1,808	2,510
TOTAL BORROWINGS (EXCLUDING DERIVATIVE INSTRUMENTS RECORDED IN LIABILITIES)	**7,241**	**8,225**

(1) Total borrowings excluding derivative instruments recorded in liabilities decreased from 8,225 million euros at December 31, 2018 to 7,950 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease commitments recognised pursuant to IFRS 16, applicable from that date (see Note 4). Total borrowings of 7,950 million euros break down as 1,243 million euros due in less than one year, 1,105 million euros due between one and two years, 3,227 million euros due between two and five years, and 2,376 million euros due after five years.

15.4 Changes in liabilities arising from financing activities

(in millions of euros)	Other current financial assets[1]	Borrowings	Total Liabilities arising from financing activities
At December 31, 2018	(190)	8,275	8,085
Finance lease liability	-	(275)	(275)
At January 1, 2019	(190)	8,000	7,810
Changes from financing cash flows	(47)	(836)	(883)
Change in current financial assets	(47)	-	(47)
Issuance of bonds	-	927	927
Repayments of bonds	-	(1,522)	(1,522)
Net financial interest paid	-	(236)	(236)
Other changes in borrowings	-	(5)	(5)
Non-cash changes	19	136	154
Effect of changes in foreign exchange rates	1	(14)	(13)
Effect of changes in scope of consolidation	13	(45)	(32)
Changes in fair values	-	0	0
Finance costs, net	-	214	214
Other changes	4	(20)	(15)
At December 31, 2019	(219)	7,300	7,081

(1) At December 31, 2019, the current portion of amounts receivable from finance lease sub-letting arrangements is not included in this caption.

15.5 Other non-current financial assets

(in millions of euros)	December 31, 2019	December 31, 2018
Deposits[1]	664	701
Financial services companies' portfolio of assets	403	405
Investments in non-consolidated companies	100	92
Sub-lease receivable – more than 1 year[2]	143	-
Financial receivable (20% stake in Carrefour China)[3]	138	-
Long-term loans	0	10
Other	60	68
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS[2]	**1,507**	**1,275**

(1) Deposits and guarantees include legal deposits paid in Brazil in connection with the tax disputes discussed in Notes 12.2 and 12.3 (disputes relating mainly to tax reassessments challenged by the Group) pending final court rulings, as well as security deposits paid to lessors under property leases.
(2) Amounts receivable from finance lease sub-letting arrangements were recognised following the application of IFRS 16 from January 1, 2019. The non-current portion of these receivables represented 191 million euros. Other non-current financial assets increased from 1,275 million euros at December 31, 2018 to 1,466 million euros at January 1, 2019 (Note 4).
(3) This amount represents the financial receivable relating to the 20% stake in Carrefour China (see Note 2.2).

15.6 Finance costs and other financial income and expenses

Accounting principles

This item corresponds mainly to finance costs.

In accordance with IFRS 16, from 2019 it also includes interest expenses on leases along with interest income on finance lease sub-letting arrangements (see Note 4).

Other financial income and expenses consist for the most part of discounting adjustments, late payment fees payable on certain liabilities, and the impacts of hyperinflation in Argentina.

This item breaks down as follows:

(in millions of euros)	2019	2018 restated IFRS 5
Interest income from loans and cash equivalents	**(1)**	**11**
Interest income from bank deposits	4	11
Interest income from loans	(5)	(0)
Finance costs	**(213)**	**(239)**
Interest expense on financial liabilities measured at amortised cost, adjusted for income and expenses from interest rate instruments	(184)	(195)
Cost of receivables discounting in Brazil	(29)	(25)
Interest expense on finance lease liabilities	-	(19)
Ineffective portion of fair value hedges of borrowings	-	-
Finance costs, net	(214)	(228)
Interest charge related to leases commitment	(109)	-
Interest income related to financial sublease contracts	2	-
Net interest related to lease commitment	(107)	-
Other financial income and expenses, net	**(17)**	**(30)**
Actualisation cost on defined employee benefit debt	(22)	(22)
Interest income on pension plan assets	3	3
Financial transaction tax	(20)	(22)
Late interest due in connection with tax reassessments and employee-related litigation	(33)	(28)
Dividends received on available-for-sale financial assets	4	3
Proceeds from the sale of available-for-sale financial assets	49	22
Cost of sold available-for-sale financial assets	(1)	(16)
Exchange gains and losses	(11)	(0)
Cost of bond buybacks	(10)	(9)
Changes in the fair value of interest rate derivatives	(0)	(1)
Impact of hyperinflation in Argentina – application of IAS 29	22	53
Other	2	(13)
FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES, NET	**(338)**	**(258)**
Financial expenses	*(424)*	*(350)*
Financial income	*86*	*92*

15.7 Risk management

The main risks associated with the financial instruments used by the Group are liquidity, interest rate, currency, credit and equity risks. The Group's policy for managing these risks is described below.

Due to the differing natures of the various businesses, financial risks arising from the banking and insurance business (including Carrefour Banque in particular) are managed separately from those related to the retail business.

An organisation has been set up to track financial risks based on a cash-pooling system managed by the Corporate Treasury and Financing department. A reporting system ensures that Group Executive Management can oversee the department's implementation of the approved management strategies.

The risks associated with the financial services and insurance businesses are managed and tracked directly by the entities concerned. Corporate Treasury and Financing department oversees the proper implementation of the rules governing these businesses, jointly with other investors. A reporting system exists between local teams and Corporate Treasury and Financing department.

15.7.1 Liquidity risk

15.7.1.1 Retail business

Liquidity risk is the risk that Carrefour will be unable to settle its financial liabilities when they fall due.

The Group manages its liquidity risk by ensuring, to the extent possible, that it has sufficient liquid assets at all times to settle its liabilities when they fall due, whatever the conditions in the market.

A Liquidity Committee meets at monthly intervals to check that the Group's financing needs are covered by its available resources.

Corporate Treasury and Financing's liquidity management strategy consists of:

- promoting prudent financing strategies in order to ensure that the Group's credit rating allows it to raise funds on the bond and commercial paper markets;
- maintaining a presence in the debt market through regular debt issuance programmes, mainly in euros, in order to create a balanced maturity profile. The Group's issuance capacity under its Euro Medium-Term Notes (EMTN) programme totals 12 billion euros;
- using the 5 billion-euro commercial paper programme on Euronext Paris, described in a prospectus filed with the Banque de France;
- maintaining undrawn medium-term bank facilities that can be drawn down at any time according to the Group's needs. At December 31, 2019, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros. In June 2019, Carrefour amended these two credit facilities, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector. Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request. Group policy consists of keeping these facilities on stand-by to support the commercial paper programme. The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

In Brazil, the subsidiary Atacadão issued short-term debentures on January 7, 2019 in two tranches, for 200 and 700 million reals respectively (around 45 and 160 million euros). The first tranche matured and was redeemed on March 8, 2019. The second tranche with an initial maturity of January 6, 2020 was redeemed early on November 28, 2019. On November 18, 2019 the Brazilian subsidiary issued long-term debentures in three tranches, for 450, 350 and 200 million reals respectively (around 100, 80 and 45 million euros), maturing in June 2022, June 2024 and June 2026.

The Group considers that its liquidity position is robust. It has sufficient cash reserves to meet its debt repayment obligations in the coming year.

The Group's debt profile is balanced, with no peak in refinancing needs across the remaining life of bond debt, which averages 3.5 years.

15.7.1.2 Banking and insurance business

The liquidity risk of financial services companies is monitored within the framework of an Executive Management-approved liquidity strategy that is part of the Group's overall strategy. Each entity's refinancing situation is assessed based on internal standards and early warning indicators.

Liquidity risk management objectives are to:

- diversify sources of financing to include bonds, securitisation programs for renewable credit facilities, negotiable debt issues and repos;
- create a balanced banking relationship using credit facilities granted by our local partners in addition to those granted by our shareholders;
- secure refinancing sources in accordance with internal and external criteria (rating agencies and supervisory authorities);
- ensure a balanced profile in terms of debt maturity and type;
- comply with regulatory ratios.

Several structured financing operations were carried out in 2019:

- Servicios Financieros Carrefour (Spain) renewed the securitisation program for its renewable credit facility ("Columbus") on June 26 for 430 million euros. Carrefour Banque subscribed to the entire 2019 tranche, thereby rebuilding the collateral to be posted against the 400 million euro refinancing granted by the ECB through TLTRO II, which matures in March 2021. An early repayment of 40 million euros on this loan was made to the ECB on June 26;
- on July 11, Carrefour Banque (France) signed the early renegotiation arrangement ("Amend & Extend") for its 750 million euro syndicated facility maturing in November 2021. The amount in question was reduced by 150 million euros to 600 million euros over five years, with two one-year extension options;
- on September 4, Carrefour Banque issued a 400 million euro bond paying interest at 3-month Euribor +65 bp and maturing in four years. This further secures the Group's refinancing under attractive interest rate terms;
- on October 25, Carrefour Banque issued a new tranche of debt securities within the scope of the securitisation program for its renewable MCCP France credit facility. The 2019 Class A (senior) securities totalling 370 million euros and maturing on June 25, 2022 have been classified STS (simple, transparent and standardised securitisation), which is fast becoming a market benchmark demanded by investors. This tranche of securities replaces the 2017 tranche which was called on June 25, 2019;
- on October 22, Banco CSF (Brazil) issued two bond tranches to increase its liquidity. The first two-year tranche of 387.5 million reals and the second four-year tranche totalling 112.5 million reals have been placed with local investors.

The following tables analyse the cash flows generated by the Group's financial and other liabilities by period.

December 31, 2019 *(in millions of euros)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Fixed rate borrowings	6,610	7,443	1,471	4,180	1,792
Unhedged borrowings	631	631	9	577	44
Finance lease liabilities	0	-	-	-	-
Derivative instruments	59	53	9	9	35
Total Borrowings	7,300	8,127	1,489	4,766	1,871
Suppliers and other creditors	13,646	13,646	13,646	-	-
Consumer credit financing	5,529	5,529	3,712	1,817	-
Other payables[1]	2,556	2,556	2,556	-	-
TOTAL FINANCIAL LIABILITIES	**29,031**	**29,858**	**21,403**	**6,582**	**1,871**

(1) Excluding deferred revenue.

December 31, 2018 *(in millions of euros)*	Carrying amount	Contractual cash flows	Within 1 year	In 1 to 5 years	Beyond 5 years
Fixed rate borrowings	7,612	8,333	1,584	4,277	2,472
Unhedged borrowings	338	338	-	338	-
Finance lease liabilities[2]	275	486	42	158	285
Derivative instruments	50	43	3	13	27
Total Borrowings[2]	8,275	9,199	1,629	4,786	2,785
Suppliers and other creditors	14,161	14,161	14,161	-	-
Consumer credit financing	5,514	5,514	3,582	1,932	-
Other payables[1]	2,818	2,818	2,818	-	-
TOTAL FINANCIAL LIABILITIES	**30,768**	**31,693**	**22,190**	**6,718**	**2,785**

(1) Excluding deferred revenue.
(2) Total borrowings decreased from 8,275 million euros at December 31, 2018 to 8,000 million euros at January 1, 2019 following the reclassification of finance lease liabilities recognised in accordance with IAS 17 in lease commitments recognised pursuant to IFRS 16, applicable from that date (see Note 4).

15.7.2 Interest-rate risk

Interest rate risk is the risk of a change in interest rates leading to an increase in the Group's net borrowing costs.

It is managed at head-office 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	-	(11.5)	-	11.5
Swaps qualified as cash flow hedges	(3.7)	-	3.5	-
Options qualified as cash flow hedges	(9.9)	-	8.7	-
Instruments classified as held for trading	-	(0.0)	-	0.6
TOTAL EFFECT	**(13.6)**	**(11.6)**	**12.2**	**12.1**

15.7.3 Currency risk

Currency transaction risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from commercial transactions denominated in foreign currency.

The Group conducts its international operations through subsidiaries that operate almost exclusively in their home country, such that purchases and sales are denominated in local currency. As a result, the Group's exposure to currency risk on commercial transactions is naturally limited and mainly concerns imported products. Currency risks on import transactions (*i.e.*, goods purchases billed in foreign currencies) covered by firm commitments are hedged by forward purchases of the payment currency. Currency hedges are generally for periods of less than 12 months.

The following table shows the effect of an increase/decrease in exchange rates on currency instruments:

	10% decline		10% increase	
(in millions of euros) (- = loss; + = gain)	Impact on shareholders' equity (OCI)	Impact on income statement	Impact on shareholders' equity (OCI)	Impact on income statement
Position EUR/USD	-	150.5	-	(150.5)
Position EUR/RON	-	5.7	-	(5.7)
Position EUR/PLN	-	14.1	-	(14.1)
Position EUR/HKD	-	0.1	-	(0.1)
Position EUR/CNY	-	-	-	-
Position USD/RON	-	(2.1)	-	2.1
TOTAL EFFECT	**-**	**168.4**	**-**	**(168.4)**

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 and Argentine peso. For example, changes in the average exchange rates used in 2019 compared with those for 2018 decreased consolidated net sales by 2,380 million euros (representing a decrease of 3.2% of 2019 net sales), and recurring operating income by 20 million euros (representing a decrease of 0.9% of 2019 recurring operating income).

Lastly, when financing is arranged locally, it is generally denominated in local currency.

Hedging results and effectiveness

The table below reconciles, according to risk category, equity items and the assessment of other comprehensive income from hedge accounting.

(in millions of euros)	Change in fair value of hedging instruments in OCI	Ineffectiveness recognised in P&L	Heading that includes ineffectiveness of hedging	Amount transferred from CFH reserve to P&L	Heading of P&L affected by the reclassification
Cash Flow Hedge					
Interest rate risk	(12)	-	-	(0)	- Financial result
Foreign exchange risk	(17)	-	-	-	-
Discontinuation of hedge accounting	-	-	-	(8)	- Financial result

15.7.4 Credit risk

The Group's estimated exposure to credit risk is presented below:

(in millions of euros)	December 31, 2019	December 31, 2018
Investments in non-consolidated companies	100	92
Other long-term investments	1,407	1,183
Total Other non-current financial assets	1,507	1,275
Consumer credit granted by the financial services companies	6,290	6,208
Trade receivables	2,669	2,537
Other current financial assets	252	190
Other assets[1]	439	558
Cash and cash equivalents	4,466	4,300
MAXIMUM EXPOSURE TO CREDIT RISK	**15,624**	**15,069**

(1) Excluding prepaid expenses.

15.7.4.1 Retail business

1) TRADE RECEIVABLES

Trade receivables correspond mainly to amounts receivable from franchisees (for delivered goods and franchise fees), suppliers (mainly rebates and commercial income) and tenants of shopping mall units (rent). Impairment losses are recognised where necessary, based on an estimate of the debtor's ability to pay the amount due and the age of the receivable.

At December 31, 2019, trade receivables net of impairment (excluding receivables from suppliers) amounted to 1,575 million euros (see Note 7.4.3). At that date, past due receivables amounted to a net 164 million euros, of which 43 million euros were over 90 days past due (2.7% of total trade receivables net of impairment). No impairment has been recognised for these receivables as the Group considers that the risk of non-recovery is very limited.

2) INVESTMENTS (CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS)

The Group's short-term cash management strategy focuses on acquiring liquid investments that are easily convertible into cash and are subject to an insignificant risk of changes in value.

Investments are made for the most part by Corporate Treasury and Financing department, 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 department.

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 net assets and to never invest more than 250 million euros in any single fund.

15.7.4.2 Banking and insurance business

A description of credit risk management processes and the method used to determine and record impairment losses in the banking and insurance businesses is provided in Note 7.5.1.

ANALYSIS OF DUE AND PAST DUE CONSUMER LOANS

(in millions of euros)	December 31, 2019	Amounts not yet due at the period-end	Amounts due and past 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	6,290	5,085	1,038	53	57	57

(in millions of euros)	December 31, 2018	Amounts not yet due at the period-end	Amounts due and past due at the period-end			
			0 to 3 months	3 to 6 months	6 months to 1 year	More than one year
Consumer credit granted by the financial services companies	6,208	4,852	1,084	73	87	112

ANALYSIS OF CONSUMER LOANS BY MATURITY

(in millions of euros)	December 31, 2019	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	1,825	802	976	47
Belgium	154	4	138	11
Spain	2,182	1,243	385	554
Italy	118	45	73	-
Argentina	64	64	-	-
Brazil	1,947	1,848	97	1
TOTAL	**6,290**	**4,007**	**1,670**	**613**

(in millions of euros)	December 31, 2018	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
France	2,128	920	1,153	55
Belgium	158	6	144	9
Spain	2,173	1,222	402	549
Italy	177	74	103	-
Argentina	99	99	-	-
Brazil	1,472	1,401	71	0
TOTAL	**6,208**	**3,722**	**1,874**	**613**

15.7.5 Equity risk

Group policy is to avoid taking positions on its own shares or those of other companies, except in response to particular circumstances or needs.

Marketable securities portfolios and other financial investments held by the Group consist for the most part of money market instruments that do not expose the Group to any material equity risk.

From time to time, the Group buys back its shares on the market or purchases call options on its shares.

These shares are mainly used to cover stock option and performance share plans. At December 31, 2019, shares held by the Group covered its total commitments under past and existing plans.

The equity risk associated with the conversion options embedded in the bonds issued by the Group in June 2017 and March 2018 is fully hedged by symmetrical options contracted with banks. The derivatives are recognised as assets and liabilities in the statement of financial position in a total amount of 34 million euros.

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16 NOTE OFF-BALANCE SHEET COMMITMENTS

Accounting principles

Commitments given and received by the Group that are not recognised in the statement of financial position correspond to contractual obligations whose performance depends on the occurrence of conditions or transactions after the period-end. There are four types of off-balance sheet commitments, related to cash transactions, retailing operations, acquisitions of securities and leases.

Commitments given *(in millions of euros)*	December 31, 2019	By maturity: Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2018
Related to cash management transactions	12,674	11,273	527	874	11,381
Financial services companies	*12,454*	*11,203*	*476*	*776*	*11,171*
Other companies	*219*	*70*	*52*	*98*	*210*
Related to operations/real estate/expansion	2,144	1,384	672	88	2,671
Related to purchases and sales of securities	274	73	115	86	130
Related to leases	268	71	105	92	3,569
TOTAL	**15,360**	**12,802**	**1,419**	**1,139**	**17,750**

Commitments received *(in millions of euros)*	December 31, 2019	By maturity: Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2018
Related to cash management transactions	6,159	788	4,751	620	6,383
Financial services companies	*1,734*	*316*	*799*	*619*	*1,848*
Other companies	*4,425*	*472*	*3,952*	*1*	*4,535*
Related to operations/real estate/expansion	1,263	474	688	102	1,204
Related to purchases and sales of securities	368	265	59	44	330
Related to leases	481	216	203	61	627
TOTAL	**8,271**	**1,743**	**5,701**	**826**	**8,544**

Off-balance sheet commitments related to cash transactions include:

- credit commitments given to customers by the Group's financial services companies in the course of their operating activities, and credit commitments received from banks;
- mortgages and other guarantees given or received, mainly in connection with the Group's real estate activities;
- committed lines of credit available to the Group but not drawn down at the period-end.

Off-balance sheet commitments related to operations mainly include:

- commitments to purchase land given in connection with the Group's expansion programmes;
- miscellaneous commitments arising from commercial contracts;
- performance bonds issued in connection with the Group's expansion programmes;
- rent guarantees and guarantees from shopping mall operators;
- guarantees for the payment of receivables.

Off-balance sheet commitments related to securities consist of commitments to purchase and sell securities received from or given to third parties:

- for the most part in France, in connection with the Group's franchising activities;
- including immediately exercisable put and call options and sellers' warranties given to third parties. No value is attributed to sellers' warranties received by the Group.

Off-balance sheet commitments related to leases correspond to minimum payments under non-cancellable operating leases qualifying for the exemptions set out in IFRS 16 and also the IFRS 16 leases for which the underlying assets have not been made available as of December 31, 2019.

As a result of applying IFRS 16 from January 1, 2019, right-of-use assets are recognised against lease commitments for leases not meeting the IFRS 16 criteria for recognition exemptions (see Note 4), which is the case for the vast majority of leases.

NOTE 17 SUBSEQUENT EVENTS

Acquisitions in France

On January 8, 2020, Carrefour acquired a majority stake in the Lyon-based company **Potager City**, a producer and distributor of seasonal fruit and vegetable boxes sourced from local producers.

On January 24, 2020, Carrefour acquired a majority stake in the company **Dejbox**, a pioneer in lunch delivery for business employees located in suburban and outlying areas. Operating in Lille, Lyon, Paris, Bordeaux, Nantes and Grenoble, plus hundreds of other nearby towns and cities, Dejbox delivers over 400,000 meals each month. As part of the Carrefour group, Dejbox will be able to expand its French operations at a rapid pace and very quickly move into international markets.

Acceleration of the expansion of the growing Atacadão format in Brazil

On February 15, 2020, Atacadão has signed an agreement with **Makro Atacadista** to acquire 30 Cash & Carry stores (including the real estate of 22 of those, which are fully-owned, and another 8 rented stores) and 14 gas stations, located in 17 states across Brazil, for a total price of 1.95 billion Reals, to be paid in cash.

Closing of the transaction remains subject to certain customary conditions, notably including agreement by the owners of the rented properties and approval by CADE, Brazil's anti-trust authority.

NOTE 18 FEES PAID TO THE AUDITORS

(in thousands of euros)	Fees 2019 Deloitte & Associés[(1)]	Network	Total Deloitte	KPMG SA[(1)]	Network	Total KPMG	MAZARS[(1)]	Network	Total MAZARS
Financial statements certification services	1,655	536	2,190	3,165	4,630	7,795	1,460	802	2,262
Carrefour SA – Issuer	*314*	*-*	*314*	*756*	*-*	*756*	*509*	*-*	*509*
Subsidiaries (controlled entities)	*1,340*	*536*	*1,876*	*2,409*	*4,630*	*7,039*	*951*	*802*	*1,753*
Other services[(2)]	45	68	113	593	1,375	1,968	20	205	225
Carrefour SA – Issuer	*9*	*-*	*9*	*44*	*-*	*44*	*20*	*104*	*124*
Subsidiaries (controlled entities)	*36*	*68*	*104*	*549*	*1,375*	*1,924*	*-*	*101*	*101*
TOTAL	**1,700**	**604**	**2,304**	**3,758**	**6,005**	**9,763**	**1,480**	**1,007**	**2,487**

(1) Carrefour SA (holding company) Statutory Auditors (excluding services provided by their network).
(2) Including services that are to be provided by Statutory Auditors by law.

Non-audit services provided to the parent, Carrefour SA, and its subsidiaries by the Statutory Auditors include mainly services in relation to the issuance of certificates and agreed-upon procedures on financial information and internal control.

NOTE 19 LIST OF CONSOLIDATED COMPANIES

19.1 Fully consolidated companies at December 31, 2019

France	Percent interest used in consolidation
ALEP 33	85
ALSATOP	100
AMIDIS ET CIE	100
ANTIDIS	100
AUPARLIXTOP	100
AVENUE	52
BELLEVUE DISTRIBUTION	100
BLO DISTRIBUTION	100
BRUVALDIS	100
BS DISTRIBUTION	100
CSD	74
CSF	100
CADS	100
CALLOUETS	51
CARAUTOROUTES	100
CARDADEL	100
CARFUEL	100
CARGO INVEST	100
CARGO PROPERTY DEVELOPMENT	100
CARGO PROPERTY GERANT	100
CARGO PROPERTY MANAGEMENT	100
CARIMA	100
CARMA	50
CARMA VIE	50
CARREFOUR ADMINISTRATIF FRANCE	100
CARREFOUR BANQUE	60
CARREFOUR DRIVE	100
CARREFOUR FRANCE	100
CARREFOUR FRANCE PARTICIPATION	100
CARREFOUR HYPERMARCHÉS	100
CARREFOUR IMPORT	100
CARREFOUR MANAGEMENT	100
CARREFOUR MARCHANDISES INTERNATIONALES	100
CARREFOUR MONACO	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

France	Percent interest used in consolidation
CARREFOUR SYSTÈME INFORMATION FRANCE	100
CARREFOUR VOYAGES	100
CENTRE DE FORMATION ET COMPETENCES	100
CHALLENGER	100
CIGOTOP	100
CLAIREFONTAINE	100
COMPAGNIE D'ACTIVITÉ ET DE COMMERCE INTERNATIONAL -CACI-	100
CORSAIRE	100
COVIAM 8	100
COVICAR 2	100
COVICAR 40	100
COVICAR 41	100
COVICAR 44	100
COVICAR 48	100
COVICAR 50	100
COVICAR 51	100
COVICAR 52	100
COVICAR 53	100
COVICAR 54	100
COVICAR 55	100
CPF ASSET MANAGEMENT	100
CPF PROJECT	100
CRF RÉGIE PUBLICITAIRE	100
CRFP13	100
CRFP20	100
CRFP21	100
CRFP22	100
CRFP23	100
CRFP8	100
CRISANE	100
CROQUETTELAND	70
CSD TRANSPORTS	74
DAUPHINOISE DE PARTICIPATIONS	100
DE LA FONTAINE	51
DE L'ARNEDE HAUTE	100
DE SIAM	51
DIGITAL MEDIA SHOPPER	100
DISTRIVAL	100
DOREL	100
DU HAMEAU	100
EFP	100
EPG	66
FALDIS	100
FCT MASTER CREDIT CARD 2013	60

France	Percent interest used in consolidation
FINANCIÈRE RSV	100
FINIFAC	100
FONCIÈRE LES 4 ROUTES	100
FONMARTOP	100
FORUM DÉVELOPPEMENT	100
FRED 10	100
FRED 8	100
FRED 9	100
GAMACASH	100
GEILEROP	100
GENEDIS	100
GERNIMES	100
GIE BREST BELLEVUE	80
GIRAM	100
GRANDSVINS-PRIVES.COM	100
GREENWEEZ	99
GUILVIDIS	100
GUYENNE & GASCOGNE	100
GVTIMM	51
HAUTS DE ROYA	100
HYPARLO	100
HYPERADOUR	100
HYPERMARCHES DE LA VEZERE	50
IMMO ARTEMARE	51
IMMO BACQUEVILLE	51
IMMOBILIÈRE CARREFOUR	100
IMMOBILIÈRE PROXI	100
IMMOCYPRIEN	51
IMMODIS	100
IMMOLOUBES	100
IMMOTOURNAY	51
INTERDIS	100
LA CROIX VIGNON	51
LACSAM	100
LALAUDIS	99
LANN KERGUEN	51
LAPALUS	100
LE COURTEMBLET	100
LES TASSEAUX	51
LES VALLÉES	51
LES ZAZOUX	100
LESCHENES	100
LOGIDIS	100
LUDIS	100
LVDIS	100
LYBERNET	50
MAISON JOHANÈS BOUBÉE	100
MAJOR	100
MARKET PAY	100
MARKET PAY TECH	100
MATOLIDIS	100

France	Percent interest used in consolidation
MAXIMOISE DE CREATION	51
MENUDIS	100
MICHEL HOCHARD	100
MONTEL DISTRIBUTION	100
MORTEAU DISTRIBUTION	100
MY DESIGN	100
NOOPART	100
NORLITOP	100
NOSAEL	51
OOSHOP	100
PARLITOP	100
PASDEL	100
PHIVETOL	100
PLANETA HUERTO	99
PROFIDIS	100
PUECH ECO	100
QUITOQUE	79
RESSONS	51
RUE DU COMMERCE	100
SAFETY	100
SAINT HERMENTAIRE	100
SALACA	100
SCI LES FRANCHES TERRES	100
SCI PROXALBY	74
SELIMA	100
SIGOULIM	51
SO.BIO HOLDING	100
SOBEDIS	100
SOCIÉTÉ DES NOUVEAUX HYPERMARCHES	100
SODIMODIS	100
SODISAL	100
SODITA	100
SODITRIVE	100
SOFALINE	100
SOFIDIM	99
SORGENTE NATURA	99
SOVAL	100
STELAUR	100
STENN	100
STORETOP	100
SUPER AZUR	100
SUPERADOUR	100
SUPERDIS	97
TROTTEL	100
UNIVU	100
VAN K	100
VEZERE DISTRIBUTION	50
VIZEGU	90
ZORMAT	100

Netherlands	Percent interest used in consolidation
CARREFOUR NEDERLAND BV	100
CARREFOUR PROPERTY BV	100
FICADAM BV	100
HYPER GERMANY BV	100
INTERCROSSROADS BV	100
INTERNATIONAL MERCHANDISE TRADING BV	100
SOCA BV	100

Argentina	Percent interest used in consolidation
BANCO DE SERVICIOS FINANCIEROS SA	88
INC SA	100

Germany	Percent interest used in consolidation
CARREFOUR PROCUREMENT INTERNATIONAL BV & CO. KG	100

China	Percent interest used in consolidation
BEIJING REPRESENTATIVE OFFICE OF CARREFOUR SA	100
SHANGHAI GLOBAL SOURCING CONSULTING CO LTD	100
SOCIEDAD DE COMPRAS MODERNAS, SA SHANGHAI REPRESENTATIVE OFFICE	100

Spain	Percent interest used in consolidation
CARREFOUR NAVARRA, SL	100
CARREFOUR NORTE, SL	100
CARREFOUR PROPERTY ESPANA, SLU	100
CARREFOURONLINE, SLU	100
CENTROS COMERCIALES CARREFOUR, SA	100
CORREDURIA DE SEGUROS CARREFOUR, SAU	100
FINANZAS Y SEGUROS	100
GROUP SUPECO MAXOR, SLU	100
INVERSIONES PRYCA, SAU	100
NORFIN HOLDER, SL	100
SERVICIOS FINANCIEROS CARREFOUR, EFC, SA	60
SIDAMSA CONTINENTE HIPERMERCADOS, SA	100
SOCIEDAD DE COMPRAS MODERNAS, SAU	100
SUPERMERCADOS CHAMPION, SAU	100
VIAJES CARREFOUR, SLU	100

Italy	Percent interest used in consolidation
CARREFOUR BANCA	60
CARREFOUR ITALIA FINANCE SRL	100
CARREFOUR ITALIA SPA	100
CARREFOUR PROPERTY ITALIA SRL	100
CONSORZIO NICHELINO	64
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BRIANZA	53
CONSORZIO PROPRIETARI CENTRO COMMERCIALE BUROLO	89
CONSORZIO PROPRIETARI CENTRO COMMERCIALE GIUSSANO	77
CONSORZIO PROPRIETARI CENTRO COMMERCIALE MASSA	54
CONSORZIO PROPRIETARI CENTRO COMMERCIALE THIENE	58
CONSORZIO PROPRIETARI CENTRO COMMERCIALE TORINO MONTECUCCO	87
CONSORZIO PROPRIETARI CENTRO COMMERCIALE VERCELLI	84
DIPERDI SRL	100
GALLERIA COMMERCIALE PADERNO SRL	100
GALLERIA COMMERCIALE PROPERTY FUTURA SRL	100
GS SPA	100
SCARL SHOPVILLE GRAN RENO	58
SOCIETA SVILUPPO COMMERCIALE SRL	100

Brazil	Percent interest used in consolidation
ATACADÃO DISTRIBUICAO COMERCIO E INDUSTRIA LTDA - BANK	37
ATACADÃO DISTRIBUICAO COMERCIO E INDUSTRIA SA	72
BANCO CSF SA	37
BRAZIL INSURANCE SFA	37
BSF HOLDING SA	37
CARREFOUR COMMERCIO E INDUSTRIA LTDA	72
CMBCI INVESTIMENTOS E PARTICIPAÇÕES LTDA	72
COMERCIAL DE ALIMENTOS CARREFOUR SA	72
CSF ADMINISTRADORA E CORRET ORA DE SEGUROS EIRELI	37
E MIDIA INFORMACOES LTDA	72
IMOPAR PARTICIPCOES E ADMINISTRACAO IMOBILIARIA LTDA	72
PANDORA PARTICIPACOES LTDA.	72
RIOBONITO ASSESSORIA DE NEGOCIOS LTDA.	72
TROPICARGAS TRANSPORTES LTDA.	72
VERPARINVEST SA	72

Belgium	Percent interest used in consolidation
BRUGGE RETAIL ASSOCIATE	100
CARREFOUR BELGIUM	100
CARUM	100
DRIVE 1	100
DRIVE 2	100
ECLAIR	100
FILUNIC	100
FIMASER	60
FIRST IN FRESH	100
GROSFRUIT	100
HALLE RETAIL ASSOCIATE	100
HEPPEN RETAIL ASSOCIATE	100
INTERDIS	100
MARKET A1 CBRA	100
MARKET B2 CBRA	100
MARKET C3 CBRA	100
MARKET D4 CBRA	100
MARKET E5 CBRA	100
MARKET F6 CBRA	100
ORTHROS	100
ROB	100
SCHILCO	100
SHIP TO	100
SOUTH MED INVESTMENTS	100
CAPARBEL	100
CARREFOUR FINANCE	100
STIGAM	100
VANDEN MEERSSCHE NV	100

Luxembourg	Percent interest used in consolidation
VELASQUEZ SA	100

Poland	Percent interest used in consolidation
CARREFOUR POLSKA	100
CPA WAW 1	100

Romania	Percent interest used in consolidation
ALLIB ROM SRL	100
ARTIMA SA	100
BRINGO MAGAZIN	70
CARREFOUR PRODUCTIE SI DISTRIBUTIE	100
CARREFOUR ROUMANIE	100
COLOMBUS ACTIVE SRL	100
COMOMBUS OPERATIONAL SRL	100
MILITARI GALERIE COMERCIALA	100
SUPECO INVESTMENT SRL	100

Switzerland	Percent interest used in consolidation
CARREFOUR WORLD TRADE	100

Taiwan	Percent interest used in consolidation
CARREFOUR INSURANCE BROKER CO	60
CARREFOUR TELECOMMUNICATION CO	60
CHARNG YANG DEVELOPMENT CO	30
PRESICARRE	60

Hong Kong	Percent interest used in consolidation
CARREFOUR ASIA LTD	100
CARREFOUR GLOBAL SOURCING ASIA	100
CARREFOUR TRADING ASIA LTD (CTA)	100

19.2 Equity-accounted companies at December 31, 2019

France	Percent interest used in consolidation
ABREDIS	50
ADIALEA	45
ALEXANDRE	50
ALTACAR	50
ANGIDIS	50
ANTONINE	50
ARLOM	50
AROBLIS	50
AUBINYC	50
AUDIST SAS	50
AZAYDIS	34
AZIMMO	34
BAMAZO	50
BELONDIS	50
BIADIS	34
BLS RETRAIL	50
BORDEROUGE	50
BOURG SERVICES DISTRIBUTION "B.S.D"	50
BPJ	26
CABDIS	50
CALODIAN DISTRIBUTION	50
CAMPI	50
CARDUTOT	26
CARMILA	35
CENTRALE ENVERGURE	50
CERBEL	50
CEVIDIS	50
CHAMNORD	56
CHERBOURG INVEST	48
CHRISTIA	50
CINQDIS 09	50
CJA DISTRIBUTION	50
CLOVIS	50
CLUNYDIS	50
CODINOG	50
COFLEDIS	50
COLODOR	50
COROU	50
CVP DISTRIBUTION	50
CYMUR	50
DECODIS	26
DEPOT PÉTROLIER DE LYON	50
DEPOTS PÉTROLIERS COTIERS	24
DIRIC	50
DISTRI PALAVAS	50
DISTRIBOURG	50
DISTRICAB	50
DISTRIFLEURY	50
DOUDIS	50
DU MOULIN	50
EDENDIS	50
EN CONTACT	34

France	Percent interest used in consolidation
ENTREPÔT PÉTROLIER DE VALENCIENNES	34
FABCORJO	50
FARO	50
FIVER	50
FONCIÈRE MARSEILLAN	50
FONCIÈRE PLANES	50
FONCIÈRE SOLANDIS	34
FRELUM	50
GALLDIS	50
GGP DISTRIBUTION	50
GIE FOURTY	50
GPVM	30
GRANDI	50
GRDIS	50
HALLE RASPAIL	50
HBLP	25
IDEC	50
IMMO ST PIERRE EGLISE	50
J2B	50
JEDEMA	50
JLEM	50
JMS74 DISTRIBUTION	50
JOSIM	34
JTDS MARKET	50
JUPILOU	50
LA CATALANE DE DISTRIBUTION	50
LA CRAUDIS	50
LAITA BELON DISTRIBUTION	50
LB LE PLAN	50
LE CLAUZELS	50
LE PETIT BAILLY	50
LE PLA	50
LEHENBERRI	50
LES OLIVIERS	50
LEZIDIS	50
LSODIS	50
LUMIMMO	51
LYEMMADIS	50
MADIS	50
MAGODIS	50
MAISON VIZET FABRE	40
MALISSOL	50
MARIDYS	50
MARLODIS	50
MASSEINE	50
MAUDIS	50
MBD	50
MIMALI	50
NASOCA	50
NC DISTRIBUTION	50
NCL	50

France	Percent interest used in consolidation
NOUKAT	50
OLICOURS	50
OUISDIS	50
OULLIDIS	50
PAM	50
PAS DE MENC	50
PHILODIS	50
PLAMIDIS	50
PLANE MARSEILLAN	50
PLANE PORT VENDRES	50
PRIGONDIS	50
PRODIX	50
PROVENCIA SA	50
RD2M	50
REBAIS DISTRIBUTION	50
RIMADIS	50
ROND POINT	50
ROSE BERGER	26
SADEV	26
SAINT JUERY DISTRIBUTION	50
SAM	50
SAS DF19	50
SAS DISTRI GIGNAC	50
SASD	26
SCB	26
SCGR DISTRIBUTION	50
SCI 2C	50
SCI 2F	50
SCI FONCIÈRE DES ALBERES	50
SCI IMMODISC	50
SCI LA BEAUMETTE	49
SCI LA CLAIRETTE	50
SCI LATOUR	60
SCI PONT D'ALLIER	50
SCI SOVALAC	50
SCOMONDIS	50
SDAP	26
SEREDIS	26
SERPRO	50
SHOWROOMPRIVE	21
SIFO	50
SIXFOURSDIS	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

France	Percent interest used in consolidation
SOVALDIS	50
SPC DISTRI	50
ST BONNET DISCOUNT	50
ST PAUL DE DISTRIBUTION	50
STÉ DU DEPOT PÉTROLIER DE NANTERRE	20
TEDALI	50
TIADIS	50
TURENNE	50
VALCRIS DISTRIBUTION	50
VALMENDIS	50
VICUN	50

Belgium	Percent interest used in consolidation
MESTDAGH	25

Brazil	Percent interest used in consolidation
COSMOPOLITANO SHOPPING EMPREENDIMENTOS SA	36
EWALLY	35

Spain	Percent interest used in consolidation
2012 ALVARO EFREN JIMENEZ, SL	26
2012 CORDOBA RODRIGUEZ, SL	26
2012 ERIK DAVID, SL	26
2012 FLORES HERNANDEZ, SL	26
2012 LIZANDA TORTAJADA, SL	26
2012 NAYARA SAN MARTIN YANGÜELA, SL	26
2013 ALBADALEJO VALENCIA, SL	26
2013 CID OTERO, SL	26
2013 CORCOLES ARGANDOÑA, SL	26
2013 GISBERT CATALA, SL	26
2013 MARTINEZ CARRION, SL	26
2013 SOBAS ROMERO, SL	26
ANTONIO PEREZ 2010, SL	26
COSTASOL DE HIPERMERCADOS, SL	34
D-PARKING, SCP	58
GLORIAS PARKING, SA	50
ILITURGITANA DE HIPERMERCADOS, SL	34
JM MARMOL SUPERMERCADOS, SL	26
LAREDO EXRPRESS J.CARLOS VAZQUEZ, SL	26
LUHERVASAN, SL	26
SUPERMERCADO CENTENO, SL	26
SUPERMERCATS HEGERVIC MATARO, SL	26
SUPERMERCATS SAGRADA FAMILIA, SL	26
VALATROZ, SL	26

Italy	Percent interest used in consolidation
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ASSAGO	50
CONSORZIO PROPRIETARI CENTRO COMMERCIALE ROMANINA	46
CONSORZIO TRA I PROPRIETARI DEL PARCO COMMERCIALE DI NICHELINO	30

Netherlands	Percent interest used in consolidation
ARAVIS INVESTMENTS BV	50
KACC BV	49

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 CARREFOUR SA	46

Tunisia	Percent interest used in consolidation
ULYSSE	25

6.7 Statutory Auditors' report on the Consolidated Financial Statements

This is a translation into English of the Statutory Auditors' report on consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2019

To the Carrefour Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Carrefour for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in Note 4 to the consolidated financial statements relating to the impact of the first-time adoption as of January 1, 2019 of the standard IFRS 16, Leases and the interpretation IFRIC 23, Uncertainty over Income Tax Treatments. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key Audit Matters	Responses as part of our audit
Tax provisions of Brazilian subsidiaries: estimation of provisions, tax payables and contingent liabilities *(See notes 1.3, 4, 11.4, 12.1, 12.2.1 and 12.3 to the consolidated financial statements)* In Brazil, the Group is involved in tax risks, in particular, on the tax on the distribution of goods and services (ICMS) and to the corresponding tax credits recorded, on the federal contributions related to the social integration programme and to the financing of the social security system (Pis-Cofins) and on the tax amortization of goodwill recognised in 2007 in the context of the acquisition of Atacadão. The assessment of the risk related to each tax litigation is regularly reviewed by the Group's tax department and the subsidiary's Management, with the support of its external counsels for the most significant tax litigations in order to determine the need of recording a provision or not, and in the case where a provision should be recorded, to estimate the amount of the provision. We considered the tax risk of the Brazilian subsidiaries, for both the estimation of the provisions and the information disclosed in the financial statement as a key audit matter due to the amount and the number of tax risks, to the complexity of the tax legislation especially for retail companies in Brazil and the level of management judgment in the assessment of the outcome of the ongoing litigations and the amount of the provision to be booked.	We have obtained an understanding of the internal controls implemented by the Group to identify tax risks in the Brazilian subsidiaries. In order to appreciate if the provisions for tax risks in for Brazilian subsidiaries have been correctly estimated, we performed the following procedures, with the assistance of our tax experts: • conducted interviews with the tax department of the Brazilian subsidiaries in order to assess the current state of the risks identified, the investigations and reassessments made by the tax authorities and monitor the development of ongoing tax disputes; • analysed the opinion of the external counsels of the entities of the Group on the ongoing tax disputes and the information on ongoing procedures and their potential financial impacts that have been provided by the external counsels in response to our written confirmation requests; • performed a critical review of the estimates and positions adopted by management to determine the need to record a provision and, where this is necessary, to determine the amount of provision to be recorded; • assessed the information disclosed in the notes 1.3, 4, 11.4, 12.1, 12.2.1 and 12.3 of the consolidated financial statements.
Measurement and recognition of rebates and service agreement (See notes 1.3 and 7.2.1 to the consolidated financial statements) The Group enters into a significant number of purchase agreements with suppliers which include: • Commercial discounts based on the purchase volumes or on other contractual terms such as the achievement of threshold or the increase of purchase volumes (« rebates »); • Revenues from services provided to suppliers by the Group (« service agreements »). Rebates and service agreements received from suppliers by the Group are estimated based on the contractual terms agreed in the purchase agreement with suppliers and are recorded as a reduction of cost of sales. Given the significant number of agreements and the specificities of each agreement, the correct measurement and recognition of rebates and service agreements in accordance with the contractual terms and the purchases volumes represent a key audit matter.	We have obtained an understanding on the internal controls implemented by the Group on the measurement and the recognition of rebates and service agreements. We assessed their design and implementation and we tested their effectiveness through a sample of agreements. Our other procedures consisted mainly, for a sample of rebates and service agreements of: • matching the data used for the calculations of rebates and service agreements with the commercial conditions mentioned in the contracts signed with the suppliers; • comparing last year's estimates with actual figures in order to assess the reliability of the rebates and service agreement measurement's process (review of the release of prior year's rebates); • matching business volumes used for the calculation of the expected rebates and service agreements for the year ended December 31, 2019 with business volumes recorded in the Group's procurement system; • performing substantive analytical procedures on the change in rebates and service agreements.

Key Audit Matters	Responses as part of our audit
Measurement and recognition of the right-of-use assets and lease commitment at the date of first time application of IFRS 16, Leases (See notes 1.3, 4.1, 9.1 and 9.2 to the consolidated financial statements) The Group adopted the new standard IFRS 16, Leases, using the simplified retrospective approach from January 1, 2019. Data presented for the comparative period was not restated and the cumulative impact of first time application was recognised as at January 1, 2019. This new standard modifies the accounting treatment of leases with the recognition from the beginning of the contract of a "right-of-use asset" for the leased asset and a "lease commitment" in liabilities, corresponding to the present value of the lease payments to be made over the reasonably certain period of the lease. The Group decided to apply certain practical expedients including those that allow the lease classification under the previous standards to be retained at the transition date. The first time application of IFRS 16 led to the recognition as at January 1, 2019 of right-of-use assets for a net value of €5,244 million and lease commitments of €5,256 million. As disclosed in Note 4 (iv) to the consolidated financial statements, when preparing its consolidated financial statements for the year ended December 31, 2019, the Group did not apply the IFRS IC decision of December 16, 2019 related to determining the lease term and the relationship with the useful life of non-removable leasehold improvements as there was insufficient time to analyse the decision and precisely determine its impacts. We considered the first time application of IFRS 16, Leases, as a key audit matter given the number of contracts, the material amounts of the lease commitments and the right-of-use assets in the financial statements and the significant level of judgment required by management in determining the lease term and the discount rate.	We have obtained an understanding of the procedures implemented by the Group to identify the leases in the scope of IFRS 16, Leases. We have also performed the following procedures: • reconciled the lease data used to calculate the lease commitment with the "rental expenses" as per the previous standards and reviewed the rental expenses not included in the calculation of the lease commitment; • corroborated, based on a sample of contracts, the information used to measure the assets and liabilities related to the leases with the data in the underlying leases contracts; • assessed for a sample of contracts, the appropriateness of the criteria used by management to determine the residual lease term; • asessed the appropriateness of the methodology used to determine the discount rate at the transition date with the accounting principles and corroborated, based on a sample, data used to calculate the discount rate applied to lease payments with contractual data and the market data, with the assistance of our specialists; • recalculated based on a sample of contracts, the amounts of the right-of-use assets and the lease commitments as measured and recognised by the Group as at January 1, 2019. • assessed the appropriateness of the disclosures on the impacts of the first time application of IFRS 16 in notes 1.3, 4.1, 9.1 and 9.2 to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the information relating to the group provided in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration. A report will be issued on this information by an independent third party.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Carrefour by the Shareholders' Meetings held on April 15, 2003 for Deloitte & Associés, on September 5, 1968 for KPMG S.A. (considering the firm merger and acquisition during previous years) and on June 21, 2011 for Mazars.

As at December 31, 2019, Deloitte & Associés, KPMG S.A. and Mazars were in the 17th year, 52nd year and 9th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris-La Défense et Courbevoie, March 2, 2020

French original signed by

DELOITTE & ASSOCIES	KPMG S.A.	MAZARS
Bertrand Boisselier	Caroline Bruno Diaz	Emilie Loreal
Stéphane Rimbeuf		Jérôme de Pastors

7

CARREFOUR SA FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

7.1 Income statement

(in millions of euros)	*Note*	2019	2018
Reversals of impairment and provisions, and transferred charges		22	31
Other income		122	114
Total operating income		**144**	**144**
Other purchases and external charges		(149)	(149)
Wages and salaries, payroll taxes		(10)	(4)
Depreciation, amortisation, impairment and provision expense		(14)	(23)
Taxes other than on income, other operating expenses		(4)	(2)
Total operating expenses		**(177)**	**(178)**
Operating loss		(33)	(34)
Income from shares in subsidiaries and affiliates		323	1,911
Interest income, revenue from disposals of marketable securities		2	37
Reversals of impairment and provisions		91	13
Total financial income		**416**	**1,961**
Impairment and provision expense		(202)	(362)
Interest and other financial expenses		(152)	(180)
Total financial expenses		**(354)**	**(543)**
Financial income, net	*8*	62	1,419
Recurring income before tax, net		29	1,385
Reversals of impairment and provisions		76	8
Depreciation, amortisation, impairment and provision expense		(4)	(93)
Other non-recurring income and expenses		(16)	(1)
Non-recurring income (expense), net		56	(87)
Employee profit-sharing		-	-
Income tax benefit	*9*	181	186
NET INCOME		**266**	**1,485**

7.2 Balance sheet

Assets

(in millions of euros)	Note	December 31, 2019 Gross	December 31, 2019 Amortisation, depreciation and impairment	December 31, 2019 Net	December 31, 2018 Net
Intangible fixed assets	*4.2*	19	(14)	5	6
Tangible fixed assets	*4.2*	2	(2)	-	-
Financial investments	*4.1*	37,292	(7,411)	29,881	29,843
Fixed assets		37,313	(7,427)	29,886	29,849
Accounts receivable	*10.1*	848	(222)	626	1,036
Cash and marketable securities	*5.2*	235	(92)	143	153
Current assets		1,083	(314)	769	1,188
Accruals and deferred revenue	*10.1*	84	-	84	84
TOTAL ASSETS		**38,480**	**(7,741)**	**30,739**	**31,121**

Equity and liabilities

(in millions of euros)	Note	December 31, 2019	December 31, 2018
Share capital	*7.1*	2,018	1,973
Issue and merger premiums	*7.2*	17,082	16,856
Legal reserve	*7.3*	197	189
Regulated reserves	*7.3*	378	378
Other reserves	*7.3*	39	39
Retained earnings	*7.3*	2,024	925
Net income for the year	*7.3*	266	1,485
Tax-driven provisions		-	-
Shareholders' equity	*7.3*	22,004	21,844
Provision for contingencies and charges	*6*	299	449
Financial liabilities	*5.1*	6,638	7,460
Trade payables	*10.2*	19	17
Accrued taxes and payroll costs	*10.2*	46	63
Operating liabilities		65	80
Other miscellaneous liabilities	*10.2*	1,731	1,277
Accruals and deferred revenue	*10.2*	2	10
Miscellaneous liabilities		1,733	1,287
TOTAL EQUITY AND LIABILITIES		**30,739**	**31,121**

7.3 Statement of cash flows

(in millions of euros)	2019	2018
Net income	266	1,485
Depreciation and amortisation	1	2
Provisions and impairment of financial assets, net of reversals	30	404
Other changes	-	-
Cash flow from operations	297	1,890
Change in other receivables and payables	(68)	(166)
Net cash from operating activities	229	1,725
Acquisitions of shares in subsidiaries and affiliates	(195)	(10)
Disposals of tangible and intangible fixed assets	-	1
Disposals of shares in subsidiaries and affiliates	5	5
Other cash flows from investing activities[1]	-	81
Net cash from (used in) investing activities	(190)	78
Dividends paid	(106)	(152)
Net change in debt	(822)	1,178
Change in intra-Group receivables and payables	891	(2,870)
Net cash used in financing activities	(37)	(1,844)
Net change in cash and cash equivalents	2	(42)
Cash and cash equivalents at beginning of year[2]	-	42
Cash and cash equivalents at end of year[2]	2	-
Net change in cash and cash equivalents	2	(42)

(1) Of which change in treasury shares (recorded in assets, under marketable securities – see Note 5.3).
(2) Excluding treasury shares.

7.4 Notes to the Company Financial Statements

NOTE 1 DESCRIPTION OF THE COMPANY

Carrefour SA is the parent company of the Carrefour group.

It acts as a holding company through investments conferring direct or indirect control over Group entities.

Carrefour SA is the head of a tax consolidation group comprising the parent company and the major French subsidiaries.

It also conducts an external financing policy on behalf of the Group on the banking and capital markets, designed to maintain an appropriate level of liquidity and meet its commitments and investment requirements.

NOTE 2 SIGNIFICANT EVENTS OF THE YEAR

2.1 Bond issuance and redemptions in May 2019

On May 7, 2019, Carrefour carried out a 500-million euro eight-year 1% senior bond issue due May 17, 2027. The issue's settlement date was May 15, 2019.

On May 22, 2019, Carrefour redeemed 1 billion euros worth of six-year 1.750% bonds.

These two transactions consolidated the Group's long-term euro financing, keeping the average maturity of its bond debt stable (3.5 years at December 31, 2019 versus 3.6 years at December 31, 2018), and further reducing borrowing costs.

2.2 Securing Carrefour's long-term financing

In June 2019, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

- The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros.
- The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros.

Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request. These two operations are part of Carrefour's strategy to secure its long-term financing sources, extending the average maturity of the facilities from 3.1 years to 4.5 years.

2.3 Bond buyback program

On November 22, 2019, Carrefour announced the results of its bond buyback program launched on November 14, 2019, covering the following bond tranches:

- 1 billion euros worth of 4.00% bonds due April 9, 2020 (ISIN XS0499243300) (the "2020 bonds");
- 1 billion euros worth of 3.875% bonds due April 25, 2021 (ISIN XS0529414319) (the "2021 bonds").

At the end of the buyback program, bonds representing a total nominal amount of 327 million euros had been tendered and accepted by Carrefour, including 198 million euros worth of 2020 bonds and 129 million euros worth of 2021 bonds. The settlement date for the buyback was fixed at November 26, 2019.

On completion of the buyback, the residual nominal amount outstanding amounted to 802 million euros under the 2020 bonds and 871 million euros under the 2021 bonds.

This successful operation reflects Carrefour's dynamic debt management strategy aimed at optimising its borrowing costs and debt/equity structure.

NOTE 3 ACCOUNTING PRINCIPLES

3.1 Basis of preparation

The Financial Statements of the Company have been prepared and are presented in accordance with the principles and policies defined in *Autorité des normes comptables* (ANC) Regulation 2014-03, approved by government order of September 8, 2014 and amended by all subsequently published Regulations.

The Carrefour SA Financial Statements are presented in millions of euros, rounded to the nearest million. As a result, there may be rounding differences between the amounts reported in the various statements.

Assets and liabilities are measured according to the historical cost convention.

There were no changes in measurement or presentation methods in 2019 compared with the previous year.

The preparation of financial statements involves the use of management estimates and assumptions that may affect the reported amounts of certain assets, liabilities, income and expenses. Due to the uncertainty inherent in any measurement process, amounts reported in future financial statements may differ from the currently estimated values.

3.2 Foreign currency translation

Income and expenses recorded in foreign currencies are translated at the exchange rate in force on the transaction date.

Receivables and payables denominated in foreign currency are recorded in the balance sheet at the closing exchange rate. The difference arising from the application of the year-end rate is recorded in the balance sheet under "Accruals and deferred revenue". A provision is set aside for the extent of unrealised losses at the reporting date.

NOTE 4 FIXED ASSETS

4.1 Financial investments

4.1.1 Accounting treatment and measurement

Financial investments consist of shares in subsidiaries and affiliates (including any allocated merger deficits), loans and advances to subsidiaries and affiliates and other financial assets.

Shares in subsidiaries and affiliates are stated at cost.

At January 1, 2016, on the first-time application of ANC Regulation 2015-06, merger deficits resulting mainly from the merger of Carrefour-Promodès in 2000 were allocated to the investments in Carrefour France, Norfin Holder, Caparbel, Carrefour Nederland BV and Hyparlo based on the respective unrealised gains as at that date.

Shares in subsidiaries and affiliates are tested for impairment at each year-end to confirm that their net carrying amount (including the net carrying amount of any allocated merger deficits) does not exceed their value in use.

Value in use is estimated based on a range of criteria including:

- the Company's interest in the investee's net assets;
- projected future cash flows from the investment; and
- a fair value measurement of the net assets based on reasonable business projections or observable data if they exist (multiples of net sales and/or income statement aggregates for recent transactions, offers received from buyers, stock market multiples for comparable companies) or based on analyses performed by internal or external experts, adjusted where applicable for net debt.

An impairment loss is recorded when the net carrying amount (including, where applicable the net carrying amount of any allocated merger deficit) exceeds value in use.

Impairment losses are recorded in net financial expense, along with amounts written off on disposal of the interests concerned. Gains and losses on disposal of shares in subsidiaries and affiliates are recorded in non-recurring income or expenses.

4.1.2 Changes over the period of capital shares detained

(in millions of euros)	Shares in subsidiaries and affiliates	Deficits allocated to shares in subsidiaries and affiliates	Other financial assets	Financial assets, net in 2019	Financial assets, net in 2018
Gross amount at January 1	25,687	11,407	5	37,099	37,094
Capital increases and acquisitions[1]	195	-	-	195	10
Capital reductions and disposals/liquidations[2]	(2)	-	-	(2)	(5)
Gross amount at December 31 (A)	25,880	11,407	5	37,292	37,099
Impairment at January 1	(2,245)	(5,010)	0	(7,255)	(7,023)
Increases[3]	(171)	-	-	(171)	(235)
Reversals	15	-	-	15	3
Accumulated impairment at December 31, 2019 (B)	(2,401)	(5,010)	-	(7,411)	(7,255)
NET TOTAL (A)-(B)	**23,479**	**6,397**	**5**	**29,881**	**29,844**

(1) Capital increases in 2019 chiefly break down as follows:
- Carrefour Italia for 120 million euros;
- Carrefour Asia for 66 million euros;
- subscription to the capital increase of Adialea for 6 million euros;
- Market Pay for 3 million euros.

(2) Liquidations in 2019 mainly concern Hyperdema.

(3) Impairment of shares in subsidiaries and affiliates for the year mainly concerns:
- Carrefour Asia for 61 million euros;
- Guyenne & Gascogne for 49 million euros;
- Carrefour Systèmes d'Information for 37 million euros; and
- Adialéa for 21 million euros.

Details of shares in subsidiaries and affiliates and deficits allocated are presented in Note 12.

4.1.3 Carrefour France SAS

As of December 31, 2019, the net carrying amount of the shares in Carrefour France SAS including allocated merger deficits amounted to 6,222 million euros, unchanged from December 31, 2018.

No additional impairment losses (or reversals of previous write-downs, mainly recorded in 2017), were recognised further to the impairment tests performed on the merger deficit allocated to Carrefour France shares at December 31, 2019 and December 31, 2018.

Value in use is estimated based on 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 using a perpetuity growth rate. A specific discount rate by country is used for the calculation. Future cash flows used in the impairment tests were estimated based on financial projections prepared by country-level Executive Management teams and approved by the Group's Executive Management.

The main financial assumptions used for the purposes of discounting Carrefour France SAS's future cash flows were a post-tax discount rate of 5.6% (5.9% in 2018), and a perpetuity growth rate of 1.7% (1.6% in 2018).

4.2 Tangible and intangible fixed assets

Tangible fixed assets are stated at cost, corresponding to the purchase price and ancillary expenses.

Intangible fixed assets are mainly composed of software, stated at acquisition cost.

Intangible fixed assets are amortised and tangible fixed assets are depreciated over their estimated useful lives, as follows:

- software: 3 to 8 years;
- computer equipment: 3 years;
- building fixtures and fittings: 8 years;
- other: 3 to 10 years.

If the net carrying amount of a tangible or intangible fixed asset is not expected to be recovered through the future economic benefits generated by the asset, an impairment loss is recognised for the difference between its carrying amount and the higher of value in use and fair value.

Movements in tangible and intangible fixed assets in 2019 were as follows:

(in millions of euros)	Intangible fixed assets	Tangible fixed assets	Total in 2019	Total in 2018
Gross amount at January 1	19	2	21	22
Acquisitions	-	-	-	-
Disposals and scrap	-	-	-	(1)
Gross amount at December 31 (A)	19	2	21	21
Depreciation, amortisation and impairment at January 1	(13)	(2)	(15)	(13)
Depreciation/amortisation for the year	(1)	-	(1)	(2)
Disposals and scrap	-	-	-	
Depreciation/amortisation and impairment at December 31 (B)	(14)	(2)	(16)	(15)
NET TOTAL (A)-(B)	**5**	**-**	**5**	**6**

NOTE 5 FINANCING AND RISK MANAGEMENT

5.1 Borrowings

At December 31, 2018 and 2019, borrowings broke down as follows:

	December 31, 2019				
(in millions of euros)	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total	December 31, 2018
Bonds	802	4,761	1,000	6,563	7,373
Accrued interest	75	-	-	75	87
FINANCIAL LIABILITIES	**877**	**4,761**	**1,000**	**6,638**	**7,460**

Changes in bonds in 2019 are set out below:

			Face value			
(in millions of euros)	Maturity	December 31, 2018	Issues	Repayments	Translation adjustments	December 31, 2019
EMTN, EUR, 6 years, 1.75%	2019	1,000	-	(1,000)(1)	-	-
EMTN, EUR, 10 years, 4.00%	2020	1,000	-	(198)(2)	-	802
EMTN, EUR, 11 years, 3.875%	2021	1,000	-	(129)(2)	-	871
EMTN, EUR, 8 years, 1.75%	2022	1,000	-	-	-	1,000
Non-dilutive convertible bonds, USD 500 million, 6 years, 0%	2023	437	-	-	8	445
EMTN, EUR, 8 years, 0.750%	2024	750	-	-	-	750
EMTN, EUR, 10 years, 1.25%	2025	750	-	-	-	750
Non-dilutive convertible bonds, USD, 6 years, 0%	2024	437	-	-	8	445
EMTN, EUR, 5 years, 0.88%	2023	500	-	-	-	500
EMTN, EUR, 7.5 years, 1.75%	2026	500	-	-	-	500
EMTN, EUR, 8 years, 1.00%	2027	-	500(3)	-	-	500
Total bonds and notes		7,373	500	(1,327)	17	6,563

(1) On May 22, 2019, the Company redeemed 1 billion euros worth of six-year 1.75% bonds.
(2) On November 14, 2019, Carrefour completed a partial buyback of its 4.00% bond tranche due April 2020 and its 3.875% bond tranche due April 2021, representing a total nominal amount of 327 million euros, including 198 million euros (20%) relating to the 2020 tranche and 129 million euros (13%) relating to the 2021 tranche. The buyback was settled on November 26, 2019.
(3) On May 7, 2019, Carrefour carried out a 500-million euro eight-year 1% bond issue due May 2027. The issue's settlement date was May 15, 2019.

5.2 Cash and marketable securities

Cash and marketable securities comprise:

(in millions of euros)	Gross	Impairment	December 31, 2019 Net	December 31, 2018 Net
Treasury shares (allocated)[1]	-			-
Treasury shares (available)[2]	233	(92)	141	153
Cash and cash equivalents[3]	2		2	-
CASH AND MARKETABLE SECURITIES	**235**	**(92)**	**143**	**153**

(1) Carrefour shares designated as being held for allocation to employees under stock option and performance share plans. They are not written down to market value because they are intended to be allocated to employees and a provision is recorded in liabilities as explained below in Note 6.1.
(2) 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 most recent share price.
(3) Cash at bank.

At December 31, 2019, this item mainly comprises 9,457,539 Carrefour shares available for allocation to employees of Carrefour and its subsidiaries, for an amount of 233 million euros.

As shown in the following table, there was no change in the number of own shares held during 2019.

(in millions of euros)	Number of shares	Gross value of marketable securities	Impairment of marketable securities	Net value of marketable securities	Provisions for performance share plans
Amount at December 31, 2018	9,457,539	233	(81)	152	(20)
Shares purchased to cover performance share plans	-	-	-	-	-
Delivery of performance shares allocated to specific plans	-	-	-	-	-
Reversals of provisions for performance shares allocated to specific plans[1]	-	-	-	-	20
Additions to provisions for performance shares allocated to specific plans	-	-	-	-	-
Impairment of shares not yet allocated to specific plans[2]	-	-	(11)	(11)	-
AMOUNT AT DECEMBER 31, 2019	**9,457,539**	**233**	**(92)**	**141**	**-**

(1) Reversals correspond to shares allocated to the 2016 performance share plan at December 31, 2018, but which were instead delivered in July 2019 by issuing new shares (see Note 6.2).
(2) Carrefour shares held at December 31, 2019 are measured based on the latest known quoted price, *i.e.*, 14.95 euros, and their carrying amount is 141 million euros.

5.3 Liquidity

5.3.1 Credit facilities

At December 31, 2019, the Group had two undrawn syndicated lines of credit obtained from a pool of leading banks, for a total of 3.9 billion euros.

In June 2019, Carrefour amended these two credit facilities, incorporating an innovative Corporate Social Responsibility (CSR) component in the first CSR-linked credit transaction in the European retail sector.

Both facilities fall due in June 2024 and each can be extended twice for a further one-year period at Carrefour's request. Group policy consists of keeping these facilities on stand-by to support the commercial paper programme.

The loan agreements for the syndicated lines of credit include the usual commitments clauses, including *pari passu*, negative pledge, change of control and cross-default clauses and a clause restricting substantial sales of assets. The pricing grid may be adjusted up or down to reflect changes in the long-term credit rating.

5.3.2 Financing programmes

Carrefour has 12 billion euros of available financing through its Euro Medium Term Notes (EMTN) programme, aimed at maintaining a presence in the debt market through regular debt issuance, mainly in euros, in order to create a balanced maturity profile.

Carrefour also has a 5 billion-euro commercial paper programme described in a prospectus filed with the Banque de France.

5.4 Risk hedging

5.4.1 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.

Interest rate hedging is managed by Corporate Treasury and Financing. The hedging strategy and methods used to limit interest rate exposures and optimise borrowing costs are updated on a monthly basis.

Long-term borrowings are generally at fixed rates of interest and do not therefore give rise to any exposure to rising interest rates. Financial instruments are nonetheless used to hedge borrowings against the risk of changes in interest rates.

Interest rate hedging instruments are used mainly to limit the effects of changes in exchange rates on the Company's variable-rate borrowings. These are mainly basic swaps and options.

Details of derivative instruments outstanding and their carrying amounts are presented in Note 11.

5.4.2 Currency risk

Currency risk is the risk of an unfavourable change in exchange rates having an adverse effect on cash flows from transactions denominated in foreign currency.

As a holding company, Carrefour is exposed to currency risk on specific transactions (capital increases or dividend payments) with certain foreign subsidiaries whose functional currency is not the euro. Currency risk on these transactions can in certain cases be hedged by forward currency purchases.

On June 7, 2017, Carrefour issued 500 million US dollars' worth of six-year cash-settled convertible bonds (maturing in June 2023) to institutional investors. A EUR/USD cross-currency swap for 500 million US dollars with the same maturity was arranged in parallel to the bond issue in 2017.

On March 22, 2018, Carrefour issued another 500 million US dollars' worth of six-year cash-settled convertible bonds (maturing in March 2024). As for the 2017 bond issue, two EUR/USD cross-currency swaps for 250 million US dollars with the same maturity were arranged in parallel to the bond issue.

These operations, for which a EUR/USD cross currency swap was arranged in euros, provide the Company with the equivalent of standard euro-denominated bond financing.

5.4.3 Equity risk

Company 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 Company buys back its shares on the market or purchases call options on its shares. These shares are mainly used to cover stock option and performance share plans.

The equity risk associated with the conversion options embedded in the bonds issued by the Group in June 2017 and March 2018 is fully hedged by symmetrical options contracted with banks.

6 NOTE PROVISIONS AND IMPAIRMENT

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.

(in millions of euros)	December 31, 2018	Increases	Reversals		December 31, 2019	*Notes*
			Used	Surplus		
Obligations to deliver shares	20	-	-	(20)	-	*(6.1)*
Pension obligations	73	4	-	(32)	45	*(6.2)*
Provisions for shares in subsidiaries and affiliates	133	16	-	(55)	94	*(8)*
Disputes and miscellaneous risks	223	20	(10)	(72)	161	
Provision for contingencies and charges	449	40	(10)	(179)	300	
On financial assets	7,255	171	-	(15)	7,411	*(4.1)*
On accounts receivable	221	-	-	-	221	
On other items (marketable securities)	81	11	-	-	92	*(5.2)*
Impairment	7,557	182	-	(15)	7,724	
TOTAL PROVISIONS AND IMPAIRMENT	**8,006**	**222**	**(10)**	**(194)**	**8,024**	

6.1 Provisions for share plans

Certain Carrefour group employees receive equity-settled shared based payments in the form of performance share and stock option plans.

Plans settled by issuing new shares

The Company does not set aside a provision for these plans, in accordance with the provisions of Article 624-6 of the French General Chart of Accounts (*Plan comptable général*).

Performance share and stock option plans settled in existing shares

At the grant date, the Company does not recognise any expense in payroll costs in respect of performance shares and stock options, but on delivery of the performance shares or exercise of the stock options.

However, the Company recognizes a provision when (i) the decision has been made to set up a stock option or performance 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 vesting of performance shares or stock options is explicitly subject to a service condition requiring the continued presence at Carrefour for a specified future period, the provision is recognised on a straight-line basis over the vesting period.

2016 Plan

On July 27, 2016, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Annual Shareholders' Meeting held on May 17, 2016 to grant performance shares to some 950 Group employees. The plan provided for the grant of a maximum of 1,950,000 shares (representing 0.26% of the share capital). The shares will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board of Directors' Meeting at which the rights were granted. The number of shares that vest will depend on the achievement of three performance conditions:

- two conditions linked to financial performance (EBITDA growth for 35% and organic sales growth for 35%); and
- a CSR-related condition for 30%.

2019 Plan

On February 27, 2019, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Annual Shareholders' Meeting held on May 17, 2016 to grant new or existing performance shares. This plan provided for the grant of a maximum of 3,366,200 shares (excluding shares granted to corporate officers), or 0.43% 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 four performance conditions:

- two conditions linked to financial performance (recurring operating income growth for 25% and free cash flow growth for 25%);
- a condition linked to an external performance criterion (TSR), benchmarking the Carrefour share price against a panel of companies in the retail sector (for 25%); and
- a CSR-related condition for 25%.

The main characteristics of the two performance share plans outstanding are presented below:

	2016 Plan	2019 Plan
Date of the Shareholders' Meeting	May 17, 2016	May 17, 2016
Grant date[(1)]	September 15, 2016	February 27, 2019
Vesting date[(2)]	July 28, 2019	February 28, 2022
Number of shares awarded at grant date	1,944,850	3,615,346
Number of grantees at grant date	950	640
Fair value of each share *(in euros)*[(3)]	20.18	14.33

(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 shares under these two plans were as follows in 2019:

	2019	2018
Number of performance shares granted at January 1	1,516,550	1,739,450
Shares granted	3,615,346	-
Shares delivered to grantees	(916,098)	(12,000)
Shares cancelled[(1)]	(983,152)	(210,900)
NUMBER OF PERFORMANCE SHARES GRANTED AT DECEMBER 31	**3,232,646**	**1,516,550**

(1) Including 600,452 shares cancelled under the 2016 Plan and 382,700 shares cancelled under the 2019 Plan.

6.2 Provisions for pension benefit obligations

Pension benefit obligations corresponding to amounts payable to employees on retirement and benefits payable under supplementary pension schemes are measured using the projected unit credit method. The main actuarial assumptions used to measure the obligations are described below.

The Company applies the rules set out under ANC Recommendation 2013-02 for the recognition and measurement of pension benefits and other obligations.

The provision at December 31, 2019 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.

6.2.1 Termination benefit obligations

Company employees in France are legally entitled to a lump-sum payment on retirement, with all rights vested to the persons concerned expensed during the year they are incurred.

The assumptions used to calculate the provision are as follows:

	December 31, 2019	December 31, 2018
Rate of future salary increases	2.84%	2.84%
Payroll tax rate	35%	35%
Discount rate	0.75%	1.60%
Mortality table	TV TD 2014-2016	TV TD 2013-2015
Staff turnover rate (based on seniority)	Before age 55, average of the actual turnover rates for headquarters staff over the period 2017-2019; beyond age 55, the turnover rate is nil	Before age 55, average of the actual turnover rates for headquarters staff over the period 2016-2018; beyond age 55, the turnover rate is nil
0 to 5 years' seniority	*6.17%*	*6.89%*
6 to 10 years' seniority	*2.75%*	*7.72%*
11 to 15 years' seniority	*3.32%*	*4.87%*
16 to 20 years' seniority	*4.25%*	*4.19%*
21 to 25 years' seniority	*2.64%*	*4.34%*
More than 26 years' seniority	*3.29%*	*4.97%*

6.2.2 Supplementary pension obligations

In 2009, the Company set up a supplementary pension plan. The main terms of this defined benefit plan, which was amended in 2015, are as follows:

- eligibility: plan participants must have completed at least three years' service at the time of retirement and their annual compensation must be greater than 18 times the annual ceiling for social security contributions;
- years of service taken into account for the calculation of plan benefits: years of service with the Carrefour group under consecutive or non-consecutive employment contracts. The Company does not grant any length-of-service awards;
- benefits: 2.75% of the reference compensation per year of service, subject to the applicable performance conditions being met for each year. No benefits are paid if a minimum number of years has not been validated in connection with the performance conditions;
- reference compensation: average of the last three years' salary and bonus preceding the retirement date or 60 times the annual ceiling for social security contributions, whichever is lower;
- annual benefit cap: 25% of the reference compensation and the difference between 45% of the reference compensation and the total basic and supplementary pension benefits received by the plan participant;
- upon the participant's death, a reversionary pension is payable to the surviving spouse in an amount equal to 50% of the original benefit.

In application of government order of July 3, 2019 (transposing the European "pension portability" directive), new conditional rights cease to accrue under defined benefit pension plans after January 1, 2020. This pension plan will therefore be amended by the Board of Directors of Carrefour SA.

7 NOTE SHAREHOLDERS' EQUITY

7.1 Share capital

At December 31, 2019, the share capital was made up of 807,265,504 ordinary shares with a par value of 2.50 euros each, versus 789,252,839 shares at December 31, 2018.

The increase during the year corresponds to new shares issued to shareholders who chose to reinvest their dividend and shares granted under the 2016 performance share plan which expired in July 2019.

7.2 Issue and merger premiums

Issue premiums represent the difference between the nominal amount of shares issued and the amount, net of costs, of cash or in-kind contributions received by Carrefour SA.

Further to the July 11, 2019 capital increase for the purpose of issuing new shares to shareholders who chose to reinvest their dividend, Carrefour SA recognised an issue premium in the amount of 210 million euros (see Note 7.4 below). The Company also recognised an issue premium in the amount of 16 million euros in respect of the July 29, 2019 capital increase for the purpose of delivering performance shares vested under the 2016 Plan (see Note 6.1).

7.3 Changes in shareholders' equity

(in millions of euros)	Share capital	Issue and merger premiums	Other reserves, retained earnings	Net income	Total shareholders' equity
Shareholders' equity at December 31, 2018	1,973	16,856	1,530	1,485	21,844
Appropriation of net income for 2018	43	210	1,126	(1,485)	(106)
Distribution under the 2016 performance share plan	2	16	(19)	-	-
Net income for 2019	-	-	-	266	266
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2019	**2,018**	**17,082**	**2,638**	**266**	**22,004**

At the Annual Shareholders' Meeting held on June 14, 2019, the shareholders decided to set the 2018 dividend at 0.46 euros per share with a dividend reinvestment option.

The issue price of the shares to be issued in exchange for reinvested dividends was set at 14.78 euros per share, representing 90% of the average of the opening prices quoted on Euronext Paris during the 20 trading days preceding the date of the Annual Shareholders' Meeting, less the net amount of the dividend of 0.46 euros per share and rounded up to the nearest euro cent.

The option period was open from June 24 to July 5, 2019. At the end of this period, shareholders owning 70.44% of Carrefour's shares had elected to reinvest their 2018 dividends.

July 11, 2019 was set as the date for:

- settlement/delivery of the 17,096,567 new shares corresponding to reinvested dividends, leading to a total capital increase including premiums of 253 million euros;
- payment of the cash dividend to shareholders who chose not to reinvest their dividends, representing a total payout of 106 million euros.

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.

7.4 Treasury share reserve

At December 31, 2019 and December 31, 2018, a total of 9,457,539 shares were held in treasury.

Shares held in treasury are intended for the Group's performance share plans. All rights attached to these shares are suspended for as long as they are held in treasury.

The net carrying amount of Carrefour shares held at December 31, 2019 was 141 million euros (see Note 5.2) versus 152 million euros at December 31, 2018.

8 NOTE FINANCIAL INCOME, NET

Net financial income breaks down as follows:

(in millions of euros)	2019	2018
Dividends	323	1,911
Interest expense	(150)	(160)
Increase in impairment and provisions for shares in subsidiaries and affiliates	(202)	(362)
Reversals of impairment and provisions for shares in subsidiaries and affiliates	91	13
Other financial income and expenses	-	17
FINANCIAL INCOME, NET	**62**	**1,419**

In 2019, dividends received were down sharply year on year to 323 million euros, reflecting special distributions received in 2018 from Carrefour Nederland BV (1,210 million euros) and from Carrefour Monaco (219 million euros) that were not renewed.

Dividends paid in 2019 mainly include:

- 148 million euros from French subsidiary CRFP8;
- 50 million euros from Spanish subsidiary Centros Comerciales Carrefour; and
- 44 million euros from Brazilian subsidiary Atacadão.

Interest expense was mainly attibutable to bond issues in 2018 and 2019 further to transactions carried out during the year to reduce borrowing costs (see Note 5.1).

Further to their remeasurement at December 31, 2019, the Company recognised an increase of 156 million euros in the net charge to impairment of shares in subsidiaries and affiliates, and 39 million euros in net reversals of provisions for shares in subsidiaries and affiliates (see Note 6).

The increase for the year also includes a net charge to impairment of marketable securities for 11 million euros and a reversal of provisions in respect of share plans for 20 million euros (see Note 5.2).

Other financial income and expenses include the deferral of bond redemption premiums as well as exchange gains and losses.

9 NOTE INCOME TAX

9.1 Breakdown of net income and corresponding tax

(in millions of euros)	Before tax	Tax	After tax
Recurring income before profit-sharing	29	(19)	10
Non-recurring income, net	56	-	56
Group relief	-	200	200
2019 NET INCOME	**85**	**174**	**266**

The income tax benefit for 2019 mainly comprises income from tax consolidation.

Tax credits deductible from income tax expense are reported in the income statement under "Income tax benefit".

9.2 Tax consolidation

Carrefour SA is the head of a tax consolidation group.

Each company in the tax group records in its accounts the income tax expense or benefit that it would have paid or received if it had been taxed on a stand-alone basis.

The tax saving or additional tax charge corresponding to the difference between the sum of the taxes payable by the companies in the tax group and the tax expense or benefit calculated on the basis of the tax group's consolidated profit or loss is recorded by Carrefour SA.

In 2019, the tax saving resulting from tax losses at subsidiaries in the tax consolidation group amounted to 1,360 million euros (1,198 million euros in 2018).

Where subsidiaries return to profit, this is offset against prior-year tax losses and Carrefour SA repays the corresponding tax saving to the French State. In the event that a subsidiary leaves the tax consolidation group, Carrefour SA may have to pay any tax savings back to the subsidiary concerned, depending on the terms and conditions of the tax consolidation agreement.

9.3 Unrecognised deferred taxes

The following table shows the impact of temporary differences between Carrefour SA's taxable profit and accounting profit.

	December 31, 2019		December 31, 2018	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities
1- Temporarily non-deductible expenses				
• Provisions for pension obligations	12	-	19	-
• Provisions for contingencies and charges	-	-	1	-
• Other	-	-	1	
2- Temporarily non-taxable revenue				
• Capital gains on mergers and asset contributions qualifying for rollover relief[1]	-	250	-	250
3- Tax loss carryforwards	293	-	232	-
TOTAL	**305**	**250**	**253**	**250**

(1) The amount of 250 million euros corresponds to deferred taxes arising on share contribution transactions qualifying for preferential tax treatment under Article 210B of the French General Tax Code (*Code général des impôts*).

NOTE 10 OTHER INFORMATION

10.1 Accounts receivable and accrued assets

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.

They are recorded in the balance sheet at their nominal amount. An impairment loss is recorded when there is a risk that they may not be recovered.

(in millions of euros)	December 31, 2019	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2018
Accounts receivable	848	848	-	-	1,257
Subtotal accounts receivable	848	848	-	-	1,257
Translation losses	39	39	-	-	33
Other accruals	45	19	23[(1)]	3	51
Subtotal accruals	84	58	23	3	84
TOTAL	**932**	**906**	**23**	**3**	**1,341**

(1) Other accruals mainly include bond issuance premiums for 30 million euros and bond issuance costs for 10 million euros, which are deferred over the life of the corresponding bonds.

10.2 Accounts payable and accrued liabilities

The debt maturity schedule is as follows:

(in millions of euros)	December 31, 2019	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	December 31, 2018
Trade payables	19	19	-	-	17
Accrued taxes and payroll costs	46	46	-	-	63
Other liabilities[(1)]	1,731	1,731	-	-	1,277
Translation gains	2	2	-	-	10
TOTAL	**1,798**	**1,798**	**-**	**-**	**1,367**

(1) Other liabilities essentially correspond to intra-group payables.

10.3 Related parties

There were no material transactions with related parties other than wholly-owned subsidiaries that were not entered into on arm's length terms.

10.4 Off-balance sheet commitments

10.4.1 Derivative instruments

Derivative instruments used *(in millions of euros)*	Notional amount covered by maturity					Market value of derivatives	
	December 31, 2019	Due within 1 year	Due in 1 to 5 years	Due beyond than 5 years	December 31, 2018	December 31, 2019	December 31, 2018
Interest rate swaps (Carrefour fixed rate borrower)							
Euribor/fixed quarterly rate E/360	(100)	(100)	-	-	(75)	(6)	(2)
Purchased calls	890		890		874	34	31
Currency swaps	890		890	-	873	80[1]	28
EUR/USD on convertible bonds							
Purchased interest rate options (caps)	700	100	600	-	700	-	1
Purchased swaptions	1,150	650	500	-	1,550	2	5
Sold swaptions	(350)	(50)	(300)	-	(250)	(9)	(2)
TOTAL	**4,070**	**600**	**3,470**	**-**	**4,546**	**101**	**61**

(1) A EUR/USD cross-currency swap for 500 million US dollars was arranged in 2017 in parallel to and with the same maturity as a cash-settled convertible bond issue on June 7, 2017.
Two EUR/USD cross-currency swaps for 250 million US dollars with the same maturity were arranged in March 2018 in parallel to a 500 million US dollars cash-settled convertible bond issue.

10.4.2 Other commitments

(in millions of euros)	December 31, 2019	December 31, 2018
Guarantees	19	27
Rent guarantees[1]	242	265
Other guarantees given	13	17
Commitments given	261	308
Undrawn syndicated lines of credit[2]	3,900	3,900
Rent guarantees[1]	242	265
Commitments received	4,142	4,165

(1) Rent guarantees given or received under real estate leases: the guarantee corresponds to the future minimum payments due under non-cancellable real estate leases.
(2) At December 31, 2019, the Company had two undrawn syndicated lines of credit obtained from a pool of leading banks totalling 3,900 million euros and expiring in June 2024.

As explained in Note 2.2, Carrefour amended and extended two credit facilities for a total amount of 3.9 billion euros, incorporating an innovative Corporate Social Responsibility (CSR) component.

The first credit facility ("Club deal") was completed with a syndicate of eight banks for a total of 1.4 billion euros. The second credit facility ("Syndicated facility") was negotiated with a syndicate of 21 banks for a total of 2.5 billion euros.

Both facilities can be extended twice for a further one-year period at Carrefour's request.

10.5 Employees and compensation

10.5.1 Average number of employees

	2019	2018
Managerial	5	6
AVERAGE NUMBER OF EMPLOYEES	**5**	**6**

10.5.2 Compensation

Details of management compensation are provided in the management report.

NOTE 11 SUBSEQUENT EVENTS

No events have occurred since the year-end that would have a material impact on the Company at December 31, 2019.

NOTE 12 SUBSIDIARIES AND AFFILIATES

(in millions of euros)	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment, net	Gross amount of merger losses allocated to shares	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received
A- DETAILED INFORMATION										
1. Subsidiaries (over 50% owned)										
France										
CARMA	23	81	50.0%	44	44	-	-	6	0	0
CARREFOUR BANQUE	101	555	60.0%	124	124	-	-	12	285	0
CARREFOUR FRANCE	1,995	1,662	99.6%	3,979	3,979	6,952	2,243	(1,470)	25	12
CARREFOUR MANAGEMENT	0	(94)	100.0%	23	0	-	-	(94)	0	0
CARREFOUR SYSTÈMES D'INFORMATION	164	(89)	100.0%	168	39	-	-	5	395	0
CRFP 8	3,381	265	74.8%	2,528	2,528	-	-	118	0	148
CRFP 13	863	547	38.0%	385	385	-	-	33	0	0
GUYENNE ET GASCOGNE	106	22	100.0%	428	378	-	-	10	16	0
HYPARLO	63	156	100.0%	450	450	180	155	39	0	20
TOTAL				**8,128**	**7,928**	**7,132**	**2,398**	**(1,341)**	**721**	**180**
International										
CARREFOUR ASIA	117	(224)	100.0%	190	5					0
CARREFOUR NEDERLAND BV	2,259	1,040	100.0%	3,603	3,603	767	675			0
NORFIN HOLDER	2	4,062	79.9%	3,177	3,177	2,872	2,688			0
CAPARBEL	6,334	0	100.0%	6,334	6,334	636	636			0
TOTAL				**13,304**	**13,119**	**4,275**	**3,998**	**0**	**0**	**0**
2. Affiliates (10%-50% owned)										
International										
ATACADÃO	1,716	1,216	32.8%	251	251	-	-			44
CARREFOUR FINANCE	6,816	442	25.0%	1,668	1,668	-	-			0
CARREFOUR ITALIA	1,917	(1,027)	30.0%	2,192	215	-	-			0
TOTAL				**4,111**	**2,134**	**0**	**0**	**0**	**0**	**44**

(in millions of euros)	Share capital	Reserves and retained earnings	% interest	Investment at cost	Investment, net	Gross amount of merger losses allocated to shares	Net merger losses allocated to shares	Last published income	Last published revenue	Dividends received
B- AGGREGATE INFORMATION										
1. Other subsidiaries										
France				26	26	0	0			30
International				0	0	0	0			0
2. Other investments										
France				62	31	0	0			19
International				248	240	0	0			51
C- GENERAL INFORMATION ABOUT INVESTMENTS										
French subsidiaries (total)				8,154	7,954	7,132	2,398			210
International subsidiaries (total)				13,304	13,119	4,275	3,998			0
French affiliates (total)				62	31	0	0			19
International affiliates (total)				4,359	2,374	0	0			94
TOTAL				**25,880**	**23,478**	**11,407**	**6,397**			**323**

Data in blue-toned cells are not provided because their disclosure would be seriously prejudicial to the Company's interests.

The columns "Share capital", "Reserves and retained earnings", "Last published income" and "Last published revenue" correspond to information for 2018 since the 2019 data have not yet been authorised for issue by the appropriate governance bodies.

7.5 Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Carrefour Shareholders' Meeting

For the year ended December 31, 2019

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying financial statements of Carrefour for the year ended December 31, 2019. These financial statements have been approved by the Board of Directors on February 26, 2020 on the basis of the information available at this date in a changing context of the COVID-19 crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matter

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the financial statements.

Key Audit Matter

Measurement of the value in use of the shares in Carrefour France S.A.S.

(See Notes 4.1.1, 4.1.3 and 12 to the financial statements)

As of December 31, 2019, the net book value of the shares in Carrefour France S.A.S. including allocated merger losses amounted to €6,222 million.

As stated in Note 4.1.1 to the financial statements, shares in subsidiaries and affiliates are subject to impairment tests at each year-end in order to verify that their net carrying amount (including, where necessary, the net carrying amount of allocated merger losses) does not exceed their value in use. Otherwise, an impairment loss is recognized in the financial result.

As stated in Note 4.1.3 to the financial statements, the value in use of the shares in Carrefour France S.A.S. has been determined based on projections of future cash flows established by the country's Executive Management and validated by the Group's Executive Management, based on significant judgments from Management, such as the discounting of future cash flows over a period of five years with a determination of a terminal value calculated from the extrapolation of the final year's data to the perpetual growth rate and the use of a specific discount rate per country.

The tests performed as at December 31, 2019 on the merger losses allocated to the shares of Carrefour France do not put forward the need to recognize in the financial statements an additional impairment loss or a reversal of impairment which has been mainly booked during the 2017 financial year.

Due to the significant net carrying amount of the shares, uncertainties relating mainly to the probability of the realization of the future cash flow forecasts used to measure the value in use and sensitivity to changes of the financial data and assumptions used, we considered the measurement of the value in use of the shares in Carrefour France S.A.S. to be a key audit matter.

Responses as part of our audit

In order to estimate the value in use of the shares in Carrefour France S.A.S. as determined by management, our work mainly consisted in:

- assessing the appropriateness of the methodology used to determine the value in use;
- analyzing the consistency of the cash flow forecasts used with our understanding of the group's strategic outlook and guidance for French operations and with the management's latest assessment;
- compare the actual performance observed for past periods with the previous forecasts to verify the reliability of the forecasting process;
- ensure that the value resulting from future cash flow forecasts has been adjusted to the amount of net debt;
- analyzing the reasonableness of the financial parameters used (discount and perpetual growth rates) with the assistance of our specialists in financial valuation and relying particularly on experts valuations;
- assessing the appropriateness of the disclosures in Notes 4.1.1, 4.1.3 and 12 to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on April 20, 2020 and in the other documents provided to Shareholders.

With regard to the events that occurred and the information available after the date the financial statements have been approved relating to the effects of the COVID-19 crisis, the management has informed us that they will be subject to a communication to the shareholders' meeting held to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Carrefour by the Shareholders' Meetings held on April 15, 2003 for Deloitte & Associés, on September 5, 1968 for KPMG S.A. (considering the firm merger and acquisition during previous years) and on June 21, 2011 for Mazars.

As of December 31, 2019, Deloitte & Associés, KPMG S.A. and Mazars were in the 17th, 52th, and 9th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, as well as to implement the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but assurance, without, however, is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the Company's affairs.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matter that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, and Courbevoie, April 20, 2020

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIÉS	KPMG S.A.	MAZARS
Bertrand Boisselier	Caroline Bruno Diaz	Jerôme de Pastors
Stéphane Rimbeuf		Emilie Loreal

8

INFORMATION ABOUT THE COMPANY AND THE CAPITAL

8.1 Information about the Company

8.1.1 CORPORATE NAME, TRADE AND COMPANIES REGISTER AND LEGAL ENTITY IDENTIFICATION NUMBER (LEI)

Carrefour

Registered with the Evry Trade and Companies Register under no. 652 014 051

LEI: 549300B8P6MUJ1YWTS08

8.1.2 HEAD OFFICE, PHONE NUMBER AND WEBSITE

93, avenue de Paris, 91300 Massy, France.

Phone: +33 (0)1 64 50 50 00

Website: *http://www.carrefour.com* (the information provided on the website does not form part of the Universal Registration Document unless that information is incorporated by reference into the Universal Registration Document).

8.1.3 LEGAL FORM AND TERM

French public limited company (*société anonyme*) governed by the provisions of the French Commercial Code (*Code de commerce*).

By decision of the Shareholders' Meeting of July 28, 2008, the Company adopted the form of a public limited company with a Board of Directors. Following its deliberations on June 21, 2011, the Board of Directors decided to combine the duties of Chairman and Chief Executive Officer.

This Board of Directors' decision to combine the duties of Chairman and Chief Executive Officer met the objective to simplify the decision-making process and enhance the efficiency and responsiveness of the Company's governance.

The term of the Company, which began on July 11, 1959, will expire on July 10, 2058, unless the Company is wound up in advance or its term is extended.

8.1.4 MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

8.1.4.1 "Raison d'être" (preamble)

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

8.1.4.2 Corporate purpose (Article 3)

The purpose of the Company is to:

- create, acquire and operate, in France and abroad, stores for the sale of all items, products, foodstuffs and merchandise and, secondarily, provide within the said stores all services that may be of interest to customers;
- purchase, manufacture, sell, represent and package the said products, foodstuffs and merchandise;
- in general, carry out all industrial, commercial, financial, property and real estate operations relating directly or indirectly to the said purpose, or which may facilitate the said purpose or ensure its development.

The Company may act, directly or indirectly, and conduct any and all of these operations in any country, on its own behalf or on behalf of third parties, either alone or within partnerships, alliances, groups or companies, with any other persons or companies, and carry out and complete them in any manner whatsoever.

The Company may also acquire any and all interests and stakes in any French or foreign companies or businesses, regardless of their purpose.

1 2 3 4 5 6 7 8 9

8.1.4.3 Board of Directors (Articles 11, 12, 13 and 14)

The Company is managed by a Board of Directors comprising between three and eighteen members.

When the number of Directors appointed by the Ordinary Shareholders' Meeting exceeding 75 years of age is higher than one-third of the Directors in office, the oldest Director shall be deemed to have resigned; his or her term shall expire at the nearest Ordinary Shareholders' Meeting.

Each Director must own at least 1,000 shares during his/her term of office, with the exception of the Directors representing employees.

The members of the Board of Directors are appointed for a three-year term, including the Directors representing the employees, and a third (or an equivalent proportion) of the members of the Board of Directors appointed by the Ordinary Shareholders' Meeting are renewed every year. At the Board of Directors meeting following the initial appointments, the names of the Directors exiting the Board at the end of their first and second year are determined by drawing lots. Exiting Directors are eligible for re-election.

Directors, including the Directors representing employees, shall cease to hold office at the end of the Ordinary Shareholders' Meeting, called to approve the Financial Statements for the ended financial year, that is held during the year in which said Director's term of office is to expire.

When the Company falls within the scope of Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also include one or two Directors representing employees.

In accordance with applicable laws, when the number of Directors, calculated according to Article L. 225-27-1-II of the French Commercial Code, is lower or equal to twelve (12), a Director representing employees is appointed by the Group Committee (*Comité de Groupe français Carrefour*).

When the number of Directors exceeds twelve (12), and provided that this criterion is still fulfilled at the day of appointment, a second Director representing employees is appointed by the European Works Council (*Comité d'Information et de Concertation européen Carrefour*). When the number of Directors, initially exceeding twelve (12) members, falls to twelve (12) members or below, the Director appointed by the European Works Council shall remain in office until the expiry of his or her term of office.

The Director(s) representing employees are not taken into account for the determination of the maximum number of Directors provided by the French Commercial Code, or for the enforcement of Article L. 225-18-1 paragraph 1 of the French Commercial Code. The office of the Director representing employees expires before its term under the conditions laid out in the law and this Article, in particular in cases of termination of his/her/their employment agreement except in the event of an intergroup transfer. If the conditions laid out in Article L. 225-27-1 of the French Commercial Code are not fulfilled at the end of a given financial year, the office of the Directors representing employees expires at the end of the meeting, at which the Board of Directors acknowledges that the Company is no longer subject to this legal requirement.

In the event of a vacancy, for any reason, of the office of a Director representing employees, the vacant seat is filled according to the conditions laid out in Article L. 225-34 of the French Commercial Code. Until the date of replacement of the Director representing employees, the Board of Directors may validly meet and deliberate.

In addition to the provisions of Article L. 225-29 paragraph 2 of the French Commercial Code, and for the avoidance of doubt, it is specified, that the failure of the committees designated by the Articles of Association to appoint a Director representing employees does not affect the validity of the deliberations of the Board of Directors, in accordance with the law and this Article.

Subject to the provisions of this Article and to legal provisions, the Directors representing employees have the same status, rights and obligations as the other Directors.

The Board of Directors appoints a Chairman, from among its members, who shall be a natural person. The age limit for the position of Chairman is set at seventy-five (75) years. The Chairman may perform his functions until the Shareholders' Meeting called to approve the Financial Statements for the past financial year, held during the year in which the Chairman reaches his seventy-fifth birthday.

The Chairman may be appointed for the entire duration of his/her term of office as a Director.

The Board of Directors appoints a Vice-Chairman from among its members, who is asked to replace the Chairman in case of absence, temporary unavailability, resignation, death or non-renewal of his/her term of office. In the event of temporary unavailability, this replacement is valid only as long as the Chairman is unavailable; in all other cases, it is valid until a new Chairman is elected.

The Chairman organises and directs the Board of Directors' work, reporting thereon to the Shareholders' Meeting.

The Board of Directors meets as often as required to serve the Company's interests, either at the head office or at any other place indicated in the Notice of Meeting.

The Directors are called to meetings by the Chairman or, where necessary, by the Vice-Chairman, by any means, including orally.

Board of Directors' meetings are chaired by the Chairman of the Board of Directors or, where necessary, by the Vice-Chairman.

Proceedings are conducted under the conditions of quorum and majority prescribed by law.

The Secretary of the Board of Directors is authorised to certify copies and extracts of meeting minutes.

The Board of Directors determines the Company's business strategy and oversees its implementation.

Subject to the powers expressly attributed to the Shareholders' Meetings and within the scope of the corporate purpose, the Board of Directors deals with all matters relating to the proper management of the Company and, through its proceedings, handles other matters concerning it.

The Board of Directors conducts the controls and audits that it deems appropriate. The Directors receive all information needed to perform their duties and may consult any documents that they deem appropriate.

8.1.4.4 Management (Article 16)

As provided by law, the management of the Company comes under the responsibility of either the Chairman of the Board of Directors or another private individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

Based on a majority vote of the Directors present or represented, the Board of Directors chooses between the two aforementioned management methods.

The Board of Directors appoints, from among its members or otherwise, the Chief Executive Officer, a private individual under the age of 70, who has the broadest powers to act on the Company's behalf under all circumstances. The Chief Executive Officer exercises his/her powers within the scope of the corporate purpose and subject to those powers expressly attributed by law to the Shareholders' Meetings and the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties.

The age limit for the position of Chief Executive Officer is 70. The duties of a Chief Executive Officer who reaches this age limit shall cease to apply following the Shareholders' Meeting convened to approve the previous year's Financial Statements and held during the year in which this age is reached.

When the Company is managed by the Chairman, the provisions of the laws and regulations or Articles of Association relating to the Chief Executive Officer are applicable to him/her. The Chairman assumes the title of Chairman and Chief Executive Officer and may perform his/her duties until the Ordinary Shareholders' Meeting convened to approve the previous year's Financial Statements and held during the year in which he/she reaches the age of 70.

The Board of Directors may determine the areas in which the Chief Executive Officer must consult the Board of Directors in performing his/her duties.

8.1.4.5 Shareholder rights (Article 9)

Double voting rights are conferred on all fully paid up registered shares that have been registered in the name of the same shareholder for at least two years.

Double voting rights are cancelled for any shares converted into bearer form or whose ownership is transferred, subject to any exceptions provided for by law.

Solely the Extraordinary Shareholders' Meeting is authorised to modify shareholders' rights, as provided by law.

8.1.4.6 Shareholders' Meetings (Articles 20 to 23)

All shareholders are entitled to attend Shareholders' Meetings in person or by proxy, upon presentation of identification and evidence of share ownership, in the form and at the place indicated in the Notice of Meeting, in accordance with the conditions set forth under applicable laws and regulations.

Every shareholder has the right to participate in Shareholders' Meetings by way of a proxy granted to any other person or legal entity of his or her choice, and may also vote by post, subject to the conditions set forth under applicable laws and regulations.

Any shareholder may, if the Board of Directors so decides when convening the Shareholders' Meeting, also participate in and vote at Shareholders' Meetings via videoconference or any other means of telecommunication (including the Internet) that enables him/her to be identified under the conditions and according to the procedures laid down by the laws in force. Shareholders are notified of such a decision in the Notice of Meeting published in the French bulletin of compulsory legal notices (*Bulletin des annonces légales obligatoires*).

Those shareholders who use, for this purpose and within the required periods, the electronic voting form provided on the website set up by the Shareholders' Meeting organiser are considered to be shareholders present or represented. The electronic form may be completed and signed directly on the site using a login and password, as provided for in the first sentence of the second paragraph of Article 1316-4 of the French civil code (*Code civil*).

The proxy or vote thus cast electronically prior to the Shareholders' Meeting, as well as the acknowledgement of receipt provided, will be considered binding documents that are enforceable against all persons, it being specified that, in the event of a transfer of shares occurring prior to the date set forth under the applicable laws and regulations, the Company will invalidate or modify accordingly, depending on the situation, the proxy or vote cast prior to said date.

Shareholders' Meetings are convened by the Board of Directors under the conditions and within the time limits prescribed by law. They are held at the head office or in any other place indicated in the Notice of Meeting.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman or a Director designated by the Board of Directors.

Vote teller duties are fulfilled by the two shareholders, present and willing, who hold the greatest number of votes, either in their own name or by proxy.

The Meeting Committee (*Bureau*) appoints a secretary, who does not need to be a member of the Shareholders' Meeting.

Ordinary and Extraordinary Shareholders' Meetings voting under the conditions of quorum and majority prescribed by law exercise the powers assigned to them in accordance with the law.

8.1.4.7 Provision of the issuer's Articles of Association that would delay, postpone or prevent a change in its control

None.

8.2 Information on the capital

8.2.1 CHANGE IN SHARE CAPITAL

Capital increase

Capital increase on July 11, 2019

The Shareholders' Meeting of June 14, 2019, 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 42,741,417.50 euros (forty-two million, seven hundred forty-one thousand, four hundred seventeen euros and fifty cents) through the creation of 17,096,567 new Company shares, which were fully paid up as of their issue, carry dividend rights as of January 1, 2019 and rank *pari passu* with the other shares in the Company's share capital.

Following this increase, the share capital amounted to 2,015,873,515 euros (two billion, fifteen million, eight hundred seventy-three thousand, five hundred fifteen euros), divided into 806,349,406 shares with a par value of 2.50 euros each.

Capital increase on July 29, 2019

On July 27, 2016, the Board of Directors decided to use the authorisation given in the 14th resolution of the Extraordinary Shareholders' Meeting held on May 17, 2016 to grant performance shares (new or existing), representing 0.26% of the share capital.

On July 29, 2019, the Chairman and Chief Executive Officer, acting in accordance with the sub-delegation of powers granted by the Board of Directors at its meeting of July 27, 2016, noted that the performance conditions defined in the plan rules had been met and that the beneficiaries were still employed by the Company as of July 27, 2019, and therefore drew up the final list of performance share beneficiaries.

The Company's share capital was accordingly increased by a nominal amount of 2,290,245 euros (two million, two hundred ninety thousand, two hundred forty-five euros) through the creation of 916,098 new Company shares, which were fully paid up, carrying dividend rights as of their issue, and rank *pari passu* with the other shares in the Company's share capital.

Following this increase, the share capital amounted to 2,018,163,760 euros (two billion, eighteen million, one hundred sixty-three thousand, seven hundred sixty euros), divided into 807,265,504 shares with a par value of 2.50 euros each.

Shares not representing capital: number and primary characteristics

None.

Amount of convertible or exchangeable securities or securities with stock purchase warrants

None.

Information on the conditions governing any right of acquisition and/or any obligation relating to unpaid share capital, or on any undertaking to increase the capital

None.

Information on the capital of any member of the Group that is under option or subject to a conditional or unconditional agreement to be put under option, and the details of such options

None.

8.2.2 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 14, 2021
• Other marketable securities	€4.5 billion	26 months	August 14, 2021
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 14, 2021
• Other marketable securities	€1.50 billion	26 months	August 14, 2021
Issue of shares and/or marketable securities without preferential subscription rights (private investment)			
• Shares	€175 million	26 months	August 14, 2021
• Other marketable securities	€1.50 billion	26 months	August 14, 2021
Issue of shares and/or marketable securities to remunerate contributions-in-kind granted to the Company in an amount of up to 15% of the share capital	15%	26 months	August 14, 2021
Capital increase by incorporation of reserves, profits and premiums	€500 million	26 months	August 14, 2021
Capital increase in favour of employees who are members of a Company savings plan (shareholder waiver of preferential subscription rights)	€35 million	26 months	August 14, 2021
Free allotment of new or existing Company shares to salaried employees and officers of the Company and its affiliates (shareholder waiver of preferential subscription rights)	0.8% 0.25% (Company officers)	38 months	August 14, 2022

CHANGE IN THE COMPANY'S CAPITAL

Event	Change in the number of shares	Capital *(in euros)*
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	
Position at December 31, 2015	738,470,794	1,846,176,985.00
Capital increase resulting from the option to pay the dividend in shares	17,764,360	
Position at December 31, 2016	756,235,154	1,890,587,885.00
Capital increase resulting from the option to pay the dividend in shares	18,442,657	
Position at December 31, 2017	774,677,811	1,936,694,527.50
Capital increase resulting from the option to pay the dividend in shares	14,575,028	
Position at December 31, 2018	789,252,839	1,973,132,097.50
Capital increase resulting from the option to pay the dividend in shares	17,096,567	
Capital increase resulting from the vesting of performance shares issued under the 2016 long-term incentive plan	916,098	
Position at December 31, 2019	807,265,504	2,018,163,760

8.2.3 TREASURY SHARE BUYBACKS

Treasury shares

At December 31, 2019, the Company held 9,457,539 treasury shares (*i.e.*, 1.17% of the share capital).

The market value of treasury shares held at December 31, 2019, based on the final quoted price known for the year of 14.95 euros per share, was 141 million euros.

Share buybacks

The Shareholders' Meeting held on June 14, 2019, deliberating pursuant to Article L. 225-209 of the French Commercial Code, authorised the Board of Directors to purchase Company shares, enabling it to use the option of dealing in treasury shares, to:

- engage in market making activities in the secondary market or ensure the liquidity of Company shares through an investment services provider, under the terms of a liquidity agreement that complies with the professional rules of the French financial markets association (*Association française des marchés financiers* - AMAFI) approved by the AMF, and in accordance with the market practices accepted by the AMF;
- implement any Company stock option plan or any similar plan, in accordance with the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code;
- allocate or transfer shares to employees for their investment in the Company's development and/or to implement any savings plan as provided for by law, in particular Articles L. 3332-1 *et seq*. of the French Labour Code *(Code du travail)*;
- allocate performance shares under the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code;
- in general, meet all obligations relating to stock option plans or other allocation of Company shares to employees and/or Company officers of the Group or of related companies;
- deliver shares upon the exercise of rights attached to securities giving access to share capital by means of redemption, conversion, exchange, exercise of a warrant or any other means;
- cancel some or all of the shares thus repurchased; or
- engage in any market making activities that may be recognised by law or the AMF.

For each of the goals pursued, the number of shares purchased was as follows:

1. **Liquidity agreement:**

   The Company terminated the liquidity agreement with Rothschild & Cie Banque on November 30, 2018.

2. **Stock option plan:**

   There were no Carrefour stock option plans outstanding at December 31, 2019, as the performance share plans set up in 2010 expired in July 2017.

3. **Performance share plan:**

   In 2019, 916,098 shares were delivered under the performance share plan of July 27, 2016, in accordance with the plan rules.

4. **Cancellation:**

   The Company did not cancel any shares in 2019.

5. **Sale of treasury shares:**

   No shares were sold in 2019.

Description of the share buyback programme approved by the Shareholders' Meeting of June 14, 2019

1. Date of the Shareholders' Meeting that approved the share buyback programme and implementation decision:

   Approval of the programme: Shareholders' Meeting of June 14, 2019.

   Implementation decision: Board of Directors' meeting of June 14, 2019.

2. Number of shares and percentage of capital held directly or indirectly by the issuer:

   At May 31, 2019, the Company held 9,457,539 treasury shares, *i.e.*, 1.17% of the share capital.

3. Purposes for which shares are held by the Company:

   9,457,539 shares are used to cover stock option plans, performance share plans and any other allocations of shares.

4. Objectives of the share buyback programme:

   Purchases will be made, in descending order of priority, to:

   - engage in market making activities in the secondary market or ensure the liquidity of Company shares through an investment services provider, under the terms of a liquidity agreement that complies with the professional rules of the AMAFI approved by the AMF, and in accordance with the market practices accepted by the AMF;
   - implement any Company stock option plan or any similar plan, in accordance with the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code;
   - allocate or transfer shares to employees for their investment in the Company's development and/or to implement any savings plan as provided for by law, in particular Articles L. 3332-1 *et seq*. of the French Labour Code;
   - allocate performance shares under the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code;

- in general, meet all obligations relating to stock option plans or other allocations of Company shares to employees and/or Company officers of the Group or of related companies;
- deliver shares upon the exercise of rights attached to securities giving access to share capital by means of redemption, conversion, exchange, exercise of a warrant or any other means;
- cancel some or all of the shares thus repurchased, provided that the Board of Directors has a valid authorisation from the Extraordinary Shareholders' Meeting allowing it to reduce share capital by cancelling shares acquired as part of a share buyback programme; or
- engage in any market making activities that may be recognised by law or the AMF.

The purchase, sale or transfer of shares may be carried out and paid for by any means, on one or more occasions, on the open market or through a private transaction, including the use of option mechanisms, derivatives – in particular the purchase of call options – or securities giving a right to shares of the Company, under the terms set forth by the market authorities. Moreover, the maximum portion of capital that can be bought, sold or transferred as blocks of securities may extend to the entire share buyback programme.

The Company may not use the authority granted by the Shareholders' Meeting of June 14, 2019 and continue to implement its share buyback programme in the event of a tender offer involving shares or other securities issued or initiated by the Company.

5. Maximum percentage of capital, maximum number and characteristics of the shares the Company intends to acquire and maximum purchase price:

The maximum purchase price per share is 36 euros and the maximum number of shares that may be purchased is 78,925,283 (representing approximately 10% of the share capital at December 31, 2018). The total amount that the Company may use to buy back its own shares may not exceed 2,841,310,188 euros.

Given that the Company already held 9,457,539 treasury shares at May 31, 2019, representing 1.17% of the share capital as of that date, the maximum number of shares that may be purchased under this authorisation is 69,467,744.

6. Term of the share buyback programme:

Eighteen months from June 15, 2019 pursuant to the authorisation granted at the Shareholders' Meeting, *i.e.*, until December 14, 2020.

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 June 14, 2019	9,568,539/1.18%
Number of shares cancelled over the past 24 months	0
Number of shares held at June 14, 2019 *(in shares and as a percentage)*	9,457,539/1.17%
Gross book value of the portfolio *(in euros)*	141,389,793
Market value of the portfolio *(in euros)*	141,390,208

	Total gross flows		Open positions on the day of the programme description's publication			
	Purchases	*Sales/Transfers*	*Open purchase position*		*Open sale position*	
Number of shares	-	-	Call options purchased	Forward purchases	Call options sold	Forward sales
Average maximum maturity						
Average transaction price	-	-				
Strike price						
Amount	-	-				

Grant of options

There were no longer any Carrefour SA stock option plans outstanding at December 31, 2019.

Grant of shares

On February 27, 2019, based on the Compensation Committee's recommendation, the Board of Directors decided to use the authorisation given in the 14th resolution of the Shareholders' Meeting held on May 17, 2016 to grant performance shares (new or existing) to 640 Group employees. The plan provided for the grant of a maximum of 3,615,346 shares (representing 0.46% of the share capital), which will vest only if the grantee remains with the Group until the end of the vesting period and several performance conditions are met.

The vesting period is three years from the date of the Board of Directors' meeting at which the rights were granted.

The number of shares that vest will depend on the achievement of four performance conditions, each with a weighting of 25%:

- two conditions linked to financial performance: recurring operating income and adjusted free cash flow;
- one condition linked to share performance: total shareholder return;
- a CSR-related condition.

Details of the performance share plans in progress at December 31, 2019 are presented below.

	2016 Performance plan	2019 Performance plan
Date of the Annual Shareholders' Meeting	May 17, 2016	May 17, 2016
Grant date(1)	September 15, 2016(1)	February 27, 2019
Vesting date(2)	July 28, 2019	February 28, 2022
Number of shares awarded at grant date	1,944,850	3,615,346
of which to Company Officers	240,000(3)	249,146
Number of grantees at grant date	950	640
Fair value of one share (in euros)(4)	20.18	14.43

(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) Total number of shares granted to the Chairman and Chief Executive Officer and to the two Deputy Chief Executive Officers.
(4) The Carrefour share price on the grant date (reference price) adjusted for estimated dividends not received during the vesting period.

Movements in performance shares in 2019 were as follows:

	2019	2018
Number of performance shares granted at January 1	1,516,550	1,739,450
of which shares outstanding	0	8,000
Shares granted(1)	3,615,346	-
Shares delivered to grantees(2)	(916,098)	(12,000)
Shares cancelled(3)	(983,152)	(210,900)
Number of performance shares granted at December 31	3,232,646	1,516,550
of which shares outstanding	-	-

(1) 2019 performance share plan decided by the Board of Directors on February 27, 2019.
(2) Shares delivered under the expired 2016 share plan, after applying the achieved performance rate.
(3) Shares cancelled under the 2016 and 2019 performance share plans.

8.3 Shareholders

8.3.1 MAIN SHAREHOLDERS

At December 31, 2019, the share capital amounted to 2,018,163,760 euros (two billion, eighteen million, one hundred sixty-three thousand, seven hundred sixty euros), divided into 807,265,504 shares with a par value of 2.50 euros each.

The Company is authorised to identify bearer shares.

The number of voting rights at December 31, 2019 was 1,029,922,077. After deducting the voting rights that cannot be exercised from this figure, the total number of voting rights was 1,020,464,538.

CAPITAL (AT DECEMBER 31, 2019)

To the Company's knowledge, the breakdown of the capital and voting rights at December 31, 2019 was as follows:

Shareholders	Number of shares	Capital *(in %)*	Number of actual voting rights	Actual voting rights *(in %)*	Number of theoretical voting rights	Theoretical voting rights *(in %)*
	79,624,212	9.86%	157,098,423	15.39%	157,098,423	15.25%
Galfa	22,291,101[1]	2.76%	-	-	22,291,101	2.16%
Subtotal - Galfa	101,915,313	12.62%	157,098,423	15.39%	179,389,524	17.42%
Peninsula Europe	60,234,551[2][3]	7.46%	119,833,735	11.74%	119,833,735	11.64%
Cervinia Europe	40,780,919	5.05%	80,149,134	7.85%	80,149,134	7.78%
Groupe Arnault	3,230,556	0.40%	6,363,602	0.62%	6,363,602	0.62%
	412,858	0.05%	825,716	0.08%	825,716	0.08%
Bunt	24,999,996[1]	3.10%	-	-	24,999,996	2.43%
Subtotal - Groupe Arnault	69,424,329	8.60%	87,338,452	8.56%	112,338,448	10.91%
Bank of America Merill Lynch	64,843,604	8.03%	64,843,604	6.35%	64,843,604	6.30%
Employees	7,408,858	0.92%	14,753,148	1.45%	14,753,148	1.43%
Shares owned	9,457,539	1.17%	-	-	9,457,539	0.92%
Public	493,981,310	61.19%	576,597,176	56.50%	529,306,079	51.39%
TOTAL	**807,265,504**	**100.00%**	**1,020,464,538**	**100.00%**	**1,029,922,077**	**100.00%**

(1) Held via call options.
(2) Including 24,808,463 registered shares held by Abilio Diniz.
(3) Shares pledged to two banks under structured financing arrangements.

Note that the breakdown of capital and voting rights as published at December 31, 2018 and December 31, 2017 was as follows:

CAPITAL (AT DECEMBER 31, 2018)

Shareholders	Number of shares	Capital *(in %)*	Number of actual voting rights	Actual voting rights *(in %)*	Number of theoretical voting rights	Theoretical voting rights *(in %)*
	79,624,211	10.09%	156,978,422	15.69%	156,978,422	15.54%
Galfa	22,291,101[1]	2.82%	-	-	22,291,101	2.21%
Subtotal - Galfa	101,915,312	12.91%	156,978,422	15.69%	179,269,523	17.75%
Peninsula Europe	60,078,731[2][3]	7.61%	119,513,869	11.95%	119,513,869	11.83%
Cervinia Europe	39,368,215	4.99%	77,414,716	7.74%	77,414,716	7.67%
Groupe Arnault	3,134,046	0.40%	5,790,798	0.58%	5,790,798	0.57%
	412,858	0.05%	801,432	0.08%	801,432	0.08%
Bunt	24,999,996[1]	3.17%	-	-	24,999,996	2.48%
Subtotal - Groupe Arnault	67,915,115	8.60%	84,006,946	8.40%	109,006,942	10.79%
Employees	7,499,500	0.95%	14,642,250	1.46%	14,642,250	1.45%
Shares owned	9,457,539	1.20%	-	-	9,457,539	0.94%
Public	542,386,642	68.72%	625,265,029	62.50%	577,973,932	57.23%
TOTAL	**789,252,839**	**100.00%**	**1,000,406,516**	**100.00%**	**1,009,864,055**	**100.00%**

(1) Held via call options.
(2) Including 24,808,463 registered shares held by Abilio Diniz.
(3) Shares pledged to two banks under structured financing arrangements.

CAPITAL (AT DECEMBER 31, 2017)

Shareholders	Number of shares	Capital (in %)	Number of actual voting rights	Actual voting rights (in %)	Number of theoretical voting rights	Theoretical voting rights (in %)
	77,474,211	10.00%	151,756,385	15.91%	151,756,385	15.71%
Galfa	22,291,101[1]	2.88%	-	-	22,291,101	2.31%
Subtotal - Galfa	99,765,312	12.88%	151,756,385	15.91%	174,047,486	18.02%
Stanhore International Trading SARL	60,078,731[2][3]	7.76%	96,038,237	10.07%	96,038,237	9.94%
Cervinia Europe	39,368,215	5.08%	74,968,036	7.86%	74,968,036	7.76%
Groupe Arnault	3,134,046	0.40%	3,134,046	0.33%	3,134,046	0.32%
	412,858	0.05%	412,858	0.04%	412,858	0.04%
Bunt	24,999,996[1]	3.23%	-	-	24,999,996	2.59%
Subtotal - Groupe Arnault	67,915,115	8.77%	78,514,940	8.23%	103,514,936	10.72%
Employees	7,529,183	0.97%	14,671,433	1.54%	14,671,433	1.52%
Shares owned	11,719,539	1.51%	-	-	11,354,539	1.18%
Public	527,669,931	68.11%	613,007,836	64.26%	566,081,739	58.62%
TOTAL	**774,677,811**	**100.00%**	**953,988,831**	**100.00%**	**965,708,370**	**100.00%**

(1) Held via call options.
(2) Including 24,808,463 registered shares held by Abilio Diniz.
(3) Shares pledged to two banks under structured financing arrangements.

Carrefour shareholder agreement

There is no shareholder agreement at Carrefour.

Employee shareholding

At December 31, 2019, Group employees held 0.92% of the Company's share capital through the Company mutual fund.

8.3.2 CROSSING OF THRESHOLDS REPORTED TO THE COMPANY IN 2019

To the Company's knowledge, the crossing of the following statutory thresholds was reported by the shareholders to the Company and the French financial markets authority (*Autorité des marchés financiers* – AMF) in 2019:

Shareholder	Date threshold was crossed	Upward or downward	Threshold crossed	Percentage of share capital held at the declaration date	Percentage of voting rights held at the declaration date	Number of shares
JP Morgan Chase & Co	01/29/2019	Downward	5.00%	0.005%	0.004%	37,080
JP Morgan Chase & Co	03/06/2019	Upward	5.00%	6.53%	5.15%	51,550,473
Bank of America Corporation	05/17/2019	Downward	5.00%	6.01%	4.69%	47,402,439
Bank of America Corporation	06/06/2019	Downward	5.00%	0.06%	0.05%	496,537
Bank of America Corporation	07/15/2019	Upward	5.00%	7.08%	5.54%	55,879,857
JP Morgan Chase & Co	09/15/2019	Downward	5.00%	6.15%	4.83%	49,679,381
JP Morgan Chase & Co	12/27/2019	Downward	5.00%	0.01%	0.01%	108,932

8.3.3 INFORMATION REFERRED TO IN ARTICLE L. 233-13 OF THE FRENCH COMMERCIAL CODE

At the end of 2019, Galfa, a simplified joint-stock company formed under French law whose head office is located at 27, rue de la Chaussée d'Antin, 75009 Paris, France, held more than one-tenth of the share capital and more than three-twentieths of the voting rights.

Cervinia Europe, a private limited company formed under Luxembourg law whose head office is located at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg, Groupe Arnault, a European company governed by a Management Board and a Supervisory Board under French law whose head office is located at 41, avenue Montaigne, 75008 Paris, France and Bunt, a private limited company formed under Luxembourg law whose head office is located at 2-4, avenue Marie-Thérèse, L-2132 Luxembourg, Grand Duchy of Luxembourg, held more than one-twentieth of the share capital and more than one-tenth of the voting rights.

Peninsula Europe SARL whose head office is located at 26, boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg held more than one-twentieth of the share capital and more than one-tenth of the voting rights.

Bank of America Merrill Lynch International Limited, whose head office is located at 2, King Edward Street, London EC1A 1HQ, held more than one-twentieth of the share capital and voting rights.

8.3.4 INFORMATION REFERRED TO IN ARTICLE L. 225-37-5 OF THE FRENCH COMMERCIAL CODE

To the Company's knowledge, the composition of the share capital is as shown in the table in Section 8.3.1 of this Universal Registration Document.

To the Company's knowledge, there is no agreement between its principal shareholders that could result in a change of control of the Company if implemented subsequently.

The summary table of current delegations of authority and powers granted to the Board of Directors appears in Section 8.2.2 of this Universal Registration Document. Any delegation whose implementation is likely to jeopardise a public offer is suspended during the public offer period.

9

ADDITIONAL INFORMATION

9.1 Publicly available documents

Documents concerning the Company and, in particular, its Articles of Association, financial statements and the reports presented to its Shareholders' Meetings by the Board of Directors and the Statutory Auditors may be consulted at the head office at 93, avenue de Paris, 91300 Massy, France.

These documents are also available on the Company's website: *www.carrefour.com*.

9.2 Person responsible

9.2.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Alexandre Bompard, Chairman and Chief Executive Officer.

9.2.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I hereby certify, having taken all reasonable measures to this end, that the information contained in this Universal Registration Document is, to the best of my knowledge, true and correct, and that there are no omissions that are likely to affect its import.

I hereby certify that, to the best of my knowledge, the Financial Statements were prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of operations of the Company and of all the consolidated companies, and that the attached management report gives a true and fair view of the changes in the business, results and financial position of the Company and of all the consolidated companies, and that it describes the main risks and uncertainties to which they are subject."

April 29, 2020

Alexandre Bompard

Chairman and Chief Executive Officer

9.3 Person responsible for the financial information

Matthieu Malige

Chief Financial Officer

9.4 Persons responsible for auditing the Financial Statements

	Date of initial appointment	Date of last renewal	Term of office[1]
PRINCIPAL STATUTORY AUDITORS			
Deloitte & Associés 6 place de la Pyramide, 92908 Paris la Défense Cedex, France Signatories: Stéphane Rimbeuf and Bertrand Boisselier	April 15, 2003	June 11, 2015	2021
KPMG SA Tour Eqho, 2, avenue Gambetta, 92066 Paris La Défense Cedex, France Signatory: Caroline Bruno Diaz	September 5, 1968	June 11, 2015	2021
Mazars 61, rue Henri-Régnault, 92400 Courbevoie, France Signatories: Émilie Loreal and Jérôme de Pastors	June 21, 2011	June 15, 2017	2023
ALTERNATE STATUTORY AUDITORS			
BEAS 7-9, Villa Houssay, 92200 Neuilly-sur-Seine Cedex, France	April 15, 2003	June 11, 2015	2021
Salustro Reydel Tour Eqho, 2, avenue Gambetta, 92066 Paris La Défense Cedex, France	June 11, 2015	-	2021

(1) Date of the Shareholders' Meeting called to approve the Financial Statements for the previous year ended December 31.

9.5 Information incorporated by reference

In accordance with Article 28 of EU Regulation no. 809/2004 of April 29, 2004, this Universal Registration Document includes by reference the following information, to which the reader is invited to refer:

- for the financial year ended December 31, 2018: 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 29, 2019 under number D.19-0431, on pages 226 to 313, 320 to 337, 314 to 317 and 338 to 340 respectively;
- for the financial year ended December 31, 2017: Consolidated Financial Statements, Company Financial Statements and related Statutory Auditors' reports included in the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 26, 2018 under number D.18-0392, on pages 214 to 292, 298 to 315, 293 to 296 and 316 to 318 respectively.

The information included in these two Registration Documents, other than that indicated above, is, where applicable, superseded or updated by the information included in this Universal Registration Document. The two Registration Documents are available under the conditions described in Section 9.1 "Publicly available documents" of this Universal Registration Document.

9.6 Concordance tables

9.6.1 UNIVERSAL REGISTRATION DOCUMENT CONCORDANCE TABLE

Appendices I and II of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Chapter/Section no.
1/ Persons responsible, third-party information, statements by experts and approval by competent authorities	
1.1 Name and function of the person responsible	9.2-9.3
1.2 Declaration by the person responsible	9.2
1.3 Information on the expert report	2.4.3
1.4 Third-party information	1
1.5 Statement of filing without prior approval from the competent authority	1st page
2/ Statutory Auditors	
2.1. Identity	9.4
2.2. Change, if any	N/A
3/ Risk factors	4.1
4/ Information concerning the issuer	
4.1. Corporate name and purpose	8.1.1
4.2. Place of registration, registration number and legal entity identification number (LEI)	8.1.1-8.1.2
4.3. Creation and term	8.1.3
4.4. Head office, legal form, applicable legislation, head office address and phone number, website	8.1.2-8.1.3
5/ Business overview	
5.1. Principal activities	1.4 6.6 (Notes 7.1, 7.1.2 and 7.5)
5.2. Principal markets	1.1.2-1.1.3-1.2-1.4 5.1.2 6.6 (Notes 6.1 and 7.1.1)
5.3. Key events in the issuer's business development	1.5.1-1.5.2-1.5.3 5.3.2, 5.3.6, 5.4 6.6 (Notes 2, 3.2 and 17)
5.4. Strategy and objectives	1.1.5 5.3.2, 5.4 6.6 (Notes 2 and 3)
5.5. Issuer's dependence	6.6 (Note 15.7)
5.6. Competitive position	1.2.6-1.4.1
5.7. Investments	5.3.2, 5.3.6 6.6 (Notes 3.2 and 2)
6/ Organisational structure	
6.1. Brief description of the Group	1.1-1.5.6
6.2. List of significant subsidiaries	6.6 (Note 19) 7.4 (Note 12)
7/ Review of financial position and earnings	
7.1. Financial position	5.2-5.6.4
7.2. Operating income	5.1
8/ Cash and cash equivalents and capital	
8.1. Information concerning capital resources	5.2.1-6.5 6.6 (Note 14) 7.4 (Note 7)
8.2. Cash flow	5.2.3 6.4
8.3. Borrowing requirements and funding structure	5.2.2-5.2.4 6.6 (Note 15)
8.4. Restrictions on the use of capital resources	5.2.5 6.6 (Note 15.2.4)
8.5. Anticipated sources of funds	5.2.6
9/ Regulatory environment	4.1.1
10/ Trend information	
10.1. Most significant trends since the end of the last financial year	5.3.6, 5.4
10.2. Events reasonably likely to have a material effect on prospects	5.4

Appendices I and II of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Chapter/Section no.
11/ Profit forecasts and estimates	N/A
12/ Administrative, management and supervisory bodies and Executive Management	
12.1. Board of Directors and Executive Management	3.2-3.3
12.2. Conflicts of interest within the administrative, management and supervisory bodies and Executive Management	3.2.1.5
13/ Compensation and benefits	
13.1. Compensation and benefits in kind	3.4
13.2. Amounts provisioned or recorded for pensions, retirement benefits or other benefits	6.6 (Note 13.1)
14/ Operation of administrative and management bodies	
14.1. Expiration of current terms of office	3.2.1.1
14.2. Service contracts	3.2.1.5
14.3. Information on the Audit Committee and Compensation Committee	3.2.3
14.4. Statement on compliance with the applicable corporate governance regime	3.1/3.5
14.5. Potential material impacts on corporate governance	N/A
15/ Employees	
15.1. Number of employees and breakdown of the workforce	2.2.3.1
15.2 Director shareholdings and stock options	3.2.1-3.4.3 8.2.3
15.3. Arrangements for involving employees in the capital	2.2.3 3.4.4 8.3
16/ Main shareholders	
16.1. Exceeding the threshold	8.3.1-8.3.2
16.2. Existence of different voting rights	8.1.4.3
16.3. Direct or indirect control	8.3.1
16.4. Arrangements that could result in a change of control if implemented	8.1.4.3
17/ Related-party transactions	3.6-3.8 6.6 (note 10.3)
18/ Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
18.1. Historical financial information	6 7
18.2. Interim and other financial information	5.4
18.3. Auditing of historical annual financial information	6.7 7.5
18.4. *Pro forma* financial information	N/A
18.5. Dividend policy	5.6.3
18.6. Legal and arbitration proceedings	N/A
18.7.Significant change in the issuer's financial position	5.3.3 6.6 (Note 17)
19/ Additional information	
19.1. Share capital	
19.1.1. Subscribed share capital	8.2
19.1.2. Other shares	8.2
19.1.3. Treasury shares	8.2
19.1.4. Marketable securities	8.2
19.1.5. Vesting conditions	8.2
19.1.6. Options or agreements	8.2
19.1.7. History of share capital	8.2
19.2. Memorandum and Articles of Association	
19.2.1. Corporate purpose	8.1
19.2.2. Rights and privileges of shares	8.1
19.2.3. Change in control	8.1
20/ Material contracts	N/A
21/ Documents available	9.1

9.6.2 ANNUAL FINANCIAL REPORT CONCORDANCE TABLE

Sections of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*)	Chapter/ Section no.
1/ Company Financial Statements	7.1 to 7.4
2/ Consolidated Financial Statements	6.1 to 6.6
3/ Management report	
Analysis of change in sales	5.1
Analysis of results	5.1
Analysis of financial position	5.2
Foreseeable changes in the situation of the Company and of the Group	5.4
Principal risks and uncertainties	4.1.1
Capital structure and factors that could have an impact in the event of a public offer	8.1.4.4
Treasury share buybacks carried out by the Company	8.2.3
4/ Declaration of the person responsible for the annual financial report	9.2.2
5/ Statutory Auditors' reports on the Company Financial Statements and Consolidated Financial Statements	6.7 and 7.5
6/ Corporate governance report	3

9.6.3 MANAGEMENT REPORT CONCORDANCE TABLE

Reference texts			Chapter/ Section no.
		Comment on the financial year	
French Commercial Code (*Code de commerce*)	L. 225-100-1, L. 232-1, L. 233-6 and L. 233-26	Situation of the Company during the financial year and objective, comprehensive analysis of changes in the business, results and financial position of the Company and of the Group	5.1 to 5.3 and 5.6
French Commercial Code	L. 225-100-1	Key non-financial performance indicators relating to the Company's specific activity	2.4.1
French Commercial Code	L. 233-6	Significant acquisitions during the financial year of equity interests in companies whose head office is located in France	3.2.1
French Commercial Code	L. 232-1 and L. 233-26	Significant events between the financial year-end and the report preparation date	5.3.6
French Commercial Code	L. 232-1 and L. 233-26	Foreseeable changes in the situation of the Company and of the Group	5.4
French General Tax Code (*Code général des impôts*)	243 *bis*	Dividends distributed for the three previous financial years and amount of income distributed for these same financial years eligible for the 40% tax reduction	5.6.3
French Commercial Code	L. 441-6, L. 441-6-1 and D. 441-4	Information on the payment cycles of the Company's suppliers and customers	5.6.1
		Presentation of the Group	
French Commercial Code	L. 225-100-1	Description of the principal risks and uncertainties to which the Company is subject	4.1.1
French Commercial Code	L. 225-100-1	Financial risks related to the impact of climate change and presentation of the measures the Company has taken to reduce said impact by implementing a low-carbon strategy in all areas of its operations	2.2.2.4
French Commercial Code	L. 225-100-1	Main characteristics of the internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information	4.2
French Commercial Code	L. 225-100-1	Details on the Company's objectives and policy concerning hedges in each main transaction category for which hedge accounting is used	6.7 (Note 14.7.2)
French Commercial Code	L. 225-100-1	The Company's exposure to price, credit, liquidity and cash flow risks	4.1.1.3

Reference texts			Chapter/ Section no.
French Commercial Code	L. 225-102-1, R. 225-105 and R. 225-105-1	Social and environmental consequences of the business	2
French Commercial Code	L. 225-102-1	Collective bargaining agreements entered into by the Company and their impact on the Company's financial performance and employee working conditions	2.5.3
French Commercial Code	L. 225-102-2	If the Company operates a facility of the type referred to in Article L. 515-36 of the French Environmental Code (*Code de l'environnement*): • description of risk prevention policy regarding technological accidents; • report on civil liability insurance coverage for property and people and details on how the Company plans to ensure that victims are adequately compensated in the event of a technological accident for which the Company is liable (including "Seveso" facilities)	N/A
French Commercial Code	L. 225-102-4	Duty of care plan enabling the Company to identify risks and prevent serious violations as regards human rights and fundamental freedoms, health, safety, and the environment due to the Company's operations and those of its suppliers and subcontractors	2.6.2
French Commercial Code	L. 232-1	Research and development activities	5.6.4
		Information regarding corporate governance	
French Monetary and Financial Code	L. 621-18-2	Transactions involving the Company's shares carried out by executives and related persons	3.7
French Commercial Code	L. 225-184	Options granted to or subscribed or purchased during the financial year by the Company Officers and each of the top ten employees who are not Company Officers, and options granted to all employees, by category	8.2.3
		Information about the Company and capital	
French Commercial Code	L. 225-211	Details of purchases and sales of treasury shares during the financial year	8.2.3
		Information relating to treasury share buybacks carried out by the Company with a view to allocating them to employees and/or executives	8.2
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. 225-102	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	8.3
French Commercial Code	L. 464-2	Injunctions or financial penalties for anti-competitive practices	N/A
French Commercial Code	L. 233-13	Identity of private individuals or legal entities holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at Shareholders' Meetings	8.3.1 and 8.3.3
French Monetary and Financial Code	L. 511-6	The amount of loans due within less than two years granted by the Company on an ancillary basis to micro-enterprises, SMEs or middle-market companies with which it has economic ties justifying such loans	N/A
		Information related to the Financial Statements	
French Commercial Code	L. 232-6	Possible changes in the presentation of the Financial Statements and the valuation methods used	N/A
French Commercial Code	R. 225-102	Company earnings performance in the last five financial years	5.6.6

9.6.4 CORPORATE GOVERNANCE REPORT CONCORDANCE TABLE

Reference texts			Chapter/Section no.
		Compensation	
French Commercial Code	L. 225-37-2	Compensation policy for Company officers	3.4.1, 3.4.2.1, 3.4.3.1, and 3.4.3.2
French Commercial Code	L. 225-37-3 L. 225-100, II R. 225-29-1	Information about compensation	3.4
		Information about the Company's Executive Management and general management	
French Commercial Code	L. 225-37-4	List of all the Company Officers' positions and the duties they performed in any company during the financial year	3.2.1.6
French Commercial Code	L. 225-37-4	Related-party agreements entered into between a Company Officer or a shareholder holding more than 10% of the voting rights, and a subsidiary	3.8
French Commercial Code	L. 225-37-4	Description of the authorisation procedure for routine agreements entered into on an arm's length basis	3.6
French Commercial Code	L. 225-37-4	Executive Management's choice of management methods	3.3.1
French Commercial Code	L. 225-37-4	Summary of outstanding delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors concerning capital increases	8.2.2
French Commercial Code	L. 225-37-4	Composition of the Board of Directors, conditions of preparation and organisation of the Board of Directors' work	3.2.2
French Commercial Code	L. 225-37-4	Application of the principle of gender equality	3.2.1.2 and 3.2.1.3
French Commercial Code	L. 225-37-4	Limitations of powers of the Chief Executive Officer	3.3.1
French Commercial Code	L. 225-37-4	Reference to the Corporate Governance Code	3.1
French Commercial Code	L. 225-37-4	Specific rules governing shareholders' participation in Shareholders' Meetings	8.1.4
French Commercial Code	L. 225-37-5	Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments of the Company's Articles of Association	8.1.4
French Commercial Code	L. 225-37-5	Powers of the Board of Directors, including in particular the issue or buyback of shares	3.2.2, 3.3.1 and 8.2.3
French Commercial Code	L. 225-185	Conditions under which options may be exercised and held by the Executive Officers	3.4.3
French Commercial Code	L. 225-197-1	Conditions under which performance shares granted to the Executive Officers may be held	3.4.3
		Information about the capital	
French Commercial Code	L. 225-37-5	Structure and change of the Company's capital	8.2, 8.3
		Factors that could have an impact in the event of a public offer	N/A
French Commercial Code	L. 225-37-5	Statutory restrictions about the exercise of voting rights and share transfers or contractual clauses brought to the Company's knowledge	N/A
French Commercial Code	L. 225-37-5	Direct or indirect interests in the Company's capital brought to the Company's knowledge	8.3
French Commercial Code	L. 225-37-5	List of holders of any security conferring special rights of control and description of these securities	N/A
French Commercial Code	L. 225-37-5	Control mechanisms provided under a possible employee share ownership scheme when the rights of control are not exercised by employees	N/A

Reference texts			Chapter/Section no.
French Commercial Code	L. 225-37-5	Agreements between shareholders brought to the Company's knowledge and which may result in restrictions on share transfers and the exercise of voting rights	N/A
French Commercial Code	L. 225-37-5	Agreements concluded by the Company that are amended or terminated in the event of a change in control of the Company, unless this disclosure would seriously harm its interests (except in cases of a legal obligation to disclose)	N/A
French Commercial Code	L. 225-37-5	Agreements providing for compensation to members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment ends as a result of a public offer	3.4

9.6.5 EXTRA-FINANCIAL PERFORMANCE CONCORDANCE TABLE

Components of the Non-Financial Information Statement	Section/chapter no.
Business model	1.1.6
Main non-financial risks	2.1.3.1/2.1.3.2/4.1.1
Duty of care policy and procedures	2.1.3.2/2.2
Publication of Key Performance Indicators	2.2/2.4.1
Mandatory topics referred to in Article L. 225-102-1 of the French Commercial Code	
Social impacts of the business	2.2.3/2.2.4.1
Environmental impacts of the business	2.2.1/2.2.2
Respect for human rights(*)	2.2.3/2.2.4.1
Prevention of corruption(*)	2.2.4.2
Prevention of tax evasion(*)	2.2.4.2
Impact of the Company’s business on climate change and the use of goods and services it produces	2.2.2.4/2.2.2.5
Social commitment to promoting a circular economy	2.2.2.3/2.2.2.5
Collective bargaining agreements entered into by the Company and their impact on its financial performance and employee working conditions	2.2.3.2
Social commitment to combating discrimination and promoting diversity	1.3.2.1/2.2.3.1
Measures taken to combat food waste	1.3.2.1/2.2.2.1/2.2.2.5
Measures taken to promote employment of the disabled	2.2.3.1/2.2.3.4
Social commitment to combating food insecurity	1.3.2.1/2.2.2.1
Social commitment to promoting animal welfare	1.3.2.3/2.2.1.3/2.2.1.4
Social commitment to promoting responsible, equitable and sustainable diets	1.3/2.2.1
Social commitment to sustainability	Chapter 2/1.3

(*) For listed companies.

9.6.6 GRI (GLOBAL REPORTING INITIATIVE) CONCORDANCE TABLE

Using a holistic approach, Carrefour has developed its strategy and reporting procedures in line with the principles of the Global Reporting Initiative (GRI).

The content index below establishes the correspondence between the main GRI principles (as updated in 2019) and the disclosures in our CSR report.

No.	GRI indicators	Corresp.[1]	Section/Comments
102	General disclosures		
102-1	Name of the organisation	1	8.1.1
102-2	Activities, brands, products, and services	1	1.1.1/1.1.2/1.4
102-3	Location of headquarters	1	1.1.3/1.4.1
102-4	Location of operations	1	1.1.3/1.4.1/1.4.2
102-5	Ownership and legal form	1	1.5.4/1.5.6
102-6	Markets served	1	1.4
102-7	Scale of the organisation	1	1.1.1/1.1.2/1.4
102-8	Information on employees and other workers	1	1.1.1/2.2.3.1
102-9	Supply chain	2	1.1.6
102-10	Significant changes to the organisation and its supply chain	1	NA
102-11	Precautionary principle or approach	2	2.2
102-12	External initiatives	1	2.2/2.3
102-13	Membership of associations, and national or international advocacy organisations	1	1.3.2.2/2.2
102-14	Statement from senior decision-maker about the relevance of sustainability to the organisation and its strategy for addressing sustainability	1	Annual Report's Editorial
102-16	Values, principles, standards, and norms of behaviour, including Codes of Conduct and Ethics	1	2.2.4.2/2.3
102-18	Governance structure of the organisation, including committees of the highest governance body	1	3.2
102-40	List of stakeholder groups engaged by the organisation	2	1.3.2.2/2.2/4.1.1
102-41	Percentage of total employees covered by collective bargaining agreements	1	2.2.3.2
102-42	Basis for identifying and selecting stakeholders with whom to engage	1	2.1.2/4.1.1
102-43	Approach to stakeholder engagement	1	1.3.1.4/1.3.2.2/2.1.2
102-44	Key topics and concerns raised	1	1.3.2.2/2.1.3/4.1.1
102-45	Entities included in the Consolidated Financial Statements and whether any entity is not covered by the report	2	6.6 (Note 19)
102-46	Defining report content and topic Boundaries	1	2.1.3
102-47	List of material topics	1	1.3.2.2/2.1.3
102-48	Restatements of information	1	NA
102-49	Changes in reporting	1	2.4.2
102-50	Reporting period	1	2.4.2
102-51	Date of most recent report	1	April 30, 2019
102-52	Reporting cycle	1	2.4.2
102-53	Contact point for questions regarding the report	1	investisseurs@carrefour.com
102-54	"In accordance" option chosen for content organisation and indexing	1	Core
102-55	GRI content index	1	9.6.6
102-56	External assurance	1	2.4.3

No.	GRI indicators	Corresp.[1]	Section/Comments
	Specific disclosures		
20	Economy		
204	**Procurement practices**		
204-1	Proportion of spending on local suppliers	2	1.3.2.4
205	**Anti-corruption**		
205-2	Communication and training about anti-corruption policies and procedures	1	2.2.4.2
206	**Anti-competitive behaviour**		
206-1	Legal actions for anti-competitive behaviour	1	2.2.4.2
	201 - Economic Performance, 202 - Commercial Presence and 203 - Indirect Economic Impacts are not considered relevant		
30	Environment		
301	**Materials**		
301-2	Proportion of spending on local suppliers	1	2.2.2.2
302	**Energy**		
302-3	Energy intensity	1	2.2.2.4
302-4	Reduction of energy consumption	1	2.2.2.4
303	**Water**		
303-1	Interactions with water as a shared resource	2	2.2.2.2
304	**Biodiversity**		
304-3	Habitats protected or restored	2	2.2.1.3/2.2.2.2
305	**Emissions**		
305-5	Reduction of GHG emissions	1	2.2.2.4
306	**Effluents and waste**		
306-2	Waste by type and disposal method	2	2.2.2.1/2.2.2.2
308	**Supplier environmental assessment**		
308-1	New suppliers that were screened using environmental criteria	2	2.3.2.2
	307 - Environmental compliance is not considered relevant.		
40	Social		
401	**Employment**		
401-1	New employee hires and employee turnover	1	2.2.3.1
403	**Occupational health and safety**		
403-2	Type of workplace accident, occupational illness, absentee rate and work-related deaths	1	2.2.3.2
404	**Training and education**		
404-1	Average hours of training per year per employee	1	2.2.3.1
405	**Diversity and equal opportunity**		
405-1	Diversity of governance bodies and employees	1	3.2/2.2.3.1
407	**Freedom of association and collective bargaining**		
407-1	Operations and suppliers and suppliers in which the right to freedom of association and collective bargaining may be at risk	1	2.3.2.2/2.2.4.1/2.3
408	**Child labour**		
408-1	Operations and suppliers at significant risk for incidents of child labour	1	2.2.1.3/2.2.4.1/2.3
409	**Forced or compulsory labour**		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	1	2.2.1.3/2.2.4.1/2.3
410	**Security practices**		
410-1	Security personnel trained in human rights policies or procedures	2	2.2.4.1/2.3
412	**Human rights assessment**		
412-1	Operations that have been subject to human rights reviews or impact assessments	1	2.2.4.1/2.3
412-2	Employee training on human rights policies or procedures	1	2.2.4.1/2.2.4.2/2.3
413	**Local communities**		
413-1	Operations with local community engagement, impact assessments, and development programs	2	2.2.4.1/2.3.2.2

No.	GRI indicators	Corresp.[1]	Section/Comments
414	**Supplier social assessment**		
414-1	New suppliers that were screened using social criteria	1	2.2.4.1/2.3.2.2
416	**Customer health and safety**		
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	2	2.2.1.1
418	**Customer privacy**		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2	2.2.4.3

402 - Labour/Management relations, 406 - Non-discrimination, 411 - Rights of indigenous peoples, 415 - Public policy, 417 - Marketing and labelling, and 419 - Socioeconomic compliance are not considered relevant.

(1) The following legend is determined:
- 1 if total correspondence;
- 2 if partial correspondence.

NOTES

NOTES

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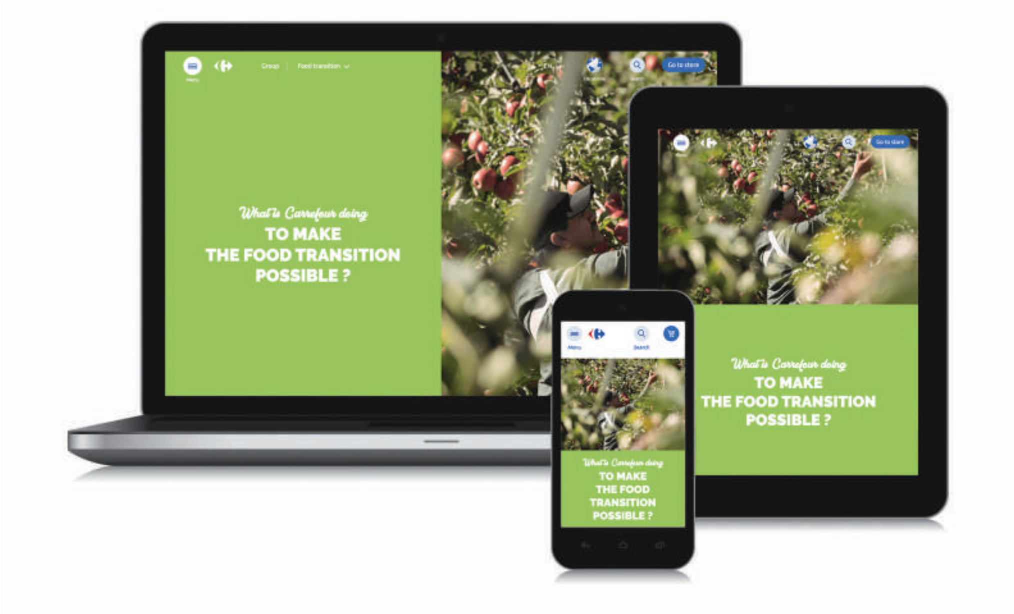

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